

# **NORTH WEST ENGLAND ERDF COMPETITIVENESS PROGRAMME 2007-13**

## **ANNUAL IMPLEMENTATION REPORT 2014**

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**INTRODUCTION** Under Article 67 of Council Regulation EC (No 1083 / 2006) the managing authority is required to submit an Annual Report to the European Commission by end of June 2008 (and each year subsequently) until the submission of a final report on the implementation of the operational programme by 31 March 2017.

This report has been drafted by the North West Growth Delivery Team (formerly Programme Delivery Team) at the Department for Communities and Local Government in its capacity as the Managing Authority and will focus upon activity that took place in 2014.

The Programme has a total community contribution of €755,754,611 Euros, €307,881,892 for Merseyside (Convergence) and €447,872,719 for the rest of the North West (Competitiveness), allocated across five priorities and eleven Fields of Action as set out in table 1 below:

**Table 1: North West England ERDF Competitiveness Programme 2007-2013 - following modification approval in Feb 2013**

Priority	Field of Action	Euro Merseyside	Euro Rest of North West
Priority 1 Stimulating Enterprise and Supporting Growth in Target Markets	<ul style="list-style-type: none"> <li>Developing New High Value Enterprise</li> <li>Developing Higher Added-Value Activity in Target regional Sectors</li> <li>Increasing Sustainable Consumption and Production</li> </ul>	61,576,378	143,319,270
Priority 2 Exploiting Innovation and Knowledge	<ul style="list-style-type: none"> <li>Exploiting the Science and R &amp; D Base of the Region</li> <li>Encouraging Innovation to Improve Productivity in All Companies</li> </ul>	61,576,378	143,319,270
Priority 3 Creating the Conditions for Sustainable Growth	<ul style="list-style-type: none"> <li>Exploiting the Economic Potential of Major gateways in Merseyside</li> <li>Developing High Quality Sites and Premises of Regional Importance</li> <li>Supporting the Improvement of the Region's Visitor Offer and its Image</li> </ul>	98,563,441	69,691,377
Priority 4 Growing and Accessing Employment	<ul style="list-style-type: none"> <li>Stimulate Enterprise in Disadvantaged Communities</li> <li>Supporting Linkages to Key Employment Areas</li> <li>Supporting Employment Creation for Areas of Regeneration Need</li> </ul>	78,509,883	80,617,089
Priority 5 Technical Assistance		7,655,812	10,925,713

There are two cross cutting themes:

- Sustainable Development;
- Equality and Diversity.

## SECTION 1 ANNUAL IMPLEMENTATION REPORT

### 1.0 IDENTIFICATION

Table 2:

Operational Programme	Objective concerned: Regional Competitiveness and Employment
	Eligible area concerned: North West England
	Programme period: 2007-2013
	Programme Number 2007UK162PO008
	Programme Title: North West England ERDF Competitiveness Programme
Annual Implementation Report	Reporting year: 2014
	Date of Approval of the annual report by the monitoring committee: 22 June 2015

### 2.0 OVERVIEW OF THE IMPLEMENTATION OF THE OPERATIONAL PROGRAMME

2.1 The penultimate year of the Programme has been extremely busy time despite there being no new calls for projects issued.

The year started well with the over achievement of the N+2 2013 by circa £6m (Euros 4.8m) as the target figure for 2014 of £91.4m was particularly challenging.

The NW GDT along with its stakeholders at LMC and PMSC closely monitored and managed the spend position throughout the year to ensure that the target was achieved. From June 2014 requests by projects to move underspend from 2014 to 2015 were deferred until the N+2 2014 was met. This approach made it clear to projects that they ran the risk of losing funding if they did not spend to profile.

At the beginning of the year the Programme was working to a commitment level fixed at 100%. During the year the NW programme was given permission to increase commitment up to 105% to support further projects to address programme slippage.

Due to the speculative call undertaken in 2013 the GDT had a strong pipeline of reserve projects to call upon. Commitment levels peaked at programme level at 104.5%, split between RONW 106.6% and Merseyside 100.4%

The GDT will manage the over commitment back down during 2015 and will need to factor any exchange rate movement due to a weakening Euro. At the start of the year the programme was valued in £'s sterling at £641m<sup>1</sup>.

32 projects were contracted in 2014. At the end of December 2014, the total number of approved projects for the programme as a whole stands at 259.

<sup>1</sup> DCLG Finance now manage the exchange rate for the English Operational Programmes taking into account the Forward Exchange Rates issued by the Office for Budgetary Responsibility and other factors.

As we progress towards the end of the programme period increased attention was given to closing projects to support an orderly programme closure. Over 100 projects have received a closure visit (62 in 2014 alone) and 56 projects have been formally closed.

During the year the MA recruited a panel of Legal Procurement Experts to test all procurements above the OJEU threshold, or over £1,000,000 in value. The specialist procurement testing work commenced in October 14 for the North West and all identified projects will be completed by the end of June 15.

The LMC receive individual reports on the progress of the two Financial Instruments in the NW JEREMIE and JESSICA.

- 2.1.1 **The £155m North West JEREMIE branded as The NW Fund**, is operated through NW Business Finance Ltd (NWBF), a private sector company limited by guarantee. The ERDF funding is under Priorities 1 and 2 and is split into 7 different funds:

Table 3

<b>Fund Type</b>	<b>Fund Manager</b>	<b>ERDF (£m)</b>	<b>Total Fund size (£m)</b>
Venture Capital	Enterprise Ventures	15.25	30.5
Mezzanine Fund	Enterprise Ventures	7.25	14.5
Loans plus	FW Capital	22.5	45
Micro Loan Fund	BFS & MSIF	1.5	3
Energy & Environmental	CT investment Partners	10	20
Biomedical	Spark Impact	12.5	25
Digital & Creative	AXM Venture Capital	7.5	15
<b>Total</b>		<b>76.5</b>	<b>153.0</b>

Overall for 2014, the fund invested £32.11m achieving 79% of the budget target of £40.85m. The total fund invested to date (2011-2014) now stands at £111.18m leaving a stretching target of £42.1m to be invested in 2015.

The challenge for the NW Fund has been in achieving the 40% investment rate in Merseyside. At the end of December 14 investment rate has increased significantly from 29% in Q3 to 33% at the end of Q4. The improvement in the fund investment rate in Merseyside can be partly attributed to the NWF Merseyside Action Plan since it was launched in June 2014. NWBF have also co-ordinated a number of Merseyside initiatives along with the fund managers to maximise the number of suitable opportunities for the fund to invest in.

The NW Fund returned £10.8m capital plus interest to the programme during 2014 and £10.8m of match-funding to EIB, as the fund was established as a co-finance fund, reducing the overall fund size to £155m.

The NW Fund launched a new £3m (ERDF £1.5m) micro loan fund providing debt/quasi debt investment between £25k to £50k to assist entrepreneurs wishing to start their own business and existing SMEs looking to grow. The fund was launched in October 2014 and is managed jointly by Business Finance Solutions Ltd And MSIF Ltd. This brings the total number of funds available to 7.

We continue to monitor indicator targets on the NW Fund and whilst these were revised down in 2013 they are still challenging. The contributing factors are the financial crisis and subsequent increase in average size of investments. The introduction of the microloan scheme has helped offset some of these however it may impact on the programme's priority targets.

- 2.1.2 **The £101m North West JESSICA**, has the European Investment Bank (EIB) as the Holding Fund with two Urban Development Funds. Both funds continue to make good progress in completing loan deals with urban projects to provide finance to developers. Evergreen (covering Rest of the North West) has now contractually committed £43m of its £59m allocation. Chrysalis (Merseyside) has contracted £20.9m of its £34m allocation.

An additional £10m ERDF was paid into the Holding Fund in December 2014 and has been allocated to Evergreen (included in the above figures). This was based on the fund performance to date and to help manage the strong project pipeline whilst establishing the next round of Financial Instruments under the 2014-20 programme.

There were concerns over the ability of Chrysalis to invest its £34m of funds in Merseyside by December 2015. The GDT have been working closely with the Homes Communities Agency (HCA), EIB and Chrysalis on the project pipeline and ERDF has provided grant support alongside a number of Chrysalis investments. The performance of Chrysalis has significantly improved during the course of 2014 and DCLG are confident that the fund will invest its remaining capital allocation.

- 2.1.3 SuperFast Broadband (SFB) a total of £52m ERDF was approved from the NW Operational Programme to provide SMEs with access to Superfast Broadband infrastructure and business support that would not otherwise be available across Cheshire, Cumbria, Merseyside, Lancashire and Greater Manchester.

The broadband delivery group comprising Department of Culture, Media and Sport (DCMS), and DCLG set up in 2013 continues to meet. The group monitors progress of Broadband projects ensuring compliant delivery across the country.

Major concern during 2014 was the ability of these schemes to spend to profile and by the end of June 15. Regularly SFB updates are provided to LMC and at the May 2014 LMC members undertook a detailed review. DCLG have held a number of meetings with senior officials within DCMS and BT to ensure North West SFB projects can deliver to the revised timescales.

- 2.1.4 It has been challenging with no let-up expected in 2015 with the emphasis on closing projects, managing commitment levels down and ensuring the funds are spent compliantly. This is set against the back drop of the launch of the 2014-20 programme in England.

- 2.1.5 In general terms, the North West's economy has experienced significant growth in business activity, employment and GVA over the last decade. The number of businesses in the North West has increased from 232,900 in 2004 to 265,975 in 2014; this represents an increase of 33,075 (14.2%). However, business density has declined by 3.4%, which means that business activity per head has decreased. Business R&D expenditure per 10,000 population has

increased from £2.29m in 2004 to £2.51m in 2013; this conveys an increase of £0.22m (9.6%).

- 2.1.6 The number of employees has increased from 3,175,000 in 2004 to 3,346,000 in 2015; this indicates an increase of 171,000 (5.4%). GVA in the North West has increased from £112.2bn in 2004 to £141.6bn in 2013; this represents an increase of £29.4bn (26.2%). However, GVA growth in the North West has been lower than the national UK average; this is demonstrated by the decline in the North GVA per capita index from 88.3% in 2004 to 85.2% in 2013, representing an absolute decrease of 3.1%.

**Table 4: Global Programme Baselines**

<b>Global Objective Baselines</b>	<b>2004</b>	<b>Latest data</b>
Number of Businesses	232,900	251,420 (2011)
Business density (business units per 10,000 population)	387	342.3 (2009)
Number of VAT Registrations (per 10,000 working age adults)	40.3	34.7 (2009)
Number of Employees	3,014,900	2,917,630 (2010)
North West GVA per capita index compared with UK	86%	86.4%
Business R&D expenditure (millions) per 10,000 residents,	2.29	2.97 (2009)
North West GVA	£97.1bn	£120bn

The above data has been sourced from the Office for National Statistics (ONS). The 2004 statistics for the number of employees and GVA have been updated. Please note the number of VAT Registrations is no longer available from the ONS.

## Achievement and analysis of progress

**Table 5**

1. Programme Commitment	To 31/12/2014		Remaining Budget	Remaining Budget	Pipeline Outline application	Remaining Budget minus Pipeline	Actual Expenditure *	Percentage of programme in relation to Commitment
<b>NWOP</b>	Current Budget	Approved using Dec 2014 ER	Remaining Budget	Remaining Budget	Pipeline Outline application	Remaining Budget minus Pipeline	Actual Expenditure *	Percentage of programme in relation to Commitment
	(€m)	(€m)	(€m)	%	(€m)	(€m)	(€m)	%
Priority 1 - Stimulating Enterprise & Supporting Growth in Target Sectors & Markets	204.9	205.4	-0.5	-0.2%	0.0	-0.5	156.7	76.3%
Priority 2 - Exploiting Innovation & Knowledge	204.9	218.0	-13.1	-6.4%	0.0	-13.1	153.7	70.5%
Priority 3 - Creating the Conditions for Sustainable Growth	168.3	199.1	-30.8	-18.3%	0.0	-30.8	167.9	84.3%
Priority 4 - Growing & Accessing Employment	159.1	160.9	-1.8	-1.1%	0.0	-1.8	131.9	82.0%
Priority 5 - Technical Assistance	18.6	11.9	6.7	36.0%	0.0	6.7	8.7	73.1%
<b>TOTAL</b>	<b>755.8</b>	<b>795.3</b>	<b>-39.5</b>	<b>-5.2%</b>	<b>0.0</b>	<b>-39.5</b>	<b>618.7</b>	<b>77.8%</b>
Dec 2014 exchange rate	0.792							

\* Taken from Declaration report 12.09

## 2.2 Core Indicators

2.2.1 In order for the Commission to monitor and evaluation the results of Cohesion Policy programme the monitoring of core indicators need to be monitored.

2.2.2 Following the 2011 Annual examination meeting (AEM) agreement was reached on the number and type of core indicators that would be monitored across the each of the GDTS. The details of the core indicators to be monitored by the North West GDT can be found in Annex 1.

## 2.3 Information on the physical progress of the Operational Programme

2.3.1 Chapter 4 of the Operational Programme also sets out detailed performance indicators and targets for each Priority axis (these are set out in tables 6 to 9 ), while the Overall programme targets are set out in Table 4 below:

**Table 6: Overall Programme Targets**

Indicator	ACHIEVED									NWOP TARGET
	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL	
<b>OUTPUTS</b>										
No. of businesses assisted to improve performance	0	0	1,677	6,270	3,793	3,100	4,691	4,926	24,458	25,200
Business Start-Up Support Total	0	0	0	675	2,286	2,430	4,935	4,396	14,722	5,790
Business Start-Up Support Men	0	0	0	357	1,068	1,091	2,217	2,138	6,871	2,897
Business Start-Up Support Women	0	0	0	318	1,218	1,339	2,718	2,258	7,851	2,893
Firms becoming engaged in collaborations with UK knowledge base	0	0	773	253	118	75	104	364	1,687	1,500
Brownfield Land reclaimed and/or redeveloped (ha)	0	0	0	4	20	29	0	2	55.10	100
Private sector investment levered (£m)	0	0	1	18	50	17	41	21	147.18	380
No. of People Assisted in their skills development Total	0	0	571	149	438	331	145	327	1,961	5,600
Number of new social enterprises assisted	0	0	16	390	41	264	164	106	981	210
Additional Day Visitors (000s)	0	0	10	74	1,864	1,405	205	8	3,566	1,029
Additional Overnight Visitors (000s)	0	0	2	7	840	539	203	0	1,590	114
<b>RESULTS</b>										
New or upgraded floorspace built/upgraded to BREEAM excellent or very good at current standards (sq m)	0	0	1,421	11,897	46,792	24,087	0	14,695	98,892	319,100
No. of gross jobs created	0	0	362	4,380	4,801	4,026	4,897	3,779	22,244	23,750
Gross jobs created - filled by men	0	0	193	2,393	2,547	2,254	2,592	2,065	12,042	11,875
Gross jobs created - filled by women	0	0	169	1,987	2,254	1,773	2,305	1,714	10,202	11,875
No. of gross jobs safeguarded	0	0	484	1,111	3,673	2,235	2,550	1,673	11,726	15,800
Gross jobs safeguarded - filled by men	0	0	359	976	2,791	1,618	1,728	1,186	8,658	7,900
Gross jobs safeguarded - filled by women	0	0	125	135	882	617	822	487	3,068	7,900
No. of businesses with improved performance	0	0	30	150	811	618	1,183	1,365	4,157	12,000
No of businesses with new or improved products, processes or services	0	0	0	0	0	45	326	369	740	550
No. of businesses created	0	0	26	51	90	83	129	7,588	7,967	3,920
CO2 emissions from Programme interventions (tonnes)	0	0	0	309	161	9,597	14,240	15,839	40,147	480,000
No. of businesses with reduced industrial or commercial waste	0	0	1	6	37	34	57	23	158	70
No. of applications of low carbon technologies	0	0	0	1	147	158	34	4	344	150
Visitor Spend (£ms)	0.00	0.00	1.40	6.68	208.22	87.46	8.57	1	313.13	202.00

NB: The total brownfield land reclaimed figure reported above in hectares, converts to 0.551 Km<sup>2</sup>. Km<sup>2</sup> is the recently requested reporting unit from the EC for this output this will be reflected on SFC

The table above reflects the amended targets following approval of the programme modification in 2013 and is updated to 31<sup>st</sup> December 2014.

The programme has contracted sufficient projects to exceed all the above targets although we are mindful of potential reductions from JEREMIE and thus, will continue to monitor this very closely. In terms of achievements, the programme has already met its targets for some indicators e.g. businesses assisted to improve performance; start up support; firms becoming engaged in collaborations with UK knowledge base; number of businesses with improved products, processes or services, number of businesses with reduced industrial or commercial waste, number of businesses with reduced industrial or commercial waste and, the Tourism related indicators of Additional Day Visitors (and overnight), in addition to Visitor Spend.

Brownfield Land Reclaimed and New and Upgraded Floor-space are currently well behind profile but these will be delivered, primarily through the Financial Instrument JESSICA which has yet to submit results.

## Financial Information

2.3.2 As can be seen from Table 7 (below), the following expenditure was reported to the Managing Authority.

**Table 7: Priority axes by source of funding (EUR)**

<b>Cumulative</b>	<b>Expenditure paid out by the beneficiaries included in payment claims sent to the Managing Authority</b>	<b>Corresponding public constitution</b>	<b>Private Expenditure</b>	<b>Expenditure by the body responsible for making payments to the beneficiaries</b>	<b>Total payments received from the Commission</b>
Priority axis 1:	336,216,504.77	87,959,537.45	82,845,469.95	165,411,497.37	156,668,455.72
- of which ESF expenditure	339,616.00	261,504.32	78,111.68	148,666.97	142,758.00
- of which ERDF expenditure	335,876,888.77	87,698,033.13	82,767,358.27	165,262,830.40	156,525,697.72
Priority axis 2:	373,551,454.10	131,609,978.11	59,836,203.55	182,105,272.44	153,655,060.29
- of which ESF expenditure	0.00				
- of which ERDF expenditure	373,551,454.10	131,609,978.11	59,836,203.55	182,105,272.44	153,655,060.29
Priority axis 3:	369,929,265.49	159,079,050.48	40,191,795.40	170,658,419.61	167,852,527.62
- of which ESF expenditure	0.00				
- of which ERDF expenditure	369,929,265.49	159,079,050.48	40,191,795.40	170,658,419.61	167,852,527.62
Priority axis 4:	279,989,762.63	103,297,959.41	44,030,846.16	132,660,957.07	131,883,624.27
- of which ESF expenditure	0.00				
- of which ERDF expenditure	279,989,762.63	103,297,959.41	44,030,846.16	132,660,957.07	131,883,624.27
Priority axis 5:	18,433,974.38	7,769,767.20	1,501,774.50	9,162,432.68	8,651,739.10
- of which ESF expenditure	0.00				
- of which ERDF expenditure	18,433,974.38	7,769,767.20	1,501,774.50	9,162,432.68	8,651,739.10
<b>Grand total</b>	<b>1,378,120,961.37</b>	<b>489,716,292.65</b>	<b>228,406,089.56</b>	<b>659,998,579.16</b>	<b>618,711,407.01</b>
<b>- of which ESF expenditure</b>	<b>339,616.00</b>	<b>261,504.32</b>	<b>78,111.68</b>	<b>148,666.97</b>	<b>142,758.00</b>
<b>- of which ERDF expenditure</b>	<b>1,377,781,345.37</b>	<b>489,454,788.33</b>	<b>228,327,977.88</b>	<b>659,849,912.19</b>	<b>618,568,649.01</b>
Total in transitional regions in the grand total	545,066,457.32	164,949,625.29	126,221,819.63	253,895,012.40	246,284,481.96
Total in non-transitional regions in the grand total	833,054,504.04	324,766,667.36	102,184,269.92	406,103,566.76	372,426,925.05

## 2.2.3 Information about the breakdown of use of the funds

2.3.1 Please see the information relating to the individual priorities and action areas for details on the types of projects supported. The figures in the table below relate to ERDF expenditure committed to projects following investment decisions (exchange rates are based on Dec 2014 rate of 0.792).

**Table 8: Combination of codes of dimensions 1 to 5**

Combination of codes of dimensions 1 to 5					Cumulative amount (EUR) for Programme	Percentage against total funds committed to date
Code Dimension 1	Code Dimension 2	Code Dimension 3	Code Dimension 4	Code Dimension 5		
Priority Theme	Form of Finance	Territory	Economic Activity	Location		
2 R&T Infrastructure and centres of competence in a specific technology	1 (Non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	28,552,230	3.6%
2 R&T Infrastructure and centres of competence in a specific technology	1 (Non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	48,345,732	6.1%
3 Technology transfer and improvement of cooperation networks	1 (Non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	3,185,829	0.4%
3 Technology transfer and improvement of cooperation networks	1 (Non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	6,505,091	0.8%
4 (Assistance to R & TD)	1 (Non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	352,351	0.0%
4 (Assistance to R & TD)	1 (Non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	16,438,367	2.1%
5 Advanced support service for firms and groups of firms	1 (Non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	7,301,272	0.9%
5 Advanced support service for firms and groups of firms	1 (Non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	36,739,983	4.6%
6 (Assistance to SMEs for the promotion of environmentally friendly products and processes)	1 (Non-repayable grant)	00 (not applicable)	21 (Activities linked to the environment)	UKD (North West England)	11,456,271	1.4%
6 (Assistance to SMEs for the promotion of environmentally friendly products and processes)	1 (Non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	3,874,711	0.5%
7 Innovation in firms linked to research & innovation	1 (Non-repayable grant)	00 (not applicable)	21 (Activities linked to the environment)	UKD (North West England)	705,873	0.1%
7 Innovation in firms linked to research & innovation	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	16,262,147	2.0%
8 (Other investment in firms)	1 (non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	62,914,632	7.9%
8 (Other investment in firms)	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	52,050,432	6.5%
8 (Other investment in firms)	2 (repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	150,887,016	19.0%
9 (Other measures to stimulate research and innovation)	1 (non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	9,919,778	1.2%
9 (Other measures to stimulate research and innovation)	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	42,365,379	5.3%
10 (Telephone Infrastructure, including broadband networks)	1 (non-repayable grant)	00 (not applicable)	10 (Post and telecommunications)	UKD (North West England)	39,933,109	5.0%
15 (Other measures for improving access to and efficient use of ICT by SMEs)	1 (non-repayable grant)	00 (not applicable)	10 (Post and telecommunications)	UKD (North West England)	33,701,507	4.2%
23 (Regional / local roads)	1 (non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	1,531,344	0.2%
43 Energy efficiency co-generation. Energy management	1 (non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	18,257,547	2.3%
43 Energy efficiency co-generation. Energy management	1 (non-repayable grant)	00 (not applicable)	21 (Activities linked to the environment)	UKD (North West England)	16,151,576	2.0%
43 Energy efficiency co-generation. Energy management	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	1,425,139	0.2%
50 Rehabilitation of industrial sites and contaminated land	1 (non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	55,082,329	6.9%
50 Rehabilitation of industrial sites and contaminated land	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	10,209,892	1.3%
50 Rehabilitation of industrial sites and contaminated land	2 (repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	20,077,772	2.5%
52 Promotion of clean urban transport	1 (non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	26,953,614	3.4%
52 Promotion of clean urban transport	1 (non-repayable grant)	00 (not applicable)	21 (Activities linked to the environment)	UKD (North West England)	3,627,769	0.5%
52 Promotion of clean urban transport	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	6,632,453	0.8%
56 (Protection and development of natural heritage)	1 (non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	4,665,895	0.6%
56 (Protection and development of natural heritage)	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	21,677,412	2.7%
59 (Development of cultural infrastructure)	1 (non-repayable grant)	00 (not applicable)	12 (Construction)	UKD (North West England)	22,298,269	2.8%
59 (Development of cultural infrastructure)	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	3,194,902	0.4%
61 (Integrated projects for urban and rural regeneration)	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	2,251,609	0.3%
64 (Development of specific employment, training and support services for company and sector restructurings)	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	601,283	0.1%
85 (Preparation, implementation, monitoring and inspection)	1 (non-repayable grant)	00 (not applicable)	22 (other unspecified services)	UKD (North West England)	9,169,486	1.2%
<b>TOTALS</b>					<b>795,300,000</b>	<b>100.0%</b>
Lisbon Compliant					<b>605,207,981</b>	
Lisbon Compliant Percentage					76.10%	

## **2.4 Assistance by target groups**

- 2.4.1 During 2012, the GDT ran a successful call for three yearlong projects, aiming to support target groups and areas with the lowest level of start-ups and greatest barriers and normally underrepresented in enterprise. This work drew on lessons learned and good practice from the NW business start-up project previously funded by the programme, and the knowledge and expertise of local partners including Local Enterprise Partnerships.
- 2.4.2 In Merseyside building on an existing call developed, the programme has funded 4 projects working collaboratively across Merseyside to provide support to target groups underrepresented in both start-ups and established businesses.
- 2.4.3 Targets groups included; female, disabled, young and older workers, ex-offenders, BME and entrepreneurs from deprived communities. This new approach and close working with local partners aimed to ensure that provision was adapted to meet local need, and can add value to existing national and local provision. These groups saw the first outcomes in 2013 and targeted start-up projects have subsequently picked up activities and results in 2014 and will complete in 2015.
- 2.4.4 Since 2012 the programme has funded 9 Priority 4 projects worth circa £43 million primarily targeting groups under-represented in enterprise, and activity is now fully underway across the region. By 2015 these projects aim to assist over 10,000 individuals to start a business, creating 6000 new businesses and 12,000 jobs across North West. They will also assist more than 7000 young businesses and 1000 Social Enterprises to improve performance.

By the end of 2014, these projects had already assisted almost 7000 individuals to start a business and created around 6000 jobs.

## **2.5 Assistance repaid or re-used**

- 2.5.1 In the period 1 January 2014 to 31 December 2014 we have raised:
- 2.5.2 **62 NIFFs** (Notification of ineligible funding form) with a total value of £216,490 (total eligible cost), £104,340 grant (€130,597) have been processed in the period. 82% of all NIFFS over the life time of the project have been recovered which equates to €335,340.38 grant up to December 2014. €63,704.13 have been scheduled for offsetting against future claims and demand notes have been issued for the value of €4,776.06. There are no unconcluded NIFFs. No issues are expected around the recovery of the outstanding funds in relation to NIFFs.

**Table 9: Total value of NIFFs up to and for the current reporting period**

	NIFFs	£ value of NIFFs (total eligible costs)	£ value in grant	€ value in grant	Amounts recovered in € by Dec 2014 (NIFF)
2010	51	84,320.79	42,155.44	48,691.35	
2011	84	143,222.71	70,012.86	80,489.65	
2012	44	72,063.51	34,703.19	42,810.99	27,591.54
2013	65	176,845.26	87,188.31	104,609.59	157,137.81
2014	62	216,490.79	104,340.32	130,597.24	335,480.38

NIFFs have been found against projects in all Priorities of the Programme. These irregularities can be categorised and quantified as in the table below:

**Table 10: Irregularities split into priorities and issues – NIFFs only 2014**

	Priority 1	Priority 2	Priority 3	Priority 4	Priority
Procurement	5	6	10	5	1
Publicity					
Defrayment			1		
Ineligible costs	4	18	1	5	
Missing supporting documents	1	1			
Overheads/apportionment issues	3	1			
Ineligible sectors					
Totals*	13	26	12	10	1

Most irregularities occurred within Priority 2 – this was a shift from Priority 1 to 2 with higher spend now on more innovative business support projects. The nature of these irregularities has not massively changed and main issues were ineligible items and internal recharges.

€53,048.69 grant relate to procurement issues. Flat rate corrections were imposed for insufficient advertising for contracts not governed by the Procurement Directive. These issues were often accompanied by document retention issues: although the opportunity may have been sufficiently advertised and processes followed, the audit trail was unavailable. The grant figure in relation to procurement issues is approximately the same as in the previous year. New procurement guidance has been issued that clarify and re-enforce requirements.

All recovered funds in relation to the NIFFs will be re-used in the respective Programme priority.

2.5.3 **44 SFIRs** (Structural Funds Irregularity Report) and related NIFFs (follow up of flat rate corrections for future claims) with a total eligible cost of £6,856,448.60, - £5,938,296.71 grant (€6,856,448.60 grant)

were processed in the period between 1 January 2014 and 31 December 2014. The total of the irregularities figures in the table below includes £381,313.40 total eligible expenditure (€227,133.68 grant) to an organisation that went into administration. We have instigated everything necessary to recover the funds and have registered our interest with the administrator. The final report from the administrator states that there are no funds available to recover and we have initiated write off procedures. Further grant of €1,870,748 relates to a project that has also gone into administration. The GDT has instigated the same procedure as above and awaiting the outcome. GDT will be unable to recover grant of €691,126.93 from an organisation but it has been decided that DCLG will reimburse the Programme with this costs.

Furthermore, approximately €1,133,570 grant in relation to 3 projects is currently in dispute (LCC Broadband, The Florrie, Liverpool Science Park).

60%, €7,941,085, of the total grant to be recovered, was paid back by the end of 2014 to the Programme. Of the remainder, €1,483,899 are scheduled to be recovered by offsetting against the next claim, for €3,549,183 demand notes have been issued (these figures include the write offs and grants in dispute of €3,922,577).

**Table 11: Total value of SFIRs up to and for the current reporting period**

	SFIRs	£ value of SFIRs (total eligible costs)	£ value in grant	€ value in grant	Amounts recovered in € by Dec 2014
2010	14	568,801.78	266,387.76	304,810.10	
2011	31	526,826.72	252,685.47	284,109.06	
2012	26	3,546,882.82	1,620,409.27	1,927,743.45	1,200,972
2013	39	8,449,619.18	3,112,460.46	3,834,423.29	3,138,401
2014	44	12,226,993.21	5,938,296.71	7,363,865.60	7,941,084

The SFIRs stretch across priorities 1 to 4.

27 irregularities relate to procurement issues with a total value of €3,744,792 grant spread over 16 organisations. 4 organisations account for more than half of the grant (€1,976,947). These figures also include grant of €1,128,456 where the grant recipient has disputed the findings and a final decision has not been reached yet. However, to ensure that DCLG only submits clean declarations to the Commission, the irregular amount has been raised and removed from the declarations.

All audits carried out focused on procurement and additional checks undertaken by procurement specialist lawyers have contributed to the high number of procurement issues discovered but this will give some assurance to the Commission that the GDT has taken every effort to include irregular expenditure in claims. At the same token new and better guidance will support grant recipients with their procurements in future and through the high number of audits a sensitisation of the

issues was achieved by grant recipients. However, it will take some time until the benefits of all measures implemented will filter through.

Some of the expenditure relates to procurement issues already found in 2013 but the grant recipient is due to a flat rate correction on all future claims in relation to the original procurement.

The defrayment issue under Priority 2 was raised because SME contributions could not be evidence in line with requirements. The defrayment issues under Priority 4 result from a match funding issue where delivery partners were paid an invoice without actually being able to evidence the total expenditure.

**Table 12: Irregularities split into priorities and issues – SFIRs only**

	Priority 1	Priority 2	Priority 3	Priority 4	Priority
Procurement	5	7	11	4	
Publicity			1		
Defrayment		2		3	
Ineligible costs		2		2	
Missing supporting documents					
Overheads/apportionment issues		4			
Flat rate correction in relation to outputs and de minimis				3	
Support of ineligible sectors					
Organisation in administration					
Totals	5	15	12	12	

Irregularities have been investigated and not found to be systemic on a Priority level, hence the funds will be re-used within the respective Programme priority.

#### 2.5.4 Analysis of irregularities in relation to priorities and Merseyside and North West allocation (Table 11):

**Table 13:**

Priority	Merseyside Irregularities (ERDF grant)		Rest of North West Irregularities (ERDF grant)	
	£	EURO	£	EURO
1	45,013.32	56,565.92	276,803.18	344,820.10
2	272,159.50	331,881.47	588,960.50	754,890.32
3	2,140,209.31	2,618,993.57	139,799.57	166,265.66
4	2,096,809.06	2,631,922.05	477,570.36	582,842.72
5	0.00	0.00	5,311.52	6,281.00
<b>Total</b>	<b>4,554,191.19</b>	<b>5,639,363</b> <b>75%</b>	<b>1,488,445.13</b>	<b>1,855,099.80</b> <b>25%</b>

## 2.6 Qualitative Analysis

2.6.1 The success of the Programme is largely dependent upon a good level of partnership engagement and involvement. This is demonstrated through both the communications activity and formal meetings of the LMC and the sub-committees.

2.6.2 The good level of partnership working and commitment continued in 2014, despite the distraction of the 14-20 ESIF Programme. This was particularly evident in the last 6 months of the end of the calendar year with partners supporting the submission of overdue claims, in the last month alone (November) £40m worth of claims were processed. Even though the N+2 target was challenging this year, at £91m, it was achieved despite the £10.9m being returned from the NWF. This can only partly be explained by the lower error rate and the lower amount of expenditure removed from the declaration compared to last year.

The LMC have had to deal with challenging issues this year in relation to broadband spend and the performance of the financial Instruments particularly in Merseyside. Members have pulled together to deal with underperformance issues

Monthly meetings are still held with sub regional partners which details issues of mutual concern

The current governance structure of this programme i.e. links with sub regional partnerships (now known as local economic partnerships-LEPs) sits well with the Managing Authority receiving local intelligence from stakeholder in 2014-20 ESIF Programme.

2.6.3 A good proportion of GDTs time this year has been spent on contracting with projects. There were no calls for proposal in 2014. However due to a strong pipeline of projects and reserve list, 32 projects were contracted with. The table below lists the number of projects contracted in each year of the programme

Table 14

Year	No of ERDF contracts <sub>2</sub>
2008	8
2009	51
2010	71
2011	32
2012	33
2013	35
2014	32

2 includes withdrawn contacted projects

The table shows the peak in approvals in 2010, which one would expect as the programme gained momentum. By 2011 70% of the funding had been committed and this was the year when the team transferred out of NWDA to DCLG (June 2011). Following the transfer there was also a reduction in development activity whilst the programme and its partners took stock of the position and the impact on match funding of the closing of the regional development agency

- 2.6.4 The delivery team has had to be agile and adaptable to deal with the see-sawing issues caused by the exchange rate fluctuation. At the start of 2014 the programme was valued at 641m now it is close to its 2012 level of around £625m. Prudent planning and a reserve list of projects enabled the team to meet the changing landscape.

Work has continued to standardised and refine procedures in each of the GDTs that make up the 10 English Programme. There are regular team meetings, national meetings and telekits to discuss revised processes and training events. For example the process for closing projects is currently being reviewed and MCIS updated accordingly so the position can be monitored nationally.

### **3.0 CROSS CUTTING THEMES**

- 3.0.1 The focus of the Cross Cutting theme work in the programme is to ensure that i) environmental sustainability and equality and diversity objectives/ aspirations are embedded in project development, design and commissioning and ii) delivery is monitored, measured and recorded and iii) best practice is disseminated and exploited.
- 3.0.2 The implementation of the 2010 Policy for the Built Environment has continued to ensure that capital schemes coming forward deliver to a high environmental standard. One of the highlights of 2012 has been the successful development of Armstrong Point, achieving the highest ever score for a BREEAM project to date and achieving BREEAM Outstanding. Over the lifetime of the programme the delivery of the BREEAM standard has increasingly become an accepted approach in the construction sector and its use in ERDF has supported this shift to create building fits for the future.
- 3.0.3 The programme remains on track to meet the 25% reduction in CO<sub>2</sub>e which was set out in the North West Operational Plan. CO<sub>2</sub>e continues to be measured utilising the online carbon calculator and the carbon generated from projects in Action Area 1.3 offsets the impacts generated in other Action Areas. Through the projects in A1.3 the reporting clearly suggest that the
- 3.0.4 During 2014 a number of new low carbon projects have started, which aid the delivery of the CCT. Within Merseyside the Low Carbon Innovation Hub through John Moores University are supporting a range of SME's to reduce their carbon footprint. In addition the start of the Low Carbon Support for SME's project through a partnership with Liverpool Chamber and Groundwork see's the reinstatement of resource efficiency advice on Merseyside again.

- 3.0.5 The Environmental Sustainability Technical Assistance project (ESTA) has been working closely with local sub regional partners to support the delivering sustainable development. This has been achieved through ESTA staff working directly with partners and through the commissioning of research that supports a range of local needs such as the assessment of the local low carbon goods a service sector.
- 3.0.6 The Equality and Diversity requirements of the programme have now been fully integrated into the new standardised business process, including the integration of equality into the appraisal and programme monitoring procedures. This includes extensive guidance in the standard handbook covering all many aspects of equality and diversity. Equality and Diversity requirement continues to be a standard element of all calls, building on work developed in early parts of the programme.
- 3.0.7 Part funded by the programme and completed in 2010, the women's international business centre, now renamed 54 St James Street, continues to go from strength to strength with the incubator space almost fully occupied and a packed programme events supporting a full range of business education for women.

A number of the programmes business support projects are also able to work with specialist women's organisation, drawing on their expertise to provide tailored support for women.

The Start-up project continues to provide specific tailored support to group underrepresented in enterprise and start up activity. These projects awarded over £40 million in ERDF funding, provide support across the North West have already assisted almost 4000 individuals to start a business, with a target of over 10,000 by the end of the programme.

The programme performance in supporting women to start businesses continues to exceed initial expectation: by the end of 2013 the programme target had been exceeded by over 100 %; projects in the programme supporting 4,784 women to start business against a target of 2893.

Progress on achieving targets for female jobs created and safeguarded remains steady, although there will need to more progress, it is anticipated that the delivery of all jobs results will increase significantly in the final years of the programme.

- 3.0.8 The programme specific equality elements of the Policy for the Built Environment continue to apply. This includes requirements for compliance with disability discrimination act, good equality practice on employment, apprenticeships and the Considerate Constructor Scheme. Considerate Constructor is a nationally accredited scheme run by the construction sector, as well as including equality explicitly the scheme also covers a number of aspects of good practice which disproportionately effected equality group. For example obstruction of walk way which affects some disabled people disproportionately.

#### **4.0 COMPLIANCE WITH COMMUNITY LAW**

- 4.0.1 All projects are assessed (as part of the appraisal) to ensure compliance with community law on issues such as State Aid, Procurement and publicity. The procedures to ensure that activities comply with these rules are then evidenced and tested during visits to the project while it is live. Projects must also sign a declaration with each claim to confirm that they have complied with these rules in relation to the expenditure declared on the claim.
- 4.0.2 During the year the MA recruited a panel of Legal Procurement Experts to test all procurements above the OJEU threshold, or over £1,000,000 in value. The specialist procurement testing work commenced in October 14 for the North West and all identified projects will be completed by the end of June 15.

#### **5.0 SIGNIFICANT PROBLEMS ENCOUNTERED AND MEASURES TAKEN TO OVERCOME THEM**

- 5.0.1 There has been some relaxation in the national civil service recruitment and two new staff were recruited to the programme and another staff member has transferred in from else where in the civil service. The ERDF team benefited from a fast streamer who supported the work on closing projects.

At national level there was some flexibility on the NW Programme being able to overcommit expenditure. In 2013 the programme was capped at 100%. This was relaxed to 105% in 2014 in managing programme slippage.

- 5.0.2 In May 2013 the European Commission's Interruptions Committee decided to interrupt payments to the 10 English 2007-13 ERDF programmes.

The reason for the interruption was that in the EC's view is that there were "serious deficiencies identified by the English Audit Authority concerning the management verifications and concerning the audit trail."

This was based on two Audit Authority systems audits, the first on Article 13 monitoring arrangements and the second on audit trail of ERDF records transferred to BIS when RDAs were closed. Both audits had a "qualified major" opinion, meaning that there were material weaknesses that need to be addressed but the AA had to follow very explicit guidance from the EC on systems audit reports. The EC relies on the opinion of the Member State's Audit Authority.

A not insignificant proportion of the team's time this year has been spent on managing some of our high profile projects including both financial instruments (JEREMIE and JESSICA) and the 5 sub regional superfast broadband projects. This is expected to continue in 2015 where the MA will want to manage an orderly closure of projects and some projects wanting to extend to December 2015 to capture spend that has slipped from forecast positions.

## 6.0 CHANGES IN THE CONTEXT OF THE OPERATIONAL PROGRAMME IMPLEMENTATION

### 6.0.1 National Economic Context

The UK economy is estimated to have grown by 2.6 per cent in 2014.<sup>1</sup> This was the fastest growth since the global financial crisis when the UK experienced one of the deepest recessions of any major economy, contracting 6 per cent in real terms between the second quarter of 2008 and the third quarter of 2009.

The Office of Budget Responsibility had forecast the economy would grow by 2.7 per cent at the start of the year.<sup>2</sup> However some forecasters had predicted earlier on that GDP growth would be as low as half a per cent.<sup>3</sup> Instead the economy is estimated to have grown by 0.6 per cent in the first quarter accelerating to 0.8 per cent in the second quarter and 0.7 and 0.5 per cent in the last two quarters.<sup>4</sup> Gross Domestic Product is now estimated to be 3.4% higher than the peak it reached before the recession in 2008.

Consumer spending was a key driver to the UK economy strengthening in 2014. Growth in real earnings began to recover in 2014 after a period of stagnation. Regular pay excluding bonuses grew by 1.6 per cent from December 2013 to December 2014, well above the rate of inflation which fell to 0.5 per cent by the end of 2014 mostly due to falling global oil prices.<sup>56</sup>

Business investment also continued to increase. Initial estimates suggest business investment grew at 6.8 per cent in 2014: its fastest rate in any year since 2007.<sup>7</sup> Housing market indicators also picked up sharply in the year cooling in the final quarter. In the year to December 2014 house prices had increased by 9.8 per cent as measured by the Office of National Statistics.<sup>8</sup> Export performance weakened in 2014 causing the UK's net trade position to deteriorate slightly over the year.<sup>9</sup> This was mainly due to low demand for exports from the Eurozone countries.

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<sup>1</sup> ONS (2015) see: <http://www.ons.gov.uk/ons/rel/gva/gross-domestic-product--preliminary-estimate/q4-2014/stb-gdp-preliminary-estimate--q4-2014.html>.

<sup>2</sup> OBR (2014) *Economic and Fiscal Outlook*, March 2014: <http://cdn.budgetresponsibility.org.uk/37839-OBR-Cm-8820-accessible-web-v2.pdf>.

<sup>3</sup> OBS (2014) *Economic and Fiscal Outlook*, December 2014, Char 2.4: Forecasts for real GDP growth in 2014, <http://budgetresponsibility.org.uk/economic-fiscal-outlook-december-2014/>.

<sup>4</sup> ONS (2015) see: <http://www.ons.gov.uk/ons/datasets-and-tables/data-selector.html?cdid=IHYQ&dataset=pgdp&table-id=PREL>.

<sup>5</sup> ONS (2015) *Average Weekly Earnings*, see: <http://ons.gov.uk/ons/taxonomy/index.html?nscl=Weekly+Earnings#tab-data-tables>.

<sup>6</sup> ONS (2015) *Consumer Price Indices*, see: <http://ons.gov.uk/ons/rel/cpi/consumer-price-indices/january-2015/stb--consumer-price-indices--january-2015.html>.

<sup>7</sup> ONS (2015) *Business Investment Q4 2014 Provisional Results*, see: <http://www.ons.gov.uk/ons/rel/bus-invest/business-investment/q4-2014-provisional-results/index.html>.

<sup>8</sup> ONS (2015) *House Price Index*, see: <http://ons.gov.uk/ons/rel/hpi/house-price-index/december-2014/stb-december-2014.html>.

<sup>9</sup> OBR (2014) *Economic and Fiscal Outlook*, December 2014, Chart 3.39.

The labour market – remarkably resilient during the crisis – continued to strengthen. UK employment figures saw quarter on quarter growth and falling unemployment in 2014. By the final quarter of the year employment rate had risen to 73.2 per cent and the unemployment rate had fallen to 5.7 per cent from 7.2 per cent a year earlier.<sup>10</sup> However, the performance of the labour market varied across the UK, with some groups at a particular disadvantage including, young people, disabled people, people from some ethnic minorities, and older people. Underemployment, a measure of net additional hours of work desired at current wages as a percentage of the total hours of labour available, also remained high with just under 1 in 10 employed people wanting more work in 2014.<sup>11</sup>

Productivity remains below its pre-recession peak. Among sectors there has been strong growth in manufacturing and real estate productivity for example, but this has been counterbalanced by weak growth in the financial services and the oil and gas industries relative to their pre-recession levels.<sup>12</sup> In the third quarter of 2014 output per hour worked for the whole economy was only 0.3 per cent higher than a year before. Increases in productivity this year will be vital if the momentum the economy gained in 2014 is to continue.

## **7.0 SUBSTANTIAL MODIFICATIONS UNDER ARTICLE 57 OF REGULATION (EC) NO 1083/2006**

7.0.1 No modifications have been undertaken

## **8.0 COMPLEMENTARITIES WITH OTHER INSTRUMENTS**

8.0.1 The Operational Programme has placed emphasis on the need for projects to be complementary to other Programmes administered by the Commission.

8.0.2 To this end the Programme has been involved in an INTERREG IVC Project. The NW GDT is one of 13 partners involved in the Fin-En project which is aimed at enhancing co-operation between regional and national authorities on the methodologies used for implementing Financial Engineering Instruments. It is envisaged that this project will help to simplify their implementation in the context of the 2014-2020 Programme.

8.0.3 The final study visit for the INTERREG IVC Project was hosted by the UK Partner between the 12th-14th March 14 and was hosted in Liverpool and Manchester.

8.0.4 This included a visit to the Liverpool Science Park where the group received an overview of one of the sector specific funds on the

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<sup>10</sup> ONS (2015) *Labour Market Statistics*, see: <http://www.ons.gov.uk/ons/rel/lms/labour-market-statistics/february-2015/index.html>.

<sup>11</sup> ONS (2014) see: <http://www.ons.gov.uk/ons/rel/lmac/underemployed-workers-in-the-uk/2014/rpt-underemployment-and-overemployment-2014.html>.

<sup>12</sup> ONS (2015) *Economic Review* January 2015, see: [http://www.ons.gov.uk/ons/dcp171766\\_391094.pdf](http://www.ons.gov.uk/ons/dcp171766_391094.pdf)

JEREMIE programme – Biomedical Fund. Following this was a visit to the Science & Innovation Park at Daresbury. Here the group listened to a number of company overviews from the Venture Capital Fund and another of the sector specific funds – Energy & Environmental Fund.

8.0.5 The Fin-En project also participated in the EU Open Days in October 2014 where the first results of the project were showcased.

8.0.6 The final conference for the INTERREG Project took place in Brussels in November 2014. The final reports and recommendations are being completed and these will be shared once finalised.

8.0.7 The Programme has also supported twelve projects to date that are using the derogation relating to ESF Type activity – these projects are as follows:

Project Number	Project name	Priority	Total Project Cost	Total ERDF	Total ERDF Approved for ESF Type Activity	% of ERDF Approved for Work with ESF Type Activity	ESF INDICATOR Skills Assist declared as of 31/12/2014
X01621PR	Food & Drink Growth Programme	1	£2,617,994	£1,308,997	£149,025	11.38%	184
X01686PR	Automotive & Related Manufacturing SME's	1	£2,138,290	£1,069,145	£71,090	6.65%	215
X00694PRa	HE Champions	1	£1,344,722	£672,361	£8,000	1.19%	276
X01407PR	Medilink North West - Innovate to Grow	1	£800,000	£400,000	£0	0.00%	0
X00630PR	Environmental Business Support	1	£5,100,136	£2,550,068	£7,000	0.27%	405
X01064PR	NW V & M Cluster Development Programme	1	£3,378,210	£1,689,105	£5,000	0.30%	99
X00658PR	Centre of Excellence for Biopharmaceuticals	1	£3,421,580	£1,710,790	£256,619	15.00%	65
X01363PR	Maritime Sector Development	1	£1,678,334	£839,167	£125,875	15.00%	0
X03057PR	Enhancing Manufacturing Advisory Service (MAS) activities in the NW of England	1	£2,399,386	£1,199,693	£239,939	20.00%	24
<b>Totals</b>			<b>£22,878,652</b>	<b>£11,439,326</b>	<b>£862,548</b>	<b>7.54%</b>	<b>1,268</b>

- 8.0.8 These projects have been supported to make significant improvements to the competitive position of individual Northwest supply companies, by improving business practices and processes.
- 8.0.9 To date, these projects have assisted 1,268 people with their skills development (specific output for ESF type activity).

## **9.0 MONITORING ARRANGEMENTS**

- 9.0.1 A formal Closure Visits and Report was introduced in as part of the standardized national process. Stemming from sessions learnt in the previous programme it is left that these visits will make closing of the programme easier and would reduce the potential for errors. The visits and report are normally completed before any final retention is paid. The process was however, also to be applied retrospectively, this has meant that there are a number of visits that needed to be completed on "historic projects".

The closure team completed 62 project closure visits in 2014; this is circa 38% of total closure visits required for programme closure at the end of 2015.

- 9.0.2 A minimum 10% desk based sample checks were introduced to the team in August 2013 resulting from an agreement with DG Regio. Previously the team would review the transaction list submitted by an applicant within a claim querying any anomalies. The team would ensure that all the items are eligible, that the defrayal dates are consistent with the claim period and that there are no calculation errors. In addition, other documents are checked e.g. the procurement register, the output and beneficiary information, progress reports and asset registers. The additional sampling activity requires that 10% of all eligible expenditure in the claim to be checked back to source documentation adding two days to the processing of each revenue claim.

## **9.1 Local Management Committee**

- 9.1.1 During 2014 there were 3 meetings of the LMC.
- 9.1.2 At the 13 May LMC the roles of the sub committees were reviewed to ensure the effective monitoring of the programme during its final stages. LMC concluded that the Performance Monitoring Sub Committee (PMSC) and the Merseyside Phasing-In Sub Committee (MPISC) would be disbanded along with the European Economic Strategy Group (EESG). From these groups a new committee, the European Performance Implementation Sub-Committee (EPIC) would form. The role of the group includes endorsement of projects up to £10m total value (£5m ERDF) and monitoring of the North West Fund.
- 9.1.3 For a full list of LMC items discussed see Annex 4.

9.1.4 One meeting of the EPIC took place in November 2014; topics discussed included Super Fast Broadband, North West Fund parameters and updates on 2014-20.

## **9.2 Audit & Verification Checks**

9.2.1 In the period 33 Project Engagement Visits (PEVs) have been undertaken (giving a total of 254 to 31/12/2014). The aim is to visit projects within 3 months of legally contracting and prior to 1<sup>st</sup> claim submission. Following the visit by contract monitoring staff a report is written, forwarded to EU compliance officers for review and issued to the applicant and logged onto MCIS. Annex 3 contains is a list of projects visited.

9.2.2 Audits of Operations are undertaken by the Audit Authority in accordance with its audit strategy and sampling method. The Audit Authority informs the Managing Authority, the delivery network, and the intermediary body of the sample selected and liaises with grant recipients directly to arrange the visit and ask for preliminary information. A draft report is issued to the ERDF delivery team, who in turn share with the grant recipient. The ERDF delivery team has 20 working days to work with the grant recipient to respond formally to each of the findings. Once the responses have been accepted by the auditors, the final report is issued and an action plan is drafted with allotted responsibilities and timescales for completion.

Nationally, the main irregularities arising from Article 16 audits were:

- Procurement irregularities (52.4%)
- Failure to demonstrate an audit trail (18.3%)
- Ineligible activities (17.5%)
- Ineligible expenditure (3.7%)
- Non-compliance with publicity rules (0.3%)
- Other issues (7.8%)

In response to procurement issues raised in findings from Article 16 audits of operations, the ERDF delivery team has increased communication and engagement with projects on compliance with this regulatory control. This is also the case in respect of Article 13 management verifications.

The key principles of the programme monitoring strategy continued to be adhered to without dilution, as the ERDF delivery team focused on achieving the n+2 target for n+2 2014.

For Article 16 visits carried out in 2014 in the NW, see table at Annex 5.

- 9.2.3 During 2014 a major revision was made to the Article 13 process which took into account the concerns that DG Regio had raised through their programme audits.

The delivery of Article 13 (2) on the spot verifications (PAVs) was separated from the delivery teams and a new National ESIF Compliance team was formed. This team operates independently from the GDTs and is managed by an independent Head of Team. A major revision was also made to the method for selecting projects chosen for testing. Following agreement with DG Regio, a new process was put into place which chooses undeclared claims to test using a random statistical sampling process. The randomized nature of this approach provides greater levels of assurance for the total population of the projects.

The new processes and team became operational in February 2014 but there were early indications that the demand for visits would peak in the second half of the year and so the team was strengthened with temporary contractors for the final quarter of the year to ensure that the new programme of visits was completed before the final declaration was made at the year end.

It was recognised that, whilst in general the programmes did not display systemic errors, procurement issues had been identified in all programmes. To address this, the MA recruited several teams of Legal Procurement Experts to test all procurements above the OJEU threshold, or over £1,000,000 in value. This specialist testing work commenced in the autumn and was largely completed by the end of April 15 with the residual checks to be finished in June 2015. This programme of verifications has been designed to ensure that any significant procurement errors will have been removed from the programme prior to programme closure.

In the NW Programme, the National ESIF Compliance Team undertook 48 PAVs in 2014. Expenditure totalling £35,165.898 was tested, representing 21.5% of expenditure claimed, and an error rate of 1.2% was identified.

## **10.0 IMPLEMENTATION BY PRIORITY**

- 10.0.1 The previously agreed strategy of investing the remaining ERDF funds through the issuing of Calls for Projects continued to be employed and a number of projects identified through this route were approved during 2014. Furthermore, to ensure full commitment of the Programme, it was also agreed to approve Projects to 104% of the Programme value and to then manage this down to 100% during 2015.

As a result of these actions, 32 individual projects with an ERDF value of c£80.427m were approved during 2014 and these are detailed under the individual priority headings.

Of these, the c£1.1m Destination Sci Tech Daresbury Project under Priority 1, was not formally made live until February 2015, following receipt of the signed Grant Funding Agreement.

The result of this put the overall Programme committed to 103.46% at 31 December 2014

## 10.1 PRIORITY 1 - Stimulating Enterprise and Supporting Growth in Target Sectors and Markets

10.1.1 This Priority provides business support and funds financial instruments which help improve the competitiveness of the region's businesses, especially in high value target sectors. It also supports work with the region's businesses in all sectors to improve resource efficiency and reduce their carbon footprint.

As a result of earlier calls in this respect, 7 projects were developed and approved and these are outlined in the following table (16)

Project Name	Location	ERDF (£)
SUSDRAM Engineering & Design Centre	Lancashire	853.829
Jactin House Incubator	Gtr Manchester	2.794.867
LCR New Markets & Growth Programme	Merseyside	7.984.288
Ashton Old Baths	Gtr Manchester	1.000.000
Low carbon Support for SME's	Merseyside	172.119
Developing Digital & Creative Ind Business	Merseyside	523.500
Destination Sci Tech Daresbury *	Cheshire	1.140.929
<b>TOTAL</b>		<b>14.469.532</b>

*\*this project secured an investment decision in June 2014 but the gfa was not returned signed until February 2015*

## 10.2 PRIORITY 2 Exploiting Innovation and Knowledge

10.2.1 This Priority essentially targets performance change within the region's businesses and institutions by driving forward the take-up of knowledge and innovation.

10.2.2 As a result of earlier calls in this respect, 4 projects were developed and approved and these are outlined in the following table.

Project name	Location	ERDF (£)
Bio-Innovation Centre	Merseyside	10.235.821
GM Digital Infrastructure Investment Project	Gtr Manchester	4.444.093
Alder Hey Research Centre	Merseyside	4.000.000
Maternal & Child Health Centre	Merseyside	2.000.000
<b>TOTAL</b>		<b>20.679.914</b>

### 10.3 PRIORITY 3 - Creating the Conditions for Sustainable Growth

10.3.1 This Priority focuses on providing the conditions that will support the region's aspirations for sustainable economic growth, as set out in the RES, through regionally significant investments. It does this firstly, by providing the infrastructure necessary for economic growth in targeted locations (including sites and premises), and secondly through enhancing the region's cultural and visitor offer by supporting the development of sustainable tourism.

10.3.3 A result of earlier calls in this respect, 11 projects have been developed and approved and these are outlined in the table below.

Project name	Location /impact	ERDF (£)
Chester Central Business District (1)	Cheshire	617.550
Weavers Triangle	Lancashire	942.803
Tower Wharf	Merseyside	4.379.244
Digital Village	Gtr Manchester	1.100.000
Chester Central Business District (2)	Cheshire	1.420.000
Collaborative Technology Access Programme	Lancashire	8.895.079
Second City Crossing Enhancement Scheme	Gtr Manchester	10.847.685
Sky Pier Liverpool *	Merseyside	904.441
Plot 1 Spitfire Road	Merseyside	447.531
Welcome Project	Merseyside	1.400.000
TATE	Merseyside	496.500
<b>Total</b>		<b>31.550.833</b>

*\*Subsequently withdrawn in 2015*

### 10.4 PRIORITY 4 - Growing and Accessing Employment.

10.4.1 This Priority aims to grow the region's economic base, with the aim of improving economic performance across the Northwest by linking job growth to areas and groups where there is a need to increase economic participation.

During 2013, 2 calls for projects were issued which were general in nature in that they covered Priorities 1 through 4 and aimed at securing projects that could take up the remainder of the available funding and also form a list of reserve projects for both Merseyside and Rest of the North West.

As a result of Calls in this respect, 9 projects were developed and approved and these are outlined in the following table

Project name	Location	ERDF (£)
LCR Impact Fund	Merseyside	1.020.000
Venture Point	Merseyside	2.643.394
Estuary Banks (2)	Merseyside	1.427.309
Clarence Arcade	Gtr Manchester	986.600
Delphi Redevelopment	Merseyside	1.790.809

Advanced Manufacturing Centre	Cheshire	1.528.506
Hornehouse Lane	Merseyside	1.073.724
Egerton House, Ocean Plaza	Merseyside	315.000
86-90 Duke St	Merseyside	2.823.000
<b>Total</b>		<b>11.093.236</b>

The result of this put the Priority at 99.50% committed at 31 December 2014

## 10.5 Priority 5 – Technical Assistance

10.5.1 There was just one project approved in 2014, this is outlined in the table below.

Project name	Location	ERDF (£)
Voluntary Sector Support	Merseyside & Rest of North West	118.596
<b>Total</b>		<b>118.596</b>

## 10.6 PROGRESS MADE IN FINANCING AND IMPLEMENTING THE FINANCIAL ENGINEERING INSTRUMENTS

### Financial Engineering Instruments

10.5.1 In accordance with Regulation (EC) no 1310/2011 amending Article 67 of Regulation (EC) No 1083/2006, this sub section provides details of the progress made financing and implementing the Programme's Financial Engineering Instruments (FEIs) during 2014

There are 11 Financial Engineering Instruments funded under the Northwest Programme, two significant ones (JEREMIE & JESSICA) and 8 smaller transitional loan funds. A Local Impact Fund for the Liverpool City Region was also approved in January 2014.

10.6.2 Apart from the live funds mentioned above we also implemented interim measures in 2009 to compensate for the delay in the setting up of the JEREMIE Fund. The Interim Loan fund and the Transitional Venture Capital Fund were set up as temporary measures and they both finished in September 2010.

10.6.3 Both funds did not invest their full allocation and £7.5m was returned to the ERDF programme where it has been redeployed into projects.

### Description of the Fund – JEREMIE

10.6.4 JEREMIE supplies debt/equity finance to SME's in the Northwest focusing on start up, early stage growth alongside expansion into growth orientated SME's.

Legal completion of the financial agreements took place in December 2009. Following this the fund drew down the full £92.4m ERDF along

with the £92.4m EIB loan. The fund size has now been revised see below;

The fund made its first investment in December 2010 and to the end of December 2014 has invested in 333 SME's.

The funding is split into 2 separate projects, reflecting the 2 Programme Priorities, with ring fenced allocations for Merseyside and RONW

X01441PR Priority 1 Merseyside £32.6m – RONW £48.90m (OP contribution & national co-financing)

X01441PR Priority 2 Merseyside £29.40m – RONW £44.10m (OP contribution & national co-financing)

NWBF also have a £5.8m ERDF revenue grant to cover the operational costs of the holding fund.

### **Identification of those implementing the Financial Engineering Instrument**

10.6.5 The JEREMIE Fund is operated through a Holding Fund – North West Business Finance which is a private company limited by guarantee. There are five Fund Managers who manage each of the sub funds.

- Enterprise Ventures – Venture Capital Fund £30.5m
- Enterprise Ventures – Mezzanine Fund £14.5m
- FW Capital – Loans Plus Fund £45m
- SPARK – Biomedical Fund £25m
- AXM – Digital & Creative Fund £15m
- CTIP – Energy & Environmental Fund £20m
- BFS & MSIF – Micro Loan Fund £3m

### **Amounts of Assistance from the Structural Funds and national co-financing paid to the Financial Engineering Instrument**

10.6.6 The amounts of assistance from the Structural Funds and national co-financing paid to the Holding Fund (Northwest Business Finance) as at end December 2014 was as follows:

- Amount of holding fund resources effectively paid to the Holding Fund of which OP contribution and national co-financing - €195,727,382
- OP amounts effectively paid to the Holding Fund - €97,863,691
- National private co-financing effectively paid to the Holding Fund - €97,863,691

### **Amounts of assistance from the Structural Funds and national co-financing paid by the Financial Engineering Instrument**

10.6.7 The amounts of assistance from the Structural Funds and national co-financing paid from the Holding Fund to the Fund Managers as at end December 2014 were as follows:

- **Venture Capital - €30,497,222**
- **Mezzanine Fund - €9,027,776**
- **Loans Plus - €37,294,696**
- **Biomedical - €30,538,788**
- **Digital & Creative - €14,099,438**
- **Energy & Environmental - €18,406,450**
- **Micro Fund - €513,130**

### **Description of the Fund – JESSICA**

10.6.8 The project involves the investment of ERDF and other match funding to deliver urban regeneration projects. Investments are then repaid, recycled and reinvested to create a sustainable and evergreen economic development fund that can deliver large-scale economic benefits.

Legal completion of the financing arrangements took place in December 2009. Following this the fund drew down the full £50.5m ERDF. On account of significant progress made in 2014, an additional £10m of ERDF was invested in the Holding Fund, taking the total investment to £60.5m ERDF.

The funding is split into two separate projects, reflecting the two Operational Programme Priorities, with ring-fenced ERDF allocations for Merseyside and RONW.

X01429PR Priority 3 Merseyside £30,300,000 – RONW £27,760,000 (OP contribution & national co-financing)

X01429PR Priority 4 Merseyside £30,300,000 – RONW £32,640,000 (OP contribution & national co-financing)

### **Identification of those implementing the Financial Engineering Instrument**

10.6.9 The JESSICA Fund is operated through the Homes & Communities Agency as grant recipient with EIB acting as the Holding Fund manager. Two Urban Development Funds have been created; Chrysalis, which covers Merseyside and Evergreen, which covers Rest of the North West.

### **Amounts of Assistance from the Structural Funds and national co-financing paid to the Financial Engineering Instrument**

10.6.10 The amounts of assistance from the Structural Funds and national co-financing paid to the Holding Fund (EIB) as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the FEI of which OP contribution and national co-financing - €136,351,409;
- OP amounts effectively paid to the holding fund - €68,175,704;

- National public co-financing effectively paid to the holding fund - €68,175,704.

### **Amounts of assistance from the Structural Funds and national co-financing paid by the Financial Engineering Instrument**

10.6.11 The amounts of assistance from the Structural Funds and national co-financing paid by the Holding Fund for investment into projects as at end December 2014 was €96,005,940.

### **Description of the Fund – Transitional Small Business Loan Funds**

10.6.12 These projects supply finance to SME's of between £3,000 to £50,000 for small business owners, social enterprises and start up enterprises wishing to expand their business activity but have been unable to secure their finance requirements from conventional lending sources.

We currently have 8 transitional small business loan funds that cover Priority 1 and Priority 2.

### **Identification of those implementing the Financial Engineering Instrument**

The transitional small business loan funds (TSBLF) are implemented through 4 Community Development Finance Institutions (CDFI).

<b>Project Ref</b>	<b>CDFI</b>
X02046PR	Business Finance Solutions
X02047PR	Business Finance Solutions
X02048PR	Bolton Business Ventures
X02049PR	Bolton Business Ventures
X02052PR	MSIF
X02053PR	MSIF
X02054PR	Social Enterprise
X02055PR	Social Enterprise

### **Amounts of Assistance from the Structural Funds and national co-financing paid to the Financial Engineering Instrument**

#### **10.6.13 X02046PR – TSBLF Manchester & Cheshire Priority 1**

The amounts of assistance from the Structural Funds and national co-financing paid to the CDFI as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the FEI of which OP contribution and national co-financing - €1,096,785
- OP amounts effectively paid to the FEI - €521,599
- National private co-financing effectively paid to the FEI - €508,392

#### 10.6.14 **X02047PR – TSBLF Manchester & Cheshire Priority 2**

The amounts of assistance from the Structural Funds and national co-financing paid to the CDFI as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the FEI of which OP contribution and national co-financing - €1,043,198
- OP amounts effectively paid to the FEI - €521,599
- National private co-financing effectively paid to the FEI - €521,599

#### 10.6.15 **X02048PR – TSBLF Lancashire & North Manchester Priority 1**

The amounts of assistance from the Structural Funds and national co-financing paid to the CDFI as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the FEI of which OP contribution and national co-financing - €988,362
- OP amounts effectively paid to the FEI - €494,181
- National private co-financing effectively paid to the FEI - €494,181

#### 10.6.16 **X02049PR – TSBLF Lancashire & North Manchester Priority 2**

The amounts of assistance from the Structural Funds and national co-financing paid to the CDFI as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the FEI of which OP contribution and national co-financing - €988,362
- OP amounts effectively paid to the FEI - €494,181
- National private co-financing effectively paid to the FEI - €494,181

#### 10.6.17 **X02052PR TSBLF Merseyside Priority 2**

The amounts of assistance from the Structural Funds and national co-financing paid to the CDFI as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the FEI of which OP contribution and national co-financing - €1,979,980
- OP amounts effectively paid to the FEI - €989,990
- National private co-financing effectively paid to the FEI - €989,990

#### 10.6.18 **X02053PR – TSBLF Merseyside Priority 1**

The amounts of assistance from the Structural Funds and national co-financing paid to the CDFI as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the FEI of which OP contribution and national co-financing - €1,979,980

- OP amounts effectively paid to the FEI - €989,990

#### 10.6.19 **X02054PR TSBLF Social Enterprise Priority 1**

The amounts of assistance from the Structural Funds and national co-financing paid to the CDFI as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the FEI of which OP contribution and national co-financing - €274,998
- OP amounts effectively paid to the FEI - €137,499
- National private co-financing effectively paid to the FEI - €137,499

#### 10.6.20 **X02055PR TSBLF Social Enterprise Priority 2**

The amounts of assistance from the Structural Funds and national co-financing paid to the CDFI as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the FEI of which OP contribution and national co-financing - €274,998
- OP amounts effectively paid to the FEI - €137,499
- National private co-financing effectively paid to the FEI - €137,499

### **Amounts of assistance from the Structural Funds and national co-financing paid by the Financial Engineering Instrument**

#### 10.6.21 **X02046PR TSBLF Manchester & Cheshire Priority 1**

The amounts of assistance from the Structural Funds and national co-financing paid from the CDFI to the SME as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the SME of which OP contribution and national co-financing - €1,043,198
- OP amounts effectively paid to the SME - €521,599
- National private co-financing effectively paid to the SME - €551,599

#### 10.6.22 **X02047PR TSBLF Manchester & Cheshire Priority 2**

The amounts of assistance from the Structural Funds and national co-financing paid from the CDFI to the SME as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the SME of which OP contribution and national co-financing - €1,043,198
- OP amounts effectively paid to the SME - €521,599
- National private co-financing effectively paid to the SME - €521,599

#### 10.6.23 **X02048PR TSBLF Lancashire & North Manchester Priority 1**

The amounts of assistance from the Structural Funds and national co-financing paid from the CDFI to the SME as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the SME of which OP contribution and national co-financing - €788,018
- OP amounts effectively paid to the SME - €394,009
- National private co-financing effectively paid to the SME - €394,009

#### 10.6.24 **X02049PR TSBLF Lancashire & North Manchester Priority 2**

The amounts of assistance from the Structural Funds and national co-financing paid from the CDFI to the SME as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the SME of which OP contribution and national co-financing - €396,563
- OP amounts effectively paid to the SME - €198,281
- National private co-financing effectively paid to the SME - €198,281

#### 10.6.25 **X02052PR TSBLF Merseyside Priority 2**

The amounts of assistance from the Structural Funds and national co-financing paid from the CDFI to the SME as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the SME of which OP contribution and national co-financing - €1,979,980
- OP amounts effectively paid to the SME - €989,990
- National private co-financing effectively paid to the SME - €989,990

#### 10.6.26 **X02053PR TSBLF Merseyside Priority 1**

The amounts of assistance from the Structural Funds and national co-financing paid from the CDFI to the SME as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the SME of which OP contribution and national co-financing - €1,979,980
- OP amounts effectively paid to the SME - €989,990
- National private co-financing effectively paid to the SME - €989,990

#### 10.6.27 **X02054PR TSBLF Social Enterprise Priority 1**

The amounts of assistance from the Structural Funds and national co-financing paid from the CDFI to the SME as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the SME of which OP contribution and national co-financing - €225,920
- OP amounts effectively paid to the SME - €112,960
- National private co-financing effectively paid to the SME - €112,960

#### 10.6.28 **X02055PR TSBLF Social Enterprise Priority 2**

The amounts of assistance from the Structural Funds and national co-financing paid from the CDFI to the SME as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the SME of which OP contribution and national co-financing - €180,255
- OP amounts effectively paid to the SME - €90,127
- National private co-financing effectively paid to the SME - €90,127

#### **Description of the Fund – Liverpool City Region Local Impact Fund**

10.6.29 This project was approved in January 2014 and supplies finance to SME's of between £50,000 to £250,000 for social enterprises wishing to expand their business activity but have been unable to secure their finance requirements from conventional lending sources.

#### **Identification of those implementing the Financial Engineering Instrument**

The LCR Local Impact Fund is run the Social Investment Business (SIB)

#### **Amounts of Assistance from the Structural Funds and national co-financing paid to the Financial Engineering Instrument**

#### 10.6.30 **X03194PR – LCR Local Impact Fund**

The amounts of assistance from the Structural Funds and national co-financing paid to the CDFI as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the FEI of which OP contribution and national co-financing - €2,575,756
- OP amounts effectively paid to the FEI - €1,287,878
- National private co-financing effectively paid to the FEI - €1,287,878

## Amounts of assistance from the Structural Funds and national co-financing paid by the Financial Engineering Instrument

### 10.6.31 X03194PR - LCR Local Impact Fund

The amounts of assistance from the Structural Funds and national co-financing paid from the CDFI to the SME as at end December 2014 were as follows:

- Amount of holding fund resources effectively paid to the SME of which OP contribution and national co-financing - €0
- OP amounts effectively paid to the SME - €0
- National private co-financing effectively paid to the SME - €0

10.6.32 The Northwest Fund invested £32.10m against a forecast of £40.85m for 2014.

Table below details the value of investments made to December 14 broken down by fund.

Investments made against profile	FM's 2014 Target in contract	2014 Actual	2011-2014 target	Total Actual to date	% achieved to date
VC	£7,260,000	£6,123,000	£24,030,000	£24,154,000	101
Dev Cap	£0	£0	£4,500,000	£4,500,000	100
Mezzanine	£4,000,000	£1,750,000	£6,000,000	£2,650,000	44
Loans Plus	£11,630,000	£9,260,000	£33,370,000	£29,537,000	88
E&E	£4,520,000	£2,918,000	£16,400,000	£14,578,000	89
Bio-Med	£6,694,000	£7,287,000	£21,671,000	£24,187,000	111
D&C	£5,250,000	£4,365,000	£11,400,000	£11,164,000	98
Micro Fund	£1,500,000	£406,000	£1,500,000	£406,000	27
<b>total</b>	<b>£40,854,000</b>	<b>£32,109,000</b>	<b>£118,871,000</b>	<b>£111,177,000</b>	<b>94</b>

- Including Development Capital

10.5.33 JESSICA was approved as a £101m fund (ERDF £50.5m). EIB act as the Holding Fund manager. The two UDF's have made strong progress in 2014 committing their allocations by signing on-lending agreements with projects..

10.5.34 Evergreen (UDF Rest of NW) has performed strongly in 2014 and has now completed seven investments, totalling £43.55m. In view of this progress an additional £10m of ERDF was invested into the Holding Fund in 2014 for Evergreen to commit to new investments. Evergreen have a strong pipeline and the remaining capital allocation will be invested by Q2 2015.

10.5.35 Chrysalis (Merseyside UDF) has continued to pro-actively engage with local partners to identify and develop a pipeline of strong investment projects. Chrysalis has signed five investments, totalling £20.9m. Chrysalis currently have an immediate pipeline of c. £17m which they aim to contract by the end of Q3 in 2015.

**10.6 PRIORITY 5**

**Priority 5 – Technical Assistance**

10.6.1 No TA Calls were made during 2014

## 10.7 Achievements of Targets and Analysis of the Progress

### Priority 1: Stimulating Enterprise and Supporting Growth in Target Markets

Indicator	ACHIEVED									PRIORITY 1 TARGET	PRIORITY 1 CONTRACTED
	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL		
<b>OUTPUTS</b>											
No. of businesses assisted to improve performance	0	0	1,620	2,174	2,095	1,558	1,371	1,587	10,406	16,700	17,161
Business Start-Up Support Total	0	0	0	10	269	641	554	488	1,962	1,700	2,743
Business Start-Up Support Men	0	0	0	7	165	353	295	274	1,094	851	1,646
Business Start-Up Support Women	0	0	0	3	104	288	259	214	868	849	1,097
Private sector investment levered (£m)	0.0000	0.0000	0.5000	2.0500	8.5600	6.4405	30.3716	3.8249	51.75	140.0000	85.0368
No. of People Assisted in their skills development Total	0	0	571	149	438	331	145	327	1,961	5,600	6,878
<b>RESULTS</b>											
New or upgraded floorspace built/upgraded to BREEAM excellent or very good at current standards (sq m)	0	0	0	0	13,753	3,695	0	6,422	23,870	35,000	33,637
No. of gross jobs created	0.0	0.0	360.3	1516.5	1148.0	679.3	763.6	571.9	5039.6	9000.0	14227.2
Gross jobs created - filled by men	0.0	0.0	193.0	876.0	811.8	507.7	491.1	386.3	3265.9	4500.0	8278.1
Gross jobs created - filled by women	0.0	0.0	167.3	640.5	336.2	171.6	272.5	185.6	1773.7	4500.0	5949.1
No. of gross jobs safeguarded	0.0	0.0	374.0	644.0	1601.8	1401.9	1194.5	783.5	5999.7	9200.0	14341.0
Gross jobs safeguarded - filled by men	0.0	0.0	281.0	558.8	1256.3	1016.4	771.5	563.5	4447.4	4600.0	8917.0
Gross jobs safeguarded - filled by women	0.0	0.0	93.0	85.3	345.5	385.5	423.0	220.0	1552.3	4600.0	5424.0
No. of businesses with improved performance	0	0	30	137	402	255	382	46	1252	6,000	8,187
No. of businesses with new or improved products, processes or services	0	0	0	0	0	0	4	70	74	275	955
No. of businesses created	0	0	26	51	90	71	126	203	567	1,300	1,648
CO2 emissions from Programme interventions (tonnes)	0	0	0	0	68	9,514	14,123	15,792	39498	57,932	75,951
No. of businesses with reduced industrial or commercial waste	0	0	1	6	37	34	57	23	158	70	254
No. of applications of low carbon technologies	0	0	0	1	147	158	34	4	344	150	343

10.7.1 Based on the EC approved modification figures and contracted projects in 2013, with exception of Private Leverage and Upgraded Floorspace the GDT has contracted greater amounts of all targets under Priority 1. Achievement to date continues to lag behind contract reflecting slippage in project performance and delays in submission of claims. GDT will work with applicants to ensure that current gaps will be achieved by the end of the Programme. The shortfall in private sector funds levered is expected to be achieved by the North West Fund.

10.7.2 The GDT is continuing to work with local partners to provide structured support to project applicants to maximise outputs / results and remains confident that overall Programme targets will be met by 2015.

## Priority 2: Exploiting Innovation and Knowledge

Indicator	ACHIEVED									PRIORITY 2 TARGET	PRIORITY 2 CONTRACTED
	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL		
<b>OUTPUTS</b>											
No. of businesses assisted to improve performance	0	0	57	1,199	1,920	1,108	1,585	1,795	7,664	7,700	10,999
Business Start-Up Support Total	0	0	0	0	0	0	25	15	40	140	155
Business Start-Up Support Men	0	0	0	0	0	0	10	4	14	71	76
Business Start-Up Support Women	0	0	0	0	0	0	15	11	26	69	79
Firms becoming engaged in collaborations with UK knowledge base	0	0	773	253	118	75	104	364	1,687	1,500	1,899
Private sector investment levered (£m)	0.00	0.00	0.00	3.96	3.15	3.45	0.91	5.72	17.19	50	95
<b>RESULTS</b>											
New or upgraded floorspace built	0	0	0	0	0	0	0	0	0	5,500	10,896
No. of gross jobs created	0	0	0	122	400	631	792	449	2,393	3,900	4,871
Gross jobs created - filled by men	0	0	0	86	280	417	501	287	1,570	1,950	2,672
Gross jobs created - filled by women	0	0	0	36	120	214	291	162	823	1,950	2,200
No. of gross jobs safeguarded	0	0	110	404	1,922	767	1,077	273	4,553	5,200	6,153
Gross jobs safeguarded - filled by men	0	0	78	385	1,403	556	788	216	3,426	2,600	4,083
Gross jobs safeguarded - filled by women	0	0	32	19	519	211	289	57	1,127	2,600	2,070
No. of businesses with improved performance	0	0	0	13	409	363	801	385	1,971	5,400	5,081
No of businesses with new or improved products, processes or services	0	0	0	0	0	45	322	299	666	275	834
No. of businesses created	0	0	0	0	0	12	3	0	15	100	16
CO2 emissions from Programme interventions (tonnes)	0	0	0	0	0	13	80	12	105	308,799	295

10.7.3 Based on the recent calls for projects and contracted targets, the GDT has now contracted all of the targets in excess of the Priority 2 goal in order to meet all its outputs and results.

10.7.4 Achievement to date continues to lag behind contract and the GDT is working with applicants to maximise delivery. Again the NW Fund is a key contributor to the jobs created indicator. Jobs safeguarded looks satisfactory at present. The floor space result will come from the National Grapheme Institute project which will claim this target when the project completes in 2015.

## Priority 3: Creating the Conditions for Sustainable Growth

Indicator	ACHIEVED									PRIORITY 3 TARGET	PRIORITY 3 CONTRACTED
	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL		
<b>OUTPUTS</b>											
Firms becoming engaged in collaborations with UK knowledge base	0	0	0	0	0	0	0	0	0	0	0
Brownfield Land reclaimed and/or redeveloped (ha)	0.00	0.00	0.00	3.63	12.31	12.9	0.00	2.27	31.11	50	108
Private sector investment levered (£m)	0.00	0.00	0.00	5.60	28.20	2.52	7.44	5.15	48.91	110	238
No. of People Assisted in their skills development Total	0.00	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0	0	0
Number of new social enterprises assisted	0.00	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0	0	0
Additional Day Visitors (000s)	0.00	0.00	9.56	74.16	1,863.55	1,405.1	204.81	8.40	3,566	1,029	6,802
Additional Overnight Visitors (000s)	0.00	0.00	1.69	7.10	840.07	538.6	202.65	0.00	1,590	114	3,015
<b>RESULTS</b>											
New or upgraded floorspace built	0	0	0	11,061	29,494	6,211	0	8,273	55,039	177,700	264,369
No. of gross jobs created	0	0.0	2.0	14.5	6.0	64.0	10.6	0.6	97.7	150	142
Gross jobs created - filled by men	0	0.0	0.0	7.5	3.0	32.0	2.6	0.0	45.1	75	68
Gross jobs created - filled by women	0	0.0	2.0	7.0	3.0	32.0	8.0	0.6	52.6	75	74
No. of gross jobs safeguarded	0	0.0	0.0	63.0	19.0	17.0	0.0	0.0	99.0	100	160
Gross jobs safeguarded - filled by men	0	0.0	0.0	32.0	14.0	11.0	0.0	0.0	57.0	50	79
Gross jobs safeguarded - filled by women	0	0.0	0.0	31.0	5.0	6.0	0.0	0.0	42.0	50	81
CO2 emissions from Programme interventions (tonnes)	0	0	0	200	30	0	1	0	231	49,204	396
Visitor Spend (£ms)	0	0	1	7	208	87	9	1	313	202	697

10.7.5 The contracted position within Priority 3 is very strong, with all indicators contracted above target.

10.7.6 Actual performance to date is broadly to profile, with many capital projects still to complete and outputs / results to follow. Once projects that have completed are formally closed by the programme MCIS is updated

## Priority 4: Growing and Accessing Employment

Indicator	ACHIEVED									PRIORITY 4	PRIORITY 4
	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL	TARGET	CONTRACTED
<b>OUTPUTS</b>											
No. of businesses assisted to improve performance	0	0	0	2,897	-222	434	1,735	1,544	6,388	800	11,681
Business Start-Up Support Total	0	0	0	665	2,017	1,789	4,356	3,893	12,720	3,950	13,964
Business Start-Up Support Men	0	0	0	350	903	738	1,912	1,860	5,763	1,975	6,543
Business Start-Up Support Women	0	0	0	315	1,114	1,051	2,444	2,033	6,957	1,975	7,421
Firms becoming engaged in collaborations with UK knowledge base	0	0	0	0	0	0	0	0	0	0	0
Brownfield Land reclaimed and/or redeveloped (ha)	0.00	0.00	0.00	0.00	8.01	15.98	0.00	0.00	23.99	50	70
Private sector investment levered (£m)	0.00	0.00	0.00	6.59	10.12	4.52	1.79	6.31	29.33	80	109
No. of People Assisted in their skills development	0	0	0	0	0	0	0	0	0	0	0
Number of new social enterprises assisted	0	0	16	390	41	264	164	106	981	210	1,803
<b>RESULTS</b>											
New or upgraded floorspace built	0	0	1,421	836	3,545	14,181	0	0	19,983	100,900	363,204
No. of gross jobs created	0	0	0	2,727	3,247	2,652	3,331	2,757	14,714	10,700	23,156
Gross jobs created - filled by men	0	0	0	1,423	1,453	1,297	1,598	1,392	7,162	5,350	11,678
Gross jobs created - filled by women	0	0	0	1,304	1,795	1,355	1,734	1,365	7,552	5,350	11,478
No. of gross jobs safeguarded	0	0	0	0	131	49	279	616	1074	1,300	3,777
Gross jobs safeguarded - filled by men	0	0	0	0	118	35	169	407	728	650	1,947
Gross jobs safeguarded - filled by women	0	0	0	0	13	14	110	210	346	650	1,830
No. of businesses with improved performance	0	0	0	0	0	0	0	934	934	600	6,178
No of businesses with new or improved products, processes or services	0	0	0	0	0	0	0	0	0	0	0
No. of businesses created	0	0	0	0	0	0	0	7,385	7,385	2,520	12,137
CO2 emissions from Programme interventions (tonnes)	0	0	0	109	63	70	35	35	312	64,065	13,064

10.7.7 The contracted position within Priority 4 remains strong, with all indicators contracted above target.

10.7.8 Actual performance to date is largely to profile, with many capital projects still to be finalised and targets like Brownfield Land, Private Leverage and Upgraded Floorspace to follow in the final year. The hastening of the project closure process, when activity has completed, will impact on the achieved figures. Capital projects usually claim floor space in their final claim. The GDT does not process the final claim until the project has undergone the project closure process. Delays here can temporarily impact on the achieved figures.

## 11.0 ESF PROGRAMMES: COHERENCE AND CONCENTRATION

11.0.1 The programme has also supported twelve projects to date that are using the derogation relating to ESF activity. Reference section 8.0.7.

## 12.0 ERDF / CF PROGRAMMES MAJOR PROJECTS

12.0.1 The programme submitted two Major Projects to the European Commission in October 2012: National Graphene Institute and Connecting Cumbria.

### 12.1.0 NATIONAL GRAPHENE INSTITUTE MAJOR PROJECT

12.1.1 The National Graphene Institute was approved by the Commission in March 2013 (Decision CCI 2012UK162PR003).

12.1.2 Located in Manchester, the National Graphene Institute is a €78m (£61m) investment to build on the research leadership of two Nobel winning scientists who isolated graphene in 2004. It will work with other HEIs, research centres and companies in applied research which helps take graphene from the laboratory to the market place, strengthening

Europe's competitiveness in the growing global market for graphene applications.

12.1.3 Manchester secured £38m from the UK's Engineering Physical Science Research Council (EPSRC) and with ERDF will create a national and European research hub that promotes collaboration in research and commercialisation. ERDF shall contribute to the cost of constructing and fitting out a 7,626m<sup>2</sup> applied research facility as well as the purchase of equipment to be used for applied research purposes. The facility will comprise clean room, laboratory and office accommodation across four floors in a new building on the University of Manchester campus.

12.1.4 The total project costs are:

ERDF	EPSRC	Total Project cost
€29.5m (£23m).	€48.5m (£38m)	€78m (£61m)

12.1.5 Actual total expenditure declared by the project to end December 2014 is £42.7m with £20.8m ERDF paid.

12.1.6 The project will be delivered as a single phase. Once the facility has been constructed it will move into an operational phase managed by University of Manchester for 15 years, delivering a package of activities to support applied graphene research and commercialisation in SMEs as well as large companies.

12.1.7 The National Graphene Institute is expected to open in March 2015.

12.1.8 The key output target within the 2007-2013 period is the provision of 7,626m<sup>2</sup> high quality floor space created. Other key performance indicators to 2020 are:

- 15 joint research projects undertaken with other High Education Institutes
- 15 collaborative research projects undertaken with industry
- 40 industrial collaborations of the NGI
- £7.2m income from collaborative industrial research

12.1.10 Construction of the National Graphene Institute will create a world class research facility that builds on existing expertise within the North West and Europe. It will test potential applications and identify commercialisation opportunities.

12.1.11 The long term objectives of the project are:

- Establish Manchester and the North West as a leading centre for applied research, commercialisation and manufacture of graphene related materials and applications.
- Undertake collaborative graphene related research with other Universities, research centres and industry to *increase the*

*commercialisation of graphene related products and applications* and the subsequent economic impact.

- Make companies in the North West, particularly those in the key industrial sectors, aware of the potential of graphene and associated economic opportunities
- Increase the scale of graphene related applied research, the talent pool of post-doctoral graphene researchers, and the economic impact of these activities.
- Provide support to graphene related spin outs and new starts, where necessary working with other stakeholders to provide an appropriate support package to accelerate business development and growth and economic impact.

12.1.12 Overall the project is progressing well. The anticipated completion date is approximately 6 weeks later than originally anticipated. However a plan is in place to install the equipment in parallel to construction completion and be operational by end of March in line with funding requirements. Key staff is now in post, including the Technical Services Manager, Clean Room Manager, some of the technical staff and other Professional Support. Recruitment will continue and NGI activity increase throughout 2015. Some equipment is already on site and getting ready for commissioning during February.

12.1.13 Construction progress at end December 2014 :





- 12.1.14 Looking to the future, the University of Manchester is planning to extend in the area of Graphene Innovation with the establishment of the £60m Graphene Engineering Innovation Centre (GEIC) by mid 2017. The GEIC will contain substantial pilot production facilities and will be the world's leading test-bed for graphene process engineering and scale-up. The GEIC will complement the UK National Graphene Institute, funded by ERDF, and strengthen the UK's international leadership position in graphene research and development.
- 12.1.15 It will be a place which develops graphene applications, attracts major business interest, develops Intellectual Property and links with international programmes such as the €1 billion Graphene Flagship in the Euro Future and Emerging Technologies. The GEIC will be the first building (anchor tenant) on the commercial re-development of the University's North Campus site: a premier location which the City of Manchester is keen to develop as 'Graphene City'.

## **12.2.0 CONNECTING CUMBRIA MAJOR PROJECT**

- 12.2.1 Across the English regions there are a total of 22 projects with £142m ERDF to be invested in Superfast Broadband. The Northwest Operational programme has invested a total of £57m ERDF with five Local Authorities to promote access to, take up and efficient use of ICT by SMEs across the Northwest. In each case the Local Authority has procured British Telecom Group (BT) to deliver the capital aspects of the programme. One of the projects, Connecting Cumbria, is a major project approved by the Commission (Decision CCI 2012UK162PR002)
- 12.2.2 Connecting Cumbria seeks to invest €47,983,353 public funding to improve broadband services to premises in the Cumbria NUTS 2 area (Cumbria County Council administrative area).
- 12.2.3 The project aims to maximise the reach of superfast broadband coverage, extending network coverage to 'white' (market failure) areas in the County which are those locations which currently have no superfast broadband infrastructure or services and where the market is unlikely to deliver such infrastructure in the near future. Investment in the roll out of a superfast broadband network is underpinned by an integrated business support package to stimulate the take up of superfast broadband services and ensure ERDF eligible small and medium sized enterprises across the county of Cumbria take full advantage of its benefits.
- 12.2.4 The total project costs are :

ERDF contribution	Total ERDF eligible costs	Total Project cost (including ineligible)
€ 18 850 603	€37 701 205.	€58,906,288
£15,400,000	<b>£30,800,000</b>	£48,123,497

- 12.2.5 The major project submission in October 2012 envisaged a start date of January 2013, however, work did not start until after the major project approval in May 2013.
- 12.2.6 Actual total expenditure declared by the project to end December 2014 is £11,669,345 of which £5,834,672 ERDF has been paid. The forecast total ERDF eligible expenditure for 2015 is £19,130,655m.
- 12.2.7 Key performance indicators by end 2015 are:
- A minimum of 90% of Cumbria with broadband infrastructure capable of delivering speeds in excess of 30 megabytes per second (mbps)
  - 121,000 premises in white areas passed by the network
  - 12,450 ERDF eligible SMEs in white areas with access to SFB
  - 1,973 Business Assisted to improve performance
- 12.2.9 This project aims to deliver a step change in the extent to which superfast broadband is available, accessed and used across Cumbria. In doing so, the overarching objectives are:
- to generate significant improvements in the performance of Cumbria's SMEs and therefore in the performance of its economy generally
  - to assist in driving up rates of business innovation through the more effective use of ICT
  - to reduce social exclusion associated with difficulties accessing private and public services by enhancing the role of ICT in provision and access
  - to contribute to creating a lower carbon economy in Cumbria through the wider use of ICT and linked reductions in the need for car travel

12.2.10 The construction of the network has made significant progress in 2014 with 263 cabinets ready for service with 65,143 total premises passed. As a result of the ERDF investment 3,173 SMEs in Cumbria now have access to super fast broadband network. The completion of the construction phase of the capital project has moved to September 2015 given challenging geography and resourcing issues encountered by the project. The schedule is achievable with close monitoring and strong project management by Cumbria County Council. The ERDF Local Management Committee and Growth Delivery Team are monitoring the progress of each Super Fast Broadband project closely.

Photograph: example of Superfast Broadband cabinet



12.2.11 The business support package is being delivered by Commendium and by end December 2014 has delivered:

- 1,344 SME's had been assisted to improve performance (total target 1,973).
- 149 SMEs with improved GVA and creation of (64.5 jobs in SMEs as a result

### **13.0 TECHNICAL ASSISTANCE**

13.0.1 The partnership's approach to the use of Technical Assistance is set out in Chapter 4 (Strategy for the Programme) of the Operational Programme. Technical Assistance represents up to 4% of global programme resources and focuses upon:

- Activities that will support the preparation, management, monitoring and implementation of the Operational Programme;
- Support for staff costs in the Managing Authority;
- Evaluations, feasibility studies, expert reports, statistics and studies, relevant to the operation of the programme;
- Publicity, marketing and communications for the ERDF Programme;
- Support and development of the ERDF cross-cutting themes;
- The installation, operation and interconnection of computerised systems for management, monitoring, inspection and evaluation of the ERDF Programme;
- Where relevant, the purchase of external expertise to ensure the delivery of any of the above actions.

- 13.0.2 Following the changing policy environment in 2010 the programme has continued to support projects in Lancashire, Merseyside, Greater Manchester, Cheshire and Warrington, Cumbria and support the university and voluntary and community sectors (projects have also specifically supported the development of SFB projects). Projects in this priority have continued to assist a range of activity to support the programme and include awareness raising and training as well as working closely with the GDT to support applicants in developing eligible applications and working with existing projects. In 2014 this included supporting the GDT in developing calls, working with the communication manager to deliver the communication plan and work to look at best practice in the current programme in preparation for the 2014-20 structural fund in the England.
- 13.0.3 The table outlines the costs for operating the North West TA Growth team by cost category. The fees include costs for consultants e.g. programme requantification, quantity surveyors for capital project assessments and the LMC requested independent assessments of NWBF. The other revenue costs include stationery, mobile phones and travel and subsistence.

<b>Cost category</b>	<b>2014 total (€)*</b>	<b>Cumulative total to date (€)</b>
Salaries	2,470,688.91	13,405,276.57
Overheads	0.00	148,808.78
Premises	0.00	512,070.32
Fees	5,743.06	632,831.16
Other revenue cost	108,342.22	823,285.56
Total	2,584,774.19	15,522,272.40
* Using the official exchange rate of 0.792 at December 2014		

## **14.0 INFORMATION AND PUBLICITY**

- 14.0.1 Considerable resource and effort was dedicated to communications activity during the 2014 calendar year
- 14.0.2 A Communications Plan for the NWOP was agreed by the Commission in May 2008. Using this, whilst taking into account changes in circumstances since this plan was agreed, a dedicated ERDF Marketing Manager delivered Marketing and Communications activities for the programme to ensure that ERDF publicity requirements were met throughout 2014.
- 14.0.3 A blanket marketing freeze has been in place within the civil service for a few years now - exemptions are possible but extremely hard to obtain. Although spend on publicity is strictly limited, a few communications activities were possible in 2014 where they could be delivered for free or at minimal cost. To counteract this issue further, calls had previously been devised which saw sub regions delivering more communication activities (under the management/guidance of the NWOP) using Technical Assistance funding with deliverable marketing activities attached.

14.0.4 The focus of communications activity has continued to be around articulating the difference ERDF is making to people and businesses throughout the Northwest and illustrating the positive impact it has on local economies.

14.0.5 Activity included:

### **Internal Communications**

14.0.6 Ensuring that DCLG Staff are:

- Fully aware of the responsibilities and requirements associated with ERDF and the discharge of Managing Authority functions;
- Aware of the priorities for ERDF investment in the Northwest and how these align with the Lisbon, national and regional agendas;
- Kept up to date with progress as systems, processes and governance arrangements are developed;
- Informed about projects receiving funding from the NWOP.

14.0.7 Communications channels included:

- Senior Director Project visits; instigated and managed the visit of the DCLG Director for Neighbourhoods to an ERDF project in Salford, Greater Manchester. Used the visit to highlight broader local growth work being done by the team using ERDF money
- Specific staff briefings on ERDF including a presentation on ERDF communications at the European Programmes and Local Growth Directorate Senior Management meeting in Manchester in April;
- Papers and presentations to Board, senior management, and team meetings, providing updates on progress and highlighting key issues;
- Providing news items, facts and figures for staff updates sent out by senior management
- Direct engagement of staff in ERDF working groups to help shape the development of ERDF systems and processes;
- Dedicated ERDF intranet pages with regularly updated information and guidance.
- Conducting ERDF project tours in Liverpool for DCLG staff during 'One Department Day' in November. This is a day in which DCLG staff are actively encouraged to find out more about programmes delivered within their Department.
- Active involvement with the DCLG's dedicated ERDF Communications Network – the Network, which is made up of DCLG ERDF communications staff from each English region, hold fortnightly telephone meetings and bi-annual 'face to face' meetings. Work covered includes all national and regional ERDF marketing issues, developing and modifying national marketing tools (including websites, case study books, national branding guidance), sharing best practice and providing recommendations on DCLG ERDF communications policy. Chaired the 'face to face' meeting in March, attended by the new Director of European Programmes & Local Growth and DCLG's Deputy

Director for Communications. Both were briefed on requirements and current outputs.

### **External Communications**

14.0.8 Ensuring external stakeholders are:

- Fully aware of the role of ERDF funding in supporting regional economic competitiveness and growth;
- Aware of the priorities for ERDF investment in the Northwest and how these align with the Lisbon, national and regional agendas;
- Fully aware of the funding opportunities associated with the Programme and the process for applications;
- Kept up to date with progress as systems, processes and governance arrangements are developed;
- Informed about projects receiving funding from the NWOP.

14.0.9 Ensuring that funding recipients are:

- Fully aware of the EU requirements relating to information and publicity;
- Kept up to date with progress as systems, processes and governance arrangements are developed.
- Provided with guidance / comments / support relating to particular promotional items / designs

14.0.10 Communications channels included:

- Ongoing management and updating of the North West pages on the DCLG ERDF web pages (on the UK government website (<https://www.gov.uk/erdf-programmes-progress-and-achievements>))
- Active participation in the European Commission's 2014 Regio Stars awards. Encouraged, supported and submitted entries from two North West projects.
- Production and active provision of ERDF project plaques – during 2014 over 20 were distributed to both capital and revenue projects within the North West.
- A managed programme of events where ERDF NW stands were erected and where information was distributed
- Attendance at and active participation at two European Commission communications events. The INFORM network meeting in Prague in May (Delegate, UK core representative, facilitator for one of workshop sessions) and at the INFORM network meeting in Brussels in December (UK Core representative, delegate, speaker re. publicity requirements guidance best practice including plans for 2014-20).
- VIP Project visits; co-manage and support high profile Commissioner / Ministerial visits to key ERDF funded projects/premises in the region – there was one such visit managed during 2014, with Commissioner Hahn and Baroness Stowell (the Minister responsible for ERDF in England at the time) visiting the National Graphene Institute in Manchester in February 2014 (pictured below). Representatives from

both the Minister's and Commissioner's teams continued with a visit to Citylabs, another ERDF funded project in the City.



- Devised and led a Liverpool ERDF project tour for a delegation of Czech ERDF practitioners on a fact finding trip in England (September)
- Production and circulation of a new programme update / ebulletin – 'Making an impact in the North West'. It was circulated, in December, to around 1,000 partners /contacts, including the local press, and placed on the GOV.UK website. Led with job creation and business support figures.
- A European programme themed event highlighted ERDF-funded projects, ERDF programme achievements and focussed on local / national progress in pulling together the 2014-20 ESIF programme. Held at the University of Chester in November and attended by over 130 delegates.
- Proactive project PR to cover funding announcements, grant awards, VIP/Ministerial visits and major project developments;
- Active provision of Branding & Publicity Guidelines document to project applicants
- Ongoing branding advice for project applicants and partners / sub-contractors; An example of this has been the development and continuation of a close working relationship with North West Fund (JEREMIE) marketing colleagues to ensure significant exposure for ERDF involvement within their project
- Attracting high profile figures (such as Chancellor George Osborne) to events related to ERDF projects.

- Online media – press notices/key programme communications were specifically targeted at online news outlets in order to capitalise on the growing trend for public/business communities obtaining news from online sources.
- Supported projects in issuing press releases regarding their projects, providing quotes from ERDF representatives and guidance on outputs to be highlighted (jobs created, businesses supported, supporting local economic growth etc.)

#### 14.0.11 Progress on achieving targets set out in Communications Plan

Activity	Measure	Achieved 2009	Achieved 2010	Achieved 2011	Achieved 2012	Achieved 2013	Achieved 2014	Achieved 2015
Media Relations	Total number of articles / broadcasts generated covering ERDF	Not reported	621	Not reported	Not reported	Not reported	Not reported	
Media Relations	Advertising Value Equivalent	£1.25m	£0.8m	Not reported	Not reported	Not reported	Not reported	
Media Relations	Total number (5) of Northwest adults reached by this coverage	13	Not reported					
Website	Total number of page impressions	85,000	125,374	71,500	142,800	154,600	101,922	
Website	Total number of unique visitors to the website	9,000	20,000	11,500	23,800	25,700	16,830	
Events	Number of ERDF Events	2	1	1	2	1	1	
Events	Total number of delegates at ERDF events	249	119	97	260	130	132	
Events	Delegate satisfaction (%)	Not reported	Not reported	89%	95%	97%	Not reported	
Events	Improved delegate understanding of the role of ERDF	93%	94%	90%	90%	88%	Not reported	

#### Publication of the Programme Beneficiaries

14.0.12 To ensure all stakeholders understand how and where funding is being spent in the Northwest the beneficiaries of the 2007 – 2013 Programme are published on the ERDF Northwest web pages:

<https://www.gov.uk/erdf-programmes-progress-and-achievements>

Details of each beneficiary organisation, the project name, amount of ERDF funding in each project as well as start and end dates are listed in table format by investment priority.

This table is updated on a regular basis.

The NWGDT has one dedicated communications manager. Additionally CMMs and audit officers play a key role in monitoring compliance with publicity requirements (eg. use of EU logo on promotional materials etc).

To ensure that projects meet the EC requirements, a pack of branding and publicity guidelines has been produced that is given to all projects at contracting stage, to ensure they are able to comply with Programme requirements. Projects in delivery phase appeared satisfied with the guidance received. The distribution of these guidelines has been backed up by the provision of specific branding advice in response to project queries. European Commission communications officers picked out this 'Publicity Requirements' document as an example of best practice in this field across Europe and asked the local Communications Manager to give a presentation and lead a q and a at the December 2014 INFORM meeting in Brussels. The presentation related to both this current guidance and the development of a similar guidance document for the 2014-20 ERDF programme.

### **Conclusion**

2014 has seen a wide range of marketing and communications activity delivered including the production and distribution of a Programme e-newsletter 'Making an Impact in the North West' with updates on Programme progress/regulation updates/project case studies and latest news. 2014 has also seen the development / regular upkeep of detailed web pages dedicated to the Programme, a combined Commissioner / Minister visit to a major project within the programme, representation at a range of other events and regular PR. Delivering this amount of activity has involved considerable work.

Additionally, much work this year has gone into active participation in European Commission communications initiatives, including encouraging / supporting entries to the prestigious Regio Stars awards and speaking / facilitator roles at European Commission events and meetings (through membership of the INFORM network).

## Annex 1 - Core Indicators

North West of England				
Core Indicator Number	Core Indicator	Baseline	Cumulative Achievement up to 31/12/2014	Overall Final Target
1	Jobs Created	0	22244	23,750
2	Jobs Created for Men	0	12042	11875
3	Jobs Created for Women	0	10202	11875
4	Number of RTD Projects	0	33	-
5	Number of Cooperation Projects Enterprises - research institutions	0	34	-
6	Research Jobs Created	0	0	-
7	Number of Projects (Direct investment aid to SME)	0	89	-
8	Number of Start-Ups Supported	0	14722	5,790
9	Jobs Created (Gross, FTE) (Direct investment aid to SME)	0	0	-
10	Investment Induced (million £ levered)	0	147.18	456.6
11	Number of Projects (Information Society)	0	6	-
12	Number of Additional Population Covered by Broadband	0	0	-
13	Number of Projects (Transport)	0	11	-
14	Km of New Roads	0	0	-
15	Km of New TEN Roads	0	0	-
16	Km of Reconstructed Roads	0	0	-
17	Km of new Railroads	0	0	-
18	Km of TEN Railroads	0	0	-
19	Km of Reconstructed Railroads	0	0	-
20	Value for Time Savings in Euro / year stemming from new & reconstructed roads	0	0	-
21	Value for Time Savings in Euro / year stemming from new & reconstructed railroads	0	0	-
22	Additional Population served with improved urban transport	0	0	-
23	Number of Projects (Renewable Energy)	0	14	-
24	Additional Capacity of Renewable Energy Production (MW)	0	0	-
25	Additional Population served by Water Projects	0	0	-
26	Additional Population served by Waste Water Projects	0	0	-
27	Number of Waste Projects	0	12	-
28	Number of Projects on Improvement of Air Quality	0	0	-
29	Area rehabilitated (km <sup>2</sup> )	0	0.5510	1
30	Reduction greenhouse gas emissions CO <sub>2</sub> and equivalents, kt)	0	0	-
31	Number of Projects (Risk Prevention)	0	0	-

32	Number of People benefiting from flood protection measures	0	0	-
33	Number of People benefiting from forest fire protection and other protection measures	0	0	-
34	Number of Projects (Tourism)	0	20	-
35	Number of Jobs Created (Tourism)	0	206	-
36	Number of Projects (Education)	0	0	-
37	Number of benefiting students (Education)	0	0	-
38	Number of Projects (Health)	0	0	-
39	Number of Projects ensuring sustainability and improving the attractiveness of towns and cities	0	34	-
40	Number of Projects seeking to promote business entrepreneurship, new technology (Urban Development)	0	0	-
41	Number of Projects offering services to promote equal opportunities and social inclusion for minorities and young people (Urban Development)	0	0	-

Highlighted reflects the nine core indicators agreed nationally to be reported to the EC

\* Note for indicator 10, the Programme Reports- Private Sector Investment Levered as per the NWOP target and O7 ERDF User Manual Ch 11.

## ANNEX 2 - PROJECT CASE STUDIES

### PRIORITY 1:

**Project Title:** Renewables & Energy Efficiency in Community Housing (REECH)

#### **Technical Information:**

Total ERDF Eligible Cost: £27,878,900

ERDF Contribution: £13,939,448

ERDF Contact: Christine Aspey

#### **Context**

The Fraser Associates report (August 2009) makes clear that green energy technology has significant potential to reduce carbon emissions, address fuel poverty and improve hard to treat housing. Official figures released by the Government in 2009 showed that the North West has the highest number of households in fuel poverty, at nearly 0.5 million (or 17% of the total number of households). Within the region, Merseyside has several Lower Super Output Areas (LSOA) that experience some of the highest levels of deprivation in the UK. These areas are notable for poor historical housing stock, including a large number of solid wall homes, and generally low incomes.



*External wall insulation in Halton*

The existing green energy technology market has made some inroads into the problems outlined above, establishing local production and supply chains, but these are at an early stage of development. Often, the available technologies are not taken up because the value of savings to the consumer is unattractive given the investment cost (offering returns of 6% and 4%, for example, from solid wall insulation and microgeneration respectively).

This project will tackle these aspects of market failure and encourage the uptake and development of low carbon technologies in the Merseyside region and, through its interventions in Halton, the Rest of North West.

#### **Project Description**

REECH is a Merseyside and Halton-wide project designed to further awareness and stimulate growth in the new emergent local market for green energy technologies. It

channels investment into exemplar projects to assist their progression to commercial market and applies these new technologies to community housing, improving the energy efficiency of property among some of the most deprived communities in the UK. More recently, success in this area has encouraged REECH to broaden their client base and they are now working with the Groundwork Trust, and others, to improve energy efficiency in local businesses.

In total, some 5,000 measures have or will be undertaken to improve existing social and low income housing. Among these are:

- 1,000 solar-powered water heating roofs
- 2,000 fittings of solid wall insulation (including hard to treat designs, internal or external, or a combination of)
- 1,500 applications of micro-generation or innovative low carbon demonstration measures – including groundsource and air source heatpumps in Halton, Liverpool, St Helens and Prenton, gas savers in St Helens, heat recovery technology in Bootle and biomass boilers in High Rise
- 500 community based energy systems – enabling bulk purchase benefits in maintenance and enhancing security of supply

Suppliers working on these projects are supported through a programme of procurement, supply chain management and local skills development, backed up by a comprehensive marketing campaign using 'showcases' to stimulate interest in low carbon technologies.

As mentioned above, REECH, in partnership with the Groundwork Trust and the Environment Agency, has also now launched a new energy efficient grant scheme to part fund energy and resource efficiency assessments on a number of SMEs' premises across Merseyside and Halton. In addition to the assessment of premises, REECH will offer grants towards the cost of installing a range of energy efficiency measures for eligible SMEs that will support local jobs, supply chains and generate financial and CO2 savings for businesses. So far, it has had contact with 112 businesses – referred to the project by local authority business advisors, Chambers of Commerce staff, University staff and other businesses – of which there were 45 full applications for energy efficiency assessments and action plans. A further 17 businesses across the region expressed interest in applying for grants to install LED lighting and/or triple glazing. REECH is currently in the final stages of assessing 8 of these – from businesses as diverse as European Waste Solutions and Liverpool Bicycles Ltd – which have a projected total works cost of £115,000.

These investments will make a tangible difference to the lives of local people and address the social imbalance across the region in the provision of quality housing. Long-term, REECH also aims to improve the capacity and capability of the local market in renewable technologies, giving the private sector the confidence and security to invest in supply knowing that demand has been created. It is envisaged that the increased demand for green technologies will provide new business opportunities for local suppliers and contractors working in the green energy sector.

## **Outputs**

Outputs expected by December 2015:

£12.09m leverage from private sector  
20 businesses assisted to improve performance  
15 applications of low carbon technologies  
CO2 emissions reduced by 16,384 tonnes

For more information, please see the website: <http://www.reech.info/>

## **PRIORITIES 1 & 2:**

**Project Title:** North West Fund (JEREMIE)

### **Technical Information:**

Total Cost: c.£155,000,000

ERDF Contribution: c.£77,500,000

EIB Loan: c.£77,500,000

ERDF Contact: David Read

### **Context**

In recent years, the North West has seen some signs of economic recovery among the region's businesses. Between 2011 and 2013, the number of small and medium sized businesses grew by 8% across the region – a higher rate than the national average and made up of some especially strong performances in localised areas such as Cheshire and Warrington. However, in a range of other measures of economic health, the North West still lags significantly behind the best-performing regions in England.

In 2012, Gross Value Added (GVA) per head of the population was £18,400 in the North West, compared to a national average of £21,900 (£19,100 if London is removed). Meanwhile, the business start-up rate, at 59 per 10,000 working age adults, is 16% lower than the national average (6% once London is removed). Only 1000 businesses in the region are defined as innovation-active, representing 42% of businesses with at least 10 employees: a rate which is not just lower than the national average but the lowest of all the regions.

Closer examination of the funding available for the region's SMEs at the start-up and early stages of growth shows clear evidence of market failure. As a result of the financial crisis, banks have vastly reduced their lending to SMEs as they focus on larger, fewer investments in established firms to rebuild their balance sheets. Even on a conservative estimate, if 10% of businesses plans rejected for finance are viable, the total unmet demand for finance by SMEs in the region will number in the tens of millions of pounds. Public sector intervention has been, and will continue to be, vital to addressing this market failure. With its investment in the JEREMIE (Joint European Resources for Micro to Medium Enterprises) initiative through the North West Fund, the North West has been leading the field in the use of ERDF funding to fuel business growth in the 2007-2013 ERDF Operational Programme.

### **Project Description**

The North West Fund (JEREMIE) provides debt and equity finance for SMEs across the region, with a particular focus on Merseyside (where investment is expected to be 40% of the total). The North West Fund is a holding fund: investment is directed through sub-funds aimed at financing different stages of business growth, some of which are sector-specific. Of the active funds, there are three venture capital funds focussed on early stage growth (the Digital and Creative, Energy and Environment, and Biomedical Funds respectively), two venture capital funds focussed on later stage growth (the Venture Capital Fund and Mezzanine Fund) and three loan funds (Mezzanine Loans, the Loan Fund and the Microloan Fund). The Development Capital Fund, which focussed on providing flexible equity and loan packages for SMEs seeking to expand, has now been closed.

Together, they have the overarching aim to address market failure in the provision of finance to SMEs and support long term growth and prosperity in the North West, as well as contributing to the expansion of key sectors. Financial instruments have the advantage of being able to secure returns that can then be recycled into future funds and support ongoing investment (so called 'legacy' returns). Moreover, they encourage private sector involvement, in the form of business angels and venture capitalists, and, in the North West, have been shown to enhance the infrastructure around debt and equity finance, bringing new fund managers to the region and developing relationships with both the professional advisory community and finance providers.<sup>13</sup>

As of April 2015, the North West Fund has invested over £117.8m into 356 North West based SMEs (77% of the total Fund size). Some notable investments include:

- £300,000 from the Venture Capital Fund to ISIS Forensics, a spin-out company from Lancaster University, which has developed language analysis technology that can use web data to determine age, gender and other characteristics. The investment from the Fund has enabled development to establish commercial sales, with several major new customers for their brand analysis software. On top of the £300,000, a further £110,000 was secured from private investors, giving a total value to the investment of £410,000 <http://www.isis-forensics.com/>
- £125,000, also from the Venture Capital Fund, to Carbon Air, an acoustic research group that exploits the mechanical and acoustic properties of highly porous metals for commercial application. The Fund levered a further £55,000 of private investment <http://carbonair.eu/>
- £150,000, from the Loan Fund, to Windtechnic Maintenance Limited, a company that provides servicing and repair to the wind turbine sector. The loan provided growth capital to enable Windtechnic to undergo a rapid increase in sales over the period of a year. A further £100,000 was levered from the private sector and the loan has now been repaid in full <http://www.windtechnics.com/>

## Outputs

Total outputs expected to December 2016:

5285 jobs created

3736 jobs safeguarded

656 investments in SMEs

142 new businesses created

£123m leverage from private sector

The fund is also expected to give a net return of £89.4m by the end of 2023 (after the repayment of the loan from the EIB). This will form a lasting legacy – an evergreen fund – available for investment back into businesses in the North West region.

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<sup>13</sup> EIB, *Using Financial Instruments for SMEs in England in the 2014-2020 Programme Period: Annex Two – Area Overviews: North West* (January 2015)

## **PRIORITY 2:**

**Project Title:** Chester Innovation Economy Centre

### **Technical Information:**

Total ERDF Eligible Cost: £5,564,600

ERDF Contribution: £2,782,298

ERDF Contact: Christine Aspey

### **Context**

Over recent years, the University of Chester has invested in a number of projects and initiatives to exploit the University's expertise and research capability for economic benefit. The Chester Innovation Economy Centre aims to consolidate existing services into a single, contemporary city-centre site – providing a focal point for business support and knowledge exchange with the region's SMEs.

### **Project Description**



Operated by the University of Chester, the Innovation Economy Centre is a business-facing facility aimed at increasing business productivity and creating wider economic benefits throughout the region. The Centre encourages closer working between businesses, universities and existing business support services, shifting the perception among businesses of universities as providers of undergraduate education towards an understanding of universities as innovation hubs.

ERDF support enabled the University of Chester to buy and refurbish a city centre site to host the Innovation Economy Centre (officially titled the 'Riverside Innovation Centre'). Opened in 2011, the site provides high profile business support and incubation workspace to capitalise on adjacent academic services, with an improved IT infrastructure. It includes:

- Partnership space and facilities for a range of business support agencies including Business Link and Chambers of Commerce (Cheshire and Warrington)
- State-of-the-art conference facilities and a fully-equipped business meeting area

- Incubation units for 15 high-potential start-ups

The Centre aims to provide intensive support to new business start-ups with a particular focus on the biomedical, digital, business and professional, food technology and health sectors. Start-ups can apply to use one of the on-site incubation units, which have a maximum occupancy period of two years to encourage business growth and maximise the use of resources, and are then able to access a package of business support facilities for the life of their business. Reported results in the latest Progress Monitoring Report indicate that the model is working well and demand for the incubators is high: incubation workspace is fully occupied, with two clients using more than one unit on a temporary basis; four further prospective clients are in the pipeline; and, of the five start-ups in the 2013 intake, four have now commenced trading.

Further to this, the Centre seeks to help existing businesses grow faster and improve their survival rates, encouraging knowledge exchange between them and the academic community. Part of the offer involves linking graduates with specialist skills to relevant businesses, and linking retired business specialists and entrepreneurs with graduates and existing businesses so that skills are not lost (the 'Time and Experience Initiative'). The Centre has also hosted several high-profile events, among them the Accelerate programme for University of Chester students hoping to run their own businesses, a wellbeing conference and a lighting conference attended by international delegates. It offers meeting spaces for businesses to meet and network, free of charge, and runs a programme of business events, also free of charge, that are open to everyone.

## **Outputs**

Expected by end 2015:

130 businesses assisted to improve performance  
6 businesses provided with start-up support

## **Results**

Achieved as of March 2014:

16 jobs created  
12 businesses created

## **PRIORITIES 3 & 4:**

### **Project Title:**

North West Urban Investment Fund - JESSICA (Joint European Support for Sustainable Investment in City Areas)

### **Technical Information:**

Total ERDF Eligible Cost: £121,000,000

ERDF Contribution: £60,500,000

ERDF Contact: Will Johnson

### **Context:**

The North West Urban Investment Fund (NWUIF) was launched in 2011 and provides repayable investments for the purposes of urban development projects. The European Investment Bank (EIB) has been entrusted as Holding Fund manager. The EIB appointed two Urban Developments Funds (UDFs) to make investments in projects. Given the nature of the North West Operational Programme there is one UDF for Merseyside, the Chrysalis Fund, with an original contracted value of £30m ERDF, and one UDF for the Rest of the North West region, known as the Evergreen Fund, with an original contracted value of £19m ERDF.

As with the North West Fund (JEREMIE), the NWUIF shares the same advantages as other financial instruments in that it is a recyclable fund (generating legacy returns for future investment), has significant potential to lever private investment and draws financial expertise to the region. Like JEREMIE, JESSICA has been vital in providing investment for regeneration projects judged to be commercially viable but which have been unable to attract mainstream funding from the banks during the financial crisis.

### **Project Description:**



*Citylabs, Manchester*

As mentioned above, there are two Urban Development Funds for the North West, offering repayable loans for commercial property and regeneration projects.

Of the two, Chrysalis (operating in Merseyside) currently has a portfolio of seven projects representing a total of £31m investment. Among these was an £8m loan to help fund a new exhibition centre on Liverpool's historic waterfront (expected to attract more than 250,000 visitors in its first year) and a loan of £5.6m to redevelop the Grade II listed Watson Building on Renshaw Street in Liverpool city centre. On completion, the Watson Building will provide 73,000 sq ft of high quality, flexible Grade A office space for over 700 jobs.

The Evergreen Fund (operating in the rest of the North West) has had a similarly successful 2014: over £60m has now been committed through loans to eight strategically important development schemes. These include:

- The Cotton Building, Spinningfields, Manchester – will provide at least 13,660 m<sup>2</sup> of new office space (with the potential to reach BREEAM Excellent standard) and deliver at least 910 jobs. Evergreen funding has committed £10m to the project.
- Citylabs, Manchester (see picture). Citylabs is a new 100,000 sq ft biomedical centre of excellence, located on Oxford Road, within Europe's largest clinical academic campus. It was launched in 2014 by the Chancellor George Osborne and provides multifunctional office and laboratory space for a range of companies including Hitachi and the DNA testing kit maker Elucigene Diagnostics. It was recently named 'best commercial property' in the North West by the Royal Institute for Chartered Surveyors. Evergreen funding committed £4.6m, all of which has now been repaid.

More information can be found on the funds' respective websites:

<http://www.chrysalisfund.co.uk/>

<http://www.northwestevergreenfund.co.uk/>

## **Outputs**

### *Evergreen*

Expected by end December 2016:

17.64 Ha of land reclaimed/redeveloped

160,725 m<sup>2</sup> of new/refurbished floorspace

### *Chrysalis*

Expected by end of December 2016:

12.8 Ha of land reclaimed/redeveloped

78,201 m<sup>2</sup> of new/refurbished floorspace

## ANNEX 3 - Schedule of Project Monitoring Visits

### Project Engagement Visits (PEV) and Progress & Verification Visits (PAVs)

PEVs are carried out by the Contract Monitoring Managers and PAVs are carried out by a dedicated Article 13 Team.

221 PEV's had been completed up to the 31/12/2013, with 33 completed in 2014:

	2007	2008	2009	2010	2011	2012	2013	2014	TOTAL
<b>Number of PEV's Complete</b>	0	0	52	68	30	49	22	33	254

### PEVs Carried Out in 2014

Project Identifier	Project Name	Financial Completion Date	Practical Completion Date	Project First Made Live Date	Visit Date
X02644PR	Bio-Innovation Centre	30/09/2015	30/09/2015	29/09/2014	14/10/2014
X02666PR	Blackburn Cathedral Quarter	30/09/2015	30/09/2015	24/09/2013	02/05/2014
X02669PR	Chester Central Business Quarter 1	30/09/2015	30/06/2015	07/08/2014	28/10/2014
X03020PR	Greater Manchester Digital Infrastructure Investment Project	30/09/2015	30/06/2015	31/01/2014	28/02/2014
X03030PR	Opportunities in Blacon	30/09/2015	30/09/2015	22/10/2013	11/03/2014
X03041PR	VS Support TA	30/09/2015	30/06/2015	21/01/2014	26/02/2014
X03090PR	Digital Village	30/09/2015	30/09/2015	27/06/2014	18/09/2014
X03092PR	Weavers Triangle	31/03/2015	31/03/2015	24/03/2014	31/07/2014
X03107PR	Estuary Banks 2	30/09/2015	30/09/2015	27/06/2014	15/10/2014
X03116PR	SusDram - Engineering design Academy	30/09/2015	30/09/2015	13/01/2014	25/03/2014
X03119PR	Jactin House	30/06/2015	28/02/2015	10/03/2014	01/05/2014
X03124PR	Hugh Mason House	31/05/2015	30/11/2015	05/06/2014	12/11/2014
X03132PR	Sharp Project 3	30/06/2015	30/09/2015	27/11/2013	15/01/2014
X03136PR	Warrington Advanced Manufacturing	30/06/2015	30/06/2015	27/02/2014	09/06/2014
X03144PR	Liverpool City Region New Markets & Growth Programme	30/09/2015	31/10/2015	18/03/2014	29/04/2014
X03160PR	New Approach to Place Marketing in Liverpool City Region	30/06/2015	30/09/2015	03/12/2013	28/01/2014
X03161PR	DCLG Technical Assistance	31/12/2015	31/12/2015	22/08/2013	15/09/2014
X03166PR	Low Carbon Innovation Hub	30/09/2015	30/09/2015	15/11/2013	16/01/2014
X03167PR	The Alder Hey Research Centre	30/06/2015	30/06/2015	28/02/2014	06/03/2014
X03168PR	Open Innovation Hub for Antimicrobial Sciences	30/06/2015	30/06/2015	19/12/2013	11/03/2014
X03169PR	Maternal & Child Health Centre	30/06/2015	30/06/2015	23/06/2014	06/08/2014
X03180PR	Collaborative Technology Access Programme (CTAP)	31/10/2015	31/12/2015	21/08/2014	30/09/2014
X03185PR	2nd Crossing Enhancements	30/06/2015	30/06/2015	30/09/2014	06/11/2014
X03194PR	Liverpool City Region Impact Fund	30/06/2015	30/09/2015	13/01/2014	27/05/2014
X03196PR	Royal Court Theatre Welcome Project	30/06/2015	30/05/2015	02/06/2014	26/02/2014
X03198PR	Low Carbon Support for SME's	30/09/2015	30/06/2015	24/02/2014	06/05/2014
X03201PR	Developing Digital and Creative Industry Business	30/06/2015	30/09/2015	02/06/2014	23/06/2014
X03202PR	Sky Pier	30/06/2015	30/04/2015	09/09/2014	08/09/2014
X03205PR	Plot 1 Spitfire Road	30/06/2015	30/06/2015	27/06/2014	25/08/2014
X03207PR	Venture Point	30/09/2015	30/09/2015	27/05/2014	12/08/2014
X03213PR	Tower Wharf	30/11/2015	30/11/2015	26/06/2014	30/07/2014
X03215PR	Hornhouse Lane	30/09/2015	30/09/2015	27/06/2014	17/09/2014
X03217PR	Major Exhibitions Programme Phase 2	30/06/2015	30/06/2015	13/01/2014	27/02/2014

## ANNEX 4 - LMC ITEMS DISCUSSED

Date	Item No. & Title	Action point
11 Feb 2014	1 Programme update	Action: GDT to arrange follow-up meeting (subsequent to 14 Nov 13 meeting) with BT and LEPs in March
	2 Superfast Broadband Review	Action: GDT to review content of SFB paper for May LMC
	3 JEREMIE	Action: DCLG to review presentation of NWF information in papers to show SRP splits and spend in relation to indicators (outputs and results)
	4 JESSICA	DM to forward breakdown of UDF performance to GF
	5 Report from Sub Committees	Action: GDT to provide paper for May LMC on future of sub committees for current programme and 2014-20 programme
	6 2014-20 European Structural Funds Programme update	No action points
	7 AOB	No action points
13 May 2014	1 Programme update	No action points
	2 JEREMIE update	GDT to coordinate meetings with NWBF/partners to discuss the position further
	3 Superfast Broadband update	No action points
	4 NWOP N+2 2014 Decommitment	No action points
	5 JESSICA update	No action points
	6 Report from Sub Committees	No action points
	6b Future role of sub committees	No action points
	7 Annual Implementation Report	No action points
	8 2014-20 European Structural Funds Programme update	No action points
	9 AOB	No action points
10 Oct 2014	1 Programme Performance update	No action points
	2 JEREMIE update	No action points
	3 Superfast Broadband update	No action points
	4 NWOP N+2 2014	No action points

		Decommitment	
	5	JESSICA update	No action points
	6	Feedback from Sub Committees	No action points
	7	Ratification of EPIC Terms of Reference	No action points
	8	2014-20 European Structural Funds Programme update	No action points
	9	AOB	No action points

**ANNEX 5**  
**Article 16 visits during 2014**

AA Ref	MCIS Project Ref	Project Applicant	Project Name
AA/NW12/13	X01298PR	Merseyside Integrated Transport Authority	Integrated Corridor F Gateway
AA/NW13/13	X01441PRa1	North West Business Finance Limited	Venture Capital Loan Fund Priority 1
AA/NW13/13	X01441PRb1	North West Business Finance Limited	Venture Capital Loan Fund Priority 1
AA/NW14/13	X01441PRa1	North West Business Finance Limited	Venture Capital Loan Fund Priority 2
AA/NW14/13	X01441PRb1	North West Business Finance Limited	Venture Capital Loan Fund Priority2
AA/NW15/13	X01512PR	Shawbrook Developments Limited	Burnley Bridge Business Park
AA/NW16/13	X01545PR	Peel Holdings(Land & Property) Limited	West Float Land Remediation Project
AA/NW17/13	X01551PR	Manchester City Council	The Northern Gateway Complex, Manchester
AA/NW18/13	X01555PRb	Liverpool Tate	Major Exhibitions Programme TATE (b)
AA/NW19/13	X01696PR	Blackburn with Darwen Borough Council	Lancashire Innovation Network (Formerly Eureka)
AA/NW20/13	X01698PR	Lancaster University	Innovation for Growth (IFG)
AA/NW21/13	X01704PR	Universty of Liverpool	Nano Investigation Centre at Liverpool (NiCaL)
AA/NW22/13	X01904PR	Merseyside Integrated Transport Authority	Pier Head Mersey Ferry Landing Stage
AA/NW23/13	X01905PR	Morley Estates	Boston & Empress Park - Haydock
AA/NW24/13	X02010PR	Manchester City Council	Sportcity Public Realm Project

AA/NW25/13	X02150PR	Salford City Council	Media Enterprise Centre - MediaCityUK
AA/NW26/13	X02167PR	Liverpool City Region LEP	Liverpool City Region Sector Investment Programme
AA/NW27/13	X02398PR	Univerity of Salford	Salford Energy Hub
AA/NW28/13	X02399PR	Cumbria County Council	Cumbria Cohesion
AA/NW29/13	X02451PR	Liverpool City Council	Liverpool Science Park Innovation Centre 3
AA/NW30/13	X02601PR	Central Manchester University Hospitals Foundation NHS Trust	Royal Eye Hospital - Main Project
AA/NW31/13	X02605PR	Tameside College	St Petersfield Innovation & Enterprise Centre
AA/NW32/13	X02658PR	University of Chester	The North West Food Research - Development Exchange (NOW Food)
AA/NW33/13	X02660PR	Manchester Metropolitan University	The Knowledge Action Network
AA/NW34/13	X02665PR	Social Enterprise North West Ltd	Big Enterprise in Communities
AA/NW35/13	X02672PR	Alt Valley Community Trust Limited	Making Business Work (Alt Valley)
AA/NW36/13	X03023PR	Lancashire County Council	Lancashire Superfast Broadband
AA/NW37/13	X03044PR	Blue Orchid Management Consultants	Business Start Up Support in Greater Manchester (BSUS GM)
AA/NW38/13	X03058PR	University of Manchester	National Graphene Institute
AA/NW39/13	X03099PR	Capital & Centric Developments (Tithebarn) LLP	Churchill House
AA/NW40/13	X03120PR	University of Chester	High Growth Centre
AA/NW41/14	X03161PR	DCLG	DCLG Technical Assistance