

# **2014-20 ESIF Growth Programme: *Progress update***

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# Overview - What's different this time?

- Stronger links with EU strategy.
- Greater focus on results.
- Tougher performance framework.
- Conditionalities to ensure more effective spend.
- Localised planning in England through LEPs
  - But no local programmes other than in London
- Strengthened partnership principle.
- Increased emphasis on tools (e.g. CLLD) and financial instruments

# Strategy - overview

- An “EU Growth Programme” financed by ERDF and ESF with a contribution from EAFRD.
- A single “EU Growth Programme Board” acting as a single monitoring committee for ERDF and ESF.
- A national overarching strategy with local priorities and plans for delivery
- Notional LEP area allocations subject to performance reviews.
- National co-financing for key priorities, taking account of local needs.
- Top priorities:
  - Research and innovation, especially commercialisation – 20% of ERDF
  - Raising SME competitiveness – 39% of ERDF
  - Shift to low carbon economy – 17% of ERDF
  - Employment and inclusion
- Others – ICT, transport (Cornwall), climate change, environmental protection
- Special arrangements for sustainable urban development

# Strategy - progress

- Partnership agreement agreed
- EAFRD Operational Programme agreed in principle – sign off expected March 2015
- ERDF OP – much agreed but still work to do:
  - Low Carbon – lots still to do;
  - Innovation – use of Financial instruments, innovation centres
  - Climate change – argument for ‘soft defences’
  - ICT – broadband intervention logic
  - Targets – still to be agreed but close
- ESF OP strategy very different – low overall unemployment = greater focus on targeted / personalised interventions
  - Approach agreed – targets are still to be agreed

# Process

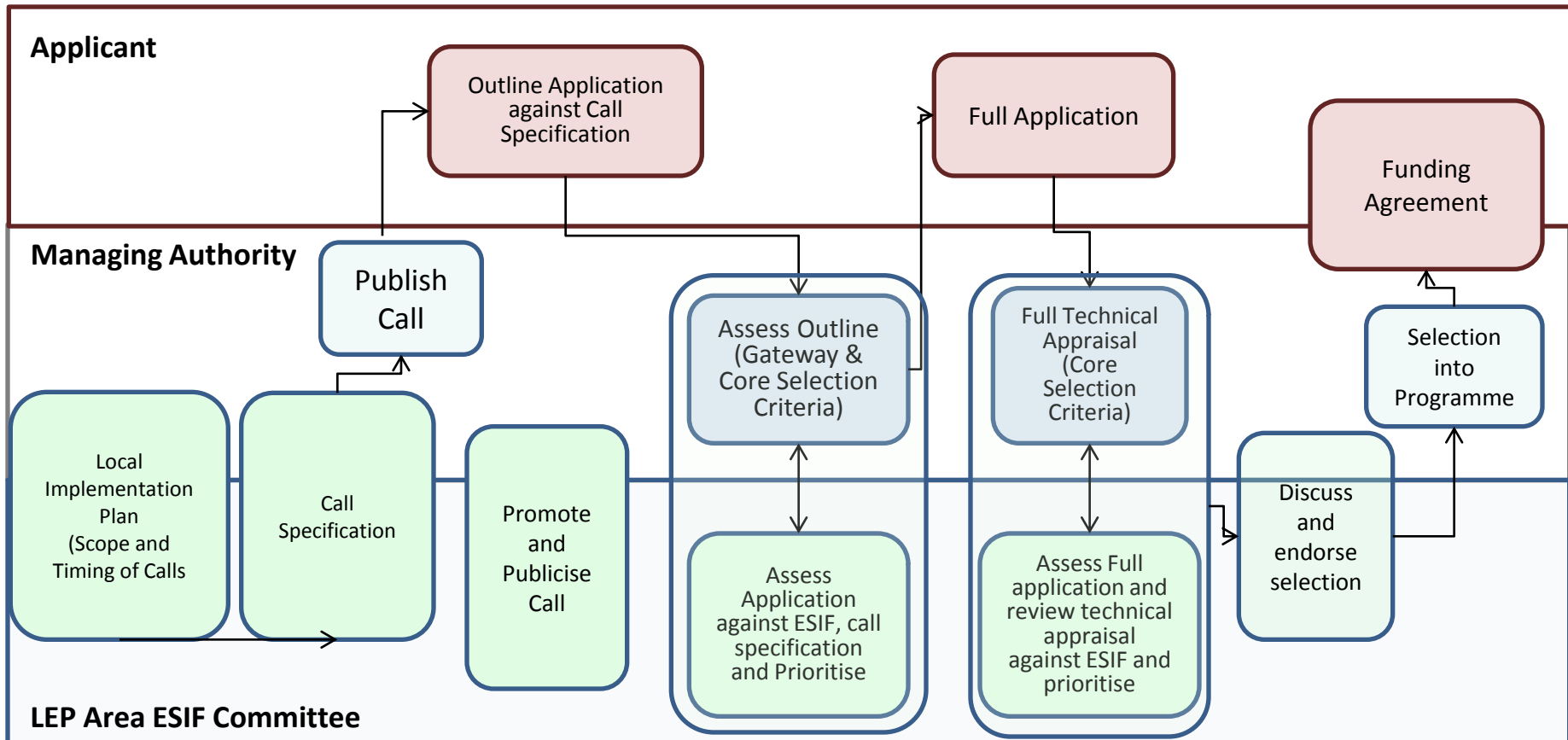
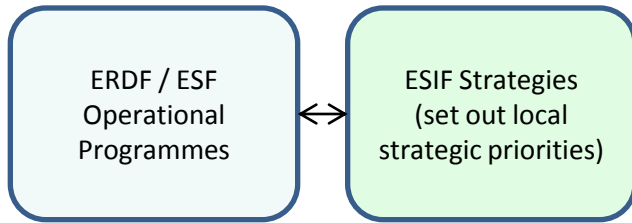
- ESF opt-ins agreed (SFA and NOMS moving to delivery at risk)
- 2-stage calls for most 'open-call' activity
- Opt-in providers developing process for calls and negotiating deliverables with LEPs
- First call for activity likely to begin in March c.16<sup>th</sup> in advance of purdah
  - Don't all rush – continuation or critical activity only (limited)
  - ESF opt-in activity 'at risk' (NOMS, SFA)
  - ERDF open call – SME competitiveness
  - Technical assistance – local (and possibly national)
- Main call will be in summer 2015
- Full IT system not complete – interim system (LogusNET to be used)
  - Requires pre-registration – look out for notification

# European Structural & Investment Fund 2014-20

## Open Route

### Inception to Funding Agreement

(excluding Opt-Ins, CLLD, Fis, SUD) 11 July 2014



# Selection criteria

## Gateway criteria

- Applicant must be eligible for funding;
- Activity must be eligible;
- Project must meet objectives in OP and any local priorities identified within the call

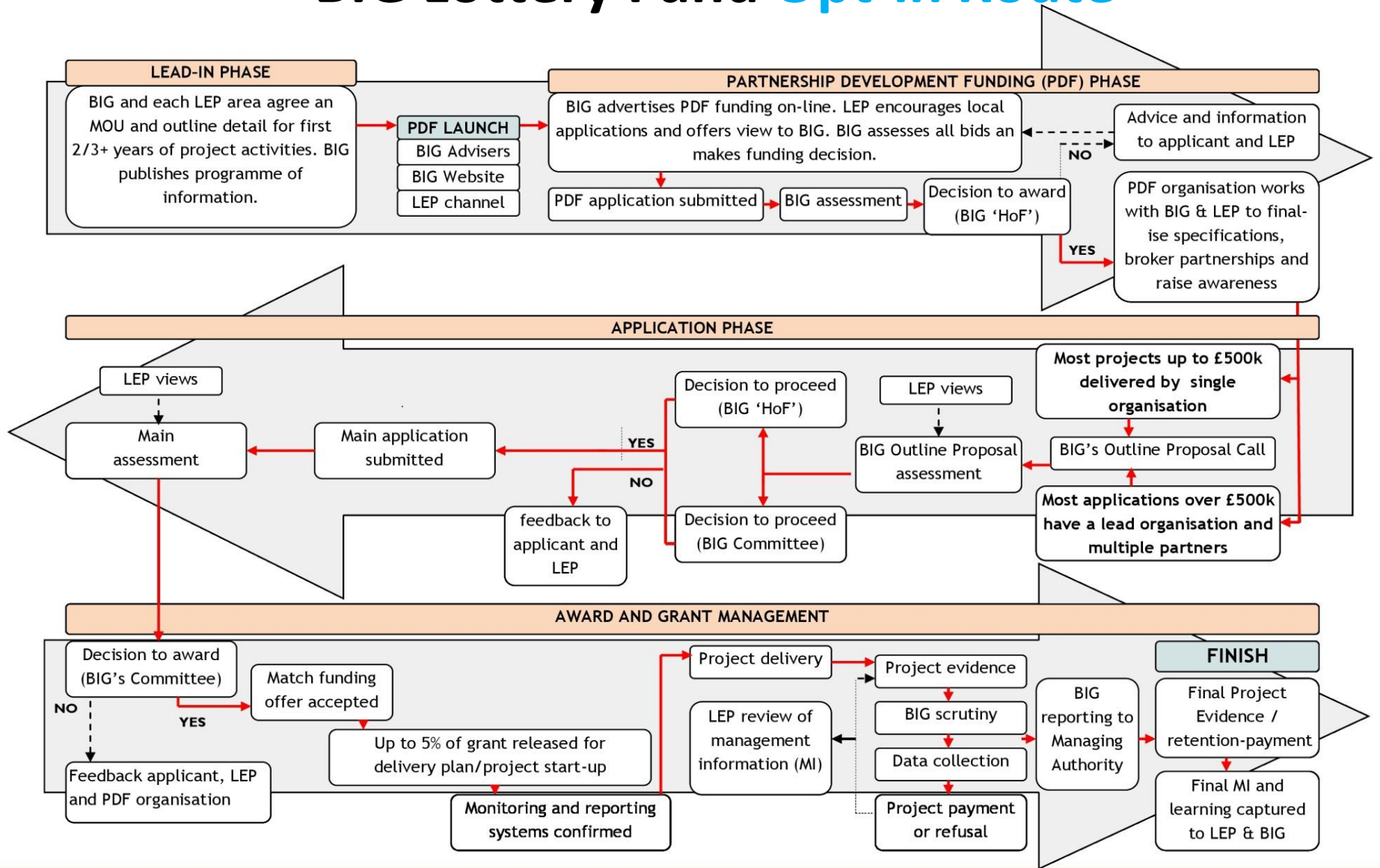
- EOI stage

## Core selection criteria

- Strategic fit
- Value for money
- Management and control
- Deliverability
- Compliance
  - Public Procurement
  - State Aid
  - Publicity
  - National eligibility rules
- Cross cutting themes

- EOI & full application

# BIG Lottery Fund **Opt-in Route**





# Indicators

## ESF

- Participants – male/female / unemployed/ inactive/ over 50/ ethnic minorities/ disabilities/ single households with dependent children/ offenders or ex-offenders
- Basic skills gained
- In employment (including Self employment) – on leaving and after 6 months
- Completion of YEI
- Offer of employment or training

## TA

- Error rates / partner satisfaction

## ERDF

- % SMEs 'innovation active'
- R&D tax credits – number and value of claims
- No. of (new) enterprises / receiving support / grants / other
- No. of researchers working in improved facilities, businesses benefiting
- Public or commercial build or renovation
- Broadband access >30Mbps
- % SMEs selling goods or services via website
- Total early-stage entrepreneurial activity
- Private investment levered
- Employment increase in supported enterprises
- Increase in SME productivity (gap analysis of GVA)
- SME jobs created
- Specific indicators relating to resource efficiency / environmental improvements

# Governance

- National Growth Programme Board – combined PMC for ESF, ERDF and advisory function on matters of economic growth to EAFRD
- 5 national Policy sub-committees
- 4 national Operational sub-committees
- 39 local (LEP area) ESIF sub-committees
- Close adherence to the European Code of Conduct for Partnership Working

# Useful resources

- [www.gov.uk/european-growth-funding](http://www.gov.uk/european-growth-funding)
- Interim national marketing and publicity guidance (including new logos)
  - ESF, ERDF and EAFRD
- ESIF Growth Programme Handbook published – useful summary
- Guidance on sustainable development practice circulated:
  - **Integrating Environmental Sustainability into ERDF Projects** : Advice on environmental sustainability impacts of projects
  - **Developing an Environmental Sustainability Checklist** - Advice for LEP area partners to review economic strategies and investments against environmental sustainability risks and opportunities
  - **Resilient Growth Information Note** – delivering growth which responds to the challenges and opportunities of future climate
  - **Natural England resources and publication** – Green Infrastructure advice.

# 1. Research and innovation

One investment priority and two specific objectives:

**SO 1.1:** Increase investment in research and innovation by small and medium enterprises, particularly in sectors and technologies identified through smart specialisation.

**SO 1.2:** Increase the number of small and medium sized enterprises engaged in knowledge exchange, collaborative and contract research and innovation with research institutions, public institutions or large enterprises in order to help them bring new products and processes to market.

Main principles for selection:

- Smart specialisation
- Incubators



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

## 2. ICT

Two investment priorities and two specific objectives:

**SO 2.1** Increase the coverage of superfast and ultrafast Broadband in areas where the market is failing, particularly where creating a barrier to SME growth

**SO 2.2** Increase the number of SMEs making productive use of digital technologies.

Main principles for selection:

- Targets Next Generation Access superfast or ultrafast 'white' areas where there are no other credible plans for coverage within at least three years
- Proposed aid is the minimum required for the investment to go ahead
- Project demonstrates value for money for the public investment
- Potential impact on jobs and / or regional Gross Value Added
- No alternative means of providing coverage have been identified.



## 3. SMEs

Three investment priorities and three specific objectives:

**SO 3.1:** Increase entrepreneurship, particularly in areas with low levels of enterprise activity and amongst under-represented groups

**SO 3.2:** Increase growth capacity of SMEs

**SO 3.3:** Increase growth capability of SMEs

Main principles for selection:

- Incubators

Financial instruments



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

## 4. Low carbon

Five investment priorities and five specific objectives:

**IP4(a):** Production of energy from renewable sources

**IP4(b):** Energy efficiency and use of renewables in enterprises

**IP4(c):** Energy efficiency in households and public buildings

**IP4(e):** Promoting low carbon strategies

**IP 4(f):** Low carbon innovation

Main principles for selection:

- Low carbon strategies
- Transport
- Air quality plans and other environmental requirements

Financial instruments



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

Overview of the ERDF Operational  
Programme

## 5. Climate change

One investment priority and one specific objective:

**SO 5.1:** Enabling and protecting economic development potential through investment in flood and coastal flooding management where there is demonstrable market failure

Main principles for selection:

- Areas set out in Partnership Agreement.





## 6. Environment and resource efficiency

Two investment priorities and two specific objectives:

**SO 6.1:** Investments in Green and Blue infrastructure and actions that support the provision of ecosystem services on which businesses and communities depend to increase local natural capital and support sustainable economic growth

**SO 6.2:** Investment in the uptake of innovative technologies and resource efficiency measures to increase environmental protection, resilience and performance of businesses and communities.

Main principles for selection:

- Definition of Green Infrastructure
- National Planning Policy Framework



## 9. Social inclusion - CLLD

One investment priority and one specific objective:

**SO 9.1:** To build capacity within communities as a foundation for economic growth

Main principles for selection:

- 20% Index of Multiple Deprivation, with scope to go outside this only where it was linked to opportunity or made the area of the local development strategy geographically coherent.
- Modulation in Cornwall
- Selection process for local development strategies



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

Overview of the ERDF Operational  
Programme

# 11. Technical assistance

Two specific objectives:

**SO 11.1:** To ensure that the activities which fall within the scope of the programme are managed, monitored and evaluated in line with the Common Provisions Regulation, ERDF Regulation and the Commission's delegated and implementing regulations.

**SO11.2:** To facilitate access to the programme and communicate the impact that the ESI Funds have, including by providing robust governance support to the PMC and sub-committees and high quality advice and information to partners involved in the design and delivery of projects.

## Actions

- Programme management, development and capacity building
- Programme Analysis, Monitoring and Evaluation
- Information and Publicity



# Performance framework

- Applies to all five funds.
- Performance is assessed at priority axis (or equivalent) level.
- Performance reviews in 2019 and at end of programme.
- 6% performance reserve “pre-allocated” and awarded following review in 2019 if achieve 85% of milestones/outputs.
- Financial corrections if serious shortcomings in performance – revised and clarified system for dealing with financial irregularities
- 12 day notice of on-the-spot audits by Commission

# Financial instruments

- Rules are applicable to all five funds.
- Not limited to small firms and urban development – can be used to support any objective.
- Additional reporting requirements.
- “Standard terms and conditions” will be prepared by the Commission.

# Eligibility

- Most rules are national.
- Common Provisions and ESF Regulations provide more opportunities for use of simplified cost options.
- ERDF can fund infrastructure (including ICT) but the Commission will still need persuading to include in operational programmes.
- ERDF can fund productive investment for SMEs and, where it contributes to innovation or low carbon, for large enterprises.
- ERDF can also fund productive investment where it involves cooperation between large and small enterprises for ICT.
- ERDF can fund the development of “endogenous potential” through investment in technology and applied research, fixed investment in equipment and small-scale infrastructure and services to enterprises.

# The suite of regulations

- **Common Provisions Regulation** - (EU) No 1303/2013:
  - Part II – common rules for five funds – ERDF, ESF, CF, EAFRD, EMFF
  - Part III – general rules for ERDF, ESF and CF
  - Part IV – common management and control for ERDF, ESF, CF and EMFF
  - Annex 1 – Common Strategic Framework
- **ERDF Regulation** - (EU) No 1301/2013 :
  - Scope, investment priorities and rules for ERDF
- **ESF Regulation** – (EU) No 1304/2013:
  - Scope, investment priorities and rules for ESF
  - Youth employment initiative
- **ETC Regulation** – (EU) No 1299/2013:
  - Additional rules for cross-border, transnational and interregional programmes.
- **Rural Development Regulation** – (EU) No 1305/2013:
  - Links also to CAP horizontal regulation.
- **European Maritime and Fisheries Fund** – (EU) No 508/2014
- **Delegated and implementing acts** where there is specific provision made.