

DCLG

Update of the Strategic Environmental Assessment for the North East ERDF 2007-13 Programme

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1. Introduction

- 1.1 At the meeting of the North East Programme Monitoring Committee (PMC) held on 22nd June 2011, North East partners agreed to seek a modification to the North East England ERDF Competitiveness Operational Programme (OP) in view of:
 - Significant changes to the prevailing socio-economic conditions in the North East region;
 - Changes to the match funding environment in England following the abolition of the Regional Development Agencies in 2010;
 - Significant changes to both the policy context and delivery infrastructure at EU,
 United Kingdom and in particular sub-national level in England;
 - The findings of the Mid Term Evaluation of the Programme published in February 2011;
 - Practical operational and implementation experience gained since the launch of the Programme in February 2008.

Strategic Environmental Assessment

- 1.2 Under European Community Directive 2001/42/EC, the North East Operational Programme was required to undertake a Strategic Environmental Assessment (SEA), which was published in May 2007. The SEA aims to:
 - "provide for a high level of protection of the environment and to contribute to the integration of environmental considerations into the preparation and adoption of plans with a view to promoting sustainable development".
- 1.3 The directive identifies a range of factors to be considered, including biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, cultural heritage and landscape.
- 1.4 In the process of amending Operational Programmes, regions are required to review whether a full update of the SEA is required. Where changes made to a Programme are expected to have significant environmental impacts, regions would require a full update to the SEA. Where the changes are not expected to have significant impacts, this is not required, however regions need to set out the reasons why they do not require a full update, and these reasons need to be made available to the public.

Review Process

1.5 Following agreement with the Programme Executive Group, the Secretariat commissioned a formal review of the requirements for SEA. This considered the likely environmental impacts of changes to the OP and whether or not these changes would justify a full update to the SEA.





1.6 The findings of this report will be made available on the North East pages of the DCLG website, in order to ensure that they are available to the public.

Content of the Review

- 1.7 The SEA published in May 2007 involved a detailed analysis of the Operational Programme to establish its wider environmental impacts and made recommendation about how negative impacts could be minimised and positive impacts maximised.
- 1.8 This was analysed at the level of the five Fields of Action in the Programme, and assessed using 17 objectives from the North East Integrated Regional Framework.
- 1.9 In this review we revisit that analysis and provide a refreshed assessment in light of the changes to the OP. The content of this report therefore includes:
 - Summary of changes to the Operational Programme and updated assessments of environmental impact at the level of the five Fields of Action
 - Conclusions on change in the overall assessment of environmental impact, and whether these constitute a significant change in environmental impacts of the Programme.



2. Changes to the Operational Programme and Impacts on the SEA

- 2.10 In this section we:
 - Set out an overview of headline changes to the Operational Programme (OP)
 - Analyse the implications and impacts of these changes at Priority and Field of Action level.
- 2.11 To analyse the changing impacts, we have updated the analysis produced in the initial Strategic Environmental Assessment of the Programme (published May 2007), in order to show the change in impacts anticipated as a result of changes to the OP.
- 2.12 Findings are summarised in assessment tables for each Field of Action, using the same format as in the original SEA.

Headline Changes to the Operational Programme

- 2.13 The proposed changes to the Operational Programme primarily include:
 - Changes to output and result targets, in order to ensure deliverability and relevance going forward and to take account of operational and implementation experience.

 These are set out in more detail under the Priority 1 and 2 sections below.
 - Increases in certain outputs and results targets where changing socio-economic and delivery conditions and partner demand has steered Programme investment in a way not envisaged at Programme development stage. These are set out in more detail under the Priority 1 and 2 sections below.
 - A broadening of the scope of activity envisaged in each of the five Fields of Action. This is primarily to reflect the greater strategic and investment emphasis placed by partners on capital investment to support economic infrastructure in pursuit of jobs and growth. These are set out in more detail under the individual Fields of Action sections below.
 - Amendments to add enterprise related outputs and results to address omissions in the original OP and Lisbon categorisation codes to better reflect the scope of Programme investment in support of enterprise and entrepreneurship. This is set out in more detail under the Priority 2 section below.
 - Virement of €3,765,989 of Priority 3 Technical Assistance resource, split equally across Priorities 1 and 2, to better support achievement of amended targets and to avoid anticipated underspend in Priority 3.





Priority 1: Enhancing and Exploiting Innovation

- 2.14 Priority 1 of the Operational Programme sets out an aim to 'promote and embed opportunity by advancing science, technology and innovation within the region's business base and broader communities'. Activities under Priority 1 are split between three Fields of Action:
 - Investment in Innovation Connectors
 - Support for Innovation and Technology-led Sectors
 - Exploitation of Science base
- 2.15 The primary modifications proposed for Priority 1 are as follows:
 - A small increase in funding available to allocate under P1, with around €1.4m of funds to be vired from P3 to P1
 - An increased focus of remaining funds on capital activity. It is estimated that 75% of the remaining headroom in P1 will be allocated to capital activities. The remaining headroom for P1 is around £21m, so this shift in focus will only apply to around 12% of total P1 funding (c. £170m)
 - Changes to several key indicators for Priority 1, as set out in the table below.

| Reduced Outputs (O) / Results (R) | Current target | Revised target |
|---|----------------|----------------|
| No. of new SMEs and spin-out business assisted with innovation, | 2,072 | 1,100 |
| including integrated development of workforce skills where | | |
| appropriate (O) | | |
| No. of SMEs assisted with innovation, including integrated | 4,434 | 2,700 |
| development of workforce skills where appropriate (O) | | |
| Area of R&D premises developed (m2) (O) | 51,238 | 37,000 |
| Brownfield land reclaimed & /or redeveloped (ha) (O) | 21.4 | 7.0 |
| No of people in the workforce of SMEs working in collaboration | 2,233 | 875 |
| with Innovation Connectors &/or Centres of Excellence, or in | | |
| those organisations, assisted with skills development (O) | | |
| No. of businesses assisted with improved performance (R) | 6,037 | 2,400 |
| Private sector expenditure on R&D leveraged (£m) (R) | £450 | £0 |
| Increased Outputs (O) / Results (R) | Current target | Revised target |
| No. of SMEs receiving financial assistance (O) | 202 | 850 |

2.16 The environmental impacts of these changes are analysed in the Field of Action sections below.

Priority 1, Field of Action 1: Investing in Innovation Connectors

- 2.17 Investing in Innovation Connectors is anticipated to account for 40%-55% of all Priority 1 funding and supports the development of innovation connector projects.
- 2.18 The modifications to the Operational Programme include minor changes to two indicative activities under this Field of Action (modifications highlighted





below):

- Reclamation and preparation of sites and associated infrastructures, including management of environmental risks <u>and opportunities</u>
- Premises and other capital works associated with exploitation of innovation, science and energy (including site specific energy related infrastructure)

| Assessment Matrix for Priority O | ne, Field of A | ction One: In | vesting in Innovation Connectors |
|---|----------------------------------|---|--|
| Objective | Anticipate d Effect (2007) | Anticipated Effect (update 2011) | Comments |
| To ensure high and stable levels of employment so everyone can share and contribute to greater prosperity | + | + | No change from original assessment. Despite economic downturn, P1 job creation and safeguarding targets remain on track. |
| 2. To achieve high and sustainable levels of economic growth | ++ | ++ | Minor anticipated change. Target for area of R&D premises will reduce, so impacts will be lower than originally anticipated. Nevertheless the Programme is still expected to have a significant positive impact. |
| 3. To raise educational achievement across the region | + | + | Minor anticipated change. Target for people assisted with skills will reduce, so impacts will be lower than originally anticipated. Nevertheless the Programme is still expected to have a minor positive impact. |
| 4. To ensure everyone has the opportunity of living in a decent and affordable home | ? | ? | No change from original assessment. |
| 5. To ensure good local air quality for all | + | + | No change from original assessment. |
| 6. To protect and enhance the quality of the region's ground, river and sea waters | + | + | Minor anticipated change. Target for Brownfield land reclamation/redevelopment will be lower than originally anticipated. Nevertheless the Programme is still expected to have a minor positive impact. |
| 7. To reduce the causes and the impacts of climate change | + | + | Minor anticipated change. Clarification of indicative activities to allow for site-specific energy related infrastructure may lead to slightly greater positive impact, however still anticipated to create minor positive impact. |
| 8. To protect and enhance the region's biodiversity and geodiversity | ? | ? | No change from original assessment. With more focus on capital investment however, there is further need to ensure new build and public realm projects consider impacts on biodiversity. |
| 9. To reduce the amount of waste produced and increase the amount recycled | ? | ? | No change from original assessment. With more focus on capital investment however, there is further need to ensure new build projects fully consider impacts on waste. |



| Assessment Matrix for Priority One, Field of Action One: Investing in Innovation Connectors | | | | |
|--|----------------------------------|---|-------------------------------------|--|
| Objective | Anticipate d Effect (2007) | Anticipated Effect (update 2011) | Comments | |
| 10. To make better use of our resources | + | + | No change from original assessment. | |
| 11. To protect and enhance the quality and distinctiveness of the region's rural and urban land and landscapes | ? | ? | No change from original assessment. | |
| 12. To protect and enhance the region's cultural heritage and diversity | ? | , | No change from original assessment. | |
| 13. To reduce crime and the fear of crime | | | No change from original assessment. | |
| 14. To improve health and reduce inequalities in health | | | No change from original assessment. | |
| 15. To ensure good accessibility for all to jobs, facilities, goods and services in the region | + | + | No change from original assessment. | |
| 16. To increase participation in decision-making and civic activity | | | No change from original assessment. | |
| 17. To reduce adverse impacts on global communities | | | No change from original assessment. | |

| Кеу | | | | | | |
|----------------------|-----------------|-----------------|-----------------------|----------------|--|--|
| ++ | + | - | ? | | | |
| Potential for a | Potential for a | Potential for a | Uncertainty – outcome | No significant | | |
| significant positive | minor positive | significant | dependent on what is | effect or no | | |
| effect | effect | negative effect | done, how and where | relationship | | |

Priority 1, Field of Action 2: Support for Innovation and Technologyled Sectors

- 2.19 Support for innovation and technology-led sectors is anticipated to account for 40%-55% of all Priority 1 funding, and primarily supports revenue activities connected with innovation. Where activity supports priority sectors, the interventions under this Field of Action will tailor support to the needs of SMEs with significant high value added potential.
- 2.20 The modifications to the Operational Programme include the addition of three new indicative activities under this Field of Action:
 - Reclamation and preparation of sites and associated infrastructures, including management of environmental risks and opportunities (including site specific energy related infrastructure)





- <u>Premises and other capital works aimed at unlocking the growth potential of innovation and technology led sectors</u>
- Associated environmental improvements

| Assessment Matrix for Priority One, Field of Action Two: Support for innovation and technology-led sectors | | | | |
|--|----------------------------------|--|---|--|
| Objective | Anticipate d Effect (2007) | Anticipat ed Effect (update 2011) | Comments | |
| 1. To ensure high and stable levels of employment so everyone can share and contribute to greater prosperity | + | + | No change from original assessment. Despite economic downturn, P1 job creation and safeguarding targets remain on track. | |
| 2. To achieve high and sustainable levels of economic growth | ++ | ++ | Minor anticipated change. Reduction in number of businesses assisted with innovation, however this is offset to some extent by increase in businesses assisted with financial support. Furthermore job creation and safeguarding targets remain at same level. Increased focus on the development of economic infrastructure (premises and capital works) connected with innovation may mean greater potential for growth and revenue generating opportunities Overall Programme is still expected to have a significant positive impact. | |
| 3. To raise educational achievement across the region | + | + | Minor anticipated change. Target for people assisted with skills will reduce, so impacts will be lower than originally anticipated. Nevertheless the Programme is still expected to have a minor positive impact. | |
| 4. To ensure everyone has the opportunity of living in a decent and affordable home | ? | ? | No change from original assessment. | |
| 5. To ensure good local air quality for all | + | + | No change from original assessment. | |
| 6. To protect and enhance the quality of the region's ground, river and sea waters | + | + | No change from original assessment. | |



| Assessment Matrix for Priority One, Field of Action Two: Support for innovation and technology-led sectors | | | | |
|--|----------------------------------|--|--|--|
| Objective | Anticipate d Effect (2007) | Anticipat ed Effect (update 2011) | Comments | |
| 7. To reduce the causes and the impacts of climate change | + | + | Minor anticipated change. Inclusion of indicative activities to allow for site-specific energy related infrastructure and environmental improvements may lead to slightly greater impact on energy efficiency. Shift of business support activity towards financial support may risk reducing resource efficiency support etc. However result targets for 'Businesses assisted with improved environmental management' remain the same. Overall, still anticipate a minor positive impact. | |
| 8. To protect and enhance the region's biodiversity and geodiversity | ? | ? | No change from original assessment. Programme will need to ensure that any capital investment under this Field of Action fully considers impacts on biodiversity. | |
| 9. To reduce the amount of waste produced and increase the amount recycled | ? | Ş | Minor anticipated change. Programme will need to ensure that any capital investment under this Field of Action fully considers impacts on waste management. | |
| 10. To make better use of our resources | + | + | Minor anticipated change. Clarification of indicative activities to allow for the management of environmental risk and opportunities may lead to greater awareness efficient resource use. | |
| 11. To protect and enhance the quality and distinctiveness of the region's rural and urban land and landscapes | | | No change from original assessment. | |
| 12. To protect and enhance the region's cultural heritage and diversity | | | No change from original assessment. | |
| 13. To reduce crime and the fear of crime | | | No change from original assessment. | |
| 14. To improve health and reduce inequalities in health | ? | ? | No change from original assessment. | |
| 15. To ensure good accessibility for all to jobs, facilities, goods and services in the region | | | No change from original assessment. | |
| To increase participation in decision-making and civic activity | | | No change from original assessment. | |
| 17. To reduce adverse impacts on global communities | | | No change from original assessment. | |



| Key | | | | | | |
|----------------------|-----------------|-----------------|-----------------------|----------------|--|--|
| ++ | ++ - ? | | | | | |
| Potential for a | Potential for a | Potential for a | Uncertainty – outcome | No significant | | |
| significant positive | minor positive | significant | dependent on what is | effect or no | | |
| effect | effect | negative effect | done, how and where | relationship | | |

Priority 1, Field of Action 3: Exploitation of the Science Base

- 2.21 Exploitation of the Science Base is anticipated to account for 5%-10% of all Priority 1 funding, and supports the commercialisation of knowledge and spin-out of SMEs from universities and other organisations which conduct primary research.
- 2.22 The modifications to the Operational Programme have not changed or added to any of the indicative activities under this Field of Action, although the changes in overall targets for Priority One will still have some effects on impacts under this Field of Action.

| Assessment Matrix for Priority One, Field of Action Three: Exploitation of the Science Base | | | | |
|--|---------------------------------|---|---|--|
| Objective | Anticipated Effect (2007) | Anticipated Effect (update 2011) | Comments | |
| 1. To ensure high and stable levels of employment so everyone can share and contribute to greater prosperity | + | + | No change from original assessment. Despite economic downturn, P1 job creation and safeguarding targets remain on track. | |
| 2. To achieve high and sustainable levels of economic growth | ++ | ++ | Minor anticipated change. Reduction in number of businesses assisted with innovation, however this is offset to some extent by increase in businesses assisted with financial support. Furthermore job creation and safeguarding targets remain at same level. Overall, still expected to be a significant positive impact. | |
| 3. To raise educational achievement across the region | + | + | No change from original assessment. Target for people assisted with skills will reduce, so impacts will be lower than originally anticipated. Nevertheless the Programme is still expected to have a minor positive impact. | |
| 4. To ensure everyone has the opportunity of living in a decent and affordable home | | | No change from original assessment. | |
| 5. To ensure good local air quality for all | + | + | No change from original assessment. | |
| To protect and enhance the quality of the region's ground, river and sea waters | + | + | No change from original assessment. | |



| Assessment Matrix for Priority (| One, Field of A | Action Three: I | Exploitation of the Science Base |
|--|---------------------------------|---|--|
| Objective | Anticipated Effect (2007) | Anticipated Effect (update 2011) | Comments |
| 7. To reduce the causes and the impacts of climate change | + | + | Minor anticipated change. Shift of business support activity towards financial support may risk reducing resource efficiency support etc. However result targets for 'Businesses assisted with improved environmental management' remain the same. Overall, still anticipate a minor positive impact |
| 8. To protect and enhance the region's biodiversity and geodiversity | | | No change from original assessment. |
| 9. To reduce the amount of waste produced and increase the amount recycled | + | + | No change from original assessment. |
| 10. To make better use of our resources | + | + | No change from original assessment. |
| 11. To protect and enhance the quality and distinctiveness of the region's rural and urban land and landscapes | | | No change from original assessment. |
| 12. To protect and enhance the region's cultural heritage and diversity | | | No change from original assessment. |
| 13. To reduce crime and the fear of crime | | | No change from original assessment. |
| 14. To improve health and reduce inequalities in health | | | No change from original assessment. |
| 15. To ensure good accessibility for all to jobs, facilities, goods and services in the region | + | + | No change from original assessment. |
| 16. To increase participation in decision-making and civic activity | | | No change from original assessment. |
| 17. To reduce adverse impacts on global communities | | | No change from original assessment. |

| Кеу | | | | | | | |
|-----------------|----------------|--|--|--|--|--|--|
| + | - | ? | | | | | |
| Potential for a | | Uncertainty – outcome | No significant | | | | |
| minor positive | 0 | • | effect or no relationship | | | | |
| | minor positive | + - Potential for a minor positive significant | + - ? Potential for a Potential for a Uncertainty – outcome minor positive significant dependent on what is | | | | |





Priority 2: Business Growth and Enterprise

- 2.23 Priority 2 of the Operational Programme sets out an aim to 'address need by developing the enterprise base of the region, in particular in disadvantaged parts of the region, and to support a more dynamic, growing business base across the region as a whole'. Activities under Priority 2 are split between two Fields of Action:
 - Cultivating and Sustaining Enterprise (including social / community based enterprise)
 in Disadvantaged Areas
 - Enhancing the Competitiveness and Growth of Existing SMEs (including social / community based enterprise)
- 2.24 The primary modifications proposed for Priority 2 are as follows:
 - A small increase in funding available to allocate under P2, with around €1.4m of funds to be vired from P3 to P2
 - An increased focus of remaining funds on capital activity. It is estimated that 60% of the remaining headroom in P2 will be allocated to capital activities. The remaining headroom for P2 is around £21m, so this shift in focus will only apply to around 15% of total P2 funding (c. £140m)
 - Changes to a number of key indicators for Priority 2, as set out in the table below.

| Reduced Outputs (O) / Results (R) | Current target | Revised target |
|--|-----------------------|----------------|
| Brownfield land reclaimed &/or redeveloped (ha) (O) | 10.3 | 2 |
| No. of businesses assisted with improved performance, of which at least 10% to implement advanced ICT applications (O) | 9,799 | 6,100 |
| No of businesses created or attracted to the region (R) | 3,006 | 2,700 |
| No of businesses created or attracted to the region surviving 12 months (R) | 2,705 | 2,025 |
| Increased Outputs (O) / Results (R) | Current target | Revised target |
| No of SMEs receiving financial assistance (O) | 200 | 750 |
| Additional Outputs (O) / Results (R) | Current target | Revised target |
| Potential entrepreneurs assisted to be enterprise ready (O) | n/a | 14,500 |





| Potential entrepreneurs going on to access business link/other | n/a | 2,500 |
|--|-----|-------|
| business support services (R) | | |

2.25 The environmental impacts of these changes are analysed in the Field of Action sections below

Priority 2, Field of Action 1: Cultivating and Sustaining Enterprise, in particular, but not exclusively, in Disadvantaged Areas

- 2.26 Cultivating and Sustaining Enterprise is anticipated to account for 30%-40% of all Priority 2 funding and supports actions to increase the number of new start up businesses in the North East, with a focus on disadvantaged parts of the region.
- 2.27 The modifications to the Operational Programme include amending one indicative activity and adding an additional indicative activity to this Field of Action (modifications highlighted below):
 - Actions will prioritise <u>potential entrepreneurs through</u> engagement with residents of targeted areas of the region, with special attention to those areas where levels of start-up and take-up of enterprise support are low.
 - <u>Large scale investments in strategic sites and premises aimed at unlocking the employment potential of disadvantaged areas.</u>

| Assessment Matrix for Priority Two, Field of Action One: Cultivating and Sustaining Enterprise in Disadvantaged Areas. | | | |
|--|---------------------------------|---|---|
| Objective | Anticipated Effect (2007) | Anticipated Effect (update 2011) | Comments |
| 1. To ensure high and stable levels of employment so everyone can share and contribute to greater prosperity | ++ | ++ | Minor anticipated change. Increased targeting of potential entrepreneurs is likely to increase new business and job creation, although the business creation target for P2 is being reduced slightly. Still anticipated to have a significant positive impact. Increased focus on capital investments in strategic sites/premises will help towards unlocking employment potential in disadvantaged areas. Overall a significant positive impact is anticipated. |
| 2. To achieve high and sustainable levels of economic growth | ++ | ++ | Minor anticipated change. Increase in target for number of business supported and potential entrepreneurs assisted under P2 will further support regional economic growth. |





| Assessment Matrix for Priority Two, Field of Action One: Cultivating and Sustaining Enterprise in Disadvantaged Areas. | | | |
|---|---------------------------------|---|--|
| Objective | Anticipated Effect (2007) | Anticipated Effect (update 2011) | Comments |
| 3. To raise educational achievement across the region | + | + | Minor anticipated change. Additional target for potential entrepreneur support will enhance skills of beneficiaries, largely in more disadvantaged areas. |
| 4. To ensure everyone has the opportunity of living in a decent and affordable home | | | No change from original assessment. |
| 5. To ensure good local air quality for all | + | + | No change from original assessment. |
| 6. To protect and enhance the quality of the region's ground, river and sea waters | + | + | Minor anticipated change. Target for Brownfield land reclamation/redevelopment will be lower than originally anticipated. Nevertheless the Programme is still expected to have a minor positive impact |
| 7. To reduce the causes and the impacts of climate change | + | + | No change from original assessment. |
| 8. To protect and enhance the region's biodiversity and geodiversity | | ? | Uncertain impact. With more focus on capital investment there is further need to ensure new build and public realm projects consider impacts on biodiversity. |
| 9. To reduce the amount of waste produced and increase the amount recycled | + | + | No change from original assessment. With more focus on capital investment however, there is further need to ensure new build projects fully consider impacts on waste. |
| 10. To make better use of our resources | + | + | No change from original assessment. |
| 11. To protect and enhance the quality and distinctiveness of the region's rural and urban land and landscapes | + | + | No change from original assessment. |
| 12. To protect and enhance the region's cultural heritage and diversity | | | No change from original assessment. |
| 13. To reduce crime and the fear of crime | | | No change from original assessment. |
| 14. To improve health and reduce inequalities in health | + | + | No change from original assessment. |
| 15. To ensure good accessibility for all to jobs, facilities, goods and services in the region | + | + | No change from original assessment. |
| 16. To increase participation in decision-making and civic activity | | | No change from original assessment. |
| 17. To reduce adverse impacts on global communities | | | No change from original assessment. |



| Key | | | | | |
|----------------------|-----------------|-----------------|-----------------------|----------------|--|
| ++ | + | - | ? | | |
| Potential for a | Potential for a | Potential for a | Uncertainty – outcome | No significant | |
| significant positive | minor positive | significant | dependent on what is | effect or no | |
| effect | effect | negative effect | done, how and where | relationship | |

Priority 2, Field of Action 2: Enhancing the Competitiveness and Growth of the Region's Existing SMEs

- 2.28 Enhancing the Competitiveness and Growth of the Region's Existing SMEs is anticipated to account for 60%-70% of all Priority 2 funding and supports a range of activities to support all SMEs across the region including help to identify development needs and support for the improvement of sustainability and competitiveness. A key focus will be to strengthen business survival and growth rates of existing SMEs.
- 2.29 The modifications to the Operational Programme include minor changes to a number of indicative activities (largely reflecting changes in the wider economic development delivery landscape), and one new indicative activity being added (modifications highlighted below):
 - specific initiatives to improve productivity, including support with environmental management actions such as energy efficiency and waste minimisation; help with exploiting <u>new technology and processes including</u> advanced ICT applications.
 - business support operated through the regional Business Link <u>and other providers</u> encompassing post start-up advice, information and diagnostic services and including account management of SMEs with identified growth potential.
 - provision of access to mentoring and intensive assistance (for example, business planning, business systems and processes, high growth coaching).
 - <u>small-scale</u> financial assistance for capital investment, building on the region's experience with financial engineering gained in the 2000-06 period.
 - <u>Large scale investments in strategic sites and premises linked to targeted economic sectors</u>

| Assessment Matrix for Priority Two, Field of Action Two: Enhancing the Competitiveness and Growth of the | | | | |
|--|-------------|-------------|----------|--|
| Region's Existing SMEs | | | | |
| Objective | Anticipated | Anticipated | Comments | |
| | Effect | Effect | | |
| | (2007) | (update | | |
| | | 2011) | | |





Assessment Matrix for Priority Two, Field of Action Two: Enhancing the Competitiveness and Growth of the Region's Existing SMEs **Objective** Anticipated Anticipated Comments Effect Effect (2007)(update 2011) Minor anticipated change. Increased number of businesses receiving 1. To ensure high and stable financial assistance will support growth and levels of employment so survival of businesses and employment. everyone can share and Increased focus on capital investments at contribute to greater strategic sites will boost industry and prosperity employment in the region. Overall, still a significant positive impact. Minor anticipated change. Increased 2. To achieve high and numbers of businesses receiving financial sustainable levels of economic ++ assistance and greater capital investment in growth strategic sites will help the Programme to have an even greater impact. 3. To raise educational + + No change from original assessment. achievement across the region 4. To ensure everyone has the opportunity of living in a No change from original assessment. decent and affordable home 5. To ensure good local air No change from original assessment. + quality for all Minor anticipated change. Target for Brownfield land 6. To protect and enhance the reclamation/redevelopment will be lower quality of the region's ground, than originally anticipated. Nevertheless river and sea waters the Programme is still expected to have a minor positive impact.. 7. To reduce the causes and ? ? No change from original assessment. the impacts of climate change **Uncertain impact**. With more focus on 8. To protect and enhance the capital investment there is further need to ? region's biodiversity and ensure new build and public realm projects geodiversity consider impacts on biodiversity Minor anticipated change. With more 9. To reduce the amount of focus on capital investment however, there waste produced and increase is further need to ensure new build projects the amount recycled fully consider impacts on waste. 10. To make better use of our + + No change from original assessment. resources 11. To protect and enhance the quality and distinctiveness + No change from original assessment. of the region's rural and urban land and landscapes 12. To protect and enhance the region's cultural heritage No change from original assessment. and diversity 13. To reduce crime and the No change from original assessment. fear of crime





| Assessment Matrix for Priority Two, Field of Action Two: Enhancing the Competitiveness and Growth of the Region's Existing SMEs | | | |
|---|---------------------------------|---|-------------------------------------|
| Objective | Anticipated Effect (2007) | Anticipated Effect (update 2011) | Comments |
| 14. To improve health and reduce inequalities in health | + | + | No change from original assessment. |
| 15. To ensure good accessibility for all to jobs, facilities, goods and services in the region | + | + | No change from original assessment. |
| 16. To increase participation in decision-making and civic activity | | | No change from original assessment. |
| 17. To reduce adverse impacts on global communities | ? | ? | No change from original assessment. |

| Кеу | | | | | |
|----------------------|-----------------|-----------------|-----------------------|----------------|--|
| ++ | + | - | ? | | |
| Potential for a | Potential for a | Potential for a | Uncertainty – outcome | No significant | |
| significant positive | minor positive | significant | dependent on what is | effect or no | |
| effect | effect | negative effect | done, how and where | relationship | |



3. Conclusions and Recommendation

- 3.30 The changes proposed to the Operational Programme have been made in light of changes in the socio-economic context, organisational delivery landscape and priorities of local partners.
- 3.31 The changes to the Operational Programme are relatively minor in the context of the Programme; none of them seek to shift the strategic direction of the Programme, nor the key operational activities being delivered.
- 3.32 The main changes identified that could change the environmental impacts of the Programme are summarised in the table below.

| OP Change and Environmental Impact | Scale & Type of Environmental Impact |
|--|---|
| Greater funding for energy infrastructure in P1. The inclusion of indicative | |
| activities relating to this in P1, Fields of Action 1 and 2, will help local firms to reduce their carbon footprint. | Minor Positive Impact |
| Reduction in target for Brownfield land reclaimed / redeveloped in both Priorities. This reduces an important environmental enhancement that the Programme would have delivered. | Reduced Positive Impact |
| Replacement of business support activity with businesses receiving | |
| financial assistance could reduce the number of businesses assisted with | Possible Negative |
| improved environmental management. However result targets for | Impact |
| 'businesses with improved environmental management remain. | |
| Increased capital investment could affect environmental impacts. It will be increasingly important for the Programme to ensure that schemes are fully considering waste management, impacts on biodiversity and other aspects of sustainable development. However the increased emphasis on capital activity only applies to remaining unallocated funds (c.10-15% of total Programme value) | Possible Negative Impact |
| Improved regional economic outcomes. The aim of the changes is to maximise positive economic impact for the region following a difficult economic climate for delivery. The renewed focus should ensure business and job growth is maximised with the remaining funds available. | Positive Impact |

3.33 Having reviewed these changes, we do not believe that the changes to the Operational Programme will significantly change the environmental impacts of the Programme as assessed in the original SEA (published May 2007).

Mitigating Against Negative Impacts

- 3.34 In light of changes to the Programme, we would recommend the Secretariat can help to further minimise environmental impacts of the Programme by the following actions:
 - Ensure high standards for sustainable development are maintained, given the anticipated increase in capital activity. The Programme already demands a minimum of BREEAM Very Good standard in supported developments. This needs to continue to be complemented by use of a robust sustainable development assessment, at outline and full business case appraisal stages, to test the contribution of infrastructure projects to





all aspects of sustainable development.

• Maintain focus on assisting businesses with improved environmental management. The reduction in business assists in Priority 1 could mean that this activity is reduced (although it is recognised that the result target for assistance with environmental management has not been reduced). The Secretariat should ensure partners retain a strong focus on this activity, and that the region strives towards achieving the target for this result indicator.

Conclusion on the Need for a Full Update of the SEA

- 3.35 In light of the findings of this report, we do not believe that the proposed changes to the Operational Programme will substantially change the environmental impact of the Programme, positively or negatively. In particular:
 - The strategic direction of the Programme and underpinning objectives will be largely unchanged. There remains a primary focus on Lisbon-compliant enterprise and innovation activity.
 - The balance of resources across the two main delivery priorities will not change; both will be supplemented by a minor additional reallocation from Priority 3 (Technical Assistance).
 - The increased focus on capital expenditure is expected to have a minor impact on overall Programme impact. This increased emphasis on capital spend will only apply to remaining unallocated funds (less than 15% of total Programme funding), and is not a significant shift in the current balance. The Programme already has established processes to ensure capital development meets high standards of sustainable development.
 - The Programme remains committed to supporting SMEs to improve environmental management; despite reduced business assist output targets, the Programme has retained a commitment to hit its original targets for businesses with improved environmental management.
- 3.36 For these reasons, we recommend that the Programme should not require a full update of the Strategic Environmental Assessment for the proposed changes to the Operational Programme.



