

# ERDF

low carbon economic growth  
in the East of England

## East of England

European Regional Development Fund

Competitiveness Programme

2007-13

Annual Implementation Report 2011

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## Programme and Report Identification

<b>OPERATIONAL PROGRAMME</b>	<b>Objective concerned: Competitiveness</b>
	<b>Eligible area concerned: East of England</b>
	<b>Programming period: 2007-2013</b>
	<b>Programme number (CCI No): 2007 UK 162 PO 004</b>
	<b>Programme title:</b>  <b>East of England ERDF Competitiveness Programme – Towards Low Carbon Economic Growth</b>
<b>ANNUAL IMPLEMENTATION REPORT</b>	<b>Reporting year: 2011</b>
	<b>Date of approval of the annual report by the monitoring committee: 27 April 2012</b>

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## 2 Executive summary

While a number of factors combined to make 2011 a challenging year for the programme, steady progress was achieved in terms of improving the levels of commitment from 44.23% to 71.7% and overall spend from 15.2% to 26.6% for the 43 contracted projects. (See Table 1)

The programme exceeded the N+2 spending target for 2011. This required exceptional effort on the part of the team and the projects, but many lessons were learned that will have been applied to the programme to improve performance in following years.

Table 1: Progress per annum for total commitment and certified expenditure (€)

	2008		2009		2010		2011	
	Total commitment Dec 2008	Certified expend. December 2008	Total commitment Dec 2009	Certified expend. Dec 2009	Total commitment Dec 2010	Certified expend. Dec 2010	Total commitment Dec2011	Certified expend. Dec 2011
PA 1	1,855,603	0	8,160,950	380,970	12,751,554	521,513	19,020,840	5,661,341
PA 2	3,831,954	0	24,569,956	12,933,915	24,811,238	13,661,974	28,878,928	13,583,678
PA 3	710,424	0	4,393,039	732,674	9,993,200	2,298,740	28,611,256	9,020,552
PA 4	0	0	1,538,469	407,908	1,538,469	407,908	3,074,252	1,405,557
<b>Total</b>	<b>6,397,981</b>	<b>0</b>	<b>38,662,414</b>	<b>14,455,467</b>	<b>49,094,461</b>	<b>16,890,134</b>	<b>79,585,276</b>	<b>29,671,129</b>

Despite spend falling below 46% of the contracted profile, progress was achieved, with some variations, against the achievement of East of England programme indicators as highlighted in Table 2 below. To address under performance of projects, review meetings were held with all projects to both build capacity and revise contracts where necessary. In addition, the Performance Improvement Group was also used to develop and review action plans for the most seriously under-performing projects.

Table 2-Indicator levels per annum per PA to follow

Cumulative Indicators achieved	PA1 - 2008	PA1 - 2009	PA1 - 2010	PA1- 2011
Jobs created R1	0	1	2.2	150.7
Jobs safeguarded R2	0	0	8.2	691.2

No. of innovations (R3)	0	0	0	35
Business start ups receiving assistance (1.1)	0	0	2	12

Cumulative indicators achieved	PA2 - 2008	PA2 - 2009	PA2 - 2010	PA2 - 2011
Jobs created R1	0	2.5	8	218.5
Jobs safeguarded R2	0	79	87	430.5
No. of innovations (R3)	0	62	181	319
Business start ups receiving assistance (2.1)	0	1	6	53

Cumulative Indicators achieved	PA3 - 2008	PA3 - 2009	PA3 - 2010	PA3 - 2011
Jobs created R1	0	0	7	76.6
Jobs safeguarded R2	0	0	2	34.71
No. of SME's receiving innovation assistance	N/A	N/A	N/A	N/A
Business start ups receiving assistance	N/A	N/A	N/A	N/A

To help ensure that the transition from the Regional Development Agency to DCLG resulted in minimal disruption and improved work practices as collective English Programme Delivery Teams (PDT's), considerable work is being undertaken by the East of England PDT, leading and contributing to a number of work streams to develop standardised work practices. In addition, a Programme Performance Delivery Action Plan was developed to provide a structured strategic approach to ensure that key milestones are achieved and

targeted support is provided where needed to rectify any shortcomings in delivery.

Despite the considerable changes to the “economic landscape”, the programme has maintained and used an effective database of over 1,200 contacts to promote the programme and the funding opportunities. Local Economic Partnerships have been incorporated into the Local Management Committee and its sub-groups.

The Low Carbon Innovation Fund has made several new investments and has been awarded additional funding with which to address the creative industries sector. This will be used as the catalyst to re-brand and re-launch the fund to that and other sectors in the coming year and so ensure that the funds are invested as effectively as possible.

The Facilitators have targeted new and existing partners to create projects that utilise new sources of match funding, e.g. EValu8, and released bidding calls that address important themes and gaps in programme targets, e.g. transport and super-fast broadband. This work continues into 2012, with a substantial number of new projects in the pipeline and a good level of awareness of the funding opportunity among partners.

# 3 Overview of Programme Implementation

## 3.1 *Achievement and analysis of progress*

### 3.1.1 Physical progress of the Programme

On 1 July 2011 responsibility for management of these nine programmes transferred from Regional Development Agencies (RDAs) to the Department for Communities and Local Government (DCLG) and the responsibility for the London Programme transferred to the Greater London Authority as an intermediate body. This meant that all English programme delivery teams (except London) became part of the Managing Authority in the DCLG and the GLA became the new intermediate body for the London Programme.

This had three impacts

1. Transition programme to transfer responsibility from RDAs to DCLG
2. The Managing Authority decided to use the opportunity presented by the integration of the ERDF programme teams into DCLG to standardise systems and processes.
3. Enhanced Article 13 checks

#### 1. Transition

On the announcement by Government that RDAs were to be closed, DCLG established a project to consider options for the future delivery of the programme.

The key principles of the project were

- Minimise disruption to delivery
- Minimise risk
- Maintain focus of the programmes
- Make delivery consistent with the new Government's agenda
- Manage the Departmental liabilities
- Maintain match funding arrangements

After considering a number of delivery options, it was decided that the nine English ERDF delivery teams would be incorporated into DCLG from 1 July 2011. This was a significant change to each of those programmes.

Key elements included:

- Transferring RDA ERDF intermediate body functions from RDA to DCLG including ensuring that sufficient staff with appropriate expertise were retained.
- Overseeing the transfer of RDA projects to a new applicant including the physical transfer of records



- Identifying the potential RDA legacy issues that would transfer to the Department of Business Innovation and Skills.
- Maintaining the continuity of communications, IT and data through appropriate hardware, software and operating systems.
- Maintain effective management systems for operational and compliance requirements and ensuring the audit trail remained robust.
- Identifying access to professional services historically provided by RDAs.

On 1 July, a total of 204 staff in 8 programme teams transferred from the RDAs into DCLG. In addition 8 short term secondees from RDAs also provided extra support in 2011/12 for teams. In the case of the East of England this amounted to 14 staff transferring to DCLG. .

All of the transfers involved relocation of staff to new accommodation in close proximity to their existing RDA locations to minimise disruption enabling continuity of working.

The transition was successfully achieved without major disruption to the programme. Inevitably the change did mean that activity reduced over a period and there were some teething problems, especially relating to the transition from one ICT system to another, but by the end of 2011, the programme is operating well and the transition is something from the past.

## **2. Standardisation Project**

The Managing Authority decided to use the opportunity presented by the integration of the ERDF programme teams into DCLG to standardise systems and processes. The Managing Authority designed the project as integrated work streams.

### **a. Inception to Grant Award**

This covered the process from inception to grant award, including: selection, appraisal, LMC role, grant award, funding agreement and contract variations.

### **b. Article 13 Monitoring and Contract Management**

This covered all aspects of monitoring and control from initial engagement with the project, including: PEV, claims checking, project risk assessments, A13 data reporting and 'error rates' and monitoring visits (PAV) and the new Quality Control process.

### **c. Financial Processes, Management Information and MCIS**

This project had three elements: To define the financial processes including the management of irregularities; to refine the management information and reporting and to oversee amendments to MCIS and other IT systems.

### **d. Project Closure**

As the work progressed it also included a work-stream to develop a standard approach to project closure.

The timescale for the project was to introduce the new standardised business process by 1 April 2012. Staff from the East of England programme joined

colleagues from all other English ERDF programmes and across the Managing Authority in working together to build on existing best practice forms and guidance to develop and test the new processes and documents.

Having a standard process will establish the basis for the Managing Authority to operate as one body, sharing experience and expertise through practitioner networks. The project also allowed the MA to explore in detail those areas where there were differences in practice and to identify a standard approach to these issues. These changes will have an impact on the way that the programme is administered but the impact of this will only be felt in 2012.

### **3. Enhanced Article 13 Checks**

In April 2011 the EC interrupted ERDF payments to England due to concerns about the management and control arrangements. In July the EC lifted the interruption in ERDF payments to England on condition that the Managing Authority conducted additional enhanced monitoring and verification (A13 checks) on prioritised projects.

The MA promised to carry out additional enhanced A13 checks using a revised and standardised approach and a commitment to report on progress against the action plan at regular dates. 105 projects were identified to be part of this work. The work was focussed on the programmes that had a higher error rate based on audit reports and within these, the contracting team selected projects which had the characteristics that were the most likely to cause problems.

Moore Stephens LLP were contracted to do this work working in partnership with the local A13 teams. Moore Stephens conducted the visits and wrote the reports and then handed these to the ERDF team to follow up the actions and confirm any irregularities.

The benefit of this work has been to

- Test a high number of high risk projects in a short period of time
- Provide reassurance to the Managing Authority and the LMC that there were no major unknown large potential irregularities lying undetected
- Highlight the importance of the monitoring work improve the monitoring rates
- Flush out some potential irregularities
- Test a new more comprehensive A13 methodology
- Provide a resource at a time where it was much needed

The key finding is that auditors did not identify any systemic issues and the nature of the issues was consistent with the type of issues found by the Audit Authority in more recent audits.

### 3.2 ***Highlight – Visit by President of the EU Commission***

A highlight of the year for the programme was the visit from the President of the European Commission, Jose Manuel Barroso in February. As part of that visit the President visited the InCrops project as an exemplar of innovation and knowledge used to stimulate low carbon economic growth.

*“Cambridge is at the forefront of world innovation,” said President Barroso. “Research and development pioneered here continues to enhance the world around us and I am proud to see European funding accelerating this work.”*

InCrops is a regional knowledge transfer project that has been designed specifically to establish a distributed enterprise hub in Alternative and Non food Crops and to promote the use of low carbon bio-renewables derived from plants, to promote innovation and technology transfer and the development of products to enhance business opportunities, productivity and growth especially in the low carbon environmental products sector. One of the project partners is the National Institute for Agricultural Botany in Cambridge, where the visit took place.



### 3.3 ***Achievement and Progress***

The East of England ERDF Competitiveness programme in 2011 continued to make steady progress. At year end the number of projects in receipt of ERDF grant assistance had increased to 43 (from 32 at the end of 2010) distributed across the priority axes as follows:

Priority Axis	Number
1	13
2	11
3	17
4	2
All Priority Axes	43

In addition, 18 more projects had been invited to submit full business cases and were being developed at the end of December 2011.

All of these projects have been processed via open bidding rather than the alternative commissioning route. Targeting calls on specific activities, such as Cradle to Cradle and Energy Efficiency in housing were again undertaken during 2011.

A full list of contracted projects and their application route is provided as Appendix (A). Progress with project applications achieved during 2011 is described below.

#### 3.3.1 **Commissioned projects**

##### **Low Carbon Innovation Fund**

The only Financial Engineering Instrument (FEI) in the East of England Operational Programme is an equity investment Venture Capital Loan Fund (VCLF) targeting low carbon investments in SMEs 'the Low Carbon Innovation Fund', or LCIF. LCIF was contracted in November 2009, but did not launch fully until late 2010. The Fund Operator for LCIF is the University of East Anglia, itself a recognised authority in low carbon and climate change research.

In October 2010 the EPSG endorsed the commissioning of an update to the evidence base for a successor digital content fund. This research provided valuable evidence for investing the funds from the digital fund into a new fund recommending that the best way forward was to add the funds to the Low Carbon Investment Fund.

By the end of 2011, LCIF had made four investments into SMEs in the programme area. These investments equated to €1.49m (£1.26m) of ERDF leveraging in over €7.1m (£6.2m) of private finance. Investments have been made in water efficiency technologies, automotive engineering and business process efficiency.

In 2011, the ERDF capitalisation of the Fund was increased from €9.26 (£8m) to €14.47m (£12.5m) to provide resource to support the creative industry sectors following the termination of the Digital Content Investment Fund. LCIF now seeks to support around 50 investments and create or safeguard over 620 jobs.

Whilst it is considered that performance of the LCIF is broadly on schedule given the stage of the programme, additional and accelerated marketing and promotional activity took place during the latter stages of 2011 and is planned throughout 2012. This is with the expectation of securing more investment activity and introducing the Fund to the creative industries sector. The Fund Operators have made strong connections with the LEPs in the East of England and are attending events to showcase and promote LCIF. This is alongside a number of other promotional events such as a regional road show of 5 events alongside other ERDF-funded projects to demonstrate the breadth of business support opportunities for SMEs in the region.

LCIF has commissioned an independent marketing agency to conduct a full overhaul of all promotional aspects of the Fund. This will, in 2012, include a complete re-branding of the Fund, a new website, exhibition and printed materials, promotional videos and a high profile re-launch event in June 2012 to give further exposure of the Fund to potential investees and investors.

### **Low Carbon Development Initiative (LCDI)**

The Low Carbon Development Initiative (LCDI) project, commissioned by the EPSG in 2008 and approved in 2009, was subsequently contracted in February 2010 raising the total number of operational commissioned projects to two. No further commissioned projects were being progressed as at the year end.

## **3.3.2 Open Bidding Rounds**

### **Open Bidding Rounds 5-8**

At the end of 2009 actions were outstanding on 21 projects submitted in Bidding Rounds 5-8. During 2010 grant offers were issued and accepted for 8 of these projects and another 2 projects approved by the Competitiveness Delivery group (CDG) withdrew before grant offers were made. All of the remaining project applications, 7 of which had received first stage approval and been invited to submit full business case applications, lapsed through inactivity and were thus regarded as withdrawn.

### **Open Bidding Rounds 9-12**

Bidding rounds 9-12 held during 2010 attracted a total of 21 project concepts and progress on these is shown in the table below. Only one of these projects had progressed to grant approval and offer by the end of the year. A further 14 project concepts had cleared first stage approval and the grant applicants

had been invited to submit full business case applications, 2 of which had been received and would be considered by the CDG in January 2011.

### **Open Bidding Rounds 13-16**

Bidding rounds 13-16 held during 2011 attracted a total of 27 project concepts and progress on these is shown in the table below. 3 of these projects had progressed to grant approval and offer by the end of the year. A further 9 project concepts had cleared first stage approval and the grant applicants had been invited to submit full business case applications.

<b>Status</b>	<b>Number of projects</b>
Grant offer issued – awaiting acceptance	3
Full business case received for CDG consideration	1
Full business case invited	9 (including 2 concepts combined)
Concept re-submission invited	2
Concepts rejected	8
Concepts withdrawn	3
<b>Total</b>	<b>27</b>

### **3.3.3 Specific Calls for Projects**

#### **Call for Housing projects**

The third Housing call (for projects to undertake activities related to energy efficiency measures and renewable energy in low income housing) was launched in 19 September 2011 and closed on 28 October 2011, with two projects submitting. One of these was considered to contain ineligible activity and the other was approved at CDG to proceed to the development of a full ERDF application and Business Case.

A successful project was submitted by Broadland Housing Association, seeking €4.6m (£0.4m) ERDF for a €1.38m (£1.2) million project to retrofit a sheltered housing complex which means that the entire €4.6 (£4) million of ERDF under Priority Axis 3 allocated for this activity has either been contracted or committed. It is now unlikely that any further housing calls will be undertaken as it is considered that all of the key areas of the call have now been met. Any uncontracted funds will be used for mainstream Priority Axis activity.

<b>Status</b>	<b>Number of projects</b>
Contracted	0

Grant offer issued – awaiting acceptance	0
Full business case invited	1
Concepts rejected	1
Concepts withdrawn	0
<b>Total</b>	<b>2</b>

Facilitation to develop projects that met the criteria for receiving ERDF assistance for this activity was both challenging and instructive. The applicant organisations were generally unfamiliar with EU funding and there were some complex issues to grasp, such as those related to 'feed-in-tariffs' and 'renewable heat incentives'. Whilst the outcome from the third housing call was disappointing the experience and lessons learnt should help with the facilitation of project proposals submitted in the second housing call.

### **Call for Transport projects**

The programme developed a specific transport call round which follows a similar approach to the housing call. The transport call was launched on the 29 November receiving 9 concepts. The total ERDF value of these concepts amounted to €6.08m (£5.25m) towards a total eligible €15.8m (£13.6m)

#### **Low Carbon Freight Dividend Project**

The Low Carbon Freight Dividend is a grant of 34% towards rail freight costs, which for a container equates to €86.85 (£75m). Companies can apply for a maximum of 91 containers. This will be supported by six workshops which will provide advice and guidance on how to reduce carbon emissions in the movement of freight, mentoring and a low carbon transport marketing package (which will also have a workshop component) to develop marketing strategies that can be adopted by SMEs to enable them to market their services as carbon friendly and therefore attract new customers.

#### **STEPS**

The partners in the STEPS project (Hertfordshire and Essex county councils, Central Bedfordshire, Luton Borough and Peterborough City councils together Colchester 2020 and Fresh Ways to Work) continue to work on developing a business case for the second project arising from the transport call launched in November 2010.

### **Call for Super-Fast Broadband projects**

Following approval in principle by EPSG in October 2010, a call for projects to encourage business transformation through take up and super fast broadband was launched in March 2011 with a ring fenced amount of €5.79 (£5m) ERDF. ("Super fast" > 30mbps)

Broadband Delivery UK (BDUK) has a budget of £530 million to invest in partnership with local authorities to invest in their super fast broadband infrastructure. The ERDF call was timed to align with the main call for projects

with the expectation that some of this capital investment might be used as match. During 2011, counties in the East of England won a total of €49.22m (£42.5) million funding from BDUK.

All areas except Bedfordshire submitted project concepts to ERDF during the spring of 2011. Three of these were invited to submit business cases totalling €2m (£1.73) million ERDF; Essex, Hertfordshire and Suffolk. However, largely due to the complicated and extended process of establishing applications to BDUK and managing the subsequent projects, none of these counties have yet submitted their business cases for ERDF. We continue to work with Cambridgeshire & Peterborough and Norfolk on their initial applications and have engaged in discussions with Bedfordshire on the potential for ERDF support for super fast broadband in that area too.

Difficulties have been encountered by local authorities to use the BDUK funding as match for ERDF as the capital investment from “exchange to cabinet” benefits a large number and wide range of organisations and individuals, who may not all be identified or eligible for ERDF support. So, although the BDUK and local authority capital investment will provide a sound basis on which to assist SMEs adopting super fast broadband, the limited ability to directly match ERDF means that the amount of ERDF funding levered is less than anticipated. The PDT has worked with Local Authorities to encourage them to increase their contribution in conjunction with establishing grant schemes where private sector funding is used as ERDF match funding. Although this hasn’t entirely replaced BDUK funding, the PA1 facilitator continues to work with applicants to secure alternative match funding so that this area of support can be taken forward.

### **Call for Cradle to Cradle projects**

In November 2011 a specific thematic bidding round seeking project concepts that progress the 'cradle to cradle' approach to business growth and sustainability. The Cradle to Cradle bidding round was launched on the 19 December 2011 until January 2012 with an allocation of approximately €1.15m (£1m) ERDF. Cradle to Cradle is a principle-based framework which acts as a guide to an economically and environmentally sustainable future. It encourages businesses to move from the current system in which resources are shaped into products, sold, then eventually disposed of in landfill or incinerated (i.e. ‘cradle to grave’). In this current system businesses are being told or encouraged to ‘do more with less’ or ‘reduce, reuse, recycle’ or be ‘more resource efficient’. An expert panel has been convened to assist the PDT and CDG in assessing the quality of Concepts that are submitted. They will meet shortly after the bidding round closes to discuss proposals and set recommendations for CDG, who meet in mid-February.

### **3.3.4 Programme Evaluation- Mid term review**

In accordance with the programme evaluation strategy a mid term review was scheduled to be undertaken by February 2012. In view of pending standardisation of undertaking and procuring programme evaluations a decision was taken by LMC in October 2011 to postpone this review until the beginning of 2012 when greater clarification over the new process would be



available. Work continued during 2011 to deliver the Impact evaluation action plan.

### **3.4 Overview of Programme Indicators (aggregated from all Priorities)**

The table below provides details of the aggregated commitment recorded for established (contracted) projects against programme indicators as at the end of 2011, together with actual achievement for each. The OP specifies a single overall programme target for each indicator i.e. there are no targets set for individual years.

Projects are not obliged to provide projected impact indicator details but may volunteer to do so. Available data on commitment to impact indicators is therefore incomplete and thus of limited value and is not recorded in the aggregated table below or in the individual Priority Axis indicator tables in Section 3. Impacts will be assessed during programme evaluation and at the closing stage of the programme, when impact indicator data will be determined.

Changes to the Output and Results targets were accepted by the EC on 5 July 2011. The commitment shown in the table suggests a positive trajectory towards achieving and over achieving the targets. As a result of the revised targets, the programme can achieve the full range of targets which are set at a more realistic (yet stretching) level.

<b>Outputs</b>				
<b>Ref</b>	<b>Definition</b>	<b>Commitment as at end of 2011</b>	<b>Achievement To end of 2011</b>	<b>Target</b>
O 1.1	Number/type of start-up businesses receiving Priority 1 assistance	41	12	485
O 1.2	Number/type of SMEs receiving Priority 1 assistance - innovation	1,004	93	1,550
O 1.3	Number/type of SMEs receiving Priority 1 assistance - non innovation	572	31	390
O 1.4	No of businesses assisted to improve performance through ICT initiatives	911	529	770
O 1.5	Number/type of low carbon construction enterprise hubs	0	0	5
O 1.6	No of businesses within the region engaged in new collaboration with the new knowledge base	1,607	107	4,850
O 2.1	Number/type of start-ups receiving	130	53	85

	Priority 2 assistance			
O 2.2	Number/type of SMEs receiving Priority 2 assistance - risk capital	0	2	45
O 2.3	Number/type of SMEs receiving Priority 2 assistance - non risk capital	1,855	1,242	2,500
O 2.4	Number of social enterprises receiving Priority 2 assistance	16	9	30
O 2.5	Number of organisations / SMEs supported engaged in promotion of clean technology/renewable energy	150	226	465
O 2.6	Increase in No of Businesses within the region engaged in business to business networks	146	190	250
O 3.1	Number of organisations receiving Priority 3 assistance	1016	582	2,000
O 3.2	Number/type of low carbon construction and refurbishment initiatives	5	2	12
O 3.3	Number of sq meters of new or upgraded specialist premises achieving BREEAM standard of 'very good' or better	4,740	1,329	15,000
O 3.4	Number of energy efficiency demonstrator projects	9	6	25

Results				
Ref	Definition	Committed to 2011	Achievement to 31 December 2011	Target
R 1	No of jobs created (FTE and by gender)	394	397.8	2560 (1408 F)
R 2	No of jobs safeguarded (FTE and by gender)	934.8	1167.41	2525 (1388 F)
R 3	Number/type of successful innovation related initiatives in	943	354	3,125

	SMEs			
R 4	Number/type of successful non innovation related initiatives in SMEs	871	1,787	1,584
R 5	Number/type of successful environmental related initiatives in SMEs	1,825	975	2,700
R 6	Number/type of successful start-up businesses	42	4	297
R 7	Leverage of private sector funding	12.88	€12.06 (£10.4172)	€85.55m (£74.16m)
R 8	Leverage of public sector funding	10.369	€6.26 (£5.409735)	€44.53 (£38.45)
R 9	Occupancy rate of new or upgraded specialist premises 3yrs after opening (%)	0	55%	85%
R 10	Return (IIR) on OP risk capital investments - 10 years	0	0	10.00%
R 11	Number of new or existing businesses locating to eco-efficient, high quality work spaces	16	29	70
R 12	Number of businesses supplied with low or zero carbon energy	14	21	75
R 13	Number of businesses integrating new products, processes or services	1,115	744	4,105

Impacts				
Ref	Definition	Commitment as at end of 2011	Achievement to end of 2011	Target
I 1	Increase in the GVA as a result of the Programme	Not recorded	0	€ 189m
I 2	No of net jobs created (FTE and by gender, sector)	Note recorded	0	2,900

I 3	No of net jobs safeguarded (FTE and by gender, sector)	Not recorded	0	620
I 4	Net additional number of businesses (by sector, size and location)	Not recorded	0	2,000
I 5	Net additional number of knowledge intensive firms	Not recorded	0	187

### Baseline for Impact Indicators

For the Impact Indicators in the above tables, the following table sets out the baseline situation at (or close to) the start of the programming period.

Baseline Indicators			
Indicator	Baseline	Area	Source
GVA (current basic prices)	£93,686m	East of England	ONS
GVA per capita (current basic prices)	£16,906	East of England	ONS
Stock of Businesses	187,600	East of England	ONS
Number of new business registrations in the year	18,450	East of England	ONS
Number of employee jobs (workplace-based)	2,353,014	East of England	ABI/EER A

### Core Indicators

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

Following the 2011 Annual Engagement Meeting (AEM) agreement was reached on the number and type of core indicators that would be monitored across each of the PDTS. The details of the core indicators to be monitored by the East of England PDT can be found in Appendix (B).

### Financial information

The programme financial tables are provided as Appendix (C) and proposed indicative expenditure categories are provided as Appendix (D).

### 3.4.1 Priority axes by source of funding (EURm)

ERDF Priority Axis Expenditure	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority (€m)	Corresponding public contribution (€m)	Private expenditure (€m) <sup>1</sup>	Expenditure paid by the body responsible for making payments to the beneficiaries (€m)	Total payments received from the Commission (€m)
Priority Axis 1 Innovation and knowledge transfer	14.153	10.65	3.5	5.0601	5.661341
Priority Axis 2 Enterprise and supporting business	33.95	33.95	0	22.468	13.583678
Priority Axis 3 Sustainable development, production and consumption	22.55	22.51	0	7.903	9.020552
Priority Axis 4 Technical Assistance	2.81	2.81	0.000000	1.4145	1.4055
Grand Total	73.47	69.97	3.5	36.845	29.671129

The ERDF expenditure shown in the Source of Funding table above includes €18.76 million (£16.2 million) of ERDF grant for approved venture capital fund (VCF) projects (LCIF and Screen East) paid at the start of the projects in 2009 and topped up in 2011 in the case of the low carbon venture capital fund. Inclusion of these projects distorts the ERDF intervention rate appearing for the programme because private sector match funding will only be recorded as

<sup>1</sup> Only applicable for operational programmes expressed in total cost

investments are made over the life of the projects. The following table provides a breakdown of ERDF money committed to the 43 contracted projects across all years of the programme together with commitment up to the end of 2011, against ERDF allocated to the programme.

### 3.4.2 Contracted Projects – ERDF committed and spent Euros

Priority Axis	ERDF Programme Allocation	ERDF Commitment – contracted projects as at 31 December 2011 <sup>2</sup>		Expenditure as at 31 December 2011	
		All years	To end of 2011	Actual	Certified
	€	€	€	€	€
1	37,293,431	19,020,840	12,216,196	5,060,186	5,661,341
2	32,639,500	28,878,928	22,669,187	22,468,198	13,583,678
3	36,622,000	28,611,256	12,403,298	7,903,008	9,020,552
4	4,439,788	3,074,252	1,982,703	1,414,561	1,405,557
<b>Total</b>	<b>110,994,719</b>	<b>79,585,276</b>	<b>49,271,383</b>	<b>36,845,955</b>	<b>29,671,129</b>

Euro exchange rate used 1.158180286 except for Expenditure related values

### 3.4.3 Contracted Projects – ERDF committed and spent GBP

Priority Axis	ERDF Programme Allocation	ERDF Commitment – contracted projects as at 31 December 2011		Expenditure as at 31 December 2011	
		All years	To end of 2011	Actual	Certified
	£	£	£	£	£
1	32,201,457	16,423,039	10,547,750	4,386,669	4,888,134
2	28,182,965	24,934,743	19,573,107	19,926,453	11,728,465
3	31,621,702	24,703,629	10,709,298	6,867,137	7,788,555
4	3,833,587	2,654,381	1,711,912	1,225,730	1,213,590
<b>Total</b>	<b>95,839,712</b>	<b>68,715,794</b>	<b>42,542,067</b>	<b>32,405,991</b>	<b>25,618,748</b>

<sup>2</sup> Euro values have been calculated using an exchange rate of 1.158180286 except for expenditure related values which are taken from MCIS.

The tables above show the amount of expenditure by projects. As at 31 December 2011 certified expenditure amounted to €29,671,129 . At year end expenditure claimed by projects amounted to €2,257,015 (£1,948,759) ERDF which was awaiting certification by the Certifying Authority.

### 3.5 Breakdown of use of the Funds

#### 3.5.1 Lisbon Categories

Under article 9 of Commission Regulation (EC) No 1083/2006 it is a requirement that 75 percent or more of expenditure under ERDF Competitiveness Operational Programmes targets the priorities of the European Union regarding the promotion of competitiveness and job creation (Lisbon strategy). The East of England OP plans to deliver over 90 percent of expenditure towards Lisbon categorised interventions.

Article 11 of the Commission implementing Regulation No (EC) 1828/2006 requires that the cumulative allocation of funds by categories and its combination by codes should be reported in the Annual and final Implementation Reports. This data is required for information purposes only.

The indicative breakdown of funds by priority theme as given in the Operational Programme remains unchanged and is reproduced as Appendix (C). The cumulative breakdown of allocated funds committed to operational projects as at the end of 2011 is provided in the following table. It should be noted, that although there is a small number of projects which have a rural focus, as the East of England Operation Programme is focused on providing support on a 'business need basis' (as opposed support by geographical areas), for the purposes of Categorisation, no distinction has been made between urban and rural beneficiaries.

#### Cumulative breakdown of allocations of the Community contribution by category

Combination of codes of dimension 1 to 5					
Code* Dimension 1  Priority Theme	Code* Dimension 2  Form of Finance	Code* Dimension 3  Territory	Code* Dimension 3  Economic Activity	Code* Dimension 4  Location	Amount  €
<b>Research &amp; technology development (RTD), Innovation and entrepreneurship</b>					
03	01	00	21	UKH	9,067,767
			12	UKH	1,493,267
			06	UKH	944,507
04	01	00	19	UKH	1,150,235

			21	UKH	3,089,283
05	01	00	21	UKH	298,194
06	01	00	12	UKH	2,969,448
			21	UKH	1,067,336
			22	UKH	2,946,056
08	01	00	11	UKH	961,293
			21	UKH	6,981,293
	03	00	15	UKH	14,477,253
09	01	00	12	UKH	2,316,360
			21	UKH	2,514,317
Information Society					
11	01	00	22	UKH	1,742,948
15	01	00	06	UKH	50,728
Energy					
43	01	00	12	UKH	13,628,749
			21	UKH	1,202,452
Technical assistance					
85	01	00	17	UKH	2,864,888
86	01	00	17	UKH	209,364
TOTAL					79,581,779
* Note: Figures provided are converted from £ GBP Sterling to € Euro using an average of the UK Treasury Forward Exchange Rate of 1.158180286. These figures exclude any irregularities incurred by projects					

The ERDF commitment against priority themes shown in the table above reveals that €79,581,779, or (£68,712,772) 99% of the €79,585,276 contracted to the end of the programme is set against Lisbon earmarked categories. Variations from last year's figures include:

'05 01 0 21' is a result of a reduction in project funding

'06 01 00 22'- one project has been re categorised to 06 01 00 21 and

08 01 00 15 and 08 03 00 15 – Screen East was been terminated in 2011.

The Figures within the table are in line with the 75% minimum threshold established for ERDF Competitiveness programmes and the region's OP



target to deliver over 90% against Lisbon categorised interventions. The slight variation in totals between these numbers can be accounted for from a number of irregularities removing funding from the contracted amounts during 2011. Appendix (d) contains categorisation values for the East of England Operation Programme.

### 3.5.2 N+2 Target

The N+2 financial target for 2011 was met and exceeded as recorded in the table below.

N+2	€	% of Target	£	% of Target
Target	27,414,114	100.00	23,669,989	100.00
Declared Spent to EC	29,671,129	108.23	25,618,748	108.23
Excess	2,257,015	8.23	1,948,759	8.23

Only certified expenditure declared to the European Commission (EC) by the year end counts towards achievement of the spend target.

### 3.5.3 Assistance by target groups

The East of England's ERDF Competitiveness programme applies across the entire programme area.

#### Spatial / Community

The question of spatial targeting and the need for specific measures to address certain communities and groups was fully considered during the development and formal consultation of the Operational Programme.

A particular consideration was the extent to which communities experiencing socio-economic disadvantage needed special measures to enable effective engagement with the programme's new set of priorities.

2011 marked the launch of Local Enterprise Partnerships (LEPs) throughout England to replace the Regional Development Agencies. LEPs are locally-owned partnerships between local authorities and businesses that determine local economic priorities and drive economic growth and the creation of local jobs. During 2011 five LEPs were established within the East of England, two lie wholly within the regional boundary; Hertfordshire and New Anglia (Norfolk and Suffolk), the Cambridgeshire and Peterborough LEP includes one county, Rutland, that is outside the region and two extend substantially beyond the region; South East LEP, covering Essex (in the region) with Kent and East Sussex, and the South East Midlands LEP, covering Luton, Bedford and Central Bedfordshire (in the region) with Aylesbury Vale, Cherwell, Milton Keynes and Northamptonshire.

During 2011 the Head of the East of England Programme Delivery Team, thematic Programme Facilitators and the Chair of the Local Management Committee, began to build relationships with these partnerships to ensure that local areas continued to be fully engaged to both promote the business

support on offer from funded projects and promoting the positive impact of the programme to date. During the later months of 2011 membership of the Local Management Committee was reviewed to include Chairs of the LEPs while plans were put in place to revise local representation on the Competitiveness Delivery Group to also include LEPs.

### Themes

During 2011 the targeting of specific activities was endorsed by the EPSG/LMC, using the approach initially adopted for the first housing call in 2009. Specific calls for projects are detailed above, i.e. the third call for projects to undertake activities related to energy efficiency measures and renewable energy in low income housing, projects that embrace “Cradle to Cradle” principles, low carbon transport and Super fast Broadband. We will continue to consider opportunities for new thematic calls.

### Assistance re-used

In 2011 corrections were made in connection with irregularities affecting 10 projects. The total cumulative figure of ERDF expenditure recovered from these operations amounted to €48,088 (£41,520). The funds so released will be reused by the OP for operations other than those subject to the corrections specified.

	<b>Sfir and NIFFs</b>	<b>£value of total expenditure</b>	<b>£ value of grant</b>	<b>€Value of total expenditure</b>	<b>€Value of grant</b>
<b>2010</b>	2	£46,290.66	£17,382	€53,612	€20,131
<b>2011</b>	13	£119,735	£41,520	€138,674	€48,088

## 3.5.4 Qualitative analysis

### ERDF Commitment

During 2011 the cumulative total of ERDF funds committed to contracted projects across all years of the programme increased from £44.47m to €79,585,276 (£68,715,794 ) or 71.7 % of the total programme allocation ( it should be noted that this excludes one approved project which remained uncontracted by 31 December 2011).

The increase in committed ERDF funds, for contracted and approved projects achieved during 2011 improved on 2010 which confirmed that efficiencies had been made on the time taken to move projects from concept stage through to grant offer and acceptance.

Projected ERDF funding requirements in 17 pipeline projects (i.e. prospective projects invited by the CDG to submit a full business case application) amounted to €17,642,666 (£15,233,092) at the end of 2011. Thus, ERDF designated for contracted, approved and pipeline projects was over 88% (as compared with just over 70% in 2010) of allocated funds, at the end of the year. However, the prevailing uncertain economic conditions and challenges in securing match funding meant that pipeline projects were slow to submit full

business case applications. These difficulties are expected to continue during 2012. To address this issue, the PDT has worked closely with applicants to encourage and enable them to fill funding gaps using private sector funding. In addition, a deadline for all pipeline projects to submit full businesses is due to be put in place in early 2012. It is anticipated that this will encourage projects to submit their full business cases and if successful progress, to the contracting stage.

The proportion of ERDF commitment achieved in contracted projects against allocated funds for each of the main priority axes by the end of 2011 was:

Priority Axis 1	Priority Axis 2	Priority Axis 3
51.00%	88.47%	78.12%

Between 2007-2010 a significant volume of funding within Priority Axis 2 (PA2) had gone into SME finance projects – a factor acknowledged in the interim programme evaluation report which also recognised that, consequently, the overall range of activities funded within PA2 thus far was relatively limited. As the remaining funding available in PA2 was close to being exhausted, yet there appeared to be continuing demand for project activities that would fall under this axis that would help considerably in supporting the increased competitiveness of the regional business base, the report recommended that funding for PA2 be increased by £5 million through a virement of funds from PA3. An amendment to the OP financial tables for a virement €5.79 million (£5 million) from Priority Axis 3 to Priority Axis 2 was proposed by the PDT in 2010 and agreed by the Commission in July 2011

### **Expenditure**

Actual expenditure by projects showed a marked improvement on the previous year. This was due in part to the work undertaken by the monitoring team to build capacity in terms of compliance and good practice within project teams. To further support projects during 2011, work was initiated to enable projects to upload their claims onto MCIS which is likely to further improve the process of claims processing. This new process is due to start in Summer 2012.

Total cumulative ERDF expenditure reimbursed to projects by the East of England programme delivery team amounted to €36,845,955 of which €29,671,129 had been cleared by the Certifying Authority by the end of 2011. These amounts included up-front Venture Capital (VC) funding totalling €18.76m (£16.2m) made between 2009 and 2011.

### **Programme indicators**

Following the endorsement from the Commission on 5 July 2011 for the purposes of the AIR 2011 the revised targets have been used.

Actual achievement against indicators profiled in projects to the end of 2011 showed encouraging trends when compared to 2010 while projects indicator achievement was still below expectation for a number of projects. Further analyses of indicator performance are given in the individual priority Axis reports within Section 3.

A number of commonly occurring issues had a bearing on indicator performance in 2011. The main factors identified by desk based and on-the-spot monitoring checks and remedial actions to deliver improvement were:

- Lack of understanding by partner organisations of indicator definitions and failure to keep the required level of evidence to support activities and outcomes.

Applicant Organisations are advised during the Project Engagement Visit that Service Level Agreements (SLAs) must clearly set out the full meaning of indicator definitions and must clarify record keeping requirements. Applicants are also advised to set up their own rigorous system of monitoring checks so that they can ensure that delivery partners continue to adhere to the terms set out in SLAs. It has been encouraging to note that as a result of this work all projects at the end of 2011 with partners have now issued SLAs.

- Lack of understanding of evidence requirements for some indicators (e.g. evidence to demonstrate business assists, number/type of initiatives in SMEs)

As part of the PDT's monitoring processes and additional levels of Article 13 visits, particular attention was given to ensuring that suitable tracking systems were implemented and projects are made fully aware of the qualifying activity and required level of demonstrable evidence. As a result of this work projects are now introducing comprehensive records and agreeing clear goals and baselines with SMEs at the outset of support as a result of advice received or recommendations issued during Article 13 and Article 16 checks;

- Inadequate record keeping

To improve record keeping the PDT has encouraged projects to set up systems which accurately monitor and record the type and duration of support provided to SMEs recording the agreed objectives of the support prior to commencement, records the activities undertaken, the time taken to complete this process, charts milestones and progress towards achieving the agreed objectives and captures details of actual results achieved, ensuring that the end product fits with the ERDF results definitions. In addition, the project managers forum enables sharing of good practice between projects which facilitates improved performance from projects

#### Unrealistic forecasting

A number of projects which had originally 'flat profiled' outputs and results at the application stage (i.e. have only provided broad estimates of target dates) resulted in delays of indicators being achieved as it did not allow for the setting up time of the project. To address this issue relevant projects were advised to revise their forecasts as well as being made aware that it is acceptable for results to be achieved after the completion date of the project and revised funding agreements were subsequently re issued.

Project monitoring plays a crucial role in improving indicator performance. During the Project Engagement Visit projects are made fully aware of record keeping requirements and during the Progress and Verification visit extensive checks are carried out on supporting records to ensure that they meet all of the requirements. The Monitoring Management Information Record includes a comprehensive record of findings and is used to identify trends and issues of concern which are then programmed in the work of the Monitoring and Article 13 teams.

The Monitoring team has been proactive in publicising the issues relating to outputs and results. Projects have benefited from ongoing discussions concerning indicator definitions and on the evidence needed to demonstrate the achievement of outputs and results. In addition the DCLG website has been continually updated so that changes to regulations or emerging issues of concern are brought to the attention of project managers.

As part of publicising the issues and offering solutions to projects the PDT's social networking site called "LinkedIn" for project managers continues to be used by ERDF project managers so that issues can be discussed and best practice is shared by all.

### **Promotion of Equal Opportunities**

To promote equality of opportunity and ensure that equality issues are positively addressed in projects, the East of England Programme Delivery Team provided advice and guidance to prospective applicants. Furthermore, equal opportunity considerations were part of the formal project selection criteria approved by the EPSG. All projects approved by the CDG during 2011 were required to meet these criteria as part of the appraisal process.

The LMC Equalities sub group is tasked with providing advice and expertise to the LMC and promoting excellence in the delivery of equality of opportunity for the ERDF Competitiveness Programme. The Equalities Group reports were provided to the EPSG/LMC in 2011 (see section 4). These reports sought to advise the on equality and diversity issues relating to ERDF projects.

## **3.6 Compliance with Community law**

The East of England PDT team continued to maintain and improve the programme and project development, delivery and monitoring arrangements, as appropriate, to ensure compliance with EC regulations and Community law. In particular the East of England PDT was concerned to ensure that ERDF supported projects complied with EU directives on state aid and procurement. During 2011 guidance on EU state aid and procurement provisions were updated within an 'Interim prospectus' and provided during project development while compliance was checked at project appraisal stage and during project monitoring:

- Project development – the East of England PDT provided guidance, drawing applicants' attention to state aid and procurement provisions and stressing the importance of compliance;
- Project appraisal – During 2011, LMC endorsed minor amends to the Project Selection Criteria (PSC). These were subsequently applied to all

projects which entailed checks to ensure that project proposals complied with EU rules on State aid and that projects had made provisions to ensure compliance with procurement requirements;

- Project monitoring – ERDF monitoring staff ensured projects' awareness to requirements on compliance with state aid and procurement during project engagement visits.
- The East of England PDT played a key role in formulating the 'Standardised' processes for the delivery ERDF programme across England which will come into operation on the April 1st in 2012. In a number of cases, the processes developed by the east of England programme have been adopted as best practice by the rest of the PDT's

### **3.7 *Significant problems encountered and measures taken to overcome them***

A number of issues and concerns were identified at both programme and project level during 2011.

- At programme level the issue of achievement of the N+2 target was highlighted as a key issue to the LMC, which led to a closer scrutiny of this element of the work in the last two quarters of the year. To help address this issue the PDT organised a number of Review Panels for underperforming projects. As part of this process barriers encountered by the projects were identified and options reviewed to improve work practices to overcome particular issues. These measures resulted in accelerated expenditure performance as well as identifying measures to progress project targets. Lessons learnt to support continual improvement for other projects from these Panel Reviews were fed back to the PDT's Local Working Group and transferred into local working practices.
- To help improve performance LEP Chairs were contacted in the Autumn and used to support underperforming ERDF projects within their local areas to ensure the ongoing achievement spend and outputs targets was met.
- A number of projects highlighted that the continuing difficult economic climate was considerably delaying or jeopardising the completion of projects. In addition several projects encountered match funding and other difficulties. Meetings to explore possible solutions and potential alternative delivery options were undertaken during 2011. In addition, the PDT increased engagement with the project managers' network using social media and the development of networking events.
- The failure of projects to spend to profile and submit timely claims continued to be a concern during 2011. Part of the problem appeared to be the stringent programme compliance and process requirements and the associated increase in time required to review and process payments. With respect to outputs, expenditure slippage in all three priority axis has negatively impacted on the delivery of programme targets as the notification of indicator achievement is tied to claims submission so in those instances where no claims have been approved indicator

submissions can not be recorded. To help rectify this situation, the LMC agreed to implement a Programme Performance Delivery Action Plan to help ensure that both programme spend and targets are achieved. This work will be supported through the General Performance Improvement Group which will be used to run review panels and approve action plans to support underperforming projects ensuring that all projects can deliver against their funding agreements. Based on these measures, the PDT is confident that current underperformance on PA1 will be met by the end of the Programme.

- Several issues of concern were identified during project engagement visits (PEVs) and Progress and Verification Visits (PAVs) of first claims (down to source documentation). These concerns related mainly to procurement, the apportionment of project overheads/salary costs and the suitability of evidence retained to support the achievement of outputs and results. During 2011, PAV's continued to be undertaken by the PDT to provide an early risk management tool to prevent poor performance and potential irregularities while PEV's continued to build capacity of project staff in relation to claims eligibility and ongoing compliance.

### **3.8 Article 16 Audits**

During 2011 the Audit Authority carried out ten audits in the East of England. The Article 16 programme error rate in the East of England currently stands at 2.65%. Nationally, the error rate currently stands at 1.56%. The EC has set a national error rate target of 2%. Although the East of England was marginally above the national target, the difference remains minimal and no specific concerns have been expressed about the control systems operated in the East of England.

Article 16 findings have been wide ranging, and that these will be used to prioritise future monitoring activity. The Monitoring M.I. system has been amended so that Article 16 findings can be cross referenced with monitoring activity.

During 2011 the most significant Article 16 findings have related to the following:

- procurement, and specifically whether open advertising processes have been implemented for sub OJEU projects, and whether there is sufficient evidence to demonstrate compliance with the rules for above OJEU level contracts
- income generation, including whether projects intend to declare the generation of profit and understand how to do this
- the effectiveness and accuracy of apportionment methods used to calculate indirect project costs.
- Audit trails for staff costs, and in particular whether there is evidence to support the calculation of hourly rates

- whether systems have been set up to notify SMEs of the value of support being provided through ERDF.
- whether the depreciation of assets have been correctly calculated and whether these assets relate to the activity funded by ERDF

Actions to address these issues include:

- Notifying development, appraisal and contract management staff of the nature and detail of A16 findings. These issues are then taken into account when developing, appraising and monitoring other projects where the same issues may arise. Findings are discussed at fortnightly team meetings and A16 audit reports are copied to the relevant ERDF staff.
- A16 issues of concern are included on the ERDF Project Risk Register and may therefore influence the risk rating of a project. This in turn influences the prioritisation of future monitoring and A13 audit activities. Therefore, if an issue of concern has been highlighted by an A16 audit and has raised the risk rating of a project, future monitoring visits will be prioritised accordingly to ensure that these issues have been satisfactorily addressed and to ensure that similar mistakes are not repeated by other projects.
- Quarterly Review Meetings are held with the Audit Authority to discuss specific issues of concern arising from A16 audits, and to agree joint approaches to interpreting ERDF compliance requirements. If the Audit Authority and PDT have the same interpretation of a particular rule, the project will be advised correctly and will be suitably prepared for future audits.

### **3.9 *Changes in the context of the operational programme implementation***

#### **3.9.1 Economic outlook**

During 2011 UK economic growth remained subdued. Over the year, GDP grew by 0.8 %, and muted growth figures in the first three quarters turned negative and contracted by 0.2 % in the final quarter of 2011. The economy has now recovered just under half of the output lost during the 2008-09 downturn with growth of 3.4 % since the end of the contraction, during which GDP declined by over 7%.<sup>3</sup>

The UK economy starts 2012 in a weak position, with the latest growth forecasts for the year ranging between -0.1% and 0.8%. The UK economy continues to be affected by significant downside risks, particularly oil price spikes, and developments in the euro zone. There are some mitigating signs,

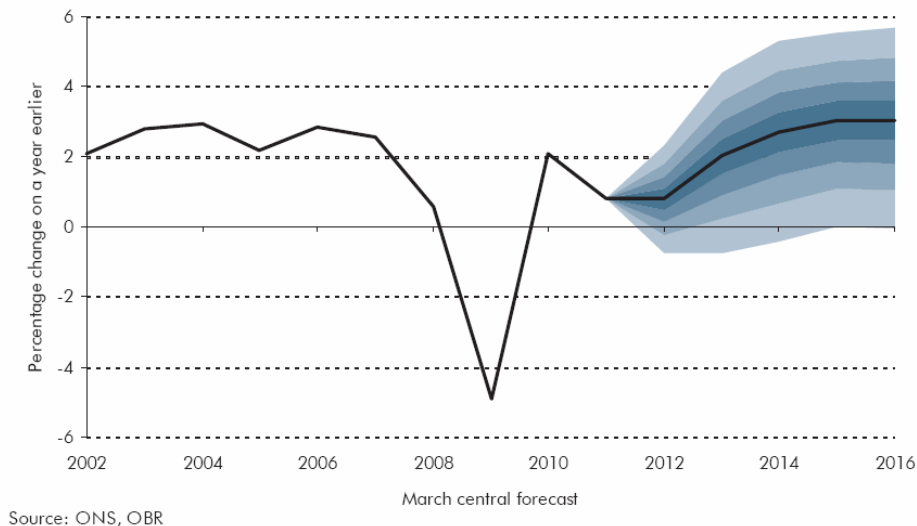
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<sup>3</sup> ONS, Statistical Bulletin: Second estimate of GDP – 4<sup>th</sup> Quarter 2011.



though, in the form of falling inflation and Greece's successful debt swap earlier this month and the European Central Bank's LTRO low interest loan schemes stabilising the euro zone for the time being.

Chart 1.1: GDP fan chart



### 3.9.2 National Business Support Programmes

Responsibility for some of these programmes was transferred from RDAs to the Technology Strategy Board (TSB) an agency sponsored by the Department for Business, Innovation & Skills (BIS). This particularly affected the Grant for Research & development programme, but also Knowledge Transfer Partnerships (KTPs) Innovation Vouchers, Innovation Advice & Guidance, designing Demand and, to a lesser extent, the Small Business Research Initiative (SBRI) and Collaborative R&D, which were already TSB-lead.

During 2011, the East of England programme team took a leading role in discussions with the TSB on behalf of all the English programmes, to establish whether the TSB would take on projects in this portfolio and potentially apply for additional ERDF for these and other projects. Full and frank discussions took place over a number of months. The TSB determined that the complexity they perceived in applying separately to each of the nine English ERDF programmes outweighed the benefits to them and to business of securing the additional funding.

During 2011 BIS has subsequently let substantial contracts for two national business support programmes: Manufacturing Advisory Service (MAS) and Business Coaching for Growth. The East of England PDT held discussions with the successful applicant for both of those programmes. As a result, a project concept (outline application) requesting £2 million ERDF for an enhanced MAS was approved in December 2011 and invited to submit a business case (full application) and very positive discussions leading towards the submission of a project concept (outline application) for an enhanced Business Coaching for Growth project were ongoing.

### **3.9.3 Other Central Government initiatives impacting on the programme**

In 2011 the Government launched a number of initiatives to support local economic growth that would impact on the delivery of the ERDF programmes.

#### **Regional Growth fund**

The Regional Growth Fund (RGF) is a £1.4bn fund operating across England from 2011 to 2014. It supports projects and programmes that lever private sector investment creating economic growth and sustainable employment. It aims particularly to help those areas and communities currently dependent on the public sector to make the transition to sustainable private sector-led growth and prosperity. During 2011 the East of England had been allocated over €26m (£23m).

#### **Tariff-based incentives for energy efficiency and renewable production**

From 1 July 2011, the UK Department for Energy and Climate Change (DECC) ruled that those undertakings in receipt of public grant for the installation of micro-generation and renewable energy technologies will no longer be eligible to receive incentive based tariffs under the Feed In Tariffs or Renewable Heat Incentive schemes. Undertakings can opt to receive either grant towards installation or tariff based incentives, but not both, regardless of whether the scheme is being operated under the de minimis regulations.

This ruling is applied at all levels of beneficiary, including at the business and household level, but is not retrospectively applied to schemes already completed. This has impacted on some pipeline projects, particularly those responding to the 2009 change to the ERDF regulations allowing the inclusion of energy efficiency and renewable energy measures in social housing and vulnerable groups.

#### **Enterprise Zones**

To encourage investment and exports as a route to a more balanced economy, the Government announced at Budget 2011 that it would establish new Enterprise Zones with super-fast broadband, lower taxes, and low levels of regulation and planning controls.

Enterprise Zones have been awarded to, and are being driven by, Local Enterprise Partnerships. Since the Government's 2011, the Government has announced 24 Enterprise Zones across England. The 3 Enterprise Zones in the East of England are: Alconbury Airfield, Great Yarmouth / Lowestoft and Harlow.

The incentives announced for Enterprise Zones include:

- A business rate discount (up to de minimus levels) for five years for businesses in the zone, this will be funded by central Government;
- Retention of business rate growth in the zone by the Local Enterprise Partnership over 25 years, for reinvestment in economic development. This will enable Tax Increment Finance style borrowing to take place to fund initial investment in the zone.

- A simplified planning regime that increases certainty and decreases waiting times and costs for developers. This may include Local Development Orders, although in some instances other means of planning simplification may be more appropriate. DCLG is supporting local authorities to put this planning simplification in place;
- Support for roll out of super fast broadband to the zone.
- Enhanced capital allowances for businesses making large investments in plant and machinery (limited to certain sites in 6 zones, as announced in the Chancellor's Autumn Statement). Companies receiving enhanced capital allowances will not also be eligible for business rate discounts.
- UK Trade and Investment to support international marketing of the zones to inward investors.

#### **2.9.4 Regional Economic outlook<sup>4</sup>**

The uncertain economic outlook continued to have a strong influence on programme implementation in 2011. Although the East of England data from the office of National Statistics (ONS) showed it as having the 3rd highest number of private sector business in region during 2011 and the highest level of employment rate (74.6 per cent in Q4 2011 when compared with a UK average of 70.3 per cent) as in 2010, prospective ERDF applicants continued to experienced Government measures to address the budget deficit which meant they were guarded in their approach. Those organisations showing an interest in opportunities offered by the ERDF programme faced tough challenges in securing funding to match ERDF assistance. Several live ERDF projects also encountered funding issues with some having to re-confirm their funding sources and/or adjust their funding profile.

### **3.10 *Substantial modification under Article 57 of Regulation (EC) No 1083/2006***

No operation in receipt of ERDF assistance from the programme underwent substantial modification during 2011 and consequently no recovery of contributions from the Fund was required.

### **3.11 *Complementarity with other instruments***

A nationally agreed template is in place setting out arrangements for demarcation between assistance provided under ESF, the Cohesion Fund, ERDF, EAFRD, the EFF, the interventions of the EIB and other financial instruments. This template has been adopted for the East of England Competitiveness Operational programme.

As previously reported, the East of England ERDF programme had joint ERDF/ESF regional Programme Monitoring Committee meetings up until October 2010 which helped to support complementarity between the programmes. As a result of the ESF programme becoming a national

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<sup>4</sup> Due to the demise of Insight East – regional economic data is less available then in previous years.

programme this arrangement ceased in 2010 being replaced instead with formal updates on ESF, Interreg, Two seas and RDPE

During 2011 East of England LMC agreed at its inaugural meeting that it would be of continued value to receive updates from the RDPE and ESF programmes for the purposes of complementarity and avoidance of duplication.

### **3.12 Monitoring arrangements**

#### **3.12.1 Programme Monitoring**

The Local Management committee (formally known as the European Programmes Strategy Group (EPSG)) had its inaugural meeting on 20 October 2011 is the formal Programme Monitoring Committee (PMC) for the East of England Competitiveness Operational Programme. Three meetings of the LMC were held in 2011 in February, June, and October. At all meetings papers were tabled on ERDF strategic issues, programme delivery and performance. In addition, progress reports were received on equality and diversity activity. The minutes of these meetings are available on the ERDF pages of the DCLG website at

<http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/localmanagementcommittees/>

During 2011 the LMC received regular updates on bidding round activity; high profile projects (e.g. VC fund projects); progress against the N+2 target and actions to meet the target; development activity; and project monitoring and compliance activity.

Other key items considered and/or endorsed by the LMC during 2011 included:

##### **February EPSG meeting**

- EPSG members were advised about the launch from the Transport call (worth in the region of €23.16 (£20m) attracted considerable interest from a diverse range of organisations. EPSG were advised that details of concepts would be provided at the next EPSG meeting;
- Members were invited to consider and comment on the proposed amendments to the East of England Operational Programme including those relating to Inter regional projects. These amendments largely followed the recommendations of the interim Evaluation of the programme completed in April 2010.

##### **June EPSG meeting**

- This was the inaugural meeting for the new chair of EPSG- DCLG, Director of Fire and Resilience Neil O' Connor.
- The EPSG were informed that the new Regional Growth fund had been launched worth €1.62bn (£1.4bn) across England. EPSG were informed that this funding has been aligned with ERDF and that measures have

been put in place to align bidding rounds to facilitate applications seeking both these sources of funding.

- The EPSG were update on the Technology Strategy Board position in relation to its proposal of seeking ERDF funding to support its national business support programme which resulted in a decision not to pursue any ERDF funding applications.
- The AIR for 2010 was presented for discussion and subsequently endorsed by the EPSG.

### **October LMC meeting**

- At the request of DCLG this meeting was delayed the inaugural LMC meeting by a number of weeks to ensure that the deputy chair (George Kieffer) was in place to lead on the 'localism' part of the agenda.
- The LMC were informed about the progress against the N+2 2011 target and endorsed the package of proposed measures to help achieve it.
- The LMC was advised that the revised OP had been signed off by the Commission on 5 July 2011.
- The LMC endorsed the proposal to post pone the scheduled mid-term evaluation until 2012 when the standardisation process would be completed.

## **3.12.2 Project Monitoring**

### **The Role of Monitoring**

The main responsibility of the ERDF Monitoring Team is to carry out checks on projects in accordance with Article 13 of Structural Funds Regulation 1828/2006.

The East of England Programme Development Team is therefore responsible for:

- Checking compliance with offer letter conditions by carrying out on the spot checks and by conducting desk based checks on quarterly ERDF claims.
- On the spot checks (monitoring visits) must include Project Engagement Visits (initial assessments) and Progress and Verification Visits (audits.)

A comprehensive risk based system of monitoring checks has therefore been implemented. This is recorded on the Monitoring Management Information System. The database is used to determine the frequency and timing of monitoring visits. It includes a risk rating for each project, a detailed record of issues of concern identified through the monitoring process, a schedule of completed and planned visits, details of recommendations issued at monitoring visits and details of the amounts of expenditure verified against supporting documentation.

Monitoring consists of two separate strands of work. The Monitoring Team in the East of England therefore comprises two sub teams with responsibility for audits and contracts management issues respectively. The Audit and

Compliance Team has responsibility for carrying out Article 13 Progress and Verification visits (audits) and the Contracts Management Team has responsibility for providing day to day advice and guidance to projects, for checking and paying claims and for contract amendments.

## **Key Issues**

### **Transition**

The transition of ERDF functions from RDAs to DCLG on 1 July 2011 is likely to have a significant bearing on the structure of future Article 13 monitoring controls operated in the East of England. Prior to transition, RDA monitoring structures were not based on a standardised model. However, as a result of the transfer of ERDF functions to DCLG a set of standardised monitoring structures and procedures have been agreed as a result of consultations across the ERDF network. New standardised procedures will be implemented in all Programme Development Teams (PDTs) from 1st April 2012

As part of this process, DCLG has placed far greater emphasis on the importance of audit based work. The new standardised monitoring reporting templates have been redesigned with this in mind. The new templates for Project Engagement Visits and Progress and Verification visits cover ERDF compliance issues in far greater depth, and as a result of this, the process of carrying out more in depth the spot monitoring checks has significantly altered the emphasis of project monitoring.

The new standardised reporting templates have been based on the reports previously designed by the Chartered Accountants and Business Advisers, Moore Stephens, an organisation contracted by DCLG in 2011 to undertake a series of enhanced A13 audits on ERDF projects.

### **Enhanced Article 13 PAV Checks**

The European Commission interrupted payments to DCLG, in March 2011 on six ERDF programmes due to the high error rates in the draft 2010 Annual Control Report. It should be noted that The East of England was not one of these programmes.

DCLG agreed an Action Plan which includes enhanced A13 checks. The EC subsequently agreed DCLG's alternative proposal of carrying out enhanced A13 checks on previous claims to identify ineligible expenditure on current spend within the programme nationally.

Moore Stephens undertook a series of enhanced PAV audits during the latter part of 2011. The totals for audits completed, expenditure verified and ineligible expenditure identified throughout 2011 therefore includes audits carried out by both the ERDF Team and Moore Stephens. However, the involvement of Moore Stephens has assisted considerably with the amount of expenditure audited in the East of England.

### **3.12.3 Standard Article 13 Monitoring Visits**

#### **Project Engagement Visits**

By the end of 2011 thirty nine Project Engagement Visits (PEVs) had been carried out. 95% of live projects therefore received visits, and in some instances (i.e. where a new Project Manager has been appointed) a second PEV visit was arranged to ensure that new management teams fully understand ERDF rules and requirements. The purpose of the Project Engagement Visit is to explain the terms and conditions of the ERDF Offer Letter, to confirm the overall aims and objectives of the project and to verify that the project has the capacity to deliver these objectives. As a result of these visits, a number of issues of concern have been identified and followed up.

The main issues of concern identified during PEVs in 2011 related to procurement, to apportioning indirect costs and staff costs and to the validity of documentary evidence supporting the achievement of outputs and results. Initial checks also highlighted the importance of ensuring that partner organisations are issued with comprehensive Service Level Agreements, have a thorough understanding of ERDF rules and requirements, and are subjected to thorough monitoring checks by the Applicant Organisation.

#### **Article 13 Progress and Verification Visits (audits)**

Article 13 Progress and Verification visits (PAVs) are prioritised according to risk. Therefore, projects receive priority visits when issues of concern have been highlighted at the PEV stage, or as a result of issues of concern being identified in claims submissions. All ERDF contractual obligations are audited as part of this process. The purpose of the visit is therefore to ensure that the required documentation and audit trails exist to demonstrate that project expenditure is eligible, and to demonstrate that the project is being delivered in accordance with the terms and conditions set out in the ERDF contract. In instances where further documentary evidence is required, recommendations are issued in the PAV report. Failure to comply with these recommendations may result in the recovery of grant.

By the end of 2011, twenty projects (49% of total projects funded by ERDF) had received PAVs. 78% of recommendations issued during PAVs were resolved.

A wide range of recommendations were issued, and consistent with findings at the PEV stage, the majority related to requests for documentation to support open and fair procurement procedures, to support apportionment methodologies for the calculation of staff and running costs and to requests confirming procedures for and providing evidence of project outputs and results achieved.

The effectiveness of Service Level Agreements also raised issues of concern in cases where delivery partner organisations did not seem to be fully aware of all ERDF requirements. This suggested that some Applicant Organisations had not implemented effective monitoring controls across their partnerships.

Concluded ineligible expenditure totalling €155,304 (£134,111) had been identified by the end of December 2011. Ineligible expenditure identified during 2011 primarily related to non compliance with public procurement regulations, as a result of incorrect calculations of staff costs and for costs claimed for ineligible activities. Further potential ineligible expenditure totalling €27,924.7 (£24,114) remained unresolved at the end of 2011.

During the PAV process, project expenditure is checked against supporting documentation, including invoices and salary records, to verify the eligibility and accuracy of expenditure claimed to date. From the 1st April 2012 it will be a requirement that a minimum of 15% of total project expenditure claimed to date is verified against source documentation during this process. In the 20 PAVs that had taken place by the end of 2011, £3,685,080 had been tested. This equated to 28% of project expenditure claimed by the projects in the sample.

Since the transfer of ERDF functions from the RDAs, the East of England PDT has continued to carry out extensive monitoring activity and during 2011 exceeded the targets set for checks on project expenditure. The error rate generally remained at an acceptably low level.

The East of England PDT has adapted monitoring systems to ensure consistency with the standardised national model due to be introduced on 1 April 2012.

Prioritisation of monitoring activity continues to be influenced by the trends and issues identified by the Article 13 and Article 16 audit processes, both locally and nationally. It is worth noting that the majority of issues highlighted by auditors nationally and by other PDTs are similar to those identified by the East of England PDT.

#### **3.12.4 Data collection**

The East of England PDT continues to use the “full” version of the centralised Management Control and Information System (MCIS) developed by DCLG to administer ERDF in England. The MCIS system maintenance is supported at national level and periodic modification and enhancement to the system’s functionality were made in 2011

#### **3.12.5 Programme evaluation**

No further programme evaluations were undertaken in 2011. As a result of the transition to DCLG in July 2011 and the uncertainty surrounding standardisation of evaluation processes, a decision was taken by the LMC in October to postpone the scheduled mid term review until clarification of the standardised process was provided in 2012.

#### **3.12.6 OP amendments**

The revised OP approved by the Commission in 5 July 2011.

Summary of key OP amendments made include:

- OP to allow for Inter-Regional activity in Priority Axis 1 and Priority Axis 3 but with no ring-fenced allocation



- Re-profile specific outputs and results
- Vire €6 million from priority Axis 2 to Priority Axis 2
- Amend Financial Tables to allow for private sector funding in Priority Axis 1 at a rate of 27%
- Amend OP to confirm flexibility to support energy efficiency measures in low income domestic housing

# 4 Programme Implementation – by Priority Axis

## 4.1 *Priority Axis 1 - Promoting innovation and knowledge transfer with the intention of improving productivity*

### Achievement of targets and analysis of progress

#### 4.1.1 Physical and financial progress of the priority

Two PA1 projects were contracted in 2011 increasing the number of operational projects under Priority Axis 1 from eleven<sup>5</sup> (in 2010) to thirteen.

At the year end, business cases were awaited for a further 5 projects that were being developed under Priority Axis 1.

#### Priority Axis 1 projects established in 2011

<b>Project:</b>	<b>Innovation Farm- NIAB</b>		
<b>Grant Applicant:</b>	<b>NIAB - National Institute of Agricultural Botany Trust</b>		
Description: The Innovation Farm Project involves the creation of:			
<ul style="list-style-type: none"><li>▪ a venue for knowledge exchange and demonstration to showcase innovation in plant genetic resources; and</li><li>▪ a team that will stage events and work with SMEs and others to promote knowledge exchange, collaboration and business growth.</li></ul>			
The Project comprises a new purpose built visitor centre and multi-compartment glasshouse for knowledge exchange and demonstration. Furthermore, the Project aims to identify and interact with research innovators, partners and SMEs, whilst delivering a series of events and activities with the aim of engaging SMEs in knowledge network and promoting collaboration.			
ERDF Grant:	£2,719,751	Total eligible:	£6,799,376

<b>Project: EEEGr – Catalyst for the Energy Industry</b>
<b>Grant Applicant: EEEGR</b>
Description: The primary objective of this project is to deliver an integrated supply chain development programme to SMEs across the low carbon energy sub-sectors in the East of England. The overarching goal of this project is to be a catalyst for the sustained development of a world-class energy industry based in the East of England, encouraging innovation and the skills to be able to compete in a global energy market, and developing business for the future.

<sup>5</sup> Although Innov8 with Evalu8 was contracted in 2010 this was not reported within the AIR 2010. For completeness, a project summary has therefore been included with the AIR 2011. All figures within the AIR 2011 include this project.

A 31-month programme of activity led by EEEGR, which is the specialist regional energy industry association, to support SMEs in the low carbon sub-energy sector in the region.

ERDF Grant: £1,580,033 Total eligible: £3,950,083

**Project:** Innov8 with Evalu8

**Grant Applicant:** University of Hertfordshire

**Description:** The Evalu8 project aims to stimulate the development and uptake of low carbon transport in the East of England to benefit businesses and the environment. The project plans to accelerate the development and uptake of electric vehicles in the region by providing both a contribution to reducing CO2 emissions resulting from transport and the development of the low carbon economic growth. The project involves two distinct but closely integrated set of activities. The first relates to the installation of over 600 charging posts in publicly accessible and private company locations. This will provide an integrated network for a sufficiently rapid take-up of Electric Vehicles (EVs) to stimulate business opportunities and reduction in CO2. The second set of activities, largely enabled through this project, will see the establishment of an open innovation network within which targeted support for SMEs will be given.

ERDF Grant: £906,000 Total eligible: £2,430,000

### Financial Performance as at 31.12.2011

	ERDF Allocation €	Commitment €			Actual Expenditure €	% of commitment to 2011
		Total all years	% of allocation	To end of 2011		
Priority Axis 1	37,293,431	19,020,840	51%	12,216,196	5,060,186	41%

	ERDF Allocation £	Commitment £			Actual Expenditure £	% of commitment to 2011
		Total all years	% of allocation	To end of 2011		
Priority Axis 1	32,201,457	16,423,039	51%	10,547,750	4,386,669	41%

### Priority Axis 1 Indicators

Outputs				
Ref	Definition	Commitment as at end of 2011	Achievement to end of 2011	Target
O 1.1	Number/type of start-up businesses receiving Priority 1 assistance	41	12	485
O 1.2	Number/type of SMEs receiving Priority 1 assistance - innovation	1,004	93	1,550
O 1.3	Number/type of SMEs receiving Priority 1 assistance - non innovation	572	31	390
O 1.4	No of businesses assisted to improve performance through ICT initiatives	911	529	770
O 1.5	Number/type of low carbon construction enterprise hubs	1	0	5
O 1.6	No of businesses within the region engaged in new collaboration with the new knowledge base	1,607	107	4,850

Results				
Ref	Definition	Commitments at end of 2011	Achievement to 31st December 2011	Target
R 1	No of jobs created (FTE and by gender)	255	150.7	1,075 (591 F)
R 2	No of jobs safeguarded (FTE and by gender)	1018	691.2	1,185 (651 F)
R 3	Number/type of successful innovation related initiatives in SMEs	649	35	2,850
R 4	Number/type of successful non innovation related initiatives in SMEs	756	674	1,075
R 5	Number/type of successful environmental related initiatives in SMEs	245	74	800

R 6	Number/type of successful start-up businesses	20	2	280
R 7	Leverage of private sector funding	5.196	€3.332 (£2.8773)	€20.42m (£17.63m)
R 8	Leverage of public sector funding	5.76	€2.33 (£2.0126)	€19.86m (£17.15m)
R 9	Occupancy rate of new or upgraded specialist premises 3yrs after opening (%)	0	0	85%
R 11	Number of new or existing businesses locating to eco-efficient, high quality work spaces	2	5	20
R 13	Number of businesses integrating new products, processes or services	754	309	2,875
<b>Impact indicators</b>				
I 1	Increase in the GVA as a result of the Programme	Not recorded	0	€ 67m (£57.85m)
I 2	No of net jobs created (FTE and by gender, sector)	Not recorded	0	1015
I 3	No of net jobs safeguarded (FTE and by gender, sector)	Not recorded	0	217
I 4	Net additional number of businesses (by sector, size and location)	Not recorded	0	700
I 5	Net additional number of knowledge intensive firms	Not recorded	0	65

#### 4.1.2 Qualitative analysis

##### PA1 ERDF Commitment

At the end of 2011, €19.02m (£16.42m) or 51% of PA1 allocated ERDF funds (for all years) had been committed to contracted projects. A further €0.61m (£0.532m) of PA1 allocated funds had been committed to an approved project not yet contracted, raising the total programme commitment to 52.66% of allocated funds for this priority axis. The number of projects contracted was marginally lower than previous years which reflects the difficulty experienced during 2011 in progressing projects through to contract as a result of the unfavourable economic conditions which in particular hit the innovation sector in conjunction with difficulties in securing/retaining match funding. At the end of 2011 a further €9.83m (£8.49m) of ERDF in PA1 pipeline projects for which

full business case applications were awaited at the end of the year. Total commitment in contracted and pipeline projects was thus a creditable 79.04% of allocated PA1 funds.

### **PA1 ERDF Expenditure**

By the end of 2011, €5,060,186 (£4,386,699) of profiled ERDF expenditure had been reimbursed to PA1 projects, which is a slippage rate of 59%.

Difficulties experienced by projects to spend to profile and submit timely claims continued to be an increasing concern during 2011. Part of the problem appeared to be the stringent programme compliance and process requirements and the apparent non-availability of associated audit trail documentation. The lack of understanding of compliance requirements amongst grant applicants and funding partners was a specific concern that was being addressed by the ERDF monitoring team (see also section 2. 3). The monitoring team worked closely with the projects experiencing the most difficulties building staff capacity, clarification on guidelines and peer to peer support from the Linked in project managers forum in order to resolve these problems. It is anticipated that this additional support will unlock the backlog of claims for project expenditure already incurred and produce a marked improvement in claims submission in future years.

### **PA1 Output/Results indicators commitment**

The revision of the indicator targets for the programme during 2011 has made PA 1 indicators more realistic in relation to prevailing economic conditions and achievable overall. Consequently, the total contracted project profile up to 2015 is on track to deliver the overall PA 1 indicators. There are however, some particular issues and challenges which the PDT is currently managing to help ensure that the overall programme targets will be met at the end of the programme. These include changes to allow for the investment in broadband infrastructure to be incorporated as a mainstream measure in Axis 1 as part of its aim to "support the wider application and take-up of ICT and other technologies which support innovation and productivity improvements". As a consequence, the potential balance of funding of PA 1 could be accessed without additional and specific calls being held. This move enabled Essex County Council to submit a proposal totalling £2.3 million and seeking £916,000 ERDF in bidding round 15.

The targets for assisting SMEs O1.2, O1.3, O1.4 and O1.6 total 7,560 SMEs and the total number profiled has increased to 4094 which is 54% of the programme target. While this figure reflects the programme's very positive impact, there remains some variation between the individual measures. It is predicted that O1.4 will remain challenging and the profile may even fall as the majority of outputs were committed by the project TakeITon (ref. 026), which was led by EEDA and will therefore end prematurely, with some hiatus before new county-based super fast broadband projects are contracted and can begin to deliver results. In the case of O1.6, the shortfall in SMEs engaged with knowledge base is due to the projects that are led by the knowledge base electing to measure performance of different activities by delivering a number of different outputs, not just counting all SMEs engaged as O1.6. This does

not mean that lesser assistance is being provided, but we will seek to close this gap by ensuring that new applications and where applicable, to Deeds of Variation to contracted projects to include O1.6 where it is appropriate to do so.

Innovation Farm (ref 046) has been contacted to construct the first Low Carbon Innovation Hub O1.5 but the number completed remains zero at this point. One other applicant is currently preparing a full application for a second hub that should also be built in 2012. The reasons why this output is lower than forecast are explained under 3.1.3, "Significant problems encountered".

Business Start Up (7% contracted of the PA1 280 target); number of jobs created (16% contracted of the PA1 1075 target); and leverage of private sector funding (1% contracted of the PA1 €20.42m target) remain high risk and are being targeted as part of new funding applications.

Similarly, the 2011 profile for start-ups surviving one year R6 stands at 20 (7% of the target of 280). These figures demonstrate that these targets remain particularly challenging, due to the difficult economic climate and challenges surrounding the definition of a start ups which disallows a start up if the individual has registered as a business before seeking assistance even if they may not have begun trading in any significant way. To help address these shortfalls, the PDT is actively seeking proposals for projects that primarily aim to create and assist new start-up businesses. Actions to source additional outputs for O1.4 include, proactively seeking new applicants which can deliver these outputs, extending existing projects which are performing well and encouraging applicants to adopt good practice from other regions which are performing well in this area and

### **PA1 Output/Results indicators achievement**

Achievement of a number of Target Indicators is however less certain and the PDT is working with applicants to maximise delivery. Business Start ups (0.7% achieved of the PA1 280 target); number of jobs created (1.4% achieved of the PA1 1075 target); no. of start up business receiving PA 1 assistance (2.4% of the PA1 485 target and R9 -the occupancy rate of new/upgraded specialist premises remain at risk These indicators remain high risk and are being targeted as part of new outline applications.

### **Promotion of Equal Opportunities**

The programme job creation and safeguarding targets are weighted towards creation (Indicator R1) and safeguarding (Indicator R2) of jobs for women with a target of 55 % for females for both indicators. This target is challenging given the male-dominated nature of some sectors and grant applicants are encouraged to establish realistic job creation and jobs safeguarded commitments in their business applications.

For priority axis 1, by the end of 2011, a cumulative total of 47 jobs created for females for the programme and a cumulative total of 297.5 safeguarded female jobs for the programme have been recorded.

#### **4.1.3 Significant problems encountered and measures taken to overcome them**

In common with Priority Axes 2 and 3 there was considerable slippage on spend and achievement of profiled indicators. The ERDF secretariat monitoring team have worked closely with projects to understand the common issues responsible for under performance across all priority axes and have taken appropriate action to address them (see also section 2.5.4).

The East of England PDT have worked to mitigate the wider impact by building links with new organisations such as LEPs and reinforcing links with existing partners through the facilitators stakeholder engagement role, partner representation on the LMC and the ERDF Competitive and Delivery Group and joint initiatives with partners.

Universities are key partners and applicants for Priority Axis 1, being the lead applicant in six of the eleven Axis 1 projects have suffered substantial cuts to their budgets in 2011. This has adversely affected their willingness and ability to engage in activities that are not fully-funded or that offer quantifiable payback.

The facilitator has maintained strong relationships with the majority of the region's 13 higher education institutions throughout the year. They have also and attended a range of events and undertaken activities that aim to encourage increased levels of collaboration and knowledge transfer between business and universities, particular in fields such as low carbon vehicles that are aligned with the programme focus. At the close of 2011 two universities are actively working on full applications for submission.

The number of successful projects to create low carbon construction innovation hubs (O1.5) is lower than forecast for several reasons.

- Capital construction projects require substantial commitment and investment from partners which is increasingly difficult to acquire. The closure of the RDA and cuts to higher education funding mentioned above are significant factors. Innovation Martlesham and Chelmsford Innovation Centre would both have counted as O1.5 but have not been funded due largely to issues with partners and match funding, though activity at Innovation Martlesham is proceeding successfully on reduced scale without ERDF.
- There are tensions between this capital-funded output and the desire not to over-invest capital and to achieve best value from the programme. For example, the InCrops project was steered towards a virtual solution, which it is delivering very successfully, rather than building a hub.
- Very similar activity can be funded by Axis 3 where other outputs such as the amount of space built/converted and the occupancy of that space better reflect the nature of construction projects. A good example is the low carbon exemplar building (ref 049) at the University of East Anglia which the PDT decided to fund from Axis 3 in order to place the greatest emphasis on its low carbon construction and the activity to share that knowledge and best practice, rather than prescribe the activity that should occur within the building



As described in Section 2, two factors have affected the rate and scale of investment in super fast broadband projects:

- Firstly, while it is very desirable to align projects with major capital investment from local authorities and Broadband Delivery UK (BDUK), all of the local authority applicants are delaying their applications for this reason, and / or to give priority to acquiring and investing the larger capital amounts. However, the process for applying for this funding, developing the projects and procuring the services is complex and the timescales protracted. The capacity of infrastructure service companies to support this massive investment across the whole of the UK is one limiting factor.
- Secondly, it has become apparent that it is very difficult for local authorities to use the BDUK funding as match for ERDF because that capital investment from “exchange to cabinet” benefits a large number and wide range of organisations and individuals, who may not all be identified or eligible for ERDF support. So, although the BDUK and local authority capital investment will provide a sound basis on which to assist SMEs adopting super fast broadband, the limited ability to directly match ERDF means that the amount of ERDF funding levered is less than anticipated.

Both of these obstacles have to be accommodated rather than overcome. The PDT has worked with Local Authorities to encourage them to increase their contribution and to establish grant schemes where private sector funding is used as ERDF match. Although this hasn’t entirely replaced BDUK funding, the PA1 facilitator continues to work with applicants to secure alternative match funding so that this activity can be taken forward.

In a number of cases, the achievement to the end of 2011 remains at zero. In the case of 01.5 this can be explained principally that while the PDT has one innovation hub contracted to date and two almost contracted (Innovation Martlesham and Hethel Innovation) in 2011, this output could however not be counted until the building is complete. In addition, by the requirement for capital constructions projects to provide substantial commitment and investment from partners which is increasingly difficult in the current economic climate e.g. unfortunately Chelmsford Innovation Centre was not contracted due to issues with partners and match funding. Given that the PDT carefully considered all applications for innovation hubs on a value for money basis, meeting the programmes low carbon criteria as well ensuring that close scrutiny was given to the overall level of capital investment spent from the programme in a number of instances this meant that innovation hubs . . .

***Priority Axis 2 - Stimulating enterprise and supporting successful business by overcoming barriers to business creation and expansion***

**Achievement of targets and analysis of the progress**

**4.1.4 Physical and financial progress of the priority**

In 2011, the number of operational projects under Priority Axis 2 increased to eleven (from ten in 2010). This number takes account for the removal of one project –Low Carbon Digital Content Investment fund- Screen East which went into receivership.

Although only two projects were contracted during the year, additional funding was allocated to the Low carbon venture capital fund.

At the year end, 1 business case was awaited for a further 1 project that was being developed under Priority Axis 2.

**Priority Axis 2 projects established in 2011**

**Project: SABRE – Support and Advice to Businesses around Renewable Energy**

Grant Applicant: Suffolk County Council

Description: This project aims to identify specific investment opportunities created by the Clean Energy Cashback (CEC) scheme through tailored one-to-one support for 120 Suffolk SMEs and to provide support for 40 Suffolk SMEs to increase the county's installed capacity of renewable energy generation by 100kWp by 2014. SABRE will promote the financial and carbon reduction opportunities created by the scheme, initially within the county and ultimately across the region, by means of sharing evaluation and case studies and offering an independent feasibility survey for SMEs wishing to take advantage of it. The project will enable SMEs to become skilled in the technical and economic aspects of resource efficiency and renewable energy, encouraging the development of regional installers of renewable energy technologies and fostering the local renewable energy installation skills base.

ERDF Grant: £190,000 Total eligible: £507,500

**Project: From Hub to Spokes**

Grant Applicant: NWES

Description: This project is designed to change the behaviour of businesses to encompass low carbon and carbon reduction initiatives. This will be achieved by embedding low carbon practices in the workings of assisted start-ups and existing SMEs who have the potential for high growth. The project will also assist social enterprises. Social media will be used to engage potential beneficiaries, potential referrers of businesses, the public sector and the public and to increase networking between businesses. The

project will benefit disadvantaged areas as many of the hubs which will deliver the programme are based in these areas in Norfolk, Suffolk, Essex and Cambridgeshire. The project will be delivered through eleven full time advisors based in ten established business centres to deliver outreach programmes into their local communities.

ERDF Grant: £1,516,784

Total eligible: £3,791,958

### Financial Performance as at 31.12.2011

	ERDF Allocation €	Commitment € <sup>6</sup>			Actual Expenditure € <sup>7</sup>	% of commitment <sup>8</sup> to 2011
		Total all years	% of allocation	To end of 2011		
Priority Axis 2	32,639,500	28,875,145	88.47%	22,666,186	19,085,422	84%
Priority Axis 2 (without VCF)	32,639,500	14,399,788	44%	8,191,933	4,991,047	61%

	ERDF Allocation £	Commitment £			Actual Expenditure £	% of commitment to 2011
		Total all years	% of allocation	To end of 2011		
Priority Axis 2	28,182,965	24,934,743	88.47%	19,573,107	16,926,453	84%
Priority Axis 2 (without VCF)	28,182,965	12,434,743	44%	7,073,107	4,426,453	62.5%

<sup>6</sup> €/£ exchange rate = 1.158180286

<sup>7</sup> Expenditure rates vary for expenditure figures which has led to some differences between figures

<sup>8</sup> €/£ percentage differences arise owing to variable exchange rates on actual expenditure

## Priority Axis 2 Indicators

Outputs				
Ref	Definition	Commitment as at end of 2011	Achievement To end of 2011	Target
O 2.1	Number/type of start-ups receiving Priority 2 assistance	130	53	85
O 2.2	Number/type of SMEs receiving Priority 2 assistance - risk capital	0	2	45
O 2.3	Number/type of SMEs receiving Priority 2 assistance - non risk capital	1,855	1,242	2,500
O 2.4	Number of social enterprises receiving Priority 2 assistance	16	9	30
O 2.5	Number of organisations/SMEs supported engaged in promotion of clean technology/renewable energy	150	226	465
O 2.6	Increase in No of Businesses within the region engaged in business to business networks	146	190	250

Results				
Ref	Definition	Commitment s at end of 2011	Achievement to end of 2011	Target
R 1	No of jobs created (FTE and by gender)	117	218.5	775 (426F)
R 2	No of jobs safeguarded (FTE and by gender)	591	430.5	620 (341 F)
R 3	Number/type of successful innovation related initiatives in SMEs	294	319	275
R 4	Number/type of successful non innovation related initiatives in SMEs	700	1113	509
R 5	Number/type of successful environmental related initiatives in SMEs	416	143	650

R 6	Number/type of successful start-up businesses	9	2	17
R 7	Leverage of private sector funding	7.61	€7.20. (£6.32m)	€41.95m (£36.22m)
R 8	Leverage of public sector funding	3.106	€1.29 (£1.11m)	€7.56m (£6.52m)
R 10	Return (11r) on OP risk capital investments – 10 years	0	0	10%
R 13	Number of businesses integrating new products, processes or services	584	435	1,230
<b>Impacts</b>				
I 1	Increase in the GVA as a result of the Programme	Not recorded	0	€47m
I 2	No of net jobs created (FTE and by gender, sector)	Not recorded	0	725
I 3	No of net jobs safeguarded (FTE and by gender, sector)	Not recorded	0	155
I 4	Net additional number of businesses (by sector, size and location)	Not recorded	0	500
I 5	Net additional number of knowledge intensive firms	Not recorded	0	47

#### 4.1.5 Qualitative analysis

##### PA2 ERDF Commitment

PA2 commitment in contracted projects showed an increase during 2011 rising from ten to eleven 11 projects equating to a total commitment £24.9m (€28.88) or 88.47 % of ERDF funds allocated to the priority. The total figures includes the additional €5.2m (£4.5m) ERDF awarded to the Low Carbon Innovation VC Fund during 2011. A further €1,265,559 (£1,092,714) of ERDF had been profiled in pipeline projects raising total potential commitment to 92.35 % of PA2 allocated funds.

##### PA2 ERDF Expenditure

Cumulative PA2 expenditure reimbursed to projects at the end of 2011 amounted to €23,075,402 (£19,926,453) against profiled expenditure of €22,669,186 (£19,573,107).

PA 2 performed well during 2011 with most of the projects spending to profile by the end of 2011. It should however be noted that PA 2 without the venture capital funding shows a slippage of 44% against the profile which has fallen behind as a result of similar issues faced by PA 1 and PA3 .

### **PA2 Output/Results indicators commitment**

The revision of the indicator targets for the programme during 2011 has made PA 2 indicators more realistic in relation to prevailing economic conditions and achievable overall. Consequently, the total contracted project profile up to 2015 is mostly on track to achieve PA 2 programme indicators. There are however, some particular issues and challenges which the PDT is currently managing to help ensure that the PA 2 targets will be met at the end of the programme.

The additional two projects contributed a modest increase in commitment up to 2011 to indicators O2.3 (SMEs receiving PA2 assistance – non risk capital), O2.5 (No. of organisations/SMEs supported engaged in promotion of clean technology/renewable energy PA 2), and R13 (businesses integrating new products, processes and services). A review and re-profiling of some projects contracted in previous years also had some, limited, impact on total commitment towards some indicators.

### **PA2 Output/Results indicators achievement**

The figures demonstrate an improvement to achieved outputs and results from 2010. Although not many new projects were contracted under PA2 in 2011 the revised indicators have accounted for a number of targets to be met namely R3 (number/type of successful n innovation related initiatives in SMEs) and R4 (number/type of successful non innovation related initiatives in SMEs) The **Outputs** under PA2 broadly align with the stage of the programme and resource committed to date.

O2.1 (Number/type of start-ups receiving PA2 assistance) has been boosted by the recent approval of two projects dedicated at addressing the issue of start-up creation, between them covering the whole of the Programme Area. Attainment is expected to be increased significantly during 2012 and 2013.

Whilst O2.2 (Number/type of SMEs receiving Priority 2 assistance - risk capital) is demonstrating relatively low attainment, the Fund Operator for the LCIF VCLF is confident that their investment profile is realistic and that the full complement of investments will be made. This is the only project that will contribute towards this Output and no other FEI activity is expected to be commissioned or funded.

Outputs O2.5 (Number of organisations / SMEs supported engaged in promotion of clean technology/renewable energy) and O2.6 (Increase in Number of businesses engaged in networks) are both showing strong performance, ahead of target for 2011.

**Results** typically lag behind Outputs in their attainment. In terms of the analysis of contracted Results, this broadly appears to reflect this trend, though there are some significant variations. Pleasingly, R1 (Number of jobs created) is showing performance above committed levels, though Female jobs

is more disappointing. Across the Programme, given the focus on mainly male-dominated sectors (renewable energy, cleantech, construction, manufacturing etc), it is perhaps not surprising that projects are being unable to influence this agenda hugely.

R3 and R4 (Number of innovation and non-innovation related initiatives) are performing strongly, though R5 (environmental-related initiatives) is less so. In the main this can be explained by the fact that many projects failed to understand the extent to which this Result needs to be measured and evidenced. R5 requires environmental progress to be baselined at the time of the support / intervention and then re-measured after a suitable time lag to demonstrate the impact of the assist. It is anticipated that this Result will catch up during the latter years of project and programme delivery.

Result R10 (Return on OP risk capital investments) is a long term target (10 years), and this will not be clear until after the programme has closed, so it is expected that no progress in 2011 can be demonstrated. However the single FEI in the East of England has committed to a series of evaluations which will start to provide some impact evidence in the coming years.

A number of other commonly occurring issues had a bearing on indicator performance in 2011. Other factors identified included lack of understanding by partner organisations of indicator definitions; lack of understanding of evidence requirements; inadequate record keeping; and unrealistic/inaccurate forecasting. At the close of 2011 ERDF monitoring officers were working with the projects concerned to address these issues so that indicator performance could be verified and accurately recorded.

With limited resources remaining in PA2, all new projects are being challenged to focus activity on attaining those deliverables that are currently unmet or under met. This is being considered when assessing and appraising projects seeking investment.

### **Promotion of Equal Opportunities**

The programme job creation and safeguarding targets are weighted towards creation (Indicator R1) and safeguarding (Indicator R2) of jobs for women with a target of 55 % for females for both indicators. This target remains challenging given the male-dominated nature of some sectors and grant applicants are encouraged to establish realistic job creation and jobs safeguarded commitments in their business applications.

For Priority Axis 2, by the end of 2011, a cumulative total of 6 new jobs for females for the programme have been recorded and a cumulative total of 39 safeguarded female jobs for the programme have been recorded.

## **4.1.6 Financial Engineering Instruments**

### **Low Carbon Innovation Fund**

The only FEI in the East of England Operational Programme is an equity investment Venture Capital Loan Fund (VCLF) targeting low carbon investments in SMEs 'the Low Carbon Innovation Fund' or LCIF. LCIF was contracted in November 2009, but did not launch fully until late 2010. The

Fund Operator for LCIF is the University of East Anglia, itself a recognised authority in low carbon and climate change research.

By the end of 2011, LCIF had made four investments into SMEs in the programme area. These investments equated to £1.26m of ERDF leveraging in over £6.2m of private finance. Investments have been made in water efficiency technologies, automotive engineering and business process efficiency.

In 2011, the ERDF capitalisation of the Fund was increased from €9.26 (£8m) to €14.47 (£12,500,000) to provide resource to support the creative industry sectors following the termination of the Digital Content Investment Fund.

In line with its contractual obligations, LCI is due to have its first independent evaluation in 2012 aimed at reviewing the effectiveness of the project to date. The PA 2 facilitator and contract manager remain in close contact with this project as well as Head of the PDT forming part the LCIF board. To ensure that regional stakeholders can best support this project the LMC are provided with detailed quarterly progress updates in conjunction with an annual presentation to this committee to discuss progress and opportunities for growth

Appendix (E) -FEI Performance is appended which provides statistical analysis on the FEI during 2011.

#### **Low Carbon Digital Investment Fund -Screen East**

In the 2010 AIR, it was reported that Screen East, the regional Screen Agency for the East of England, had been placed into administration and was subsequently liquidated. Information from EEDA and Companies House suggest that this process was ongoing at year end.

Screen East had an FEI project capitalised with €3.47 (£3m) of ERDF grant and €0.57 (£0.5m) of RDA Single Programme funding. The 'Low Carbon Digital Content Investment Fund' funding agreement was terminated upon the announcement of the financial difficulties of the applicant.

Following a rather protracted legal process, ending in June 2011, the full ERDF investment of €3.47 (£3m) was returned intact to EEDA (as the Intermediate Body at the time) in July 2011, and subsequently returned to DCLG in December 2011 following lengthy discussions with EEDA. The matter will be updated in 2012.

#### **4.1.7 Significant problems encountered and measures taken to overcome them**

In common with Priority Axes 1 and 3 there was considerable slippage on spend and achievement of profiled indicators. The monitoring team sought to understand and address the common issues responsible for under performance across all priority axes and take appropriate action to address them (see section 2.5.4).

In July 2011, the EC confirmed (C2011 4478) their approval of Operational Programme changes including a virement of allocated ERDF monies from



priority axis 3 to priority axis 2. This changed the available budget under priority axis 2 to €32,639,500, an increase of €6m. This decision has relieved the pressures reported in the 2010 AIR on the axis and has enabled further projects to be supported.

The abolition the Regional Development Agencies, by March 2012 has caused some disruption to initiatives led by the RDAs, where these cannot be transferred to alternative delivery organisations. Whilst in the East of England this is comparatively limited, there are some business support products which will terminate prematurely and return un-spent ERDF to the programme. Measures adopted to utilise returned funding was to actively encourage well performing projects to expand. their activities alongside ongoing work with relevant Government Departments and Local Authorities ensuring that any new business support initiatives aligned and could act as match funding for the programme

## **4.2 *Priority Axis 3 - Ensuring sustainable development, production and consumption***

### **Achievement of targets and analysis of progress**

#### **4.2.1 Physical and financial progress of the priority**

In 2011 the number of operational projects under Priority Axis 3 increased from eleven (2010) to seventeen.

During 2011 six projects were contracted as live projects. In addition, a grant offer had been made to a further project approved in 2010 for which acceptance was awaited at the close of the year and another 3 projects had been invited to submit full business case applications.

#### **Priority Axis 3 projects established in 2011**

<b>Project:</b>	<b>Exemplary Low Carbon Building</b>
Grant Applicant:	University of East Anglia
Description:	The Exemplary Low Carbon Building project will to build a BREEAM outstanding and Passivhaus-certified, 3,000 sq m demonstrator of low carbon embodied energy and low carbon construction technologies at Earlham Hall site in Norwich. The building itself will be used as a laboratory and test-bed to support innovation, whole building monitoring, testing and long term monitoring of the use of natural and low energy materials. Part of the facility will be given over to a dynamic testing area where materials can be changed, upgraded, demonstrated and exposed to performance monitoring. The building's demonstration facilities will be used for dedicated and specialist business support. A product databank and materials library will also be produced for usage during tours, exhibitions, seminars and provision of one to one advice. An exhibition area, awareness seminars and demonstration tours on the use and performance of bio renewable materials are planned.
ERDF Grant: £6,072,653 Total eligible: £15,181,639	

<b>Project:</b>	<b>Incuba</b>
Grant Applicant:	Central Bedfordshire College
Description:	The Incuba Centre project proposes to build a new 3,250 sq. m. of business incubation and support space on a brownfield site in Dunstable town centre. The Centre will provide business support, mentoring and commercialisation support.
The market failures relevant to this project include asymmetric information and positive externalities. Asymmetric information is an issue because potential entrepreneurs in Dunstable are isolated which makes it difficult for them to access information and business support that could help to improve their performance. The positive externalities that the project is expected to generate include both the jobs and wealth which will be created by the businesses supported and the regeneration benefits associated with the	

capital investment. The existence of market failure is supported by a research report undertaken by SQW.

ERDF GRANT: £ 1,933,702 Total eligible: £4, 921,613

**Project Smart life Retrofit for Business**

Grant Applicant: Cambridgeshire County Council

Description: The Smartlife Retrofit for Business project aims to investigate whole house, retrofit solutions towards affordable low carbon social housing for 3 traditional-style blocks of flats built in 2004 that provide accommodation to homeless tenants. There is a combination of 33 flats, nine communal kitchens/lounges and 9 communal bathrooms. The assessment will take into account carbon emission reduction, percentage increase in the Standard Assessment Procedure [SAP is the Government's Standard Assessment Procedure for Energy Rating of Dwellings. SAP 2005 is adopted by government as part of the UK national methodology for calculation of the energy performance of buildings. It is used to demonstrate compliance with building regulations for dwellings and to provide energy ratings for dwellings], and actual fuel saving per household.

ERDF GRANT: £196,240 Total eligible: £490,600

**Project: Low Carbon Freight Dividend**

Grant Applicant: Haven Gateway partnership

Description: The project aims to reduce carbon emissions by creating a modal shift from road to rail by SMEs. There are two parts to this process: initial engagement of the SMEs in moving from road to rail by offering them an incentive through the Low Carbon Freight Dividend and sustaining this engagement and modal shift through participation in education and training activity through participation in seminars and workshops, material available on websites and general business support. The Low Carbon Freight Dividend is a grant of 34% of the rail freight costs, which for a container equates to £75. Companies can apply for a maximum of 91 containers. This will be supported by six workshops which will provide advice and guidance on how to reduce carbon emissions in the movement of freight, mentoring and a low carbon transport marketing package (which will also have a workshop component) which will develop marketing strategies that can be adopted by SMEs to enable them to market their services as carbon friendly and therefore attract new customers.

ERDF GRANT: £2,998,931 Total eligible: £7,497,328

**Project: Future Business Centre**

Grant Applicant: Alia Limited

Description: The project aims to link clean technology companies and social enterprises to promote the overlap and interaction between the two sectors, due to the common grounds between them. The market failure relates to lack of support for enabling start up and growth of clean tech and social enterprise sectors. The project will create a community of like minded organisations to learn from each other and work together to enable wide environmental and social benefits.

ERDF GRANT: £3,303,545

Total eligible: £8,258,864

### **Project: Town Centre Improvements through Sustainable Procurement**

Grant Applicant: Association of Town Centre Management

Description: The Project is providing expert support to establish sustainable procurement (SP) processes and delivery servicing plans (DSPs) in Cambridge, Lowestoft and Norwich. It is intended that these schemes will help to generate support for the creation of BIDs in each of these areas and that the new BID companies will ultimately take over responsibility for delivering the SP and DSPs.

ERDF Grant: £239,234

Total eligible: £599,234

### **Financial Performance as at 31.12.2011**

	ERDF Allocation €	Commitment € <sup>9</sup>			Actual Expenditure €	% of commitment <sup>10</sup> to 2011
		Total all years	% of allocation	To end of 2011		
Priority Axis 3	36,622,000	28,611,257	78.12	12,403, 297	7,903,008	64%

	ERDF Allocation £	Commitment £			Actual Expenditure £ <sup>11</sup>	% of commitment to 2011
		Total all years	% of allocati on	To end of 2011		
Priority Axis 3	31,621,702	24,703,630	78.12%	10,709,298	6,867,137	64%

<sup>9</sup> €/£ exchange rate = 1.158081286

<sup>10</sup> €/£ percentage differences arise owing to variable exchange rates on actual expenditure

<sup>11</sup> €/£ percentage differences arise owing to variable exchange rates on actual expenditure (MCIS)

Outputs				
Ref	Definition	Commitment to 31st Dec 2011	Achievement to 31 December 2011	Target
O 3.1	Number of organisations receiving Priority 3 assistance	1,016	582	2,000
O 3.2	Number/type of low carbon construction and refurbishment initiatives	5	2	12
O 3.3	Number of sq meters of new or upgraded specialist premises achieving BREEAM standard of 'very good' or better	4,740	1,329	15,000
O 3.4	Number of energy efficiency demonstrator projects	9	6	25

Results				
Ref	Definition	Commitment to 31st Dec 2011	Achievement to 31 December 2011	Target
R 1	No of jobs created (FTE and by gender)	146	76.6	710 (390F)
R 2	No of jobs safeguarded (FTE and by gender)	74.8	34.71	720 (396 F)
R 5	Number/type of successful environmental related initiatives in SMEs	1164	772	1250
R 7	Leverage of private sector funding	6.898	€1.53m (£1.3m)	€23.18m (£20m)
R 8	Leverage of public sector funding	8.132	€5.04m (£3.89m)	€17.1m (£14.76m)
R 9	Occupancy rate of new or upgraded specialist premises 3yrs after opening	55%	0	85%

	(%)			
R 11	Number of new or existing businesses locating to eco-efficient, high quality work spaces	14	24	50
R 12	Number of businesses supplied with low or zero carbon energy	14	21	75
<b>Impacts</b>				
I 1	Increase in the GVA as a result of the Programme	Not recorded	0	€75m
I 2	No of net jobs created (FTE and by gender, sector)	Not recorded	0	1160
I 3	No of net jobs safeguarded (FTE and by gender, sector)	Not recorded	0	248
I 4	Net additional number of businesses (by sector, size and location)	Not recorded	0	800
I 5	Net additional number of knowledge intensive firms	Not recorded	0	75

## 4.2.2 Qualitative analysis

### PA3 ERDF Commitment

ERDF commitment in PA3 increased substantially in 2011, from €10.5m (£9.1) in 2010 to €28.6m (£24.7m). This resulted from the contracting of six projects during the year increasing the total allocation for PA 3 from the 55.4% in 2010 to 78.12% in 2011. A further €6.48 (£5.6m) of ERDF was profiled in pipeline projects raising the total potential commitment to 95.97% of PA3 allocated funds.

### PA3 Expenditure

ERDF expenditure under PA3 amounted to €7,903,008 (£6,867,137) which increased substantially from the €2,906,360 (£2,501,913) in 2010. This was approximately 64% of expenditure profiled to the PA.

Improvements within PA3 were made by projects spending to profile and submit timely claims continued to be an increasing concern during 2011. Part of the problem continues to be the stringent programme compliance and process requirements and the apparent non-availability of associated audit trail documentation. The lack of understanding of compliance requirements amongst grant applicants and funding partners was a specific concern that was being addressed by the ERDF monitoring team (see also section 2.5.4). It is anticipated that resolution of these problems will unlock the backlog of claims for project expenditure already incurred and produce a marked improvement in claims submission in future years.

### **PA3 Output/Results indicators commitment**

During 2011 the contracting of six additional projects made a substantial contribution to further commitment across a range of indicators, notably O3.1 (Number of organisations receiving PA 3 assistance) and R5 (Number / type of successful environmental initiatives.)

O3.1 has increased commitment to 55% (1016 of 2,000 target) and O3.3 (Number of sq meters of new or upgraded specialist premises achieving BREEAM standard of 'very good' or better) has increased to 31% (4740 commitment of 15,000 target.) Both of these represent solid progress on 2010 reported achievement. O3.3 is unlikely to be achieved in total for many of the same reasons associated with capital projects outlined in the analysis of PA1.

Job creation and safeguarding (R1 and R2) remain challenging targets and given the current economic climate it is predicted that the R1 (no of gross jobs created) and R2 (number of safeguarded) will remain difficult to achieve. Action taken during 2011 included ensuring that all new projects are advised to address these indicators.

R5-Number/type of successful environmental related initiatives in SMEs has increased to 93% of the 1164 committed of 1250 target. This is exceptional performance, though attainment is somewhat lower than profiled. This Result is discussed in the analysis of PA2 Indicators, which gives the likely rationale for the lag between a business receiving support and the achievement of this Result.

R9 (occupancy rate of new or upgraded premises 3 years after opening) is clearly a time-related indicator. None of the capital projects funded under PA3 have been opened for that period by the end of 2011, so it is expected that a nil response is achieved. This is anticipated to pick up towards the later years of the programme.

From 1 July 2011, the UK Department for Energy and Climate Change (DECC) ruled that those undertakings in receipt of public grant for the installation of micro-generation and renewable energy technologies were longer be eligible to receive incentive based tariffs under the Feed In Tariffs or Renewable Heat Incentive schemes. Whilst not specific to ERDF alone, this ruling impacted on the interest of undertakings to explore public sector financial assistance. To help projects comply with this ruling, all relevant projects were alerted to a briefing note that was developed by the PDT. As a follow up to this the PDT worked closely with the effected projects to redefine their projects so the support given to them to deploy renewable technologies eligible for FiTs was removed.

### **PA3 Output/Results indicators achieved**

Achievement of outputs/results was more closely aligned to profile across all PA3 indicators while mirroring project expenditure under-performance. Strong performance was seen notably in O3.3 (Number of sq meters of new or upgraded specialist premises achieving BREEAM standard of 'very good' of better), R5 (Number/type of successful environmental related initiatives in

SMEs) and R 11 (Number of new or existing businesses locating to eco-efficient, high quality work spaces

A number of other commonly occurring issues had a bearing on indicator performance in 2011. Other factors identified included lack of understanding by partner organisations of indicator definitions; lack of understanding of evidence requirements; inadequate record keeping; and unrealistic/inaccurate forecasting.

With limited resources remaining in PA3, all new projects are being challenged to focus activity on attaining those deliverables that are currently unmet or under met. This is being considered when assessing and appraising projects seeking investment.

### **Promotion of Equal Opportunities**

The programme job creation and safeguarding targets are weighted towards creation (Indicator R1) and safeguarding (Indicator R2) of jobs for women with a target of 55 % for females for both indicators. This target is challenging given the male-dominated nature of some sectors and grant applicants are encouraged to establish realistic job creation and jobs safeguarded commitments in their business applications.

For Priority Axis 3, by the end of 2011, a cumulative total of 27.66 new jobs for females for the programme have been recorded and a cumulative total of 14.3 safeguarded female jobs for the programme have been recorded.

#### **4.2.3 Significant problems encountered and measures taken to overcome them**

There were no problems specifically relating to Priority Axis 3 during 2011. In common with Priority Axes 1 and 2 there was considerable slippage on spend and achievement of profiled indicators. As outlined previously, the monitoring team sought to understand the common issues responsible for under performance across all priority axes and took appropriate action to address them (see section 2.5.4).



## Priority Axis 4 – Technical Assistance

### Achievement of targets and analysis of progress

#### 4.2.4 Physical and financial progress of the priority

One PA4 project was contracted in 2011 increasing the number of operational projects under Priority Axis 1 from one (in 2010) to two.

#### Priority Axis 4 project established in 2011

<b>Project:</b>	<b>ERDF Technical Assistance (2) 2011-2014</b>
<b>Grant Applicant:</b>	Department for Communities and Local Government
<b>Description:</b>	The purpose of the Technical Assistance project is to support the successful implementation of the East of England ERDF Competitiveness Programme via achievement of strategic goals (as set out in the TA strategy endorsed by the LMC): efficient and accountable management; facilitating delivery; maximising the quality; and ensuring effective information, guidance and publicity, of the programme. This project also covers the close down of the programme
<b>ERDF Grant:</b>	£1, 260,639
<b>Total eligible:</b>	£2,521,729

#### Financial Performance as at 31.12.2011

	ERDF Allocation €	Commitment €12			Actual Expenditure €	% of commitment <sup>13</sup> to 2011
		Total all years	% of allocation	To end of 2011		
Priority Axis 4	4,44038	3,074,251	69.24	1,876,047	1,414,561	71%

	ERDF Allocation £	Commitment £			Actual Expenditure £	% of commitment to 2011
		Total all years	% of allocation	To end of 2011		
Priority Axis 4	£3,833587	2,654,381	69.24	1,619,823	1,225,730	71%

<sup>12</sup> €/£ exchange rate = 1.158180286

<sup>13</sup> €/£ percentage differences arise owing to variable exchange rates on actual expenditure

## **4.2.5 Qualitative analysis**

### **PA4 ERDF Commitment**

ERDF committed to Technical Assistance (TA) covering six years of the programme (October 2007-March 2014) amounted to €3,074,251 (£2,654,381 or 69.24% of the total allocation for TA projects.

The original Technical Assistance project (TA 1), covering October 2007 to June 2011 was due to come an end in December 2010 however due to the imminent transfer to DCLG in July 2011 The East of England Development Agency agreed that this project could be extended by 6 months to end on June 30th 2011. A second Technical Assistance project was subsequently developed and received approval in December 2011. This project will cover the period 1 July 2011 to 31 March 2014. Some issues relating to Priority Axis 4 during 2011 involved amended processes to enable the sign off of Technical Assistance budgets and business plans by DCLG. As the East of England was the first PDT to go through this process, the PDT took the lead nationally on setting up the processes required to enable the second TA project to be contracted.

### **PA4 ERDF Expenditure**

At year end the TA expenditure claims amounting to €1,414,561 (£1,225,730) for TA 1 had been paid, representing 71 % of profiled expenditure to the end of 2011.

### **Programme Management and delivery functions**

During 2011 technical assistance was employed to support the implementation and delivery of the programme via the four strands set out in the technical assistance strategy approved by the LMC:

- Central management and control, co-ordination and liaison
- Facilitation
- Communication and publicity
- Research and evaluation

A full account of TA support is provided in Section 6.

## **4.2.6 Significant problems encountered and measures taken to overcome them**

Changes in arrangements to spending TA budget on communication activities resulted in difficulties in delivering certain elements of the Communications plan during 2011. (see section 7.1). Members of Programme Management team took on additional workloads to ensure that communications activities continued to be delivered for the programme at no extra cost. In conjunction with this, the PDT worked closely with its stakeholders to ensure that the programme continued to be promoted on a no cost basis. One example of this was to elect a 'Communications Champion' from the LMC to work directly with the PDT on behalf of the LMC to assist the PDT in meeting the requirements of the communication plan.

# 5 Cross Cutting Themes

## 5.1 Overview

Equality of opportunity and environmental sustainability are core values of the programme that are progressed in three principal ways during the development of projects:

- Advice and guidance during project development – this is available in the programme prospectus, business case guidance notes and via thematic facilitators.
- Cross cutting themes sub-criteria are part of the formal project selection criteria for the programme – projects are required to meet these criteria as part of the project approval process.
- Dedicated cross cutting theme groups – the Equalities Group and Environmental Sustainability Group, as strategic sub-groups of the LMC, are charged with advancing the delivery of the cross cutting themes to the East of ERDF Competitiveness Programme.

Once contracted, projects are subject to robust monitoring by the ERDF PDT Monitoring Team which is tasked with ensuring that projects fulfil their obligations under the terms of their ERDF grant offer conditions.

These processes together seek to ensure that equality of opportunity and environmental sustainability are promoted horizontally across project activity during project development and delivery.

## 5.2 Equal Opportunities

The programme is fully committed to equality of opportunity in both implementation and delivery. Processes in place are designed to embed equality and diversity into all aspects of project planning and implementation, including monitoring and evaluation.

### 5.2.1 Equalities Group (EG)

The Equalities Group is an executive sub-committee of the Local Management Committee (LMC). The group is chaired by an equality expert, chosen from the regional partnership, who is also a member of the LMC. Members of the EG, who have equality and diversity expertise/experience, are drawn from across the regional partnership. The role of the Equalities Group is to provide advice and expertise to the LMC and promote excellence in the delivery of equality of opportunity ERDF Competitive Programme.

The EG met in 2011 to progress the core tasks set out in the Group's Terms of reference. Reports on EG activities and the issues covered were delivered at EPSG/LMC meetings during the year. Revised Terms of Reference for the Equalities Group are:

- Develop strategic objectives with an action plan to set out methods for equalities

- Mainstreaming across all of the region's ERDF programmes.
- Identify and promote good practice
- Monitor the equalities aspects of project selection criteria
- Prepare quarterly reports
- Monitor the implementation of equalities mainstreaming objectives and action plan

EG is a virtual group, communicating by e-mail during 2011/12 to progress the core tasks set out in the group's Terms of Reference. Quarterly reports on EG activities with key issues for consideration were delivered at EPSG/LMC meetings during the year.

A key responsibility under the previous EG's Terms of Reference, was to "develop a cross programme strategy and action plan for equalities mainstreaming across all of the region's European programmes". This first strategy and action plan was completed during the early part of 2010. It set out actions and timescales against objectives for five broad requirements. Following the Equality Act 2010 and the public sector duties issued in July 2011, EG suggested revised strategic objectives, taking account of the General and Specific Duties. These were agreed by LMC in January 2012 as being:

- Leadership and Strategy: demonstrable commitment
- Policies, procedures, processes: equalities inputs and outputs mainstreamed
- Partnerships and Resources: actions to take account of diverse needs of stakeholders/beneficiaries
- Projects and programme results: systematic information collected
- These objectives will be reviewed annually.

The LMC and all delivery organisations responsible for management and oversight of programmes in receipt of European funding have been performing the actions set out in the previous action plan.

Other items of relevance to the ERDF Competitiveness Programme considered by the group during 2011 included:

- Equal Opportunities content for the ERDF Competitiveness Programme Annual Implementation Report for 2009
- Concerns about the effect of the recession on programme implementation and barriers for beneficiaries
- Review of equality and diversity issues for approved projects
- Equality Impact Assessment tools and training
- Programme indicator targets
- The 'Creating Futures' event held in October 2010
- Equality Act 2010 – introduction of further protected characteristics

Throughout the year the EG received updates, provided by the East of England PDT, on projects considered by the CDG and how these projects proposed to address equality issues. Analysis of equality in approved ERDF Competitiveness programme projects would be used to highlight good practice which might be transferable across the region.

The East of England PDT has also consulted with EG members to obtain expertise on specific Equality issues, including:

- Concerns about the effect of the recession on programme implementation and barriers for beneficiaries
- Review of equality and diversity issues for approved projects
- Programme indicator targets
- Equality Act 2010 – introduction of further protected characteristics and the public sector duty set out in July 2011
- Considerations to equal opportunity issues as part of revisions to the ERDF Programme Prospectus

### 5.2.2 Integration of Equality into projects

Early discussion between the programme facilitation team and project leads has helped to ensure equality and diversity issues are built into projects during the initial project concept stage and the subsequent development of the full business case. The project development process required all project applicants to use the Inspire East Excellence Framework, which addresses equality.

Equalities Group representation on the CDG provides an additional opportunity to ensure that equality standards are being met in project proposals through all stages of the application and approval process.

All projects submitting a full business case application are subject to a comprehensive appraisal and are scored against the agreed project selection criteria. An analysis of projects approved by the CDG in 2011 reveals an average score for Equal Opportunities of 7.86 out of a maximum of 10) for projects across the three priority axes. Individual project scores ranged from 5.5 to 10. The distribution of scores achieved for the 11 projects approved in 2011 is shown below.

Number of Projects	Priority Axis	Equal Opportunities score attained (Max 10)
1	1	5.5
1	1	8
1	2	10
1	2	8
1	3	8.5

1	3	10
1	3	7.5
1	3	8
1	3	7.5
1	3	6
1	4	7
<b>Total 11</b>	<b>All Priorities</b>	<b>7.8</b>

As the table above shows 9 projects approved in 2011 achieved an equal opportunities appraisal score of 7 or more.

The number of projects contracted in 2011 was slightly higher than in the previous year. Two general observations can be made - the average score at 7.8 was slightly higher than the average 7.62 recorded for the 8 projects contracted in 2010 and, overall, the scores achieved in 2011 were more closely grouped which is similar to 2010.

- Throughout the year the EG received updates, provided by the East of England PDT, on projects considered by the CDG and how these projects proposed to address equality.

### 5.2.3 Equal Opportunities targets

The programme job creation and safeguarding targets are weighted towards creation/safeguarding of jobs for women. By the end of 2011 the commitment to creating and safeguarding jobs for women in operational projects is shown in the table below.

<b>Results</b>				
<b>Ref</b>	<b>Definition</b>	<b>Commitment Total</b>	<b>Commitment Female as at end of 2011</b>	<b>Commitment Female as % of Total</b>
R 1	No of jobs created (FTE and by gender)-55%	1480	238.4	17%
R 2	No of jobs safeguarded (FTE and by gender)	1388	574.05	41%

The East of England has set the most ambitious female jobs created and created of any of the English PDTs. Although the commitment to creating and safeguarding female jobs currently falls well short of 55% the figures need to be examined in relation to the sectors addressed by some projects (e.g. waste, logistics, manufacturing, construction, etc) which have traditionally

failed to attract women into employment. This matter was considered by the Equalities Group (EG) which acknowledged that the target ratio of 45 % male: 55 % female jobs could be extremely difficult to achieve in some sectors. The EG concurred that individual project targets should be realistic and supported by appropriate evidence if any deviations from the recommended target were proposed by the PDT .

Actions taken by the PDT to address this issue included

- Projects were asked to demonstrate they had carried out outreach activities to work on attracting women into their sectors. Some projects have provided good evidence of appropriate outreach.
- New projects were asked to set stretching targets where appropriate to do so
- The LMC agreed to monitor this indicator closely at all LMC meetings.

#### **5.2.4 Gender representation on OP committees**

The governance arrangements for managing, delivering and monitoring the ERDF Competitiveness Operational Programme involve a number of committees/groups. Membership is drawn from a variety of partner organisations in the region that nominate representatives, many of whom serve on the groups on a voluntary basis. The East of England PDT therefore, has limited control over the composition of groups but nevertheless aims to achieve gender balance at meetings as far as possible.

During 2011 the gender composition of groups related to the ERDF Competitiveness Programme was as follows:

Group	Number of Members	
	Male	Female
Local Management Committee	16	7
Competitiveness Delivery Group (CDG)	12	9
Performance Improvement Group (PIG)	4	1
Equalities Group (EG)	2	4
Environmental Sustainability Group (ESG)	3	4

### **5.3 Environmental Sustainability**

The programme theme “towards low carbon economic growth” should ensure that the principles of environmental sustainability are totally embedded within the programme at the highest level. The programme supports sustainable development vertically through a series of specific actions including the development of clean technology and energy-efficient products and services, addressing resource efficiency, and encouraging the adoption of

environmental management systems, with the aim of reducing the carbon footprint of the region's communities and business base.

The programme also seeks to ensure that sustainable development is promoted horizontally across the range of project activity supported, by taking account of environmental factors when projects are considered for funding, via measures described below.

### **5.3.1 Environmental Sustainability Group (ESG)**

The Environmental Sustainability Group is an executive sub-committee of the Local Management Committee (LMC). The group is chaired by an official of the Environment Agency, who is also a member of the LMC. Members of the ESG, with appropriate expertise/experience, are drawn from across the regional partnership. The role of the ESG is to provide advice and expertise to the LMC and promote best practice in the delivery of environmental sustainability to the ERDF Competitive Programme.

The ESG continues to be a virtual group, meeting just once a year in May to review progress and agree the Environmental Sustainability content for the annual implementation reports. The group acknowledged that the integration of environmental sustainability into developing ERDF projects was being driven by the Competitiveness Programme facilitators and that this arrangement had gained in significance and value as the facilitators had accumulated relevant experience. There was, however, a continuing specialist monitoring role for the ESG and a need for environmental sustainability expertise to be available for consultation when required.

### **5.3.2 Integration of Environmental Sustainability into projects**

In accordance with Article 17 of Council Regulation (EC) No 1083/2006 processes are in place to support the principles of sustainable development and to promote the goal of protecting and improving the environment in the delivery of activities funded by the Operational Programme. During 2011 these processes included advice and guidance during the development of projects; the application of environmental sustainability appraisal criteria as part of the revised selection criteria process; and overall monitoring by ESG members active on the Competitiveness Delivery Group (CDG).

Support and guidance provided by the programme facilitation team during project development helped to ensure environmental sustainability was built into projects at an early stage. As a result of the demise of the East of England Development Agency, the Excellence Framework is now managed by another organisation- BRE Global which promotes sustainability within buildings. The applicability of the refocused Excellence Framework is therefore limited to those projects involved in this area of work. As part of the development process project applicants are advised to use the East Excellence Framework, which helps define "excellence" with respect to sustainable buildings.

Robust project appraisal criteria is applied to all projects submitted to the CDG for approval which is tested the extent to which projects have identified the



relevant environmental impacts/opportunities associated with the activities to be delivered.

ESG representation on the CDG provided a further opportunity to ensure that environmental sustainability standards were being met in project proposals through all stages of the application and approval process.

All projects submitting a full business case application were subject to a comprehensive appraisal and scored against the agreed project selection criteria. The distribution of scores achieved for the 11 projects approved in 2011 is shown in the table below.

The analysis of projects approved by the CDG in 2011 reveals an average score for Environmental Sustainability of 7.95 (out of a maximum of 10) for projects across the three priority axes. Individual project scores ranged from 6 to 10.

As the table below shows 9 of the 11 projects approved in 2011 achieved an environmental sustainability appraisal score of 7 or more.

Two general observations can be made - the average score at 7.95 was higher than the average 7.32 recorded for the 8 projects approved in 2010 indicating an overall improvement in the level of applicants regarding addressing sustainability issues while the scores achieved ranged from 6 to 10 which was similar to the range of scores achieved in 2010.

<b>Number of Projects</b>	<b>Priority Axis</b>	<b>Equal Opportunities score attained (Max 10)</b>
1	1	6
1	1	6.5
1	2	10
1	2	8.5
1	3	8
1	3	10
1	3	7.5
1	3	8.5
1	3	7.5
1	3	8
1	4	7
<b>Total 11</b>	<b>All Priorities</b>	<b>Av. = 7.95</b>

## **6 Major Projects**

No major projects were approved in 2011.

# 7 Technical Assistance

## 7.1 Overview

The East of England ERDF Competitiveness Operational Programme Technical Assistance (TA) strategy approved by the LMC has four strands:

- Central management and control, co-ordination and liaison
- Facilitation
- Communication and publicity
- Research and evaluation

The TA strategy is designed to support the successful implementation and delivery of the programme in the region in accordance with the European structural fund regulations. Work to update the TA strategy was due to be undertaken in 2011 however, in light of the standardisation process for PTDs within England it was agreed by the LMC to postpone this review.

### 7.1.1 Central management and control, co ordination and development

The ERDF Competitiveness Programme embraces the whole of the East of England. Its delivery requires considerable management and co-ordination at both strategic and operational working levels. As a result of the transfer to DCLG on the 1st July 2011, the East of PDT now forms part of Managing Authority and so receives 50% of its core funding directly from Central Government to help with the management of the programme and 50% from the ERDF programme.

Co-ordination of facilitators and oversight of the development of regional projects is vital given the region-wide coverage of the programme as well as the need to have demarcation of programme activity with other EU funds available in the region.

In addition, the management and control of programme activity to ensure programme compliance and the tools required to undertake this activity are essential for the successful delivery of the programme. Furthermore, resource is needed to deliver the programme communications strategy and programme evaluation.

Accordingly, TA funds for central management and co-ordination are used to:-

- advise, co-ordinate and give strategic direction to facilitators; check on their effectiveness and value for money; provide a channel for communications and accountability between facilitators and the LMC in its role as the Programme Monitoring Committee;
- ensure appropriate processes and systems are established and maintained to enable effective monitoring and control of the programme
- develop and undertake the management and control functions necessary to successfully implement, monitor and report on the programme

- lead the development and implementation of a communications strategy/plan
- initiate and coordinate research and evaluation of programme impacts and activity
- ensure adequate operational support to ensure the effective management of the programme

### **7.1.2 Facilitation**

Facilitation of project development is crucial to the success of the programme. It is essential that the programme delivers against its key aim 'Towards Low Carbon Economic Growth' and that it achieves its spend and output targets by way of excellent quality strategic projects. The role of facilitation includes working with local and regional partners to develop and bring forward eligible projects which contribute to achieving the goals and targets of the OP and assisting in monitoring and evaluation of the programme in the region.

The TA strategy encompasses a thematic rather than a spatial focus for Facilitators, with one Facilitator covering each of the three main priority axes. Whilst each Facilitator has specific responsibility for their particular priority area they work together as a team in close collaboration with local and regional partners. The Facilitators' detailed knowledge of the ERDF eligibility rules and application process play a significant part in improving the capability of applicants and in ensuring that projects submitted for appraisal are largely compliant and make the best possible contribution to the programme objective. An ongoing key requirement for Facilitators will be to ensure that sustainable communities are addressed through all three priority axes. During 2011 the PA 3 facilitator went on maternity leave and work was covered by the remaining two facilitators

### **7.1.3 Communication and Publicity**

Technical assistance is used to support the development and implementation of the Communications Strategy and Plan (see section 7.1).

### **7.1.4 Research and Evaluation**

Research and evaluation costs for the programme are supported by technical assistance.

Throughout the course of the programme research and studies will be required to gather further socio-economic and environmental information to inform continued programme development and interventions and as part of the baseline material against which the success of the programme will be finally judged. Examples of studies part funded by TA include the Access to Finance study and the East of England Low Carbon Innovation study.

## **7.2 Finance**

The funding allocated for TA is set out in the financial tables (Priority Axis 4) of the Operational Programme. The ERDF contribution allocated to TA is €4.4m (£3.83m) representing 4% of the programme allocation. The ERDF intervention rate is 50 % for all purposes.

Analysis of technical assistance progress is provided in section 3.4.1

# 8 Information and Publicity

## 8.1 *Communication plan*

During 2011, a number of changes occurred for how the programme manages communication. There was a transfer in the ERDF programme's managing authority from the East of England Development Agency to the Department of Communities and Local Government and this meant fewer resources to undertake activity to promote and publicise the ERDF Competitiveness Programme. Although the East of England PDT, were successful in obtaining a marketing sum of €11,000 (£9,500) to spend between 14 November 2011 and 31 March 2012- none of this funding was able to be spent during 2011. As a result of these measures, changes to the approach taken to deliver the communications plan were required an interim communications plan which better reflected the greater dependence on stakeholders and beneficiaries to promote the Programme. The interim plan was agreed at the October 2011 Local Management Committee meeting and is included as Appendix (f)

An ERDF Programme Delivery Team Communications Network (which the East of England forms part of) has been established as the main advisory body to ensure the Department of Communities and Local Government discharges its Managing Authority responsibilities and ensures compliance with the EC regulations. The East of England Programme Delivery Team is working as part of the network to support effective communications between Eland House and the locally based teams to deliver effective ERDF communication activities.

The **aim** of the Interim communications plan 2011 is:

To promote best practice and a positive image of the ERDF Competitiveness programme and the contribution it is making to sustainable economic development across the East of England

The **objectives** of the plan are:

1. To raise awareness of the role of the European Union in the East of England through European Regional Development Fund Competitiveness programme assistance and to ensure effective communication about the successes of the programme amongst partners and the wider public
2. To promote funding opportunities offered by the European Regional Development Fund Competitiveness programme by providing clear information and guidance and by disseminating best practice.
3. To encourage networking and collaboration in project development so projects can demonstrate added value to the EU's Lisbon and Gothenburg agendas for sustainable economic growth and be in line with the coalition Government's Growth agenda. For example, the DCLG produced (in January 2012) 'Regeneration to enable growth - A toolkit supporting community-led regeneration' states that "The

European Regional Development Programme, which is continuing to help stimulate economic development and regeneration, with a budget equivalent to approx £1.4bn to the end of 2015”.

[www.communities.gov.uk/documents/regeneration/pdf/2064899.pdf](http://www.communities.gov.uk/documents/regeneration/pdf/2064899.pdf)

4. To ensure each project publicises support received from the European Regional Development Fund Competitiveness programme and that all final beneficiaries are aware of such support. This will be monitored in accordance with Article 13 of the implementing regulation.

## **8.2 Nominated Contact for Information and Publicity**

The EEDA Communications Directorate continued to play a role in supporting the communications activity of the ERDF Competitiveness programme during January 2011 to April 2011. Since the transfer from EEDA to DCLG in July 2011, The EoE PDT delivered this activity, working in conjunction with the ERDF Programme Delivery team Communications Network. This ensured that effective communications and consistent messaging was in place between DCLG Eland House office and the locally based teams within England when delivering ERDF communication activities.

The funding restrictions that had been placed on all ERDF marketing and publicity activity had led to some changes to the approach taken to deliver the communications plan including greater dependence on stakeholders and beneficiaries to promote the Programme.

The contact for the East of England PDT is

Tom Davies

East of England PDT

Programme Management Executive

## **8.3 Funding and Monitoring of the Plan**

Funding for the communications plan and its delivery was made from the Competitiveness programme technical assistance budget in accordance with the TA strategy approved by the European Programmes Strategy Group (the PMC for the Competitiveness programme) with 50% match funding provided by EEDA from Jan 2011- June 2011 and DCLG from July 2011 to March 2014.

Monitoring was undertaken at both programme and project level. At programme level, communications plan delivery was the responsibility of the East of England PDT, supported by the EEDA Communications Directorate between December 2010 and June 2011. From July 2011, this responsibility fell to the East of England PDT. Implementation of the plan was monitored by the LMC, which received activity reports, produced by the East of England PDT at LMC quarterly meetings. Monitoring at project level was undertaken by the ERDF monitoring team in accordance verifications required under Article 13 of the implementing regulations.

## **8.4 Communications Activities**

ERDF Competitiveness programme publicity and information activities undertaken during 2011 included:

- Press coverage on approved projects
- Participation within the DCLG ERDF Communications Network
- Website and e-bulletins to provide up- to- date guidance, programme information and announcements of funding Bidding Rounds.
- Project case studies prepared and published on the East of England ERDF page on the DCLG website
- Local Economies, Regeneration and European Programmes e-shots and use of the 'Linked in' social networking website
- Facilitator-led meetings with partners
- Facilitator engagement with networks
- Participation of ERDF funded projects within the EU open days

***Communications objective 1: to communicate the successes of the programme to partners and the wider public.***

### **Media relations programme**

The President of the EU Commission, Jose Manuel Barroso made a two-day visit to the UK. Key events were a meeting with the Prime Minister on 17th February and delivering the Alcuin Lecture at the University of Cambridge on 18th February 2011.

As part of that visit the President visited the InCrops project as an exemplar of innovation and knowledge used to stimulate low carbon economic growth. One of the project partners is the National Institute for Agricultural Botany in Cambridge, where the visit took place.

InCrops is a virtual network that aims to commercialise the region's world-class research expertise in innovative non-food crop markets and to build upon an alternative and non-food crops strategy through specialist business support to SMEs, micro-businesses, entrepreneurs and new company registrations.

Mr Barroso was welcomed by Professor . Will Pope, Chair, East of England Development Agency and Marie Francis OBE, Chair of InCrops and was introduced to several SMEs that have benefited from the project.

***Communications objective 2: to promote funding opportunities offered by the programme***

### **E-bulletins**

As part of the communications programme the 'Low Carbon Copy' a number of e-shots were produced to promote the programme and alert stakeholders and potential funding applicants about bidding round launches



## Website

Content on the ERDF section of EEDA website [www.eeda.org.uk/erdf](http://www.eeda.org.uk/erdf) was kept up to date from January to June 2011. During this period there were 3,272 visits recorded to [www.eeda.org.uk/erdf](http://www.eeda.org.uk/erdf) during the three months – consistent with the 3,343 visitors reported in the previous quarter. 2,539 unique visitors were reported this quarter.

From July 2011, the ERDF programme for the East of England was transferred to a dedicated webpage on the Department of Communities and Local Government website in July 2011. Sub-sections include Key Programme Documents, for Applying for funding in the East of England, for Local ERDF Guidance, Local Management Committees information and case studies – Appendix (g) contains a selection of these case studies. Content on the webpage was kept up to date from July 2011 to December 2011.

[www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/](http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/)

## Facilitator-led meetings with partners

Between January and December 2011 the ERDF Facilitators held a wide range of meetings with partners to raise awareness of the programme and promote its successes to date

Throughout 2011 presentations a series of ERDF presentations were delivered at EU funding seminars including ERDF funding for Public Health, Higher Education and Coastal /Maritime projects

### ***Communication objective 3: To encourage networking and collaboration between projects***

The ERDF project managers 'LinkedIn' (a social networking website for professionals) was established by the PDT and has grown to 77 members by the end of 2011. The website continues to encourage networking and sharing best practice and has led to a number of resources being shared including ERDF project run by the Anglia Ruskin University who project manager is organising a series of ERDF events to showcase the full range of support on offer to SMEs by ERDF projects These event are scheduled to take place early 2012.

### ***Communications objective 4: Carry out information sharing activity***

Press releases are now produced by project managers once the contract has been signed and then approved by the ERDF team.

Highlights of project publicity include:

- Two ERDF projects – 'Eval8' and 'Southend Ecohub' were showcased as part of the Brussels Open days in October 2011 while another ERDF project, 'Rev active' was invited to exhibit at Greenweek 2011 which takes places in Brussels. This enabled the project to showcase its work to a wide range of stakeholders from across Europe.
- The Rev Active project was one of the short listed entries for the 2011 Edie awards for environmental excellence in November 2011 and the story

featured in Local Economies, Regeneration and European Programmes Directorate (LEREP) issue 5 newsletter for December 2011.

- Zinc Arts -a centre that offers facilities and activities for the local community as well as arts, training and housing for disabled and disadvantaged people was opened on the 23rd November 2011 by His Royal Highness The Earl of Wessex KG GCVO. The press release produced by the East of England PDT included a quotation from Baroness Hanham MP endorsing the project.

#### 8.4.1 Major information activity

In accordance with Article 7 of the implementing provisions of Commission Regulation (EC) No 1828/2006, a major information and publicity activity was held in July 2011.

The East of England's ERDF annual information activity was held on 21 July 2011 to showcase and celebrate successful projects. As part of this activity, Baroness Hanham, parliamentary under secretary for DCLG launched the regional electric car charging point network at Hethel Engineering Centre at Wymondham for this project which received £906,000 of ERDF funding.

The event was attended by 35 people; this was reported in the local media - [www.edp24.co.uk/business/hethel\\_site\\_launches\\_regional\\_electric\\_car\\_charging\\_point\\_network\\_1\\_971977](http://www.edp24.co.uk/business/hethel_site_launches_regional_electric_car_charging_point_network_1_971977) and [www.azocleantech.com/news.aspx?newsID=15326](http://www.azocleantech.com/news.aspx?newsID=15326)

A selection of projects and SME beneficiaries, including Keystone Innovation Centre, Rev Active, Warren services, InCrops, the Low Carbon Venture Capital fund, and Syrinix were also showcased to an audience of 29 people.

This activity was reported in the Eastern Daily Press newspaper:

[www.edp24.co.uk/news/politics/government\\_minister\\_learns\\_of\\_funding\\_legacy\\_in\\_breckland\\_1\\_971142](http://www.edp24.co.uk/news/politics/government_minister_learns_of_funding_legacy_in_breckland_1_971142)

#### 8.4.2 Communications and Publicity Activity targets - Quantitative Analysis

Monitoring criteria	Target (per annum)	2011 Achieved
Number of press releases issued	10	12
Press cutting column inches (positive/negative identified)	200 inches	18 pieces of coverage, with an average 4-5 column inches per piece 90 inches
Number of high profile (i.e. ministerial, EC Commissioner) project launches or events	2	2

Number of website visits and number of downloads for key sections	1200	2,287
Number and type of information enquiries	250	Not available
Number of ERDF events showcasing EoE ERDF programme	4	2
Number of attendees at ERDF events	250	Tbc
Feedback from EEDA customer satisfaction survey	85 % as being satisfactory or very satisfactory	Not applicable

### **8.5 Publication of beneficiary information**

In accordance with Article 2(b) and Article 7(2) (d) of the implementing regulations a list of beneficiaries, the names of the operations and the amount of public funding allocated to the operations was published on the EEDA's and subsequently DCLG 's web pages. This was periodically updated following approval and contract of projects- Appendix (h) contains the 2011 Beneficiaries list.

The website address for information on the ERDF Competitiveness programme is

[www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/](http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/)

### **8.6 Assessment of Information and Publicity Measures**

Article 4(2) of Commission Regulation (EC) No 1828/2006 (the Implementing Regulation) requires the results of an assessment of information and publicity measures to be included in this Annual implementation report for 2011.

As recommended within the 2010 AIR, a review of the communication plan was undertaken and endorsed by the LMC in October 2011. The interim communications plan ( Appendix F) now in place will be revised in line with the standardisation process which is due to be completed by April 2012.

Analysis of activities undertaken to achieve the communication plan objectives indicated that the EEDA ERDF Secretariat had been pro-active in adapting to the changing communications activity required as the emphasis has shifted from raising the general awareness of target audiences during the pre-programme launch period towards also addressing the more specific needs of potential and successful ERDF grant applicants in the post launch period. The availability/accessibility of programme documentation, guidance and assistance now available together with partner participation on programme

monitoring and decision-making groups and open processes pointed to a highly visible and transparent programme.

A high level of engagement with prospective grant applicants, the response to bidding round invitations and a high level of compliance with publicity regulations by successful grant applicants together indicated that audience awareness and responses amongst relevant stakeholders was generally good.

Reports on communications activity had been made to the quarterly meeting of the LMC and in the Annual Implementation Reports.

### **Continuing relevance of the Communications Plan**

The East of England PDT believe that the interim communication plan objectives for the long-term promotion of the programme need to be comprehensively amended to better reflect the UK Central government communications policy, changes with the previous arrangements for delivering communications in conjunction with other EU programmes and the establishment of Local Enterprise Partnerships (LEPs) as the replacement to Regional Development Agencies.

While interim changes to the plan were endorsed by the LMC and subsequently approved by the European Commission it is proposed that a formal update of the communications plan be deferred until the impact of the 'standardisation process' is completed in April 2012 and clarity on the role which LEPs and other new stakeholders such as BIS local can play in promoting the programme can be better established.

### **Conclusion**

The East of England ERDF programme and its communications has delivered a range of communications activity delivered including updates on Programme progress, detailed and up-to-date web pages dedicated to the Programme, an annual information activity for the Programme and regular PR. Delivering this amount of activity has involved considerable work as new internal systems and rules centred around the communications of a government department were adapted to. Additionally, much work this year has gone into ensuring communications requirements are able to be met more effectively in future years of the programme. These have included further exemption requests and greater use low cost no cost measures to promote the programme including using the LMC and its sub groups and other key stakeholders.

# 9 Appendix A – Contracted Projects

Contracted projects as at 31/12/2011		
Priority Axis	Project Title	Application Route*
1	I10 Low Carbon Knowledge Transfer	OB
	Innovation in Crops (InCrops)	OB
	Low carbon Environmental Programme (LEEP)	OB
	Knowledge Thurrock – Innovation Associates	OB
	Small Business Research Initiative (SBRI) – East (Health Pilot)	OB
	Sustainable Design-Led Innovation (SDI)	OB
	Built Environment Supply Chain Transformation (BEST East)	OB
	TakeITon	OB
	Low Carbon Short Knowledge Transfer Partnerships (SKTP)	OB
	Offshore Algae Supply Infrastructures (OASIS)	OB
	EEEGr- catalyst for the energy industry	OB
	Innov8 with Evalu8	OB
	Innovation farm- NIAB	OB
2	Envirotrade	OB
	Low Carbon Proof of Concept	OB
	Low Carbon Grant for R&D	OB
	Integrated Specialist Business Support Service	OB
	EASIER	OB
	Financing Emerging Clean Technology Businesses	OB
	Low Carbon Venture Capital Fund	C

	TGSE Leading a Low Carbon Economy	OB
	Low Carbon Business Champions	OB
	From Hub to spokes	OB
	Low Carbon Digital Investment Fund Screen East	OB
	SABRE- support and advise to businesses around resource efficiency	OB
3	Resource Efficiency East	OB
	Centre for Disability Studies	OB
	Southend Eco Hub	OB
	Pathfinder Innovation Centres for Sustainability	OB
	Fresh ways to work (Business Smiles)	OB
	Adnams Bio Energy	OB
	REV-ACTive	OB
	Low Carbon Development Initiative (LCDI)	C
	Grosvenor House	OB
	Taking Low Carbon to Enterprising Communities	OB
	Low Carbon Retrofit	OB (Housing call)
	Low carbon Freight Dividend	Ob (transport call)
	Incuba	OB
	ATCM	OB
	Smartlife Retrofit	OB
	Future Business centre	OB
	Exemplary low carbon building- NRP	OB
4	ERDF Technical Assistance 2007-2011 (June )	C
	ERDF technical Assistance 2011 (July) -2014 (March)	C

# 10

## Appendix B – Core Indicators

Appendix (b)- Core indicators for the East of England				
Core Indicator Number	Core Indicator	Baseline	Cumulative Achievement up to 31/12/2011	Overall Final Target
1	Jobs Created	0	398	2560
2	Jobs Created for Men	0	317	1080
3	Jobs Created for Women	0	81	1480
4	Number of RTD Projects	0	3	No target
5	Number of Co-operation projects Enterprises-research institutions	0	7	No target
7	Number of Projects (Direct investment aid to SME)	0	5	No target
8	Number of Start-Ups Supported	0	4	297 ( operating after a 12 month period)
10	Investment Induced (million €) Note: Based on Official Exchange Rate as of 31/12/2011	0	€12.06 (£10.42 private only)	€85.55 (£74.16m)
11	Number of Projects (Information Society)	0	1	No target

# 11

## Appendix C – Financial Tables

### Operational Programme - Table 1 (EUR M)

Programme Reference Number (CCI number):

Year	ERDF	Total
<b>2007</b>		
In regions without transitional support	€ 14,930,117	€ 14,930,117
In regions with transitional support	€ 0	€ 0
Total 2007	€ 14,930,117	€ 14,930,117
<b>2008</b>		€ 0
In regions without transitional support	€ 15,228,719	€ 15,228,719
In regions with transitional support	€ 0	€ 0
Total 2008	€ 15,228,719	€ 15,228,719
<b>2009</b>		
In regions without transitional support	€ 15,533,294	€ 15,533,294
In regions with transitional support	€ 0	€ 0
Total 2009	€ 15,533,294	€ 15,533,294
<b>2010</b>		€ 0
In regions without transitional support	€ 15,843,959	€ 15,843,959
In regions with transitional support	€ 0	€ 0
Total 2010	€ 15,843,959	€ 15,843,959
<b>2011</b>		
In regions without transitional support	€ 16,160,838	€ 16,160,838
In regions with transitional support	€ 0	€ 0
Total 2011	€ 16,160,838	€ 16,160,838
<b>2012</b>		
In regions without transitional support	€ 16,484,055	€ 16,484,055
In regions with transitional support	€ 0	€ 0
Total 2012	€ 16,484,055	€ 16,484,055
<b>2013</b>		€ 0
In regions without transitional support	€ 16,813,737	€ 16,813,737
In regions with transitional support	€ 0	€ 0
Total 2013	€ 16,813,737	€ 16,813,737
<b>Totals</b>		
In regions without transitional support	€ 110,994,719	€ 110,994,719
In regions with transitional support	€ 0	€ 0
<b>Grand Total 2007-13</b>	€ 110,994,719	€ 110,994,719



Table 2 Financial Allocation by Priority (Euro M)									
Priority Axes	Community Funding (a)	National Counterpart	Indicative Breakdown of National Counterpart		Total Funding	Co-Financing Rate	For Information		
			National Public Funding (c)	National Private Funding (d)			EIB Contribution	Other Funding	% of ERDF Allocation
Priority 1 - innovation and knowledge transfer	€ 37,293,431	€ 55,939,000	€ 30,766,000	€ 25,173,000	€ 93,232,431	40%	€ 0	€ 0	33.60%
Priority 2 - Enterprise and supporting businesses	€ 32,639,500	€ 48,961,000	€ 36,708,685	€ 12,252,315	€ 81,600,500	40%	€ 0	€ 0	29.41%
Priority 3 - Sustainable development, production and consumption	€ 36,622,000	€ 54,933,000	€ 45,777,500	€ 9,155,500	€ 91,555,000	40%	€ 0	€ 0	32.99%
Priority 4 - Technical Assistance	€ 4,439,788	€ 4,439,788	€ 4,439,788	€ 0	€ 8,879,576	50%	€ 0	€ 0	4.00%
Total	€ 110,994,719	€ 164,272,788	€ 117,691,973	€ 46,580,815	€ 275,267,507	40%	€ 0	€ 0	100.00%

**East of England ERDF Competitiveness Programme**  
**Financial Tables - Allocation Annualised by Priority Axis (€)**

2007					
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	5,016,412.43	4,390,403.06	4,926,096.93	597,204.58	14,930,117.00
Public	4,138,394.91	4,937,757.10	6,157,621.17	597,204.58	15,830,977.75
Private	3,386,069.52	1,648,082.88	1,231,524.23	0.00	6,265,676.64
Total	12,540,876.86	10,976,243.04	12,315,242.33	1,194,409.16	37,026,771.39
2008					
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	5,116,740.57	4,478,211.02	5,024,618.76	609,148.66	15,228,719.00
Public	4,221,162.71	5,036,512.13	6,280,773.45	609,148.66	16,147,596.94
Private	3,453,790.84	1,681,044.50	1,256,154.69	0.00	6,390,990.03
Total	12,791,694.11	11,195,767.65	12,561,546.90	1,218,297.31	37,767,305.97
2009					
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	5,219,075.58	4,567,775.42	5,125,111.34	621,331.65	15,533,294.00
Public	4,305,586.14	5,137,242.58	6,406,389.17	621,331.65	16,470,549.54
Private	3,522,866.79	1,714,665.46	1,281,277.83	0.00	6,518,810.09
Total	13,047,528.51	11,419,683.46	12,812,778.35	1,242,663.31	38,522,653.63
2010					
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	5,323,456.80	4,659,130.67	5,227,613.27	633,758.25	15,843,959.00
Public	4,391,697.61	5,239,987.14	6,534,516.59	633,758.25	16,799,959.60
Private	3,593,323.93	1,748,958.67	1,306,903.32	0.00	6,649,185.92
Total	13,308,478.35	11,648,076.49	13,069,033.19	1,267,516.50	39,293,104.52
2011					
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	5,429,925.88	4,752,313.23	5,332,165.48	646,433.41	16,160,838.00
Public	4,479,531.52	5,344,786.82	6,665,206.85	646,433.41	17,135,958.60
Private	3,665,190.37	1,783,937.83	1,333,041.37	0.00	6,782,169.57
Total	13,574,647.76	11,881,037.88	13,330,413.70	1,292,866.82	40,078,966.16
2012					

Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	5,538,524.47	4,847,359.57	5,438,808.87	659,362.09	16,484,055.00
Public	4,569,122.21	5,451,682.64	6,798,511.09	659,362.09	17,478,678.03
Private	3,738,494.23	1,819,616.61	1,359,702.22	0.00	6,917,813.06
Total	13,846,140.92	12,118,658.82	13,597,022.17	1,318,724.17	40,880,546.08
2013					
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	5,649,295.27	4,944,307.02	5,547,585.34	672,549.36	16,813,737.00
Public	4,660,504.91	5,560,716.59	6,934,481.68	672,549.36	17,828,252.54
Private	3,813,264.32	1,856,009.04	1,386,896.34	0.00	7,056,169.70
Total	14,123,064.49	12,361,032.65	13,868,963.36	1,345,098.73	41,698,159.24
Totals					
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	37,293,431.00	32,639,500.00	36,622,000.00	4,439,788.00	110,994,719.00
Public	30,766,000.00	36,708,685.00	45,777,500.00	4,439,788.00	117,691,973.00
Private	25,173,000.00	12,252,315.00	9,155,500.00	0.00	46,580,815.00
Total	93,232,431.00	81,600,500.00	91,555,000.00	8,879,576.00	275,267,507.00

# 12

## Appendix D – Categories of Assistance

It is a requirement that 75% of more of expenditure under ERDF competitiveness Operational Programmes is delivered against Lisbon categories. The East of England OP plans to deliver over 90% of expenditure towards Lisbon categorised interventions. 4% of identified non-Lisbon spend will be programme technical assistance as set out below.

The following table sets out proposed indicative expenditure. During implementation there are likely to be variances against these indicative levels of expenditure and categories listed.

**Table B-1: Categorisation**

Code	Codes for the priority theme dimension	Total ERDF €
	<b>Research and technological development (RTD), innovation and entrepreneurship</b>	
1	RTD activities in research centres	
2	RTD infrastructures (including equipment, instrumentation and high speed computer networks between research institutes) and specific technology competence centres	
3	Technology transfer and improvement of cooperation networks between SMEs and research institutes	7,458,686
4	Aid for the RTD in particular in the SMEs (including access to RTD services in the research centres)	7,458,686
5	Advanced supporting services in companies and groups of companies	9,311,600
6	Assistance to SMEs for the promotion of environmentally products and processes	13,958,071
7	Investments in companies directly related to research and innovation (innovative technologies, creation of new companies by the universities, RTD institutes and existing companies, ...)	4,000,000
8	Other investments in firms	8,000,000
9	Other actions aiming at stimulation of research and innovation and entrepreneurship in SMEs	23,708,500

**Table B-1: Categorisation**

<b>Code</b>	<b>Codes for the priority theme dimension</b>	<b>Total ERDF €</b>
<b>Information society</b>		
10	CI infrastructures (including broad-band networks and all CI infrastructure, including last mile in broadband)	
11	Information and communication technology (access, safety, interoperability, prevention of risks, research, innovation, e-content...)	3,729,343
12	Information and communication technology (TEN-TIC)	
13	Services and applications for the citizen (e-health, e-government, e-learning, e-inclusion, ...)	
14	Services and applications for the SMEs (electronic trade, education/training, networking, ...)	
15	Other actions aiming at access to the TIC by the SMEs and their effective use	
16	Rail	
17	Rail (TEN-T)	
18	Mobile rail assets	
19	Mobile rail assets (TEN-T)	
20	Motorways	
21	Motorways (TEN-T)	
22	Trunk roads	
23	Regional/local roads	
24	Cycle tracks	
25	Public transport	
26	Multimode transport	
27	Multimode transport (TEN-T)	
28	Intelligent transport systems	

**Table B-1: Categorisation**

<b>Code</b>	<b>Codes for the priority theme dimension</b>	<b>Total ERDF €</b>
29	Airports	
30	Ports	
31	Internal inland waterways ( <i>regional and local</i> )	
32	Internal inland waterways (TEN-T)	
	<b>Energy</b>	
33	Electricity	
34	Electricity (TEN-E)	
35	Natural gas	
36	Natural gas (TEN-E)	
37	Petroleum products	
38	Petroleum products (TEN-E)	
39	Renewable energy: wind	8,950,870
40	Renewable energy: solar	2,397,525
41	Renewable energy: biomass	2,397,525
42	Renewable energy: hydroelectric, geothermal, and others	2,397,525
43	Energy efficiency, combined heat and power, control of energy	12,786,600
	<b>Environment and risks prevention</b>	
44	Domestic and industrial waste management	
45	Drinking water management and distribution	
46	Waste water ( <i>treatment</i> )	
47	Air quality	
48	Prevention and integrated pollution control	
49	Mitigation and adaptation to climate change	
50	Rehabilitation of factory sites and contaminated land	

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**Table B-1: Categorisation**

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<b>Code</b>	<b>Codes for the priority theme dimension</b>	<b>Total ERDF €</b>
51	Promotion of biodiversity and nature conservancy ( <i>including Natura 2000</i> )	
52	Promotion of clean urban public transport	
53	Risks prevention (including the development and implementation of plans and actions to prevent and manage the natural and technological hazards)	
54	Other actions aiming at the safeguarding of the environment and the prevention of risks	
	<b>Tourism</b>	
55	Promotion of natural assets	
56	Protection and development of natural inheritance	
57	Aid for the improvement of tourist services	
	<b>Culture</b>	
58	Protection and safeguarding of cultural heritage	
59	Development of cultural infrastructure	
60	Other assistance for the improvement of cultural services	
	<b>Urban/rural rehabilitation</b>	
61	Integrated projects for urban/rural rehabilitation	
	<b>Increasing adaptability of workers and enterprises</b>	
62	Development of lifelong learning systems and strategies in companies; training and services for workers and managers to increase their adaptability to change	
63	Design and dissemination of innovative and more productive forms of work organisation	
64	Development of specific employment, training and support services for company and sector restructuring, and the development of systems to anticipate economic change and future	

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**Table B-1: Categorisation**

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<b>Code</b>	<b>Codes for the priority theme dimension</b>	<b>Total ERDF €</b>
	occupational and skills requirements	
	<b>Enhancing access to and sustainability of employment</b>	
65	Modernisation and strengthening of labour market institutions	
66	Implementation of active and preventive labour market measures, including encouraging active ageing and prolonging working lives	
67	Encouraging active ageing and prolonging working lives	
68	Supporting self-employment and entrepreneurship	
69	Actions to increase the sustainable participation and progress of women in employment; to reduce gender-based segregation in the labour market and to reconcile work and private life including by facilitating access to childcare and care for dependent persons	
70	Actions to increase migrant's participation in employment and thereby strengthen their social integration	
	<b>Reinforcing social inclusion of people at a disadvantage</b>	
71	Pathways to integration in employment for disadvantaged people including in the social economy; combating discrimination in accessing the labour market and promoting diversity in the workplace	
	<b>Enhancing human capital</b>	
72	Design and introduction of reforms in education and training systems, in order to improve the labour market relevance of education and training; to raise their responsiveness to the needs of a knowledge-based society and continually update the skills of teaching and other personnel	

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**Table B-1: Categorisation**

<b>Code</b>	<b>Codes for the priority theme dimension</b>	<b>Total ERDF €</b>
73	Increase participation in education and training; including initial vocational and tertiary education; and actions to achieve a significant decline in early school leaving	
74	Raising potential human capital in research and innovation, notably through post-graduate studies and training of researchers and related networking activities between universities, research centres and enterprises	
	<b>Investments in social infrastructures</b>	
75	Infrastructures for education	
76	Infrastructures for health	
77	Infrastructures for childcare	
78	Infrastructure for housing	
79	Other social infrastructures	
	<b>Mobilising for reforms in the fields of employment and inclusion</b>	
80	Promoting partnerships, pacts and initiatives through networking of relevant stakeholders at national, regional and local level	
	<b>Strengthening institutional capacity at national, regional and local level</b>	
81	Mechanisms to improve the design and delivery of good policy and programmes at national, regional or local level, capacity building in the delivery of policies and programmes.	
82-84	Reduction of additional costs hindering the outermost regions' development	
	<b>Technical assistance</b>	
85	Preparation, implementation, follow-up and control	3,551,830
86	Evaluation, studies, conferences, publicity	887,958

**Table B-2: Coding of the form of financing dimension**

<b>Code</b>	<b>Form of financing</b>	<b>Total ERDF €</b>
1	Non-refundable aid	98,994,719
2	Refundable aid (loan, interest subsidies, guarantee)	
3	Venture capital (public capital holding, venture capital fund)	12,000,000
4	Other form of financing	

**Table B-3: Coding of the territory dimension**

<b>Code</b>	<b>Territory</b>	<b>Total ERDF €</b>
1	Urban centre	
2	Mountains	
3	Islands	
4	Sparsely populated areas	
5	Rural areas (not covered by 01-04)	
6	Former EU external borders	
7	Outermost region	
8	Cross-border cooperation area	
9	Transnational cooperation area	
10	Interregional cooperation area	
0	No application	110,994,719

# 13

## Appendix E – Financial Engineering

No.	Required information/data	Required data/information format	Comments
<b>I. Description of the financial engineering instrument (FEI) and implementation arrangements</b> (Article 67(2)(j)(i) of Council Regulation (EC) No 1083/2006)			
I.1	<b>Holding Fund</b> (name and registered place of business)	Low Carbon Innovation Fund (LCIF), University of East Anglia, The Registry, University of East Anglia, Ealham Road, Norwich, Norfolk, NR4 7TJ.	
I.2	<b>Legal status of Holding Fund</b>	////////////////////////////////////	
	independent legal entities governed by agreements between the co-financing partners or shareholders	X	Co-investment Fund - Funding Agreement between Fund Operator and MA. Co-financing on deal by deal basis.
	separate block of finance within a financial institution	N/A	
I.2.1	name, legal status and registered place of business of co-financing partners	N/A	Co-financiers identified on deal by deal basis.
I.3	<b>Holding Fund manager</b>	////////////////////////////////////	
	European Investment Bank (EIB)	N/A	

	European Investment Fund (EIF)	N/A	
	financial institution other than the EIB/EIF	N/A	
	other body	X	University of East Anglia, The Registry, University of East Anglia, Ealham Road, Norwich, Norfolk, NR4 7TJ.
I.3.1	name, legal status and registered place of business of other body	University of East Anglia, (A Charity), The Registry, University of East Anglia, Ealham Road, Norwich, Norfolk, NR4 7TJ.	
I.4	<b>Procedure for selecting the Holding Fund manager</b>	////////////////////	
	award of a public contract in accordance with applicable public procurement law	N/A	
	award of a grant (in the meaning of Article 44, second paragraph, point (b) of Council Regulation (EC) No 1083/2006)	X	
	award of a contract directly to the EIB or the EIF	N/A	
I.5	<b>Date of signature of funding agreement with Managing Authority</b>	11/11/2011	First Funding Agreement signed 10/11/2009
I.6	<b>Number of FEI(s) implemented under this specific Holding Fund</b>	One	
<b>II. Identification of the entities which implement the financial engineering instrument (FEI) (Article 67(2)(j)(ii) of Council Regulation (EC) No 1083/2006)</b>			
II.1	<b>FEI (name and registered place of business)</b>	Low Carbon Innovation Fund	

		(LCIF), University of East Anglia, The Registry, University of East Anglia, Ealham Road, Norwich, Norfolk, NR4 7TJ.	
II.2	<b>Attributable to Article 44, first paragraph (a), (b) or (c) of Council Regulation (EC) No 1083/2006?</b>	////////////////////////////////////	
	(a) financial engineering instruments for enterprises	X	
	(b) urban development funds	N/A	
	(c) funds or other incentive schemes providing loans, guarantees for repayable investments, or equivalent instruments, for energy efficiency and use of renewable energy in buildings, including in existing housing	N/A	
II.3	<b>Type of financial product offered by FEI to final recipients</b>	////////////////////////////////////	
II.3.1	equity	Y	
II.3.2	loans	N	
II.3.3	guarantees	N	
II.3.4	other (interest rate subsidies, guarantee fee subsidies and equivalent measures)	N	
II.4	<b>FEI manager</b> (its name, legal status and registered place of business)	Turquoise International Ltd, 2 Lambeth Hill, London, EC4V 4GG. (Limited Company Registered 799081867 at this address.)	
II.5	<b>Procedure for selecting the FEI manager</b>	////////////////////////////////////	

	award of a public contract in accordance with applicable public procurement law	X	
	award of a grant (in the meaning of Article 44, second paragraph, point (b) of Council Regulation (EC) No 1083/2006)	N/A	
	award of a contract directly to the EIB or the EIF	N/A	
II.6	<b>Date of signature of funding agreement with Holding Fund</b>	19/11/2010	
<b>III. Amounts of assistance from the Structural Funds and national co-financing paid to the financial engineering instrument (FEI)</b> (Article 67(2)(j)(iii) of Council Regulation (EC) No 1083/2006)			
III.1	<b>ASSISTANCE COMMITTED TO HOLDING FUND FROM ALL OPERATIONAL PROGRAMMES</b>		
III.1.1	Operation Programme	East of England Regional Competitiveness and Employment Programme, co-funded by the ERDF. CCI 2007 UK 16 2 PO 004	
III.1.2	Priority axis	2	
III.1.3	Contribution to Holding Fund	100%	On a co-investment model basis, ERDF is paid up front with co-investments made on a deal by deal basis. Overall Programme contribution 40%
III.2	<b>AMOUNTS OF ASSISTANCE COMMITTED AND PAID TO HOLDING FUND UNDER THIS SPECIFIC OPERATIONAL PROGRAMME</b>	////////////////////////////////////	

<b>III.2.1</b>	<b>Amounts of assistance from the Structural Funds</b>	<b>////////////////////////////////////</b>	
III.2.1.1	ERDF amounts committed in funding agreement (in EUR)	14,475,357	An exchange rate of 1.1580286 was used in line with other figures presented in the AIR (GBP 12,500,000)
III.2.1.2	ERDF amounts effectively paid to Holding Fund (in EUR)	14,475,357	
III.2.1.3	ESF amounts committed in funding agreement (in EUR)	0	
III.2.1.4	ESF amounts effectively paid to Holding Fund (in EUR)	0	
<b>III.2.2</b>	<b>Amounts of national public and private assistance</b>	<b>////////////////////////////////////</b>	
III.2.2.1	National public co-financing committed in funding agreement (in EUR)	0	
III.2.2.2	National public co-financing effectively paid to Holding Fund (in EUR)	0	
III.2.2.3	National private co-financing committed in funding agreement (in EUR)	0	
III.2.2.4	Private co-financing effectively paid to Holding Fund (in EUR)	0	
<b>III.3</b>	<b>AMOUNTS OF OTHER ASSISTANCE PAID TO HOLDING FUND OUTSIDE OPERATIONAL PROGRAMME (in EUR)</b>	0	
<b>III.4</b>	<b>MANAGEMENT COSTS AND FEES OF HOLDING FUND ( in the meaning of Article 78(2)(d) of Council Regulation</b>	€511,227.94	Fees and costs incurred in 2011 - UEA

	(EC) No 1083/2006) (in EUR)		
III.5	AMOUNTS OF ASSISTANCE <u>PAID</u> FROM HOLDING FUND TO FEI	////////////////////////////////////	
III.5.1	Amount of Holding Fund resources legally committed to FEI (in EUR)	€1,389,634.32	exact total value of ERDF invested during 2011
III.5.2	Amount of Holding Fund resources effectively paid to FEI (in EUR)	€1,389,634.32	same
III.5.3	out of which Operation Programme contribution (in EUR)	€1,389,634.32	same
III.6	MANAGEMENT COSTS AND FEES OF FEI ( in the meaning of Article 78(2)(d) of Council Regulation (EC) No 1083/2006) (in EUR)	€ 163,861.05	Fees and costs charged by FM / legal in 2011
<b>IV. Amounts of assistance from the Structural Funds and national co-financing paid by the financial engineering instrument (FEI) (Article 67(2)(j)(i)(iv) of Council Regulation (EC) No 1083/2006)</b>			
IV.1	ASSISTANCE COMMITTED AND PAID BY THE FEI TO FINAL RECIPIENTS THROUGH LOANS (per financial product)		
IV.1.1	Name of product	N/A	
IV.1.2	Number of final recipients supported, per type:	////////////////////////////////////	
IV.1.2.1	large enterprises	0	
IV.1.2.2	SMEs	0	



IV.1.2. 2.1	out of which micro-enterprises	0	
IV.1.2. 3	individuals	0	
IV.1.2. 4	urban development funds	0	
IV.1.2. 5	other	0	
IV.1.3	Number of loan contracts signed with final recipients	0	
IV.1.4	Total loan amount committed in contracts signed with final recipients (in EUR)	0	
IV.1.4. 1	out of which Operation Programme contribution	0	
IV.1.5	Total loan amount effectively disbursed to final recipients (in EUR)	0	
IV.1.5. 1	out of which Operation Programme contribution	0	
IV.2	<b>ASSISTANCE COMMITTED AND PAID BY THE FEI TO FINAL RECIPIENTS THROUGH GUARANTEES (per financial product)</b>	////////////////////////////////////	
IV.2.1	Name of product	N/A	
IV.2.2	Number of final recipients supported, per type	////////////////////////////////////	
IV.2.2.	large enterprises	0	

1			
IV.2.2. 2	SMEs	0	
IV.2.2. 2.1	out of which micro-enterprises	0	
IV.2.2. 3	individuals	0	
IV.2.2. 4	urban development funds	0	
IV.2.2. 5	other	0	
IV.2.3	Total amount blocked for guarantee contracts signed (in EUR)	0	
IV.2.4	Total amount of guarantees actually committed for disbursed loans in accordance with contracts signed (in m EUR)	0	
IV.2.4. 1	out of which Operation Programme contribution (in EUR)	0	
IV.2.5	Number of loans actually disbursed in relation to guarantees contracts	0	
IV.2.6	Total value of loans actually disbursed in relation to guarantees contracts (in EUR)	0	
IV.3	<b>ASSISTANCE COMMITTED AND PAID BY THE FEI TO FINAL RECIPIENTS THROUGH EQUITY / VENTURE CAPITAL (per financial product)</b>	<b>////////////////////////////////////</b>	

IV.3.1	Name of product	Low Carbon Innovation Fund	
IV.3.2	Number of final recipients supported, per type	////////////////////	
IV.3.2.1	large enterprises	0	
IV.3.2.2	SMEs	4	
IV.3.2.2.1	out of which micro-enterprises	0	
IV.3.2.3	urban development funds	0	
IV.3.2.4	other	0	
IV.3.3	Number of investments made in line with agreements signed	4	
IV.3.4	Total amount of investments effectively made in line with agreements (in EUR)	€7,943,478.65 (ERDF + Co-investment)	
IV.3.4.1	out of which Operation Programme contribution (in EUR)	€1,389,634.32 (ERDF only)	
IV.4	<b>ASSISTANCE COMMITTED AND PAID BY THE FEI TO FINAL RECIPIENTS THROUGH OTHER TYPE OF FINANCIAL PRODUCT (per financial product)</b>	////////////////////	
IV.4.1	Name of product	N/A	
IV.4.2	Number of final recipients supported, per type	////////////////////	

IV.4.2. 1	large enterprises	0	
IV.4.2. 2	SMEs	0	
IV.4.2. 2.1	out of which micro-enterprises	0	
IV.4.2. 3	individuals	0	
IV.4.2. 4	urban development funds	0	
IV.4.2. 5	other	0	
IV.4.3	Total amount effectively disbursed to final recipients (in EUR)	0	
IV.4.3. 1	out of which Operation Programme contribution (in EUR)	0	
IV.4.4	Number of products effectively provided to final recipients	0	
<b>IV.5</b>	<b>INDICATORS</b>	<b>////////////////////////////////////</b>	
IV.5.1	Number of jobs created or safeguarded	54.00	

# 14

## Appendix F – Interim Communications Plan

### 14.1 *Background*

In accordance with Article 69 of Commission Regulation (EC) 1083/2006, the East of England Development Agency (EEDA) undertook a programme of communications activity to promote the European Regional Development Fund (ERDF) Competitiveness Programme 2007-13 for the East of England.

This plan addresses information and publicity measures for the East of England ERDF Competitiveness Programme 2007-13.

In total the programme has an allocation of £85 million over a seven year funding period.

In line with the Implementing Regulation 1083/2006, this Communications Plan sets out the following:

- I. Objectives for the long-term promotion of the programme
- II. Audiences, their desired responses and potential activities
- III. Publicity and information strategy measures
- IV. How the Communications Plan will be evaluated.
- V. Budget and resource implementation

The ERDF Programme Delivery team transferred from being under intermediary body EEDA to being managed under the Department of Communities and Local Government. Since July 2011, the Department for Communities and Local Government is the designated Managing Authority for all European Regional Development Fund (ERDF) structural fund programmes in England.

### 14.2 *Aim*

To promote best practice and a positive image of the European Regional Development Fund Competitiveness programme and the contribution it is making to sustainable economic development across the East of England.

#### **I. Objectives**

- To raise awareness of the role of the European Union in the East of England through European Regional Development Fund Competitiveness programme assistance, and to ensure effective communication about the successes of the programme amongst partners and the wider public
- To promote funding opportunities offered by the European Regional Development Fund Competitiveness programme by providing clear information and guidance and by disseminating best practice
- To encourage networking and collaboration in project development so projects can demonstrate added value to the EU's Lisbon and

Gothenburg agendas for sustainable economic growth in line with the Regional Economic Strategy.

- To ensure each project publicises support received from the European Regional Development Fund Competitiveness programme and that all final beneficiaries are aware of such support. This will be monitored in accordance with Article.13 of the implementing regulation.

Note:

For the purposes of this document, communication activity has been limited to the ERDF Competitiveness programme. Although the European Programme Strategy Group (EPSG) / Local Management Committee has agreed to continue have an overview of other European programmes- this plan will no longer have a joined-up approach to communication activity across both ERDF and the European Social Fund (ESF).

## II. Target audience, their desired responses and potential activities

[illegible]

<b>II. Target audience, their desired responses and potential activities</b>					
<b>Objective</b>	<b>Audience</b>	<b>What do we want them to know?</b>	<b>What do we want them to do?</b>	<b>Potential Activities</b>	<b>Timescale</b>
	politicians and European politicians General public				
2. To promote funding opportunities offered by the European Regional Development Fund Competitiveness Programme, by providing clear information and guidance and by disseminating best practice	Voluntary and community sector Higher Education Institutes (HEIs) Local authorities – particularly European and economic development officers Sub-regional partnerships Environmental groups Social enterprise groups Research organisations Business and innovation groups Business Link East	That ERDF funds are available Overall programme theme - 'low carbon economic growth' - and priority axes as criteria for developing projects Guidance and information relating to delivery of the Programme including : the process for applying for funds; project selection criteria; eligibility criteria; publicity guidelines (including EU publicity guidelines); monitoring and evaluation processes and timetable bidding rounds	Feel engaged and informed about ERDF programme Understand programme objectives, processes and timetable Communicate with ERDF facilitators to work up ideas/bids for projects Influence and network with other partners to put forward project ideas	Website covering clear policy and programme implementation information 1-2-1 meetings and talks at larger seminars with partners/ potential project applicants Enquiry line to ERDF team complemented by email address for submitting electronic enquiries via the website ERDF toolkit for facilitators	Update at least monthly  Quarterly  Monitored daily  In place by June 2012
3. To encourage networking	As above for objectives	That they know who and	To network,	Online database	Database for



<b>II. Target audience, their desired responses and potential activities</b>					
<b>Objective</b>	<b>Audience</b>	<b>What do we want them to know?</b>	<b>What do we want them to do?</b>	<b>Potential Activities</b>	<b>Timescale</b>
and collaboration in project development so projects can demonstrate added value to the EU's Lisbon and Gothenburg agendas for sustainable economic growth in line with the Regional Economic Strategy.	1 and 2 Project Managers	what else is being funded or happening in the region relating to ERDF	collaborate and share project information To encourage best practice and efficiency of delivery in achieving project targets	showcasing regional ERDF projects and other 'competitiveness' activity Project manager events	ERDF national case studies In place by 2012 Demand led in response to the needs of the Project Managers group.
4. To ensure each project publicises support received from the European Regional Development Competitiveness programme and that all final beneficiaries are aware of such support.	Project beneficiaries  Partner delivery organisations	That delivery partners/project beneficiaries know their responsibilities for publicising projects  That delivery partners/project beneficiaries showcase the 'value-add' elements	Partners use EU/ERDF branding effectively and undertake going publicising of their projects.	All projects required to produce a press release as part of their contract conditions. A communications plan is a requirement of certain projects which are deemed either to be of an 'innovative nature' or exceed a certain grant threshold. An annual ERDF 'information activity' to showcase key achievements of the programme Partner tool kit for publicising ERDF funded	Annually  As of September 2011, the ERDF communication s network jointly provided a template for protocols for the language used in ERDF press notices and as of October 2011, it is jointly preparing an ERDF

II. Target audience, their desired responses and potential activities					
Objective	Audience	What do we want them to know?	What do we want them to do?	Potential Activities	Timescale
				projects	Communication s Toolkit for use for all communication s activities relating to ERDF.

### **III. Publicity and information strategy/measures**

The nature of the message will determine the use of the information and publicity measure or communication channel to reach the desired audience. For example, global measure(s) (e.g. e-alerts, press release, and website statement) will be undertaken to reach all segments of the target audience in order to promote a message such as the launch of a particular project. Alternatively, a specific message to a particular segment of the target audience will require a specialised message e.g. workshops for those interested in a particular implementation arrangement.

Workshops and 1-2-1 meetings will be particularly important to increase the expertise of partner delivery organisations and staff new to the programme and implementation processes.

General publicity of the ERDF programme by DCLG central team includes

- The DCLG Economic Growth and regeneration Narrative – In September 2011, the DCLG were highlighting that it is taking direct action to support growth through investing £1.4bn through the Regional Growth Fund alongside £500m on Olympic legacy and £1.5bn of European funding
- Six monthly Ministerial visits to showcase particular projects within the ERDF programme and
- Features with the LEREP newsletter
- DCLG's central communications team offers the support of press officers and training opportunities for dealing with press enquiries; and arranging print/television/radio interviews with Ministers etc. for the ERDF Programmes Delivery Teams on all aspects of communications. For nationally significant projects or groups of themed projects, DCLG central communications team will work with the European Commission and other key partners on media and press campaigns which will include issuing press release; placing features and editorial in regional and national newspapers and journals; dealing with media and press enquiries; and arranging print/television/radio interviews with Ministers.

The East of England Programme Delivery Team (PDT) will engage with relevant networks at a UK and EU level to exchange good practice and will participate in the ERDF Communications Network run by the European Commission in the UK in partnership with DG-Regio. This is led by Antonia Mochan, Head of Communication, Partnerships and Networks Representation of the European Commission in the UK. This will help share best practice, results and experience in communicating ERDF activity, provide an opportunity for this PDT to learn from other regions and to showcase exemplar ERDF projects in the East of England.

#### **Website**

The DCLG website is an important tool for promoting the Competitiveness programme's key messages and for providing up-to-date information. Currently the East of England ERDF pages on the DCLG website holds a wealth of information on the ERDF 2007-2013 programme. It covers both policy and programme implementation information including : the Operational

Programme; the ERDF prospectus; Local Management Committee (LMC) membership details and meeting papers; the Annual Implementation Report (AIR); press releases and publicity guidelines mechanism. The DCLG website also has a mechanism for recording visitor and repeat hits to both relevant web pages and particular documents.

Information on project beneficiaries, the name and detail of individual projects including the breakdown of public funding allocated to each will be available on the website and published in the AIR.

There will also be a dedicated 'case study' section which showcases nationally all projects awarded funding under the 2007-2013 programming round.

The dedicated website address for information on the ERDF Competitiveness programme for the East of England is

[www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/](http://www.communities.gov.uk/regeneration/regenerationfunding/europeanregionaldevelopment/eastengland/)

The front page of the East of England webpage on the DCLG website now highlights the latest Bidding round funding opportunity and dates for bids.

## **Events**

The East of England PDT will continue to hold talks, workshops and events throughout the rest of programming period to publicise the programmes and their achievements, to enhance understanding of the implementation arrangements, and to disseminate good practice and monitoring and evaluation results. Although funding has been restricted for this type of activity, the PDT will work closely with our partners to minimise costs and maximise impact.

## **Programme publications**

Publications about the competitiveness programme will be planned during the course of the programming period in response to the needs of key stakeholders and prospective and final beneficiaries as part of the programme's aim to raise awareness of the programme priorities, funding opportunities available and implementation processes.

In line with the Programme's low carbon aspirations the programme will continue to use of the website, e-communications and social networking to promote its messages and keep communication costs to a minimum. Careful consideration will therefore be given in the production of printed literature.

In June 2010 the Government put into place restrictions on marketing and communications which prohibit any new budget spend on marketing activities. All spend requires approval through submission of an exemption request which the network will make annually. The exemption impacts the budget which is available to be spent and the activities which can be delivered.

In November 2011, the East of England Programme Delivery Team gained approval for its exemption request for £9,500. The request had been considered by the DCLG's Departmental Director of Communication since August 2011. The East of England offered the justification that the ERDF

programmes are subject to strict regulations – non-compliance can result in serious financial corrections to the programmes. Should this happen it would mean financial outlay by the department. It is essential, therefore, that the Department complies with the regulations for communications and publicity set out in EC Regulation No. 1828/2006 as amended by EC Regulation No. 846/2009. In addition to this, the EC regulations for publicity require each ERDF programme to have a Communications and Publicity Plan which is approved by the EC.

### **Media and press activity**

Media and press activity will be the main measure for targeting the general public; it has also proven to be an effective way of cascading key messages to prospective and final beneficiaries from the public, private and voluntary sectors.

For nationally significant projects or groups of themed projects, the DCLG's central communications team will work with the European Commission and other key partners on media and press campaigns which will include issuing press release; placing features and editorial in regional and national newspapers and journals; dealing with media and press enquiries; and arranging print/television/radio interviews with Ministers etc.

### **Publicity and information material**

#### **Operational programme**

The operational programme provides information on the ERDF Competitiveness programme, in line with EC Regulation 1083/2006. A copy of the Operational Programme is published on DCLG's website with a printed copy available on request.

#### **General guidance and information**

Guidance and information relating to the delivery of the ERDF Competitiveness programme, the process for applying for funds, project selection criteria, guidance on information and publicity, monitoring and evaluation etc. are published on DCLG's website. To meet accessibility guidelines, information and guidance on the Programme will also be available in other accessible formats e.g. printed publicity etc and there is also the new [ee.erdfequiries@communities.gsi.gov.uk](mailto:ee.erdfequiries@communities.gsi.gov.uk) inbox to respond the enquiries.

#### **Banners**

Pop-up banner stands for the ERDF Competitiveness programme have been produced or use at launches, events, seminars and photo opportunities. Each banner promotes the Competitiveness programme in the region using the EU flag and new ERDF logo and strap line; 'ERDF: low carbon economic growth in the East of England'.

#### **Publicity guidelines**

EC Regulation requires every project to publicise ERDF Competitiveness programme support, and to ensure that all final beneficiaries are aware that they are in receipt of such support.

A key element of monitoring visits undertaken by the East of England PDT, will verify that the support provided by the East of England PDT and the European Union has been properly acknowledged throughout all project documentation and other information and publicity material, including electronic material in accordance with the Monitoring Strategy.

Information and publicity guidelines (including guidelines to EU publicity guidelines) are available to all project beneficiaries via DCLG's website. The guidelines set out how project beneficiaries can meet their publicity requirements at each appropriate opportunity (e.g. plaques, use of EU flag/logos on stationery, leaflets, website etc) and who they should contact for further information and advice, and where relevant, approval (e.g. logo size).

Project beneficiaries will be encouraged to liaise with the East of England PDT corporate communications team before entering into any media-related publicity for their project (e.g. formal and informal announcements, press and journal articles and press releases, publications, media interviews and official launches and openings) via offer letter conditions to ensure that the DCLG and project beneficiaries work together to maximise publicity for projects and highlight the difference the ERDF Competitiveness programme is making to the people and communities of the East of England.

### **Branding/logos – requirements on project beneficiaries**

Article 9 of EC Regulation 1083/2006 requires that where projects have received funding in excess of €500,000 delivery partners/project beneficiaries must display a permanent explanatory plaque bearing the respective fund logo and other information.

In addition, there is a specific logo and strap line for the Competitiveness programme in the East of England. 'ERDF: low carbon economic growth in the East of England'. Guidelines on its use by project beneficiaries are available on the website.

The East of England PDT will also ensure that infrastructure or construction projects supported by the programme will erect a billboard at the site during the construction phase, for which the project beneficiary will bear the cost. Following completion of the construction/infrastructure works the project will be encouraged to display a permanent commemorative plaque.

ERDF logo stickers for use on stationery and promotional items will now no longer be available to project beneficiaries on request, i.e. for newly approved projects to immediately acknowledge European funding support.

### **Europe day**

During the week of 9 May (Europe Day) for each year of the programming period, the ERDF team will fly the European flag at its sites and will encourage project beneficiaries to do likewise.

## **IV. Evaluation**

DCLG will undertake extensive monitoring and evaluation of all communications activities in terms of transparency, awareness of the programmes and the role played by the European Union.

The PDT will provide the LMC with an update on progress towards implementing the communications plan for the ERDF Competitiveness programme. Such updates will be supported by suitable evidence e.g. number of high-profile project launches.

The PMC communications progress update will include but not be limited to the following:

- Media coverage – quantity; list of publications by DCLG
- Issues management – what issues arose and what were the outcomes
- Case studies – list of new case studies and where they have been used in presentations to different audiences
- Feedback – report on relevant feedback from partners about the process
- Complaints – report on any official complaints received

In addition, the Annual Implementation Reports (AIRs) for the programmes will include a section on information and publicity measures, which will subsequently be considered by the LMC and the European Commission. The AIRs will also set out the content of any amendment to the communications plan.

### **Evaluation criteria**

The nature of publicity and information activity presents limitations in the measurement of effectiveness. Standard indicative measurements are both quantitative and qualitative. Examples of the way DCLG's central communications team will monitor its communications activities are as follows

### **Quantitative measurement**

<b>Monitoring criteria</b>	<b>Target (per annum)</b>
Number of press releases issued	10
Press cutting column inches (positive/negative identified)	200 inches
Number of high profile (i.e. ministerial, EC Commissioner) project launches or events	2
Number of website visits and number of downloads for key sections	1200
Number and type of information enquiries	250
Number of ERDF events showcasing EoE ERDF programme	4
Number of attendees at ERDF events	250
Feedback from EEDA customer satisfaction survey	85 per cent as being satisfactory or very satisfactory

Data will be collected regularly to facilitate compilation of information and publicity section of the AIR to the LMC and for submission to the European Commission for its annual report.

### **Qualitative targets**

- personal contacts and relationship management with key representatives of target audience
- event feedback forms
- market research e.g. customer satisfaction survey with questions tailored to publicity or information awareness, for example :
  - recall of publicity materials e.g. newsletters, website
  - rating of quality of publicity material
  - rating of helpfulness of publicity material
  - rating of satisfaction with information, advice and correspondence.

## **V. Budget**

Publicity measures noted in this plan will only be for the ERDF Competitiveness programme only. In June 2010 the Government put into place a marketing freeze which prohibits any new budget spend on marketing activities. All spend requires approval through submission of an exemption request which the network will make annually. The exemption impacts the budget which is available to be spent and the activities which can be delivered.

In November 2011, the East of England Programme Delivery Team gained approval for its exemption request for £9,500. The request had been considered by the DCLG's Departmental Director of Communication since August 2011. The East of England offered the justification that the ERDF programmes are subject to strict regulations – non-compliance can result in serious financial corrections to the programmes. Should this happen it would mean financial outlay by the department. It is essential therefore; that the Department complies with the regulations for communications and publicity set out in EC Regulation No. 1828/2006 as amended by EC Regulation No. 846/2009. In addition to this, the EC regulations for publicity require each ERDF programme to have a Communications and Publicity Plan which is approved by the EC. Please see annex A (below).

The nature of marketing and publicity measures presents limitations on allocating exact budget allowance. Budget will be allocated to each measure in response to specific marketing need however the table below provides an indicative breakdown.

<b>Communication measure</b>	<b>Approximate ERDF cost per annum (£)</b>
Publications/Newsletters	4,500
Events	4,000



Stands	1,000
<b>Total</b>	<b>9,500</b>

The budget for implementing a communications plans for the ERDF Competitiveness programme comprises £19k per annum. This will be funded via 50 per cent ERDF Technical Assistance and matched by DCLG funds.

#### **Resources and responsibility for implementation**

The East of England Programme Delivery Team will be responsible for the implementation of the communications plan in collaboration with the DCLG central communications team.

The DCLG central communications directorate comprises a mix of marketing and communication specialists addressing the areas of press and public relations, e-communications, events/branding and administration support.

The designated contact will be:

Tom Davies

East of England PDT

Eastbrook, Shaftesbury Road, Cambridge. CB2 8DR

ANNEX A	East of England	East Midlands	North East	North West	South East	West Midlands	Yorkshire and the Humber	South West Competitiveness Programme
<b>Annual event to publicise the Programme (and other training events etc)</b>								
Cost	£4000 – annual event	£4500 – annual event  £150 – LMC meetings	Max £100	£2500 for showcase conference	£4755 – annual event for 80 people  £180 – LMC meetings	£100	£435	£2000 per annum – annual event for 100 people
Supplier (if known)	TBC	LewisLive & Imago (Holywell Park)	In house (with support from DCLG comms directorate)	TBC	TBC	In house (with support from DCLG comms directorate)	In house (with support from DCLG comms directorate)	TBC – held in different venues around the SW Competitiveness area
Rationale (proof cannot be free)	Annual publicity event (100-150 people) VIP (e.g. ministerial) visits and LMC meetings  To reduce costs events will be kept in house	2010 cost was £5750. This year's event will be a morning session only without workshops, exhibitors or catering.  In accordance with EC reg	Annual event to be undertaken in house  Small amount of funding for water jugs cups etc which can be re-used	Our EU signed off marketing and comms plan stipulates the need for a high profile showcase conference within the programme area. As no suitable free	Annual publicity event (80 people – estimate)	All events to be completed in house  Small amount of funding for water jugs cups etc which can be re-used	Annual event to be undertaken in house.  Small amount of funding (£100) for water jugs, cups and sundry supplies (disposable	The EU comms plan requires an annual event to be held with a target audience of 100 at venues around the SW Competitiveness area. This was within the contract with a PR agency

<b>ANNEX A</b>	<b>East of England</b>	<b>East Midlands</b>	<b>North East</b>	<b>North West</b>	<b>South East</b>	<b>West Midlands</b>	<b>Yorkshire and the Humber</b>	<b>South West Competitiveness Programme</b>
	whenever possible.	1828/2006 Article 7 (2.b) extract from Comms Plan: Events will be facilitated on an annual basis with the aim of providing guidance to regional stakeholders, recognising the successes of the Programme and exchanging best practice.		venues are available this will involve venue costs. The marketing plan has a target of 300 delegates for ERDF events in the programme area – an audience of 97 attended an ERDF environment event in June (just prior to transfer to DCLG) leaving 203 needed at the next event.  Requirements taken from ERDF NW			cups, teabags etc) and the following equipment:  Digital projector - £350  Portable PA £250  Thermos Jugs x 4 £170  50% = £435	which has been terminated. As no suitable venue for 100 can be found free of charge, exemption request covers min requirement for compliance based on an average delegate rate for 100 people using venues in different parts of the Competitiveness area.

<b>ANNEX A</b>	<b>East of England</b>	<b>East Midlands</b>	<b>North East</b>	<b>North West</b>	<b>South East</b>	<b>West Midlands</b>	<b>Yorkshire and the Humber</b>	<b>South West Competitiveness Programme</b>
				<p>Communications Plan 2007-2013</p> <p>“at least one major information activity a year, presenting the achievements of the Operational Programmes;</p> <p>And within a table in annexe 3, page 5 of this plan, this is stated as being delivered via “a major annual conference....t</p>				

ANNEX A	East of England	East Midlands	North East	North West	South East	West Midlands	Yorkshire and the Humber	South West Competitiveness Programme
				<p>o showcase the successes of European funded activity in the Northwest”</p> <p>Prices have been made up of quotes from two suitable venues for a mornings room hire and basic conference costs (circa £1,800). Basic event management costs are also included, based on stripped down costs incurred for a similar</p>				

ANNEX A	East of England	East Midlands	North East	North West	South East	West Midlands	Yorkshire and the Humber	South West Competitiveness Programme
				event in June 2011 (circa £2,200).				
<b>Publish information about the Programme (application, procedures, eligibility criteria, contacts, etc)</b>								
Cost	£0 – website only	£250 – Publicity Toolkit CD ROMs (for 300)	£0 – website only	£0 – website staff time only	£0 – website only	£0 – website only	£0 – website only	£3,500 to publish calls for Expressions of Interest
Supplier (if known)	DCLG eComms team	DCLG?	DCLG eComms team	DCLG eComms team	DCLG eComms team	DCLG eComms team	DCLG eComms team	DCLG eComms team
Rationale (proof cannot be free)	As there is no publishing expertise within the team, external support will need to be bought in fulfil our comms plan commitments.	Comms Plan – publicity toolkits will be provided to projects to ensure they are equipped to meet publicity regulatory requirements. This goes out						The SW Competitiveness Programme does not run bidding rounds but commissions individual proposals. Previously calls for EOIs have been advertised in specialist

<b>ANNEX A</b>	<b>East of England</b>	<b>East Midlands</b>	<b>North East</b>	<b>North West</b>	<b>South East</b>	<b>West Midlands</b>	<b>Yorkshire and the Humber</b>	<b>South West Competitiveness Programme</b>
		<p>in the offer letter to all projects. Current stock needs rebranding.</p> <p>The standardisation work is looking at the longer term and may indeed result in our Comms plans being amended and re-submitted for EC approval, but in the interim the toolkits in CD ROM format do form part of our Comms Plan</p>						<p>publications - average cost per annum £14k. DCLG website and e-comms will now be the primary vehicle for promoting calls for EOIs; however, an exemption is required to publish up to 3 calls to raise private sector awareness of opportunities to tender in technical or specialist publications.</p>

ANNEX A	East of England	East Midlands	North East	North West	South East	West Midlands	Yorkshire and the Humber	South West Competitiveness Programme
		which we're still committed to delivering against.						
Press releases about the Programme and projects, including the work of the Local Management Committees								
Cost	£0- staff time	£0- staff time only	£0 -staff time only	£0- staff time only	£0- staff time only	£0 -staff time only	£0 – staff time only	£0 – staff time only
Supplier (if known)	DCLG Comms Directorate	DCLG Comms Directorate	DCLG Comms Directorate	DCLG Comms Directorate	DCLG Comms Directorate	DCLG Comms Directorate	DCLG Comms Directorate	DCLG Comms Directorate
Rationale (proof cannot be free)	No expertise within the team to deliver this work. Projects will be tasked with this activity and it is anticipated that DCLG Comms Directorate will provide support for this	It is anticipated that DCLG Comms Directorate will provide support for this activity	It is anticipated that DCLG Comms Directorate will provide support for this activity	It is anticipated that DCLG Comms Directorate will provide support for this activity	It is anticipated that DCLG Comms Directorate will provide support for this activity	It is anticipated that DCLG Comms Directorate will provide support for this activity	It is anticipated that DCLG Comms Directorate will provide support for this activity	No current expertise within the team to deliver this work. Training required. Projects will be tasked with this activity and it is anticipated that DCLG Comms Directorate will provide support for this activity.



ANNEX A	East of England	East Midlands	North East	North West	South East	West Midlands	Yorkshire and the Humber	South West Competitiveness Programme
	activity							
<b>Publish list of beneficiaries (on website)</b>								
Cost	£0 – staff time only	£0 – staff time only	£0 – staff time only	£0 – staff time only	£0 – staff time only	£0 – staff time only	£0 – staff time only	£0 – staff time only
Supplier (if known)	DCLG eComms Team	DCLG eComms Team	DCLG eComms Team	DCLG eComms Team	DCLG eComms Team	DCLG eComms Team	DCLG eComms Team	DCLG eComms Team
Rationale (proof cannot be free)								
<b>Billboards and plaques for projects</b>								
Cost	Covered through project costs	£1667 (for 100 plaques)	£650 £26 each for plaque when ordered in batches – billboards paid for by individual projects 50	£2275 £25-£35 per plaque – at least 130 required 50% = £2275	£0 – part of project budget	£0 – produced by projects and covered through their project costs	£0 – produced by projects and paid for by projects	Plaques required to be paid for by individual projects. Staff time providing advice to projects.

ANNEX A	East of England	East Midlands	North East	North West	South East	West Midlands	Yorkshire and the Humber	South West Competitiveness Programme
			required 50% = £650					
Supplier (if known)			NE display Ltd					
Rationale (proof cannot be free)		Comms plan - commemorative plaques to be provided for all projects	Publicity requirement in Comms plan	Publicity requirement in Comms plan				
<b>Publicity measures for smaller projects</b>								
Cost	£0	£500 to support 6 partner launch events	£0	£0	£0	£0	£0 – some training undertaken to support smaller and less experienced projects. Staff time only	£0 – staff time only. Training required to enable staff to support smaller projects also lacking experience or expertise.
Supplier (if known)								

<b>ANNEX A</b>	<b>East of England</b>	<b>East Midlands</b>	<b>North East</b>	<b>North West</b>	<b>South East</b>	<b>West Midlands</b>	<b>Yorkshire and the Humber</b>	<b>South West Competitiveness Programme</b>
Rationale (proof cannot be free)	Costs to be included within project costs	This supports delivery of ERDF in local areas to make localities/com munities aware of any recently launched opportunities for funding. When developing our core management Technical Assistance project it was agreed with local partners that that a small budget would be available for them to claim						

<b>ANNEX A</b>	<b>East of England</b>	<b>East Midlands</b>	<b>North East</b>	<b>North West</b>	<b>South East</b>	<b>West Midlands</b>	<b>Yorkshire and the Humber</b>	<b>South West Competitiveness Programme</b>
		support for such events as they are not permitted to include 'publicity' costs in their TA applications to us (something which other Programme's may well have allowed) and we did this as a way of preventing a proliferation of stand-alone 'Partner Publicity' TA projects. The partners themselves contribute 50% towards						

ANNEX A	East of England	East Midlands	North East	North West	South East	West Midlands	Yorkshire and the Humber	South West Competitiveness Programme
		their event costs, ERDF pays 25% so the amount shown in the exemption is 25% of the costs (not the 50% rate that usually applies to expenditure).						
<b>Stands for programme promotion at partner/project/other events</b>								
Cost	£1000	£450 (x6 stands)	£0	£500	£0	£0	£500	£500 for stands
Supplier (if known)								
Rationale (proof cannot be free)	Stands are critical for Programme promotion, partner (e.g. LAs/LEP	Existing stands (3 separate designs, 2 of each) require re-branding	Re-branding costs met by RDA before transfer	Stands needed to promote programme (part of signed off marketing		Re-branding costs met by RDA before transfer	All existing display is branded as the RDA. Re-branding or new material	Stands required for Programme promotion at key events and launches. All branding

ANNEX A	East of England	East Midlands	North East	North West	South East	West Midlands	Yorkshire and the Humber	South West Competitiveness Programme
	awareness) and all current signage is RDA and not DCLG branded.	following transfer. This is at a reduced cost as the existing bases are reusable.		pan is to have stands at key events/project launches). Need at least two. @ £500 each 50%= £500			required Need at least two. @ £500 each 50%= £500	previously supplied by RDA incorporating RDA brand. No promotional materials brought to DCLG.
<b>Publications/newsletters/other to promote programmes</b>								
Cost	£4500		£2500	£2500	£0	£0	£2500 - brochure £0 – newsletter – produced in house	£70 to purchase MS Publisher licence – staff time to produce newsletter in-house
Supplier (if known)								
Rationale (proof cannot be)	There is not enough capacity within the exiting		New programme brochure required as	Within annexe of NW ERDF Comms Plan under		Any activities required will be completed in house using	New Programme brochure necessary –	Newsletter will be produced in-house if software

<b>ANNEX A</b>	<b>East of England</b>	<b>East Midlands</b>	<b>North East</b>	<b>North West</b>	<b>South East</b>	<b>West Midlands</b>	<b>Yorkshire and the Humber</b>	<b>South West Competitiveness Programme</b>
free)	team (only 20% of a FTE post spent on Comms) to fulfil the commitment of producing quarterly newsletters.		current one is out-of-date and RDA branded and no facilities to do in-house	programme promotional materials, publications (to be distributed via new and existing comms channels) are included as needing to be produced. This same annex also contains the need for a publication for distribution at the showcase event (see rationale for annual events above).  Cost of £5000 is based on		software available	current one out of date and RDA branded. All existing brochure material is badged YF and has that organisation's contact details. As the programme has matured there are certain priorities that we will not be seeking further applications for. There has been some change in the programme since the	provided.

ANNEX A	East of England	East Midlands	North East	North West	South East	West Midlands	Yorkshire and the Humber	South West Competitiveness Programme
				previous print production and distribution costs of similar materials with reductions included to allow some cost savings in print numbers/some publications being discontinued etc.			existing brochure were produced and it is likely that we would want to skew any new brochure	
<b>Press Cuttings/Monitoring</b>								
Cost	£0	£0	£0	£0	£0	£0	£ 0	£0
Supplier (if known)	EEDA has provided this service to date- To keep costs down, it is anticipated that DCLG will	DCLG press office	Monitoring previously provided by RDA.	DCLG press office	DCLG press office	DCLG press office	Media monitoring previously provided by RDA.	DCLG press office. Media monitoring previously provided by the RDA comms



ANNEX A	East of England	East Midlands	North East	North West	South East	West Midlands	Yorkshire and the Humber	South West Competitiveness Programme
	provide this service going forward							team.
Rationale (proof cannot be free)	East of England has a target for column inches per annum and is required to monitor press activity.		Requirement to monitor media coverage as part of comms strategy – please note this was previously met by One North East and there is now no way to monitor.			Use of Google alerts/ RSS feeds. Additional service may be required from DCLG press team	Evaluation of effectiveness of publicity actions is required by EC regulations in the Final Report. Effective reporting relies on evidence of coverage generated, hence the requirement for monitoring.	Evaluation of the effectiveness of publicity is required by the comms plan and is reported to LMCs. Additional support may be required from DCLG press team to provide this.
<b>Photography</b>								
Cost	£0		£250 (cost of camera)	£varies see below		£0	£250 – cost of camera(s)	£250 for digital camera
Supplier				Tony West photography				

<b>ANNEX A</b>	<b>East of England</b>	<b>East Midlands</b>	<b>North East</b>	<b>North West</b>	<b>South East</b>	<b>West Midlands</b>	<b>Yorkshire and the Humber</b>	<b>South West Competitiveness Programme</b>
(if known)				limited – note this is being looked into through the separate contracts work that is ongoing associated with the RDA transfer				
Rationale (proof cannot be free)	No expertise/ specialist equipment within the team.  It is anticipated that projects will provide their own images going forward.		Photography helps secure better coverage in local papers helping ensure more wide-spread coverage for ERDF projects satisfying publicity requirements  The EU	We are in a programme long contract with a photographer to shoot around 40 projects a year. The contract is worth approx £10k per year but varies depending on the number of		Photography to be arranged or supplied by projects or using staff resources	A photographer would normally be engaged to cover events, VIP visits etc. However, if going forward this will not be permitted, then the programme delivery team will need	Previously photography has been provided within PR agency contract. Projects are now expected to provide their own images but a camera will allow staff to record annual events, visits etc as required by

<b>ANNEX A</b>	<b>East of England</b>	<b>East Midlands</b>	<b>North East</b>	<b>North West</b>	<b>South East</b>	<b>West Midlands</b>	<b>Yorkshire and the Humber</b>	<b>South West Competitiveness Programme</b>
			<p>RegioStars Awards has a category 5 – Information and Comms which this year awarded best photo of a co-funded project and for 2012 will be awarding the effective use of a combination of different internet tools – i.e. photos, videos, GIS maps. This clearly demonstrates the emphasis placed on publicising</p>	<p>projects approved (and subsequently photographed at milestone events etc).</p>			<p>suitable equipment to undertake this activity in-house.</p>	<p>comms plan.</p>

<b>ANNEX A</b>	<b>East of England</b>	<b>East Midlands</b>	<b>North East</b>	<b>North West</b>	<b>South East</b>	<b>West Midlands</b>	<b>Yorkshire and the Humber</b>	<b>South West Competitiveness Programme</b>
			<p>projects that have benefited from EU funds.</p> <p>If going forward photography will not be permitted then we would request money for a suitable equipment to be bought in order to document events etc.</p>					
<b>Total</b>	<b>£9,500</b>	<b>£7,517</b>	<b>£3,500</b>	<b>£7,775</b>	<b>£4,935</b>	<b>£100</b>	<b>£3,685</b>	<b>£6,320</b>

# 15

## Appendix G – Project Case Studies

### 15.1 *Sustainable Design-led Innovation -SDI*

Businesses are coming under growing pressure to reduce the carbon footprints of their products and services and although many recognise that creativity and innovation will assist in this process, it still remains a problem.

However, a new initiative from Cranfield University helps small businesses view this problem as a potential opportunity by offering advice and assistance in the development of new low carbon products and services.



The Sustainable Design-Led Innovation (SDI) programme has been specifically designed to help SMEs look at their business practices and identify ways of innovating across all areas of their operations – from idea development to final delivery – with the overall aim of reducing the carbon footprint across their innovation-cycle.

SDI will work with businesses to help them improve their knowledge and understanding of sustainable design-led practices. This advice and practical support will include identifying new market opportunities, reducing the carbon footprint of the products and services and measuring the results of their sustainability.

The programme focuses on providing practical tools through a series of guided workshops, benchmarking and auditing techniques, as well as CEO leadership programmes. The importance of transferring knowledge is also recognised and the sharing of any innovative ideas is encouraged through key networking activities.

As part of the knowledge transfer element of the programme, businesses will also have access to experience that would otherwise be unavailable to them, including the University of the Arts, London and from large corporate partners in Cranfield University's open innovation network, such as Proctor & Gamble, BT, Lego.

The incorporation of on-line delivery methods is a crucial element of the programme. As well as ensuring that the SDI is available throughout the entire region it also introduces businesses to new effective lower carbon ways of working.

As part of the programme business owners are able to harness state-of-the-art design innovation methods in the UK's first national Centre for Competitive Creative Design (C4D). Based at Cranfield University, C4D helps businesses to explore new ideas and concepts and gain first hand understanding of the different low carbon development processes to improve not only their carbon footprint, but performance and productivity.

The SDI programme has been made possible as a result of £815,510 funding from the European Regional Development Fund (ERDF). At a total cost of £2 million, the programme aims to help 1,000 small businesses over the course of three years.

Priority Axis 1			
Funding:	Total Project Cost: £2,038,776 ERDF: £815,510		
Solution for Business Product:	Networking for Innovation		
Scope:	East of England	Project Duration:	August 2009– July 2012
More Information:	Justyna Spurtacz, Cranfield University: <a href="mailto:j.e.spurtacz@cranfield.ac.uk">j.e.spurtacz@cranfield.ac.uk</a> or +44 (0) 1234 750111 <a href="http://www.centrefordesign.com">www.centrefordesign.com</a>		

### **Sustainable Design-Led Innovation Case study**

Sustainable Opportunities is a social enterprise specialising in the research and development of environmentally sustainable products with a focus on the horticultural markets. The company has undergone a range of activities with assistance from the SDI Team-two Link Events, Opportunity Workshop around Sustainability Hotspots, an Expert Surgery and a brainstorming session with MDes students.



SDI supported the company in identifying new opportunities within the horticulture industry and assisted in designing Gutter Grow- frames for vertical gardens as well as helped out in securing funding for the product commercialisation from EEDA.

Sustainable Opportunities successfully launched their GutterGrow product at the Edible Garden Show in March 2011 – selling all their kits from the stand – and generating considerable interest from Local Authorities, Housing Associations and Schools. Subsequently SO has been awarded funding from the RSA to run a pilot project, starting Spring 2012 with a large national housing association. SO was also the winner of Luton's Best innovator/innovation award for 2011.

In the future, Sustainable Opportunities intends work with C4D and another private sector company to design and produce their second product – the mobile solar unit for horticultural applications. An initial meeting has taken place and shortly a funding application will be made to the Technology Strategy Board.

Further details of SO products and projects are available from their web site: [www.sustainable-opportunities.com](http://www.sustainable-opportunities.com) or [info@sustainable-opportunities.com](mailto:info@sustainable-opportunities.com)

## 15.2 Low Carbon Innovation Fund- Priority Axis 2

The LCIF is a European Regional Development Fund (ERDF) supported venture capital fund. The fund makes early stage equity investments into small and medium sized



**Low Carbon  
Innovation  
Fund**

enterprises (SMEs) within the East of England that are developing new and innovative products or processes in a low carbon, environmentally sensitive manner to stimulate the low-carbon economy.

The definition of low carbon companies includes companies producing low carbon products, supplying low carbon services or companies seeking to invest in low carbon equipment or processes to become low carbon in their operational activities. This could include those developing alternative energy sources or reducing existing carbon emissions amongst others.

The fund enhances the regional aspiration to become a leading, world class low carbon economy. It builds on the 'Low Carbon Economic Growth' theme set out by the Department for Communities and Local Government (DCLG) aiming to achieve economic growth built upon the region's low carbon expertise. Turquoise International is managing the fund in partnership with the Low Carbon Innovation Centre (LCIC) at the University of East Anglia (UEA).

Priority 2			
Funding:	Total Project Cost: £29,500,000 ERDF: £12,500,000		
Solution for Business Product:	Finance for Business		
Scope:	East of England	Project Duration:	Oct 2009-Dec 2015
More Information:	Laura Chellis, UEA <a href="mailto:L.chellis@uea.ac.uk">L.chellis@uea.ac.uk</a> or 020 7248 1506. For more information see- <a href="http://www.lowcarbonfund.co.uk">www.lowcarbonfund.co.uk</a>		



### **LCIF Case Study: TeraView Limited**

TeraView Limited, which was spun out of Toshiba Research Europe and the University of Cambridge, is a leading innovator of 3-D imaging and spectroscopic systems which exploit the properties of terahertz light to characterise a wide range of materials. The patented terahertz technology creates spectroscopic information and 3D images with unique spectroscopic signatures not found at other wavelengths. It resolves many of the questions left unanswered by complementary techniques, such as optical imaging, Raman and infrared.

The Company, which is based at the St John's Innovation Park in Cambridge, provides analytical solutions in the following markets based on unique properties of Terahertz light:

**Solar:** Technology developed in collaboration with Renewable Energy Corporation (REC) to substantially reduce wastage of thin silicon wafers used in 88% of all solar cells, increasing production yields and significantly decreasing waste.

**Semiconductor:** Instrument developed in collaboration with Intel for defect detection and quality assurance for advanced integrated circuits, driven by the mobile phone industry and need to reduce silicon wastage.

**Security:** Detect explosives and airborne agents - repeat sales to civilian agencies in US government. Terahertz light is passed through these agents which absorb it at certain frequencies and create a fingerprint to distinguish it from non-harmful materials.

**Analytical:** New materials characterization and non destructive testing for pharmaceutical companies and universities/industrial R&D labs.

TeraView approached LCIF in early 2011, as part of a fundraising round intended to support the company in its efforts to expand its existing customer base and to commercialise further innovative products. The initial interest from LCIF in TeraView was due to the huge carbon reduction potential savings its products could offer, its ability to generate high-tech employment in the east of England region (20 employees and rising), and the fact that its products were already in the market and selling to blue chip companies which indicated the potential for strong returns on investment for LCIF.

For further details on the company and its products please see [www.teraview.com](http://www.teraview.com)

### 15.3 REV-Active- Priority Axis 3

REV-ACTive adopts a proactive approach, targeting businesses with the greatest potential for improvement using the data gathered through the thermal imaging and analysis of business rates.

**REV ACTIVE**  
**www.revactive.co.uk**

It is also targeting the geographical area of greatest need, focusing on a one-mile radius along the A11 from the west of Thetford to the western outskirts of Norwich, an area which accounts for approximately 30% of CO2 emissions in Norfolk.

Over the course of the three and a half year project, an estimated 2,000 small businesses, particularly those in the manufacturing sector, will be helped to access essential products and services, 300 of which will also benefit from the environmental survey and action plan.

REV-ACTive is currently a pilot scheme but, with an estimated 150 tonne reduction in CO2 emissions and £1.35 million in efficiency savings, it is hoped that the initiative will be replicated across the region and eventually rolled-out across the country.

Joining Breckland Council in delivery of REV-ACTive is Norfolk County Council and Shaping Norfolk's Future. The initiative is also being supported by South Norfolk District Council, Broadland District Council, Norwich City Council, the Carbon Trust, Renewables East and Business Link.

Priority Axis 3			
Funding:	Total Project Cost: £3,218,000 ERDF: £1,255,500		
Solution for Business Product:	Improving Your Resource Efficiency		
Scope:	Norfolk	Project Duration:	Dec 2009 – June 2013
More Information:	Mark Stanton, Breckland Council: 01362 656235 or <a href="mailto:mark.stanton@breckland.gov.uk">mark.stanton@breckland.gov.uk</a>		

## REVActive Case study

## Ripblast

Location: Snetterton

Sector: Metal Finishing

Number of FTEs: 12

Turnover: £1.2 million

Ripblast is a company specialising in shotblasting and painting steel structures. This invariably consumes a lot of energy, due to the use of compressed air and space heating. With constantly rising energy and fuel costs, Ripblast saw energy efficiency as an imperative to keep their business competitive and to enable future expansion. Ripblast has already started putting energy efficiency measures in place, such as timers on flood lighting and office heating.



They also monitor their energy consumption and have identified the need for a new energy efficient spray booth.

REV ACTIVE was able to identify further savings during their visit to the Ripblast site. They were also able to offer advice on both payback times and funding options for investment in new equipment. In addition, REV-ACTive identified opportunities in lighting, fuel efficient driving and more energy efficient plant amounting to over £60,000 in annual savings and 90 tonnes of carbon.

REV-ACTIVE was also able to bring in expert advice to devise a solution for capturing heat from the paint drying process. They will be working closely with Ripblast to take these opportunities forward.

### THE BENEFITS

Fuel efficient driver training:

- Investment: £200
- Cost savings: £4,200 per year
- Carbon savings: 11 tonnes per year
- Payback in: 6 weeks
- Replacement of and management of lighting:
- Investment: £1,600
- Cost savings: £2,070 per year
- Carbon savings: 6.5 tonnes per year
- Payback in: 10 months



# 16

## Appendix H – Beneficiaries list 2011

### EAST OF ENGLAND REGIONAL COMPETITIVENESS AND EMPLOYMENT PROGRAMME 2007-2013

#### PROJECT BENEFICIARIES OF FUNDING THROUGH THE EUROPEAN REGIONAL DEVELOPMENT FUND

##### PRIORITY AXIS 1 – Promoting innovation and technology transfer with the intention of improving productivity

Project	Beneficiary	Year of Funding Allocation/Final Payment	ERDF Funding Allocated £	Public Match Funding Allocated £	Private Match Funding £	ERDF paid on Completion £	Public Match Funding paid on Completion £	Private Match Funding paid on Completion £
i10 Low-Carbon Knowledge Transfer	University of Cambridge	2008	192,600	379,207	0	182,261.32	379,207	0
Innovation in Crops (InCrops)	University of East Anglia	2008	1,153,500	1,570,000	1,140,000			
Low Carbon Environmental Enabling Programme (LEEP)	Pera Innovation	2008	221,000	91,500	240,000			

<b>Project</b>	<b>Beneficiary</b>	<b>Year of Funding Allocation/Final Payment</b>	<b>ERDF Funding Allocated</b>	<b>Public Match Funding Allocated</b>	<b>Private Match Funding</b>	<b>ERDF paid on Completion</b>	<b>Public Match Funding paid on Completion</b>	<b>Private Match Funding paid on Completion</b>
			£	£	£	£	£	£
Knowledge Thurrock	Thurrock Council	2009	190,000	150,000	167,500			
Small Business Research Initiative – East (Health Pilot)	NHS - East of England	2009	800,000	1,200,000	0			
Sustainable Design-Led Innovation	Cranfield University	2009	815,510	0	1,223,266			
Built Environment Supply Chain Transformation (BEST East)	Construction Excellence East (Coop) Limited	2009	2,000,000	2,090,000	910,000			
TakelTon	East of England Development Agency	2009	2,020,626	1,193,439	1,837,500			
Oasis	Cranfield University – School of Engineering	2010	1,316,000	1,974,000				

<b>Project</b>	<b>Beneficiary</b>	<b>Year of Funding Allocation/Final Payment</b>	<b>ERDF Funding Allocated</b>	<b>Public Match Funding Allocated</b>	<b>Private Match Funding</b>	<b>ERDF paid on Completion</b>	<b>Public Match Funding paid on Completion</b>	<b>Private Match Funding paid on Completion</b>
			£	£	£	£	£	£
Innov8 with Evalu8	University of Hertfordshire	2010	906,000	1,044,000	480,000			
Low Carbon Short Knowledge Transfer Partnership (SKTP)	Anglia Ruskin University	2010	2,842,759	514,041	3,750,098			
EEEGr	East of England Energy Group	2011	1,580,033	2,370,050	0			
Innovation Farm	NIAB	2011	2,719,751	50,000	0			

**PRIORITY AXIS 2 – Stimulating enterprise and supporting successful businesses by overcoming barriers to business creation and expansion**

Project	Beneficiary	Year of Funding Allocation/Final Payment	ERDF Funding Allocated	Public Match Funding Allocated	Private Match Funding	ERDF paid on Completion	Public Match Funding paid on Completion	Private Match Funding paid on Completion
			£	£	£	£	£	£
ENVIROTRADE – Environmental Technologies Reaching Overseas Markets	East of England International Ltd	2008	300,000	450,000	0			
Low Carbon Proof of Concept	East of England Development Agency	2008	43,811	65,718	0			
Low Carbon Grant for Research & Development	East of England Development Agency	2008	146,486	219,728	0			
Integrated Specialist Business Support Service (ISBSP)	East of England Development Agency	2008	1,759,920	2,639,881	0			

<b>Project</b>	<b>Beneficiary</b>	<b>Year of Funding Allocation/Final Payment</b>	<b>ERDF Funding Allocated</b>	<b>Public Match Funding Allocated</b>	<b>Private Match Funding</b>	<b>ERDF paid on Completion</b>	<b>Public Match Funding paid on Completion</b>	<b>Private Match Funding paid on Completion</b>
			£	£	£	£	£	£
EASIER	University of Hertfordshire	2009	311,753	0	467,628			
Financing Emerging Clean Technology Businesses	East of England Development Agency	2009	5,534,760	1,393,540	6,908,600			
Low Carbon Digital content Investment Fund	Screen East	2009	3,618,197	1,427,296	5,250,000			
Low Carbon Venture Capital Fund	University of East Anglia – Low Carbon Innovation Fund	2009	8,000,000	0	12,000,000			
TGSE Leading a Low Carbon Economy	Thurrock Council	2009	2,543,694	1,745,543	2,070,000			



<b>Project</b>	<b>Beneficiary</b>	<b>Year of Funding Allocation/Final Payment</b>	<b>ERDF Funding Allocated</b>	<b>Public Match Funding Allocated</b>	<b>Private Match Funding</b>	<b>ERDF paid on Completion</b>	<b>Public Match Funding paid on Completion</b>	<b>Private Match Funding paid on Completion</b>
			£	£	£	£	£	£
SABRE - Support and Advice to Businesses around Renewable Energy	Suffolk County Council	2011	305,000	90,400	367,100			
From Hub to spokes	NWES	2011	1,516,784	-	2,275,174			
Low Carbon Business Champions	Suffolk county Council	2010	218,584	234,957	140,112			

**PRIORITY AXIS 3 – Ensuring sustainable development, production and consumption**

<b>Project</b>	<b>Beneficiary</b>	<b>Year of Funding Allocation/Final Payment</b>	<b>ERDF Funding Allocated</b>	<b>Public Match Funding Allocated</b>	<b>Private Match Funding</b>	<b>ERDF paid on Completion</b>	<b>Public Match Funding paid on Completion</b>	<b>Private Match Funding paid on Completion</b>
			£	£	£	£	£	£
Resource Efficiency East	Renewables East	2008	599,970	1,500,030	0			
Centre for Disability Studies	Disability Essex	2009	815,918	800,000	423,878			
Southend Eco Hub	Southend YMCA	2009	307,224	345,588	115,249			
Pathfinder Innovation Centre for Sustainability	Bedford College	2009	2,256,667	500,000	2,885,634			
Adnams Bio Energy	Adnams Bio Energy Ltd	2009	806,241	960,000	1,220,252			
Fresh ways to work (Business Smiles)	Suffolk County Council	2009	830,000	1,014,000	207,000			

Project	Beneficiary	Year of Funding Allocation/Final Payment	ERDF Funding Allocated	Public Match Funding Allocated	Private Match Funding	ERDF paid on Completion	Public Match Funding paid on Completion	Private Match Funding paid on Completion
			£	£	£	£	£	£
REV-Active	Breckland Council	2009	1,255,500	454,500	1,508,000			
Low Carbon Development Initiative	Low Carbon Development Initiative CIC	2010	900,000	1,325,000	0			
Taking low carbon to enterprising communities	Theatre Resource	2010	435,399	68,528	-			
Low Carbon Retrofit	Broadland Housing Association	2010	518,605	-	777,958			
Grosvenor House	Integria Ltd	2011	327,000	172,204	325,501			
Future Business Centre	Allia Ltd	2011	3,596,108	4,663,771	5,395,163			
Smartlife Retrofit	Cambridge County Council	2011	64,000	96,000	-			
Incuba	Central Bedfordshire College	2011	1,933,701	2,987,911	-			
Low Carbon Freight Dividend	Haven Gateway Partnership	2011	2,998,931.25	-	4,498,396.88			

Project	Beneficiary	Year of Funding Allocation/Final Payment	ERDF Funding Allocated	Public Match Funding Allocated	Private Match Funding	ERDF paid on Completion	Public Match Funding paid on Completion	Private Match Funding paid on Completion
			£	£	£	£	£	£
ATCM	Association of Town Centre Management	2011	239,234	150,000	210,000			

#### **PRIORITY AXIS 4 – Technical Assistance**

Project	Beneficiary	Year of Funding Allocation/Final Payment	ERDF Funding Allocated	Public Match Funding Allocated	Private Match Funding	ERDF paid on Completion	Public Match Funding paid on Completion	Private Match Funding paid on Completion
			£	£	£	£	£	£
ERDF Technical Assistance 2007-2010	East of England Development Agency	2009	1,393,743	1,393,743	0			
ERDF Technical Assistance 20011-2014	DCLG	2014	2,654381	2,654381	0			