

ERDF

low carbon economic growth
in the East of England

EAST OF ENGLAND

EUROPEAN REGIONAL DEVELOPMENT FUND

COMPETITIVENESS PROGRAMME 2007-13

Annual Implementation Report 2010



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SECTION 1 – PROGRAMME AND REPORT IDENTIFICATION

OPERATIONAL PROGRAMME	Objective concerned: Competitiveness
	Eligible area concerned: East of England
	Programming period: 2007-2013
	Programme number (CCI No): 2007 UK 162 PO 004
	Programme title: East of England ERDF Competitiveness Programme – Towards Low Carbon Economic Growth
ANNUAL IMPLEMENTATION REPORT	Reporting year: 2010
	Date of approval of the annual report by the monitoring committee:

SECTION 2 – OVERVIEW OF PROGRAMME IMPLEMENTATION 2010

2.1 Achievement and analysis of progress

Physical progress of the Programme

Several factors combined to make 2010 a challenging year for the programme and those responsible for its management and delivery. The UK economy strived to recover from deep recession and the newly elected coalition Government proposed measures to significantly reduce the budget deficit and cut public spending. Amongst the public sector measures announced by the UK Government was the abolition of a number of government departments and government funded agencies, including the regional Government Office (GO) network and the Regional Development Agencies (RDAs). Public spending cuts would impact on local authorities and government funded sectors, such as higher education, that are an important source of match funding for ERDF assisted projects.

The unfavourable economic outlook and proposed public sector spending cuts announced in 2010 created uncertainty relating to immediate and future prospects for businesses and communities. This undoubtedly had a restraining influence on the East of England ERDF Competitiveness Operational Programme (OP) delivery - evidenced by a lower number of new project concepts received, particularly during bidding rounds 9 and 10 conducted early in the year. A handful of prospective projects withdrew proposals, two after receiving ERDF grant approval, owing to difficulty in retaining sufficient match funding. Several live projects in receipt of public sector

funding also looked to clarify their position and, where appropriate, adjust their funding to mitigate project delivery disruption.

The confirmed abolition of the RDAs, scheduled to be completed by 31 March 2012, had an important bearing on ERDF programmes in England where RDAs are the Intermediate Bodies responsible for managing the regional ERDF programmes. The uncertainty created was unsettling for ERDF secretariat teams and programme partners, though caused limited disruption to normal operations in the East of England, pending a decision on the future functioning of ERDF programmes. By the closing months of the year proposals for the transfer of ERDF management functions performed by the RDAs were well advanced and in December the Department for Communities and Local Government (DCLG) Permanent Secretary confirmed that ERDF teams should be transferred into DCLG from 1 July 2011 but would in all other respects continue to operate as now, including from their existing locations.

Despite the challenges faced by the East of England ERDF Competitiveness programme in 2010 it continued to make steady progress. At year end the number of projects in receipt of ERDF grant assistance had increased to 32 (from 22 at the end of 2009) distributed across the priority axes as follows:

Priority Axis	Number
1	10
2	10
3	11
4	1
All Priority Axes	32

In addition, ERDF grant offers had been issued to a further 2 projects and 17 more projects had been invited to submit full business cases and were being developed.

The majority of projects have been processed via open bidding rather than the alternative commissioning route. Targeting calls on specific activities, such as energy efficiency in housing, was again exercised during 2010 and it is anticipated that specific targeting will continue to feature during the remainder of the programme.

A full list of contracted projects and their application route is provided as Appendix (a). Progress with project applications achieved during 2010 is described below.

Commissioned projects

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 three. No further commissioned projects were being progressed as at the year end.

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.

Status	Number of projects
Grant offer issued – awaiting acceptance	1
Full business case received for CDG consideration	2
Full business case invited	12
Concept re-submission invited	1
Concepts rejected	4
Concepts withdrawn	1
Total	21

In conjunction with bidding round 12 EEDA invited applications from projects seeking support for **low carbon vehicle innovation and technology**. This generated healthy interest from a number of sources including vehicle manufacturing, universities and knowledge based companies, though no concepts were received by the bidding round deadline. A related project, Innov8 with Evalu8 (part of the broader Plugged in Places initiative being promoted by the Office for Low Emission Vehicles), submitted in bidding round 11 had been approved and issued with an ERDF grant offer at year end and it was hopeful that further projects addressing low carbon vehicle technology might be attracted in future.

1st Housing call (for projects to undertake activities related to energy efficiency measures and renewable energy in low income housing)

The first housing call for expressions of interest which closed in December 2009 attracted 13 project concepts. Consideration of projects submitted under this call was completed during 2010 and an analysis of the outcomes is provided in the following table:

Status	Number of projects
Contracted	1
Grant offer issued – awaiting acceptance	1
Full business case invited	1
Concepts rejected	7
Concepts withdrawn	3
Total	13

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 first housing call was disappointing the experience and lessons learnt should help with the facilitation of project proposals submitted in the second housing call.

2nd Housing call (for projects to undertake activities related to energy efficiency measures and renewable energy in low income housing)

The second housing call with an ERDF allocation of £2.1 million, which closed in November 2010, attracted 9 project concepts. These were considered by the Competitiveness Delivery Group (CDG) in December. The timetable for considering projects submitted under this extends into 2011.

The following table provides an analysis of progress reached as at the end of 2010:

Status	Number of projects
Full business case invited	3
Concept re-submission invited	3
Concepts rejected	3
Total	9

Transport call

In November 2010 a specific thematic bidding round for transport related projects was launched with an allocation of £8 million ERDF. The call for expressions of interest closed in January 2011.

Interim Programme Evaluation

In accordance with the programme evaluation strategy and plan approved by the EPSG in July 2009 an initial interim evaluation of the programme was undertaken during the first months of 2010. Consultants carrying out the evaluation completed their report and recommendations in May 2010. Following consideration by the EPSG proposed amendments to the OP were forwarded to the Managing Authority for submission to the Commission for approval. The key OP amendments proposed are summarised in section 2.7.

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 2010, 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.

The commitment shown in the table suggests that there are a number of targets where the programme is likely to over achieve and others where it will significantly under achieve. Proposals for revision to output and results targets (drawing on recommendations from the interim programme evaluation) have been submitted to the EC. The proposed revisions should ensure that the programme can achieve a realistic yet suitably stretching range of targets

Outputs				
Ref	Definition	Commitment as at end of 2010	Achievement To end of 2010	Target
O 1.1	Number/type of start-up businesses receiving Priority 1 assistance	77	2	1670
O 1.2	Number/type of SMEs receiving Priority 1 assistance - innovation	1371	67	1550
O 1.3	Number/type of SMEs receiving Priority 1 assistance - non innovation	522	3	390
O 1.4	No of businesses assisted to improve performance through ICT initiatives	1167	0	400
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	2217	68	150
O 2.1	Number/type of start-ups receiving Priority 2 assistance	74	6	1300
O 2.2	Number/type of SMEs receiving Priority 2 assistance - risk capital	45	0	200
O 2.3	Number/type of SMEs receiving Priority 2 assistance - non risk capital	2474	444	1000
O 2.4	Number of social enterprises receiving Priority 2 assistance	22	0	155
O 2.5	Number of organisations/SMEs supported engaged in promotion of clean technology/renewable energy	124	194	465
O 2.6	Increase in No of Businesses within the region engaged in business to business networks	151	62	250
O 3.1	Number of organisations receiving Priority 3 assistance	1256	110	330
O 3.2	Number/type of low carbon construction and refurbishment initiatives	6	1	17
O 3.3	Number of sq meters of new or upgraded specialist premises achieving BREEAM standard of 'very good' or better	5140 m ²	585 m ²	25000 m ²
O 3.4	Number of energy efficiency demonstrator projects	12	0	5

Results				
Ref	Definition	Commitment as at end of 2010	Achievement to end of 2010	Target
R 1	No of jobs created (FTE and by gender)	1143 (593.5 F)	17.2	4600 (2531 F)
R 2	No of jobs safeguarded (FTE and by gender)	1431 (738.5 F)	97.2	860 (473 F)
R 3	Number/type of successful innovation related initiatives in SMEs	1359	181	1162
R 4	Number/type of successful non innovation related initiatives in SMEs	1636	612	292
R 5	Number/type of successful environmental related initiatives in SMEs	1962	383	350
R 6	Number/type of successful start-up businesses	88	0	1485
R 7	Leverage of private sector funding	€55,555m (£50.329m)	€1,650m (£1.495m)	€20,98m (£19.01m)
R 8	Leverage of public sector funding	€20,499m (£18.571m)	€2,679m (£2.427m)	€ 139,68m (£126.54)
R 9	Occupancy rate of new or upgraded specialist premises 3yrs after opening (%)	0	0	85%
R 10	Return (IIR) on OP risk capital investments - 10 years	10%	0	10.00%
R 11	Number of new or existing businesses locating to eco-efficient, high quality work spaces	22	8	70
R 12	Number of businesses supplied with low or zero carbon energy	60	1	50
R 13	Number of businesses integrating new products, processes or services	2027	131	50

Impacts				
Ref	Definition	Commitment as at end of 2010	Achievement to end of 2010	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)	Not recorded	0	2900
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	2000
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/EERA

Financial information

The programme financial tables are provided as appendix (b) and proposed indicative expenditure categories are provided as appendix (c).

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) ¹	Expenditure paid by the body responsible for making payments to the beneficiaries (€m)	Total payments received from the Commission (€m)
Priority Axis 1 – Promoting innovation and knowledge transfer with the intention of improving productivity	0.635368	1.406868	0.010041	0.635368	0.078478
Priority Axis 2 – Stimulating enterprise and supporting successful business by overcoming barriers to business creation and expansion	14.129190	2.596178	0.770313	14.129190	5.435287
Priority Axis 3 – Ensuring sustainable development, production and consumption	3.101515	3.735619	2.277525	2.906360	0.827490
Priority Axis 4 – Technical Assistance	0.866905	0.866905	0.000000	0.866905	0.407908
Grand Total	18.732978	8.605570	3.057879	18.537823	6.749163

The ERDF expenditure shown in the Source of Funding table above includes €12,256m (£11m) of ERDF grant for approved venture capital fund (VCF) projects paid at the start of the projects in 2009. Inclusion of these projects distorts the ERDF intervention rate appearing for the programme because private sector match funding will only be recorded as investments are made over the life of the projects. When the VCF funding is removed the underlying programme level ERDF is 35.7 per cent of the total value of project expenditure claims submitted.

The following table provides a breakdown of ERDF money committed to the 32 contracted projects across all years of the programme together with commitment up to the end of 2010, against ERDF allocated to the programme. The figures include £3.6m of ERDF grant awarded to

¹ Only applicable for operational programmes expressed in total cost

Screen East, for the Low Carbon Digital Content Investment Fund (LCDCIF) project, which ceased operations on 10 September 2010 owing to significant financial problems. At the end of the year Screen East was still in official administration so the LCDCIF project could not be formally closed.

Contracted Projects – ERDF committed and spent

Euros

Priority Axis	ERDF Programme Allocation	ERDF Commitment – contracted projects as at 31 December 2010 ²		Expenditure as at 31 December 2010	
		All years	To end of 2010	Actual	Certified
	€	€	€	€	€
1	37,293,431	12,751,554	5,016,411	635,368	521,513
2	26,639,500	24,811,238	16,748,522	14,129,190	13,661,974
3	42,622,000	9,993,200	6,246,606	2,906,360	2,298,740
4	4,439,788	1,538,469	1,538,469	866,905	407,908
Total	110,994,719	49,094,461	29,550,008	18,537,824	16,890,134

GBP

Priority Axis	ERDF Programme Allocation	ERDF Commitment – contracted projects as at 31 December 2010		Expenditure as at 31 December 2010	
		All years	To end of 2010	Actual	Certified
	£	£	£	£	£
1	33,785,178	11,551,995	4,544,509	552,589	454,368
2	24,133,479	22,477,205	15,172,962	12,613,328	12,206,662
3	38,612,480	9,053,124	5,658,978	2,501,913	1,986,634
4	4,022,130	1,393,743	1,393,743	758,223	370,829
Total	100,553,267	44,476,067	26,770,192	16,426,052	15,018,493

The table also shows the amount of expenditure by projects. As at 31 December 2010 actual expenditure amounted to £16,426,052 (€18,537,824) of which £15,018,493 (€16,890,134) had been certified. At year end expenditure claimed by projects amounting to £1,407,559 (€1,647,690)

² Euro values have been calculated using an exchange rate of 1.10384

ERDF was awaiting certification by the Certifying Authority and £167,592 (€195,154) ERDF was pending verification by the ERDF secretariat monitoring team.

Breakdown of use of the Funds

Lisbon Categories

Under article 9 of Commission Regulation (EC) No 1083/2006 it is a requirement that 75 per cent 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 (b). The cumulative breakdown of allocated funds committed to operational projects as at the end of 2010 is provided in the following table.

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 €
Research & technology development (RTD), Innovation and entrepreneurship					
03	01	00	21	UKH	4,623,830
			06	UKH	851,844
04	01	00	19	UKH	883,072
			21	UKH	2,969,866
05	01	00	21	UKH	331,152
06	01	00	11	UKH23 26UG St Albans	458,094
			11	UKH14 42UD Ipswich	458,094
			12	UKH	2,490,999
			12	UKH21 Luton	361,618
			12	UKH31 Southend	339,126
			21	UKH	1,006,396
			21	UKH13 Norfolk	1,385,871

			21	UKH14 Suffolk	200,638
			22	UKH	480,611
			22	UKH3 Essex	2,807,831
08	01	00	15	UKH	682,391
			21	UKH	3,349,681
			21	UKH14 Suffolk	40,643
	03	00	15	UKH	12,142,240
09	01	00	12	UKH	2,207,680
			21	UKH	2,186,619
				UKH32 Thurrock	209,730
Information Society					
11	01	00	22	UKH	2,230,448
15	01	00	06	UKH	48,348
Energy					
41	01	00	21	UKH	889,961
			22	UKH	1,452,653
43	01	00	12	UKH13 Norfolk	572,457
				UKH33 22UL Rochford	900,643
			21	UKH	993,456
Technical assistance					
85	01	00	17	UKH	1,338,928
86	01	00	17	UKH	199,541
TOTAL					49,094,461

The ERDF commitment against priority themes shown in the table above reveals that €47.56m or 96.9 per cent of the €49.09m committed to the end of 2010 is set against Lisbon earmarked categories. This is in line with the 75 per cent minimum threshold established for ERDF Competitiveness programmes and the region's OP target to deliver over 90 percent against Lisbon categorised interventions.

Commitment recorded at the end of 2010 was, with one exception, set against indicative categories included in the OP. A small amount had been committed to category 15 (other actions aiming at access to the TIC by SMEs and their effective use) that was not foreseen as a potential category for the receipt of funds when the OP indicative table was prepared.

Considerable further progress was made during the year against priority theme category 3 (technology transfer and improvement of cooperation networks between SMEs and research institutes), category 6 (assistance to SMEs for the promotion of environmentally friendly products and processes) and category 43 (energy efficiency, combined heat and power, control of energy). The Low Carbon Development Initiative (LCDI) and the Low Carbon Retrofit housing project accounted for all of the increased commitment against category 43. Further substantial commitment towards this category could eventually be made from prospective projects submitted under the second energy efficiency in housing call. Initial commitment against category 41 (renewable energy: biomass) was also recorded during 2010. No commitment against categories 7 (investments in companies directly related to research and innovation) and categories 39, 40 and 42 had been made by the end of the year. These latter categories relate to

specific renewable energy sources (wind, solar, hydroelectric/geothermic/others) and no project applications had been submitted focussed explicitly on these energy sources.

N+2 Target

The N+2 financial target for 2010 was met and exceeded as recorded in the table below.

N+2	€	% of Target	£	% of Target
Target	9,392,467.00	100.00	8,426,578	100.00
Declared Spent to EC	9,900,696.95	105.41	8,855,524	105.09
Excess	508,229.95	5.41	428,946	5.09

Only certified expenditure declared to the European Commission (EC) by the year end counts towards achievement of the spend target. At the end of 2010 a further £1.8m of ERDF claimed by projects was awaiting certification and had not therefore been declared to the EC.

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.

Following discussion within the Steering Group established to oversee the programme's development, the European Commission and feedback via the consultation, specific measures already being taken to address this issue were highlighted in addition to a strengthening of commitments to support affected groups. These included the formal commissioning of sub-regional ERDF plans at top-tier local authority level. These plans were the primary basis for ensuring a consistent level of engagement with the 2007-2013 ERDF Competitiveness Programme across all parts of the East of England and an effective tool for working with disadvantaged areas and providing advice and support via the EEDA Secretariat to develop capacity and understanding. The process involved all top-tier areas developing a concise ERDF Plan setting out proposed project priorities, financing, key partners and communication and evaluation methodologies. Local Strategic Partnerships (LSPs) were mandated to lead this work which ensured that plans were embedded with Community Strategies and local priorities, including those targeted at particular disadvantaged groups.

During 2010 the thematic Programme Facilitators liaised with LSPs to ensure that sub-regions remained fully engaged. During the opening months of 2010 the thematic facilitators endeavoured to complete the review and update of LSP plans that began in 2009. In April 2010 a Local Authority EU Funding Advisor was appointed to the EEDA International team and took lead responsibility this area of work and for developing further engagement with Local Authorities and sub-regional partnerships.

Sectors

The meta-theme of low carbon economic growth has the basis of specific sectorally driven support. Moreover, the programme's competitiveness emphasis meant that the business community remained a priority audience in 2010.

During 2010 the targeting of specific activities was endorsed by the EPSG, using the approach initially adopted for the first housing call in 2009. In October 2010 a second call for projects to undertake activities related to energy efficiency measures and renewable energy in low income housing was launched and this was followed in November 2010 by a specific call targeting transport related activities. In addition, applications were invited for projects seeking support for low carbon vehicle innovation and technology in conjunction with open-bidding round 12 in October 2010. In October 2010 the EPSG also signalled agreement to a specific call for broadband related projects, subject to eligibility clarification.

Assistance repaid or re-used

In 2010 corrections were made in connection with irregularities affecting two projects. The total value of ERDF recovered from these operations amounted to £2,180.40 (€2,690.45). The funds so released would be reused by the OP for operations other than those subject to the corrections specified.

Qualitative analysis

ERDF Commitment

During 2010 the cumulative total of ERDF funds committed to contracted projects across all years of the programme increased from £35.025m (€38.662m) to £44.476m (€49.094m) or 44.23 per cent of the total programme allocation. A further £1.76m (€1.943m) was committed to approved projects not contracted (at year end), raising the total programme commitment to 45.98 per cent of allocated ERDF.

The small increase in committed ERDF funds, for contracted and approved projects, achieved during 2010 was much less than the growth in commitment experienced in the previous year, confirming that it was a difficult year for progressing projects from concept stage through to grant offer and acceptance. The slow progression of prospective projects was evident from the considerable number and value of projects that remained in the pipeline at the end of 2010.

Projected ERDF funding requirements in 16 pipeline projects (i.e. prospective projects invited by the CDG to submit a full business case application) amounted to £25.74m (€28.41m) at the end of 2010. Thus, ERDF designated for contracted, approved and pipeline projects was over 70 per cent

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 2011.

The proportion of ERDF commitment achieved in contracted projects against allocated funds for each of the main priority axes by the end of 2010 was:

Priority Axis 1	Priority Axis 2	Priority Axis 3
34.19 %	93.14 %	23.45 %

A significant volume of funding within Priority Axis 2 (PA2) has 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 £5m through a virement of funds from PA3. Consequently a proposed amendment to the OP financial tables for a virement (of €6m) from Priority Axis 3 to Priority Axis 2 was endorsed by the EPSG prior to being submitted to the Commission.

Expenditure

Actual expenditure by projects was again very disappointing during 2010. Total cumulative ERDF expenditure reimbursed to projects by EEDA amounted to £16,426,052 of which £15,018,493 had been cleared by the Certifying Authority. These amounts included up front Venture Capital (VC) funding totalling £11m made in 2009.

ERDF expenditure profiled in projects to the 3rd Quarter of 2010 amounted to £23,493,016. The shortfall of actual total expenditure reimbursed to projects against profiled expenditure was therefore 30.08 per cent. Excluding VC funding the shortfall against profiled expenditure was 56.57 per cent.

A general analysis of expenditure issues and remedial measures taken is provided in Section 2.3 and specific analyses by priority axes are provided in sections 3.1.1, 3.2.1, 3.3.1 and 3.4.1.

Programme indicators

Following consideration of the interim programme evaluation report by the EPSG early in 2010, an extensive review was undertaken of indicator targets. This resulted in proposals to amend those targets which were likely to be excessively over or under achieved. Proposals to change these targets were endorsed by the EPSG at its meeting in October 2010 and an amended OP was subsequently submitted to the Commission. Commitment towards targets, as at the end of 2010, should therefore be viewed whilst also acknowledging that changes to a number of the stated targets are proposed.

Actual achievement against indicators profiled in projects to the end of 2010 was disappointing. In only a handful of cases were outputs and results profiled by projects met or exceeded. For many projects indicator achievement was well below expectation. 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 2010. 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 all projects with partners have now issued SLAs. The “Thames Gateway South East Leading a Low Carbon Economy” project has drawn up a ‘Grant Programme Management Manual’ which has been cited as an example of best practice and which can be used when advising new projects;

- *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 monitoring process, particular attention has been given to ensuring that suitable tracking systems have been implemented and projects are made fully aware of the qualifying activity and required level of demonstrable evidence. 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*

Projects have been encouraged to set up systems which accurately monitor and record the type and duration of support provided to SMEs. Projects are therefore encouraged to use the standard EEDA Organisation Achievement Record for this purpose because it records 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. Although use of the Organisation Achievement Record is not a contractual requirement, projects are advised to incorporate the general principles of this data collection system. It is encouraging to note that projects are now adopting this or similar systems, and it

is hoped that this will assist with the delivery of activities and outcomes, and therefore improve overall performance;

➤ *Forecasting*

A number of projects have 'flat profiled' outputs and results at the application stage (i.e. have only provided broad estimates of target dates). This has resulted in their being achieved later than forecast. The relevant projects have therefore been advised to revise their forecasts. Projects are made aware that it is acceptable for results to be achieved after the completion date of the project.

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. The Monitoring Management Information Record includes a comprehensive record of findings and is used to identify trends and issues of concern.

The EEDA ERDF 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. A workshop was held during the 2010 Project Managers Event to discuss indicator requirements. The EEDA website has been continually updated so that changes to regulations or emerging issues of concern are brought to the attention of project managers.

A social networking site for project managers was set up 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 EEDA European secretariat provided advice and guidance to prospective applicants. Furthermore, equal opportunity sub-criteria are part of the formal project selection criteria approved by the EPSG. Each of the projects approved by the CDG during 2010 was required to meet these criteria as part of the approval process.

The EPSG Equalities Group is tasked with providing advice and expertise to the EPSG and promoting excellence in the delivery of equality of opportunity across the region's European Structural Fund programmes. Four meetings of the group were held during 2010 when equality and diversity issues associated with ERDF projects being developed were considered (see Section 4).

2.2 Compliance with Community law

The EEDA European Secretariat 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 EEDA European Secretariat was concerned to ensure that ERDF supported projects complied with EU directives on state aid and procurement. Guidance on EU state aid and procurement provisions were provided during project development and compliance was checked at project appraisal stage and during project monitoring:

- Project development – the EEDA European Secretariat provided guidance, drawing applicants' attention to state aid and procurement provisions and stressing the importance of compliance;
- Project appraisal – application of the project Selection Criteria (PSC) 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 checked projects' compliance with state aid and procurement requirements during project engagement visits.

At national level EEDA contributed to ongoing developments relevant to the implementation and operation of ERDF programmes. In particular, seminars and workshops on monitoring activity (eligibility, procurement) were held by the Regional Development Agencies (being designated intermediate Bodies) providing important forums for discussing issues and sharing best practice. In addition, the ERDF secretariat Compliance & Finance Manager participated in an EC seminar for Managing Authorities and Certifying Authorities in June which included amongst other topics compliance with EU and public procurement rules.

2. 3 Significant problems encountered and measures taken to overcome them

A number of issues and concerns were identified at both programme and project level during 2010.

At programme level an issue reported to the EPSG, and also picked up early in the year by the interim evaluation, was pressure on the financial resources allocated to Priority Axis 2 (enterprise and support for business). A higher than anticipated volume of funds has been allocated to access to finance/venture capital projects which meant that funds were almost exhausted with little remaining for the broader activities indicated for this priority for which there remained a demand. The rationale for increasing funds for PA2 with a corresponding reduction of funds allocated to PA3 was considered and endorsed by the EPSG in July 2010 following which an amendment to the OP financial tables was submitted to the Commission for approval.

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 would continue into 2011.

In September 2010 Screen East, applicant for the Low Carbon Digital Content Investment Fund project, ceased trading due to significant financial problems. At year end EEDA's lawyers were

pursuing recovery of £3m ERDF money held in trust. In October 2010 the EPSG endorsed the commissioning of an update to the evidence base for a successor digital content fund and, dependent on its conclusions, the procurement of a new fund.

The failure of projects to spend to profile and submit timely claims continued to be a concern during 2010. 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. At year end the Managing Authority was in the process of revising guidance on some issues which should help to improve matters.

Several issues of concern were identified during project engagement visits (PEVs) and Progress and Verification Visits (PAVs) undertaken by ERDF monitoring staff. These concerns related mainly to procurement, the apportioning of project overheads and salary costs, and the suitability of evidence retained to support the achievement of outputs and results. These, and other issues, were the focus of discussion at an event for ERDF project managers held in May 2010. Further remedial action was taken by introducing an additional monitoring visit after new projects have submitted their first claim, thus providing an early opportunity for ensuring that suitable records are available to support the accuracy and eligibility of expenditure.

The Audit Authority carried out four (Article 16) audits in 2010. Two of these audits identified a range of errors and potentially large sums of ineligible expenditure. The most significant Article 16 findings related to the following issues:

- Procurement, specifically the implementation of open advertising processes
- Income generation, including the declaration of profit generated
- The effectiveness and accuracy of apportionment methods for indirect project costs
- Whether systems have been set up to notify SMEs of the value of ERDF support

The Article 16 findings would be used to prioritise future monitoring activity. The monitoring information system had also been amended so that Article 16 findings can be cross referenced with monitoring activity. The majority of issues highlighted by auditors are similar to those identified by the ERDF monitoring team during PEVs and PAVs and are issues experienced in common with ERDF programmes in other regions.

2.4 Changes in the context of the operational programme implementation

Economic outlook

The uncertain economic outlook continued to have a strong influence on programme implementation in 2010.

At the start of the year business confidence was improving after the deep recession in 2009 and remained cautiously optimistic for most of the year. In January official confirmation that the UK recession had ended in Q4 of 2009 was announced and slow recovery was expected for the rest of the year, with forecasts suggesting that the East of England might recover more strongly than the UK as a whole. The region's economy exhibited signs of economic recovery throughout 2010, although towards the end of the year there were indications that the rate of growth was slowing as business confidence fell owing to concerns that government spending cuts would dampen

domestic demand and weaken the economy. Data released by the Office for National Statistics (ONS) indicated that Gross Domestic Product (GDP) had slipped by 0.5 per cent in the last three months of 2010.

The generally adverse economic landscape coupled with measures implemented to address the budget deficit (see below) meant that prospective applicants 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 seeking to re-confirm their funding sources and/or adjust their funding profile.

UK Central Government change

In May 2010 the new UK coalition government set out its programme of policies for the next five years³. The further detail that emerged in the ensuing months, including the Spending Review in October⁴, confirmed that elements of the government's programme would have a profound impact on implementation of European programmes.

The decision to abolish the Regional Government Offices by the end of March 2011 and the Regional Development Agencies (RDAs) by the end of March 2012, effectively removing the regional tier of government and regional economic strategy and development, would have significant implications for the governance and implementation of the ERDF programme. Both organisations have been key partners, represented on the European Programmes Strategies Group (EPSG) and sub-groups, while the East of England Development Agency (EEDA) has also been a significant funding partner for a number of ERDF supported projects. Both GO-East (Government Office for the East of England) and EEDA remained important contributors to ERDF competitiveness programme implementation as at the end of 2010.

As EEDA is the designated Intermediate Body in the East of England, charged with specific delegated Managing Authority functions and delivery of the programme, the Department for Communities and Local Government (DCLG) acted swiftly to establish revised arrangements for managing and delivering ERDF programmes. DCLG Ministers made it clear that the ERDF programmes were an important contributor to economic growth and had ambitions for ERDF to contribute to the localism agenda. The Government wished to ensure that ERDF was operated with the highest standards and in a manner that was fully consistent with the EC compliance framework, whilst increasing the opportunities that communities have to influence investment in their localities. DCLG considered that these objectives could be best achieved by transferring responsibility for day-to-day administration of ERDF to DCLG and by increasing local influence on the Programme Monitoring Committees (PMCs). In December the DCLG Permanent Secretary confirmed that ERDF programme teams should be transferred into DCLG from 1 July 2011 but would in all other respects continue to operate as now, including from their existing locations.

The austerity measures imposed by the government to tackle the budget deficit would substantially reduce public financing. The October 2010 Spending Review set out how the

³ The Coalition: our programme for government – Cabinet Office, May 2010

⁴ Spending Review 2010 – HM Treasury, October 2010

Coalition Government will undertake Britain's deficit reduction plan. Departmental budgets would be cut by an average of 19 per cent over four years. The impact of the Spending Review would be felt throughout all sectors of the economy. Paradoxically, the support opportunities offered by the ERDF programme became more attractive, being a secure source of finance in a dwindling pool, yet at the same time projects seeking support from the programme were hindered by diminishing sources and availability of match funding.

Other Central Government initiatives impacting on the programme:

The Coalition Government's programme included proposals relevant to regional economic growth that would impact on the delivery of the ERDF programmes. The proposals announced would come into play beyond 2010 though preparations for their implementations and consideration of their potential impact commenced during 2010.

Significant amongst the proposals were plans to establish a discretionary £1.4bn three year (2011-2014) ***Regional Growth Fund*** (RGF) to stimulate enterprise by providing support for projects and programmes. Scope for aligning RGF and ERDF support was being actively pursued at year end.

The Government also announced proposals for the creation of ***Local Enterprise Partnerships*** (LEPs) to replace Regional Development Agencies (RDAs). LEPs will be locally-owned partnerships between local authorities and businesses that will determine local economic priorities and drive economic growth and the creation of local jobs. By the end of 2010 the government had announced 30 LEPs nationally. Early consideration was being given to the possible interaction between the new LEP structure and ERDF programmes.

The June 2010 Budget made three announcements relevant to the low carbon economy – a ***Green Investment Bank*** would be created to secure in low carbon technologies and innovations; a ***"Green Deal" for households*** will be established to help individuals invest in home efficiency improvements; and the Government will publish proposals to ***reform the climate change levy*** with the aim of providing more certainty and support to the carbon price.

2.5 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 2010 and consequently no recovery of contributions from the Fund was required.

2.6 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.

In addition, regional partners agreed a cross-programme PMC (the European Programmes Strategy Group) to maximise synergies between structural fund assistance available in the East of England. This brings together key partners involved in policy and operational development of ERDF, ESF and EAFRD programmes supported by an agenda with strategically cross-cutting elements.

The revised ESF Framework, endorsed by the EPSG in January, acknowledged that opportunities should be considered for alignment between ESF and ERDF Competitiveness programmes in the region to ensure the benefits which arise from the complementary nature of interventions are realised. The EPSG would ensure linkages between the two programmes are developed and exploited. Key areas for focus would include:

- Integration between ERDF Regional competitiveness Programme and ESF funded workforce development activity
- Linkages between types of training and employment growth particularly in the renewable energy and environmental technologies sectors being fostered through the ERDF Competitiveness programme
- Linking access to employment actions to the jobs being created in terms of renewable energy, conservation and environmental sectors/occupations
- Support for enterprise amongst disadvantaged groups including social enterprise

2.7 Monitoring arrangements

Programme Monitoring

The European Programmes Strategy Group (EPSG) is the formally established Programme Monitoring Committee (PMC) for the East of England Competitiveness Operational Programme. Four meetings of the EPSG were held in 2010, in January, April, July and October. At all meetings papers were tabled on ERDF strategic issues, programme delivery and performance. In addition, progress reports were received on the cross cutting themes activity. The minutes of these meetings are available on the ERDF pages of the EEDA website at www.eeda.org.uk/erdf

During 2010 the EPSG 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 (see also **Project Monitoring** below).

Other key items considered and/or endorsed by the EPSG during 2010 were:

January EPSG meeting

- The EPSG received a presentation setting out the University of East Anglia's credentials as Fund Operator of the ERDF Venture Capital Fund (VCF), Fund Operator functions, key features of the VCF, arrangements for the appointment of a Fund Manager and promotion of the fund.
- Members were invited to consider and comment on the recently published Low Carbon Innovation Evidence Study report jointly funded by EEDA and ERDF

technical assistance. This was a significant study that would help inform future programme interventions.

April EPSG meeting

- The EPSG was advised that the East of England Low Carbon Innovation Programme had been launched on 25 March 2010. The programme set out a vision of a world renowned low carbon innovation cluster in the East of England based on the low carbon innovation evidence study. The ERDF team would work to identify opportunities for ERDF support as the programme develops.
- Regeneris Consulting Ltd presented the draft interim evaluation report and recommendations. The EPSG raised issues concerning the format of the report and clarity of recommendations. Consultation on the draft report closed on 7 May 2010.
- The AIR for 2009 was presented for discussion and subsequently endorsed by the EPSG on 9 June 2010 (by written procedure).

July EPSG meeting

- Reduction of the N+2 target for 2010 was confirmed following structural fund regulation amendment.
- The EPSG considered the likely impact of the emergency budget announced by the coalition government on 22 June 2010 which contained proposals relating to regional economic growth and transition to a low carbon economy. The risk to public sector funding intervention was noted though in-depth analysis would need to follow the Comprehensive Spending Review.
- The EPSG was advised that the RDA network was seeking clarification from DCLG on a number of issues concerning potential changes to the governance and delivery of the programme arising from the coalition government's policies and, specifically, the proposal to dismantle the regional tier.
- The EPSG endorsed a proposal to amend the Operational Programme, addressing recommendations arising from the interim programme evaluation.
- The EPSG was advised that a second housing call would be launched in the autumn 2010. In addition, EEDA would invite applications from projects seeking support for low carbon vehicle innovation and technology as part of the normal ERDF bidding process.
- The EPSG endorsed the proposal to develop and deliver an ERDF specific call for transport related projects

October EPSG meeting

- The EPSG received an update on ERDF transition arrangements relating to the proposed transfer of ERDF management functions to DCLG following the decision to abolish the RDAs.
- The EPSG was advised that Screen East had ceased trading owing to insolvency and was therefore unable to continue as Fund Operator and Fund Manager of the ERDF Low Carbon Digital Content Investment Fund. The EPSG endorsed the commissioning of an update to the evidence base for a successor digital content fund and, dependent on its findings, the procurement of a new fund.
- The EPSG was advised that a specific call for transport related projects would be launched in November 2010.
- The EPSG was advised that the Low Carbon Innovation Fund was formally launched at an event in Cambridge on 27 September 2010.
- The EPSG endorsed proposed amendments to the Operational Programme based on recommendations arising from the interim evaluation.
- Following clarification from the European Commission, and subject to eligibility confirmation, EPSG agreed in principle to support limited broadband connectivity under the Competitiveness programme's Priority Axis 1 alongside appropriate revenue activities. EPSG also agreed that EEDA's ERDF team should commence work on the development of a detailed specification for the purposes of a call for projects.

During 2010 the Managing Authority (DCLG) undertook quarterly reviews of Intermediate Body (EEDA) ERDF functions which included a general overview of progress and operations but specifically focussed on arrangements for maintaining separation of ERDF functions from EEDA's mainstream activities and on ERDF supported projects where EEDA was the beneficiary.

Project 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 (EC) No 1828/2006.

The Monitoring Assurance Framework stipulates that Intermediate Bodies must:

- Check compliance with ERDF grant offer letter conditions by carrying out on the spot checks and through the desk based checking of ERDF claims.
- On the spot checks (monitoring visits) must include Project Engagement Visits (initial assessments) and Progress and Verification Visits (audit based checks.)

A comprehensive risk based system of monitoring checks has therefore been implemented. This is supported by a Monitoring Management Information System which is used to determine the

frequency and timing of monitoring visits. The M.I system 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 amounts of expenditure verified against supporting documentation.

During 2010 the EPSG received update reports on project monitoring and compliance activity as follows:

- *Project Engagement Visits (PEVs)* – the purpose of the PEV is to explain the terms and conditions of the ERDF grant offer, to confirm the overall aims and objectives of the project and to verify that the project has the capacity to deliver the objectives. The EPSG received quarterly updates on the volume of visits undertaken and issues and concerns being followed up and resolved. At the end of 2010 all live projects had received a PEV;
- *Verification of the first claim* – an additional monitoring visit scheduled to review the documentation supporting the first claim made by projects. This provides an early opportunity to ensure that suitable records are available to support the eligibility and accuracy of expenditure;
- *Progress and Verification Visits (PAVs)* – visits are prioritised according to risk, so projects receive priority visits when issues of concern have been highlighted at the PEV stage. The PAV is an audit based check on project documentation to ensure that the required documents and audit trails exist to demonstrate that the project is being delivered in accordance with the terms and conditions set out in the ERDF grant contract. At the end of the year 34 per cent of live projects had received PAVs as.
- *Article 16 Audits* – typically, the Article 16 audit process is carried out over a number of days and includes comprehensive checks on all project related documentation. The Audit Authority carried out four audits in 2010. The findings were extensive and will be used to prioritise future monitoring activity (see also **2.3 Significant problems encountered and measures taken to overcome them**);
- *Audits of ERDF Monitoring Systems* – during the first quarter of 2010 the ERDF monitoring team was the focus of one internal audit commissioned by EEDA and three external audits by the Managing Authority, the Certifying Authority and the National audit Office, respectively. Several issues were identified and followed up but no major concerns were highlighted.
- *ERDF Monitoring Strategy* – The monitoring strategy was amended to include changes to procedures and regulations implemented during the last year. The revision was approved by the EPSG on 20 July 2010.

The ERDF Monitoring Team carried out extensive monitoring activity during 2010 and at the year-end had exceeded the targets set for checks on project expenditure.

The Monitoring Team addressed the challenges presented by public expenditure cuts and was mindful of the importance of establishing an ongoing dialogue with projects during the economic

downturn. As far as the imminent closure of EEDA is concerned, plans were being drawn up to ensure that all project records held by EEDA are verified and stored in a secure location prior to the closure of the organisation.

Prioritisation of monitoring activity continued to be influenced by the trends and issues identified by the Article 16 audit process; as a result of findings for other RDAs; and through EEDA's own monitoring activities. It is worth noting that the majority of issues highlighted by auditors and by other RDAs were similar to those identified by EEDA, and that EEDA continues to operate a robust set of effective monitoring procedures.

Data collection

EEDA continued to use the "full" version of the centralised Management Control and Information System (MCIS) developed by CLG 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 2010. In addition to the information capability provided by MCIS, the EEDA ERDF secretariat also maintained supplementary management information capacity as appropriate to meet programme management needs.

Activity to develop of an electronic interface between the MCIS system and EEDA's financial system (SUN) failed to produce a workable product in 2010 and was abandoned. Achievement of an electronic interface whilst desirable is not critical to the payments process. A wholly compliant alternative arrangement has been employed to process and record project expenditure and payment of ERDF to projects.

Programme evaluation

An interim evaluation of the programme was undertaken by independent consultants, Regeneris Consulting Ltd, during the early months of the year. The evaluation report was completed in May, following consideration of the final draft report by the Programme Monitoring Committee – the European Programmes Strategy Group (EPSG) – at its April meeting. The report recommendations provided the basis for a number of proposed amendments to the OP.

The final evaluation report and its recommendations were considered at a meeting with European Commission (EC) representatives in June 2010 during which the key issues and points requiring potential amendment to the OP were discussed. A revised OP incorporating the proposed amendments discussed with the EC representatives was subsequently endorsed by the EPSG at its July meeting.

Summary of key OP amendments proposed:

- 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 £5 million from priority Axis 3 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

The revised OP was sent to the Managing Authority (DCLG) in the closing months of 2010 for formal submission to the European Commission for approval.

SECTION 3 – PROGRAMME IMPLEMENTATION 2009 – BY PRIORITY AXIS

3.1 Priority Axis 1 - Promoting innovation and knowledge transfer with the intention of improving productivity

3.1.1 Achievement of targets and analysis of progress

Physical and financial progress of the priority

In 2010 the number of operational projects under Priority Axis 1 increased from eight (in 2009) to ten.

One project, approved in 2009, accepted an ERDF grant offer and was contracted in January 2010.

Three PA1 projects were approved in 2010. By year end two of these had been issued with ERDF grant offers, one of which had accepted the offer and been established as a live project. The third project was withdrawn because the applicant was unable to retain and secure sufficient match funding.

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

Priority Axis 1 projects established in 2010

Project: *Low Carbon Short Knowledge Transfer Partnership Project*

Description: *The LowC-SKTP project aims to lever Higher Education Institution (HEI) expertise in low carbon technologies to SMEs in the region through effective knowledge transfer. In total 331 individual Low C-SKTPs will be delivered with projects ranging between 4 and 10 months in duration. The overall Low C-SKTP project, managed by AUEE, will be delivered by three players: an industry partner, the knowledge base partner (one of AUEE's HEI members) and an Associate (a graduate specifically recruited for the individual Low-C SKTP project) who will transfer the knowledge the company is seeking into the business via the individual SKTP project. Projects will be classified as low carbon if they seek a 10% reduction in carbon emissions under one of four selection criteria: (1) Technology Development/Adoption (implementation of a novel technology within the SME), (2) Process (e.g. efficiency gains, reduced energy cost/consumption etc), (3) Behavioural Change (e.g. intelligent route mapping for delivery services, waste reduction, recyclability), (4) Longevity and Reuse (e.g. extending life of components or products).*

Project: Offshore Algae Supply Infrastructures (OASIS)

Description: This project will establish a network of companies within the East of England that are equipped to design, manufacture and operate key elements of offshore algal production facilities. The project will also provide unique test facilities to prove key components at an industrial scale prior to offshore deployment. This will result in the region developing as the UK's leading knowledge base in this increasingly important renewable energy sector. The project will stimulate and help to coordinate the development of the supply chain for the production of algal bio-fuel and assist the region to secure a 'first mover' advantage in this emerging sector. Through knowledge transfer and collaborative working, the project will stimulate a depressed supply chain in the boat building and marine sectors and capitalise on the region's offshore engineering and maintenance and repair operations (MRO). This will enable sustainable SME development within the region and support innovative renewable bio-fuels production. This project combines Cranfield University's world class offshore engineering expertise with in-depth knowledge of algae, a combination that is unique to the East of England region.

Financial Performance as at 31.12.2010

	ERDF Allocation €	Commitment € ⁵			Actual Expenditure €	% of commitment ⁶ to 2010
		Total all years	% of allocation	To end of 2010		
Priority Axis 1	37,293,431	12,751,554	34.19	5,016,411	635,368	12.67

	ERDF Allocation £	Commitment £			Actual Expenditure £	% of commitment to 2010
		Total all years	% of allocation	To end of 2010		
Priority Axis 1	33,785,178	11,551,995	34.19	4,544,509	552,589	12.16

⁵ €/£ exchange rate = 1.10384

⁶ €/£ percentage differences arise owing to variable exchange rates on actual expenditure

Priority Axis 1 Indicators

Ref	Priority 1 - Promoting Innovation and knowledge transfer with the intention of improving productivity	Total Commitment as at end of 2010	Achievement as end of 2010	Target
	Output indicators			
O 1.1	Number of start-up businesses receiving Priority 1 assistance	77	2	1670
O 1.2	Number/type of SMEs receiving Priority 1 assistance - innovation	1371	67	1550
O 1.3	Number/type of SMEs receiving Priority 1 assistance - non innovation	522	3	390
O 1.4	No of businesses assisted to improve performance through ICT initiatives	1167	0	400
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	2217	68	150
	Result indicators			
R 1	No of jobs created (FTE and by gender)	382 (200.5 F)	2.2	1610 (886 F)
R 2	No of jobs safeguarded (FTE and by gender)	552 (301.5 F)	8.2	301 (166 F)
R 3	Number/type of successful innovation related initiatives in SMEs	964	0	678
R 4	Number/type of successful non innovation related initiatives in SMEs	863	0	170
R 5	Number/type of successful environmental related initiatives in SMEs	333	61	122
R 6	Number/type of successful start-up businesses	51	0	866
R 7	Leverage of private sector funding	€8,427m (£7.634m)	0	€7m (£6.34m)
R 8	Leverage of public sector funding	€8,079m (£7.319m)	0	€49m (£44.39m)
R 9	Occupancy rate of new or upgraded specialist premises 3yrs after opening (%)	-	-	85%
R 11	Number of new or existing businesses locating to eco-efficient, high quality work spaces	0	0	20
R 13	Number of businesses integrating new products, processes or services	1145	35	30
	Impact indicators			
I 1	Increase in the GVA as a result of the Programme	Not recorded	0	€ 67m
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

Qualitative analysis

PA1 ERDF Commitment

As anticipated, 2010 witnessed a slowing in project concept submissions, particularly during the first half of the year. At the end of 2010, £11.55m (€12,75m) or 34.19 per cent of PA1 allocated ERDF funds (for all years) had been committed to contracted projects. A further £0.85m (€0,94m) or 2.53 per cent of PA1 allocated funds had been committed to an approved project not yet contracted, raising the total programme commitment to 36.72 per cent of allocated funds for this priority axis. This was substantially lower than the 55.44 per cent allocated to PA1 for the first four years of the programme which can, in part, be explained by the late start of the programme but also reflects the difficulty experienced during 2010 in progressing projects through to contract as a result of the generally unfavourable economic conditions. At the end of 2010 a further £4.85m (€5.35m) of ERDF or 14.35 per cent of allocated funds had been profiled 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 51.07 per cent of allocated PA1 funds.

PA1 ERDF Expenditure

By the end of 2010 £552,589 of profiled ERDF expenditure had been reimbursed to PA1 projects. This was a disappointing outcome, representing just 12.16 per cent of profiled ERDF expenditure (£4,544,509) to the end of the year.

The failure of projects to spend to profile and submit timely claims continued to be an increasing concern during 2010, which particularly affected PA1 with a number of projects in this priority yet to submit claims. 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). 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.

PA1 Output/Results indicators commitment

An analysis, undertaken in 2010, of commitment towards indicators during the initial years of the programme suggests that there are a number of targets where the programme is likely to over achieve and others where it will significantly under achieve. Proposals for revision to output and results targets (drawing on recommendations from the interim programme evaluation) have been drawn up and submitted to the EC. The proposed revisions should ensure that the programme has a realistic yet suitably stretching range of targets. Further detailed analysis of commitment against targets for the 2010 AIR has therefore not been undertaken but a comprehensive assessment of progress towards the revised targets (to be approved by the Commission) will be provided in the AIR for 2011.

During 2010 further appreciable PA1 commitment was made to output indicators O1.2 (SMEs receiving PA1 assistance – innovation), O1.3 (SMEs receiving PA1 assistance – non innovation) and O1.6 (businesses within the region engaged in new collaboration with the new knowledge base). Additional significant commitment to results indicators was made for results indicators R1 (jobs

created), R2 (jobs safeguarded), R3 (innovation related initiatives in SMEs), R5 (environmental related initiatives in SMEs), R7 (private sector leverage) and R8 (public sector leverage).

PA1 Output/Results indicators achieved

Actual achievement against profiled indicators was very disappointing for PA1 during 2010, mirroring the under-achievement on project spend. The notification of indicator achievement is tied to claims submission, so in those instances where no claims were submitted indicator achievements would not have been recorded.

A number of other commonly occurring issues had a bearing on indicator performance in 2010. Besides project slippage, which was a frequently met concern, 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 end of 2010 ERDF monitoring officers were working with the projects concerned to address these issues so that indicator performance could be verified and accurately recorded.

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 per cent 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.

At the end of 2010 approximately 52 per cent of commitment to jobs creation and 55 per cent of commitment to jobs safeguarded under PA1 related to females.

3.1.2 Significant problems encountered and measures taken to overcome them

There were no problems specifically relating to Priority Axis 1 during 2010. In common with Priority Axes 2 and 3 there was considerable slippage on spend and achievement of profiled indicators. The ERDF secretariat monitoring team sought to understand the common issues responsible for under performance across all priority axes and take appropriate action to address them (see section 2.3).

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

3.2.1 Achievement of targets and analysis of the progress

Physical and financial progress of the priority

In 2010 the number of operational projects under Priority Axis 2 increased to ten (from nine in 2009).

Only one project was approved during the year and this was progressed to contract by year end. In addition, full business case applications were awaited for a further five projects.

In September 2010 Screen East, applicant for the *Low Carbon Digital Content Investment Fund* (LCDCIF) project, went into official administration following financial difficulties. The organisation remained in administration at year end pending legal proceedings. The LCDCIF project therefore remained live, though inactive.

Priority Axis 2 projects established in 2010

Project: *Low Carbon Business Champions*

Description: *This project aims to develop the in-house capability of SMEs to reduce their carbon emissions by introducing Low Carbon Champions (LCCs) within their businesses. LCCs will be developed in 75 SMEs in one county, with the end goal being the development of a model that can guide further projects throughout the region. The Champions will be provided with a carbon audit of their business (carried out by Suffolk Climate Change Partnership), work towards achieving the ANSWER Charter Mark for carbon efficiency and be eligible to apply for a grant that will pay 65% of the total cost of a carbon efficiency related project to a maximum value of £5000. The LCC project will target the beneficiary organisations with achieving a 15% reduction in energy waste during the project's lifespan.*

Financial Performance as at 31.12.2010

	ERDF Allocation €	Commitment € ⁷			Actual Expenditure €	% of commitment ⁸ to 2010
		Total all years	% of allocation	To end of 2010		
Priority Axis 2	26,639,500	24,811,238	93.14	16,748,522	14,129,190	84.36

	ERDF Allocation £	Commitment £			Actual Expenditure £	% of commitment to 2010
		Total all years	% of allocation	To end of 2010		
Priority Axis 2	24,133,479	22,477,205	93.14	15,172,962	12,613,328	83.13

Priority Axis 2 Indicators

Ref	Priority 2 - Stimulating enterprise and supporting successful business by overcoming barriers to business creation and expansion	Total Commitment as at end of 2010	Achievement as end of 2010	Target
	Output indicators			
O 2.1	Number/type of start-ups receiving Priority 2 assistance	74	6	1300
O 2.2	Number/type of SMEs receiving Priority 2 assistance - risk capital	45	0	200
O 2.3	Number/type of SMEs receiving Priority 2 assistance - non risk capital	2474	444	1000
O 2.4	Number of social enterprises receiving Priority 2 assistance	22	0	155
O 2.5	Number of organisations/SMEs supported engaged in promotion of clean technology/renewable energy	124	194	465
O 2.6	Increase in No of Businesses within the region engaged in business to business networks	151	62	250
	Result indicators			
R 1	No of gross jobs created (FTE and by gender)	597 (315 F)	8	1150 (633 F)
R 2	No of gross jobs safeguarded (FTE and by	645	87	215

⁷ €/£ exchange rate = 1.10384

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

	gender)	(335 F)		(118 F)
R 3	Number/type of successful innovation related initiatives in SMEs	324	181	484
R 4	Number/type of successful non innovation related initiatives in SMEs	700	612	122
R 5	Number/type of successful environmental related initiatives in SMEs	600	18	88
R 6	Number/type of successful start-up businesses	17	0	619
R 7	Leverage of private sector funding	€41,247m (£37.367m)	€1,625m (£1.472m)	€5,58m (£5.05m)
R 8	Leverage of public sector funding	€ (£5.709)	€ (£0.662)	€34,88m (£31.60m)
R 10	Return (IRR) on OP risk capital investments - 10 years	10%	0	10%
R 13	Number of businesses integrating new products, processes or services	835	96	20
	Impact indicators			
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

Qualitative analysis

PA2 ERDF Commitment

PA2 commitment in contracted projects posted a very modest increase during 2010 raising total commitment to £22.5m (€24,8m) or 93.14 per cent of ERDF funds allocated to the priority. The total figures includes £3m ERDF committed in the Low Carbon Digital Content Investment Fund project which will be returned for re-use during 2011 owing to the cessation of Screen East, and £8m ERDF in the Low Carbon Innovation VC Fund.

In addition, at year end, £5m (€5,5m) of ERDF had been profiled in approved projects invited to submit a full business case.

Recognising the pressure on allocated ERDF funds in PA2, which had achieved a very high rate of absorption in contracted projects, a proposal to increase the PA2 ERDF allocation by €6m (£5.4m), with a corresponding reduction in the PA3 ERDF allocation, was submitted (via the Managing Authority) to the Commission.

PA2 ERDF Expenditure

Cumulative PA2 expenditure reimbursed to projects at the end of 2010 amounted to £12,613,328 (€14,129,190) against profiled expenditure of £15,172,962 (€16,748,522). Excluding the Venture Capital fund projects, the underlying slippage against profiled expenditure for PA2 projects was a disappointing 61 per cent.

The failure of projects to spend to profile and submit timely claims continued to be an increasing concern during 2010. 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). 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.

PA2 Output/Results indicators commitment

An analysis, undertaken in 2010, of commitment towards indicators during the initial years of the programme suggests that there are a number of targets where the programme is likely to over achieve and others where it will significantly under achieve. Proposals for revision to output and results targets (drawing on recommendations from the interim programme evaluation) have been drawn up and submitted to the EC. The proposed revisions should ensure that the programme has a realistic yet suitably stretching range of targets. Further detailed analysis of commitment against targets for the 2010 AIR has therefore not been undertaken but a comprehensive assessment of progress towards the revised targets (to be approved by the Commission) will be provided in the AIR for 2011.

During 2010 the contracting of just one new project in PA2 resulted in minimal overall additional commitment to indicators. The additional project contributed a modest increase in commitment to indicators O2.3 (SMEs receiving PA2 assistance – no risk), O2.4 (social enterprises receiving PA2 assistance), R5 (environmental related initiatives), R7 (private sector leverage), R8 (public sector leverage) 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 achieved

During 2010 PA2 achievement improved across several indicators though generally still remained below profile. Actual achievement against profiled indicators is inextricably linked to project expenditure and performance. Inevitably, project slippage has resulted in delayed achievement of indicators. The notification of indicator achievement is also tied to claims submissions which, for some projects, were behind schedule at year end.

A number of other commonly occurring issues had a bearing on indicator performance in 2010. 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 2010 ERDF monitoring officers were working with the projects concerned to address these issues so that indicator performance could be verified and accurately recorded.

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 per cent 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.

At the end of 2010 approximately 53 per cent of commitment to jobs creation and 52 per cent of commitment to jobs safeguarded under PA2 related to females.

3.2.2 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 ERDF secretariat monitoring team sought to understand the common issues responsible for under performance across all priority axes and take appropriate action to address them (see section 2.3).

Pressure on available funds allocated to PA2 was a particular concern with ERDF committed to contracted PA2 projects reaching 93 per cent. The interim programme evaluation report received in the early months of 2010 noted that there appeared to be continuing demand for PA2 project activities. Acting on the evaluation report recommendation, the ERDF secretariat pursued a proposal to vire £5.4m (€6m) of the ERDF allocation from PA3 to PA2 to support further priority 2 projects.

3.3 Priority Axis 3 - Ensuring sustainable development, production and consumption

3.3.1 Achievement of targets and analysis of progress

Physical and financial progress of the priority

In 2010 the number of operational projects under Priority Axis 3 increased from four (in 2009) to eleven.

During the year three projects approved in 2009, together with four projects approved in 2010, accepted ERDF grant offers and were established 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 eight projects had been invited to submit full business case applications.

Priority Axis 3 projects established in 2010

Project: *Business Smiles*

Description: *The project aims to encourage low carbon business growth by providing a free travel planning advice service and consultancy support for 160 SMEs to enable them to deliver a package of transport initiatives. The project will also provide more convenient access to journey information through mobile ticketing and digital technologies and will use 'i-trace' software to monitor changes in transport behaviour. The transport initiatives delivered will include discounted travel tickets, an incentive scheme and a salary sacrifice scheme.*

Project: *Adnams Bio Energy*

Description: This project involves the design and build of an anaerobic digestion facility to demonstrate how, using this technology, food waste can be diverted from landfill and into the production and use of renewable energy in the East of England. The project will engage with local SMEs, to show local businesses how the technology can help them to reduce their carbon footprint by reducing CO₂ emissions and make savings in landfill costs, thereby improving their economic performance whilst stimulating the local economy and contributing to regional and national targets for emissions and renewable energy.

Project: REV-Active

Description: *This project aims to stimulate SMEs into engaging with the resource efficiency agenda and enable them to access opportunities and realise bottom line benefits. The project uses thermal imaging to identify high and inefficient energy use in businesses in the area between Thetford and Norwich, covering 2,500 businesses. The project seeks to work with the businesses to reduce and improve their energy consumption through brokering new and existing products and interventions. The interventions include a free environmental assessment plan, support to implement the action plan and provision of specialist advice and guidance.*

Project: Low Carbon Development Initiative (LCDI)

Description: *The objective of the Low Carbon Development Initiative (LCDI) programme is to overcome early-stage development risks which are preventing progress on delivering low carbon new housing and commercial developments. This will be done by developing both programme-wide arrangements and site-specific proposals to a level where a project can be successfully integrated within the wider site master plan. Formal development agreements will then be established with the land owners or project promoters and the projects can be taken forward to planning and consenting. While the full LCDI concept encompasses a portfolio of projects, this project is to initially bring forward the first two sites, Northstowe and Maylands, with plans to bring a further three forward over the next 24 months.*

Project: Grosvenor House – Low Carbon Exemplar

Description: *The aim of this project is to refurbish and transform an unused 1980's town centre office building in Luton into a showcase for environmental technologies which will also serve to provide an estimated 30 workspace and business support for start up businesses and SMEs. The refurbishment will replace high carbon energy services and technologies with more sustainable alternatives. The project will install technologies such as improved insulation to reduce heat loss/gain, enhanced natural ventilation, integrated wireless controls, and heat recovery pumps for space and water heating, all intended to reduce the building's carbon footprint by 40%.*

Project: *Taking Low Carbon to Enterprising Communities*

Description: *This project will assist new and existing social enterprises to improve their business sustainability, develop green procurement activities and achieve a reduction in carbon emissions through the establishment of a new social enterprise model. A preliminary phase to this delivery is the creation of an exemplar pilot model at Theatre Resource's Centre in Essex. The model will pioneer new approaches in green and sustainable practices that can be rolled out across the region through the offering of advice, guidance and support. The model will introduce low carbon and resource efficient initiatives and encourage the implementation of a sustainable approach to social enterprise activities, thereby providing a long and lasting legacy and model for best practice for the East of England region.*

Project: *Low Carbon Retrofit*

Description: *This project aims to reduce carbon emissions from existing social housing stock in Norfolk owned by Broadland Housing Association. The project will refurbish these properties to a low carbon standard, with carbon emission reduction of up to 80% achieved through the installation of innovative, energy efficiency measures combining best whole house practice and micro-generation technologies. The project will monitor and challenge tenant behaviour and will engage SMEs to demonstrate techniques and transfer knowledge across the building trade and amongst housing professionals. The project will showcase retrofitted projects to a network of stakeholders and businesses to reduce barriers to growth in the market.*

Financial Performance as at 31.12.2010

	ERDF Allocation €	Commitment € ⁹			Actual Expenditure €	% of commitment ¹⁰ to 2010
		Total all years	% of allocation	To end of 2010		
Priority Axis 3	42,622,000	9,993,200	23.45	6,246,606	2,906,360	46.53

⁹ €/£ exchange rate = 1.10384

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

	ERDF Allocation £	Commitment £			Actual Expenditure £	% of commitment to 2010
		Total all years	% of allocation	To end of 2010		
Priority Axis 3	38,612,480	9,053,124	23.45	5,658,978	2,501,913	44.21

Priority Axis 3 Indicators

Ref	Priority 3 - Promoting sustainable development, production and consumption	Total Commitment as at end of 2010	Achievement as end of 2010	Target
	Output indicators			
O 3.1	Number of organisations receiving Priority 3 assistance	1256	110	330
O 3.2	Number/type of low carbon construction and refurbishment initiatives	6	1	17
O 3.3	Number of sq meters of new or upgraded specialist premises achieving BREEAM standard of 'very good' or better	5140	585	25000 m ²
O 3.4	Number of energy efficiency demonstrator projects	12	0	5
	Result indicators			
R 1	No of gross jobs created (FTE and by gender)	164 (78 F)	7	1840 (1012 F)
R 2	No of gross jobs safeguarded (FTE and by gender)	234 (102 F)	2	344 (189 F)
R 3	Number/type of successful innovation related initiatives in SMEs	71	0	Not applicable
R 4	Number/type of successful non innovation related initiatives in SMEs	73	0	Not applicable
R 5	Number/type of successful environmental related initiatives in SMEs	1029	304	140
R 6	Number/type of successful start-up businesses	20	0	Not applicable
R 7	Leverage of private sector funding	€5,881m (£5.328m)	€0,025m (£0.023m)	€8,4m (£7.61m)
R 8	Leverage of public sector funding	€6,119m (£5.543m)	€1,948m (£1.765m)	€55,8m (£50.55m)
R 9	Occupancy rate of new or upgraded specialist premises 3yrs after opening (%)	-	-	85%
R 11	Number of new or existing businesses locating to eco-efficient, high quality work spaces	22	8	50
R 12	Number of businesses supplied with low or zero carbon energy	60	1	50
R 13	Number of businesses integrating new	47	0	Not

	products, processes or services			applicable
	Impact indicators			
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

Qualitative analysis

PA3 ERDF Commitment

Although ERDF commitment in PA3 increased appreciably in 2010, to £9.1m (€10,0m) or 23.45 per cent of allocated funds, boosted by the contracting of seven projects during the year, it remained substantially below the 55.4 per cent allocated to PA3 for the first four years of the programme. However, a further £16.2m (€17,9m) of ERDF or 42.08 per cent of allocated funds had been profiled in pipeline projects raising total potential commitment to 65.53 per cent of PA3 allocated funds.

PA3 Expenditure

ERDF expenditure under PA3 amounted to £2,501,913 at year end. This was approximately 44 per cent of expenditure profiled to the end of 2010.

The failure of projects to spend to profile and submit timely claims continued to be an increasing concern during 2010. 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). 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

An analysis, undertaken in 2010, of commitment towards indicators during the initial years of the programme suggests that there are a number of targets where the programme is likely to over achieve and others where it will significantly under achieve. Proposals for revision to output and results targets (drawing on recommendations from the interim programme evaluation) have been drawn up and submitted to the EC. The proposed revisions should ensure that the programme has a realistic yet suitably stretching range of targets. Further detailed analysis of commitment against targets for the 2010 AIR has therefore not been undertaken but a comprehensive assessment of progress towards the revised targets (to be approved by the Commission) will be provided in the AIR for 2011.

During 2010 the contracting of seven additional projects made a substantial contribution to further commitment across a range of indicators, notably O3.1 (organisations receiving PA3 assistance); O3.4 (energy efficiency demonstrator projects); R2 (jobs safeguarded); R5 (environmental related initiatives in SMEs); R7 (private sector funding leverage); R8 (public sector funding leverage); and R12 (businesses supplied with low or zero carbon energy). As shown in the indicator table above, commitment was also recorded against some indicators not assigned for PA3 in the OP.

PA3 Output/Results indicators achieved

The recording of actual achievement against profiled indicators is dependent on timely project progress and claims submissions and on accurate and verifiable output and results calculation. Achievement was, thus, below profile across all PA3 indicators mirroring project expenditure under-performance.

A number of other commonly occurring issues had a bearing on indicator performance in 2010. 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 2010 ERDF monitoring officers were working with the projects concerned to address these issues so that indicator performance could be verified and accurately recorded.

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 per cent 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.

At the end of 2010 approximately 48 per cent of commitment to jobs creation and 44 per cent of commitment to jobs safeguarded under PA2 related to females.

3.3.2 Significant problems encountered and measures taken to overcome them

There were no problems specifically relating to Priority Axis 3 during 2010. In common with Priority Axes 1 and 2 there was considerable slippage on spend and achievement of profiled indicators. The ERDF secretariat monitoring team sought to understand the common issues responsible for under performance across all priority axes and take appropriate action to address them (see section 2.3).

3.4 Priority Axis 4 – Technical Assistance

3.4.1 Achievement of targets and analysis of progress

Physical and financial progress of the priority

No additional technical assistance funding approvals were sought during 2010 and the number of projects (one) therefore remained unchanged from 2009.

Financial Performance as at 31.12.2010

	ERDF Allocation €	Commitment € ¹¹			Actual Expenditure €	% of commitment ¹² to 2010
		Total all years	% of allocation	To end of 2010		
Priority Axis 4	4,439,788	1,538,469	34.65	1,538,469	866,905	56.35

	ERDF Allocation £	Commitment £			Actual Expenditure £	% of commitment to 2010
		Total all years	% of allocation	To end of 2010		
Priority Axis 4	4,022,130	1,393,743	34.65	1,393,743	758,223	54.40

Qualitative analysis

PA4 ERDF Commitment

ERDF committed to technical assistance covering the first four years of the programme (2007-2010) amounted to £1,393,743 or 34.65 per cent of the total allocation for PA4.

PA4 ERDF Expenditure

At year end TA expenditure claims amounting to £758,223 had been paid, representing 54.4 per cent of profiled expenditure to the end of 2010. Further TA expenditure was in the process of being checked and verified.

Programme Management and delivery functions

During 2010 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 EPSG:

¹¹ €/£ exchange rate = 1.10384

¹² €/£ percentage differences arise owing to variable exchange rates on actual expenditure

- 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.

Significant problems encountered and measures taken to overcome them

There were no problems specifically relating to Priority Axis 4 during 2010. However, changes announced by the new Coalition Government meant that ERDF secretariat staff resources were increasingly mobilised to prepare for the administrative revisions resulting from the proposal, confirmed at the end of 2010, to transfer RDA Intermediate Body responsibilities for ERDF to the Department for Communities and Local Government (DCLG).

SECTION 4 – CROSS CUTTING THEMES

4.1 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:

- (i) Advice and guidance during project development – this is available in the programme prospectus, business case guidance notes and via thematic facilitators.
- (ii) 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.
- (iii) Dedicated cross cutting theme groups – the Equalities Group and Environmental Sustainability Group, as strategic sub-groups of the EPSG, are charged with advancing the delivery of the cross cutting themes across the region's Structural Funds.

Once contracted, projects are subject to robust monitoring by the ERDF Secretariat 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.

4.2 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.

Equalities Group (EG)

The Equalities Group is an executive sub-committee of the European Programmes Strategy Group (EPSG). The group is chaired by an equality expert, chosen from the regional partnership, who is also a member of the EPSG. 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 EPSG and promote excellence in the delivery of equality of opportunity across the region's European Structural Fund programmes.

The EG met four times in 2010 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 meetings during the year.

A key responsibility under the EG's Terms of Reference, to 'develop a cross programme strategy and action plan for equalities mainstreaming across all of the region's European programmes', was completed during the early part of 2010. The strategy and action plan, which brings together the general duties expressed in existing guidance and the specific duties established in current legislation, was endorsed by the EPSG in July 2010 and sets out actions and timescales against objectives for five broad requirements:

- I. **Leadership and Strategy** – demonstrable commitment inside and outside EPSG and Delivery Organisations
- II. **Policy, Procedures and Processes** – equalities inputs and outputs mainstreamed
- III. **Partnerships and Resources** – EPSG and Delivery Organisation leaders have identified, aligned and deployed actions to take account of diverse needs of stakeholders/beneficiaries/participants
- IV. **Projects and Programme Results** – systematic information measuring beneficiary and participant satisfaction
- V. **Key performance Results** – is managing equalities mainstreaming contributing to positive results and outcomes?

The EPSG and all delivery organisations responsible for management and oversight of programmes in receipt of European funding would be asked to perform the actions set out in the action plan.

Other items of relevance to the ERDF Competitiveness Programme considered by the group during 2010 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 EEDA European programmes Secretariat, 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.

In November 2010 the EG noted that the ESF programme would no longer require regional oversight and that consequently ESF Secretariat support for the Group would cease. This would impact on membership and functioning of the group and options for the future of the group, particularly in relation to the ERDF Competitiveness Programme, would therefore be tabled for consideration by the EPSG early in 2011.

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 requires 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 2010 reveals an average score for Equal Opportunities of 7.625 (out of a maximum of 10) for projects across the three priority axes. Individual project scores ranged from 6 to 9. The distribution of scores achieved for the 8 projects approved in 2010 is shown below.

Number of Projects	Priority Axis	Equal Opportunities score attained (Max 10)
1	1	9
1	3	9
1	2	7.75
1	3	7.75
1	1	7.5
1	1	7
1	3	7
1	3	6
Total 8	All Priorities	Av. = 7.625

As the table above shows all except one of the projects approved in 2010 achieved an equal opportunities appraisal score of 7 or more.

The number of projects approved in 2010 was much lower than in the previous year so it is not possible to draw meaningful conclusions from a comparison of the equal opportunities scores for the two years. However two general observations can be made - the average score at 7.625 was slightly higher than the average 7.57 recorded for the 19 projects approved in 2009 and, overall, the scores achieved in 2010 were more closely grouped than those for projects approved in 2009, which had scores ranging from 5 to 9.5.

Equal Opportunities targets

The programme job creation and safeguarding targets are weighted towards creation/safeguarding of jobs for women. By the end of 2010 the commitment to creating and safeguarding jobs for women in operational projects is shown in the table below.

Results				
Ref	Definition	Commitment Total as at end of 2010	Commitment Female as at end of 2010	Commitment Female as % of Total
R 1	No of jobs created (FTE and by gender)	1143	593.5	51.92
R 2	No of jobs safeguarded (FTE and by gender)	1431	738.5	51.61

The commitment to creating and safeguarding female jobs, at just less than 52 percent, was slightly lower than the comparable percentage (just under 53 per cent) recorded for the position at the end of 2009 and below the programme target of 55 per cent for female jobs. However, the figures need to be examined in relation to the sectors addressed by some projects (e.g. waste, logistics, manufacturing, construction, etc) that afford limited opportunity to favour female employment. This matter was considered by the Equalities Group (EG) which acknowledged that the target ratio of 45 per cent male: 55 per cent female jobs could be extremely difficult to achieve in some sectors. The EG agreed that project targets should be realistic and supported by appropriate evidence were deviations from the recommended target were proposed, yet challenging to ensure that equality and diversity improvements are made.

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 European Secretariat, therefore, has limited control over the composition of groups but nevertheless aims to achieve gender balance at meetings as far as possible.

During 2010 the gender composition of groups related to the ERDF Competitiveness Programme was as follows:

Group	Number of Members	
	Male	Female
European Programmes Strategy Group (EPSG)	18	11
Competitiveness Delivery Group (CDG)	11	7
Performance Improvement Group (PIG)	4	1
Equalities Group (EG)	7	5
Environmental Sustainability Group (ESG)	4	6

4.3 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.

Environmental Sustainability Group (ESG)

The Environmental Sustainability Group is an executive sub-committee of the European Programmes Strategy Group (EPSG). The group is chaired by an official of the Environment Agency, who is also a member of the EPSG. 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 EPSG and promote best practice in the delivery of environmental sustainability across the region’s European Structural Fund programmes.

The ESG met once during 2010, in May, supplemented by e-mail contact between members throughout the year. The meeting considered and agreed the draft content for the ERDF Competitiveness Programme AIR for 2009 and arrangements for the future operation of the ESG.

The ESG re-affirmed its earlier decision to function mainly as a virtual group, meeting just once a year in March 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.

Given the changing nature of the group, coupled with resource constraints and difficulty in attracting the active engagement of some participant organisations, the ESG agreed that its Terms of Reference (ToR) and membership should be revised to establish a core group more focussed on the provision of specialist monitoring and advice. ToR revisions were subsequently approved by the EPSG in July 2010.

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 2010 these processes included advice and guidance during the development of projects; the application of environmental sustainability appraisal criteria as part of the selection 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 part of the development process project applicants were required to use the Inspire East Excellence Framework, which helps define “excellence” in sustainable communities in the East of England.

Robust project appraisal criteria applied to all projects submitted to the CDG for approval 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 8 projects approved in 2010 is shown in the table below.

Number of Projects	Priority Axis	Environmental Sustainability score attained (Max 10)
1	1	8
1	2	8
1	3	7.75
1	1	7.5
1	3	7.5
1	1	7
1	3	6.625
1	3	6
Total 8	All Priorities	Av. = 7.328

The analysis of projects approved by the CDG in 2010 reveals an average score for Environmental Sustainability of 7.3 (out of a maximum of 10) for projects across the three priority axes. Individual project scores ranged from 6 to 8.

As the table shows 6 of the 8 projects approved in 2010 achieved an environmental sustainability appraisal score of 7 or more.

The number of projects approved in 2010 was much lower than in the previous year so it is not possible to draw meaningful conclusions from a comparison of the environmental scores for the

two years. However two general observations can be made - the average score at 7.3 was slightly lower than the average 7.79 recorded for the 19 projects approved in 2009 and, overall, the scores achieved in 2010 were more closely grouped than those for projects approved in 2009, which had scores ranging from 5 to 10.

SECTION 5 - MAJOR PROJECTS

No major projects were approved in 2010.

SECTION 6 - TECHNICAL ASSISTANCE

6.1 Overview

The East of England ERDF Competitiveness Operational Programme Technical Assistance (TA) strategy approved by the EPSG 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.

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. EEDA, as the designated Intermediate Body for the programme, received core funding from Central Government during 2010 to help with the management of the programme. However, TA was needed to supplement this allocation.

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 EPSG in its role as the Programme Monitoring Committee; provide a link with other European funded activity in the region
- 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

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 and EEDA (as delegated Managing Authority in the region) 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 EEDA and regional partners. During 2010 additional facilitation resource was appointed to improve Local Authority engagement of with the programme. An ongoing key requirement for Facilitators will be to ensure that sustainable communities are addressed through all three priority axes.

Communication and Publicity

Technical assistance is used to support the development and implementation of the Communications Strategy and Plan (see section 7).

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.

In July 2009 the EPSG approved the OP evaluation strategy and plan. Independent consultants were appointed to undertake an initial interim evaluation of the programme which was completed in the first half of 2010.

6.2 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 (£4.02m) representing 4% of the programme allocation. The ERDF intervention rate is 50 per cent for all purposes.

Analysis of technical assistance progress is provided in section 3.4.1

SECTION 7 – INFORMATION AND PUBLICITY

7.1 Communication plan

During 2010 EEDA continued to undertake activity to promote and publicise the ERDF Competitiveness Programme in accordance with the Communications Plan approved by the European Commission in June 2008.

The **aim** of the communications plan 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 in line with the Regional Economic Strategy
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

Within EEDA the Head of Structural Fund programmes and Competitive Programme thematic facilitators engaged with other (non-ERDF) teams to raise awareness of, and assess opportunities for, ERDF to contribute to shared objectives and to join up potential activities so as not to duplicate effort. Facilitator engagement also provided an opportunity to share best practice across ERDF and non-ERDF funded 'competitiveness' activity.

At the end of 2009 the proposal for a joined-up approach to communication activity across both ERDF and the European Social Fund (ESF) was in abeyance pending identification and agreement of ESF match funding. Whilst ESF match funding was resolved early in 2010 the proposal for a joint publicity contract was then stalled by the imposition of new UK Government public sector procurement thresholds. The proposal was subsequently abandoned when it became clear that new arrangements for managing the ERDF and ESF programmes would make the proposal unfeasible.

7.2 Nominated Contact for Information and Publicity

The EEDA Communications Directorate continued to have a pivotal role in supporting the communications activity of the ERDF Competitiveness programme during the year. However, given the increasing volume of Competitiveness programme activity and the specific regulatory requirements connected with the programme, the EEDA ERDF European Programmes Secretariat assumed a prominent role in implementing the programme's communications strategy in 2010, with lead responsibility being assigned to the ERDF Programme Management team.

The designated contact is:

Claudia Maresca
ERDF Programme Management Executive
East of England Development Agency
Victory House
Vision Park
Chivers Way
Histon
Cambs
CB24 9ZR

7.3 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.

Monitoring was undertaken at both programme and project level. At programme level, communications plan delivery was the responsibility of the EEDA ERDF Programme Secretariat, supported by the EEDA Communications Directorate. Implementation of the plan was monitored by the EPSG, which received activity reports, produced by the EEDA Communications Directorate, at EPSG quarterly meetings. Monitoring at project level was undertaken by the ERDF monitoring team in accordance verifications required under Article 13 of the implementing regulations.

7.4 Communications Activities

The services of a publicity agent, commissioned by EEDA in 2009, to provide specific support for the ERDF Competitiveness Programme continued throughout 2010.

ERDF Competitiveness programme publicity and information activities undertaken during 2010 included:

- Press coverage on approved projects
- Participation of the ERDF Communications Network established by the EC Representative in the UK in partnership with DG-Regio.
- Website and e-bulletin announcements of Open Bidding Rounds
- Project case studies prepared and published on the ERDF pages on the EEDA website (one example case study from each of the three Priority Axes of projects in their delivery phase during 2010, is reproduced in Appendix (d))
- Energy Efficiency in Housing launch
- e-shots
- Facilitator-led meetings with partners
- Facilitator engagement with networks
- ERDF website content updated
- Publicity guidelines for applicants updated
- Exploration of opportunities to use social media channels as an additional promotional tool and to encourage networking and best practice amongst the programme community

Major information activity

In accordance with Article 7 of the implementing provisions of Commission Regulation (EC) No 1828/2006 a major information and publicity event was held in October 2010. The 'Creating Futures' event was held at the Maltings in Ely to publicise and celebrate the achievements of ERDF and ESF funded projects in the East of England. The event was also used to promote the programme and encourage ideas for future activity, through workshop sessions. The occasion provided valuable media coverage highlighting the role of the EU in the region.

Other significant publicity events undertaken during 2010 included:

May - A project managers' event was held to encourage networking between live and pipeline ERDF projects and to share experiences and issues around project delivery. The session provided an opportunity to raise awareness and give guidance and included one-to-one clinics for those seeking specific help.

September - An EEDA seminar on EU funding opportunities included a presentation on the ERDF Competitiveness programme.

October - Launch of the second ERDF Energy Efficiency/Renewable Energy in housing call.

November - An EEDA seminar on EU funding opportunities for cultural/Lifelong learning included a presentation on the ERDF Competitiveness programme.

November - EEDA launched a specific ERDF Transport Call and held a seminar on finding opportunities for low carbon transport projects.

December - An EEDA seminar on EU funding opportunities for environment-themed projects included a presentation on the ERDF Competitiveness programme.

Communications and Publicity Activity targets - Quantitative Analysis

Monitoring criteria	Target (per annum)	2010 Achieved
Number of press releases issued	20	TBC
Number of newsletters issued	4	2 specific ERDF plus mentions in EEDA monthly corporate newsletters to partners
Number of subscribers to newsletters	1500	1200 (ERDF) and 1000 (EEDA corporate)
Press cutting column inches (positive/negative identified)	200 inches	(TBC)
Number of high profile (i.e. ministerial, EC Commissioner) project launches or events	2	1
Number of website visits and number of downloads for key sections	1200	10,762 page views, of which 8,194 were unique
Number and type of information enquiries	250	(TBC)
Number of ERDF events held by EEDA	4	(TBC)
Number of attendees at ERDF events	350	(TBC)
Feedback from EEDA customer satisfaction survey	85 per cent as being satisfactory or very satisfactory	No customer surveys undertaken

7.5 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 is published on the EEDA web pages. This was periodically updated following approval and contract of projects.

The website address for information on the ERDF Competitiveness programme is

www.eeda.org.uk/erdf

7.6 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 2010.

An interim assessment of progress in implementing the East of England ERDF competitiveness programme communications plan during the period 2007 to 2010 was therefore carried out by the EEDA ERDF Programme Management team in the closing months of 2010. The assessment also provided an opportunity to review and inform improvement and modification to the plan as appropriate.

Summary conclusions arising from the assessment are as follows:

Communications Plan Performance

The assessment report supported the conclusion that during the period to December 2010 solid progress had been made in implementing the programme's Communications Plan. The vast majority of the proposed activities set out in the plan had been achieved and awareness of the programme amongst target audiences, particularly stakeholders participating in the delivery of the programme, had been maintained at an acceptable level.

The report confirmed that most of the potential communications actions set out in the communication plan had been undertaken in the initial years of the programme. Amongst activities not completed was the significant proposal, endorsed by the EPSG, to implement a cross programme (ERDF/ESF) publicity contract.

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.

Consultants reporting on the interim evaluation of the programme undertaken early in 2010 noted that the ERDF team had been successful in reaching out to a wide range of stakeholders and that this was a particular achievement given the size of the region which the relatively small ERDF team needs to cover.

Reports on communications activity had been made to the quarterly meeting of the EPSG and in the Annual Implementation Reports. Recorded progress against communications plan quantitative targets, as provided in the programme's Annual Implementation Reports, had not been as complete as it might be with data for some monitoring criteria either not available at all or not available in the prescribed format. This suggested that perhaps some of the criteria needed to be reviewed and developed so that data units were more accessible/collectible.

Continuing relevance of the Communications Plan

The ERDF programme Secretariat believed that the communication plan objectives for the long-term promotion of the programme would continue to be relevant as would the range of activities set out in the current communications plan to publicise and promote the programme. However, changes confirmed by the UK Central government, including the abolition of the Regional Development Agencies (RDAs), the establishment of Local Enterprise Partnerships (LEPs) and the associated ERDF programme governance changes would impact on the current communication strategy and apparatus for delivering communications measures.

The ERDF programme's information and publicity documentation and processes were closely linked with EEDA corporate communications arrangements. These would need to be adapted to comply with the revised management arrangements being organised for ERDF programmes in England. The impending management changes would also impact on arrangements for e.g. media and press activity, ERDF web-site hosting/content, the collection of data/evaluation measures, and budget/resources.

Improvement/modification to the current Communication Plan

The assessment report concluded that the current communications plan remains fundamentally sound in terms of the stated objectives and proposed activities to meet them, though it was suggested the timescale/frequency indicated for activities should be reviewed and adjusted (if required). In addition, the quantitative targets and processes for collecting data on them might also benefit from review.

Following the decision to abolish the RDAs management changes pending would affect the overall management of ERDF programmes and programme governance arrangements. The East of

England programme's communications plan would need to be comprehensively revised during 2011 to reflect and incorporate these changes. All references to EEDA would need to be removed and the text redrafted. When the assessment was undertaken the detailed arrangements for managing ERDF programmes including those impacting on programme communications, budget and resources were still being worked through at national level.

Changes to the plan would need to be endorsed by the EPSG and subsequently approved by the European Commission. In view of the impending changes there would seem to be little value in revising the plan at this time. It was proposed therefore that a formal update of the communications plan be deferred until the detailed management arrangements for the programme were clarified. It was further proposed that an ongoing review of the plan is undertaken alongside the emerging changes being drawn up by the Managing Authority (CLG) in conjunction with ERDF teams, prior to any formal amendment to the plan - expected to be completed in the second half of 2011.

APPENDIX (a)

Contracted projects as at 31/12/2010

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
2	Envirotrade	OB
	Low Carbon Proof of Concept	OB
	Low Carbon Grant for R&D	OB
	Integrated Specialist Business Support Service	OB
	EASIER	OB
	Low Carbon Digital Content Investment Fund	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
3	Resource Efficiency East	OB
	Centre for Disability Studies	OB
	Southend Eco Hub	OB
	Pathfinder Innovation Centres for Sustainability	OB
	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)
4	ERDF Technical Assistance 2007-2010	C

*OB = Open Bidding, C = Commissioning

APPENDIX (b)

PROGRAMME FINANCIAL TABLES

East of England Competitiveness Programme

Operational Programme - Table 1 (EUR)

Programme Reference Number (CCI number): 2007 UK

162 PO 004

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

Operational Programme - Table 2

Priority axes by source of funding (EUR 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
Priority 1 - Promoting innovation and technology transfer with the intention of improving productivity	€ 37,293,431	€ 55,939,000	€ 55,939,000	€ 0	€ 93,232,431	40%	€ 0	€ 0
Priority 2 - Stimulating enterprise and supporting successful businesses by overcoming barriers to business creation and expansion	€ 26,639,500	€ 39,960,000	€ 29,960,000	€ 10,000,000	€ 66,599,500	40%	€ 0	€ 0
Priority 3 - Ensuring sustainable development, production and consumption	€ 42,622,000	€ 63,934,000	€ 53,279,000	€ 10,655,000	€ 106,556,000	40%	€ 0	€ 0
Priority 4 - Technical Assistance	€ 4,439,788	€ 4,439,788	€ 4,439,788	€ 0	€ 8,879,576	50%	€ 0	€ 0
Total	€ 110,994,719	€ 164,272,788	€ 143,617,788	€ 20,655,000	€ 275,267,507	40%	€ 0	€ 0

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

Table 4

2007					
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	5,016,412.43	3,583,331.31	5,733,168.68	597,204.58	14,930,117.00
Public	7,524,464.43	4,029,978.27	7,166,662.62	597,204.58	19,318,309.89
Private	0.00	1,345,119.58	1,433,224.91	0.00	2,778,344.50
Total	12,540,876.86	8,958,429.16	14,333,056.22	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	3,654,997.85	5,847,831.92	609,148.66	15,228,719.00
Public	7,674,953.55	4,110,577.74	7,309,995.71	609,148.66	19,704,675.65
Private	0.00	1,372,021.94	1,461,889.38	0.00	2,833,911.32
Total	12,791,694.11	9,137,597.54	14,619,717.01	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	3,728,097.96	5,964,788.80	621,331.65	15,533,294.00
Public	7,828,452.93	4,192,789.46	7,456,195.92	621,331.65	20,098,769.97
Private	0.00	1,399,462.44	1,491,127.23	0.00	2,890,589.66
Total	13,047,528.51	9,320,349.86	14,912,111.95	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	3,802,659.71	6,084,084.24	633,758.25	15,843,959.00
Public	7,985,021.54	4,276,645.01	7,605,319.42	633,758.25	20,500,744.23
Private	0.00	1,427,451.61	1,520,949.69	0.00	2,948,401.29
Total	13,308,478.35	9,506,756.33	15,210,353.34	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	3,878,712.86	6,205,765.85	646,433.41	16,160,838.00
Public	8,144,721.88	4,362,177.87	7,757,425.72	646,433.41	20,910,758.88
Private	0.00	1,456,000.62	1,551,368.66	0.00	3,007,369.29
Total	13,574,647.76	9,696,891.35	15,514,560.24	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	3,956,287.17	6,329,881.26	659,362.09	16,484,055.00
Public	8,307,616.44	4,449,421.49	7,912,574.35	659,362.09	21,328,974.37
Private	0.00	1,485,120.66	1,582,396.06	0.00	3,067,516.72
Total	13,846,140.92	9,890,829.32	15,824,851.67	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	4,035,413.13	6,456,479.23	672,549.36	16,813,737.00
Public	8,473,769.23	4,538,410.16	8,070,826.27	672,549.36	21,755,555.02
Private	0.00	1,514,823.15	1,614,044.07	0.00	3,128,867.22
Total	14,123,064.49	10,088,646.45	16,141,349.57	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	26,639,500.00	42,622,000.00	4,439,788.00	110,994,719.00
Public	55,939,000.00	29,960,000.00	53,279,000.00	4,439,788.00	143,617,788.00
Private	0.00	10,000,000.00	10,655,000.00	0.00	20,655,000.00
Total	93,232,431.00	66,599,500.00	106,556,000.00	8,879,576.00	275,267,507.00

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

Table 4 (£)

Exchange Rate 1.1841	Table 4 (£)				
	2007				
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	4,236,477.01	3,026,206.66	4,841,794.34	504,353.16	12,608,831.18
Public	6,354,585.28	3,403,410.41	6,052,413.33	504,353.16	16,314,762.18
Private	0.00	1,135,984.78	1,210,391.79	0.00	2,346,376.57
Total	10,591,062.29	7,565,601.86	12,104,599.46	1,008,706.32	31,269,969.93
	2008				
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	4,321,206.46	3,086,730.73	4,938,630.12	514,440.21	12,861,007.52
Public	6,481,676.84	3,471,478.54	6,173,461.46	514,440.21	16,641,057.05
Private	0.00	1,158,704.45	1,234,599.59	0.00	2,393,304.05
Total	10,802,883.30	7,716,913.72	12,346,691.17	1,028,880.43	31,895,368.61
	2009				
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	4,407,630.76	3,148,465.47	5,037,402.92	524,729.04	13,118,228.19
Public	6,611,310.64	3,540,908.25	6,296,930.94	524,729.04	16,973,878.87
Private	0.00	1,181,878.59	1,259,291.64	0.00	2,441,170.23
Total	11,018,941.40	7,871,252.31	12,593,625.50	1,049,458.08	32,533,277.28
	2010				
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	4,495,783.13	3,211,434.60	5,138,150.70	535,223.59	13,380,592.01
Public	6,743,536.48	3,611,726.22	6,422,869.20	535,223.59	17,313,355.48
Private	0.00	1,205,516.09	1,284,477.40	0.00	2,489,993.49
Total	11,239,319.61	8,028,676.91	12,845,497.29	1,070,447.18	33,183,940.99
	2011				
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	4,585,698.74	3,275,663.25	5,240,913.65	545,928.05	13,648,203.70
Public	6,878,407.13	3,683,960.70	6,551,326.51	545,928.05	17,659,622.40
Private	0.00	1,229,626.40	1,310,166.93	0.00	2,539,793.33
Total	11,464,105.87	8,189,250.36	13,102,407.09	1,091,856.11	33,847,619.43
	2012				
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	4,677,412.78	3,341,176.57	5,345,732.00	556,846.62	13,921,167.98
Public	7,015,975.38	3,757,639.97	6,682,353.14	556,846.62	18,012,815.11
Private	0.00	1,254,218.95	1,336,370.29	0.00	2,590,589.24
Total	11,693,388.16	8,353,035.49	13,364,455.43	1,113,693.25	34,524,572.32
	2013				
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	4,770,961.29	3,408,000.28	5,452,646.93	567,983.59	14,199,592.10
Public	7,156,295.27	3,832,792.97	6,816,000.56	567,983.59	18,373,072.39
Private	0.00	1,279,303.40	1,363,097.77	0.00	2,642,401.16
Total	11,927,256.56	8,520,096.65	13,631,745.27	1,135,967.17	35,215,065.65
	Totals				
Allocation	Priority Axis 1	Priority Axis 2	Priority Axis 3	Priority Axis 4	Totals
ERDF	31,495,170.17	22,497,677.56	35,995,270.67	3,749,504.26	93,737,622.67
Public	47,241,787.01	25,301,917.07	44,995,355.12	3,749,504.26	121,288,563.47
Private	0.00	8,445,232.67	8,998,395.41	0.00	17,443,628.07
Total	78,736,957.18	56,244,827.29	89,989,021.20	7,499,008.53	232,469,814.20

Appendix (c) - 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 €
Research and technological development (RTD), innovation and entrepreneurship		
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
Information society		
10	CI infrastructures (including broad-band networks)	
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)	

Code	Codes for the priority theme dimension	Total ERDF €
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	
29	Airports	
30	Ports	
31	Internal inland waterways (<i>regional and local</i>)	
32	Internal inland waterways (TEN-T)	
	Energy	
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, geothermic, and others	2,397,525
43	Energy efficiency, combined heat and power, control of energy	12,786,600
	Environment and risks prevention	
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	

Code	Codes for the priority theme dimension	Total ERDF €
50	Rehabilitation of factory sites and contaminated land	
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	
	Tourism	
55	Promotion of natural assets	
56	Protection and development of natural inheritance	
57	Aid for the improvement of tourist services	
	Culture	
58	Protection and safeguarding of cultural heritage	
59	Development of cultural infrastructure	
60	Other assistance for the improvement of cultural services	
	Urban/rural rehabilitation	
61	Integrated projects for urban/rural rehabilitation	
	Increasing adaptability of workers and enterprises	
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 occupational and skills requirements	
	Enhancing access to and sustainability of employment	
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	

Code	Codes for the priority theme dimension	Total ERDF €
Reinforcing social inclusion of people at a disadvantage		
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	
Enhancing human capital		
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	
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	
Investments in social infrastructures		
75	Infrastructures for education	
76	Infrastructures for health	
77	Infrastructures for childcare	
78	Infrastructure for housing	
79	Other social infrastructures	
Mobilising for reforms in the fields of employment and inclusion		
80	Promoting partnerships, pacts and initiatives through networking of relevant stakeholders at national, regional and local level	
Strengthening institutional capacity at national, regional and local level		
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	
Technical assistance		
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

Code	Form of financing	Total ERDF €
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

Code	Territory	Total ERDF €
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

APPENDIX (d)

PROJECT CASE STUDIES



Harvesting innovation



The recent partnering of entrepreneurs and researchers in the East of England has provided unique opportunities for business development without costing the earth.

InCrops, a new virtual enterprise hub based at the University of East Anglia in Norwich, is stimulating commercial activity in the alternative and non-food crop sector by establishing business

networks for sharing research knowledge.

With the East of England home to the world's leaders in of plant bioscience research, the InCrops e-hub is perfectly situated to connect entrepreneurs with researchers in new, bio-renewable and low carbon products. With support from the InCrops team of Business Innovation Managers, these innovative ideas can be turned into commercial realities.

Dr John French, director, InCrops explained: "There are significant challenges in introducing new alternative and non-food crops given the suppressed state of the UK's agriculture and the huge issues of climate change affecting the region. Global markets need to be tapped effectively and significant benefits can be brought to regional businesses through the partnerships created."

Through the e-hub, the InCrops enterprise team provides specialist advice and guidance that would not otherwise be available to businesses bridging the gap between research and development, securing patents and attracting investors or public sector support.

Commenting on the power of the project John said: "It's not simply a question of cultivating crops for food or other uses - we need to maximise our use of crops and also reduce waste. As climate change starts to affect the region, the investigation of how future crops can be used for fibre, high-value chemicals and extracts, protein and starch is going to become increasingly important."

The £4.06 million project includes an investment of £1.15 million investment from the European Regional Development Fund (ERDF) and £1.05 million

from the East of England Development Agency (EEDA) has helped to make the e-hub concept a reality.

InCrops has a unique structure involving 13 regional project partners including major research institutes, universities and environmental partners. Additional collaborations with national organisations such as the National Non Food Crops Centre and DECC and growing international links are bringing added benefit to the region.

“All of the partners recognise that this is a unique opportunity and are working together to see their expertise translated into exciting new and increasingly sustainable products” John said. “The talent available in this region is enormous and the creation of a single point of focus means businesses can access the right expertise quickly and easily.”

This five-year project aims to deliver benefits to the region’s economy through assisting 200 businesses leading to 50 new businesses starting-up and 70 jobs being created or safeguarded as result.

Priority Axis 1			
Funding:	Total Project Cost: £4.06m ERDF: £1.15 million EEDA: £1.05 million Partners: £1.85 million		
Solution for Business Product:	Networking for Innovation		
Scope:	East of England	Project Duration:	June 2008–May 2013
More Information:	Dr. John French, director, InCrops: info@incropsproject.co.uk or +44 (0)1603 591765 www.incropsproject.co.uk		
ERDF Details:	<p>The European Regional Development Fund (ERDF) is a seven-year investment programme part financed by the European Union. Its objective is ‘towards low carbon economic growth’ in the East of England and €110.9 million has been allocated to our region.</p> <p>The fund aims to help small and medium size enterprises respond to the challenges of climate change and the huge commercial potential behind a low carbon economy.</p> <p>For more information visit www.eeda.org.uk/erdf erdf@eeda.org.uk or +44 (0) 1223 484622</p>		





Environmental management made EASIER



Analysis of the mind may be more akin to the science laboratory than the boardroom but a new project led by the University of Hertfordshire is aiming to use psychological techniques to help make environmental change easier for small businesses.

The Environmental Assistance for SMEs in the Eastern Region (EASIER) project is taking a novel approach to reducing carbon emissions by utilising psychology within businesses with a view to helping improve the behaviour of staff and, consequently, improve the environmental sustainability of the business.

Project manager Dr Mike Page, University of Hertfordshire, explained: "There is massive latent potential within business which is just not being released and the EASIER project is looking at introducing ways a business can develop the capabilities of key members of staff."

"By changing mindsets, the project will help SMEs develop the behaviours and thinking necessary to produce economic benefits. We are anticipating that over the next three and a half years, participating businesses will see a 10-20% reduction in their carbon emissions by applying psychological techniques alongside more traditional interventions."



Through applied research the University and its partners have identified the behavioural and thinking characteristics that allow individuals to respond effectively to challenge, change and opportunity. With this understanding and the use of advanced techniques such as psychometrics, travel planning and supply-chain analysis, it is possible to see a rapid improvement in a SME's environmental performance and, hence, its bottom-line.

Building on the renowned environmental and behavioural academic strengths of the University, the project aims to deliver focussed and tailored 14-day business support which encompasses a holistic assessment of the SME's current environmental management systems, an action plan proposing practical measures to help reduce carbon emissions and advice to help establish sustainable growth.

This is followed by an assessment to measure success against the recommendations set out in the plan and will use the Carbon Trust's Carbon Footprint calculator to establish the level of emissions savings and financial savings. These will be checked by an independent auditor.

At a total cost of £779,382, the project has benefited substantially from the £311,753 contribution from the European Regional Development Fund (ERDF) and aims to assist a total of 80 businesses during its lifetime. With the aspiration that the project can help save jobs in the current turbulent economic environment, businesses within the East of England who are new to business support, and have jobs at risk, will be the first to receive its benefits.

Commenting on the impact of the project Mike said: "The ERDF funding has given us the opportunity to make a real difference within the region by putting theory into practice. More than ever, businesses should be looking at innovative ways of protecting their bottom line. By influencing the mindsets of those who manage and run businesses in the region, we believe that we can make a lasting difference."

Priority Axis 2			
Funding:	Total Project Cost: £779,382 ERDF: £311,753		
Solution for Business Product:	Improving your Resource Efficiency		
Scope:	Regional	Project Duration:	April 2009– October 2012
More Information:	Dr Mike Page, University of Hertfordshire: m.2.page@herts.ac.uk or +44 (0)1707 286465		
ERDF Details:	<p>The European Regional Development Fund (ERDF) is a seven-year investment programme part financed by the European Union. Its objective is 'towards low carbon economic growth' in the East of England and €110.9 million has been allocated to our region.</p> <p>The fund aims to help small and medium size enterprises respond to the challenges of climate change and the huge commercial potential behind a low carbon economy.</p> <p>For more information visit www.eeda.org.uk/erdf erdf@eeda.org.uk or +44 (0) 1223 484622</p> 		



Improving business resource efficiency



Rising resource costs and a better understanding of climate change mean that more companies than ever are examining ways to introduce resource efficiency measures as a way of saving money as well as protecting the environment. Not an easy task for any business, but help is now on hand from the Resource Efficiency East (REE)

programme.

A new initiative managed by Renewables East, the regions renewable energy agency, REE aims to increase the productivity and competitiveness of small businesses in the East of England by delivering a measurable improvement in their resource efficiency.

The programme aims to foster long-term changes in how businesses address resource use and to actively help them reduce their use of materials, energy and water therefore, impacting positively on the financial health and sustainability of the individual business as well as the region's economy.

REE Director, Antony Gough, put this into context: "Research evidence has shown that larger companies have started to progress resource efficiency as they have the knowledge, time and resources to take advantage of the benefits available from adopting resource efficiency as a business priority. Smaller organisations, however, although aware of the potential benefits, often perceive the barriers as insurmountable. This is where REE comes in, providing that additional support and knowledge to the business."

Through the programme, regional businesses can access advice, guidance and support on how they can become more resource efficient by considering their use of energy, materials and water and introducing measures to reduce consumption and waste.


A two-day support package provides assistance to businesses from a resource efficiency specialist, starting with an onsite visit to the business to identify opportunities for resource reduction and make practical recommendations through a tailored action plan which also quantifies the potential financial and environmental benefits.

Subsequent telephone and email support helps to overcome any of the barriers the business may experience in implementing the recommendations and further access to a specially designed diagnostic tool provides direct business support.

Antony continued: “REE offers professional advice on a one-to-one basis and assists regional businesses to identify practical solutions which can help them reduce their use of water, energy and materials and in turn realise the financial benefits of doing so.

We are currently developing new services and programmes of work that will help businesses with additional issues such as the adoption of an environmental management system and supply chain management.”

The whole project will be delivered over a three-year period with and a £599,970 contribution from the European Regional Development Fund (ERDF) will further assist 315 businesses to identify opportunities to reduce resource use and implement a successful solution.

Priority Axis 3			
Funding:	Total Project Cost: £2.1m ERDF: £599,970		
Solution for Business Product:	Improving Your Resource Efficiency		
Scope:	East of England	Project Duration:	July 2008–March 2011
More Information:	The Resource Efficiency East Team: info@resourceefficiencyeast.org.uk or +44 (0) 1733 294524		
ERDF Details:	<p>The European Regional Development Fund (ERDF) is a seven-year investment programme part financed by the European Union. Its objective is ‘towards low carbon economic growth’ in the East of England and €110.9 million has been allocated to our region.</p> <p>The fund aims to help small and medium size enterprises respond to the challenges of climate change and the huge commercial potential behind a low carbon economy.</p> <p>For more information visit www.eeda.org.uk/erdf erdf@eeda.org.uk or +44 (0) 1223 484622</p> 