1. Identification

Operational Programme	Objective concerned **Competitiveness**
	Eligible area concerned **South West England**
	Programming period **2007-2013**
	Programme number (CCI No) **2007 UK 16 2 PO 011**
	Programme title **South West Competitiveness and Employment Programme**
Annual Implementation Report	Reporting year **2010**
	Date of approval of the annual report by the monitoring committee **17 June 2010**

South West England

SOUTH WEST ERDF COMPETITIVENESS AND EMPLOYMENT PROGRAMME

European Regional Development Fund: Investing in your Future

Contents Page nos to be amended

Introduction

The Managing Authority for the Operational Programme is the Secretary of State for Communities and Local Government. Under the terms of Article 59(2) the Secretary of State has chosen to designate a single intermediate body (A59(2) body) to carry out some of the tasks of the Managing Authority. The A59(2) body for the South West Competitiveness and Employment Programme is South West of England Regional Development Agency (South West RDA). South West RDA has been responsible for drawing up this Annual Implementation Report for 2010, gaining approval for the Report from the Programme Monitoring Committee and submitting to the Managing Authority prior to submission to the Commission.

The Report should be read in conjunction with the Operational Programme 2007-13, which explains the strategy behind the Competitiveness Programme; how that strategy was developed in relation to the socio-economic context; incorporates cross cutting themes; spatial priorities; how Competitiveness could add value; how the budget has been divided between Priority Axes; how the budget might balance between activities in each Priority Axis and the delivery arrangements for the Programme. The four operational objectives of the Programme are:

- ***Increasing productivity of the region's business base, through the promotion and support of innovation, research and development and the application of knowledge;***
- ***Reduce intra regional disparities through stimulating enterprise and accelerating business growth in those parts of the region lagging behind;***
- ***To increase employment and enterprise in the region's most disadvantaged communities and***
- ***Protect and enhance the region's environmental assets and work towards developing a low carbon economy.***

N.B. The Parliamentary Under Secretary of State for the Department of Communities and Local Government, Baroness Hanham, made a Written Ministerial Statement on 3 February 2011 announcing a series of changes to the operation and delivery of the European Regional Development Fund (ERDF) in England. In that statement the Minister explained that following the decision to abolish Regional Development Agencies and instead encourage local communities to come together to form economic partnerships, it was concluded that to maintain compliance with EC Regulations and maintain spending momentum, the existing ERDF staff and functions should be transferred into the Minister's department by the beginning of July 2011.

SECTION TWO OVERVIEW OF IMPLEMENTATION AT OPERATIONAL PROGRAMME LEVEL

2.1 Achievement and analysis of progress

Strategic Activity

2010 saw a number of political changes that have had an effect on ERDF delivery including a review of the business support landscape and the creation of Local Enterprise Partnerships as a body working on economic regeneration – there was one Local Enterprise Partnership in the Competitiveness area that was successful in gaining approval in December 2010, more are expected to follow in 2011. Following the appointment of a Coalition Government, the decision was taken to close the RDA network in March 2012 and the Government Office network in March 2011. This had significant implications for the administrative arrangements for ERDF and ESF and loss of a source of match funding for the ERDF Programme. The Dept for Communities and Local Government (DCLG) has agreed to directly manage the ERDF Programmes using staff from the RDA local ERDF Secretariats and the practicalities of the transition will be worked through in 2011. Dept for Work and Pensions is to directly manage the ESF Programmes and the Programme Monitoring Committee will cease to operate as Joint Steering Group in 2011 as the Competitiveness ESF Programme will have one national committee. Partners are considering alternative ways to maintain effective links with the ESF Programme, including the ongoing role of the cross fund linkages matrix, designed to help linkages at an operational level.

The Programme Monitoring Committee met four times in 2010, three meetings dealing with regulatory business and one meeting in November to consider specifically the issues of delivery for Priority 3: Urban Enterprise. Throughout 2010 key issues for the PMC's consideration were: the economic position of the Programme area and its potential to impact on Programme delivery; any Programme impact relating to the Emergency budget and Comprehensive Spending Review proposals of the new Coalition government; the Programme's evaluation strategy; recommendations from the 2010 Programme Review and driving forward delivery.

The first draft report of the 2010 Programme Review was received in July 2010 and the PMC considered the emerging recommendations through written procedure. A key point arising from the Review was that despite the economic turmoil internationally, the focus of the Programme remained valid. Partner contributions helped shape the response to the recommendations put to the PMC at its October meeting. A full list of recommendations and agreed responses is provided at section 2.1.9.

The 2010 ERDF Annual Communication Event was held in Exeter prior to the European Social Fund Annual Awards, which provided an opportunity for partners to see achievements in both Programmes. The ERDF event presented reflections on Programme progress and activity for the future in addition to hearing the first hand experience of three SW ERDF Competitiveness investments.

Following the EC's changes to the formula calculating annual expenditure targets (N+2), it was reported to the PMC in October that the Programme had met the 2010 target. Levels of commitment are felt to be healthy for the Mid point of the Programme. A significant proportion of pipeline activity depends on Single Pot funding post March 2011, however, the Secretariat has been working with partners to find alternative ways of delivering activity that still present the results the Programme is seeking.

At the beginning of the year the PMC supported use of Technical Assistance to fund an Evaluation Framework that was to be supported by a larger Evaluation Programme to be undertaken by South West RDA. Unfortunately due to the decision to close the RDA network in March 2012, the RDA was no longer required to undertake their evaluation programme, the effect of which was to lose the Single Pot match funding for the ERDF Evaluation Programme. The ERDF Technical Assistance project was withdrawn, so partners will work with DCLG in 2011 to establish how to meet regulatory requirements around ERDF evaluation.

Consultants were re-appointed in 2010 to continue to deliver the action plan supporting delivery of the Programme's communication strategy. As in 2009 the consultants managed the Annual Communication Event and produced Competitiveness newsletters, in 2010 the Competitiveness website was launched.

Investment Activity

The Competitiveness Programme manages its development pipeline through a commissioning approach. Commissioning moves activity from 'what and why' to 'how' – the development of a good idea into a full proposal. The commissioning approach means partners have agreed the type of activity they wish to see happen and the results the Programme requires to be successful, but the method of delivery is not fixed. The Programme Monitoring Committee (PMC) agrees Programme strategy. On behalf of the PMC the Commissioning Delivery Board commission activity that will determine the exact shape of a proposal and identify a project deliverer. The commissioning phase could include an exercise to identify the project deliverer such as requesting Expressions of Interest. At the end of the commissioning phase, a full business plan will be submitted for appraisal, which sets out how the proposal will deliver Programme objectives.

Levels of commissioning have remained strong, although this has not been proportionate across all three Priorities. The situation for Priority Axis 3: Urban Enterprise delivery has been the focus of a single issue PMC meeting as partners were indicating difficulties with finding match funding to deliver the ambitions of the Programme via the three area Strategic Investment Frameworks in Bristol, Torbay and Plymouth respectivelyThere are proposals from local authorities within the Competitiveness area to develop a JESSICA (Joint European Support for Sustainable Investment in City Areas). The overall aim of PA3 will remain and so partners are focusing on demonstrating how proposed activities within a JESSICA will deliver targets. A decision will be taken in 2011 determining whether it will be possible to deliver such a complex scheme within the remaining timeframe of the Programme. Partners are also mindful of other options to maintain Priority 3 objectives and fully utilise the Priority 3 allocation.

In seeking alternative sources of match funding to the RDA's Single Pot open calls for innovation type proposals (Business Technology Centres, Incubation Environments Support) have been launched (with a call for match); this is seen to be a way of addressing the match funding situation for Priority Axis 1: Knowledge & Innovation.

Priority Axis 2: Enterprise & Growth has been affected by the uncertainty surrounding the way forward for business support activity and the continuity of the Business Link contract that provides a brokerage service. Again, open calls (with match) may be a way of delivering the Programme going forward. Ad-hoc approaches from potential projects were not considered appropriate by the Commissioning Delivery Board as it was not seen as an open and transparent process. There are likely to be a sufficient number of proposals in development that this Priority should be able to contract its full allocation in 2011.

2.1.3 Information on the physical progress of the Operational Programme

Table 1 Overview of Programme Indicators (aggregated from all Priorities)

Indicators	Achievement 2007-2009	Achievement to end of 2010	Contracted forecast achievement	Target Number
Outputs				
Number of businesses assisted to improve their performance	**521**	**1613**	**11884**	**11000**
Number of individuals assisted in starting business	**0**	**194**	**2833**	**900**
Number of social enterprises assisted	**0**	**16**	**142**	**80**
Square metres of new or upgraded floor space – non specialist	**0**	**0**	**1116**	**1 000**
Square metres of new or upgraded floor space - specialist	**0**	**0**	**0**	**1 000**
Number of people assisted to get a job	**0**	**1**	**1188**	**700**
Number of SMEs assisted to improve their environmental performance	**0**	**67**	**1454**	**1500**
Results				
Gross new jobs created	**80**	**106**	**3280**	**9 000**
Gross jobs safeguarded	**0**	**19**	**2066**	**4 000**
No of patents granted, other IPRs and other IPR devices	**0**	**0**	**111**	**140**
Number of additional firms involved in business/cluster networks	**10**	**21**	**1201**	**2 600**
No of SMEs launching new or improved products	**6**	**6**	**871**	**4 500**
No. of businesses started	**0**	**22**	**708**	**600**
Gross increase in GVA	**0**	**£44.5m**	**£258.6m**	**£326.3m**
Gross safeguarded GVA	**0**	**0**	**£95.3m**	**£215.9m**
Impacts				
Net additional safeguarded GVA	**0**	**0**	**0**	**£208.7m**
Net additional GVA	**0**	**0**	**0**	**£324.8m**
Net additional employment	**0**	**0**	**0**	**5682**

2.1.4 Financial Information

Table 2

Summary Financial Table (€m)	**2007 - 2013**		
	ERDF	**National**	**Total**
1. Innovation and Knowledge	45 000 000	45 000 000	90 000 000
2. Enterprise & Growth	45 000 000	45 000 000	90 000 000
3.Urban Enterprise	30 000 000	30 000 000	60 000 000
4.Technical Assistance	4 658 086	4 658 086	9 316 172
Total Competitiveness & Employment	**124 658 086**	**124 658 086**	**249 316 172**

Table 3

Overview of Programme Performance to end of 2010 £sterling millions @ 0.84400 exchange rate					
ERDF Allocation	ERDF Value of contracts to end of 2010	% of Allocation contracted	Spend in 2010*	Total Spend Prog start to end of 2010*	% of Allocation Spent*
105.2	55.85	53	12.1	16.1	15.3

*The spend figures above relate to expenditure made by contracted investments.

Table 4a Programme Expenditure in 2010.

South West RDA is not using the full MCIS system, but keep full records in sterling on local systems (see section 2.7). Therefore the figures below in columns a and e are in euros as recorded in MCIS, but figures in column b,c,d have been converted to euros at the exchange rate 0.84400.

	Expenditure paid out by the beneficiaries included payment claims sent to the Managing Authority	Corresponding public constitution	Private expenditure	Expenditure by the body responsible for making payments to the beneficiaries	Total payments received from the Commission
Priority axis 1: Innovation & Knowledge	1,877,130	1,397,152	108,605	1,303,492	396,390
Priority axis 2: Enterprise & Growth	7,960,709	3,480,079	1,721,889	3,955,187	1,436,284
Priority axis 3: Urban Enterprise	2,915,996	906,537	906,537	1,460,221	1,306,382
Priority axis 4: Technical Assistance	323,114	399,327	0	399,327	80,160
Grand Total	**29,433,707**	**6,183,095**	**2,737,031**	**7,118,227**	**3,219,219**

Table 4b Programme Expenditure 2007 – 2010

Advances made to the Programme have not been included in the total payments received from the Commission. This table shows the cumulative position of the figures provided in the table for 2010 above and figures provided in the 2009 Report.

	Expenditure paid out by the beneficiaries included payment claims sent to the Managing Authority	**Corresponding public contribution**	**Private expenditure**	**Expenditure by the body responsible for making payments to the beneficiaries**	**Total payments received from the Commission**
Priority axis 1: Knowledge and Innovation (wholly ERDF)	3,458,109	2,187,642	108,605	2,134,355	1,186,880
Priority axis 2: Enterprise and Growth (wholly ERDF)	21,750,342	8,770,629	1,721,889	10,477,409	8,160,960
Priority axis 3: Urban Enterprise (wholly ERDF)	2,915,996	906,537	906,537	1,460,221	1,306,382
Priority axis 4: Technical Assistance (wholly ERDF)	1,309,260	892,400	0	884,465	573,233
Grand total	**29,433,707**	**12,757,208**	**4,511,437**	**14,956,450**	**11,227,458**

There are no transitional areas within the Competiveness Programme area so this information is not included in this table. The Programme has not made use of the flexibility offered under Article 34(2) Regulation 1083/2006 where limited ERDF funds may be made available to finance ESF types of expenditure, therefore this information is not reflected in this table.

2.1.5 Information about breakdown of use of funds

The Operational Programme was drafted to promote competitiveness in recognition of the economic impact delivering such a strategy could have on the area. Across the Priority Axes the Programme target for the proportion of expenditure allocated to schemes directly delivering activity compliant with the Lisbon agenda has been set at 90%. It is expected that 100% of activities supported by Priority Axis 1 will be Lisbon compliant; 90% of activities supported by Priority Axis 2 will be Lisbon compliant and 80% of activities supported by Priority Axis 3 will be Lisbon compliant.

Table 5
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 4 *Economic Activity*	Code (*) Dimension 5 *Location*	Amount(**)		
01	01	01	12	NUTS I - UKK	10,663,507		11,965,896
			22		1,302,389		
03	01	01	21	NUTS 1 - UKK	1,356,635		12,058,727
			22		10,702,092		
05	01	01	22	NUTS I - UKK			17,379,081
06	01	01	21	NUTS 1 – UKK			6,283,412
08	01	01	22	UKK4	1,258,293	2,786,729	6,341,232
				NUTS 1 - UKK	1,528,436		
	02			NUTS 1 - UKK	3,554,502		
09	01	01	22	UKK4			568,556
14	01	01	22	UKK	755,331		933,055
				UKK4	118,483		
				UKK1	59,240		
63	01	01	22	NUTS 3 – UKK41			204,554
68	01	01	12	UKK4	1,242,890	(UKK4 Total) 3,538,388	

				UKK	1,184,834	4,168,802	
85	01	01	17	UKK1	3,139,498		
				Total	66,181,174		

(*) The categories should be coded for each dimension using the standard classification
(**) Allocated amount of the Community contribution for each combination of categories (total value of ERDF invested in contracted activity under each Priority theme/Dimension 1)N.B. This shows cumulative progress, previous years activity has been revalued in euros at exchange rate applicable in Dec 2010 - 0.84400

2.1.6 Assistance by target groups

The Competitiveness Programme has not specified sectors for development as emphasis is on high growth / high value businesses, however there is an interest in supporting environmental technology and renewable energy enterprises and there are targets for this in Priority Axis 1 and 2. Investment was made in 2009 in a Priority 1 project aimed at identifying the benefits of innovation in marine renewable energy and there is activity commissioned in Priority Axis 2 to develop a proposal that will offer specialist support that enables businesses to make investments that will offer cost savings and contribute to a low carbon economy. Activity has been commissioned under Priority Axis 2 under the networking for innovation strand of the national Solutions 4 Business Framework, which is developing networks around bio-medical, aerospace, environment, creative industries and micro-electronic

Priority Axis 3 is designed to test innovative approaches to addressing problems in the region's most deprived neighbourhoods and to this end is focusing on Plymouth, Torbay and Bristol and these areas have agreed Frameworks identifying the objectives for development in their areas. The overall aim of the Strategic Investment Frameworks is to find new approaches to addressing problems in deprived neighbourhoods through enterprise creation and it is intended that the activity will fall into one of five strands: small scale infrastructure and facilities; promoting and encouraging new enterprises / social enterprises; access to finance; targeted business support services in the community and enterprise opportunities from environmental improvements.

2.1.7 Assistance repaid or re-used

South West RDA has undertaken to establish systems that will identify irregularities or substantial modifications to projects as required by Articles 57 and 98(2) of Regulation 1083/2006. Regular reports on irregularities identified and how they were resolved will be included in the Monitoring Team's reports to the Programme Monitoring Committee.

2.1.8 Qualitative analysis

The Programme contracted with 33 ERDF investments during 2010 across all three Priority Axis, a total ERDF investment of £31.4million during the calendar year. This has taken ERDF investment to £55.5m at a Programme level intervention rate of 47.84%, comfortably below the 50% agreed in the Operational Programme. Investment has been made wholly in support of Lisbon Agenda compliant activities, which are expected to produce the type of outputs and results that will lead to a lasting effect on the economy.

The largest proportion of the investment was in Priority 1, where significant investment was made in the activity strand focused on Improving FE/HE interactions with SMEs.

Output achievement by contracted investments did not match original expectations, but was affected by the recession. There was good progress on the achievement of businesses assisted in comparison to planned activity and forecast achievement of targets is reasonable in comparison with the level of contracted activity, particularly in light of the difficulties businesses have faced during the recession.

A disappointing effect of the closure of the RDA network, was the withdrawal of the Operational Evaluation Programme during 2010. The project's match funding was lost because it had been designed to draw upon the evaluation activity being undertaken for Single Pot investments. There is no straightforward replacement for this match funding and it is unlikely the programme of evaluation can be delivered as envisaged in the Technical Assistance application. DCLG will be reviewing how to deliver evaluation as part of their national review of Technical Assistance in 2011. Compliance with Regulations will be paramount in forthcoming proposals.

Evaluation of Programme Impact

In 2010 partners commissioned a Programme-wide Review of strategy, management and performance. Following consultation with partners the review concluded that despite the economic upheaval and more recent administrative and institutional changes, the Operational Programme and associated strategic objectives remained valid for the remainder of the Programme. It does not signal a need for any significant change to the programme' s aims or objectives, or the overarching focus on tackling structural weaknesses in the regional economy, improving rates of innovation, research and development and enterprise, and tackling intra-regional disparity

Programme strategy

Recommendation 1
The rationale and objectives of the strategy were valid at the time they were developed and continue to be valid. We do not recommend significant changes despite the upheaval in the economic and political context. The strategy of the programme should remain focused on tackling structural weaknesses in the regional economy, improving rates of innovation, research and development and enterprise, and tackling intra-regional disparity.

Response 1
Agreed. The Programme's original mission, aims and objectives remain fit for purpose and do not need significant change.

Recommendation 2
That the PMC considers revising the strategy for Priority Axis 3 to enable investment in urban enterprise activities outside of Bristol, Plymouth and Torbay if the economic situation deteriorates further, and to provide greater flexibility to respond to match-funding opportunities. We continue to support the majority of resources being targeted on Bristol, Plymouth and Torbay and that this should be subject to regular performance assessment.

Response 2
The Secretariat do no currently support this recommendation. We are currently working with partners and the European Investment Bank on the potential for a JESSICA fund solution for under-spend in Priority Axis Three The recommendation is therefore that no action is taken on the under-spend in Priority Axis Three until this work is further advanced. The next meeting of the Steering Group is due to be held on the 4th November to establish common ground from which a Feasibility Study could be scoped. PMC members may recall that they have previously supported the work to deliver a Feasibility Study on JESSICA. This is also the wish of partners in Bristol, Torbay and Plymouth.

Recommendation 3
That the PMC considers strengthening the programme wide strategy for reducing intra-regional disparity through considering new investments in rural enterprise development in the Western Peninsula under Priority Axes 1 and 2.

This should be funded by the virement of all or part of the unallocated budget under PA3. The rural enterprise activity should focus on structural weaknesses in the rural economy and barriers faced by rural businesses to enterprise development and innovation. The programme should build on the work of the RDPE programme and forge closer links between the programmes. Investing in the infrastructure for the knowledge economy could be one priority for investment.

Response 3
Again the Secretariat does not currently support this recommendation. It is important that the JESSICA initiative is explored fully before decisions on Priority Axis Three under-spend are considered. The report has also not fully considered the work in the Local Action Group areas of the RDPE Programme and the potential for overlap. It should also be noted that the ERDF Competitiveness Operational Programme currently requires that rural delivery is considered at appraisal stage for all projects coming forward under Priority Axis One and Two.

Recommendation 4
That the PMC protect Priority Axes 1 and 2 and investments in the low carbon economy if the programme faces a fall in available resources as a result of cuts in match-funding.

Response 4
It is too early to say whether cuts to match funding will have an adverse impact in this respect. The Secretariat is working with partners to establish different match models and also to issue "calls" which require match in order that Programme delivery can be maintained and de-commitment risk reduced. The environment cross cutting theme is designed to ensure that programme investments support wherever possible the drive towards a low carbon economy

Recommendation 5
That the PMC considers changes to the performance framework. We recommend that the target for the number of SMEs launching new products or processes is reduced as it was not achievable at the time it was set. We also recommend that the PMC consider amending the performance framework to include:

- new businesses started - priorities 1 and 2
- proportion of new businesses started by under-represented groups – priorities 1, 2
- Equality and Diversity CCT targets across all priorities
- reduction (relative) in carbon dioxide emissions.

Response 5
The secretariat recommends that they undertake some work on this to provide a quantitative recommendation on numbers with an underlying methodology. This could be considered by PMC members through written procedure or at the next meeting.

Recommendation 6
That the PMC re-confirm in the review of the Operational Programme the ultimate objectives of the programme in relation to supporting the transition to the low carbon economy.

Response 6
The environment cross cutting theme is designed to ensure that programme investments support wherever possible the drive towards a low carbon economy..

Recommendation 7
That the PMC amend the financial tables in the Operational Programme to include private sector match-funding.

Response 7
Agreed. The Secretariat is currently exploring the potential for beneficiary level private sector match. In

addition, if the JESSICA project is brought to a successful conclusion, private sector match will form part of the mix.

Performance

Recommendation 8
That the programme undertakes a review by October 2010 of the risks to project and programme delivery of changes in match-funding availability. This should assess all contracted, endorsed and commissioned projects and assess the risk to each project from a change in match-funding.

Response 8
The secretariat is currently taking stock of the Comprehensive Spending Review and other potential issues related to match funding, with a view to briefing the PMC at its next meeting. The Programme Update presented at this PMC identifies some areas of uncertainty with regard to headroom which should be clarified over the short term.

Recommendation 9
The PMC should consider a refresh of the Strategic Investment Frameworks by December 2010 following the Spending Review and in light of confirmation of match-funding in Bristol. This should consider whether capital
projects will help improve the implementation of the Strategic Investment Frameworks. The PMC should also consider adjusting the ERDF intervention rates for the SIFs to around 60%.

Response 9
Whilst a refresh might well be beneficial, at present the Secretariat recommend taking no action until work is progressed on the potential for a JESSICA initiative to deliver for the SIF areas.

Management and administration

Recommendation 10
That the PMC undertake a review of its membership to ensure adequate representation of the business community – to ensure the programme continues to be demand led – and local government – to improve extend the programme's links to the local and sub-regional level. Given the Coalition Government's emphasis on private sector growth as a key component of recovery from recession, the engagement of the private sector as a key stakeholder and partner in the management and delivery of the programme becomes increasingly important in the latter part of the programme.

Response 10
Agreed. The PMC and sub group membership should be reviewed as the forward strategy on Programme Management and the role of Local Enterprise Partnerships in defining delivery becomes clearer

Programme strategy

11. That the PMC consider the roll-out of SWRDA's zero carbon methodology in the appraisal process. The PMC should consider the resource implications of applying the methodology and how the difference the programme makes can be measured without burdening project delivery partners.

12. That the PMC undertake a review to speed up the commissioning process. Where match funding is available from the RDA, a more streamlined approach is required and there may be the potential to get outside organisations (e.g. local authorities) to provide more support with project development which would also help address the RDA capacity issue.

13. That the programme management team should review the relationship between commissioning and appraisal to ensure that it is as time and cost effective and efficient for applicants and

commissioning and appraisal staff.

14. That the PMC adopt the recommendations made in Chapter 6 to improve monitoring and the collation of performance management data:
• Technical Assistance –
_ Output targets should be set and monitored annually, to include: establishing monitoring databases; evaluation reports; publication/ dissemination of information and guidance; meetings; and publicity and communications events (the latter are already identified within the AIRs)
_ Result targets are set where appropriate against the output targets. These should be changes in behaviour, capacity and performance as a result of the activity that delivers the outputs
_ TA spend is monitored and reported against the strands of TA activity in the OP e.g. developmental, management information, evaluation, partnership and communication (with defined sub categories as appropriate)
• Western Peninsula - All output and result achievements are monitored separately for the Western Peninsula area and the rest of the C&E area
• Equalities and Diversity CCT - the programme must monitor and report achievements annually against the equalities and diversity targets in the OPs (including the target for 50% of PMC and sub-committee members to be women). Additionally, the long list of programme equalities indicators should be reviewed to provide a shorter list of core, SMART indicators which all projects are monitored against, to enable consistent monitoring of performance across the programme
• Environmental CCT - the long list of environmental performance indicators in the monitoring strategy should be reviewed to provide a shorter list of core, SMART indicators which all projects are monitored against, to enable consistent monitoring of performance across the programmes.
• Spatial activity: It must be possible to report output and result achievements for the spatial priority areas in both programmes. As well as for the Western Peninsula area in the Competitiveness programme, this should be for each SIF area

15. That the PMC adopt the recommendations made in Chapter 6 to improve monitoring and the collation of performance management data to aid value for money assessments. The details of the recommendations are provided in the chapter.

16. That the PMC consider how the programme can more effectively communicate its objectives and work. Articulating the Programmes' role and their ability to deliver will become increasingly important in a more challenging funding environment. The programme needs to be able to demonstrate to a wide range of stakeholders from the public and private sectors the difference it is making and how it can support local and sub-regional priorities.

17. In the face of match funding cuts the PMC needs to take a strong leadership role in identifying and lobbying potential new (and continuing) funding partners and ensuring they have a good understanding of the value added by the programmes in order to secure future resources. This will need to include evidencing the impact and outcomes of the ERDF programmes in supporting local and sub-regional policy objectives

18. The ERDF programmes should continue to explore opportunities for closer joint working between ERDF and ESF and ERDF and RDPE in strategy and in funding projects where this is appropriate.

Response to Programme Strategy Recommendations

Whilst it is acknowledged that many of these points are valid and in need of consideration, the ground has shifted considerably since the report was commissioned. There are many issues to be clarified around both the management of the Programme and the mechanisms for establishing effective delivery through relevant partner engagement and a more innovative and creative approach to eligible match funding models. The transition work now in process relating to the management of Programme will need to take many of these points into account when considering secretariat and management

issues going forward. Similarly as the role the Local Enterprise Partnerships becomes more defined, as the part the Regional Growth Fund plays in any match models and as core funded activity (e.g. UKTI) and funding around Centres of Excellence and Growth Hubs becomes clearer, it would be appropriate to consider all of these recommendations in that new context. Similarly, it will be important to ensure that any best practice such as Net Output Reporting and the zero carbon methodology are not lost in any transition arrangements.
<u>2.1.9 Cross-Cutting Themes - Environmental Sustainability</u> **Environmental Sustainability Report** Work was undertaken at the end of 2010 to produce a report providing information on the environmental impact/carbon intensity of projects funded through the ERDF programme by December 2010. The report looked at the two ERDF programmes in the South West region: Cornwall & Isles of Scilly Convergence and South West Competitiveness. Means of resourcing updates to this analysis will be discussed as part of the transition arrangements for management of the ERDF Programmes. **Material** The report looked at a total of 46 contracted investments for Competitiveness and was based on information provided by the relevant project teams. **Method for programme reporting** All contracted ERDF projects were listed and assessed *(see spreadsheet - SWRDA ERDF Environmental Monitoring Spreadsheet Dec 2010)* to include the categories and indicators detailed below, enabling monitoring under the following environmental components: Generic 1. Capital/Revenue investment? *2.* Investment demonstrates delivery of environmental standards beyond statutory minimums*? (reducing the environmental intensity of investments)* 3. Investment demonstrates delivery of environmental enhancement(s) beyond that which would have occurred had the investment not taken place *(investment has a net positive environmental outcome)* 4. Investment seeks to support or develop the environmental goods and service sector? 5. Does the investment have a significant negative or positive impact on any one or more the 11 One Planet Living Principles (detail)? Capital Investments (Buildings) 1. BREEAM eligible scheme? 2. Required BREEAM accreditation achieved? 3. Historic building refurbished / enhanced? 4. Redundant building developed for new economic use? 5. Brownfield / Greenfield? Capital Investments (Non-building Infrastructure) 1. Scheme built to environmental accreditation scheme non-BREEAM i.e. CEEQUAL? 2. Enhancement to sustainable transport alternatives, green space, historic space, community use, other?

3. Brownfield / Greenfield?
4. Previously developed land prepared/developed?

Other:

1. Number of Sustainable integrated Development Strategies Prepared?

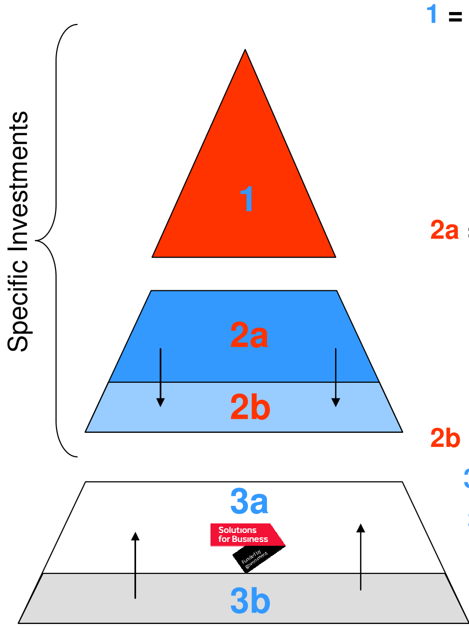
Revenue Investments

1. Environmental Goods and Services Business targeted or assisted?
2. Business advised on improving their environmental performance?
3. Businesses integrating new environmental management systems (more relevant at an investment level i.e. IYRE?

Approach to delivering environmental sustainability
In acknowledging that economic growth is constrained by finite environmental limits, the RDA through committing itself to a net zero carbon investment portfolio (focusing on RDA specific investment over ERDF) has agreed to use carbon dioxide (and its equivalents) as an environmental proxy in indicating the 'environmental intensity' of the investments it makes.

The developing approach adopted by the South West RDA has been, to develop a carbon accounting methodology that can be used to assess the carbon intensity of an investment before it is commissioned or contracted. The developing methodology seeks to establish both the 'upstream' (the carbon impact associated with construction and implementation phases of projects) and 'downstream' (operational carbon impacts) of both revenue and capital investments. Based on this methodology the following carbon triangle has been developed to rate our investments accordingly.

Targeting low carbon economy investment….?



1 = Truly low carbon economy investments:
"an investment that over its 'attributable' life, considering both 'upstream' and 'downstream' impacts, delivers an *actual* reduction in the regions carbon intensity (inc. CC adaptation activity sequestering carbon)"

IYRE (& grant scheme), Wavehub, Domestic energy efficiency, NGB (Dev' Carbon literacy ESI PRIMaRE?)

2a = low*er* carbon economy investments:
"an investment whereby the carbon intensity, considering both 'upstream' and 'downstream' impacts, is demonstrably less than what would have been achieved in the case of do-nothing or in the absence of funding"
BREEAM buildings/workspace, ?zero carbon airport?

2b = Carbon intensive investments (no Mitigation):

3a = General business support:

3b = Carbon literacy across the economy:
"developing carbon and environmental sustainability within business – developing new business models, new business opportunities, developing the skills for change, overcoming risk and stimulating innovation"

The aspirations of monitoring
The Operating Programmes (OP) of the Convergence and Competitiveness Programmes clearly detail that the movement towards a low carbon economy is a clear strategic objective of Programme

delivery. Additional to this strategic objective and wider acknowledgement of using the environment as an economic driver, the Programmes' also indicate that they wish to work towards the principles of one planet living. These are significant and laudable objectives of Programmes' yet there is no clearly defined approach to monitoring performance against these objectives.

When considering the respective Programmes' remit and definition of environmental sustainability, the Programmes Environment Advisory Group decided to utilise an adapted version of the WWF's on-planet-living principles:

1. reducing carbon intensity of investments
2. reducing waste
3. reducing travel and increasing the use of sustainable transport alternatives
4. utilising local and sustainable materials
5. utilising local and sustainable food
6. sustainable use of water
7. managing natural habitats and wildlife
8. cultural and heritage
9. equity and fair trade
10. health and social inclusion
11. policies, process and planning

In addition to the wide range and remit of environmental sustainability there are also other considerations that need to be regarded when considering the development of a package of 'all encompassing environmental indicators e.g.

Revenue/capital
Different investments have a greater clarity over their possible environmental impacts and their ability to monitor such impacts i.e. the environmental implications of a infrastructure investment are arguably more apparent than that of a knowledge exchange investment between universities and businesses

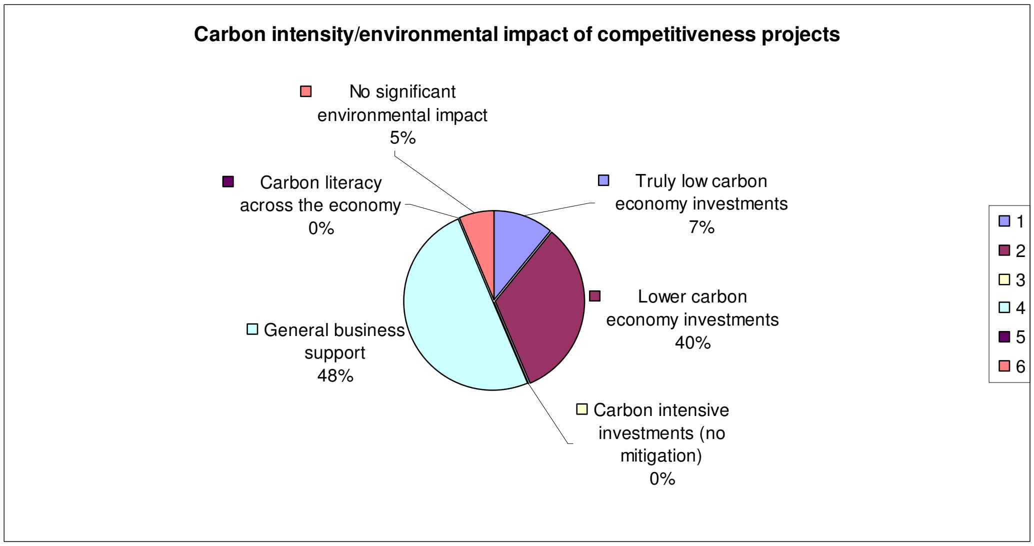
In response to the activities of previous programmes it is felt that some of the specific indicators and results are superseded through either the requirements of the current programmes to deliver specific accredited standards (BREEAM or EMS) or will be achieved through specific targeted investments (Improving Your Resource Efficiency and other Solutions for Business products).

For example: improvement to wildlife habitats, the installation of renewable energy, the management of grey water, business travel plans, buildings refurbished etc are all key or mandatory requirements of BREEAM 'excellent' accreditation, therefore assuming this level of accreditation is achieved one can assume such environmental enhancements (in addition to others) will also be achieved. Additionally, carbon/waste/water saving associated with business support, new businesses with products in the environmental goods and service sector will be collated through the output reporting system (compiling information from a range of business support providers and Solutions for Business products).

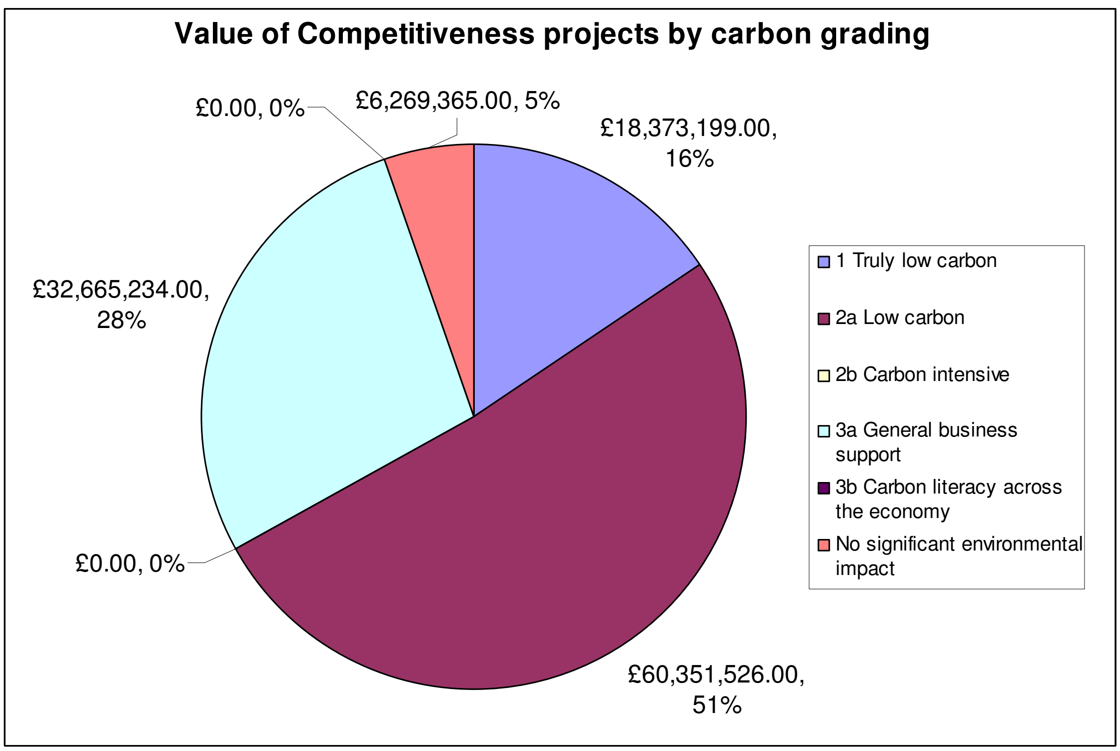
Results
This section of the report seeks to detail a proportional and pragmatic approach to monitoring environmental sustainability within existing Convergence and Competitiveness Programmes' whilst also meeting the requirements of SEA Monitoring. It draws out various conclusions based on the data for both convergence and competitiveness projects as listed in the spreadsheet of information *(SWRDA ERDF Environmental Monitoring Spreadsheet Dec 2010).* The approach detailed below does not negate:

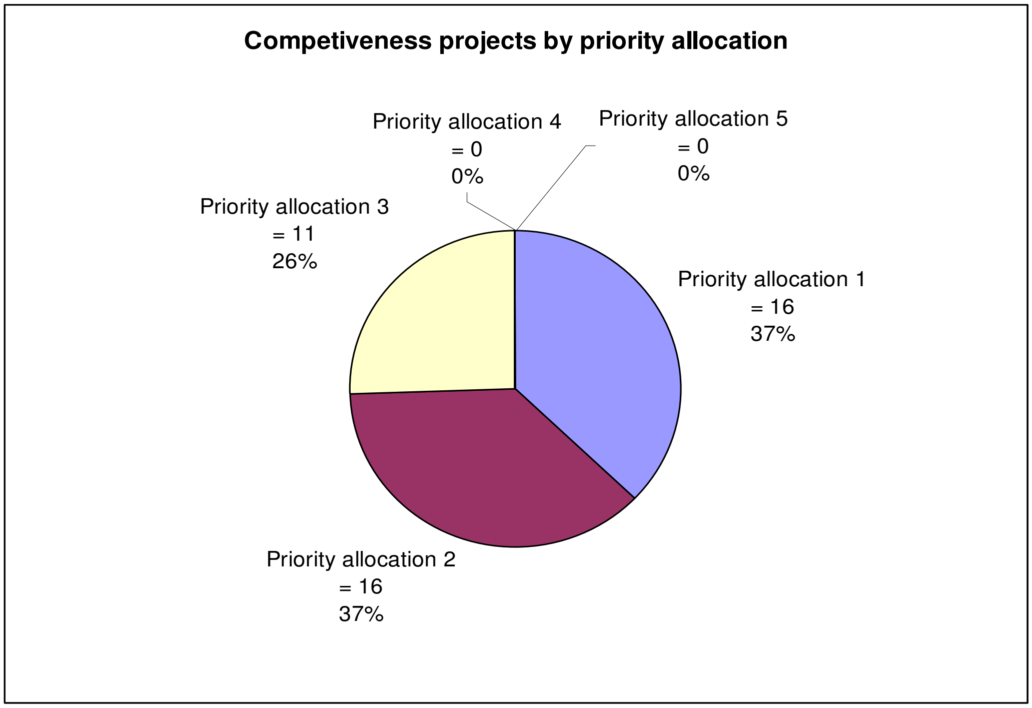
the opportunity for individual investments to provide, where possible and relevant, greater levels of detail regarding environmental impacts opportunities at a project level.

Through using the methodology to assess ERDF investment it is hoped to ascertain a greater understanding regarding the true carbon impact of the Programmes' and their contribution towards the delivery of a low carbon economy. Whilst the methodology only concerns itself with carbon (and its equivalents) it is felt that this focus can be used as a proxy indicator with regard to wider environmental impacts.

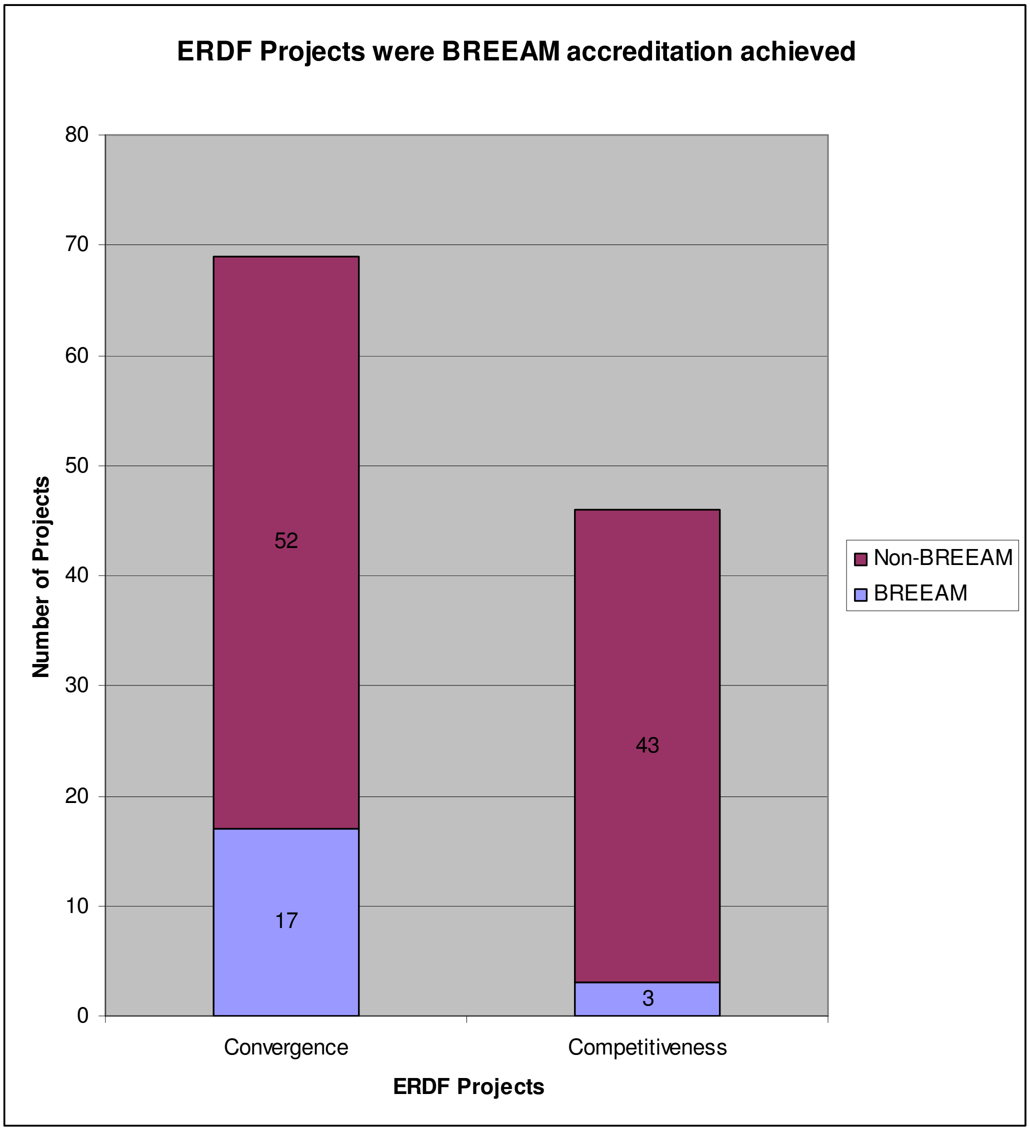


It can be concluded that those projects graded above as 2a (low carbon) or 1 (truly low carbon) have some positive impact on at least one or more of the above listed one planet living principles.

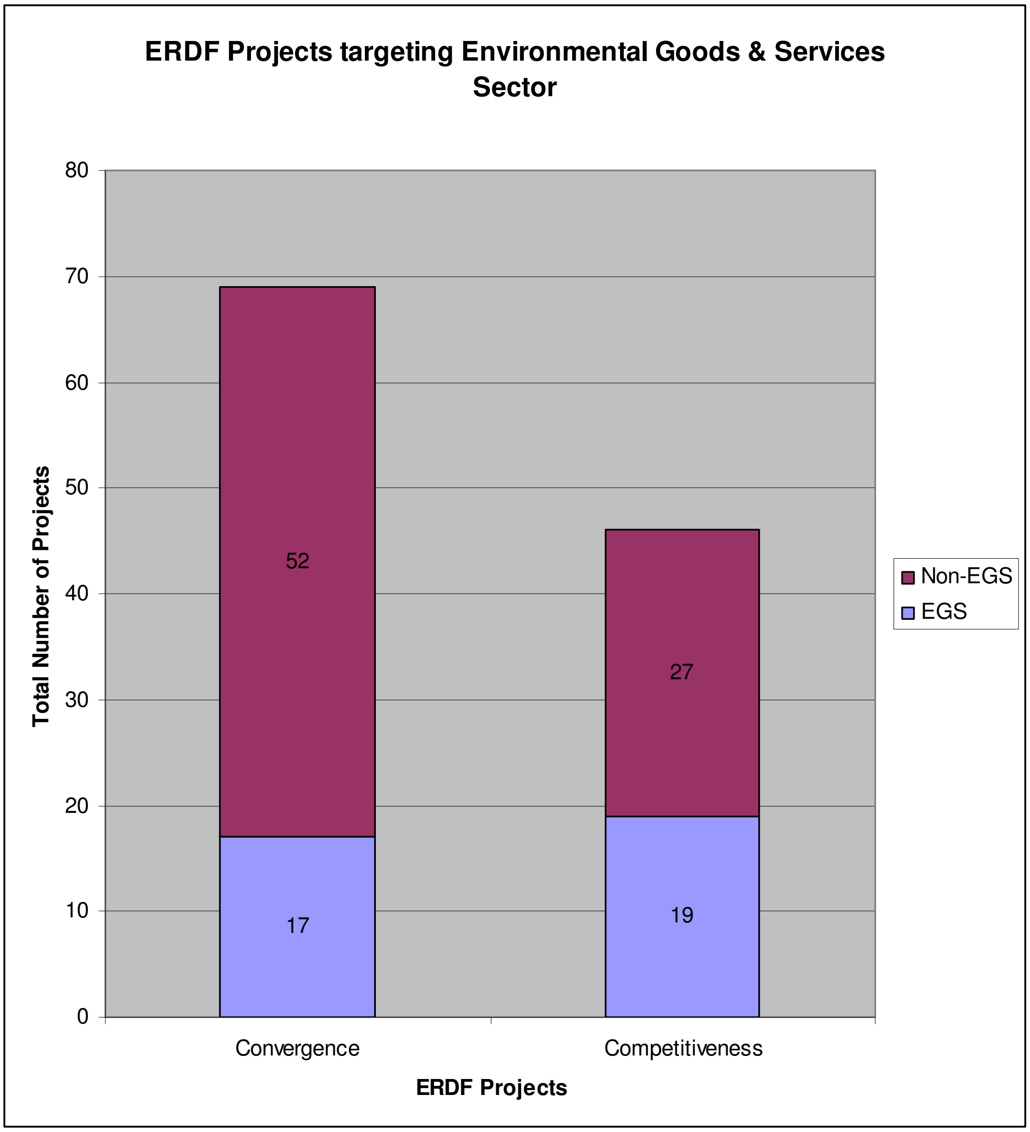


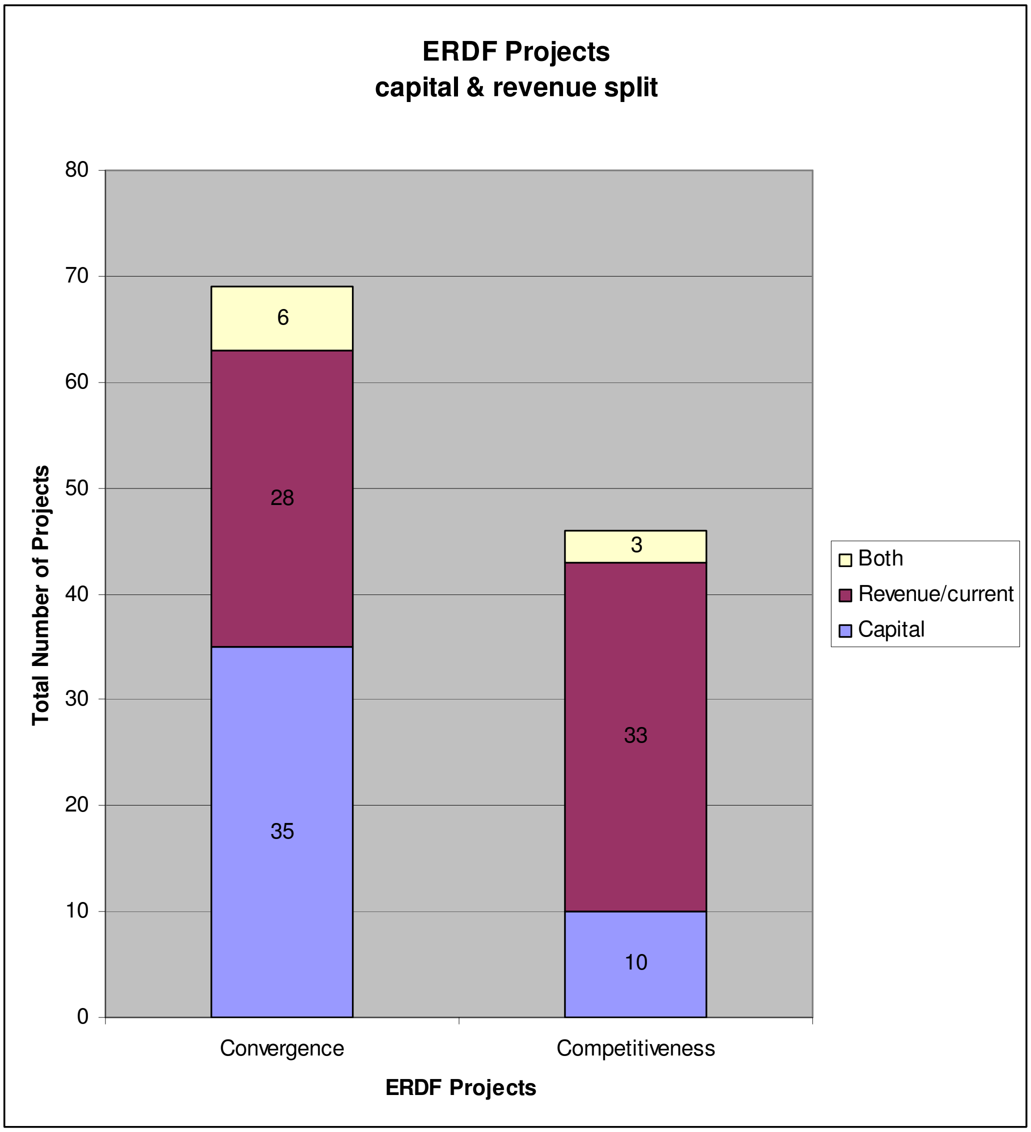


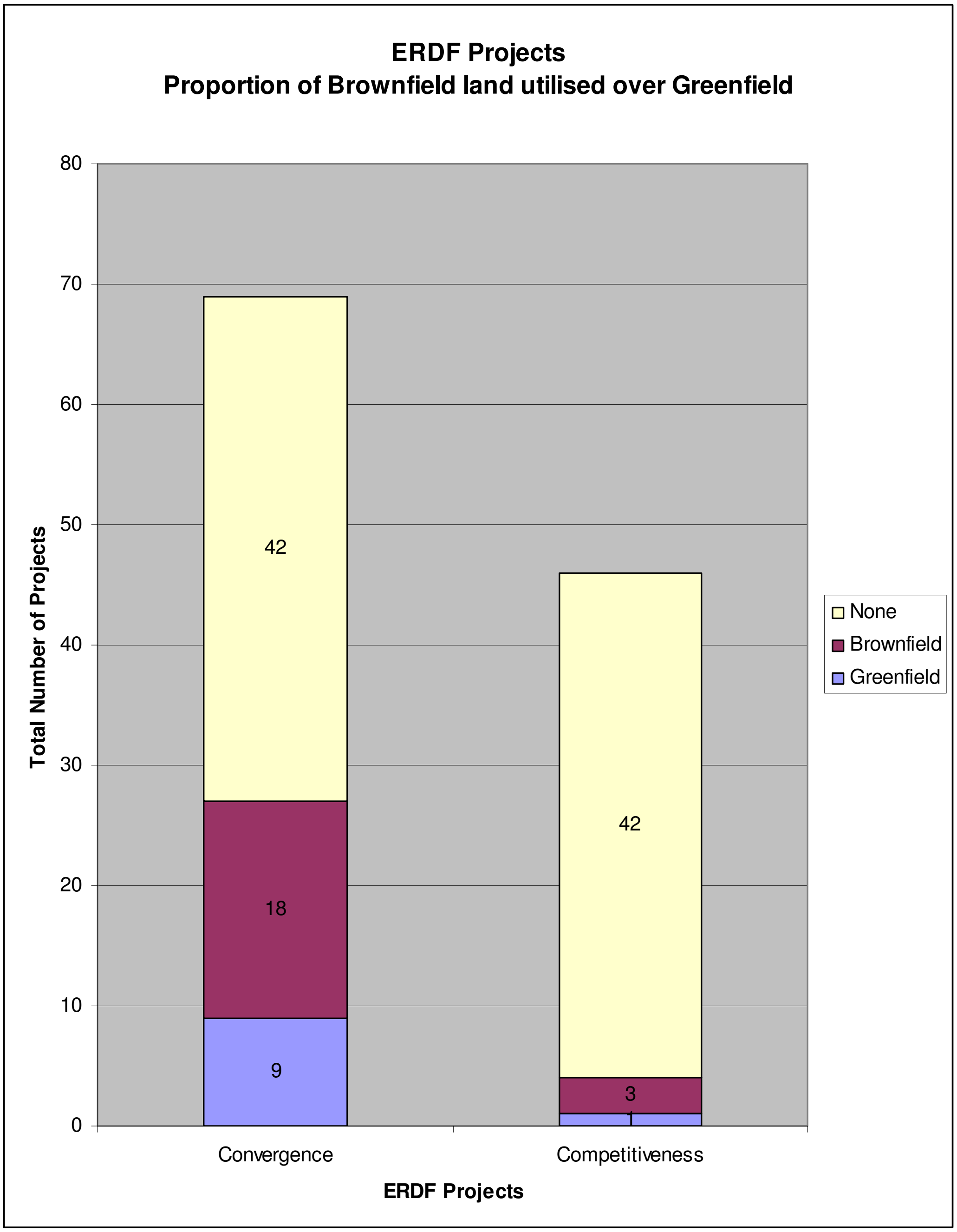
Priority allocation 1 = Innovation, research & development
Priority allocation 2 = Enterprise & investment
Priority allocation 3 = Transformational infrastructure
Priority allocation 4 = Unlocking the economic potential of a place
Priority allocation 5 = Technical assistance



ERDF Projects were BREEAM accreditation achieved
80
70
60
50
40
30
20
10
0
Number of Projects
52
17
43
3
Convergence
Competitiveness
ERDF Projects
Non-BREEAM
BREEAM


ERDF Projects targeting Environmental Goods & Services Sector
Total Number of Projects
80
70
60
50
40
30
20
10
0
52
17
27
19
Non-EGS
EGS
Convergence
Competitiveness
ERDF Projects


ERDF Projects
capital & revenue split
Total Number of Projects
80
70
60
50
40
30
20
10
0
6
28
35
3
33
10
Convergence
Competitiveness
ERDF Projects
Both
Revenue/current
Capital


ERDF Projects
Proportion of Brownfield land utilised over Greenfield
80
70
60
50
40
30
20
10
0
Total Number of Projects
42
18
9
42
3
1
Convergence
Competitiveness
ERDF Projects
None
Brownfield
Greenfield

Summary/conclusion

Number of environmental projects and their share of funding

A total of 20 Competitiveness ‘environmental’ projects were identified as low carbon or truly low carbon investments. This contributes to approximately 74% of the total funding. These sums are not representative of completed projects, since most are still under way at the time of review.

Supporting Domestic Energy Efficiency and Microgeneration Sector (SDEEMS)

The EC had made an adjustment to the ERDF Regulations, allowing a relaxation in the eligibility for assisting energy efficiency in social housing for up to 4% of a Programme’s value, where there was scope within an Operational Programme. Partners had agreed not to seek a formal modification to the Operational Programme and wished activity to still focus on GVA outputs, so a scheme was developed that generated domestic energy efficiency benefits through support for energy efficiency businesses. In reviewing the design of the scheme that emerged through the commissioning process CLG and South West RDA had concluded that the scheme was not eligible under the 4% relaxation proposed by the EC. To design an eligible scheme would mean negotiating a change to the Operational Programme with the EC, so it was not proposed to proceed with this approach. The proposal was still eligible as a normal application through the Programme, so it was proposed that the applications that had come forward could proceed through normal appraisal channels. Further analysis of the proposals will be carried out by the Delivery Driver Group in 2011 as part of its review of all commissioned proposals to determine those that offer the best option for delivering Programme objectives.

2011

The Cross Cutting Theme Manager left the ERDF Secretariat in November 2010, but was not directly replaced due to the upcoming transition of the ERDF Secretariat from the RDA to DCLG. The RDA Environment Team have provided support in completing the environmental sustainability monitoring exercise and advice on capital build was available from the RDA’s Professional Services Team. This resource will be not be available ongoing and there will be a need in 2011 to consider how the environmental cross cutting theme is supported as part of the national review of resource that DCLG will be undertaking.

In the meantime the Programme Monitoring Committee have re-affirmed their commitment to developing a low carbon economy. All investments continue to be asked to demonstrate their commitment to environmental sustainability and the Endorsement Advisory Group test this as part of their peer appraisal. There are also a number of specifically low carbon investments – some contracted as highlighted by the Environmental Sustainability Monitoring Report above and others that are in development.

2.1.10 Cross Cutting Theme - Equality and Diversity Issues

Business Process

The equality impact assessment process embedded during 2009 continued into 2010 and provided the key means of identifying potential impact on equality groups. As these were relatively new processes in 2009, their initial quality needed to be improved and in 2010 more has been done in working directly with applicants to enable them to adhere to the Operational Programme expectations and embed equality into all aspects of the project. The equality impact assessment form itself was revised slightly to reflect user feedback, and has been implemented for use within the Programme. There has been a sharper emphasis on action planning falling from the assessment, and creates a more focused document from which to monitor activity against commitment - this has increased accountability within projects.

The Social Sustainability Toolkit was piloted within the business process in 2009, but during 2010 this became properly embedded and has proved to be a positive step forwards. Its key function is to provide the secretariat with detailed inclusive design information about the capital build, upon which to base investment decisions. Although there are only few Competitiveness capital build projects, it has meant that the secretariat can be more precise in its requirements of the quality of the builds being funded through the Programme. It can also establish whether any investment offer should be conditioned to ensure access solutions are contractual.

In terms of business process management issues, in the second half of 2010 the Cross Cutting Themes Co-ordinator post was removed from the secretariat structure, which has impacted on capacity of the secretariat to manage cross cutting theme issues.

Communications
The Competitiveness website does not contain project level information so does not have capacity to include explanation of the equality impact of an investment. However, the wider project website, hosted on the RDA site during 2010, has contained all the guidance documents that are required by investments during the business planning process so equality has been given a prominent position for people using the web.

Training, awareness raising, toolkits and guidance
Across the board, there is a lack of detailed understanding of equality issues by investment leads which often results in inadequate weight being given to the equality cross cutting theme. In order to maintain an adequate standard for the theme, a focus of 2010 was to raise its profile, particularly within the urban enterprise strand as this is strategically focused on equality issues. This was achieved through close working with investment leads (one-to-one meetings) in order to raise their understanding of equality issues and ensure adequate commitment to delivery in business plans. It is clearly an ongoing priority for the next year in the business development phase, but has also proven to be critical during the early stages of project delivery with the reality of delivering commitments proving challenging for some projects.

Ad hoc equality training and advice is also provided to secretariat commissioning managers and case officers to ensure they are aware of the latest equality information. This is to build capacity within the secretariat and provide specialist support where required.

Areas of focus and challenge
Due to the geographical nature of the Competitiveness Programme's Urban Enterprise theme, a number of the same business support products have been tailored for the areas of Plymouth, Torbay and Bristol and began to deliver during 2010. As a result, a challenge has been to ensure consistency between them all, although there is a real opportunity to bring about some really positive outcomes during delivery by encouraging them to work together and share best practice, which will be a focus for 2011.

There has also been work done on within some of the frameworks (such as BTCs and iNets) to try to ensure a good standard of equality impact assessment and action plan. Training and work has been done with the Grant for Business Investment (GBI) Team to ensure that they are aware of the equality standards we expect projects coming through the framework to adhere to. A more rigorous appraisal system has been put in place with the GBI projects to ensure that they are provided with more support and guidance in achieving these standards.

European Programmes Equality Advisory group
The European Programmes Equality Advisory Group (covering both ESF and ERDF programmes), chaired by Equality South West, continues to be a critical friend to the Programme. The Group has received presentations from investments over the year which allowed discussion of specific issues within individual investments. It has also received information about strategic equality progress across the Programme and provided direction for this, including signing off the equality monitoring procedure. The Advisory Group continues to meet quarterly in its role as support to the PMC in achieving successful cross cutting theme integration into the Programme.

Monitoring and Indicators
Data collection and monitoring has been a focus and an annual, investment-level, process was established for collecting individual monitoring data with regards gender, age, disability and ethnicity. An equality monitoring strategy for the Programme, setting out the procedure gone through to arrive at the current monitoring processes, was developed half way through the year. This set a way forward and will be reviewed in 2011. As a result of this strategy and in order to improve investment level equality monitoring (noted as an area for improvement during the mid term review), a programme of equality monitoring visits to investments was initiated in the latter half of the year. A process was established whereby a template resulting from the discussions at the meeting is completed, capturing qualitative data on the progress of the investment. This is signed off by both parties and held within the project files. It has a dual function of capturing investment level progress to date, and a timely reminder during delivery of commitments made around equality. It provides opportunity to focus on relevant issues that have arisen within the project, and to identify further actions that need to be carried out.

As the equality indicators document created in 2009 has become embedded, it has become more evident that, rather than literal interpretation, a holistic approach in encouraging a more rounded monitoring process is more constructive. The indicator choice process has been embedded into the business planning process and is committed to at offer letter stage. These indicators will be kept under review to ensure that they remain fit for purpose.

Equality Aims within the OP

- **Gender Balance of PMCs**

An agreed target within the Operational Programme is that the “proportion of Programme committee and sub committee members who are women” should be 50%. It was concluded in 2009 from a survey undertaken that there were imbalances in the membership of the Programme’s decision-making groups, particularly around gender. As a result, a letter was drafted from the PMC Chair to all organisations, to raise awareness of the issue and ask organisations to review their nominees in light of the survey. The draft letter also suggests some practical methods of trying to ensure that a wide variety of nominees are selected. As a result of the letter only minor changes were identified which did not significantly address the imbalance of the group. It was decided to repeat the survey in December 2010. However, with the closure of, and changes to, a number of partner organisations in addition to CLG’s proposed review of PMC structures in 2011, a decision was made to postpone the repeat survey. Rather than carry out an exercise that was likely to be changed in 2011, it was felt that a more productive approach was to work with CLG to ensure that new PMC arrangements adequately reflect the importance of a more even gender balance. This work will be ongoing into 2011.

- **Business support targets**

Business Link delivers the Information, Diagnostics and Brokerage function, has a direct role in addressing the Programme’s business support commitments. However it is also the access channel for all of the business support products not directly delivered by Business Link. As a result, a considerable amount of work and time has been invested in working closely with Business Link to ensure that their marketing, outreach, event delivery, communications and data collection methods are equality-proofed and appropriate. This work began in 2009 and has been reinforced through 2010.

These relationships continue to be constructive and should impact positively on the percentage commitments around majority business ownership / management within the Programme. A number of non-Business Link led business support providers are actively developing outreach programmes, including events which target particular groups of people, which have impacted favourably on the resultant client base. The combination of the most strategically focused business support projects, Enterprise Coaching and Intensive Start-Up Support, in the different areas got underway in 2010 and should provide comprehensive and holistic support to disadvantaged and under-represented groups. Initial indications from the beneficiary survey within the mid term review are that just under 30% of businesses owned within the Competitiveness area were owned by women, 2% by people from ethnic minorities and 2% by people with a disability. This is a little lower than the Programme targets, however, this data relates to all businesses supported, rather than the narrower specific targets stated within the Operational Programme which relate to pre-start businesses. In fact, the projects supporting pre-start businesses only really began to deliver during 2010 and therefore their figures should start to improve towards the Operational Programme target.

Sharing best practice and developing synergy across the cross cutting themes
The Programme continues to link in to both local and regional equality groups where equality good practice is shared between practitioners. Particular representation and support has also been given to meetings whose focus is to ensure consistency across the different Urban Enterprise business support and maximise the sum of the work being carried out within this priority.

Section 2.2 Information about compliance with Community law

There were no difficulties in complying with Community law during 2010.

The resources allocated to the teams carrying out the provisions of Article 13 EC1828/2006 were increased during the year to meet the number of projects being approved and training continued to be given to all concerned with the ERDF programme to ensure familiarity with the regulatory requirements. This included circulation of the MA ERDF Operating Guidance which was completed during the year.

Additionally we continue to issue our own guidance to projects to make them aware of their obligations under the regulations

Section 2.3 Significant problems encountered and measures taken to overcome them

No problems in implementing the Programme were identified during 2010.

Under the terms of Article 62(1)d(i) the South West RDA supplies information gathered by the Programme Monitoring Committee and South West RDA Monitoring Team to the Audit Authority to enable the annual control report to be produced. The second annual control report was due on 31st December 2010 covering the period from 1st July 2009 to 30th June 2010. The activities of the Audit Authority are detailed below in Section 2.7

Section 2.4 Change in the context of the operational programme implementation

2010 was an eventful year for the UK's political environment, and the events that occurred have led to many significant changes in the political and economic landscape of the South West. Whereas in 2009 the external landscape was dominated by the economy, due to the impact of the recession; in

2010 the impact of political events dominated Programme considerations.

A powerful force was the change in UK government in May 2010. The coalition between the Conservative Party and the Liberal Democrats was announced shortly after the election, and in the latter part of May the intention to reduce public spending, close Regional Development Agencies and create Local Enterprise Partnerships was outlined in its programme for government

In the lead up to the election, both the announcement and confirmation of new contracts by the South West Regional Development Agency were restricted under the rules of ‘purdah’. This meant that some ERDF contracts were delayed by the restrictions placed on Single Pot contracting. A public sector marketing freeze, applied to all projects with national public funding, was also imposed for a further three months. In practice, many of the business support products saw their ability to undertake client acquisition activities seriously restricted over this period. This in turn led to a slow start time for some projects in working towards their output targets.

On 22nd June Emergency Budget was announced, and the South West RDA was asked to make a considerable reduction to its 2010/2011 budget as part of its share of the RDA network reduction of £270m. The Agency prioritised delivery of contracted ERDF projects, but there was an impact on new investments. In the Emergency Budget the Government also announced its intention to close the Regional Business Links which had hitherto been the nationally recognised gateway to business support and the recipient of significant Competitiveness Funding.

At the end of June the Government then confirmed the abolition of the nine Regional Development Agencies (RDAs) in England – eight regional agencies through the Public Bodies Bill and the London Development Agency through the Localism Bill – by March 2012. The Coalition also announced that they would be creating a Regional Growth Fund for businesses to bid into.

The future closure of the South West RDA will result in the loss of a source of match funding and will mean changes to governance systems in 2011. Partners had already recognised the need to use alternative sources of match funding, such as private sector match or through advertised calls for delivery of specified activity. Going forward a challenge for the Programme will be to manage uncertainty and change as the RDAs close, maintaining a close eye on achieving expenditure and its associated outputs. The Department for Communities and Local Government will directly manage English ERDF Programmes from 2011, absorbing ERDF Secretariats to ensure continuity of support for Programme partners.

In October, the Comprehensive Spending Review set out Government Departments’ plans to reduce their budgets and also confirmed the closure of Government Offices. Whilst the Departments looked to make savings this posed a risk to any projects dependent on match from departmental budgets, such as business support and looks like it will continue to be a risk going into 2011.

The Government Offices, as managers of the ESF Fund, were significant partners. The changes to the management of the ESF Programme will change the membership of the Competitiveness Programme Monitoring Committee as there will no longer be a Regional Committee for ESF, a function that had been undertaken by the PMC as part of its joint management arrangements with ERDF. Government Office for the South West will no longer be Programme partners as the Government Office network will close at the end of March 2011 and their expertise will be lost.

Following an invitation to local authorities and businesses on 29 June 2010 to bring forward proposals for Local Enterprise Partnerships (LEPs), the Government received 62 responses. On 28 October 2010, the Government announced 24 partnerships that were ready to move forward and establish their local enterprise partnership boards, including a LEP for the West of England and it is expected that more LEPs will come forward in the Competitiveness area during 2011. DCLG have indicated they will encourage Programme partners to undertake a review of the PMC membership in 2011 and it is expected that the LEP will become a key partner in delivering ERDF activity.

The Government made known that it is keen to see Local Enterprise Partnerships play a central role in determining local economic priorities and undertake activities that drive economic growth and creation of local jobs. The Government's ambition is that LEPs will be a key vehicle in delivering Government objectives for economic growth and decentralisation, whilst also providing a means for local authorities to work together with business in order to quicken the economic recovery. The key objective of the Competitiveness Programme to transform the economy means there must be a close relationship with the LEPs alongside other bodies focused on economic growth.

In October BIS published its economic White Paper, which gave further details about the creation of LEPs and the Regional Growth Fund (RGF). It was suggested that the RGF could be used as a potential source of match, although its fund of £1.4b over three years on a national level is much smaller than the budgets of the Regional Development Agencies. The deadline for bids for the first round will be in January 2011 and it is known that there is interest in bidding from local proposals that also intend to seek ERDF. Success in obtaining RGF locally will be closely monitored by the PMC.

On 13 December 2010, the Localism Bill was introduced to Parliament. This Bill is intended to shift power from central government back into the hands of individuals, communities and councils. DCLG's intention is to ensure that local partners are at the forefront of taking decisions in ERDF investment. Partners in the Competitiveness Programme are already keen to direct Programme activity, but there may be changes to the management of the PMC and its sub-groups to reinforce partner influence on the Programme.

The UK was officially declared to be out of recession when the GDP figures for the final quarter of 2009 were revealed by the Office for National Statistics in January 2010. As predicted, growth through 2010 was modest, and the Treasury and Office for Budget Responsibility both considered that the UK capacity for growth had been permanently reduced. By Q4 of 2010, UK growth had dipped again, anecdotally this was partly attributed to adverse weather conditions.

The slow growth in the economy resulted in many business support projects taking more time than anticipated to achieve increased GVA results with their clients, though this indicator typically lags 12 months behind the actual intervention, so the impact is not likely to be felt until 2011.

In 2010, the Euro/Sterling exchange rate was volatile, but showed a downward trend overall. It is thought that the Sterling will continue to strengthen against the Euro into 2011 as the Government continues with its fiscal deficit reduction plan. The volatility of the exchange rate in 2010 has emphasised the importance of monitoring the exchange rate in connection to committed funds. The importance of this will increase as the end of the programme approaches.

2011

It is intended that DCLG will directly administer the Programme from July 2011, absorbing staff from the RDA's ERDF Secretariat to manage a smooth transition and ongoing delivery. The Secretariat will be charged with balancing local partners' aspirations for programme delivery with compliance with EU rules and regulations.

There are some uncertainties in 2011. If the expected local public sector cuts and job losses result in a further contraction in the local economy, this could impact on the private sector's ability to bring projects forward and it is not certain how successful Competitiveness projects will be in attracting Regional Growth Fund as match funding as competition will be on a national level.

'Solutions for Business', the national portfolio of publicly funded business support will be further streamlined in 2011 and details are not yet available as to what the national funding priorities and activities will look like.

Forecasts based on activity in latter stages of development and contracted activity suggests that the N+2 target will be comfortably met in 2011, but the external factors do mean that partners are not complacent and there will be no relaxation in activity to drive forward delivery.

Section 2.5 Substantial modification pursuant to Article 57 of Regulation (EC) No 1083/2006

There has been no requirement to substantially modify a project during the year.

Three projects were successfully completed in 2010. All applicants are made aware that projects are expected to deliver against indicators agreed and that projects are obliged to continue operation without substantial modification for at least 5 years after completion of the project

Section 2.6 Complementarity with other instruments

At a strategic level the ERDF Programme Monitoring Committee meets jointly with the European Social Fund Regional Committee, providing the opportunity for partners to make direct links between Programme policies and Frameworks. Representatives of ESF's Co-Financing Organisations, the Learning & Skills Council & JobCentre Plus sit on the PMC enabling direct linkages between skills and place based regeneration to be highlighted and acted upon, the Co-Financing Organisations have made explicit reference to linking with ERDF in their delivery plans. This will change in 2011 when the European Social Fund Competitiveness Programme will be managed by one national committee and the South West joint arrangements will cease. Partners are keen to maintain the benefits brought about by the two Programmes liaising during the development of proposals and ways of maintaining strategic links will be investigated.

The Programme Monitoring Committee also hear reports from the Rural Development Programme for England. The meetings ensure that demarcation between Funds can be preserved and maximise the impact of complementary activity.

At implementation level a Cross Fund Matrix has been devised which captures all proposals with potential for enhancing their impact through linkages with investments in other European Programmes. South West Regional Employment & Skills Partnership are maintaining this database and are populating it with case studies to make it of real value to project managers who can use the matrix to identify links with schemes under other Funds that could enhance their own activity.

Section 2.7 Monitoring arrangements

The South West RDA Claims and Monitoring Team have continued to deliver the Monitoring Strategy as approved in 2008; whilst the strategy is reviewed annually it has not been proved necessary to modify the detail to date. The Strategy sets out in detail how the South West RDA will undertake administrative and on-the-spot verifications of individual projects in accordance with Article 13 of Commission Regulation 1828/2006. The Strategy also details the Programme Monitoring Committee's role in overseeing monitoring activity. Reports were provided to the Programme Monitoring Committee as specified by the Strategy.

During 2010 33 claims for ERDF grant totalling £6,007,785 were processed and paid out to project deliverers. All claims were subject to administrative desk checks. 35 Project Engagement Visits (PEV) and 15 Progress and Verification Visits (On the spot verifications) (PAV) were completed. In addition there were 3 other site visits to deal with specific issues raised by project managers.

Every project receives a PEV after the signed offer letter has been received and before the first claim is paid. The frequency of PAV visits is based on the project risk rating with higher risk rated projects receiving more frequent visits

The Project Engagement Visit is particularly well received by project managers because it enables potential problems to be identified and resolved and clearly explains the claims process and evidence requirements. Although difficult to quantify we believe this visit significantly reduces subsequent queries.
There has been a significant increase in claims received towards the end of the year as more projects have come on line and additional resources have been transferred in from other parts of the Agency to deal with this additional workload.

The Monitoring Team has also been strengthened in a similar manner because of the increase in the number of projects which is greater than originally expected. We continue to receive good feedback from projects following monitoring visits.

Irregularities

Details of irregularities found in the period are shown below

Irregularities found by RDA A.13 Teams Competitiveness Programme			
Type	**No.**	**No. of Projects**	**ERDF Value £**
Incorrect procurement	1	1	11,000
Expenditure claimed twice	1	1	20,972
Ineligible expenditure	2	2	94
Total	**4**	**4**	**32,066**

Audit Authority

Systems Reviews

South West RDA received an unqualified report for the systems audit carried out on our Finance for Business projects.

The Agency participated in systems reviews of the Managing Authority and the Certifying Authority. Neither review had any adverse comment on this Agency's systems.

In January 2011 the Audit Authority will be carrying out a complete end-to-end inspection of all our ERDF systems and processes.

Article 16 Inspections

The Audit Authority Article 16 Team commenced their first tranche of audits in February 2010. They have carried out 5 visits to Competitiveness projects. To date the A16 team have not reported any irregularities.

Managing Authority

The Managing Authority regional representative has carried out one claim inspection on a Competitiveness SWRDA final beneficiary project.

Certifying Authority

The Certifying Authority visited South West RDA in August to carry out re-performance checks on a small sample of project claims. No issues of any consequence arose from the visit but it was necessary to involve the concerned projects in providing further evidence to support their claims. The co-operation of those projects was appreciated.

The Certifying Authority have now reduced the level of sampling of aggregate claims for re-imbursement and this has significantly reduced the level of work involved in obtaining payments for claims.

Evaluation

The Evaluation strategy agreed by the PMC in May 2009 was dependant upon delivery alongside the RDA's Single Pot Evaluation Framework. The Single Pot Evaluation activity has been withdrawn in light of the RDA Network closure, so it is no longer possible to undertake the Strategy as agreed by the Programme Monitoring Committee. It was noted at the PMC's October meeting that new proposals would need to be developed in order to best direct remaining funds and report on the impact of Competitiveness investments. The way forward for Programme evaluation will be directed by DCLG's review of Technical Assistance.

Data Collection

South West RDA use of a Programme Management System (Proteus) to monitor the progress of all ERDF investments has been reported in previous years. This system will continue to be used up to 30 June 2011 to record and report on the Competitiveness Programme's investments, including actual spend and outputs against each project; the forecast or profile spend; outputs against each project; recording variances between actual and forecast and budget and in producing N+2 forecasts (sterling and euros). From 1 July control of systems will pass to Department of Communities and Local Government and management of the Competitiveness Programme will be through use of the full MCIS system.

Profiling information is updated by the European Claims Team using the information provided by projects as part of their claims. The RDA Case Officer has overall responsibility for testing the realism of this information.

Section 2.8 National performance reserve

The UK Government has decided not to operate a national performance reserve for UK Operational Programmes.

Section 3: IMPLEMENTATION BY PRIORITY

3.1 Priority Axis 1: Knowledge and Innovation

Table 6 Priority 1 Financial Summary

Priority 1: Knowledge and Innovation	2007 -13 €m		
	EU	National	Total
Knowledge and Innovation	45.00	45.00	90.00

3.1.1 Achievement of targets and analysis of progress

Table 7

Priority 1 Performance £m @ 0.894400 Exchange Rate		
Allocation	**ERDF value of contracts**	**ERDF value of spend**
37.98	20.27	3.8

Table 8 Priority 1 Indicators

Priority 1 Indicators	**Achievement 2007- 2009**	**Achievement 2010**	**Forecast Achievement**	**Target Number**
		Outputs		
Number of businesses assisted to improve their performance	**77**	**95**	**2,172**	**3990**
Number of new business assisted (Subset of businesses assisted)	**9**	**9**	**178**	**210**
Number of environmental technologies and renewable energy enterprises assisted (subset of business assisted)	**4**	**4**	**545**	**350**
No of firms involved in collaborative research & development projects (subset of businesses assisted)	**0**	**0**	**325**	**210**
No. of businesses within the region engaged in new collaboration with UK knowledge base (subset of businesses assisted)*	**0**	**44**	**90**	**300**
		Results		
Gross new jobs created	**3**	**3**	**941**	**3200**
Gross jobs safeguarded	**0**	**0**	**606**	**1000**
Gross Research jobs created(subset of jobs created)	**0**	**0**	**229**	**640**
Gross research jobs safeguarded (subset of	**0**	**0**	**123**	**200**

jobs safeguarded)				
Number of additional firms involved in business/cluster networks	**10**	**10**	**1,201**	**1400**
No of patents, other IPRs and other IPR devices used(e.g., trademarks copyrights	**0**	**0**	**111**	**140**
No of SMEs launching new or improved products	**0**	**6**	**871**	**4500**
Gross increase in GVA	**0**	**0**	**£53.6m**	**£126.4m**
Gross safeguarded GVA	**0**	**0**	**£36.6m**	**£165.9m**
Gross jobs created in environmental sectors	**0**	**0**	**341**	**700**
Impacts				
Net GVA	**0**	**0**		**£92m**
Net safeguarded GVA	**0**	**0**		**£128m**
Net additional employment	**0**	**0**		**2330**

*This output was accidentally included in the Priority 2 Indicator table in the Operational Programme, the Competitiveness PMC confirmed on 18 June 2008 that this output should be in Priority 1, the indicator tables have therefore shown all outputs in the correct Priorities since the 2009 Annual Implementation Report.

3.1.2 Qualitative analysis

2009 saw considerable progress in terms of commissioning, contracting and the beginnings of some real delivery. In 2010 this activity has now been converted into a large no. of contracts issued and delivery well in progress. By the end of the year over £15m ERDF was invested in a further twelve projects. The value of contracted activity has risen to £20.2m and the value of commissioned activity has risen to £15m of ERDF. As expected contracted investments did start to register real achievement of outputs and continued volumes of activity are still forthcoming in 2011.

Contracted activity for 2010 comprised the following projects;

FE Knowledge Transfer projects

- Knowledge Exchange at Genesis; Somerset College (SCAT)
- SW Innovation Accelerator; South Devon College
- SW Composites Gateway; City of Bristol College

These projects are in essence the transferring of specialist resources, skills and equipment from the FE institution into businesses in the region. The FE Institution also forms a partnership with businesses, HEI's and other bodies in the region both public and private sector to deliver a sustainable project.

Business Technology Centres (BTC's)

- CALM; Exeter University
- LIMA; Bath University

These projects involve the setting up/development of a specialist technology centre which has at its heart real world expertise in a leading edge technology. Additive Layer manufacture (CALM) is a technology which recently featured on the front page of the economist and one of the project partners EADS has also recently been successful in gaining one of the first Regional Growth Fund grants related to this technology. LIMA is involved with metrology and in partnership with Renishaw has given the region a real expertise in this area. This centre is then used to engage with relevant SME's to achieve programme outputs.

i-nets

- Creative Industries; South West Screen
- Bio-Medical; UWE
- Microelectronics; UWE
- Environmental; UWE
- Aerospace/Advanced Engineering; WEAF
- IDB; Business Link

These projects involve the setting up of networks in key regional sectors which are and have the potential to be world leading. The networks combine all the influential key sector bodies, public and private sector, HE's etc and get them to have a sole focus on innovation and driving the innovation of the sector forward. In this way they engage businesses in the region to have a real GVA improvement focus.

National Composites Centre (NCC); University of Bristol

The South West region was successful in a national competition in attracting BIS investment for a National Composites centre in the region. This has been used as some of the match for ERDF funding. The centre is to be housed at the Science Park in Bristol and is to be the leading national centre of expertise for Composites material and their application. The SW is a leading region for composites technology and this centre will be used as a vehicle to further develop the take up of this technology within businesses in the region.

Further activity which is being progressed during 2011 includes:

- 1-2 further FE Knowledge Transfer Projects still to be contracted
- Up to 8 further Business Technology Centres to be contracted
- Up to 3 Incubation Centres in the region to be contracted.

Clearly 2010 has been affected by the change in government and the cutback in funds available from partner organisations. For this reason products such as Innovation Vouchers, Innovation advisory service and Knowledge Transfer partnerships have stalled somewhat as we work with organisations more innovatively and broadly to explore routes to still successfully deliver these projects.

3.2 Priority Axis 2: Enterprise and Growth

Table 9 Priority 2 Financial Summary

Priority 2: Enterprise and Growth	2007 -13 €m		
	EU	National	Total
Enterprise and Growth	45.00	45.00	90.00

3.2.1 Achievement of targets and analysis of progress

Table 10

Priority 2 Performance	**£m @ 0.84400 Exchange Rate**	
Allocation	**ERDF value of contracts**	**ERDF value of spend**
37.98	27.5	19.7

Table 11 Priority 2 Indicators

Priority 2 Indicators	Achievement 2007-2009	Achievement by end of 2010	Forecast Targets	Target Number
Outputs				
Number of businesses assisted to improve their performance	**486**	**1,324**	6,879	5 810
Number of new business assisted (subset of businesses assisted)	**113**	**73**	344	490
No. of environmental technologies and renewable energy enterprises assisted (subset of businesses assisted)	**0**	**86**	224	350
No. of SMEs advised or assisted to improve their environmental performance (subset of businesses assisted)	**0**	**67**	1,454	1 400
Results				
Gross new jobs created	**77**	**77**	1,550	4 300
Gross jobs safeguarded	**0**	**19**	1,236	2 000
Gross increase in GVA	**£14.47m**	**£44.5m**	£189m	£169.9m
Gross safeguarded GVA	**0**	**0**	£56m	£248.9m
Number of additional firms involved in business/cluster networks (subset of businesses assisted)	**0**	**11**	155	1 200
Gross jobs created in environmental sectors (subset of jobs created)	**0**	**4**	213	750
Impacts				
Net additional GVA	**0**	**0**	0	£100.5m
Net safeguarded GVA	**0**	**0**	0	£167.2m
Net additional employment	**0**	**0**	0	2 543

3.2.2 Qualitative analysis

In 2010 an additional £11m ERDF was invested in a range of investments that have seen the forecast levels of targets rise to a proportionate level with the ERDF investment. This is promising for delivery of the Priority aims and is even more heartening in light of the ex-ante evaluation's warning over the potential absorption issues among small and micro-businesses, delivery of the forecast targets will be carefully monitored.

Activity in the Grants for Business Investment (GBI) scheme has moved ahead with 6 investments made by the end of 2010 and more in the pipeline. The scheme offers discretionary grants to support businesses with capital investment projects which will increase productivity, skills and employment in deprived areas in England. It is potentially available to any size of company in Plymouth and to SME's only throughout the rest of South West England.

Four schemes that were in development in 2009 agreed contracts in 2010 and actively delivering are:

• Improving Your Resource Efficiency - offering initial and specialist support which enables businesses to contribute to a low carbon resource efficient economy whilst achieving cost savings.

• Starting a High Growth Business – Enhancements to the Solutions for Business product offering extra help for new businesses (and people developing a business concept) identified as having high growth potential.

• Coaching for High Growth – Enhancements to the Solutions for Business product offering a structured coaching programme, assisting firms to build their inherent capabilities and achieve accelerated growth.

• Understanding Finance for Business – offering advice and support to ensure that entrepreneurs and businesses understand their options for getting the money they need to start and grow a business, with facilitated introduction to potential sources of finance.

These schemes focus on activity that is key to delivery of Priority aims.

There are further schemes seeking £11m of ERDF that have been commissioned in Priority 2, which would take the Priority to full commitment in 2011. The Transformational ICT proposal mentioned in the 2009 Report is still in development and offers opportunities in terms of increasing added value, productivity, competitiveness, market access or carbon neutrality.

In order to safeguard against underspend, partners will ensure these schemes are able to fully deliver the level of outputs sought, so all commissioned investments will be thoroughly scrutinised for value for money.

3.3 Priority Axis 3: Urban Enterprise

Table 12 Priority 3 Financial Summary

Priority 3: Urban Enterprise	2007 -13 €m		
	EU	National	Total
Urban Enterprise	30.00	30.00	60.00

3.3.1 Achievement of targets and analysis of progress

Table 13

Priority 3 Performance £m @0.84400 Exchange Rate		
Allocation	**ERDF value of contracts**	**ERDF value of spend**
25.32	5.36	2.4

Table 14 Priority 3 Indicators

Priority 3 Indicators	Achievement 2007-2009	Achievement end of 2010	Forecast Target	Target Number
Outputs				
Number of individuals assisted in starting business	**0**	**194**	2,833	900
Number of businesses assisted to improve their performance	**0**	**39**	808	1 200
Number of social enterprises assisted	**0**	**16**	142	80
Square metres of new or upgraded floor space – non specialist	**0**	**0**	1,116	1 000
Square metres of new or upgraded floor space - specialist	**0**	**0**	0	1 000
Number of people assisted to get a job	**0**	**1**	1,188	700
Number of SMEs assisted to improve their environmental performance	**0**	**0**	0	100
Results				
Number of businesses started	**0**	**25**	708	600
Number of businesses still trading after one year after commencing trading (subset of businesses started)	**0**	**0**	439	550
Number of businesses still trading after three years after commencing trading (subset of businesses started)	**0**	**0**	317	400
Gross new jobs created	**0**	**26**	789	1 500
Gross jobs safeguarded	**0**	**0**	224	1 000
Gross increase in GVA	**0**	**0**	£15.9m	£30.0m
Gross safeguarded GVA	**0**	**0**	£2.6m	£50.0m
Impacts				
Net additional GVA	**0**	**0**	0	£16.2m
Net safeguarded GVA	**0**	**0**	0	£29.6m
Net additional employment	**0**	**0**	0	809

3.3.2 Qualitative analysis

The aim of this priority is to find new approaches to addressing the problems in the region's most deprived neighbourhoods through enterprise creation. This priority has a key role to play in testing new ideas to stimulate enterprise amongst people from all backgrounds in the region's most deprived neighbourhoods.

Activity in Priority 3 is being delivered through a Strategic Investment Framework (SIF) covering each of three urban areas: Bristol, Torbay and Plymouth. The overall aim of the SIFs is to find new approaches to addressing problems in deprived neighbourhoods through enterprise creation and it is intended that the activity will fall into one of five strands: small scale infrastructure and facilities; promoting and encouraging new enterprises / social enterprises; access to finance; targeted business support services in the community and enterprise opportunities from environmental improvements.

Commissioning activity took a significant step forward in 2010 with 10 projects being contracted which will achieve or exceed most of the outputs for Priority 3. Match funding has been a constant problem as the announced closure of the South West RDA has meant the loss of significant planned match funding. At the end of 2010 partners were in discussion regarding the mechanisms for generating further project activity to achieve full spend for the priority by the end of the programme.

Programme Monitoring Committee members responded to concerns by holding a Single Issue meeting to review the options for delivering the Priority's agenda. The preferred option of partners was to progress development of a JESSICA fund. Timing is very tight to achieve creation of the Fund, so whilst this is being pursued other options were also identified in case they should need to be brought forward in 2011.

The 2010 Programme Review suggested the potential to move economic activity out of the 3 SIF areas however, following economic analysis undertaken by South West RDA's economic intelligence team, it was reported that the deprived area parameters hadn't changed since the strategy was designed. Bristol, Plymouth and Torbay were still the most deprived areas and should remain the priority, although the figures also demonstrated that if the priority areas could not wholly achieve Priority targets, there was sufficient evidence to consider investment in the Gloucester area. This option would be kept under review in 2011.

The option of virement between Priority Axes was also considered as levels of activity were much higher in the rest of the Programme, although there could still be difficulties in attracting match funding. Amendment to the existing activity strands was also discussed, including a possible new focus on broadband connectivity and guidance to improve the competitiveness of SMEs. Investigation of working closely with Regional Growth Fund bids was also agreed as an action to be followed up. The European Commission will be kept closely informed of progress in development of any of these options through Programme Monitoring Committee meetings, so that advice can be provided prior to any action being taken. All the options under discussion are intended to fulfil the original aim of Priority 3: Urban Enterprise and any action that would alter even slightly the method of delivery of those aims would only be undertaken with appropriate agreement.

4.1 EUROPEAN SOCIAL FUND

This Report covers ERDF activity; there has been no ESF type expenditure within the ERDF South West Competitiveness and Employment Programme. Linkages with ESF and demarcation between the Programmes have been overseen by the Joint Monitoring Committee, which undertakes the partnership monitoring role required for each Programme.

Following the appointment of a Coalition Government, the decision was taken to close the Government Office network in March 2011. This had significant implications for the administrative arrangements for ESF. Dept for Work and Pensions is to directly manage the ESF Programmes, the implications of continuing to work with the ERDF Programme will be worked through in 2011, but there will no longer be an ESF Regional Committee, so joint management arrangements through the Programme Monitoring Committee will cease.

4.2 ERDF: MAJOR PROJECTS

There are no major projects identified in the Competitiveness Programme.

5 TECHNICAL ASSISTANCE

Table 15

Priority 4 Performance £m @ 0.84400 Exchange Rate			
Allocation	**ERDF value of contracts**	**ERDF value of spend**	**% of allocation spent**
3.93	2.64	1.5	38.1

Existing activity progressed in line with agreed contracts. The work undertaken by the European Secretariat is regularly monitored by the Managing Authority, Certifying Authority, Audit Authority and by partners. A report of communication activity undertaken by the appointed consultants funded through Technical Assistance can be seen in section 6 of this Annual Implementation Report.

The 2010 Programme Review recommended that Technical Assistance activity, as detailed in section 2.1.9, should be reported against individual strands of activity and targets should be set. Following the Review it became clear that DCLG would undertake their own national review of Technical Assistance, so it would have been premature to undertake activity to address Review recommendations ahead of knowing DCLG's thinking.

It is expected that in 2011 the Programme Monitoring Committee will be asked to agree an amendment to the Technical Assistance strategy to allow DCLG to apply for TA funds to undertake the management, administration and compliance activities for the Programme. As part of DCLG's review of Technical Assistance it is understood that delivery of evaluation activity will be decided. This is important for the SW Competitiveness Programme following the withdrawal of the Operational Evaluation Programme due to the loss of Single Pot match funding.

6 INFORMATION AND PUBLICITY/ COMMUNICATIONS

The SW Competitiveness Communication Plan is primarily delivered by appointed consultants funded through Technical Assistance. PR consultancy, Bray Leino was re-appointed in February 2010 to deliver an action plan that was shaped by the Programme's communication strategy. The contract included responsibility for undertaking media engagement; publicising new contracted investments; providing advice to grant recipients on marketing and publicity materials; producing a newsletter covering Programme activity; development of a website for the Programme to be housed within South West RDA's website; provision of grant recipient workshops and support at external events including the Annual Communication Event.

Section 6.1 provides Bray Leino's report of communication activity during 2010. Additionally South West RDA have hosted European pages on their website providing high level Programme information, contact details for the ERDF Secretariat, key programme documents including past Annual Implementation Reports, agreed Programme Monitoring Committee minutes, the Operational Programme and lists of beneficiaries. Following the transfer of the ERDF Secretariat to DCLG in July 2011, DCLG will provide web pages for Competitiveness information in place of the RDA website.

Article 4(2) of EC Regulation 1828/2006 requires an assessment of communication activity from the start of the Competitiveness Programme as part of the 2010 Report. To address this, Bray Leino were asked to provide a self-assessment of communication activity, which is included in section 6.2. Section 6.3 provides comment on the success of delivery of communications.

Section 6.1 Communication Activity in 2010

Beneficiaries

Beneficiary data is held on the European pages of the South West RDA's website

http://www.southwestrda.org.uk/working_with_you/working_with_europe/funding_and_programmes/competitiveness/beneficiaries

Following the transfer of the ERDF Secretariat to DCLG in July 2011, It is expected that from July 2011 the beneficiary data will be held on the SW Competitiveness pages of the DCLG website.

Annual Communication Event

The Annual Communication Event was held on 18 March 2010 at the Thistle Hotel, Exeter. Bray Leino organised and managed the entire event on behalf of the ERDF programme. More than 100 partners, stakeholders and businesses were invited to share the successes of the Programme over the last 12 months and take part in a Q&A session about future funding opportunities. A delegate pack was produced, which included recent press releases publicising some of the projects that had been commissioned in 2009-2010. A press release about the event was also used to alert the media and it received regional coverage.

Bray Leino met its target of achieving 100 acceptances to attend the event, with more than 80 turning up on the day.

The inclusion of a feedback form in the delegate pack enabled Bray Leino to review the relevance of the event to its audience, with a target of 75% finding the event useful to very useful. This target was exceeded with the event being rated 100% useful to very useful by those that returned the form.

A video was also produced from the event for those grant recipients or stakeholders that were unable to attend. This was posted to the website and was sent out as a vodcast to the ERDF main database.

Bray Leino took away some key learnings from the event to apply to the management of 2011's Annual Communications Event. These were;

- Presentations to be more accessible to visually impaired audience members. Bray Leino will ensure all presentations are created using a font size 24+ in 2011
- The venue should be more comfortable for less-abled audience members. Whilst disability access was ensured, the size of the room did not enable sufficient leg space for some of our less-abled audience members. This will be rectified in 2011 with a venue chosen that can comfortably seat 100 plus people including wheelchair users

e-newsletter

In 2010, Bray Leino continued to write, design, manage and produce the Competitiveness e-newsletter in consultation with SLIM and the European Social Fund. Newsletters were housed at http://www.swcompetitivenessnews.co.uk/.aspx. In 2011 as DCLG will host Programme information on the DCLG website using specific pages. New information will be available here whilst an archive facility will be provided for older material that is no longer current.

In May 2010, Bray Leino undertook an audit of the newsletter's readership to ascertain its usefulness and interest. This review found that 87% of readers found the e-newsletter useful to very useful.

This is borne out by the increase in readership of the e-newsletter, which rose by 9%. The database of those wishing to receive it has also grown to nearly 600 contacts. This is an increase of more than 200 contracts since the e-newsletter was first issued in 2008.

Website

The design and build of the South West ERDF website was completed in 2010. Bray Leino is responsible for the management of content including uploading press releases, updating funding calls and placing EOI adverts and updating the newsletter section.

The website can be viewed here; http://www.southwest-competitiveness.org.uk/

There have been some challenges with the implementation of the website due to technical issues from the RDA's hosting site. This coupled with the impending closure of the RDA has meant that some of the developments planned for the website, such as linking it to business groups such as the Institute of Directors have been put on hold.

The website is something Bray Leino would have liked to have developed further in order to provide a more useful tool to grant recipients and regional businesses alike.

Media relations

In 2010, Bray Leino issued 10 press releases to the regional business and consumer press. These generated 10 pieces of regional coverage. Bray Leino also worked with grant recipients to approve a further 15 press releases. This exceeds the agreed target of six press releases issued per annum. Bray Leino has also sought other opportunities to generate media coverage such as profiles in regional business press.

Bray Leino would like to place more focus on this activity going forward and feels this is an area that could be strengthened in 2011.

Grant recipient workshops

In 2010 Bray Leino delivered two group grant recipient workshops to communicate marketing and publicity guidelines to existing and new grant recipients. More than 14 grant recipients attended. This meets the target of 2-3 per annum.

Marketing and publicity advice

In 2010, Bray Leino provided advice and approval of marketing materials to more than 30 grant recipients. This includes everything from press releases to leaflets and branded merchandising. Whilst there are no targets for this work, this has been a tremendous success in ensuring the advice and guidance provided through the workshops is applied to publicity and marketing materials produced by a wide range of grant recipients.

Outputs

Output	Expected (2008-2013)	Delivered in 2010-2011	Targets
No. of Programme Information Events i.e. Publicity Workshops and major information events including Launch	14	2	Target 2-3 per annum. Target met
No. of delegates wishing to attend each Annual Communications Event	100	100	Target met
% of completed feedback forms that rate events as “useful” or above	75%	100%	Target met
No. of press articles associated with the Programme	30	10	Target 6 per annum Target met

Conclusion

Bray Leino has met or exceeded each of its targets for 2010 and continues to deliver a good service to the Programme. This is demonstrable through the 2010 Senior Client Feedback survey undertaken by Bray Leino each year to identify strengths and weaknesses to ensure continuing improvements. Nigel Howells, Head of Competitiveness programmes for the South West Regional Development Agency rated Bray Leino 9 out of 10 for effectiveness and quality of work.

Section 6.2: Self-assessment

Roberta Fuke, Managing Director at Bray Leino says;

“2010 was a busy year for the ERDF team. On signing the new contract in February, we immediately started work on the Annual Communications Event and were able to meet and exceed the targets set for this piece of activity.

“The team also took on more responsibility with this new contract, such as the management of marketing and publicity materials. This has also proved a success and has enabled more than 100 pieces of publicity material to be approved and used to evidence the success of the Programme.

“The year has seen an increase in focus on media relations. We have been able to secure 10 pieces of regional coverage since April 2010 and continue to write, issue, and create coverage opportunities on behalf of the programme. One example of this is the profile of the Head of Competitiveness in the Bristol Evening Post’s regional business section which appeared in November 2010.

“Whilst there have been some challenges we have been able to rise to these and find solutions to the benefit of the Programme. We have also learnt from these challenges to ensure 2011 activity is delivered with increasing quality. I am very pleased with the work the team has produced in 2010 and this is reflected by the excellent score received through the Senior Client Feedback survey.”

Section 6.3: Assessment of Effectiveness of Competitiveness Communications Strategy

The method of assessment of communication activity since the beginning of the Programme was two-fold: the accumulation of monthly assessments of the work of Bray Leino and feedback from the 2010 Programme Review.

The 2010 Programme Review was an external evaluation of the Programme and reviewed the effectiveness of communications as part of its brief. The key message of the Review was that communication activity was visible and could be seen to be having an impact. Areas for improvement were around the communications from the PMC, where it was felt the membership needed bolstering to be able to provide full strategic leadership for the Programme and have sufficiently wide network of contacts to pass on Programme messages. This has been addressed through increased numbers of local authority representation, which is also a sign of the increased levels of interest in the Programme. Wider representation is still required from the private sector in order to help the PMC communicate with this sector, but this will be addressed as part of the move from PMC to Local Management Committee in 2011.

The consultants undertaking the Review also said that articulating the Programmes’ role and its ability to deliver would become increasingly important in a more challenging funding environment. At the October 2010 PMC meeting, the PMC acknowledged the validity of the point, but agreed that at that time there were many issues to be clarified around the management of the Programme, which included work on communication, so agreement on specific action was deferred until 2011, when further information would be available.

The appointment of media consultants has provided access to specialist skills that would not have been otherwise available to the Programme at a cost of £113k in 2010. The nominated liaisons at Bray Leino have worked closely with the ERDF Secretariat to agree publicity of advertised Expressions of Interest and contracted projects, but also the content of the SW Competitiveness Newsletter. Bray Leino report on a monthly basis to the Secretariat against the targets in their contract which are drawn from the Programme's communication plan. Section 6.1 reports that contract targets have been met and the Programme Review confirmed increased visibility of the Programme following communication activity. Stakeholders have been kept informed through regular newsletters, access to the website and partner events. The wider public also had access to the newsletters through the website, but the main channel for raising awareness of the Programme has been through press releases each time a contract is agreed for a new Competitiveness investment.

Bilateral meetings continue to be an important means of communicating specific messages and the ERDF Secretariat have held seminars on a request basis to talk through Programme issues with potential applicants and partners. Specific guidance on publicity requirements of contracted investments is covered by the Secretariat's Monitoring Team during the Project Engagement Visit, undertaken before the first claim for payment is submitted. Further support is available from a guidance note and from the project's case officer.

It is expected that there will be a number of bilateral conversations between the Secretariat and partners in 2011 to discuss delivery of Programme priorities. The membership of the PMC itself has been strengthened by increased interest from local authorities and this is a key step in strengthening communications about the Programme. It is understood that in 2011 DCLG will review delivery of communication to ensure available resources are focused on regulatory activity, however, the move to new management arrangements in 2011 will offer opportunities to strengthen partners' roles in communicating Programme messages and successes.

The conclusion of the assessment is that using media external consultants has provided value for money and the communication plan followed has increased visibility of the Programme. It is not proposed that a modification of the communication plan should be undertaken due to underperformance. As part of assuming direct management of UK ERDF Programmes, DCLG will be reviewing resources available on a national basis for undertaking communication activity. The intention is to ensure compliance with EC regulations and efficiency of delivery – at this point it is not known whether this could impact on individual Programme communication plans, more detail is expected in the summer of 2011.

Annex A

Investment case studies 2010

Project Title: National Composites Centre (NCC)
Technical Information: Total Cost: € 22,464,934.37 EU contribution: € 10,454,175.86 Contact: Dr Neil Bradshaw, University of Bristol, neil.bradshaw@bristol.ac.uk
Context
The National Composites Centre (NCC) will be a purpose built facility in Bristol (sited at the Spark – the Bristol and Bath Science Park) with workshop space, clean room space, open-plan offices designed to promote open innovation and collaboration, meeting rooms and teaching facilities in the field of composite materials. Its vision is *'to be an independent open-access national Centre to deliver world-class innovation in the design and rapid manufacture of composites that will enable widespread industrial exploitation. The Centre will form an internationally leading hub linking activities across all sectors of the UK in research, education and training technology transfer and incubation of new enterprises'* The NCC project directly addresses the Knowledge and Innovation element of the **Lisbon Agenda** and in particular the need to increase and improve investment in RTD. In terms of Lisbon compliant activities, the project specifically targets the following categories: • 01: RTD activities in Research Centres • 02: RTD infrastructure and centres of Competence in a specific technology • 03: Technology transfer and improvement of co-operation networks • 04: Assistance to R&TD • 05: Advanced support services for firms and groups of firms The National Composites Centre also fully supports **the UK Composites Strategy**, published by the Department of Business Innovation and Skills (BIS) on the 26th November 2009. The National Composites Centre has a clear strategic fit with **Priority Axis 1 – Innovation and Knowledge**: • **Strand 1 Supporting Ideas, Innovation and Knowledge.** The Centre will work with companies to realise and further develop company led innovations in the field of composites materials and manufacturing processes. • **Strand 3 - Business/HE Technology Initiatives**. New Composite materials technologies and processes have clear pull through into sectors of strategic importance to the regional economy including advanced engineering, marine and environmental technologies. • **Strand 4 - Environmental Goods and Services** Composite materials are and will continue to be critical to the deployment of a number of renewable energy technologies, including wind, wave and tidal renewable energy devices. They also offer major environmental product opportunities in transport from the car through to aircraft and marine vessels. In the South West of England, the **Regional Economic Strategy** sets out a shared vision for economic development and defines three strategic objectives to achieve the vision. The National Composites Centre aligns most clearly with the first – **Successful and Competitive Business**, in that it will support business productivity, allow it to compete more effectively in the global economy, promote innovation

and deliver key new skills. The Centre will address these objectives and priority actions within a number of the South West's strategic sectors, including Advanced Engineering, Marine and Environmental Technologies.

It is also aligned with **'What Now'** – the revised **South West RDA corporate plan** for 2009-13, which highlights a more focused approach to grow and retain competitive business base encouraging innovation, research and skills.

Specifically 'What now' highlights a focus on "**Building on our leading edge in new and developing sectors that will provide new jobs over the coming years – composites, advanced engineering, micro-electronics and digital design, environmental technologies, marine science and creative industries.**

Project Description

The NCC will be a purpose built 6500m2 facility in Bristol (sited at the SPark) with workshop space, clean room space, open-plan offices designed to promote open innovation and collaboration, meeting rooms and teaching facilities. The building is being developed against a minimum BREEAM assessment of excellent but with a target of outstanding. It will be equipped with leading edge manufacturing scale plant and equipment to focus on optimised-design, analysis, rapid manufacture and testing. It has been designed to meet the needs of businesses irrespective of size or sector.

The NCC will have the capacity and flexibility to develop the technologies needed to optimise the design and rapidly manufacture massive structures (such a wind turbine blades, marine and construction applications), large/ ultra-precision parts (such as aerospace spars, engine casings) and address the challenge of producing high-volume parts to meet the needs, for example, of the automotive industry. Specific commercial objectives include:

- **Wind turbine blades**: improve performance of materials used in blade manufacture and dramatically increase the speed by which they can be manufactured
- **Aerospace**: deposit 30 kilos per hour over complex shapes and reduce weight by up to 20% by optimising design
- **Marine**: design hulls with greater slamming resistance
- **Off-shore oil and gas platform repairs**: develop lay-up techniques suitable for use in wet, hostile conditions
- **Construction**: develop design competence and large scale manufacturing techniques
- **Automotive**: develop mass production solutions for low weight energy efficient structures and complete structural body-shells
- **Defence**: lightweight armour

The NCC is led by the University of Bristol and industrial partners include Vestas, Rolls-Royce, GKN, AgustaWestland and Airbus. ERDF funding is being used during the development phase of the project to support the building and the specialist equipment. The Centre will be financially self sustaining once it becomes operational and attracts income from the industrial partners in the form of membership subscriptions (with different rates for varying sizes of business and scale of use.) Half of their fee will go towards a core collaborative research programme, while the other half can be used for private work. A programme of outreach work will help to attract SMEs, coordinate Knowledge and Technology Transfer and skills issues as well as helping to engage them in the composites supply chain.

Results

As ERDF contributes towards the development phase and will not directly fund the costs of engineers and other staff who will be doing the activity which creates outputs, there are no outputs in the offer letter. Nevertheless the project will run events and provide assistance to businesses in the region which will lead to the results indicated below.

The table below sets out targets for the project as per the offer letter:

Planned Outputs	Total all years	Achievement Date
None.		
Planned Results	**Total all years**	**Achievement Date**
Gross new jobs created	232	31 Dec 2014
Gross jobs safeguarded	155	31 Dec 2014
Gross research jobs created	108	31 Dec 2014
Gross research jobs safeguarded	46	31 Dec 2014
Number of additional firms involved in business/cluster networks	62	31 Dec 2014
Number of patents, other IPR's and other IPR devices used	22	31 Dec 2014
Gross increase in GVA	46	31 Dec 2014
Gross safeguarded GVA	37	31 Dec 2014
Gross jobs created in environmental sectors	31	31 Dec 2014
Planned Impacts	**Total all years**	**Achievement Date**
Net additional GVA (€M)	32.6	31 Dec 2014
Net safeguarded GVA (€M)	28.2	31 Dec 2014
Net additional employment	166	31 Dec 2014
Supplementary Outputs (Non core)	**Total all years**	**Achievement Date**
Number of businesses assisted to improve their performance	46	31 Dec 2014
Number of environmental technologies and renewable energy enterprises assisted	15	31 Dec 2014
Number of firms involved in collaborative research and development projects	35	31 Dec 2014

In addition to these outputs, the development of the NCC has significant potential to develop Strategic Added Value for the region. The basing of the centre in the South West means that the region has a clearly articulated role as a leader in the field and will without doubt attract the majority of public funds to be directed into the field in the coming years, giving significant leverage advantage in sectors identified as strategic within the Regional Economic Strategy.

The provision of a well equipped National Centre also gives directly applicable economies of scale and will lead to significant impacts in the region, whether in the speed of development of SW companies using composite technologies, or through inward investment by companies wishing to base themselves within the composites cluster that will develop around the Centre.

Project Title: CALM Business Technology Centre (BTC)
Technical Information: Total Cost: € 3,036,496.69 EU contribution: € 1,165,793.94 Contact: Paul Tiltman, University of Exeter, p.tiltman@exeter.ac.uk
Context

The CALM Business Technology Centre aims to provide competitive advantage for SW manufacturing businesses and a global lead for the SW region by introducing a new, disruptive, low-carbon manufacturing technology - Additive Layer Manufacturing (ALM). The Centre will provide advice, training and practical support for SMEs through access to unique, internationally-ranked expertise and leading-edge equipment supported by dedicated advanced engineering specialists.

CALM directly addresses the need to improve SME's use of new technologies in order to become more competitive and therefore supports the aims of the **Lisbon Agenda.** In terms of Lisbon compliant activities, the project specifically targets **categories 2 'Research and Technological Development (R&TD) activities in research centres', 4 'Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)' and 8 'Other investment in firms'.**

The project is clearly in line **national strategies** such as:

- The *Advanced Manufacturing 'Building Britain's Future' – July* 2009 where the Government focuses on the opportunities in Advanced-manufacturing for the UK stressing the importance of the recent *Low-Carbon Industrial Strategy* (also launched in July 2009)
- The recent *New Industry, New Jobs (NINJ)* report which states that the post-recession landscape will continue to be defined by globalisation. Supply chains will become more disaggregated with different businesses feeding in at different stages of production. The report also highlights Advanced Engineering (with a low carbon ethos) as a key sector in driving future UK growth.

It supports the **Competitiveness Operational Programme (OP)** single objective of increasing prosperity in the region through supporting businesses to increase their productivity and competitiveness. This project directly addresses this aspiration by providing access to technology and support that improves the quality of SME products, lead to quicker implementation of new products and reduce use of raw materials and energy consumption levels. It directly supports **Priority 1 – 'Innovation and Knowledge'** of the OP, and is intended to be a clear fit with the **'Business/HE Technology Initiatives'** strand. Furthermore, the project has identified 130 SMEs in the Western Peninsula area that are considered to 'have the capacity to implement ALM in their manufacturing processes'. There is therefore a commitment that the Competitiveness Programme's requirement for 35% of business assists to be within the Western Peninsula area will be recognised.

CALM is closely supports the following Regional Economic Strategy (RES) objectives and especially objectives

- **1a 'Support Business Productivity'** as this project represents focussed assistance for SMEs by enabling them to assess and adopt ALM technology
- **1e 'Promote Innovation'** as the project will improve HE interaction with SMEs, leading to potential collaborative projects and also KTP activity to help embed the new techniques and systems needed to fully exploit ALM.

The project also supports the South West RDA's Corporate Plan (2009 – 2011), contributing to each of the Corporate Plan's core themes:

- **Low Carbon Economy** – Project will promote the adoption of low carbon technology.
- **Successful Businesses** – The BTCs are specifically mentioned as key to bringing new technologies to the market.
- **Prosperous Places** – Through its commitment to engaging with businesses in the Western Peninsula, CALM is likely to assist businesses in Plymouth's marine and engineering sectors. In addition BTCs are considered a 'Solutions for Business' Product (Specialist Facilities and Environments) which helps streamline business support into a transparent portfolio.

Project Description

The CALM (Centre for Additive Layer Manufacturing) will provide practical support for SMEs to encourage the adoption of Additive Layer Manufacturing (ALM). The project will make industry standard ALM equipment available which will enable SMEs to test the potential of this technology on their own products.

ALM is not a new technology, first emerging in 1987 (Wohlers Associates, History of Additive Fabrication). Put simply, ALM creates components in a succession of layers (additive) as opposed to traditional machining which cuts material away from a solid block (known as subtractive). The process can be visualised as '3D Photocopying', with a high degree of automation.

ALM greatly reduces waste and uses less energy than traditional manufacturing techniques and also has the benefit of enabling sophisticated 'one off' parts to be created without prohibitive re-tooling costs.

The Centre will be based at the University of Exeter but linked to experts and equipment at the EADS Innovation Works at Filton, Bristol.

Results

The table below sets out targets for the project as per the offer letter:

Planned Outputs	Total all years	Achievement Date
Number of businesses assisted to improve their performance	220	01 June 2013
Number of new businesses assisted (subset of businesses assisted)	20	01 June 2013
Number of environmental technologies and renewable energy enterprises assisted (subset of businesses assisted)	40	01 June 2013
Number of firms involved in collaborative research & development projects (subset of businesses assisted)	20	01 June 2013
Planned Results	**Total all years**	**Achievement Date**
Gross new jobs created*	30	01 June 2015
Gross jobs safeguarded*	50	01 June 2015
Gross research jobs created (subset of jobs created)*	20	01 June 2015
Gross Research jobs safeguarded (subset of jobs safeguarded)*	10	01 June 2015
Number of additional firms involved in business/cluster networks	50	01 June 2013
Number of patents, other IPRs and other IPR devices used (e.g. trademarks copyrights)	15	01 June 2013

Number of SMEs launching new or improved products	113	01 June 2013
Gross increase in GVA **	€ 3,744,075	01 June 2013
Gross safeguarded GVA**	€ 4,913,507	01 June 2013
Gross jobs created in environmental sectors	18	01 June 2013
Planned Impacts	**Total all years**	**Achievement Date**
Net additional GVA	€ 2,725,118	01 June 2013
Net safeguarded GVA	€ 3,791,469	01 June 2013
Net additional employment	59	01 June 2013

In addition to the GVA recorded in the two years post project completion there may be significant additional outcomes as the technology becomes embedded in the SME supply chain and demand for ALM equipment increases.

Project Title: Understanding Business for Finance

Technical Information:

Total Cost: € 22,464,934.37

EU contribution: € 10,454,175.86

Contact: Neil Higginson, GWE Business West, neil.higginson@gwebusinesswest.co.uk

Context

The aim of the Project is to provide growth and high growth potential businesses with support on understanding ways of financing business and to acquire the skills to access external finance. Focusing upon both early stage companies who have difficulty seeking debt finance for Finance Readiness and potentially High Growth businesses seeking risk capital / equity for Investment Readiness.

This project will cover both the Competitiveness and Convergence Operational Programme areas of the South West of England and offer a consistent and seamless service for the business community across the whole region. There will however be two separate projects for each operational area. In the Competitiveness area, at least 45% of planned results and impacts are to be in the Western Peninsula area (Devon, Plymouth, Torbay, West Dorset, Weymouth and Portland, Taunton Deane and West Somerset).

The project is clearly **Lisbon compliant** and specifically targets category 05: ‘Advanced support services for firms and groups of firms’.

From a **national** perspective, this Proposal supports the ‘Solutions for Business’ product and is compliant with Business Support Simplification

The proposed activity offers a good fit to the **Competitiveness Operational Programme** requirements in terms of the activity and is offering delivery in the **‘Accelerating Business Growth’ Strand of Priority Axis Two (Enterprise and Growth)**. The development of high growth companies is key to the delivery of the Programme.

In the South West, the project mainly addresses Regional Strategic Objective 1 - *Successful and Competitive Businesses* of the **Regional Economic Strategy for South West England** and is specifically targeted at the South West innovation potential, identified as having strong future high growth opportunities:

- *Priority 1A Support business productivity* – Project will support businesses to become more productive by increasing innovation and improving access to finance and specialist support for high growth
- *Priority 1B Encourage new enterprise* – Project will support new company formation around IP and innovation generated across all industry sectors and diversity of individuals
- *Priority 1C Deliver skills for the economy* – Project will focus on high growth business skills with a finance ready and investment ready training provision
- *Priority 1D Compete in the global economy* – Project will support international collaboration and trade initiatives through joint activity with UKTI and EEN
- *Priority 1E Promote innovation* – Project will drive connection between the science & technology base and industry, improving opportunities for idea generation, development and commercialisation.

Project Description

The purpose of the Understanding Finance for Business project is to address market failure issues in the Competitiveness and Employment Operational programme area, providing entrepreneurs and owner managers of businesses with advice and support to firstly understand their options for getting funding for their growth aspirations and secondly providing them with skills to support their quest for finance – whether internal or external debt and equity.

The aim of the Project is to provide growth and high growth potential businesses with support on understanding ways of financing business and to acquire the skills to access external finance. Focusing upon both early stage companies who have difficulty seeking debt finance for Finance Readiness (FR) and potentially High Growth businesses seeking risk capital / equity for Investment Readiness (IR).

At least 45% of planned results and impacts for the Competitiveness area are to be in the Western Peninsula area (Devon, Plymouth, Torbay, West Dorset, Weymouth and Portland, Taunton Deane and West Somerset). A range of activities will be targeted to ensure that businesses are directly helped and also provided with the environment in which to help themselves. This will include active targeting by our sub-regional partners, Business Link, enterprise support organisations, universities and existing high growth networks, and the centres from which new companies are likely to be spun out.

Additionally, the project will work closely with the other ERDF initiatives (iNets, Coaching for High Growth and Starting a High growth Business) to cross refer and bring collective benefits for identification of target businesses across the Competitiveness area. It will include the provision of event and workshop based opportunities for these organisations to network with each other, with intermediary providers of support and with representatives of the Business Link Start Up and Growth Service.

Results

The table below sets out targets for the project as per the offer letter:

Planned Outputs	Total all years	Achievement Date
None.		
Planned Results	**Total all years**	**Achievement Date**
Gross new jobs created	232	31 Dec 2014
Gross jobs safeguarded	155	31 Dec 2014

Gross research jobs created	108	31 Dec 2014
Gross research jobs safeguarded	46	31 Dec 2014
Number of additional firms involved in business/cluster networks	62	31 Dec 2014
Number of patents, other IPR's and other IPR devices used	22	31 Dec 2014
Gross increase in GVA	42	31 Dec 2014
Gross safeguarded GVA	37	31 Dec 2014
Gross jobs created in environmental sectors	31	31 Dec 2014
Planned Impacts	**Total all years**	**Achievement Date**
Net additional GVA (€M)	32.6	31 Dec 2014
Net safeguarded GVA (€M)	28.2	31 Dec 2014
Net additional employment	166	31 Dec 2014
Supplementary Outputs (Non core)	**Total all years**	**Achievement Date**
Number of businesses assisted to improve their performance	46	31 Dec 2014
Number of environmental technologies and renewable energy enterprises assisted	15	31 Dec 2014
Number of firms involved in collaborative research and development projects	35	31 Dec 2014

The delivery of this project will result in enhanced interactions between high growth business support organisations and initiatives. The greater degree of interaction and the resulting support will benefit not only the immediate beneficiaries but also the SW Region in terms of generating an integrated regional support network through the creation of an online community of coaches, advisors and mentors, and enhanced connections with HEI and FEI, and other incubation and enterprise creation environments.

Project Title: GOSS Interactive Limited

Technical Information:

Total Cost: € 1,192,204.66

EU contribution: € 302,009.52

Contact: Anna Stillman – GOSS Interactive Limited - anna.stillman@gossinteractive.com

Context

GOSS Interactive Limited (GOSS) is engaged in the design and installation of Web Content Management (WCM) services. WCM Systems consist of software that allows non-technical people to create, manage, store and deploy content on web pages. GOSS are proposing investment to ensure the business can achieve its growth aspirations. The proposed project comprises investment in

infrastructure, skilled labour and overheads to enable the business to undergo a step change in scale and market offering. The project is supported through the Grant for Business Investment (GBI) - a UK Government approved product in the "Solutions for Business" support portfolio. The scheme provides discretionary grants to support businesses with capital investment projects which will increase productivity, skills and employment in deprived areas in England. It is potentially available to any size of company in Plymouth and to SMEs only throughout the rest of South West England. This project contributes to achieving **Priority Axis 2** '**Enterprise and Growth'** of the **Competitiveness programme** through providing support for high growth businesses, companies in high value-added sectors and those requiring a highly skilled workforce. It will also indirectly contribute to **Priority Axis1 'Innovation and Knowledge'** through supporting product and process improvements, and to **Priority Axis 3 'Urban Enterprise'** to the extent that the project is based in a deprived area of Plymouth and is in the priority Western Peninsula of the ERDF Competitiveness area. One of the key characteristics of GBI is the compulsory requirement to deliver an improvement in productivity measured by the percentage increase in gross value added (GVA) per employee compared to the sector in which the business operates. Projects also have to lead to an improvement in skill levels and the majority of jobs must be NVQ Level 2 equivalent or above. The grant is highly targeted only supporting applicants that display a range of quality features including environmental benefits, high levels of innovation, research and development or good salary levels, as well as the compulsory elements of productivity and skills growth. In addition to supporting increases in GVA productivity, the intervention rates are set at a rate that encourages and requires private sector investment. Arguably the most crucial contribution to the aims of priority axis 2 is that as the grant is paid in **direct relation to the numbers of skilled jobs created**, projects under this framework will significantly contribute towards Priority 2's ambitious job creation targets. The project is **Lisbon compliant** and specifically targets **category 8 "Other Investment in Firms"**. As regards to the **Regional Economic Strategy (RES)**, the project will directly contribute to the first strategic objective **"Successful and Competitive Businesses"** and more specifically supporting business productivity. GOSS is also committed to looking at the environmental impact of its project in a drive towards securing productivity led growth within environmental limits which contributes towards the RES objectives, the **Operational Programme's aims** and the **South West Regional Development Agency's Corporate Plan**.
Project Description
The proposed project comprises investment in infrastructure, skilled labour and overheads to enable the business to undergo a step change in scale and market offering, thus creating a business with about 100 highly skilled employees by 2015. It will enable expansion of the business in terms of its customer base, turnover, products, markets and profitability and build on its reputation in the UK WCM market and into Europe. The proposed project underpins the organic growth of the business and comprises the recruitment of 30 employees and safeguarding of 10 with capitalised salary costs of some € 1,215,640 over the next three years. In terms of its market sectors, GOSS is very much focused on Public Sector, primarily Local Authorities, which will be the main contributor to its increased turnover. This additional business will be derived from expanding its customer base. For the private sector GOSS will continue to play to its strengths targeting larger business that need to push through efficiency savings and weave the web into the core of their businesses. The proposed project will also contribute to all three elements of local, regional and European strategies,

namely:

- Creating the conditions for productivity led-growth – GOSS operates in a knowledge-based industry with an outstanding reputation for innovation. The project is forecast to increase GOSS's GVA per employee from the current level of €42,816 to €50,041 by 2013, representing an annual increase of 6.5%, and to € 57,076 by 2015.
- Developing a low carbon economy - GOSS is by its very nature a low carbon business.
- Creating successful places – the project will help enhance the region's reputation for ICT excellence.

Results

The table below sets out targets for the project as per the offer letter:

GOSS Interactive Limited should achieve a Gross Value Added (GVA) per Full Time Equivalent (FTE) employee of € 46,610 by year ended 30 June 2012.

Gross Employment

a)	Number of people directly employed by GOSS Interactive Limited at the Premises before the Project:	51
b)	Number of permanent full time jobs and equivalent to be safeguarded in GOSS Interactive Limited at the Premises as part of the Project broken down as follows:	10
c)	Number of permanent full time jobs and equivalent to be created in GOSS Interactive Limited at the Premises as part of the Project:	30
d)	Number of permanent full time jobs and equivalent in GOSS Interactive Limited at the Premises outside of the Project:	41

Project Title: Micro-Credit Loans Fund

Technical Information:

Total Cost: € 2,323,150.20

EU contribution: € 1,161,575.10

Contact: John Berry, SWIG Capital Ltd, john.berry@swigcapital.co.uk

Context

The objective of the project is to increase the number of businesses starting up and expanding by establishing a source of micro funding (loans) to disadvantaged communities within the three Strategic Investments Framework (SIFs) areas of Bristol, Plymouth and Torbay.

Entrepreneurship and innovation are widely recognised as being key pre-requisites for economic prosperity and have received extensive policy support at the European level. Particularly in response to the **Lisbon agenda**, such an approach reflects the consensus view that achieving sustained growth in output and employment across the EU depends in large part on encouraging the start-up of SMEs, and especially those in innovative high tech and knowledge based sectors, and then ensuring that, once established, those SMEs are fostered to achieve their potential.

Micro-finance, specifically is linked to two policy objectives of the EU:

- To improve access to finance for small and medium sized enterprises as part of the regional development agenda; and'
- Microenterprise as a means to promote social cohesion.

Encouraging investment is one of the key objectives of the UK Government in meeting its 'long-term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors'. The Government has several roles in encouraging investment; first, by directly providing public investment; second, by setting a stable and rewarding environment for firms to invest in; lastly, by improving access to finance for business and investment:

- Enterprise White Paper (2008) - Under the new national enterprise strategy framework, 'Enterprise: Unlocking the UK's Talent (2008)', BIS takes the strategic lead for small business access to finance policy.
- Pre Budget Report 2008 and Real Help for Business – January 2009 - With the economic turmoil unleashed in 2008 on a global scale, the UK government has implemented new policy approaches that impact directly on the market for finance.
- Business Support Simplification Programme – Solutions for Business - A key UK national policy area to consider in the context of creating regional finance solutions for business is the Business Support Simplification Programme and its core range of Solutions for Business (S4B) products. The programme aims to make it easier for companies and entrepreneurs to understand and access government funded grants, subsidies and advice with which to start and grow their businesses. The Government will also get greater value for money from a leaner system.

The project is supporting **Priority Axis 3** - to increase the level of enterprise creation in some of the region's most deprived neighbourhoods through Urban Enterprise of the **SW Competitiveness programme**. Priority Axis 3 is focused upon the areas of greatest deprivation, as identified at the time the Operational programme was published – these being parts of Bristol, Plymouth and Torbay. Strategic Investment Framework (SIFs) programmes have then been brought forward to address the needs of these specific places covering both infrastructure and enterprise generation. As part of these SIF programmes access to finance (both supply and demand side interventions) has been identified as a key strand for support.

In the South West of England, the **Regional Economic Strategy (RES)** sets out the priorities for the provision of support services for business in the South West of England identifying three Strategic objectives. Addressing the barriers to growth that businesses in the region are faced with due to the lack of availability of an appropriate financial package, is articulated as a key area for intervention under Strategic Objective One of the RES.

Strategic Objective Two of the RES addresses the social aspirations of the region in terms of opportunities for all. A Micro-Finance facility has the potential to both encourage an enterprise culture in our disadvantaged groups, providing a vehicle for generating wealth and supporting social cohesion.

Project Description

The objective of the project is to increase the number of businesses starting up and expanding by establishing a source of micro funding (loans) to disadvantaged communities within the three SIF areas of Bristol, Plymouth and Torbay.

The Micro loans fund is "Solutions for Business" compliant and is designed to assist businesses by providing them with the opportunity to gain early stage finance and therefore stimulate the development of SMEs within the deprived communities of the three SIF areas leading to create of wealth in these areas and development of an enterprise culture.

The capital investment of € 2,370,000 will be held in three separate 'funds' where € 830,000 is available for Bristol, € 830,000 for Plymouth and € 710,000 for Torbay.

Following a competitive Expression of Interest process, the South West Investment Group (SWIG) was selected to apply for a capital grant for the South West Loans Fund which was established in March 2009. As part of that selection process it was intended that further funds would be delivered as part of the ERDF Operational Programmes in the South West and the Micro Loan fund is one of these. SWIG Capital will undertake a formal OJEU procurement process to appoint fund managers for the three SIF areas.

Results

The table below sets out targets for the project as per the offer letter:

Planned Outputs	Total all years		
	Bristol	Plymouth	Torbay
No. of SMEs assisted to improve performance	110	110	83
Inc new enterprises	33	33	25
Planned Results	**Total all years**		
	Bristol	**Plymouth**	**Torbay**
New jobs created	33	33	25
Jobs safeguarded	77	77	58
Planned Impacts	**Total all years**		
	Bristol	**Plymouth**	**Torbay**
Gross increase GVA	€957,938	€957,938	€821,090
Gross safeguarded GVA	€1,094,786	€1,094,786	€938,388

Project Title: Bristol ISUS (Intensive Start Up Support)

Technical Information:

Total Cost: € 611,211.52

EU contribution: € 305,605.76

Contact: Bev Hurley, YTKO Ltd, Bev.hurley@ytko.com

Context

The purpose of Intensive Start Up Support (ISUS) is to provide additional support to those individuals and groups identified as under-represented in self employment and business ownership, who are actively exploring setting up in business. It is anticipated that additional businesses will be created that would otherwise not have started and survival rates will be increased as a result. The additional support is intended to overcome specific barriers and address current inequities.

The activities proposed within the Proposal fits within the aims of the Competitiveness Programme, the Solutions for Business product and the SWRDA's Corporate Plan.

Within Priority Axis 3 (Urban Enterprise) of the Competitiveness Programme the project is designed to deliver the aims of strand 2 which is focussed on "promoting and encouraging the creation of new enterprises….within under-represented groups" and will also deliver strand 4 "targeted business support services in the community", both of which are objectives shared by the Bristol Strategic Investment Framework.

The Agency's Corporate Plan and Regional Economic Strategy prioritise productivity led growth focusing on people's skills, innovation, the environment, enterprise and transport and communications. This project has the potential, if successful to support productivity led growth through developing a new entrepreneurial culture, although this may be growth at a slower rate. Specifically the project will contribute to two strategic objectives; Strategic Objective 1, Successful and Competitive business, Priority 1B - Encourage new enterprise –through supporting new enterprise, promoting enterprise in deprived areas, and encouraging wider participation. It also supports Strategic Objective 2, creating strong and inclusive communities.

The service will also contribute directly to the **Lisbon Agenda** – by 'developing a more aspirational, entrepreneurial and innovative culture - and complies with Lisbon category: 68 – Supporting self-employment and entrepreneurship.

The project providers - YTKO – also has significant experience with the European Social Fund (ESF) in delivering the Enterprising Women programme and will work closely with the appropriate Government Department to ensure that the ESF delivery in the Bristol area is aligned with the ISUS project.

Project Description

The Intensive Start-Up Support (ISUS) product builds on the Starting A Business (SAB) product delivered by Business Link in that it provides additional support to those groups identified as under-represented. The purpose of Intensive Start Up Support (ISUS) is to provide additional support to those individuals and groups identified as underrepresented in self employment and business ownership, who are actively exploring setting up in business. It is anticipated that additional businesses will be created that would otherwise not have started and survival rates will be increased as a result. The additional support is intended to overcome specific barriers and address current inequities.

Following an open competitive process calling for Expressions of Interest YTKO were appointed to deliver the product.

The main elements of the proposal consist of:

- Additional one-to-many workshops and sessions covering the range of business issues encountered at start up. These workshops may be delivered in appropriate settings and with suitable methodologies to meet the needs of the client group;
- Personalised support from an adviser, coach or mentor who can work with the individual or business to overcome particular barriers;
- Support from up to 6 months before start up to 18-36 months after start up and continuity from any pre-start support through the Enterprise Coaches product.

All clients will be assessed using a psychometric tool (Profile Indicator Assessment) in order to identify their level of need. This process will act as a filter to ensure that clients undertake the most appropriate and effective pathway of business and non-business support offered within a four stage framework and which follows on from the initial Coaching intervention:

- Stage 1: Foundation workshops designed at restoring confidence and self-belief as well as exploring life management skills as part of the early enterprise journey for disadvantaged clients. Clients start to shift their focus from internal to external perceptions in order to identify future goals and create action plans for progressing towards enterprise.
- Stage 2: Introduction to Enterprise - a series of 6 workshops aimed at providing clients with more understanding about the world of enterprise. The main emphasis will be on developing business

ideas, financial understanding as well as undertaking market research.

- Stage 3: Pre-start enterprise programme consisting of 14 modules which takes clients through a comprehensive, more challenging and in depth series of workshops covering the following business skills elements:

Different enterprise modules	Marketing and sales
Market strategy	Suppliers and contracts
Business planning	Focus and playing to strengths
Understanding timescales and costs	Managing cash-flow
Regulatory – Tax, VAT, NI	Managing pressure
Funding sources	Short/long term risk management
Competition	Effective networking

- Stage 4: After care activity. YTKO will continue to proactively maintain relationships with individuals who participate in stages 1, 2 and 3 activities. After care will be via the Enterprise Advisor/Account Manager at least monthly for the first quarter, then quarterly for the remainder of the first year, followed by six monthly check-up calls and data collection.

Results

The table below sets out targets for the project as per the offer letter:**Planned Outputs**	**Total all years**	**Achievement Date**
No. of individuals assisted in starting a business	800	31 October 2012
No. of businesses assisted to improve their performance	130	31 October 2012
Planned Results	**Total all years**	**Achievement Date**
No. of businesses started	130	31 October 2012
No. of businesses still trading after 1 year	117	31 October 2012
No. of businesses still trading after 3 years	102	31 October 2012
Gross new jobs	163	31 October 2012
Gross increase in GVA	€ 3,850,710	31 October 2012
Planned Impacts	**Total all years**	**Achievement Date**
Net additional GVA	€ 4,028,436	31 October 2012

The initial information and engagement events will be an opportunity for YTKO to engage with other enterprise intermediaries and delivery organisations providing services being supported by ERDF investment and mainstream services funded centrally.