

European Cohesion Policy in the United Kingdom

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The European Union (EU) comprises 27 Member States forming a community and single market of 493 million citizens. However, great economic and social disparities still remain among these countries and their 271 regions. European Cohesion Policy is at the centre of the effort to improve the competitive position of the Union as a whole, and its weakest regions in particular.

Through the European Regional Development Fund (ERDF) and the European Social Fund (ESF), otherwise known as the Structural Funds, as well as the Cohesion Fund, it invests in thousands of projects across all of Europe's regions to achieve its primary task: to promote economic and social cohesion by reducing these disparities between member countries and regions. With a budget of **€347 billion** for 2007–13, Cohesion Policy represents the single largest source of financial support at EU level for investment in growth and jobs, designed to enable *all regions* to compete effectively in the internal market.

However, as the challenges facing Europe's regions have changed over time, so too has the policy. Against a background of momentous change in the Union as a result of enlargement and of increasing globalisation, concerns about energy supplies, demographic decline, climate change and more recently, world recession, the policy has evolved, in step, as a key part of the response to meet these new realities.

IMPACT AND RESULTS OF COHESION POLICY IN THE UNITED KINGDOM

Cohesion Policy investment channelled through the Structural Funds has supported a huge number of projects in the UK, from large-scale public works to small local initiatives. All are designed to benefit the regional or local economy by improving transport and communication networks; increasing trade; creating employment; fostering innovation and supporting small businesses; promoting cultural diversity and peace; cleaning up the environment; and restoring tourism amenities.

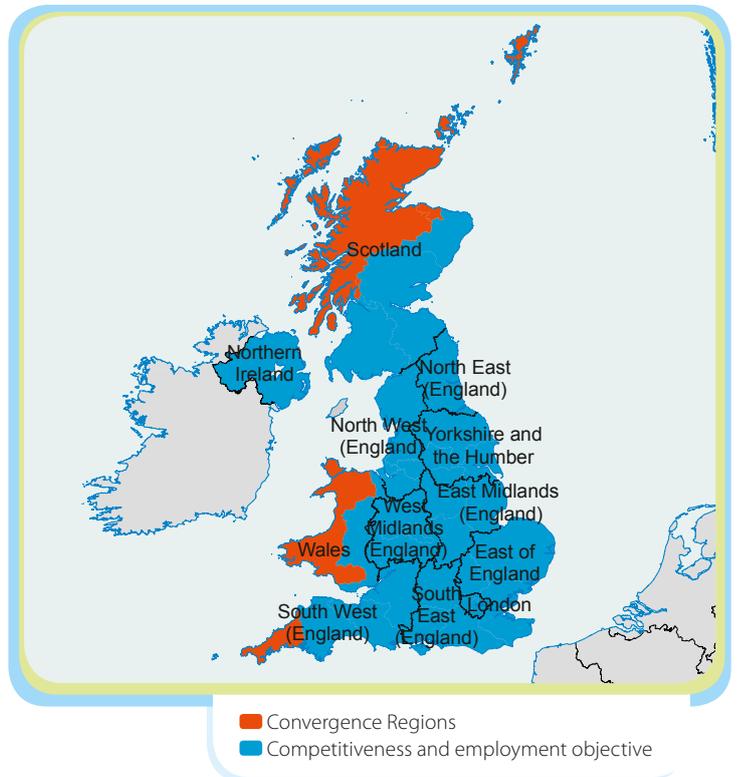
Some examples of achievements from 2000 to 2006 include:

- Over 256 000 jobs created or safeguarded.
- Cohesion Policy funding supported small businesses in the UK, 16 000 of which received direct financial support.
- EU investment supported the provision of broadband to the whole of Cornwall and the Isles of Scilly and the conversion in this region of Newquay Airport from a military to a fully civilian operational airport. These two projects alone have greatly improved the accessibility of this remote, predominantly rural region.

A SNAPSHOT OF ACHIEVEMENTS

- Over 256 000 jobs created or safeguarded
- Support for more than 295 000 small businesses
- More than 1 200 hectares of brownfield land reclaimed for businesses

Cohesion Policy 2007–13



- Structural Fund programmes have also helped regions develop a more knowledge-based economy. For example, in Northern Ireland, around 7 600 people received short-duration training in IT technology provided by the 'Invest NI' project. An interactive call centre support facility, developed through a partnership programme between the University of the Highlands and Islands (UHI) and the private sector, also enabled the safeguarding of 1 500 jobs in telecommunications in the region.
- Direct environmental investments have also produced results, such as water and sewerage treatment schemes in Northern Ireland which have led to an increase of 30% in water treatment capacity and a 275% increase in sewerage treatment capacity.
- Over 1 200 hectares of brownfield land reclaimed to increase the supply of commercial floor-space for new and growing businesses, 57% of these in West Wales and the Valleys and 28% in Merseyside.



EUROPEAN INVESTMENT IN THE UNITED KINGDOM – 2007–13

For 2007–2013, the UK has been allocated around **€10.6 billion** in total Cohesion Policy funding: €2.9 billion under the Convergence Objective¹, €7.0 billion under the Regional Competitiveness and Employment Objective and €722 million under the European Territorial Co-operation Objective.

The UK has 22 regional programmes under both the Convergence and Regional Competitiveness and Employment Objectives. Of these, 16 receive funding from the ERDF, with 6 programmes funded by the ESF.

West Wales and the Valleys, Cornwall and the Isles of Scilly, and the Highlands and Islands fall under the Convergence Objective, which covers approximately 10% of the UK's population. East Wales, Lowlands and Uplands of Scotland, Northern Ireland, Gibraltar, East England, East Midlands, London, Merseyside, North East England, North West England, South East England, South West England, South Yorkshire, West Midlands, and Yorkshire and Humberside fall under the Regional Competitiveness and Employment Objective.

FUNDS FOR THE UNITED KINGDOM, IN BILLIONS €, 2007–13

| Objective | Fund | EU | National Public | National Private | Total |
|--|------|-------------|-----------------|------------------|-------------|
| Convergence | ERDF | 1.8 | 1.3 | 0.5 | 3.6 |
| | ESF | 1.1 | 0.6 | 0.2 | 1.9 |
| Total Convergence | | 2.9 | | | |
| Regional Competitiveness and Employment | ERDF | 3.6 | 3.7 | 0.2 | 7.5 |
| | ESF | 3.4 | 3.5 | 0.02 | 6.9 |
| Total Regional Competitiveness and Employment | | 7 | | | |
| Total European Territorial Co-operation* | ERDF | 0.7 | - | - | 0.7 |
| TOTAL | | 10.6 | 9.1 | 0.9 | 20.6 |

Figures have been rounded up

* Each Territorial Co-operation programme includes a minimum of 15% co-financing from each participating Member State.

DELIVERING THE LISBON STRATEGY FOR GROWTH AND JOBS

The re-launch of the Union's Lisbon Strategy in 2005 aimed to bolster the competitive position of EU regions in the world economy by placing growth, jobs and competitiveness at the top of the Union's agenda. For the 2007–13 period, European Cohesion Policy has attached increasing importance to delivering the so-called 'Lisbon objectives'.

The UK has made a strong commitment to align its Structural Funds investment to a limited number of Lisbon-related activities to promote growth and jobs. The shift in priorities is reflected with the investment now being geared towards core 'Lisbon' activities promoting business development, innovation, skills and employment, and sustainable development.

¹ The Convergence Objective concerns regions characterised by low levels of GDP and employment, where GDP per head is less than 75% of the EU average as it stood between 2000 and 2002. It applies to 99 regions representing 35% of the EU-27 population and aims to promote conditions conducive to growth and ones which lead to real-time convergence in the least-developed Member States and regions. The Regional Competitiveness and Employment Objective is applicable to the rest of the EU, or to 172 regions, representing 65% of the EU-27 population. It aims to enhance the competitiveness and attractiveness of regions, as well as boost their employment levels. It should be noted that the rural development and fisheries policy are separate and do not form part of this brochure.

MAIN PRIORITIES OF COHESION POLICY IN THE UNITED KINGDOM, 2007–13

The UK plans to invest €4.5 billion of its Cohesion Policy allocation in **Research & Development (R&D) and innovation** to promote research, knowledge transfer and commercialisation.

€1.8 billion is directed towards encouraging **entrepreneurship** and **supporting a thriving small and medium-sized enterprise (SME) sector**.

Nearly €400 million will go to the **information society** aiming to support the wider application and take-up of information and communication technologies (ICT) in businesses.

Protecting the **environment**, managing natural resources and combating the negative effects of **climate change** also rank highly, with planned Cohesion Policy investments worth nearly €1.6 billion.

The UK will spend a further €368 million on investments in **accessibility**, with a focus on small-scale investments mainly in Convergence regions and remote areas, particularly the island regions.

More than €1.7 billion will be invested in **building a skilled and adaptable workforce**, in particular by **raising levels of skills and qualifications**. Programmes should contribute to creating a flexible and inclusive work force, helping individuals to adapt to change, sustaining employment and exploiting innovation. The funds will also contribute to extending employment opportunities, tackling disadvantage in the workforce and help to overcome barriers to the labour market, in particular for disadvantaged groups.

THE ESSENTIALS 2007–13

- €4.5 billion for research and development
- €1.6 to protect the environment
- €1.8 billion to support entrepreneurship and SMEs
- More than €1.7 billion to help workers and companies adapt to market conditions and raise skill levels

SPECIAL INITIATIVES

PEACE III - The EU has always played a major role in supporting the peace process in Northern Ireland, as reflected in its proposals in 2004 to provide a third generation of the Peace and Reconciliation programme (PEACE III) unique to the region. It is a distinctive EU Structural Funds Programme within the European Territorial Co-operation Objective framework, with an overall goal to reinforce progress towards a peaceful and stable society, and to promote reconciliation in Northern Ireland and the border region of the Republic of Ireland.

Northern Ireland Task Force - An additional important initiative undertaken by the Commission, the first of its kind, was the setting up of a Northern Ireland Task Force (NITF) in 2007 in order to provide a network of support for the region following the re-establishment of the devolved institutions. With its main aim of promoting the competitiveness of Northern Ireland's economy, the NITF is supporting the region's access to, and involvement in, Community policies and programmes in this field. A summary of key achievements to date is set out in a report by the European Commission published in 2008.

International Fund for Ireland - The EU also contributes to the International Fund for Ireland (IFI), an international body established by the UK and Irish governments in 1986.

● BUILDING BRIDGES BETWEEN NEIGHBOURS

In Europe today, economic success is often dependent on a region's capacity to develop networks with other regions. Co-operation and sharing experience between regions can be a key trigger in stimulating a dynamic, forward-looking regional development process. The EU has an important role to play in brokering and supporting such partnerships, both between regions within the Union, and with neighbouring regions outside. Thousands of projects developed over many years under the INTERREG initiative have demonstrated the benefits for regions of working in partnership, sharing ideas and charting new and innovative ways of harnessing European investment.

The **European Territorial Co-operation Objective** is financed through the ERDF for the period 2007–13 and supports cross-border, transnational and interregional co-operation programmes to encourage regions and cities across the EU and further afield to work together and learn from each other.

With a budget of €722 million allocated under this objective, **the UK participates in 13 territorial co-operation programmes:**

- 5 cross-border co-operation programmes which cover internal EU borders (Wales/Ireland; England/France (Manche); 'Deux Mers'; Northern Ireland/Border region of Ireland; Western Scotland). This also includes the PEACE programme.
- 4 transnational programmes which cover larger areas of co-operation – 'North-West Europe', 'North Sea', 'Atlantic Area', and the 'Northern Periphery'.
- All 4 interregional co-operation programmes (total budget for all the 27 EU Member States: €443 million)²: INTERACT II, URBACT II, ESPON/ORATE and INTERREG IV C.
- In addition, Gibraltar participates in two transnational programmes, South West Europe and Mediterranean.

² INTERREG IVC promotes exchange of experience and good practices among the regions, URBACT - thematic city networks, INTERACT - support for co-operation programme management organisation, ESPON - an observation network for spatial planning.

● THE EU ON CALL

The **European Union Solidarity Fund** was created after the floods which hit Central Europe in summer 2002. It grants emergency aid to Member States and acceding countries in the event of a major natural disaster.

The UK benefited from such aid following major flooding in June and July 2007, which caused severe damage to infrastructure, businesses and private households in several parts of the country. Damage was estimated to amount to over €4.6 billion. The UK received aid totalling €162.4 million to help deal with the consequences of these devastating floods.



The UK received €162.4 million of emergency aid after 2007's devastating floods

The United Kingdom

€10.6 billion for 2007–13

Boosting growth, jobs and competitiveness



Regional Policy on the ground

📍 KING'S DOCK REDEVELOPMENT IN LIVERPOOL

King's Waterfront is the single largest development on the Liverpool City Centre Waterfront, combining arena, conference and exhibition facilities. The centrepiece of the project is ACC Liverpool, comprising the Liverpool Echo Arena and the state-of-the-art BT Convention Centre. ACC Liverpool has already hosted a number of spectacular events as part of the City's Capital of Culture celebrations in 2008, along with national and international conferences, exhibitions and conventions.

It is also one of the most sustainable venues in Europe, being designed to produce half of the CO2 emissions that it would have generated without any environmentally-friendly measures. Adjoining ACC Liverpool are two new hotels, retail outlets, offices, a public piazza, a multi-storey car park and riverside apartments under construction. The £91 million investment in the coastline includes £6.9 million from the European Regional Development Fund (ERDF). It is transforming an area, giving the city region facilities that it has long needed, and is on track to create many hundreds of new jobs. This project will have a long-term legacy transforming and reconnecting those areas that have been overlooked for many years.

📍 OPTIC TECHNIUM, ST ASAPH, WALES

OpTIC Technium is a technology and incubation centre in St Asaph set up following an initiative by the enterprises and universities in the opto-electronics cluster organisation in North Wales. The centre provides support, knowledge and facilities for emerging technology businesses.

Total cost: €33.4 million (£23.3), of which the ERDF contribution equalled €12 million (£8.4)*.

📍 GATESHEAD MILLENNIUM BRIDGE

Gateshead Millennium Bridge is a spectacular addition to the already famous roll-call of bridges across the River Tyne. It is still the world's first and only tilting bridge. It cost £22 million to build, with an ERDF contribution which equalled €3 million. The completion of the iconic Millennium Bridge in 2001 linked the successful development on Newcastle Quayside with opportunities for complementary investment in Gateshead.

📍 NOTTINGHAM TRAMWAY

In March 2004, Nottingham's first tramway, within the framework of the Nottingham Express Transit (NET) project, was launched to combat the major issues of traffic congestion in the city centre. The originality of the project lay in the collaboration of public and private partners, the first project developed in the UK in the framework of the Private Finance Initiative (PFI). Success was immediate. In its first year, 8.4 million trips were made, increasing to 9.7 million the following year. At peak times, public transport usage has increased by around 20%. The total cost amounted to €300 million, with an EU contribution of €4.2 million.



Beating the traffic with the help of public and private finance in Nottingham

* Based on exchange rate of March 2009.



More information

EU Regional Policy

http://ec.europa.eu/regional_policy/

Cohesion Policy in United Kingdom

http://ec.europa.eu/regional_policy/atlas2007/uk/index_en.htm

National website

<http://www.berr.gov.uk/>

European Social Fund

<http://ec.europa.eu/social/>