



**Expert evaluation network  
delivering policy analysis on the  
performance of Cohesion policy 2007-2013  
Year 3 – 2013**

**Task 2: Country Report on Achievements of  
Cohesion policy**

**United Kingdom**

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**A report to the European Commission  
Directorate-General Regional Policy**

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## List of abbreviations

- AIR           Annual Implementation Report
- CBC           Cross-border Cooperation
- DCLG         Department for Communities and Local Government
- EEN           Expert Evaluation Network
- FEI           Financial Engineering Instruments
- FTE           Full-time Equivalent
- JEREMIE      Joint European Resources for Micro to Medium Enterprises
- JESSICA      Joint European Support for Sustainable Investment in City Areas
- LEP           Local Enterprise Partnership
- MA           Managing Authority
- MCIS         National Management Information System
- OP           Operational Programme
- RGF           Regional Growth Fund
- SDB           Strategic Delivery Body
- SLGF         Single Local Growth Fund
- UDF           Urban Development Fund
- WEFO         Welsh European Funding Office

## Executive summary

Over the last year the broad policy context in which ERDF has operated across the United Kingdom has remained broadly the same as in 2012. Policy in Scotland, Wales and Northern Ireland has been determined by their respective Devolved Administrations. In England economic development policy has switched from having a regional focus to one that is based on smaller sub-regional areas as described in the Local Growth White Paper (BIS, 2010). The objective behind spatial intervention has been to improve the economic competitiveness of areas so that they can grow more quickly. As such, the spatial economic agenda is in broad alignment with the objectives of the ERDF programme. The allocation of Cohesion policy funding across the United Kingdom (and associated matched-funding) broadly reflects the nature of the economic competitiveness problem and the extent to which economic restructuring is taking place. ERDF funding has been used alongside other sources of regional development funding as appropriate.

The major challenges to delivering ERDF have continued to be a difficult macroeconomic context reducing the willingness of the private sector to invest. Government departments have also reduced their mainstream funding as part of their efforts to shrink government expenditure. This has constrained the ability to match-fund. By the end of June 2013 nearly 86% of the total ERDF allocation for the United Kingdom had been contracted and this had risen from 75% a year earlier. For some Operational Programmes (OPs) the original funding allocation will not be absorbed in the 2007-2013 planning period as originally envisaged. There has been a need to realign across priority areas. In England the Managing Authorities (MAs) are working hard to contract all funding by the end of 2013 but it is not yet clear whether this ambition will be completely realised and thus what the shortfall on spend might be by the end of 2015.

A significant proportion of ERDF has been used to establish Financial Engineering Instruments (FEIs). At the present time the absorption of these funds varies considerably across the UK OPs. In England HM Government has been encouraging MAs to get Funds closer to their spend profile. As at end of Q2 2013, the over all level of FEI investment had achieved 93% of forecast profile, with the Joint European Resources for Micro to Medium Enterprises' (JEREMIEs) being 92% and Joint European Support for Sustainable Investment in City Areas' (JESSICAs) 98%. It is now forecast that both JEREMIEs and JESSICAs will invest their full amounts by end 2015.

For the Convergence regions the most complete indicator data set available was for West Wales and the Valleys. By the end of 2012 there was some encouraging progress in the number of businesses that had been assisted; although there was still a considerable way to go against the original programme targets are met. The number of gross jobs created was 11,598 which whilst a valuable contribution was only 35% of the original programme target. These are *gross* jobs and should be adjusted to allow for deadweight and displacement. The net job figure is probably of the order of 6,400 additional jobs. New start-ups supported were estimated to be around 2,500 over the period 2007-2012, around 56% of the programme target. The programme was also able to make some small, but valuable contribution to non-economic indicators relating to transport, greenhouse gas savings and protection from flooding but these very small in relation to the respective total benchmark figures.

The overall impact of the ERDF Competiveness and Employment Programme in England as at the end of February 2013 was around 56,000 gross jobs and it is considered that these will build-up to be around 102,000 jobs. This will be 68% of the original target. To put this in perspective employment in England as a whole increased by 324,000 over June 2012 to June 2013, or around 207,000 May to July 2013 compared with the same period in 2012<sup>1</sup>. The results of an ongoing Final Impact Evaluation are awaited and this will allow an estimate to be made of the overall number of additional businesses and jobs created through ERDF support across England. It is clear that, ERDF has supported a number of projects that have enhanced business growth and competitiveness. Importantly, a number of OPs are highlighting the contribution that a number of initiatives are making to enhance the quality of their regional innovation systems.

There are also gains to local residents in some ERDF supported regions from improved transport, the enhanced environmental amenity, particularly in Wales. In the South West of England ERDF support for High-Speed Broad band has also been significant but there is no estimate at the present time as to the size of the benefits to local residents.

Evidence on the benefits to individuals and communities from ERDF to promote and support cross-border services and tourism is not available at the present time and this is a pressing need to find out more. In a similar vein little remains known about the impact of ERDF urban regeneration and the reduction of social exclusion.

The evidence presented in this Report remains consistent with that from both the 2011 and 2012 Reports. Throughout the whole of 2012 and much of 2013 the United Kingdom has remained in recession and the less prosperous regions have continued to bear the brunt of it. Public sector retrenchment is still in an early stage and it is expected that there will be further negative employment impacts in most regions, but particularly those least able to resist them. Against this back-drop the boost that ERDF is giving to competitiveness, innovation and enterprise remains very valuable but its contribution in the United Kingdom across most of the regions assisted can only be relatively small in relation to the scale of the problem being addressed. Even in those regions where the largest amount of ERDF resources have been allocated it can only operate at the margin given the impact of national and indeed global factors that influence the ability of regions to restructure. The effects of ERDF intervention also take time to emerge and build-up over a considerable period of time. In the UK there are very few other sources of finance that offer the flexibility of ERDF to assist regions. There are encouraging signs that the UK has now turned a corner and is beginning to emerge, quite quickly, from a five year recession. This will clearly help in building the economic impact of the 2007-2013 ERDF programme by the end of its term. The best guess estimates suggest that perhaps around 70% of the original gross job estimates will be secured. In the 2012 EEN<sup>2</sup> Task One and Two Reports evidence was presented on progress with the FEIs that had been funded by ERDF. It was reported that the ability to absorb funds was being affected by a very challenging macroeconomic climate. Opportunities had been missed for more coordination between MAs in setting-up FEIs, particularly in order to share expertise in appraising likely market demand. Despite much enthusiasm to develop and implement FEIs there is little

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<sup>1</sup> [http://www.ons.gov.uk/ons/dcp171778\\_325094.pdf](http://www.ons.gov.uk/ons/dcp171778_325094.pdf)

<sup>2</sup> EEN: Expert Evaluation Network.

evaluation evidence on their impact and their effect on the final outcomes that matter for regional development. There is an urgent need for more evaluation and research in this area before extending FEIs further in the next round of Cohesion policy in the United Kingdom.

## 1. The socio-economic context

Main points from the previous country report:

- The macroeconomic environment remained challenging with the overall impact of the recession being felt the most acutely in the weakest regions. The Convergence regions of West Wales and the Valleys and Cornwall and the Isles of Scilly had suffered particularly badly. It was also noted that the economic consequences of fiscal austerity on public sector employment had still to have their full impact. This was likely to affect the economically weakest regions the most. In comparison to the Convergence regions, the Highlands and Islands phasing-out region had experienced a somewhat slower decline in its GDP per head but its R&D per head was weak compared to the EU27 average;
- As commented in the 2012 Report the Competiveness and Employment regions vary in their economic circumstances and there is thus considerable variation in how economic restructuring has affected them. Although the rate of decline has tended to slow somewhat in recent years it is the older urban areas that have suffered the most as they restructure from their industrial past. They were also likely to suffer the most from job loss associated with public sector retrenchment.

### Developments since the 2012 report

The most recent evidence shows a rather mixed picture for the Convergence regions in the United Kingdom. Both Cornwall and the Isles of Scilly and West Wales and the Valleys have experienced a relative improvement in their unemployment rate over 2011-2012. However, whilst the Cornwall rate was some 71% of the UK average by 2012 in West Wales and the Valleys it was still 16% above. In the Competiveness and Employment regions the older urban traditionally industrial regions have continued to suffer the most from the effects of the recession. Their ability to restructure is being constrained by lower levels of expenditure on R&D and higher levels of unskilled workers compared to more prosperous regions.

Spatial disparities across the United Kingdom are extensive and have persisted for many years. Figure (1) presents evidence on GDP per head (PPS) at the NUTS 2 for 2000 and 2010<sup>3</sup>. The UK has regions that have a GDP per capita that are 50% above the EU average (Berkshire, Berks and Oxfordshire) whilst West Wales and the Valleys is 30% below. The Figure reveals that these relative disparities have changed very little over the period examined.

### Macroeconomic factors

The period since the Banking Crisis has continued to remain very difficult for the UK economy with relatively slow economic growth even compared to the anaemic EU27 average. Table 1 shows that after an initial brief economic recovery in 2009-10 economic growth slowed again. There are now clear signs that in the third quarter of 2013 the UK economy is, finally, beginning

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<sup>3</sup> The data is for the NUTS 2 level which has been the basis for the targeting of Cohesion Policy over 2007-2013. The measure is ordered with the EU27 and UK average on the far left followed by Cornwall and the Isles of Scilly and West Wales and the Valleys as the two Convergence regions, followed by the Highlands and Islands as the only Phasing-Out region and then the UK Competiveness and Employment regions. The charts exclude Inner London and North East Scotland that have the two highest values and are relative extreme outliers.

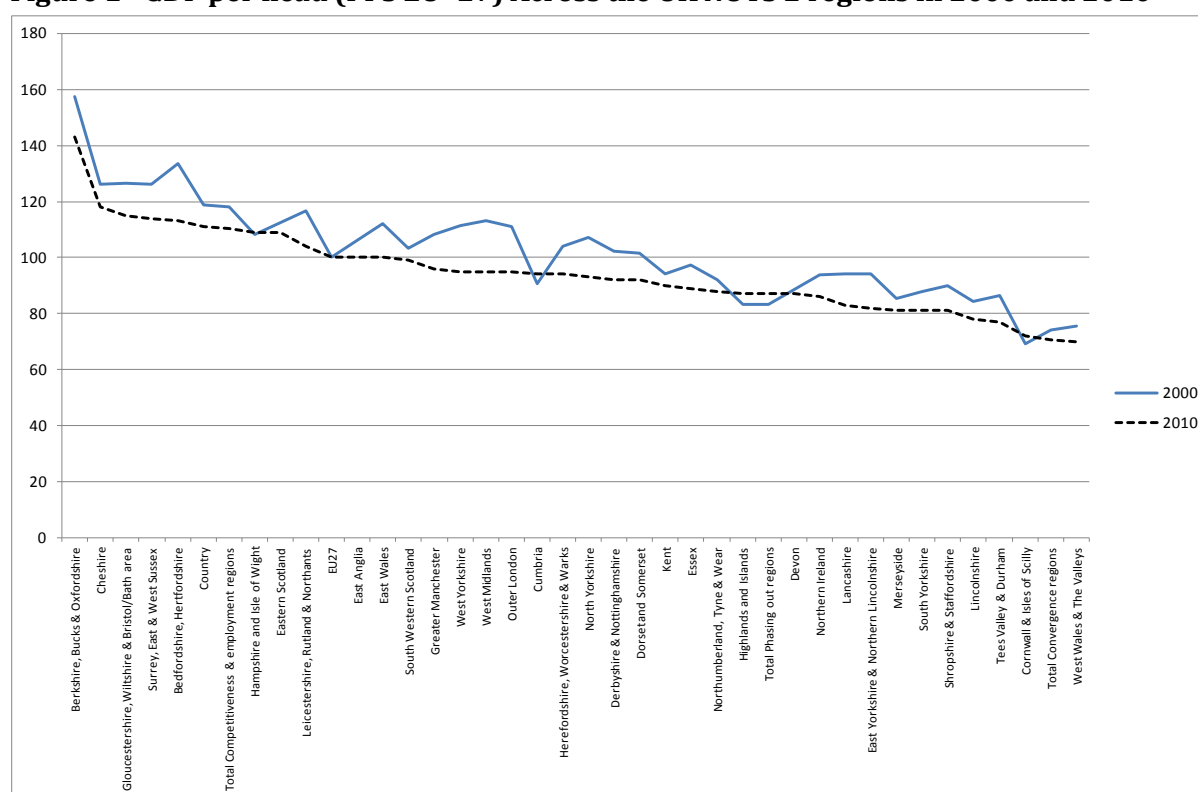
to recover with recent data pointing to a relatively strong up-turn now beginning to take hold. For much of the period covered in this Report the economic climate in which ERDF has been delivered has been very challenging. The UK economy grew at a slower rate than the EU27 average throughout the whole of the period 2009-2011.

**Table 1 - GDP per head growth rate (% pa)**

	EU 27	UK	Convergence	Competitiveness
2000-2006	1.8	1.9	2.3	1.7
2006-2007	2.9	3.0	0.4	2.4
2007-2008	0.1	-1.5	-4.3	-2.0
2008-2009	-4.6	-4.7	0.4	-5.0
2009-2010	1.9	1.0	1.3	0.8
2010-2011	1.4	0.3		
2011-2012	-0.3	0.3		

Note: For more details see Excel Table 1.

**Figure 1 - GDP per head (PPS EU=27) Across the UK NUTS 2 regions in 2000 and 2010**



Source: Eurostat. Note: the chart excludes Inner London and North West Scotland for reasons of scaling since these two areas have very high levels as a result of the contribution made by Financial Services and Oil. The results are shown in 2010 ranked order.

Overall, the duration and depth of the recession that began with the Banking Crisis has severely hindered the ability of the United Kingdom to achieve spatial rebalancing. In the early phase of the recession it was thought that since the crisis originated in the banking sector it would be that sector which would be the most adversely affected. Because there is a relatively greater concentration of this sector in London and the South East of England it was expected that those regions would be the most severely affected. In fact, this has not been the case and the impact of the recession has been more intense in traditional sectors like manufacturing and thus the less

prosperous, slower growing regions that still have relatively high concentrations of these sectors. The recession has thus had a negative effect on the ability of the United Kingdom to address the economic difficulties experienced by its weakest areas. There is still considerable uncertainty as what will be the spatial impact of reductions in public expenditure in the new age of austerity facing the United Kingdom. There are early signs that reductions in public expenditure will affect the weakest regions the most.

The extent to which policies being pursued by HM Government to spatially re-balance the economy will have much impact has been questioned (See Gardiner et al, 2013). It is important to understand how regional policy is delivered across the United Kingdom and how this has changed in recent years. An important change has been the establishment of the Devolved Administrations in Scotland, Wales and Northern Ireland. In England the focus of spatial policy has shifted from a concern with regions per se to a local growth agenda, as discussed in the next section.

## **2. The regional development policy pursued, the EU contribution to this and policy achievements over the period**

### **The regional development policy pursued**

Main points from the previous country report:

- In both the UK Convergence and Competiveness regions the main emphasis has been on improving business competitiveness and thus measures to stimulate enterprise, innovation and skills. There are 16 MAs. At the outset of the programme each decided the amount of its ERDF they wished to allocate to each priority, the matched funding required and, where appropriate, the sectors and areas that would be targeted for assistance. The allocation of Cohesion policy funding across the United Kingdom (and associated matched-funding) broadly reflects the nature of the economic competitiveness problem and the extent to which economic restructuring is taking place. ERDF funding has been used alongside other sources of regional development funding as appropriate. As the evidence in the Annex Tables shows, in the Convergence regions, over two fifths of the funding allocated has been to encourage enterprise, particularly in the areas of RTDI and innovation. A further fifth has sought to build the competitiveness of place through investment in transport. Just over a fifth has been allocated to territorial development and around 13% to investment to enhance the environment and energy provision. In the Competiveness and Employment regions nearly 69% of all funds are allocated to improve the enterprise environment with a strong focus on support for innovation in SMEs (33.6%) and RTDI and linked activities (22.5%).
- Under the Cross Border Cooperation (CBC) Objective there are two priorities. The first is to stimulate enterprise and promote tourism. The second is to improve the quality of life of residents by enhancing their access to key services. The focus is on facilitating increased investment in infrastructure and to encourage collaborative working amongst a wide and diverse range of groups and organizations.



## Developments since the 2012 report

### Changes in the policy context

Over the last year the broad policy context has remained much the same. Policy in Scotland, Wales and Northern Ireland has been determined by their respective Devolved Administrations. In England economic development policy has been re-focused away from the broad regional level to reflect the Localism Agenda as described in the Local Growth White Paper (BIS, 2010). Following the publication of the White Paper the Government has now established 39 Local Enterprise Partnerships (LEPs) across England to assist in the delivery of local economic development policy. Throughout the last year the Government has provided further guidance on how the LEPs might support enterprise, innovation and business investment in their local areas. Their economic agenda is in broad alignment with the objectives of the ERDF programme in England. In the next round of Cohesion policy it is anticipated that the LEPs will obtain funding by submitting bids to a unified MA for England.

Throughout 2013 HM Government has been considering the recommendations of the Heseltine Report (BIS, 2012) that proposes that the roles of both LEPs and local Chambers of Commerce should be enhanced to assist in the process of stimulating local development, particularly as it relates to the provision of local infrastructure and the provision of skills training. A central part of the Heseltine recommendations is to establish a Single Funding Pot that will bring together funding streams currently managed by central government departments and make these resources available to the LEPs as the relevant key delivery agents at the local level. Over a four year period this could provide nearly EUR 59,500 million of resources with which to enhance local skills, build infrastructure, provide employment support, assist with housing, provide business support services and stimulate innovation and commercialisation. If this were to be implemented then this would represent a radical change in the volume of resources available to stimulate local economic development in England.

In the recent Spending Round HM Treasury has announced that it plans to establish a Single Local Growth Fund (SLGF)<sup>4</sup> in 2015-16. However, only a relatively weak version of the Heseltine proposals is to be implemented in the near future with a mere EUR 2,400 million of resources being devolved by 2015.<sup>5</sup>

Throughout 2012/13 HM Government has continued to provide funds for local economic development through a Regional Growth Fund ((RGF), BIS (2010)) that is now in its fifth year. The RGF is worth EUR 3,800 million spread over 2011-2017 (around EUR 500 million per annum). This is to be compared with EUR 2,800 million ERDF available to the English Competitiveness regions over 2007-2013 (equivalent to around EUR 400 million per annum).

The funds are allocated through a competitive bidding process to which LEPs, business and other interested parties can apply. Annex Figures show how the funds have been allocated across England. The Government has also continued to use Enterprise Zone policy to stimulate local economic growth following the launch of this programme in the March 2011 budget. Some

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<sup>4</sup> No Stone Unturned, The Rt Hon the Lord Heseltine of Thenford CH, October 2012.

<sup>5</sup> HM Treasury. The Spending Round 2013.

([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/209036/spending-round-2013-complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209036/spending-round-2013-complete.pdf))

24 Enterprise Zones are currently in place across England. They are managed at the local level by LEAs, local authorities and others. The Enterprise Zones seek to encourage new investment and thus job creation by offering business financial incentives and also reduced planning restrictions on local development.

In November 2011 HM Government launched a Growing places Fund designed to provide LEAs with funds to assist in overcoming the local infrastructure constraints that prevent local economic development taking place. Funding is allocated according to nationally agreed local authority grant allocations. The short funding time horizon of the programme means that it is only of relatively limited relevance for ERDF projects. However, there is the potential in the future to use the funding to assist ERDF projects to unlock land for local economic development. It could prove a source for future matched-funding opportunities in the 2014-2020 ERDF programme (Department for Communities and Local Government (DCLG), 2012). A further policy initiative designed to assist local economic growth is City Deals that devolve responsibility to local government for investment in key strategic infrastructure. During the last year HM Government has also developed its approach to delivering business advice and technology support policy at the local level through the Manufacturing Advisory Service<sup>6</sup> (part funded by ERDF) and Growth Accelerator Scheme<sup>7</sup> (part funded by ERDF), as well as the delivery of innovation related business assistance through the Technology Strategy Board<sup>8</sup>.

It is also important to highlight the continued emphasis that HM Government gives to ensuring that physical land use planning seeks where ever possible to accommodate the local growth agenda as reflected in the National Planning Policy Framework Guidance<sup>9</sup>.

### **Changes in priorities during the year**

#### **Shifts in priorities and/or the allocation**

The general thrust of ERDF Cohesion policy across the United Kingdom has remained as described in 2012 Report. The impact of the recession has been a central issue and has constrained business activity. Constraints on public expenditure have also meant that opportunities to match-fund have been more challenging, although the overall impact has perhaps been less than originally feared.

As discussed in the 2012 Report where possible MAs have been keen to use ERDF to assist business to obtain finance for project development that has been difficult to secure from conventional banking sources. There has been extensive attention given to developing FEIs and this was discussed in the 2012 EEN Task One Report for the United Kingdom.

#### **Convergence regions**

Over the last year there has been no change in the policy and priorities' focus of ERDF in the Convergence regions.

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<sup>6</sup> <http://www.mymas.org/>

<sup>7</sup> <http://www.growthaccelerator.com/>

<sup>8</sup> <https://www.innovateuk.org/>

<sup>9</sup> <https://www.gov.uk/government/publications/national-planning-policy-framework-technical-guidance>

## **Competiveness and Employment regions**

There have been few changes to the policy/ priorities' focus in the Competiveness and Employment regions. In the Lowlands and Uplands spend has been re-directed from its Priority 4, rural Development, to developing business-critical ICT infrastructure by SMEs.

## **Cross Border Cooperation**

There have been no changes to the policy and priorities focus of ERDF in the CBC region over the last year.

## **Policy implementation**

Main point from the previous country report:

- As at June 2-12 for the UK as a whole the total amount of ERDF contracted was 75.3% with just over 40% having been paid out. However, there was very significant variation across regions. The amount contracted varied from 93% (Wales) to 54% in Northern Ireland. The amount paid out varied between 30-40% across most regions;

## **Developments since the 2012 report**

### **Allocation and commitment by main policy area**

#### **Convergence regions**

##### ***Policy area***

Annex Table A shows the financial allocation and commitment by main policy area for the Convergence regions in the United Kingdom. The commitment rate by the end of 2012 for the Convergence Objective was reported to be 97.6% and this was a sharp increase from the previous year of 78.2%. It should also be pointed out that the commitment rate did not change much between 2011 and 2010 so progress over 2012 was very significant indeed. Virtually all of the available resources have now been committed.

The commitment rate has varied extensively by policy area being the highest in territorial development. There had been a significant increase on the previous year and support for RTDI and linked activities, as well as for support for other investment, which was above the amount originally allocated. Another significant policy support area was territorial development where commitment was nearly 29% above the original allocation by 2012 mainly due to investment in social infrastructure. The commitment to environment and energy had also moved up sharply to nearly 74% of the amount allocated compared to 66% in the year previously. Commitment to transport, and particularly roads, had also increased sharply in 2012.

##### ***Individual regions***

In the Highlands and Islands Phasing-Out region there have been significant problems in securing match-funding. This has led to a reduction in project size and sometimes projects have stalled. The MA anticipates that further under-spends and project de-commitments will occur. The implementation rate was nearly 60% for the programme overall by the end-2012 and this had grown significantly from 39% at the end of 2011. It was at its highest in Priority two which was seeking to enhance the key drivers of sustainable growth and lowest in Priority three at 38%. This Priority enhances peripheral and fragile communities and it has been particularly

affected by difficulties in securing matched-funding. It is anticipated at the present time that there will be continued under spend and it is desirable to move funds across to the other priorities in the programme.

In the Convergence region of West Wales and the Valleys the programme has been affected by the recession and the implementation rate at the end of 2012 was around 43%. This was up from 30.3% at the end of 2011. Implementation has been particularly slow under building the knowledge based economy (29.8%) and creating an attractive business environment (34.6%).

In Cornwall and the Isles of Scilly the overall implementation rate was 47.2% by the end of 2012 and this had increased quite sharply from 26.6% at the end of 2011 and some 12.6% by the end of 2010. Delivery of the programme has been affected by the recession and this has slowed implementation, particularly under the priority enterprise and investment and unlocking the economic potential of place where implementation was around only a third of the original allocation by end-2012. Implementation has been better under priority one innovation, research and development.

## **Competiveness and Employment regions**

### ***Policy area***

Annex Table A1 provides financial allocation and commitment by main policy type for the Competiveness and Employment regions in the United Kingdom. Total commitments in relation to allocation were 78% by end 2012 and this compares with 62% by the end of 2011 and 38.1% by end of 2010. Over 2012 there had thus been a step-change in commitment compared to the earlier years. The position varies significantly by policy type with one of the highest commitments in other investment in firms. This policy type has substantially exceeded the original allocation of nearly EUR 560 million. By way of contrast, implementation under the enterprise environment policy area of RTDI and linked activities which also had substantial funds has been relatively low at around 57%. This switch appears to be in line with DG Regio data that funding has been reallocated from RTDI and support to innovation in SMEs to other investment in firms.

### ***Individual regions***

In the Lowlands and Uplands Competiveness region a key objective has been to 'front-load' spending to counter the effects of the recession where possible. By end 2012 the implementation rate overall was nearly 43%, up from 30% the year before. Progress had been the most rapid under the enterprise and growth priority with a 50% implementation rate. It was the slowest under the rural development priority.

The South East programme has a relatively small ERDF allocation. The implementation rate was just over 42% by end 2012 and this was a substantial increase on 25% in the previous year. Better economic prospects in this region relative to elsewhere in England has helped this region.

In Northern Ireland implementation was relatively low at 35% and this reflects a slow start and take-up profile for the programme overall. The two largest priorities of sustainable competitiveness and innovation and sustainable enterprise and entrepreneurship had an implementation rate of around a third.

In the East of England the overall implementation rate has been around 40% and rose from 27% a year before. The most rapid progress had been under priority two which had a 70% implementation rate and where expenditure was seeking to stimulate enterprise and support successful businesses by overcoming barriers to business creation and expansion. As with the South East, the region was less exposed to the more severe aspects of economic recession and it is to be expected that funds will be committed relatively quickly as the UK economy moves out of recession.

In the North East implementation had increased from 40% in 2011 to over 54% by the end of 2012 although, as with other programmes, this reflects some substantial draw-down of funds into FEIs. Not all of these funds are yet committed. Implementation has been particularly strong under the enhancing and exploiting innovation priority at nearly 62% which increased from 47% in the previous year.

In London the implementation rate was just over 58% by the end of 2012 and this had increased from nearly 45% over a year. The sustainable places for business priority had been particularly successful at implementing funds and had committed around 81% of its allocation. In the London region significant resources have been committed to the London Green Fund, a FEI. Some 70% of the Holding Fund has now been taken-up.

In the West Midlands the overall implementation rate was 42% and this had increased significantly from the year before when it was around 26%. Commitment was relatively higher for priority one (promoting innovation and research and development) and priority two (stimulating enterprise development) but still weak under priority three (sustainable urban development) where the effects of recession and funding difficulties have been felt particularly severely.

In the North West region the overall implementation rate was nearly 53% and this had risen from 40% the previous year. The most significant implementation was under priority two, creating the conditions for sustainable growth, where the rate was over 69%. There is extensive use of FEIs and this affects the draw-down of funding. The North West JEREMIE has a total ERDF of EUR 139.2 million. By December 2011 EUR 13.0 million had been invested but there have been difficulties in deploying the level of funding available. The JESSICA FEI was approved at EUR 143.1 million with an ERDF contribution of EUR 71.5 million. Project flow here has been hesitant.

For the programme overall, as the Annual Implementation Report (AIR) comments: 'whilst a significant proportion of the funds has been declared, only a small percentage of the outputs and results has been achieved'. This is mainly due to three reasons. Firstly, as highlighted earlier, the two significant FEIs have suffered some delays, so have not yet made significant investments and therefore have achieved limited outputs or results themselves. Secondly, due to the economic climate, and budget cuts across the public sector, significant numbers of live projects have had to be re-scoped, resulting in changes to the profiles for both future spend and the achievements of outputs and results. Thirdly, a number of so called 'live' projects on the National Management Information System (MCIS) actually need to be closed. There is a request to reduce some targets (NW AIR, 2012).

In Yorkshire and Humberside the implementation rate was 50% and this had increased from 36% over the year. Implementation has been greatest under the priority of providing economic infrastructure for a competitive economy.

In the East Midlands the implementation rate was just over 44% and this had increased from around 28% the year earlier. As with other regions, the effects of the recession has been felt particularly severely. The more significant progress has been secured under the innovation and sustainable business practice priority where the implementation rate was 54% by the end of 2012.

In the South West the implementation rate was 43% having increased from 25% the year before. The recession has hindered progress. The most significant implementation rate was under the priority of enterprise and growth.

In East Wales implementation overall was around 43% but there was particular success under priority two which sought to stimulate business competitiveness and innovation for growth. All the funding has been committed under this priority.

Funding for the Gibraltar programme is clearly relatively small but nearly 69% of it had been implemented under the sustainable economic priority by the end of 2012.

### **Cross Border Cooperation programme**

There is a significant volume of funding available for the CBC programme. Nearly 84% of the available funds had been committed by the end of June 2012 and this had increased substantially over the year from 63%. The more significant draw down has occurred under the Co-operation priority.

### **Total amount of certified eligible expenditure paid by beneficiaries by 2013 by region and priority axis**

Annex Table C outlines implementation and progress on expenditure as at *June 2013* for the OPs across the United Kingdom. By the end of June 2013 nearly 86% of the total ERDF allocation for the United Kingdom had been contracted and this had risen from 75% a year earlier. There was considerable variation across regions. The East Midlands was at 68% whilst both the Convergence and Competiveness and Employment regions in Wales were both fully contracted.

The amount paid out to projects was 50% for the UK taken as a whole up from just over 40% a year before. Again, there was significant variation across regions with the lowest proportion paid out in the West Midlands at 41.9%. The highest proportion was in 63% in the Highlands and Islands region.

OPs indicate that implementation remains broadly in line with what has been planned but an adverse economic climate and the effects of government austerity measures has led to some re-scoping of projects. Measures to accelerate implementation have been based on a realistic appraisal of what can be achieved on a project by project basis and some projects have thus had to be significantly re-scoped and their expenditure and output/result profiles adjusted accordingly. Data is presented for the end of June 2013 and this shows that the amount contracted across the whole of the UK is now at 86%. However, the amount actually paid-out is 50%-clearly some way to go. The latest implementation figures are for the end of 2012 and at

that time they tended to vary between 40-60% across OPs. These levels of implementation will have increased over the first part of 2013.

One of the biggest areas of uncertainty concerns FEIs and the extent to which all the Funds currently in the Holding Funds will be committed by the end of the allowable period. Most of the FEIs experienced some delay in their setting-up phase and an adverse financial climate has inevitably constrained business investment plans. JESSICA appears to be more effected than JEREMIE in this respect with developer interest hesitant in urban projects. In the London Green Fund around 70% of the Holding Fund has been taken-up but some other Funds are less positive than this and it is to be hoped that a rapidly improving economic climate will assist with absorption.

### **Achievements of the programmes so far**

Main points from the previous country report:

- In the Convergence regions (part of Scotland, part of Wales and part of the South West) the two indicators selected to discuss performance were jobs created and businesses assisted. Some 40% of ERDF had been committed to the encouragement of enterprise, particularly in the areas of RTDI and innovation. Gross job creation was estimated to be 9,500 over the period 2007-2011, some 18% of the target set for the end of the programming period. To put this in perspective, job creation in Scotland, Wales and the South West over the quarter February to April 2012 was 8,000, 26,000 and 34,000 respectively. New start-ups were estimated to be 1,200 over the period 2007-2011 and the comparison was that new company registration in Scotland, Wales and the South West taken together increased by 1,870 in 2007;
- In the Competiveness and Employment regions (Rest of Scotland, Wales, Northern Ireland and those regions in England other than that part of Cornwall that is a Convergence region) jobs created were estimated at nearly 34,000 over 2007-2011, some 27% of the target set for the end of the programming period. To put this in perspective it can be compared with the job increase that occurred in the quarter February to April 2012 of 161,000. Some 11,600 new businesses were estimated to have been supported over 2007-2011 and this was around 54% of the target set for the end of the programme period. Again, comparison was made with new company registrations in manufacturing in England (minus the South West but including Northern Ireland) increasing by 8,210 in 2007;
- The programme targets for both the Convergence and the Competiveness and Employment regions had clearly been set in quite different economic circumstances to that which subsequently prevailed. Evidence from impact evaluations was scarce and thus there was very little evidence on additionality. The evidence from seven Mid-Term Reviews pointed to a significant number of companies increasing the amount of innovation they were undertaking. Many had also been able to gain access to ERDF supported finance, particularly from venture supported capital funds, that would otherwise have been in short supply. Benefits from assistance to tourism and improved transport links were also beginning to emerge.

### **Developments since the 2012 report**

In relation to the Convergence regions the most complete indicator data set available was for West Wales and the Valleys. This programme is funded at EUR 2,200 million and accounts for 76% of the ERDF allocation for the two Convergence regions in the United Kingdom (South Wales and the Valleys and Cornwall and the Isle of Scilly). The programme has a strong focus on improving the environment for business, stimulating innovation and R&D and building the contribution that the knowledge economy can make to the stimulation of new job opportunities (56% of the available funding addresses these areas). Expenditure in other areas particularly relating to infrastructure support has been much less, although there are substantial funds being devoted to urban and rural regeneration (32% of the overall funding). A JESSICA Fund is supported through Priority 3 of the Convergence programme-aim is to support sustainable urban development and regeneration-loans, guarantees and equity into urban projects (part of an Integrated Plan for Sustainable Urban Development). The delivery vehicles for investment are Urban Development Funds operated through the Regeneration Investment Fund for Wales.

As at end June 2012 a total of 11,598 jobs have been created (35% of target of 33,200). A JEREMIE fund was established for a five year investment period in 2009 and as at the end September 2012 JEREMIE had committed EUR 114.3 million to 433 SMEs, levered EUR 159.5 million of private investment and was estimated to have created 1,501 jobs.

As Table 2 shows by the end of 2012 there had been some encouraging progress in the number of businesses that had been assisted, although there was still a considerable way to go before the overall programme targets are met. Under the policy area of enterprise environment the number of gross jobs created was 11,598 which was making a valuable contribution but was only 35% of the original programme target. These are gross jobs and should be adjusted to allow for deadweight and displacement. The findings from evaluation research commissioned by WFO of the Business Growth EU Project in Wales indicated that net additionality (i.e. after allowing for deadweight, leakage, displacement and multiplier effects) might be somewhere in the range of 55% on ERDF projects although the evidence was only based on a sample of ERDF assisted projects. On this basis the gross job creation figure of 11,598 would translate into nearly 6,400 additional jobs. To put this in perspective over the quarter February to April 2012 total employment in Wales increased by 26,000. New start-ups supported were estimated to be around 2,800 over the period 2007-2012, around 56% of the programme target. To put this in perspective there were 193,000 businesses in the private sector in Wales in 2012. The programme was able to make some small, but valuable contribution to non-economic indicators relating to transport, greenhouse gas savings and protection from flooding but they are clearly very small in relation to the respective total benchmark figures.



**Table 2 – Main physical indicators and achievements – Convergence objective (West Wales and the Valleys).**

Policy area	Main indicators	Outcomes and results – end-2012 (% of final target).
Enterprise support and RTDI including ICT	No. cooperation project enterprises-research institutions	787 (153% of target of 514 target) (319 by end of 2011)
	No. start-ups supported	2,805 (56% of 5,000 target) (1,219 end 2011)
	Jobs created core indicator 1	11,598 (35% of 33,200 target) (7,078 end 2011)
	Jobs created core indicator 9 (gross Full-time Equivalent (FTE))	10,346 (94% of 11,000 target) (6,495 end 2011).
Increase access to finance by SMEs	Investment induced (EUR million)	112.1 (83% of 135 target) (101.3 at end of 2011)
Transport	Km of new roads	12 (100% of target) (12 at end of 2011)
	Km of reconstructed roads	10 (100% of target) (10 end 2011)
	Gross passenger kilometres on public transport passenger km)	339,465 (85% of target 400,000) (339,106 at end 2011)
Environment and energy	Additional capacity of renewable energy prod (MW)	11,230 (2.8% of target 400,000) (210 as at end 2011)
	Reduction greenhouse emissions (in CO <sub>2</sub> equivalents, kiloton per annum)	18 (18% of target100) (15 as at end of 2011)
	No. people benefiting from flood protection measures	2,926 (146% of target of 2000) (2207 as ate end 2011).
Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development)	No. projects ensuring sustainability & improving the attractiveness of towns & cities	22 (73% of target of 30) (22 as at end 2011)

Source: 2012 AIR.

To gauge achievement in the Competiveness and Employment regions it has been possible to draw upon some emerging findings from the National Evaluation of ERDF that is currently being undertaken in England. The English ERDF support represents some EUR 2,824.4 million of ERDF investment (79.3% of the UK total). It is thus representative. Moreover, whilst the AIR provide output information as at the end of June 2012 the latest evaluation evidence is for the end of March 2013 and thus far more up-to-date and indicative of achievement. The information covers only enterprise support and RTDI including RCT at the present time.

**Table 3 – Main physical indicators and achievements – Competitiveness and Employment objective, England**

Policy Area	Main Indicators	Actual outcomes and results (physical outcomes plus brief note on what has been achieved)
Enterprise Support and RTDI including ICT	Gross Job creation (Result)	56,000 gross jobs have been created to-date against a target of 144,100 (39% of original target).
	SMEs assisted	73,800 against a target of 163,900 (44% of original target)
	SMEs with improved performance	13,900 against a target of 70,000 (20% of original target)
	Businesses created	16,700 against a target of 36,600 (46% of original Target).
	Floor space (sq. m.)	167.5 achieved against a target of 1,192.5 (14% of original target)

The overall impact of the ERDF Competitiveness and Employment Programme in England as at the end of February 2013 was around 56,000 gross jobs and it is considered that these will build-up to be around 102,000 jobs. This will be 70% of the original target. To put this in perspective employment in England as a whole increased by 324,000 over June 2012 to June 2013, or around 207,000 May to July 2013 compared with the same period in 2012<sup>10</sup>

### **The position in individual regions**

#### ***Convergence regions***

##### ***Cornwall and the Isles of Scilly***

In the Cornwall and the Isles of Scilly Convergence programme has EUR 670 million split broadly equally between investment in innovation/R&D/enterprise investment and infrastructure investment designed to enhance based investment. As at end of June 2012 gross job creation was recorded to be 1,659, some 10.8% of the original forecast although it is considered that some 72% of the target jobs will eventually be secured. Gross jobs safeguarded are placed at 609 (6.9% of original target forecast) but it is estimated that 39% will eventually be secured. Major projects have included a EUR 63.5 million ERDF investment in the EUR 122.6 million Next Generation Broadband ensuring the roll-out of superfast broadband. The number of businesses benefitting from up-graded ICT infrastructure is 1,170 and this compares with a target of 10,000. ERDF support has also been committed to the European Centre for Environment and Human Health enhancing Cornwall as a place for high quality research and innovation. As at the end of 2012 8 patents had been granted and the eventual target is 140.

#### **Competitiveness and employment regions**

##### ***Lowlands and Uplands***

The Lowlands and Uplands Competitiveness region has EUR 910 million of which 60% is committed to research and innovation and enterprise and growth. Around a quarter is assigned to assist urban regeneration and a smaller amount for rural development. A JESSICA fund has been created. Gross jobs created as at the end of June 2012 are estimated to be 18,398, close to the programme target of 19,700. The Scottish Co-Investment Fund was established to help new

<sup>10</sup> [http://www.ons.gov.uk/ons/dcp171778\\_325094.pdf](http://www.ons.gov.uk/ons/dcp171778_325094.pdf)

and emerging SMEs with equity finance in the range EUR 119,000 to EUR 1.1 million. To-date EUR 23.5 million of ERDF has been invested in the Fund and the leverage ratio of public to private is placed at 1:1.6. The net employment created impact in 2010 was estimated to be in the range of 176-206 with Software and Computing firms making extensive use of the Fund.

The Scottish Venture Fund is an evergreen fund to address early stage equity gaps for young growth companies with assist other funders commit in the range of EUR 595,000 to EUR 2.4 million per deal. It has been awarded EUR 15.7 million ERDF grant to-date and the number of net additional jobs created or safeguarded was placed at 317 FTE jobs at the time of an evaluation in 2011 and is likely to increase to 527<sup>11</sup>.

Other funds include the Scottish Loan Fund launched in 2010 that provides unsecured and mezzanine debt finance to established growth and exporting businesses in the range EUR 297,600 to EUR 2.4 million on a commercial basis. The West of Scotland Loan Fund has also been created and is backed by 12 local authorities and was limited by guarantee in 1996. It provides debt finance up to EUR 59.5 thousand to new and existing SMEs across the West of Scotland. It received EUR 7.1 million ERDF in 2009 and over 2009-2012 it is estimated that a total of 1,533 jobs have been created or safeguarded. The East of Scotland Investment Fund was also established by 9 Local Authorities in the East of Scotland and was incorporated in December 2009. It provides debt finance up to EUR 59.5 thousand to new and growing SMEs across the East of Scotland. It received EUR 2.1 million of ERDF in 2010.

SPRUCE is the JESSICA initiative and it was launched formally in December 2011. Interest in the Fund from private sector developers has been strong and the target investment figure of EUR 7.9 million has now been met. Major projects include ERDF investment in a public transport to serve deprived communities in Greater Govan (ERDF at EUR 4.8 million), a new landmark building on the banks of the River Tay in Dundee helping encourage culture led development. (ERDF EUR 5.8 million) and investment to provide a world class research and knowledge exchange facility at the University of Strathclyde.

### ***South East***

The South East England Competitiveness programme has a relatively small amount of funding (EUR 47 million) with which to promote sustainable production and consumption. By the end of June 2012 it had created 393 gross jobs and this has exceeded its programme target of 180. The net additional job impact by end of June 2012 is placed at 287. Another impact indicator is the reduction in the rate of growth of the region's CO<sub>2</sub> emissions and 30% of the target of 85,000 tonnes had been achieved by the end of June 2012.

### ***Northern Ireland***

In the Northern Ireland Competitiveness region the programme is funded at EUR 614 million. The focus is extensively on sustainable competitiveness and innovation. The monitoring of achievement in Northern Ireland has been complicated by the MA revising its performance indicators because it was felt that they did not adequately reflected the Programme activity accurately. As at the end of June the latest evidence points to 2,400 research jobs having been

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<sup>11</sup> PACEC 2011.

created against a target of 1,238. The SME gross direct full-time equivalent jobs created is estimated to be 5,586 against the target of 11,333.

### ***East of England***

The focus of the programme is on promoting innovation and knowledge transfer, stimulating business enterprise and ensuring sustainable development and production. The core indicator of gross jobs created shows some 769 by the 31<sup>st</sup> December 2012 and this is to be compared to a final target of 2,560. The number of successful innovation related initiatives in SMEs was 427 by the end of 2012 compared to the target of 3,125. The number of successful non-innovation related initiatives in SMEs was 1,805 compared to the target of 1,584. The number of successful environmental related initiatives in SMEs was 1,740 compared to the target of 2,700. Some 55 new successful start-ups had been encouraged compared with a target of 297. The baseline indicator at, or near, the start of 2007 identified a business stock of 187,600.

### ***North East***

In the North East Competitiveness programme EUR 751 million is being committed to enhance innovation and encourage business growth and enterprise in a region that is experiencing some of the most severe problems of economic adjustment across the United Kingdom at the present time. Under the exploiting and enhancing innovation priority the emphasis is on supporting Innovation Connectors to build capacity in high value added manufacturing and process industries. A key emphasis has been to strengthen the regional innovation system and thus partnerships between industry and knowledge based institutes. Priority two has sought to build the entrepreneurial culture in the programme area.

Finance for Business North East was the first JEREMIE Holding Fund established in England in November 2009. Its operational period is 2010 to 2014 and is managed by North East Finance Holding Limited. It is capitalised at EUR 148.7 million. At the end of December 2012 the Fund had invested EUR 74 million in support of 516 investments in 473 different SMEs. It is estimated that over 679 new jobs have been created with a leverage of EUR 83 million as a direct result of the Fund. The AIR (2012) 'overall performance against business plan forecasts and progress against ERDF milestones remains broadly satisfactory in relation to agreed outputs/results'. Over the period January 2010 to December 2011 a Creative Content Co-Investment Pilot Fund was also translated into a working Fund with its first returns emerging in 2012. The Fund was capitalised at EUR 5.7 million (ERDF EUR 2.9 million) has now been fully invested. It is estimated to have assisted 17 SMEs (95% of the original target); created 54 gross jobs (121% original target) and attracted 9 new businesses to the region against a target of 12.

Core indicators show a cumulative gross jobs created as at 30/12/2012 of over 8,000; some 79% of target and the number of new-start-ups supported as 3,424, some 67% of target. Some 3,079 gross businesses created are identified as well as nearly 8,000 gross jobs safeguarded.

### ***London***

The London Competitiveness programme is funded at EUR 383 million. It has concentrated on building business innovation and stimulating research to promote eco-efficiency. Under priority two the emphasis is on helping businesses to gain access to new markets and increase their ability to access finance. Priority three is concerned to create sustainable places for business.

The London programme has made a significant commitment to developing a FEI in the form of the London Green Fund. Some 70% of the funds available have now been absorbed.

The core result indicator identifies nearly a 1,000 gross jobs created by the end of 2012 against a target of just over 4,000. The number of jobs safeguarded is 700 compared to the target of 5,260. As the AIR comments, progress on jobs created and safeguarded at 25% and 37% of target is lagging the programme spend and this partly reflects the impact of the recessionary period in which the programme has operated. Some 10,500 businesses have been assisted against a target of 15,400. The AIR identifies two indicators. The first is increase in target GVA of EUR 291 million (against a baseline of EUR 236,000 million). However, there is no estimate of the achieved figure. The second relates to the increase in London's capacity to generate decentralised co-generated and renewable energy but again there are no achieved results identified as yet.

The London Green Fund comprises three separate funds. It is supporting a EUR 41.7 million Urban Development Fund (UDF) (EUR 20.8 million ERDF) called the Foresight Environmental Fund that is designed to finance waste infrastructure. The Green Fund has also established a EUR 119 million (EUR 59.5 million ERDF) London Energy Efficiency Fund designed to support energy efficiency measures. The fund has helped to lever a further EUR 59.5 million from the Royal Bank of Scotland. In August 2012 a third New Housing UDF was established with EUR 14.3 million for co-lending to a small number of Registered Providers of Social Housing.

In March 2012 the Foresight Sight Environmental Fund made its first investment of EUR 2.4 in a plastic recycling plant and in September 2012 committed a further EUR 6.3 million to a company to construct an anaerobic digestion plant. A third investment has been made in 2013 what means that the London Green Fund has now invested EUR 16.5 million. In 2012 the London Energy Efficiency Fund also provided debt financing to investments in retrofitting and installation of energy saving measures and low carbon infrastructure amounting to EUR 21.2 million. Thus, EUR 37.7 million has been committed from a Fund capitalised at EUR 160.7 million at the present time.

### ***West Midlands***

The West Midlands Competitiveness programme is funded at EUR 800 million. The emphasis is on promoting innovation and research and development and stimulating enterprise development. Funds are also promoting urban development. In the West Midlands the number of gross jobs created by the end of 2012 is estimated to be 8,961 against a target of 11,550. The number of start-ups supported is 788 against a target of 2,590. ERDF has also been used to provide support for a number of Venture Capital Funds that are focused on different elements of SME financial need at different stages of their business development across Early Stage, Growth Equity and Mezzanine Finance. The key Funds are the Advantage Media Production Fund, Early Advantage Equity Fund, Exceed (Advantage Growth Equity Fund), Advantage Early Growth Fund (ERDF Extension) and the Mercia Find 1. All Funds are progressing well with a number of projects in the pipeline.

### ***North West***

The North West Competitiveness programme is funded at EUR 1,500 million. The first full year of programme operation was 2009. Just over half of ERDF is allocated to stimulating enterprise

and exploiting innovation and knowledge. Gross job creation was 12,712 by the end of 2012 but the target is 48,400. The number of businesses created is placed at 6,392 and is well ahead of the target of 3,920. A very significant number of businesses have been assisted to improve performance at nearly 14,000 against a target of 25,200.

### ***Yorkshire Humber***

The Yorkshire Humber Competitiveness programme is resourced at EUR 1,200 million. Over 60% of the funds are committed to promoting innovation, research and development and the stimulation of enterprise. Some 20% seeks to encourage sustainable communities and 15% to improving the economic infrastructure of the economy. Gross new jobs created are 5,552 against a target of 25,508. The number of new businesses created is 825 against a target of 4,072. The number of SMEs assisted was estimated to be 942 compared to a target of 16,927. The substantial under-achievement against targets is attributed to the recession and an 'increased emphasis on company survival over growth'.

Under Priority 2 ERDF has been invested in a venture capital and loan fund called Finance Yorkshire under the JEREMIE initiative and an Urban Development Fund-the Sheffield City Region JESSICA Fund. Finance Yorkshire is a EUR 107.1 million Venture Capital and Loan Fund with EUR 35.7 million ERDF. It comprises a Seed Corn Fund, a Business Loans Fund and an Equity Fund.

A JESSICA Fund has been created through a Special Purpose Vehicle established by Sheffield City Council on behalf of the Local Enterprise Partnership and it designed to assist urban property and infrastructure development. In 2012 it was capitalised at EUR 29 million with some EUR 18.8 million from ERDF.

Priority four is supporting the Sheffield City Region Development Plan by assisting the development of key infrastructure in four key urban centres. Significant transformational projects include the Digital Region designed to help develop essential broadband infrastructure, Science City York: Embedded Business Space and Technology Transfer that is providing integrated business space into the University of York, Energy Works which is the creation of an energy waste recovery facility that when completed will provide 25MW of renewable electricity annually) and Bus Rapid Transit North that is providing new strategic infrastructure and a priority bus route between the Rotherham and Sheffield town centres. Although there is no baseline information presented the contribution to the provision of renewable electricity in Sheffield is quite significant.

### ***East Midlands***

The East Midlands Competitiveness programme promotes innovation and sustainable business practice and enterprise activity. The programme supports a significance presence in FEIs with a JESSICA Urban Development Fund with some EUR 11.9 million ERDF.

The number of gross jobs created was 2,738 by the end of 2012 against a target of 8,600. The number of start-ups supported was 363 against a target of 2,000. There is thus substantial under-achievement against the original targets. GVA resulting from businesses improving their performance is placed at EUR 53 million against a target of EUR 263 million. An Interim Impact Evaluation reported in 2013 and it found that "The net GVA impact achieved to-date, including persistence effects, is estimated at around EUR 587-625 million, with 58% generated by Priority

one projects and 42% by Priority two projects. This is equivalent to about 4% of East Midlands regional GVA in manufacturing in 2010. This gives a net cumulative GVA return on investment of around EUR 2.8-EUR 3.1 for every EUR of investment (ERDF and Match) spent to date (although the estimate includes an estimate for persistence effects).

A JESSICA Urban Development Fund has been established with EUR 11.9 million ERDF. Only one investment project worth EUR 4 million has been funded.

### ***South West***

The South West Competitiveness programme is funded at EUR 249.3 million and is focused heavily on increasing the productivity of the region's business base, particularly through the promotion and support of innovation. It is also concerned to reduce intra-regional disparities by stimulate employment and enterprise in the most disadvantaged areas of the region. It promotes a low carbon economy. Some 72% of the programme funds are assigned to innovation, enterprise and knowledge based activities.

Information from the latest AIR points to some 1,582 gross jobs having been created by the end of 2012. The contracted forecast achievement is just over 6,000 which will be substantially below the original target of 9,000. Overall net additional employment has been estimated to be 556 as at the end of 2012 and forecast to reach 2,755 by the end of the programme against an original target of 5,682. Net additional GVA added is estimated to be EUR 273.7 million compared to the target of EUR 386.7 million (71% of target). The number of businesses started at the end of 2012 is 482 with a forecast achievement of 539 compared to a target of 600.

### ***East Wales***

In the East Wales Competitiveness programme nearly EUR 160 million is being used to heavily to encourage innovation and knowledge for growth with nearly 45% of total funding. Gross job creation is placed at 4,678 by the end of 2012 compared to the target of 5,340. Clearly, compared to a baseline of some 540,000 people employed in East Wales in 2005 this is a small, but valuable, contribution. Enterprise created is around 1,605 by the end of 2012 and this compares with a target of 510. Enterprise assisted is 1,438 compared to the target of 1,750. Induced investment is estimated as at the end of 2012 to be worth around EUR 40.5 million and this compares with the target of EUR 136.9 million. Additional capacity of renewable energy production (MWh) was 4,120 by the end of 2012 and this compares with the target of 12,000.

### ***Gibraltar***

In the Gibraltar Competitiveness region there is EUR 6 million being used to ensure sustainable economic development, innovation and entrepreneurship. Job creation by the end of 2012 was around 170 and this compares to the target of 200. The number of new start-ups supported was 32 by the end of 2012 compared to the target of 15. A relatively modest amount of investment had been induced EUR 4 million by the end of 2012 and this was well above the original programme target of EUR 2 million.

### ***Cross Border***

The Objective Three Inter-Region has EUR 256 million. Priority one is concerned to ensure co-operation for a more prosperous cross border region particularly through actions relating to enterprise and tourism. Priority two relates to cooperation for a sustainable cross-border

economy and focuses on collaboration and infrastructure. It is difficult to assess overall impact at the present time. Of the 45 indicators adopted for the programme some 19 are expected to meet or surpass their original programme targets. However, the AIR comments that a number of indicators are currently showing no achievement and there are issues as to whether they remain of relevance.

It is difficult at the present time to scale the overall impact of the ERDF. Under the Priority One enterprise theme around 810 businesses have been assisted compared to the cumulative project target of 2,600. Achievement under the tourism actions is very difficult to assess. Under priority two recorded results look very weak with, for example, the number of beneficiaries receiving supported cross-border services (roads, renewable energy projects and telecommunication provision) estimated to be around 9,600 against a cumulative project target of 182,000. Under the second theme of priority two the number of km of roads upgraded, restored or built is around 15 km and this is well in excess of the cumulative project target of around 7 km. Evidence on results and impacts is elusive at the present time.

### 3. Effects of intervention

Main points from the previous country report:

- The 2012 Report commented that if matched-funding is included then across the United Kingdom some EUR 8,200 million had been contracted and EUR 4,200 paid out by the end of June 2011. These resources have enabled a substantial amount of discretionary expenditure to be committed to increasing economic development in the less well off areas of the United Kingdom. The Report lamented the absence of robust evaluation evidence that has made it difficult to know what the impact was likely to be on the key outcome indicators that matter. This shortfall in the evidence base is gradually being addressed.

#### **Developments since the 2012 report**

There is currently a national evaluation of ERDF in England underway but it will not now report until 2014. An evaluation of impact in the Highlands and Islands Phasing-Out region has just been commissioned. Other evaluation work is planned for 2014. The majority of evaluation studies that have been commissioned to-date have mainly been interim evaluations and as such concerned to assess whether the original spending priorities remained the correct ones given a dramatically different economic environment from that which existed when the Programme began.

The evidence from existing studies and interim evaluations commissioned to-date across the United Kingdom has been summarised in previous Reports. The ERDF programme across the United Kingdom is focused extensively on improving the environment for business, stimulating innovation and R&D and building the contribution that the knowledge economy can make to creating new job opportunities. In Scotland the evidence was that finance provided to business through Co-Investment funding had created additional Gross Value added and employment than would otherwise of been the case. Additionality was relatively high and support to business was meeting an important need. In Wales there was also evaluation research that confirmed that ERDF was making an important contribution to business growth, although the overall levels of



net additional job creation at the present time where relatively small. In the East Midlands region an Interim Impact evaluation in 2013 has also identified additional job impacts in ERDF supported projects, again at a relatively small level. Around 10% of ERDF support has been used to develop and support FEIs. There are specific company examples that point to this support meeting a real need. However, the dearth of evaluation research is constraining the assessment of impact.

ERDF has provided benefits to individuals and communities by enhancing cross-border services, particularly as they affect tourism but very little evidence on the scale of the effect is available at the present time. ERDF is also addressing issues around urban regeneration and the reduction of social exclusion but comprehensive evaluation evidence is not available at present.

#### 4. Evaluations and good practice in evaluation

The 2012 Report presented the results from a small number of new evaluations undertaken in the period:

- In London, an Interim Programme Assessment reported that the London Programme was effective in its strategic orientation and implementation and delivery was progressing largely as planned.
- In Wales, research had been undertaken to monitor the effectiveness of the ERDF enterprise, business finance, R&D and innovation policy areas of the Programmes and to evaluate outcomes for ERDF assisted businesses in terms of job creation, productivity, profitability and exports. The study was based on interviews with nearly 800 ERDF assisted businesses. A relatively small, but significant, ERDF impact on job creation of 390 safeguarded jobs was identified (after allowing for deadweight, displacement and multiplier effects).

It was also reported that the Department of Communities and Local Government as the MA for ERDF in England had commissioned an evaluation of the ERDF programme in England over the period 2007-2013. The evaluation will report in 2014. The objectives of the evaluation are to:

- establish the net additional impact of the programme on outcomes linked to jobs, earnings, enterprise and innovation;
- consider how economic disparities across regions are influenced by people and place related factors and the scope for policy interventions to affect these;
- assess the scope for devolved delivery in the light of HM Localism Agenda.

**In Wales, Scotland and Northern Ireland, there were no new plans for programme evaluation at that time.**

In the time since the 2012 Report, there has been little change to the overall strategy for evaluating the effects of interventions co-financed by the ERDF and Cohesion Fund. The exception is that in the Highlands and Islands in September 2013 an Interim Evaluation of HIE's Strategic Delivery Body (SDB) Programme for ERDF has just been commissioned. The Interim Evaluation is tasked to assess the benefits and impacts of the SDB Programme. The resources available to undertake evaluation research remain the same. The only significant change is that work is now progressing in England, Wales, Scotland and Northern Ireland on ex-ante

evaluations to inform 2014-2020. This work will bring together lessons learned from 2007-2013.

**Table 4 - Main features of evaluation undertaken in the country to assess Cohesion policy performance since the 2012 report were prepared.**

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Main findings	Method used (*)	Full reference or link to publication
Final Programme Evaluation of the Business Growth EU Project. April 2012.	2	3	An additional EUR 36.1 million of net additional GVA and an additional 2,083 net additional posts attributable to the Business Growth Programme in Wales. Equivalent to EUR 4,800per additional job created.	4	<a href="http://www.wavehill.com/2013/01/welsh-government-enterprise-growth-evaluation-erdf/">http://www.wavehill.com/2013/01/welsh-government-enterprise-growth-evaluation-erdf/</a>

Note: (\*) Legend:

**Policy area and scope:** 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment)

**Main objective and focus:** 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives

**Method used:** 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative.

**Final Programme of the Business Growth EU Project (BMG, Waverhill Ltd and Hywell Evans and Associates for Welsh Government)**

This was a final evaluation of the Business Growth EU programme in Wales as targeted on the Convergence and Competiveness regions. The evaluation was tasked to review the rationale for the intervention and assess impact using the relevant performance indicators. The evaluation confirmed that the rationale of concentrating on companies with likely growth potential was sound but that a flexible approach was required to identify growth potential. The flexibility of the approach was based on an 'Open Market approach' that sought to 'provide increased choice, test the willingness of business to pay for services from the open market, reduce grant dependency and start changing the culture and behaviour of businesses towards buying private sector services'. (Waverhill, 2013)<sup>12</sup>. The programme was generating additional GVA and employment for the Welsh economy. It was recognised that trading conditions had made this difficult but that effective targeting had helped. The programme had generally been well received.

**Main lessons learned about the effects of Cohesion policy interventions in the present programming period.**

In the United Kingdom the ERDF programme focuses extensively on enterprise support and innovation. In the Competiveness and Employment regions some 68.5% of funding is committed

<sup>12</sup> <http://www.wavehill.com/2013/01/welsh-government-enterprise-growth-evaluation-erdf/>

in this way. The discussion below is therefore mainly on the impact of ERDF on enterprise and RTDI given their prominence in ERDF in the United Kingdom over 2007-2013.

It is to state the obvious that the ERDF programme over 2007-2013 has operated in an extremely challenging economic environment. The adverse economic conditions that arose following the credit crisis have been compounded by a reduction in the willingness of banks to lend to business. Austerity measures introduced by HM Government to reduce national debt have constrained the availability of matched funding for ERDF projects. In many cases the targets set for the programme in terms of business growth and job creation have not been achievable. As the EEN Task One Report indicated, the overall gross employment creation effects associated with ERDF by the end of 2011 in the United Kingdom as a whole were estimated to be 46,600 jobs in the Competiveness and Employment regions and 9,000 jobs in the Convergence regions. This was 31% and 17% of the overall original programme targets. It should, however, be emphasised that other outputs besides job creation have been produced including a very significant number of jobs safeguarded. The latest evidence from the 2012 AIR is difficult to compare precisely with that of 2011 because there have been some revisions to the gross job estimates. However, in the Competiveness and Employment regions by the end of 2012 the gross job creation was probably of the order of 61,400 and 14,400 in the Convergence regions. This was 41% and 27% of target.

To assess the relative importance of the job creation indicator by broad policy area it has been possible to draw on information for the ten English ERDF regions from the English MCIS. This information has been provided to the Evaluation Team that is currently undertaking the ERDF Analytical Programme study of ERDF in England for HM Government<sup>13</sup>. The study team have allocated the 1,300 projects on the database to 18 policy categories. However, it should be emphasised that this categorisation is not without its limitations<sup>14</sup>. The evidence represents the position as at end February 2013.

On the basis of this information across all the ten OPs in England<sup>15</sup> the original gross job creation target was projected to be around 155,000. Projects have provided information on the likely future level of job creation now believed possible by the end of the programme period. When this is added to the jobs already created, it is estimated that total job creation across the programme will be around 106,000 jobs, or just over 68% of the original target. One of the most substantial revisions has occurred in the policy area of access to finance where the level of overall achievement is now thought to likely to be closer to 47% of the original target.

In the English OPs expenditure under the policy area of enterprise formation and entrepreneurship had managed to achieve nearly 60% of its original target by the end of February 2013. Projects seeking to improve SMEs competitiveness had secured around 43%. Many projects provide grants to help companies realise business opportunities and there is also extensive provision of business advice and consultancy.

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<sup>13</sup> I am grateful to the MCIS team and the DCLG for provision of this research and Regeneris Consulting Ltd (and in particular Kate Downes and Ricardo Gomaz).

<sup>14</sup> Projects can involve a mix of activities. The project description only allows a crude categorisation in some cases.

<sup>15</sup> Representing 85% of ERDF contracted expenditure to date and 92% of defrayed expenditure to date.

An overall review of the main lessons learned about the effects of Cohesion policy as it relates to ERDF in the present programming period will be possible when the English ex-post evaluation is available **in 2014**. Some preliminary observations at the present time can be made and they are informed by evidence from a variety of different sources. These sources include the interim impact assessment of the East Midlands that reported in April 2013 and preliminary statistics from the English on project level outputs as at the end of February 2013<sup>16</sup>.

### **RTDI/ Enterprise support and ICT**

The overall message is that ERDF support has assisted a significant number of businesses throughout the programme period in difficult economic circumstances. Impact additionality appears likely to be at its highest for smaller companies but more econometric research is required. The key message is to target those companies that have the most significant growth potential. Relevant evaluation evidence is that currently available from the evaluation of the Business Growth programme in Wales where it is stated that ‘despite difficult trading conditions, the programme had effectively targeted and supported businesses who had the ability (to grow) and were indeed growing steadily’ and ‘that the support received through the project was highly valued to the extent that it was attributed to a significant proportion of the growth experienced amongst participant businesses’ (Wavehill, 2012).<sup>17</sup>

ERDF has invested in a significant number of projects that help to develop knowledge based assets and thus supported the development of the regional innovation system. Evidence on the outcomes of this investment is not extensive at the present time but reference can be made to the recent evaluation of the East Midland Competiveness Programme that has recently been the subject of an interim impact evaluation. The final report concludes that ‘the programme has brought about positive benefits for those businesses and individuals directly supported, particularly around increases in employment and turnover, improved business resilience, improved HEI-SME collaboration, greater commercialisation of ideas, and improved business efficiency and productivity’ (SQW,2013).

### **FEIs**

There is rather limited evaluation evidence on the achievements of the relatively new forms of FEIs at the present time (JEREMIE and JESSICA) since many are still at an early stage. However, as was reported in the EEN Task One Report in 2011, the evaluation evidence from similar interventions in the previous round is encouraging and indicates significant progress in overcoming market failures in the provision of finance, particularly in the early stage equity finance market. A prominent source of evidence here is that from Scotland as it relates to the Evaluation of the Scottish-Co-Investment Fund, 2008<sup>18</sup>, Scottish Venture Fund; Economic Impact Assessment, 2008<sup>19</sup>; Evaluation Smart Scottish Government, 2009<sup>20</sup>; and the Interim and Post

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<sup>16</sup> I am grateful to the MCIS team and the DCLG for provision of this research and Regeneris Consulting Ltd (and in particular Kate Downes and Ricardo Gomaz).

<sup>17</sup> <http://www.wavehill.com/2013/01/welsh-government-enterprise-growth-evaluation-erdf/>

<sup>18</sup>

<http://www.evaluationsonline.org.uk/evaluations/Browse.do?ui=browse&action=show&id=32&taxonomy=INV>

<sup>19</sup> Scottish Enterprise. Scottish Venture Fund. Economic Impact Assessment. Final Report to Scottish enterprise. October 2008. Malcolm Watson consulting. [mail@malcolmwatson.com](mailto:mail@malcolmwatson.com)

Project Evaluation of Crescent Capital Fund, Northern Ireland, 2009<sup>21</sup>. Key lessons are the need to be clear about the precise gap in the market for finance that is being targeted and also to seek economies of scale in the delivery of FEIs.

### **The use made of evaluation evidence**

The majority of evaluations to-date have been interim evaluations and have therefore sought to assess whether the original priorities remained fit for purpose in rather different economic circumstances than that original envisaged. The evaluations have not assessed the impact of the programme on final outcomes. In the English case there was a procedure in place across all the Regional Development Agencies to ensure that evaluations took place at regular intervals and ensured that there was baseline (ex-ante), interim (process), interim (impact) and final evaluation. This procedure has been disrupted in England by the closure of the Regional Development Agencies. It is envisaged that in the 2014-2020 period the programme will be delivered by one central MA and it is important that a robust and timely schedule for evaluation is established at the outset. In the Devolved Administrations the approach to commissioning evaluations has varied. Perhaps the most thorough in terms of a rolling programme of on-going evaluations has been that established in Wales by the Welsh European Funding Office (WEFO) for the Welsh Government.

### **Shortfalls in important policy areas or issues which are not covered, or are not sufficiently covered, by the evaluations which have been completed or planned**

At the present time the evaluation base on is relatively weak with much of the research to-date being concerned with tracking the delivery of the OPs relative to their original programme targets and the adjustments required in the light of an adverse economic environment. The evidence base will strengthen considerably in 2014 when more ex-post evaluation, particularly in England becomes available. What is required as a matter of some urgency is:

- evidence on the type of companies and individuals who have benefited the most from the programme, why and which instruments have been cost effective;
- More insight into how the programme is affecting the quality of the regional innovation systems that it has supported. A considerable amount of expenditure has gone to supporting important knowledge based assets and it is important to know more about what this has achieved;
- More about the contribution that investment in FEIs is making the future pace of regional economic development and how it compares to conventional grant based assistance.

As Section 2 of this Report has highlighted towards the end of the 2007-2013 Cohesion policy period there has been considerable change to the way in which regional development policy is delivered in England and in the next round there will be a central contracting managing authority that will allocate ERDF across 39 LEAs. With such a large number of organisations responsible for delivering the programme on the ground it is essential that the relevant information is collected and collated according to a standardised format. A research paper has

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<sup>20</sup> <http://www.scotland.gov.uk/Resource/Doc/286239/0087163.pdf>

<sup>21</sup> FGS, McClure Watters. Northern Ireland.

recently been published that highlights a number of important evaluation issues that should be considered (Chadwick, Tyler and Warnock, 2013). One of the most important is that future evaluation should focus on explaining which types of intervention worked best and why, as well as demonstrating impact using a consistent methodology.

As Section 5 of this Report notes, future evaluation activity across the United Kingdom would benefit from more attention to monitoring systems and the format in which ongoing achievement is recorded in Annual Implementation Reporting. Improvements in these areas could help to ensure more timely evaluation evidence.

**Evaluations underway, or have been commissioned, for which results are not yet available.**

The research commissioned by the DCLG as the MA for ERDF in England will report in 2014 and it will then be possible to address many of the issues discussed in this section. Highlands and Islands Enterprise have recently commissioned an evaluation of the Highlands and Islands Phasing-Out Programme that will report in early 2014.

**Plans for carrying out evaluations over the remainder of the programming period**

The ex post interim evaluation in England has already been discussed. It will reflect on lessons learned that will be of relevance for the delivery of the ERDF programme in 2014-2020.

In Northern Ireland, information on the current position is awaited but no new evaluation research has been identified. In Scotland, Highlands and Islands Enterprise has just commissioned (September 2013) an evaluation of the ERDF programme in the Highlands and Islands Phasing-Out region and it is scheduled to report in early 2014. In Wales it is planned to conduct a survey of businesses to establish their views on the impact of ERDF on their business performance, including innovation. The study will also use data obtained from surveys of companies undertaken as part of the national statistical gathering process undertaken by the Office of National Statistics and it will seek to identify the impact of ERDF on policy assisted companies by comparing their performance with non-assisted companies standardising where possible for company characteristics. It not anticipated that there will be any other final impact evaluation assessment until 2015.

**Examples of evaluations assessing the results and effects of ERDF-supported interventions which have been completed since the 2012 report exemplifying good practice**

In the early part of 2012 the results of an East Midlands Competiveness Programme 2007-13-Interim Impact Evaluation was published. It states that “Overall additionality of impacts is around 70-82% for Priority one projects (innovation and sustainable business practice) and 54-59% for Priority Two projects (sustainable economic and enterprise activity). The main factor reducing additionality in Priority two projects is the level of displacement: Priority two businesses are more likely to serve local markets, compared to Priority one projects which tend to be more technology driven and focused on higher value-added activities”. “The net GVA impact achieved to-date, including persistence effects, is estimated at around EUR 587-625 million (around 4% East Midland regional manufacturing GVA in 2010), with 58% generated by Priority one projects and 42% by Priority two projects. This gives a net cumulative GVA return on investment of around EUR 3-3.1 for every EUR of investment (ERDF and Match) spent to

date. This relatively high leverage is partly the result of the methodology adopted to calculate it and builds in assumptions about the persistence of achievement. It should thus be interpreted with caution when comparing with other evidence. In terms of strategic added value, there has been some evidence of coordination and networking (e.g. the annual ERDF event) but there is a sense that more could be done in this respect. The programme has levered a considerable amount of match-funding, but feedback from consultees suggests it has not influenced the priorities and practices of partners to a significant degree. Nor has it demonstrated sufficient leadership or strategic thinking. For example the programme has lacked sufficient large-scale, strategic projects that are efficient to deliver and consultees more likely to lead to greater tangible impacts.” (East Midlands, Interim Impact Evaluation, SQW, 2013).

## 5. Further Remarks - New challenges for policy

The recession in the UK has been long and protracted. Both the Convergence and Competitiveness and Employment regions across the United Kingdom have shaped their programmes to help regions restructure and build business competitiveness, particularly as it relates to the stimulation of enterprise and the development of knowledge and innovative behaviour. All of the UK programmes have thus found it very challenging to meet their original programme targets. The actual and perceived impact of austerity measures have added to the problems that MAs have faced. Reductions in public expenditure have made it harder to find appropriate match-funding. There has also been significant change to the policy environment in which Cohesion policy in England operates which has added to uncertainty.

MAs in both the Convergence and Competitiveness regions confirm that the broad strategic direction of their programmes remain sound but there is an urgent need to know more about what policy has been able to achieve. The results of a national evaluation of ERDF Cohesion policy in England commissioned by HM Government are eagerly awaited and are due in 2014. However, it remains the case that in most regions in the United Kingdom the relatively small sums of ERDF invested produce effects that will take a number of years to emerge and can, in general, only operate at the margin to bring about change. Much of what determines regional competitive advantage is determined by forces outside the direct control of MAs. This should be recognised in assessing achievement. In the UK there are very few other sources of finance that offer the flexibility that ERDF provides to assist regions to improve their economic circumstances. This Report refers to a number of highly significant ERDF projects that are making an important contribution to regional development, particularly in developing the knowledge based assets of the regions concerned.

The UK economy is finally beginning to emerge from a five year period characterised by very slow economic growth. The best guess estimate suggest that perhaps around 70% of the original gross job estimates will be secured. Although it is difficult to predict the impact on business assists it may well be of the same order of magnitude. There will obviously be considerable variation across regions. If the recovery continues to build then the next programming round will face a more positive economic environment in which to get businesses to invest and help build the competitiveness of their regions.

Finally, as has been commented in previous Reports, it is fitting to end by emphasising that the ERDF output monitoring system across the United Kingdom is of variable quality at the present

time and as such it remains difficult to gauge progress. Moreover, although there is a requirement for all MAs to produce an AIR these documents as they are currently produced do not provide a *concise* overview of progress in relation to the problems being addressed. It would be highly desirable to improve the AIR format in the next round of Cohesion policy. This would also allow the benefits from rigorous evaluation to be more readily applied and incorporated into on-going project delivery and programme development.



## References

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Gardiner, B, Martin, R, Sunley, P and Tyler, P (2013). Spatially Unbalanced Growth in the British Economy. Journal of Economic Geography, pp 1-40.

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Welsh Government (2011). Mid-Term Evaluation of the Enterprise Networks Project.

Welsh Government (2012). Final Programme of the Business Growth EU Project.

## Interviews

Because of the devolved nature of the governance and delivery arrangements adopted in the United Kingdom it has been necessary to hold discussions with a number of policy officers from across England, Scotland, Wales and Northern Ireland. I am most grateful for assistance from:

Sue Baxter. Local Growth Directorate, Department for Business, Innovation and Skills.

Sarah Carling, North West, DCLG.

Paul Casey. Welsh European Funding Office. Welsh Assembly Government.

Iain Derrick, Evaluation Team, North East, DCLG.

Nick French. EU Programmes, Local Growth Directorate. Department for Business, Innovation & Skills.

Lewis, Gavin. Welsh European Funding Office. Welsh Assembly Government.

Richard Gill, South West, DCLG.

Maeve Hamilton. European Programmes. Department of Enterprise, Trade & Investment.

Christine Gough, Local Economies, Regeneration, and European Programmes (LEREP) Directorate. Department for Communities & Local Government.

Kathryn Helliwell. Research, Monitoring and Evaluation. Welsh European Funding Office. Welsh Assembly Government.

Ryan Jones. Welsh European Funding Office. Welsh Assembly Government.

Melissa Mackin. Scottish Government Compliance & Verification Team. European Structural Funds.

Jeff McCloud. ERDF Commissioning and Engagement Specialist. ERDF Programme Delivery

Team, North East, DCLG.

Jim Millard. Scottish Government Compliance & Verification Team. European Structural Funds

David Morrall, East, DCLG.

Ian Morrison, European Support Unit, Department of Enterprise, Trade & Investment. Northern Ireland.

Sue Price. Welsh European Funding Office. Welsh Assembly Government.

Stuart Scott. Evaluation Team. Greater London Authority.

Tom Smithson. Welsh European Funding Office. Welsh Assembly Government.

Andy Stewart | Implementation Advisor | EU Programmes, Local Growth Directorate | Department for Business, Innovation and Skills

Nic Suggit. Policy and Programmes Manager ERDF England. European Policy and Programmes, CLG. London.

Nigel Thomas, Team Leader. Scottish Government Compliance & Verification Team. European Structural Funds

Gareth Ward. EU Programmes, Local Growth Directorate. Department for Business, Innovation & Skills.

Gary White, European Structural Funds, Department of Communities and Local Government.

Simon White. Local Growth Directorate, Department for Business, Innovation and Skills.

Callum Wigfall. Welsh European Funding Office. Welsh Assembly Government.

## Annex 1 - Evaluation grid for examples of good practice in evaluation

### Evaluation Grid A - East Midlands Competiveness Programme 2007-13-Interim Impact Evaluation

BASIC INFORMATION	
Country: United Kingdom	
Policy area: Enterprise support and RTDI.	
Title of evaluation and full reference: East Midlands Competiveness Programme 2007-13-Interim Impact Evaluation	
Intervention period covered (2000-2006; 2007-2013; specific years):2007-2013.	
Timing of the evaluation (when it was carried out):2012/13	
Budget (if known): EUR Not known	
Evaluator: External Evaluator.	
Method: Counterfactual analysis based on survey of beneficiaries (465 beneficiaries from most of 29 projects. Also structured interviews with survey managers	
Main objectives and main findings: To assess how the programme is performing against its targets to-date, assess how efficiently and effectively the programme has been managed and delivered to date and to understand the nature of the impacts achieved by the programme to-date. Main findings relate to (very short description - 3-4 lines)	
Appraisal: (Why you consider the evaluation an example of good practice: - 3-4 lines)	
CHECK LIST	
Score each item listed below from 0 to 2 as follows: 0: No; 1: Yes, but not fully; 2: Yes	
Report	
Are the objectives, methods and findings of the evaluation clearly set out?	2
Are the findings and recommendations clearly supported by the analysis?	2
Are the methods used suitable given the objectives of the valuation and have they been well applied?	2
Are the quantitative and qualitative data used reliable and suitable for the purpose of the evaluation?	1
Are the potential effects of other factors (e.g. the economic situation) on the outcome fully taken into account?	1
Is a serious attempt made to distinguish the effects of the intervention from these other factors?	2

## Annex 2 - Summary of evaluations

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Method used (*)	Main findings	Full reference or link to publication
East Midlands ERDF Competiveness Programme 2007-2013-Interim Evaluation. Final Report April 2013.	1. RTDI and 2. Enterprise Support and ICT	2 and 3, To assess how the programme is performing against its targets to-date, assess how efficiently and effectively the programme has been managed and delivered to date and to understand the nature of the impacts achieved by the programme to-date.	1. Counterfactual analysis based on survey of beneficiaries (465 beneficiaries from most of 29 projects. Also structured interviews with survey managers	By February 2013 the programme consisted of 194 projects and had committed EUR 181 million (66% of total funding) but this varied extensively by Programme. Performance against targets has been mixed but positive benefits identified for the businesses and individuals directly supported, particularly increases in employment and turnover, business resilience, improved HEI-SME collaboration, greater commercialisation of ideas, and improved resource efficiency, business performance, access to local procurement opportunities and the creation of local jobs. A number of recommendations relating to the adoption of a more strategic approach to programme design, engaging with LEPs, engagement with local authorities, drawing in private sector and retaining expertise in handling European programmes.	To be advised.
London ERDF 2007-13 Programme	9. Mid-Term	2. To assess the extent to which the original programme strategy remains relevant. To assess the progress that the programme is making . To assess the quality and effectiveness of the Programme's implementation. To assess Best Practice for possible 2014-2020	3,2	Programme is considered to remain relevant with its strategy containing sufficient flexibility to accommodate to significant change; implementation and delivery has largely progressed as planned; Programme is making strong progress in committing fund and reasonable progress in achieving programme targets; Strong programme management has been provided; A number of Good Practice lessons has emerged described in the Report.	Not released yet.
ERDF Business Survey	2. Impact Assessmt	3. To assess the effectiveness of the enterprise, business finance and	3,1	Amongst surveyed businesses, half of those who had received help with forming collaborative relationships had gone onto consolidate these, with the vast majority reporting that these relationships	<a href="http://wefo.wales.gov.uk/publications/publications/monitoringevaluation/researchreports/6557208/?lang=e">http://wefo.wales.gov.uk/publications/publications/monitoringevaluation/researchreports/6557208/?lang=e</a>

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Method used (*)	Main findings	Full reference or link to publication
		R&D/innovation areas of the ERDF programme in Wales with a view to the survey providing useful information on the outcomes achieved to-date by the businesses assisted and financially supported by ERDF projects and make recommendations. The ERDF Business Survey assessed the outcomes for businesses assisted by the ERDF Programmes via telephone interviews with 778 ERDF assisted businesses. It also investigated the scope to use micro business databases to investigate net impact on key business outcomes.		were important to their business strategy. Very few respondents viewed the ERDF assistance as critical to the continued existence of their business, indicating that businesses are not dependent upon ERDF and that the Programmes are not interfering with churn in business survival. Respondents identified positive changes in their business but the extent to which they attributed these changes to the assistance of ERDF was more limited. After allowing for deadweight, displacement and multiplier effects, it is estimated from the survey evidence that 305 net new jobs resulted from ERDF support amongst surveyed businesses (this works out as net as a proportion of gross as 84% which compares quite well with other estimates). It is estimated that there were 390 net safeguarded jobs (once deadweight, displacement and multiplier effects are taken into account) across the 778 surveyed companies. Overall, amongst surveyed businesses, for every job that was created, approximately 1.25 jobs were also safeguarded. Source: European Regional Development Fund Business Survey, WEFO, 2012	<a href="#">u</a>
Mid-Term Evaluation of the European Sustainable Competitiveness Programme for Northern Ireland 2007-2013.	9. Mid-Term	2. Provide the PMC with information on the performance of the programme to-date and consider whether any changes are necessary to further improve the impact of the programme during the second half of implementation	3,1	Identifies some significant progress towards achieving the core indicators of the Programme. Makes a series of recommendations as to how the original set of Programme indicators might be revised to more accurately reflect the way in which funds are now being committed.	<a href="http://www.eucompni.gov.uk/resources/publications/mid-term-evaluation-of-the-European-sustainable-competitiveness-programme-for-northern-ireland-2007-2013-final-report-august-2011">http://www.eucompni.gov.uk/resources/publications/mid-term-evaluation-of-the-European-sustainable-competitiveness-programme-for-northern-ireland-2007-2013-final-report-august-2011</a>
Study of ERDF Funded VCLFs in England and Wales	2.	3. Evaluation of ERDF Venture Capital Loan Funds in order to Consider VCLFs models and approaches and	3,1	This study undertook an in-depth review of ten funds. Included a mapping of VCLFs which had received approval, consultations with an extensive range of stakeholders, in-depth review of ten funds and a survey of SME investees (333 completed	<a href="http://www.onenortheastlegacy.co.uk/file.aspx?id=52">http://www.onenortheastlegacy.co.uk/file.aspx?id=52</a>

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Method used (*)	Main findings	Full reference or link to publication
		ascertain whether they were still fit for purpose. To assess financial performance of VCLFs against targets. To assess effectiveness of the management and governance of the VCLFs; assess emerging outcomes and impacts achieved by VCLFs and whether they represented Value for Money.		interviews). Amongst its conclusions it commented that 'there has been a common under-estimation of the time and complexity of establishing VCLFs-. The delay in establishment has been reflected in slow initial progress with investments amongst most funds'. Another important observation was 'The VCLFs are securing the anticipated outputs and impacts, although if judged solely on the basis of unit costs for additional job creation and turnover the VCLFs appear a relatively expensive (even allowing for the expected legacy returns) means of securing regeneration impacts. However, the funds should not be judged solely on this basis-they also generate a range of wider business and regional economic benefits which are harder to quantify'.	
NWDA (2010). Interim Evaluation of the North West ERDF OP (2007-13).	9. Interim-Mid-term	2. Whether the programme strategy remains relevant, assessment initial progress, degree to which cross cutting themes are influencing project design and implementation, the quality and effectiveness of programme implementation and management	3,1.	Clear risks that the Programme may not meet its key output and results targets, particularly for jobs and businesses assisted and this will affect the overall achievement of key programme targets (net additional GVA and net additional jobs). Problems arising from availability of matched	Not published. Contact source is ERDF Secretariat in North West.
Yorkshire Forward (2011). Yorkshire and Humber ERDF OP 2007-13: Mid Term Impact Evaluation.	9. Mid-Term	2. Stocktake of progress on spending, outputs and results, Assessment of likely future impacts, advice on governance and management structures.	3,1.	Programme has achieved a lot in a difficult economic climate having committed 67% of full programme, achieved several major investments including VCLF fund, nuclear research facilities bad broadband infrastructure, successful engaged a wide variety of partners, small but significant progress with cross-cutting themes.	<a href="https://assets.digital.cabinet-office.gov.uk/government/uploads/system/uploads/attachment_data/file/11697/2144939.pdf">https://assets.digital.cabinet-office.gov.uk/government/uploads/system/uploads/attachment_data/file/11697/2144939.pdf</a>
North East ERDF OP 2007-13. (2011).	9. Multi-area. Mid-Term	2. Questions investigated were whether policy priorities remain fit for purpose, progress in	3.1.	Good progress made on spend and commitments by early part 2010. North East first region to approve a JEREMIE FEI. OP Strategy remains relevant and appropriate to the economic development needs of the region.	<a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11120/North_East_ERDF_Operational_Programme_200">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/11120/North_East_ERDF_Operational_Programme_200</a>

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Method used (*)	Main findings	Full reference or link to publication
		securing targets, programme management and early impact		Programme faces significant challenge in meeting targets in light of economic climate and matched funding difficulties. More alignment of the new Regional Growth Fund with the requirements of ERDF is needed.	<a href="#">713 MidTerm Evaluation.pdf</a>
Evaluation of ERDF Supported Venture Capital and Loan Funds in Scotland and the Scottish Co-Investment Fund. 2008.	2. Enterprise Support.	3.	3.1.	Research confirms that the ERDF assisted VCLFs were addressing the required market failures. They played a relatively small part in the Scottish market overall. The self-sustainability of the funds was assessed. Recommendations are made as to where future funding should be directed.	<a href="http://www.scotland.gov.uk/Publications/2008/01/14152823/0">http://www.scotland.gov.uk/Publications/2008/01/14152823/0</a>
Scottish Venture Fund. Economic Impact Assessment. 2008.	2. Enterprise Support	3.	3.1	Evidence from a review of the risk capital market suggests that the Scottish Venture Fund is having a positive effect in facilitating the an increase in the number of deals and levels of risk capital investment in the target range identified in the relevant Board papers.	Scottish Enterprise. Scottish Venture Fund. Economic Impact Assessment. Final Report to Scottish enterprise. October 2008. Malcolm Watson consulting. mail@malcolmwatson.com
Mid-Term Evaluation Update for the Objective 1 Programme in Wales (2001-2006). 2005.	9. Multi-Area Mid-Term	2.	3.1.	Good progress in achieving the key activity and results targets in all six Priorities of the programme. By the end of the programme it was estimated that somewhere in the range of between 26000-45000 net additional new jobs would have been created.	
Evaluation of the Scottish-Co-Investment Fund. 2008.	2.	3.	3.1.	Co-Investment Fund attaining its objectives. The 'model' being adopted which placed the private sector in the lead was appreciated. Fund was having a positive impact on the SMEs assisted and the wider Scottish economy. However, the market failure rationale for the Fund was poorly articulated.	<a href="http://www.evaluationsonline.org.uk/evaluations/Browse.do?ui=browse&amp;action=show&amp;id=32&amp;taxonomy=INV">http://www.evaluationsonline.org.uk/evaluations/Browse.do?ui=browse&amp;action=show&amp;id=32&amp;taxonomy=INV</a>
The Effectiveness of Implementation in the 2007-2013 Structural Programming Period. Welsh European Funding Office. 2011	8.	1	4	Strategic Frameworks were found to be useful in assisting staff to assess individual projects for eligibility and strategic fit but had a more limited role in the post approval stage. A number of issues emerged in relation to procurement, cross cutting-themes and communications.	<a href="http://wefo.wales.gov.uk/publications/publications/monitoringevaluation/researchreports/programmeimplementation/?lang=en">http://wefo.wales.gov.uk/publications/publications/monitoringevaluation/researchreports/programmeimplementation/?lang=en</a>
A Feasibility Study of Methodological	9..	3.	4.	Reached a number of conclusions as to the best approaches with which to estimate net impact	<a href="http://wefo.wales.gov.uk/publications/publications/m">http://wefo.wales.gov.uk/publications/publications/m</a>

Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Method used (*)	Main findings	Full reference or link to publication
Approaches to Undertake Impact Evaluation of 2007-2013 structural Programmes in Wales. 2010.				analysis. Identified data-sets that can be used to construct control groups for matched comparison or 'difference in difference' analysis.	<a href="http://onitorevaluation/researchreports/feasibilitystudy/?lang=en">onitorevaluation/researchreports/feasibilitystudy/?lang=en</a>
Evaluation Smart. Scottish Government. 2009.	2.	3.	3,1	In terms of employment supported projects estimated to have generated over 1,788 FTE additional jobs and £674 million additional gross value added.	<a href="http://www.scotland.gov.uk/Resource/Doc/286239/0087163.pdf">http://www.scotland.gov.uk/Resource/Doc/286239/0087163.pdf</a>
Programme Review of European Regional development Fund in the South West Competiveness and Employment Programme. 2010.	9.	2.	3.1.	A review of programme objectives in the light of achievement and economic context.	<a href="http://www.google.co.uk/url?url=http://economy.swo.org.uk/EasysiteWeb/getresource.axd%3FAssetID%3D51428%26type%3DF">http://www.google.co.uk/url?url=http://economy.swo.org.uk/EasysiteWeb/getresource.axd%3FAssetID%3D51428%26type%3DF</a>
Programme Review of European Regional development Fund in the South West Convergence Programme. 2010.	9.	2.	3.1.	A review of programme objectives in the light of achievement and economic context.	<a href="https://democracy.cornwall.gov.uk/mgConvert2PDF.aspx?ID=19849">https://democracy.cornwall.gov.uk/mgConvert2PDF.aspx?ID=19849</a>
Contribution made by European Structural Funds to Community Planning partnerships. 2011.	2.	2.	3.1.	Overall the Community Planning Partnerships were on track with respect to the number of participants but the economic circumstances were constraining the extent to which individuals were moving into employment.	<a href="http://www.scotland.gov.uk/Resource/Doc/919/0115839.pdf">http://www.scotland.gov.uk/Resource/Doc/919/0115839.pdf</a>
Evaluation of ESF and ERDF in Cornwall and the Isles of Scilly Feasibility Study. 2010.	9.	1.	4.	An evaluation plan was developed.	<a href="http://www.google.co.uk/url?url=http://economy.swo.org.uk/EasysiteWeb/getresource.axd%3FassetID%3D51429%26type%3DFull%26servicetype%3DAttachment&amp;rct=j&amp;sa=U&amp;ei=8djAUPegCtSGhOeZ_YCIDQ&amp;ved=0CBUQFjAA&amp;q=Evaluation+of+ESF+and+ERDF+in+Cornwall+Ecotec&amp;usq=AFOjCNHyR">http://www.google.co.uk/url?url=http://economy.swo.org.uk/EasysiteWeb/getresource.axd%3FassetID%3D51429%26type%3DFull%26servicetype%3DAttachment&amp;rct=j&amp;sa=U&amp;ei=8djAUPegCtSGhOeZ_YCIDQ&amp;ved=0CBUQFjAA&amp;q=Evaluation+of+ESF+and+ERDF+in+Cornwall+Ecotec&amp;usq=AFOjCNHyR</a>



Title and date of completion	Policy area and scope (*)	Main objectives and focus (*)	Method used (*)	Main findings	Full reference or link to publication
					<a href="#">qTlCQtomg5oqxZJPTl0f5gU Aw</a>
Yorkshire and Humber ERDF OP 2007-2013. Mid Term	9.	2.	3.1.	A review of progress in achieving key targets at the mid-term stage.	Yorkshire and Humber ERDF OP 2007-13: Mid-Term Impact Evaluation. Available from Regeneris Consulting. ( <a href="http://www.regeneris.co.uk">www.regeneris.co.uk</a> )
Interim and Post Project Evaluation of Crescent Capital Fund. Northern Ireland. 2009	2.	3.	3.1	The Fund had clearly met a need in the early stage market, both regarding the provision of funding and non-financial support.	FGS. McClure Watters. Northern Ireland.
EEDA. East of England ERDF. Competiveness Programme Interim Evaluation. 2010.	9.	2.	3.1.	Provides an overview of the general progress of the programme, whether it remains appropriate in changed economic circumstances and its achievements to-date.	Not yet published.
EMDA. East Midlands ERDF Competiveness Programme. 2007-13. Mid-Term.	9.	2.	3.1.	Provides an overview of the general progress of the programme, whether it remains appropriate in changed economic circumstances and its achievements to-date.	Not published yet.
West Midlands ERDF Interim Evaluation. 2011. Mid-Term.	9.	2.	3.1.	The report presents the findings of the Interim Programme Performance Evaluation which is the mid-term assessment of the first three years (to the end of May 2011) of delivering the ERDF Programme in the West Midlands. The evaluation has addressed questions around the Programme's continued relevance, the consistency of the OP, performance to date and recommendations for improving its future delivery in the context of a different operational environment.	<a href="http://www.google.co.uk/url?url=https://assets.digital.cabinet-office.gov.uk/government/uploads/system/uploads/attachment_data/file/11628/2064831.pdf&amp;rct=j&amp;sa=U&amp;ei=4iXGU06DAaWw0QWpi4GwDg&amp;ved=0CBUQFjAA&amp;q=West+Midlands+ERDF+Interim+Evaluation.+2011.+Mid-Term.&amp;usg=AFQjCNFbNqGs suJlYoUCb9V_-wC7EpTjcg">http://www.google.co.uk/url?url=https://assets.digital.cabinet-office.gov.uk/government/uploads/system/uploads/attachment_data/file/11628/2064831.pdf&amp;rct=j&amp;sa=U&amp;ei=4iXGU06DAaWw0QWpi4GwDg&amp;ved=0CBUQFjAA&amp;q=West+Midlands+ERDF+Interim+Evaluation.+2011.+Mid-Term.&amp;usg=AFQjCNFbNqGs suJlYoUCb9V_-wC7EpTjcg</a>
SEEDA Interim Evaluation.				Provides an overview of the general progress of the programme, whether it remains appropriate in changed economic circumstances and its achievements to-date.	Not published yet.

*Note: (\*) Legend:*

**Policy area and scope:** 1. RTDI; 2. Enterprise support and ICT; 3. Human Resources (ERDF only); 4. Transport; 5. Environment; 6. Energy; 7. Territorial development (urban areas, tourism, rural development, cultural heritage, health, public security, local development); 8. Capacity and institution building; 9. Multi-area (e.g. evaluations of programmes, mid-term evaluations); 10. Transversal aspects (e.g. gender or equal opportunities, sustainable development, employment)

**Main objective and focus:** 1. assess the arrangements and procedures for managing or administering programmes; 2. support monitoring, or check the progress made in implementing programmes, such as many mid-term evaluations; 3. assess the outcome or effects of programmes in terms of the results achieved and their contribution to attaining socio-economic policy objectives

**Method used:** 1. Counterfactual; 2. Cost-benefit analysis; 3. Other quantitative; 4. Qualitative.

## Annex 3 - Tables

See Excel file for Tables 1-4

Table 1 – Regional disparities and trends

Table 2 – Macro-economic developments

Table 3 - Financial allocation by main policy area

Table 3 cbc - Financial allocation by main policy area – Cross-Border Cooperation

Table 4 - Commitments by main policy area (by end-2012)

Table 4 cbc - Commitments by main policy area (by end-2012) – Cross-Border Cooperation

### Annex Table A - Financial allocation and commitments by main policy area – Convergence objective (end 2012)

Policy area	Allocation of ERDF and Cohesion Fund 2012		Commitments/ Allocation % (2012) See note
	EUR million	% of total Objective	
1. Enterprise environment	787.1	43.0	95.3
1.1 RTDI and linked activities	340.0	18.6	126.4
1.2 Support for innovation in SMEs	330.5	18.1	61.1
1.3 Other investment in firms	67.8	3.7	139.6
1.4 ICT and related services	48.8	2.7	74.2
2. Human resources	17.0	0.9	0.0
2.1 Education and training	7.0	0.4	0.0
2.2 Labour market policies	10.0	0.5	0.0
3. Transport	364.9	19.9	91.6
3.1 Road	113.8	6.2	205.3
3.2 Rail	86.9	4.7	79.0
3.3 Other	164.2	9.0	21.6
4. Environment and energy	243.9	13.3	73.6
4.1 Energy infrastructure	111.3	6.1	72.7
4.2 Environmental infrastructure	132.7	7.2	74.3
5. Territorial development	382.7	20.9	129.9
5.1 Tourism and culture	90.2	4.9	100.9
5.2 Planning and rehabilitation	189.6	10.4	98.4
5.3 Social infrastructure	102.9	5.6	209.3
5.4 Other			
6. Technical assistance	34.7	1.9	77.9
Total Objective	1830.3	100.0	97.3

*Note: There has been no change in the allocation between 2011 and 2012 (4/09/2013)*

*NB: Commitments in relation to allocation by main policy area (%) is calculated for programmes for which information is available from the 2012 AIRs in relation to the allocation to these programmes by end 2012 (situation as of December 2013).*

*Annex Table A1 - Financial allocation and commitments by main policy area – Competitiveness and employment objective (end 2012)*

Policy areas	Allocation of ERDF and Cohesion Fund 2012		Commitments/ Allocation % (2012) See note	Change Allocation 2011/12
	EUR million	% of total Objective		
1. Enterprise environment	2,353.2	66.1	80.1	-105.4
1.1 RTDI and linked activities	739.5	20.8	56.9	-66.5
1.2 Support for innovation in SMEs	1,025.0	28.8	75.1	-181.4
1.3 Other investment in firms	559.3	15.7	122.6	147.2
1.4 ICT and related services	29.4	0.8	32.4	-4.5
2. Human resources	135.8	3.8	95.9	-12.4
2.1 Education and Training	22.9	0.6	202.1	-6.4
2.2 Labour market policies	112.9	3.2	74.3	-6.0
3. Transport	27.9	0.8	103.2	11.9
3.1 Road	17.8	0.5	14.2	11.9
3.2 Rail				
3.3 Other	10.1	0.3	260.7	0.0
4. Environment and energy	473.9	13.3	63.5	-2.2
4.1 Energy infrastructure	247.2	6.9	58.3	45.3
4.2 Environmental infrastructure	226.7	6.4	69.2	-47.5
5. Territorial development	471.5	10.1	80.3	108.7
5.1 Tourism and culture	90.0	13.3	94.65	25.6
5.2 Planning and rehabilitation	241.1	6.8	86.4	-6.1
5.3 Social infrastructure	140.4	3.9	62.4	89.1
5.4 Other				
6. Technical assistance	99.4	2.8	55.8	-24.7
Total Objective	3,561.7	100.0	77.9	-24.0

*NB: Commitments in relation to allocation by main policy area (%) is calculated for programmes for which information is available from the 2012 AIRs in relation to the allocation to these programmes by end 2012 (situation as of December 2013).*

**Annex Table A2 - Financial allocation and commitments by main policy area-Cross-border cooperation (end 2012)**

	Allocation of EU Programme for Cross Border Territorial Cooperation (INTERREG IV) 2007-2013 - Northern Ireland, the Border Region of Ireland and the West Coast of Scotland		Commitment of EU Programme for Cross Border Territorial Cooperation (INTERREG IV) 2007-2013 - Northern Ireland, the Border Region of Ireland and the West Coast of Scotland		Commitments/Allocation
	EUR million	% of total Objective	EUR million	% of total Objective	%
1. Enterprise environment	53	27.6	29.5	18.3	55.7
1.1 RTDI and linked activities	23	12.0	4.7	2.9	20.6
1.2 Support for innovation in SMEs	30	15.6	24.8	15.3	82.6
1.3 Other investment in firms					
1.4 ICT and related services					
2. Human resources					
2.1 Education and training					
2.2 Labour market policies					
3. Transport	7.5	3.9	7.1	4.4	94.2
3.1 Road	7.5	3.9	7.1	4.4	94.2
3.2 Rail					
3.3 Other					
4. Environment and energy	22.5	11.7	32.6	20.2	144.8
4.1 Energy infrastructure	7.5	3.9	10.9	6.8	144.9
4.2 Environmental infrastructure	15	7.8	21.7	13.5	144.8
5. Territorial development	78.7	41.0	72.2	44.8	91.7
5.1 Tourism and culture	22.5	11.7	19.3	12.0	85.6
5.2 Planning and rehabilitation	7.5	3.9	8.6	5.3	114.4
5.3 Social infrastructure	48.7	25.4	44.4	27.5	91.1
5.4 Other					
6. Technical assistance	30.3	15.8	20.0	12.4	65.9
Total Objective	192.0	100.0	161.3	100.0	94.0

Note: NB: No change in allocation between 2011 and 2012.

NB Check the commitment by allocation ratio.

**Annex Table B - Certified eligible expenditure 2012 by region and priority. (end-2012)**

Certified eligible expenditure 2012			
Priority Code	Total funding of the OP (Union and national) (EUR million)	Priority as a proportion of Total Funding in Programme %	Implemen tation rate (%)
Highlands and Islands of Scotland ERDF Convergence Programme (161 001)			
Enhancing business competitiveness, commercialisation and innovation.	118.8	40.8	54.7
Enhancing key drivers of sustainable growth.	92.1	31.6	84.5
Enhancing peripheral and fragile communities.	73.1	25.1	38.0
Technical assistance	7.3	2.5	40.2
CCI Sub-total	291.3	100.0	59.6
West Wales and the Valleys ERDF Convergence Programme (161 002)			
Building the knowledge based economy.	558.6	25.7	29.8
Improving business competitiveness.	274.9	12.6	63.3
Delivering strategic infrastructure for a modern economy.	697.6	32.1	48.5
Creating an attractive business environment.	386.3	17.8	34.6
Building sustainable communities	238.2	10.9	46.8
Technical assistance.	20.1	0.9	38.3
CCI Sub-total	2,175.6	100.0	42.8
Cornwall and the Isles of Scilly Convergence Programme (P161 003)			
Innovation and research and development.	140.0	20.9	76.3
Enterprise and investment.	184.5	27.6	34.0
Transformational infrastructure.	157.5	23.5	53.3
Unlocking the economic potential of place.	163.4	24.4	34.6
Technical assistance.	24.0	3.6	24.7
CCI Sub-total	669.4	100.0	47.2
Lowlands and Uplands of Scotland ERDF Regional Competitiveness and Employment Programme (P162 001)			
Research and innovation.	247.0	27.1	49.6
Enterprise and growth.	305.5	33.6	55.1
Urban regeneration.	211.5	23.2	33.4
Rural development.	127.8	14.0	17.1
Technical assistance.	18.0	2.0	30.3
CCI Sub-total	909.8	100.0	42.7
South East England ERDF Regional Competitiveness and Employment Programme (P162 002)			
Promoting sustainable production and consumption	45.5	96.0	42.9
Technical assistance	1.9	4.0	27.6
CCI Sub-total	47.4	100.0	42.3
Northern Ireland ERDF Regional Competitiveness and Employment Programme (P162 003)			
Sustainable competitiveness and innovation.	320.0	52.1	34.2
Sustainable enterprise and entrepreneurship	210.0	34.2	35.8
Improving accessibility and protecting and enhancing the environment.	76.0	12.4	40.4
Technical assistance.	7.7	1.3	23.2
CCI Sub-total	613.7	100.0	35.4
East of England ERDF Regional Competitiveness and Employment Programme (P162 004)			
Promoting innovation and knowledge transfer with the intention of improving productivity.	93.2	33.9	25.9

Certified eligible expenditure 2012			
Priority Code	Total funding of the OP (Union and national) (EUR million)	Priority as a proportion of Total Funding in Programme %	Implemen tation rate (%)
Stimulating enterprise and supporting successful business by overcoming barriers to business creation and expansion.	81.6	29.6	70.00
Ensuring sustainable development, production and consumption.	91.6	33.3	34.7
Technical assistance.	8.9	3.2	39.4
CCI Sub-total	275.3	100.0	42.2
North East England ERDF Regional Competitiveness and Employment Programme (P162 005)			
Enhancing and exploiting innovation.	402.0	53.5	61.6
Business growth and enterprise.2	326.9	43.5	47.9
Technical assistance.3	22.5	3.0	23.1
CCI Sub-total	751.4	100.0	54.5
London England ERDF Regional Competitiveness and Employment Programme (P162 006)			
Business innovation and research promoting eco-efficiency1	100.0	26.1	41.7
Access to new markets and access to finance2	103.7	27.1	43.5
Sustainable places for business3	164.2	42.9	81.1
4technical support	14.6	3.8	18.4
CCI Sub-total	382.5	100.0	58.2
West Midlands England ERDF Regional Competitiveness and Employment Programme (P162 007)			
Promoting innovation and research and development	290.0	36.2	41.6
2Stimulating enterprise development.	284.3	35.5	57.4
Sustainable urban development.	199.6	25.0	21.3
Developing inter-regional activity	2.1	0.3	81.2
Technical support.	23.8	3.0	39.2
CCI Sub-total	799.8	100.0	42.2
North West England ERDF Regional Competitiveness and Employment Programme (P162 008)			
Stimulating enterprise and supporting growth in markets	409.8	27.1	53.2
Exploiting innovation and knowledge.	409.8	27.1	41.6
Creating the conditions for sustainable growth.	313.2	20.7	69.3
Growing and accessing employment.	318.3	21.1	57.8
Technical support.	60.5	4.0	15.8
CCI Sub-total	1,511.5	100.0	52.8
Yorkshire and Humberside England ERDF Regional Competitiveness and Employment Programme (P162 009)			
Promoting innovation and research and development.	197.1	16.9	51.8
Stimulating and supporting successful enterprise.	514.0	44.0	42.2
Sustainable communities.	228.6	19.6	51.0
Economic infrastructure for a competitive economy.	180.8	15.5	79.2
Technical support.	46.7	4.0	21.1
CCI Sub-total	1,167.2	100.0	50.4
East Midlands England ERDF Regional Competitiveness and Employment Programme (P162 010)			
Innovation and sustainable business practice.	288.6	53.7	54.2
Sustainable economic and enterprise activity.	226.9	42.3	33.9

Certified eligible expenditure 2012			
Priority Code	Total funding of the OP (Union and national) (EUR million)	Priority as a proportion of Total Funding in Programme %	Implemen tation rate (%)
Technical assistance.	21.5		18.8
CCI Sub-total	537.0	100.0	44.2
South West England ERDF Regional Competitiveness and Employment Programme (P162 011)			
Innovation and knowledge.	90.0	36.1	44.2
Enterprise and growth.	90.0	36.1	59.9
Urban enterprise.	60.0	24.1	19.2
Technical assistance.	9.3	3.7	27.0
CCI Sub-total	249.3	100.0	43.2
East Wales ERDF Regional Competitiveness and Employment Programme (P162 012)			
Knowledge and innovation for growth.	71.3	44.6	24.6
Business competitiveness and growth.	31.2	19.5	100.0
Tackling climate change.	31.2	19.5	27.7
Regeneration for growth.	23.6	14.8	46.4
Technical assistance.	2.6	1.6	20.8
CCI Sub-total	159.9	100.0	43.0
Gibraltar ERDF Competitiveness and Employment programme (P162 013)			
Sustainable Economic	11.1	95.7	68.5
Technical Assistance	0.5	0.4	85.9
CCI Sub-total	11.6	100.0	69.0
Cross Border Territorial Cooperation (INTERREG IV) 2007-2013 - Northern Ireland, the Border Region of Ireland and the West Coast of Scotland (P163 047)			
Co-operation for a more prosperous cross border region	67.2	26.2	29.1
Co-operation	176.8	69.1	44.7
Technical Assistance	12.1	4.7	50.1
CCI Sub-total	256.0	100.0	40.9



**Annex Table C - ERDF Programmes 2007-2013: Implementation and progress towards the 2011 N+2 expenditure target**

	Total ERDF allocation 2007-2013		Structural Funds N+2 expenditure target for 2012`	Amount contracted to end June 2010	Amount contracted to end June 2011	Amount contracted to end June 2012	Amount contracted to end June 2013	Amount paid to projects to end June 2010	Amount paid to projects to end June 2011	Amount paid to projects to end June 2012	Amount paid to projects to end June 2013
	EUR million (1)	% of total UK (2)		(% of total ERDF allocation in (1))	(% of total ERDF allocation in (1))	(% of total ERDF allocation in (1))	(% of total ERDF allocation in (1)) (7)	(% of total allocation in (1))	(% of total allocation in (1))	(% of total allocation in (1))	(% of total allocation in (1)) (11)
			EUR Million (3)	% (4)	% (5)	% (6)		% (8)	% (9)	% (10)	
England											
North West	755.8	14.0	484.3	55.9	67.3	73.6	84.4	30.3	39.9	50.9	56.7
Yorkshire & Humber	583.6	10.8	378.9	29.5	45.3	59.7	71.0	11.5	22.8	38.5	49.8
North East	375.7	6.9	218.0	42.5	62.4	70.5	78.9	20.0	35.2	50.9	57.6
East Midlands	268.5	5.0	155.8	30.7	49.7	58.0	68.1	10.0	26.3	37.3	45.9
West Midlands	399.9	7.4	232.0	27.0	43.1	62.8	74.9	9.4	22.7	31.6	41.9
East of England	111.0	2.0	64.4	17.3	47.4	74.6	90.3	7.1	12.0	35.5	52.8
London	181.9	3.4	105.5	51.2	72.5	74.8	88.9	29.5	43.2	57.2	62.5
South East	23.7	0.4	13.8	29.6	51.2	55.1	70.0	8.1	20.4	38.8	44.5
South West Comp	124.7	2.3	72.3	13.7	53.5	62.3	79.7	7.3	20.0	37.4	45.4
Cornwall & Isles of Scilly	458.1	8.5	265.7	13.8	68.3	79.8	85.8	12.0	27.5	43.6	49.5
Total England	3,282.7	60.6	1990.8	34.9	57.6	68.6	79.2	17.2	29.7	43.4	51.6
Wales											
West Wales and the Valleys	1,250.4	23.1	725.4	49.0	75.2	93.3	103.1	9.5	20.8	32.2	45.7
Rest of Wales	72.5	1.3	42.0	53.2	63.2	89.0	97.1	18.8	25.6	34.1	41.5
Total Wales	1,322.8	24.4	767.5	49.3	74.6	93.0	102.7	10.0	21.1	32.3	45.5
Scotland											
Highlands & Islands	121.9	2.3	89.9	46.0	71.8	88.8	92.7	9.4	28.0	47.6	63.2
Lowlands &	376.0	6.9	218.1	42.8	74.4	87.4	93.9	8.2	33.1	47.9	54.3

	Total ERDF allocation 2007-2013		Structural Funds N+2 expenditure target for 2012`	Amount contracted to end June 2010 (% of total ERDF allocation in (1))	Amount contracted to end June 2011 (% of total ERDF allocation in (1))	Amount contracted to end June 2012 (% of total ERDF allocation in (1))	Amount contracted to end June 2013 (% of total ERDF allocation in (1)) (7)	Amount paid to projects to end June 2010 (% of total allocation in (1))	Amount paid to projects to end June 2011 (% of total allocation in (1))	Amount paid to projects to end June 2012 (% of total allocation in (1))	Amount paid to projects to end June 2013 (% of total allocation in (1)) (11)
	EUR million (1)	% of total UK (2)	EUR Million (3)	% (4)	% (5)	% (6)		% (8)	% (9)	% (10)	
Uplands											
Total Scotland	497.8	9.2	308.0	43.6	73.8	87.7	93.6	8.5	31.8	47.8	56.5
Northern Ireland	306.8	5.7	178.0	28.8	45.3	54.1	73.2	11.6	17.2	33.3	44.4
Gibraltar	5.8	0.1	3.4	20.4	38.2	0.0	64.2	13.9	24.2	0.0	46.0
Total UK	5,416.0	100	3247.7	40.4	62.5	75.3	85.8	15.0	27.1	40.5	50.1

*Note: The euro value of the programme and its N+2 target (less the 7.5% advance) converted into sterling using the latest £/euro exchange rate. Source: BIS, HM Government.*

**Annex Table D - Job Creation, Targets, Achievements - Approved and Defrayed ERDF Expenditure for ERDF Cohesion policy in England 2007-13**

	Target	% of target	Achieved to date	Achieved as % of target	Project based estimate of likely future achievements	Project estimate as % of original target	Achieved to date + Project based estimate of likely future achievements	Achieved to date + Project based estimate of likely future achievements / Target (%)	Approved project investment (i.e. total committed EUR million)	Approved project investment as % Total	Defrayed to date % total committed
<i>RTDI and linked activities</i>	11,490	7.4	2,660	23.2	5,650	49.2	8,310	72.3	258	11.8	64.5
Strengthening the R&D Base	4,030	2.6	760	18.9	1,320	32.8	2,080	51.6	132	6.0	69.7
Sector Development	7,460	4.8	1,900	25.5	4,330	58.0	6,230	83.5	126	5.8	59.5
<i>Enterprise Support inc. ICT</i>	128,840	83.1	51,180	39.7	38,180	29.6	89,360	69.4	1,518	69.4	64.0
Sites and Premises	7,840	5.1	680	8.7	5,310	67.7	5,990	76.4	485	22.2	62.9
Access to Finance	31,900	20.6	6,210	19.5	8,770	27.5	14,980	47.0	302	13.8	89.4
SME Competitiveness	27,520	17.8	11,860	43.1	8,770	31.9	20,630	75.0	225	10.3	56.4
Infrastructure	4,410	2.8	20	0.5	4,230	95.9	4,250	96.4	188	8.6	55.6
SME Innovation	6,910	4.5	2,300	33.3	3,680	53.3	5,980	86.5	156	7.1	56.4
Enterprise Formation and Entrepreneurship	48,940	31.6	29,270	59.8	7,250	14.8	36,520	74.6	149	6.8	51.0
Social Enterprise	1,320	0.9	840	63.6	170	12.9	1,010	76.5	13	0.6	33.3
<i>Human Resources</i>	2,550	1.6	660	25.9	190	7.5	850	33.3	15	0.7	60.0
Access to Employment	2,550	1.6	660	25.9	190	7.5	850	33.3	15	0.7	60.0
<i>Environment</i>	1,560	1.0	30	1.9	50	3.2	80	5.1	64	2.9	59.4
Public Realm	1,560	1.0	30	1.9	50	3.2	80	5.1	64	2.9	59.4
<i>Energy</i>	6,470	4.2	2,950	45.6	2,880	44.5	5,830	90.1	181	8.3	48.6
Resource Efficiency	4,200	2.7	2,210	52.6	2,530	60.2	4,740	112.9	116	5.3	54.3
Low Carbon Sector Development	2,270	1.5	740	32.6	350	15.4	1,090	48.0	65	3.0	38.5
<i>Territorial development</i>	1,360	0.8	164	12.1	780	57.4	980	72.1	57	2.6	68.4
Tourism	1,310	0.8	160	12.2	770	58.8	930	71.0	54	2.5	70.4

	Target	% of target	Achieved to date	Achieved as % of target	Project based estimate of likely future achievements	Project estimate as % of original target	Achieved to date + Project based estimate of likely future achievements	Achieved to date + Project based estimate of likely future achievements / Target (%)	Approved project investment (i.e. total committed EUR million)	Approved project investment as % Total	Defrayed to date % total committed
Community	50	-	40	80.0	10	20.0	50	100.0	3	0.1	33.3
Other									9	4.1	54.7
<i>Grand Total</i>	<i>155,010</i>	<i>100.0</i>	<i>58,020</i>	<i>37.4</i>	<i>47,920</i>	<i>30.9</i>	<i>105,940</i>	<i>68.3</i>	<i>2,186</i>	<i>100.0</i>	<i>61.5</i>

Source: Derived from MCIS DCLG as part of the ERDF Analytical Programme Review.

**Annex Table E - Job Creation Achieved and Estimated - Approved and Defrayed ERDF Expenditure: Cost per Job Estimates by Policy Area for ERDF Expenditure in England 2007-13**

	Achieved to date	Project based estimate of likely future achievements	Achieved to date + Project based estimate of likely future achievements	Approved project investment (i.e. total committed EUR million)	Defrayed to date (EUR million)	Cost per job (EUR thousands)	Cost per job (EUR thousands)
	(1)	(2)	(3)	(4)	(5)	(4/3)	<i>if original target achieved</i>
RTDI and linked activities	2,660	5,650	8,310	259	167	31.2	22.5
Strengthening the R&D Base	760	1,320	2,080	132	92	63.5	32.8
Sector Development	1,900	4,330	6,230	126	75	20.2	16.9
Enterprise Support incl. ICT	51,180	38,180	89,360	1,518	972	17.0	11.8
Sites and Premises	680	5,310	5,990	485	305	81.0	61.9
Access to Finance	6,210	8,770	14,980	302	270	20.2	9.5
SME Competitiveness	11,860	8,770	20,630	225	127	10.9	8.2
Infrastructure	20	4,230	4,250	188	97	44.2	25.2
SME Innovation	2,300	3,680	5,980	156	88	26.1	22.6
Enterprise Formation and Entrepreneurship	29,270	7,250	36,520	149	76	4.1	3.0
Social Enterprise	840	170	1,010	13	9	12.9	9.9
Human Resources	660	190	850	15	9	17.7	5.9
Access to Employment	660	190	850	15	9	17.7	5.9
Environment	30	50	80	64	38	0.8	41.0
Public Realm	30	50	80	64	38	-	-
Energy	2,950	2,880	5,830	181	88	31.1	28.0
Resource Efficiency	2,210	2,530	4,740	116	63	24.5	27.6
Low Carbon Sector Development	740	350	1,090	65	25	59.6	28.6
Territorial development	200	780	980	57	39	58.2	41.9
Tourism	160	770	930	54	38	58.1	41.2
Community	40	10	50	3	1	60.0	60.0
Other				95	30		
Grand Total	58,020	47,920	105,940	2,186	1,344	20.6	14.1

Source: Derived from MCIS DCLG as part of the ERDF Analytical Programme Review.

**Annex Table F - Broad policy areas and correspondence with fields of intervention (FOI)**

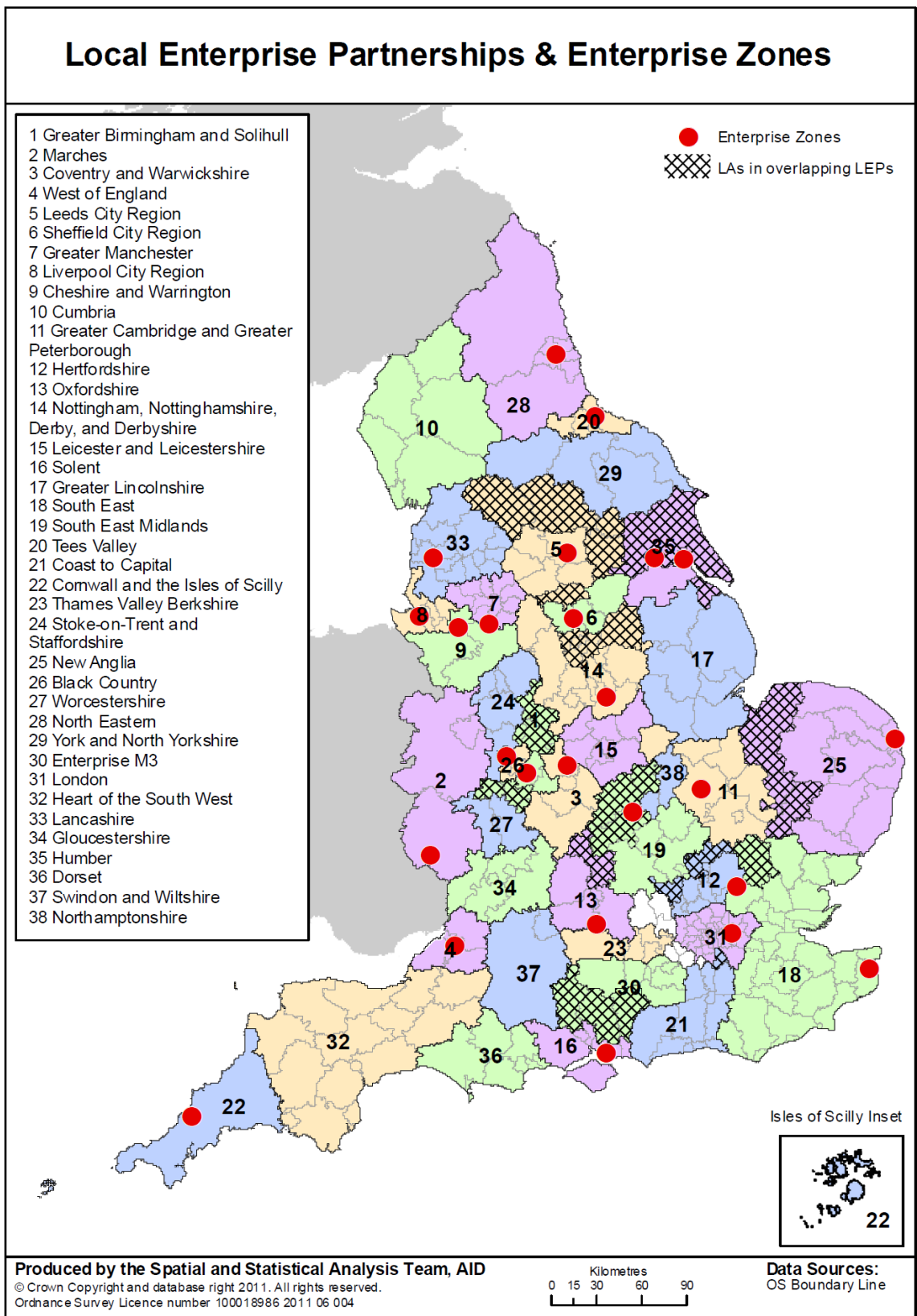
Policy area		Code	Priority themes
1. Enterprise environment	RTDI and linked activities	01	R&TD activities in research centres
		02	R&TD infrastructure and centres of competence in a specific technology
		05	Advanced support services for firms and groups of firms
		07	Investment in firms directly linked to research and innovation (...)
		74	Developing human potential in the field of research and innovation, in particular through post-graduate studies ...
	Innovation support for SMEs	03	Technology transfer and improvement of cooperation networks ...
		04	Assistance to R&TD, particularly in SMEs (including access to R&TD services in research centres)
		06	Assistance to SMEs for the promotion of environmentally-friendly products and production processes (...)
		09	Other measures to stimulate research and innovation and entrepreneurship in SMEs
		14	Services and applications for SMEs (e-commerce, education and training, networking, etc.)
		15	Other measures for improving access to and efficient use of ICT by SMEs
	ICT and related services	11	Information and communication technologies (...)
		12	Information and communication technologies (TEN-ICT)
		13	Services and applications for citizens (e-health, e-government, e-learning, e-inclusion, etc.)
	Other investment in firms	08	Other investment in firms
	2. Human resources	Education and training	62
63			Design and dissemination of innovative and more productive ways of organising work
64			Development of special services for employment, training and support in connection with restructuring of sectors ...
72			Design, introduction and implementing of reforms in education and training systems ...
73			Measures to increase participation in education and training throughout the life-cycle ...
Labour market policies		65	Modernisation and strengthening labour market institutions
		66	Implementing active and preventive measures on the labour market
		67	Measures encouraging active ageing and prolonging working lives
		68	Support for self-employment and business start-up
		69	Measures to improve access to employment and increase sustainable participation and progress of women ...
		70	Specific action to increase migrants' participation in employment ...
		71	Pathways to integration and re-entry into employment for disadvantaged people ...

Policy area		Code	Priority themes
		80	Promoting the partnerships, pacts and initiatives through the networking of relevant stakeholders
3. Transport	Rail	16	Railways
		17	Railways (TEN-T)
		18	Mobile rail assets
		19	Mobile rail assets (TEN-T)
	Road	20	Motorways
		21	Motorways (TEN-T)
		22	National roads
		23	Regional/local roads
	Other transport	24	Cycle tracks
		25	Urban transport
		26	Multimodal transport
		27	Multimodal transport (TEN-T)
		28	Intelligent transport systems
		29	Airports
		30	Ports
31		Inland waterways (regional and local)	
32		Inland waterways (TEN-T)	
4. Environment and energy	Energy infrastructure	33	Electricity
		34	Electricity (TEN-E)
		35	Natural gas
		36	Natural gas (TEN-E)
		37	Petroleum products
		38	Petroleum products (TEN-E)
		39	Renewable energy: wind
		40	Renewable energy: solar
		41	Renewable energy: biomass
		42	Renewable energy: hydroelectric, geothermal and other
		43	Energy efficiency, co-generation, energy management
	Environment and risk prevention	44	Management of household and industrial waste
		45	Management and distribution of water (drink water)
		46	Water treatment (waste water)
		47	Air quality
		48	Integrated prevention and pollution control
		49	Mitigation and adaption to climate change
		50	Rehabilitation of industrial sites and contaminated land
		51	Promotion of biodiversity and nature protection (including Natura 2000)
		52	Promotion of clean urban transport
53	Risk prevention (...)		
54	Other measures to preserve the environment and prevent risks		
5. Territorial development	Social Infrastructure	10	Telephone infrastructure (including broadband networks)
		75	Education infrastructure
		76	Health infrastructure
		77	Childcare infrastructure

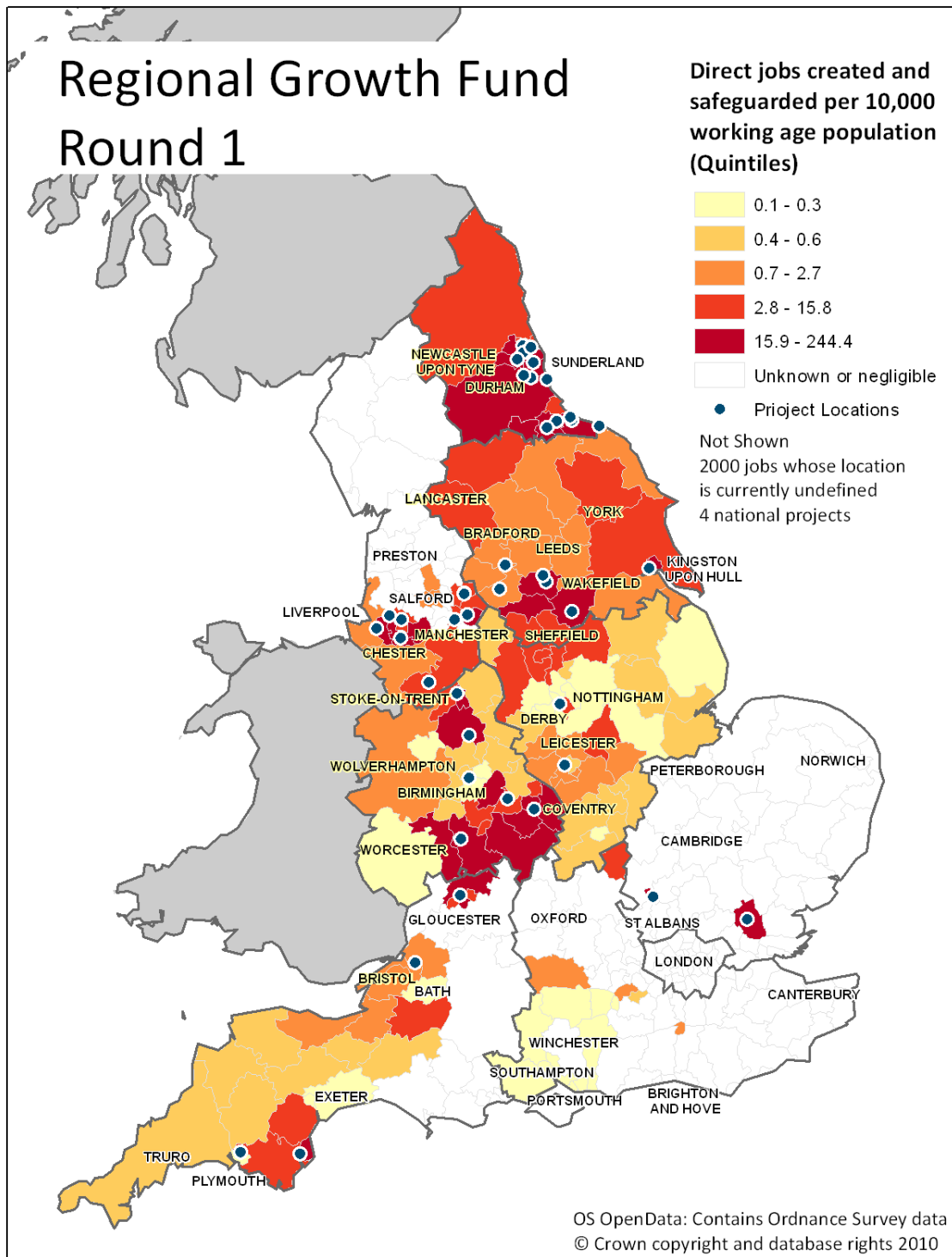
Policy area		Code	Priority themes
		78	Housing infrastructure
		79	Other social infrastructure
	Tourism and culture	55	Promotion of natural assets
		56	Protection and development of natural heritage
		57	Other assistance to improve tourist services
		58	Protection and preservation of the cultural heritage
		59	Development of cultural infrastructure
		60	Other assistance to improve cultural services
	Planning and rehabilitation	61	Integrated projects for urban and rural regeneration
	Other	82	Compensation of any additional costs due to accessibility deficit and territorial fragmentation
		83	Specific action addressed to compensate additional costs due to size market factors
6. Technical assistance		84	Support to compensate additional costs due to climate conditions and relief difficulties
		81	Mechanisms for improving good policy and programme design, monitoring and evaluation ...
		85	Preparation, implementation, monitoring and inspection
		86	Evaluation and studies; information and communication



**Annex Figure A – Local Enterprise Partnerships and Enterprise Zones**



Annex Figure B1 – Regional Growth Fund (Round 1)<sup>22</sup>



<sup>22</sup> The jobs are estimates over likely impact of up to a seven year period. Likely contribution from ERDF is quite small. No evidence at present time.

Annex Figure B2 – Regional Growth Fund (Round 2)

