

EC STRUCTURAL FUND PROGRAMMES IN ENGLAND: ACTION PLANS FOR EUROPEAN REGIONAL DEVELOPMENT FUND AND EUROPEAN SOCIAL FUND.

GUIDANCE NOTE NO. 1

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FURTHER GUIDANCE

Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2)

Structural Fund Handbook - to be produced September 1997 (available on request from Government Offices)

EC STRUCTURAL FUND PROGRAMMES IN ENGLAND: ACTION PLANS FOR EUROPEAN REGIONAL DEVELOPMENT FUND AND EUROPEAN SOCIAL FUND

Introduction

1. Arrangements are being introduced which will improve the way financial support for regeneration in England is provided from the European Regional Development Fund (ERDF) and the European Social Fund (ESF) through the introduction of an Action Plan approach. The objective is to secure high quality and integrated regeneration and economic development programmes which meet local needs. This guidance is intended to help those who wish to apply for support from these Funds using Action Plans.

2. The new arrangements can apply in:-

- areas covered by the new Objective 2 Single Programmes (listed at Annex A) which are effective for the period from January 1997 until December 1999; and
- areas covered by the Objective 1 and 5(b) Single Programmes (listed at Annex A).

The new approach

3. Under the new arrangements: -

- Programme Monitoring Committees are actively encouraged to take forward all or part of their programmes through formal Action Plans. Handling applications for ERDF/ESF funding through Action Plans, drawn up by partnerships, will allow a more strategic approach to the delivery of Structural Fund programmes; secure greater partnership working at regional and local level; and maximise coordination between ERDF and ESF activity and with domestic regeneration and economic development programmes.
- Assessment of Action Plans will be undertaken by Programme Secretariats against the criteria set out in this Guidance, in full consultation with PMCs.
- Programme Monitoring Committees (PMCs) will decide on the implementation approach to be taken in their Single Programme area, taking into account local circumstances. This may mean that PMCs decide certain elements within the SPD are more appropriate for Action Plans than others, or they may decide to run the majority of the SPD via Action Plans. In any case, in order to take account of the annuality of ESF and to minimise as far as possible any delays to the approval of projects to run in 1997, PMCs will also decide whether or not to include ESF in Action Plans at all for this year.

- Financial delegations will be introduced for partnerships for the appraisal and approval of individual projects within agreed Action Plans together with responsibility for achieving the Plan's intended outputs. Partnerships will, as a result, be expected to have in place effective project appraisal and financial management systems to meet existing EC Structural Fund requirements and to ensure that European Community and public money is well spent.
 - It will remain open for individual projects to be submitted to the Government Office separately from Action Plans and be considered on their merits. Some programmes already operate informal action plans. These can, if appropriate, continue, but the individual project applications within those plans will need to be appraised by the secretariat as at present. Delegation of decision making and accountability to the partnerships can only accompany approval of formal Action Plans drawn up on the basis of this Guidance Note.
 - From 1 April 1997 all ERDF payments, with the exception of DTI's co-financed measures, will be accounted for by DETR and recorded against a single DETR vote. This will enable Government Offices (GOs) to issue action plan approval letters on behalf of DETR and to process claims, removing the need to transfer documents and funds between GOs and departments and will speed up the payments process.
 - The precise timetabling and handling arrangements will be discussed and agreed with PMCs separately for each Single Programming Document (SPD) area.
4. The following paragraphs explain the Action Plan arrangements in more detail. A glossary of key terms used throughout this guidance is at Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2).

What activity can be supported?

5. In broad terms, ERDF provides support for activity which creates jobs through, eg. investment in infrastructure, businesses, environmental, tourism and community economic development; and ESF provides grants for training and employment measures. The agreed SPDs for each Objective 1, 2 and 5b area set out the priorities and specific measures to be addressed. Partnerships will generally already be aware of the SPD, but those wishing to submit Action Plans should fully acquaint themselves with the content of the relevant SPD, and existing published information on ERDF and ESF, seeking guidance from the Programme Secretariats listed at Annex B.

Who can apply?

6. As with domestic regeneration programmes, which often provide a source of matching funding for ERDF/ESF activities, Action Plan proposals will need to be supported by partnerships representing all those with a key interest. Precisely how partnerships are made

up will reflect the content of the Action Plan proposal and the characteristics of the area or groups at which it is aimed. Local authorities, TECs, publicly sponsored bodies (such as English Partnerships), higher and further education interests, environmental bodies, the private sector, voluntary and community organisations and others are expected to be involved. The Programme Secretariats will look to ensure that there are genuine partnerships with the active involvement of the relevant players and interests. Partnerships will be local and/or thematic but will not include Government Department representatives (except that part of the Government Office which is an ESF applicant) or the European Commission.

7. One of the partners will be expected to take the lead in preparing and submitting the Action Plan. Whoever does so must demonstrate that all key partners are fully involved and that there is a shared view of the Action Plan's priorities and importance. Action Plans will need to be delivered by the partnership responsible for submitting it. The partnership should, therefore, be committed to, and capable of, delivering the planned outputs set out in their Action Plan if it is approved. All partners should have an effective say in the allocation of resources; and the partnership will need to ensure that arrangements are put in place to provide for proper accountability in a way that secures value for money and the propriety and regularity of all payments from European and public funds. Further details on the role of accountable bodies and management systems can be found in Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2).

8. Departments can only enter into a funding agreement with a legal entity capable of meeting the liabilities that flow from the conditions of grant. This Accountable Body can be the partnership itself if it has legal personality or one of the members of the partnership acting on behalf of the rest. Normally, the partner leading the Action Plan will become the Accountable Body: but it will be for the Partnership to decide how to meet this requirement.

What is the procedure for submitting Action Plans?

9. The PMC will be responsible for determining the basis on which Action Plans are submitted by partnerships including, for example, giving any guidance necessary on the type and number of Action Plans that might be desirable to ensure that the SPD is delivered in their area. Programme Secretariats will be generally available to help introduce the new arrangements. Partnerships should therefore contact their Programme Secretariat as early as possible to discuss their proposals informally. Secretariats will advise on the extent to which Action Plan proposals appear to meet the priorities, measures and eligibility requirements of the SPD and merit working up into a full Action Plan. (Guidance on project eligibility requirements is available in guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2)). Partnerships should note that information and advice given to them by Programme Secretariats before the submission of Action Plans is without prejudice to final decisions.

10. Programme Secretariats will also advise prospective partnerships on the timing for submitting Action Plans under each Single Programme, following consultation with the PMC

and taking account of the need to secure consistency in the appraisal of Action Plans; and of securing effective and efficient management and delivery of the Single Programme and the associated financial requirements agreed with the European Commission.

11. The precise time-table for considering Action Plan proposals will be published by Programme Secretariats after consultation with the PMCs. In general, however, the aim will be for decisions to be taken within 3 months from the receipt of Action Plans. It should be noted that Regional Challenge falls outside of these arrangements, but PMCs will need to manage the two processes with a view to synergy and bearing in mind that they will be bidding against the same resources.

Format and content of Action Plan proposals:

12. Action Plan proposals will need to be presented in a standard format. They can be drawn up to target small geographical areas to provide focussed support for areas in need; or to cover larger geographical areas; or to target a specific theme such as business support or tourism. They can combine both geographical and thematic objectives. The primary aim is for partnerships to produce high quality and fully integrated Action Plans which meet their needs. Action Plan proposals will therefore need to set out:-

- * the composition of the partnership which has drawn up the Plan;
- * the context of the proposals ie. how they fit within the SPD and any strategy(ies) drawn up under it; and the links with any strategies funded through domestic programmes and European sources;
- * the purpose of the proposals;
- * the target area and/or population;
- * the intended outputs by Fund and Measure;
- * the target dates for their achievement;
- * key projects, highlighting those which will require early appraisal and approval by the Programme Secretariats (see paragraph 21);
- * the financial support required by Fund, by Measure and by year;
- * the expected sources of matching funding over the lifetime of the Plan. However it is not a requirement for the ERDF related elements of the Plan to have obtained formal undertakings for all other sources of funding before a Plan can be approved.
- * how private sector investment will be maximised;

- * an environmental strategy which sets out the impact the proposals will have on the environment;
- * how the proposals will secure equality of opportunity;
- * the partnership's intended administrative arrangements to secure delivery of the Action Plan;
- * the partnership's intended financial management arrangements to ensure that regularity, propriety and value for money are achieved; and
- * the arrangements for monitoring delivery of the Action Plan
- * an exit strategy.

13. Annex C explains the format and content of Action Plan proposals in more detail.

How will Action Plan proposals be assessed?

14. Action Plan proposals will be assessed by Programme Secretariats against the criteria set out in Annex D, taking into account any other strategies and criteria developed to meet the agreed SPD. PMCs may issue further guidance tailored to SPD needs. The Secretariats will then make recommendations to the PMCs or a single body established to support it. The PMCs will consider proposed Action Plans individually and collectively to maximise value for money and achievement of the SPD aims and objectives. It will also be responsible for ensuring that, in approving Structural Fund support, the SPD is delivered across the whole of the programme area over the lifetime of the programme. Further guidance on the role of the PMC can be found in Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2).

15. It is important to note that, because resources are limited, even if an Action Plan meets the necessary criteria, there is no guarantee that it will automatically get all the resources sought (see also paragraph 28).

What happens if an Action Plan is approved?

16. Successful proposals will receive an approval letter from the Programme Secretariat. This will be sent to the Accountable Body (see paragraph 8). The approval letter will set out the total amount of Structural Fund support which, subject to terms and conditions, will be made available to implement the Action Plan outputs, by Fund, by Measure and by year. It will be a condition of approval that effective management systems should be in place by the time the Action Plan is implemented (see Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2)). An example of an Action Plan

approval letter is also contained in the Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2).

17. For ESF, the accounting system required by the European Commission means that an approval letter for each Measure will need to be issued to the Accountable Body following receipt of the necessary Measure form completed by the partnership. One form has to be completed for each Measure, summarising activity and outputs to be delivered in the Measure and this will “kick off” the process to pay the ESF first advance for each Measure to the partnership. Completed Measure forms should be sent to the Programme Secretariat who will check that all proposed activity is eligible and pass to the DfEE ESF Unit.

18. Approval of the Action Plan will not imply approval of the individual projects intended to be taken forward within the Plan; and it will be a condition of approval that full appraisal of each project to be supported by the Structural Funds must be undertaken before any expenditure is incurred from any source. Partnerships will therefore be responsible for securing the delivery of the outputs set out in the Action Plans; for appraising projects below the delegated limits; and, within the delegated limits set out in paragraph 21, for approving them.

19. Appraisal of individual projects will need to be undertaken by the partnerships using the project selection criteria determined by the PMCs and a project appraisal checklist. The same selection criteria will be used by Programme Secretariats in appraising other projects, whether arising from Action Plans or as direct applications to the programme. This will ensure equality and transparency of appraisal. The appraisal should be commensurate with the scale and complexity of the project. Further detailed guidance on project application and project appraisal can be found in Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2).

20. The level of ERDF financial delegations to partnerships within which they will have responsibility for the appraisal and approval of individual projects within Action Plans will initially be:-

- £100,000 grant for revenue activities under ERDF; and
- £250,000 grant for ERDF capital projects.

These delegation levels will be kept under review and may be subject to satisfactory performance and audit. Projects must not be artificially split in order to meet delegation levels. All projects involving ERDF grant above the delegation levels will need to be submitted to the Programme Secretariat for appraisal and approval. Please note that Partnerships must notify the Programme Secretariat of all rail, ports and airports ERDF applications even if they are below the Action Plan delegation level.

21. For ESF, partnerships will be responsible for the appraisal and approval of all individual projects within approved Action Plans, irrespective of size of grant sought.

22. Apart from projects above the delegation levels in paragraph 21, those projects which are novel (eg where there is no clear permission for that type of activity in the agreed Priorities and Measures set out in the Single Programming Document) or contentious (eg which may be opposed locally, or contravene Government policies) or in respect of which eligibility for Structural Fund support is in doubt will need to be referred for approval by the partnership to the Programme Secretariat.

23. In implementing Action Plans, partnerships will need to agree any significant changes, affecting planned outputs, funding and the partnership itself, in advance with the Secretariat. "Significant changes" are defined in Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2). It is important to note that it is not possible to switch between ERDF/ESF or between measures.

Payment arrangements

24. The Accountable Body will be responsible for submitting claims to the Programme Secretariat for expenditure defrayed on projects within their Action Plan. Claims will need to be aggregated to Measure level with individual project expenditure identified within each Measure. Payment of grant is dependent on compliance with grant conditions and satisfactory progress in achieving the results in the approved Action Plan. If grant conditions are not complied with or satisfactory progress is not made, the grant may be suspended, reduced or withheld. The Accountable Body must take responsibility for the receipt and use of Structural Funds including putting in place good quality project appraisal and financial management systems. The Accountable Body will be responsible for providing cumulative information about Measure level commitments and payments so that the Department can draw down further advances from the European Commission. Where the Accountable Body is a local authority or local authority regulated company to which the set-aside requirements of section 63(4) of the Local Government and Housing Act 1989 applies, arrangements will be made for ERDF payments made in respect of capital expenditure to be supported by Supplementary Credit Approvals (SCAs).

25. ESF is funded on an annual basis and the arrangements for payments are significantly different from those of ERDF. Before any payment can be made, the Accountable Body must provide one or more completed Public Match Funding Certificates (PMFC) for each approved Measure to confirm that the necessary match funding is in place. As soon as the Measure has been approved (or when the first project in the Measure has started if later) and the PMFC provided, Accountable Bodies will be able to claim the first advance of 50% of the amount approved for each Measure for the calendar year in question. A second advance claim for 30% of the support can be made as soon as half of the first payment has been spent. The final claim is made in arrears based on the actual cost of the activity in the Measure for the year. The balance is paid to the Accountable Body as representative of the Partnership when the DfEE ESF Unit has received payment of the Programme final claim from the European Commission and is satisfied that the applicant's claim is correct.

Monitoring

26. Once an Action Plan is underway partnerships will be responsible for ensuring its successful delivery. Regular monitoring of operations will therefore play a key role in ensuring Action Plans deliver their aims and objectives. Partnerships will be responsible for:-

- monitoring the progress of all projects approved under the Action Plan in order to ensure the outputs as set out in the approval letter are achieved; and
- reporting progress to Programme Secretariats, by Fund and Measure, to demonstrate that their Action Plans are delivering the benefits intended. These progress reports will feed into the Programme Secretariats periodic reports to PMCs and also to SPD Annual Reports which the Government is required to send to the European Commission, and also to the subsequent Programme evaluations.

27. Programme Secretariats will be responsible for monitoring the progress of Action Plans towards SPD objectives and for reporting to PMCs and the Commission as outlined above. Monitoring by Programme Secretariats of Action Plans will be based on the information included in the approved Action Plan and regular progress reports from Partnerships accompanying claims for grant. As part of this process Programme Secretariats will monitor a random sample of ERDF and ESF projects and project appraisals in order to ensure output monitoring systems are in place. Further guidance on monitoring can be found in Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2).

How much will be available to support Action Plan proposals?

28. The amount of ERDF and ESF available for Action Plans will depend on the resources available in each Objective 1 and 2 Single Programme. Programme Secretariats, on the advice of PMCs, will decide on the amount of ERDF/ESF resources to be made available in each Action Plan application round. In doing so, they will take into consideration support required for activities which fall outside the Action Plan process and also, any reserve which they may wish to hold back in the interests of flexibility eg. variations to plans. It will be the PMC's responsibility to ensure the delivery of the Financial Tables in the SPD and this will inform decisions on allocations. Further information concerning the role of the PMC can be found in Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2).

What about other funding?

29. Working in partnership with other sources of funding and support is a prerequisite of the EC Structural Funds, particularly as the Funds can only part-finance eligible project costs. Action Plans should therefore be as clear and realistic as possible about the nature and extent of the commitment of funding and support from other sources. They should state if a

partner's commitment is in the form of a simple endorsement or firmly agreed. The more confirmation which can be provided to Programme Secretariats about such financial commitments, the less they will need to double-check with partnerships and other funders the status of commitments. Once the Action Plan has been approved it will be the responsibility of the Accountable Body to ensure that match-funding for individual projects has been agreed.

30. So far as public funding is concerned, partnerships should make clear the proposed sources of public funding and whether they are the subject of current or future Action Plans. Sources of such public funding may include grant regimes operated by the Government, such as the Single Regeneration Budget (SRB) or the Local Competitiveness Challenge Fund, or support from publicly sponsored organisations such as English Partnerships, Regional Tourist Boards etc.

31. Partnerships must not assume the commitment or involvement of a publicly sponsored organisation without the clear agreement of the organisation concerned. In submitting Action Plans, partnerships must provide confirmation of the status of any commitment in the Action Plan by a sponsored body. This must be in the form of a declaration signed by a senior representative of the body concerned eg. the English Partnerships' Regional Director. The extent of commitment of these bodies will be taken into account in the assessment of Action Plans.

32. Partners should note that approval of their Action Plan for Structural Funds support does not carry with it approval of bids for other public funding associated with their Action Plan, nor consents, required under statutory provisions. They should ensure that the Action Plan will satisfy the normal criteria for such consents which will need to be sought as usual at the appropriate time; and should have responsibility for ensuring that these consents are sought.

Private sector investment

33. Action Plans should maximise investment and non-financial support from the private sector. In particular, they should demonstrate the support of local businesses, including Small and Medium-sized enterprises. As with support from public agencies, partners must make clear the nature and extent of private sector commitment of their Action Plan.

Technical Assistance support for Action Plan running costs

34. The Commission has agreed that Technical Assistance could, in principle, be available for partnerships where it is clear that they are taking on an additional role which added to the quality and effectiveness of implementation. The Department hopes to issue additional guidance on the use of technical assistance following further discussions with the Commission.

35. Each Action Plan will need to identify separately the level of Technical Assistance support required and provide full justification for it. The minimum grant necessary will be made available, in accordance with normal SPD requirements. Partnerships will therefore need to identify the additional tasks which they will need to perform if their Action Plan is approved. The maximum grant rate available will be 50%, in line with the SPD financial table, with the partnership providing the necessary matching funding.

36. The Chairman of the PMC will consider each application in light of the PMC views and make a formal individual application to the Commission for each Action Plan for which it is considered Technical Assistance support is necessary.

37. The PMC will need to decide the overall level of Technical Assistance to be allocated to the administration process from their SPD and the methodology for apportioning that allocation between Action Plans. It is likely that they (or a group appointed by them) will want to make a qualitative assessment of the complexity of delivery of each Action Plan's proposals when determining the level of individual support.

38. The level of Technical Assistance allocated for Action Plan administration should be kept under review, with due consideration to the other demands made upon the TA budget line such as evaluation and publicity. It is recommended that additional resources are not moved into the TA budget line until the pressures upon it are evident. The best time to assess this would be mid-programme, when the SPD overall strategies will need to be revisited and any need for virement can be identified as part of a revised overall strategy.

39. Support to cover the administration of individual projects within Action Plans remains available, where it can be justified, from the appropriate measure.

DETR
SEPTEMBER 1997

OBJECTIVE 1, 2 AND 5(b) STRUCTURAL FUNDS PROGRAMMES IN ENGLAND

Objective 1

Merseyside

Objective 2

West Midlands

Greater Manchester, Lancashire, Cheshire

Yorkshire and the Humber

North East England

East Midlands

East London and the Lee Valley

Plymouth

West Cumbria and Furness

Thanet

Objective 5b

South West England

Northern Uplands

East Anglia

Lincolnshire

English Marches

Midlands Uplands

ANNEX B

PROGRAMME SECRETARIATS

Merseyside Objective 1

Katherine Himsworth

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North East England Objective 2

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ANNEX C

FORM AND CONTENT OF ACTION PLANS:

A. INTRODUCTION:

1. The Introductory Statement should describe the purpose of the Action Plan. It should state clearly what the Action Plan is intended to do; why and how it will make a difference to its target area and/or population; and why the changes it aims to bring to the programme area are desirable. It should briefly state how the Action Plan relates to the relevant strategic objectives, Priorities and Measures of the SPD it addresses. (See also Section B).

2. The introduction should state which organisation is taking the lead in submitting the Action Plan and who are the partners. All the partners should sign the Introductory Statement to show that they are committed to the Action Plan and to implementing it subsequently. The introduction should explain the arrangements to be established to ensure continued consultation and involvement of the local community in the management, further development and implementation of the Action Plan.

B. STRATEGIC OBJECTIVES:

3. The introduction to this section should expand on the strategic objectives of the Action Plan, describing how they link to the relevant Priorities and Measures within the SPD, how they relate to any strategies derived from the SPD to address particular priorities; and the links with any regeneration strategy funded from domestic programmes or other regional/sub-regional strategies. The Action Plan must also link into the environmental strategy and objectives outlined in the SPD, identifying any possible costs and benefits to the environment of the Action Plan, and having regard to the principle of sustainable development (see further guidance on sustainable development in Annex E).

4. The partnership must link the strategic objectives of the Action Plan to key elements or activities within the Action Plan. This should include setting out baseline (starting point) information related to the baselines of the relevant SPD Measures; and projected outcomes (ie how the partnership intends to show improvement from the baselines to the end of the period of the scheme. If the baseline information is considered incomplete and/or out of date the Action Plan should include proposals as part of the Action Plan for improving the information. This information should be presented in tabular form as shown in the illustrative example at Schedule A.

5. The purpose of requiring a partnership to describe progress against baselines is to go beyond counting outputs and to identify intended changes in local circumstances brought about by the proposals in the Action Plans (ie outcomes). It may not always be possible to identify improvements directly attributable to the scheme. For example, it will not always be possible to isolate the impact of partnership actions from broad movements in the local economy. The partnership should, however, use Schedule A to set out the non-quantifiable benefits it expects to achieve.

6. For many strategic objectives, like reducing local unemployment, baseline data are readily available and should be used. Another example is the material produced to define the local position in respect of the National Education and Training Targets. Where numerical data and/or targets are available, they should be used to describe the intended changes. Where such data are not available partnerships should be as precise as possible in describing their starting point. The partnership should take steps to fill gaps in baseline data. All Action Plans should relate to the baselines of the relevant SPD Measures.

7. The Action Plan should also describe the scheme's sustainability strategy explaining how activities are expected to continue after Structural Fund support ends.

C. TARGET AREA AND/OR POPULATION:

8. This section should describe the target area and/or population group for the Action Plan. If the Action Plan is targeted on a geographical area, a map should be included. It should explain how the area covered by the Action Plan relates to the activity supported: eg a small area for comprehensive local strategy with multiple objectives or larger area for thematic Action Plan with limited objectives.

9. This section should analyse the problems/opportunities being addressed by the Action Plan (where relevant, drawing on relevant information sources, eg local labour or property market information, unemployment data, Index of Local Conditions). It should make clear, where appropriate, which groups and particular types of disadvantage are being addressed.

D. FINANCING:

10. Partnerships must complete the attached Table 1 to show the projected expenditure profile of the Action Plan over the lifetime of the Plan. In addition partnerships will need to complete Table 2 showing the amount of eligible funding required by Measure and by Fund.

11. Partnerships should support Tables 1 and 2 with narrative, describing key projects and expected sources of matching funding, where known. They should be as clear and realistic as possible about the nature and extent of commitments to funding from other sources. They should make clear proposed sources of public and private funding, and must provide confirmation of the status of commitments received.

E. OUTPUTS:

12. Partnerships must describe clearly and realistically the intended outputs by fund and measure that they expect to achieve. They must therefore summarise the projected outputs at measure level and by calendar year on Table 2 for the lifetime of the Action Plan.

F. PARTNERSHIP SYSTEMS AND MANAGEMENT ARRANGEMENTS:

13. This section must include a description of the organisational structure for the partnership which will implement the Action Plan. A diagram should be used if helpful. This section should also indicate, where appropriate, the experience and track record of the proposed partnership (or individual partners) and give details of how executive/administrative support for the partnership will be provided.

14. The section should also expand on the Introduction and explain how the beneficiaries of the Action Plan and others with an interest (such as local businesses, voluntary organisations and community groups) were involved in working up the plan; and of the proposed arrangements for consulting and involving them in the future if the Action Plan is approved. It should also indicate what, if any flexibility, has been built into the Action Plan for developing the participation of such groups over the lifetime of the Plan.

15. Partnerships must explain clearly the administrative and financial management arrangements which will be put in place to implement the Action Plan and secure regularity, propriety and value for money in the handling of the Structural and public funds. It will be a condition of grant that effective management systems should be put in place. Partnerships will be required to declare that they have such systems in place by a date to be agreed with the Government Office. In particular, partnerships must explain and describe:-

- * how they will deliver the proposed Action Plan and how they will ensure effective management, project appraisal, monitoring and financial control of Structural Fund grant. Systems must meet the terms and conditions of grant and may be subject to audit by or on behalf of Government to ensure they are accurate and adequate for purpose. Further guidance and a checklist of management systems can be found in

Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2);

- * the systems that the accountable body will rely on to provide proper accountability for public money held by it for partnership purposes in a way that secures, to the satisfaction of the Programme Secretariat, the propriety and regularity of all payments, the proper handling of public funds and the identification of risks. For example, partnerships should have in place systems for project appraisal, for approving expenditure and for keeping track of all money. They must also describe arrangements in place to ensure that those with a vested interest have no role in either the appraisal of projects submitted by their organisations or in the payment of claims;
- * the relationship between the Accountable Body and the partnership, where they are separate organisations, and indicate how the two bodies will support each other, avoiding duplication of functions, and how all members of the partnership will be fully engaged in decision making and delivery of the scheme objectives.

G. FORWARD STRATEGY:

16. This section should show the arrangements planned for continuing the process of regeneration after Fund support stops (forward or exit strategy), or for an alternative or modified approach. Partnerships should say whether the scheme will be self-sustaining or come to an end and/or whether partners plan to keep all or part of the scheme going after Structural Fund support ceases, and, if so, how.

Schedule A

STRATEGIC OBJECTIVES (for illustrative purposes only)

Strategic Objectives (these must relate to the Measures of the relevant SPD)	Baseline position (again, this must relate to the Measures of the SPD)	Position in Plan
To facilitate the creation and expansion of indigenous SMEs in the '???' area of the '??' Objective _ programme by the provision of business advice in line with the objective(s) of Measure '??'.	The best available indicator for this is the number of business enquiries dealt with by Business Links. During the last 'X' years, an average of 'Y' enquiries from SMEs have been dealt with. In addition, in 'X' years, 'Y' beneficiaries have been supported through the region's Objective 2 SPD.	Implemented in 'X' new start of 'X'
To meet the specific training needs of these SMEs in line with the objective(s) of Measure '??'.	'X' % obtained qualifications following completion of training and 'Y' % obtained employment. Also, TEC expenditure on customised training for employers during 'X' years was approximately £'Y' million, assisting some 'X' SMEs.	In addition to training development results

To improve the competitiveness and facilitate the expansion of indigenous businesses in the '???' area of the '?? Objective _ programme by the provision of support services for encouragement of innovation and adoption of technologies in line with the objective (s) of Measure ??.	The best available indicator for this is the average number of businesses per annum provided with basic information and the average number of businesses per annum taking up consultancy assistance on technology projects.	Impl in an busir inno' techr
Strategic Objectives (these must relate to the Measures of the relevant SPD)	Baseline position (again, these must relate to the Measures of the SPD)	Posit Plan
To improve the competitiveness of these businesses by the provision of training in the skills necessary to ensure they can respond to technological change in line with the objective(s) of Measure ??.	An appropriate indicator for training is the number of trainees, drawn from the business community, undertaking level 4 NVQ research degrees in the areas Universities.	The . train obtai the n indu: new .
To reduce the levels of disadvantage within the '???' targeted community of the '?? Objective _ programme by widening the employment and training opportunities for residents of this area. The Action Plan will provide support for community appraisal or similar studies which will include an assessment of the economic, social, environmental and training needs of the targeted area in line with the objectives of Measure ??.	The average unemployment rate for the targeted area covered by the Action Plan is 'X'% of the Community average.	Impl in the redu to 'Y
To facilitate entry into the labour market of members of the targeted community through the provision of vocational training for local people, including training for capacity building in community development, project management and leadership skills in line with the objectives of Measure ??.	The average unemployment rate for the targeted area covered by the Action Plan is 'X'% of the Community average.	
Forward/Exit strategy		

ERDF AND ESF PROJECTED EXPENDITURE PROFILES

Table 1

ERDF SUMMARY

	1997	1998	1999	2000	2001	TOTAL
ERDF						

Public/Private expenditure						
Private sector leverage						
TOTAL						

ESF SUMMARY

ESF						
Public/Private expenditure						
Private sector leverage						
TOTAL						

FUNDING PACKAGE, OUTPUTS AND PRIVATE SECTOR LEVERAGE
Table 2

(1)	(2)	(3)	(4)		
Calendar Year	Measure	Fund and amount (£M)	Matching funding, amount (£M)		Output
			Public	Private	

TOTAL					

- (1) State the Calendar Year in which grant is being sought.
- (2) State the Measure(s) of the SPD from which grant is being sought.
- (3) State the amount of grant required and from which Fund is being sought.
- (4) State the amount of Matching Funding attributed to public sector and to direct private sector contributions.
- (5) State anticipated Outputs by measure.
- (6) State the amount of anticipated Private Sector Leverage attributable to these activities.

ANNEX D

ASSESSMENT OF ACTION PLANS

1. Action Plans will be assessed on the basis of the following criteria. PMCs will be looking for those which best meet the objectives and priorities of the agreed SPD. The precise method for undertaking assessment will therefore need to take account of local circumstances and the views of PMCs on the approach to selection. However, Programme Secretariats will need to base their assessment and recommendations to PMCs on a standard approach in order to ensure consistency of assessment in the particular Objective 1, 2 or 5(b) area.

2. In assessing Action Plans, Programme Secretariats will therefore:-

- (i) check that the Action Plan contains all the information requested in Annex C;
- (ii) ensure that the Action Plan meets the core criteria in Section A below;
- (iii) ensure that the Action Plan does not contain any indications of ineligible activity (see guidance on eligibility requirements in Guidance to Partnerships on Management and Implementation of Action Plans (Guidance Note No. 2)); and
- (iv) assess the Action Plan on the basis of the criteria in Section B below.

A: Core criteria

All Action Plans should:-

- a) occur within the Single Programme area, although it may be possible under some Single Programmes to support projects outside the area, but which provide benefits within the area;
- b) be within the permitted timescale;
- c) correspond to one or more of the activities (known as Measures) defined within the Single Programme;
- d) contribute to one or more of the Single Programme strategic objectives. Projects must demonstrate an additional and sustainable benefit to the economic development of the region;
- e) quantify outputs and detail clear, attainable and verifiable targets;
- f) have a sound funding package in place, identifying the recipient of the assistance, and the source of co-funding;
- g) demonstrate added value;
- h) satisfy EC State Aids requirements;
- i) provide value for money;
- j) not conflict with national policies.

B: Assessment criteria

Introduction

Is it clear which organisation is taking the lead in submitting the Action Plan and who are the partners?

Have all the partners signed an introductory statement to show they are committed to the Action Plan and to implementing it subsequently?

Strategic Objectives and Content of Plan

Is the purpose of the plan clear ie what is it intended to do? Does it meet the objectives of the SPD?

Are the strategic objectives and key elements of the plan ie the main activities it proposes to support effectively linked? Do the proposed elements of the plan represent an appropriate way of achieving the objectives?

Are the strategic objectives, baselines and projected outcomes clearly set out and linked? Do they fit with the stated purpose of the plan?

Targeting

Is the area and/or population on which the plan proposals concentrate clearly defined?

Would the activity and funding proposed make a direct and substantial impact on that area and/or population?

Is the analysis of problems and opportunities robust and consistent with relevant information including identified demand for services and facilities?

Environment

Has the partnership indicated an environmental strategy consistent with Government and EU environmental legislation and policies within the action plan, and does this fit into the strategy outlined in the SPD?

If there are significant costs and benefits to the environment are they effectively assessed? Are the costs commensurate with the benefits?

Does the Action Plan indicate any method of monitoring its environmental effects or measures to minimize their impact? Is the Action Plan consistent with the principles of sustainable development as set out in Annex E?

Added Value

Does the plan clearly demonstrate that it would not go ahead without Structural Fund support?

Does the plan effectively enhance or add value to existing or planned regeneration activity and strategies, including Government and other public spending programmes?

(If appropriate) does the plan conform with provisions of the local authority development plan and national and regional planning guidance?

Private Sector contribution/leverage

Does the plan maximise the contribution of the private sector to the extent possible for the area targeted?

Does the plan clearly identify direct contributions and subsequent leverage?

Risk and Realism

Are risks realistically identified? What contingency plans have been put in place for dealing with them?

Is the nature and extent of the commitment of partners clear and in line with the purpose of the plan? If, for example a local authority is involved, have they confirmed that they can make available the non-Structural Fund resources implied by their plan within the constraints of the overall level of resources likely to be available to them? Are the resources proposed the subject of current or likely future bids to other funding regimes?

Have public sponsored organisations involved provided confirmation about the extent of their financial commitment?

Is the private sector financial commitment secured as far as possible?

Is the funding profile realistic? Does it square with experience of the type of activities which the plan intends to support?

Is the plan proposal deliverable in the timescale envisaged?

How dependent is the scheme as a whole and projects within it on factors outside the control of partners eg major investment decision, statutory consents, including planning permission, or non-financial contribution by a third party?

Does the Plan identify clearly any significant statutory or other consents that may be required and a timetable for securing them? Does it contain contingency plans in case these consents are not forthcoming?

Flexibility

Has a convincing order of priorities been given between the different elements of the plan? Does the plan show where different elements are interdependent?

Does the plan indicate effectively the scope for modification - including scaling it down, scaling it up, removing discrete elements and deferring/extending expenditure on the bid?

Does the plan make it clear what the impact of modifying the plan would be on outputs, target groups and on private and public sector investment?

Delivery

Who are the partners? Are all those with a legitimate interest represented?

Is the lead partner clearly identified?

Is the role of the partners clearly defined eg in terms of financial, non-financial (personal time), support services?

How were the beneficiaries of the plan proposal and others with an interest eg local businesses, voluntary organisations and community groups, including ethnic minority and faith communities, involved in working it up? Will they be kept involved and not simply represented throughout the life of the initiative? Will they have a continuing say in how money is spent?

Will the structure and financial management systems and procedures identified in the Plan make for clear and effective decision-taking?

Has the partnership clearly explained the administrative and financial management arrangements which will be put in place to ensure effective project appraisal, monitoring and financial control? Who is the Accountable Body?

Are the management systems in place now? If not, has the partnership clearly described its plans and timetable for setting up the necessary arrangements?

Exit Strategy

Is the forward strategy realistic?

Are those taking on responsibilities after Structural fund support ceases signed up to doing so?

Outputs

Has Table 2 containing quantified outputs, by Measure, been satisfactorily completed?

Are the outputs realistic?

Are the outputs capable of being monitored?

Do the outputs represent good value for money for the Structural funds and overall public investment?

Will there be effective arrangements for assessing the progress and success of the plan?

Are there effective arrangements to monitor initiatives delivering benefits to individuals to ensure that all sections of the community, intended to benefit, do so?

SUSTAINABLE DEVELOPMENT

1. A generally accepted definition of sustainable development, contained in the 1987 Brundtland report 'Our Common Future', is:

'Development that meets the needs of the present without compromising the ability of future generations to meet their own needs'.

2. Application of the principles of sustainability involves balancing the objectives of economic development with protection - or enhancement - of the environment and conservation of natural resources. Treated as an opportunity rather than an obstacle, and taken into account at an early stage in project development, the objective of sustainable development need not be incompatible with that of economic development. Energy efficient buildings, for example, help minimise fuel costs and reduce harmful emissions to the atmosphere; greening schemes benefit local communities but can also help to attract inward investment to urban areas.

3. The potential and long-term impact of regeneration proposals on the environment should be taken into account in framing bids, along with the other factors described in this guidance. The following checklist provides a brief guide to some key aspects of sustainability in relation to urban regeneration.

4. In developing your proposals, have you considered the opportunity to:

- . Reclaim and reuse brownfield sites, including derelict and contaminated land, or make use of vacant urban sites?
- . Locate new developments where they are readily accessible by public transport, cycling or on foot?
- . Regenerate and enhance existing urban centres by promoting mixed uses which enable people to live near their work and reduce their overall need to travel?
- . Improve access to public transport networks to discourage dependency on private cars?
- . Reuse existing buildings and recycle building materials or use local sources of supply?
- . Set targets for energy efficiency in housing or other types of development, or exploit renewable sources of energy?

- . Promote community-based initiatives which enable local people to participate in environmental improvements and contribute to their long-term management and maintenance?
- . Separate or protect residential areas from sources of noise or pollution from traffic or other sources?
- . Promote greening as an easily-integrated source of economic, environmental, social, educational benefits in infrastructure and development projects?