

Leicester
City Council

WARDS AFFECTED: All

E D & P Scrutiny Committee

8th February 2007

EU Structural and Cohesion Fund Programme 2007 - 2013

Report of the Service Director, Regeneration, Highways and Transportation

1 Purpose of Report

- 1.1 Leicester's ERDF Objective 2 Programme concluded on 31st December 2006. The UK Government announced on 23rd October 2006 that it had secured a further €9.6 billion of funding under the EU Structural and Cohesion Fund Programme 2007 - 2013. An indicative €458.076 million of that allocation has now been ring-fenced for the East Midlands region over the next 7 years¹
- 1.2 Consultation is now underway for both the ESF (23rd Oct 2006 – 22nd Jan 2007) and ERDF Programmes (18th Dec 2006 – 9th Mar 2007) to determine how the money should be spent in the region. This Report sets out the issues involved and the potential benefits and risks for Leicester associated with the introduction of the new EU Structural and Cohesion Fund Programme 2007-2013

2 Summary

- 2.1 The current European Structural Fund Programme (2000-06) concluded in December 2006 (although projects will be delivered throughout 2007/08). Following nearly two years of negotiations between the European Commission and the other main EU institutions (European Council and the European Parliament) an EU budget of €864.3 billion has been agreed. Two-thirds of this (€308 billion) has now been made available for national and regional aid programmes over the next 7 years
- 2.2 This budget agreement paved the way for the European Commission to develop new Structural and Cohesion Fund regulations under the Community Strategic Guidelines (CSG). Approved in July of this year it establishes a number of key changes including the introduction of 3 new Programme Objectives - "Convergence", "Regional Competitiveness and Employment" and "Co-operation" Programmes
- 2.3 On 23rd October 2006 the Government announced that the European Commission had approved a budget of approximately €9.6 billion of structural and cohesion funding for the UK. This is broken down as €2.6 billion (Convergence), €6.2 billion (Competitiveness) and €0.6 billion (Co-operation)
- 2.4 The East Midlands will only be eligible under the new Competitiveness and Employment strand and has been allocated an *indicative* amount of €458.076. This is broken down into €238.230 million under the Competitiveness strand

¹ Please note that this figure is constantly changing due to the changes in the exchange rate

(previously known as ERDF) and €220.076 million under the Employment strand (previously known as ESF) over the next 7 years². However, unlike the previous Structural Fund Programme 2000 – 06 the whole of the East Midlands is now eligible

- 2.5 Government Office for the East Midlands (GOEM) and the East Midlands Development Agency (EMDA) have been tasked with key partners to draw up an East Midlands Structural Fund Operational Programme (EM-OP) to determine how and where the money should be spent in the region over the next 7 years
- 2.6 There are currently 2 consultations running concurrently for both the regional ERDF Operational Programme (the draft EM-OP has to be with the European Commission by March 2007 at the latest) and the national ESF Operational Programme (30th October 2006 – 22nd January 2007)

3 Recommendations

- 3.1 Members are asked to comment on the following approach:-
- 3.1.1 In consultation with the Cabinet Lead Member for regeneration, the Service Director, Regeneration, Highways and Transportation intends to:-
- support a separate Sustainable Urban Development priority within the East Midlands Operational Programme.
 - support a Joint Programme Monitoring Committee (PMC) for both ERDF and ESF to ensure that the processes for both funds are transparent and accountable.
 - request a seat on the PMC for one or more members from the 3 cities.

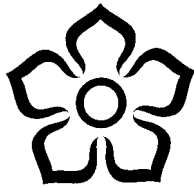
4 Financial & Legal Implications

- 4.1 *Financial Implications*
- 4.1.1 *There are no financial implications arising directly from this Report.*
- 4.2 *Legal Implications*
- 4.2.1 *There are no legal implications arising directly from this Report.*

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² These amounts have been worked out at 2004 prices and are therefore subject to change



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SUPPORTING INFORMATION

Report

1 Background

- 1.1 The current European Structural Fund Programme (2000-06) concluded in December 2006. Following nearly two years of negotiations between the European Commission and the other main EU institutions (European Council and the European Parliament) €308 billion has now been made available for national and regional aid programmes over the next 7 years. This represents more than a third of the European Commission's total budget of €864.3 billion
- 1.2 In July of this year, five new EC Structural and Cohesion Fund Regulations were adopted establishing a number of changes to the new Structural Fund Programme 2007–2013 including a general regulation laying down a common set of rules for all Structural Funds
- 1.3 The European Commission has then been charged with allocating the Structural and Cohesion Fund budget to Member States once formal approval has been reached and a policy framework agreed (National Strategic Reference Framework or NSRF) for the preparation of regional Structural Fund Operational Programmes
- 1.4 On 23rd October 2006, the European Commission approved the UK Government's National Strategic Reference Framework (NSFR) securing €9.6 billion for the UK as a whole. This is significantly lower however than the €15.85 billion secured under the previous programme. This is a result of EU enlargement and the UK's good economic performance relative to that of other Member States
- 1.5 The European Cohesion and Structural Fund policy in the future will be driven by the Lisbon (competitiveness) and Gothenburg (sustainability) Agendas (for further information see *Appendix 1*), where the EU has set the goal of becoming the most competitive and dynamic knowledge-based economy in the world
- 1.6 Within England the NSRF draws heavily on the 11 regional strategies as well as the Government's Public Service Agreement target on regional economic performance (for further information see *Appendix 2*). The Government's central economic objective is to raise the rate of sustainable growth and achieve rising

prosperity and a better quality of life with economic and employment opportunities for all³

- 1.7** Underlying this central economic objective, the Government is committed to raising the rate of UK productivity growth, improving competitiveness and narrowing the gap with our major competitors. As part of the wider objective of full employment in every region and taking account of the economic cycle, the regions will also need to demonstrate progress on increasing the employment rate
- 1.8** All regional Operational Programmes will clearly need to demonstrate how they contribute towards these aims with increased emphasis on the competitiveness, innovation and knowledge economy
- 1.9** The Government believes that it would be beneficial to align EU Structural Fund spending directly with domestic funding through common processes and management arrangements which would provide a more co-ordinated approach to regional investment
- 1.10** EMDA's vision as set out in the "Regional Economic Strategy: A Flourishing Region 2006-2020" (RES) states that "by 2020, the East Midlands will be a flourishing region. Increasingly prosperous and productive we will enjoy levels of well being and a quality of life higher than the European average and comparable with the best of the world" This vision is underpinned by 3 "structural themes" of raising productivity, ensuring sustainability and achieving equality
- 1.11** It is felt that because the RES has recently been reviewed the region is in a strong position in relation to the development of the Operational Programme and the supporting evidence and analysis that is required and aligned strongly with the 4 themes as set out in the NSRF:
- Promoting Innovation and knowledge transfer
 - Stimulating enterprise and supporting successful businesses
 - Ensuring sustainable development, production and consumption
 - Building sustainable communities
- 1.12** However, a great deal of consideration will also need to be given into the inclusion within the Operational Programme of a sustainable urban development priority; the inclusion of an inter-regional co-operation priority; and the targeting of resources
- 1.13** The Regional Strategic Partnership: ERDF 2007-13 (RESPE) was established in May 2006 to produce the Operation Programme together with the Ex-Anti Evaluation and Strategic Environmental Assessment (SEA)
- 1.14** Local Government East Midlands (LGEM) represents the views of Local Government on the RESPE Board and appoints 3 of the Board's 12 seats. The representatives are:
- Councillor Michael Storey (Labour, Nottinghamshire County Council)
Councillor Andrew Natzel (Conservative, Leics. County Council)
Councillor Joan Ashton (Independent, Boston District Council)
- 1.15** ESF will be operated as a national programme (delivered in the regions) and will therefore be drawn up within a national ESF-Operational Programme (OP). The

³ United Kingdom National Strategic framework EU Structural Funds Programmes: 2007-2013 (Dti, Page 17)

Governments period of consultation regarding the ESF Structural Fund Programme 2007-2013 has already begun and RESPE has been asked to act as the focus for liaison with regional partners and to report back to the Department for Work & Pensions (DWP) as the UK managing authority for ESF 2007-13

1.16 Government Office for the East Midlands (GOEM) has been commissioned by the Department of Trade & Industry (Dti) and the Department of Communities & Local Government (GCLG) to convene, Chair and provide support to RESPE, to ensure that all key tasks are delivered to time table and that the region is able to make the best use of the new Structural Funds available to the East Midlands

1.17 There are 2 consultations running concurrently for both the regional ERDF Operational Programme (15th Dec 2006 – 9th March 2007) and the national ESF Operational Programme (30th Oct 2006 – 22nd Jan 2007)

1.18 To date, 2 pre-consultation events have taken place in relation to the ERDF element of the Competitiveness and Employment strand Following these two pre-consultation events in May and July of this year, the decision was taken by RESPE to include the following Priorities within the OP:

Priority 1: Raising productivity through innovation, diversification and the embedding of sustainable business practice (thematic)

Priority 2: Increasing sustainable economic and enterprise activity in disadvantaged communities (spatial), and

Technical Assistance

The cross-cutting themes of environmental sustainability and equality underpin the approach and activities of Priority Axis' 1 and 2⁴

1.19 The decision was taken by RESPE not to include either a separate sustainable urban development priority (SUD) or a transnational co-operation priority within the EM-OP. The reasoning behind the idea not to include a separate SUD priority was that the spatially-targeted approach envisaged for Priority 2 will enable the region to support appropriate urban areas without the need for a specific sustainable urban priority⁵ The decision taken not to include a transnational co-operation priority was due to lack of interest at the pre-meetings in July of last year

1.20 The European Commission are not unhappy with this approach but they have raised the issue of whether or not there is sufficient "transparency" within the Priority Axis 2 demonstrating that funding will only reach the most deprived neighbourhoods in the region. RESPE have attempted to resolve this issue by initially targeting the 10 worst performing districts of which Nottingham is ranked top, Leicester is second and Derby is eighth. However, EMDA have stressed that this list is not final and that districts outside this list may qualify for assistance

1.21 They have also highlighted the need for a second stage to be implemented that will then require sub-regional local partnerships to identify and justify the area of need within the deprived district and develop a focused set of priorities from the Priority Axis 2 menu⁶. The spatial targeting methodology for this 2nd stage has yet to be determined or a timetable given by which the work needs to be completed by

⁴ Page 46, East Midlands 2007-13 ERDF Competitiveness Operational Programme – Consultation Draft December 2006

⁵ Page 4, RESPE Paper 016 (18th July 2006)

⁶ Page 53, East Midlands 2007-13 ERDF Competitiveness Operational Programme Consultation Draft (Dec 2006)

based on the assumption by EMDA that the European Commission do not require such a “map” at the initial submission stage of the draft Operational Programme which needs to be with them by April / May of this year

- 1.22** RESPE agreed in the meeting on 5th October 2006 that it will be a requirement of the new Programme Monitoring Committee (PMC) to set the agenda in relation to the spatial targeting exercise - *“the regional partnership, in the form of the new PMC, will be asked to consider the ranked list of deprived districts and agree a cut off point, based on a maximum population figure that can be supported to achieve the agreed level of concentration per head”*. However, the membership of this Group has yet to be determined or their Terms of Reference agreed to include this additional responsibility
- 1.23** Whilst the public consultation exercise was officially launched on the 18th December following the publication of the draft East Midlands Operational Programme document, the first major consultation exercise of the draft regional Operational Programme is due to be held on Friday 19th January at PERA Innovation Centre, Melton Mowbray
- 1.24** In conclusion, a substantial amount of funding is available to take forward the Regional Economic Strategy from which Leicester is expected to benefit. However, the current regional thinking to go forward without a separate Sustainable Urban Development priority or a Transnational Co-operation priority may compromise the amount of funding secured to directly benefit the City
- 1.25** Negotiations with the European Commission over the eligibility criteria for JESSICA (Joint European Support for Sustainable Investment in City Areas) / JEREMIE (Joint European Resources for Micro to Medium Enterprises) are still on-going. It has still to be determined whether or not regions without a separate SUD priority may be eligible for either of these two financing facilities
- 1.26** Whilst both JEREMIE and JESSICA is optional priorities, one or both would enable those managing authorities of structural funds programmes should they wish it, the possibility of using resources from the Programme to access loan capital for the purpose of promoting urban development, including loans for social housing where appropriate. Where a managing authority wishes to participate under one or the other of the Frameworks, it would contribute resources from the Programme whilst the European Investment Bank (EIB), other financial institutions, private banks and investors would contribute additional loan or equity capital as appropriate. Since projects will not be supported with grants, programme contributions to urban development funds would be revolving and help enhance the sustainability of the investment effort
- 1.27** Whilst both of these financial instruments are highlighted in the EMOP, it states in the draft document that “the EMOP includes the development and use under both Priority Axes but does not contain any commitment to use *[one or both]* – it refers simply to the possibility of using it;” This may be insufficient at this stage of the negotiation process for the European Commission and they could insist on it being taken out unless more detail is provided as to the type and range of projects the region will support
- 1.28** The European Commission’s Department for Communities & Local Government (DCLG), has recently rated the region as **Amber/Red** as the timetable being presented by GOEM will result in the submission of the Operational Programme after the notional deadline set by the European Commission. The East Midlands

region is further behind in their negotiations with the EC than most of the other UK region's and do not anticipate being able to start spending until January 2008 at the earliest. This timetable could be further compromised due to questioning by the Commission of the overall "structure" of the Programme being presented

1.29 Within the draft EMOP, GOEM have offered 2 options in relation to the division of available funding between the priorities. The options of either a 50 / 50% split or a 40 / 60% split with a maximum 4% of funding awarded as technical assistance taken out. However, this has been determined on the assumption that there will be no change to the number of priorities offered in the Operational Programme or their content

2 Financial, Legal and Other Implications

Financial Implications

There are no financial implications arising directly from this Report.

2.2 Legal Implications

There are no legal implications arising directly from this Report.

2.3 Other Implications

OTHER IMPLICATIONS	YES/NO	PARAGRAPH REFERENCES WITHIN SUPPORTING PAPERS
Equal Opportunities	Yes	This is a cross-cutting theme within the Structural Fund Programme 2007-13
Policy	Yes	
Sustainable and Environmental	Yes	This is a cross-cutting theme within the Structural Fund Programme 2007-13
Crime and Disorder	No	There is no opportunity available within the RES Strategy and the draft OP document for C & D measures
Human Rights Act	No	N/A
Older People on Low Income	Yes	This is one of the disadvantaged groups identified within the NSRF as needing special attention together with that of lone parents, particular ethnic minority communities and those with a disability

2.4 Risk Assessment Matrix

Risk	Likelihood L/M/H	Severity Impact L/M/H	Control Actions (if necessary/or appropriate)

1	East Midlands does not secure its full EU allocation of €458,076	L	H	Ensure that LCC and its partners are fully informed and feed into the process as well as ensuring that negotiations with EMDA
2	There is not a sufficient sustainable urban development (SUD) focus within the draft EMOP	M	H	Better representation is needed from the urban centres at the consultation process. To date, RESPE has not included a SUD priority despite the provision for one within the Structural Funds Regulations
4	An element of spatially targeted development is included in the OP but not accepted by the EU	M	H	Negotiations with DG Regio will need to be on-going during the process as well as feeding into the LA representatives on RESPE
5	The draft EMOP is not approved by the EC in March 2007 making negotiations protracted thereby delaying the Programme	M	H	As above. If RESPE does not fulfil the Brief to a standard acceptable to the EU they may not approve the OP by July 2007. This will have an adverse effect on the delivery of the Programme
6	Funding is spread too thinly across the region	M	H	

L - Low L - Low
M - Medium M - Medium
H - High H - High

3 Background Papers – Local Government Act 1972

United Kingdom National Strategic Reference Framework – EU Structural Funds 2007-13 (Dti, 23.10.06)
Consultation on the European Structural Fund in England and Gibraltar 2007-13 (DWP, 30.10.06)
Record No: 8161: Re-launch of the Lisbon Strategy
Official Journal: Council Regulation (EC) No 1083/2006 of 11th July 2006
Council Decision on Community Strategic Guidelines on Cohesion 18.08.06
Leicester's Local Area Agreement
Leicester's City Growth Strategy
Leicester's Local Enterprise Growth Initiative Application (LEAP, October 2006)
Regional Economic Strategy: A Flourishing Region 2006-2020 (EMDA, July 2006)
East Midlands 2007-13 ERDF Competitiveness Operational Programme - Consultation Draft (December 2006)

4 Consultations

Consultee
Lisa Maltagliati (EMEO)

Date Consulted
06/11/06 (continuous)

Jenny Goulding (EMDA)	10/11/06 (continuous)
Julie Hurst-Jones (Leicestershire County Council)	15/11/06
Paul Bodenham (EMRA)	15/11/06
Patrick Willcocks (Lead Officer, European Funding, Birmingham City Council)	20/11/06
Brian North (GOEM)	23/11/06 (continuous)

Lisbon strategy

The Lisbon strategy for growth and jobs

The 'Lisbon strategy' is Europe's overarching strategy to inform all EU policy initiatives over the next five years. It was agreed in Lisbon in 2000, when the Council of Ministers set a target for the EU to become the most dynamic, competitive knowledge based economy in the world by 2010, capable of sustainable economic growth, with more and better jobs, greater social cohesion and respect for the environment. During 2005, the Lisbon strategy underwent a mid-term review and its focus is now on growth and jobs.

The UK Lisbon National Reform Programme for Jobs and Growth for the period 2005 - 2008 was published on 13 October 2005, and will now be sent to the European Commission (see [other documents section](#)). The LGA/LGIB sent in a local government submission to the UK Lisbon National Reform Programme, which is available in the [LGIB documents section](#) below.

Background

The refocused Lisbon strategy on growth and jobs covers many cross cutting issues which local government has a key role in delivering, including: economic development and competitiveness; employment; social inclusion; sustainable development; the use of information and communications technologies (ICT); regional and local innovation poles; sustainable use of natural resources; active ageing; and lifelong learning.

Until the 2005 review, there had been no real coordinated approach to pull all the diverse strands of the Lisbon strategy together (see 'Key issues for local government' below) and there was a general dissatisfaction with the implementation of the strategy and with the lack of improvement in growth, employment and productivity. Consequently EU leaders relaunched the Lisbon strategy to focus on growth and jobs. Instead of the myriad of priorities, guidelines and targets which existed under the old 'Lisbon' process, a new streamlined process was agreed.

The new process started after the March 2005 European Spring Council when EU ministers relaunched the strategy. The European Commission has published a useful [Lisbon roadmap](#) (pdf) which explains the main elements of the process. During the June 2005 European Council, EU ministers negotiated and agreed the Integrated Guidelines Package (IGP) for 2005-2008, which identifies key areas which will help achieve the Lisbon objectives (see 'Other documents' below). Each Member State will now have to explain how it is addressing the IGP in a 'Lisbon national reform programme', which Member States must draw up by 15 October 2005, after consulting all stakeholders.

Other 'Lisbon' initiatives include lifelong learning and active ageing strategies.

Key issues for local government

UK local government, through the LGA and LGIB, has been involved in the Lisbon strategy since its inception and has fed into the European Employment and Social Inclusion strategies, among other components of the strategy (see [Employment](#) and [Social inclusion](#) sections).

The UK government recently drafted its Lisbon National Reform Programme for growth and jobs. This is an important programme, as it will inform sub-national strategies which local authorities are already working towards, such as the regional economic strategies. Additionally, any EU structural fund money available post-2006 will be closely aligned to the Lisbon objectives for growth and jobs. The LGIB/LGA will coordinate a UK local

government response, and is currently consulting local authorities - the consultation document can be found below in the LGIB documents section.

Other Documents

- [The UK Lisbon National Reform Programme for Jobs and Growth \(pdf\)](#)
- [The Integrated Guidelines Package \(pdf\)](#)

Useful links

- [European Commission Lisbon strategy website](#)

Technical Note for PSA 7

(URN No: 02/1613/A7)

PSA Target 7. Make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006

This is a joint target with ODPM and HM Treasury

Measuring Economic Performance

This part of the PSA target will be measured using the trend rate of growth in Gross Value Added (GVA) per head in each region. Measurement of trend rates of growth per head will use a similar methodology to that used by the Treasury to estimate national trend GDP growth (see technical note to HM Treasury's PSA Target 1), i.e. by calculating average growth rates between points when the economy can be identified as being 'on trend'. Current data limitations mean that we can only presently produce approximate estimates of the trend rate of growth of GVA per head in the regions. Other regional economic indicators (see below) will also be used to assess regional economic performance, until such time as we can produce robust estimates of regional trend growth rates of GVA per head.

The Office for National Statistics (ONS) publishes regional measurements of GVA per head. The ONS figures are published on a current price basis and estimates of real GVA are currently not available. Further analysis will be undertaken to see if robust, cost effective, estimates of real GVA can be produced.

Estimates of trend growth, particularly for periods after 1996, are likely to be affected by the introduction from Blue Book 2003 of annual chain-linking to estimate economic growth. This may imply that in assessing performance against the target an adjustment will be needed to put outturn and baseline data on a comparable basis.

Trend growth rates will be measured to the nearest quarter percent.

The assessment will take as the baseline the trend rate of growth in each region over the period 1989-2002. We will initially estimate the baseline over the period 1989-2001 and if necessary revise the estimates as new data becomes available. The baseline data will be appended to this technical note in 2004.

To measure performance against the target, trend growth rates in (adjusted) GVA per head for each region will be estimated for the period 2003-2008. Annual GVA per head data required to estimate trend growth rates will only be available after a 12-month lag and so performance against this part of the target will be reported in 2010. If the timing of the economic cycle is such that we are not able to produce an estimate of regional trend growth rates over the period 2003-2008 we will explain why.

In order to provide interim assessments of progress, annual GVA data for each region will be compared with previous year's data to provide an assessment of progress each year. More timely supporting indicators, namely business surveys, employment statistics, unemployment rates, earnings growth and VAT registrations (plus any other relevant indicators which become available at the regional level) will

be used to provide a interim assessments of performance at six-monthly intervals. Improvements in the majority of these indicators (taking into account cyclical influences) will be considered as evidence that the target is being met. An overall assessment of progress will also be made at the end of the Spending Review period (i.e. in 2006) with the latest data for GVA and other indicators then available. Where the indicators are not National Statistics, the indicators will be checked internally and agreed between the three Departments.

Success criterion

The target for making sustainable improvements in economic performance will have been met successfully if for every region the trend rate of growth in GVA per head measured over the period 2003-2008 is higher than the baseline.

Measuring the Gap in Growth Rates

The gap in growth rates will be measured by comparing the average growth rate of regions that currently have above average GVA per head with the average growth rate of regions that currently have below average GVA per head. In practice, this measurement involves comparing a single average growth rate for London, South East and East with a single average growth rate for North East, North West, Yorkshire and the Humber, West Midlands, East Midlands and South West.

As well as comparing the growth rates between these aggregations of regions, the gap in growth rates for individual regions will also be scrutinised.

Trend growth in GVA per head will be the same measure use for the first part of the target. The assessment will use the same baseline data as the first part of the target and will use initial estimates based on the period 1989-2001.

In order to meet the target, it will also be necessary to ensure that trend growth in GVA per head is higher for all regions over the period of measurement compared to the baseline.

Given the longer term nature of this part of the target, the gap in average growth rates will be measured using the trend GVA per head growth rates for each region estimated for the period 2003-2012. Annual GVA per head data required to estimate trend growth rates will only be available after a 12-month lag and so performance against this part of the target will be reported in 2014. If the timing of the economic cycle is such that we are not able to produce an estimate of regional trend growth rates over the period 2003-2012 we will explain why.

As with the first part of the target, annual progress against the target will be monitored, in this case by comparing the gap in annual GVA growth rates from one year to the next. However, given the differences in regional economic cycles, the timeliness of regional data and fluctuations of annual data, annual results should be viewed with extreme caution.

More timely supporting indicators will be used to provide interim assessments of progress, as described in the first part of the target.

Success criterion

While the underlying aim will be to reduce the gap for each of the six regions, this part of the target will be met (i) if over the period 2003-2012 there is a reduction compared to the baseline in the absolute gap between the average trend growth rate in the three regions which currently have above average GVA per head and the average trend growth rate in the other six regions; and (ii) if each individual region's

trend rate of growth over the period 2003-2012 has increased compared to the baseline.

As an interim measure, we will be considered to be meeting the target if over the period from 2003 to 2008, the absolute gap between the average trend growth rate in the three regions which currently have above average GVA per head and the average trend growth rate in the other six regions has not increased compared to the baseline.

Measures (instruments) to improve performance

In order to achieve progress against defined measures to improve performance by 2006, the key measures will need to be defined by the time the conclusions of the 2004 Spending Review are published (ie July 2004). At the same time, appropriate regimes will need to be identified to enable the monitoring and evaluation of progress against the key measures defined, e.g. the monitoring regimes might use the Regional Outcome Indicators developed by the Regional Coordination Unit. Progress will be reported using the monitoring and evaluation regimes at six monthly intervals and at the end of 2006. The identification of measures and monitoring regimes will be based on analysis and research carried out between now and July 2004, building on existing analysis and research.

Measures bringing improvements in the economic performance of the regions may take a variety of forms. Some may be explicitly regional or sub-regional, including the activities and strategies of the Regional Development Agencies and the European Structural Funds programmes; some may be national; and others may be local, including those aimed at neighbourhood renewal and raising enterprise and employment rates in deprived areas.

The measures may be either existing measures or new measures.

Many of the measures are likely to be the responsibility of the three Departments responsible for this target but others may fall to other parts of Government such as DfES, DEFRA and DWP. Progress against measures in the latter category will be considered to have been achieved if we can show we have brought influence to bear on those with lead responsibility, for example through developing further the regional dimension to spending reviews.

Success criterion

We will have met this part of our target if (i) by the time the conclusions of the 2004 Spending Review are published we have identified the key measures; and (ii) by end 2006 we can demonstrate, using monitoring and evaluation regimes established, significant progress in implementing or changing those measures which are the responsibility of our three Departments; and we can show that we have brought influence to bear, for example through developing further the regional dimension to spending reviews, to secure the implementation of measures for which other Departments have responsibility.

We will revise this section of the technical note during 2004 to incorporate directly the key measures we identify and say what will constitute demonstration of significant progress.