



European Structural and Investment Funds Growth
Programme for England (2014-2020)

Stoke-on-Trent and Staffordshire Enterprise Partnership Shadow Area ESIF Committee

ESIF Programme 2014-2020

GLOSSARY OF TERMS

20TH January 2015



European Structural Investment Funds (ESIF) – Glossary of Terms/Acronyms

Term/Acronym	Explanation
Accountable Body	The Accountable Body is the lead partner for administrative and financial matters. The role involves contracting with successful applicants for individual projects, providing an internal audit function and procuring external audit (if applicable, depending on fund requirements), processing claims, paying applicants and securing payment from the Managing Authority or nominated payments agency.
Additionality	Additionality is present if and when European Funding contributes towards achieving additional benefits and outcomes over and above those targeted by domestic public and private sector funding streams.
Article 55: Revenue Generation Projects	Projects that generate revenue are subject to a number of requirements set out in Article 55. In terms of sustainability, Article 55 requires the continued monitoring and reporting of actual revenues for a number of years after the ERDF investment.
Assisted Areas	Assisted Areas are places where additional financial support to businesses under European Commission state aid rules can be provided.
Audit	All projects are subject to audit from the Audit Authority and in some cases European Commission auditors or European Court of Auditors. Grant recipients are expected to cooperate with these audits and provide all the information requested. Audits can occur long after the operation has ended and so, in line with the conditions of funding, the grant recipient is expected to retain a full audit trail for 3 years after the full programme has closed (2026)
Berlin Target	ESI Funds Operational Programmes have annual spend targets, known as N+3. The first of these targets is set for 2017, three years after the programme starts, hence N+3 and the final target (100% of the budget) falls in 2023, three years after funds must be committed. The Berlin target is the maximum spend target. Spend targets in Operational Programmes are at both overall programme and Priority Axis level.
BIS – Department for Business, Innovation and Skills	The UK Government policy lead for the 2014 to 2020 European Structural and Investment Funds ensuring alignment with UK government priorities and policies.
Call for proposals	An invitation for organisations to submit outline applications for grant to support activity which meet the objectives of the Programme.
CLLD – Community Led Local Development	Community Led Local Development is a method of using European Structural and Investment Funds in a way which is focused on smaller areas, usually much smaller than the average Local Enterprise Partnership area, and typically through small local community projects.
Closure	Once a project is completed, the project has to be formally closed with final verification of outputs and expenditure

Term/Acronym	Explanation
Co-Financing	Co-financing approach involves Co-financing organisations matching ESF with public programmes. Co-financing organisations procure services provision through open and competitive tendering with individual projects funded at 100% ESF with match funding coming from separate contracts delivered by the CFO providing eligible support.
Contribution Rate	The percentage of eligible costs covered by ERDF/ESF/EAFRD is known as the contribution rate.
Cross-Cutting Themes	European Regulations governing use of the European Structural and Investment Funds stipulate that the Funds should promote sustainable development and equality.
DCLG – Department for Communities and Local Government	Managing Authority for the European Regional Development Fund within European Structural and Investment Funds Growth programme.
DEFRA – Department for the Environment, Food and Rural Affairs	Managing Authority for the European Agricultural Fund for Rural Development – part of this fund falls within European Structural and Investment Funds Growth programme.
Defrayed	European funding can only be claimed on expenditure that has actually been paid (with the exception of flat rate indirect overhead costs). For the purposes of European funding 'paid' is interpreted as actually having left the bank account of the final beneficiary, and evidence of this can be required by an auditor (in the form of bank statements).
Delivery partners	Organisations with responsibility for delivering aspects of the project's activity and associated outputs/results and which receive European funding via the Grant Recipient.
De Minimis	De Minimis is a state aid mechanism which allows both non-SME's and SME's to receive up to €200,000 over a rolling three year period.
DWP – Department for Work and Pensions	Managing Authority for the European Social Fund funding stream in England as part of the European Structural and Investment Funds Growth programme.
EAFRD - European Agricultural Fund for Rural Development	The Fund contributes to improving the competitiveness of agriculture and forestry, the environment and the countryside and the quality of life and the management of economic activity in rural areas.
Eligibility Criteria	All projects must comply with both the eligibility requirements of the EC Regulations and the National Eligibility Rules before they can be approved for grant. If an approved project does not comply, financial penalties up to the total value of the grant approved may be imposed.
End Beneficiary	The people or SMEs which benefit directly from the project activity.
ERDF - European Regional Development Fund	ERDF aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions.
ESIF	European Structural and Investment Fund – collective term for the EU's ERDF and ESF key strategic funds to support activities that address structural economic imbalances and challenges across the EU

Term/Acronym	Explanation
ESF - European Social Fund	<p>The ESF invests in people, with a focus on improving employment and education opportunities across the European Union. For the 2014-2020 period, the ESF will focus on four of the cohesion policy's thematic objectives:</p> <ul style="list-style-type: none"> • Promoting employment and supporting labour mobility • Promoting social inclusion and combating poverty • Investing in education, skills and lifelong learning • Enhancing institutional capacity and an efficient public administration
ESIF Committee	Agrees the broad selection criteria and oversees the progress and performance of each Programme.
European Commission	Manage European Structural and Investment Funds across Europe, ensuring correct implementation and appropriate allocation of funds through various measures. These include setting the parameters around what the funds can be spent on, the issuing of detailed regulations, regular auditing / monitoring and membership on Managing Authority committees within each member state.
European Partnership Code of Conduct	The document which lays down the minimum requirements for national authorities and ESIF Committees to ensure a high quality involvement of partners.
European Structural and Investment Funds	The European Structural and Investment Funds are provided for investment by member states of the European Union to reduce differences in economic performance within and between the member states. The European Structural and Investment Funds available to the United Kingdom in 2014 – 2020 comprise ERDF, ESF and EAFRD.
European Structural Investment Fund (ESIF) Committee	The stakeholder group which oversees the delivery of the Programme and is responsible for setting the strategic direction, agreeing the selection criteria of the programme and redirecting the work of the programme as and when necessary over its lifetime.
Ex Ante Assessment	Ex Ante Assessments are required for each financial instrument set up. This includes where new funding from Local Enterprise Partnerships' European Structural and Investment Funds allocations is being added to existing financial instruments.
FEI – Financial Engineering Instruments	Financial Engineering Instruments (FEI) projects use ERDF grant as capital to create funds that are then used as loans or to make investments which are subsequently repaid, generating returns that can be reused for further investment.
Financial Instruments	Financial Instruments such as loans or loan guarantees are a way of increasing the efficiency of European Structural and Investment Funds. These financial instruments can make the funds go further by leveraging in additional public, private or social co-investments and by enabling the recycling of funds for the long term – even beyond the life of the programme.
Flat Rate financing for Indirect Costs	The European Commission allows the use of a flat rate for claiming indirect costs for projects approved under the ERDF and ESF Operational Programmes. For the purposes of the 2014-2020 Programme this is a 15% flat rate of eligible direct staff costs (without the need to agree the methodology with the European Commission and no audit of the methodology for calculating indirect costs claimed in this way on beneficiaries or the Managing Authority).

[Type text]

Term/Acronym	Explanation
Full Application Stage	The purpose of the full application is to enable a full appraisal of the application to determine eligibility, regulatory compliance and deliverability of the project and the intended outputs and results in the timescale indicated; and to ensure that the project is sufficiently well defined to enable the Managing Authority to enter into a legal agreement with the project applicant
Funding Agreement	The legal agreement between the Managing Authority and the grant recipient including schedules which set out what is being delivered, when it is being delivered, the funding that Europe will be providing and on what terms the funding is provided.
Grant Applicant	The organisation applying for grant award, with which the Managing Authority will contract in the event that the application is approved.
Grant Recipient	The organisation that receives the award of grant and takes responsibility for delivering the project and making payments on the project. The grant recipient is responsible for the coordination of the project, and legally responsible for the management of finance, performance and monitoring of any partners.
GDT – Growth Delivery Team	The team within DCLG who are responsible for assisting LEP's in the delivery of their ESIF allocations.
Growth Programme Board	The Growth Programme Board is the Programme Monitoring Committee (PMC) for both the ERDF and the ESF Operational Programmes in England.
Intermediary Body Status	A governance role within the European programme whereby an organisation (and Accountable Body) takes on some of the roles and responsibilities of the Managing Authority.
Intermediate Labour Market (ILM)	Transitional stage between temporary work and long term employment.
Investment Priority	Each Priority Axis of the Operational Programme is made up of Investment Priorities (or Measures in the case of EAFRD). The Investment Priorities are set out in the Commission Regulations governing ESIF and set out more specific areas of activity. Each Investment Priority will have its own financial and non-financial targets. All activity funded by ESIF must contribute to delivering one of the Investment Priorities.
Irregularities	Irregularities, Corrections and Errors all refer to mistakes made within a project that need action to correct. The different terminology refers to when the mistake is found and how the mistake is treated. Projects that are found not to be complying with the regulations and requirements will be deemed to have an irregularity.
JEREMIE – Joint European Resources for Micro to Medium Enterprises	JEREMIE is an initiative of the European Commission developed together with the European Investment Fund. It promotes the use of financial engineering instruments to improve access to finance for SMEs via Structural Funds interventions.
LEADER	Liaison entre actions de developement de l'economie rurale – a community led programme under the EU's Rural Development Programme supporting smaller scale projects and activities that help support businesses and create jobs across rural communities

[Type text]

Term/Acronym	Explanation
LEPs: SSLEP – Stoke-on-Trent & Staffordshire Local Enterprise Partnership GBSLEP – Greater Birmingham & Solihull Local Enterprise Partnership	Private sector led partnerships delivering the government's local growth agenda and particularly the conduit for City and Growth Deals and other strategic UK and EU economic growth programmes (NB The operational boundaries of the SSLEP and GBSLEP have overlapping geographies involving 4 southern Staffordshire districts)
Limited Bidding	A selection route whereby a limited number of potential grant applicants are identified and invited to submit an outline application for the support of activity which meets an objective of the operational programme. This route will be agreed by the ESIFIS Committee.
Local Action Group	The Local Action Group is an essential feature of the Community Led Local Development approach. The role of the LAG includes identifying and implementing a local development strategy, including allocation and management of financial resources and bringing together people and money from the public, private and civil society sectors in order to ensure joint ownership, joined-up delivery and the right scale of intervention needed to improve the area's economic competitiveness.
Local Implementation Plan	LEP ESIF Committees will be asked by the Managing Authorities to develop a Local Implementation Plan which sets out the timing, scope, scale and objectives of the calls they propose to issue during 2015, and a forward look to 2017. Once the Local Implementation Plan has been signed off by the ESIF Committee, it will be used by both LEP Area partners and the Managing Authority to inform the development of individual call specifications.
Managing Authorities (MA's)	The Managing Authority is the government department that is responsible for implementation of the Operational Programme in accordance with the ESIF regulations. There are currently three Mas in England: <ul style="list-style-type: none"> • The Department for Communities and Local Government (ERDF). • The Department for Work and Pensions (ESF). • The Department for Environment Food and Rural Affairs (EAFRD).
Market Failure	Market failure refers to a situation in which markets fail to deliver and there is a need for the public sector to intervene. Market failure can occur in many different ways but is generally classed as externalities, market power, imperfect information or public goods.
Match Funding	The Funds have to be 'matched' with domestic funding, typically on a 1:1 ratio. The domestic funding has to be signed-off as match for the purposes of the regulations by the entity providing the funding, the relevant Managing Authority and the auditors of Structural and Investment Funds.
Micro Business	A SME is a company employing less than 10 people with a turnover or balance sheet of less than or equal to €2m.

[Type text]

Term/Acronym	Explanation
More Developed Regions	Areas with a GDP per capita above 90% of the EU27 average. Most parts of England fall into this category. At least 80% of ERDF needs to be spent on four thematic objectives (innovation, ICT, Small and Medium Sized Enterprises and low carbon) under ERDF and on four investment priorities under ESF. Projects are financed at a maximum rate of 50% under ERDF and ESF (different rules apply for EAFRD).
NEET – Not in Education, Employment or Training	A NEET is a young person (aged between 16 and 24) who is Not in Education, Employment or Training.
Non-SME – Non Small to Medium Sized Enterprise	A non-SME is a company employing more than 250 people with a turnover or balance sheet of more than €50m and €43m respectively.
N+3 Target	ESI Funds Operational Programmes have annual spend targets, known as N+3. The first of these targets is set for 2017, three years after the programme starts, hence N+3 and the final target (100% of the budget) falls in 2023, three years after funds must be committed. If these targets are not met the amount of funding allocated to the Operational Programme will be reduced. The N+3 is the minimum spend target. Spend targets in Operational Programmes are at both overall programme and Priority Axis level.
Officer Working Group/ Sub-Committee	Any sub-committee or working group set up by the ESIF Committee to enable it to fulfil its responsibilities. The ESIF Committee can delegate any of its tasks to the OWG.
Open Bidding	A selection route whereby an open invitation is published for applications for the support of activity that meets an objective of the Operational Programme. This route will be agreed by the ESIF Committee.
Operational Programme (OP)	Below the Partnership Agreement is an Operational Programme for each European fund. The document sets out the priorities for how the Structural Funds will be used and how they will be administered. These documents are prepared by government and agreed with the European Commission. The Operational Programmes include financial targets and targets for what needs to be achieved.
Operations	This is the term used by the European Commission to refer to each of the discrete activities that is covered by an ESIF funding agreement. 'Operation' is usually synonymous with 'project'.
Opt In Agencies: SFA – Skills Funding Agency DWP – Dept. for Work & Pensions BIG – Big Lottery	Government and other agencies delivering national government programmes for skills and social inclusion, offering to align a proportion of LEP's ESIF indicative allocations to government funding which effectively 100% funds activities
Outline Application Stage	The purpose of the outline application stage is to provide sufficient information to confirm that proposals meet some basic criteria including: strategic fit and eligibility, rationale and additionality, value for money, due diligence and compliance; and to save abortive work on full applications which will not meet regulatory requirements.
Outputs	Outputs are the direct and measurable products delivered by an ESIF project as a consequence of project inputs and activities. For instance, this can be the no. of enterprises assisted under various types of business support for revenue projects; or the no. of participants on a work programme.

[Type text]

Term/Acronym	Explanation
Partnership Agreement	The Partnership Agreement covers the four European Structural and Investment (ESI) funds of ERDF, ESF, EAFRD and the European Maritime and Fisheries Fund and the main expected results.
Performance Framework	The Performance Framework is a new component for the 2014-2020 ESI Fund Programmes. This contains specific targets in each Priority Axis that must be achieved by 2018 in order for a 'Performance Reserve' of 6% of the value of each Priority Axis to be released in 2019.
Performance Reserve	The performance reserve establishes a link between financial allocations and results. It comprises 6% of all funds and is released upon certain milestones being met by 2018. Where met LEP's would receive funding from the reserve in 2019 and have to invest that funding by 2022.
Priority Axis	A Priority Axis brings together Investment Priorities under one or more Thematic Objective. Excluding ones for Technical Assistance, there are ten Priority Axes in the ERDF Operational Programme and two in the ESF Operational Programme.
Procurement	Applicants must demonstrate that their project complies with the Public Contract Regulations and the EC Procurement Directives in selecting the suppliers of goods, works and services for the project. The suppliers of goods, works and services should be selected through an open, transparent and non-discriminatory competition process, which allows bidders from across the European Common Market the opportunity to be considered for public funded contracts.
Project Engagement Visit (PEV)	Every project will receive a Project Engagement Visit which will take place no more than 3 months after the Funding Agreement has been signed. The aim of the visit is to ensure that applicants understand the requirements of the funding agreement and that you have put in place the required systems to meet the monitoring and audit requirements.
Project Progress and Verification Visit (PAV) (Also known as Article 13)	This is the main compliance check visit and is based on claims and performance to date. During the visit, the project will be assessed in terms of delivery and spend and compliance with national and European requirements including procurement and publicity. The GDT will expect to be able to verify expenditure and outputs declared in a claim by making checks back to original invoices, bank statements and other project records. As the frequency of PAV's is determined by the risk rating accorded a project by the GDT, some projects maybe visited several times during the period of the Operational Programme, but all projects will be visited at least once.
Proposed Financial Completion Date	This is the date by which all expenditure on the project has been incurred (defrayed) - <i>(for ESF sometimes known as the 'Contractual Completion Date')</i>
Proposed Project Practical Completion Date	This date refers to the final date on which an applicant or delivery partner can spend ESI funds and achieve outputs.
Prospectus	A document accompanying a call for proposals which informs potential grant applicants of the opportunity to submit an outline application; the details of the activity sought; the value of funding available; the outputs/results sought; and the timetable and process by which projects will come forward and be assessed and selected

Term/Acronym	Explanation
Publicity Guidelines	To help promote and publicise the impact that the funds are having, strict publicity requirements have been set by the European Commission which must be followed by anyone developing and delivering projects, or managing the Programme these are known as the 'Publicity Guidelines'.
PURPLE - Peri-urban Regions Platform Europe	PURPLE is an EU network which represents areas where urban and rural features co-exist. Member areas work together to maximise the advantages of their proximity to large cities, whilst minimising negative impacts on the qualities that make peri-urban areas special. The network works to raise awareness of the peri-urban agenda, and is currently designing and developing partnerships for EU projects.
Results	Results refer to the consequences arising from the delivery of project outputs.
Retrospection	Retrospection refers to the award of an ESIF grant to a project on which work has already commenced and expenditure already incurred. Retrospection should be distinguished from preliminary expenditure, such as architects fees, feasibility studies, design costs etc.
Selection Criteria	These are national selection criteria that apply to the assessment and appraisal of all ERDF and ESF operations, including Opt-In Organisations, leading to the Managing Authority awarding a Funding Agreement.
Smart Specialisation	Smart Specialisation is a new innovation policy concept designed to promote the efficient and effective use of public investment in research. Its goal is to boost regional innovation in order to achieve economic growth and prosperity, by enabling regions to focus on their strengths. It is a requirement for projects to be pursued through a Smart Specialisation approach.
SME – Small to Medium Sized Enterprise	A SME is a company employing less than 250 people with a turnover or balance sheet of less than €50m and €43m respectively.
State Aid	State aid refers to forms of assistance from a public body, or publicly-funded body, given to undertakings on a discretionary basis, with the potential to distort competition and affect trade between member states of the European Union.
State Aid Rules	The 'State aid rules' comprise various articles of the Treaty on the Functioning of the European Union (TFEU), regulations, frameworks and guidelines - which set out what aid can be given. The European Commission governs member states' compliance with these rules and must be notified of all schemes involving State aid. State aid granted without Commission approval is viewed as unlawful and may be subject to repayment - by the aid recipient.

Term/Acronym	Explanation
Technical Assistance (TA)	Technical Assistance is funding drawn down from the EC to support the administration of the ESI Funds. It is match funded by contributions from those administering the Funds. It will be used to ensure that the activities which fall within the scope of the ERDF and ESF Programmes are managed, monitored and evaluated in line with the Common Provisions Regulation, ERDF and ESF Regulations and the Commission's delegated and implementing regulations. A notional amount of up to 2% has been set aside for LEP areas (based on 2% of the LEP area allocation).
Thematic Objectives	The European Regulations governing use of the European Structural and Investment Funds set out 11 overarching "thematic objectives for the funds. These are underpinned by specific "investment priorities" or "measures" which describe the broad activities that can be supported by each Fund.
Transition Regions	Areas with a Gross Domestic Product per capita between 75% and 90% of the EU27 average. Transition regions receive a slightly higher than average intensity of ERDF and ESF but this funding has to be more heavily concentrated on selected activities than in less developed regions. Projects can be financed at a maximum rate of 60% for ERDF and ESF (different rules apply for EAFRD). Places within this category in England include: Devon, Lincolnshire, East Yorkshire & North Lincolnshire, Shropshire & Staffordshire, South Yorkshire, Merseyside, Lancashire, Tees Valley & Durham and Cumbria.
Value for Money	Value for money relates to whether or not a project will generate sufficient benefits to justify the costs of implementation and helps to identify whether it may be possible to do better with the available resources.