

# Local Enterprise Partnerships' EU Structural and Investment Fund Strategies

## Report to South East England Councils: Main Report (without annexes)

March 2014

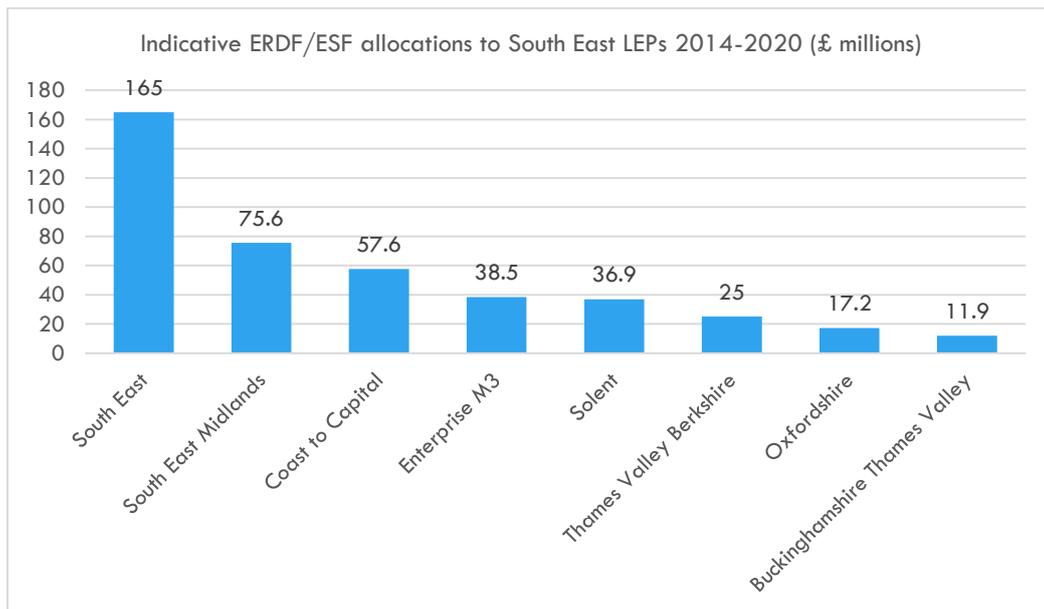
### Executive Summary

1. South East England Councils have commissioned this study to help understand the priorities and approaches set out in the Local Enterprise Partnerships' (LEPs) emerging EU Structural and Investment Fund (EUSIF) strategies. The funds include the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Agricultural Fund for Rural Development (EAFRD).
2. For the 2014-2020 funding period EUSIF funding is being allocated to LEPs. For the preceding 2007-2013 funding period structural funds were allocated on a regional basis and through multiple programmes. A key aim of the new funding period is to streamline the management of EUSIFs and reduce the number of programmes and associated bureaucracy. For 2014-2020 the funds are being combined into the European Structural and Investment Funds Growth Programme for England.
3. The LEPs and their partners have been asked to set out how they intend to use their allocation in EUSIF strategies - *summaries for each of the eight LEPs wholly or partly in the South East are included in the main report*. These strategies form part of the LEPs' wider growth plans being developed in their Strategic Economic Plans (SEPs). The wider plans are being finalised in 2014 and will result in Growth Deals with Government from April 2015. As significant members of LEPs local authorities should have had involvement in developing both EUSIF and wider economic strategies, although the situation varies locally. The LEPs are currently waiting for approval of their EUSIF strategies by UK Government (as the authority formally responsible to the EU for the UK's funding pot). The key aims of the funds and allocations to South East LEPs are given in the box below:

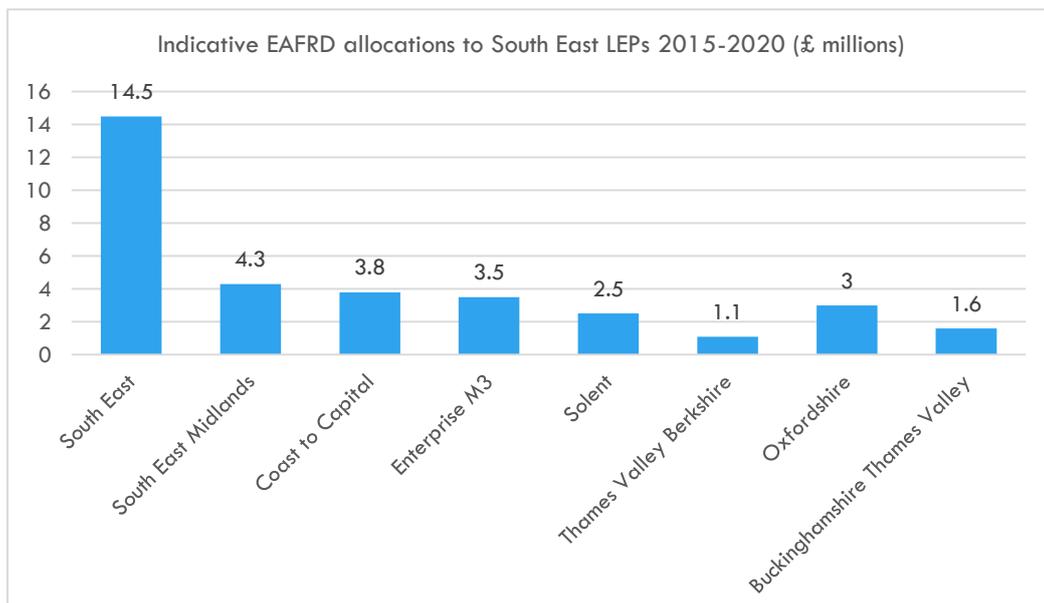
<b>European funds and provisional allocation to South East LEPs</b>
<b><u>ERDF + ESF provisional allocation to South East LEPs for 2014-20 = £428m</u></b> <b><u>(from national pot of £4.96bn)</u></b>
<b>The European Regional Development Fund (ERDF)</b> supports economic development through actions such as business innovation and regeneration.
<b>The European Social Fund (ESF)</b> contributes to sustainable economic growth and social inclusion by extending employment opportunities and developing a skilled and adaptable workforce.
<b><u>EAFRD provisional allocation to South East LEPs for 2014-20 = £34m</u></b> <b><u>(from national pot of £177m)</u></b>
<b>The European Agricultural Fund for Rural Development (EAFRD)</b> contributes to improving the competitiveness of agriculture and forestry, the quality of life and management of economic activity in rural areas and improving the environment and the countryside.

## Reviews of the EU Structural and Investment Fund Strategies

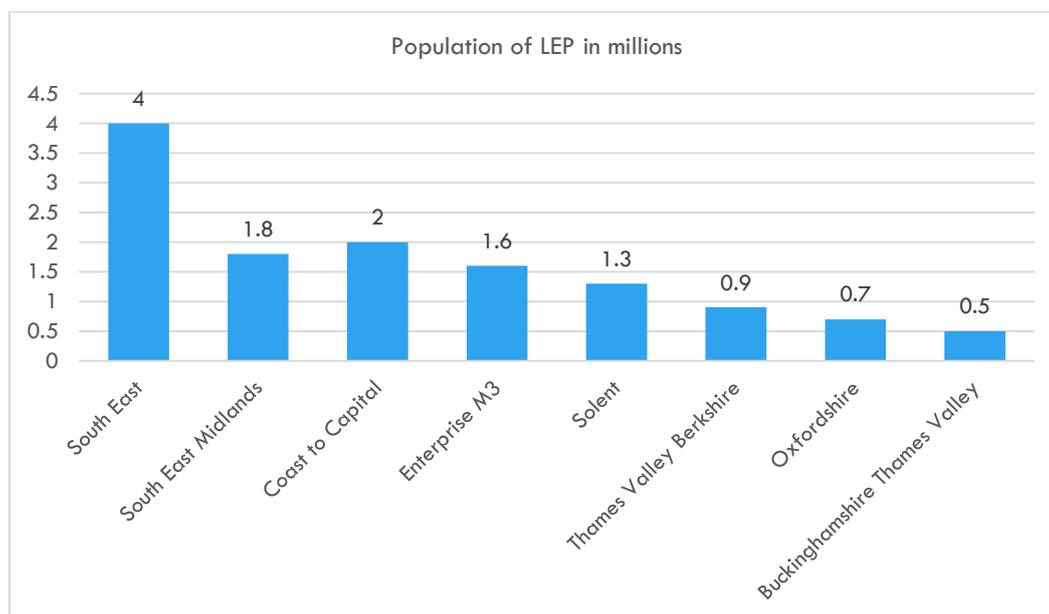
4. **Detailed summaries of each LEP's strategy are included in the main report.** The allocation of ERDF and ESF funding to the eight LEPs that fall entirely or partly in the South East is shown in the chart below. Funding varies substantially so LEPs have had to focus on how they believe the EU funding can best be used locally. Nationally the highest allocation is £599 million to London and the minimum is £11.9 million to Buckinghamshire Thames Valley.



5. The allocation of EAFRD to South East LEPs is shown below. Nationally the highest allocation is £15.5 million to the Heart of the South West LEP and the minimum is £0.3 million to the Liverpool City Region (except for nil allocation to London LEP).



6. To give an indication of the size of each South East LEP area the chart below shows the population of each LEP as stated by the LEP in their strategy.



### Key Issues in EU Structural and Investment Fund Strategies

7. **What will the money be spent on?** LEPs are asked to indicate the amount of funding they intend to spend on each of the 10 EU thematic objectives given in the Government guidance. The table below shows the allocation of South East LEPs' ERDF and ESF funding to each objective. With the relatively recent publication of allocations on EAFRD funding LEPs are still consulting with partners to agree priorities so these are not shown here.

Allocation of ERDF and ESF funding to EU thematic objectives		
EU Fund and thematic objective	Allocation (£ million)	Percentage of ERDF and ESF themes allocated to ERDF/ESF funding (%)
1. ERDF: Innovation	54	13
2. ERDF: ICT	3	1
3. ERDF: SMEs	116	27
4. ERDF: Low Carbon	44	10
5. ERDF: Climate Change	0	0
6. ERDF: Environmental Protection	2	1
7. ERDF: Sustainable Transport	0	0
8. ESF: Employment	84	20
9. ESF: Social Inclusion	49	11
10. ESF: Skills	76	18
Total	428	100 (does not total due to rounding)

8. Approximately half the ERDF and ESF funding will be targeted at supporting small and medium enterprises as well as innovation projects. The other half will be used for projects to support employment or skills. A strong priority is to deliver projects which meet the needs of local employers as well as looking at skills of some hard to reach groups. The types of activities proposed include direct funding for projects, improving advice services for businesses and individuals and developing collaborative networks.
9. The LEPs are using the EU funding to help deliver key aspects of their areas' wider growth ambitions, and their wider economic visions (as set out in the SEPs) include local aims but in many instances highlighting the importance of their economic success nationally as well.
10. The LEPs are not proposing to allocate any funding to projects to support climate change adaptation and sustainable transport. The Government guidance suggested to LEPs that less than 20% of funding is allocated to these priorities and whilst they see these as important objectives for their areas they feel domestic or other funding dwarfs any funding from these EU funds.
11. **What will the funding deliver?** The LEPs show what outputs they aim to achieve through delivery of the EUSIF strategies. The table below shows the total of key expected outputs across all the South East LEPs. These are indicative at this stage and further work is required before conclusion can be drawn.

<b>Indicative Expected Outputs across all LEPs in the South East</b>		
ERDF	Number of enterprises supported	34,536
	Number of new enterprises supported	9,347
	Number of jobs created	21,595
	Number of enterprises cooperating with research institutions	3,405
	Number of enterprises entering new markets	1,732
	Number of enterprises supported to introduce new products	3,621
	Number of enterprises using ICT	1,090
	Amount of private investment matching public support to enterprises	£10 million
	Number of companies supported with business resource efficiency	2,819
	Number of enterprises providing private match funding	4,005
	Amount of land developed for infrastructure	285 ha.
	Estimated reduction in greenhouse gases	271,000 tonnes
ESF	Number of participants in training and employment activities	121,000
EAFRD [based on 3 LEPs' strategies where outputs are included]	Number of enterprises receiving support	385
	Number of jobs created in supported projects	327
	Number of participants in training activities	1,879

12. **How will the funding be matched?** The total funding pot will need to be match funded, either locally or nationally through public and private sources. Some will be on a project by project basis, whilst other funding will be agreed at a wider programme level to simplify administration and delivery. Commitment of such funding varies considerably in the strategies, with some indicating broad figures whilst others refer more directly to specific organisations they hope will bring match funding.
13. LEPs have also had the option to sign up to national 'opt-ins'. These allow LEPs to access match funding and administrative support from seven key national programmes while retaining a degree of influence and strategic control of how the funds are delivered locally. The LEPs have all engaged in negotiations with the opt-in providers. Concern has been expressed by the LEPs that localities do not have a strong influence over how the projects are commissioned through opt-ins and that the LEPs have insufficient funds to invest in them. As a result take-up is so far varied locally. The national programmes available and the number of LEPs who are considering signing up to each are given in the box below.

<b>Opt-in agreements under negotiation or agreed</b>
<ul style="list-style-type: none"> <li>• Skills Funding Agency – 7 LEPs</li> <li>• Department for Work and Pensions – 7 LEPs</li> <li>• Big Lottery – 6 LEPs</li> <li>• UK Trade and Investment – 5 LEPs</li> <li>• Growth Accelerator – 3 LEPs</li> <li>• Manufacturing Advisory Service – 3 LEPs</li> <li>• European Investment Bank – 1 LEP via pan-LEP programme</li> </ul>

14. **How will projects access funding?** The LEPs' early thoughts are that delivery of projects will be through a variety of routes including competitions for project proposals, open and competitive tendering for delivery contracts, opt-in models, financial instruments (e.g. loans) and Community Led Local Development (CLLD). CLLD is a method of using EUSIFs in a way that is focused on smaller areas, and typically through small local community projects. It is based on a partnership of public, private and civil society contributors that come together to form a Local Action Group and deliver change for their area through a Local Development Strategy. This is similar to the LEADER approach but open to non-rural as well as rural areas.

15. A number of the LEPs have stated that they will use tools such as bundling projects and collaborative commissioning so they can have a number of local projects but also ensure projects are of sufficient scale to be handled by the Managing Authorities (UK Government). Opportunities to access the funding will start once the strategies are approved by government, most likely later in 2014. LEPs have considered how best to take forward cross-LEP priorities and projects and how to avoid duplication for areas which overlap between LEPs as far as possible.
16. **How will decisions be made?** The LEP boards (which include representatives from business, local authority, and in some cases the education sector and the community sector) will have overall accountability to Government for delivery of EUSIF strategies. Sub-groups drawn from the board but widened out to include representatives from local area groups will be responsible for approving projects, delivery and performance. In developing their strategies the LEPs have engaged with a wide variety of stakeholders including detailed discussions with many local authorities. Councils' key role within LEPs should have placed them well to shape the strategies although approaches vary from LEP to LEP.

### **Next Steps**

17. SEEC made the case to Government for continued access to EUSIFs in the South East. LEPs are continuing to work out the details of their strategies including outputs, match funding and delivery arrangements, in parallel with awaiting government sign off. The LEPs are waiting for further guidance from Government but subject to approval of the UK's schemes, spending for the ERDF and ESF is expected to begin in mid/late 2014 and spending for the EAFRD in 2015.

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# Local Enterprise Partnerships EU Structural and Investment Fund Strategies

## 1. Introduction

### Purpose

- 1.1 South East England Councils have commissioned this study to help understand the priorities and approaches set out in the Local Enterprise Partnerships' (LEPs) emerging EU Structural and Investment Fund (EUSIF) strategies. Over the last 12 months or so LEPs have been reviewing evidence, setting objectives and establishing potential projects. Now that they have submitted their EUSIF strategies to Government it is a good time to review how they are developing. This high-level summary of the strategies and the governance arrangements for delivering them will help SEEC members understand forthcoming funding opportunities for councils, local businesses and communities.
- 1.2 This introduction firstly provides some background to EUSIFs before giving an overview of the eight LEPs falling wholly or partly in the South East and the funding provisionally allocated by Government for their EUSIFs. Section 2 includes a summary review for each of the South East strategies and section 3 provides a commentary on the reviews to identify the key issues which are emerging. The full reviews of the strategies are included in the annex.

### EU Structural and Investment Funds

- 1.3 The European Structural and Investment Funds exist to promote smart, sustainable and inclusive growth. The funds include:
- The European Regional Development Fund (ERDF);
  - The European Social Fund (ESF); and
  - The European Agricultural Fund for Rural Development (EAFRD).
- 1.4 The key aims of the funds and allocations to South East LEPs are given in the box below:

**European funds and provisional allocation to South East LEPs**

**ERDF + ESF provisional allocation to South East LEPs for 2014-20 = £428m**

**(from national pot of £4.96bn)**

**The European Regional Development Fund (ERDF)** supports economic development through actions such as business innovation and regeneration.

**The European Social Fund (ESF)** contributes to sustainable economic growth and social inclusion by extending employment opportunities and developing a skilled and adaptable workforce.

**EAFRD provisional allocation to South East LEPs for 2014-20 = £34m**

**(from national pot of £177m)**

**The European Agricultural Fund for Rural Development (EAFRD)** contributes to improving the competitiveness of agriculture and forestry, the quality of life and management of economic activity in rural areas and improving the environment and the countryside.

- 1.5 For the 2007-2013 funding period structural funds were allocated on a regional basis and through multiple programmes. A key aim of the new funding period is to streamline the management of EUSIFs and reduce the number of programmes and associated bureaucracy. European Regulations are bringing these funds together for the 2014-2020 funding period. In March 2013 the Government announced that for this funding period the ERDF, ESF and part of the EAFRD will be combined into the European Structural and Investment Funds Growth Programme for England, with funding allocated to LEPs.
- 1.6 Each LEP will receive an allocation of EUSIFs for the seven-year period of this Growth Programme. The LEPs and their partners have been asked to set out how they intend to use their provisional allocation in a EUSIF strategy, which should be agreed with Government during 2014. Subject to approval of the LEPs' strategies (by UK Government as the authority formally responsible to the EU for the UK's funding pot), spending for the ERDF and ESF is expected to begin in mid-2014 and spending for the EAFRD is expected to begin in 2015.
- 1.7 EUSIF strategies form part of a wider co-ordinated programme of activity. LEPs have also been issued with Government guidance on developing Strategic Economic Plans (SEPs). The EUSIF strategies and SEPs operate as an integrated package, reflecting a shared focus on local growth and jobs. Whilst the timetable for these differ, the Government expects LEPs to develop them in tandem. Draft SEPs were submitted to Government in December 2013 with final plans due in March 2014.

These Plans will be finalised by July 2014 and resulting Growth Deals<sup>1</sup> in place in April 2015. As significant members of LEPs local authorities should have had involvement in developing both EUSIF and wider economic strategies, although the situation varies locally.

## Provisional Funding Allocations to South East LEPs

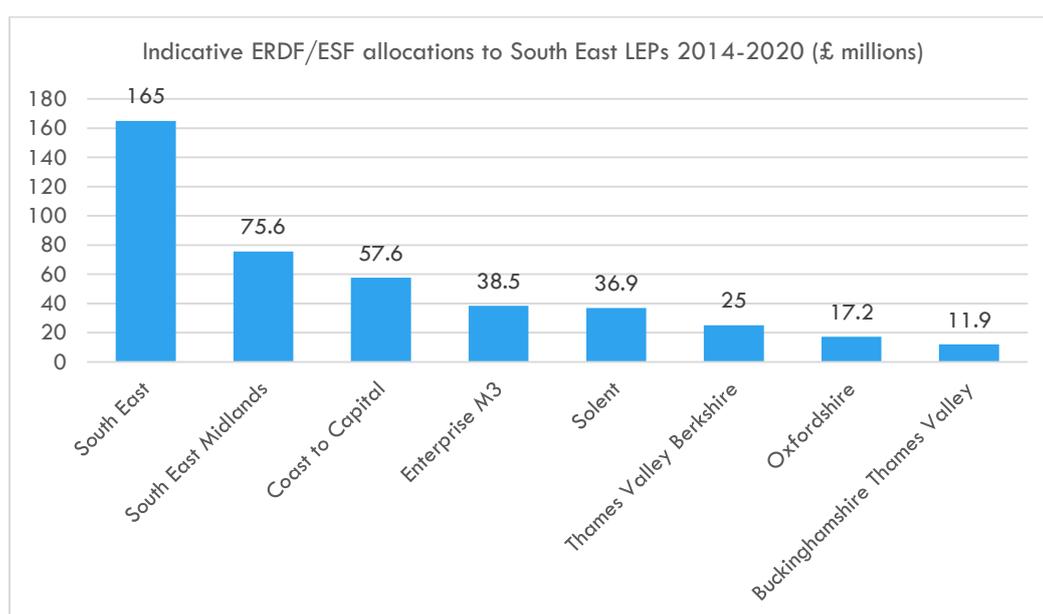
### 1.8 Eight LEPs fall wholly or partly in the South East:

<b>Councils within South East Local Enterprise Partnerships</b>
<p><b>Buckinghamshire Thames Valley:</b> Aylesbury Vale District Council, Chiltern District Council, South Bucks District Council, Wycombe District Council and Buckinghamshire County Council.</p>
<p><b>Coast to Capital:</b> Brighton and Hove City Council, Lewes District Council, East Sussex County Council, Chichester District Council, Horsham District Council, Arun District Council, Worthing Borough Council, Adur District Council, Mid Sussex District Council, Crawley Borough Council, West Sussex County Council, Mole Valley District Council, Reigate and Banstead Borough Council, Tandridge District Council, Epsom and Ewell Borough Council, Surrey County Council and London Borough of Croydon.</p>
<p><b>Enterprise M3:</b> Basingstoke and Deane Borough Council, East Hampshire District Council, Hart District Council, New Forest District Council, Rushmoor Borough Council, Test Valley Borough Council, Winchester City Council, Hampshire County Council, Elmbridge Borough Council, Guildford Borough Council, Runnymede Borough Council, Spelthorne Borough Council, Surrey Heath Borough Council, Waverley Borough Council, Woking Borough Council and Surrey County Council.</p>
<p><b>Oxfordshire:</b> Cherwell District Council, South Oxfordshire District Council, Vale of White Horse District Council, West Oxfordshire District Council, Oxford City Council and Oxfordshire County Council.</p>
<p><b>Solent:</b> Isle of Wight Council, Portsmouth City Council, Southampton City Council, Test Valley Borough Council, Eastleigh Borough Council, New Forest District Council, Winchester City Council, Fareham Borough Council, Gosport Borough Council, Havant Borough Council, East Hampshire District Council and Hampshire County Council.</p>
<p><b>South East:</b> Lewes District Council, Wealden District Council, Eastbourne Borough Council, Rother District Council, Hastings Borough Council, East Sussex County Council, Dartford Borough Council, Gravesham Borough Council, Swale Borough Council, Canterbury City Council, Thanet District Council, Dover District Council, Shepway District Council, Ashford Borough Council, Maidstone Borough Council, Tunbridge Wells Borough Council, Tonbridge and Malling Borough Council, Sevenoaks District Council, Kent County Council and Medway Council in the South East and Southend-on-Sea, Thurrock, Essex County Council and 12 District Councils in the East of England.</p>
<p><b>South East Midlands:</b> Milton Keynes Council, Aylesbury Vale District Council, Buckinghamshire County Council, Cherwell District Council, Oxfordshire County Council in the South East, three unitary authorities in the East of England and five districts in the East Midlands.</p>
<p><b>Thames Valley Berkshire:</b> Bracknell Forest Council, Reading Borough Council, Slough Borough Council, West Berkshire Council, Windsor and Maidenhead Council and Wokingham Council.</p>

<sup>1</sup> Growth Deals are freedoms and flexibilities over resources from Government for LEPs in return for a commitment to the Growth Agenda. The Government and the LEP will negotiate Growth Deals on the basis of the LEP's SEP.

1.9 England has been allocated £4.96 billion from the ERDF and ESF and £177 million from the EAFRD for the seven year funding period. The Government have provided an indicative allocation of how this funding will be distributed across England. SEEC made the case to Government for continued access to EU funding in the South East for 2014-20. Indicative allocations across the South East’s LEPs are so far encouraging with a small increase likely over previous years’ allocations<sup>2</sup>.

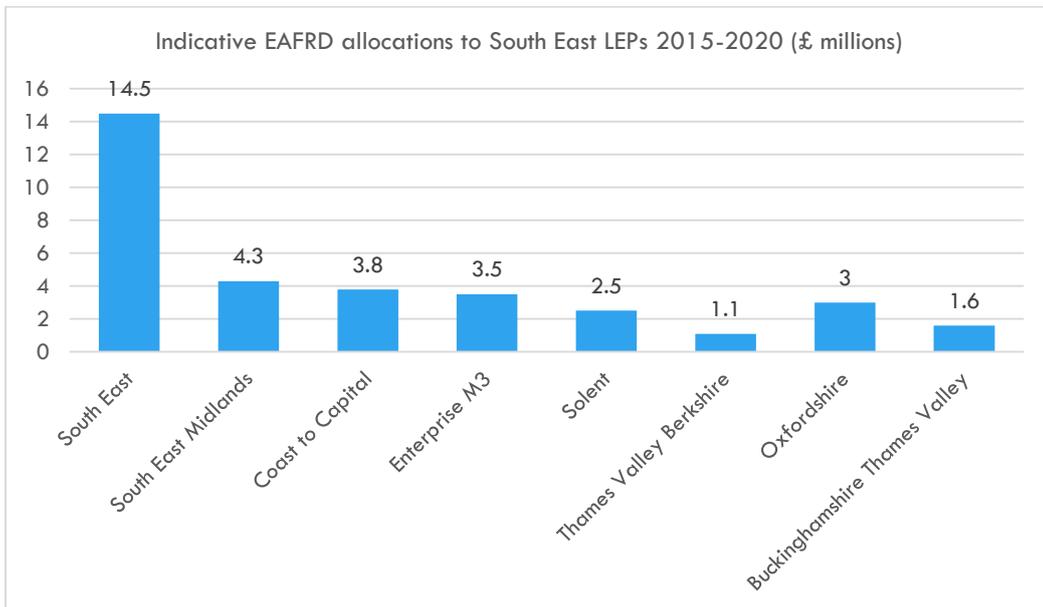
1.10 The current allocation is for £428 million from the ERDF and ESF to South East LEPs as shown in the chart below. Funding varies substantially so LEPs have had to focus on how they believe the EU funding can best be used locally. Nationally the highest allocation is £599 million to London and the minimum is £11.9 million to Buckinghamshire Thames Valley. With the largest area and population it is not surprising that the biggest allocation in the South East is to the South East LEP. South East Midlands and Coast to Capital also have allocations of over £50 million.



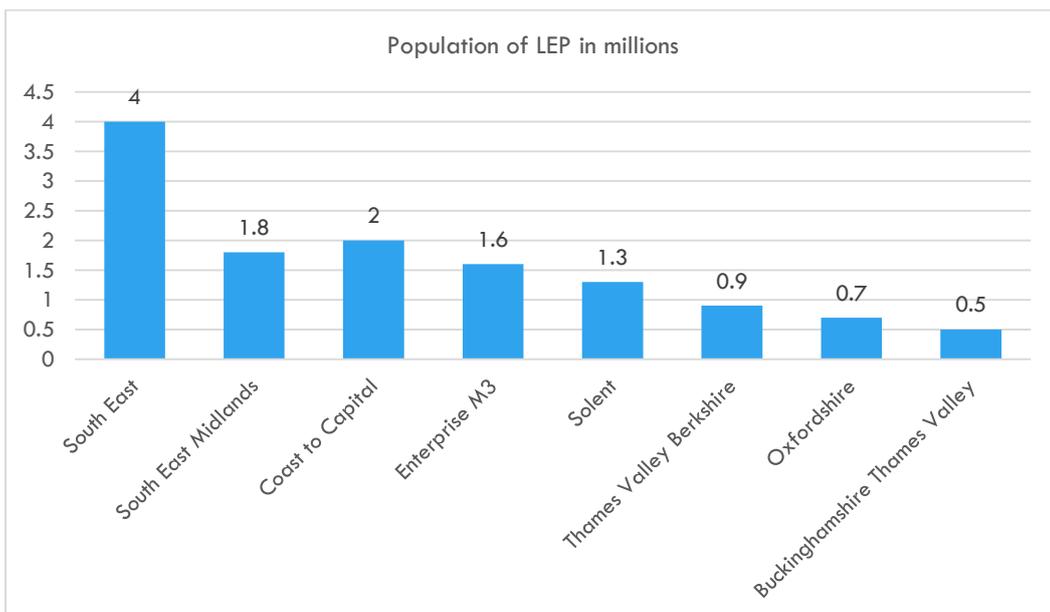
1.11 The South East LEPs have been allocated £34 million from the EAFRD as shown in the chart below. Nationally the highest allocation is £15.5 million to the Heart of the South West LEP and the minimum is £0.3 million to the Liverpool City Region (except for nil allocation to London LEP). Again, the South East, South East Midlands and Coast to Capital LEPs have the largest proportions of funding out of the South East LEPs. As the most rural county in the South East, Oxfordshire LEP has a higher ratio

<sup>2</sup> See SEEC Data Dashboard Spring 2014 section C on public finance and grants

of EAFRD funding to ERDF/ESF funding compared to other South East LEPs.



1.12 To give an indication of the size of each South East LEP area the chart below shows the population of each LEP as stated by the LEP in their strategy. There appears to be a clear correlation between the ERDF/ESF funding allocations and size of LEP population, although there is rather more variation in the EAFRD.



## 2. Reviews of the EU Structural and Investment Fund Strategies

### Introduction

- 2.1 This section includes summaries of the reviews of each of the EU structural and investment fund strategies. **Overarching commentary explaining some of the key terms and exploring the main issues is set out in Chapter 3.** The annex includes the full reviews. A template has been used to review the strategies in a consistent way. There is key information on funding, priorities, outputs, delivery arrangements and governance arrangement which can be found in all the strategies although the way the LEPs have structured the information and the details given vary.
- 2.2 Whilst every effort has been made to provide the summary information accurately the LEPs are currently developing the details (for example match funding sources and outputs) and it has not always been clear what information is confirmed and what is subject to change. For clarification on any individual points reference should be made back to the strategies and the web links have been included in the full reviews in the annex.

## **1. Buckinghamshire Thames Valley Local Enterprise Partnership**

<b>Area which the LEP covers and vision</b>		
<p>The Buckinghamshire Thames Valley area includes Aylesbury Vale District Council, Chiltern District Council, South Bucks District Council, Wycombe District Council and Buckinghamshire County Council and has a population of 507,000. The main towns in the area include Aylesbury, High Wycombe, Amersham and Chesham. Aylesbury Vale falls into both Buckinghamshire Thames Valley and South East Midlands LEPs. The vision for the LEP area is <i>“to create a vibrant, balanced, competitive Buckinghamshire economy”</i>.</p>		
<b>Overall funding and how it will be distributed</b>		
<p>The Buckinghamshire Thames Valley LEP has an indicative allocation of £11.9 million of ERDF/ESF and a further £1.6 million of EAFRD. The LEP has allocated 71% of the ERDF/ESF to ERDF themes and 29% to ESF themes as follows:</p>		
EU Fund and thematic objective	Allocation (£ million)	Percentage of ERDF and ESF themes allocated to ERDF/ESF funding (%)
1. ERDF: Innovation	2.0	17
2. ERDF: ICT	1.2 (0.3 from EAFRD)	7
3. ERDF: SMEs	4.8 (1.0 from EAFRD)	32
4. ERDF: Low Carbon	2.1 (0.3 from EAFRD)	15
5. ERDF: Climate Change	0	0
6. ERDF: Environmental Protection	0	0
7. ERDF: Sustainable Transport	0	0
ERDF sub-total	8.5	
8. ESF: Employment	0	0
9. ESF: Social Inclusion	1.0	9
10. ESF: Skills	2.4	20
ESF sub-total	3.4	
EAFRD sub-total	1.6	
Total	13.5	100
<b>LEP priorities for European funding</b>		
<b>ERDF priorities (£8.5 million) and EAFRD priorities (£1.6 million)</b>		
<ul style="list-style-type: none"> <li>Strengthening and exploiting the area’s innovative capacity through supporting businesses, encouraging collaboration between businesses and entrepreneurship programmes, encouraging research linked to key public sector assets and establishing collaboration in key technology sectors (EU thematic objective 1).</li> <li>Enhancing ICT and low carbon infrastructure through improving broadband connectivity, supporting businesses to make the best use of ICT, supporting businesses to access sustainability advice and investing in low carbon energy infrastructure (EU thematic objectives 2 and 4).</li> <li>Enhancing SME competitiveness through business advice, providing funding for businesses through a financial instrument (loan) and supporting business to develop new businesses and services (EU thematic objective 3).</li> </ul>		
<b>ESF priorities (£3.4 million)</b>		
<ul style="list-style-type: none"> <li>Tackling social inclusion through co-ordinating existing employment support providers, supporting outreach projects and developing schemes for the unemployed to find work (EU thematic objective 9).</li> <li>Developing a skilled workforce through aligning the skills and aspirations of young people with the needs of local employers and providing training and education in science, technology, engineering and maths subjects as well as high level skills (EU thematic objective 10).</li> </ul>		
<p><b>EU thematic objectives without allocated funding</b> - Buckinghamshire Thames Valley LEP have decided not to allocate any funding to thematic objectives 5, 6, 7, and 8. They do not make any specific comments on these objectives. However, they do state that as the LEP with the lowest allocation of EUSIF in the country they have had to make decisions about what to prioritise. They also set out why they are requesting more ERDF than ESF funding. They have significant innovation, ICT/broadband, SME competitiveness and low carbon needs in the local economy compared to a strong labour market with near full employment and relatively low levels of deprivation.</p>		

**Key outputs** - An indication of the scale of outputs the LEP anticipates from the programme is as follows:

ERDF	Number of enterprises supported	1004
	Number of new enterprises supported	350
	Number of jobs created	700
	Number of enterprises cooperating with research institutions	60
	Number of enterprises entering new markets	40
	Number of enterprises supported to introduce new products	20
	Number of enterprises using ICT	300
	Amount of private investment matching public support to enterprises	£5 million
	Number of companies supported with business resource efficiency	140
	Estimated reduction in greenhouse gases	6,000 tonnes
ESF	Number of participants in training and employment activities	575
EAFRD	Number of enterprises receiving support	385
	Number of jobs created in supported projects	55

**Themes/priorities which cross LEP boundaries** – they have worked with the Greater Thames Valley group of LEPs to explore areas of collaboration; Thames Valley Berkshire and Oxfordshire LEPs on business support, skills and tourism; the London Enterprise Partnership on areas of joint opportunity; and the Northamptonshire Enterprise Partnership about Silverstone and other areas.

#### Match funding

The LEP has listed sources of funding they have identified through the strategy consultation process. The LEP needs to carry out further work to identify funding sources but an indication of the amounts from private, public national and public local sources is given below:

	ERDF match (£ million)	ESF match (£ million)
Private	6.4	
Public national	0.5	
Public local	1.7	1.0
Opt-in		2.4 (2 years initially)

#### Bidding and delivery arrangements

Delivery of the project will be through a variety of routes:

- Opt-in agreements – 2 year programme agreed with Skills Funding Agency. Opt-in with UK Trade and Investment, Growth Accelerator and Manufacturing Advisory Service for a nominal sum to allow further negotiation
- Commissioning – using tools such as bundling and collaborative commissioning
- Financial instruments (e.g. loans) – through commissioning an existing provider
- Community Led Local Development – for some of the EAFRD allocation

**Project proposals which cross LEP boundaries** - discussions are on-going with the Greater Thames Valley group of LEPs, South East Midlands LEP, the London Enterprise Partnership and others to develop structures to enable cross-LEP investment and collaborative commissioning.

**Arrangements for overlaps between LEPs** – the LEP will work closely with the South East Midlands LEP to ensure no duplication in service delivery. A joint planning exercise has been completed.

#### Proposed governance

**Proposed arrangements to deliver the strategy** - The LEP Board (18 members, 5 from councils) will retain overall responsibility for strategic direction and programme performance and evaluation. The LEP will create a European Investment Group which will be overseen by the LEP Executive, but share representation with the LEP Board and a number of key LEP and wider sub-groups that already exist. Its membership will include local authorities. It will have responsibility for approving projects, delivery and performance.

**Who have the LEPs engaged with?** - The strategy has been built on strong dialogue with a range of local, regional and national partners, including other LEPs, local authorities, third sector organisations, natural environment partners and business representative organisations.

## **2. Coast to Capital Local Enterprise Partnership**

<b>Area which the LEP covers and vision</b>		
<p>The Coast to Capital area includes Brighton and Hove City Council, Lewes District Council and East Sussex County Council, seven district councils and the county council in West Sussex and four district councils and the county council in Surrey in the South East and the London Borough of Croydon in London. It has a resident population of nearly two million. Lewes falls into both Coast to Capital and South East LEPs. The vision for the LEP area is that “<i>Coast to Capital will deliver exceptional growth and productivity gains.</i>”</p>		
<b>Overall funding and how it will be distributed</b>		
<p>The Capital to Coast LEP has an indicative allocation of £57.6 million of ERDF/ESF and a further £3.8 million of EAFRD. The LEP has allocated 50% of the ERDF/ESF to ERDF themes and 50% to ESF themes as follows:</p>		
EU Fund and thematic objective	Allocation (£ million)	Percentage of ERDF and ESF themes allocated to ERDF/ESF funding (%)
1. ERDF: Innovation	7.2	13
2. ERDF: ICT	0	0
3. ERDF: SMEs	15.8	27
4. ERDF: Low Carbon	5.8	10
5. ERDF: Climate Change	0	0
6. ERDF: Environmental Protection	0	0
7. ERDF: Sustainable Transport	0	0
ERDF sub-total	28.8	
8. ESF: Employment	7.2	13
9. ESF: Social Inclusion	7.2	13
10. ESF: Skills	14.4	25
ESF sub-total	28.8	
EAFRD sub-total	3.8	
Total	61.4	100 (does not total due to rounding)
<b>LEP priorities for European funding</b>		
<b>ERDF priorities (£28.8 million)</b>		
<ul style="list-style-type: none"> <li>Promote collaboration between SMEs, education institutions and the public sector to bring new products and services to the market (EU thematic objective 1).</li> <li>Support SMEs to grow through strengthening their supply chain with a focus on sectors and clusters which have proved to have a significant impact on growth elsewhere (EU thematic objective 3).</li> <li>Improve the coherence and accessibility of business support services for businesses at all stages of development (EU thematic objective 3).</li> <li>Support the shift to a low carbon economy through promoting activities that result in the adoption of low carbon technologies and related supply chains (EU thematic objective 4).</li> </ul>		
<b>ESF priorities (£28.8 million)</b>		
<ul style="list-style-type: none"> <li>Provide additional support to help people in target groups find employment (EU thematic objective 8).</li> <li>Bring innovative programmes to marginalised groups to support them in learning and employment (EU thematic objective 8).</li> <li>Develop solutions to address multiple barriers which individuals face in finding employment (EU thematic objective 9).</li> <li>Equip individuals who are most disadvantaged with the skills they need for employment through working with local organisations who operate outside mainstream provision (EU thematic objective 9).</li> <li>Develop higher level skills in priority sectors (EU thematic objective 10).</li> <li>Develop intermediate skills and technical skills (EU thematic objective 10).</li> </ul>		
<b>EAFRD priorities (£4.79 million)</b>		
<ul style="list-style-type: none"> <li>Building knowledge and skills in rural areas and supporting tourism activities in rural areas.</li> </ul>		

- Funding new and developing non-agricultural, micro, small and medium sized rural businesses.

**EU thematic objectives without allocated funding** - Coast to Capital have decided not to allocate any funding to thematic objectives 2, 5, 6 and 7.

**Key outputs** - An indication of the scale of outputs the LEP anticipates from the programme is as follows:

ERDF	Number of enterprises supported	4,005
	Number of new enterprises supported	812
	Number of jobs created	1,108
	Number of enterprises cooperating with research institutions	300
	Number of enterprises entering new markets	1,201
	Number of enterprises supported to introduce new products	1,201
	Number of enterprises using ICT	400
	Number of enterprises providing private match funding	4,005
ESF	Number of participants in training and employment activities	7,374
EAFRD	Number of participants in training activities (2014-15)	1,379
	Number of jobs created in supported projects (2014-15)	142

**Themes/priorities which cross LEP boundaries** - Coast to Capital have engaged in discussions with the Greater Thames Valley group of LEPs to explore areas of collaboration; the Solent LEP on the rural agenda, Enterprise M3 in relation to their woodland enterprise; and the Greater London Authority concerning the London Borough of Croydon.

#### Match funding

The LEP have undertaken a separate piece of work to identify possible sources of match funding. In the case of locally procured projects, they will expect the successful bidding or commissioned organisation to have identified their own match funding. They list third party funding sources which they can explore for match funding.

#### Bidding and delivery arrangements

The delivery of the programme will be achieved through a variety of routes:

- Opt-in agreements – in principle opt-in offers for initial 2-year programmes with Skills Funding Agency, Department for Work and Pensions, Big Lottery, Manufacturing Advisory Service and UK Trade and Investment. Level of funding not given in the strategy.
- Locally procured delivery projects and programmes
- Commissioning
- Open calls for projects
- Community Led Local Development – carrying out an exercise to identify schemes of work

**Project proposals which cross LEP boundaries** - delivery arrangements have been agreed with the Solent LEP on minimising duplication within the LEADER area which they share; and with the Enterprise M3 LEPs in relation to their woodland enterprise and ensuring SMEs receive the same service regardless of postcode within the LEP boundary.

**Arrangements for overlaps between LEPs** - The Coast to Capital and Greater London Authority are hoping to reach agreement for the London Borough of Croydon so that they do not duplicate e.g. Coast to Capital take responsibility for ERDF and GLA on ESF.

#### Proposed governance

**Proposed arrangements to deliver the strategy** - The LEP have set up a EUSIF Strategy Board, accountable to the LEP Board (17 members, 5 from councils) and with delegated authority, which will be the main channel for dialogue with the National Managing Authority (UK Government). Members will be drawn from the LEP Board, their area partnerships, county/unitary authorities and other organisations. Assisting in the development of the strategy the LEP have in place a EUSIF Task and Finish Group made up of European officers and those with similar responsibilities from their partners. They anticipate that the group will continue to advise the board on project and programme development.

**Who have the LEPs engaged with?** - the LEP Area Partnerships and county/unitary authorities have been fully involved with the development of the strategy through one to one meetings and representation on their EUSIF Task and Finish Group. They have held a series of consultation events, carried out a survey of partners, met with key stakeholders and provided regular bulletins and briefings to the local authority Chief Executives' Group.

### **3. Enterprise M3 Local Enterprise Partnership**

<b>Area which the LEP covers and vision</b>		
<p>The Enterprise M3 area includes seven district councils and the county council in Hampshire and seven district councils and the county council in Surrey. It has a resident population of over 1.6 million. The New Forest part of the LEP falls into both Enterprise M3 and Solent LEPs. Enterprise M3 have set a vision of being <i>“the premier location in the country for enterprise and economic growth, balanced with an excellent environment and quality of life but also to raise its competitive position in the EU and wider global markets”</i>.</p>		
<b>Overall funding and how it will be distributed</b>		
<p>The Enterprise M3 LEP has an indicative allocation of £38.5 million of ERDF/ESF and a further £3.5 million of EAFRD. The LEP has allocated 55% of the ERDF/ESF to ERDF themes and 45% to ESF themes as follows (note the total of the allocation by theme as given in the strategy differs slightly to the indicative allocation to the LEP):</p>		
EU Fund and thematic objective	Allocation (£ million)	Percentage of ERDF and ESF themes allocated to ERDF/ESF funding (%)
1. ERDF: Innovation	6.3	16
2. ERDF: ICT	0	0
3. ERDF: SMEs	10.6	27
4. ERDF: Low Carbon	4.2	11
5. ERDF: Climate Change	0	0
6. ERDF: Environmental Protection	0	0
7. ERDF: Sustainable Transport	0	0
ERDF sub-total	21.1	
8. ESF: Employment	5.6	14
9. ESF: Social Inclusion	3.9	10
10. ESF: Skills	8.0	21
ESF sub-total	17.5	
EAFRD sub-total	3.5	
Total	42.1	100 (does not total due to rounding)
<b>LEP priorities for European funding</b>		
<b>ERDF priorities (£21.1 million)</b>		
<ul style="list-style-type: none"> <li>• Innovation – supply chain development, leadership and management activities, new products and business processes and development of physical incubation space (EU thematic objective 1).</li> <li>• Enterprise –projects to promote export services, encourage business start-up rates and support digital businesses and development of the Enterprise M3 Growth Hub (EU thematic objective 3).</li> <li>• Low carbon and sustainable places – commercialisation of research and development and promoting low-carbon technologies in new and established businesses (EU thematic objective 4).</li> </ul>		
<b>ESF priorities (£17.5 million)</b>		
Skills, employment and employability (EU thematic objectives 8, 9 and 10):		
<ul style="list-style-type: none"> <li>• World Class Skills –supporting intermediate, technical and higher level skills.</li> <li>• Increasing employer take-up of training – developing skills brokerage support through the growth hub and developing a labour market intelligence unit.</li> <li>• Enhancing employability prospects – apprenticeship programmes and strengthening careers advice.</li> <li>• Social inclusion – employability and basic skills for groups at risk of discrimination from the workforce.</li> </ul>		
<b>EAFRD priorities (£3.5 million)</b>		
They are currently discussing a proposal with local stakeholders to fund new and developing micro, small and medium sized businesses including those operating within the tourism/visitor economy.		
<b>EU thematic objectives without allocated funding</b> - Enterprise M3 have decided not to allocate any funding to thematic objectives 5, 6 and 7. They feel that the level of funding is not sufficient to produce effective outcomes and these objectives can be achieved through domestic funding.		

**Key outputs** - An indication of the scale of outputs the LEP anticipates from the programme is as follows:

ERDF	Number of enterprises supported	2,139
	Number of new enterprises supported	100
	Number of jobs created	2,460
	Number of enterprises cooperating with research institutions	610
	Number of enterprises entering new markets	69
	Number of enterprises supported to introduce new products	71
	Estimated reduction in greenhouse gases	18,430 tonnes
ESF	Number of participants in training and employment activities	12,700

**Themes/priorities which cross LEP boundaries** - Enterprise M3 have engaged in discussions with:

- the Greater Thames Valley group of LEPs to explore areas of collaboration
- the Solent LEP on priority sectors where they share Local Action Groups and on skills issues
- the Coast to Capital LEP around rural activities and alignment of their skills strategies
- the Thames Valley Berkshire LEP on issues around aviation and Heathrow
- the London Enterprise Panel on areas of joint opportunity
- the West of England, Heart of the SW and Solent LEP on innovation and specific sectors
- initial conversations with Dorset LEP around potential areas for collaboration

#### Match funding

A summary of the indicative sources of match funding proposed for the programme is provided below. It is not clear at this stage if the funding has been secured or is subject to further agreement. Some of the match funding will be known early in the programming period through opt-in agreements. The remainder will be agreed on a project by project basis as commissioning rounds are completed or other proposals are agreed.

	ERDF match (£ million)	ESF match (£ million)
Private	4.8	0
Public national	4.9	0
Public local	2.1	8.5
Opt-in	7.0	8.9

#### Bidding and delivery arrangements

Delivery of the programme will be through:

- Open calls for projects
- Commissioning
- Opt-in agreements – UK Trade and Investment and the Growth Accelerator (agreed Memoranda of Understanding) and Big Lottery, Department for Work and Pensions and Skills Funding Agency (in development)
- Social enterprises – with Community Action Hampshire and Surrey Community Action which could take the form of Community Led Local Development
- Supporting LEADER Local Action Groups on a competitive basis

**Project proposals which cross LEP boundaries** - The LEP is setting up a EUSIF Executive Team who will be responsible for working with neighbouring LEPs to identify linkages between work programmes.

**Arrangements for overlaps between LEPs** - Enterprise M3 have stated that they will work with the Solent LEP on the sectors and priorities in the New Forest which fall into both LEP areas.

#### Proposed governance

**Proposed arrangements to deliver the strategy** - The LEP Board (16 members, 5 from councils) will retain overall responsibility but will be augmented by creating a single sub-group – the Local European Investment Framework Implementation Group (LEIFIG). The LEIFIG will draw its membership from a variety of organisations including local authorities. The LEIFIG will approve project specifications, agree the commissioning model, consider and approve the project selection criteria and make recommendations on outline bids. An EU Mechanics' group has been established which brings together EU expertise from across their constituent local authorities.

**Who have the LEPs engaged with?** - The officers at Surrey and Hampshire County Council, along with those of the district and borough councils have been actively involved throughout the process, local authority European officers and Southern England Local Partners have been consulted on an ongoing basis and they have held workshops and discussions with stakeholders.

#### 4. Oxfordshire Local Enterprise Partnership

Area which the LEP covers and vision		
<p>The Oxfordshire LEP area includes Cherwell District Council, South Oxfordshire District Council, Vale of White Horse District Council, West Oxfordshire District Council, Oxford City Council and Oxfordshire County Council. The area is home to 660,800 residents. Cherwell falls into both the Oxfordshire LEP and the South East Midlands LEP. The vision for the LEP area is <i>“to make Oxfordshire a globally competitive, knowledge based, economy open for business and at the heart of UK-wide economic growth, innovation and private sector job creation.”</i></p>		
Overall funding and how it will be distributed		
<p>The Oxfordshire LEP has an indicative allocation of £17.2 million of ERDF/ESF and a further £3 million of EAFRD. The LEP has allocated 50% of the ERDF/ESF to ERDF themes and 50% to ESF themes as follows:</p>		
EU Fund and thematic objective	Allocation (£ million)	Percentage of ERDF and ESF themes allocated to ERDF/ESF funding (%)
1. ERDF: Innovation	3.8	22
2. ERDF: ICT	1.5 (1.5 from EAFRD)	0
3. ERDF: SMEs	3.1	18
4. ERDF: Low Carbon	2.1 (0.4 from EAFRD)	10
5. ERDF: Climate Change	0	0
6. ERDF: Environmental Protection	0.4 (0.4 from EAFRD)	0
7. ERDF: Sustainable Transport	0	0
ERDF sub-total	8.6	
8. ESF: Employment	3.5 (0.7 from EAFRD)	16
9. ESF: Social Inclusion	1.9	11
10. ESF: Skills	3.9	23
ESF sub-total	8.6	
EAFRD sub-total	3.0	
Total	20.2	100
LEP priorities for European funding		
<p><b>ERDF priorities (£8.6 million)</b></p> <ul style="list-style-type: none"> <li>• Innovation – the focus of Oxfordshire LEPs programmes includes networking between institutions, support to commercialise products and creation of a ‘breakthrough fund’ (EU thematic objective 1).</li> <li>• Support for SMEs – to link small businesses and entrepreneurs with support and finance (EU thematic objective 3).</li> <li>• Low carbon – to develop new businesses and technologies able to advance low carbon transition (EU thematic objective 4).</li> </ul>		
<p><b>ESF priorities (£8.6 million)</b></p> <ul style="list-style-type: none"> <li>• Employment and labour mobility measures to match supply and demand for sectors with skills shortages ((EU thematic objective 8).</li> <li>• Social inclusion, focused on young people and on the mobilisation of community and voluntary organisations and local partnerships for local benefit (EU thematic objective 9).</li> <li>• Skills and lifelong learning measures to tackle skills gaps and improve access and transitions at all levels of skills and qualifications (EU thematic objective 10).</li> </ul>		
<p><b>EAFRD priorities (£2.8 million)</b></p> <ul style="list-style-type: none"> <li>• Funding small scale renewables and broadband investments in rural areas.</li> <li>• Support for tourism activities focused on viable and employment generating schemes.</li> </ul>		
<p><b>EU thematic objectives without allocated funding</b> – Oxfordshire LEP have decided not to allocate any funding to objectives 2, 5, 6 and 7. They feel the level of funding is not sufficient to produce effective outcomes and these objectives can be achieved through domestic funding.</p>		

## Key outputs

An indication of the scale of outputs the LEP anticipates from the programme is as follows:

ERDF/ EAFRD	Number of enterprises supported	2319
	Number of jobs created	1011
ESF/ EAFRD	Number of participants in training and employment activities	10,665

**Themes/priorities which cross LEP boundaries** - Oxfordshire LEP have engaged in collaboration with the six Greater Thames Valley LEPs. They state that links across LEPs in the Thames Valley are strong and reflect the importance of sub-regional sectors such as advanced engineering and ICT.

## Match funding

The match funding proposed for each priority of the programme is as given in the table below. The sources are indicative and it is not clear at this stage if the funding has been secured.

Priority	Match funding sources
Innovation (ERDF TO1)	Oxfordshire Innovation Support Programme expected to be delivered through City Deal with match funding from the Lancaster University RGF4 support programme, TSB and HE sources. Also the breakthrough fund with match from commercial financial services.
Support for SMEs (ERDF TO3, EAFRD TO6)	Contracted arrangements with specialist providers with match via the Oxfordshire Innovation Support Programme
Low carbon (ERDF TO4, EAFRD TO4)	Oxfordshire Innovation Support Programme and locally generated match
Employment Skills (ESF TO8, EAFRD TO8)	Department for Work and Pensions (DWP) opt-in, Skills Funding Agency (SFA) opt-in, Higher Education Funding Council for England (HEFCE)
Social inclusion (ESF TO9)	Big Lottery/Princes Trust opt-in, local sources for community led local development
Skills (ESF, TO10)	DWP opt-in, SFA opt-in, HEFCE
Broadband (EAFRD TO2)	Local authority

## Bidding and delivery arrangements

Delivery of the programme will be through a variety of routes:

- Commissioning – including ‘bundling’ projects and collaborative commissioning
- Community Led Local Development – run on a competitive basis
- Community grants – new scheme possible with neighbouring LEPs
- Opt-in agreements – Big Lottery, Skills Funding Agency and Department for Work and Pensions (agreements in development, levels of funding in negotiation)

**Project proposals which cross LEP boundaries** - Oxfordshire LEP state that they will continue to explore collaboration with other LEPs on a project/programme basis to ensure maximum value from EU funds.

**Arrangements for overlaps between LEPs** – arrangements have been developed with the South East Midlands LEP to ensure clarity for businesses and individuals irrespective of which LEP is providing funding.

## Proposed governance

**Proposed arrangements to deliver the strategy** – The LEP Board has 18 members (5 from councils). The LEP have set up a EUSIF steering group which has operational, regulatory compliance, monitoring and evaluation responsibility. It consists of 17 members including officers from county and district councils. The EUSIF steering group’s recommendations will feed into a broader LEP funding programme board that will oversee funding across EUSIF, the Regional Growth Fund and the Growing Places Fund.

**Who have the LEPs engaged with?** – The LEP held workshop, created a web based consultation survey; and held detailed discussions with a number of key political, local government and corporate parties.

## **5. Solent Local Enterprise Partnership**

<b>Area which the LEP covers and vision</b>		
<p>The Solent LEP area includes the Isle of Wight Council, Portsmouth City Council, Southampton City Council, Test Valley Borough Council, Eastleigh Borough Council, New Forest District Council, Winchester City Council, Fareham Borough Council, Gosport Borough Council, Havant Borough Council, East Hampshire District Council and Hampshire County Council and has a population of more than 1.3 million. The New Forest part of the LEP falls into both Solent and Enterprise M3 LEPs. The vision for the LEP area is <i>“to create an environment that will bring about sustainable economic growth and private sector investment in the Solent. It will assist this globally-competitive area reach its full potential, enabling existing businesses to grow, become more profitable and to be greener; enabling the creation of new businesses and attracting new businesses to the region.”</i></p>		
<b>Overall funding and how it will be distributed</b>		
<p>The Solent LEP has an indicative allocation of £36.9 million of ERDF/ESF and a further £2.5 million of EAFRD. The LEP has allocated 51% of the ERDF/ESF to ERDF themes and 49% to ESF themes as follows:</p>		
EU Fund and thematic objective	Allocation (£ million)	Percentage of ERDF and ESF themes allocated to ERDF/ESF funding (%)
1. ERDF: Innovation	3.6	10
2. ERDF: ICT	0	0
3. ERDF: SMEs	11.5	31
4. ERDF: Low Carbon	4.4 (including 0.6 from ESF)	12 (including 0.6 from ESF)
5. ERDF: Climate Change	0	0
6. ERDF: Environmental Protection	0	0
7. ERDF: Sustainable Transport	0	0
ERDF sub-total	18.9 (not including ESF objective 4)	
8. ESF: Employment	2.7	26
9. ESF: Social Inclusion	5.0	7
10. ESF: Skills	9.7	13
ESF sub-total	18.0 (including ESF objective 4)	
EAFRD sub-total	2.5	
Total	39.4	100 (does not total due to rounding)
<b>LEP priorities for European funding</b>		
<b>ERDF priorities (£18.9 million + 0.6 million from the ESF for EU thematic objective 4)</b>		
<ul style="list-style-type: none"> <li>Engaging a greater number of local enterprises in innovation and research and providing grants for development of new products (EU thematic objective 1).</li> <li>Enhancing the competitiveness of small and medium enterprises through establishing the Solent business hub and providing a fund for small businesses (EU thematic objective 3).</li> <li>Supporting the shift towards a low carbon economy through providing grants for enterprises, creating a low carbon construction hub and supporting habitat restoration (EU thematic objective 4).</li> </ul>		
<b>ESF priorities (£17.4 million)</b>		
<ul style="list-style-type: none"> <li>Promoting employment through support for unemployed adults (EU thematic objective 8).</li> <li>Promoting social inclusion and combating poverty through provision of grants (EU thematic objective 9).</li> <li>Investing in education, skills and lifelong learning through providing information, advice and guidance (EU thematic objective 10).</li> </ul>		
<b>EAFRD priorities (£2.5 million)</b>		
<ul style="list-style-type: none"> <li>Building knowledge and skills in rural areas and support for tourism activities in rural areas.</li> <li>Funding new and developing micro and small enterprises in rural areas.</li> </ul>		

**EU thematic objectives without allocated funding** – The Solent LEP have decided not to allocate any funding to thematic objectives 2, 5, 6 and 7.

**Key outputs** - An indication of the scale of outputs the LEP anticipates from the programme is as follows:

ERDF	Number of enterprises supported	1,483
	Number of new enterprises supported	112
	Number of jobs created	1,115
	Number of enterprises cooperating with research institutions	451
	Number of enterprise entering new markets	36
	Number of enterprises supported to introduce new products	80
	Number of enterprises using ICT	200
ESF	Number of participants in training and employment activities	14,150
EAFRD	Number of participants in training activities	500
	Number of jobs created in supported projects	130

**Themes/priorities which cross LEP boundaries** - Solent LEP have worked with LEPs along the south coast, Dorset, Heart of the South West and Coast to Capital, to identify joint opportunities around the marine industries. Solent LEP have been in discussions with the SETSquared group of Universities (Bath, Bristol, Exeter, Southampton and Surrey) and other host LEPs to understand how the world-class knowledge base of the partner institutions can be made more accessible to enterprises across their LEP areas.

#### Match funding

The Solent LEP provides details of the match funding sources by EU thematic objective and lists the amounts from public and private sources. Many of the match funding sources are still under discussion but the rough amounts from public and private sources are as below. The proposed EAFRD match funding of £2.49 million will be from private sources.

	ERDF match (£ million)	ESF match (£ million)
Private	16.1	2.6
Public	3.4	14.9

#### Bidding and delivery arrangements

Delivery of the programme will be through a variety of routes:

- Direct funding of partners - to develop outreach, networking and engagement activities
- Open calls for business to submit proposals to an innovation grants programme
- Financial instruments - converting their Bridging the Gap programme to a loans-based programme
- Community grants – for small projects up to £15,000 led by citizens' groups. Solent LEP feel the volume of funding is not sufficient for adopting the structures needed for Community-Led Local Development.
- Competitive tendering and commissioning - for proposals to develop the Solent Business Growth Hub
- Contract to a single provider for the low carbon construction hub
- Working with Natural England - to manage the delivery of the Solent's EAFRD projects
- Opt-in agreements – UK Trade and Investment, Skills Funding Agency, Department for Work and Pensions, Big Lottery (agreements in development, levels of funding in negotiation)

**Project proposals which cross LEP boundaries** - The Solent LEP have agreed that support under their employer responsive skills activity should be available to any individual within the Solent, Dorset, Heart of the South West and Coast to Capital LEP areas. Solent LEP have discussed collaborating on the delivery of the EAFRD programme with neighbouring LEPs.

**Arrangements for overlaps between LEPs** - The LEP do not state any specific arrangements for overlaps.

#### Proposed governance

**Proposed arrangements to deliver the strategy** - The LEP has created a Local Growth Panel whose role is to act as a steering group for the LEP Board (15 members, 5 from councils) in relation to deliver of all its strategies. It also provides expert advice in relation to the development and delivery of the overarching strategy. The Panel's role is advisory and all final decisions are ratified by the full board. The membership includes local authority and the business community representatives

**Who have the LEPs engaged with?** - The LEP carried out stakeholder events, a telephone and online survey and interviews with key partners.

## 6. South East Local Enterprise Partnership

Area which the LEP covers and vision		
<p>The South East LEP area includes five district councils and the county council in East Sussex, 12 district councils and the county council in Kent and Medway Council in the South East and Southend, Thurrock, Essex County Council and 12 District Councils in the East of England. With four million residents, the South East LEP is the second most populous LEP area in England. Lewes falls into both South East and Coast to Capital LEPs. Uttlesford falls into both SE and the Greater Cambridge and Greater Peterborough LEPs. The vision for the LEP area is to “create the most enterprising economy in the UK”.</p>		
Overall funding and how it will be distributed		
<p>The South East LEP has an indicative allocation of £165 million of ERDF/ESF and a further £14.5 million of EAFRD. The LEP has allocated 50% of the ERDF/ESF to ERDF themes and 50% to ESF themes as follows:</p>		
EU Fund and thematic objective	Allocation (£ million)	Percentage of ERDF and ESF themes allocated to ERDF/ESF funding (%)
1. ERDF: Innovation	16.5	10
2. ERDF: ICT	0	0
3. ERDF: SMEs	49.5	30
4. ERDF: Low Carbon	16.5	10
5. ERDF: Climate Change	0	0
6. ERDF: Environmental Protection	0	0
7. ERDF: Sustainable Transport	0	0
ERDF sub-total	82.5	
8. ESF: Employment	44.4	27
9. ESF: Social Inclusion	16.5	10
10. ESF: Skills	21.6	13
ESF sub-total	82.5	
EAFRD sub-total	14.5	
Total	179.5	100
LEP priorities for European funding		
<p><b>ERDF priorities (£82.5 million)</b></p> <p>The strategy is fundamentally about innovation, business starts and growth. The South East LEP have identified a balance of interventions through four priorities. They propose to integrate the low carbon requirement into the other priorities.</p> <ul style="list-style-type: none"> <li>Promoting innovation through focusing on sectors where the LEP has a competitive advantage (EU thematic objective 1)</li> <li>Increasing trade and attracting investment (EU thematic objective 1)</li> <li>Access to finance for business innovation and growth (EU thematic objective 1)</li> <li>Accelerating business starts and supporting growth (EU thematic objective 3)</li> <li>Supporting the shift towards a low carbon economy (EU thematic objective 4)</li> </ul>		
<p><b>ESF priorities (£82.5 million)</b></p> <p>The ambition for ESF funding is to create significantly higher value employment in the South East LEP area. The South East LEP have identified four priorities which are discussed below.</p> <ul style="list-style-type: none"> <li>Gathering information from employers on skills requirements and providing information, advice and guidance (EU thematic objective 8)</li> <li>Work in areas of deprivation on transition to work and reducing unemployment (EU thematic objective 9)</li> <li>Apprenticeships and other vocational provision (EU thematic objective 10)</li> <li>Higher level skills training and supporting SME growth (EU thematic objective 10)</li> </ul>		
<p><b>EAFRD priorities (£14.5 million)</b></p> <p>They will use EAFRD funding to develop additional support programmes for rural areas, and work with the LEADER Local Action Groups to help better align their funding to support growth. Due to the late EAFRD allocation the LEP have not yet allocated their EAFRD funding.</p>		
<p><b>Thematic objectives without allocated funding</b> - The South East LEP have decided not to allocate any funding to thematic objectives 2, 5, 6 and 7.</p>		

## Key outputs

An indication of the scale of outputs the LEP anticipates from the programme is as follows:

ERDF	Number of enterprises supported	18,400
	Number of new enterprises supported	7,000
	Number of jobs created	12,200
	Number of enterprises cooperating with research institutions	1,100
	Number of enterprises supported to introduce new products	1,800
	Estimated reduction in greenhouse gases	247,000 tonnes
	Number of companies supported with business resource efficiency	2,300
ESF	Number of participants in training and employment activities	69,600

**Themes/priorities which cross LEP boundaries** - The strategy mentions one specific project where there has been cross LEP activities: the energy sector including offshore wind with New Anglia LEP.

## Match funding

A summary of the match funding proposed for the programme is provided below. The sources of funding are indicative and it is not clear at this stage if the funding has been secured. Almost half of the proposed match funding will be from opt-in (44%) with large amounts also from private sources (18%) and public national sources (20%). Some of the match funding will be known early in the programming period through opt-in agreements. The remainder will be agreed on a project by project basis as commissioning rounds are completed or other proposals, for example the community-led local development proposals, are agreed.

	ERDF match (£ million)	ESF match (£ million)
Private	22.5	6.55
Public national	25.5	8
Public local	10.2	5.65
Opt-in	19.8	52.2
Civil society		6.35
Don't yet know	4.5	3.75

## Bidding and delivery arrangements

Delivery of the programme will be through a variety of routes:

- Open calls for projects – currently have a pipeline of around £200 million of projects
- Commissioning – through a limited tendering process
- Opt-in agreements – with UK Trade and Investment, Manufacturing Advisory Service, Skills Funding Agency, Department for Work and Pensions and Big Lottery (agreements in development)
- Financial Instruments (e.g. loans) – developed with the South East LEP Growth Deal/Strategic Economic Plan
- Community-Led Local Development – work being carried out to identify potential areas

**Arrangements for overlaps between LEPs** – bidding and delivery arrangements will be shared for the two districts the South East LEP shares territory with other LEPs.

## Proposed governance

**Proposed arrangements to deliver the strategy** - The South East LEP have established a devolved way of working across functional economic areas. It will establish within each devolved area business-led Local Area Boards. Either directly or through local steering groups they will have direct contact with applicants, advise on local fit and make recommendations to the South East LEP Board (27 members, 12 from councils) and its EU Delivery Group. The South East LEP Board will retain overall accountability to government.

**Who have the LEPs engaged with?** - Development of the strategy has been guided by a group of county/unitary authorities, Higher Education and business representatives. The proposals have been shaped by wide ranging engagement and consultation with Local Authority partners, Universities, Colleges, training providers, business support providers, businesses, environmental organisations, voluntary sector and other interested parties. They have held discussions with seven other LEP areas.

## 7. South East Midlands Local Enterprise Partnership

Area which the LEP covers and vision		
<p>The South East Midlands LEP area includes Milton Keynes Council, Aylesbury Vale District Council, Buckinghamshire County Council, Cherwell District Council, Oxfordshire County Council in the South East, three unitary authorities in the East of England and five districts in the East Midlands. It has a population of 1.8 million. There are five local authorities that are both in Northamptonshire Enterprise Partnership and the South East Midlands LEP, one that is both in Oxfordshire and the South East Midlands LEP and one that is both in Buckinghamshire Thames Valley and South East Midlands LEPs. The vision for the LEP area is that <i>“the South East Midlands aspires to be amongst the most innovative, successful and high performing economies in England by 2020.”</i></p>		
Overall funding and how it will be distributed		
<p>The South East Midlands LEP has an indicative allocation of £75.6 million of ERDF/ESF and a further £4.3 million of EAFRD. The LEP has allocated 50% of the ERDF/ESF to ERDF themes and 50% to ESF themes.</p>		
EU Fund and thematic objective	Allocation (£ million)	Percentage of ERDF and ESF themes allocated to ERDF/ESF funding (%)
1. ERDF: Innovation	9.8 (0.3 EAFRD)	13
2. ERDF: ICT	2.3 (0.3 EAFRD)	3
3. ERDF: SMEs	19.0 (2.2 EAFRD)	22
4. ERDF: Low Carbon	8.1 (0.3 EAFRD)	10
5. ERDF: Climate Change	0	0
6. ERDF: Environmental Protection	2.5 (0.8 EAFRD)	2
7. ERDF: Sustainable Transport	0	0
ERDF sub-total	37.8	
8. ESF: Employment	15.8 (0.3 EAFRD)	21
9. ESF: Social Inclusion	10.0	13
10. ESF: Skills	12.3	16
ESF sub-total	37.8	
EAFRD sub-total	4.3	
Total	79.9	100
LEP priorities for European funding		
<ul style="list-style-type: none"> <li>Strengthening and exploiting South East Midland LEP’s innovation and knowledge assets through business advice to SMEs, ICT support to businesses and encouraging businesses to use resources more efficiently (£10.1 million: £9.5 million from ERDF and £0.3 million from EAFRD) (EU thematic objective 1).</li> <li>Infrastructure for Growth through developing digital infrastructure and business premises (£6.5 million: £5.2 million ERDF and £1.3 million EAFRD) (EU thematic objectives 2 and 6)</li> <li>Stimulating enterprise and enhancing the competitiveness of SMEs in target sectors and markets through a business growth support service and a finance for business programme (£20.0 million: £16.8 million from ERDF, £1.5 million from ESF and £1.7 million from EAFRD) (EU thematic objectives 3 and 8).</li> <li>Developing a low carbon economy through actions to promote greater energy and resource efficiency and energy conservation in existing social houses (£6.6 million: £6.3 million ERDF and £0.3 million EAFRD) (EU thematic objective 4).</li> <li>Developing a skilled and adaptable workforce through high level and basic level skills programmes (£26.7 million: £26.3 million ESF, £0.3 million EAFRD) (EU thematic objectives 8 and 10).</li> <li>Tackling social and economic exclusions through social inclusion and community led local development programmes (£10 million all from ESF) (EU thematic objective 9).</li> </ul>		
<p><b>EAFRD priorities</b></p> <ul style="list-style-type: none"> <li>Building the knowledge and skills in rural areas.</li> <li>Funding new and developing small and micro rural business.</li> <li>Funding small scale renewable and broadband investments in rural areas.</li> <li>Support for tourism activities in rural areas.</li> </ul>		
<p><b>EU thematic objectives without allocated funding</b> – The South East Midlands LEP have decided not to allocate any funding to thematic objectives 5 and 7.</p>		

**Key outputs** - An indication of the scale of outputs the LEP anticipates from the programme is given below:

ERDF	Number of enterprises supported	4,979
	Number of new enterprises supported	918
	Number of jobs created (including 192 from EAFRD funding)	2,981
	Number of enterprises cooperating with research institutions	434
	Number of enterprises entering new markets	386
	Number of enterprises supported to introduce new products	386
	Number of enterprises using ICT	190
	Amount of private match funding from enterprises	£5.3 million
	Number of companies supported with business resource efficiency	365
	Amount of land developed for infrastructure	6.11 ha.
ESF	Number of participants in training and employment activities	37,078

**Themes/priorities which cross LEP boundaries** - The South East Midlands LEP has worked collaboratively with other LEPs including the Northamptonshire Enterprise Partnership, Oxfordshire LEP and Buckinghamshire Thames Valley LEP.

#### Match funding

A summary of the match funding proposed for the programme is provided below. The sources are indicative and it is not clear at this stage if the funding has been secured. Almost half of the proposed match funding will be from opt-in (43%) with a large amount also from public local sources (34%).

	ERDF match (£ million)	ESF match (£ million)
Private	4.1	4.9
Public national	1.3	0.5
Public local	16.3	9.1
Opt-in	11.8	20.9
Civil society	0.1	1.7
Don't yet know	4.3	0.7

#### Bidding and delivery arrangements

Delivery of the project will be through a variety of routes:

- Community Led Local Development
- Open calls for projects and commissioning
- Opt-in proposals – Manufacturing Advisory Service and Growth Accelerator (formal offers agreed), UK Trade and Investment Skills Funding Agency, Big Lottery, Department for Work and Pensions and European Investment Bank (in negotiation)
- Financial instruments (e.g. loans) – access to finance programme and social housing financial instrument

**Project proposals which cross LEP boundaries** – the LEP is working with neighbouring LEPs including establishing a formal agreement with Northamptonshire Enterprise Partnership to co-operate and share knowledge where appropriate and working with the East of England LEP network on funding mechanisms that seek to invest venture capital into low carbon as well as cultural enterprises.

**Arrangements for overlaps between LEPs** - arrangements have been developed with overlapping LEPs to ensure clarity for businesses and individuals irrespective of which LEP is providing funding

#### Proposed governance

**Proposed arrangements to deliver the strategy** - The LEP Board (15 members, 7 from councils) will constitute a Local Management Committee from the breadth of stakeholders and partnerships across the area. The Local Management Committee will be responsible for selecting and appraising projects, monitoring and evaluating the funds.

**Who have the LEPs engaged with?** – The LEP has carried out stakeholder events and a business survey. They have consulted with key partners including local authorities. The Strategy has been shaped through consultation with the LEP Board, its Chief Executives' Board and various thematic sub-groups.

## 8. Thames Valley Berkshire Local Enterprise Partnership

Area which the LEP covers and vision		
<p>The Thames Valley Berkshire LEP area includes Bracknell Forest Council, Reading Borough Council, Slough Borough Council, West Berkshire Council, Windsor and Maidenhead Council and Wokingham Council. The population of Thames Valley Berkshire is 862,000. The vision for the LEP area is that <i>“the vibrancy of our business community will be internationally envied. The ambition and creativity of our established businesses will be energised through strong, knowledge-rich, networks. Our workforce will be the lifeblood of our economy: young people will be inspired and older workers valued. Our infrastructure will match the scale of our ambition and potential. And people will choose Thames Valley Berkshire as the place to live and work.”</i></p>		
Overall funding and how it will be distributed		
<p>The Thames Valley Berkshire LEP has an indicative allocation of £24.6 million of ERDF/ESF and a further £1.1 million of EAFRD. The LEP has allocated 50% of the ERDF/ESF to ERDF themes and 50% to ESF themes as follows:</p>		
EU Fund and thematic objective	Allocation (£ million)	Percentage of ERDF and ESF themes allocated to ERDF/ESF funding (%)
1. ERDF: Innovation	4.8	19
2. ERDF: ICT	0	0
3. ERDF: SMEs	4.8	19
4. ERDF: Low Carbon	2.2	9
5. ERDF: Climate Change	0	0
6. ERDF: Environmental Protection	0.5	2
7. ERDF: Sustainable Transport	0	0
ERDF sub-total	12.3	
8. ESF: Employment	5.5	22
9. ESF: Social Inclusion	3.4	14
10. ESF: Skills	3.4	14
ESF sub-total	12.3	
EAFRD sub-total	1.1	
Total	25.7	100 (does not total due to rounding)
LEP priorities for European funding		
<p><b>ERDF priorities (£12.3 million)</b></p> <ul style="list-style-type: none"> <li>• Building links between enterprises and research institutions, providing better support to businesses, and investing in incubator space and physical infrastructure (EU thematic objective 1).</li> <li>• Enhancing the competitiveness of enterprises through a variety of initiatives including building the growth capability of SMEs and promoting a more entrepreneurial culture (EU thematic objective 3).</li> <li>• Supporting the shift towards a low carbon economy in all sectors through creating exemplar facilities and local centres of expertise (EU thematic objective 4).</li> <li>• Protecting the environment through investment in green infrastructure (EU thematic objective 6).</li> </ul>		
<p><b>ESF priorities (£12.3 million)</b></p> <ul style="list-style-type: none"> <li>• Promoting employment and supporting labour mobility to support local employers to take on young people and provide intensive support to help people find and progress in work (EU thematic objective 8).</li> <li>• Supporting social enterprises, developing services in rural areas, supporting local community grant activity and tackling barriers to work in troubled families (EU thematic objective 9).</li> <li>• Developing the skills base at all levels (EU thematic objective 10).</li> </ul>		
<p><b>EAFRD priorities (£1.1 million)</b></p> <ul style="list-style-type: none"> <li>• Funding small-scale renewable and broadband investments and adding a rural spoke to the growth hub.</li> <li>• Building knowledge and skills in rural areas/funding new and developing non-agricultural, micro, small and medium sized rural business – current thoughts to support the food and drink sector.</li> </ul>		

**EU thematic objectives without allocated funding** – Thames Valley Berkshire LEP have decided not to allocate any funding to thematic objectives 2, 5 and 7.

**Key outputs** - An indication of the scale of outputs the LEP anticipates from the programme is given below:

ERDF	Number of enterprises supported	207
	Number of new enterprises supported	55
	Number of jobs created	20
	Number of enterprises cooperating with research institutions	450
	Number of enterprises supported to introduce new products	63
	Number of companies supported in business resource efficiency	14
	Amount of land developed for infrastructure	279 ha.
ESF	Number of participants in training and employment activities	6188

**Themes/priorities which cross LEP boundaries** – The LEP is working collaboratively with adjacent areas and in 2013 commissioned research on the future of Heathrow, jointly with three other LEPs. They are part of the Greater Thames Valley (GTV6) LEPs who have been exploring areas for collaboration.

#### Match funding

Thames Valley Berkshire state that outside opt-in proposals, applicants will be responsible for assembling the remainder of their funding package. Anticipated sources are given in the table below. The sources are indicative and it is not clear at this stage if the funding has been secured.

Priority	Match funding sources
Innovation (ERDF TO1)	University of Reading – agreed in principle. Private sector match – agreed in principle.
SMEs (ERDF, TO3)	University of Reading – agreed in principle
Low carbon (ERDF, TO4)	In principle via Local Authorities. Also private sector.
Environmental protection (ERDF, TO6)	In principle from Community Infrastructure Levy
Employment (ESF, TO8)	Youth contract underspend, which is supporting the Thames Valley Berkshire City Deal, Skills Funding Agency (SFA) opt-in & Heathrow Academy (in principle)
Social inclusion (ESF, TO9)	Big Lottery, Department for Work and Pensions and SFA
Skills (ESF, TO10)	SFA (in principle)

#### Bidding and delivery arrangements

Delivery of the project will be through a variety of routes:

- Open calls for projects
- Opt-in agreements – Big Lottery fund, Skills Funding Agency, Department for Work and Pensions (agreements in development, levels of funding in negotiation)
- Local community grants (the LEP do not mention using Community Led Local Development)
- Commissioning – using tools such as ‘bundling’ projects and collaborative commissioning

**Project proposals which cross LEP boundaries** - The GTV6 research has confirmed potential for joint or linked action, and for efficient programme oversight and monitoring. It is anticipated that the six LEPs will collaborate on a project-specific basis.

#### Proposed governance

**Proposed arrangements to deliver the strategy** - The LEP Forum (Board) (20 members, 6 from councils) will have overall responsibility for strategic direction and oversight, and programme performance. The LEP will augment the work of their established LEP Forum (Board) by creating a dedicated sub-group that will draw its members from the partners they have engaged with in developing the strategy. The sub-group will be responsible for strategic oversight of the strategy and investment programme, implementing the strategy and selecting and appraising projects.

**Who have the LEPs engaged with?** – the LEP have engaged with all local authorities in the area and other key partners, meetings of the LEP Forum, LEP Executive and Employment, Education and Skills Group have been dedicated to the Strategy and the draft strategy was sent to their database of 5,000 businesses as part of the consultation and it was considered by a Community Sector Symposium.

### **3. Key Issues in EU Structural and Investment Fund Strategies**

- 3.1 This section provides a commentary on the reviews of the strategies to identify some of the key issues which are emerging.

#### **Visions for LEP areas**

- 3.2 The LEPs include visions for their overall areas in their draft Strategic Economic Plans and refer to them in the EUSIF strategies. Six of the LEPs include succinct one sentence visions (the other two LEPs include two sentences and a short paragraph). The visions are all about creating or delivering economic growth. Five of the visions relate the area to the rest of the UK, EU or globally with all the LEPs seeking to raise their competitive position or become the most enterprising economy relative to the rest of the UK, EU or globally. The LEPs are using the EU funding to help deliver key aspects of their areas' wider growth ambitions, and their wider economic visions (as set out in the SEPs) including local aims but in many instances highlighting the importance of their economic success nationally as well.

#### **What will the money be spent on?**

- 3.3 The LEPs are required to set out the amount of funding they intend to spend on each of the EU thematic objectives. The European Regulations set levels of spend for certain thematic objectives. For South East LEPs, the Government has proposed that 50% of the funding should be on the ERDF priorities and 50% on the ESF priorities. The Government also propose that at least 80% of ERDF funding should be on objectives 1-4 (innovation, ICT, SMEs and low carbon). The European Regulations require at least 10% allocation to objective 4 (low carbon). Where LEPs believe specific local circumstances make it sensible to focus spending in different proportions they are asked to explain their rationale. The table below shows the total allocation of all the South East LEPs' ERDF and ESF funding to each of the ten EU thematic objectives.
- 3.4 With the relatively recent publication of allocations of EAFRD funding to LEPs in December 2013, many are still consulting with partners to agree priorities for funding so allocations are not included below. Where priorities are included in strategies some have allocated it alongside ERDF/ESF funding primarily to priorities 2, 3 and 4 on ICT, SMEs and low carbon.

<b>Allocation of ERDF and ESF funding to EU thematic objectives</b>		
EU Fund and thematic objective	Allocation (£ million)	Percentage of ERDF and ESF themes allocated to ERDF/ESF funding (%)
1. ERDF: Innovation	54	13
2. ERDF: ICT	3	1
3. ERDF: SMEs	116	27
4. ERDF: Low Carbon	44	10
5. ERDF: Climate Change	0	0
6. ERDF: Environmental Protection	2	1
7. ERDF: Sustainable Transport	0	0
8. ESF: Employment	84	20
9. ESF: Social Inclusion	49	11
10. ESF: Skills	76	18
Total	428	100 (does not total due to rounding)

- 3.5 Substantial sections are included in the EUSIF strategies setting out LEPs' priorities for funding, explaining the rationale for each priority, listing the themes to be supported and the types of actions to implement them. The LEPs structure these sections either by themes which were highlighted as important in their consultation process or by the EU thematic objectives. The LEPs show how the European funding will support their overall strategies as set out in their draft Strategic Economic Plans.
- 3.6 The priorities vary between the strategies with different LEPs focusing on different areas, key sectors and beneficiaries. Some of the priorities from the South East LEP EUSIF strategies are listed in the box below. The allocation of South East LEPs ERDF and ESF funding and the number of LEPs allocating funding is given for each EU thematic objective.

<b>LEP priorities for European funding</b>
<p><b>Innovative capacity (EU thematic objective 1) (£54 million, 8 LEPs allocating funding)</b></p> <ul style="list-style-type: none"> <li>• Providing support services for businesses to innovate or commercialise products</li> <li>• Encouraging collaboration between businesses and research institutions</li> <li>• Development of physical incubation space and move on accommodation</li> <li>• Focus on key sectors</li> </ul>
<p><b>ICT (EU thematic objective 2) (£3 million, 2 LEPs allocating funding)</b></p> <ul style="list-style-type: none"> <li>• Rolling out broadband</li> <li>• Supporting businesses to make the best use of ICT</li> </ul>
<p><b>SME competitiveness (EU thematic objective 3) (£116 million, 8 LEPs allocating funding)</b></p> <ul style="list-style-type: none"> <li>• Providing business advice often through co-ordinating existing services</li> <li>• Supporting businesses to access new funds or develop new products</li> </ul>
<p><b>Low Carbon (EU thematic objective 4) (£44 million, 8 LEPs allocating funding)</b></p> <ul style="list-style-type: none"> <li>• Providing advice to businesses on renewable energy and sustainability issues</li> <li>• Investing in low carbon technology</li> </ul>

**Employment (EU thematic objective 8) (£84 million, 8 LEPs allocating funding)**

- Supporting basic skills training programme
- Supporting the unemployed to help them find jobs

**Social inclusion (EU thematic objective 9) (£49 million, 8 LEPs allocating funding)**

- Support for individuals with multiple barriers which prevent them from finding work
- Community grant schemes and community led local development

**Skills (EU thematic objective 10) (£76 million, 8 LEPs allocating funding)**

- Supporting the delivery of apprenticeships and higher level skills
- Focus on STEM (science, technology, engineering and maths) skills
- Focus on the skills which local employers demand

**EAFRD priorities (£34 million, 7 LEPs give an initial indication of priorities for the funding)**

- Building knowledge and skills in rural areas
- Funding new rural businesses
- Supporting tourism activities

*ERDF and ESF Split*

- 3.7 Approximately half the ERDF and ESF funding will be targeted at supporting small and medium enterprises as well as innovation projects. The other half will be used for projects to support employment or skills. Buckinghamshire Thames Valley is the only South East LEP which does not allocate approximately half of the funding to ERDF themes and half to ESF themes (they allocate 71% of funds to ERDF and 29% to ESF). They explain that they have significant innovation, ICT/broadband, SME competitiveness and low carbon needs in the economy compared to a strong labour market with near full employment. Also, they state that they have the lowest allocation of funds in the country and have had to make decisions about what to prioritise.

*Allocation between objectives 1-4 (innovation, ICT, SMEs and low carbon)*

- 3.8 All the LEPs follow the Government guidance and allocate almost all ERDF funding to objectives 1-4. Six of the LEPs allocate the highest proportion of funding to objective 3 to support small and medium sized enterprises (SMEs) (Thames Valley Berkshire allocate equal proportions to objectives 1 and 3 and Oxfordshire allocate a slightly higher proportion to objective 1). The LEPs meet the EU requirement and allocate 10% or more to objective 4 (low carbon) (except for Thames Valley Berkshire who allocate 9%).

- 3.9 Only two of the LEPs allocate any ERDF funding to objective 2, ICT. Buckinghamshire Thames Valley and South East Midlands allocate small amounts to rolling out broadband provision. Whilst a number of LEPs still need to decide and agree on priorities for EAFRD funding, four have stated that it will be used for funding small scale broadband investment in rural areas.

*Allocation to objectives 5-7 (climate change, environmental protection, transport)*

- 3.10 With the suggestion from Government that at least 80% of funding is allocated to ERDF objectives 1-4 it is not surprising that six of the LEPs have not allocated any funding to objectives 5-7. South East Midlands and Thames Valley Berkshire both allocate 2% of funding to environmental protection. In both cases this is to invest in green infrastructure.
- 3.11 Enterprise M3 and Oxfordshire include a commentary on these thematic objectives to explain why they are not allocating funding to them. In relation to objectives 5 and 6 they state that the level of funding is not sufficient to produce effective outcomes and they will use other funding to achieve the objectives. They feel the aims of objectives 5 and 6 can be supported through the other thematic objectives which they are focusing on.
- 3.12 EU thematic objective 7 on sustainable transport is a key priority for all the LEPs which is highlighted in their draft Strategic Economic Plans. However, the LEPs do not allocate any European funding to this priority, focusing the EU funding on other priorities as advised by Government. Both Enterprise M3 and Oxfordshire state that this is because they feel domestic or other funding dwarfs any funding from these EU funds.

*Allocation to objectives 8-10 (employment, social inclusion, skills)*

- 3.13 The LEPs have allocated the highest proportions of ESF funding to either the objectives on employment or skills. All LEPs have allocated some funding to social inclusion but smaller amounts.

3.14 A strong priority is to deliver projects which meet the need of local employers as well as looking at individual skills of some hard to reach groups. The types of activities proposed include direct funding for projects, improving advice services for businesses and individuals, and developing collaborative networks. The rationale sections of the strategies indicate that the funding has been used to focus on local needs and priorities as well as key sectors and beneficiaries in each local area.

### **What will the funding deliver?**

3.15 Before spending of the EUSIFs can begin Government will agree specific outputs with the European Commission. LEPs have therefore been asked to show what outputs they aim to achieve through their activities to contribute to the national totals. Government has provided a list of common outputs for LEPs to use as appropriate.

3.16 The outputs for each EUSIF strategies have been summarised in the templates in section 2. Some of the LEPs set out the outputs for each of their priorities and others provided a summary table of outputs from all the funding. Where the outputs are by theme it has been assumed that by adding them together the outputs have not been double counted. All LEPs state that the outputs are indicative at this stage and further work is required before conclusions can be drawn on the level of impact the EU funding is likely to have. The table below shows the total of key expected outputs across all the South East LEPs.

<b>Indicative Expected Outputs</b>		
ERDF	Number of enterprises supported	34,536
	Number of new enterprises supported	9,347
	Number of jobs created	21,595
	Number of enterprises cooperating with research institutions	3,405
	Number of enterprises entering new markets	1,732
	Number of enterprises supported to introduce new products	3,621
	Number of enterprises using ICT	1,090
	Amount of private investment matching public support to enterprises	£10 million
	Number of companies supported with business resource efficiency	2,819
	Number of enterprises providing private match funding	4,005
	Amount of land developed for infrastructure	285 ha.
	Estimated reduction in greenhouse gases	271,000 tonnes
ESF	Number of participants in training and employment activities	121,000
EAFRD (based on 3 LEPs' strategies where outputs are included)	Number of enterprises receiving support	385
	Number of jobs created in supported projects	327
	Number of participants in training activities	1,879

## Match funding

- 3.17 The total funding pot will need to be match funded, either locally or nationally through public and private sources. Some will be on a project by project basis, whilst other funding will be agreed at a wider programme level to simplify administration and delivery. Government state that they do not expect LEPs to have certainty over their sources of match funding in their January 2014 submissions but would find it useful to have a broad sense of where LEPs expect to source their match funding.
- 3.18 Commitment of such funding varies considerably in the strategies, with some indicating broad figures whilst others refer more directly to specific organisations they hope will bring match funding. It appears that large amounts of match funding will be provided from private sources, local public sources and from opt-in providers. The LEPs state that they expect confirmation of some match funding early in the programming period whilst the remainder will be agreed on a project by project basis as commissioning rounds are completed or other proposals agreed.
- 3.19 LEPs have also had the option to sign up to national 'opt-ins'. These allow LEPs to access match funding and administrative support from seven key national programmes while retaining a degree of influence and strategic control of how the funds are delivered locally. The LEPs have all engaged in negotiations with the opt-in providers. Concern has been expressed by the LEPs that localities do not have a strong influence over how the projects are commissioned through opt-ins and where agreements have been reached they have been for a limited time period or with review after two or three years. Some LEPs state that where they are using opt-ins they are also looking for good local providers and local match funding. As a result take-up is so far varied locally.
- 3.20 LEPs have also expressed concern that they have insufficient funds to invest in opt-ins and this has resulted in them deciding to use other sources of match funding in several cases. The national programmes available and the number of LEPs who are considering signing up to each are given in the box below. More LEPs have opted-in to agreements for ESF funding (with Skills Funding Agency, Department for Work and Pensions and the Big Lottery) than ERDF funding.

<b>Opt-in agreements under negotiation or agreed</b>
<ul style="list-style-type: none"> <li>• Skills Funding Agency – 7 LEPs</li> <li>• Department for Work and Pensions – 7 LEPs</li> <li>• Big Lottery – 6 LEPs</li> <li>• UK Trade and Investment – 5 LEPs</li> <li>• Growth Accelerator – 3 LEPs</li> <li>• Manufacturing Advisory Service – 3 LEPs</li> <li>• European Investment Bank – 1 LEP via pan-LEP programme</li> </ul>

### **How will projects access funding?**

- 3.21 The LEPs are asked to set out early thoughts in their preferred methods of delivery for their proposed activities. All of them state that this will be through a variety of routes including competitions for project proposals, open and competitive tendering for delivery contracts, opt-in models (discussed above), financial instruments (e.g. loans) and Community Led Local Development.

#### *Open calls for proposals and commissioning*

- 3.22 A number of the LEPs have stated that they will use a range of tools such as bundling projects and collaborative commissioning so they can have a number of local projects but also ensure projects are of sufficient scale to be handled by the Managing Authorities (UK Government). Opportunities to access the funding will start once the strategies are approved by government, most likely later in 2014.

#### *Financial instruments (e.g. loans)*

- 3.23 Five of the EUSIF strategies discuss the potential for delivering strategies through financial instruments e.g. loans. Government advise LEPs to work with other LEPs on setting up financial instruments due to the high administrative costs. The South East Midlands are working with other LEPs to set up a social housing financial instrument. Other LEPs are working alone or seeking to link the EUSIFs to the wider Strategic Economic Plan activity to generate enough funds to set up financial instruments.

### *Community Led Local Development*

- 3.24 Community Led Local Development is a method of using EUSIFs in a way that is focused on smaller areas, and typically through small local community projects. It is based on a partnership of public, private and civil society contributors that come together to form a Local Action Group and deliver change for their area through a Local Development Strategy. This is similar to the LEADER approach but open to non-rural as well as rural areas.
- 3.25 The LEPs include proposals for delivering EUSIFs through Community Led Local Development or a community grants programme although in some cases this is for EAFRD funding only through existing LEADER programmes. Examples include the Coast to Capital LEP who state that they intend to carry out an exercise to identify suitable place-based schemes of work that might benefit from a community led local development type programme. Oxfordshire LEP state that they will focus on a project which has the potential to increase the opportunities for marginalised local people to contribute to the growth and innovation agenda. They will run the programme on a competitive basis with submissions canvassed from around the LEP area.

### *Project proposals which cross LEP boundaries and arrangements for overlaps between LEPs*

- 3.26 LEPs have considered how best to take forward cross-LEP priorities and projects and how to avoid duplication for areas which overlap between LEPs as far as possible. One example is collaboration by the Greater Thames Valley group of LEPs (GTV6) (Buckinghamshire Thames Valley, Coast to Capital, Enterprise M3, Hertfordshire, Oxfordshire and Thames Valley Berkshire).
- 3.27 Where projects cross boundaries the LEPs will ensure there is collaborative commissioning. Where geographies overlap agreed approaches have been developed. Activity to be delivered through opt-ins will be individually commissioned by each LEP but with reviews by both LEPs to ensure there is no duplication of activities. Outside opt-ins commissioning will be developed collaboratively.

## **How will decisions be made?**

### *Proposed arrangements to deliver the strategy*

- 3.28 The exact composition of each LEP board varies but they include representatives from business, local authorities (county, unitary and district authorities), and in some cases the education sector and the community sector. In all cases the LEP board will retain overall accountability to Government for delivery of EUSIFs. The LEPs have then set up sub-groups which will be responsible for approving projects, delivery and performance. The strategies do not set out the membership of the sub-groups but state that it will be drawn from the board, widened out to include representatives from local area or other sub-groups and it will include representatives from local authorities. Councils' key role within LEPs should have placed them well to shape the strategies although approaches vary from LEP to LEP.

### *Engagement process*

- 3.29 The strategies set out the engagement and consultation processes the LEPs have used to develop the strategies. They have held detailed discussions with key stakeholders including local authorities. Workshops and seminars have been held with a wide range of stakeholders. Some of the LEPs have undertaken web based or telephone surveys.

## **Conclusions**

- 3.30 The South East LEPs have set out clearly how they intend to use their EUSIFs. Approximately half the ERDF and ESF will be targeted at supporting small and medium enterprises as well as innovation projects. The other half will be used for projects to support employment or skills. The LEPs are not proposing to support projects on sustainable transport despite it being an important priority in their areas because there is insufficient funding available to produce effective outcomes compared to the use of domestic or other funds and Government asks them to prioritise other themes for these EUSIFs. With the relatively recent publication of allocations on EAFRD in December 2013 many LEPs are still to agree priorities for funding.

- 3.31 The strategies set out a clear focus on local priorities and needs using local delivery services and providers where possible. The LEPs have also engaged in widespread collaboration with other LEPs, particularly where there are overlapping geographies. In these cases arrangements have been made to ensure joint commissioning of projects and reviews by both LEPs to ensure there is no duplication of activities.
- 3.32 The output, match funding and delivery sections of the strategies are indicative at this stage as plans are finalised. The LEPs will use a variety of routes for programme delivery. Negotiations have been carried out with a number of national opt-in providers and many are under negotiation with the object of agreeing. The LEPs are also hoping to use Community Led Local Development for delivery of ERDF/ESF funds or for EAFRD funding through existing LEADER programmes.
- 3.33 The LEP Boards which include representatives from county, unitary and district authorities will be accountable to Government for delivery of EUSIFs. The LEPs have set up sub-groups which include representatives from local authorities for more detailed delivery. In developing their strategies the LEPs have engaged with a wide variety of stakeholders including detailed discussions with local authorities.

