

SEMLEP

South East Midlands
Local Enterprise Partnership



European Union
European Structural
and Investment Funds

South East Midlands
European Structural
Investment Fund 2014-20
- v5 Implementation Plan
2015-18

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1. Introduction

This Draft Implementation Plan sets out a proposal and options for translating the South East Midlands European Investment Framework (ESIF) Strategy 2014-20 from May 2014 into a delivery Programme using open calls, working with Strategic Opt-In partners and potentially other routes for implementation.

The overall vision for the SEM EU 2014-20 Programme is based on that of the LEP's Strategic Economic Plan (SEP) 'In Pursuit of Growth'. *To reinforce and develop the South East Midlands as one of the most innovative, successful and high performing economies in England by 2020.*

The South East Midlands economy is well placed to deliver against its ambitions for 111,200 new jobs and increasing GVA by £10.8bn by 2020/21. Our economy is strong, fast growing and diverse and we are determined to ensure that the full potential of the whole area is realised for all.

The ESIF Strategy is a vital part of this delivery to ratchet up the delivery volume of sustainable high quality employment opportunities through meeting our business and workforce needs through innovative and close partnership working across our communities.

The ESIF resources will contribute to achieving the SEP vision by delivering critical outcomes for individuals and business, with an economic impact over the period up to 2020.

- Creating in the region of 3,000 jobs;
- Supporting over 5,800 new and existing businesses; and
- Assisting over 37,000 individuals to access employment, training or other support.

2. Approach to Delivery

It is the key aim of this Implementation Plan to promote flexibility, delivery focus and efficiency in deploying funds and to pursue a blend of collaborative, LEP wide and local approaches to deliver maximum and better outcomes for residents and business across the South East Midlands area.

SEMLEP has identified a range of strategic programme activities that it wishes to see brought forward using the area's ESIF funding allocation, that will deliver large scale impact and sustainable benefit, making a significant contribution towards the achievement of our Strategic Economic Plan. In all our proposed activities, we wish to see the cross-cutting benefits of sustainability and the promotion of equality.

To ensure that the value of ESIF funds is maximised locally, we aim to ensure that as much of our Programme as possible is open and accessible across the private, public and voluntary and community sectors.

We also seek to launch calls for applications as early as possible, within limits of practicality and subject to National Operational Programme approval. This may mean that the LEP and Partners face a challenge to ensure that a range of calls and associated tender specifications are 'ready to go' for Early 2015.

Where ESIF funding is 'matched at source' such as through our Strategic Opt-In partners, including the Skills Funding Agency, Department for Work and Pensions and Big Lottery, the approach is to be specific about the services that we wish to see delivered, to ensure maximum local impact.

In most other areas - except where there is a specific requirement, such as the Finance for Business Programme - funding is not matched at source and the approach is to provide a large open call to enable maximum flexibility and enable applicants to combine a number of activities to promote applications of scale and impact.

This paper sets out an Implementation Plan and overall Programme delivery approach to what SEMLEP wishes to purchase with its ESIF allocation, the timescale of activities and the routes for commissioning or inviting applications. The Plan is a fluid, rolling document, refreshed annually and provides a 3-year programme of activity.

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3. Priority 1: Strengthening and Exploiting SEMLEP's Innovation and Knowledge Assets

Strategic Context

The South East Midlands has a number of leading centres of research, innovation and knowledge creation. There are opportunities to further capitalise upon these assets, increasing their positive influence in the economy, in particular through driving future productivity improvements for both new and existing businesses across the South East Midlands. There is also a strong linkage between these assets and new opportunities for high value inward investment and export led growth and to compete in world leading, high-value growth sectors. The South East Midlands currently benefits from a relatively large, though dispersed range of innovation centres, business incubators and science park locations and facilities.

Priority 1 aims to fully exploit the SEM's knowledge base in Higher Education Institutes, research institutes and private sector firms by providing the right environment and conditions for business to locate, cluster and innovate through knowledge and technology transfer.

This will include interventions to support smart specialisation by targeting R&D and innovation support in our known growth sectors to encourage the development of innovative new technologies. Intervention will also strengthen and maximise the capabilities of Higher Education (and Further Education) to support businesses (including VCSE and rural enterprises) through knowledge transfer and commercialisation of research.

Approach to Implementation

The funding for Priority 1 will be primarily drawn from the European Regional Development Fund (ERDF) and made available through an open call. There will also be an opportunity for applicants to access European Agricultural Fund for Rural Development to run complementary rural based activities (Refer to Section 9: SEM Rural Development Programme).

Under each of the 3 Programme Activity areas outlined in the SEM ESIF Strategy, the LEP has identified a range of activity that it would wish to promote using ESIF funding to support businesses to grow, innovate and create employment.

SEMLEP will not be prescriptive about delivery geography and where possible, flexible about delivery methodology but would wish to see businesses across the entire SEMLEP area be able to access innovation support funded by this ESIF allocation. Moreover, SEMLEP will consider collaborative bids across LEP areas where it demonstrably adds value to delivery.

As activities in Priority 1 will require match funding from applicants, and to allow applicants to develop applications of scale and impact, it is proposed to roll most of the activities into a single large call to be opened as soon as practical, ideally January 2015.

It will be a fixed time period call, with approximately 3 months' notice to prepare and submit an application. It is anticipated that, depending on progress on allocating spend and outputs, further calls will be necessary with the frequency and content of calls being kept under review by the SEM ESIF Committee. It is anticipated that a second call will be opened late 2015.

Activities
Total ESIF Allocation to Priority 1: £9.5m ERDF, £0.54m EAFRD (Refer to Section 9)

| | | |
|--|---|----------------------------------|
| SEMLEP Priority | 1: STRENGTHENING AND EXPLOITING SEMLEP'S INNOVATION AND KNOWLEDGE ASSETS | |
| 1.1 Growth & Innovation Programme £6m ERDF | Activities to exploit the strengths and opportunities within the existing Research & Development (R&D) and science base of the SEM economy – especially the area's HE sector that can be adopted by local firms across the area to facilitate their growth in new and emerging markets. The Programme will also involve working with SMEs across all sectors to improve their ability to innovate and exploit knowledge, new and emerging technologies and new products and business processes. | |
| 1.2 Digital Technology & Demand Stimulation Programme £2m ERDF | This Programme aims to ensure that local businesses and communities can benefit from digital technological changes and market opportunities. A key focus of the programme will be on demand stimulation and the exploitation of new and emerging digital technologies rather than investment in the 'hard-wiring' to connect communities to broadband infrastructure. | |
| 1.3 Low Carbon Technology & Innovation Support Programme £1.5m ERDF | This Programme aims to accelerate the commercialisation and adoption of new and emerging low carbon, climate resilient, green and 'cleantech' technologies. The Programme's deliverables are focussed on encouraging innovation, increasing competitiveness, job creation and protection as well as generating positive environmental and innovation initiatives. This could include activities in organisations working on a not-for-profit basis. | |
| Total ESIF Allocation 2014-20 | | £9.5m ERDF |
| First Call Value | | £5.7m ERDF |
| Intervention Rate | | Max 50% |
| Contract Start | | April 2015 |
| Duration (<i>no more than 3 years</i>) | | 3 years |
| Geography | | Available across SEMLEP |
| Potential for collaboration with other LEPs | | Yes |
| Route to Market | | Open Call, Time Limited (3 mths) |
| Number of Awards | | Multiple |
| Timing of Call | | March 2015 |
| First Call Minimum Outputs Required | | |
| No. Enterprises Co-operating with Research institutions | | 260 |
| No. Enterprises supported | | 991 |
| No. enterprises supported to introduce new products | | 89 |
| No. of enterprises using ICT | | 214 |
| No. new enterprises supported | | 100 |
| No. jobs created | | 380 |
| Private investment matching public support | | £1.56m |

(See section 9 for information about EAFRD activities)

4. Priority 2: Stimulating Enterprise and Enhancing the Competitiveness of SMEs

Strategic Context

The South East Midlands offers significant opportunities to support a growing enterprise base that can help to drive productivity gains. Effective business support and supply and demand side measures which can improve business productivity are important to create new jobs. An investment package – South East Midlands Growth Hub – is being rolled out to support this investment priority and approach in the South East Midlands.

Supporting the growth of existing firms to improve productivity and overall competitiveness is critical to achieve future success. The growth in jobs is not keeping pace with the growth in population, with the number of jobs created falling by 5,700 between 2011 and 2012. In 2011, there were 7,360 business births and 7,890 in 2012 in the South East Midlands. With a 7.2% increase, this is over double the national rate of 3.2%. Survival rates are also ahead of the national average every year from year one to year five according to the latest data. This suggests that one of the main opportunities is to continue to encourage and support more business start-ups to drive forward competitiveness.

Approach to Implementation

Priority 2 aims to support entrepreneurship, business development, targeted inward investment and fund financial initiatives to help improve competitiveness and growth (including rural and social enterprises), especially in high value target 'showcase' sectors.

Support delivered under Priority 2 will include pre-business start-up, start-up and support existing business and will seek to align with national business support products, such as the Manufacturing Advisory Service (MAS), Growth Accelerator and UKTI services to increase share of Foreign Direct Investment (FDI), encourage and support exporting, and stimulate growth and business opportunities for SEM companies.

Funding for Priority 2 will be primarily drawn from the European Regional Development Fund (ERDF) and made available through an open call process.

There will also be an opportunity for applicants to access European Social Fund and European Agricultural Fund for Rural Development to run complementary activities (Refer to Section 9: SEM Rural Development Programme).

Financial Instruments

Under Priority 2, an indicative allocation has been made towards a Finance for Business Programme. This allocation is subject to a national Ex-Ante Assessment identifying a need for a Financial Instrument across the SEM area. This Assessment is due to report its findings in March 2015.

Activities

Total ESIF Allocation to Priority 2: £16.65 ERDF, £1.46m ESF, £2.13m EAFRD (Refer to Section 9)

Programme activities under Priority 2 made available through an open call process are:

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| SEMLEP Priority | 2: STIMULATING ENTERPRISE AND ENHANCING COMPETITIVENESS OF SMES IN TARGET SECTORS AND MARKETS | |
| 2.1 South East Midlands Growth Hub | <p>Based on the successful "Velocity" Growth Hub model, this programme will offer specialist business growth support service providing access to a tailored and co-ordinated package of diagnostic, advisory, coaching and mentoring services to accelerate the creation and growth of sustainable ventures, encouraging resource efficiency and climate adaptation. The Growth Hub will operate as a knowledge bank for cross referral and extend the impact and reach of national business support programmes and services.</p> <p>The programme will also provide a dedicated business development resource to increase share of investment and stimulate growth and business opportunities for SEM companies. Examples of the types of activity sought include pro-active marketing of the LEP business investment opportunities, ongoing investor aftercare support, sector and supply chain development and enabling collaborative R&D and innovation activity with SEM universities.</p> | |
| Total ESIF Allocation 2014-20 | £3m ERDF | |
| First Call Value | £1.8m ERDF | |
| Intervention Rate | Max 50% | |
| Contract Start | April 2015 | |
| Duration (<i>no more than 3 years</i>) | 3 years | |
| Geography | Available across SEMLEP | |
| Potential for collaboration with other LEPs | Yes | |
| Route to Market | Open Call, Time Limited (3 mths) | |
| Number of Awards | Multiple | |
| Timing of Call | March 2015 | |
| First Call Minimum Outputs Required (ERDF) | | |
| No. Enterprises supported | | 480 |
| No. new enterprises supported | | 21 |
| No. jobs created | | 248 |
| No. Enterprises with New Products | | 48 |
| Private investment matching public support | | £239,400 |

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| SEMLEP Priority | 2: STIMULATING ENTERPRISE AND ENHANCING COMPETITIVENESS OF SMES IN TARGET SECTORS AND MARKETS |
| 2.1 South East Midlands Growth Hub – Specialist Services | <p>This programme will offer a range of activities specific to local need which will include:</p> <ul style="list-style-type: none"> • Address the development needs of businesses across the SEM area, with a particular focus on showcase sectors. • Develop new business opportunities in association with leading Original Equipment Manufacturers. • Assist an increased number of businesses to obtain investment finance. • Deliver seminars/webinars that support local businesses to adopt emerging techniques in manufacturing technologies and processes. • Provide a local sourcing service for local manufacturers that matches their purchasing needs with local suppliers and, where appropriate, national suppliers. • A dedicated programme of trade support to increase existing International Trade Adviser capacity. For example, activity may include developing programmes of support to increase access to high growth markets, business incentives and new to exporting workshops for businesses across the SEM area. • Generate additional referrals to Growth Hub advisers and increase participation in SEMLEP workshops. <p>These activities will align (and not duplicate) to other business support programmes being offered within the SEM area by national organisations.</p> |
| Total ESIF Allocation 2014-20 | £6.25m ERDF |
| First Call Value | £3.75m ERDF |
| Intervention Rate | Max 50% |
| Contract Start | April 2015 |
| Duration (<i>no more than 3 years</i>) | 3 years |
| Geography | Available across SEMLEP |
| Potential for collaboration with other LEPS | Yes |
| Route to Market | Open Call, Time Limited (3 mths) |
| Number of Awards | Multiple |
| Timing of Call | March 2015 |
| First Call Minimum Outputs Required (ERDF) | |
| No. Enterprises supported | 850 |
| No. new enterprises supported | 42 |
| No. jobs created | 589 |
| No. Enterprises with New Products | 95 |
| Private investment matching public support | £480,600 |

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| SEMLEP Priority | 2: STIMULATING ENTERPRISE AND ENHANCING COMPETITIVENESS OF SMES IN TARGET SECTORS AND MARKETS | |
| 2.2 South East Midlands Entrepreneurship and Business Support Programme | <p>This programme will provide tailored business support by experienced advisors (including pre-start-up and start-up programmes) to stimulate the creation of new businesses, including knowledge based businesses and social enterprises (for example a focus on young people developing new businesses in Social Enterprise environment).</p> <p>There will also be support for the Voluntary, Community and Social Enterprise (VCSE) sector in regard to capacity building, accessing finance and contracts with local authorities, health, regional and national sources. This sector needs support to develop the skills, partnerships and consortiums to enable this to be done effectively and competitively.</p> | |
| Total ESIF Allocation 2014-20 | £2.335m (£0.875m ERDF, £1.46m ESF) | |
| First Call Value | £1.401m (£0.525m ERDF, £0.876m ESF) | |
| Intervention Rate | Max 50% | |
| Geography | Available across SEMLEP | |
| Potential for collaboration with other LEPs | Yes | |
| Route to Market | Open Call | |
| Number of Awards | Multiple | |
| Timing of call | March 2015 | |
| First Call Minimum Outputs Required (ERDF) | | |
| No. Enterprises supported | 96 | |
| No. new enterprises supported | 72 | |
| No. jobs created | 37 | |
| Private investment matching public support | £180,000 | |
| First Call Minimum Outputs Required (ESF) | | |
| Number of participants | 859 | |
| - Of which unemployed | 301 | |
| - Of which economically inactive | 129 | |
| - Of which employed (incl. self employed) | 257 | |
| - Of which aged 15 to 24 | 172 | |
| Number of participants into employment | 121 | |
| Number of unemployed (including long term unemployed) participants in active job search | 240 | |
| Number of inactive participants in education/training | 60 | |
| Number of employed (including self-employed) gaining qualifications | 118 | |
| Number of participants(15-24) engaging in positive activities to tackle barriers to work and training | 87 | |

Under Priority 2, an indicative allocation has been made towards a Finance for Business Programme, support to a national Ex-Ante Assessment identifying a need for a Financial Instrument across the SEM area. This Assessment is due to report in March 2015.

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| SEMLEP Priority | 2: STIMULATING ENTERPRISE AND ENHANCING COMPETITIVENESS OF SMES IN TARGET SECTORS AND MARKETS | |
| 2.3 Finance for Business Programme | <p>This access to finance programme is an innovative pan-LEP response to support the creation, development and sustainability of SMEs by targeting a well-documented access to finance barrier to unlock growth aspirations and generate sustainable employment.</p> <p>The programme will be delivered in partnership with the Northamptonshire, Leicester and Leicestershire, D2N2 and Greater Lincolnshire LEPs. Support that could be offered includes:</p> <ul style="list-style-type: none"> • Provide loan finance to viable but un-bankable start-ups and micro-enterprises (this could include the use of social impact bonds). • Provide finance readiness and business support to create finance ready and sustainable businesses, leading to successful start-ups, business growth and sustainable job creation and • Support business sustainability by encouraging saving for investment with a bank/building society and access to the next rung of the growth finance ladder | |
| Total ESIF Allocation 2014-20 | £6.7m ERDF (SEM only allocation) | |
| Intervention Rate | Max 50% | |
| First Call Value | N/A | |
| Geography | Available across SEMLEP | |
| Potential for collaboration with other LEPs | Yes | |
| Route to Market | To be confirmed | |
| Minimum Outputs Required (ERDF) | | |
| No. Enterprises supported | | 670 |
| No. new enterprises supported | | 335 |
| No. jobs created | | 515 |

5. Priority 3: Developing a Low Carbon Economy

Strategic Context

A key objective of Priority 3 is to build the market in low carbon environmental goods and services, non-domestic sector deployment of low carbon technologies, whole place low carbon solutions and low carbon innovation.

The focus of this priority is therefore to help build the market in low carbon environmental goods and services, non-domestic sector deployment of low carbon technologies, whole place low carbon solutions and low carbon innovation.

This priority aims to embed low carbon technologies and promote eco-efficiencies across all business growth activities, and promote the advantages of climate resilience, adaptation technologies, and energy and resource efficiency. This priority will also support the development of the renewable energy supply chains, low carbon social enterprises and businesses to improve environmental performance and resource efficiency. This priority (supported by the interventions proposed under Priority 5) will also support adaptation skills for all sectors to support low carbon transition.

Approach to Implementation

Funding for Priority 3 will be drawn from the European Regional Development Fund (ERDF) and made available under 2 programme activities both through an open call process. Activity 3.1 Low Carbon Resource and Energy Efficiency and 3.2 Social Housing Retrofit will be procured as two separate calls due to the specialist nature of each activity.

There will also be an opportunity for applicants to access European Agricultural Fund for Rural Development to run complementary rural based activities (Refer to Section 9: SEM Rural Development Programme).

Activities

Total ESIF Allocation to Priority 3: £6.25m ERDF, £0.54m EAFRD (Refer to Section 9)

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| SEMLEP Priority | 3. Developing a Low Carbon Economy |
| 3.1 Resource and Energy Efficiency Programme | The Resource and Energy Efficiency Programme aims to promote greater energy and resource efficiency in the use of resources (energy, water, materials, 'carbon neutral housing'). Through a combination of business reviews, practical advice, awareness-raising activities, tailored on-site support (including on-going help with implementing improvements), information services and advice, the Programme provides tailored business support to SMEs looking to reduce their resource costs, leading to increased productivity, and competitiveness and reputational gains. This could also support businesses to reduce their carbon impact by promoting the use of technology and different ways of working (e.g. home working). |
| Total ESIF Allocation 2014-20 | £2.75 ERDF |
| First Call Value | £1.65m ERDF |
| Intervention Rate | Max 50% |
| Contract Start | April 2015 |
| Duration (<i>no more than 3 years</i>) | 3 years |

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| Geography | Available across SEMLEP |
| Potential for collaboration with other LEPs | Yes |
| Route to Market | Open Call, Time Limited (3 mths) |
| Number of Awards | Multiple |
| Timing of Call | March 2015 |
| First Call Minimum Outputs Required | |
| No. Enterprises supported | 285 |
| No. new enterprises supported | 57 |
| No. jobs created | 110 |
| No. enterprises investing in resource efficiency | 219 |
| Private sector match | £450,000 |

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| SEMLEP Priority | 3. Developing a Low Carbon Economy |
| 3.2 Social Housing Retrofit Programme | The Social Housing Retrofit programme aims to support energy conservation and generation in existing social housing. It will seek to harness the best national, regional and local expertise and experience and delivering the best economic and carbon reduction outcomes. For example, the programme could support the adoption of domestic energy efficiency and low carbon construction techniques, including ultra-low carbon exemplar demonstrator buildings (e.g. insulation, external wall cladding, heat recovery, on- and off-site renewable energy generation and solar water heating). Adaptations need to be above such standard energy efficiency measures as double glazing or loft lagging. Support could include information and advice to tenants in the most effective use of new technology. |
| Total ESIF Allocation 2014-20 | £3.5m ERDF |
| First Call Value | £3.5m ERDF |
| Intervention Rate | Max 50% |
| Contract Start | April 2015 |
| Duration (<i>no more than 3 years</i>) | 3 years |
| Geography | Available across SEMLEP |
| Potential for collaboration with other LEPs | Yes |
| Route to Market | Open Call until <u>2018</u> |
| Number of Awards | Multiple |
| Timing of Call | March 2015 |
| First Call Minimum Outputs Required | |
| No. Enterprises supported | 475 |
| No. new enterprises supported | 95 |
| No. jobs created | 183 |
| No. enterprises investing in resource efficiency | 365 |
| Private sector match | £750,000 |

6. Priority 4: Infrastructure for Growth

Strategic Context

The focus of Priority 4 is to provide the conditions which will support SEMLEP's aspirations for sustainable economic growth, through developing infrastructure in particular fit for purpose business premises and sites and continued improvements to the natural environment, given its importance in attracting new businesses and employment to the area.

Working with Local Nature Partnerships and other organisations to enhance voluntary action to care for the local environment and protect the biodiversity and special places of interest across the SEM area. Promoting community and voluntary groups in adapting to climate change by increasing the capacity across communities to offer support and mitigate the worse extremes of weather and reduce fuel poverty by increasing the efficiency of our homes and travel.

Investments in natural capital and the green infrastructure can deliver sustainable economic growth as well as a wide range of benefits that outweigh costs, even when considering opportunity costs. In 2000 it was estimated that UK tourist and wildlife habitats received 3.2 billion visits with an estimated value to the local economy of over £10 billion. Our own evidence sets out the important role of the natural environment in delivering the area's economic priorities. This priority will therefore include investments in Green Infrastructure as part of integrated actions for sustainable development to support better places for people to live, work and do business. This will include managing environmental risks through greening of businesses and reducing / managing flood risks. It will also encourage new, more sustainable patterns of tourism (where this is not supported by the Rural Development programme).

Our programme of investment will not include capital investment to enhance digital connectivity for business and residential premises (e.g. hard-wiring). However, business support and demand stimulation activity forms a key component of activity under Priority 1 where businesses, communities and individuals can access support to enhance access and take-up of digital opportunities. The digital inclusion agenda will also be supported under Priority 6, with an important role identified for the Voluntary and Community Sector (VCS).

Approach to Implementation

Funding for Priority 4 will be drawn from the European Regional Development Fund (ERDF) and made available under 2 programme activities both through an open call process. Activity 4.1 Buildings for Growth and 4.2 Enhancing Local Infrastructure and Environments will be procured as two separate calls due to the specialist nature of each activity. Due to anticipated development time required, both calls will not be time limited to allow maximum applicant flexibility.

There will also be an opportunity for applicants to access European Agricultural Fund for Rural Development to run complementary rural based activities (Refer to Section 9: SEM Rural Development Programme).

Activities

Total ESIF Allocation to Priority 4: £5.225m ERDF, £1.07m EAFRD (Refer to section 9)

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| SEMLEP Priority | 4. Infrastructure for Growth | |
| 4.1 Buildings for Growth | The Buildings for Growth Programme will focus on providing businesses with access to high quality business premises including enterprise or incubation centres, facilities and services, and move-on accommodation. Activity is likely to focus on the retrofit / refurbishment of existing business premises, including those in town centres. Funding could be used for a variety of purposes, such as remedial work, service connection and other infrastructure and site access. Some site assembly may also be necessary as well as preparatory work (design, planning, site investigation etc.) on sites to enable them to be bought forward for development. This programme could operate as a grant or loan programme offering finance to both private and public sector organisations wanting to create new employment floor space by bringing existing buildings and facilities into productive use. | |
| Total ESIF Allocation 2014-20 | £3.475m ERDF | |
| First Call Value | £3.475m ERDF | |
| Intervention Rate | Max 50% | |
| Contract Start | April 2015 | |
| Duration (<i>no more than 3 years</i>) | 3 years | |
| Geography | Available across SEMLEP | |
| Potential for collaboration with other LEPs | Yes | |
| Route to Market | Open Call until <u>2018</u> | |
| Number of Awards | Multiple (circa 4 projects) | |
| Timing of Call | March 2015 | |
| First Call Minimum Outputs Required | | |
| Site development (hectares) | 2 | |
| Private sector match | £500,000 | |

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| SEMLEP Priority | 4. Infrastructure for Growth | |
| 4.2 Enhancing Local Infrastructure and Environments | The enhancing of local infrastructure and the environment programme will play a key role in creating a setting for growth and investment in the area. This programme will include green infrastructure interventions targeted in areas to open up land for development, reduce flood risk, etc. (for example, the rehabilitation of land and the regeneration of brownfield sites and redundant buildings). Activities proposed will align with the LEP's priorities for low carbon (e.g. the use of green infrastructure to adapt to climate change impacts). This programme of intervention will exploit local assets and address recognised barriers to growth. Activities could include: improving the quality of the natural and built environment, especially those that meet the requirements of the sustainable development agenda, enhance biodiversity and protect diverse and | |

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| | important environmental, landscape, townscape and historic features. |
| Total ESIF Allocation 2014-20 | £1.750m ERDF |
| First Call Value | £1.750m ERDF |
| Intervention Rate | Max 50% |
| Contract Start | April 2015 |
| Duration (<i>no more than 3 years</i>) | 3 years |
| Geography | Available across SEMLEP |
| Potential for collaboration with other LEPs | Yes |
| Route to Market | Open Call until <u>2018</u> |
| Number of Awards | Multiple |
| Timing of Call | March 2015 |
| First Call Minimum Outputs Required | |
| Site development, including green infrastructure (hectares) | 4 |
| Annual decrease in greenhouse gases (tonnes of CO ₂) | To be confirmed |

6. Priority 5: Developing a Skilled and Adaptable Workforce

Strategic Context

Priority 5 aims to deliver targeted intervention to develop a skilled and adaptable workforce by helping people improve their skills, secure good jobs and then progress within them. By working closely with our businesses we aim to unlock the potential of the existing and future workforce of the South East Midlands through the provision of a demand-driven approach to skills and employment initiatives that will help address current and future labour market challenges and opportunities.

In light of challenges facing the SEM labour market it is proposed that this priority will focus on two key programme activities:

1. It will deliver activities to develop high-level skills and intermediate technical skills (including STEM skills) to fulfil future needs of key sector SMEs and drive employment and productivity in these priority growth sectors;
2. Support projects to train people who do not have basic skills and qualifications needed in the workplace, as well as raise the skill levels of those currently with a low skills level.

Priority 5 target groups include:

- Young people who are NEET (Not in Education, Employment or Training) including those leaving care
- Those with work limiting illnesses, including with mild to moderate mental health issues
- Female participation and progression in the labour market
- Drug and alcohol misusers
- Individuals with learning and physical disabilities
- Ex-offenders (but ensuring synergy of National Offender Management Service). The 'top slice' for NOMS has already been agreed at a national level
- Lone parents and ESA claimants – over and above current basic provision offered to pre and post Work Programme
- Support for the over 45's, including specific courses offered to this age group addressing the digital agenda and provision addressing the barriers and challenges the long term unemployed and those who work in declining industries face within this age group.

This priority reflects the need to foster aspirational and enterprising culture, starting with young people, promoting enterprise and innovation projects featuring successful role models to inspire individuals to fulfil their potential. This priority also recognises the need to both create the skills for new sectors but also to ensure that replacement demand for skills is met as older workers leave the labour market (e.g. taking into account the SEM future skills forecasting work). The Voluntary sector could also be a useful route to employment for apprentices, but VCS employers may need more support.

At the heart of the SEMLEP approach to driving up skills is how the public sector and training providers integrate and work with employers to better understand their needs and help them navigate the complex skills processes to meet those needs.

The programme activities proposed under this priority will build on and complement existing initiatives, such as the Universities and Technical Colleges, as well as the work of all of the providers across the South East Midlands, particularly those initiatives to address science, technology, engineering and manufacturing capabilities and skills in the area.

Approach to Implementation

Funding for Priority 5 will be drawn from the European Social Fund (ESF) and made available both through an open call process and through our commitment to 'Opt-In' services with the Skills Funding Agency (SFA) and Department for Work and Pensions (DWP).

Our aim is to use ESF funding, alongside mainstream programmes in the South East Midlands to support improved employment outcomes and to deliver integrated employment pathways for all adults and young people, regardless of their skill level.

In addition to complementing existing and mainstream provision - including that of the SFA, Education Funding Agency (EFA), Higher Education Funding Council for England (HEFCE), DWP and Big Lottery - SEMLEP and partners will seek to identify new and innovative provision – for example, initiatives with strong links to employment and appropriate to the employment growth sectors and challenges being faced by employers across the South East Midlands.

Activities

Total ESIF Allocation to Priority 5: £26m ESF

Programme activities under Priority 5 made available through an open call process are:

| | |
|---------------------------------------|--|
| SEMLEP Priority | 5. Developing a Skilled and Adaptable Workforce |
| 5.1 High Level Skills for Key Sectors | <p>This High Level Skills for Key Sectors Programme aims to deliver a range of high level skills interventions (level 3 or over), with a particular focus on SMEs which account for 97% of the area's 75,000 businesses.</p> <p>Activity should complement not duplicate activities funded through our opt-in partners.</p> <p>The evidence base and the outcome of partner consultations has identified a key challenge to address the current skills shortages and meet future demands in our key sectors.</p> <p>Activities should focus on the four Showcase Sectors for growth as follows:</p> <ul style="list-style-type: none"> • High Performance Engineering • Logistics and Supply Chain • Manufacturing and Advanced Technology • Arts, Heritage, Sports, Visitor Economy, Cultural and Creative Industries <p>Interventions could include sector based initiatives, higher levels skills provision and apprenticeships, technical and managerial training, developing better links between businesses and educators and job search support for professionals and executives.</p> |

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| | Can also fund skills training for low carbon economy and sustainable construction / green housing skills initiatives – with a focus on building skills and close alignment to the opportunities that will emerge from eco-town / smart cities / village developments. There could be a link to an ERDF activity around the retrofit of social housing and embed sustainable development practices within business and other organisations, including 'green' building skills (e.g. fitting of solar panels and adaptive technology) and dedicated materials for land based industries. | |
| Total ESIF Allocation 2014-20 | £6m ESF | |
| First Call Value | £3.6m ESF | |
| Intervention Rate | 50% | |
| Contract Start | April 2015 | |
| Duration (<i>no more than 3 years</i>) | 3 years | |
| Geography | Available across SEMLEP | |
| Potential for collaboration with other LEPs | Yes | |
| Route to Market | Open Call, Time Limited (3 mths) | |
| Number of Awards | Multiple | |
| Timing of Call | March 2015 | |
| First Call Minimum Outputs Required | | |
| Number of participants | | 3,574 |
| - Of which unemployed | | 1,251 |
| - Of which economically inactive | | 534 |
| - Of which employed (incl. self employed) | | 1,027 |
| - Of which aged 15 to 24 | | 715 |
| Number of participants into employment | | 786 |
| Number of unemployed (including long term unemployed) participants in active job search | | 786 |
| Number of inactive participants in education/training | | 117 |
| Number of employed (including self-employed) gaining qualifications | | 226 |
| Number of participants(15-24) engaging in positive activities to tackle barriers to work and training | | 157 |

| | |
|---------------------------------|--|
| SEMLEP Priority | 5. Developing a Skilled and Adaptable Workforce |
| 5.2 Basic Skills and Employment | <p>The Basic Skills and Employment Programme will provide a direct bidding route for activity that falls outside the activities of our ESF Opt-In partners.</p> <p>Activity must demonstrate a highly innovative and effective approach to tackling local and specific employment and skills issues, demonstrate additionality and ultimately promote and stimulate growth across the South East Midlands.</p> <p>Emphasis will be placed on learning with strong links to employers and sectors (recognising that learning with employment experience is far more successful than simply training on its own) and may</p> |

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| | include a range of interventions such as back to work support and workplace training, with close alignment to Priority 2 (Stimulating Enterprise). |
| Total ESIF Allocation 2014-20 | £4m ESF |
| First Call Value | £2.46m ESF |
| Intervention Rate | 50% |
| Contract Start | April 2015 |
| Duration (<i>no more than 3 years</i>) | 3 years |
| Geography | SEMLEP wide, evidenced unemployment hotspot areas, growth stimulus points. |
| Potential for collaboration with other LEPs | Yes |
| Route to Market | Open Call, Time Limited (3 mths) |
| Number of Awards | Multiple |
| Timing of Call | March 2015 |
| First Call Minimum Outputs Required | |
| To be confirmed | |

Programme activities under Priority 5 made available through Opt-In partner arrangement are:

| | |
|--|---|
| SEMLEP Priority | 5. Developing a Skilled and Adaptable Workforce |
| 5.1 High Level Skills for Key Sectors – Skills Funding Agency 'Opt-In' | <p>This Opt-In Programme will include a suite of tender specifications specific to the South East Midlands for higher level skills (level 3 or over) based around:</p> <ol style="list-style-type: none"> 1. Sector based initiatives focussed on the four showcase sectors, to address identified skills shortages and issues such as an ageing workforce, mentoring of apprentices by older workers, lack of technical and engineering skills, availability of higher level apprenticeships and traineeships, progression routes for graduates, and innovative ways to encourage smaller enterprises to train for the first time <ul style="list-style-type: none"> • High Performance Engineering, including linking with developments at Silverstone and the Northampton Waterside Enterprise Zone. • Logistics and its supply chain • Manufacturing and Advanced Technology, including Food and Drink • Arts, Heritage, Sports, Visitor Economy, Cultural and Creative sectors 2. Bespoke continuing professional development and offers to business to improve competitiveness through skills investment in management and leadership; project-based work placements for graduates; and investment in the skills and infrastructure to drive business competitiveness, for example in support of |

| | |
|---|---|
| | Engineering, Advanced Technology 'Big Data' and Business Analytics. |
| | 3. Upskilling existing workforce to employer needs and with flexibility for redundancy support. |
| Total ESIF Allocation 2014-20 | £6m ESF |
| First Call Allocation 2015-18 | £4m ESF |
| Intervention Rate | 100% |
| Geography | Available across SEMLEP |
| Potential for collaboration with other LEPs | Yes |
| Route to Market | SFA Tender Specification |
| Number of Awards | Single Award per Tender Specification |
| Timing of Call | March 2015 |
| Minimum Outputs Required (ESF) | |
| To be confirmed | |

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|--|--|
| SEMLEP Priority | 5. Developing a Skilled and Adaptable Workforce |
| 5.2 Basic Skills and Employment – Skills Funding Agency 'Opt-In' | <p>This Opt-In Programme will include a suite of tender specifications specific to the South East Midlands based around:</p> <ol style="list-style-type: none"> 1. Impartial support for SMEs to increase apprenticeships at all levels, including in the Voluntary sector. Our Apprenticeship Plan aims to increase the volume of apprenticeships by at least 5% each year until 2020. This activity will particularly support increased starts across the key growth sectors and will be working with small and medium sized businesses. Support will include expanding the local capacity of providers and impartial support for employers to create additional opportunities, as well as coaching individuals to apply and successfully access an apprenticeship. 2. Basic and Employability Skills including English, Maths and digital literacy. 3. A programme of Local Skills Shows, extending the reach of the national Skills Show to all areas across SEM, focusing on employment sectors with particular recruitment and skills challenges. 4. Developing better links between business and education: This could include promoting local career opportunities to young people and raising aspirations to work in showcase sectors; supporting graduate/student work placements and work tasters to assist graduates / undergraduates to gain quality work experience with a local organisation, and |

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| | <p>employer engagement to facilitate higher level skills brokerage.</p> <p>5. Targeted Pre-NEET and NEET support (including those at risk of becoming NEET), including those leaving care, working closely with Local Education Authorities and schools across the South East Midlands. Also support for young people who are under-skilled.</p> <p>All activities must carefully align and wrap around the new National Careers Service, including the Inspiration Agenda.</p> |
| Total ESIF Allocation 2014-20 | £6m ESF |
| First Call Allocation 2015-18 | £4m ESF |
| Intervention Rate | 100% |
| Geography | Available across SEMLEP |
| Potential for collaboration with other LEPs | Yes |
| Route to Market | SFA Tender Specification |
| Number of Awards | Single Award per Tender Specification |
| Timing of Call | March 2015 |
| Minimum First Call Outputs Required (ESF) | |
| To be confirmed | |

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|---|--|
| SEMLEP Priority | 5. Developing a Skilled and Adaptable Workforce |
| 5.1 High Level Skills for Key Sectors/5.2 Basic Skills and Employment – Department for Work and Pensions 'Opt-In' | <p>This Opt-In Programme will include a suite of tender specifications specific to the South East Midlands based around:</p> <ol style="list-style-type: none"> 1. Enhanced Information, Advice and Guidance (IAG), individual coaching and jobs brokerage services for priority groups. This service will offer local delivery points, wrap around the National Careers Service and provide specialist coaching services where required, e.g. executive and graduate support 2. Barrier tackling support for Priority 5 target groups, for example, to tackle work limiting illness and pre-ESOL/migrant support. 3. Enterprise coaching for unemployed – 'create your own job' support, aligning with the New Enterprise Allowance support and Growth Hub "start up" services. 4. Incentives to encourage employers to take on unemployed, aligned with the Youth Contract and Apprenticeship Age Grant 5. Work experience / work taster sessions |
| Total ESIF Allocation 2014-20 | £3.9m ESF |
| First Call Allocation 2015-18 | £2.34m ESF |

| | |
|---|---------------------------------------|
| Intervention Rate | 100% |
| Geography | Available across SEMLEP |
| Potential for collaboration with other LEPs | Yes |
| Route to Market | DWP Tender Specification |
| Number of Awards | Single Award per Tender Specification |
| Timing of Call | March 2015 |
| Minimum Outputs Required (ESF) | |
| To be confirmed | |

7. Priority 6: Tackling Social and Economic Exclusion

Strategic Context

Priority 6 aims to ensure that economic successes and growth opportunities delivered by the SEMLEP EU 2014-20 Programme are shared and that economic and social exclusion are tackled. This priority, in conjunction with other priorities, is focused on creating employment that is accessible to disadvantaged areas and to help residents in these areas access economic opportunities as employees or in self-employment.

Priority 6 is cross-cutting in nature and will feed into each of the other five programme priority areas. Priority 6 will play a key role in addressing EU2020 targets for promoting social inclusion, in particular through the tackling of poverty and UK's Strategy for Social Justice by developing and delivering early interventions to help individuals and families facing multiple disadvantages.

With 27.5% of the SEM population living in rural areas this priority also seeks to address the challenges that rural communities face, such as access to basic services including health, education, training, employment, food shopping and leisure.

There are some significant variations across the LEP area, particularly in relation to the annual average earnings, the claimant unemployment rate, the extent of deprivation, challenges facing rural areas, GVA performance, educational attainment and skills performance. Deprivation also persists in certain areas across the SEM whilst there are pockets of very high levels of youth unemployment.

An emerging issue is relating to financial exclusion and the impact of benefits reform on disadvantaged groups, particularly disabled people, lone parents, migrant communities and certain ethnic minority groups. Early analysis of the welfare reforms highlights that the estimated impact of the reforms across Great Britain as a whole will reduce public sector spending by almost £19bn a year. This represents around an average loss of £470 a year for every adult of working age in the country. The majority of people affected by welfare reform live in areas suffering from multiple deprivation.

Approach to Implementation

Funding for Priority 6 will be drawn from the European Social Fund (ESF) and made available both through an open call process and through our commitment to 'Opt-In' services with the Skills Funding Agency (SFA), Department for Work and Pensions (DWP) and the Big Lottery.

Please note that specific Opt-In activities will be developed in conjunction with a Big Lottery Opt-in arrangement, which includes a Partnership Development Phase taking place between July 2014 and March 2015. The outcome of this Development Phase will help us to finalise specific activity to be tendered through the SFA Opt-In, the DWP Opt-In and which will be with the Big Lottery. This may impact on our procurement timeframe.

SEMLEP has also decided to invest in Community Led Local Development programmes to support the Thematic Objective of Social Inclusion. The LEP believes that CLLD is a powerful tool that enables relatively small financial investments to benefit local communities as they take concrete steps towards forms of economic development, which are smarter, more sustainable and more inclusive. This is in line with the Europe 2020 Strategy and UK Government's localism agenda.

Activities

Total ESIF Allocation to Priority 2: £10m ESF

Programme activity under Priority 6 made available through an open call process are:

| | | |
|---|--|--|
| SEMLEP Priority | 6. Tackling Social and Economic Exclusion | |
| 6.1 SEMLEP Social Inclusion Programme | <p>The Social Inclusion Programme will provide a direct bidding route for activity that falls outside the activities of our ESF Opt-In partners.</p> <p>Applications will be invited that support the themes of our Social Inclusion Strategy: Tackling Worklessness, Financial Inclusion and Community Investment. Activity must demonstrate a highly innovative and effective approach to tackling local social inclusion issues, demonstrate additionality (e.g. help those not eligible for Universal Support) and ultimately promote and stimulate growth across the South East Midlands.</p> | |
| Total ESIF Allocation 2014-20 | £1m ESF | |
| First Call Value | £0.6m ESF | |
| Intervention Rate | 50% | |
| Contract Start | April 2015 | |
| Duration (<i>no more than 3 years</i>) | 3 years | |
| Geography | Available across SEMLEP | |
| Potential for collaboration with other LEPs | Yes | |
| Route to Market | Open Call, Time Limited (3 mths) | |
| Number of Awards | Multiple | |
| Timing of Call | March 2015 | |
| First Call Minimum Outputs Required (ESF) | To be confirmed | |

Programme activities under Priority 6 made available through Opt-In partner arrangement are:

| | | |
|---|--|--|
| SEMLEP Priority | 6. Tackling Social and Economic Exclusion | |
| 6.1 Social Inclusion Programme – Skills Funding Agency ‘Opt-In’ | <p>This Opt-In Programme will aim to provide a Community Grants programme for working with marginalised communities and neighbourhood groups.</p> <p>An important element of this programme will be to support the design of specific community interventions to promote economic participation and working with employers to support them to recruit and retain a diverse workforce.</p> <p>It is likely that this programme will cover the whole SEM area, although priority geographic ‘hotspot’ areas have been identified within the Social Inclusion Strategy and may be selected for specific intervention.</p> | |
| Total ESIF Allocation 2014-20 | £2m ESF | |
| First Call Allocation 2015-18 | £1.2m ESF | |

| | |
|---|--------------------------|
| Intervention Rate | 100% |
| Geography | Available across SEMLEP |
| Potential for collaboration with other LEPs | Yes |
| Route to Market | SFA Tender Specification |
| Number of Awards | One |
| Timing of Call | March 2015 |
| Minimum Outputs Required (ESF) | |
| To be confirmed | |

| | | |
|--|---|--|
| SEMLEP Priority | 6. Tackling Social and Economic Exclusion | |
| 6.1 Social Inclusion Programme – Department for Work and Pensions 'Opt-In' | The main focus of this programme will be to provide a service with local delivery points across the whole South East Midlands that helps individuals to address financial exclusion and poverty, both in and out of work. This activity will particularly support individuals who are affected as a result of welfare reform. | |
| Total ESIF Allocation 2014-20 | £0.5m ESF | |
| First Call Allocation 2015-18 | £0.3m ESF | |
| Intervention Rate | 100% | |
| Geography | Available across SEMLEP | |
| Potential for collaboration with other LEPs | Yes | |
| Route to Market | DWP Tender Specification | |
| Number of Awards | Single Award | |
| Timing of Call | March 2015 | |
| Minimum Outputs Required (ESF) | | |
| To be confirmed | | |

| | | |
|--|--|--|
| SEMLEP Priority | 6. Tackling Social and Economic Exclusion | |
| 6.1 Social Inclusion Programme – The Big Lottery | The programme specification for this Opt-In activity will support the themes of the SEMLEP Social Inclusion Strategy: tackling worklessness, financial inclusion and community investment. The programme will support a wide range of projects including improving employability for the most disadvantaged, helping those with multiple and complex needs, improving financial literacy, and helping communities to overcome challenges in their lives. | |
| Total ESIF Allocation 2014-20 | £2.5m ESF + £2.5m Lottery | |
| First Call Allocation 2015-18 | £1.5m ESF + £1.5m Lottery | |
| Intervention Rate | 100% | |
| Geography | Available across SEMLEP | |
| Potential for collaboration with other LEPs | Yes | |
| Route to Market | BIG Lottery Tender Specification | |
| Number of Awards | Multiple | |
| Timing of Call | June 2015 | |
| Minimum Outputs Required (ESF) | | |
| To be confirmed | | |

| | | |
|---|--|-------|
| SEMLEP Priority | 6. Tackling Social and Economic Exclusion | |
| 6.2 Community Led Local Programme | <p>EU guidance currently states that CLLD can only be used in areas where the population is amongst the 20% most deprived.</p> <p>Our proposal is for CLLD to be established in Corby and Luton initially to support the varying and highly challenging social, environmental and economic issues faced by both communities. CLLD proposals will be developed for submission early 2015, with Local Development Strategies submitted by the end of 2015.</p> | |
| Total ESIF Allocation 2014-20 | £4m ESF | |
| First Call Allocation 2015-18 | N/a | |
| Intervention Rate | 50% | |
| Geography | Available across SEMLEP | |
| Potential for collaboration with other LEPs | Yes | |
| Route to Market | CLLD Proposal early 2015 | |
| Number of Awards | Multiple | |
| Timing of Call | March 2016 | |
| Minimum Outputs Required (ESF) | | |
| Number of participants | | 6,100 |
| - Of which unemployed | | 2,135 |
| - Of which economically inactive | | 915 |
| - Of which employed (incl. self employed) | | 1830 |
| - Of which aged 15 to 24 | | 1220 |
| Number of participants into employment | | 1,342 |
| Number of unemployed (including long term unemployed) participants in active job search | | 470 |

8. SEM Rural Development Programme

Strategic Approach

The importance of the rural economy is reflected across all investment priorities, including a commitment to support activity for rural enterprise, innovation, skills and social inclusion.

The Rural Economy Growth Review undertaken by the Department for Environment Food and Rural Affairs (DEFRA) identified a remaining gap in productivity between rural and urban areas. In addition, in the agricultural sector, UK productivity has been in decline relative to its major competitors for the past three decades, and there is evidence that a lack of expenditure on public research and development is one of the causes for this.

One of the fundamental differences between urban and rural areas is that rural areas tend to be more distant from concentrated economic activity and the associated productivity benefits (or agglomeration economies) for businesses. These benefits include knowledge transfer, more available labour markets, and access to supplier and customer markets. A consequence of being at distance from agglomeration is that knowledge transfer is weaker, labour and skills are more sparsely spread, and upstream and downstream markets are more difficult to access.

The SEMLEP European Agricultural Funding for Rural Development (EAFRD) allocation will be used to support this agenda through the provision of advice, knowledge transfer for innovative practices, equipment or research (should this not be met by national programmes). It could also potentially provide support for new technologies (including low carbon and digital) to develop new or higher quality products to open up new markets or encourage shorter supply chains within rural areas.

Approach to Implementation

SEMLEP proposes to offer an open call process for applicants to access our EAFRD allocation, which cuts across Priority areas 1-4. The amounts of EAFRD 2014-2020 funding per priority are:

- Priority 1: Strengthening and exploiting SEMLEP's innovation and knowledge assets - £0.54m
- Priority 2: Stimulating enterprise and enhancing competitiveness of SMEs in target sectors and markets – £2.13m
- Priority 3: Developing a low carbon economy – £0.54m
- Priority 4: Infrastructure for Growth – £1.07m

The Programme will be very closely aligned to, and seek to complement, the Local Development Strategies of the Leader Local Action Groups across the South East Midlands area. The geographic coverage for these LAGs will be confirmed by mid-November 2014.

Activities

Total EAFRD Allocation: £4.28m

| | |
|------------------------------------|--|
| SEMLEP Priority | Cross cutting over Priorities 1-4 |
| SEMLEP Rural Development Programme | The EAFRD programme will concentrate on supporting investment in the most important and strategic rural issues that will complement and add value to the ERDF / ESF funds. |

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| | <p>In order to avoid duplication, with any LEADER programmes, we will invite projects that fall inside the Leader Programme geographies throughout the South East Midlands to have a minimum value of £100K. Projects from outside the Leader area geographies will have a minimum application value of £50K</p> <p>Initial priorities for EAFRD investment are as follows:</p> <ul style="list-style-type: none"> • Support for micro-businesses - specifically to add value to existing business support offer being delivered through the Growth Hub model. EAFRD can help address the challenges rural businesses encounter in reaching conventional / mainstream business support services. • Support for the local food and drink sector which is of growing significance to the rural economy by promoting the development of opportunities for purchasing and consuming locally produced food, in collaboration with the visitor economy • Support for Broadband – not hardware but initially to provide additional demand stimulation to support rural communities that do not have access to superfast broadband. Activity will align with national DEFRA activities like the existing Rural Community Broadband Fund. This funding will not be made available until 2018. • Small scale low carbon initiatives – to complement activities identified in the Low Carbon Innovation and Resource and Energy Efficiency programmes by using EAFRD to support small scale energy generation projects within rural areas. Work with relevant stakeholders, such as the Forestry Commission, the Environment Agency and Natural England, to identify a pipeline of suitable schemes and potentially provide investment in schemes to increase the uptake of renewable energy technologies and resource efficient practices within rural SMEs operating in the LEP’s priority sectors; • Support for strategic cross-LEP tourism and leisure projects - strengthening the rural visitor economy by joining up venues as networks, together with food and drink providers and spin-off businesses could be key element of the support offered. <p>The other EAFRD priority areas set out by DEFRA – skills development and knowledge transfer are, in SEMLEP’s view, fully supported by our ERDF and ESF programmes and national provision.</p> |
| Total ESIF Allocation 2014-20 | £4.28m EAFRD |
| First Call Value | £2.56m EAFRD |

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| Intervention Rate | Max 40% |
| Contract Start | April 2015 |
| Duration (<i>no more than 3 years</i>) | 3 years |
| Geography | Available across SEMLEP in Rural areas |
| Potential for collaboration with other LEPs | Yes |
| Route to Market | Open Call, Time Limited (3 mths) |
| Number of Awards | Multiple |
| Timing of Call | March 2015 |
| First Call Minimum Outputs Required (EAFRD) | |
| Number of businesses supported | 158 |
| Number of jobs | 192 |

Appendix A: Indicative Timetable for Delivery – as at January 2015

All subject to approval of Operational Programmes by the European Commission

| Timing | Activity |
|--|--|
| 30 th May 2014 | Final South East Midlands European Structural Investment Fund (ESIF) Strategy submitted to Government. http://www.semlep.com/eu-investment-strategy/ |
| From June 2014 | Work starts on ESIF Implementation Plan and developing project pipeline |
| 21 st July 2014 | National Operational Programmes submitted to European Commission https://www.gov.uk/government/consultations/european-regional-development-fund-operational-programme-2014-to-2020 |
| 21 st July 2014 | BIG Lottery Building Better Opportunities Fund launched which seeks to make one development grant (£10K) across the LEP area to help bring together interested organisations to discuss local need and how best to tackle social inclusion priorities. http://www.biglotteryfund.org.uk/global-content/programmes/england/building-better-opportunities Closing date: 4 th September 2014 |
| October 2014 | Information from Government to LEPs and partners on: <ul style="list-style-type: none"> • Calls Process – the first round • Implementation Plan • Eligibility rules • Initial guidance on Financial instruments • Guidance of next steps in CLLD • Technical Assistance • Performance Management Arrangements • Definition of Outputs <p>Information to LEPs and Partners on Application process:</p> <ul style="list-style-type: none"> • Draft Outline and Full application forms • Draft Application guidance |
| 30 th September 2014, 13 th November 2014, 21 st January 2015, 23 rd February 2015 | South East Midlands (SEM) Shadow ESIF Committee meet to consider working versions of Implementation Plan. |
| 14 th October 2014 and 10 th February 2015 | SEMLEP Skills Forum – An opportunity for local partners to collaborate and discuss potential partnership bids to deliver against the ESIF. |
| October 2014 onwards | Applicant 'Surgery' appointments / Guidance workshops |

| Timing | Activity |
|------------------------|---|
| December 2014 | New 2014-20 European Structural Investment (ESI) Funds section of the Gov.uk website live with content on: <ul style="list-style-type: none"> • Business process (Documents produced to date) • Policy papers • Governance • On-line handbook (Information available to date) |
| February to March 2015 | Information and partnership events for the Voluntary Sector, funded by the BIG Lottery Building Better Opportunities |
| March 2015 | EAFRD Operational Programme expected to be adopted EAFRD Implementation Plan (national) content agreed |
| June 2015 | ESF and ERDF Operational Programmes expected to be adopted ESF and ERDF Implementation Plan (national) content agreed |
| To be confirmed | Designation of the formal Programme Monitoring Committees (PMCs) for the ESI Funds in the Growth Programme. After designation, the PMCs will formally approve (depending on the Fund): <ul style="list-style-type: none"> • Selection Criteria (Structural Funds, i.e. ERDF and ESF/EAFRD PMCs) • Sub-committees' Terms of Reference (Structural Funds/EAFRD PMCs) • Technical Assistance Strategy (Structural Funds PMC) • Selection of criteria for Opt-In Organisations (Structural Funds PMC) |
| March 2015 | Limited number of calls opened: <ul style="list-style-type: none"> • For operations as specified • For first wave of Opt-in activity |
| February / March 2015 | Information to LEPs, Partners and potential applicants on contract management processes: <ul style="list-style-type: none"> • Project Initiation Visit • Monitoring and verifications procedures • Irregularities reporting • On-line Handbook |
| Summer / Autumn 2015 | Projects with a successful Expression of Interest invited to develop full business case for approval |
| Late 2015 | First expected investments delivering on the ground, including through Opt-in arrangements |

Appendix B: Draft Schedule for Calls/Opt-in Provision – 2015-18

Draft Schedule for Calls

| ERDF | | | | | | | | | |
|--|---------------------|---------------------------|----------------------------|---|----------------------------------|---|-----------------------------------|--------------------------|--|
| Subject of calls: what type of projects are being sought? | SEM Activity | ERDF Priority Axis | Investment Priority | Type of Call, Specificity | Indicative Budget (£,000) | 1st Call Opens | 1st Call Closes | Geographic Issues | Type and Indicative Volume of Outputs |
| Strengthening and exploiting SEMLEP's innovation and knowledge assets (TO 1/2/4) | 1.1 1.2 1.3 | 1 & 2 | 1.1 1.2 2.2 | Fixed call; Unspecified number of activities | £5.7m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 60% of outputs in ESIF |
| Stimulating Enterprise and Enhancing the competitiveness of SMEs (TO 3) | 2.1 2.2 | 3 | 3.2c 3.3d 3.3a | Fixed call; Unspecified number of activities | £1.023m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 60% of outputs in ESIF |
| Finance for Business Programme (TO 3) | 2.3 | 3 | 1.2 3.3d 3.3a | Fixed call; 1 specified activity | £6.7m | July 2015 – subject to Ex-Ante Evaluation | Oct 2015 | Pan LEP (5) | 100% outputs in ESIF |
| Resource and Energy Efficiency Programme (TO 4 & 6) | 3.1 | 4 | 4.1 4.2 4.3 4.4 | Fixed call; Unspecified number of activities | £1.65m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 60% of outputs in ESIF |
| Housing Retrofit (TO 4) | 3.2 | 4 | 4.5 | Open call; Unspecified number of activities | £3.5m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 100% outputs in ESIF |
| Buildings for Growth Programme (TO 1) | 4.1 | 1 | 1.1 1.2 3.3c | Open call; Unspecified number of activities | £3.47m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 100% outputs in ESIF |
| Enhancing local infrastructure and | 4.2 | 3 | 3.3c | Open call; Unspecified number of activities | £1.75m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 100% outputs in ESIF |

| | | | | | | | | | |
|-----------------------------------|--|--|--|--|--|--|--|--|--|
| environments Programme (TO 4 & 6) | | | | | | | | | |
|-----------------------------------|--|--|--|--|--|--|--|--|--|

| ESF | | | | | | | | | |
|---|---------------------|--------------------------|----------------------------|---|----------------------------------|----------------------|---------------------|--------------------------|--|
| Subject of calls: what type of projects are being sought? | SEM Activity | ESF Priority Axis | Investment Priority | Type of Call, Specificity | Indicative Budget (£,000) | Call Opens | Call Closes | Geographic Issues | Type and Indicative Volume of Outputs |
| Stimulating Enterprise and Enhancing the Competitiveness of SMEs (TO 10) | 2.1 2.2 | 1 | 1.1 1.2 1.4 | Fixed call; Unspecified number of activities | £0.97m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 60% of outputs in ESIF |
| High Level Skills for Key Sectors (TO 8 & 10) | 5.1 | 2 | 2.2 | Fixed call; Unspecified number of activities | £3.6m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 60% of outputs in ESIF |
| Basic Skills and Employment (TO 8 & 10) | 5.2 | 1 | 1.1 1.2 1.4 | Fixed call; Unspecified number of activities | £2.46m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 60% of outputs in ESIF |
| Tackling Social and Economic Exclusion (TO 9) | 6.1 | 1 | 1.1 1.2 1.4 | Fixed call; Unspecified number of activities | £0.6m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 60% of outputs in ESIF |
| Community Led Local Development Programme (Cross-cutting Thematic Objectives) | 6.2 | 1 | 1.5 | CLLD | £4m | N/a | N/a | Corby and Luton | 100% of outputs in ESIF |

| EAFRD | | | | | | | | | |
|---|--------------------------|---------------|--|--|---------------------------|-------------------|------------------|-------------------|---------------------------------------|
| Subject of calls: what type of projects are being sought? | SEM Activity | EAFRD Measure | | Type of Call, Specificity | Indicative Budget (£,000) | Call Opens | Call Closes | Geographic Issues | Type and Indicative Volume of Outputs |
| South East Midlands Rural Development Programme | 1.3 2.1 3.1 4.2 | TBC | | Fixed call; Unspecified number of activities | £2.56m | March / June 2015 | June / Sept 2015 | SEMLEP wide | 60% of outputs in ESIF |

Summary of first tranche of Opt-In Provision Summary of first tranche of calls for Projects

| ESF | | | | | | | | | |
|---|--------------|-------------------|---------------------|-----------------------|---------------------------|-----------------|---------------|-------------------|---------------------------------------|
| Summary of Activities. | SEM Activity | ESF Priority Axis | Investment Priority | Opt-In Organisation | Indicative Budget (£,000) | Activity Starts | Activity Ends | Geographic Issues | Type and Indicative Volume of Outputs |
| High Level Skills for Key Sectors (TO 8 & 10) | 5.1 | 2 | 2.2 | Skills Funding Agency | £4m | 2015 | 2018 | SEMLEP wide | 60% of outputs in ESIF |
| Basic Skills and Employment (TO 8 & 10) | 5.2 | 1 | 1.1 1.2 1.4 | Skills Funding Agency | £4m | 2015 | 2018 | SEMLEP wide | 60% of outputs in ESIF |
| Tackling Social and Economic Exclusion (TO 9) | 6.1 | 1 | 1.1 1.2 1.4 | Skills Funding Agency | £1.2m | 2015 | 2018 | SEMLEP wide | 60% of outputs in ESIF |
| High Level Skills for Key Sectors (TO 8 & 10) | 5.1 | 2 | 2.2 | DWP | £1.2m | 2015 | 2018 | SEMLEP wide | 60% of outputs in ESIF |
| Basic Skills and Employment (TO 8 & 10) | 5.2 | 2 | 2.2 | DWP | £1.14m | 2015 | 2018 | SEMLEP wide | 60% of outputs in ESIF |
| Tackling Social and Economic Exclusion (TO 9) | 6.1 | 1 | 1.1 1.2 1.4 | DWP | £0.3m | 2015 | 2018 | SEMLEP wide | 60% of outputs in ESIF |

| | | | | | | | | | |
|---|-----|---|-------------------|-------------|-------|------|------|-------------|------------------------|
| Tackling Social and Economic Exclusion (TO 9) | 6.1 | 1 | 1.1 1.2 1.4 | Big Lottery | £1.5m | 2015 | 2018 | SEMLEP wide | 60% of outputs in ESIF |
|---|-----|---|-------------------|-------------|-------|------|------|-------------|------------------------|

Appendix C: EU Indicative Spend Targets

ERDF

| SEMLEP EU PRIORITY | Activity Reference | TO | 0.00% | 12.70% | 25.60% | 38.80% | 52.20% | 66% | 86% | 100% | 100% | Total |
|--|---|----|-------------------|----------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | | Indicative Budget | | | | | | | | | |
| | | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| 1. Strengthening and exploiting SEMLEP's innovation and knowledge assets | 1.1 SEMLEP Growth and Innovation Programme | 1 | £0 | £762,000 | £1,536,000 | £2,328,000 | £3,132,000 | £3,960,000 | £5,160,000 | £6,000,000 | £6,000,000 | £6,000,000 |
| 1. Strengthening and exploiting SEMLEP's innovation and knowledge assets | 1.2 Digital Technology and Demand Stimulation Programme | 2 | £0 | £254,000 | £512,000 | £776,000 | £1,044,000 | £1,320,000 | £1,720,000 | £2,000,000 | £2,000,000 | £2,000,000 |
| 1. Strengthening and exploiting SEMLEP's innovation and knowledge assets | 1.3 Low Carbon Technology and Innovation Programme | 4 | £0 | £190,500 | £384,000 | £582,000 | £783,000 | £990,000 | £1,290,000 | £1,500,000 | £1,500,000 | £1,500,000 |
| 2. Stimulating Enterprise and Enhancing the Competitiveness of SMEs | 2.1 South East Midlands Growth Hub | 3 | £0 | £300,000 | £700,000 | £1,150,000 | £1,800,000 | £2,200,000 | £2,600,000 | £3,000,000 | £3,000,000 | £3,000,000 |
| 2. Stimulating Enterprise and Enhancing the Competitiveness of SMEs | 2.1 South East Midlands Growth Hub | 3 | £0 | £400,000 | £900,000 | £1,800,000 | £3,750,000 | £4,800,000 | £5,600,000 | £6,250,000 | £6,250,000 | £6,250,000 |
| 2. Stimulating Enterprise and Enhancing the Competitiveness of SMEs | 2.2 SEMLEP Entrepreneurship Programme | 3 | £0 | £111,125 | £224,000 | £339,500 | £456,750 | £577,500 | £752,500 | £875,000 | £875,000 | £875,000 |

| | | | | | | | | | | | | |
|---|---|-----|----|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2. Stimulating Enterprise and Enhancing the Competitiveness of SMEs | 2.3 Finance for Business Programme | 3 | £0 | £850,900 | £1,715,200 | £2,599,600 | £3,497,400 | £4,422,000 | £5,762,000 | £6,700,000 | £6,700,000 | £6,700,000 |
| 3. Developing a Low Carbon Economy | 3.1 Resource and Entergy Efficiency Programme | 4&6 | £0 | £349,250 | £704,000 | £1,067,000 | £1,435,500 | £1,815,000 | £2,365,000 | £2,750,000 | £2,750,000 | £2,750,000 |
| 3. Developing a Low Carbon Economy | 3.2 Housing Retrofit Programme | 4 | £0 | £444,500 | £896,000 | £1,358,000 | £1,827,000 | £2,310,000 | £3,010,000 | £3,500,000 | £3,500,000 | £3,500,000 |
| 4. Infrastructure for Growth | 4.1 Buildings for Growth | 1 | £0 | £441,325 | £889,600 | £1,348,300 | £1,813,950 | £2,293,500 | £2,988,500 | £3,475,000 | £3,475,000 | £3,475,000 |
| 4. Infrastructure for Growth | 4.2 Enhancing Local Infrastructure and Environments | 4&6 | £0 | £222,250 | £448,000 | £679,000 | £913,500 | £1,155,000 | £1,505,000 | £1,750,000 | £1,750,000 | £1,750,000 |
| ERDF Programme Total | | | £0 | £4,800,600 | £9,676,800 | £14,666,400 | £19,731,600 | £24,948,000 | £32,508,000 | £37,800,000 | £37,800,000 | £37,800,000 |

ESF

| SEMLEP EU PRIORITY | Activity Reference | TO | 0.00% | 12.70% | 25.60% | 38.80% | 52.20% | 66% | 86% | 100% | 100% |
|---|---|------|-------------------|----------|------------|------------|------------|------------|------------|------------|------------|
| | | | Indicative Budget | | | | | | | | |
| | | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 2. Stimulating Enterprise and Enhancing the Competitiveness of SMEs | 2.2 SEMLEP Entrepreneurship Programme | 10 | £0 | £185,420 | £373,760 | £586,480 | £762,120 | £963,600 | £1,195,600 | £1,460,000 | £1,460,000 |
| 5. Developing a Skilled and Adaptable Workforce | 5.1 High Level Skills for Key Sectors | 8&10 | £0 | £762,000 | £1,536,000 | £2,328,000 | £3,132,000 | £3,960,000 | £5,160,000 | £6,000,000 | £6,000,000 |
| 5. Developing a Skilled and Adaptable Workforce | 5.1 SFA Opt-In | 8&10 | £0 | £762,000 | £1,536,000 | £2,328,000 | £3,132,000 | £3,960,000 | £5,160,000 | £6,000,000 | £6,000,000 |
| 5. Developing a Skilled and Adaptable Workforce | 5.1 DWP Opt-In | 8&10 | £0 | £254,000 | £512,000 | £776,000 | £1,044,000 | £1,320,000 | £1,720,000 | £2,000,000 | £2,000,000 |
| 5. Developing a Skilled and Adaptable Workforce | 5.2 Basic Skills and Employment Programme | 8&10 | £0 | £508,000 | £1,024,000 | £1,552,000 | £2,088,000 | £2,640,000 | £3,440,000 | £4,000,000 | £4,000,000 |
| 5. Developing a Skilled and Adaptable Workforce | 5.2 SFA Opt-In | 8&10 | £0 | £762,000 | £1,536,000 | £2,328,000 | £3,132,000 | £3,960,000 | £5,160,000 | £6,000,000 | £6,000,000 |
| 5. Developing a Skilled and Adaptable Workforce | 5.2 DWP Opt-In | 8&10 | £0 | £241,300 | £486,400 | £737,200 | £991,800 | £1,254,000 | £1,634,000 | £1,900,000 | £1,900,000 |

| | | | | | | | | | | | | |
|---|---|-------|----|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 6. Tackling Social and Economic Exclusion | 6.1 SEMLEP Social Inclusion Programme | 9 | £0 | £127,000 | £256,000 | £388,000 | £522,000 | £660,000 | £860,000 | £1,000,000 | £1,000,000 | £1,000,000 |
| 6. Tackling Social and Economic Exclusion | 6.1 DWP Opt-In | 9 | £0 | £63,500 | £128,000 | £194,000 | £261,000 | £330,000 | £430,000 | £500,000 | £500,000 | £500,000 |
| 6. Tackling Social and Economic Exclusion | 6.1 SFA Opt-In | 9 | £0 | £317,500 | £640,000 | £970,000 | £1,305,000 | £1,650,000 | £2,150,000 | £2,500,000 | £2,500,000 | £2,500,000 |
| 6. Tackling Social and Economic Exclusion | 6.1 BIG Opt-In | 9 | £0 | £254,000 | £512,000 | £776,000 | £1,044,000 | £1,320,000 | £1,720,000 | £2,000,000 | £2,000,000 | £2,000,000 |
| 6. Tackling Social and Economic Exclusion | 6.2 Community Led Local Development Programme | Cross | £0 | £508,000 | £1,024,000 | £1,552,000 | £2,088,000 | £2,640,000 | £3,440,000 | £4,000,000 | £4,000,000 | £4,000,000 |
| ESF Programme Total | | | £0 | £4,744,720 | £9,564,160 | £14,495,680 | £19,501,920 | £24,657,600 | £32,129,600 | £37,360,000 | £37,360,000 | £37,360,000 |

| | | | | | | | | | | | | |
|------------------------------|--|--|----|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| ERDF and ESF Programme Total | | | £0 | £9,545,320 | £19,240,960 | £29,162,080 | £39,233,520 | £49,605,600 | £64,637,600 | £75,160,000 | £75,160,000 | £75,160,000 |
|------------------------------|--|--|----|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

EAFRD

0.00% 12.70% 25.60% 38.80% 52.20% 66% 86% 100% 100%

| SEMLEP EU PRIORITY | Activity Reference | TO | Indicative Budget | | | | | | | | | Total |
|--|---|-----|-------------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | |
| 1. Strengthening and exploiting SEMLEP's innovation and knowledge assets | 1.3 Low Carbon Technology and Innovation Programme | 4 | £0 | £68,580 | £138,240 | £209,520 | £281,880 | £356,400 | £464,400 | £540,000 | £540,000 | £540,000 |
| 2. Stimulating Enterprise and Enhancing the Competitiveness of SMEs | 2.1 South East Midlands Growth Hub | 3 | £0 | £270,510 | £545,280 | £826,440 | £1,111,860 | £1,405,800 | £1,831,800 | £2,130,000 | £2,130,000 | £2,130,000 |
| 3. Developing a Low Carbon Economy | 3.1 Resource and Energy Efficiency Programme | 4&6 | £0 | £68,580 | £138,240 | £209,520 | £281,880 | £356,400 | £464,400 | £540,000 | £540,000 | £540,000 |
| 4. Infrastructure for Growth | 4.2 Enhancing Local Infrastructure and Environments | 4&6 | £0 | £135,890 | £273,920 | £415,160 | £558,540 | £706,200 | £920,200 | £1,070,000 | £1,070,000 | £1,070,000 |
| EAFRD Programme Total | | | £0 | £543,560 | £1,095,680 | £1,660,640 | £2,234,160 | £2,824,800 | £3,680,800 | £4,280,000 | £4,280,000 | £4,280,000 |

Appendix D: PAN-LEP Financial Instrument Research and Timetable for Programme Development

In its Preliminary Guidance to LEPs on EU SIF strategies, Government proposed that LEPs consider the use of ERDF to fund 'financial instruments' as part of their growth strategies.

In July 2013, Mazars LLP was appointed by the five LEPs located in the East / South East Midlands (Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2), Leicester and Leicestershire, Greater Lincolnshire, South East Midlands (SEMLEP) and Northamptonshire) to undertake a market intelligence study on access to finance and business needs. The aim of this study was to understand the extent to which improving businesses' access to finance should be a policy to be pursued as part of the European Structural and Investment Funds (ESIF) for the new programming period 2014-2020.

Mazars reported on their findings in November 2013 and the key conclusions of the report were that:

1. There is a 'lending gap' for newer, riskier enterprises, especially but not exclusively for micro businesses seeking up to £50K leading to a sufficient level of 'un-met' finance demand from business to make a £100m intervention fund viable and appropriate
2. There is evidence of latent growth potential that could be released through better access to finance for SMEs with projects currently "stalled" due to lack of funds
3. However, there is a related need for better general business support and 'investment readiness' to improve the quality of propositions seeking funding
4. There is qualified support for an East Midlands 'fund of funds' from financial stakeholders
5. There is minor local variation in terms of sector and business composition, suggesting that a regional revolving investment fund is feasible
6. A full Ex-Ante Assessment must be carried out to EU standards before EU funds can be invested.

Following completion of the report, the East Midlands LEPs resolved to:

- Work collaboratively to develop potential interventions to improve access to finance for SMEs in the East Midlands, including potentially an East Midlands 'JEREMIE' model
- Identify sums of funding in SIFs to support enhanced access to finance for SMEs
- Indicate to Government that they wish to use Legacy funding from RDA investment products to support a collaborative approach to improving access to finance for SMEs in the East Midlands, including further development work and any potential establishment costs.

The European Commission's regulations require an Ex-Ante Assessment to be undertaken by the responsible Member State (MS)/Managing Authority (MA) before committing ESIF 2014-2020 Programme resources to a Financial Instrument. The Ex-Ante Assessment requires MAs to provide evidence of the adequacy of the envisaged FI against an identified market failure or suboptimal investment situation and to ensure that the FI will contribute to the achievement of the Programme and the ESIF objectives.

In order to address this requirement at a national level, the European Investment Bank has been commissioned to provide analysis and guidance to DCLG, including provision of a Final Report that can be used by DCLG for the purpose of preparing the Ex-Ante Assessment. This Assessment is due to report in March 2015 and will include:

Block 1: Market Analysis – this will include:

- Analysis of market failures, suboptimal investment situations and quantification of investment needs;
- Assessment of the value added of the proposed financial instrument, including State Aid implications;
- Potential for additional public and private resources to be levered;
- Lessons learnt from similar FIs established in previous programmes;

Block 2: Delivery and Management – this will include:

- Proposed investment strategy (outlining products and targeted recipients, assessing management and delivery options for FIs, assessment of financial and legal implications, examination of options for implementation arrangements and manager selection);
- Expected results - Assessment of the type (financial products) and volume of financing needed, indicative timetable, assessment of the possible combination with grants, interest rate subsidies and guarantee fee subsidies, indication of output and project performance indicators.

Subject to the national Ex-Ante Assessment identifying a need for Financial Instruments in the Block 1 analysis, the East and South East Midlands LEP partners then propose to commission consultants to undertake the following:

Stage 2 – Options Appraisal of appropriate risk finance measures to tackle the key market failures identified in the national Ex-Ante Assessment and Mazars reports.

This stage will involve an assessment of a range of options (using ERDF, legacy and other funds from LEPs in the East and South East Midlands) to meet the identified market failures and regional needs.

Options to be examined will include, but not be limited to:

- A Financial Instrument ('fund of funds' approach, with EIB borrowing)
- Single Investment Fund with EIB / commercial borrowing
- Co-Investment Fund(s) with private sector co-investor(s)
- Investment Fund Investing through existing or proposed JEREMIE organisations in adjacent regions (Yorkshire / West Midlands)
- Investing through a 'crowd sourcing' or peer-to-peer lending platform
- Equity / mezzanine / VC / seedcorn finance
- Debt finance
- Guarantees
- CDFIs

The viability of options will be assessed against a range of criteria including, but not limited to:

- Fit with ERDF regulations / Government policy
- Deliverability
- Ability to address identified needs / market failure
- Ability to attract co-investment
- Impact (including drawing on British Business Bank methodology and using the criteria at paragraph 58 of the Commission's Guidelines on State aid to promote risk finance)
- Value for money

- Governance – local 'ownership'
- Flexibility
- Legacy
- Ability to achieve geographic 'equity'
- State aid compliance

This assessment to be compiled in a report with conclusions and recommendations and to be presented to the LEP ESIF Committee for consideration. Recommendations to include identification of proposed sources of additional external investment, such as European Investment Bank, where appropriate.

Stage 3 – Selection of Preferred Option(s)

From the analysis and recommendations of the Options Appraisal prepared and presented by the independent consultants, partner LEPs to select their preferred solution / portfolio of solutions (which may include Do Nothing). The project would then progress to Stage 4 – Business Planning.

In the event that evidence of need or demand cannot be demonstrated or that the Steering Group does not agree on a Preferred Option, the project would not proceed to Stage 4.

Stage 4 – Business Planning

Subject to partner LEPs agreeing at Stage 3 to take forward a joint solution or solutions, the independent consultants will then be asked to undertake the following activities:

1. Due diligence of the ex-RDA fund legacies to confirm transferable cash value and likelihood/value of any additional projected legacy returns due to the region. This will include scrutiny of the risks / timing and likely value of the investments / borrowers that make up the projected legacy returns.
2. Drafting, negotiating and finalising a robust business plan for the preferred option(s), including:
 - Strategic objectives of the chosen solution
 - Operating principles
 - Proposed governance structure and constitution, including:
 - Legal structure and tax arrangements
 - Investment Committee / Advisory Panel
 - Management
 - Funding structure, including:
 - Scale of the proposed solution(s) and relation to the identified gap(s)
 - Scale and scope of the overall measure / fund
 - Sources of public and private funding, including but not limited to ERDF
 - Investment Strategy, including:
 - Target market
 - Any priority sectors
 - Size of investments
 - Lending policy
 - Lending rates
 - Risk-return profile / characteristics
 - Forecast default rate

- Comprehensive financial model, with forecast balance sheets, profit and loss and cash flow analyses for the Fund / subfund, consolidated to Holding Fund level, demonstrating ability to service any borrowing / management costs.
- Marketing / Market Stimulation
- Outcomes / Results
- Monitoring and Review Mechanism

Stage 5: ERDF / Other Applications

(Subject to decision taken at Stages 3 & 4) Drafting and submission of Outline and Full ERDF applications on behalf of the East and South East Midlands LEPs and progressing this through the relevant appraisal and approval process with the Department for Communities and Local Government (DCLG) / BIS / and development/submission of any other necessary applications, such as British Business Bank (BBB) and EIB (as required).

Stage 6: Procurement of delivery body or bodies, e.g. fund managers

Prepare procurement documentation and procure management and delivery body or bodies, in accordance with ERDF and OJEU requirements.

Planned Timetable

The planned timetable is as follows:

- Market Analysis Workshop – 29th September 2014
- Submit Technical Assistance application – September 2014
- Approval of Technical Assistance application – October 2014
- Agree tender specification for Stages 2-4 consultancy work – October 2014
- Issue Invitation to Tender for Stages 2-4 consultancy work – October 2014
- EIB National Ex-Ante Assessment report completed – March 2015
- Commence Stage 2 consultancy work – April 2015
- Report on Stage 2 consultancy – end of April 2015
- Stage 3 Selection of preferred option – May 2015
- Subject to Stage 3 approval, commence Stage 4 – May 2015
- Complete Stage 4 Business Plan – June 2015
- Submit Outline ERDF application – July 2015
- Submit Full ERDF application / EIB application – September 2015
- Issue tender for fund management – November 2015
- Select fund manager(s) – January 2016
- Commence fund operation – February 2016

Appendix E: ABBREVIATIONS AND ACRONYMS

BIG Lottery Funding

BIS Department for Business, Innovation and Skills

CLLD Community led local development

DCLG Department of Communities and Local Government

DEFRA Department for Environment, Food and Rural Affairs

DfE Department for Education

DWP Department for Work and Pensions

EAFRD European Agricultural Fund for Rural Development

EC European Commission

EFA Education Funding Agency

EMFF European Maritime and Fisheries Fund

ERASMUS European Community Action Scheme for the Mobility of University Students

ERDF European Regional Development Fund

ESA Employment and Support Allowance

ESF European Social Fund

ESIF European Structural and Investment Funds

ESOL English for speakers of other languages

EU European Union

EURES European Employment Service

FE Further education

FSB Federation of Small Businesses

FUSE Further Education Colleges in the South East Midlands

GDP Gross Domestic Product

HE Higher education

ICT Information and communications technology

IP Investment priority

ISCED International Standard Classification of Education

JSA Jobseeker's Allowance

JCP Jobcentre Plus

LAG Local Action Group

LEADER Links between the rural economy and development actions

LEP Local Enterprise Partnership

LNP Local Nature Partnership

PMC Programme Monitoring Committee

MoJ Ministry of Justice

MoU Memorandum of Understanding
NEA National Enterprise Allowance
NEET Not in education, employment or training
NEP Northamptonshire Enterprise Partnership
NOMS National Offender Management Service
NUTS Nomenclature of Territorial Units for Statistics
OECD Organisation for Economic Co-operation and Development
OEM Original Equipment Manufacturer
ONS Office for National Statistics
SEMLEP South East Midlands Local Enterprise Partnership
SEMU South East Midlands Universities Group
SEP Strategic Economic Plan
SFA Skills Funding Agency
SME Small and medium sized enterprises
STEM Science, technology, engineering and mathematics
TA Technical Assistance
TO Thematic objective
VCSE Voluntary, community and social enterprise sector
YEI Youth Employment Initiative