



LEPs and their role in the 2014-20 EU Funding Programme – Policy Briefing

Revised July 2013

Summary

Local Enterprise Partnerships (LEPs) have a rapidly expanding role in driving the local economic growth agenda. From 2014 this role will include developing investment strategies for European Structural Funds investment in business growth, skills, inclusion and rural development.

LEPs were originally created as private sector-led public : private sector partnerships. As a result previous VCS engagement with LEPs has been minimal. However, their role is now rapidly expanding into areas such as:

- skills for employment,
- community-led local development,
- economic and social inclusion,
- environment and climate change,
- social innovation,
- ICT and digital inclusion and
- youth unemployment

Many of these priorities impact on the work of VCS organisations or on the people and places that VCS organisations support. Engagement is therefore vital and this briefing will help you understand LEPs and their changing role and help prepare you for future engagement. It will also provide a summary of the vision for LEPs and dates and milestones to be aware of.

Background

LEPs came into being as a result of the Growth White Paper in 2010 which paved the way for a sub-national review of economic development. This review quickly resulted in the closure of the Regional Development Agencies (considered too expensive and distant from local economic concerns) and

the creation of LEPs. LEPs were formed with the objective of supporting businesses and driving local private sector growth opportunities; to achieve this the partnership had to be at least 50 percent private sector-led.

Over spring 2012 the Department for Business, Innovation and Skills (BIS) launched an informal consultation on the future of European Structural funds in England; focussing on the management and prioritisation of the 2014-20 EU funding programme. The outcome of this review highlighted that national EU programmes had failed to respond to local needs and circumstances and that the separation between European Social Fund (ESF) and Regional Development Fund (ERDF) made stimulating growth more difficult.

However, by this time all the previous infrastructure needed for the management of more localised programmes had been removed in the 2010 'bonfire of the quangos'. As structural funds are focussed entirely on creating a climate for stronger economic growth (through skills, business support, physical infrastructure and addressing exclusion) the only remaining economically focussed structures, with the role of steering growth strategy, were the newly created LEPs; providing all necessary qualities of a growth focus, private sector engagement and localised presence.

In October 2012 Lord Heseltine published a review of growth strategy in the UK *No Stone Unturned in Pursuit of Growth*. The report identified that the current strategy of austerity is failing: Government income is below forecasts and the report politely fuelled the growing consensus that we do not have an adequate growth strategy.

In response to this the Autumn Statement 2012 proposed a number of economic growth drivers: £5.5billion for capital investment in transport and school buildings; a re-emphasised skills agenda; one percent cut in corporation tax and the rise in profile and role of the LEPs. The latter, the focus of this briefing, comes partly in response to Heseltine but also on the back of a growing conviction, by Government and to an extent by local authorities, that City Deals and other similar local-national 'conversations' (like the Portas Town initiatives and even whole-place Community Budgets) are a good way to drive growth.

Stronger LEPs

So what's changed? As a consequence of the Autumn Statement 2012, each LEP will:



1. develop and oversee a 'Strategic Plan for Local Growth' in each LEP area
2. have access to 'core' funding to develop and oversee these plans (£250K in 2012/13, £250K in 2013/14 and a further guaranteed £250K in 14/15)
3. through their strategic plan for growth, shape the priorities of a national 'growth-related', single funding pot;
4. be the vehicle to access the single funding pot (expected to start in 2015);
5. have a strategic role in skills policy (through national strategies); and
6. determine how EU Structural & Investment funds are invested locally.

What does this mean?

In terms of local economic growth agenda, the Autumn Statement 2012 did four things of note:

- gave the status of LEPs (the conjunction of business and councils) a massive boost;
- significantly expanded the role of LEPs from the narrow role of direct support for business-led growth to an holistic growth programme which encompasses both local and large scale strategic investment in skills, business support, environmental mitigation, resource efficiency, social and economic inclusion and support for labour market mobility;
- raised serious questions about how the VCS, especially groups and communities of greatest need, will access the next round of EU funding (2014/20); and
- officially put the future of what local economic planning looks like back on the table for open debate.

LEP role in skills profile

In order to make the education and skills system more effective and responsive to the needs of employers, the Government will give LEPs a new strategic role in skills policy in line with the recommendations of the Heseltine Review.

LEPs now have a role setting skills strategies consistent with national objectives and chartered status for FE colleges will be linked to the skills priorities of local LEPs. In addition, the Government will encourage LEPs to have a seat on FE college governing bodies, with colleges represented on LEP boards. LEPs will directly shape investment in skills through their enhanced strategic role in EU funds and in particular in shaping the

European Social Fund investment priorities.

The key message becomes: make sure you know how to engage with your LEP.

What is the role of LEPs in EU Funding?

From 2014 LEPs will be the primary strategic vehicles for developing investment strategies around a range of EU investment priorities. However, this role is being initiated now with a requirement being placed on LEPs to begin developing EU investment strategies this year.

By the end of September 2013, LEPs have been asked to develop EU Structural and Investment Fund (SIF) strategies which include:

The Local picture

- Economic strengths and weaknesses; social and environmental risks and opportunities
- Economic drivers and barriers to developing jobs and growth
- Economic vision for the LEP area

Investment Priorities

- Preferred thematic objectives and investment priorities – rationale, supporting evidence and potential activities
- Indicative breakdown of spend per fund per year
- Scope for multi funded projects

The plans will be aggregated to ensure that across England the spend will achieve the national objectives of the individual funds and will be used to inform the negotiating position between the UK and the European Commission.

Although LEPs will shape investment priorities and commissioning they will not hold or be accountable for EU funds. Funds will be held by local Growth Teams derived from each of the EU fund managing authorities (DWP, DCLG, BIS and DEFRA). The scale and location of these teams has yet to be decided however each team is likely to cover a number of LEP areas to give oversight of potential cross-LEP priorities and support areas where LEPs overlap. Growth Teams will play a major role in trying to simplify EU funding bureaucracy and 'hiding the wiring' between the individual funds.

Timing

The current programme of EU funding runs from 2007-13, but with spend by approved projects approved up until December 2015.



The new EU funding cycle begins in January 2014 to December 2020. However, there are likely to be some delays in starting the new programme resulting in commencement of ESF and ERDF programmes from autumn 2014 and rural programmes from Jan 2015 at the earliest.

Diagram 1 below describes the relationship between LEPs and distribution of European Funds

Diagram 2 highlights the priorities for investment of ERDF and ESF

Diagram 1: Delivery arrangements

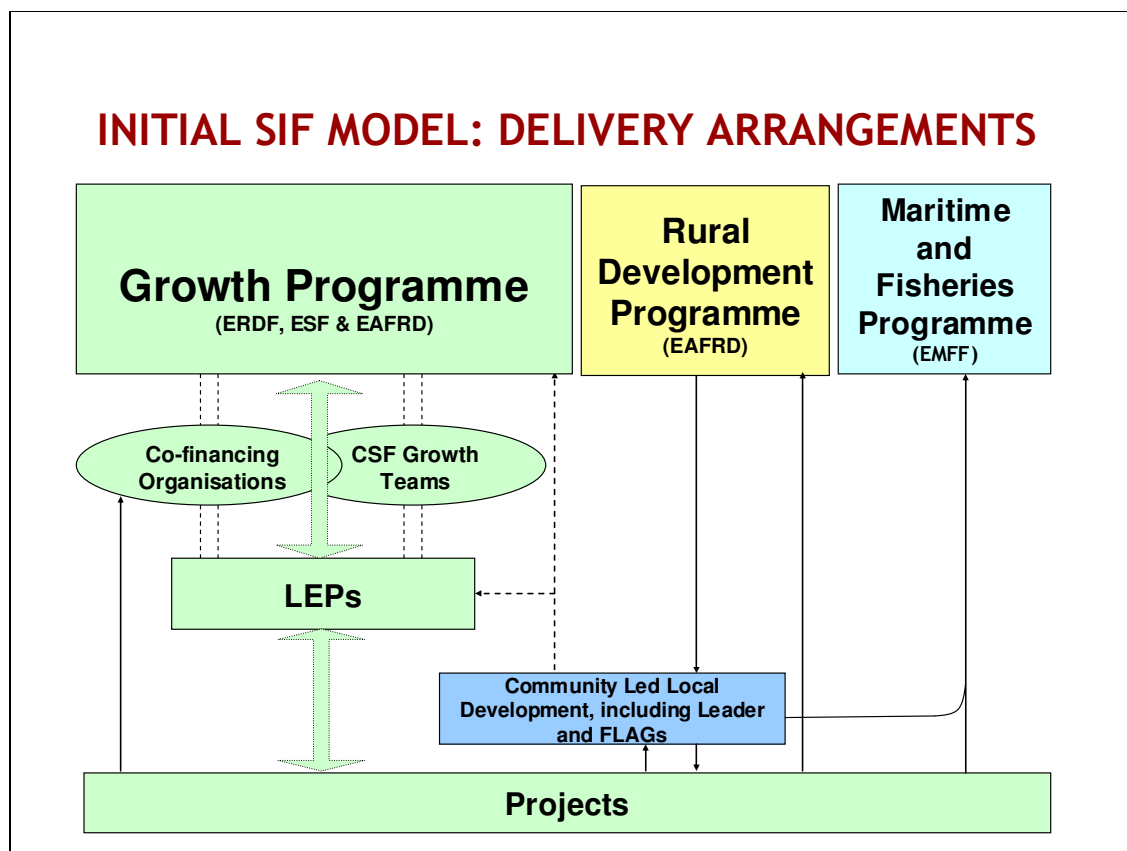


Diagram 2: Investment themes

EU STRUCTURAL & INVESTMENT FUNDS CORE THEMES			
CORE THEMES	Minimum spending levels at national level required by the regulations		
	Less Developed Regions	Transition Regions	More Developed Regions
Innovation	At least 50% ERDF must be spent on these 4 themes, of which approx 12%? on low carbon (% tbc)	At least 60% ERDF must be spent on these 4 themes, of which approx 15% on low carbon (% tbc)	At least 80% ERDF must be spent on these 4 themes, of which at least 20%? on low carbon
SME Competitiveness			
Low Carbon			
ICT			
Climate Change Adaptation			
Environmental Protection			
Sustainable Transport			
Employment	At least 60% ESF must be spent on up to 4 sub-priorities within these themes	At least 70% ESF must be spent on up to 4 sub-priorities within these themes	At least 80% ESF must be spent on up to 4 sub-priorities within these themes
Skills			
Social Inclusion (at least 20% value of ESF)			
<i>Institutional Capacity</i>			

NB. In the East Midlands all LEPs are classified as 'More Developed Regions' with the exception of Lincolnshire which holds 'Transition' status. Proportions are more flexible in Lincolnshire due to local barriers to growth.

The role of civil society with LEPs

The EC is clear in its guidance on partnership working that meaningful engagement with all stakeholders, including social partners, must form an integral part of the prioritisation and investment of EU funding.

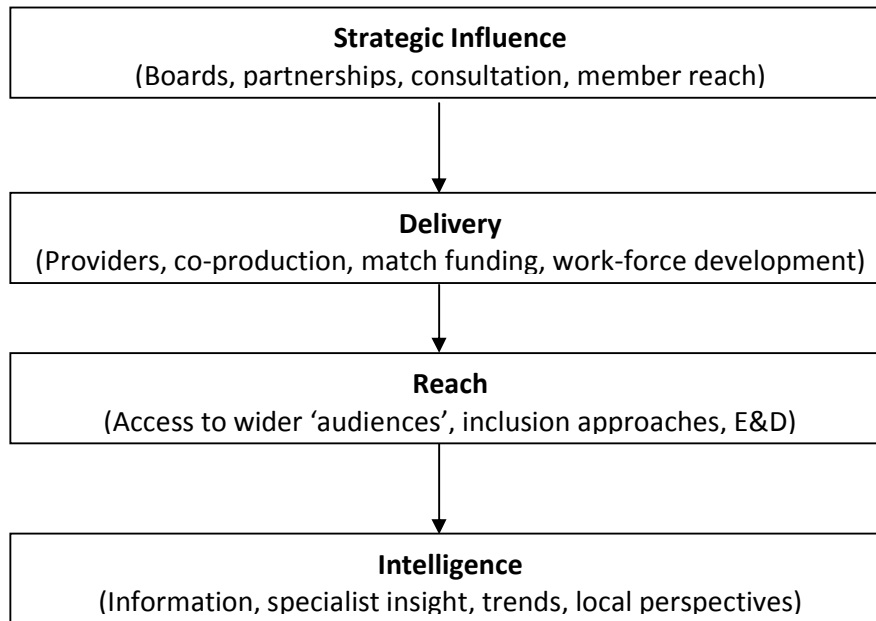
Initial guidance from BIS published in April 2013 reinforced the message that building meaningful strategic relationships with civil society organisations adds significant value to the strategic analysis, planning and effective delivery of EU funding within the LEP area. This advice was reinforced in the supplementary guidance published in July 2013, which further encourages LEPs to widen partnership in governance arrangements with particular focus on the development of their EU SIF strategies.

The VCS is capable of providing a vital multi-level support and delivery function to LEPs from both a cross sector and partnership delivery perspective as well as in relation to specific thematic Partnership Groups that will be required as part of their strategic development and delivery role.



In relation to engagement with economic development and structures, both the European Commission and the UK government refer to the VCS as forming part of 'civil society'; encapsulating what we might consider previously as the 'third sector' and including co-operatives, CICs / social enterprises, mutuals and trade unions.

In general terms the role of civil society in the LEP is four-fold:



The structure and role of civil society across each LEP area is diverse; from business development, youth engagement, skills and employability, health and wellbeing, community reach and sector development & support. As a result each LEP will require the support of a mix of civil society organisations to help identify and deliver against local priorities.

In general however civil society brings the following benefits, amongst others, to the LEP table:

- Experience of planning, managing and delivering Structural Fund programmes and projects through ESF, ERDF and EAFRD/Leader (rural areas)
- Employer of two percent of the workforce and ownership and management of large (multimillion pound) portfolio of capital assets

- Potential to access match funding (from a variety of sources including public, private and volunteer time)
- Experience of co-production and cross sector working/relationships – developing and delivering multi funded and complex programmes
- Existing relationships with EU co-financers – SFA, NOMS, DWP
- Experience of enabling Community Led Local Development initiatives
- Assessing and developing interventions to improve social inclusion and combat poverty.
- Achieving equality and diversity outcomes - access to community-level insight on priorities to address and on the impact that funded interventions are having
- Identification of innovation and social innovation in improved service delivery and product development e.g. new delivery models in the realm of Health & Social Care, impact of workforce diversity on business success.
- Building skills, employability and stimulating growth of micro-enterprise in disadvantaged and diverse communities
- Supporting take up and implementation of low carbon and environmentally sustainable initiatives
- Digital inclusion

.....the list is endless

Shaping the relationship

To ensure that engagement with civil society is meaningful we are keen that engagement with LEPs is developed gradually and at a pace that allows relationships to grow. It is important to ensure that during this time LEPs are supported to fully understand their future role and how this relates to civil society. In parallel, support must also be provided to civil society organisations to also understand the expanded LEP role and how best they can engage and support it for the benefit of their communities.

The regional dimension

In the East Midlands there are seven LEP areas; some of which involve overlapping boundaries with each other or extend into other regions:-



LEP	Indicative EU allocation (€m)
Derby and Derbyshire, Nottingham and Nottinghamshire (D2N2): Derbyshire and Nottinghamshire counties including cities of Derby and Nottingham.	249.7
Leicester and Leicestershire (LLEP): Leicestershire County and City.	126.3
Greater Lincolnshire (GLLEP): the County plus North Lincolnshire district	133.5
Northamptonshire (NEP): Northamptonshire County	55
South East Midlands (SEMLEP): Bedfordshire, Buckinghamshire and Oxfordshire and boroughs / districts of Northampton, Kettering, Corby, South Northamptonshire and Daventry.	88.3
Greater Cambridge-Greater Peterborough: including Rutland	75.5
Sheffield City Region (SCR): Sheffield and Rotherham economic area including the districts of Bassetlaw (Nottinghamshire) and Chesterfield, Bolsover, Derbyshire Dales and NE Derbyshire	203.4

At present LLEP has VCS representation at Board or EU Strategy Sub-Group level and D2N2 and SEMLEP are currently undertaking recruitment to this role. Sector support in Northamptonshire, Lincolnshire and Rutland continues and meaningful engagement with the local LEP is taking place.

Dates and milestones

End May 2013

- LEPs to submit initial views on EU spending priorities to HMG

June 2013 (sometime)

- Indicative EU funding allocations to LEP areas announced

End June 2013

- Government spending round and detailed EU funding guidance issued to LEPs
- Detailed LEP guidance issued

Beginning of October 2013

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- LEPs submit EU Structural and Investment fund strategies to HMG for agreement

September 2013 - January 2014

- LEPs/HMG negotiate and agree strategies, targets and milestones
- Managing Authorities draw up technical programmes for ERDF and ESF based on LEP preferences

2014

- Final negotiations with LEPs and European Commission

Summer 2014 - Spring 2015

- Spend begins, single growth pot goes live.

Further reading

LEP guidance

- Governments initial guidance for LEPs plus the technical annexe can be found on the gov.uk website
www.gov.uk/government/publications/development-of-eu-structural-and-investment-fund-strategies-preliminary-guidance-to-local-enterprise-partnerships
- More detailed Supplementary Guidance was issued in July 2013 and can also be found on the gov.uk website at
www.gov.uk/government/publications/european-structural-and-investment-funds-strategies-supplementary-guidance-to-local-enterprise-partnerships

Civil society role in EU funds

- European Funding Network publications can be found at www.europeanfundingnetwork.eu and includes an analysis of civil society potential in EU funds
www.tsen.org.uk/documents/Unleashing%20the%20potential%20of%20civil%20society%20in%20EU%20Programmes%202014-12_FINAL.pdf

Autumn Statement 2012:

- Reports: www.hm-treasury.gov.uk/as2012_documents.htm
- Actions relating to LEPs are listed in Chapter 1b 'Growth' of the Autumn Statement 2012: http://cdn.hm-treasury.gov.uk/as2012_chapter_1b.pdf



One EM tools and resources

- Framework for shaping a sector response on the role of Social Inclusion in LEP EU strategies:
www.oneeastmidlands.org.uk/socialinclusionlepframework

Analysis of LEPs

- CLES' Neil McInroy's presentation, from VSNW's Conference, about LEPs and balanced growth: www.vsnw.org.uk/files/VSNW%20LEPS.ppt
- *Doomed to Success*, R. Caulfield (New Start Magazine: 11 August 2011):
www.cles.org.uk/yourblogs/doomed-to-success
- *Is the Autumn Statement taking your LEP on a schlep?*, David Marlow, Regeneration and Renewal, 11th December 2012

Heseltine Review

- No Stone Unturned: In pursuit of growth (The Heseltine Review):
www.bis.gov.uk/assets/biscore/corporate/docs/n/12-1213-no-stone-untuned-in-pursuit-of-growth
- CLES comment on 'No Stone Unturned': www.cles.org.uk/yourblogs/path-to-a-progressive-future-or-trip-down-memory-lane

My LEP: who? where? how do I contact them?

- Map of LEPs: www.lepnetwork.org.uk/leps.html

One East Midlands

One East Midlands is the regional voluntary and community sector infrastructure organisation for the East Midlands. We work to ensure that the voluntary and community sector is actively engaged with key regional bodies and other partners, from across the public, statutory, business and social enterprise sectors. We bring together organisations that support voluntary and community groups across the region to influence and shape policy, improve services and provide a point of contact at a regional level. For further information visit www.oneeastmidlands.org.uk.

Reach & Impact

Running from now until March 2015, the ERDF funded Reach and Impact project, match funded by ERDF and the Big Lottery Fund and located within One East Midlands, will deliver a range of support activities, primarily focused on eligible communities and projects within the East Midlands, to increase the understanding of ERDF funding. Activity will focus on increasing awareness, increasing VCS engagement; unlocking potential match funding, supporting the development of local collaborative programmes; and

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improving impact and learning. For further information visit www.oneeastmidlands.org.uk/reachandimpact.

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Thanks to VSNW for their contribution to content – www.vsnw.org.uk.

More information about the work of One EM, VSNW and other regional VCS networks can be found at www.regionalvoices.org



Appendix: Heseltine Review's suggested 'Single funding pot'

Potential funding streams for inclusion...

Current funding stream ¹²⁰		Department	4 year period (£ million)
Skills	Adult Skills Budget (includes 19+ apprenticeships)	BIS	10,708
	Offender Learning and Skills Service	BIS	528
	Community Learning	BIS	848
	Learner Support	BIS	658
	Information Advice and Guidance	BIS	338
	Skills Infrastructure	BIS	251
	Capital Grants	BIS	1,078
	Apprenticeships (to 18 year olds)	DfE	3,036
	Skills total		17,435
Local infrastructure	Local Authority Capital		8,000
	Broadband delivery UK – roll out in rural areas	DCMS	530
	Broadband super connected cities	DCMS	150
	Broadband mobile infrastructure	DCMS	150
	Rail Industry R&D Funding	DfT	36
	Accelerating Innovation in Rail	DfT	10
	Local transport projects	DfT	1,700
	Growing Places Fund	CLG	730
	Tax Increment Finance Schemes	HMT	150
	Green Deal	DECC	200
	DECC Innovation Programme	DECC	200
	Waste PFI credits	DEFRA	338
	Flood defences	DEFRA	2,628
	Local infrastructure total		14,821
	Employment support	Work Programme	DWP
Reemploy Work Choice		DWP	884
Specialist and Flexible Programmes		DWP	1,040
Youth Contract		DWP	1,000
Employment support total			5,466
Housing	New Affordable Housing	HCA	4,500
	Decent Homes	HCA	2,100
	FirstBuy	HCA	200
	Housing total		6,800

Current funding stream	Department		4 year period (£ million)	
Business support services	Regional Growth Fund	CLG	2,400	
	National Call Centre	BIS	13	
	Growth Accelerator	BIS	140	
	Leadership and Management Advice	BIS	54	
	Business in You campaign	BIS	1	
	Designing Demand	BIS	5	
	Rural Growth Networks	DEFRA	15	
	Manufacturing Advisory Service	BIS	15	
	Creative England	DCMS	1	
	Waste and Resources Action Programme	DEFRA	130	
	Passport to Export	UKTI	8	
	Gateway to Global Growth	UKTI	2	
	International Trade Advice	UKTI	78	
	High Value Opportunities Programme	UKTI	12	
	Current funding stream		Department	4 year period (£ million)
	Export Marketing Research Scheme	UKTI	4	
	Tradeshaw Access Programme	UKTI	27	
Missions (Inbound and Outbound)	UKTI	5		
Export Communications Review	UKTI	1		
Sector Events	UKTI	30		
Business support total			2,939	
Current funding stream	Department		4 year period (£ million)	
Innovation and Commercialisation	Technology Strategy Board thematic funding	BIS	758	
	Catapults	BIS	270	
	Small Business Research Initiative	BIS	34	
	Knowledge Transfer Networks	BIS	62	
	Knowledge Transfer Partnerships	BIS	94	
	Smart	BIS	170	
	Eurostars	BIS	27	
	Launchpads	BIS	24	
	Health Innovation Challenge Fund	DH	80	
	i4i product development awards	DH	52	
	Marine Energy Array Demonstrator	DECC	20	
	BSI Targeted Funding	BIS	20	
	Innovation and Commercialisation Total			1,611
Total			49,073	