



**European Structural and
Investment Funds Strategy
2014-2020**

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1. Growth Ambition for Leicester & Leicestershire

- 1.1 Leicester and Leicestershire is an area primed for economic success. Our Strategic Economic Plan has been developed as a conduit to release the energy and entrepreneurial spirit of our people and act as a framework for Local and National Government, key partners and our private sector to co-invest in building on the success of the area.
- 1.2 The global economic turmoil of the past five years has held our economy back from achieving its true potential. We are now seeing the sun rise on long term growth opportunities and we want to fully maximise our local opportunities.
- 1.3 As an area we boast some excellent economic assets including:
- **A vibrant City Centre**
 - **Largest logistics park in Europe**
 - **Second largest Science Park in the country**
 - **UK's second largest air freight hub**
 - **Three excellent universities and a strong FE Sector**
 - **Enterprise Zone at MIRA Technology Park that is set to become a global centre for automotive R&D**
 - **Well-connected central location**
 - **22 million consumers within a three-hour drive**
 - **Planned investment in rail infrastructure, Leicester will be approximately one hour's train journey from London**

As such we are well placed to contribute to re-balancing the economy to avoid reliance on London and the South East. The benefit of many of our key infrastructure projects will be felt well beyond our borders. Given the tools to drive growth, we can punch above our weight to help the Government deliver its ambitions for UK plc.

- 1.4 Our businesses have achieved global excellence in many areas including automotive, clothing, food and drink, manufacturing and ICT. Our Strategic Economic Plan provides a platform for other businesses to follow this template, creating quality jobs and prosperity for our population.
- 1.5 The Leicester and Leicestershire area already has excellent global linkages and a multi-cultural population base with established connections across every continent. We will support and enhance these links, with our vigour focussed on securing the benefits of outbound trade and inbound investment.
- 1.6 Whilst our economy has an increasingly outward focus, we also have a functional economic geography that makes sense. Leicester and Leicestershire have significant inter-dependencies between the City and County, sharing travel to work patterns, retail and leisure catchments and housing markets. Investment and growth within the area is predominately retained amongst our local population.

LLEP's Strategic Economic Plan (SEP)

- 1.7 The LLEP's Strategic Economic Plan (SEP) sets out the economic ambition and priorities for Leicester & Leicestershire. The SEP provides the framework for programmes including the European Structural and Investment Funds, Leicester & Leicestershire Local Growth Deal.

Leicester & Leicestershire Enterprise Partnership



‘To create a vibrant, attractive and distinctive place that will ensure a prosperous economy, secure and well-paid jobs and a sustainable environment, through growth by innovative businesses and a highly skilled workforce, making Leicester and Leicestershire destinations of choice for successful businesses’

By 2020 we will:

- ***Create at least 45,000 additional jobs***
- ***Attract over £2b private sector investment***
- ***Increase Gross Value Added (GVA) by £4b to £23b***

- 1.8 Our vision is based around making the most of the area's strongest assets in terms of; place (environment, infrastructure, quality of life), people (skills, employment, entrepreneurial spirit) and businesses (key sectors and innovation strengths), ensuring that these three key gears of the economy function effectively together and have positive inter-relationships. We will aim to deliver a continued drive for growth and prosperity through creating a better connected, more talented economic base, able to thrive in the global market place.
- 1.9 All of our funding bids involve extensive commitment from all local partners including the public, private and civil society sectors, and notably from our Business Council which represents 10,000 private sector businesses in the LLEP area. This has developed a common path for us to succeed. We will achieve our ambitions by 2020 and in doing so;
- Enhance Leicestershire's role as a major economic centre, with an innovative and prosperous city at its core
 - Unlock the Leicester Strategic Regeneration Area as a major place of transformation creating a thriving, dynamic leading UK city for work, living and cultural activity
 - A minimum leverage of over £2.5bn of private sector investment by 2020
 - Generate an additional 45,000 private sector jobs over and above what is forecast within the Office for Budget Responsibility (OBR) employment estimates and increase our share of knowledge intensive activity
 - Unleash the innovative potential of our Universities through key strategic schemes such as Loughborough's Science and Enterprise Parks extension and the Enterprise Zone at MIRA Technology Park
 - Develop the logistics and distribution sector to create agglomeration effects as far as East Midlands Airport and the Roxhill site, capitalising on global air services
 - Reduce levels of unemployment by 50%
 - Support 15,000 businesses to accelerated growth and stimulated over 1,000 start ups
 - Develop a highly skilled workforce to meet current and future economic needs
 - Increase the proportion of the working age population qualified to NVQ4 or equivalent so that it is in line with national figures
 - Increase our GVA from £19bn to £23bn by 2020
 - Develop a high quality transport infrastructure to unlock development opportunities and reduce congestion to help accelerate business growth.

Resources

- 1.14 To implement our plans we will maximise those funding resources which are available to us through Government and Europe to complement local partners' resources. The LLEP has an excellent track record in accessing and extracting maximum benefit from existing funding sources. Resources such as Regional Growth Fund, Local Transport Body, Growing Places Fund, European Funding and partners' resources are assisting in the implementation of our economic strategy. We will build on this successful track record by continuing to access external funding where possible. Our detailed implementation plans, activities, funding requirements and outputs have been prepared against this context and are set out in detail in our ESIF Strategy and SEP.

- 1.15 The LLEP will be applying for Technical Assistance (TA) under the European Structural Funds to enable us to assist the Managing Authority in the development and delivery of our ESIF strategy as set out in Section 6 under Governance and Delivery.

Economic Context

- 1.16 The Leicester and Leicestershire Enterprise Partnership area has a population of just under one million people with estimated GVA of £19 billion. The LLEP area as a whole is a functional economic area with significant inter-dependencies between the City and County, sharing travel to work patterns, retail and leisure catchments and housing markets.
- 1.17 Although the service sector is more dominant now the economy was built upon a strong manufacturing base which remains a distinctive feature, although less prominent now than in the past but growing again as a result of re-shoring. Unlike many other major parts of the Midlands, we have never been dependent on heavy industry. The area benefits from a strategic location at the heart of the UK road and rail network and has the second largest freight handling airport in the UK.



- 1.18 The LLEP area also has the opportunity to exploit the relative proximity and accessibility to London to attract high value service sector jobs to Leicester City and grow the largest creative business cluster outside London. Our area has three first-class universities with some world class research and a strong FE sector. This provides a significant platform for plans to increase the knowledge intensity of businesses within the area both through support of HE and FE to promote innovation and also the ambition to attract R&D institutions. This in turn will assist efforts to retain and enhance the significant share of manufacturing activity within the local economy.
- 1.19 There is an appetite to seize opportunities. A total of 70% of our businesses expressed growth aspirations in a recent survey. In addition, recent results showed we had the most new start-ups in the East Midlands region in 2013. Leicester is one of the most culturally

diverse cities in the country and has a relatively youthful population with 55% of the population under the age of 34. There is a strong tradition of enterprise within our communities and this provides another important strand to our plans, to assist more of the businesses that start up to survive and then grow. There is also potential to develop the local tourism offer around the discovery of the Richard III remains and our cultural offer.

- 1.20 Whilst some economic activities are concentrated in Leicester City, the wider Leicestershire County also makes a substantial contribution to our local economy with major economic opportunities existing along the M1 corridor (including in the distribution and logistics sector), at the proposed strategic rail freight terminal close to East Midlands Airport, the proposed expansion of the Loughborough University Science and Enterprise Parks, the MIRA Technology Park Enterprise Zone and through growth of many small and micro enterprises that make up the rural economy. Work is at an advanced stage to update Leicestershire's rural economy evidence base. The LLEP area as a whole is a functional economic area with significant inter-dependencies between the City and County.

2. Vision for EU Structural Funds

- 2.1 The ESIF for Leicester and Leicestershire draws together the ideas, talents and strengths of the public, private and civil society sectors into a framework to support the sustainable and inclusive growth of the area and to deliver against our wider economic aspirations.
- 2.2 Within Leicester and Leicestershire, the Structural Funds allocation is €63m (£54m)¹ of European Regional Development Fund (ERDF)², €63m of European Social Fund (ESF)³ and €3.5m (£3m) through the European Agricultural Fund for Rural Development (EAFRD).
- 2.3 The Strategy sits in a time of both continual social and economic challenges, but also enhanced optimism and opportunities. The LLEP is committed to ensuring the area maximises the potential of its Structural Funds' allocation and to ensure the investment works to achieve the growth and sustainability for our economy and population and add value to our current plans for growth. In order to achieve this we are developing transparent and robust management and governance arrangements.
- 2.4 Many areas within Leicestershire will now have the chance to access EU Structural Funds on more favourable terms, but with this comes a range of additional regulatory and compliance requirements. This is why it is critical to draw heavily from lessons of previous programmes and ensure areas with past experience of Structural Funds can support those who do not.
- 2.5 Our priorities in the ESIF have been aligned with the strategic priorities of the SEP but the core emphasis of EU Structural Funds will link the supply of economic assets within our economy to current and future opportunities and demand. We will achieve this through a range of interventions including stimulating SME growth through business support, access to finance, incubation and innovation and to invest in initiatives to support our businesses base to further adapt to a low carbon operating environment. We will also support local people to access employment opportunities through skills development and programmes to support inclusion and progression within the local labour market.
- 2.6 The ESIF Strategy allows us to make long term investment decisions within the scope of our SEP that sit outside the cycle of short term political budgets. Our emphasis within this Strategy is therefore to maximise the strategic impacts of Structural Funds through commissioning high impact and scaled programme activity, making early long term investment decisions rather than reliance on short term, single issue projects.
- 2.7 We also wish to maximise our investment through entering long term arrangements with national Opt-In partners to deliver enhanced and bespoke services to Leicester and Leicestershire businesses and individuals.
- 2.8 We have embedded within our Strategy the requirements to support the cross cutting themes within EU Structural Funds, both of which underpin much of our future growth and

¹ Based on an exchange rate of €1 : £0.85

² ERDF supports programmes addressing regional development, economic change, enhanced competitiveness and territorial co-operation throughout the EU. Funding priorities include modernising economic structures, creating sustainable jobs and economic growth, research and innovation, environmental protection and risk prevention.

³ ESF focuses on four key areas: increasing the adaptability of workers and enterprises, enhancing access to employment and participation in the labour market, reinforcing social inclusion by combating discrimination and facilitating access to the labour market for disadvantaged people, and promoting partnership for reform in the fields of employment and inclusion.

which generate both opportunities and challenges for the Leicester and Leicestershire programme.

2.9 Our headline actions within this Structural and Investment Funds strategy are:

- **To generate around 2,300 new jobs for Leicester and Leicestershire**
- **To stimulate innovation in the sectors that Leicester and Leicestershire already has a competitive advantage and to make the most of our medium and long term economic opportunities. We will also work with our knowledge-based institutions, including the private sector, the three local Universities and FE Colleges, to transfer their world class knowledge to local businesses and help to stimulate the economic growth in our emerging priority sectors (which include aerospace and low carbon environmental technologies)**
- **To support over 6,000 businesses, including helping almost 1,000 new start businesses, helping to improve the survival rates of local businesses, supporting their growth and diversifying the economic base towards more innovation, exports and higher value commodities and services**
- **To engage over 31,000 individuals and provide them with skills development and employability support to expand labour market participation and to enhance the supply of skills to the local economy**
- **To support rural areas to contribute more to growth and develop balanced, inclusive and sustainable economies through better opportunities to access innovation and support, enhancing the use of ICT in rural businesses and ensuring local people have the right skills to drive growth**
- **To support inclusive economic growth within some of the disadvantaged urban areas of the City and County, encouraging more businesses and employment within the context of a more balanced economy**
- **To invest in a low carbon economy to increase productivity, economic resilience and to support innovation in companies**

2.10 Through these actions, our Structural and Investment Funds Strategy identifies how we will support the Europe 2020 priorities of delivering smart, sustainable and inclusive growth and the level of contribution we can make to the five key EU Targets of increasing employment, increasing investment in Research and Development, ameliorating climate change and improving energy sustainability, improving educational standards and fighting poverty.

2.11 The LLEP remains alert to Government policy drivers and will continue to be so throughout the implementation of the ESIF strategy. Key areas of alignment when preparing this ESIF include:

- Driving economic growth to support economic recovery and help reduce the north-south divide in terms of economic performance;
- A focus on private sector job creation and associated GVA uplift;
- Promoting higher level skills, including through vocational routes; and
- Reducing benefit dependency by supporting people into employment.

- 2.12 Wherever possible, ERDF and ESF investment is intended to add value to existing initiatives in these areas with any areas of variation from Government priorities to be clearly justified before any investments are made.

3. Leicester and Leicestershire Economic Profile

The LLEP area contains one of England's largest cities, Leicester, at its centre, surrounded by a large rural hinterland which is punctuated by some densely populated industrial and market towns.

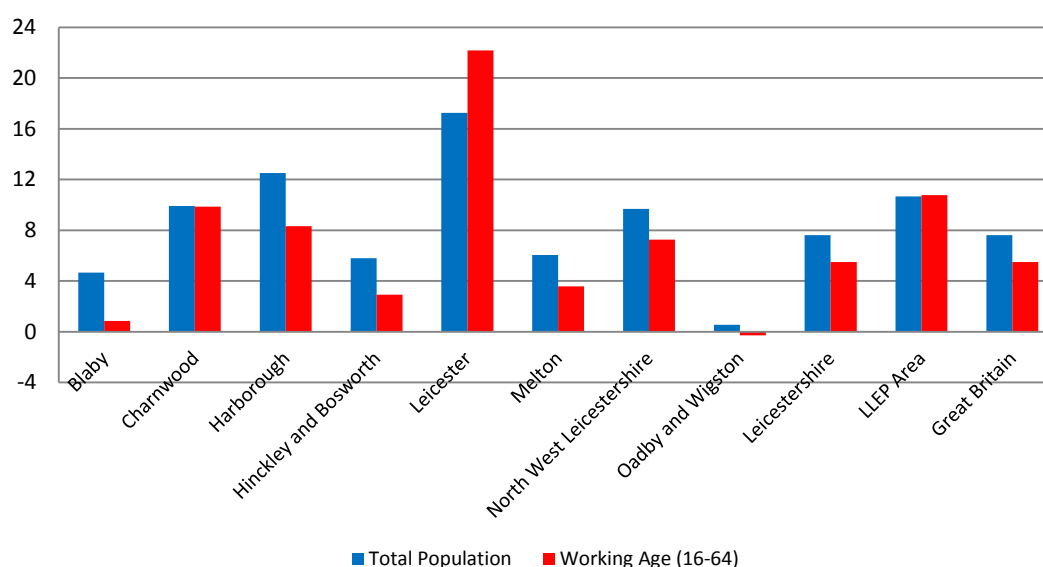
- 3.1 Whilst undoubtedly an area of great contrasts with some specific challenges faced by differing communities, Leicester and Leicestershire functions as an integrated economic area in terms of travel-to-work patterns, retail and cultural catchments and transport links. It benefits from a diverse industrial structure and is not dependent on the fortunes of any one sector.
- 3.2 The latest Leicester and Leicestershire Economic Assessment was completed in 2011. The evidence base has been extensively updated and draws upon a wider range of sources and qualitative data than the Economic Assessment and has developed from a shared approach with our Strategic Economic Plan.
- 3.3 This section provides a brief overview of the local economy, with more detailed evidence relevant to each thematic objective presented later in the document.

Population and Demographics

- 3.4 The LLEP area has seen a 10.7% growth in population between 2001 and 2012, with an increase in working age population of 10.8%. There are however some stark differences between Leicester and Leicestershire. Leicester is the tenth largest city in England with an estimated 331,600 residents. Leicester had a relatively static population level until the turn of the millennium, from which point it has grown by 17%, almost double the national rate of population growth. This growth has been driven by an expansion in working age population, which has grown by almost a quarter over the same period, creating an expanding labour force. Leicester has a high and increasing diversity. In the 2011 census, 51% of residents classified themselves as White British, compared to 64% in 2001. By the next Census it is likely that no single ethnic group will make up over half the population.
- 3.5 Leicestershire comprises seven local authority districts, each with its own distinctive character and has an estimated population of 650,500⁴. Leicestershire is predominantly a rural County and has over 300 settlements with a population of fewer than 10,000. The majority of these are very small, with nearly half having a population of fewer than 250. Leicestershire by contrast has seen less dynamic population growth of just over 7% in the same period, with only a 5.5% increase in Working Age Population and spread very unevenly across the County. Much of the population growth has occurred in the more rural parts of the County and those with larger stand-alone urban areas, rather than the semi-urbanised districts adjacent to the city – generating new nodes for economic growth independent of the city.

⁴ Source: ONS 2012 Mid-Year Population Estimates

Chart 3.1 Percentage Population Growth 2001-2012



- 3.6 Demographic pressures create a considerable context for both the Strategic Economic Plan and this ESIF strategy, both in terms of competition for land use between housing, employment and agriculture/ amenity, the need to generate additional employment and the opportunities for growth that are created through an expanding labour market. In line with our current population make-up, future population growth will be from a broad range of ethnic backgrounds and nationalities. This has important implications for service delivery.

GVA and Earnings

- 3.7 The LLEP area has a combined GVA of £19,445m⁵, which has grown by 3.5% since 2007. Between 2006 and 2011 Leicester's GVA per capita fell from 102% of the national average to 98% in 2011, effectively falling from above average GVA per head to below average⁶. This shows the disproportionate effect the slowdown has had on the economy, something we have planned to tackle through both our Strategic Economic Plan and this ESIF strategy.
- 3.8 The key drivers of GVA for Leicester and Leicestershire are the sectors highlighted in table 3.1, which account for three quarters of the LLEP economy. Between 2009 and 2011 many of these sectors and their sub-sectors have had differing fortunes with regards to levels of employment. Manufacturing has seen an increase, the distribution trades have seen mixed performance, business services have grown as has the health sector. Public administration and education has been shedding employment over this period.

⁵ Source: Headline GVA Per Capita (ONS) 2007-11 (Table 3.1) – Leicestershire includes Rutland

⁶ ONS (2012) Gross Value Added data

Table 3.1 Changes in Employment in Key GVA Producing Sectors 2009-2011

Headline Sector	% of LLEP Economy by GVA 2009 ⁷	Change in Employment 2009-2011 ⁸
Manufacturing	21.6%	Manufacturing +1,100
Distribution; transport; accommodation and food	21.8%	Retail -4,400, Transport and Storage +4,000, Accommodation and food service -1,400
Business Service activities	10.8%	Business Admin and Support Services +1,200, Financial and Insurance -800
Public services, administration and health	19.8%	Public administration -3,000, Education -2,200, Health +5,700
Total	74%	

3.9 Table 3.2 shows a divergence in earnings between Leicester and Leicestershire. Since 2008 workplace based earnings have increased in Leicester at almost twice the national and regional average, whereas in Leicestershire they have fallen. Workplace based earnings in Leicester have now overtaken those of the County area, although resident based earnings in the County have continued to rise, albeit slower than the regional average and considerably below the rate of increase in Leicester. As a caveat, the rise in average earnings in Leicester is likely to be in part due to a reduction in the number of low paid jobs in sectors such as retail.

Table 3.2 Workplace and Resident based earnings

	Leicester		Leicestershire		East Midlands		England	
	Workplace	Resident	Workplace	Resident	Workplace	Resident	Workplace	Resident
2008	430.0	373.9	468.8	480.8	445.1	450.2	483.9	484.5
2009	455.1	385.3	457.0	489.6	456.1	460.2	495.0	495.9
2010	462.6	396.5	471.5	498.3	465.0	469.8	504.5	506.0
2011	464.4	402.5	469.9	495.7	458.3	468.2	504.0	504.7
2012	479.1	402.4	466.9	493.5	464.4	476.9	512.1	512.7
% change	11.42	7.62	-0.41	2.64	4.34	5.93	5.83	5.82

Source: Annual Survey of Hours and Earnings (2012) ONS

Employment and Labour Market

3.10 Between December 2008 and December 2011, there were 25,000 fewer people in employment in the LLEP area, representing a fall of over 5%⁹. The level of employment had rebounded by December 2012 to just 7,500 people fewer in employment than the peak. The total number of people in employment in the LLEP area at June 2013 was 456,400. There are however some stark differences between the City area (which at Dec 2012 had 12,200 more people in employment than 2008) and Leicestershire which still has fewer people in employment (almost 7% lower).

⁷ ONS (2009) Regional Accounts

⁸ ONS (2012) BRES - Employment Statistics by Broad Industry Group 2009 - 2012

⁹ ONS Labour Force Survey (2013) Total individuals in employment

- 3.11 Since the nadir of people in employment in the LLEP area in March 2011, the labour market has bounced back and has added an average 14,400 people into employment per year, an annualised growth rate of 2.5%, which is generally around the long term growth trend.
- 3.12 Table 3.3 shows that the LLEP area is lagging behind national qualification levels. Furthermore qualification levels in the City are significantly below those in the County.

Table 3.3 Qualifications Levels within LLEP Working Age Population

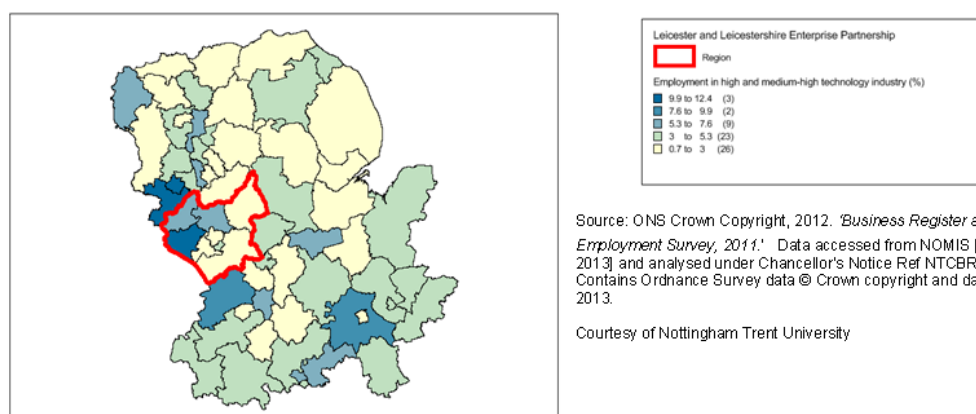
Qualification Levels	Leicester City	Leics County	LLEP	East Midlands	England
NVQ4	28.0%	30.4%	29.6%	29%	34.2%
NVQ3	48.1%	54.7%	52.5%	52%	54.9%
NVQ2	63.9%	72.7%	69.7%	70%	71.8%
No qualifications	14.2%	7.7%	9.9%	9.3%	9.5%
'Other' qualifications	10.3%	5.9%	7.4%	6.9%	6.3%

Source: ONS (2012) Annual Population Survey – January 2012 to December 2012

Knowledge Economy and Sectors

- 3.13 Whilst the LLEP area enjoys a broad based and diverse economy, it lacks critical scale in knowledge-based activities which can provide a more resilient platform for growth and generate higher workplace earnings that help to underpin the service sector. The presence of three major Universities each with their own areas of distinct expertise is a significant asset that needs to be a key focus for future economic activity. There are also key technical specialisms within the FE sector. Unlocking the University and FE knowledge and finding ways to support the business base to develop new products and services will be a critical element of growth plans moving forward. There is also an imperative to grow the economy through starting and attracting new enterprises to grow the knowledge based economy.

Employment in High and Medium Technology Sectors



Source: ONS Crown Copyright, 2012. 'Business Register and Employment Survey, 2011.' Data accessed from NOMIS [17 June, 2013] and analysed under Chancellor's Notice Ref NTCBRES11-P0537. Contains Ordnance Survey data © Crown copyright and database right, 2013.

Courtesy of Nottingham Trent University

Sector Focus

- 3.14 LLEP work to date has identified seven sectors as a focus for action, in recognition of the diversity of the local economy and the fact that each sector makes a different contribution. This is an approach that has been strongly endorsed by our Business Council.

Table 3.4 Identified Key Economic Sectors within the LLEP Economic Growth Plan 2012

Higher than average concentrations of employment and competitive advantage where the aim is to accelerate existing enterprise growth	Important sectors where aim is to increase our share of employment – to drive up earnings and GVA and improve survival and productivity	Facilitate new sector development where there are local opportunities for growth and expertise in HE and FE
<ul style="list-style-type: none"> • Distribution and Logistics • High-Technology Manufacturing and Food & Drink Manufacturing 	<ul style="list-style-type: none"> • Business & Financial Services • Tourism and Hospitality • Creative Design 	<ul style="list-style-type: none"> • Environmental /Low Carbon Technologies • Space and Aerospace

- 3.15 Some sectors supply high volumes of employment opportunities with accessible entry level requirements and can therefore make an important contribution to social inclusion, whilst other sectors may contribute more to GVA, but have fewer jobs and also have higher level skills requirements. Collectively they are all contributing to growth, but more knowledge intensive activity will add greater resilience. The different categories of sectors include those where there is existing strength; those where there is a need to catch up and realise potential, such as in the visitor economy where Richard III will create major opportunities and creative industries; and those sectors where new opportunities are available, particularly linked to world class HE expertise and local FE specialisms. Collectively they are all contributing to growth and greater resilience.
- 3.16 Work on the local economy exists within the context of the National Industrial Strategy where the government is developing long-term strategic partnerships with industry sectors where it can have the most impact on growth. These sectors are listed in the table below.

National Industrial Strategy Growth Sectors

Aerospace*	Construction	Life Sciences **	Nuclear
Agricultural technologies	Information economy	Professional and Business Services*	Offshore wind**
Automotive*	International Education		Oil and gas**

- 3.17 There is therefore a limited match across our present Growth Sectors, but those marked* are included within local priorities to expand the sector and those marked ** represents

where there are opportunities for new sector development to be progressed. In broad terms, the local manufacturing strengths are consistent with the Government's industrial strategy and indeed are critical to its delivery.

- 3.18 There is a clear rationale behind our priority choices as explained above. Where there are skills shortages and skills gaps at present, we will prioritise action to address these in the short term. We are also planning to meet future labour market needs.
- 3.19 The section on the priority theme of Innovation (TO-1) later in the strategy considers in further detail implications of the emerging work by Sir Andrew Witty. There is a real challenge in that areas of academic research strength identified by Witty are not well matched with the local economic footprint. For that academic expertise to be applied for the benefit of the local economy, either in research specialisms or in technical skills being developed by our HE/FE sectors, there needs to be a business base of some scale and at the present time it is either nascent or emerging. In the following Thematic Objective on Innovation, we identify Life Science as an example of a potential sector that should be prioritised. We have therefore left the Sectoral basis of our interventions on innovation flexible to include these key actions.
- 3.20 Employment opportunities within the LLEP area will not simply occur through growth but also through replacement demand as people retire or move on within and between sectors. The table below summarises LLEP estimates.

Table 3.5 Forecast Job Openings by Sector 2010 - 2020

Top 9 Sectors – job openings	Total job openings 2010 - 2020	Skills issues by level
Wholesale and retail	35,000	H M L E
Health and social work/care	21,000	H M L E
Support services (business administration)	20,000	H E
Education	19,000	H E
Manufacturing including engineering and food & drink	18,000	H M L E
Professional services	18,000	H M E
Construction	17,000	H M L E
Transport & storage	12,000	H L E
Accommodation	10,000	L E

Source: UKCES Data, IER/Cambridge Econometrics Model, H=High, M=Intermediate, L=Low/Entry E=Employability Skills Note: Figures include replacement demand and new job openings

Leicester City

- 3.21 Leicester is one of the most culturally diverse cities in the UK, with a rich industrial heritage, broad based economy, excellent national connectivity and two world class Universities. The City is a key economic driver, a truly international city of culture and a model of community cohesion. The urban areas of the City and surrounding County have been responding to structural changes in recent decades with some decline in traditional manufacturing industries and mining and rapid growth in the service and commercial sectors. The LLEP area's economy is now adapting towards a stronger knowledge-base and the remaining manufacturing sector is strong and increasingly using technology to stay competitive.
- 3.22 Leicester's multi-cultural community has a strong entrepreneurial culture. Business creation is buoyant in the City but this is often channelled into limited local markets within retail and services industries, creating a relatively vulnerable SME sector and resulting in high business failure rates after three years.
- 3.23 Leicester City Centre has benefitted from the investment in the Highcross Shopping and Leisure complex and a considerable improvement in the city centre public realm. There is also significant potential to develop its tourism and cultural offer, most notably around the recent discovery of the remains of Richard III.
- 3.24 The city still has some major structural challenges to overcome, with high levels of economic inactivity and pockets of worklessness, a lower proportion of women participating in the labour market and a low rate of business survival.

Leicestershire

- 3.25 Similarly to the City, Leicestershire's average GVA per head has also fallen relatively more than the national decline in output during the recent downturn. In 2006, it was 93% of the national average but is projected to fall even further to just 91% by 2016.
- 3.26 Like the City, the County area is also in transition to a stronger knowledge-base underpinning its economy with the presence of Loughborough University along with FE colleges supporting innovation and skills development. There are significant opportunities to attract knowledge-based companies and new investment through the proposed expansion of the Loughborough University Science and Enterprise Park, the MIRA Technology Park Enterprise Zone and developments such as the Business Innovation Centre in Market Harborough.
- 3.27 There are major economic opportunities existing along the M1-corridor (including the distribution and logistics sector) and at the proposed rail freight terminal close to East Midlands Airport. Accelerating the sub-urbanisation of innovation within the rural economy will be a continuing policy goal for Structural and Investment Funds. Taking advantage of and extending broadband provision is also a major challenge for the County in the coming years.

Rural Leicestershire

- 3.28 30% of Leicestershire's population live in rural areas, and it is home to 9,360 businesses accounting for over 70,000 jobs. A large proportion of these businesses are micro (< 10 = 91.4%) and small (<50 = 98.5%) enterprises, presenting a real opportunity for rural growth and job creation. In terms of sectors there is a significant concentration of LLEP priority sectors including; Distribution, High Tech Engineering, Food and Drink and Tourism.
- 3.29 The county has some strong brands that support leisure, tourism and the inward investment offer such as the National Forest and the Melton Mowbray 'food offer' (Melton Mowbray Pork Pies and Stilton Cheese) that can be further strengthened and exploited for economic growth.
- 3.30 Agriculture is the main land use accounting for 80% of the land area and employing approximately 5,000 people (higher than the national average). Melton and Harborough Districts account for about half of these employees
- 3.31 From a settlement perspective rural Leicestershire can be split effectively into two distinctive rural areas. The sparse eastern area with three larger service centres (Melton Mowbray, Lutterworth and Market Harborough). The less sparse western area has a more densely distributed pattern of larger rural service centres. Harborough and North West Leicestershire have the largest rural economies by a significant margin.
- 3.32 Within rural Leicestershire, there are clear opportunities to explore cross-border working, for example the National Forest could benefit from coordinated activity with Derbyshire and Staffordshire. To the east of the county there are landscape and rural business characteristics that spread into Rutland.
- 3.33 Whilst rural Leicester is less deprived than the county as a whole, there are small pockets of deprivation which can cause difficulties for service delivery, as well as cost premiums. The declining trend of young people and increasing aging population in rural areas provides challenges for the provision of local services as well as the availability of jobs and training. Local businesses and enterprises can play an important role in helping to address this given modest levels of intervention.

4. Priority Themes for EU Structural Fund Interventions

Priority Themes for ESIF Interventions

- 4.1 The context within the first chapters of our ESIF Strategy have informed what we think our strategic priorities should be for Leicester and Leicestershire, understanding the key role that Structural and Investment Funds can play in stimulating sustainable and inclusive growth.
- 4.2 Strategically we have closely aligned our Structural and Investment Funds to our SEP priorities, whilst recognising the links with our current Economic Growth Plan and our Strategic Economic Plan. We have also reflected on the strong role that the funds can play in linking the supply of economic assets within our economy to current and future opportunities and demand.
- 4.3 This approach has led us to target the following Thematic Objectives through our ESIF strategy and recommend the following allocations of resources (which complies with national guidance on allocation of resources across Thematic Objectives).

Investment Priority (IP)	IP Description	ERDF Allocation (£1: 0.78) ¹⁰	EAFRD Allocation (£1: 0.80) ¹¹	ESF Allocation (£1: 0.78) ¹²
TO-1	Innovation	€11,192,947 (£8,730,498)		
TO-2	ICT	€6,087,303 (£4,748,096)		
TO-3	SME Competitiveness	€27,403,069 (£21,374,393)	€3,820,712 (£3,059,220)	
TO-4	Low Carbon	€19,898,450 (£15,520,791)		
TO-8i (1.1)	Inclusive Labour Markets: Access to Employment			€15,157,149 (£11,822,576)
TO-8ii (1.2)	Inclusive Labour Markets: Integration of Young People			€5,263,906 (£4,105,876)
TO-8ii (1.3)	Inclusive Labour Markets : Youth Employment Initiative			€9,800,000 (£7,644,000)
TO-9i (1.4)	Inclusive Labour Markets: Promoting Social Inclusion			€10,532,215 (£8,215,128)
TO-10iii (2.1)	Enhancing Equal Access to Lifelong Learning			€20,913,215 (£16,312,307)
TO-10iv (2.2)	Improving the Labour Market relevance of Education and Training Systems			€4,382,849 (£3,418,622)
Total		€64,581,795 (£50,373,800)	€3,820,712 (£2,980,155)	€66,049,335 (£51,518,481)

¹⁰ This is subject to change should the exchange rate go up or down

¹¹ This is subject to change should the exchange rate go up or down

¹² This is subject to change should the exchange rate go up or down

- 4.4 Within each thematic priority we have justified both our rationale for intervention and for the approach we have followed in the allocation of resources. We have identified some key strategic programme activity and highlighted where there will be strong operational linkages with other thematic objectives – which could be reflected in the way we procure activity..
- 4.5 Within the process of agreeing the Structural and Investment Funds Strategy there were a number of strong thematic proposals and projects that we were unable to include, notably around infrastructure, Climate Change Adaptation and Environmental Protection and Resource efficiency that we were unable to progress within our ESIF resources. We have continued the discussion about their importance to growth through the process of developing our Strategic Economic Plan. Similarly, some interesting ideas emerged in discussions around business support and skills development which we have carried forward into our work on the Strategic Economic Plan.

Priority Axis 1

Innovation

Priority Axis	Description	ERDF Funding Available (£1: 0.78) ¹³	Match Funding Required (£1: 0.78)	Total ESIF Programme Value (£1: 0.78)
1	Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest	€11,213,338 (£8,746,404)	€11,213,338 (£8,746,404)	€22,426,676 (£17,492,807)

Calls for Activities (2015 – 2018)

IP	ESIF Investment Priorities	LLEP Investment Priorities	Total ERDF Available (£)	Initial ERDF Call Date	Future Call Dates
1a	<p>Enhancing research and innovation (R&I) infrastructure and capacities to develop research and innovation excellence, and promoting centres of competence, in particular those of European interest</p> <p>Specific Objective: Increase investment in research and innovation infrastructure that catalyses collaboration with the research community especially in sectors identified through smart specialisation.</p>	1. Establish pilots, demonstration facilities and thematic innovation hubs around areas of expertise and research strengths in Leicester & Leicestershire	£4m (€3,120,000)	Jul-15	Apr / May 2016

¹³ This funding was set by DCLG in August 2015 but is subject to change due to a fluctuation in the € / £ exchange rate

IP	ESIF Investment Priorities	LLEP Investment Priorities	Total ERDF Available (£)	Initial ERDF Call Date	Future Call Dates
1b	<p>Promoting business investment in research and innovation; developing links and synergies between enterprises, research and development centres and the Higher Education sector; promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation; and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies</p> <p>Specific Objective: Increase investment in research and innovation by small and medium sized enterprises, particularly in sectors and technologies identified through smart specialisation.</p> <p>Specific Objective: Increase the number of small and medium sized enterprises engaged in knowledge exchange, collaborative and contract research and innovation</p>	<p>1. Promoting the value of universities & FE sector to SMEs by building innovation collaborations between businesses of different types and across sectors to ensure SMEs can access the university/college expertise, technology and facilities; creating new linkages and developing capacity in and across clusters, value-chains, knowledge transfer networks; to undertake viability studies, validate products and services or simply improve and grow their business.</p> <p>2. Promote the LLEP's world class knowledge base and use this strength to attract global Research and Development opportunities into Leicester and Leicestershire</p> <p>3. Develop collaborations with other LEP areas with complementary strengths particularly where there is potential to develop "smart specialisation"</p> <p>4. Promote entrepreneurship and business creation among students, graduates and staff by combination of training and business experience, start-ups and providing appropriate incubation space alongside expertise.</p>	£6m	Jul-15	Apr / May 2016

Due to fluctuations in the exchange rate future Calls for Activities (post 2018) will only be issued once the Managing Authority have agreed our budgets going forward to ensure that we do not over-commit our Programme funding.

For further information as regards the expected ERDF Outputs and Targets under this and other Investment Priorities go to Page 61-70

Evidence and Rationale for Intervention

Research and Development and Innovation Support

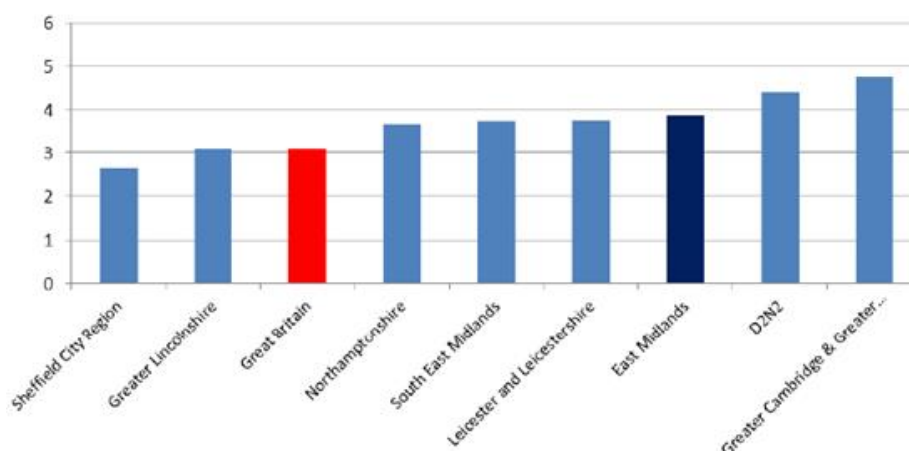
- 4.1.1 Innovation is strongly emphasised in the EU's Cohesion Strategy for 2014-2020, underpinning the objective for nations and regions to achieve a sustainable, innovation-led recovery. The UK continues to lag behind the lead countries on traditional measures such as investment in research and development as a percentage of GDP. Research and Development spend by companies makes up 60% of the total spend by private sector businesses on innovation. The most often cited barriers by businesses to doing more innovation are related to perceived costs associated with R & D¹⁴
- the direct costs are too high;
 - there is excessive risk and;
 - access to finance is difficult and costly to raise.
- 4.1.2 For SMEs, "time" is one of their most significant costs. In the LLEP area a high proportion of businesses (71%) say that they make no financial investment in Research & Development (R & D). This proportion is higher still amongst micro SMEs of whom 78% make no investment at all in R&D. Within our area only 15% of businesses had worked with a university over the past 3 years, although this is considerably higher than reportedly nationally in the BIS Innovation survey¹⁵. There appears to be a mismatch between the innovative output of the universities in the LLEP area and the business formation of the local region. As a result, the LLEP has a lower proportion of knowledge intensive employment than other neighbouring regions¹⁶
- 4.1.3 In the East Midlands region, the level of Enterprise investment in R & D has fallen over the past 10 years and is now lower than the UK average. In part this is due to contractions in the manufacturing sector and the closure of some major companies such as Astra Zeneca. Leicestershire's proportion of employees in High Technology Industries is a function of high levels of employment within a fat tail of global businesses that make up a relatively small proportion of overall business formation in the LEP area (3M, Caterpillar, MIRA, Plastic Omnium, Intelligent Energy) with a specific geographical focus in the north and west areas of Leicestershire.

¹⁴ Source: BIS First National Innovation Survey 2011

¹⁵ Source: LLEP Business Survey Winter 2012

¹⁶ NOMIS June 2013

Chart 4.1 Employment in High and Medium Technology Industries by LEP area (% of work based employment) 2011



Source: ONS Crown Copyright, 2012. 'Business Register and Employment Survey, 2011.' Data accessed from NOMIS [17th June, 2013] and analysed under Chancellor's Notice Ref NTCBRES11-P0537.

Source: NTU (2013)

4.1.4 As highlighted in chart 4.1, Leicester and Leicestershire is lagging behind neighbouring LEPs such as D2N2 for employment in high and medium technology industries. Research suggests that although high growth firms only accounted for 7% of the business stock in the UK overall and across most LEP areas, they were responsible for around 50% of all new jobs generated between 2002 and 2008.¹⁷ However, such companies are hard to identify before they attain high growth, as they can be found across all sectors of the economy, can be recent start-ups or established companies, can be large or small employers, and can be located in urban or rural areas. The one characteristic these firms share is that they are innovative, and have the following common needs:

- Access to finance for growth;
- A skilled workforce;
- Infrastructure that enables the flow of ideas (i.e. physical and electronic communications infrastructure – including fast broadband connectivity); and
- A demand for innovative products and processes, stimulated through supply-chain and public sector activities.

4.1.5 Therefore, although it may not be possible to target high growth businesses per se, we can target across our strategies those factors that are necessary for businesses to enter and maintain high growth – factors that are also supportive for a healthy SME base more widely.

Institutional and Economic Specialisms

¹⁷ NESTA, 'Vital Growth: The importance of high growth businesses to the recovery', March 2011.

- 4.1.6 Earlier this year, the Government invited Sir Andrew Witty, CEO of GlaxoSmithKline and Chancellor of the University of Nottingham, to undertake an independent review focused on the relationship between universities and business and how it can drive economic growth. In his report published in October, Witty concludes "Universities have an extraordinary potential to enhance economic growth". The report recommends that LEPs should put universities at the heart of the thinking and decision-making and sees them as potential "arrow heads" of innovative activity within a region/nation state. They have the potential to drive future economic growth if that potential is harnessed. He suggests a focus on investment in "new technologies through mobilizing national clusters in fields offering significant international markets."
- 4.1.7 The Witty Report identified universities with leading expertise in key technologies and sectors and also measures of inter action with SMEs in which he recognised that there are no real clear measures of. Given this uncertainty the LLEP has considered a practical and flexible approach be adopted in the use of both the preliminary and final report findings within the context of local economic development. The contributions that universities make to culture, quality of life and development of public policy are also important. Amongst many other things, they add to the inward investment offer giving companies a reason to be based in or relocate to a particular area or indeed they may impact on tourism. Through the Richard III remains discovery, we can expect significant medium to long term positive economic outcomes.
- 4.1.8 Leicester and Loughborough feature strongly in areas identified by Witty in the interim and final reports and these chime with sectors identified in the draft Strategic Economic Plan - satellites/space, aeronautical engineering, Earth Sciences as well as medicine & pharmacology. Other emerging nationally significant capabilities include data mining.
- 4.1.9 De Montfort University also has considerable strengths in the Creative/Digital and other significant strengths can be identified such as transport technologies when the expertise of MIRA is added to that at our local universities. MIRA is a provider of product engineering, research, testing, information and certification to the worldwide automotive industry. It was developed to provide research for UK companies but now provides research to clients worldwide. It also carries out work for the defence industry. It is developing a Technology park that in part has Enterprise Zone status and is expected to be the focus of considerable investment.
- 4.1.10 There is a cluster of world class expertise in medicine at Leicester University (cardiovascular, respiratory, diabetes and cancer), regenerative medicine at Loughborough and the Centre for Assisted Living at De Montfort. Historically, whilst this excellence has been recognised, it has been viewed as activity that leads to better delivery of health care and employment in the public sector and not necessarily supporting an economic growth agenda of rebalancing the local economy, especially with the relocation recently of Astra Zeneca from the LLEP area. Given the development of a market within the NHS there is already a blurring of the public/private sector split and this position needs to be reviewed. In any event, there could be potential to explore creating a facility that offers clinical technologies and life sciences

companies access to high-quality research and development in close proximity to LLEP world leading science.

- 4.1.11 At the present time, research into published R&D data in annual accounts indicates dominance by LLEP company numbers in two broad sectors in Plastics, Non Metallic Products etc. and Machinery, Equipment etc. Further interrogation of this source and also published Technology Strategy Board grants will help to give a clearer picture of local R&D strengths to include within the final Strategic Economic Plan.

Collaboration

- 4.1.12 The universities in the LLEP area have a long history of collaboration and are well placed to work together under a number of funding streams including European Structural Funds such as ERDF, ESF and Horizon 2020.
- 4.1.13 All three universities have a track record in accessing funding under the 7th Framework programme totalling approximately £20m.
- 4.1.14 Some notable collaborations between the Universities together with neighbouring universities such as Nottingham, include the National Centre for Sport and Exercise Medicine, attracting a £10m Government investment and the Leicester-Loughbrough Diet, Lifestyle and Physical Bio-Medical Research Unit (BRU).
- 4.1.15 In addition, there are a large number of collaborations already happening in specific initiatives. A report has been published by East Midlands Councils¹⁸ exploring opportunities for collaboration that could deliver strategic large scale initiatives, some of which have the potential to be of national significance. This provides a helpful contribution to reviewing the opportunities for 'smart specialisation', where local areas are encouraged to identify their unique clusters or sectors of comparative advantage – in terms of product excellence, innovation and knowledge transfer – and develop projects and programmes that link these assets to complementary strengths in other areas, building and diversifying on these assets. LLEP features in three of the four clusters of activity that they identify in Transport Equipment, Energy Generation & Supply and Food Technology.
- 4.1.16 A further example of collaboration is the M5 Group, set up by universities across the Midlands region to initially explore how to boost research collaboration and improve the sharing of equipment. Members of M5 include the Universities of Leicester, Loughborough, Nottingham, Birmingham and Warwick, it has recently been joined by Aston.
- 4.1.17 An M5 LLEP grouping is therefore worth consideration to review opportunities and promote collaboration to develop collective expertise to be able to manage innovation programmes and provide an overview on how innovation can best support economic growth. EMIN, (5 universities in Leicester, DMU, Lincoln, Nottingham Trent and Derby) are collaborating through a joint venture to deliver knowledge transfer and graduate start up provision, with

¹⁸ Meeting Need-Realising Opportunity: A Socio-Economic Framework for the East Midlands to Inform the Delivery of EU Structural Funds (2014-2020), East Midlands Councils, October 2013

the strong record of delivery and collaboration. Opportunities for additional collaborations on innovation will therefore be considered through the implementation of the ESIF strategy.

- 4.1.17 One of the major issues to emerge through the ESIF consultation was the paradox of high level skills. Skills are an important prerequisite for successful innovation as the earlier NESTA reference confirmed¹⁹. In turn, innovation further increases a firm's demand for skills in order to unlock the benefits of product or process improvements. Skills are therefore an important focus of investment to support both economic development objectives (innovation, high growth businesses) and economic inclusion-- and employment objectives.
- 4.1.18 The LLEP area lacks scale in knowledge-intensive businesses and graduate level jobs required to make a real difference to the economy, yet for existing businesses the overall low level of skills in the population and challenges in filling technician-level jobs can be an inhibitor to growth. This perpetuates a cycle, where companies may find it difficult to innovate (or to implement new or improved processes) due to a lack of workforce skills, whilst individuals may have limited incentive to invest in their skill development. Furthermore, highly skilled individuals are incentivised to migrate away from the local area or commute to work elsewhere.
- 4.1.18 Our FE Colleges have a critical role to play in this area through their established dialogue with local employers and also their links to universities. Across the economy there has been a decline in the proportion of semi- or intermediate-skilled jobs associated with qualifications at Level 2 (the Skilled Trades and Administrative & secretarial occupations) in favour of 'technician-level' jobs that are associated with a Level 3 or higher (Associate professional occupations in both production and service sectors). This indicates that support for the provision of both intermediate and higher level skills should be a priority to develop innovation. There are already strong joint university-college offers to deliver higher level apprenticeships in key areas such as engineering for aerospace industries and the clear potential for this to be expanded.

Rationale for EU Structural Funds Allocation and Value for Money

- 4.1.19 There are clearly opportunities to promote more innovation and R & D investment within the LLEP area, working collaboratively with our Universities. As a result, we have allocated 20% of our ERDF allocation directly into Innovation activities (£10m), supported by investment from the universities and other potential strands of finance, including the Technology Strategy Board.
- 4.1.21 There is also a considerable link to some of the activity undertaken within the SME Competitiveness under Thematic Objective 3 (especially linked to capital investment and national Opt-In partners), the Low Carbon theme and ESF investment for work-place skills. Therefore in reality the actual innovation budget is much higher.
- 4.1.22 We have benchmarked our activities against previous innovation support programmes that have operated within Leicester and Leicestershire, although we wish to place a stronger

¹⁹ NESTA, 'Vital Growth: The importance of high growth businesses to the recovery', March 2011.

emphasis for organisations that receive EU investment on stimulating employment rather than necessary theoretical outputs with less tangible economic applications.

Alternatives Considered

- 4.1.23 In recent years EU programmes have provided valuable investment to enable this challenge to be met and there are a number of activities underway to make SMEs more aware of support available and to devise knowledge transfer and awareness programmes that are accessible. Specifically within the context of LLEP, our Structural Fund investments need to develop an approach that can support business innovation in some of the rural areas to increase productivity and lagging GVA per head.
- 4.1.24 We have a broad range of potential innovation agents with an active track record across Leicester and Leicestershire, therefore support for innovation may not be solely reliant upon the HE (and FE sector). We would look to commission activity to ensure we get the both the best value for money but also the most appropriate provider.

Indicative Activities:

Develop coherent programme of activity that promotes innovation within the LLEP area, potentially aligned with activity within other Thematic Objectives

- Promoting the value of universities & FE sector to SMEs by building innovation collaborations between businesses of different types and across sectors to ensure SMEs can access the university/college expertise, technology and facilities; creating new linkages and developing capacity in and across clusters, value-chains, knowledge transfer networks; to undertake viability studies, validate products and services or simply improve and grow their business.
- Promote the LLEP's world class knowledge base and use this strength to attract global Research and Development opportunities into Leicester and Leicestershire
- Develop collaborations with other LEP areas with complementary strengths particularly where there is potential to develop "smart specialisation"
- Promote entrepreneurship and business creation among students, graduates and staff by combination of training and business experience, start-ups and providing appropriate incubation space alongside expertise.
- Establish pilots, demonstration facilities and thematic innovation hubs around areas of expertise
- Support SMEs to get funded to access graduate/post graduate placements or business input (supported by specialist academics)

- Support skills development to encourage more take-up of engineering based jobs, including links to technician training and higher level apprenticeships
- Support businesses to obtain more Technology Strategy Board investment locally

Complementarity and Cross Cutting Themes

4.1.25 Supporting innovation within SMEs will have a considerable bearing on the outcomes of other aspects of our EU programme, with strong links to activities to support skills, the move towards a low carbon economy and wider support for SMEs (which includes a range of support including national Opt-In partners). Activity will be co-ordinated and offered to local businesses through our Business Growth Hub, so the widest range of support options are made readily available.

4.1.26 Within Leicester and Leicestershire, cross cutting themes will be important to consider in the design and implementation of services. As previously mentioned, our economy is dominated by micro-businesses, many of whom will not feel innovation support is appropriate to their needs – therefore for an approach to be inclusive – it will need to be marketed effectively and delivered appropriately to meet business need and capacity (hence why we wish to promote the service through our business growth hub). Innovation services will also need to reflect ownership structures, including BME and female owned business and work with existing assets that can support rural innovation, such as the Market Harborough Innovation Centre.

Priority Axis 2

Enhancing Access to, and use and Quality of ICT

Priority Axis	Description	ERDF Funding Available (£: 0.78) ²⁰	Match Funding Required (£: 0.78)	Total ESIF Programme Value
2	Enhancing Access to, and use and Quality Of, ICT	€6,054,566 (£4,722,561)	€6,054,566 (£4,722,561)	€12,109,132 (£9,445,122)

Calls for Activities (2015 – 2018)

IP	ESIF Investment Priorities	LLEP Investment Priorities	Total ERDF Available (£)	Initial ERDF Call Date	Future ERDF Call Dates
2b	Developing Information and Communications Technology products and services, e-commerce, and enhancing demand for Information and Communications Technology	<p>1. ICT Business Support to enhance and add value to the mainstream Transformational ICT offer and provide intensive support including web development, e-business, online marketing, cloud computer, social media, integration, mobile technologies and web content and conversion.</p> <p>2. Establish a “community” of SMEs with a programme of events to raise awareness of the capacity within the Universities to support business opportunities based on big data and opportunities to raise skills through Colleges and training providers.</p>	£4m	Jul-15	Apr/May 2016

²⁰ This funding was set by DCLG in August 2015 but is subject to change due to a fluctuation in the € / £ exchange rate

Due to fluctuations in the exchange rate future Calls for Activities (post 2018) will only be issued once the Managing Authority have agreed our budgets going forward to ensure that we do not over-commit our Programme funding.

For further information as regards the expected ERDF Outputs and Targets under this and other Investment Priorities go to Page 61-70

Evidence and Rationale for Intervention

4.2.1 The internet has been transforming the way that we live and work for the past two decades. It is driving business innovation and growth, is ensuring that people can access services, and is opening up new opportunities for creative learning. The importance of broadband is demonstrated in some of these key national online statistics summarised below through Leicestershire Broadband.

- 90% of **new jobs** will require IT skills by 2015
- 96% of people who use the internet say it improved their **quality of life**. 85% said they had more contact with family and friends.
- **Households save** on average £560 per year by being connected to the internet

Yet

- 16 million people over 15 years old do not have **basic on-line skills**
- Only a third of **small to medium businesses** have an online presence
- One fifth of **charities** have little or no web presence.

4.2.2 Access to superfast broadband can enhance businesses potential and improve communication with customers and colleagues:

- Broadband is faster, more efficient and can handle more data, cutting down on staff time. Businesses can upload and send large complex files through a single connection. They can also link different systems, such as accounting and stock control, and store your data remotely.
- Better customer service, enabling quick and efficient responses to customers, opportunities to engage new customer bases, collaboration on projects and sharing information
- Better promotion of products and services, using social media, keeping web pages up to date and uploading data, video and graphics files

4.2.3 There are also opportunities to develop new business activities. A recent report by McKinsey²¹ has received wide spread media coverage of its assertion that Data Analytics is a new emerging growth sector and that turning “Big Data” in to insights will create significant numbers of new jobs including data scientists, designers, app makers, software engineers and programmers. The report argues that modern technology allows us to collect and use

²¹ Big data: The next frontier for innovation, competition, and productivity, McKinsey 2011

vast volumes of data and the science of data analytics; to be able to interpret and harness information - is set to become one of the largest growth occupations globally.

- 4.2.4 There appears to be a small but significant wave of new businesses which are offering online products and services to both business and the public sector through the creation of new software tools and online business processes. “Information Services” can be defined as a sub-sector (which includes four components: software consultancy and supply; data processing; other computer related services; and data base activities) that is part of a diverse Professional and Business Services sector across the County, with a strong focus on the City, but with some potential to agglomerate out into the County area. There is a strong connection to expertise in all three LLEP Universities where Big Data, High Speed Computing and digital/creative industries are significant areas of expertise.
- 4.2.5 According to analysis of Household and Business Survey Responses in July 2012, 37% of businesses surveyed identified training on internet use as being important whilst 58% identified greater knowledge of services and applications as of importance. The consultations that took place in the East Midlands Councils work referred to a number of national business growth initiatives supported by BIS tend to be focussed on a relatively small number of companies with high growth potential. A number of the consultation events highlighted the collective economic potential of relatively small increases in productivity, particularly related to the use of IT, across a wider number of ‘ordinary’ businesses.

Rationale for EU Structural Funds Allocation and Value for Money

- 4.2.6 Whilst ICT directly has a relatively small allocation of investment within our ESIF Strategy it is very much a cross-cutting theme that will be supported by activities across our ERDF (and potentially ESF) investment. We have allocated £4m to this priority, which includes capital investment to develop a bespoke and structured business support programme for businesses centred upon ICT.
- 4.2.7 The costs for ICT business support have been benchmarked against activity within the current ERDF Priority Action 2 programme for Leicester and against the current regional programme. The outputs not only offer excellent value for money but have been proven to add considerable value to SME beneficiaries, with many accessing support over and above the current 12 hours of support.

Alternatives Considered

- 4.2.8 We have considered several options to support businesses with the development of strategies to better utilise ICT. We wish to adapt and extend provision for ICT support to businesses to help them to adjust to changes in the market place. Current best practice has shown that a specific and ongoing programme of ICT support, drawing from expert practitioners in the field, provides a solid platform to get the appropriate skills into businesses through the relevant personnel at the relevant level. Offering ICT as an add-on to

a generic programme of business support can lose many of the transformational benefits business can accrue. There may be opportunities to collaborate and co-commission this activity across other LEP geographies to further extract better unit costs.

Indicative Activity:

ICT Business Support

- 4.2.9 We propose to commission a project that is designed to enhance and add value to the mainstream Transformational ICT offer and provide intensive support which will target those individuals and businesses who either live or trade within the LLEP area and who would not normally access the support which is available through the mainstream services. Topic areas would include web development, e-business, online marketing and a series of other themes will be introduced such as cloud computer, social media, integration, mobile technologies and web content and conversion. We wish to ensure interventions would have the potential to reach a large number of businesses and that any incremental productivity gains will make a valuable contribution to overall competitiveness.
- 4.2.10 Development work will take place to establish a “community” of SMEs with a programme of events to raise awareness of the capacity within the Universities to support business opportunities based on big data and opportunities to raise skills through Colleges and training providers.
- 4.2.11 Ensuring there is a continual programme of support (such as the successful E-Business Club) to engage SMEs within the LLEP area in the latest development and opportunity that ICT can offer their business productivity is of critical importance to LLEP. It is also important to ensure that as new rural areas come on stream businesses are supported quickly to take advantage of any new opportunities. We see this as a particular opportunity to partner with neighbouring LEPs to achieve a critical mass of demand.

Complementarity and Cross Cutting Themes

- 4.2.12 Access to broadband (most notably in rural Leicestershire) will be of critical importance to the delivery of wider objectives to support people and businesses within the ESIF strategy and our SEP. Expanded rural broadband will support our aim to create sustainable rural communities, facilitating business and agricultural diversification, promoting more effective use of resources (and cutting down journey requirements) and supporting people in rural areas to access employment and training.
- 4.2.13 Better deployment of ICT within businesses can also lead to a range of impacts on EU cross cutting themes, including more efficient resource management process, accelerating the deployment of innovation across the business and the development of smart distribution and lean manufacturing processes. Delivering these outcomes will form key components of any Transformational ICT project specification.

Priority Axis 3

Enhancing the Competitiveness of Small and Medium Enterprises

Priority Axis	Description	Total ERDF Funding Available (£: 0.71) ²²	Total Match Funding Required (£: 0.71)	Total ESIF Programme Value
3	Enhancing the Competitiveness of SME's	€27,479,161 (£21,433,746)	€27,479,161 (£21,433,746)	€54,958,33 (£42,867,492)

Calls for Activities (2015 – 2018)

IP	ERDF Investment Priorities	LLEP Investment Priorities	Total ERDF Available (£)	Initial ERDF Call Date	Future ERDF Call Dates
3a	Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	1. Provision of Incubation space to support priority sectors	£11,000,000	Aug-15	Apr / May 2016
		2. Business start-up programme for new trading businesses	£2,000,000	Aug-15	Apr / May 2016
3c	Supporting the creation and the extension of advanced capacities for products, services and development	1. Enhancing the reach of the MAS core offer to provide greater reach to priority local manufacturing sectors through the provision of additional advisor time	£500,000	Mar-15	N/A
		2. provide greater reach into the LLEP's identified priority business sectors allowing improved access to the Growth Accelerator service to provide more in-depth coaching interventions	£500,000	Mar-15	N/A
		3. Priority Sector Business Growth Programme	£3,000,000	Oct-15	Apr / May 2016

²² This funding was set by DCLG in August 2015 but is subject to change due to a fluctuation in the € / £ exchange rate

		4. Attracting new FDI into the LLEP area, particularly targeting our priority sector supply chains , the growth areas and the Enterprise Zone	£750,000	Oct-15	N/A
3d	Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes	1. Co-ordinated business support through the LLEP Business Gateway	£750,000	Mar-15	N/A
		2. Support for SME's in priority sectors to access international markets	£500,000	Mar-15	N/A
		3. A collaborative Financial Instrument to improve SME access to finance across the East Midlands	£6,000,000	Jul-15	Late 2016

IP	EAFRD Investment Priorities	LLEP Investment Priorities	Total ERDF Available 2014-20 (£)	ERDF Call (£)	Initial ERDF Call Date
1.1 / 2.1 / 7.5	Rural business grants for SME's with a focus on tourism, F & D, diversification, rural workspace	Rural Business Grants	1,959,220	1,155,000	Jun-15
6.4 / 8.6	Rural business advice and sector development	Rural Business Advice	750,000	425,000	Jan-16
2.1 / 16.3	Rural tourism development	Rural Tourism Development	400,000	195,000	Jan-16

Due to fluctuations in the exchange rate future Calls for Activities (post 2018) will only be issued once the Managing Authority have agreed our budgets going forward to ensure that we do not over-commit our Programme funding.

For further information as regards the expected ERDF Outputs and Targets under this and other Investment Priorities go to Page 61-70

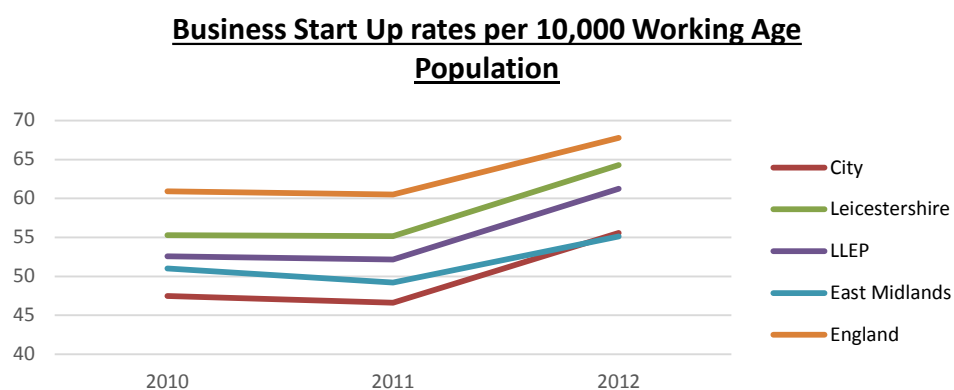
Evidence and Rationale for Intervention

Co-ordinated Business Support

- 4.3.1 In 2013, there were 33,075 VAT and PAYE registered enterprises in the LLEP area (8,605 in Leicester City and 24,470 in Leicestershire County). The majority of these businesses (91%) employ less than 20 staff and most businesses in the LLEP area (70%) have turnover below £250,000. Only 10% of local businesses have turnover in excess of £1m and only 2.4% in excess of £5m²³.
- 4.3.2 However, our sector structure differs from the national picture in that we have a higher proportion of our businesses in the production and logistics sectors than is the case nationally. We also have higher than national employment shares in the manufacturing (14.1% of employment locally, compared to 8.4% nationally) and logistics sectors (11.9% compared to 8.9% nationally).²⁴

Business Start Up and Failure

Chart 4.2 Business Start Up rates



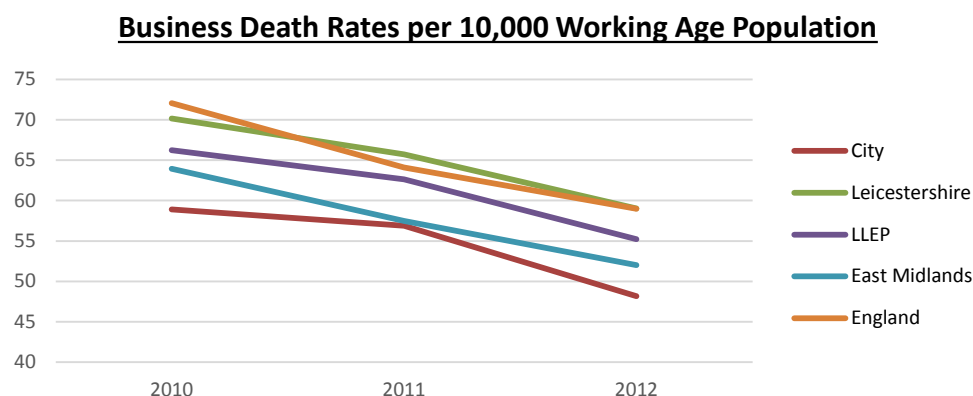
Source: BIS Business Demographics (2012) and Mid-Year Working Age Population Estimates (2012)

- 4.3.3 The chart above shows LLEP business start-up rates still lag behind the England average, although the rate of increase over the past two years has outstripped the rate of regional and national growth. Leicester, whilst having low start up rates, performs much better than comparable cities and has now overtaken the regional start up per capita rate.

²³ BIS (2012) Business Demography and ONS UK Business Activity, Size and Location – 2013

²⁴ ONS Business Register and Employment Survey (BRES, 2012)

Chart 4.3 Business Death rates



Source: BIS Business Demographics (2012) and Mid Year Working Age Population Estimates (2012)

- 4.3.4 One of the major barriers to business growth within the LLEP area is the high number of business deaths, as identified in Chart 4.3 above. Whilst failure rates across the LLEP area are below the England average, Leicestershire is at that average (and with lower start up rates) and Leicester compares relatively poorly when compared to its peer cities. Within the City especially, there has been a strong positive increase in start-up rates and a strong reduction in failure rates – which is positive for the future.
- 4.3.5 However, many businesses are frequently not equipped to deal with growth and are consistently channelled for a variety of reasons into business sectors that are low margin and operate within a highly localised demand structure. Therefore the emphasis within our ESIF Strategy has to be on sustainable growth and increasing survival rates – with less of an emphasis on the start-up market, except where linked to clear long term opportunities and demand.
- 4.3.6 It is also crucial that we support young people with their business aspirations. Whilst not a national Opt-In, we plan to work with the Prince’s Trust to identify where their prospectus can support our aspirations to support young entrepreneurs, where they can extend their current offer and where they can work with other support providers.
- 4.3.7 The Leicester and Leicestershire Business Survey (2012) indicated that 70 per cent of our businesses have growth plans, however, they face a number of concerns which could constrain growth including: high energy costs, unsuitable premises, staying ahead of the competition, regulation, finding new business, cash flow, access to finance and finding suitable staff.

Social Enterprise

- 4.3.8 Social Enterprises are also an important part of the local picture. Over the past decade interest in the UK’s social enterprise sector has grown steadily. The latest findings from the quarterly RBS Enterprise Tracker, in association with UnLtd, show there is a growing appetite for social enterprise amongst burgeoning entrepreneurs, with a fifth (19%) of people aiming

to start up their own business and a higher proportion (22%) of budding young entrepreneurs now planning to start social enterprises.

4.3.9 Social enterprises face many of the challenges which other businesses face. These include developing a clear business idea; finding funds to launch the business and buy the necessary equipment; earning income either from customers or those supporting the social cause through grants or donations.

4.3.10 However, there are a number of specific opportunities now emerging;

- the introduction of social value in public sector contracts;
- an increase in social investment funding to support existing enterprises to expand;
- new markets emerging and the continued outsourcing of public services to private and social providers;
- the growth in the number of PLCs actively building a social enterprise supply chain

Rural Business

4.3.11 Rural Leicestershire is home to 9,360 businesses accounting for over 70,000 jobs. A large proportion of these businesses are micro (< 10 = 91.4%) and small (<50 = 98.5%) enterprises presenting an opportunity for economic growth and job creation in rural areas. In terms of sectors there is a significant concentration of LEP priority sectors including; Distribution, High Tech Engineering, Food and Drink and Tourism.

4.3.12 Where feasible, LLEP EU activity will be designed to deliver rural business, however, some specific rural activities will be implemented through Defra EAFRD funds. These include:

- rural tourism development, focusing on green tourism, local food and enhancing the accommodation offer
- outreach support for rural start-ups, small and micro-enterprises (including non-agricultural diversification) to include specialist advice, grant support and links to mainstream programmes
- capital investment to increase the quality and availability of rural workspace and access to high-speed broadband

Sustainability

4.3.13 In addition to more mainstream activity, some specific rural priorities will be implemented through EAFRD, and include:

- Rural Tourism Development focussing on Green Tourism, Local Food and enhancing the accommodation offer
- Outreach support for rural start-ups, small and micro enterprises (including non-agricultural diversification) to include specialist advice, grant support and links to mainstream programmes
- Capital investment to increase the quality and availability of rural workspace and access to high-speed broadband

- 4.3.14 The LLEP recognises the importance of sustainable land management and the associated long-term environmental and economic benefits that this can reap. Local consideration will be given to mitigation and, wherever possible, positive impacts to the environment through delivery of the above programmes. Local expertise will be maximised through strengthened relationships with local environmental partners including the Local Nature Partnership and the Leicestershire Rural Partnership.

Access to Finance

- 4.3.15 Nationally BIS recognise that many people feel that starting a business is not for them, either because they're worried about finding funding and making money or because they do not think they have the skills or experience needed. Also, research shows that existing small and medium enterprises (SMEs) can be put off growing their business due to concerns about managing cash flow and lack of access to finance.
- 4.3.16 Successful businesses may sometimes find further growth hampered by a lack of awareness of the different funding available. They may also be unaware of the full array of finance options available, from commercial loans to angel investors and everything in between. Support for investment readiness to prepare SMEs to be able to access investment is an important part of the mix. Support is also required to provide investment for university spin-outs (one mechanism to grow the knowledge economy) with the ending of investments schemes such as the Lachesis Fund.
- 4.3.17 Access to finance is also an issue for Social Enterprises. There are particular challenges in raising finance both to launch and then continue operations, with scaling up a successful enterprise being a major hurdle. Most of the finance that is available is debt tied to security. Whilst many of the activities operate in what would be broadly termed the public sector, they suffer as austerity measures mean that there is simply less funding available. Whilst there may be an opportunity to say run a public library that has closed as a social enterprise, someone has to cover the costs of doing so. As public finances face a further decade of squeeze, whilst social need may grow, traditional public funding for operations will remain a challenge.
- 4.3.18 The Social Enterprise UK 2011 survey identifies the single largest barrier to the sustainability of social enterprises is access to finance, with 44% of respondents saying that they are still hampered by the availability and affordability of finance.

Financial Instruments

- 4.3.19 LLEP is working collaboratively with other Local Enterprise Partnerships in the East Midlands to develop a portfolio of access to finance products to support SMEs to invest and grow. Mazars LLP have completed a survey of businesses across the East Midlands together with a number of partner interviews with an initial focus on consulting with banks and other financial institutions. There are a number of findings emerging from their work. From their business survey Mazars estimate that there is a significant amount of unmet demand from business for finance:

- 20% of firms across the East Midlands had sought access to finance in the past five years (38,000 firms)
- 46% of these firms (17,000 firms) had not obtained any of the funding sought
- Principal barriers reported include wider demand in the economy, banks' tightened lending criteria and the expertise / knowledge to apply for funding

4.3.20 Whilst the report provides a high level evaluation of need it does not provide the full range of information to establish a successful financial instrument. It does not fully substantiate the demand for equity, equity linked, mezzanine, seed-corn, loan guarantee or other non-debt related investments nor model the impacts of different products or types of intervention or forecast returns or economic impact nor model how the relationship with existing 'local' products can be managed.

4.3.21 In developing their approach, East Midlands LEPs have worked closely with the British Business Bank to identify up to £6.1m of 'match funding' available from EMDA legacy funds that can be used to support collaborative access to finance work between East Midlands LEPs.

4.3.22 East Midlands LEPs have also considered the experience of other regions, particularly the development work undertaken in the West Midlands and the operation to date of the Finance Yorkshire JEREMIE platform. LEPs have also worked closely with officials of CLG, BIS and the Business Bank to inform their approach together with evaluating the Mid-Term Review of the English JEREMIE Funds undertaken by Regeneris Consulting and considering the experience of the East Midlands Urban Development Fund – a 'JESSICA' Financial Instrument. Key issues identified from considering the experience of other Financial Instruments and the experience suggest the following considerations;

- The need for 'scale' of any fund to promote viability and attractiveness in the market
- The need to work 'with the grain' of existing providers and local routes to market
- The need for a balanced portfolio of investment products
- Flexibility to review priorities, funding envelopes and investment strategy on a periodic basis
- The need for private expertise to take primacy in making funding decisions, within an intelligently targeted investment strategy
- The need for an Investment strategy to clearly not duplicate market lending but to target growth companies.

4.3.23 The exact nature of any collaborative intervention, and whether we will seek European Investment Bank match funding, will depend on the outcome of more detailed investigations and development work to meet the requirements of the 'ex ante' appraisal process required for using European structural and investment funds for financial instruments, particularly addressing more targeted market assessment, intervention modelling, viability testing and development of effective models of governance and routes to market. Intervention modelling and viability testing will include an assessment of potentially working with one or more other regions. East Midlands LEPs will seek to complete this further development

work, to a standard necessary to complete an European Investment Bank ex-ante appraisal, by September 2014. We are making good progress towards this milestone working alongside other LEPs in the East Midlands region and have held detailed discussions with the British Business Bank. A proposal for the ex-ante assessment was submitted to the British Business Bank in March 2014, requesting an initial £100,000 of the legacy funding to support the ex-ante assessment development work with the balance of legacy funds being used to support any preferred solution or solutions identified by this work and approved by the participating LEP Boards. A project board has been established to manage this work and a project manager will be appointed.

Incubation and Grow on Space

- 4.3.24 The LLEP 2012 Business Survey identified difficulty of small businesses finding the right space to both start and move on to as a major constraint to their growth.
- 4.3.25 The provision of workspace in a variety of forms has long been a central element of economic development and regeneration programmes. Public funding has been used to respond to market failure where commercial investors are not able to make an adequate return and therefore do not meet the needs of businesses, particularly those at an early stage of development.
- 4.3.26 For many businesses, cost is a key factor, with low rents and basic facilities the core necessities and this is where private sector provision is often focussed. For others, there can be a complex range of support needs, depending on the stage that the business has reached in its growth cycle and the sector in which it operates. Managed workspace seeks to provide a supportive environment with on-site business expertise and shared facilities.
- 4.3.27 Business Innovation Centres are usually a refinement of the model, where tenants are encouraged and supported to demonstrate innovation and therefore hopefully have a greater propensity for growth. Sometimes, because the focus is on “incubation”, there can be a policy to promote firms graduation to other accommodation after 2 or 3 years, in order to allow newly emerging firms to have the opportunity of support. Local policies therefore also have to promote an appropriate ladder of accommodation so that growing firms can meet their needs and their benefits be enjoyed by the local economy. It is here that the LLEP is facing challenges both in providing innovation space and the right grow on space.
- 4.3.28 Business innovation and incubation is about more than simply a property offer, provision of suitable, fit-for-purpose physical space that offers flexible terms, appropriately sized workspace and shared facilities, with parts of the centre for social interaction encouraging informal and formal communication between the tenants. The space needs to be cost effective to build, operate and occupy and flexible in their use.
- 4.3.29 The provision of a range of support services including general administrative services and business support that is both comprehensive and specific, including, legal advice, coaching and mentoring and access to finance is as critical as the physical property offer. Access and introductions to a range of different networks including venture capital, business to

business, sector specific, innovation specific and higher education/further education are also important, all of which is challenging for the private sector to deliver.

- 4.3.30 In addition to potential new build, there is potential to upgrade existing empty facilities which are not attractive to this specialist market to have the quality of physical provision to meet the needs of grow on space.
- 4.3.31 The provision of incubation space is an important component of the wider innovation offer and the universities have an important role to play. Both Loughborough and DMU report that occupancy levels are above 95% and Leicester currently does not have any facility at all. Provision of space on or near the university campuses is vital in attracting tenants wishing to work in close collaboration with university expertise and also to encourage graduates to develop businesses from ideas generated during their studies.
- 4.3.32 Demonstrators are unique HE based facilities that provide regional businesses with the opportunity to test and demonstrate their technologies. Such a facility is difficult to access for many SMEs. In particular it provides a test bed facility for the development of relevant applications and is aimed at accelerating the adoption of novel research and technologies into wider industry.
- 4.3.33 The facility can offers universities and industry opportunities for research and demonstration of both the individual technologies and their applications whilst providing a showcase facility for engagement with the public and promotion to local and national government. This opportunity presents a clears a link to activity under TO1.

Rural Workspace

- 4.3.34 Through our EAFRD allocation we wish to make support available to increase the quality and availability of rural workspace including activity to support the development of rural incubation facilities to support diversification of the rural economy.

Rationale for EU Structural Funds Allocation and Value for Money

- 4.3.35 Within our evidence base and consultation process, some commonalities have been identified with regional and national challenges for SMEs, which is why we plan to commit £4m towards some of the National Opt-In partners. We have seen the results of these interventions within Leicester and Leicestershire and acknowledge they can deliver a service to businesses that is difficult to replicate through purely local provision and can engage a scale of business that is often not achievable through localised provision. The level of investment through the 2014-20 programme broadly mirrors investment levels made in the 2007-14 programme but we will work with these partners to ensure their enhanced service offer meets local needs in return for investing European Regional Development Fund and maximise the value for money of our investment. We have also made an indicative provision (£6m) for developing a cross LEP access to finance programme based on utilising legacy investments from the former East Midlands Regional Development Agency (emda).

4.3.36 However, the majority of investment in this field (£15m) will be invested into localised solutions for micro-businesses. This is based upon the following criteria:

- Provide an enhanced business support package (notably in Leicester) to engage BME / Female entrepreneurs
- Reduce the failure rates of businesses, which means interventions in the early stages of the business cycle
- Ensure flexibility across the programme to respond to uncertainty and changing demand
- Drive local investment into this area

4.3.37 We have benchmarked our business support outcomes and unit costs against previous European Structural Funds programmes and other business support activities (including capital investment).

Alternatives Considered

4.3.38 With regards to locally designed provision of enterprise support, we have consulted with local businesses, business representative organisations and organisations which provide business support and advice. There is overwhelming intelligence that local businesses are confused about where to go for help and as a result many are not taking up any advice or support at all. Some businesses will want to talk to a knowledgeable individual rather than rely solely on web-based materials.

4.3.39 The Leicester Shire Business Council which consists of members of the key business representative organisations (Chamber of Commerce, CBI, FSB, IOD, Leicestershire Asian Business Association (LABA) and Leicestershire Business Voice) was established for the LLEP area in 2008. This unique body to the LLEP area represents over 10,000 business members and strongly advocates that the objectives of publically-funded business support in the LLEP area should be:

- To facilitate the improved functioning of the private-sector provision in business support and advice
- To provide the widest possible access to effective sign-posting help
- To provide and maintain a website that presents information on, and links to, the widest possible range of sources of help, advice, business development-related information, training and guidance relevant to the LLEP area
- To collect data on demand, usage and client satisfaction

4.3.40 We wish to allocate our EAFRD resources against the delivery of our Rural Economic Plan (alongside other resources within our ESIF Strategy and a proposed LEADER programme. Across our broader Rural Economic Plan there are generally strong fits with broader Thematic Objectives. We wish to concentrate the EAFRD allocation within this Thematic Objective to generate a more sustainable rural economy and to concentrate resources on rural needs (therefore rural projects are not set in competition against projects in more urban areas and the specific needs of rural businesses can be designed into the programme).

Indicative Activity:

Co-ordinated Business Support

4.3.41 The LLEP has delivered a highly successful national pathfinder, the Better Business for All (BBfA) programme. Businesses are able to access a hub containing key information across all regulatory bodies rather than spending valuable time searching through multiple sources of information. The BBfA hub is delivered through both a website and central contact number, which frequently receives queries beyond regulation matters. The service was co-designed by businesses and regulators. We are confident that we can build upon these foundations to create a Growth Hub which will provide a wider service that is designed by businesses for businesses.

4.3.42 In addition the LLEP will support national Opt-In Models that clearly drive SME growth (MAS, UKTI and the Growth Accelerator) providing they can meet local needs for an enhanced service:

Manufacturing Advisory Service (MAS) Opt-in

4.3.43 Enhancing the reach of the MAS core offer. To provide greater reach to priority local manufacturing sectors through the provision of additional advisor time. In particular facilitating more growth support for rurally based manufacturing businesses. In addition, it is proposed to provide greater support for local supply chain development to build the capacity of the LLEP's SME base to maximise local growth from major supply chain, inward investment and new market opportunities.

Growth Accelerator (GA) Opt-in

4.3.44 Providing greater reach into the LLEP's identified priority business sectors allowing improved access to the GA service. In addition, provide more in-depth coaching interventions to increase receptiveness to high growth coaching and to tackle multiple growth challenges (business development and access to finance).

UK Trade and Investment (UKTI) Opt-in

4.3.45 The LLEP opt-in will add value to the core UKTI offer via:

- Stimulation activity: business engagement activity targeting companies that could but currently don't export stimulating them to consider and pursue an internationalisation strategy;
- Early Stage Coaching: provision of a Trade Development Co-ordinator role to work with early stage/less complex companies supporting them with 'export readiness';
- Additional advisers: specialising in key markets and sectors such as India and China and/or manufacturing (including food and drink).

Business Hub Proposal

- 4.3.46 Through ESIF it is proposed to establish a 'Business Growth Hub' which will provide a service to support our local businesses and help them grow. It will provide a central first point of contact and eliminate current confusion about what is available to help local businesses and those wanting to start a business. Businesses will be signposted to both national and local business support services.
- 4.3.47 In the first stage of its development the hub will consist of a business-friendly website which houses a database and has links to other sources. This will co-ordinate and collate the current plethora of business support activities, funding programmes and events that are of relevance to businesses located in Leicester and Leicestershire. Importantly, there will be a customer-focused telephone and email enquiry service that will help businesses to find what they need. The hub will have highly trained staff to respond to queries from businesses and to maintain the database.
- 4.3.48 In parallel to the hub design we will start to design the second stage, where the hub will build upon the signposting role and start to promote and deliver targeted programmes and services. These services have been developed in consultation with our local businesses and providers of business support services where they have identified market failure and a need for intervention. The investment of EU Structural Funds will enhance the offer of the Hub. The activities funded through ERDF are likely to include:
- Support to young entrepreneurs to start-up businesses, with an emphasis on ensuring they are sustainable and growth focussed, including individuals within an FE/HE environment
 - Support for the Social Enterprise sector, notably linked to clear opportunities for contracted income and in the delivery of local or rural services and overcoming local market failures.
 - Actions to support an increase in female owned/BME owned and disability owned businesses within Leicester and Leicestershire
 - Activity that creates work placement and apprenticeships opportunities
 - We would expect to see strong linkages within this Thematic Activity with activities within TO10, notably Leadership and Management and SME Growth skills development

Indicative Activity:

Access to Finance

- 4.3.49 LLEP wishes to express an interest in pursuing a collaborative Financial Instrument to improve SME access to finance across the East Midlands. The allocation of a significant proportion of total ERDF funding to Thematic Objective 3, SME Competitiveness, provides the scope to pursue this approach following discussion with the other East Midlands LEPs.

4.3.50 LLEP will look to collaborate or focus locally according to market needs and delivery viability in order to achieve the most effective and deliverable approach to supporting businesses to grow by overcoming market failure in access to finance. It is anticipated that the approach will be reviewed during the course of 2014-2020 in response to changing conditions in the business finance market.

4.3.51 Other potential activities include:

- Explore the opportunity to generate a regional wide Access to Finance Scheme with other regional LEPs
- Explore whether EU Structural Funds can extend Regional Growth Fund 4 activities
- Promote investment readiness programme
- Develop financial support for social enterprises

Indicative Activity:

Incubation and Demonstrators

- Development of incubation, expansion space and demonstrator facilities that meet a specific market failure and can demonstrate a demand.
- Upgrade of empty existing premises, especially to fit with low carbon agenda.
- Review if Centres that have less intensive support services could be encouraged/supported to develop a wider range of services to further promote innovation or more likely, make sure that these tenants are aware of support programmes and the potential to engage with knowledge transfer activities across the area.
- Review links between Centres and HE/FE to examine if more engagement with tenants could be promoted to engage with knowledge transfer programmes
- Consider specific provision and support for co-workers to explore collaboration in developing new products and services, particularly in “tech” activities.

Indicative Activity:

Support for Rural Businesses

4.3.52 There are some specific actions we propose to invest our EAFRD resources into with regards supporting rural businesses.

- Tourism Development Programme - specialist sector development support for tourism businesses - ICT (e-commerce, marketing) - small upgrade improvement grant scheme - coordinated marketing by place with a focus on: Local Food and Drink, Green Tourism, enhancing the accommodation offer
- Specialist support for farms and rural estates to diversify into non-agricultural businesses - to include some capital investment/grants

- Outreach support for micro enterprises to enable them to access mainstream programmes/ finance support (opportunity to link to innovation centres, rural business parks)
- Infrastructure and capital investment support to increase the quality and availability of rural workspace (could be sector focussed, incubator or move-on space)

Complementarity and Cross Cutting Themes

- 4.3.53 Supporting SMEs to create employment and apprenticeships/work placements will be a critical component of our wider economic objectives. We will ensure that the Business Growth Hub will support businesses with a range of interventions and create jobs and opportunities.
- 4.3.54 Within Leicester in particular is a large cohort of BME owned businesses and we particularly want to see an upturn in female owned businesses – so any business support service that we commission has to be appropriate to the needs of the business community it serves.
- 4.3.55 We also will ensure sustainability is at the heart of any activity to support businesses. Some of the main barriers to growth have been identified as high energy costs and resource efficiency – clear links will need to be made with activity in TO4 to ensure wider businesses needs are being met.

Thematic Objective 4

Supporting the Shift Towards a Low Carbon Economy in All Sectors

Priority Axis	Description	Total ERDF Funding Available 2014-20 (£: 0.78) ²⁵	Match Funding Required (£: 0.78)	Total ESIF Programme Value (£:0.78) ²⁶
4	Supporting the Shift towards a Low Carbon Economy in All Sectors	€19,834,730 (£15,471,089)	€19,834,730 (£15,471,089)	€39,669,460 (£30,942,178)

Calls for Activities (2015 – 2018)

IP	ERDF Investment Priorities	LLEP Investment Priorities	Total ERDF Available (£)	ERDF Call (£)	ERDF Call Date	Future ERDF Call Dates
4a	Promoting the production and distribution of energy deprived from renewable energies	Develop and implement community energy projects to reduce carbon emissions and create financial returns to the community and create local employment opportunities	£500,000	£500,000	Jun-15	Apr/May 2016
4b	Promoting energy efficiency and renewable energy use in enterprises	<p>1. Networking and peer engagement programme focused on key sub-sectors, specific end user groups and community energy initiatives to bring together suppliers, end users and community groups to give supply opportunities for local SME's and increased level of implementation of low carbon solutions</p> <p>2. Linking research to local businesses led by universities promoting what they can do for local businesses in terms of access to graduates and facilities and providing match funding</p>	£3,000,000	£2,000,000	Jun-15	Apr/May 2016

²⁵ This funding was set by DCLG in January 2016 but is subject to change due to a fluctuation in the € / £ exchange rate

²⁶ This funding was set by DCLG in January 2016 but is subject to change due to a fluctuation in the € / £ exchange rate

		3. Low carbon leaders programme to stimulate and inspire local green entrepreneurs to raise the profile of the LLEP's low carbon sector and provide good case studies with which to inspire others				
4c	Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector	Energy efficiency and retrofit infrastructure programme focused on developing the energy efficiency and renewable energy infrastructure of public sector housing, commercial property and other building assets with a high impact on local companies, support meeting carbon emissions reduction targets	£7,000,000	£4,000,000	Nov-15	Apr/May 2016
4e	Promoting low carbon strategies for all types of territories in particular for low carbon areas, including the sustainable multimodal urban mobility and mitigation-relevant adaptation measures	In late 2016 the LLEP are developing an approach to smart cities. As a result funding may be identified and used to address the development of "whole place" low carbon initiatives through approaches such as smart cities that may include low carbon transport infrastructure, energy efficiency, low carbon energy supply etc. where the purpose is to reduce our carbon emissions or other climate change mitigation or adaptation activities	tbc	tbc	2017	tbc
4f	Promoting research and innovation in, and adoption of, low-carbon technologies	<p>1. Low emission vehicle development to address gap between initial research and commercial launch including technology development and proper field testing/proving</p> <p>2. Low emission vehicle infrastructure development which cements of the area as a leader in low emission vehicles through implementation of infrastructure (eg. charging points or gas fuelling)</p>	£4,500,000	£3,000,000	Nov-15	Apr/May 2016

		stations for biogas, CNG etc.)				
		3. Low carbon start up centre for local green entrepreneurs with access to business support and funding application support.				

Due to fluctuations in the exchange rate future Calls for Activities (post 2018) will only be issued once the Managing Authority have agreed our budgets going forward to ensure that we do not over-commit our Programme funding.

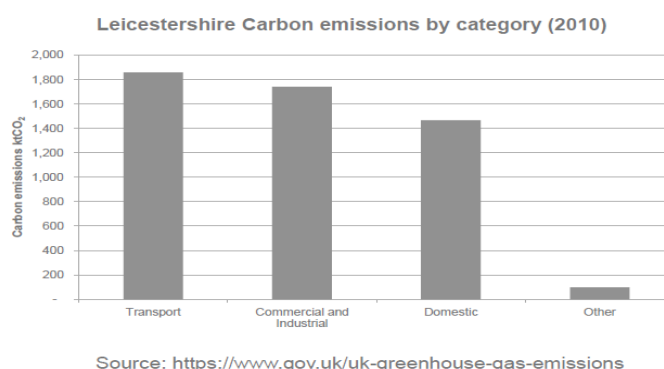
For further information as regards the expected ERDF Outputs and Targets under this and other Investment Priorities go to Page 61-70

Evidence and Rationale for Intervention

Carbon Reduction

- 4.4.1 Under the 2008 Climate Change Act, the Government has committed to ensuring that the “net UK carbon account for the year 2050 is at least 80% lower than the 1990 baseline”. Leicester and Leicestershire are keen to play our part within this carbon reduction strategy and have our own carbon reduction strategies in line with current EU and Government Policy. Within these strategies Leicestershire County has a goal of reducing carbon emissions by 34% by 2020 against a 1990 baseline and Leicester City wishes to reduce its carbon footprint by 50% by 2025.
- 4.4.2 The Government believes that the policies and measures it has in place will ensure that the UK Green House Gas target and Renewable Energy target will be met by 2020. It is therefore proposed that the EU funds in England in this thematic objective should be focused on the energy efficiency target for and driving jobs/grow the low carbon economy.

Chart 4.4 Leicestershire Carbon Emissions (2010)



- 4.4.3 The chart above shows the relative importance of three main sectors in carbon emissions. The UK government wishes to ensure that there is a strong focus within the use of these EU funds on the energy efficiency arena ensuring that real improvements are made in the energy efficiency of homes, businesses and transport, which is something we clearly wish to echo across the LLEP area.
- 4.4.4 Within our ESIF strategy, the main emphasis for intervention is within the industrial and commercial sectors and residential/domestic carbon emissions there are some activities that will support transport. Transport-led carbon reductions are a key theme for our Strategic Economic Plan through our Local Sustainable Transport Programme.

Domestic Carbon Reduction

- 4.4.5 Leicester and Leicestershire have the highest mean household energy consumption of anywhere in the Country. As identified within the chart below, all of the ten Districts with the highest household energy consumption are within the East Midlands and six of those ten are from Leicestershire.

Table 4.1 Districts with highest Mean Household Energy Consumption

Local Authority	Region	Mean household energy consumption (megawatt hours)
Rutland	East Midlands	36.0
<i>Harborough</i>	East Midlands	<i>35.8</i>
<i>Blaby</i>	East Midlands	<i>35.4</i>
Rushcliffe	East Midlands	35.2
<i>Oadby & Wigston</i>	East Midlands	<i>35.1</i>
<i>Hinckley & Bosworth</i>	East Midlands	<i>34.3</i>
Derbyshire Dales	East Midlands	32.9
<i>Charnwood</i>	East Midlands	<i>32.5</i>
<i>Melton</i>	East Midlands	<i>32.5</i>
Gedling	East Midlands	32.3

Source: Household Energy Consumption in England Wales (2011) ONS

- 4.4.6 The high usage and unit cost of energy removes disposable household income from our economy, it is a key driver behind fuel poverty (and wider poverty) and is an extra burden on our business competitiveness.
- 4.4.7 There is a major City Heating System under development in the City, which became operational in 2012, burning wood pellets rather than gas and already has 7km of pipeline developed. This will incorporate 15 civic buildings, the University of Leicester and 3,000 social houses, saving over 12,000 tonnes of CO² per annum.

Industrial/Commercial Energy Efficiency

- 4.4.8 Many of the energy efficiency activities within our carbon reduction strategies that have an impact on domestic energy efficiency also have an impact on businesses. There are however, some distinct challenges for business in reducing carbon and increasing energy efficiency that will need to be addressed through our interventions.
- 4.4.9 The 2012 Leicester and Leicestershire Business Survey identified that businesses see energy costs as a major barrier to growth – but conversely do not prioritise investment or time into energy conservation. Previous approaches are providing consultancy advice to businesses on how to reduce their carbon footprints, but these do not seem to have been as successful as hoped. Many businesses have not followed through with recommendations or have de-prioritised them during the recession and after.
- 4.4.10 We plan to use our ESIF strategy allocation to kick-start new approaches to carbon reduction business support, to take advantage of specific opportunities such as biomass energy around the National Forest and to provide initiatives and support to promote energy efficiency.

Developing the Low Carbon Economy

- 4.4.11 We have a strong emphasis within our ESIF strategy to use the Low Carbon Thematic Objective to generate new jobs, products, infrastructure and business opportunities. A detailed study was undertaken in 2011 to explore the feasibility of developing production capacity for renewable energy in Leicester and Leicestershire. Through the 2014-20 ESIF we wish to take this work further and develop investment models and kick start demonstration projects.
- 4.4.12 Goods and services associated with the low carbon economy are providing an important boost to the UK's economy. The low carbon sector has been growing at a rate of 4-5% since 2008 and research undertaken by BIS (2010) forecasts a further 400,000 new jobs will be created by 2020. The total market potential for domestic energy efficiency in Leicestershire and Leicester City has been estimated to be £2bn.
- 4.4.13 Domestic investment in UK energy infrastructure and the shift towards renewable energy sources and energy saving measures is creating new business markets for companies in the LLEP area. Activity in the sector includes renewable energy (wind power, solar power, biomass, hydropower, bio-fuels), information technology, green chemistry, low carbon transportation, recycling, green buildings and many other emerging technologies that are more energy efficient and which have a reduced environmental footprint. These companies tend to fall broadly in to two categories both of which have differing requirements:
- Sustainable construction trades and renewable energy installers, such as PV fitters, insulation companies
 - "High Tech" medium sized Cleantech companies whose markets include renewable energy generation, including low carbon biofuels, biomass, anaerobic digestion, gas extraction, solar thermal, photovoltaics, energy recovery from waste, district heating

networks and combined heat and power linked to new residential and non-domestic development schemes.

- 4.4.14 The LLEP area has many good ‘anchor’ projects, programmes and businesses on which to build further activity, with particularly strong expertise at HE level. All three universities have departments with a strong focus on low carbon research and applications. Materials are also a major strength and the following is but one example of the breadth of activity being undertaken including:

University of Leicester chemists’ collaboration with food industry experts to turn egg shells into plastic has received an innovation award. The project received the Food and Drink Forum Most Innovative Collaboration Award at the 2012 Food and Drink iNet Innovation Awards.

Previously large quantities of egg shells created in the manufacture of mayonnaise went into landfill. Just Egg is now well on its way to using the egg shells in the reformulation of plastic to make recycled packaging to protect their egg-based products. In time, the aim is to be able to turn the egg shells into plastics that could be used to manufacture other products (such as construction materials) and they also hope to extract material from egg shells that may prove valuable in the pharmaceutical industry.

Low Carbon and Social Housing

- 4.4.15 The average carbon footprint of a dwelling in Leicestershire is 5.6 tonnes of CO₂ per household per annum and is a major source (27%) of UK carbon emissions. The estimated number of dwellings with solid walls in Leicestershire are 57,000 and in Leicester 41,000. This represents a considerable scale of opportunity for carbon emission reduction in domestic property retrofit. From this cohort we have identified in the region of 5,000 properties that would be eligible to benefit from retrofit.

Delivery and Evaluation

- 4.4.16 Leicester and Leicestershire has an established Environmental Experts Reference Group (ERG) with representatives from Leicester and Leicestershire Universities, the City and County Council, and private sector interests. Its role is to act as an advisory and best practice group around the delivery and monitoring of our respective City and County carbon reduction plans and programmes, whilst providing links and expertise to research and commercial groups across the environment sector. The ERG will act in an advisory role to partners in supporting the delivery of our carbon-reduction elements in the ESIF Strategy.

Rationale for EU Structural Funds Allocation and Value for Money

- 4.4.17 We have invested more than the minimum requirement of 20% of our ERDF programme into activities to support the transition to a low carbon economy because of the scale of challenge the LLEP area faces, the opportunities for jobs and training opportunities associated with low carbon interventions (which we directly looking to support through our ESF allocation) and the stimulus it will provide for new businesses to innovate and develop new processes and products. The total allocation to low carbon interventions is 28%, or £15m.
- 4.4.18 Adapting to a low carbon economy is one of the main routes for LLEP to deliver our cross cutting sustainability theme and we have developed considerable linkages with other Thematic Objectives including innovation, SME Competitiveness, worklessness, social inclusion and skills.
- 4.4.19 Given the high levels of local household energy consumption, we have identified a localised programme of activity that could support both residential and commercial retrofitting. We have allocated £10m of our ERDF allocation to support retrofit programmes to improve energy efficiency. This will be matched with local funding from participating local authorities and registered providers. This represents a change from our previous draft, where we had planned to work through the EIB Opt-In arrangements. The offer from EIB has now been withdrawn so we have identified alternative local sources of match funding.
- 4.4.20 We have allocated £4m towards the development of Low Carbon infrastructure to develop our ability to generate low carbon energy and develop infrastructure to reduce carbon emissions.
- 4.4.21 We have also allocated £1m in a programme, closely linked to other Thematic Objectives, to support the development of SMART environmental technologies and supply chains within the local economy, which we expect to see enhanced by other activities within TO1.
- 4.4.22 Our previous draft ESIF Strategy contained a reference to the development of a City Wide virtual power plant which would capture heat and transfer it around the City. This project is still a key component to developing our low carbon economy but is now being developed under the Call for Proposals in Horizon 2020.

Indicative Activity:

Low Carbon Infrastructure

- A co-ordinated programme of support to SMEs and micro-businesses to improve energy efficiency and reduce carbon intensity. The programme will include working with the public sector supply chain and include; investment support for low carbon and energy efficiency improvement
- Support for energy audits, behavioural change and training
- Integrated National Forest programme across LEP boundaries to increase the economic, social and environmental value of the woodlands, promote the RHI with a first thinnings training programme to increase extraction of wood fuel to include communities and NEETs resulting in the supply of low carbon energy and increased ecological value of the woodlands.

- A programme to support community organisations to develop community scale renewable energy and energy efficiency projects in Leicester and Leicestershire.
- Development and investment support for a large district heating scheme in a sustainable urban extensions
- A co-ordinated programme to de-carbonise a market town as demonstration project of what can be delivered in a typical market town.

Indicative Activity:

Develop SMART Environmental technology and supply chains

- Develop the use of SMART environmental technologies and supply chains through promoting the market in low carbon environment technologies
- Raise awareness of start-up and investment funding
- Develop capacity for companies to develop and supply effective energy management systems, remote sensing and real time data exchange in building energy efficiency management and flood control for example. to
- Support SMEs in the use environmental technologies to grow their markets

Indicative Activity:

Retrofitting of Housing and Commercial Premises

- 4.4.24 Following discussions with the National Housing Federation as well as our local housing authorities, the decision has been taken to continue to invest in energy efficiency public sector housing across Leicester and Leicestershire despite the withdrawal of the EIB Opt-in offer. This is because approximately 4,500 – 5,000 units have been identified across the LLEP area as being suitable for retrofit with an estimated capital cost of approximately £25 -30m.
- 4.4.25 This activity will be linked to training opportunities, apprenticeships and work placements and ensure we target our resources where the highest occurrence of fuel poverty. Subject to the emerging operational requirements of the programme will continue to consider a sub-regional response to reduce overhead and operational costs.
- 4.4.26 We are seeking approximately £10m ERDF which will be matched with £10m local match to carry out retrofitting activities under TO-4. This match will be secured from participating Local Authorities and registered providers.

Alternatives Considered

- 4.4.27 We see low carbon as a critical area to support growth and improve the quality of life of residents. We have considered an approach to reducing some of the low carbon initiatives within our ESIF strategy and looking to resource them from alternative means. We see

investment in low carbon as a driver to develop new industries and skills within our area. Therefore we want to develop an integrated programme whereby EU investment and the management and delivery structures that surround our programme can ensure activities are joined up and add value.

Complementarity and Cross Cutting Themes

- 4.4.28 Access to broadband (most notably in rural Leicestershire) will be of critical importance to the delivery of wider objectives to support people and businesses within the ESIF strategy and our Strategic Economic Plan. Expanded rural broadband will support our aim to create sustainable rural communities, facilitating business and agricultural diversification, promoting more effective use of resources (and cutting down journey requirements) and supporting people in rural areas to access employment and training.
- 4.4.29 Better deployment of ICT within businesses can also lead to a range of impacts on EU cross cutting themes, including more efficient resource management process, accelerating the deployment of innovation across the business and the development of smart distribution and lean manufacturing processes. Delivering these outcomes will be the key components of any project specification.

Complementarity and Cross Cutting Themes

- 4.4.30 Low carbon is a cross cutting theme of great importance to a number of our priority sectors as well as being a priority sector in its own right. An example is Food and Drink Manufacturing Production, where in a highly competitive market, there is intense pressure to reduce costs and raise productivity. Managing waste, lowering energy costs, effective disposal of waste water and smarter logistics are central to this agenda.
- 4.4.31 Our approach to retrofitting social housing will aim to concentrate investment in priority areas that have the highest levels of fuel poverty.

4a. LLEP Performance Framework

Priority axis	Indicator or key implementation step	Measurement Unit	Milestone for 2018	Final target (2023)
			More Developed	More Developed
1 - Promoting Research and Innovation Final	Productive investment: Number of enterprises receiving support	Enterprises	#N/A	328
1 - Promoting Research and Innovation	Expenditure	Euros	5,734,966	22,454,699
1 - Promoting Research and Innovation	Number of enterprises receiving support that has been achieved by partially or fully completed operations Final	Number	82	#N/A
2 - Enhancing access to, and use and quality of, ICT	Expenditure	Euros	3,142,978	12,306,022
2 - Enhancing access to, and use and quality of, ICT	Additional businesses with broadband access of at least 30mbps	Enterprises	0	0
3 - Enhancing the Competitiveness of SMEs Final	Productive investment: Number of enterprises receiving support	Enterprises	#N/A	1,778
3 - Enhancing the Competitiveness of SMEs	Expenditure	Euros	14,251,842	55,801,691
3 - Enhancing the Competitiveness of SMEs	Number of enterprises receiving support that has been achieved by partially or fully completed operations Final	Number	461	#N/A
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors Final	GHG reduction: Estimated annual decrease of GHG	Tonnes of CO2eq	#N/A	9,720
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	Expenditure	Euros	10,150,755	39,744,286
4 - Supporting the Shift Towards a Low Carbon Economy in all Sectors	Number of enterprises receiving support that has been achieved by partially or fully completed operations Final	Number	105	#N/A

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4b. LLEP ERDF Programme (2014-20) Targets & Outputs

Investment priority	ID	Indicator	Measurement unit	Target value (2023)
1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest	CO25	Research, Innovation: Number of researchers working in improved research infrastructure facilities	Full time equivalents	11
1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest	P1	Number of researchers working in improved research or innovation facilities	Full-time equivalents	21
1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest	P2	Public or commercial buildings built or renovated	Square metres	537
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	328

1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	230
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	6
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO04	Productive investment: Number of enterprises receiving non- financial support	Enterprises	80

1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	28
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	278,341
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	389,385

1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	26
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO26	Research, Innovation: Number of enterprises cooperating with research institutions Final	Enterprises	177
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO28	Research, Innovation: Number of enterprises supported to introduce new to the market products Final	Enterprises	26

1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	52
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	P2	Public or commercial buildings built or renovated	Square metres	142
2a - Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy	CO01	Productive investment: Number of enterprises receiving support	Enterprises	0
2a - Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy	CO05	Productive investment: Number of new enterprises supported	Enterprises	0
2a - Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy	P3	Additional businesses with broadband access of at least 30mbps	Enterprises	0
2b - Developing ICT products and services, e-commerce and enhancing demand for ICT	CO01	Productive investment: Number of enterprises receiving support	Enterprises	1,423

2b - Developing ICT products and services, e-commerce and enhancing demand for ICT	CO05	Productive investment: Number of new enterprises supported	Enterprises	997
2b - Developing ICT products and services, e-commerce and enhancing demand for ICT	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Enterprises	228
2b - Developing ICT products and services, e-commerce and enhancing demand for ICT	P4	Additional businesses taking up broadband with speeds of at least 30Mbps	enterprises	5,446
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	358
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	236
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	32
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO04	Productive investment: Number of enterprises receiving non- financial support	Enterprises	92
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	277
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	1,245,223
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	40,204
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	145
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	CO28	Research, Innovation: Number of enterprises supported to introduce new to the market products Final	Enterprises	28

3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	P11	Number of potential entrepreneurs assisted to be enterprise ready	Persons	1,133
3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	P2	Public or commercial buildings built or renovated	Square metres	44
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	915
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	612
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	84
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO04	Productive investment: Number of enterprises receiving non- financial support	Enterprises	238
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	287
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	3,873,831
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	1,249,044
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	375
3c - Supporting the creation and the extension of advanced capacities for product and service development	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	144
3c - Supporting the creation and the extension of advanced capacities for product and service development	P13	Number of enterprises receiving information, diagnostic and brokerage	Enterprises	92
3c - Supporting the creation and the extension of advanced capacities for product and service development	P2	Public or commercial buildings built or renovated	Square metres	114

3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	511
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	341
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	48
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO04	Productive investment: Number of enterprises receiving non- financial support	Enterprises	133
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	163
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	2,374,429
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	796,551
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	213
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	81
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	P13	Number of enterprises receiving information, diagnostic and brokerage	Enterprises	51
3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes	P2	Public or commercial buildings built or renovated	Square metres	64
4a - Promoting the production and distribution of energy derived from renewable sources	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	25
4a - Promoting the production and distribution of energy derived from renewable sources	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	5

4a - Promoting the production and distribution of energy derived from renewable sources	CO30	Renewables: Additional capacity of renewable energy production Final	MW	3
4a - Promoting the production and distribution of energy derived from renewable sources	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	1,925
4b - Promoting energy efficiency and renewable energy use in enterprises	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	326
4b - Promoting energy efficiency and renewable energy use in enterprises	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	1,589
4c - Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector	CO31	Energy efficiency: Number of households with improved energy consumption classification	Households	144
4c - Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector	CO32	Energy efficiency: Decrease of annual primary energy consumption of public buildings	kWh/year	138,937
4c - Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	2,299
4e - Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	411
4e - Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	3,545
4f - Promoting research and innovation in, and adoption of, low-carbon technologies	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	48
4f - Promoting research and innovation in, and adoption of, low-carbon technologies	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	8
4f - Promoting research and innovation in, and adoption of, low-carbon technologies	CO26	Research, Innovation: Number of enterprises cooperating with research institutions Final	Enterprises	4

4f - Promoting research and innovation in, and adoption of, low-carbon technologies	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	7
4f - Promoting research and innovation in, and adoption of, low-carbon technologies	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	621

Introduction to Thematic Objectives 8, 9 and 10

4.8.1 Our Strategic Economic Plan sets the context for our ambitions around employment and skills. Through our interventions, we intend to:

- Significantly reduce unemployment in Leicester and Leicestershire by 50% by 2020. Especially in those geographical areas that have entrenched issues and amongst groups that experience labour market disadvantage.
- Reduce youth unemployment by 50% by 2018.
- Reduce 16-19 NEET by at least 50% by 2018.
- Improve employability skills amongst those seeking to enter the labour market
- Address social inclusion in a holistic way and tackle barriers to labour market entry – both skills related and non-skills related
- Improve the match between skills supply and demand both now and in the future
- Up-skilling the current workforce in line with current and future labour market need
- Reduce the proportion of the workforce with no qualifications and/or no recognised qualifications
- Improve the match between the aspirations of young people and the opportunities in the labour market
- Promote employer engagement and encourage more employers to offer internships, apprenticeships, traineeships, work placements and work experience opportunities

4.8.2 We intend to use the EU Structural Investment Funds to address those geographical areas, and disadvantaged groups that receive insufficient help through existing national programmes. In addition, we will use the EU Structural Funds to address skills shortages and skills gaps that are not supported through existing national and local programmes.

Priority Axis 8

Supporting People into Employment

Priority Axis	Thematic Activity	ESF (€1:£0.78 ²⁷)	Match Required (some or all of this is already matched with SFA / DWP “opt-in” funding) (€1:£0.78)	Programme Total (€1:£0.78)
IP 1.1 (8i)	Inclusive labour Markets: Access to Employment for Job Seekers & Inactive People	€15,157,149 (£11,822,576)	€15,157,149 (£11,822,576)	€30,314,298 (£23,645,152)
IP 1.2 (8ii)	Inclusive labour Markets: Sustainable Integration of Young People	€5,263,906 (£3,737,373)	€5,263,906 (£3,737,373)	€10,527,812 (£7,474,746)
IP 1.3 (8ii)	Inclusive labour Markets: Youth Employment Initiative (YEI)	€9,800,000 (£6,958,000)	€9,800,000 (£6,958,000)	€19,600,000 (£13,916,000)

IP 1.1 (8i): Outputs

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	14,910	8,170	6,740
ESF - CO01	Unemployed, including long-term unemployed	10,440		
ESF - CO03	Inactive	3,730		
O4	Participants over 50 years of age	3,120		
O5	Participants from ethnic minorities	3,870		
ESF - CO16	Participants with disabilities	3,690		
O6	Participants without basic skills	2,620		
ESF - CO14	Participants who live in a single adult household with dependent children	1,620		

²⁷ This is subject to change due to a fluctuation in the exchange rate

IP 1.1 (8i): Results

ID	Indicator	Target value (2023)
R1	Unemployed participants into employment (including self-employment) on leaving	22%
R2	Inactive participants into employment, or job search on leaving	33%
R3	Participants gaining basic skills	4%
R4	Participants with childcare needs receiving childcare support	36%
ESF- CR06	Participants in employment, including self-employment, 6 months after leaving	34%

IP 1.2 (8ii): Outputs

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O2	Participants (below 25 years of age) who are unemployed or inactive	5,260	2,880	2,380
ESF - CO01	Unemployed, including long-term unemployed	3,680		
ESF - CO03	Inactive	1,320		
O5	Participants from ethnic minorities	1,050		
ESF - CO16	Participants with disabilities	470		
O6	Participants without Basic Skills	930		
ESF - CO14	Participants who live in a single adult household with dependent children	210		

IP 1.2 (8ii): Results

ID	Indicator	Target value (2023)
R3	Participants gaining basic skills	4%
R5	Participants (below 25 years of age) in employment, including self-employment, or education/ training upon leaving	43%
ESF- CR06	Participants in employment, including self-employment, 6 months after leaving	34%

For further information as regards the expected ESF Performance Framework for the LLEP go to Page 104

Proposed LLEP Calls for Activities

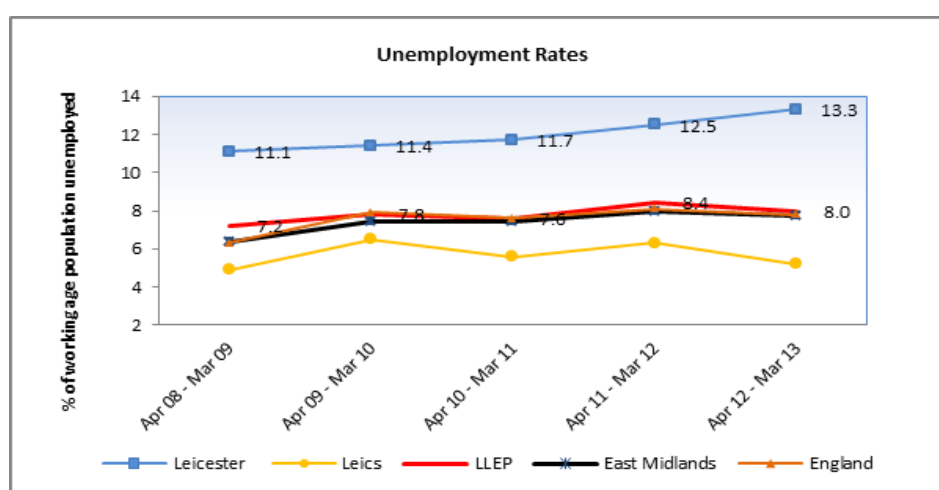
Thematic Activity	ESF (£)	Match intervention rate of 50%	Total (£)	Call Launch	Length of Contract
NEET Interventions	£2,100,000	SFA	£4,200,000	Dec-15	2 years
Ex-Offenders into Employment	£1,000,000	SFA	£2,000,000	Jan-Mar 16	2 years
Employment Gateway	£2,300,000	SFA	£4,600,000	Jan-Mar 16	2 years
Entry to Employment	£6,000,000	DWP	£12,000,000	Jan-Mar 16	3 years
Sector-based Initiatives	£450,000	SFA	£900,000	Jan-Mar 16	2 years

Due to fluctuations in the exchange rate future Calls for Activities (post 2018) will only be issued once the Managing Authority have agreed our budgets going forward to ensure that we do not over-commit our Programme funding.

Evidence and Rationale for Intervention

4.8.3 The chart below highlights that the rate of unemployment within the LLEP area sits at around the England and East Midlands average. This data masks a considerable difference between Leicester (which has seen a high and consistently increasing unemployment rate) and Leicestershire, which is much lower than the regional average and has held fairly static. The County data, however, hides some concentrations of high unemployment, notably in the areas of Loughborough and Coalville.

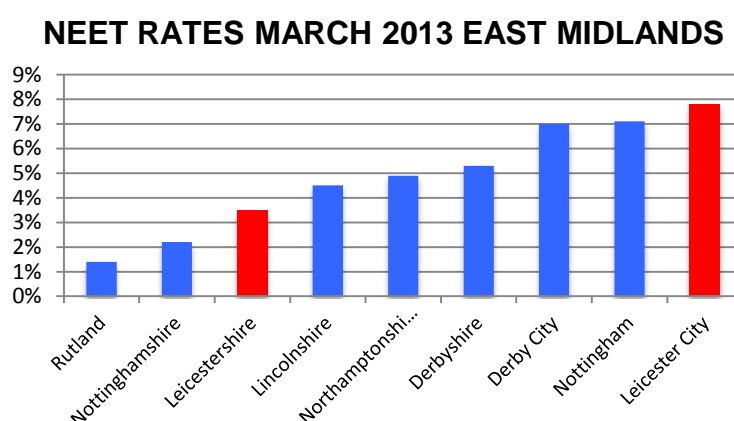
Chart 4.5 Unemployment Rates by area



Young People

- 4.8.4 The working age population of Leicester and Leicestershire is around 637,000 people of whom around 486,000 are economically active.²⁸ Each year, around 10,700 young people join the local labour market from school, tertiary education, or higher education.
- 4.8.5 Consultations and discussions with a range of parties, including the business community indicate a concern with the relatively low level of academic attainment amongst many of our young people - our recent data shows that just under a half (48.5% in Leicester City and 43.1% in the County) do not achieve 5 GCSEs A*-C including English and Mathematics at age 16²⁹. In addition, and within Leicester City especially, a high number of 16-18 year olds are not in education, employment or training (NEET) or are moving in and out of unemployment (18-24 year olds). This creates a significant economic barrier to the local economy which: reduces the productivity of the local economy; impedes the ability of local businesses to hire skilled staff; and is costly to the State.

Chart 4.6 NEET Rates within the East Midlands (Department for Education)



- 4.8.6 Some groups of young people, notably White and Black Caribbean males in Leicester attain very poorly and feature prominently in NEET. White young people in Leicester also have very low participation rates in post 16 education and training. Groups such as these attain to much lower levels than their peers – sometimes to less than half or a third by age 19. These factors depress the overall attainment levels of young people in the LLEP area and create a significant pool of young people who do not have the skills, qualifications and attributes that employers need and whose employment prospects are very poor.
- 4.8.7 The unemployment rate amongst 18-24s is also high in Leicester City (5.3%) compared to the England average (5.1%) although lower in the wider County (2.9%).

²⁸ Labour market profile of Leicester City and Leicestershire. NOMIS.

<https://www.nomisweb.co.uk/reports/lmp/la/2038431985/report.aspx?town=leicester#tabquals>

²⁹ Joint Council for Qualifications (2013)

Skills Needs

4.8.8 Analysis from our comprehensive Skills Needs Assessment conducted in 2013 also shows that skills gaps and skills shortages exist in the local economy and local employers are finding it difficult to recruit. Our survey of 1,000 local businesses showed that:

- Overall 27% of recruiting businesses had experienced difficulties.
- 54% of recruiting engineering businesses experienced difficulties (up from 35% in 2011).
- 29% of manufacturing businesses had struggled to recruit skilled trades.
- 26% of manufacturing businesses had found it difficult to recruit plant and machine operatives.
- Care assistant was the most frequently mentioned 'hard to recruit' occupation.

4.8.9 Tackling this issue of high youth unemployment and NEET rates is part of our overarching work to improve the Leicester and Leicestershire economy. We want to reduce the flow of low skilled, poorly qualified individuals into adulthood. Currently 14.2% of working age adults in Leicester have no qualifications compared to the England average of 9.5%³⁰. The Leicester figure has improved in recent years (from 25.6% in 2004) but is still significantly above the national figure.

4.8.10 In Leicester and Leicestershire, DWP notes that there are permanently vacancies within the care sector and these prove the most challenging vacancies to fill. Logistics vacancies can have similar issues, with driving jobs and warehousing jobs being regularly available and unfilled. These sectors will be a focus for linking unemployed adults back into work with appropriate support.

4.8.11 It is a common complaint of LLEP employers that people applying for jobs are not work ready; lacking the basic skills to apply for and secure the job and to meet the expected standards in a working environment. Our consultations reinforced this perception.

Graduates

4.8.15 Retaining a greater share of our graduates and indeed attracting graduates from other areas could contribute to a more productive local economy. However, in order to do this, we will need local businesses to create more opportunities for graduates to be productively employed. Further discussions are planned with our local universities to explore scope for intervention. For example, there may be scope to develop programmes to make it easier for SMEs to recruit graduates. Work placements, internships, and temporary jobs can all be mutually beneficial to graduate and employer.

4.8.16 At a national level, graduate employment rates are high, but underemployment is a major issue. It is estimated that around 10 - 40% may be in non-graduate jobs and therefore blocking entry to others wishing to enter the labour market.

³⁰³⁰ Nomis (2012)

Those Aged 25+

4.8.17 In our consultations, the Voluntary and Community Sector highlighted the need to develop and support the adult work force and respond to its needs, especially as it ages. The importance of providing support mechanisms for adults to access and remain in employment is paramount to maintaining a diverse work force. The approach to address these challenges could encompass:

- Quality information, advice and guidance (IAG)
- Improved identification of those at risk of long term unemployment /poor access to employment
- Targeted intervention to develop soft skills and training towards employment for those furthest from the job market
- Delivery of 'in work' support for those with lifelong conditions
- Retraining support for people seeking career changes including through redundancy

4.8.18 Whilst much of our focus is on young people aged under 25, we also identified that additional activity should be targeted to support two further cohorts who are classed as 'Furthest from the Labour Market'. These are: Families with Complex Needs and ex-Offenders. Our rationale for selecting these two groups in particular, is shown below:

Families with Complex Needs

- The national Troubled Families programme defines Troubled Families as those who:
 - are involved in youth crime or anti-social behaviour
 - have children who are regularly truanting
 - have an adult on out-of-work benefits
 - cost the public sector large sums in responding to their problems, an estimated average of £75,000 per year
- In Leicester and Leicestershire there are nearly 2,000 families that are part of the Troubled Families intervention programme.

Ex-offenders

- The unemployment rate among ex-offenders is consistently high. Results from the offending, employment and benefits data linkage project indicates that 75% of ex-prisoners have claimed out-of-work benefits at some point in the two years after release from prison while 47% of ex-prisoners are still claiming out of work benefits 2 years after release³¹. In the LLEP area, there are typically 3,900 ex-offenders working with the probation service, of these around 60% of City and 40% of County ex-offenders are unemployed at termination of their involvement (compared with 5.4% for the City and 2% for the County general population).

Target Groups – Young People (15 to 24)

4.8.19 Our analysis has shown that the following groups are at greater risk of becoming long term unemployed. Through our TO8 ESIF allocation, we would like to focus on interventions to support these groups in particular:

³¹ Offending, employment and benefits – emerging findings from the data linkage project, Ministry of Justice and Department for Work & Pensions publication, 2011.

1. Young people with no qualifications
2. Those with Learning Difficulties and/or Disabilities
3. Those looked after/in care
4. Carers – own child, parent, other children
5. Care leavers
6. Supervised by Youth Offending Team or Probation Service
7. Ex-offenders
8. Teenage pregnancies/mothers
9. Substance misusers
10. Participants in troubled families programmes
11. People with English language needs
12. Other vulnerable groups including BME groups

Target Groups – Aged 25 and Over

4.8.20 Similarly, for those aged 25 and over, we would like to target the following groups which are at greatest risk of long term unemployment and/or economic inactivity:

1. People with no qualifications
2. Women returners to the labour market
3. Those with Learning Difficulties and/or Disabilities
4. People with mental and/or physical health problems
5. Carers – own child, parent, other children
6. Ex-offenders
7. Supervised by Probation Service
8. People at risk of offending
9. Substance misusers
10. Participants in troubled families programmes
11. People aged over 50
12. Other vulnerable groups including BME groups

Value for Money, Opt In and Rationale for EU Structural Funds Allocation

- 4.8.21 The above work provides a coordinated response amongst local partners and agencies and defines a role for our ESIF Strategy to link together supply of labour with demand and opportunity.
- 4.8.22 Our preferred approach is to work strategically and long term with **our Opt-In partners SFA and DWP** to ensure a long-term approach to some of the challenges we face within the local labour market and to reduce levels of overall worklessness, whilst retaining some resources for flexible, locally devised interventions.
- 4.8.24 The extent of Youth Unemployment in Leicester and Leicestershire has meant we have allocated half of our ESF allocation towards supporting job readiness in young people aged under 25 (£11m), with the other resources looking at job readiness in over 25s (£11m).
- 4.8.25 There are some very clear links with activity under thematic objectives 9 and 10 that we would look to use to secure value for money, stronger outcomes and a more co-ordinated

programme of activity. We would also seek to liaise with the National Offender Management Service locally as to how we can co-ordinate support through their ESF and mainstream programmes.

- 4.8.26 It is also critical that all activities within other Thematic Objectives are working hard to create opportunities to expand opportunities within the labour market, which we would plan to co-ordinate through our Business Growth Hub.
- 4.8.27 We have reviewed previous activity where we have been able to identify performance data and have benchmarked our costs and outputs against this activity (alongside local and national discussions with our Opt-in partners - DWP and the Skills Funding Agency). Our costs per participant compare favourably with the Work Programme for example. To ensure additionality, we have discussed our proposed activities with DWP and SFA and focussed our efforts on target groups that are most disadvantaged and requiring more support than current national programmes cover. (Assumptions on costs per participant are provided in Appendix B).

Alternatives Considered

- 4.8.28 Our approach to supporting people into employment within our ESIF Strategy will be through the LLEP Employment Hub. In setting up the Gateway our approach is to co-ordinate employability and labour market activity (initially for young people). Therefore we have dismissed the only other real alternative of separating the activity out (either by geography or target group) and allowing individual contractors to compete under their own branding and develop their own referral routes.
- 4.8.29 We wish to retain considerable flexibility in how we deploy our resources across this objective, so have retained a small proportion of our ESF allocation for local match.

Complementarity and Cross Cutting Themes

- 4.8.30 All activities commissioned through EU Structural Funds will be additional activity and are not intended to duplicate existing provision. Activity commissioned through ESIF will be direct provision. We have co-designed the structure of our ESIF programme with a range of central government departments to ensure complementarity with existing core provision and will follow a similar approach – especially when working with Opt-In partners.
- 4.8.31 Our approach to commissioning services will incorporate both a rigorous approach to ensuring social inclusion, especially relating to targeting referrals from the most disadvantaged groups in the labour market and ensuring people are given employability skills to access local employment opportunities. We will ensure there are opportunities for the Civil Society sector to engage in the programme and will look for both added value and innovation in engaging clients in the commissioning process.

Indicative Activity:

- 4.8.32 Our key aim through TO8 is to support people to enter or return to the labour market and thereby reduce unemployment. In particular, we wish to use ESF to provide a more tailored

service to those that are long term unemployed and disadvantaged groups that are at greatest risk of becoming long term unemployed. The intention is to complement mainstream provision by providing a much more holistic and bespoke service to support those that need it most.

- 4.8.33 We recognise that the type of support will vary by the age of the individual, but it is too simplistic to design our interventions on the basis of age alone. It is vital to take a 'whole person' approach and provide a seamless service for each individual to support labour market entry. This is likely to be more expensive than mainstream provision but the benefits and long term savings to the state will be considerable.

Supporting young people (15 to24) into the labour market - job readiness and improving employability skills

- 4.8.34 Through TO8, we wish to support the following activities for the 15 to 24 age group:

- **Employment Gateway.** The Employment Gateway will build on current DWP provision by offering more intense support to those that are most disadvantaged and likely to become long term unemployed. The service will include holistic assessment, IAG, tailored case worker support to help labour market entry. There will be in depth support for CV writing, interview skills and mentoring activities. The case workers will also provide support whilst young people are in training and in early employment. The Gateway staff will signpost to:
 - careers advice
 - appropriate and comprehensive support to overcome barriers
 - training provision
 - employment and placement opportunities (e.g. volunteering, work placements, traineeships, apprenticeships)
- **Enhancement to National Careers Service offer.** In particular, we wish to provide more face to face support for those that are disadvantaged, better labour market information and to support activities that will raise aspirations.
- **Sector-based initiatives.** Additional sector-based initiatives to help move people into employment in those sectors that are experiencing recruitment difficulties or have large expansion plans or have relied heavily on agency labour in the past (similar to current sector-based work academies). To include:
 - individual and employer engagement
 - pre-employment training provision
 - additional skills support in workplace
- **Employer engagement.** Activities to raise awareness and increasing the demand for apprenticeships, traineeships, work placements and work experience type activities.
- **Structured programmes** to help young people become **job ready**. This will include careers advice and guidance, preparation activities, confidence building, employability

skills and interventions to improve job readiness.

- **Structured programmes** and activities to support **NEET** and young unemployed to acquire relevant skills including basic maths and language skills to help labour market entry
- **Transition support** for young people in the transition from education to work – for example traineeships, work placements, graduate placements, internships
- **Support for graduates** to gain the vocational skills and experience required to enter higher up the labour market

Supporting those aged 25 and over into the labour market - job readiness and improving employability skills

4.8.35 Through TO8, we wish to support the following activities for those aged 25 and above:

- **Employment Gateway.** The Employment Gateway will build on current DWP provision by offering more intense support to those that are most disadvantaged and likely to become long term unemployed. The service will include holistic assessment, IAG, tailored case worker support to help labour market entry. There will be in depth support for CV writing, interview skills and mentoring activities. The case workers will also provide support to participants whilst they are in training and in early employment. The Gateway staff will signpost to:
 - careers advice
 - appropriate and comprehensive support to overcome barriers
 - training provision
 - employment and placement opportunities (e.g. volunteering, work placements)
- **Enhancement to National Careers Service offer.** In particular, we wish to provide more face to face support for those that are disadvantaged, better labour market information and to support activities that will raise aspirations.
- **Sector-based initiatives.** Additional sector-based initiatives to help move people into employment in those sectors that are experiencing recruitment difficulties or have large expansion plans or have relied heavily on agency labour in the past (similar to current sector-based work academies). To include:
 - individual and employer engagement
 - pre-employment training provision
 - additional skills support in workplace

- **Structured programmes.** Intensive support to those most disadvantaged to help those over 25 to become job ready. Service to include careers advice and guidance, preparation activities, confidence building, employability skills and activities to develop job readiness. Support for key transition stages will be important.
- **Intense and holistic programmes.** These could include case workers which will help to overcome barriers to labour market entry/return in a holistic way, recognising the significant needs of the long term unemployed.
- **Early intervention.** Improved identification and support for those at risk of unemployment (e.g. through redundancy) or with poor access to employment.
- **Basic Skills Support.** Additional support to help people overcome basic skills problems which could also include ESOL support.

Priority Axis 9

Promoting Social Inclusion

Priority Axis	Thematic Activity	ESF (£:0.78) ³²	Match Funding (provided by the Big Lottery Fund)	Total Investment
IP 9i (1.4)	Promoting Social Inclusion	€10,532,215 (£8,215,128)	€10,532,215 (£8,215,128)	€21,064,430 (£16,430,255)

IP 1.4 (9i) Outputs

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	4,740	2,610	2,130
ESF - CO01	Unemployed, including long-term unemployed	2,500		
ESF - CO03	Inactive	1,910		
O4	Participants over 50 years of age	860		
O5	Participants from ethnic minorities	1,220		
ESF - CO16	Participants with disabilities	1,120		
O7	Participants who are offenders or ex-offenders	n/a (NOMS only)		

IP 1.4 (9i) Results

ID	Indicator	Target value (2023)
ESF - CR02	Participants in education or training on leaving	17%
R1	Unemployed participants into employment, including self-employment on leaving	14%
R2	Inactive participants into employment, or job search on leaving	27%
R4	Participants with childcare needs receiving childcare support	36%

³² This is subject to change due to fluctuations in the exchange rate

For further information as regards the expected ESF Performance Framework for the LLEP go to Page 104

Proposed LLEP Calls for Activities

LLEP Activity	ESF Available (£)	Big Lottery Match (£)	Total Funding Available (£)	ESF Call Date	Length of Contract
Digital & Financial Inclusion	£1,940,000	£1,940,000	£3,880,000	Jun-15	3 years
Holistic Social Inclusion	£5,238,000	£5,238,000	£10,476,000	Mar-16	3 years
Young People Inclusion	£1,940,000	£1,940,000	£3,880,000	Jun-15	3 years
Rural Inclusion	£2,425,000	£2,425,000	£4,850,000	Mar-16	3 years
Family Inclusion	£2,134,000	£2,134,000	£4,268,000	Jun-15	3 years

Due to fluctuations in the exchange rate, future Calls for Activities (post 2018) will only be issued once the Managing Authority have agreed our budgets to ensure that we do not over-commit our Programme funding going forward.

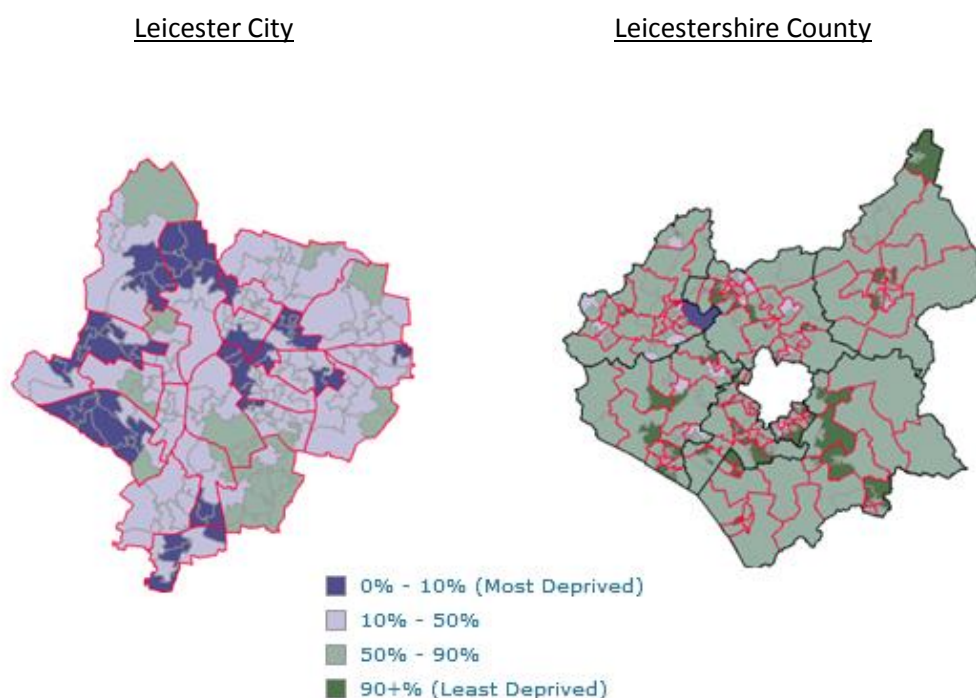
Rationale for Intervention

- 4.9.1 Approaches to tackle poverty and social exclusion are a core component of our ESIF Strategy to support people back into the labour market. The ultimate aim of policies to stimulate growth is to make a positive difference to the lives of people living and working in Leicester and Leicestershire. Social inclusion and tackling poverty is not just an issue for those out-of-work. Full time equivalent resident earnings within Leicester and Leicestershire are both below the England average. Furthermore, some members of our workforce are under-employed – which has significant implications for addressing poverty and inclusion.
- 4.9.2 Social inclusion and opportunities for personal betterment are presented in this section as a key investment strand of our ESIF strategy. However, we also see social inclusion as a cross cutting theme running through the whole of our ESIF strategy. Our emphasis in this section is placed on a holistic approach which will improve opportunities for people to enter the labour market and overcome complex barriers. We see this theme as providing some of the additional support that is essential before people experiencing significant disadvantage are ready to participate in the activities described under TO8. There are also opportunities to improve people's circumstances in other areas of this strategy, for example by prioritising areas of fuel poverty within our TO4 Low Carbon interventions.
- 4.9.3 Based on 2009 estimations used in the Child Poverty Strategies of Leicester and Leicestershire, there were 26,565 children and young people, aged 0-19 years old, living in poverty in the City. This amounts to 35.3% cent of the total 0–19 year old population. There is a core concentration of child poverty within the city, with 47% of this total located within five wards of the City. Within Leicestershire there were 16,165 children in poverty, 11.7% of all the county's children, but again with some clear spatial concentrations. Leicestershire

has identified 3,300 troubled families within the County in need of supportive interventions, with a further 1,140 identified within the City – again with some clear spatial concentrations.

- 4.9.4 Tackling intergenerational unemployed and long term poverty is a clear priority for our area. Poverty affects whole families and can persist for years. The socio-economic status of adults correlates with their socio-economic status in childhood.

Map 4.1 Distribution of wards by IMD category (2010)



Produced by the Research & Insight Team, Leicestershire County Council. © Crown Copyright. All rights reserved. Leicestershire County Council. LA100019271. Published 2013

- 4.9.5 The LLEP Economic Assessment identified that 40% of Leicester City’s neighbourhoods fall into the 20% most deprived nationally, whereas in the County five neighbourhoods fall into this category. This is reflected in the maps above. This suggests that deprivation is relatively widespread in Leicester, but that Leicestershire also experiences pockets of deprivation. However, rather than being in isolated rural areas, the most deprived parts of Leicestershire are those within urban areas.
- 4.9.6 There is a clear rationale for activity under this Thematic Objective (TO9) to work closely with interventions within TO8. Approaches under this allocation will add value to both mainstream activities of agencies that are supporting poverty reduction and other programmes such as the Troubled Families programme. However, there will be greater emphasis on areas that display high indicators of poverty and are in the 20% of most disadvantaged wards nationally. In general, the interventions in this theme will help people to become ready for the activities described in TO8.
- 4.9.7 The LLEP has decided not to nominate any Community Led Local Development areas within our ESIF Strategy. The LLEP Economic Strategy Programme Board expressed a preference to

see if other approaches were more suitable and could deliver similar or stronger outcomes within specific geographical areas, building on existing partnership structures where they exist.

- 4.9.8 We intend to use a proportion of the ESF resources to take new approaches, to pilot innovative methods of delivery and this will particularly involve the Voluntary and Community sector, including social enterprises. In particular, we wish to explore new methods to improve the effectiveness of our interventions and to increase the reach so that a greater number of workless or inactive beneficiaries will benefit.

Target Groups – Vulnerable People

- 4.9.9 Our economic assessment, consultation events and ongoing stakeholder engagement identified that the following groups are more likely to experience significant barriers to employment and skills development. Under TO9, we would like to target intervention to support the following groups:

1. People with no qualifications
2. Young people / NEETs
3. Geographical areas with intergenerational issues
4. Long term unemployed
5. People with mental and physical health problems
6. Those with Learning Difficulties and/or Disabilities
7. Carers – own child, parent, other children, teenage pregnancies/mothers
8. Those looked after/ in care / care leavers
9. Ex-offenders / Supervised by Youth Offending Team / LRPT
10. Substance misusers
11. Homeless people
12. Participants in “Think Families”/ “Supporting Leicestershire Families”
13. Over 50s
14. Women returners to the labour market
15. People with English language needs
16. Other vulnerable groups including BMEs

- 4.9.10 In consultations, there was a clear emphasis on tackling barriers to work in a holistic and integrated way, including through supporting early action before problems become entrenched. There was also support for both outreach activities and better access to locally provided services.

Rural Economic Inclusion

- 4.9.11 As noted earlier, much of Leicestershire is a rural County, there are over 300 settlements with a population of fewer than 10,000; which means rural areas can often be overlooked in mainstream delivery and projects.
- 4.9.12 Whilst rural Leicestershire is less deprived than the county as a whole, its disperse nature can cause practical difficulties as well as cost premiums for providers. The declining trend of young people in rural areas and increasing ageing population also provides challenges for the sustainability of settlements, delivery of rural services and the rural economy as a whole. Living in a rural area on a low household income or with mobility barriers can be hugely isolating and lead to a range of more complex health, wellbeing and debt issues.
- 4.9.13 It is important that we tackle deprivation and isolation and provide support for the young and old to live and work in rural areas, as well as provide assistance for providers to deliver tailored and outreach interventions that are not impeded by higher delivery premiums. It is particularly important that we look to develop the capacity of the community and voluntary sectors to help with this.
- 4.9.14 Where there is a concentration of deprivation in rural areas (e.g. 3% of rural LSOAs are in the most deprived 10% in the county and much of this is still in the north-west) a place-based approach may be the most effective solution to tackle barriers that are more prevalent to a settlement or cluster of settlements.
- 4.9.15 This strategy aims to grow the economy and create jobs in both rural and urban areas. This element of the strategy aims to ensure that there is the required support for all people living in rural areas to access these jobs through a range of progressive interventions towards work and training.

Value for Money and Rationale for EU Structural and Investment Funds Allocation

- 4.9.16 We can see considerably synergy with the flexibility and approach of the Big Lottery Fund and will create a co-investment programme between Big Lottery resources and the ESF allocations within our ESIF strategy. On this basis we propose allocating all of the £11m we have allocated to the TO9 Social Inclusion theme against the Big Lottery Opt-In. Discussions with the Big Lottery have confirmed that we will work together to determine the best way to deliver against the objectives and priorities we have set out. This could be a mix of proven delivery models or more innovative and bespoke solutions, tailored to local need. Recognising the nature of the intensive interventions required to make a sustainable difference, we have benchmarked our costs per participants against other 'high intensity' interventions and consider our outputs to be realistic and good value for money (Appendix B). This approach has been confirmed through discussions with Big Lottery.
- 4.9.17 In line with our wish to develop long term investment programming, our thinking at this stage is that we would wish to build upon the initial two year minimum funding arrangement to match fund larger, and/ or longer-term, projects. Whilst not the only delivery partners

within this thematic objective, we understand the central role of the Civil Society sector and their roots within some of the communities we wish to affect change in. We have consulted with a range of civil society organisations and social enterprises and feel a co-financed model would give greater certainty of investment and planning and allow a greater opportunity to work to Full Cost Recovery principles (where possible within EU Structural Funds regulations) and to allow longer term consortium delivery. The Big Lottery Fund has offered to handle all the administrative requirements around the ESI Funds and match them at source. This means that local organisations will not have to deal with the complexity of managing two separate funding streams. We have discussed the importance of capacity building with local VCS organisations and the Big Lottery.

Complementarity and Cross Cutting Themes

Equality and Anti-Discrimination

- 4.9.18 The LLEP area is one of the most culturally diverse cities in the UK with more than 70 languages or dialects spoken.
- 4.9.19 In the 2011 census, Leicester had a white (UK) population of 45.1% compared with an average of 80.5% in England and Wales. Leicester's next largest community is Asian / British Asian (Indian) of 28.3% compared with an average of 2.5% across England and Wales.
- 4.9.20 In addition, Leicester has a higher than average young population but with lower than average educational attainment (at age 16) compared to the average in England and Wales.
- 4.9.21 Leicester has a great reputation for the strength it draws as a city from this diversity and for the way in which it works hard to bring different communities together to foster understanding and tolerance.
- 4.9.22 Leicestershire is predominantly White (UK) with Black & Ethnic Minority Communities (BME) making up approximately 4% of the total population.
- 4.9.23 This means that our services across Leicester and Leicestershire will need to address common barriers to participation as well as be flexible to meet the needs of all our diverse communities.
- 4.9.24 The LLEP and its partners are committed to promoting equality and combating discrimination in all its forms in line with both domestic legislation such as the 2011 Public Sector Equality Duty (the Equality Duty) as well as European regulations.
- 4.9.25 All projects will need to contribute positively to equal opportunities by ensuring equal access across the City and County to training and employment opportunities. Projects should aim to break down barriers to increase work and skills development.
- 4.9.26 Our partners with expertise in equality have contributed in preparing the investment strategy and will continue to assist through the development of activities and the implementation and monitoring of programmes.

4.9.27 In addition, whilst social inclusion is not a cross-cutting theme, we have consulted with many local leaders / community groups in drawing up this Strategy to ensure that where possible social innovation is reflected both in our approach and in the development of activities where applicable.

Indicative Activity:

4.9.28 The LLEP recognises the importance of a just and inclusive labour market, accessible to all our communities. We will focus on tackling high inactivity rates by providing additional and/or more intensive and flexible support tailored to the multiple needs of people at most disadvantage in the labour market on their pathway to employment.

4.9.29 Activities will aim to move people to more independent ways of living. Provision and innovation will be targeted at areas of need by geography and community across Leicester and Leicestershire, based on those areas that are in the 20% most disadvantaged and with specific issues related to rural exclusion.

4.9.30 We will support the following activities under TO9:

Holistic Approach to Social Inclusion

- **Holistic approach to barriers.** Tackling barriers to work in a holistic and integrated way including soft skills and non-skills barriers e.g. transport, childcare, confidence building, and surviving first month when coming off benefit.
- **Early intervention.** Supporting early intervention before problems become entrenched, including outreach activities and access to locally provided services.
- **Whole system approach.** Development of whole system family focused approaches to intergenerational worklessness and core economic barriers.
- **Raising aspirations.** Activities to raise aspirations within areas of high worklessness, including confidence building, engagement and work tasters. Activity will be supported by provision of local labour market information (LMI) to take advantage of local employment opportunities.
- **Financial and digital inclusion.** Activities to develop financial capabilities and enhance digital inclusion across our vulnerable communities.
- **Community-based activities.** Activities to develop community led, bottom up initiatives (especially supported by VCS) building on the progress of the Talent Match pilot programme.
- **Community engagement.** Engagement of vulnerable and disadvantaged people back into their communities, e.g. through community champions, community projects and volunteering.

Rural Economic Inclusion

- **Transport.** Rural transport projects for people to access work and training.
- **Rural services.** Support for basic rural services including through the development of social / community enterprises.
- **Training and volunteering.** Training and volunteering in rural, environment and heritage skills.
- **Capacity building.** Develop the capacity of community groups to deliver local services.
- **Self-employment.** Provide support for people considering self-employment especially women-led enterprises.
- **Work experience and apprenticeships.** Facilitating local work experience and apprenticeships to meet the needs of rural businesses.

Thematic Objective 10

Skills Development

Priority Axis	Thematic Activity	ESF (£:0.78) ³³	Match/Opt In (£:0.78)	Total Investment (£: 0.78)
IP 10iii (2.1)	Enhancing Equal Access to Lifelong Learning	€20,913,215 (£16,312,307)	€20,913,215 (£16,312,307)	€41,826,430 (£32,624,614)
IP 10iv (2.2)	Improving the Labour Market relevance of Education and Training Systems	€4,382,849 (£3,418,622)	€4,382,849 (£3,418,622)	€8,765,698 (£6,387,244)

IP 10i (2.1): Outputs

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	19,100	9,360	9,740
O4	Participants over 50 years of age	3,820		
O5	Participants from ethnic minorities	4,870		
ESF - CO16	Participants with disabilities	1,380		
O6	Participants without basic skills	3,360		
ESF - CO14	Participants who live in a single adult household with dependent children	830		

IP 10i (2.1): Results

ID	Indicator	Target value (2023)
R3	Participants gaining basic skills	11%
R6	Participants gaining level 2 or below or a unit of a level 2 or below qualification (excluding basic skills)	25%
R7	Participants gaining level 3 or above or a unit of a level 3 or above qualification	8%
R8	Employed females gaining improved labour market status	35%

³³ This may change due to fluctuations in the exchange rate

IP 10iv (2.2): Outputs

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
CO23	number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)	340		

IP 10iv (2.2): Results

ID	Indicator	Target value (2023)
R9	Small and Medium Enterprises successfully completing projects (which increase employer engagement; and/or the number of people progressing into or within skills provision)	75%

For further information as regards the expected ESF Performance Framework for the LLEP go to Page 104

Proposed LLEP Calls for Activities

Thematic Activity	ESF	Match/Op t In	Programme Total	Launch of Call	Future ESF Calls
'Skills Metro' (IAG)	£6,000,000	£6,000,00 SFA	£12,000,000	Jan-Mar 16	tbc
Employment Hub	£5m	£5m Open / Match Required	£10m	Jan-Mar 16	Tbc
Leadership and Management Development	£2,000,000	£2,000,000 SFA	£4,000,000	Jan-Mar 16	Tbc
Leadership and Management Development	£1,000,000	£1,000,000 Open / Match Required	£2,000,000	Jan-Mar 17	Tbc
Business & Employment Skills	£2,000,000	£2,000,000	£4,000,000	Jan-Mar 16	tbc

Due to fluctuations in the exchange rate, future Calls for Activities (post 2018) will only be issued once the Managing Authority have agreed our budgets going forward to ensure that we do not over-commit our Programme funding.

Also in future years where previously we have been in receipt of SFA match funding to support activity, we will no longer have this facility available to us.

Rationale for Intervention

4.10.1 Skills are central to the growth agenda - plans by businesses to enter new markets, create new products, or achieve efficiencies can falter if the right skills are not available. A lack of appropriate skills within local labour markets can lead to rising producer costs as wage rates are relatively inflated to other areas, the importing of labour from other areas, reducing opportunities within the labour market – or most extreme, the relocation of businesses and industries. Having the right skills are also central to the urgent task of getting more people into work and progressing within it and making long term sustainable increases in workplace and resident earnings.

4.10.2 LLEP carried out a comprehensive Skills Needs Assessment in 2013 to identify the skills priorities for local employers and the current supply of skills to meet these needs. This was achieved by collating data from a wide range of sources and through extensive consultation with employers, stakeholders and providers of education and training. Some of the key findings are presented below and others were presented earlier in the document.

4.10.3 The LLEP area's labour market has some distinctive features including:

- High concentrations of manufacturing employment when compared to the national picture (14.1% LLEP area, vs 8.4% in England).³⁴
- High concentrations of logistics sector employment within Leicestershire County (14%).
- A high reliance on the public sector for employment in Leicester City (one in four jobs), and 18.1% of employment in the health/social care sector.
- Leicester City has a lower share of its residents (32.4%) employed in higher skilled occupations (Managers, Professionals and Associate Professionals) than is the case nationally (44.7%) and in Leicestershire County.³⁵

4.10.4 Key changes in net employment levels across sectors within the LLEP areas are:

- There has been a fall of 25,000 jobs in the local economy over the time period 2008 to 2011, with employment levels at 433,000 jobs. This represents a 5 per cent fall and is higher than the national fall of 3%. The fall in employment over 2008 to 2012 is still higher than the national average (-5.2% versus -2.2%, representing a loss of 23,900 jobs locally).
- The transport and storage sector (logistics) has seen employment growth of **12.2 per cent** across the LLEP area.

Business Response

³⁴ Business Register and Employment Survey 2012

³⁵ ONS Annual Population Survey (July 2012 to June 2013)

- 4.10.5 Evidence from the 2012 Leicester and Leicestershire Business Survey suggests there has been a slight increase in businesses reporting recruitment difficulties. This was especially marked amongst engineering sector businesses, where 54% of recruiting businesses had experienced difficulties.
- 4.10.6 In terms of occupational category, businesses had found it difficult to fill associate professional, technical and low skilled job categories. Manufacturing businesses had experienced particular problems in recruiting skilled trade occupations and plant/machine minders. Overall, the most mentioned hard to recruit occupations were care assistants, catering assistants and sales roles – which creates significant potential to support entry level employment opportunities.
- 4.10.7 Almost a quarter of businesses thought skills shortages were having an impact on their business, with a much higher proportion of engineering businesses mentioning skills shortages (45%). Half the local businesses interviewed felt there were some skills gaps in their workforce, especially in the area of interpersonal and communication skills.
- 4.10.8 Our consultations identified developing a more **responsive approach to delivering lifelong learning** as a key contributor to economic growth. For businesses and individuals alike, accessing training can be a challenging process.

Priority Areas for Action Identified in the Skills Needs Assessment

Addressing structural mismatches within the local labour market. Demographic changes are resulting in big replacement demand requirements within the local labour market. Yet, there also remain long-term unemployed and workless individuals wanting work. This will require effective, multi-agency working to help those out of work to access the available jobs – through addressing employability skills and non-skills barriers to employment. (This is mostly addressed through TO8 and TO9).

Increasing the supply and retention of economically valuable skills to local employers. There needs to be a strong focus on the supply, and retention, of ‘economically valuable’ skills, combined with strong generic skills i.e. skills that match the jobs within the local economy. There are particular concerns around meeting the needs for Science, Technology, Engineering and Mathematics skills (STEM) and also the needs of growing sectors such as **logistics and care**. The assessment has also highlighted the importance of management skills. In terms of occupations – the highest volume of job openings will be at the professional level, with high demand for science and technology professionals.

Creating effective employer-provider working relationships. These are crucial to ensuring local providers are supporting the delivery of ‘economically valuable’ skills to employers. Feedback mechanisms are also required to ensure the on-going relevancy of curriculum, especially in faster paced, technologically driven, areas of learning. Development of academy approaches, supply-chain training, employer training groups, can all play valuable roles in extending out systematic training to smaller businesses.

Stimulating employer demand and better utilisation of skills. Employers have a central role to play in the demand for, and utilisation of, skills within their business. Employers may need support with workforce and succession planning to help reduce skills mismatches now and in the future. This could include support with recruitment practices especially to fill niche or higher skill level roles.

Development of good quality Labour Market Information (LMI). This is a complex area and it is difficult to plan precisely. However, it is important that local decision making is informed by LMI and that individuals, employers, providers and funders have access to the best information available.

Ensuring strong provision of Information Advice and Guidance (IAG) - Access to effective information, advice and guidance (IAG) - individuals' learning choices (at all stages) need to be informed by strong Labour Market Information. There needs to be greater awareness of the different opportunities available now and in the future (e.g. by industry sector and occupation). There also needs to be greater visibility/increased understanding of the vocational pathways that lead to further and higher level educational qualifications, alongside the traditional academic routes. Work experience, employer ambassadors, and strong education and business links are also required

Creation of Career/skills development pathways. It will be important to improve employers' abilities to create career pathways from lower to intermediate skills roles. This will involve engagement within local providers to support this and an increased focus on 'growing your own' rather than relying on 'off-the-shelf' recruitment solutions. Employers could offer a wider range of entry points to bring in people at different ages/skills levels.

Offering flexible/innovative/part-time learning practices. Greater opportunities could be offered to learn on a part-time basis and with flexible access, especially at a higher education level and in 'employer demanded' subjects. This could include improving the opportunities for in-employment learners to improve their skills levels, or update their skills.

Wider supporting actions - Actions to address skills must be set within a wider supporting strategic agenda, which considers issues of sustainable transport, and accessibility, affordable housing and childcare, increasing flexible working practices, promotion of the area to individuals and employers.

Higher Level Skills

4.10.9 Part of our approach to skills is to support higher level technical skills to support innovation and growth within the LLEP economy. The proportion of the workforce with NVQ Level 2 and 4 qualifications sit slightly higher than the regional average, but the East Midlands has considerable catching up to do with the rest of country (see table 4.2 below)

Table 4.2 Qualifications Levels within LLEP Working Age Population

Qualification Levels	LLEP	East Midlands	England
NVQ4	29.6	29	34.2
NVQ3	52.5	52	54.9
NVQ2	69.7	70	71.8

Source: ONS (2012) Annual Population Survey: Note: NVQ2 is equivalent to 5 GCSEs at grades A*-C, NVQ4 is equivalent to a first degree

4.10.10 We have been making significant progress to support higher level technical skills within the economy. For example, Loughborough College has recently launched the innovative Higher Apprenticeship in Space Engineering in partnership with the National Space Centre and

Leicester College is the East Midlands hub for the Peter Jones Academy, which delivers Enterprise and Entrepreneurship qualifications.

- 4.10.11 The LLEP with local partners in both Leicester & Leicestershire and the Coventry & Warwickshire Enterprise Partnership areas developed a skills plan to support the MIRA Technology Park development. This is an example of the type of work we would like to extend through the ESIF programme.

The MIRA Technology Park development will create over 2,000 direct jobs and 25-30 new businesses will be attracted to the MIRA Technology Park site. All these businesses will have a strong emphasis on research and development activities. MIRA estimates that up to 75% of the new jobs will require intermediate/higher level STEM skills. In addition, around 110 new apprenticeship and graduate training places are estimated to support the MIRA Technology Park employer base. There will also be new jobs on the Technology Park associated with the maintenance of the site and within site amenities. These will be important sources of employment for people in the local labour market. The plan considers how to approach skills needs in a holistic and sustainable way.

Activities to promote SME Growth and Formation

- 4.10.12 Leicester is an unusual example of a major urban area which has relatively high rates of business formation, yet low business survival rates, strongly linked to many businesses servicing purely local markets. A high level of churn takes place as an excess of supply leads to failure in finding a niche within a constrained and limited market. It is a difficult balance to strike as those entering self-employment need not only passion and commitment but a familiarity with the markets they are entering. If those markets are limited, start-ups will struggle for success.
- 4.10.13 Research conducted by EMB in 2010 found only 27% of the new start business respondents had started their business in the same line of work as their previous employment. Businesses starting in 'unrelated areas' could be considered to be higher risk than those starting in an area where the owner/manager has prior experience.
- 4.10.14 Almost half the new start businesses interviewed had prepared a business plan (51%) and just under half had prepared a cash flow forecast before starting their business. However, only 38% of the new start businesses had conducted any market research before starting their business. This suggests a need for more support in helping pre-start and new start businesses to develop appropriate skills e.g. in business planning and market research.
- 4.10.15 The ESIF consultation process endorsed the view that more needs to be done to develop an enterprise culture and promote self-employment as a positive choice. Many schools and colleges are working to embed enterprise into their curriculum as indeed are the local universities. However, the feedback emphasised that although there was a considerable amount of historic good practice, there were significant challenges in continuity of funding and too many small scale pilot initiatives that had not been rolled out.
- 4.10.16 Support needs to be appropriate to differing customer groups. In disadvantaged areas the challenges of finding the right market were much greater than elsewhere and programmes

that raised awareness of enterprise and then gave intensive support and advice were valued. Graduates were also recommended as a target group for appropriate support in order to better retain their talent within the area. A number of programmes are being developed elsewhere within the UK to incubate high growth businesses based on providing packages of support for specific sectors and it would be useful to explore the potential to link these to the Witty areas of world class expertise in HE. FE Colleges are also promoting self-employment and in areas such as creative industries this was a good entry point.

- 4.10.17 Finally, linking advice, support and training to physical workspace provision being promoted in TO 3 was recommended in order to make the most of capital investment and maximise not only the number of new starts but also to enhance their survival rates and prospects for growth.

Leadership and Management

- 4.10.18 Helping businesses to grow is a complex process and a range of business skills need to be developed including marketing and financial management. However, management and leadership are a critical set of competences to develop a greater focus on innovation and help promote greater investment in new products or processes.

- 4.10.19 In 2010 East Midlands Business conducted an extensive region wide survey of 400 established businesses in the LLEP area. 50% of businesses identified some skills gaps in their current workforce. Larger organisations were more likely than smaller organisations to have taken part in leadership or management training. In the LLEP area as a whole, only 36% of respondents said they had undertaken some leadership or management training in the last five years. This was far more likely in larger organisations, suggesting a need to encourage and promote the benefits of leadership and management training to SMEs.

- 4.10.20 Many businesses appear to have linked an investment in skills to an improvement in business performance. 42% indicated that they were likely to fund or arrange training for their employees in the next 12 months (this varied from 21% of businesses with fewer than five employees to 92% of those with over 100 employees). However, it will be important to encourage those businesses that are not investing in training about the benefits that skills investment can bring to the business.

- 4.10.21 Business representative organisations, particularly the Institute of Directors, Chamber of Commerce and Federation of Small Businesses stress the central importance of management and leadership in improving productive capacity and with it, prospects for growth. It is central to enabling micro and small business owners to have the capacity to move from day to day operations to being able to plan ahead and seize new opportunities.

Alternatives Considered

- 4.10.22 Our local skills system has well established partnerships to address the skill needs in the local economy and well established links with schools, universities and employers. In addition, there is a very strong FE sector with the majority of colleges graded OFSTED good, providing a wide range of vocational training which is well aligned with employer needs. This

is also underpinned by excellent collaborative working between FE Colleges – as evidenced by the production of a joint FE prospectus for employers in partnership with the LLEP. There is significant local experience in working with employers, delivering apprenticeships, pre-apprenticeship training and vocational training. Our three Apprenticeship Training Agencies (ATAs) have helped to encourage new SMEs to take on apprenticeships. This provides a very good platform to build from.

4.10.23 As a consequence, we are not seeking to radically change the system and create a plethora of new providers or short term initiatives that create a more complex set of relationships for businesses. Instead we wish to scale up what is working well, provide better co-ordination between partners and activities and introduce much greater flexibility. We acknowledge that employee and business skills will form part of our business support to SMEs across Leicester and Leicestershire and would look to embed the offer within our Business Growth Hub.

Value for Money and Rationale for Structural Funds Allocation

4.10.24 As highlighted above, the lack of appropriate skills within our economy is proving drag on economic growth, is a cause of structural unemployment within our labour market, is a barrier to us achieving our ambitions for stimulating a competitive and innovative economy, hinders our ability to attract inward investment and to retain existing businesses in the local economy. As a result we have allocated £21m of our ESF budget towards supporting skills development, which will also support other thematic objectives across our ESIF Strategy.

4.10.25 We wish to develop a partnership with the Skills Funding Agency to develop a coherent and consistent approach to skills development within the LLEP area, allocating £15m of ESF towards the SFA Opt-in. However, we wish to use £6m of the ESF TO10 budget to work with other sources of funding (including Princes Trust, universities and the private sector) to support the development of higher level skills and to have an approach that can be more geared towards SMEs and can align closely with activities within TO3.

4.10.26 Our unit costs and outputs have been benchmarked against other local skills development programmes and our approach has been developed in discussion with the Skills Funding Agency, who have provided input onto the likely unit costs associated with skills delivery. In particular, we have based our 'low intensity' unit costs on the current Skills Support for the Workforce programme operating in our LLEP area (see appendix B).

Complementarity and Cross-Cutting Themes

4.10.27 All activities commissioned through EU Structural Funds are either part of the matched funding package are additional activity to mainstream provision. Activity commissioned through ESIF will also include direct provision. We have co-designed the structure of our ESIF programme with a range of central government departments to ensure complementarity with existing core provision and will follow a similar approach for ESIF – especially when working with Opt-In partners (DWP, SFA and Big Lottery).

- 4.10.28 Developing skills levels will be critical to our approach to stimulate a more inclusive and mobile labour market. Activity will be commissioned to engage both harder to reach clients (working with the Leicester and Leicestershire to Work programme) and businesses (through our Business Growth Hub). Activity will be designed to ensure there are opportunities for the Civil Society sector to be part of delivery mechanisms to support this objective.
- 4.10.29 We will ensure that activity to raise skills levels within the economy will also support sustainability outcomes, most notably in work on Management and Leadership skills and aligned to key sectors where there is the potential to stimulate new sustainability practices and contribute to the low carbon economy. These outcomes will form part of the performance management framework.
- 4.10.30 Through this thematic objective we would like to address gender inequalities which we have observed in the local labour market. For example, we would like to encourage more females to follow careers in STEM related subjects and to start their own businesses in high technology fields.

Indicative Activity:

- 4.10.31 Our key aim through TO10 is to help people to develop their skills in line with the needs of the local labour market. This includes both people in employment and those that are seeking to enter employment. Our overarching ambition is to improve the match between skills supply and demand – so that our businesses can access the skills that they need both now and in the future – and individuals can benefit from local opportunities in the labour market. In general, we intend to upskill our workforce, so that our labour market has more people with higher level skills and our focus is on skills rather than qualifications. That said, we also intend to reduce the proportion of people that have no recognised qualifications, as this in itself is a barrier to labour market entry and sustainable employment.
- 4.10.32 We also wish to build the management and leadership capacity within our businesses as this will be critical to achieving economic growth and to supporting skills development in the workforce.
- 4.10.33 There are three key elements to our activities in TO10:
- Skills Metro – flexible approach to skills development (£11m ESF)
 - Business and enterprise skills – to support those wishing to start and grow a business (£5m ESF)
 - Leadership and management skills (£5m ESF)

Skills Metro

- 4.10.34 We wish to allocate just over half of the TO10 allocation (£11m) towards the establishment and subsequent expansion of the ‘Skills Metro’ concept. The ‘Skills Metro’ will be a responsive system that can quickly adapt to changes in the labour market. The concept of a “Skills Metro” emerged during our consultation events. It uses the analogy of a transport network where there are a variety of different destinations and a number of alternative

routes available. Journeys can be straightforward and direct or they may involve stops, changeovers, broken trips and the occasional back tracking after inadvertently setting off on the wrong route. This links with the recommendation from our Skills Needs Assessment to provide **more flexible learning opportunities and from our employer consultation to provide more bite sized learning opportunities**. It will also be important to provide support at key transition stages.

4.10.35 The aim is to develop a process whereby people can move ‘on and off’ the training system with more flexibility starting at Year 7³⁶ and extending throughout working life. Such a process would help in upgrading the skills and competencies of the workforce and increasing labour market relevance of education and training systems. It would also be responsive to the Government’s desire to see greater ownership of the employment and skills agenda, with training that was relevant to the job given priority over a qualification led approach. Activities will initially be focussed on addressing skills mismatches in the LLEP priority sectors. Key elements of the Skills Metro include:

- Appropriate Information, Advice and Guidance (IAG) so that decisions on learning choices are influenced by accurate and up to date labour market information
- Delivery of employability skills so that individuals are attractive to employers and well prepared
- Flexible courses to respond to the needs of learners wishing to progress but also for **employers** to be able to secure training they need to meet business objectives – including bite size courses
- Delivery of ‘enterprise’ skills to help people think about self-employment and be more enterprising in general
- Continuing Professional Development to keep relevant skills up to date
- Access to flexible training and learning across all skill levels from entry level through to higher level and even post graduate skills
- Sector-based initiatives to encourage progression and up-skilling

Business and Enterprise Skills – to support new and growing businesses

4.10.36 It is important to ensure that those wishing to start a business have the appropriate skills to give them the best chance of success. We expect to see a strong linkage with activity commissioned under TO3, with potential to commission a wider strategic programme to support growth orientated entrepreneurship. Elements will include:

³⁶ We realise that Year 7 students are too young for ESIF but we intend to work with local partners and have identified activities in our SEP to address the younger cohort

- **Promotion of an enterprise culture.**
 - Activities to encourage an enterprise culture
 - Community based activities – targeted at those communities and geographies with most need
 - Provision of information about sectors with a better chance of survival and greater growth potential
 - Support for employees at risk of redundancy to identify how they can use their skills to start their own business
 - Civil society support to encourage different and innovative social enterprise models
 - Support to encourage more women to start their own business
- **Flexible business skills programmes.**
 - Delivery of flexible programmes to enable people to develop the core competencies to start and then grow their business (links with Skills Metro and with TO3 activity)

Leadership and Management Skills

4.10.37 There are considerable linkages between this and Thematic Objectives 1 and 3 and there may be scope to commission a programme with these two strands, particularly where there are interventions being made by some of our national Opt-In partners.

4.10.38 We wish to ensure resources are targeted at businesses that can secure growth for our economy and to develop wider leadership and management skills across our key priority sectors for innovation. Key elements include:

- Support to develop **higher level leadership and management skills** where this links to clear growth outcomes and in key sectors.
- Adding value through leadership and management support for businesses working with the Manufacturing Advisory Service, Growth Accelerator and UKTI.
- Specific and bespoke strands of leadership and management support for **micro-businesses, BME and Female owned SMEs.**

LLEP ESF Performance Framework

Priority axis	ID	Fund	Category of region	Key implementation step or indicator	Measurement unit	Milestone total for 2018	Milestone men for 2018	Milestone women for 2018	Final men target (2023)	Final women target (2023)	Final target (2023)
1	1	ESF	More Developed	Amount of spend	Euros	11,607,476					61,906,541
1	O1	ESF	More Developed	Participants	Number	4,683	2,568	2,115	13,660	11,250	24,910
1	1	YEI		Amount of spend	Euros	14,700,000					14,700,000
1	O1	YEI		Participants	Number	3,560	1,880	1,680	1,880	1,680	3,560
2	1	ESF	More Developed	Amount of spend	Euros	9,486,024					50,592,129
2	O1	ESF	More Developed	Participants	Number	3,591	1,760	1,831	9,360	9,740	19,100

5. Integration with Cross Cutting Themes

- 5.1 To Leicester and Leicestershire, the EU cross cutting themes are not just an additional process through which we implement our Structural Funds investment, they are central to the way we wish to see our economy grow and important issues to our local population. We have embedded the principles of the cross cutting themes into the way we plan and implement our ESIF Strategy.
- 5.2 Within our consultation processes we have sought the views of a range of communities, equality organisations and the environmental sectors on how we can embed the cross cutting themes into our programme, the outcomes of which are highlighted in the sections below.

Integration of Rural Issues

- 5.4 Rural Leicestershire is a valuable asset for the LLEP area. It provides great potential for economic growth and job creation, as well as shaping our heritage, sense of place and landscape. Throughout this strategy actions are incorporated that will help unlock the potential of our rural economies, including supporting low carbon activity, ICT (including e-commerce) and interventions to enhance competitiveness and innovation. In delivering the strategy, the needs of rural businesses and residents will be considered and accounted for to ensure that they have maximum opportunities to access all the support on offer, including providing discrete tailored activity where a need is evidenced.
- 5.5 The Leicestershire Rural Partnership is a long standing model of collaborative working that has as a key objective of promoting sustainable economic growth. The Partnership has good private sector representation and has identified a number of rural priority sectors including land based, food and drink, visitor economy, creative and knowledge-based. There is a strong connection with these rural priorities and the LLEP overall sectoral priorities. Programmes will be developed with support from the Leicestershire Rural Partnership to ensure that they deliver in rural areas.

Sustainability

- 5.6 Leicester was designated Britain's first Environment City in 1990 in recognition of our commitment to local and global environmental issues and in 2010 was judged Britain's second most sustainable city by Forum for the Future. Leicestershire is home to much of the National Forest and the County and District Councils are leaders in managing environmental performance. This EU Structural and Investment Fund strategy aligns with the objectives of Leicester City's 'Climate Change – A Programme for Action, to make Leicester a low carbon city by 2025 (which has been supported by 80 local organisations) and Leicestershire Together's Draft Carbon Reduction Strategy, which concentrates on building the demand for a low carbon economy to 2020. Many of the bodies who are signed up to support these strategies have been involved in our consultation process.

- 5.7 In addition our Universities have considerable national research expertise in low carbon technology and environmental technologies and will have a major role to play in supporting a cross cutting approach to environmental innovation and implementation. Therefore, we also foresee a considerable proportion of our innovation budget being invested into low carbon and environmental technology activities. We are keen to see how we can exploit innovation within this field to make tangible impacts across the local economy.
- 5.8 We also acknowledge that sustainability is increasingly becoming linked to poverty and equal access to resources. We are keen to explore whether some of our Low Carbon initiatives can be integrated into areas that have a high prevalence of Fuel Poverty, can be used to stimulate inclusion and can support communities to develop low carbon infrastructure and jobs.
- 5.9 The LLEP recognises the importance of sustainable land management and the associated long-term environmental and economic benefits that this can reap. Local consideration will be given to mitigation, and wherever possible, positive impacts to the environment through delivery of the above programmes. Local expertise will be maximised through strengthened relationships with local environmental partners including the Local Nature Partnership (LNP).

Implementation

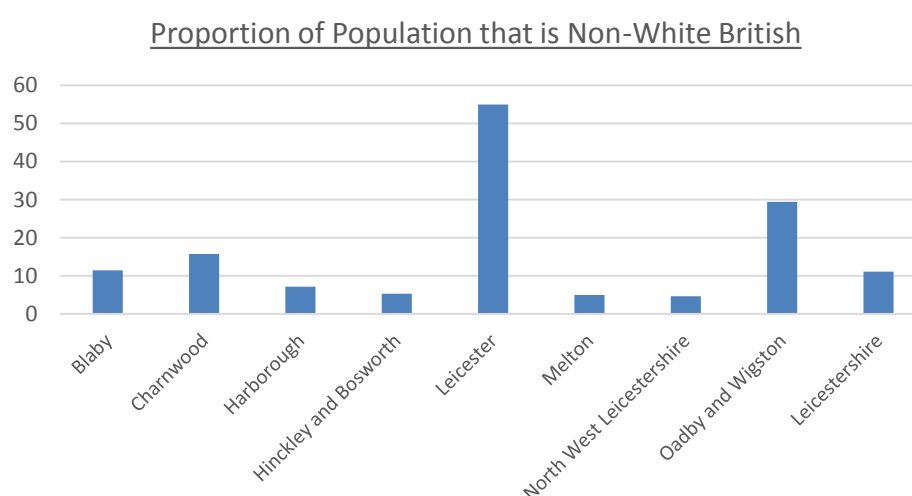
- 5.10 Throughout the Programme we will ensure the following:
- We will ensure that activities under Thematic Objective 4 are available to all businesses and organisations that are beneficiaries of the ESIFS programme
 - We will look to support the growth of the Environmental Goods and Services sector as result of activity under all thematic objectives
 - To ensure all capital investment made through Structural and Investment Funds reaches the appropriate BREEAM standard
 - We will apply the Polluter Pays principle to all activities – the ESIF will not be used to rectify environmental damage where a polluter can be identified or where legislation requires
 - To future proof investment decisions to ensure they can support long term sustainability
 - Remediation to be undertaken.

Equalities

- 5.11 Our approach to equalities is compliant *with* the Public Sector Equality Duty laid out in the Equality Act 2010. We have developed and will implement within our ESIF Strategy the three elements within that duty:
- To eliminate unlawful discrimination,
 - To advance equality of opportunity and
 - To foster good relations

- 5.12 Steps taken in developing and delivering this SIFS will not prejudice any groups regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 5.13 Leicester is one of England's most diverse cities, with the highest proportion of non-White British population of all major cities after London. Over recent years there has been a considerable sub-urbanisation of our BME communities into surrounding Districts and rural areas. We have also seen considerable levels of inward migration from some of the recent accession countries into our rural and urban labour force.

Chart 5.1 Proportion of Population that are non-White British (Census 2011)



- 5.14 The diversity of our population means we cannot achieve our economic vision without embedding equalities outcomes as a mainstream component of our programme.
- 5.15 The diversity of our population means there are a range of complex themes relating to equalities and several other economic indicators are subsequently skewed, most notably rates of female participation within the labour market and language barriers to employment. Therefore within Leicester and Leicestershire, Equalities cannot be dealt with at a macro-level on designing interventions based on single issue 'boxes'.
- 5.16 The specific needs of communities and communities of interest need to be embedded and prominent within our labour market, skills activities, enterprise and social inclusion priorities and deployment needs to be flexible and sensitive, engaging specific areas of expertise where required.
- 5.17 As a LEP we also need to ensure that interventions on equalities are not just related to social inclusion outcomes, but are spread across the whole of the programme in areas such as innovation, high level skills, leadership and management and enterprise. We cannot achieve our maximum economic potential without such actions. We note from current ERDF programmes the low penetration of women and BME practitioners into aspects of the Priority Axis 1 programme on Innovation and seek proposals as to how to address this.

Implementation

- 5.18 The presence of such demographic diversity within our population creates significant opportunities for this Structural Funds programme to be innovative and inclusive. A broad range of partners with expertise within different aspects of equality have been involved in the development and shaping of this strategy, with a considerable input into ensuring our enterprise programmes will meet the needs of a diverse range of businesses and entrepreneurs and that our social and skills and employment programmes can help people overcome the relevant barriers they place to better their economic circumstances.
- 5.19 In order to see this approach through into implementation we will take the following actions:
- Ensure we consult on our procurement processes so that they are inclusive and do not preclude direct access for organisations with equalities specialisms into the funds.
 - Ensure that all project and programme level activity has taken the appropriate steps to understand the needs of the groups/communities it aims to support
 - Ensure ongoing representation at Programme-level and consultation on an ongoing basis around equalities
 - Ensuring Opt-In partners can work within the framework of our ESIF Strategy and can meet the needs of Leicester and Leicestershire
 - To constantly engage with partners and identify any gaps in provision to reduce the likelihood of inadvertent exclusion

Social Innovation

- 5.20 We understand that social innovation is the process of finding and implementing new ways to tackle major problems that affect society as a whole or specific groups. It draws on the determination and knowledge of local communities, of 'not-for-profits', or of social entrepreneurs, alongside businesses, individuals and researchers. It seeks to deliver better social outcomes by drawing on their collective resources of time, skills, networks and relationships, often using new technologies, to build scale and spread change. Whilst Social innovation is not a 'cross-cutting' theme, European Regulations require that social innovation is promoted across the European Social Fund. Social innovation can also be supported on an optional basis with the European Regional Development Fund under the Thematic Objectives of Research, Development & Innovation and SME Competitiveness.
- 5.21 We are not specifically identifying proposals at this stage to test innovative solutions to address social needs and whilst not technically seen as a cross cutting theme, we envisage that the principles of social innovation will be built into our ESF programmes and also how we address Innovation and SME competitiveness. This will particularly apply to ways of working that deliver greater value through scale and impact.

6. Governance and Delivery

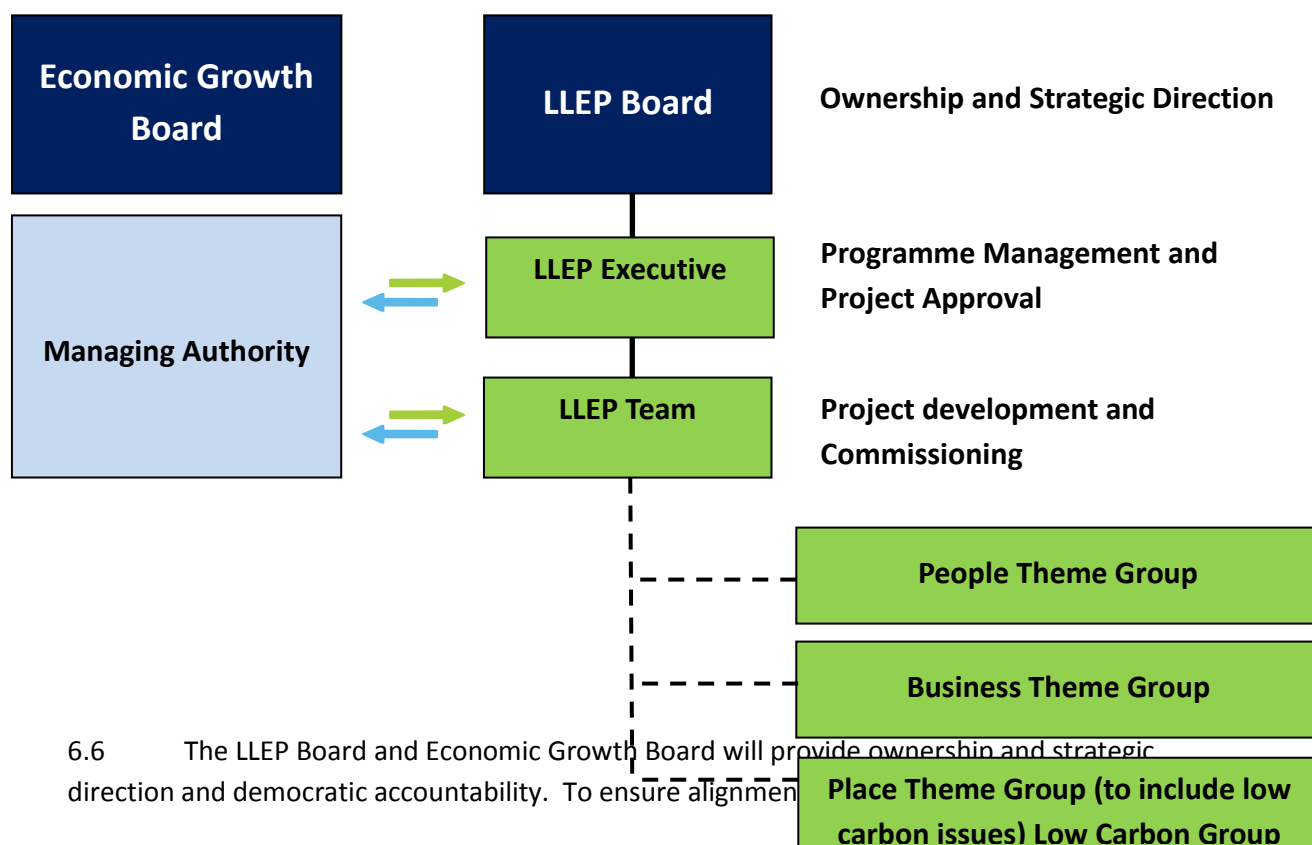
- 6.1 This section identifies how we have managed the development of both our SEP and the ESIF Strategy and indicates our planned approach to Governance as the strategy development phase moves into implementation.

Stakeholder Engagement and consultation

- 6.2 The LLEP Board established an Economic Strategy Programme Board (ESPB) to oversee the development of its ESIF Strategy and SEP. This ESPB had representation from the LLEP, Leicester City Council, Leicestershire County Council, district councils, universities, further education colleges, the private sector, civil society and the managing authorities.
- 6.3 The ESPB managed the robust stakeholder and consultation process beginning with a consultation event held on 5th July (attended by over 70 participants from the private, public and civil society sectors) right through to the finalisation of the strategy.
- 6.4 Appendix A sets out in more detail the engagement and consultation process and identifies the wide range of local and national stakeholders (over 150 people) that were involved in the development of our ESIF strategy.

Governance

- 6.5 The LLEP has reviewed its governance structures for the SEP and ESIF strategy to ensure these are fit for purpose to oversee the implementation of our strategy and programmes. The proposed Governance Structure for EU Structural Funds is shown in the diagram below.



- 6.6 The LLEP Board and Economic Growth Board will provide ownership and strategic direction and democratic accountability. To ensure alignment

be a degree of shared membership, with the Chair of the LLEP sitting on the Economic Growth Board in an observer capacity and four local authority members sitting on the LLEP Board.

- 6.7 The LLEP Board will comprise fifteen members with eight drawn from the private sector in addition to the HE, FE, Voluntary Sector and four local authority members. The local authorities will be represented by the City Mayor, the County Council Leader and two District Council leaders. The Board's private sector representation demonstrates our strong relationship with the business community.
- 6.8 The Economic Growth Board comprises the leadership of each tier of local authority across Leicester and Leicestershire. This is a demonstration of the commitment of the City Mayor and the local authority leaders to the delivery of the SEP and this ESIF strategy.
- 6.9 The LLEP Director will act as the Chief Officer for the LLEP and will ensure that both Boards are appropriately advised. The Director will ensure that detailed commissioning arrangements are in place for the delivery of the SEP and ESIF programmes and ensure that robust performance monitoring exists.
- 6.10 The Boards and Director will be supported by a LLEP Executive which will consist of the LLEP Director, senior local authority officers, senior HE, FE, and civil society sector representation as nominated by that sector's Board members and a business representative nominated by the Business Council. In addition, there will be appropriate input from Government. The LLEP Executive meets monthly and it is envisaged that ESIF business will be discussed on a bi-monthly basis. At the LLEP Executive meetings where ESIF business is discussed, the Managing Authorities will be present and the DCLG representative will be the vice chair of the LLEP Executive for ESIF-related agenda items. In addition, the interests of the Leicestershire Rural Partnership and the Local Nature Partnership will be represented at the LLEP Executive through the Leicestershire County Council representative (given that Leicestershire County Council is the Accountable Body for these two partnerships).
- 6.11 The LLEP Executive will be advised by the business, place and people theme groups as appropriate and the Leicestershire Rural Partnership and Local Nature Partnership on rural issues.
- 6.12 With specific reference to the ESIF strategy, the LLEP Board will be responsible for:
 - Agreeing allocations to the Thematic Objectives
 - Opt Ins allocations
 - Agreeing project calls and commissioning priorities
- 6.13 The LLEP Executive will provide overall programme management and will be responsible for:
 - Overseeing relations with the Managing Authority (DCLG) – and the DCLG representative will act as vice chair at the LLEP Executive for ESIF matters
 - Overseeing project calls and commissioning activities
 - Managing the Memorandum of Understanding (MoU) with each Opt-in partner
 - Approving projects/programmes based on their strategic fit

- 6.14 The Managing Authority (DCLG) will undertake technical appraisal and contracting with project programme sponsors
- 6.15 The LLEP Team is structured to ensure that it has the appropriate skills, resources and processes to effectively commission, oversee and manage the SEP and ESIF programmes. In terms of the ESIF programme, the LLEP Team will be responsible for:
- Developing projects and programmes
 - Engagement with local partners
 - Managing project calls
 - Ensuring strategic fit
 - Managing co-commissioning and MoUs with Opt-in partners
 - Managing and reporting performance to the LLEP Executive

Programme Management

- 6.16 The LLEP Executive is responsible for managing the ESIF programme. The membership of the LLEP Executive is described above and ensures a representative spread of interests from across the public, private, voluntary & community and local authority sectors, together with representatives from the Department for Communities and Local Government (DCLG as Managing Authority), the Department for Business, Innovation and Skills (BIS), and Defra.
- 6.17 The following key guiding principles will continue to define the LLEP Executive's operation and membership:
- **Local determination** – Local partners will agree arrangements that best meet local needs;
 - **Strategic** – Representatives on the LLEP Executive will be senior-level decision-makers, bring a wide-ranging perspective, be respected by and consult with the constituencies that they represent;
 - **Representative and compliant** – The Executive will respect EC regulatory requirements regarding the interests that they are expected to represent on Executive equally.
- 6.18 The responsibilities of the LLEP Executive will include:
- a) Draw up and agree its own rules of procedure, which will be publicised and made available on the LLEP website. This will include procedures to avoid conflicts of interest;
 - b) Develop, monitor and oversee the strategy for the Leicester and Leicestershire ESIF Strategy 2014-2020 reviewing the quality and effectiveness of its implementation;
 - c) Periodically review progress made toward achieving the specific objectives of the programme;
 - d) Ensure that financial and non-financial targets are met and redirect the work of the programme as and when required over its lifetime;
 - e) Ensure that local priorities are actively considered and reflected in decision making processes;

- f) Consider and approve any proposals to amend the contents of the ESIF Strategy to take account of significant socio-economic changes;
- g) Receive regular updates regarding risk management of the ESIF's implementation including risk register, advising the LLEP Team on appropriate risk management and mitigation strategies and action;
- h) Consider and approve criteria for selecting projects/programmes and approve any revision of those criteria according to programme need;
- i) Establish such sub-committees, working groups or task and finish groups as appropriate to enable the LLEP Executive to fulfil its responsibilities and to support the efficient implementation of the ESIF;
- j) Consider and agree priorities for Technical Assistance;
- k) Consider and agree an Evaluation Plan for the programme, to cover evaluation activities to be carried out during the programme period;
- l) Monitor impact of Programme activity in terms of cross-cutting themes of equality and environmental sustainability;
- m) Consider and develop strategic linkages with other Structural Funds, domestic programmes and wider UK economic policy;
- n) To receive progress update and review implementation of activities undertaken via the Opt-in arrangements.

Schedule

- 6.19 The LLEP Executive meeting takes place monthly. It is proposed that the ESIF programme management will take place bi-monthly as part of this meeting. We recognise that we will need to allow flexibility in this schedule to enable effective programme management. This might require ESIF business to be discussed more frequently than bi-monthly.

Commissioning

- 6.20 All indicative activities will be developed into tender specifications. There will be two routes for commissioning as follows:-
- Direct commissioning by the Managing Authority and the LLEP: tenders will be advertised through Source Leicestershire and Tenders Electronic Daily to ensure compliance with EU threshold and procurement requirements
 - Indirect commissioning via Opt-In organisation: tenders will be developed in consultation with the Opt-in providers and then advertised through their preferred tendering route

- 6.21 The tender specifications will be led by the LLEP Team in discussion with representatives of the Managing Authority and reported to the LLEP Executive for sign off.

Opt-In Arrangements

- 6.22 The LLEP will enter into a Memorandum of Understanding (MoU) with individual Opt-in organisations. As a minimum the MoU will include requirements for Opt In organisations to:
- Provide quarterly monitoring information on progress of both match and ERDF or ESF provision both in respect of finance and outputs being achieved per tender
 - Information on any projects that are underachieving to consider decommissioning and /or reallocation
 - Progress on tender applications to be awarded
 - Inclusion of LLEP Team as part of the awarding panel
 - Development of the tender specifications in conjunction with the LLEP
 - Details of the total spend achieved
 - Evaluation of full Opt-In programme commitments and spend at mid-year programme
- 6.23 The LLEP Team will collate reports from the Opt-in organisations and from directly commissioned tenders and will report to the LLEP Executive on a bi-monthly basis. It is our understanding that the relevant Managing Authority will collate the management information from individual projects and aggregate this up into performance summaries.

Risk Management

- 6.24 We have identified a range of strategic risks to our ESIF programme for Leicester and Leicestershire that will need to be reflected within our risk management and governance structures.

Macro-Economic Risks

- 6.25 Perhaps the biggest risk to achieving our vision and objectives within our Structural Funds programme and wider Strategic Economic Plan will be the level of long term uncertainty within the European and UK macro-economic climate. A key driver for jobs growth in the economy will be overall growth rates and level of demand in the domestic economy and the balance of trade between developed and developing nations is a big factor in our programme given the links between Leicester and Asia. Changes to interest rates could also affect access to finance programmes as support to help businesses grow may need to become more focussed on business survival.
- 6.26 The programme will therefore need a level of flexibility to respond rapidly to macro-economic change, but within the framework of a rigid Structural Funds programme.

Political Risks

- 6.27 We acknowledge that this programme will cover three national parliaments and a range of local elections. This could have a major implication on local and national investment priorities and the availability of public sector matched funding. We acknowledge we may need to maximise more private sector income or look more to national funding opportunities to reduce risk on local public sector investment (which we feel is still relatively low) or if Opt-In partners can no longer participate. We would work closely with Managing Authorities to do this.

Strategic Programme Level Risks

- 6.28 One of the main programme level risks is performance management. We have developed a set of output indicators that we feel are challenging but robust and offer excellent value for money. These have been based on the following approach:

ERDF

- Understanding the cost base per output of high intensity interventions (Innovation and National Opt-In Models)
- Understanding the cost base per output of local, lower intensity interventions (capital and revenue) based on previous ERDF and Economic Growth programmes
- Identifying the Strategic Split between high intensity and low level interventions

ESF

- Working with key funding and opt-in partners and previous programmes to build an average cost base for low, medium and high intensity interventions.
 - Understanding the requirement under each Thematic Activity for different ratios of interventions.
 - Understand the likely client cohorts, especially by age group and active/inactive benefits split
- 6.29 The detailed Programme Performance Management role and function still needs to be agreed and clarified with the Managing Authorities, as does the approach to approving projects. We have confidence in our proposed long term approach to trying to strategically allocate resources. This approach should ensure the programme reaches its N+3 target and that there is a good pipeline of outputs (with strategic programmes delivering against several outcomes, not just relying on small, single projects). We also acknowledge the potential impact on performance of macro-economic risks and matched funding availability.

State Aid

- 6.30 There is also a potential risk within our programme related to State Aid, given investment in Capital infrastructure (in the light of the Leipzig-Halle test case). We will ensure early pre-submission guidance and support are both sought and given to applicants to ensure compliance with State Aid requirements.

Dealing with Conflicts of Interest

6.31 We have a strong process in place for managing any conflicts of interest that may arise from these sets of circumstances in order to:

- Ensure there is fair and open access to the opportunities available through EU Structural and Investment Funds
- Ensure that the Governance of the ESIF strategy can function effectively and transparently
- Maintain effective and functioning relationships with the Managing Authorities
- Ensure we can manage performance effectively within the programme and individual projects
- Discourage irregularities and potential fraudulent use of EU Structural Funds
- Ensure EU Structural and Investment Funds are additional and not merely displacing planned expenditure

6.32 The Economic Strategy Programme Board (ESPB) has operated with a clear terms of reference for developing the ESIF Strategy – which has covered how to deal with any arising conflicts of interest. The ESPB's role has been subsumed into the LLEP Executive. The terms of reference from the ESPB have been developed and orientated towards supporting our implementation governance structures.

6.33 The terms of reference cover the following aspects:

- Ensuring competent and authorised members of organisations are representatives on any governance structures
- Declarations of conflicts of interest (personal and organisational)
- Ensuring Governance meetings are Quorate
- Whistleblowing and complaints procedures
- They can meet the criteria laid down in the Supplementary Guidance to LEPs on ESIF strategies
- They can engage an accountable body with the ability and experience of managing area based programmes and/or EU Structural Funds
- Can identify likely matched funding
- Can demonstrate a clarity with the overall strategic objectives of the ESIF strategy
- Add value over our proposed delivery mechanism and achieve similar or better value for money
- Are based upon a common set of issues or geography
- Have strong support from their community or community of interest.

Links to Other EU Programmes

6.37 Within our ESIF Strategy we wish to put forward the rural areas of Harborough and Melton as an area to develop a LEADER Programme to support rural development across the two Districts. The process of identifying a preferred LEADER area has been developed between

LLEP and the Leicestershire Rural Partnership.

- 6.38 The LLEP feels the area has clear opportunities for rural diversification, tourism development and build upon some of the strengths of the area, notably in locally produced food.
- 6.39 The LLEP would in principle support any LEADER Local Action Group by making available (subject to eligibility) resources for a programme of activity to support associated activity within the market towns of Melton Mowbray and Market Harborough to ensure a pragmatic and contiguous geography can be maintained.
- 6.40 Membership of the Leicestershire Rural Partnership includes:
- Leicestershire County Council
 - District Councils
 - Leicestershire & Rutland Association of Local Councils
 - National Union of farmers
 - Country Land & Business Association
 - Federation of Small businesses
 - Leicester & Leicestershire Enterprise Partnership
 - Leicestershire Promotions
 - National Forest Company
 - Rural Community Council
 - Voluntary Sector representatives
 - Private Sector representatives
- 6.41 We also see linkages to other centrally managed European programmes, notably Horizon 2020 where there are clear links with some of the ambitions we wish to achieve in Thematic Objective 1, Innovation and we will encourage collaboration where possible. We will work with local partners to identify any opportunities within the calls for Proposals from 2014 onwards. Similarly we will look to exploit any opportunities through European Territorial Co-operation Programmes – which could also closely align with our Structural Funds programme Strategic Economic Plan. These programmes may also expand our scope to collaborate with other UK Local Enterprise Partnerships alongside other areas in the EU.
- 6.42 We will also work with the Managing Authorities to identify other EU funding opportunities such as Horizon 2020 that can support our Strategic Economic Growth Plan and where practical, either develop the appropriate partnerships or support a lead applicant to submit a proposal.

7. Technical Appendices

Appendix A

Consultation Process for Developing the ESIF Strategy

- 7.1 The LLEP has consulted been extensively throughout the development of the EU Structural Investment Funds Strategy and will continue to do so throughout the process of developing, delivering activities, monitoring and evaluating our Programme.
- 7.2 This began with a consultation event held on 5th July which was attended by over 70 participants from the private, public and voluntary/community sectors. This event explained the context for the European Structural Funds, provided evidence and sought early input on investment priorities for our area. Subsequent consultation has engaged over 150 people from a wide range of organisations.
- 7.3 The LLEP Board then established a Strategy Programme Board to oversee the development of the SEP and the ESIF. This Board has representation from the LLEP, Leicester City Council, Leicestershire County Council, District Councils, universities, further education colleges, the private sector, civic society and the managing authorities. It has met regularly to oversee the development of the ESIF strategy and made recommendations about priorities and funding allocations to the LLEP Board meeting on 26th September. The LLEP Board agreed these recommendations and delegated final sign off for the first draft (due 7th October) to the Strategy Programme Board. The Strategy Programme Board will continue to meet monthly throughout the development of the Strategic Economic Growth Plan and the finalisation of the EU Structural Investment Fund Strategy.
- 7.4 In order to support the work of the Strategy Programme Board, the LLEP has set up three thematic groups to identify programme priorities, consider funding allocations and co-design programmes and projects. The three groups are as follows:

Private Sector Growth	Infrastructure & Environment	Labour Market & Social Inclusion
<ul style="list-style-type: none">• Business Support & SME competitiveness• Innovation• Research & Development• Access to Finance• Incubation• ICT	<ul style="list-style-type: none">• Transport• Employment Land• Housing• Environment• Low carbon• Digital Infrastructure	<ul style="list-style-type: none">• Employment• Skills and Training• Workforce Development• Social Inclusion

- 7.5 In terms of the ESIF, each thematic group has met twice to develop the first draft the high level of interest we ran both thematic groups as mini workshops (as there were between 35 and 45 attendees at each meeting). The initial meeting was used to review local evidence and develop broad programme activities that met the EU priorities. The second meeting was used to confirm the programme activities, consider funding allocations and the opt-in models. In addition, some sub-groups were established to look at outputs and opt-ins in more detail. In total, 150 different people participated in this process. The following types of organisations participated in each of the theme groups.

Thematic Group	Participant Sectors/ Organisation
Private Sector Growth	Private Sector, Universities, FE Colleges, Local Authorities, Providers of Business Support, Business Council, Banks, IOD, Chamber of Commerce, Federation of Small Businesses, UKTI, Managing Authorities, Civic Society
Infrastructure & Environment	Local Authorities, Environment Agency, Universities, FE Colleges, DEFRA, housing associations, NFU, NHF, Natural England, National Forest, Transport iNet, Forestry Commission, Country Land & Business Association, Civic Society, Managing Authorities
Labour Market and Social Inclusion	Civic Society, Universities, FE Colleges, Private Training Providers, Skills Funding Agency, DWP, Local Authorities, Leicestershire Education Business Company, Private Sector, IOD, Chamber of Commerce, Business Council, Big Lottery, National Apprenticeship Service, Managing Authorities

Note: in some instances several representatives from the same sector e.g. all three universities, all FE colleges, different VCS representatives etc.

- 7.6 We have also sought input from Trade Unions and Equality organisations. In addition to attending the Labour Market & Social Inclusion Thematic Group, representatives from Leicester Race Equality Centre met directly with a member of the LLEP team to discuss how equalities could best be embedded into the ESIF Strategy both in its development but also implementation. We are currently in discussions with the Trade Union Council and will continue to develop this over the coming months. Input from these organisations in the development, delivery, monitoring and evaluation of our Programme of activities will be paramount in the coming months
- 7.7 In addition, information about the ESIF Strategy process has been placed on our website and organisations have been encouraged to input and comment. The draft programme priorities and allocations were made available on the website for comment following the Strategy Programme Board meeting on 23rd September.
- 7.9 Since submitting our first draft on 7th October the LLEP has continued to meet with key partners and opt-in organisations to finalise the Strategy and respond to Government feedback
- 7.10 In addition, the LLEP and Leicester business Council hosted a major event in December 2013 attended by over 200 delegates (including 170 private businesses). This provided very useful input to both the ESIF and SEP.

- 7.11 The comments and feedback from these events have been referred to throughout the text. As noted earlier, the process has generated some very useful ideas, not all of which can be accommodated within this strategy. We have given a commitment to partners that these will be considered within the Strategic Economic Plan.

Membership of the Private Sector Theme Group / Membership of the Infrastructure & Environment Theme Group

Membership of Private Sector Theme Group	Membership of Infrastructure & Environment Theme Group
<p>Chair: Martin Traynor, Leicestershire Chamber of Commerce</p> <p>Members (organisations):</p> <p>Banks Businesses Business Support Providers (e.g. NBV, EMB) Chamber of Commerce Civil Society/ VCS District Councils DBIS DCLG FE Colleges Food & Drink iNET FSB IOD LABA Leicester City Council Leicestershire County Council Leicestershire Promotions Race Equality Centre (TREC) Universities UKTI</p>	<p>Chair: Christine Fisher, District Councils representative on the LLEP Executive Board – North West Leicestershire District Council</p> <p>Members (organisations):</p> <p>Civil Society/VCS Country Land & Business Association DBIS DCLG DEFRA District Councils Environment Agency FE Colleges Forestry Commission Housing Associations HCA Leicester City Council Leicestershire County Council National Farmers Union (NFU) National Housing Federation Natural England The National Forest Company Transport iNet Universities</p>

Membership of Labour Market & Social Inclusion Theme Group

ESIF/ Growth Plan
<p>Chair: Marion Plant, LLEP Board Member & FE Principal – NWHC & SLC</p> <p>Members (organisations):</p> <p>Big Lottery Chamber of Commerce Citizens Advice Bureau Civil Society/VCS Connexions DBIS DCLG District Councils EMFEC FE Colleges IOD Job Centre Plus Leicester City Council Leicestershire Cares Leicestershire County Council Leicestershire Education Business Company NHS National Apprenticeship Service Princes Trust Private training providers Probation Service Prospects Skills Funding Agency Universities Young Enterprise</p>

General Note on Output Calculations:

7.12 All high level outputs within our EU Structural and Investments Funds Strategy have been largely based upon the approach highlighted below then rounded to the nearest multiple of 50.

ERDF Business Supported/Jobs Outputs

Intensity Level	Base information	Average Cost per job output	Average cost per business supported output*	Average cost per business start up
High	National level opt-in Local innovation activity	£65,000	£12,000	n/a
Low	Previous ERDF programmes in Leicester	£21,000	£8,000	£23,000
Incubation Capital Investment	Previous ERDF programmes in Leicester	£65,000	£12,000	£23,000
Access to Finance	Based on high intensity activity	£65,000	£12,000	n/a

*based on previous ERDF criteria with an adjustment for revised indicator

- TO1 – Based on 100% High Intensity
- TO3 – based on 40% High Intensity Support, 12% Low intensity support and 48% Incubation Capital Investment
- TO2 and TO4 have drawn upon this model for where there may be business and jobs outcomes (TO4 has also used the direct jobs calculation from the EIB Opt-In model)

ESF Participants

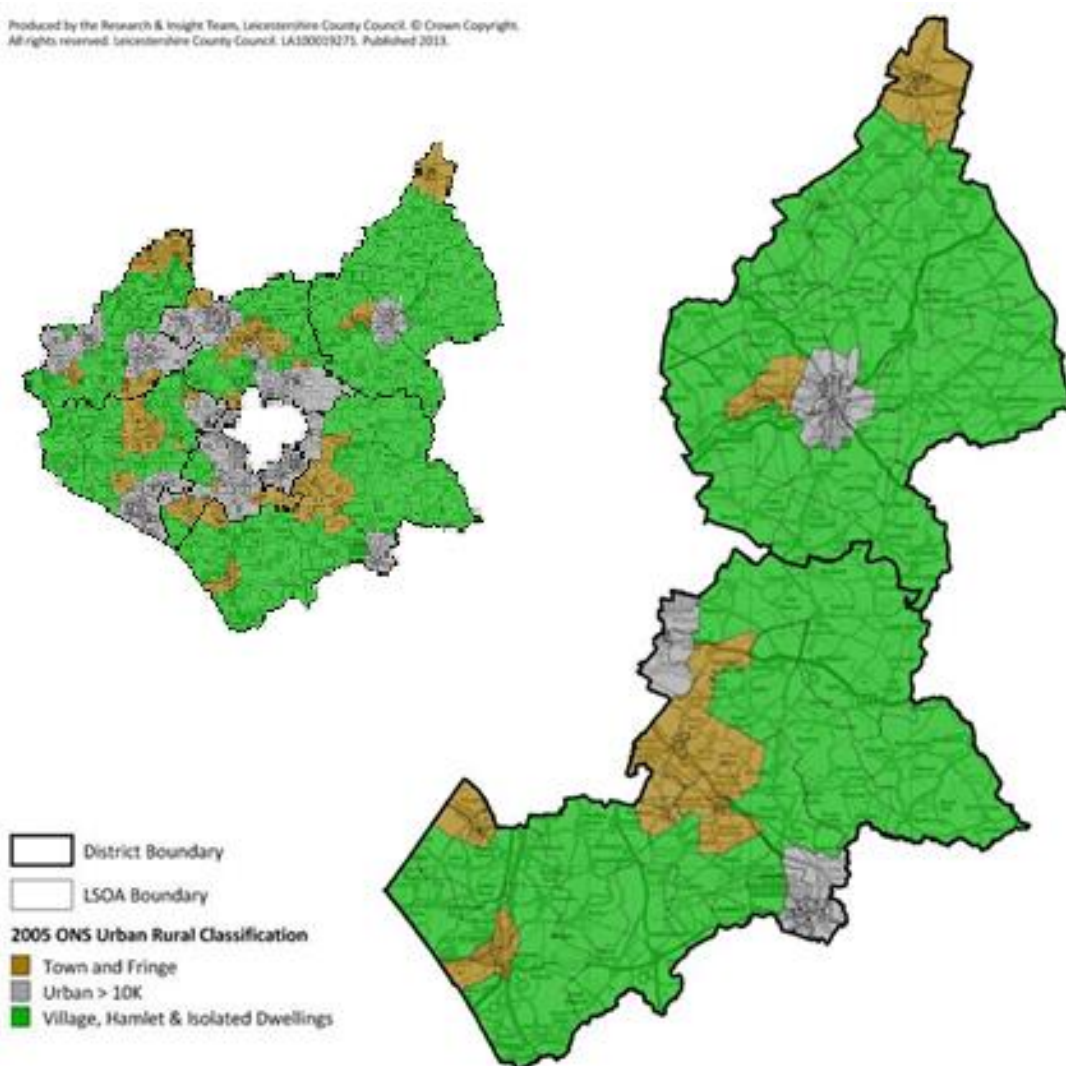
Intensity Level	Base Information	Indicative Activity	Average Cost Per Participant
High	Estimated SFA unit costs and local WNF programmes - also informed by Work Programme costs	<ul style="list-style-type: none"> • Construction Apprenticeship • Intensive Support to young people • High level skills development 	£6,500
Medium	Estimated SFA unit costs and local WNF programmes -	<ul style="list-style-type: none"> • Apprenticeship • IAG support 	£3,000
Low	Estimated SFA unit costs and local WNF programmes	<ul style="list-style-type: none"> • Support with careers development • Basic skills support 	£1,750
Low (for Theme 10)	SFA information on costs of current Skills Support for the Workforce (SSW) programmes	<ul style="list-style-type: none"> • Skills Metro • Bite size training • IAG 	£1,897

- TO8 – Job readiness for the under 25s based on 50% medium intensity interventions and 50% high intensity
- TO8 – Job readiness for the over 25s based on 50% medium intensity interventions and 50% high intensity
- TO9 – Social inclusion has been based upon 10% medium intensity interventions and 90% high intensity (with 10% premium for rural interventions)
- T10 – Skills Metro has been based upon 80% low intensity interventions (SSW based) and 20% medium intensity interventions
- T10 – Activities to support SME Growth based upon 60% low intensity interventions (SSW based), 20% medium intensity interventions and 20% high intensity
- T10 – Activities to support leadership and management skills based upon 60% low intensity interventions, 20% medium intensity interventions and 20% high intensity

Note: We have also benchmarked our ESF interventions against DWP Work Programme figures to check that our interventions offer value for money.

Proposed LEADER area for Melton and Harborough Districts

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Indication of Potential Sources of Match Funding:

TO-1:	HE & FE Institutions, Research Councils and HEFCE, Technology Strategy Board, Academic Health Science Networks, Private Sector
TO-2:	Private Sector, Public Sector, HE/FE Sector
TO-3:	Private Sector, Public Sector and voluntary Sector, Adult Skills Budget + MAS, Growth Accelerator, UKTI, Prince's Trust
TO-4:	EIB, RGF, renewables obligation, Local Authorities, Growing Places Fund, Energy Companies Obligation (ECO), green deal, Renewables Obligation, private sector, voluntary sector, Micro-Feed-In Tariffs
TO-8	Private Sector, Public Sector, Voluntary Sector, Skills Funding Agency, Education Funding Agency, DWP, Trade Unions
TO-9:	Private Sector, Public Sector, Voluntary Sector, Skills Funding Agency, Education Funding Agency, DWP, Trade Unions
TO-10:	Private Sector, Public Sector, Voluntary Sector, Skills Funding Agency, Education Funding Agency, DWP, Trade Unions

Leicester & Leicestershire Enterprise Partnerships ESIF Expenditure Profile Summary (£m)

Theme	Source	2014	2015	2016	2017	2018	2019	2020	TOTAL
TO1 Innovation	ERDF		2	2	1	1	2	2	10
TO2 ICT support	ERDF		2	1	1				4
TO3 SME competitiveness	ERDF		7	6	3	2	3	4	25
TO4 Low carbon infrastructure	ERDF		1	3	3	3	3	2	15
TO8 Entry to Labour Market	ESF		3	5	4	3	3	4	22
TO9 Social Inclusion	ESF		2	3	2	1	1	2	11
TO10 Skills Development	ESF		2	4	3	3	4	5	21
Rural Activities (EAFRD)	EAFRD		1		1		1		3
Total ERDF			12	12	8	6	8	8	54
Total ESF			7	12	9	7	8	11	54
TOTAL PROGRAMME			20	24	18	13	17	19	111