



# Stoke-on-Trent & Staffordshire Local Enterprise Partnership



## EU Structural and Investment Funds Strategy 2014 - 2020

Final Strategy for Submission  
31<sup>st</sup> January 2014

Stoke-on-Trent and  
Staffordshire LEP

# **EU Structural and Investment Funds Strategy**

**Final Strategy for Submission  
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# Executive Summary

## The Stoke-on-Trent and Staffordshire ESIFS

1. The Stoke-on-Trent and Staffordshire Local Enterprise Partnership (LEP) has received the following allocations from the 2014-20 European Structural and Investment Funds (ESIF):
  - European Regional Development Fund (ERDF) allocation of £83.0 million
  - European Social Fund (ESF) allocation of £55.4 million
  - European Agricultural Fund for Rural Development (EAFRD) allocation of £3.13 million
  - In addition, £27.4 million of the Greater Birmingham and Solihull LEP (GBSLEP) ERDF and ESF allocation must be spent on interventions within the Stoke-on-Trent and Staffordshire LEP transition area.
2. This strategy sets out the overarching framework by which European Growth funding will be allocated within the LEP area, along with the underpinning rationale / evidence base and the governance mechanisms which will be utilised to deliver it.
3. The strategy is built upon a detailed review of existing socio-economic characteristics and LEP strategic objectives, and reflects the results of a thorough (and on-going) process of consultation and engagement with local, regional and national partners.
4. The Stoke-on-Trent and Staffordshire European Structural and Investment Funds Strategy (ESIFS) has been developed in tandem with the Stoke-on-Trent and Staffordshire LEP Strategic Economic Plan (SEP). The two documents are designed to sit alongside each other, reflecting the shared strategic objectives and priorities of the LEP and partners across the area.

## Evidence Base: Strengths, Weaknesses, Opportunities and Threats

5. The Stoke-on-Trent and Staffordshire ESIFS builds upon a thorough understanding of the existing socio-economic context and characteristics of the LEP area and implications of this for economic growth.
6. A detailed evidence base has been undertaken (Chapter 2), the results of which are summarised overleaf in terms of the main strengths, weaknesses, opportunities and threats for the Stoke-on-Trent and Staffordshire economy:

Summary of Strengths, Weaknesses, Opportunities and Threats	
<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Stoke-on-Trent and Staffordshire is home to numerous international businesses including Alstom, Bet365, Coors, Goodwin International, JCB, Jaguar Land Rover, Michelin, Moog, Phones 4U, Steelite, WWRD, and Zytek</li> <li>• Inward investment performance has been strong in recent years, with notable recent projects including Jaguar Land Rover and Amazon</li> <li>• Local universities actively engaged in research and innovation support</li> <li>• The area benefits from a location at the heart of the UK, with strong connectivity via road and rail networks</li> <li>• Stoke-on-Trent and Staffordshire's physical environment, including its historic urban centres and a high quality rural landscape, is a core asset</li> <li>• Critical investment by a local authority to drive a strong city centre brand through anchor tenancy and investment.</li> <li>• Interventions by local authorities in town centres through investment, tenancy and infrastructure improvements</li> <li>• The rural economy has performed strongly in recent years, with growing employment and strong enterprise performance.</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Low levels of economic growth over the past decade</li> <li>• Below average productivity levels reflecting the dominance of lower value activities</li> <li>• Relatively large decline in total employment over the past decade</li> <li>• Below average levels of enterprise and declining business start-up levels</li> <li>• Lower than average proportions of residents qualified to higher levels, with skills gaps identified by local employers both in terms of higher level skills and basic employability skills</li> <li>• Concentrations of unemployment; youth unemployment a particular challenge</li> <li>• Concentrations of severe relative multiple deprivation in many of the urban areas</li> <li>• Internal connectivity constraints, including peak hour congestion in main urban areas.</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• A chance to define and deliver a more coherent and comprehensive approach to economic development at the LEP level via the 2014-20 programme and synergies with other elements of localism including the City Deal and the Single Local Growth Fund</li> <li>• An opportunity to rapidly develop Stoke-on-Trent as a Core City, and rapidly grow its contribution to the county and national economy</li> <li>• A genuine opportunity to develop strengths in sectors such as Advanced Material, Advanced Manufacturing and Energy, and the digital and creative industries both in Stoke-on-Trent and Staffordshire, driving higher levels of gross value added and productivity</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>• The on-going economic downturn and wider (national and international levels) macro level economic pressures will continue to play a large role in shaping local economic performance</li> <li>• Barriers to the delivery of new employment land has the potential to constrain inward investment and business expansion</li> <li>• Accessibility and remediation challenges for key employment sites, constraining business base growth and the ability of residents to access employment opportunities</li> <li>• Challenges relating to the vitality and quality of urban</li> </ul>

<ul style="list-style-type: none"> <li>• Opportunity to create a unique local energy offer, based upon existing and new assets and investment in emerging technologies and energy supply chain development both in Stoke-on Trent and Staffordshire</li> <li>• As the economy grows opportunities to grow the important barometer sectors of Business and Professional Services and Tourism will emerge for Stoke's Central Business District and our wider base of visitor economy assets</li> <li>• Opportunities to build a more innovative economy, based upon the numerous local knowledge assets which include two universities and a number of successful RGF projects</li> <li>• An opportunity to design a more coherent and effective support offer for local businesses which closely reflects the characteristics of the businesses base and aspirations for growth</li> <li>• Opportunity to build a more inclusive society with employment and skills programmes and projects designed to respond to local need</li> <li>• Growth opportunities building on existing and future road, rail and super-connectivity investment including opportunities related to HS2</li> </ul>	<p>environments affecting perceived quality of life and constraining the ability of the area to attract and retain higher skilled residents</p> <ul style="list-style-type: none"> <li>• Skills challenges (both at higher and lower levels) have the potential to constrain growth in identified priority sectors and activities</li> <li>• Social inclusion challenges within certain communities and groups have the potential to limit the extent to which the benefits of economic growth are shared by all.</li> </ul>
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## Stoke-on-Trent and Staffordshire ESIFS Strategic Framework

7. Our overall vision for Stoke on Trent & Staffordshire sets the context for our more specific objectives for the ESIFS timeline of 2014 – 2020.

*Note: at time of ESIFS finalisation in January 2014, the LEP Strategic Economic Plan is in draft form and under consultation among partners.*

### Our LEP Vision & Priorities: 2014-2030

“An economic powerhouse driven by the transformation of Stoke-on-Trent into a truly competitive and inspiring Core City and by accelerated growth in our County Corridors and urban centres. Our aim is to dominate the space between a number of the UK’s largest urban areas, by connecting growth sectors, an offer of super-connectivity and compelling sites, supplying higher skilled labour and exploiting our indigenous energy potential. Our ambition is to sustainably drive:

- rapid growth in Stoke-on-Trent and its contribution to the county and national economy
- development of the peri-urban areas along the County's key transport corridors that provide a strong, agile and competitive offer locally and nationally

To do this we need a step change in the way we connect to neighbours, investors, customers and collaborators.

**50:50:10 - Our stated aim is to grow the economy by 50% and generate 50,000 new jobs in the next 10 years."**

8. The five strategic Objectives set out the draft SEP are:

1. **A Core City** - rapid, planned growth of the conurbation centred on the city of Stoke-on-Trent which would be a critical economic driver of the area spanning parts of Cheshire as well as Staffordshire, including through the development of a strong, competitive city centre brand offering the full mix of city centre uses.
2. **Connected County**: to build on our central location, excellent external connectivity and existing peri-urban sites to deliver the right blend of further employment sites and supporting infrastructure, including super connectivity, to drive business growth, encourage inward investment and meet our labour market needs.
3. **Competitive Urban Centres**: to significantly enhance growth opportunities from an attractive and thriving city of Stoke-on-Trent city and other towns across Staffordshire where people are eager to live, work and enjoy themselves.
4. **Sector Growth**: ensure globally competitive innovation, investment and enterprise-led expansion in large & small businesses across our priority sectors.
5. **Skilled Workforce**: to develop a modern and flexible skills system which enables all people to up-skill and re-skill to meet the needs of our growth sectors. We will target growth **and** opportunity. As we boost the competitiveness of our businesses, we are determined to ensure local people also benefit. While we reach for the heights of international competitiveness, we will tackle our pockets of poor educational performance, deprivation, decaying urban centres and unattractive housing.

## Our EUSIF Ambitions

9. To better reflect the EU Thematic Objectives and the programme period (2014-2020) we have developed a set of EUSIF ambitions which complement and reinforce our wider and longer term SEP objectives.

- 1) **A more productive economy:** Stoke-on-Trent and Staffordshire will make progress towards closing the existing productivity gap between itself (£14,900 per head) and the national average (£21,300) by creating new, higher value added jobs, and by helping the existing business base to grow and engage with emerging sectors.
- 2) **A more diverse and resilient economy:** building on established (and acknowledged) strengths in a number of high value added priority sectors including Advanced Manufacturing, Advanced Materials, Creative Media and Energy Generation.
- 3) **An innovation driven economy:** with established relationships between major companies, R&D functions and Higher Education and with a SME business base which has the capacity and knowledge to engage and add value to local and regional supply chains.
- 4) **A strong and growing base of SMEs across both urban and rural areas:** as a result of a comprehensive and joined up approach to the provision of support.
- 5) **A leading low carbon economy:** driven by its unique approach to local energy generation and by an SME base which has evolved and embedded low carbon principles, practices and activities.
- 6) **A well-qualified and adaptable workforce:** with the skills sets appropriate to the needs of existing business sectors in Stoke-on-Trent and Staffordshire, as well as those in which we have aspirations for economic growth.
- 7) **More inclusive communities:** having made progress towards addressing issues of low aspirations and worklessness, through targeted approaches to engagement, training and employability.
- 8) **A more attractive place to live, work and visit:** renowned for its vibrant and diverse places, strong cultural and leisure offer in Stoke on Trent complemented by visitor attractions and a high quality environment across the LEP area.

## ESIFs Themes and Intervention Areas

10. To achieve this vision, the Stoke-on-Trent and Staffordshire LEP will deliver interventions under four Priority Themes and 18 Strategic Investment Areas (SIA's) within the allocation.
11. These priority themes and SIA's have been developed with three core principles in mind:

- **Strategic fit** – ensuring clear alignment with European, national and LEP priorities (particularly in relation to the emerging SEP and City Deal)
- **Additionality** – interventions will only be delivered where there is a clear gap in existing delivery (i.e. no overlap or duplication) and where clear value added can be achieved.
- **Deliverability** – our strategy framework has been built upon an understanding of what can actually be delivered effectively and efficiently over the 2014-20 period.

<b>Priority Theme 1: Innovation</b>			
<ul style="list-style-type: none"> <li>• <b>Allocation: £23 million</b></li> <li>• <b>Delivers EU SIF Ambitions: 1, 2, 3, 4 &amp; SEP Objectives: 4</b></li> </ul>			
<b>Strategic Investment Areas</b>	<b>Indicative Areas of Activity</b>	<b>Allocation</b>	<b>Delivery Partners</b>
1.1 Infrastructure for Innovation	<ul style="list-style-type: none"> <li>• Applied Material Research and Innovation Centre (AMRIC)</li> <li>• Incubation space and enterprise centre projects</li> <li>• Shared use research laboratories / facilities such as Fab Lab and sector based innovation hubs</li> <li>• Inward innovation programme</li> </ul>	<b>£8.0 million</b>	HEIs, other research institutions, private sector partners
1.2 Knowledge Transfer	<ul style="list-style-type: none"> <li>• Sector based innovation networks and open innovation networks</li> <li>• Collaborative research programmes</li> <li>• Knowledge transfer programmes</li> </ul>	<b>£7.5 million</b>	
1.3 Commercialisation	<ul style="list-style-type: none"> <li>• Rapid prototyping projects</li> <li>• Proof of concept projects</li> <li>• Innovation vouchers</li> <li>• Collaborative R&amp;D support</li> </ul>	<b>£7.5 million</b>	

<b>Priority Theme 2: SME Competitiveness</b>			
<ul style="list-style-type: none"> <li>• <b>Allocation: £37 million</b></li> <li>• <b>Delivers EU SIF Ambitions: 1, 2, 4, 5 &amp; SEP Objectives: 2,3,4</b></li> </ul>			
<b>Strategic Investment Areas</b>	<b>Indicative Areas of Activity</b>	<b>Allocation</b>	<b>Delivery Partners</b>
2.1 Growth Hub	<ul style="list-style-type: none"> <li>• Signposting services</li> <li>• Bespoke support</li> <li>• Strategic leadership role in the design and co-ordination of business support</li> <li>• Intelligence and strategic coordination</li> </ul>	<b>£6.0 million</b>	Local authorities, Chamber of Commerce, BIG Lottery, MAS, Growth Accelerator, Higher Education Institutions, WM LEPS, UKTI.
2.2 Support for enterprise	<ul style="list-style-type: none"> <li>• Enterprise mentoring and coaching and Enterprise Champions</li> <li>• Start-up vouchers</li> <li>• Enterprise networks</li> <li>• Social enterprise support programme</li> <li>• Creative Industries support programme</li> <li>• Business intelligence</li> <li>• Enterprise and incubation centres</li> <li>• SME fibre connectivity voucher scheme</li> <li>• University Enterprise Zones</li> </ul>	<b>£6.5 million</b>	
2.3 Support for high value growth	<ul style="list-style-type: none"> <li>• Growth Accelerator support</li> <li>• MAS support – Sector focused support</li> </ul>	<b>£7.0 million</b>	
2.4 Access to finance	<ul style="list-style-type: none"> <li>• Fund of Funds – membership of a £100m fund of funds managed and delivered at the West Midlands level</li> <li>• LEP Level Loan Funds building on existing loan fund mechanisms in LEP area</li> <li>• Business Angel investment projects</li> </ul>	<b>£13.0 million</b>	
2.5 Internationalisation	<ul style="list-style-type: none"> <li>• International trade support for SMEs</li> <li>• Build upon the Make it Stoke-on-Trent and Staffordshire 'Red Carpet' inward investment support service</li> <li>• Activities to create a stronger perception of the LEP area amongst potential investors and leisure and business visitors</li> </ul>	<b>£5.0 million</b>	

<b>Priority Theme 3: Place and Environment</b>			
<ul style="list-style-type: none"> <li>• <b>Allocation: £22.5 million</b></li> <li>• <b>Delivers EU SIF Ambitions: 1, 2, 3, 4, 5, 8 &amp; SEP Objectives: 3</b></li> </ul>			
<b>Investment Areas</b>	<b>Indicative Areas of Activity</b>	<b>Allocation</b>	<b>Key Delivery Partners</b>
3.1 Whole Place Approach to Energy Supply	<ul style="list-style-type: none"> <li>• Delivery of the Centre of Excellence in Energy Security and Renewables</li> <li>• Delivery of the Keele University Science and Business Park Demonstrator</li> <li>• Delivery of the Low Carbon and Renewable Energy Rapid R&amp;D Facility at Staffordshire University</li> <li>• Development and deployment of a series of 'at-scale' energy demonstrators across Stoke-on-Trent</li> <li>• Wider activities to support the creation of local energy networks, utilisation of new energy technologies and smart grids</li> </ul>	<b>£10.0 million</b>	Private sector, Local Authorities, HEIs, other research institutes, Third Sector
3.2 Energy Efficiency and Decarbonisation of the Business Base	<ul style="list-style-type: none"> <li>• Environmental Accelerator</li> <li>• Renewable and environmental technology sector support</li> <li>• Energy efficiency / micro-generation advice / support to SMEs including 'green accreditation'</li> <li>• Low carbon building exemplar projects</li> <li>• Creation of incentives for the wider roll out of photo voltaic schemes</li> </ul>	<b>£2.5 million</b>	
3.3 Sites and Infrastructure	<ul style="list-style-type: none"> <li>• Site remediation for brownfield sites</li> <li>• Ensuring quality infrastructure in these locations</li> <li>• Revitalisation of derelict land and historic buildings</li> <li>• Potential delivery via Jessica/Evergreen type fund</li> </ul>	<b>£6.0 million</b>	
3.4 Green Infrastructure and Sustainable Transport	<ul style="list-style-type: none"> <li>• Enhancing green infrastructure including leisure assets such as cycle routes and waterways</li> <li>• Improved public transport links to key employers</li> <li>• Wheels to Work Schemes</li> </ul>	<b>£4.0 million</b>	

<b>Priority Theme 4: Skills, Employment and Social Inclusion</b> <ul style="list-style-type: none"> <li>• <b>Allocation: £55 million</b></li> <li>• <b>Delivers EU SIF Ambitions: 1, 6, 7, 8 &amp; SEP Objectives: 3 &amp; 5</b></li> </ul>		
Investment Areas	Indicative Areas of Activity	Delivery Partners
4.1 Skills for Employability- <b>£9.0 million</b>	<ul style="list-style-type: none"> <li>• Functional skills training, including literacy and ICT</li> <li>• ESOL provision</li> <li>• Innovative provision which engages people and enables them to enter education and/or employment (e.g. communication and interpersonal skills, attitudes to work, work experience, tasters, Have a Go activities, specialist programmes for those with complex barriers).</li> <li>• Support to local communities to deliver local training solutions to engage disadvantaged learners</li> </ul>	<p>SFA, BIG Lottery, DWP, Local Authorities, HEI, FE, other education institutions, Princes Trust, CAB, other voluntary / community sector organisations</p>
4.2 Skills to Support Growth, Innovation and Enterprise – <b>£12.0 million</b>	<ul style="list-style-type: none"> <li>• Growth and Innovation Fund projects</li> <li>• Programmes to engage employers in skills training</li> <li>• Activities to implement LEP Employer Strategy</li> <li>• Support transition of graduates into employment</li> <li>• Programmes that support local employers to recruit those young people that are disengaged</li> <li>• Skills training at a range of levels aligned to local priorities</li> <li>• Advanced Manufacturing Hub</li> <li>• Enterprise programmes</li> <li>• Response to redundancies</li> <li>• Programmes that support older workers to re-train</li> <li>• World class training facilities to support local priority sectors.</li> <li>• Support low skilled people to progress in work</li> <li>• Programmes that address the shortage of learning provision and employment opportunities in rural areas</li> </ul>	
4.3 Vocational Routes into Employment – <b>£12.0 million</b>	<ul style="list-style-type: none"> <li>• Programmes to develop employability skills &amp; job outcomes</li> <li>• Initiatives that increase the number of local Apprenticeship and Traineeship opportunities, especially for 16-18 year olds</li> <li>• Innovative programmes that support and motivate young people with no or few qualifications and give them the employability skills required by employers.</li> <li>• New innovative vocational programmes that enable marginalised groups to get into employment</li> <li>• Support 14+ placements/work experience and provide better advice and guidance for school leavers</li> <li>• Initiatives that help to develop better links between the education and business sectors</li> </ul>	
4.4 Access to Employment – <b>£11.0 million</b>	<ul style="list-style-type: none"> <li>• Talent Match</li> <li>• Careers guidance and improved labour market information</li> <li>• Transition into work programmes</li> <li>• Employment brokerage projects</li> <li>• Promote greater business involvement in priority sectors</li> <li>• Transport support</li> <li>• Reskill and retrain older workers</li> <li>• Programmes to develop the skills and aspirations of young people, adults and vulnerable people</li> </ul>	

	<ul style="list-style-type: none"> <li>• Targeted action to promote equality between men &amp; women</li> <li>• Programmes to support, reskill and up skill ex-forces/military personnel in transition to employment</li> </ul>	
<p>4.5 Social Inclusion – <b>£11.3 million</b></p>	<ul style="list-style-type: none"> <li>• Tailored support for long term NEETs, long term unemployed, families with multiple and complex needs</li> <li>• Programmes that support early interventions for young people, especially those with barriers to participation</li> <li>• Programmes for learners with special educational needs</li> <li>• Enterprise programmes for young people, adults, graduates</li> <li>• Community support approaches</li> <li>• Community grants</li> <li>• Wrap round support for those with social emotional behavioural difficulties</li> <li>• Support independence skills for those with learning difficulties / disabilities</li> <li>• To promote social renewal by bringing local communities together to experience learning</li> <li>• To provide learning programmes for adults who are otherwise least likely to engage in learning</li> <li>• To provide support to promote social inclusion , combat poverty for adults with a range of complex barriers</li> <li>• To provide targeted and responsive provision to meet specific identified needs of localities or disadvantaged groups</li> </ul>	

12. We believe that there is the potential to expand these activities should additional funding become available later in the programme delivery period as set out in Paragraph 3.14 (page 45). This will result in greater impact in an area which has structural opportunities and challenges.

### Match Funding

13. It is a requirement that all ESIFS allocations against Priority Themes and underlying SIA's are matched by non-EC public or private funds. This requirement effectively increases the ESIFS allocation of £138.4 million for the Stoke-on-Trent and Staffordshire LEP to £230.7 million once match funded.
14. A number of government schemes / organisations are offering 'at source' match funding. LEPs can opt whether to use this match and the associated products. Stoke-on-Trent and Staffordshire LEP will 'opt in' with Growth Accelerator, MAS, UKTI, Skills Funding Agency, and BIG Lottery Fund. At January 2014, these Opt Ins are expected to provide total match of around £43 million, around 46% of the total match requirement. However, this figure is subject to change pending ongoing negotiations.
15. Decisions will be made on the approach to possible additional Opt Ins, as and when these are announced by central government.
16. The remaining match funding requirement (around £50m based on January 2014 Opt in levels) will also be sought from other private, public and third sector delivery partners at a more local level.

17. Potential match funding partners have demonstrated a clear commitment to invest in the 2014-20 programme in Stoke-on-Trent and Staffordshire. This commitment to invest reflects our strong engagement and partnerships with potential match funders during the ESIFS development process. Our ESIFS builds strongly upon experience from current delivery and is focused around the themes of additionality and deliverability. As such, delivery partners can be confident of achieving strong value added and return on investment.

## Management and Delivery

### Governance

18. The success of our programme will predominantly depend upon the management and governance arrangements put in place. Our objective in developing a governance structure is to maximise policy coherence and performance impact of the programme of investment supported by the EU funds.
19. The LEP has re-organised itself, linked to our Wave Two City Deal, to create a Funding Management Group which will locally monitor the delivery within the strategy set by the LEP. The Funding Management Group includes S151 Officers from the accountable Local Authorities. Locally bespoke arrangements are being developed to lead cross boundary programmes. The LEP has a clear process for managing conflicting interests and a separation of responsibilities to ensure clarity and transparency.

### Delivery Processes

20. The Stoke-on-Trent and Staffordshire LEP is keen to exploit the most efficient and effective routes to delivery. The below indicates our understanding of the likely avenues and how they will be used.

Route	Our Plans
National Opt-Ins	<ul style="list-style-type: none"> <li>Stoke-on-Trent and Staffordshire LEP is eager to maximise use of opt-ins and to negotiate local adaptations with national agencies delivering these programmes.</li> </ul>
Regional Schemes	<ul style="list-style-type: none"> <li>We have begun to work with our neighbouring LEPs to agree areas for co-investment. We are working towards a regional approach to financial instruments and supporting the advanced manufacturing sector under a wider Smart Specialisation programme. A number of sustainability elements may also lend themselves to a regional model.</li> </ul>
Commissioning	<ul style="list-style-type: none"> <li>Wherever possible, the LEP is keen to work closely with potential delivery partners to collaboratively develop investment proposals which match our strategic needs and fill gaps in the portfolio of schemes in our area. We will be keen to exploit opportunities to commission tailored initiatives wherever we can.</li> </ul>
Calls for Projects	<ul style="list-style-type: none"> <li>Where the LEP has no relationships with a high quality credible operator (a pre-requisite for commissioning) we will go out more widely to secure bids in response to specific calls</li> </ul>

	for proposals to bring forward essential gap-filling initiatives.
Community-Led Local Development	<ul style="list-style-type: none"> <li>• The utilisation of Community Led Local Development (CLLD) will be made under the European Agricultural Fund for Rural Development (EAFRD) through the LEADER programme.</li> <li>• Subject to local consultation there may be the possibility of rolling out CLLD programmes in the urban areas in future years of the ESIF programme.</li> </ul>

### Working with Other LEPs

21. The Stoke-on-Trent and Staffordshire LEP has worked closely with a number of other LEPs in developing our ESIF plans.
22. The most notable example of this is with the GBSLEP, where we are working to align our approach to ESIF interventions in the area where the two LEPs overlap, to maximise the economic benefit of the investment from this programme. This is outlined in Chapter 8.
23. More generally, in the development of this ESIFS we have worked collaboratively with all five other LEPs in the West Midlands area, D2N2 LEP and Cheshire and Warrington LEP. There are several areas of our strategy where we anticipate close-working with these LEPs over the 2014-20 period, including the environment, smart specialisation, research, development, technology and innovation (RDTI) and Financial Engineering Instruments.

# 1. Introduction

## Stoke-on-Trent and Staffordshire

- 1.1 Located in the heart of England, the Stoke-on-Trent and Staffordshire LEP aims to build upon its strong transport links, educational institutions and high quality of life, to continue to make Stoke-on-Trent and Staffordshire an attractive place to do business, to work, to live, and to visit. The area contains the City of Stoke-on-Trent which has ambitious plans to rapidly grow and drive growth across our wider network of strategic sites and urban centres which link across our attractive rural backdrop.
- 1.2 The Stoke-on-Trent and Staffordshire LEP already has access to many of the key ingredients needed to support growth. The area is home to numerous international businesses, including JCB, Alstom Bet365, Phones4U, and Jaguar Land Rover. A number of the sectors that will be important to not only the local but also national economy over the coming years already have a strong presence within the LEP area, and in recent years the area has proved to be highly attractive to a number of high profile inward investors. Stoke-on-Trent and Staffordshire also has access to potential sources of indigenous energy which could create a compelling and distinctive selling point for the area. Parts of the LEP area already have a highly skilled workforce, and the presence of two universities within Stoke-on-Trent and Staffordshire will allow the area to further develop the skills of local residents, matching the needs of existing employers whilst also providing the skills needed to future key employments sectors. These drivers, together with the significant economic drivers clustered around Stoke-on-Trent and Staffordshire of Birmingham, Derby/Nottingham and Manchester could, if properly harnessed, drive a resurgent private sector led economy.
- 1.3 Despite this, in parts of the LEP area, particularly the north, there exist considerable socio-economic challenges, which present barriers to economic growth and have implications for levels of social and community inclusion. In the urban areas, challenges are multifaceted, with the potential for economic growth constrained by a historic reliance on lower value manufacturing activities, challenges regarding the delivery of new sites and infrastructure and complex labour market challenges including low skills levels and concentrations of worklessness and deprivation. In the rural areas there are pockets of deprivation where the economic structure tends to be less growth orientated, with a higher than average dependence on sectors such as agriculture and related land based activities and tourism. Partly as a result of these challenges the area is underperforming economically relative to the EU average. This is demonstrated by the identification of the Staffordshire and Shropshire

Transition Area by the EU<sup>1</sup>.

- 1.4 The following paragraphs set out our draft long term ambitions building on our strengths and addressing our weaknesses. The vision and priorities form the basis of our draft SEP which is currently being developed in consultation with partners.

## Our Vision & Priorities: 2014-2030

“An economic powerhouse driven by the transformation of Stoke-on-Trent into a truly competitive and inspiring Core City and by accelerated growth in our County corridors and urban centres. Our aim is to dominate the space between a number of the UK’s largest urban areas, by connecting growth sectors, an offer of super-connectivity and compelling sites, supplying higher skilled labour and exploiting our indigenous energy potential. Our ambition is to sustainably drive:

- rapid growth in Stoke-on-Trent and its contribution to the county and national economy
- development of the peri-urban areas along the County’s key transport corridors that provide a strong, agile and competitive offer locally and nationally

To do this we need a step change in the way we connect to neighbours, investors, customers and collaborators.

**50:50:10 - Our stated aim is to grow the economy by 50% and generate 50,000 new jobs in the next 10 years.”**

## What Success Looks Like

- 1.5 The diversity within our economy is one of our strengths. Although partners have agreed a set of clear priorities for investment we have set our sights on a number of landmark developments against which we can measure progress and success over the next 20 years:
- The City of Stoke On Trent rapidly grows into a **Core UK City**.
  - A **Connected County** the aim is “super connectivity”, maximising the benefit of existing road, rail and air connections and future strategic infrastructure investments to benefit the whole area and maximise opportunities across the County’s key transport corridors.

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<sup>1</sup> Transition Regions are areas where GDP is 75-90% of the EU average.

- **Powerhouse Central:** Stoke on Trent & Staffordshire internationally recognised as an investment destination and centre of expertise for indigenous energy.
- An internationally renowned **Applied Materials Technology Centre** for advanced research and innovation building on CERAM and its ties to universities and industry.

## Our Focus

1.6 The future prosperity of the Stoke-on-Trent & Staffordshire economy depends on growth and competitiveness within our business base. We are committed to ensuring our businesses grow, generate global customers, collaborate with suppliers, nurture new enterprise, drive innovation and draw in investment. The hall-marks of our Strategic Economic Plan (SEP) are:

- **A Core City:** rapid, planned growth of the conurbation centred on the city of Stoke-on-Trent which would be a critical economic driver of the area spanning parts of Cheshire as well as Staffordshire, including through the development of a strong, competitive city centre brand offering the full mix of city centre uses.
- **Connected County:** our vital corridors across the LEP area and out to wider national and international markets are vital to our patterns of trade, investment and work. Our plan puts great stake in creating “super connectivity” by securing strategic and local links which allow people, goods and ideas from within Stoke-On-Trent and Staffordshire to engage with new opportunities over our borders and across the globe, both physically and digitally. In addition to securing improved strategic access to the City of Stoke-on-Trent (including exploring the opportunity for an HS2 stop in the city), we have a Growth Triangle made up from the M6/West Coast Main Line (WCML) Spine, the A5/M6 Toll Enterprise Belt and A38/A50 Eastern Links. The routes carve out a set of development corridors which link our strategic employment sites, enable further rapid economic growth in these peri-urban areas and underpin our economic ties to the markets beyond our borders.
- **Urban Growth:** the future prosperity of the Stoke-on-Trent & Staffordshire economy will also be dependent on growth in Stoke-on-Trent and the chain of strategic centres at Stafford, Burton, Cannock, Lichfield and Tamworth. Business and housing growth in and around these centres will underpin our economic progress. We also recognise that opportunities lie in the major conurbations across our borders towards Manchester, Liverpool and Derby, and significantly to the South into Birmingham and the Black Country.

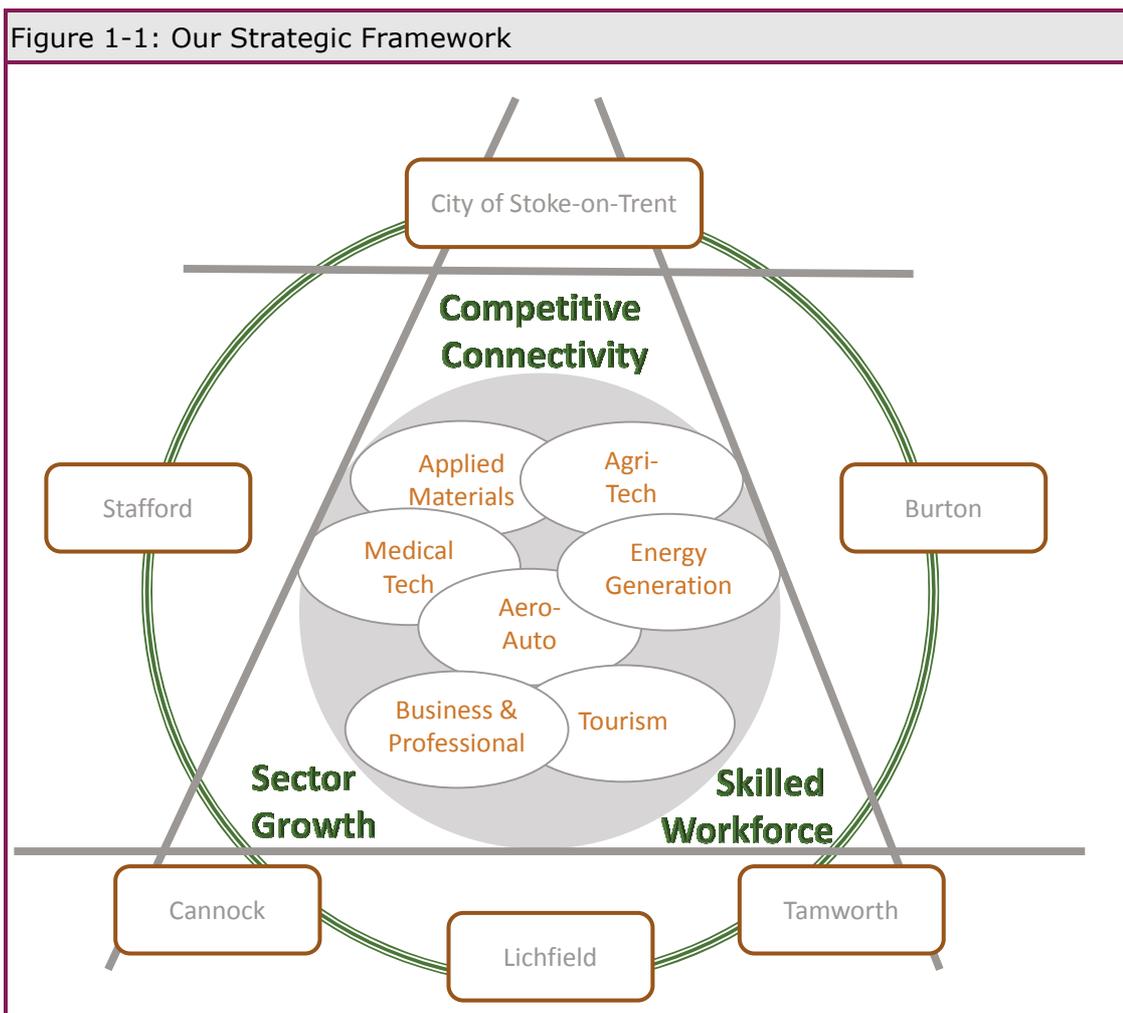
1.7 The Stoke on Trent and Staffordshire area has a strong set of businesses

with growth potential in key sectors which sit centre-stage in our plans for the future. Our business growth agenda is based on recognised strengths in key aspects of advanced manufacturing:

- **Energy Generation:** building on the long standing presence of Alstom in Stafford, ABB, Siemens Wind Power, GE Power Conversion and the sustainable energy programme centred around Stoke-on-Trent and beyond, to meet growing local and international demand by diversifying into geothermal, anaerobic digestion, biomass and energy-from-waste.
- **Auto-Aero:** capitalising on the supply-chain opportunities emerging from global businesses such as JCB, Michelin, Jaguar Land Rover, Moog, and Zytex in our patch.
- **Medical Technologies:** in which Keele University and its Science Park are internationally recognised leaders.
- **Agri-Tech:** drawing on our agricultural back-drop and Harper Adams University on our border to capitalise on an increased global focus on food security and the agri-plant capacity at JCB.
- **Applied Materials:** building upon our recognised heritage in metals and ceramics in both Stoke-on-Trent and Staffordshire to exploit opportunities in polymers, ceramics, glasses and composites.

1.8 These sectors each have recognised growth potential and can draw upon knowledge assets to sustain their competitiveness. Alongside this focus, we are committed to a diverse economy and supporting business growth across all our sectors, including local hot spots. Our focus on advanced manufacturing is complemented with an interest in strengthening the important (barometer) sectors of:

- **Tourism:** national attractions such as Alton Towers and Drayton Manor book-end a series of offers across both the leisure and business tourism sectors. These include the natural assets of Cannock Chase, the National Forest, the Peak District and the national canal network, as well as many other venues and attractions which can attract increasing numbers of both day and overnight visitors and help retain families living locally in a sector which cannot be “out-sourced”
- **Business/Professional Services:** the growth ambitions for our urban centres, and in Stoke-on-Trent in particular (including by creating a new central business district with a strong professional services offer), will draw in a growing base of professionals looking to support our indigenous businesses and capitalise on our excellent connectivity north to Liverpool & Manchester and south to Birmingham & London.



1.9 Our goals require a concerted and coherent effort and investment across a range of agendas. We are committed to focusing our investment and energies on a distinct series of inter-linking drivers for growth and to avoid the temptation to spread our effort too widely. There are five central objectives at the heart of our plan:

- **A Core City** - rapid, planned growth of the conurbation centred on the city of Stoke-on-Trent which would be a critical economic driver of the area spanning parts of Cheshire as well as Staffordshire, including through the development of a strong, competitive city centre brand offering the full mix of city centre uses.
- **Connected County:** to build on our central location, excellent external connectivity and existing peri-urban sites to deliver the right blend of further employment sites and supporting infrastructure to drive business growth, encourage inward investment and meet our labour market needs.
- **Competitive Urban Centres:** to significantly enhance growth opportunities from an attractive and thriving city of Stoke-on-Trent city and other towns across Staffordshire where people are eager to

live, work and enjoy themselves.

- **Sector Growth:** ensure globally competitive innovation, investment and enterprise-led expansion in large & small businesses across our priority sectors.
- **Skilled Workforce:** to develop a modern and flexible skills system which enables all people to up-skill and re-skill to meet the needs of our growth sectors. We will target growth and opportunity. As we boost the competitiveness of our businesses, we are determined to ensure local people also benefit. While we reach for the heights of international competitiveness, we will tackle our pockets of poor educational performance, deprivation, decaying urban centres and unattractive housing.

1.10 These overarching strategic priorities form the basis of the Stoke-on-Trent and Staffordshire SEP.

## The Stoke-on-Trent and Staffordshire ESIFS

### ESIF Allocation

1.1 In March 2013 the Government announced that, for the 2014-2020 funding period, the European Regional Development Fund (ERDF), the European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD), will be combined into the European Structural and Investment Funds Growth Programme for England (the "European Growth Programme"), with the large majority of funding allocated to Local Enterprise Partnership (LEP) areas.

1.2 European Growth Programme allocations of relevance to the Stoke-on-Trent and Staffordshire LEP are:

- ERDF and ESF funding for Stoke-on-Trent and Staffordshire LEP of **£80.0 million** and **£55.4 million** respectively (£138.4 million in total)
- EAFRD funding for the Stoke-on-Trent and Staffordshire LEP of **£3.13 million**
- An additional **£27.4 million** ERDF and ESF funding must be spent on interventions within the Stoke-on-Trent and Staffordshire LEP transition area. However, this funding is part of the Greater Birmingham and Solihull (GBS) LEP allocation and will be administered by GBSLEP in partnership with the Stoke-on-Trent and Staffordshire LEP.

1.3 LEPs and partners were asked by government to set out how they intend to use this allocation within a European Structural and Investment Fund Strategy (ESIFS), to be agreed with Government in early 2014.

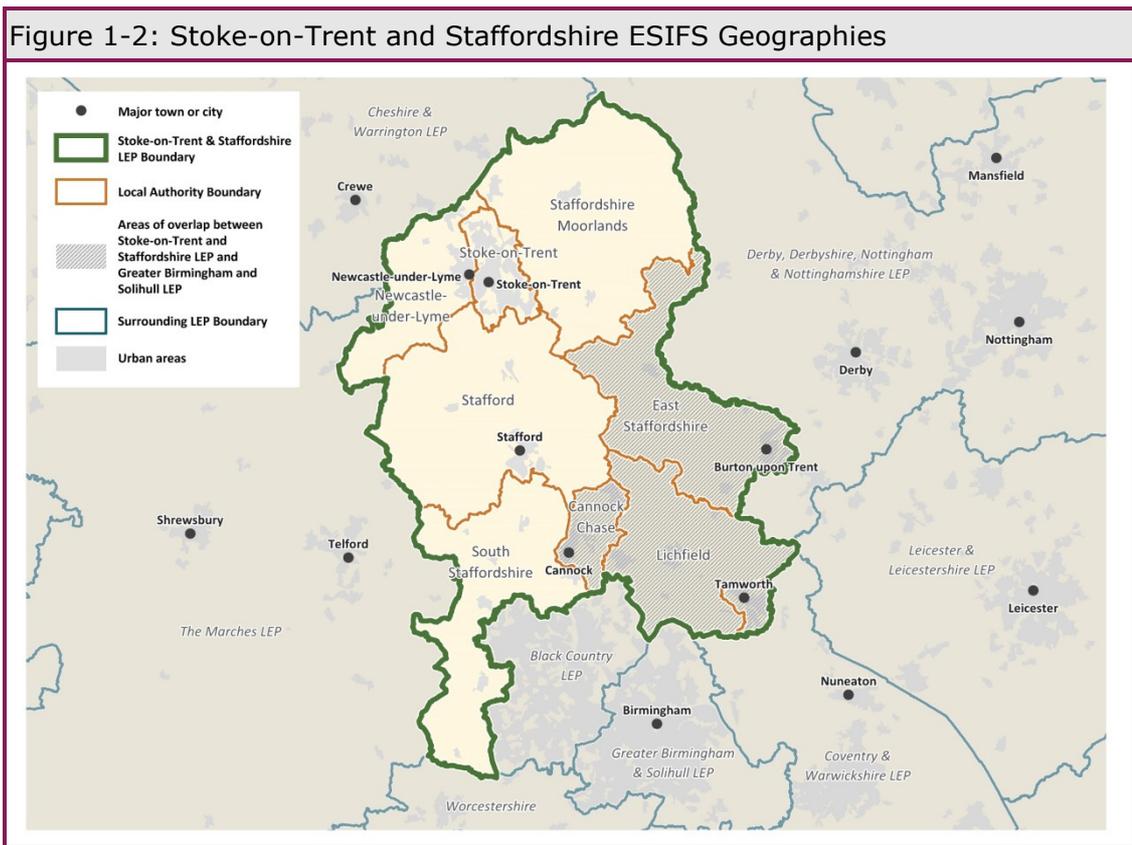
## ESIFS Geography

1.11 The geographies covered by the Stoke-on-Trent and Staffordshire LEP ESIFS are set out in Figure 1-2 overleaf. Key geographies in the ESIFS are:

- The focus for this strategy is the **Stoke-on-Trent and Staffordshire LEP area** and provisional European Structural and Investment Fund allocation of £138.4 million.
- Around £27.4 million of the **GBSLEP** allocation must be delivered within the Staffordshire Transition Region. This will be achieved by cross-LEP collaboration between the Stoke-on-Trent and Staffordshire LEP and the GBSLEP which will ensure that this Transition Region funding is delivered in line with the strategic investment priorities of both LEP areas.
- As suggested by the above, cross-LEP collaboration is an important element of the ESIFS. In a number of intervention areas (including innovation and smart specialisation, access to finance, and low carbon approaches) proposals have been developed for cross LEP working with **neighbouring LEPs** (particularly those in the West Midlands in Derbyshire and Nottinghamshire as well as Cheshire and Warrington). This reflects a combination of shared characteristics, existing partnerships and also identified potential to generate greater returns and efficiencies through a joined up approach across a larger geographical area. These cross-LEP linkages are outlined in Chapter 8 of this strategy (page 67).
- Reflecting some of the barriers to economic growth set out above, the area forms part of the **Staffordshire and Shropshire Transition Region**<sup>2</sup>. The ESIFS has been developed to take this into account, including joint working with the Marches LEP where shared interventions can play a role in addressing shared characteristics / challenges. The shared characteristics of the Staffordshire and Shropshire Transition area are summarised in Appendix B, whilst the approach to cross-LEP working (including with the Marches LEP) is outlined in Chapter 8.

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<sup>2</sup> Transition Regions are defined as areas where GDP is 75-90% of the EU average.



## ESIFS Development

- 1.4 The Stoke-on-Trent and Staffordshire ESIFS has been developed alongside a detailed process of consultation with public sector partners, businesses and business representative organisations, education institutions, and voluntary organisations – both in Stoke-on-Trent and Staffordshire and in neighbouring areas. As part of the process, five thematic workshops were held which focused in turn on Business Development, Innovation and Sectors, Inward Investment, Skills and Place. These workshops generated strong feedback on the emerging strategy from over 180 attendees.
- 1.5 Strategy development has been underpinned by three main principles:
- **Ensuring strong strategic synergies** – The government has announced that it will negotiate a Growth Deal with every LEP. Through Growth Deals, LEPs can seek freedoms, flexibilities and resources from Government, and a share of the new Single Local Growth Fund to target their identified growth priorities. LEPs are expected to develop ambitious, multi-year Strategic Economic Plans to inform the delivery of this funding. This ESIFS has been developed in tandem with the draft Stoke-on-Trent and Staffordshire SEP and the emerging City Deal proposals for the area. Each of these documents share an evidence base and are underpinned by the LEP vision and the LEP'S six key priority areas of focus (set out on page 2);

- **Learning the lesson from previous delivery** – The ESIFS has been developed with lessons from the previous delivery of European Structural Investment funds in Stoke-on-Trent and Staffordshire and across the wider West Midlands in mind. Lessons from previous programmes and how the ESIFS has responded are set out in Appendix C;
- **Building upon existing delivery and ensuring additionality** – The ESIFS has also been developed to reflect existing delivery processes and mechanisms in Stoke-on-Trent and Staffordshire and across the wider West Midlands. Crucially, the ESIFS does not represent a standing start; there are numerous projects and activities which are already being delivered locally which provide a strong platform and momentum on which to build. Examples are included in Chapter 3: Programme Framework (page 29).

## Content of the Strategy

1.6 The remainder of the strategy document contains the following sections:

- **Chapter 2** provides an overview of the socio-economic needs and challenges of Stoke-on-Trent and Staffordshire, providing the underpinning rationale for intervention
- **Chapter 3** sets out the framework for the delivery of ESIF in Stoke-on-Trent and Staffordshire, including overall vision, funding allocations and priority intervention areas
- **Chapter 4** sets out the output and result targets against which delivery performance will be measured
- **Chapter 5** summarises the key match funding sources that will support delivery
- **Chapter 6** sets out the approach to incorporating cross-cutting themes and delivering social innovation
- **Chapter 7** provides a summary of links and synergies to other European funding streams
- **Chapter 8** summarises the structures and processes through which the ESIFS will be managed and delivered, including governance structures and plans for working with other LEPs
- **Chapter 9** summarises the approach taken to developing the strategy and the engagement of key partners in this process.

## 2. Stoke-on-Trent and Staffordshire Socio-Economic Context

- 2.1 This chapter sets out an overview of the strengths, weaknesses, opportunities and threats facing the Stoke-on-Trent and Staffordshire LEP area, upon which the EU funding strategy has been developed. The structure of this Chapter follows is broken down into three main categories – Businesses, People and Places.
- 2.2 Whilst the evidence base largely focuses upon the performance of Stoke-on-Trent and Staffordshire as a whole, it is important to note that the economic performance varies greatly at a more local level within the LEP area. This partly reflects the relatively diverse geography of Stoke-on-Trent and Staffordshire – whilst urban areas account for a large proportion of population and economic activity, around 80% of Staffordshire is classified as rural and these areas are also home to a large segment of the population and strong base of enterprise and employment.

### Business in Stoke-on-Trent and Staffordshire

#### Overview of Characteristics

- 2.3 The Stoke-on-Trent and Staffordshire economy comprises of circa 416,000 employee jobs and 33,200 active enterprises, and generates around £16.4 billion in annual GVA<sup>3</sup>.
- 2.4 Stoke-on-Trent and Staffordshire is home to a relatively diverse business base. Whilst the majority of enterprises (around 75%) are micro-businesses (employing less than five people), the LEP area is also home to around 300 enterprises employing 100 people or more<sup>3</sup>. These businesses account for a large proportion of jobs in the area and include international companies across a range of sectors such as Coors, Jaguar Land Rover, JCB, Moog, Alstom, Goodwin International, Michelin, Waterford Wedgwood Royal Doulton, and Steelite.
- 2.5 Despite this, there is evidence that, taken as a whole, the Stoke-on-Trent and Staffordshire economy is performing comparatively weakly:
- In 2012 Stoke-on-Trent and Staffordshire was amongst the ten least resilient LEP economies in England, based on 39 variables across business, people and place factors<sup>4</sup>

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<sup>3</sup> Staffordshire County Council and City of Stoke-on-Trent (2013). 'Staffordshire and Stoke-on-Trent Economic Review: An insight into our economy in 2013'

<sup>4</sup> Experian 2012 Index, cited in LEP Network (2012). 'Review of Local Enterprise Partnership Area Economies in 2012'

• **Stoke-on-Trent and Staffordshire EU Structural and Investment Fund Strategy** •

- The Stoke-on-Trent and Staffordshire LEP area experienced the third-lowest economic growth across all LEP areas between 1998 and 2008<sup>5</sup>
- The number of employees jobs across Stoke-on-Trent and Staffordshire declined by 11,200 between 2003 and 2011, with particular activities affected including 'lower value' manufacturing
- Productivity in Stoke-on-Trent and Staffordshire is comparatively low, suggesting that the average quality of jobs is lower than is seen elsewhere nationally. GVA per head in Stoke-on-Trent and Staffordshire is £14,900, compared to £17,500 across the West Midlands and £21,300 nationally<sup>6</sup>
- Levels of enterprise across Stoke-on-Trent and Staffordshire are comparatively low. Start-up rates in Stoke-on-Trent (41.7 per 10,000 residents) and Staffordshire (32.7 per 10,000 residents) are considerably lower than start-up rates regionally (43.3 per 10,000 of population) and nationally (51.6 per 10,000 residents)<sup>3</sup>. Start-up rates have declined in the context of the economic downturn.

## Existing Strategic Objectives

- 2.6 The Stoke-on-Trent and Staffordshire LEP places a strong focus on the performance and characteristics of the local business base within its Business Plan. Key strategic priorities include:
- Supporting existing businesses to grow and to be innovative
  - Increasing inward investment
  - Successfully marketing Stoke-on-Trent and Staffordshire as a place to do business and visit
  - Improving access to finance and funding.
- 2.7 The draft SEP builds upon the strategic priorities of the LEP and sets out a core of objectives relating to the local business base: *“Sector Growth: ensure globally competitive innovation, investment and enterprise- led expansion in large & small businesses across our priority sectors”*.
- 2.8 Business is also at the heart of the 'Powerhouse Central' City Deal proposals for Stoke-on-Trent and Staffordshire. One of the key strands of the proposals is 'Powerhouse for Enterprise and Innovation', which aims to provide *“world class, applied and transitional research, and the means to*

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<sup>5</sup> ONS, Economic Output per Head data 1998-2008, cited in LEP Network (2012). 'Review of Local Enterprise Partnership Area Economies in 2012'

<sup>6</sup> West Midlands European Service (2013). 'West Midlands ERDF Socio-Economic Framework'

*facilitate the rapid commercialisation of technology*”, along with the development of an efficient and coherent approach to SME support across the LEP area.

## Areas for Intervention

- 2.9 There are a range of strengths and opportunities to capitalise on, in order to improve the local economy and help to meet the existing strategic objectives for Stoke-on-Trent and Staffordshire. These areas each link to specific strategic intervention areas of the Stoke-on-Trent and Staffordshire ESIFS (set out in Chapter 3), and are outlined below.

### Priority Sectors

- 2.10 The draft Stoke-on-Trent and Staffordshire SEP is built around a series of key sectors which are expected to drive growth in Stoke-on-Trent and Staffordshire.
- 2.11 Our business growth agenda is based on recognised strengths in key aspects of advanced manufacturing, including **Applied Materials, Agri-tech, Aero-Auto, Medical Technology** and **Energy Generation**. These sectors each have recognised growth potential and can draw upon knowledge assets to sustain their competitiveness.
- 2.12 Alongside this focus, we are committed to a diverse economy and supporting business growth across all our sectors, including local hot spots. Our focus on advanced manufacturing is complemented with a longer-term interest in strengthening the important (barometer) sectors of **Business and Professional Services**, and **Tourism and Leisure**.
- 2.13 These priority sectors are introduced in the table overleaf:

Table 2-1: Stoke-on-Trent and Staffordshire Priority Sectors	
<b>Advanced Manufacturing Priority Sectors</b>	
<b>Aero-Auto</b>	The Midlands and North West of England are home to large concentrations of transport technology firms. The high concentration of employment within the aeronautical and automotive technology sector in the Midlands is linked to the presence of major car manufacturers in the area, particularly Jaguar Land Rover, Toyota and their extensive supply chains. A large number of transport-related supply chain companies exist within Staffordshire and Stoke-on-Trent. Cannock Chase and South Staffordshire have the highest concentrations of employment in this sector locally. The development of a number of aerospace companies around the i54 area presents considerable opportunities for the development of advanced-technology manufacturing industries. The presence of Moog on the i54 business park in South Staffordshire links to a wider cluster of aviation-related firms in the area, and this may provide further future opportunities for growth.
<b>Agri-tech</b>	The area has a strong rural economy, with agriculture and food and drink being large employment sectors within the area. Generating more high-value agriculture related employment and diversification of the rural economy have been identified as priorities at the national and sub-regional levels.
<b>Applied Materials</b>	Stoke-on-Trent and Staffordshire has a historic strength in materials industries, particularly ceramics and this presents opportunities in applied materials development. The area is home to a cluster of around 300 materials based companies, including renowned international brands such as WWRD, Steelite, Biocomposites, Emma Bridgewater, Endeka, Dudson, Foseco Ltd (Vesuvius), Goodwin International, Tennants Chemicals Fuchs Lubricants and Johnson Matthey Colour Technologies.
<b>Barometer Sectors</b>	
<b>Energy Generation</b>	Stoke-on-Trent and Staffordshire have long been associated with generating power and continues to home major companies in the sector including Alstom, ABB, Siemens Wind Power, GE Power Conversion. Significant opportunities have been identified locally to create jobs in generating power through non-conventional on-shore means such as geothermal, anaerobic digestion, biomass, coal bed methane and energy-from-waste technologies and via energy supply chain opportunities linked with City Deal. Both Keele and Staffordshire Universities combined, have world leading expertise in renewable energy research and development and working collaboratively with industry within a joint applied research and demonstrator centre would accelerate the translation of energy technologies into wealth creating opportunities
<b>Medical</b>	Although starting from a small base, employment in scientific

<b>Technologies</b>	R&D in medical technologies has also grown. The School of Medicine at Keele University, the University Hospital of North Staffordshire and Keele University Science and Business Park represent an opportunity for attracting more growth in this area. The Research Institute at Keele University leads on pure and applied research, and includes an Institute for Science and Technology in Medicine. Stoke-on-Trent and Staffordshire is also home to a growing number of leading medical technology and healthcare companies, including Swiss owned TRB Chemedica, Biocomposites, Cobra Biologics and Intelligent Orthopaedics
<b>Business and Professional Services (including creative and digital)</b>	Currently supports 40,000 jobs in Stoke-on-Trent and Staffordshire. The sector also grew by over 1,500 employee jobs between 2006 and 2010, highlighting the potential for growth. Creative industries are growing in Stoke-on-Trent and Staffordshire, particularly in terms of TV and video production. The area also has a strong track record in attracting digital companies, particularly in the energy, medical and entertainment fields. The sector comprises companies ranging from start-ups to international businesses such as Instem and Navman Wireless. Both Staffordshire University and Keele University have respected expertise in film and media.
<b>Tourism and Leisure</b>	There are currently more than 33,000 direct leisure and business tourism jobs within the area, more than any of the core cities. The area is home to numerous natural assets (including the Cannock Chase Area of Outstanding Natural Beauty and part of the Peak District) and major tourism attractions including Alton Towers, Drayton Manor Theme Park, Trentham Estate, the canal network, the new National FA Centre, SnowDome, the National Memorial Arboretum, Mercian Trail and the Potteries Museum and Art Gallery (including the Staffordshire Hoard). The visitor economy has an important role to play in supporting economic growth by generating visitor spend, supporting services and jobs, helping to protect environments and assets, and enhancing quality of life.
<p>In addition, there are a number of other sectors which currently plan an important role in providing employment across the LEP area. These include the building technologies sector, the distribution and logistics sector and the health, retail and education sectors.</p> <p>Whilst these sectors are expected to play less of a role in driving economic growth than those sectors identified above, they will nonetheless remain important in providing employment and supporting the needs of the population.</p>	

2.14 As suggested by the above, Stoke-on-Trent and Staffordshire’s strengths in its priority sectors are underpinned by the presence of numerous notable international firms, including JCB, Jaguar Land Rover, Moog and

Alstom. The presence of these international firms is a major asset, not only from the direct employment and gross value added (GVA) that they generate, but also for their role as anchors for local supply chains and assets in agglomeration clusters.

- 2.15 Reflecting this, the Stoke-on-Trent and Staffordshire ESIFS places a focus both upon directly supporting activity in the priority sectors, but also in strengthening the capacity of local firms to engage in supply chain opportunities.
- 2.16 Interventions to support the growth and development of priority sectors are built throughout the ESIFS and include:
- *Innovation – innovation is one of the four Priority Themes within the ESIFS. The approach to innovation is built upon the idea of smart specialisation, with investment areas focusing on innovation infrastructure, knowledge transfer and commercialisation within the priority sectors (Strategic Investment Areas 1.1, 1.2 and 1.3)*
  - *Internationalisation – a focus on attracting new companies in priority sectors and supporting existing companies to export (Strategic Investment Area 2.5)*
  - *Business support for high value growth – working with MAS and Growth Accelerator to provide the support necessary to help companies in priority sectors to achieve high growth (Strategic Investment Area 2.3)*
  - *Sites and Infrastructure – ensuring that suitable sites and premises are available and where necessary brought forward to support activities in priority sectors (Strategic Investment Areas 3.3)*
  - *Skills for Growth and Innovation – activities to ensure that appropriate skills exist within the labour market to support the development of priority sectors, including collaborative working between business and education institutions (Strategic Investment Areas 4.2 and 4.3).*

## Innovation

- 2.17 There is evidence that levels of innovation across the Stoke-on-Trent and Staffordshire economy as a whole are comparatively low. In Stoke-on-Trent and Staffordshire only 0.1% of the workforce engages in R&D activities against 0.4% nationally<sup>7</sup>, and the area ranks 35<sup>th</sup> out of 39 LEP areas in terms of number of patents per 10,000 residents (3.4 per 10,000

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<sup>7</sup> Stoke-on-Trent and Staffordshire LEP (2013). 'Powerhouse Central: Wave 2 City Deal: Stoke-on-Trent and Staffordshire LEP's Negotiation Document'

residents compared to the England average of 10.6)<sup>8</sup>.

2.18 Despite this, Stoke-on-Trent and Staffordshire has a number of strengths and opportunities to build upon in terms of innovation assets and infrastructure:

- Existing businesses and institutions – As outlined previously, the Stoke-on-Trent and Staffordshire economy is already home to a number of high profile companies engaging in innovation and research activities (such as CERAM, a private research and testing organisation with an international reach), and is also home to two universities (Keele and Staffordshire). Together, these provide a strong base of research and innovation assets and infrastructure on which to build in the future
- Pre-existing and proposed innovation projects – There are a number of major facilities proposed or pre-existing to build on local sector specialisms and to drive innovation in Stoke-on-Trent and Staffordshire, including CoRE, Applied Materials Research and Innovation Centre (AMRIC), Centre of Excellence in Energy Security and Renewables (CEESR) and the Keele University Energy Demonstrator. There are also strong links to a range of other institutions and research centres in neighbouring areas and across the UK. For instance businesses in southern Staffordshire have linkages with Warwick Manufacturing Group and other sector specialists
- Regional Growth Fund successes – Stoke-on-Trent and Staffordshire has also had a number of notable Regional Growth Fund successes. Several of these, such as Zytec R&D Facility, have innovative activities at their core.

2.19 Clearly strong infrastructure and facilities have an important role to play in supporting innovation. Ensuring that Stoke-on-Trent and Staffordshire both develops new infrastructure to exploit emerging opportunities, whilst maximising existing innovation assets, will play a crucial role in driving growth within key priority sectors.

2.20 *Innovation Infrastructure is the focus of Strategic Investment Areas 1.1 of the ESIFS.*

2.21 Stoke-on-Trent and Staffordshire has existing strengths and opportunities to build upon in terms of knowledge sharing, particularly in terms of research collaboration between business and research and institutions.

2.22 Both Keele University and Staffordshire University already have

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<sup>8</sup> OECD Patents Database (2007), cited in LEP Network (2012). 'Review of Local Enterprise Partnership Area Economies in 2012'

established track records in engaging with, collaborating with and adding value to the local business base. This is partly demonstrated by the recent track record of Staffordshire University – over the past two years, the university has delivered 106 knowledge based collaborations, 16 industry led bids for collaborative R&D grant funding submitted, 7 KTPs and 1 KEEN. The university's innovation pipeline over the same time period includes 14 Licences, 7 spin out companies, management of 11 patent applications and 116 disclosures of inventions, discoveries and creations. Reflecting their commitment to working collaboratively to help secure shared economic priorities across the LEP area, Keele University and Staffordshire University have recently formed the Business and Innovation Group (a strategic alliance of Keele University, Keele University Science and Business Park, Staffordshire University and North Staffordshire Chamber of Commerce) which aims to take a lead role in supporting the economic growth activities of the LEP Board.

- 2.23 Building and maintaining links between the existing business base, HE and other relevant institutions is of critical importance in exploiting opportunities for and maximising the benefit of innovation in Stoke-on-Trent and Staffordshire. Reflecting this, building the capacity for knowledge transfer and providing support to drive commercialisation of products and processes within Stoke-on-Trent and Staffordshire is a specific area of focus for the ESIFS.
- 2.24 *Knowledge transfer and commercialisation is covered by activities under Strategic Investment Areas 1.2 and 1.3 of the ESIFS.*
- 2.25 Other intervention areas in the ESIFS designed to support the innovation agenda include *Business support for high value growth (Strategic Investment Area 2.3) and Skills for Growth and Innovation (Strategic Investment Areas 4.2).*
- 2.26 A common theme running throughout these Strategic Investment Areas will be a focus on **smart specialisation** – the need to focus innovation investment on research and innovation themes where there are competitive advantages in terms of local sector assets and knowledge base assets. Proposals are currently being worked up by the West Midlands LEPs to develop a shared approach to elements of Smart Specialisation particularly in relation to advanced manufacturing; this is outlined in more detail in Appendix A.

### Inward Investment

- 2.27 Inward investment is considered a major priority in the Stoke-on-Trent and Staffordshire LEP Strategic Business Plan 2012-2013 and the area has been shown to be outperforming the vast majority of other areas in terms of inward investment recently; in 2012, the Stoke-on-Trent and Staffordshire LEP came third behind the North Eastern and Greater Manchester LEP's in terms of attracting inward investment, with 2,600 jobs from 12 projects. Recent high profile success stories include Jaguar

Land Rover (at i54) and Amazon (in Rugeley).

2.28 Continuing this momentum to create further new employment opportunities, while also targeting companies within the key priority sectors in order to develop a higher value and more sustainable local economy, is an important area of focus for the LEP. To do so it will be important to:

- Create the right conditions for inward investment, ensuring the supply of appropriate employment sites and infrastructure
- Raising the profile of Stoke-on-Trent and Staffordshire as a location for inward investment – building upon the areas locational advantages, its existing business and labour market strengths and its vibrant leisure and visitor assets which support a strong quality of life for residents

2.29 Reflecting this, an emphasis is placed on inward investment within the ESIFS. *Inward Investment activities, including working with UKTI, are a focus of Strategic Intervention Area 2.5. Strategic Intervention Area 3.3 (Sites and Infrastructure) will also play a key role in support inward investment objectives.*

## Exports

2.30 Manufacturing – a sector which is typically characterised by higher levels of exports – is an important component of the Stoke-on-Trent and Staffordshire economy, and it is estimated that at present, around 17% of all employment in the LEP area is in export-intensive sectors<sup>9</sup>. However, in the overarching context of the economic downturn, in recent years the West Midlands region has experienced a decline in its regional export performance.

2.31 Export levels have been identified nationally as an important driver for economic growth, and represent an important opportunity to support economic growth within Stoke-on-Trent and Staffordshire.

2.32 *Interventions to help SME's to export including working with UKTI are addressed in Strategic Investment Area 2.5 of the ESIFS.*

## General Business Support

2.33 In addition to support for high growth and innovative businesses, and those operating in priority sectors, it is also critically important to support the competitiveness and capacity of the existing business base and to support people to start up successful new businesses.

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<sup>9</sup> Based on Input-Output tables and Business Register and Employment Survey (2010), cited in LEP Network (2012). 'Review of Local Enterprise Partnership Area Economies in 2012'

- 2.34 The reorganisation of various funding bodies for business support over the past five years has resulted in a more fragmented and less comprehensive support offering. A review of the business support offer for Stoke-on-Trent and Staffordshire SME's highlights that there is currently a multiplicity of channels and programmes which represents both a challenge and an opportunity. The challenge is the potential for duplication and confusion. However, there is an opportunity for a diversity of offering and genuine customer choice. There is also potential for more flexible and responsive services responding to local needs. Private sector peer to peer support is also developing, or has potential to develop, within this new environment.
- 2.35 Reflecting this context, partners in Stoke-on-Trent and Staffordshire are developing a new 'Growth Hub' model – a simplified and coherent approach to business support across the LEP and wider area. The 'Growth Hub' will take a strategic leadership role in the design and co-ordination of business support and also generate intelligence and strategic coordination, to help understand opportunities and threats for local businesses and to improve the efficiency, effectiveness and responsiveness of support.
- 2.36 *Support for a Growth Hub is set out at Strategic Investment Area 2.1 of the ESIFS.*

### Enterprise Support

- 2.37 Business start-ups and the growth of these businesses play an important role in the overall level of job creation, and creating a spirit of entrepreneurship and fostering local innovation is seen as important in generating more new business in the local economy. Despite this, there is evidence that Stoke-on-Trent and Staffordshire is underperforming in terms of enterprise. The area currently lags far behind the national average in terms of business start-ups; in 2010, there were just 42 business start-ups per 10,000 resident population in Staffordshire and 33 in Stoke-on-Trent compared to 51 per 10,000 resident population in Great Britain as a whole.
- 2.38 *Investment in enterprise support is addressed in Strategic Investment Area 2.2 of the ESIFS.*

### Access to Finance

- 2.39 Both during the recession and on-going economic downturn, access to equity and debt finance has been a significant challenge for companies nationally, with significantly reduced lending from banks and other investors. This represents a significant constraint on growth.
- 2.40 The Stoke-on-Trent and Staffordshire LEP is currently working with the five other West Midlands LEPs to undertake research looking at the need and potential for a cross-LEP financial instrument to support business enterprise and innovation.

2.41 *Investment in access to finance interventions is addressed in Strategic Investment Area 2.4 in Chapter 3 of the ESIFS and also in Appendix A.*

### Support for Social Enterprise

2.42 Social enterprises are a particular area for focus. At the national level, social enterprises employ over 1 million people and contribute more than £20 billion a year to the economy. Around 14% of social enterprises are start-ups – 3 times higher than the proportion of start-ups across the business base as a whole. Evidence suggests that social enterprise can play an important role in driving sustainable and inclusive economic growth at the local level – on average when compared to the full SME base, social enterprises are more environmentally sustainable, are more diverse at management level and are more socially inclusive in terms of their wider workforce<sup>10</sup>. As such, there is the potential for clear local economic benefits to be gained through providing support for social enterprises as part of a wider approach to improving SME and enterprise performance in Stoke-on-Trent and Staffordshire.

2.43 *Support for social enterprise is addressed throughout the SME Competitiveness Theme, particularly in Strategic Investment Area 2.1, 2.2 and 2.4.*

## Stoke-on-Trent and Staffordshire – Places and Built Environment

### Overview of Characteristics

2.44 The well-being of the City of Stoke-on-Trent and Staffordshire’s towns and rural areas, along with local businesses and communities, are all vitally important to future growth in the area. Making best use of the area’s natural assets and environment, and developing and building upon the cultural and leisure offer is vital to creating sustainable communities across Stoke-on-Trent and Staffordshire. Key characteristics of the LEP area include:

- **Constraints in the supply of employment land** – whilst over 873 hectares of employment land have been identified in Stoke-on-Trent and Staffordshire, a large proportion of this potentially developable land is not genuinely available because the critical ‘up front’ investment needed is lacking<sup>3</sup>
- **Opportunities in the Low Carbon Economy** – building upon existing assets, significant opportunities have been identified regarding a strategic approach to local energy generation and the decarbonisation of the business base

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<sup>10</sup> Evidence taken from Social Enterprise West Midlands, “Doing Business Differently”

- **Town centres** – The City of Stoke-on-Trent and Staffordshire’s towns are the major population and employment hubs within the area. Challenges exist, however, particularly regarding the vitality and viability of town centres and the quality of the built (and often historic) environment
- **Rural Areas** – over 80% of Staffordshire is classified as rural, and the quality of the environment is a major asset. In general, economic performance has been strong in rural areas in recent years with employment increases and strong levels of enterprise. Challenges remain though, particularly regarding access to employment and services
- **Local Disparity in Quality of life** – Stoke-on-Trent and Staffordshire is a relatively diverse place, characterised by concentrations of worklessness and relative multiple deprivation in urban areas such as Stoke, Burton and Tamworth, but relatively high levels of quality of life in parts of rural Staffordshire.

## Existing Strategic Objectives

2.45 The draft Stoke-on-Trent and Staffordshire SEP sets out two core strategic priorities relating to Place and Environment:

- **Connected County:** to build on our central location, excellent external connectivity and existing peri-urban sites to deliver the right blend of further employment sites and supporting infrastructure to drive business growth, encourage inward investment and meet our labour market needs.
- **Competitive Urban Centres:** to significantly enhance growth opportunities from an attractive and thriving city of Stoke-on-Trent and other towns across Staffordshire where people are eager to live, work and enjoy themselves.

2.46 Providing the right sites and infrastructure is identified as a particularly important priority area for the Stoke-on-Trent and Staffordshire LEP. In particular, the LEP places a focus on developing transport networks and super-fast broadband infrastructure in Stoke-on-Trent and Staffordshire to ensure that it remains at the heart of a connected economy, and on ensuring that the right sites are in place to attract new investment and to support existing businesses who wish to expand.

2.47 The ‘Powerhouse Central’ City Deal proposals for Stoke-on-Trent and Staffordshire also recognises the importance of bringing forward quality employment sites and infrastructure across the area, to allow businesses to expand, increase job numbers and encourage FDI and job growth.

2.48 Increased energy security is also a key priority for the LEP and is at the core of the ‘Powerhouse Central’ proposal. The ‘Powerhouse Energy’

proposals aim to provide a strategic approach to energy security by developing a fully integrated Smart City network across the area.

## Areas for Intervention

- 2.49 There are a range of strengths and opportunities relating to place and the built and natural environment to capitalise upon. These areas each link to specific SIA's set out in Chapter 3 of the ESIFS.

### Employment Land

- 2.50 There is a need to ensure that there is a wide portfolio of employment sites in both urban and rural parts of Stoke-on-Trent and Staffordshire that provides potential investors with options to meet their needs.

- 2.51 Stoke-on-Trent and Staffordshire faces a significant challenge regarding the delivery of employment land. In 2011 there was a total of just over 837 hectares of employment land available in Stoke-on-Trent and Staffordshire, with the vast majority (over 80%) of this land already granted planning permission. Although this shows that a significant amount of employment land exists, a large proportion of this land is not genuinely available because the critical 'up front' investment needed to unlock the sites has not been made. This is evident in that a number of sites are referred to as being 'long standing' having been available for over ten years without being brought forward for development.

- 2.52 This has important implications:

- Existing businesses – evidence shows that local businesses have considerable opportunities for growth, but the lack of land on which to grow is acting as a break on economic growth and is stifling local business growth<sup>7</sup>
- Inward investment – there is evidence that lack of 'investment ready' sites is affecting the ability of the LEP area to secure new inward investment. Potential investors are put off by the delays and costs required to bring forward suitable sites, especially given strong competition from neighbouring areas
- There is some evidence that this is starting to impact upon the economic geography of the LEP area. The local economy's shift towards more rural areas of the County is in part thought to be due to a lack of land availability within town centres and the cost of land in urban areas (along with wider technological improvements allowing companies to base themselves away from town centres)<sup>3</sup>.

- 2.53 As well as providing the employment land necessary for existing businesses to expand and grow, developing employment sites and making suitable premises ready for inward investors to occupy will be an important factor in creating new jobs within the area. The LEP's City Deal

Bid<sup>7</sup> identifies eight strategic employment sites covering 168 hectares within the LEP area which have the ability to support business growth, with particular opportunities within the energy generation sector. These sites will not only allow local businesses to expand, but will also encourage FDI, kick-starting the process of creating 50,000 jobs over the next decade.

- 2.54 New employment site development could open up the potential for strong growth in Stoke-on-Trent and Staffordshire, particularly in the priority sectors. *Support for site development is included in Strategic Investment Area 3.3 in Chapter 3 of the ESIFS.*

### The Physical Environment and Sustainable Transport

- 2.55 Although the EU Structural and Investment funds for transition regions have limited scope to support interventions in this area, there are a number of activities that can be supported, complementing other investment under the LEPs Growth Strategy.
- 2.56 Evidence shows that good green infrastructure (networks of high quality green and blue spaces and other environmental features in both rural and urban areas, including parks, open spaces, playing fields, woodlands, rivers, canals and allotments) creates healthy, vibrant places with a high quality of life and where businesses choose to locate. There are opportunities to invest in green infrastructure in Stoke-on-Trent and Staffordshire including supporting the delivery of improved recreational and leisure routes such as the canal network and the national cycle network.
- 2.57 Other physical environment intervention areas include proposals to secure site remediation on brownfield sites (tackling contamination from flooding and industry) and ensuring quality infrastructure to support growth in these locations. Securing the revitalisation of unused (and often historic) buildings is also an important objective locally, particularly in Stoke-on-Trent where the rich and unique cultural heritage is seen as one of the areas greatest assets.
- 2.58 *Support for green infrastructure and the physical environment more generally is included in Strategic Investment Areas 3.3 and 3.4 in Chapter 3 of the ESIFS.*
- 2.59 Access to employment is important for all communities throughout Stoke-on-Trent and Staffordshire, whether based in the city and larger towns, smaller villages or remote rural communities. The accessibility of employment sites / facilities is clearly a very important factor in allowing local residents to take advantage of job opportunities. This is particularly true for businesses that operate shift patterns or are located far from the entrance of employment sites. Providing good public transport, paths and cycle ways is likely to have substantial benefits in terms of providing strong access to employment opportunities, as well as having substantial

benefits in terms of increasing the use of more sustainable forms of transport, resulting in positive environmental impacts.

2.60 *Support for sustainable transport is included in Strategic Investment Area 3.4 in Chapter 3 of the ESIFS.*

### Urban Areas

2.61 The city, towns and service centres (including rural market towns) are likely to be important drivers of sustainable economic growth. Around three quarters of Stoke-on-Trent and Staffordshire's business and employment is focused around the urban parts of the county, and although rural areas have been more successful than urban areas in terms of job creation in recent years, this has largely been due to development on the fringe of urban areas.

2.62 Regenerating and supporting the city and the towns and service centres to maximise their vitality and viability is therefore important in enhancing the sustainability of local communities. Although the ESIF for Transition Regions have limited scope to support interventions in this area, there are a number of activities that can be supported, complementing other investment under the SEP.

2.63 *These largely relate to support for Green and Blue infrastructure and sustainable transport investments outlined in the previous section and covered in Strategic Investment Areas 3.3 and 3.4 in Chapter 3 of the ESIFS..*

2.64 More generally, given that towns are shaped by the businesses and residents located within them, all aspects of intervention within the ESIFS have the potential (and objective) of driving the future vitality and viability of the urban areas within Stoke-on-Trent and Staffordshire.

### Rural Areas

2.65 Rural areas are one of our LEP area's greatest assets and help to underpin our economic prosperity, health and wellbeing. Eighty percent of the county's area is rural and almost 25% of the population (205,000) live in rural areas<sup>11</sup>. The Staffordshire Rural Forum has recently published its Rural Strategy, which has the following outcomes:

- A rich, varied and valued environment, which is beautiful and culturally rich, available for people to visit, live in and enjoy, contributing to Staffordshire's wealth and prosperity.
- Vibrant, thriving and resilient rural communities in which key services are accessible to all; and standards of living, wellbeing and

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<sup>11</sup> Draft Staffordshire Rural Strategy (2013) Staffordshire Rural Forum

quality of life are high.

- A sustainable, prosperous and diverse rural economy, which forms an integral part of the wider economy, contributing to Staffordshire's wealth and prosperity.

2.66 Rural areas play an important role in the Staffordshire economy; over 26% (5,250) of Staffordshire's businesses and 1 in 5 jobs are in rural locations. Rural areas are characterised by a higher proportion of small, micro and home-based businesses, whilst social and community based enterprises also play an important role. The visitor economy is a strong driver of the rural economy, reflecting the fact that many of the area's natural assets and tourism attractions are located within rural areas (e.g. parts of the Peak District, Cannock Chase Area of Outstanding Natural Beauty, Alton Towers, Drayton Manor Theme Park, Trentham Estate, the canal network, the new National FA Centre, and the National Memorial Arboretum). Land based sectors also remain an important part of the rural economy, whilst as previously discussed, the Agri-Tech sector has been identified as a priority sector for future growth.

2.67 Economic performance in rural areas of Staffordshire has been relatively strong in recent years – employee jobs in rural parts of the county increased by 21% between 2003 and 2011, compared to a 9% decrease seen in urban areas<sup>12</sup>. Rural areas have typically also seen higher levels of entrepreneurship than seen elsewhere in the county<sup>13</sup>.

2.68 Despite this, businesses operating in rural areas face multiple challenges including accessibility, digital connectivity and labour market skills. Rural communities are also facing challenges more generally regarding the loss of community services and assets such as pubs, post offices and shops.

2.69 In this context, key priorities set out in the Staffordshire Rural Strategy include creating and retaining jobs in the rural economy through business creation, growth and diversification. Rural businesses can help support the revitalisation of our towns and villages, and help to preserve basic community services such as shops, pubs and post offices.

2.70 *Objectives relating to supporting rural businesses and economic activity are ingrained throughout the ESIFs and relate to ERDF, ESF and EAFRD funding (see page 72). This includes:*

- *Strategic Investment Areas 1.1 to 1.3 which focus on Innovation – infrastructure for innovation and enabling knowledge transfer is essential for rural businesses (including those in priority sectors such as Agri-Tech and the visitor economy and also community led enterprises) to compete on a level playing field, while supporting*

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<sup>12</sup> Draft Staffordshire Rural Strategy (2013) Staffordshire Rural Forum

<sup>13</sup> Draft Staffordshire Rural Strategy (2013) Staffordshire Rural Forum

*commercialisation and innovation is critical for growing sectors and activities such as Agri-Tech and ecosystem services.*

- *Strategic Investment Areas 2.1 to 2.6 which focus on SME Competitiveness – business support interventions will incorporate the expertise to deal with the diverse composition and nature of rural businesses (from small, micro and home-based businesses to social and community based enterprises and those focusing on land-based activities).*
- 2.71 The countryside in our rural areas is a significant asset. Our area has rich and varied landscapes, wildlife and heritage, including many nationally recognised leisure sites and assets. It is crucial that these are promoted, used and valued by both rural and urban communities, and they contribute to Staffordshire’s growth. It is also vital that everyone is made aware of the collective impact on these assets and their use is managed in order that significant damage is avoided.
- 2.72 *Objectives relating to the physical environment, including green infrastructure, are set out under Strategic Investment Area 3.4. Supporting and strengthening the visitor economy also has a role to play in this respect, with relevant objectives set out under Strategic Investment Areas 2.1 to 2.5.*
- 2.73 Rural areas have an important role to play in energy supply and decarbonisation, having significant potential in numerous types of renewable energy generation. These activities can complement the incomes of farmers and landowners and also provide new employment opportunities, helping to stimulate and sustain the wider economy.
- 2.74 *Objectives relating to the low carbon economy are ingrained throughout the ESIFS and relate to ERDF, ESF and EAFRD funding (see page 72). Particular areas of relevance are Strategic Investment Areas 3.1 and 3.2.*
- 2.75 Rural parts of Stoke-on-Trent and Staffordshire also face multiple labour market challenges (particularly the ability of residents to physically access employment and training) and challenges around access to services and rural isolation. Ensuring that residents across Stoke-on-Trent and Staffordshire are able to access appropriate training and employment opportunities and also have access to strong infrastructure and services will be a critical factor in ensuring that economic growth is delivered in a socially inclusive way.
- 2.76 *Objectives relating to the rural labour market and social inclusion are ingrained throughout the ESIFS and relate to ERDF, ESF and EAFRD funding (see page 72). Particular areas of relevance are Strategic Investment Area 3.4 (Sustainable Transport) and Strategic Investment Areas 4.1 to 4.6 relating to skills, employment and social inclusion.*

## Low Carbon Economy

2.77 Stoke-on-Trent and Staffordshire has long been associated with generating power, and this is reflected in some of the energy companies operating in the area, including Alstom, ABB, Siemens Wind Power, and GE Power Conversion.

2.78 However, the Stoke-on-Trent and Staffordshire LEP<sup>7</sup> identifies current energy provision as a barrier to business growth in the LEP area. Energy price volatility and supply insecurity presents a threat to the growth and development of the business base. The economy features a high proportion of heavy energy users, from the ceramics sector to IT-related business. These businesses face a number of challenges:

- Energy costs – energy costs make up more than a third of all costs for our energy-intensive businesses. At the same time, energy prices are rising; the average business energy bill rose by 60% between 2010 and 2011. If these trends persist, it will be increasingly difficult for our energy intensive businesses to maintain a presence in the area.
- Energy security – in March 2013 the UK came within eight hours of breaching national gas supply reserves. As such, energy security presents a considerable economic and operational risk for our energy intensive businesses.

2.79 Reflecting this, increased energy security is a key priority for the LEP and is at the core of the City Deal 'Powerhouse Central' proposal. The 'Powerhouse Energy' proposals aim to provide a strategic approach to energy security by developing a fully integrated Smart City network across the area.

2.80 Energy security is to be manifested in:

- The development of a new joint Centre of Excellence in Energy Security and Renewable Energy (CEESRE) between Keele University and Staffordshire University to support the development and deployment of low carbon and renewable energy technologies
- The delivery of new energy assets such as the proposed Energy Demonstrator at Keele
- The development of a series of "at-scale" energy investments across Stoke-on-Trent to create a fully integrated Smart Energy network including: geothermal, anaerobic digestions, biomass, heat recovery, power storage, combined heat and power (CHP), coal bed methane and District Heat Networks, domestic-scale micro-renewables and smart grids; and
- Development / activities to maximise associated energy supply

chain opportunities.

- 2.81 The development of new employment sites also represents an opportunity for localised energy generation to be incorporated into employment site infrastructure, with eight priority sites identified for this.
- 2.82 *Support for the 'Whole Place' approach to energy security is included in Strategic Investment Areas 3.1 and 3.3 of the ESIFS.*
- 2.83 The Stoke-on-Trent and Staffordshire LEP also recognises that a key opportunity for reducing the areas emissions will be in working with the existing business base to reduce their emissions, and to support them in developing low carbon and environmental technologies which will support emission reduction as well as opening up new markets. A further key opportunity for emission reduction is through improved energy efficiency in homes, public buildings and businesses.
- 2.84 *Support for energy efficiency and the decarbonisation of the business base is included in Strategic Investment Area 3.2 of the ESIFS.*
- 2.85 Increased energy security is a key priority for our LEP and sits at the core of our draft City Deal proposal. Our 'Powerhouse for Energy' proposals set out a strategic approach to energy to help protect the area's energy supply from short-term shocks and rising energy prices. We aim to achieve this by developing a fully integrated smart city network across the area and by exploring local non-conventional sources such as geothermal. The development of new employment sites also represents an opportunity for localised energy generation to be incorporated into employment site infrastructure.

## Stoke-on-Trent and Staffordshire – People, the Labour Market and Social Inclusion

### Overview of Performance

- 2.86 Stoke-on-Trent and Staffordshire is characterised by local level disparities in terms of performance against labour market and social inclusion indicators. Whilst Staffordshire tends to perform at or above the national average, performance in Stoke-on-Trent is typically below average. Key characteristics of the LEP area include:
- **Higher level skills shortage** – The proportion qualified to Level 4 is below the national average<sup>14</sup> and 40% of local employers are reporting skills shortages in identified priority sectors
  - **Low skills levels in some areas** – Certain localities within the LEP

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<sup>14</sup> Stoke-on-Trent and Staffordshire LEP (2012). 'Stoke-on-Trent and Staffordshire Draft Economic Growth Strategy 2012-2026'

area are characterised by lower skills levels. In Stoke-on-Trent, 15% of the working age population has no qualifications, 5 percentage points above the LEP average.<sup>3</sup> Recent local business surveys have highlighted the need to improve education and skills, particularly literacy and numeracy and employability skills for young people<sup>3</sup>

- **Concentrations of unemployment** – Whilst overall unemployment levels in the Stoke-on-Trent and Staffordshire LEP area are in line with those seen nationally<sup>15</sup>, more severe concentrations of unemployment exist at the local level, particularly in Stoke-on-Trent
- **Youth unemployment and inactivity** – Youth unemployment is of particular concern, particularly in Stoke-on-Trent and the Staffordshire district of Cannock Chase. Around 8% of the 16-24 age group in Stoke-on-Trent and 6.9% in Cannock Chase are claiming Jobseekers' Allowance, whilst around 9% of the people aged 16 to 18 in Stoke-on-Trent and 7% in Cannock Chase are Not in Employment, Education or Training (NEET)<sup>3</sup>
- **Income levels** – Earnings levels in both Stoke-on-Trent and Staffordshire are lower than the national average. Despite this, earnings have increased at a rate above the national average in both areas in recent years
- **Concentrations of deprivation** – There are concentrations of severe relative multiple deprivation within Stoke-on-Trent and Staffordshire, particularly within Stoke-on-Trent and to a lesser extent in the Staffordshire towns, Stafford, Cannock, Burton and Tamworth.

## Existing Strategic Objectives

- 2.87 The Stoke-on-Trent and Staffordshire LEP recognises the important role that the labour market plays in defining economic performance.
- 2.88 "*Ensuring the Skills and Training of our Workforce meet Business Needs*" is a key priority area within the LEP Business Plan, with a focus on bringing learning and skills providers closer together to ensure that labour market supply matches demand, embedding Science, Technology, Engineering and Maths (STEM) skills and employability skills within the education system and increasing the uptake of apprenticeships. Building upon this priority, the LEP has also established the business-led Stoke-on-Trent and Staffordshire Education Trust which comprises of business leaders, skills providers, local authorities and core government agencies to oversee local employability programmes.

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<sup>15</sup> ONS, Census of Population (2013). 'Economic activity by sex'

- 2.89 This importance of skills and employability for the LEP is strongly reflected within the Draft Stoke-on-Trent and Staffordshire SEP which sets the core strategic objective of *"Skilled Workforce: to develop a modern and flexible skills system which enables all people to up-skill and re-skill to meet the needs of our growth sectors. We will target growth and opportunity. As we boost the competitiveness of our businesses, we are determined to ensure local people also benefit. While we reach for the heights of international competitiveness, we will tackle our pockets of poor educational performance, deprivation, decaying urban centres and unattractive housing"*.
- 2.90 Within the emerging City Deal proposals for Stoke-on-Trent and Staffordshire, 'Powerhouse for Skills' aims to ensure that the workforce is equipped with the aspirations, skills and qualifications to meet the needs of the energy economy.

## Areas for Intervention

- 2.91 There are a range of strengths and opportunities to capitalise on, in order to improve the performance of the local labour market and to help meet the existing strategic objectives for Stoke-on-Trent and Staffordshire. These areas each link to specific SIA's set out in Chapter 3, and are outlined below.

### Labour Market Skills

- 2.92 The development of education and skills amongst all age groups is crucial for the successful future economic prosperity and competitiveness of Stoke-on-Trent and Staffordshire. Securing a well-qualified and adaptable workforce with the skills sets appropriate to the needs of existing business sectors in Stoke-on-Trent and Staffordshire, as well as those in which there are aspirations for economic growth, are fundamental priorities for economic development in the short, medium and longer-term.
- 2.93 The recent establishment of the business-led Stoke-on-Trent on Trent and Staffordshire Education Trust (which comprises of business leaders, skills providers, local authorities and core government agencies) to oversee local employability programmes further highlights the existing commitment to delivering a coherent approach to labour force development locally, and provides a strong platform on which skills interventions under the ESIFS can build.
- 2.94 Developing **high level skills** is a necessity for Stoke-on-Trent and Staffordshire as the area works towards its objectives of developing strengths in high value priority sectors (including advanced manufacturing, advanced materials and low carbon) and in driving innovation and entrepreneurialism more generally. Currently, around 27%

of the economically active people in Staffordshire and 19% in Stoke-on-Trent are qualified to NVQ level 4<sup>16</sup>. These figures are above those seen regionally, but below the national average. Currently 40% of local employers are reporting skills shortages in identified priority sectors, whilst it is estimated that 9,500 positions will need to be filled in engineering, manufacturing and the emerging energy sector over the next 10 years, particularly at Levels 3 and 4<sup>17</sup>. In addition to the up-skilling of existing residents, retaining and recruiting graduates has a key role to play in developing a more highly skilled labour market which reflects local economic strengths and opportunities.

- 2.95 There is also evidence that Stoke-on-Trent and Staffordshire has existing strengths to build upon in terms of collaboration between the local business base and education and training providers as demonstrated by the establishment of the Education Trust. This brings together business, and providers to improve the integration of education and skills provision with economic needs. In addition, both Keele University and Staffordshire University already have established track records in engaging with the local business base on skills and employability issues, from basic to higher level skills. This is partly exemplified by the fact that more than 60 private local sector companies are accessing higher level skills programmes at Staffordshire University, in a range of areas including leadership and management, engineering, ICT and telecommunications and coaching.
- 2.96 *Higher level skills interventions are the focus of Strategic Investment Area 4.2 in the Stoke-on-Trent and Staffordshire ESIFS, with particular focus on ensuring that the local labour market is able to both respond to and drive opportunities in identified priority sectors.*
- 2.97 At the other end of the spectrum, **employability skills** (such as communication, literacy, numeracy and team working) will remain crucial in the functioning of the Stoke-on-Trent and Staffordshire economy, particularly given the ambitions to support businesses to grow and to increase levels of social inclusion. Around 10% of the Stoke-on-Trent and Staffordshire LEP area's working age population currently has no qualifications. Whilst this figure is below regional and national averages it masks some important local variations, with the proportion of working age population with no qualifications in Stoke-on-Trent reaching 15%<sup>3</sup>. Evidence from the Stoke-on-Trent and Staffordshire Economic Review<sup>3</sup> shows that one of the top reasons for hard-to-fill vacancies in the LEP area is skills. Local business surveys have highlighted the need to improve education and skills, particularly basic skills, such as literacy and numeracy, as well as employment skills in young people, so that businesses can have access to a skilled local workforce. English for

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<sup>16</sup> Stoke-on-Trent and Staffordshire LEP (2012). 'Stoke-on-Trent and Staffordshire Draft Economic Growth Strategy 2012-2026'

<sup>17</sup> Stoke-on-Trent and Staffordshire local Economic Analysis, The Work Foundation, 2012

Speakers of Other Languages (ESOL) is identified as a particular area for focus in certain parts of the area (such as Stoke-on-Trent).

- 2.98 Learning, training and apprenticeship provision needs to be available to meet the needs of all abilities including engagement provision which enables and encourages those disengaged to resume learning or to compete in the labour market. Locally delivered coherent provision pathways need to be developed that cater for the differing types and degrees of learning difficulty and/or disability and which focus on progression to employment and independent living.
- 2.99 *Employability skills form the focus of Strategic Investment Area 4.1 in the Stoke-on-Trent and Staffordshire ESIFS.*
- 2.100 For those at the stage of joining the labour market, there is also an identified need to maintain and further enhance **vocational routes into employment**.
- 2.101 The number of Apprenticeship Programme starts in Stoke-on-Trent and Staffordshire are currently higher than the numbers seen in neighbouring authorities and have been increasing in recent years. In particular there has been a significant increase in apprenticeships in engineering and manufacturing technologies with increased supply of vocational training and apprenticeship places. There is a need to build upon this strong performance and in particular to ensure strong linkages are developed with the priority sectors identified for Stoke-on-Trent and Staffordshire. Reflecting this, the LEP is developing proposals to deliver a significantly larger quantum of apprenticeships and training in the coming decade, including: 5,100 apprenticeships across an expanded range and level of frameworks; 1,400 traineeships for young people not ready to gain a full apprenticeship and employment skills training for 12,000 unemployed people.
- 2.102 It will be important to support the development of apprenticeships in emerging sectors that are likely to form a significant part of future economic growth in the economy.
- 2.103 *Enhanced vocational routes into employment is the focus of Strategic Investment Area 4.4 in the Stoke-on-Trent and Staffordshire ESIFS.*
- 2.104 There is also a need to **improve skill levels within the existing workforce** both to ensure that employees are given the chance to progress and to ensure that the potential for improvements in business productivity and growth is not constrained by the workforce. Typical challenges which constrain the provision of workforce training by businesses include cost / resource impacts, lack of expertise to deliver training, and lack of awareness about the benefits of training or types of training which could be beneficial.
- 2.105 *Interventions to support workforce skills development are included in*

*Strategic Investment Area 4.2 of the ESIFS.*

2.106 It is important to note that skills challenges exist across the full profile of the Stoke-on-Trent and Staffordshire population, from school leavers to those approaching and beyond retirement age. The need to support skills development (including re-skilling and up-skilling) within the older age groups should not be underestimated; this need has increased in recent years in the context of the economic downturn (and employment / economic activity implications), and is likely to increase further in future years reflecting projected increases in retirement age and the wider implications of the projected process of population ageing.

*2.107 Interventions across the Skills, Employment and Social Inclusion Theme (Strategic Investment Areas 4.1 to 4.5) will provided support to residents of all age groups, including focused support for specific cohorts where a particular need / challenge is identified.*

### Reducing Unemployment

2.108 Taken as a whole, employment levels in Stoke-on-Trent and Staffordshire are in line with national averages<sup>18</sup>. Despite this, there is disparity within the area – overall unemployment in Stoke-on-Trent (5%) is higher than that seen in Staffordshire (4%) and nationally (4%).

2.109 Youth unemployment and inactivity is identified as a particular challenge locally. The Stoke-on-Trent and Staffordshire LEP area has the second-highest share of youth and long-term unemployment within the West Midlands region, second to the Black Country LEP. Challenges in this respect are particularly strong in Stoke-on-Trent. In February 2013 there were just short of 4,200 JSA claimants aged 16 to 24 in Staffordshire, which represented 4.5% of the 16 to 24 population with a high volume of claimants 6.9% in Cannock Chase. In Stoke-on-Trent the rate was 7.8%, well above the national average of 5.6%. Similarly, at the end of 2012, 5.3% of people aged 16-18 in Staffordshire were Not in Employment, Education or Training (NEET), with a higher percentage of 7% in Cannock Chase whilst in Stoke-on-Trent there were 9.2% of people aged 16-18 that were NEET.

2.110 It is recognised that it is important to reduce youth unemployment through better opportunities and to increase levels of progression into higher and further education. Increased participation is likely to reduce the impacts of scarring<sup>19</sup> and economic inactivity, and will reduce the risks of young people falling into long-term unemployment.

2.111 It is recognised that it is important to reduce youth unemployment

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<sup>18</sup> ONS, Census of Population (2013). 'Economic activity by sex'

<sup>19</sup> Scarring refers to the long-term damage to an individual's economic situation and the economy more broadly.

through implementing strong partnerships and processes pre-16 to meet Raising the Participation Age (RPA) guidelines, and ensuring better access to employment opportunities and increased levels of progression into vocational, further education and higher education.

2.112 It is important to note that unemployment challenges also exist for older age groups and these challenges have increased in recent years as a result of redundancy and decreases in levels of opportunity across the local economy. Significant challenges also exist for older cohorts both in terms of re-entering the labour market and remaining within it. These challenges are expected to increase in future decades alongside the projected process of population ageing.

*2.113 Reflecting this, the ESIFS targets the reduction in unemployment levels through a number of Strategic Interventions Areas, including those relating to employability skills (Strategic Investment Area 4.1); Vocational Routes into Employment (Strategic Investment Area 4.4), Access to Employment (Strategic Investment Area 4.5), and Social Inclusion (Strategic Investment Area 4.6).*

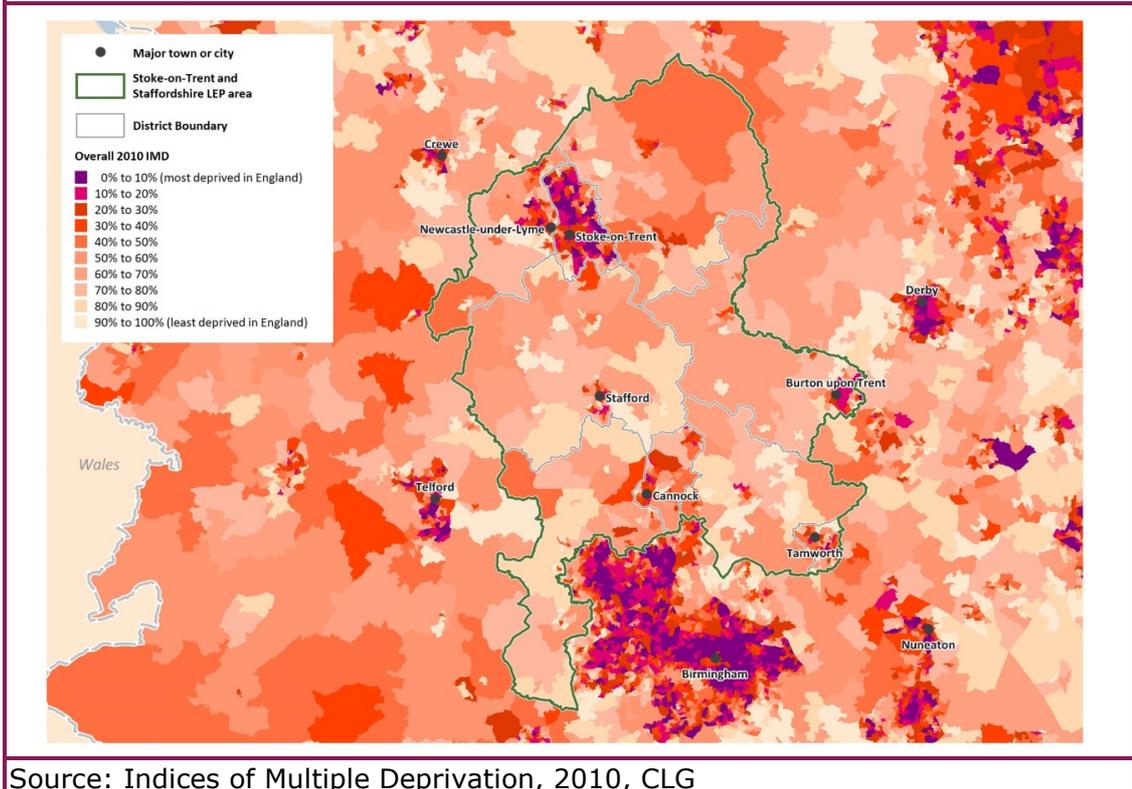
*2.114 Again, Interventions across the Skills, Employment and Social Inclusion Theme (Strategic Investment Areas 4.1 to 4.5) will provide support to residents of all age groups, including focused support for specific cohorts where a particular need / challenge is identified.*

### Social Inclusion

2.115 Tackling worklessness and associated deprivation is a key priority for Central and Local Government and their partner agencies. Bringing people back into the workforce is seen as desirable for individuals and families, as it provides additional income and reduces disparity in key social indicators relating to health and wellbeing. Reducing the number of people needing financial support whilst out of work decreases the amount of money required to fund such benefits, whilst increasing productivity and improving the prospects for the local economy.

2.116 Whilst there is no one measure of social inclusion, relative incidence of multiple deprivation provides a composite overview of the localities which are most in need across a range of socio-economic indicators. This highlights that there are concentrations of severe relative multiple deprivation within Stoke-on-Trent and Staffordshire, particularly within Stoke-on-Trent and to a lesser extent in the Staffordshire towns, Stafford, Cannock, Burton and Tamworth. In each of these towns, there are localities which are classified as being in the 10% or 20% most deprived localities nationally. Levels of relative multiple deprivation are typically lower in rural areas of Stoke-on-Trent and Staffordshire, although that is not to say that social inclusion challenges here do not exist; rural areas face particular challenges around issues such as access to employment, training, services, housing and infrastructure.

Figure 2-1: Relative Multiple Deprivation across Stoke-on-Trent and Staffordshire, 2010



2.117 In considering social inclusion and deprivation, levels of health and wellbeing are a critical consideration:

- Levels of health and wellbeing can be an important influencing factor in social inclusion through impacts on labour market participation. In Stoke-on-Trent and Staffordshire, claimants of incapacity benefit and its successor Employment and Support Allowance (ESA) continue to represent the vast majority of the workless caseload. In Stoke-on-Trent and Staffordshire there were over 46,500 people claiming ESA and Incapacity Benefits in August 2012, well over half of all out-of-work benefit claimants.
- Levels of health and wellbeing are also influenced by levels of social inclusion. Evidence suggests that a range of social inclusion factors such as employment, income, housing, crime and education are important influencing factors on levels of health both at the personal level and across communities.

2.118 In Stoke-on-Trent and Staffordshire there are particular social inclusion challenges in areas where aspirations of individuals have been affected by intergenerational worklessness in a family, such as in the former coalfield communities of Cannock Chase and Newcastle-under-Lyme. Here, ill health has seen high concentrations of claims for incapacity benefits.

2.119 There are also a number of other local factors influencing worklessness

which are prevalent across the LEP area. In some cases these are multiple and complex barriers to employment and learning which might include mental illness affecting people's ability to work, lone parents unable to afford childcare and ethnic minorities experiencing language and cultural barriers when trying to find employment. In rural areas, there are also likely to be physical factors such as transport and other issues concerning relative peripherality.

2.120 These barriers need to be addressed in order to provide those that wish to participate in the labour market the opportunities to do so. As such, a range of targeted interventions are needed to ensure that bespoke support services are developed to meet these individual needs.

2.121 *Interventions to address social inclusion needs are set out in Strategic Investment Areas 4.1 to 4.5 in the ESIFS.*

2.122 *Again, interventions across the Skills, Employment and Social Inclusion Theme (SIAs 4.1-4.5) will provide support to residents of all age groups, including focused support for specific cohorts where a particular need / challenge is identified.*

## Summary of Performance: Transition Region Status and SWOT Analysis

### The Staffordshire and Shropshire Transition Region

2.123 Across a number of the socio-economic indicators outlined above, Stoke-on-Trent and Staffordshire underperforms relative to the national and EU averages. Reflecting, this, the area (together with neighbouring Shropshire) has been identified by the EU as a Transition Region – a region where GDP is 75%-90% of EU average.

2.124 The ESIFS has been developed to take this into account, including joint working with the Marches LEP where shared interventions can play a role in addressing shared characteristics / challenges. *The shared characteristics of the Staffordshire and Shropshire Transition area are summarised in Appendix B, whilst the approach to cross-LEP working (including with the Marches LEP is outlined in Chapter 8;*

### Strengths, Weaknesses, Opportunities and Threats

2.125 The evidence presented in this chapter is summarised in the table overleaf in terms of the main strengths, weaknesses, opportunities and threats for the Stoke-on-Trent and Staffordshire economy and the prospects for future growth.

Table 2-2: Summary of Strengths, Weaknesses, Opportunities and Threats

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Stoke-on-Trent and Staffordshire is home to numerous international businesses including Alstom, Bet365, Coors, Goodwin International, JCB, Jaguar Land Rover, Michelin, Moog, Phones 4U, Steelite, WWRD, and ZyteK</li> <li>• Inward investment performance has been strong in recent years, with notable recent projects including Jaguar Land Rover and Amazon</li> <li>• Local universities actively engaged in research and innovation support</li> <li>• The area benefits from location at the heart of the UK, with strong connectivity via road and rail networks</li> <li>• Stoke-on-Trent and Staffordshire’s physical environment, including historic urban centres and a high quality rural landscape, is a core asset</li> <li>• Critical investment by a local authority to drive a strong city centre brand and further interventions by local authorities in town centres through investment, tenancy and infrastructure improvements</li> <li>• The rural economy has performed strongly in recent years, with growing employment and strong enterprise performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Low levels of economic growth over the past decade</li> <li>• Below average productivity levels reflecting the dominance of lower value activities</li> <li>• Relatively large decline in total employment over the past decade</li> <li>• Below average levels of enterprise and declining business start-up levels</li> <li>• Lower than average proportions of residents qualified to higher levels, with skills gaps identified by local employers both in terms of higher level skills and basic employability skills</li> <li>• Concentrations of unemployment; youth unemployment a particular challenge</li> <li>• Concentrations of severe relative multiple deprivation in many of the urban areas</li> <li>• Internal connectivity constraints, including peak hour congestion in main urban areas.</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• A chance to define and deliver a more coherent and comprehensive approach to economic development at the LEP level via the 2014-20 programme and synergies with other elements of localism including the City Deal and the Single Local Growth Fund</li> <li>• An opportunity to rapidly develop Stoke-on-Trent as a Core City, and rapidly grow its contribution to the</li> </ul>	<ul style="list-style-type: none"> <li>• The on-going economic downturn and wider (national and international levels) macro level economic pressures will continue to play a large role in shaping local economic performance</li> <li>• Barriers to the delivery of new employment land has the potential to constrain inward investment and business expansion</li> </ul>

<p>county and national economy</p> <ul style="list-style-type: none"> <li>• A genuine opportunity to develop strengths in sectors such as Advanced Material, Advanced Manufacturing and Energy, and the digital and creative industries in Stoke-on-Trent and Staffordshire, driving higher levels of gross value added and productivity</li> <li>• Opportunity to create a unique local energy offer, based upon existing and new assets and investment in emerging technologies and energy supply chain development in Stoke-on-Trent and Staffordshire</li> <li>• As the economy grows opportunities to grow the important barometer sectors of Business and Professional Services and Tourism will emerge for Stoke’s Central Business District and our wider base of visitor economy assets</li> <li>• Opportunities to build a more innovative economy, based upon the numerous local knowledge assets which include two universities and a number of successful RGF projects</li> <li>• An opportunity to design a more coherent and effective support offer for local businesses which closely reflects the characteristics of the businesses base and aspirations for growth</li> <li>• Opportunity to build a more inclusive society with employment and skills programmes and projects designed to respond to local need</li> <li>• Growth opportunities building on existing and future road, rail and super-connectivity investment including opportunities related to HS2</li> </ul>	<ul style="list-style-type: none"> <li>• Accessibility and remediation challenges for key employment sites, constraining business base growth and the ability of residents to access employment opportunities</li> <li>• Challenges relating to the vitality and quality of urban environments affecting perceived quality of life and constraining the ability of the area to attract and retain higher skilled residents</li> <li>• Skills challenges (both at higher and lower levels) have the potential to constrain growth in identified priority sectors and activities</li> <li>• Social inclusion challenges within certain communities and groups have the potential to limit the extent to which the benefits of economic growth are shared by all.</li> </ul>
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## 3. Programme Framework

### Programme Vision and Overarching Structure

- 3.1 Our overall vision for Stoke on Trent & Staffordshire sets the context for our more specific objectives for the ESIFS timeline of 2014 – 2020.

Our LEP Vision & Priorities: 2014-2030

“An economic powerhouse driven by the transformation of Stoke-on-Trent into a truly competitive and inspiring Core City and by accelerated growth in our County Corridors and urban centres. Our aim is to dominate the space between a number of the UK’s largest urban areas, by connecting growth sectors, an offer of super-connectivity and compelling sites, supplying higher skilled labour and exploiting our indigenous energy potential. Our ambition is to sustainably drive:

- rapid growth in Stoke-on-Trent and its contribution to the county and national economy
- development of the peri-urban areas along the County’s key transport corridors that provide a strong, agile and competitive offer locally and nationally

To do this we need a step change in the way we connect to neighbours, investors, customers and collaborators.

**50:50:10 - Our stated aim is to grow the economy by 50% and generate 50,000 new jobs in the next 10 years.”**

- 3.2 The five strategic Objectives set out the draft SEP are:

1. **A Core City** - rapid, planned growth of the conurbation centred on the city of Stoke-on-Trent which would be a critical economic driver of the area spanning parts of Cheshire as well as Staffordshire, including through the development of a strong, competitive city centre brand offering the full mix of city centre uses.
2. **Connected County**: to build on our central location, excellent external connectivity and existing peri-urban sites to deliver the right blend of further employment sites and supporting infrastructure, including super connectivity, to drive business growth, encourage inward investment and meet our labour market needs.
3. **Competitive Urban Centres**: to significantly enhance growth opportunities from an attractive and thriving city of Stoke-on-Trent city and other towns across Staffordshire where people are eager to live, work and enjoy themselves.
4. **Sector Growth**: ensure globally competitive innovation, investment and enterprise-led expansion in large & small businesses across our priority sectors.
5. **Skilled Workforce**: to develop a modern and flexible skills system which enables all people to up-skill and re-skill to meet the needs of our growth sectors. We will target growth **and** opportunity. As we boost the competitiveness of our businesses, we are determined to ensure local people also benefit. While we reach for the heights of international competitiveness, we will tackle our pockets of poor educational performance, deprivation, decaying urban centres and unattractive housing.

*Note: at time of ESIFS finalisation in January 2014, the SEP is in draft form and under consultation among partners.*

### Our EUSIF Ambitions

- 3.3 To better reflect the EU Thematic Objectives and the programme period (2014-2020) we have developed a set of ESIF ambitions which complement and reinforce our wider and longer term SEP objectives.

- 1) **A more productive economy:** Stoke-on-Trent and Staffordshire will make progress towards closing the existing productivity gap between itself (£14,900 per head) and the national average (£21,300) by creating new, higher value added jobs, and by helping the existing business base to grow and engage with emerging sectors.
- 2) **A more diverse and resilient economy:** building on established (and acknowledged) strengths in a number of high value added priority sectors including Advanced Manufacturing, Advanced Materials, Creative Media and Energy Generation.
- 3) **An innovation driven economy:** with established relationships between major companies, R&D functions and Higher Education and with a SME business base which has the capacity and knowledge to engage and add value to local and regional supply chains.
- 4) **A strong and growing base of SMEs across both urban and rural areas:** as a result of a comprehensive and joined up approach to the provision of support.
- 5) **A leading low carbon economy:** driven by its unique approach to local energy generation and by an SME base which has evolved and embedded low carbon principles, practices and activities.
- 6) **A well-qualified and adaptable workforce:** with the skills sets appropriate to the needs of existing business sectors in Stoke-on-Trent and Staffordshire, as well as those in which we have aspirations for economic growth.
- 7) **More inclusive communities:** having made progress towards addressing issues of low aspirations and worklessness, through targeted approaches to engagement, training and employability.
- 8) **A more attractive place to live, work and visit:** renowned for its vibrant and diverse places, strong cultural and leisure offer in Stoke on Trent complemented by visitor attractions and a high quality environment across the LEP area.

3.4 Priority Themes and SIA's are introduced overleaf and then outlined in detail in the rest of this chapter.

Table 3-1: Summary of Stoke-on-Trent and Staffordshire ESIFS Themes and Priority Area	
Priority Theme	Strategic Investment Areas
Innovation	1.1 Infrastructure for Innovation 1.2 Knowledge Transfer 1.3 Commercialisation
SME Competitiveness	2.1 Growth Hub 2.2 Support for enterprise 2.3 Support for high value growth 2.4 Access to finance 2.5 Internationalisation
Place and Environment	3.1 Whole Place Approach to Energy Supply 3.2 Energy Efficiency and Decarbonisation of the Business Base 3.3 Sites and Infrastructure 3.4 Green Infrastructure and Sustainable Transport
Skills, Employment and Social Inclusion	4.1 Skills for Employability 4.2 Higher Skills to Support Growth 4.3 Vocational Routes into Employment 4.4 Access to Employment 4.5 Social Inclusion

## Financial Allocations for Programme

3.5 European Growth Programme 2014-20 allocations of relevance to the Stoke-on-Trent and Staffordshire LEP are:

- ERDF and ESF funding for Stoke-on-Trent and Staffordshire LEP of **£80.0 million** and **£55.4 million** respectively (£138.4 million in total)
- EAFRD funding for the Stoke-on-Trent and Staffordshire LEP of **£3.13 million**
- Greater Birmingham and Solihull (GBS) LEPs Transition Region Funding – around **£27.4 million** of the Greater Birmingham and Solihull LEP allocation must be delivered within the Staffordshire transition area. This will be achieved by cross-LEP collaboration between the Stoke-on-Trent and Staffordshire LEP and the Greater Birmingham and Solihull LEP.

3.6 It is a requirement that all ESIFS allocations against Priority Themes and underlying SIA's are matched by non-EC public or private funds. In the Stoke-on-Trent and Staffordshire Transition Area, the stipulated match rate is 40%. This means that for every £10 pounds of investment, a maximum of £6.0 will come from ESIF, with the remaining £4.0 comprising match funding.

3.7 This requirement effectively increases the ESIFS allocation of £138.4 million for Stoke-on-Trent and Staffordshire LEP to £230.7 million once match funded. *Potential sources of match funding are considered separately in Chapter 5.*

## Breakdown of Allocation

3.8 The table below sets out the allocations, broken down by the ten main national thematic objectives in the Government guidance to LEPs<sup>20</sup>.

National Thematic Objective	£ million			
	Potential Range	Allocation		
		ESF	ERDF	Total
1. Innovation	£0-70.9m	-	£23.0	£23.0
2. ICT	£0-70.9m	-	£0.5	£0.5
3. SME Competitiveness	£0-70.9m	-	£37.0	£37.0
4. Low Carbon	£12.5m to £83.4	-	£12.5	£12.5
5. Climate Change Adaptation	£0 to £20.9m	-	£0.0	£0.0
6. Environmental Protection	£0 to £20.9m	-	£8.0	£8.0
7. Sustainable Transport	£0 to £20.9m	-	£2.0	£2.0
8. Employment	£0 to £44.48m	£23.0	-	£23.0
9. Social Inclusion	£11.1 to £55.6 m	£11.3	-	£11.3
10. Skills	£0 to £44.48m	£21.0	-	£21.0
<b>Total</b>		£55.3	£83.0	£138.4

Note: This table excludes EAFRD Funding; this is set out separately elsewhere Chapter 3.

3.9 These allocations have been applied to the four Stoke-on-Trent and Staffordshire Priority Themes and underpinning SIA's, as set out overleaf:

<sup>20</sup> HM Government (July 2013). 'The Development and Delivery of European Structural and Investment Funds Strategies – Supplementary Guidance to Local Enterprise Partnerships'.

• Stoke-on-Trent and Staffordshire EU Structural and Investment Fund Strategy •

Table 3-3: Summary of ERDF / ESF Allocations by Thematic Objectives					
Stoke-on-Trent and Staffordshire Priority Theme	Stoke-on-Trent and Staffordshire Strategic Investment Areas	National Thematic Objective	ESIF Allocation		Total Value once Matched (£m)
			ESF (£m)	ERDF (£m)	
Innovation	1.1 Infrastructure for Innovation	TO1	-	£8.0	£13.3
	1.2 Knowledge Transfer	TO1	-	£7.5	£12.5
	1.3 Commercialisation	TO1	-	£7.5	£12.5
	<b>Total</b>			<b>£23.0</b>	<b>£38.3</b>
SME Competitiveness	2.1 Growth Hub	TO3	-	£6.0	£10.0
	2.2 Support for enterprise	TO2, TO3	-	£6.5	£10.8
	2.3 Support for high value growth	TO3	-	£7.0	£11.7
	2.4 Access to finance	TO3	-	£13.0	£21.7
	2.5 Internationalisation	TO3	-	£5	£8.3
	<b>Total</b>			<b>£37.5</b>	<b>£62.5</b>
Low Carbon and Place	3.1 Whole Place Approach to Energy	TO4	-	£10.0	£16.7
	3.2 Energy Efficiency & Decarbonisation	TO4	-	£2.5	£4.2
	3.3 Employment Sites	TO6	-	£6.0	£10.0
	3.4 Green Infra'cture & Sust'ble Transport	TO6, TO7	-	£4.0	£6.7
	<b>Total</b>			<b>£22.5</b>	<b>£37.5</b>
Skills, Employment and Social Inclusion	4.1 Skills for Employability	TO10	£9.0	-	£15.0
	4.2 Skills to Support Growth & Enterprise	TO10	£12.0	-	£20.0
	4.3 Vocational Routes into Employment	TO8	£12.0	-	£20.0
	4.4 Access to Employment	TO8	£11.0	-	£18.3
	4.5 Social Inclusion	TO9	£11.3	-	£18.9
	<b>Total</b>			<b>£55.3</b>	<b>£83.0</b>
<b>Total</b>			<b>£138.4</b>		<b>£230.5</b>

Note: This table excludes EAFRD Funding; this is set out separately elsewhere Chapter 3.

### Proposed Spend Profile, 2014-2020

- 3.10 The spend profile by year is outlined below and takes into account the need to reserve 7% of the allocation for the final two years of delivery pending assessment of programme performance.
- 3.11 The financial profiles reflect the current position as regards to the development of the business process, finalisation of the partnership agreement with the European Commission, the relative progress of the opt-ins and the experience of partners and stakeholders in developing and

delivering European funded projects. The LEP is however committed to not only meeting but exceeding the minimum spend targets.

- 3.12 The LEP is particularly conscious that at the beginning of each programming period annual financial allocations are made and that programmes are required to invest funds by the end of the third year following the year in which they are allocated (N+3). Accordingly the LEP will put significant focus on project development, delivery, investment and the claims process both from the outset and throughout the programming period.

Year	ERDF /ESF Profile (excluding match)		ERDF /ESF N+3 Profile (excluding match)	
	£ million	%	£ million	%
2014	-	0%	-	0%
2015	8.5	6%	£8.5	6%
2016	14.5	10%	£14.5	10%
2017	19.3	14%	£19.3	14%
2018	27.4	20%	£27.4	20%
2019	29.2	21%	£29.2	21%
2020	39.5	29%	£24.6	18%
2021	-	-	£9.8	7%
2022	-	-	£5.0	4%
<b>Total</b>	<b>£138.4</b>	<b>100%</b>	<b>£138.4</b>	<b>100%</b>

Note: This table excludes EAFRD Funding; this is set out separately elsewhere Chapter 3.

### Possible Financial Implications of Higher Performance Levels

- 3.13 All LEP areas must reserve 7% of their allocation for the final two years of delivery pending assessment of programme performance.
- 3.14 In this context, there may be some potential for Stoke-on-Trent and Staffordshire LEP to achieve a higher allocation in later stages of delivery, **if** in the period to 2017,
- other LEP areas in the UK underperform in ESIFS delivery terms, and,
  - the Stoke-on-Trent and Staffordshire LEP performs comparatively strongly in ESIFS delivery.
- 3.15 The Stoke-on-Trent and Staffordshire LEP is keen to maximise the potential for a future increase in funding allocation through the delivery of an efficient, effective and ultimately highly successful programme of activity.

3.16 Whilst there are clearly a number of unknowns and variables associated with this at this stage, for illustrative purposes the implications of a 30% uplift in our allocation are summarised below:

Table 3-5: Summary of Potential High Performance Financial Uplift, 2014-2020		
Priority Theme	Allocation, 2014-2020 (£m) – Excluding Match	Potential allocation if higher performance achieved (30% uplift assumed) (£m) – Excluding Match
Innovation	£23.0	£29.9
SME Competitiveness	£37.5	£48.8
Place and Environment	£22.5	£29.3
Skills, Employment and Social Inclusion	£55.3	£71.9
<b>Total</b>	<b>£138.4</b>	<b>£179.9</b>
Note: This table excludes EAFRD Funding; this is set out separately elsewhere Chapter 3.		

## Rationale for Allocation Breakdown: Strategic Fit, Additionality and Deliverability

3.17 We have developed the funding allocation with three core principles in mind: strategic fit, additionality and deliverability:

<p><b>Strategic Fit</b></p>	<p>The Stoke-on-Trent and Staffordshire allocation profile has been developed to reflect national and LEP level priorities:</p> <ul style="list-style-type: none"> <li>• <b>National priorities</b> – the UK government has broadly defined the priority areas for investment for the UK 2014-20 programme. The Stoke-on-Trent and Staffordshire allocations have therefore been designed reflect the national level focus on innovation and high level growth, the local carbon economy and employment and social inclusion.</li> <li>• <b>LEP Priorities</b> – more locally, the allocation profile reflects the socio-economic context and strategic priorities outlined in the previously chapter. As this demonstrates, the allocation profile closely align with the priorities and context of the Stoke-on-Trent and Staffordshire LEP, as set out in the LEP Business Plan, the draft SEP and the emerging LEP City Deal.</li> </ul>
<p><b>Additionality</b></p>	<p>Whilst closely reflecting existing strategic priorities and activities, the principle of <b>additionality</b> is integral to our decision making process – both at the level of framework development and in future project prioritisation. Interventions will only be delivered where there is a clear gap in existing delivery (i.e. no overlap or duplication) and where clear value added can be achieved.</p> <p>Additionality has been (and will continue to be) achieved through:</p> <ul style="list-style-type: none"> <li>• Strong engagement with partners and stakeholders – we have worked collaboratively with partners throughout the ESIFS development process, as demonstrated in Chapter 9. Because of this, delivery partners have had a strong steer on the overall strategic framework and specific areas for intervention.</li> <li>• Understanding current delivery – as a result of the process of engagement above, we have built a strong understanding of what is already being delivered and where there are gaps. Our ESIFS is also built upon experience of what works from past and current delivery activity.</li> </ul>
<p><b>Project pipeline and deliverability</b></p>	<p>Our strategy framework has been built upon an understanding of what can actually be delivered effectively and efficiently over the 2014-20 period.</p> <p>As part of the development of the ESIFS, SEP and City Deal, the Stoke-on-Trent and Staffordshire LEP is establishing a detailed <b>project pipeline</b>. This pipeline includes a long list of potential projects, with detailed information regarding project rationale, project additionality, project sponsors and partners, project scope, deliverables, impacts and outcomes.</p> <p>On the basis of this, we believe we are strongly placed to make rational and robust decisions regarding the prioritisation of projects based both on deliverability and the likelihood of strong returns / outcomes being delivered.</p>

## Stoke-on-Trent and Staffordshire: Priority Themes and Strategic Investment Areas

3.18 The Stoke-on-Trent and Staffordshire LEP Priority Themes and SIA's are outlined below.

### Priority Theme 1: Innovation

3.19 This priority theme covers the objective *TO1: Innovation*, as set out in the national guidance to LEPs. The allocation to this priority theme is £23m.

#### Alignment with National and Strategic Programmes and Policies

3.20 Key national and European strategic and policy drivers, as highlighted in fund guidance<sup>21</sup> for the relevant thematic objectives, include:

- **Europe 2020** – sets out aims to increase combined public and private investment in innovation to 3% of GDP
- **Smart Specialisation Strategy** – there is a requirement for programme's to focus innovation investment on research and innovation themes where there are competitive advantages in terms of local sector assets and knowledge base assets. Five West Midlands LEPs are exploring a joint approach to smart specialisation in relation to the advanced manufacturing sector/supply chain, given the size, innovative strength and importance of this sector to the region. See Appendix A for more detail.
- **UK Innovation and Research Strategy** – highlights the importance of the interface between HEIs and business, and of accelerating commercialisation of emerging technologies
- **UK Industrial Strategy and Sector Strategies** – highlight the national importance of several of Stoke-on-Trent and Staffordshire's priority sectors, and highlight eight 'great technologies' which are key to industrial growth
- **Stoke-on-Trent and Staffordshire LEP Context** – the LEP is placing focus on securing growth in a number of priority high value sectors, with a particular focus on innovation activities. Creating the conditions for enterprise and innovation is a central objective of the 'Powerhouse Central' City Deal proposals.

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<sup>21</sup> HM Government (2013) 'Framework of European Growth Programme Priorities: Background Analysis'

## Drivers of Growth and Barriers to be Addressed

3.21 The table below sets out the key drivers and barriers, drawing on analysis in Chapter 2 of the strategy.

Drivers for Growth to Capitalise Upon	Barriers to Growth to be Addressed
<ul style="list-style-type: none"> <li>• The local presence of a number of businesses undertaking innovative and research based activities such as JCB and Zytec and links to the wider southern Staffordshire area</li> <li>• The presence of three strong research institutions – the universities of Staffordshire and Keele, plus Ceram Research. Potential to build upon these as the basis for knowledge based networking and collaboration</li> <li>• The identification of priority sectors such as Advanced Manufacturing, Applied Materials and Energy Generation which are driven by R&amp;D and innovation</li> <li>• A number of RGF successes, several of which propose the development of new facilities to undertake R&amp;D and innovation, as well as proposals for the Applied Materials Research and Innovation Centre (AMRIC), Centre of Excellence in Energy Security and Renewables (CEESR) and the Keele University Energy Demonstrator.</li> </ul>	<ul style="list-style-type: none"> <li>• Evidence of low levels of innovation within the overall business base</li> <li>• Limitations in the current support offers for SMEs wishing to partake in innovative activities and networks</li> <li>• Challenges relating to the supply of higher level skills from the local labour market which could constrain growth.</li> </ul>

## Existing Delivery to Build Upon

3.22 There are a number of projects and activities already being delivered across Stoke-on-Trent and Staffordshire and the West Midlands which provide a strong platform and momentum for the ESIFS to build upon. These include:

- **Innovation Voucher Scheme** - Technology Strategy Board Innovation Vouchers are supported locally via Staffordshire and Keele Universities and provide funding that enables businesses to gain the knowledge they need to innovate and grow
- **Proof of Concept Fund** - originally supported via Advantage West Midlands, and run in Staffordshire by the Staffordshire and Black Country Business innovation Centre, the Proof of Concept Fund provides small grants to businesses to develop product ideas, patent them and move towards market opportunities. It has supported 33 businesses to successfully develop new products or

processes. This initiative is being developed under the current ERDF programme on a cross LEP basis led by Worcestershire County Council

- **Promoting Innovation in Business** - is a new cross LEP initiative led by Shropshire Council providing one to many and one to one business support and advice encouraging businesses to consider new innovations in the business growth plans.

3.23 The existing delivery landscape (and the experience and expertise that this has provided across the area) has been taken into account when developing the ESIFS. This is reflected in the SIA's outlined below.

#### SIA's for 2014-20

3.24 We have identified three SIA's under which a range of innovation projects will be delivered:

<b>SIA 1.1: Innovation Infrastructure</b>	
<b>Description</b>	Ensure appropriate facilities are in place (and exploited) to increase R&D and innovation activity, and hence maximise high value potential in key sectors such as advanced materials and low energy technology.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• LEP area currently underperforms in terms of innovative activity in the business base;</li> <li>• National and LEP level policy drive to increase growth in higher value added sectors, with a focus on encouraging and increasing innovation;</li> <li>• Market Failure – Providing enhanced knowledge / innovation assets will play a key in driving innovation led growth in the priority sectors, addressing positive externality market failures.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>• £8.0 million ERDF (£13.3m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• HEIs, other research institutions, private sector partners.</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>• Joint statement agreed on collaboration in innovation support activity and smart specialisation with five other West Midlands based LEPs, building on the strong track record of close working, and potentially with other LEP areas as appropriate. See Appendix A.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• Zero</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>• Regional Growth Fund, HEIs, Private Sector Funding, other Public Sector funding</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• Applied Material Research and Innovation Centre (AMRIC)</li> <li>• Incubation space and enterprise centre projects</li> <li>• Shared use research laboratories / facilities such as Fab Lab and sector based innovation hubs</li> <li>• Inward innovation programme</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: Infrastructure site development (ha)</li> <li>• Result measures: Increase in SME jobs created; Improving the economic viability of areas through infrastructure</li> </ul>

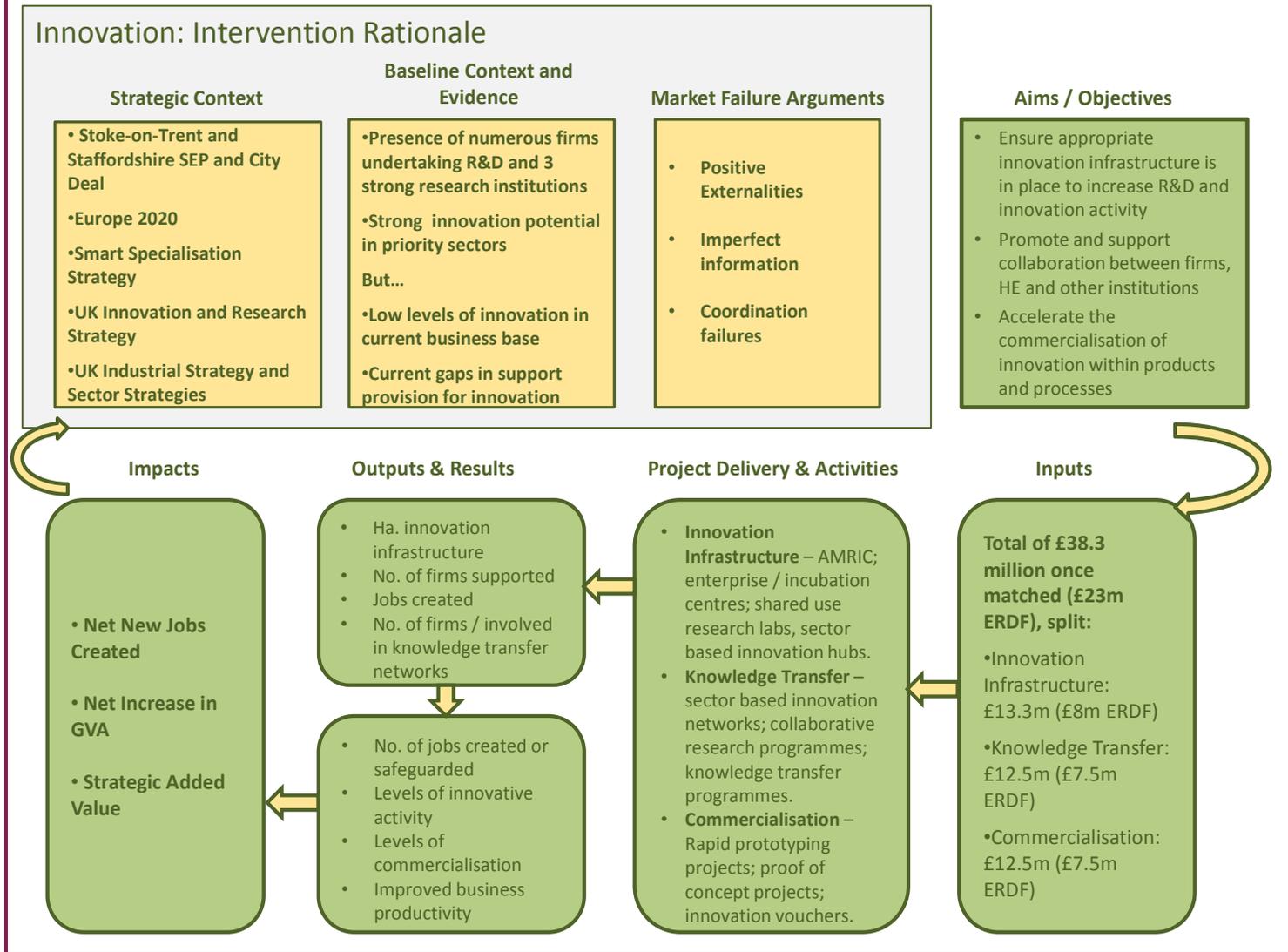
<b>SIA 1.2: Knowledge Transfer</b>	
<b>Description</b>	Promote and support collaboration between firms, HE and other institutions, to foster knowledge transfer and to develop a culture of innovation within the local economy, focusing on key sectors and their supply chains
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• LEP area currently underperforms in terms of innovative activity in the business base</li> <li>• National and LEP level policy drive to increase growth in a number of higher value added sectors, with a focus on encouraging and increasing innovation</li> <li>• Market Failure – Knowledge transfer is proven to have a critical role to play in driving innovation and R&amp;D but as a result of imperfect information and positive externality market failures, businesses and research institutions need support to establish collaborative networks and programmes and to maximise the benefit from these.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>• £7.5 million ERDF (£12.5m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• HEIs, other research institutions, private sector partners.</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>• Joint statement agreed on collaboration in innovation support activity and smart specialisation with five other West Midlands based LEPs, building on the strong track record of close working, and potentially with other LEP areas as appropriate. See Appendix A.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• Zero</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>• HEIs, other research institutions, private sector partners</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• Sector based innovation networks and open innovation networks</li> <li>• Collaborative research programmes</li> <li>• Knowledge transfer programmes</li> <li>• Graduate start up programmes to develop collaborative research methods</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: No. enterprises supported; No. jobs created in supported enterprises; No. enterprise cooperating with research institutions</li> <li>• Result measures: Increase in SME jobs created; Enterprises actively innovating; Smart specialisation</li> </ul>

<b>SIA 1.3: Support for Commercialisation and Innovation</b>	
<b>Description</b>	Efforts to accelerate the commercialisation of innovation within products and processes, with an ultimate objective of increasing the proportion of new products and processes brought to market. Support will focus on key sectors and on the supply chains of innovative firms.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• Evidence that the LEP area currently underperforms in terms of innovative activity in the business base</li> <li>• National and LEP level policy drive to increase growth in a number of higher value added sectors, with a focus on encouraging and increasing innovation</li> <li>• Market Failure – Commercialisation challenges are proven to constrain the speed and ultimate value of innovation activity. Providing support for organisations involved in innovation can help to address positive externality and imperfect information market failures and drive more effective and efficient innovation processes and practises.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>• £7.5 million ERDF (£12.5m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• HEIs, other research institutions, private sector partners.</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>• Joint statement agreed on collaboration in innovation support activity and smart specialisation with five other West Midlands based LEPs, building on the strong track record of close working, and potentially with other LEP areas as appropriate. See Appendix A.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• Zero</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>• HEIs, other research institutions, private sector partners.</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• Rapid prototyping projects</li> <li>• Proof of concept projects</li> <li>• Innovation vouchers</li> <li>• Collaborative R&amp;D support</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: No. enterprises supported; No. jobs created in supported enterprises; SMEs supported to introduce new products to market; SMEs supported to introduce new to firm products</li> <li>• Result measures: SME jobs created; Enterprises actively innovating; Smart specialisation</li> </ul>

### Summary: Logic Chain for Innovation Intervention

3.25 The logic chain for intervention under the Innovation priority theme is set out overleaf:

Figure 3-1: Innovation Priority Theme – Logic Chain for Intervention



## Priority Theme 2: SME Competitiveness

3.26 This priority theme covers the objectives TO2 (ICT) and TO3 (SME Competitiveness), as set out in the Government guidance to LEP's. The allocation to this priority theme is £37.5m.

### Alignment with National and Strategic Programmes and Policies

3.27 Key national and European strategic and policy drivers, as highlighted in fund guidance<sup>22</sup> for the relevant thematic objectives, include:

- **The UK Government's Plan for Growth** aims to make the UK the best place in Europe to start, finance and grow a business;
- The **National Export Challenge** aims to double UK exports to £1tn by 2020 and create 100,000 new exporters. At the same time, the Government is seeking to double FDI by 2020;
- **Digital Agenda for Europe** and **UK Information Economy Strategy**. Aims to improve broadband coverage to businesses and households, including 90% of premises to have superfast broadband by 2015;
- The European Council has recommended that the UK improves the availability of bank and non-bank financing to SMEs and explores with the market ways to improve access to non-bank financing such as venture and risk capital;
- SME Competitiveness is a central focus for the **Stoke-on-Trent and Staffordshire LEP** with key strategic priorities including Supporting Existing Businesses to Grow, Increasing Inward Investment, and Improving Access to Finance and Funding.

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<sup>22</sup> HM Government (2013) 'Framework of European Growth Programme Priorities: Background Analysis'

## Drivers of Growth and Growth Barriers to be Addressed

3.28 The table below sets out the key drivers and barriers, drawing on analysis in Chapter 2 of the strategy.

Drivers for Growth to Capitalise Upon	Barriers to Growth to be Addressed
<ul style="list-style-type: none"> <li>• The area benefits from location at the heart of the UK, with strong connectivity via road and rail networks;</li> <li>• Inward investment performance has been strong in recent years, with notable recent projects including Jaguar Land Rover and Amazon, providing momentum on which to build;</li> <li>• The rural economy has performed strongly in recent years, with growing employment and strong enterprise performance;</li> <li>• An opportunity to design a more coherent and effective support offer for local businesses which closely reflects the characteristics of the businesses base and aspirations for growth.</li> </ul>	<ul style="list-style-type: none"> <li>• Low levels of economic resilience reflecting weaknesses in the existing business base, and over reliance in the past on lower value manufacturing;</li> <li>• Relatively low levels of enterprise and recent declines in levels of business start-up suggest that there are considerable barriers to growth to be addressed;</li> <li>• A more fragmented and less comprehensive support offer for local SMEs than was previously the case;</li> <li>• Challenges in access to finance constraining the ability of SMEs to grow.</li> </ul>

## Existing Delivery to Build Upon

3.29 There are a number of projects and activities already being delivered across Stoke-on-Trent and Staffordshire and the West Midlands which provide a strong platform and momentum for the ESIFS to build upon. Pertinent examples include:

- **Enterprise Coaches project** – One to one enterprise coaching, in disadvantaged areas, to cultivate interest in enterprise amongst people who would not otherwise consider setting up in business or self-employment as an option. Circa 86 individuals will be assisted to get a job, 600 individuals assisted to start a business, 169 jobs created and 120 businesses created
- **Creative Industries project** – A high quality programme of business development direct to S.M.E. Creative companies throughout Stoke-on-Trent and North Staffordshire. Around 50 businesses assisted will be assisted
- **North Staffordshire Inward Investment project** – Delivery of an inward investment service that will attract new companies into the region. Around 350 jobs will be created and 15 businesses attracted to the area

• **Stoke-on-Trent and Staffordshire EU Structural and Investment Fund Strategy** •

- **Build Up North Staffordshire project** – Creating and nurturing the capacity of three business supply chain networks to bolster business competitiveness, accelerate sector growth and stimulate renewal. Around 180 businesses will be assisted, 15 jobs created and 15 jobs safeguarded
- **Stoke-on-Trent and Staffordshire Business Support Fund** - a small loan fund supported under the current ERDF programme providing access to loans of up to £50,000 to businesses that have found it difficult to raise working capital via the commercial finance market
- **Stoke-on-Trent and Staffordshire Business Support Helpline** - a single point of contact now in its 3rd year to help businesses access and be signposted to, support for a range of start-up and growth services
- **Staffordshire Business Incubation Support ERDF projects (SBIS)** – this project has been run by Staffordshire & Black Country Business Innovation Centre over the past 5 years, assisting high value, high growth businesses by facilitating intensive assistance to aid growth, increase GVA and high value jobs. The project also provides business incubation support to UK Business Incubation Framework Standards and delivers a suit of Innovation workshops. The project has assisted over 600 businesses within Staffordshire
- **Green Bridge Programme** - providing small grants to encourage businesses to incorporate energy saving and low carbon practices in to their operations. Run on a cross LEP basis supported under the current ERDF programme and led by Birmingham City Council
- **ERDF Staffordshire Visitor Economy Development (SVED) programme** – a project to accelerate growth in the under-developed Staffordshire visitor economy, generating increased employment levels through activities to improve the quality, performance, perception, awareness, competitiveness, productivity and sustainability of SME's within the sector.

3.30 The existing delivery landscape (and the experience and expertise that this has provided across the area) has been taken into account when developing the ESIFS. This is reflected in the SIA's outlined below.

#### SIA's for 2014-20

3.31 We have identified six SIA's under which a range of innovation projects will be delivered:

<b>SIA 2.1: Growth Hub</b>	
<b>Description</b>	A single gateway to business support across the LEP area, providing signposting services; two bespoke support programmes (focusing on support for developing technology linked to energy security and renewables and support for applied materials); a business growth network; and a means of amplifying, adding value and providing a pipeline to government initiatives.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• The current business support offer is fragmented and less comprehensive than was previously the case</li> <li>• Market Failure – The Growth Hub will help to address imperfect information market failures, by supporting all businesses to understand the business support available to them and signposting to services.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>• £6.0 million ERDF (£10.0m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• Local authorities, Chamber of Commerce, public and private providers of national programmes (MAS, Growth Accelerator etc), plus social enterprise partners.</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>• None expected at this stage</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• Zero</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>• Regional Growth Fund, Local authorities</li> </ul>
<b>Indicative Activities</b>	<p>Functions of the Growth Hub will include:</p> <ul style="list-style-type: none"> <li>• Signposting services</li> <li>• Bespoke support</li> <li>• Strategic leadership role in the design and co-ordination of business support</li> <li>• Intelligence and strategic coordination, to help understand opportunities and threats for local businesses and to improve the efficiency, effectiveness and responsiveness of support</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: No. enterprises supported; No. jobs created in supported enterprises</li> <li>• Result measures: Increase in SME jobs created; Increase in SME productivity</li> </ul>

<b>SIA 2.2: Support for Enterprise</b>	
<b>Description</b>	Efforts to promote and support entrepreneurialism with a focus on increasing the number of business start-ups (including social enterprises) and early survival rates.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• Current underperformance in terms of enterprise, with lower than average (and declining) business start-up rates; clear evidence that supporting start-ups and social enterprise can drive economic and social outcomes</li> <li>• Market Failure – Support would seek to address imperfect information and positive externality market failures, helping to support residents to set up and grow new enterprises.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>• £6.5 million ERDF (£10.8m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• Local authorities, universities, other public sector bodies.</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>• Potential for £0.5m ICT allocation to be used as contribution to cross LEP collaboration programmes.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• Zero</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>• BIG Lottery, local authorities, other public sector bodies.</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• Enterprise mentoring and coaching and Enterprise Champions</li> <li>• Start-up vouchers</li> <li>• Enterprise networks</li> <li>• Social enterprise support programme</li> <li>• Creative Industries support programme</li> <li>• Business intelligence</li> <li>• New and refurbished enterprise and incubation centres across the area</li> <li>• SME fibre connectivity voucher scheme</li> <li>• University Enterprise Zones</li> <li>• Support collaborative projects that enable students and graduates within SMEs to gain industry relevant experience</li> <li>• Develop better links between SMEs and educational establishments</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: No. of new enterprises supported; No. jobs created in supported enterprises</li> <li>• Result measures: Increase in SME jobs created; SME productivity; Increase in business start ups</li> </ul>

<b>SIA 2.3: Support for High Value Growth</b>	
<b>Description</b>	Work to support companies with high growth potential to develop and exploit opportunities. A focus on innovation and priority sectors and their supply chains.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• LEP priorities focus on the need to secure growth in higher value activities and sectors, to improve economic resilience</li> <li>• Market Failure – Providing targeted and bespoke support will help to address imperfect information and positive externality market failures, and help to ensure that the potential for high value growth within the local SME base is maximised.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>• £7.0 million ERDF (£11.7m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• Manufacturing Advisory Service (MAS), PERA (Growth Accelerator), Higher Education Institutions.</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>• No plans for cross LEP working currently proposed.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• £4.7m (MAS £1.7m, Growth Accelerator £3.0m)</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>• Local authorities, Regional Growth Fund, SME contributions.</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• Growth Accelerator support – High-growth business support</li> <li>• MAS support – Sector focused business support.</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: No. enterprises supported; No. jobs created in supported enterprises</li> <li>• Result measures: Increase in SME jobs created; Increase in SME productivity; Smart specialisation</li> </ul>

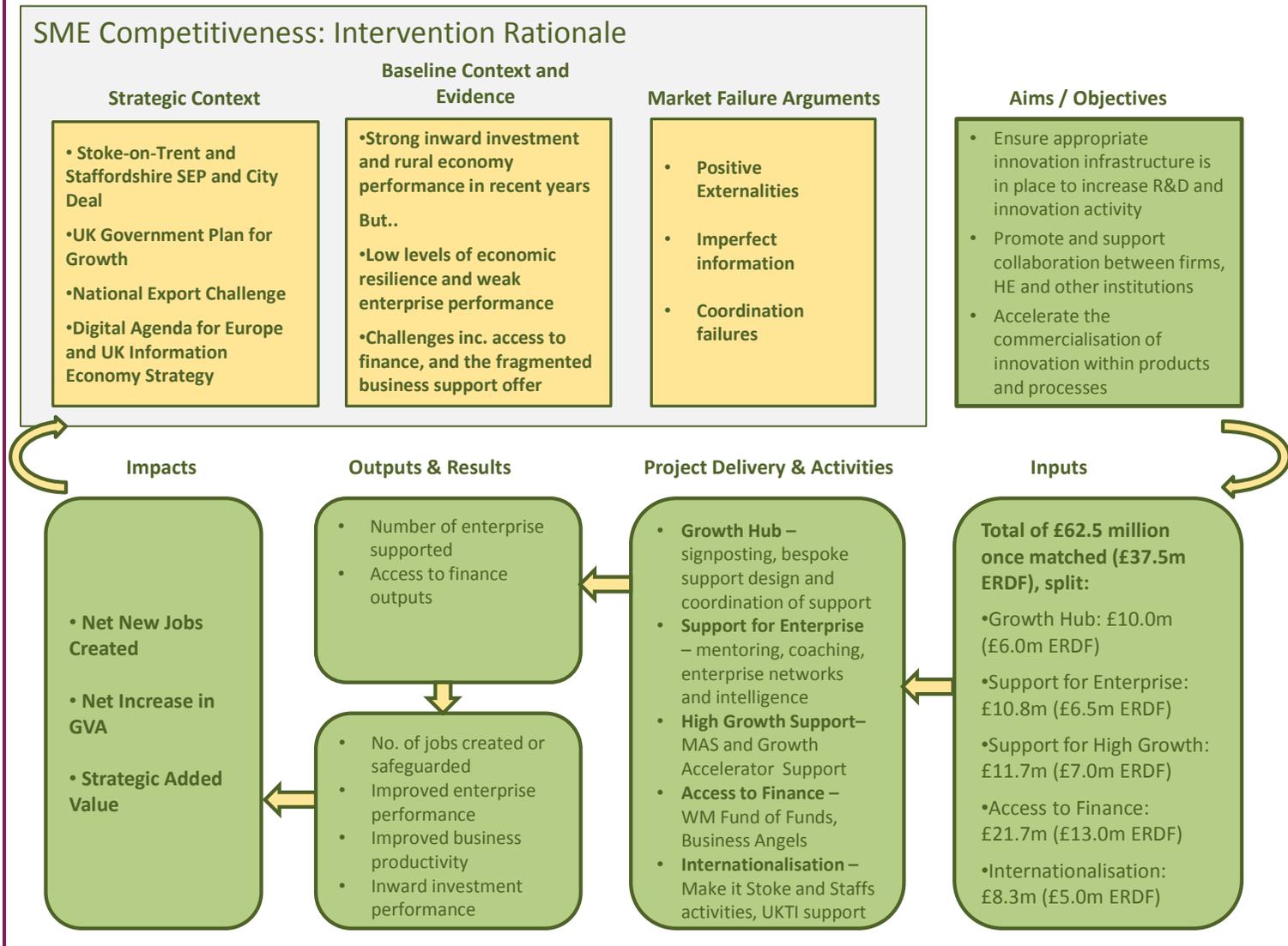
<b>SIA 2.4: Access to Finance</b>	
<b>Description</b>	Financial support for business start-ups and for indigenous business with ambitions to grow.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>Weaknesses in debt and equity finance supply across the UK following the recession and during the on-going economic downturn</li> <li>Market Failure – Improving access to finance would address a gap in debt and equity finance supply to SMEs, and would address imperfect information market failures (on the part of both lenders and businesses)</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>£13.0 million ERDF (£21.7m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>Fund of Funds expected to be delivered in collaboration with other West Midlands based LEPs</li> <li>Research currently underway exploring potential for a financial instrument operating across the six West Midlands LEPs.</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>Fund of Funds expected to be delivered in collaboration with other West Midlands based LEPs</li> <li>Research currently underway exploring potential for a financial instrument operating across the six West Midlands LEPs.</li> </ul>
<b>Opt in Value</b>	Zero
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>To be confirmed, but would include West Midlands SME Finance Legacy Funds, plus private angel and venture capital funding</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>Fund of Funds –membership of a £100m fund of funds managed and delivered at the West Midlands level</li> <li>LEP Level Loan Funds building on existing loan fund mechanisms in Stoke-on-Trent and Staffordshire which provide loans of up to £50,000 for local businesses</li> <li>Business Angel investment projects.</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>Outputs measures: No. enterprises supported; No. jobs created in supported enterprises</li> <li>Result measures: Increase in SME jobs created; Increase in SME productivity</li> </ul>

<b>SIA 2.5: Internationalisation</b>	
<b>Description</b>	Work with UK Trade and Investment to help businesses take advantage of export opportunities and promote growth for UK PLC. Promote Stoke-on-Trent and Staffordshire as a location for inward investment, with a focus on innovative activities and priority sectors and their supply chains.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• There is a high proportion of activity in export intensive sectors in the LEP area. Extending UKTI core delivery will support export-led growth, addressing imperfect information market failures</li> <li>• Market Failure – The LEP area has benefitted from recent strong inward investment performance. Additional support will help to capitalise upon this momentum, in particular addressing partial public good / positive externality and co-ordination market failures.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>• £5.0 million ERDF (£8.3m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• Make it Stoke-on-Trent and Staffordshire, Local Authorities, UKTI.</li> </ul>
<b>Collaboration with LEPs</b>	<ul style="list-style-type: none"> <li>• No cross-LEP working currently proposed.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• UKTI £3.33 million</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>• Local authorities</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• International trade support for SMEs</li> <li>• Build upon the Make it Stoke-on-Trent and Staffordshire 'Red Carpet' inward investment support service</li> <li>• Activities to create a stronger perception of Stoke-on-Trent and Staffordshire amongst potential investors and business and leisure visitors.</li> </ul> <p><i>Specific project are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: No. enterprises supported; No. jobs created in supported enterprises</li> <li>• Result measures: Increase in SME jobs created; Increase in SME productivity</li> </ul>

### Summary: Logic Chain for SME Competitiveness Intervention

3.32 The Logic Chain for intervention under the SME Competitiveness Priority Theme is set out overleaf:

Figure 3-2: SME Competitiveness Priority Theme – Logic Chain for Intervention



## Priority Theme 3: Environment and Place

3.33 This priority theme covers the objectives TO4: Low Carbon TO6: Environmental Protection and TO7: Sustainable Transport as set out in the Government guidance to LEPs. The allocation to this priority theme is £22.5m.

### Alignment with National and Strategic Programmes and Policies

3.34 Key national and European strategic and policy drivers, as highlighted in fund guidance<sup>23</sup> for the relevant thematic objectives include:

- **Europe 2020** sets out a target across the EU by 2020 for 20% reduction in greenhouse gas emissions (compared to 1990 levels), increasing the share of renewable energy generation to 20%, and achieving a 20% increase in energy efficiency;
- The UK targets through the **Climate Change Act** and other policy are to achieve a 34% reduction in greenhouse gases by 2020 (and 80% by 2050) and increasing the share of renewable energy to 15% by 2020. Within the 2050 target is an aim to reduce industrial emissions by 70% compared to 1990 levels;
- The **Natural Environment White Paper** sets out an ambition to halt environmental degradation and start rebuilding natural capital. Particular emphasis is placed on the benefits of strengthening blue and green infrastructure (ie the network of green spaces, water and other environmental features);
- The low carbon economy and securing greater energy efficiency is a key priority for the **Stoke-on-Trent and Staffordshire LEP**. The main focus of the LEP City Deal proposal is the development of a unique local energy offer, supported by the development of appropriate sites and infrastructure (and particularly employment land). The low carbon economy and sites and infrastructure are also at the core the SEP.

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<sup>23</sup> HM Government (2013) 'Framework of European Growth Programme Priorities: Background Analysis'

## Drivers of Growth and Growth Barriers to be Addressed

3.35 The table below sets out the key drivers and barriers, drawing on analysis in Chapter 2 of the strategy.

Drivers for Growth to Capitalise Upon	Barriers to Growth to be Addressed
<ul style="list-style-type: none"> <li>• A significant opportunity has been identified regarding a strategic approach to local energy generation and the decarbonisation of the business base;</li> <li>• Existing proposals for the delivery of physical assets (such as the Keele University Science and Business Park Demonstrator and Centre of Excellence in Energy Security and Renewables) provide a strong platform on which to build for growth in the energy / low carbon sector;</li> <li>• A number of employment sites have been identified for development via the City Deal proposals, which can help drive the growth of priority sectors and support growth in the existing business base.</li> </ul>	<ul style="list-style-type: none"> <li>• Despite a large supply of identified employment land, delivery of sites constrained by need for up-front investment;</li> <li>• Accessibility constraints across the LEP area, affecting ability of residents in both urban and rural areas to benefit from opportunities at key employment sites;</li> <li>• Built environment challenges in urban and rural areas (including brownfield land and derelict buildings), impacting upon the cultural and leisure offer and hence quality of life and labour market characteristics.</li> </ul>

## Existing Delivery to Build Upon

3.36 There are a number of projects and activities already being delivered across Stoke-on-Trent and Staffordshire and the West Midlands which provide a strong platform and momentum for the ESIFS to build upon. Pertinent examples include:

- **Stoke-on-Trent City Centre Public Realm** – Delivery of a programme of high-quality public realm in Stoke-on-Trent City Centre that will complement key strategic physical interventions and improve the inward investment offer and overall economic vibrancy of Stoke-on-Trent City Centre. Circa 2 hectares of Brownfield Land will be reclaimed / redeveloped
- **Burslem and Longton Building Improvement Scheme** – Restoration of the integrity of the historically important street scenes within the Burslem and Longton Town Centre areas and to act as an economic driver for the Towns by restoring the urban fabric, bringing buildings back into economic use and attracting/creating new business and employment. Circa 19 jobs will be created and 1,773sqm of floorspace will be upgraded / brought back into economic use
- **Middleport Pottery project** – Conservation and refurbishment of

a grade 2\* listed pottery building in Burslem to regenerate the area by providing tailored workspace for creative industries businesses and new interpretation space to help enhance the visitor/tourism offer. With support from the Heritage Lottery Fund, around 0.6 hectares of brownfield land will be reclaimed / redeveloped, 8 businesses will be assisted and circa 1,000 sqm of floorspace will be upgraded with environmental accreditation

- **Staffordshire Business Environment Network (SBEN)** - a membership led network providing advice, support and training to businesses to become more efficient and profitable through environmental awareness and accreditation
- **Stoking Employment in North Staffordshire** – delivery between 2013 and 2015 of a £4.95 million Staffordshire and Stoke-on-Trent cross boundary package of sustainable transport measures. It focuses on improving connectivity to existing and growing employment at Chatterley Valley, Etruria Valley, Trentham Lakes, the University Quarter (UniQ) and Keele University & Science and Business Park. The main purpose of the package is to encourage a shift to sustainable transport modes alongside improved accessibility to enable new employees into work. This will tackle congestion, cut carbon and support economic growth. The Package is being delivered through Department for Transport Local Sustainable Transport Funds
- **Pedal Peak** – the Staffordshire Moorlands Cycle Link is being delivered in 2014 through a Department for Transport grant to support cycling in National Parks. It will enable Stoke-on-Trent and Staffordshire Moorlands residents to access the Peak District National Park by the Manifold Trail and the Roaches via a segregated cycle route between Stockton Brook and Cheddleton (along the Cauldon Canal) combined with an on-road route from Cheddleton to the Manifold Trail. The scheme is part of a £5m package of cycle measures awarded through a joint bid with the Peak District National Park Authority
- **Town Centre Partnerships** - existing retail and other sector based partnerships focussed on maintaining the economic vitality and viability of Staffordshire's town centres
- **Staffordshire Destination Management Partnership** – a partnership of visitor attractions, accommodation, Eating establishments, tourism businesses and local authorities that are working together to drive tourism in Staffordshire. The aim is to use the collective strengths of all involved to attract more customers into the county, keep them longer and provide the highest standards of customer care
- **Broadband Demand Stimulation in rural businesses** - a cross

LEP programme offering support to rural businesses to take full advantage of the improving superfast broadband services being delivered through the BDUK programme. Supported under the current ERDF programme and led by Shropshire Council.

- 3.37 The existing delivery landscape (and the experience and expertise that this has provided across the area) has been taken into account when developing the ESIFS. This is reflected in the SIA's outlined below.

#### SIA's for 2014-20

- 3.38 We have identified four SIA's under which a range of innovation projects will be delivered:

<b>SIA 3.1: Whole Place Approach to Energy Supply</b>	
<b>Description</b>	A strategic approach to securing a more sustainable energy offer within Stoke-on-Trent and Staffordshire, including the delivery of new low carbon facilities and the exploitation of new energy technologies (building upon geothermal networks and district heating) to create a fully integrated Smart Energy network.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>Increasing energy costs are acting as a constraint for local businesses in energy intensive priority sectors and are also resulting in higher proportions of residents in 'fuel poverty'</li> <li>Market Failure – Supporting the development of a local energy offer will help to address negative externality market failures associated with climate change and by ensuring a strategic approach to delivery will help to address coordination failures.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>£10.0 million ERDF (£16.7m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>Private sector, Local Authorities, HEIs and other research institutes.</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>It is expected that there will be collaboration in energy efficiency and green economy interventions with the other five West Midlands LEPs, building on a historical record of close working in this policy area.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>Zero</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>Private sector, Local Authorities, HEIs and other research institutes.</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>Delivery of the Centre of Excellence in Energy Security and Renewables</li> <li>Delivery of the Keele University Science and Business Park Demonstrator</li> <li>Delivery of the Low Carbon and Renewable Energy Rapid R&amp;D Facility at Staffordshire University</li> <li>Development and deployment of a series of 'at-scale' energy demonstrators across Stoke-on-Trent</li> <li>Wider activities to support the creation of local energy networks, utilisation of new energy technologies and smart grids</li> <li>Delivery of the Stoke-on-Trent district heating, unconventional gas initiatives (e.g. Coal Bed Methane to support the local ceramics sector) and mine water geothermal</li> <li>Development of a 33kva network to address the current deficit in power connections to key development sites.</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>Outputs measures: Infrastructure site development (ha)</li> <li>Result measures: Improving the economic viability of areas through infrastructure; Companies deploying low carbon practices, processes, services or products; SME Jobs Created</li> </ul>

<b>SIA 3.2: Energy Efficiency and Decarbonisation of the Business Base</b>	
<b>Description</b>	Efforts to improve levels of energy efficiency in Stoke-on-Trent and Staffordshire by helping businesses across the economy to engage in more energy efficient processes and practises, and building the capacity of the local businesses to operate within the LCEGS sector.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>Market Failure – Support will help to address a number of market failures including negative externalities associated with climate change and imperfect information on the part of businesses and individuals, to help the local economy evolve to engage in more energy efficient processes and practises.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>£2.5 million ERDF (£4.2m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>Local authorities, HEIs, Private Developers, Third Sector.</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>It is expected that there will be collaboration in energy efficiency and green economy interventions with the other five West Midlands LEPs, building on a historical record of close working in this policy area.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>Zero</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>Local authorities, HEIs, Private Developers, Third Sector.</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>Environmental Accelerator</li> <li>Carbon reduction projects</li> <li>Renewable and environmental technology sector support</li> <li>Energy efficiency / micro-generation advice / support to SMEs including 'green accreditation'</li> <li>Low carbon building exemplar projects</li> <li>Delivery of heat recovery and energy efficiency initiatives</li> <li>Creation of incentives for the wider roll out of photo voltaic schemes.</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>Outputs measures: No. enterprises supported; Number of enterprises supported with business resource efficiency; Estimated annual decrease of GHG</li> <li>Result measures: Increase in SME jobs created; Increase in SME productivity; Increase in the energy efficiency of companies, buildings and transport; Companies deploying low carbon practices, processes, services or products</li> </ul>

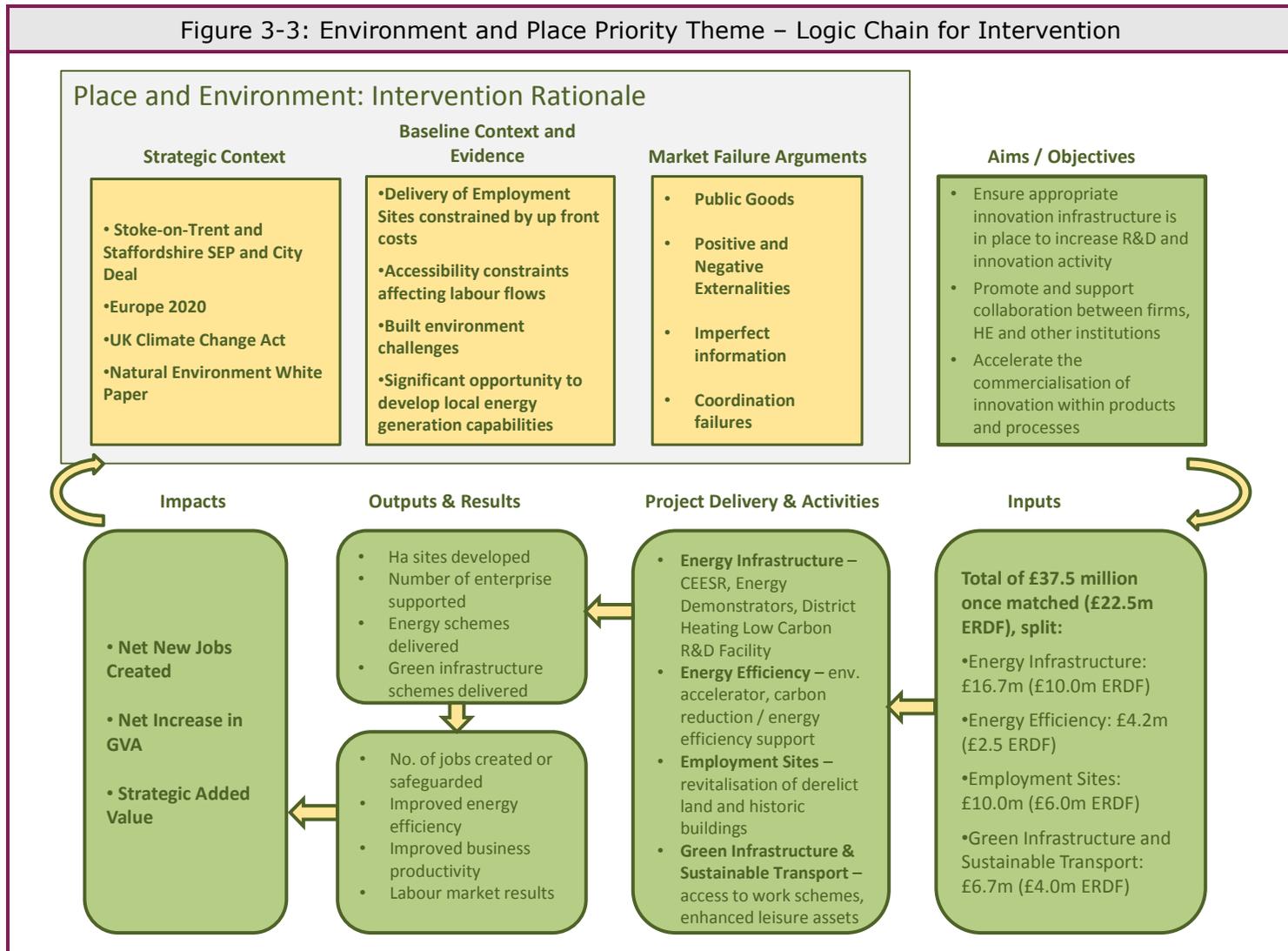
<b>SIA 3.3: Employment Sites</b>	
<b>Description</b>	Efforts to ensure that priority employment land and sites are brought to the market and to promote the improvement and regeneration of existing employment and urban areas.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• Whilst there is a strong potential supply of employment land, up-front costs are constraining delivery</li> <li>• Market Failure – Support will address these negative externalities, helping to ensure that appropriate sites are ready for investors and can help to drive economic growth.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>• £6.0 million ERDF (£10.0m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• Local authorities, private developers, green infrastructure partners, Heritage Lottery Fund</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>• None anticipated at this stage.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• Zero</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>• Local authorities, Regional Growth Fund, Growing Places Fund, Heritage Lottery Fund, private sector.</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• Site remediation for brownfield sites (inc. tackling contamination from flooding and industry)</li> <li>• Revitalisation of derelict land and historic buildings</li> <li>• Potential for delivery via a Jessica/Evergreen type fund.</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: Infrastructure site development (ha)</li> <li>• Result measures: Improving the economic viability of areas through infrastructure; Jobs Created</li> </ul>

<b>SIA 3.4: Green Infrastructure and Sustainable Transport</b>	
<b>Description</b>	Enhance green infrastructure including supporting the delivery of improved recreational and leisure routes such as the canal network and the national cycle network. Secure better use of transport links and connectivity between key employment and residential locations (both existing and new).
<b>Rationale for Intervention – Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• Environmental quality impacts upon economic performance by through perception and image and quality of life factors. Investment is needed to address partial public good and positive externality failures</li> <li>• Market Failure – Challenges have been identified in connecting the labour market (in urban and rural areas) to new and existing employment sites. Investing in improved accessibility will help to overcome public good market and positive externality market failures, with benefits including improved labour market dynamics and social cohesion.</li> </ul>
<b>Funding Allocation</b>	<ul style="list-style-type: none"> <li>• £4.0 million ERDF (£6.7m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• Local authorities, private sector (e.g transport operators), Environment Agency, Natural England, Staffordshire LNP, Staffs Destination Management Partnership, Canal and Rivers Trust</li> </ul>
<b>Collaboration with other LEPs</b>	<ul style="list-style-type: none"> <li>• None anticipated at this stage.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• Zero</li> </ul>
<b>Other Match Funding Sources</b>	<ul style="list-style-type: none"> <li>• Local authorities, private sector (e.g transport operators).</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• Enhancing green infrastructure including leisure assets such as cycle routes and waterways</li> <li>• Improved public transport links to key employers</li> <li>• Wheels to Work schemes.</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: Infrastructure site development (ha); Estimated annual reduction in GHG; No. jobs created in supported enterprises</li> <li>• Result measures: Improving the economic viability of areas through infrastructure; Energy efficiency of companies, buildings and transport; Jobs Created</li> </ul>

### Summary: Logic Chain for Place and Environment Intervention

3.39 The Logic Chain for intervention under the Environment and Place Priority Theme is set out overleaf.

Figure 3-3: Environment and Place Priority Theme – Logic Chain for Intervention



## Priority Theme 4: Skills, Employment and Social Inclusion

3.40 This priority theme covers the objectives TO8: Employment, TO9: Social Inclusion and TO10: Skills, as set out in the Government guidance to LEPs. The allocation to this priority theme is £55.3m. The Stoke-on-Trent and Staffordshire Education Trust will play a key role in leading this priority theme.

### Alignment with National and Strategic Programmes and Policies

3.41 Key national and European strategic and policy drivers, as highlighted in fund guidance<sup>24</sup> for the relevant thematic objectives include:

- **Europe 2020** – aims to raise employment rate for all 20-64 years olds to 75%, raise 20 million people across the EU out of the risk of poverty and social exclusion, and increasing the share of 30-34 year olds having completed tertiary or equivalent education to at least 40%
- A range of UK Government policies and strategies are aimed at addressing unemployment, particularly in light of the impacts of recession, including the **Work Programme, Get Britain Working**, and the **Youth Contract**
- The Government's **Social Justice: Transforming Lives** strategy commits to giving individuals and families facing multiple disadvantages, the tools and support they need to turn their lives around
- One of the four overarching ambitions in the UK Government's **Plan for Growth**, is to create a more educated and flexible workforce
- A key priority for the **Stoke-on-Trent and Staffordshire LEP** is ensuring that the skills and training of the workforce meets business needs. The LEP City Deal proposal emphasises the need to ensure that the workforce is equipped with the aspirations, skills and qualifications to meet the needs of the economy.

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<sup>24</sup> HM Government (2013) 'Framework of European Growth Programme Priorities: Background Analysis'

## Drivers of Growth and Growth Barriers to be Addressed

3.42 The table below sets out the key drivers and barriers, drawing on analysis in Chapter 2 of the strategy.

Drivers for Growth to Capitalise Upon	Barriers to Growth to be Addressed
<ul style="list-style-type: none"> <li>• Recent investments (e.g Jaguar Land Rover) and the existing business base provide genuine opportunities to support the development of the local labour market;</li> <li>• The recently established LEP Education Trust has been established and brings together a diverse range of stakeholders and interests, providing a strong platform upon which to build;</li> <li>• A strong working understanding of skills needs for emerging / growth sectors via a detailed study conducted by the Work Foundation;</li> <li>• Existing interventions targeting unemployed people and disadvantaged groups provide existing momentum on which to build for social inclusion interventions.</li> </ul>	<ul style="list-style-type: none"> <li>• The proportion qualified to Level 4 is below the national average and 40% of local employers are reporting skills shortages in identified priority sectors;</li> <li>• Recent local business surveys have highlighted the need to improve education and skills, particularly literacy and numeracy and employability skills for young people;</li> <li>• Concentrations of unemployment at the local level, with particular challenges for young people;</li> <li>• There are concentrations of severe relative multiple deprivation within Stoke-on-Trent and Staffordshire, particularly within urban areas.</li> </ul>

## Existing Delivery to Build Upon

3.43 There are a number of projects and activities already being delivered across Stoke-on-Trent and Staffordshire and the West Midlands which provide a strong platform and momentum for the ESIFS to build upon. Pertinent examples include:

- **North Staffordshire Employment and Skills Service** – A comprehensive employment and skills infrastructure service to tackle the worklessness, skills and enterprise deficit. Circa 2,600 people will be assisted to get a job, 8 jobs will be created and 487sqm of floorspace will be created/ upgraded
- **Home to Work Transportation project** – Provision of a range of individually tailored travel solutions to address the barriers faced by workless residents. Circa 2,100 people will be assisted to get a job
- **Access to Jobs, Training and Services in Stafford** – delivery between 2013 and 2015 of a £4.2 million package of sustainable transport measures that will target peak hour commuters, improve sustainable access to jobs, training and services, and help to reduce carbon emissions. Bus facilities and passenger information will be

improved on congested routes and walking and cycling improvements will include a new 400 metre segregated route. Businesses and residential communities will be encouraged to reconsider their travel habits through discounted bus travel, targeted promotion, a new mobile cycle centre (the Bike Bus) and travel plan support to businesses. The Package is being delivered through Department for Transport Local Sustainable Transport Funds

- **NEET programme** - addressing the NEET challenge across Stoke-on-Trent and Staffordshire supported under the current SFA funded national NEET programme
- **Connections to Opportunities** - tackling long term unemployment in incapacity benefit claimants and other groups furthest away from the labour market through a community buddies programme providing first stage engagement of a client journey towards volunteering, training and employment opportunities. A lapsed programme previously supported by AWM. Concept and existing client tracking system could be reinstated with future EU funding support
- **Staffordshire Open Door Programme** - providing work experience opportunities in a range of public, private and voluntary organisations for graduates and those seeking to enhance their employability. Run by Staffordshire County Council but could make a greater impact with support for future EU funding.

3.44 The existing delivery landscape (and the experience and expertise that this has provided across the area) has been taken into account when developing the ESIFS. This is reflecting in the SIA's outlined below.

#### SIA's for 2014-20

3.45 We have identified five SIA's under which a range of innovation projects will be delivered:

<b>SIA 4.1: Skills for Employability</b>	
<b>Description</b>	Improve employability skills across the Stoke-on-Trent & Staffordshire labour market with a particular focus on the unemployed, NEETS, school leavers, graduates and vulnerable groups.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• Evidence suggests that there are shortages in basic employability skills across the LEP area, impacting upon the ability of residents to find work and employers to recruit</li> <li>• Market Failure – Investing in employability skills will address positive externality market failures, ensuring that the labour market responds to the needs of the local economy, with benefits for local residents and businesses alike.</li> </ul>
<b>Allocation</b>	<ul style="list-style-type: none"> <li>• £9.0 million ESF (£15.0m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• Local Authorities, Further Education Colleges, Princes Trust, other voluntary / community sector organisations.</li> </ul>
<b>x-LEP Working</b>	<ul style="list-style-type: none"> <li>• None expected at this stage.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• £6.0m (SFA £2.0m, Big Lottery £2.0m, DWP, £2.0m)</li> </ul>
<b>Other Match</b>	<ul style="list-style-type: none"> <li>• Zero</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• Functional skills training, including literacy and ICT (promoting digital competence within the labour market)</li> <li>• ESOL provision</li> <li>• Innovative provision which engages people and enables them to enter education and/or employment i.e. communication and interpersonal skills, attitudes to work, work experience, tasters, Have a Go activities, specialist programmes for those with complex barriers.</li> <li>• Support to local communities to deliver local training solutions to engage disadvantaged learners</li> <li>• Support low skilled people in low skilled work to progress in work.</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: No. of participants; No. of unemployed participants; No. of inactive participants; No. of aged 15-24 participants</li> <li>• Result measures: No. inactive participants newly engaged in job searching upon leaving; No. participants in edu/training upon leaving; No. participants gaining a qual. upon leaving; No. of participants in jobs upon leaving; No. participants engaging in positive activities that address barriers to work</li> </ul>

<b>SIA 4.2: Skills to Support Growth, Innovation and Enterprise</b>	
<b>Description</b>	Ensuring that the Stoke-on-Trent and Staffordshire labour market has appropriate skills to meet the needs of existing and emerging priority sectors and technologies and to drive enterprise, including retaining and attracting graduates and ensuring that existing employees / residents are given the chance to up-skill and re-skill. Focus on building upon existing, strong linkages between employers, sector organisations and education institutions to identify future skills needs and ensure suitable provision.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>Evidence suggests that there are currently shortages in the supply of highly skilled workers which has the potential to constrain future growth particularly in the identified priority sectors</li> <li>Market Failure – investing in higher level skills will address positive externality market failures, ensuring the labour market responds to the needs of the local economy, with benefits for local residents and businesses.</li> </ul>
<b>Allocation</b>	<ul style="list-style-type: none"> <li>£12.0 million ESF (£20.0m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>Universities, further education colleges and other education institutions; Skills Funding Agency; employers; Princes Trust; other community sector.</li> </ul>
<b>x-LEP Working</b>	<ul style="list-style-type: none"> <li>None expected at this stage.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>£8.0m (Skills Funding Agency £3.5m, DWP £2.0m, Big Lottery £2.5m)</li> </ul>
<b>Other Match</b>	<ul style="list-style-type: none"> <li>Zero</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>Growth and Innovation Fund projects</li> <li>Programmes to engage employers in skills training</li> <li>Activities to implement LEP Employer Strategy</li> <li>Build capacity of SMEs to provide internships and work placements</li> <li>Programmes to support the transition of graduates into employment</li> <li>Work Related Learning</li> <li>Programmes that support local employers to recruit those young people that are disengaged (Apprenticeships, Traineeships and work experience).</li> <li>Skills training at a range of levels aligned to local priorities</li> <li>Leadership and management skills at a range of levels including for SMEs</li> <li>Advanced Manufacturing Hub to provide facilities to meet the capacity requirements of the sector to support local growth</li> <li>Enterprise programmes for young people, adults and graduates</li> <li>The provision of world class training facilities to support priority sectors.</li> <li>Programmes that address the difficulties of the shortage of learning provision and employment opportunities in rural areas.</li> </ul> <p><i>Projects are currently being identified via a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>Outputs measures: No. of participants; unemployed participants; inactive participants; employed participants; aged 15-24 participants</li> <li>Result measures: No. inactive participants newly engaged in job searching upon leaving; participants in edu/training upon leaving; participants gaining a qual. upon leaving; of participants in jobs upon leaving; participants engaging in positive activities that address barriers to work</li> </ul>

<b>SIA 4.3: Vocational Routes into Employment</b>	
<b>Description</b>	Working with education providers and employers to support the development and implementation of vocational routes into employment, in particular actions to support the coherent delivery of vocational training activities, placements and apprenticeships across the area.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>Market Failure – Support vocational routes into employment can play an important role in helping to establish closer linkages between the labour market and business, addressing positive externality market failures and ensuring a more responsive and hence effective labour market.</li> </ul>
<b>Allocation</b>	<ul style="list-style-type: none"> <li>£12.0 million ESF (£20.0m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>Local authorities, FE Colleges, private sector training providers, employers, Princes Trust, other voluntary / community sector organisations.</li> </ul>
<b>x-LEP Working</b>	<ul style="list-style-type: none"> <li>None expected at this stage, but we are open to exploring opportunities.</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>£8.0m (Skills Funding Agency £3.75m, DWP £1.5m, Big Lottery £2.75m)</li> </ul>
<b>Other Match</b>	<ul style="list-style-type: none"> <li>Zero</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>Programmes to develop employability skills and job outcomes</li> <li>Initiatives that increase the number of local Apprenticeship and Traineeship opportunities, especially for 16-18 year olds (these initiatives will not include direct funding of training or wage costs).</li> <li>Initiatives that promote and increase the wider use of Higher Apprenticeships.</li> <li>Innovative programmes that support and motivate young people with no or few qualifications and give them the employability skills required by employers. Programmes will also support the harder to reach young people who need more intensive support to enable them to enter Traineeships and Apprenticeships.</li> <li>New innovative vocational programmes that enable marginalised groups to get into employment, these include lone parents, carers, ex-offenders and people with disabilities and health issues.</li> <li>Support 14+ placements/work experience and provide better advice and guidance for school leavers to encourage technical/vocational education and training</li> <li>Initiatives that help to develop better links between the education and business sectors to improve information, advice and guidance (IAG) and understanding of the local jobs market and career pathways.</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>Outputs measures: No. of participants; unemployed participants; inactive participants; aged 15-24 participants</li> <li>Result measures: No. inactive participants newly engaged in job searching upon leaving; participants in edu/training upon leaving; participants gaining a qual. upon leaving; of participants in jobs upon leaving; participants engaging in positive activities that address barriers to work</li> </ul>

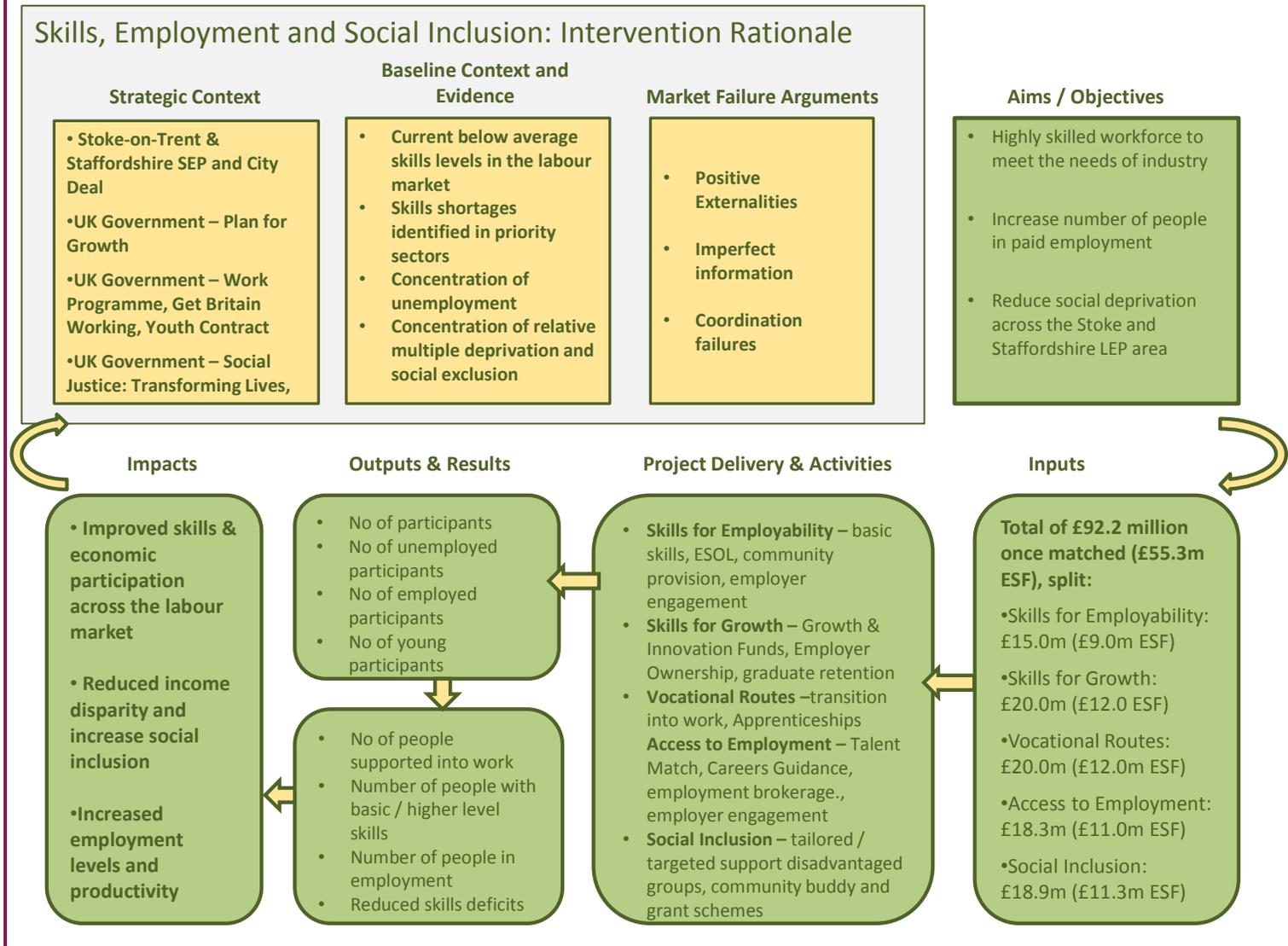
<b>SIA 4.4: Access to Employment</b>	
<b>Description</b>	Efforts to improve employability across the Stoke-on-Trent and Staffordshire labour market, with a particular focus on the unemployed, people not in education, employment or training (NEET) and vulnerable groups. Ensuring that residents are signposted to routes to employment and have support in accessing these (for example brokerage).
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• Concentrations of unemployment, and particular challenges for young people and disadvantaged groups</li> <li>• Market Failure – Investing in bespoke activities to improve access to employment across the labour market will address positive externality market failures, and in doing so will help to reduce unemployment and improve social inclusion, whilst also strengthening the local labour market (addressing positive externality market failures).</li> </ul>
<b>Allocation</b>	<ul style="list-style-type: none"> <li>• £11.0 million ESF (£18.3m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• Skills Funding Agency, Local authorities, FE Colleges, employers, Princes Trust, other voluntary / community sector organisations</li> </ul>
<b>x-LEP Working</b>	<ul style="list-style-type: none"> <li>• None expected at this stage</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• £7.3m (SFA £4.2m, BIG Lottery £3.1m)</li> </ul>
<b>Other Match</b>	<ul style="list-style-type: none"> <li>• Zero</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• Talent Match</li> <li>• Careers guidance and labour market information for young people and adults</li> <li>• Transition into work programmes</li> <li>• Employment brokerage projects</li> <li>• Activities to promote greater business involvement in local priority sectors</li> <li>• Transport support to engage young people, adults and vulnerable groups to enter education and /or employment</li> <li>• Reskill and retrain older workers to re-enter or remain engaged in the labour market</li> <li>• Programmes to develop the skills and aspirations of young people, adults and vulnerable people</li> <li>• Specific targeted action to promote equality between men and women i.e. to increase the sustainable participation of women in the workforce, support progression and employability in F.E. and H.E.</li> <li>• Programmes to support, reskill and up skill ex-forces/military personnel in transition to employment</li> <li>• New approaches to meet re-training needs of those facing redundancy which enables them to compete in the labour market.</li> <li>• Supporting older workers to re-train and remain in the labour market.</li> <li>• Programmes for long-term unemployed, including those leaving the Work Programme; approaches to support those moving towards/ entering work.</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: No. of participants; unemployed participants; inactive participants; aged 15-24 participants</li> <li>• Result measures: No. inactive participants newly engaged in job searching upon leaving; participants in edu/training upon leaving; participants gaining a qual. upon leaving; of participants in jobs upon leaving; participants engaging in positive activities that address barriers to work</li> </ul>

<b>SIA 4.5: Promoting Social Inclusion among Disadvantaged Groups</b>	
<b>Description</b>	Support for key disadvantaged groups and communities to improve social inclusion and employability, with a focus on areas of multiple deprivation.
<b>Rationale for Intervention– Existing Market Failure</b>	<ul style="list-style-type: none"> <li>• Concentrations of severe relative multiple deprivation, and particular challenges in engaging with vulnerable groups and families with complex needs</li> <li>• Market Failure – Investing in bespoke activities to improve the employability and skills these groups will address positive externality market failures, and in doing so will help to reduce unemployment and improve social inclusion, whilst also strengthening the local labour market (addressing positive externality market failures)</li> </ul>
<b>Allocation</b>	<ul style="list-style-type: none"> <li>• £11.3 million ESF (£18.9m inc. match); EAFRD allocation TBC</li> </ul>
<b>Key Delivery Partners</b>	<ul style="list-style-type: none"> <li>• Local Authorities, further education colleges, Princes Trust, CAB, other voluntary / community sector organisations.</li> </ul>
<b>x-LEP working</b>	<ul style="list-style-type: none"> <li>• None expected at this stage</li> </ul>
<b>Opt in Value</b>	<ul style="list-style-type: none"> <li>• £5.5m (BIG Lottery £2.0m, Skills Funding Agency £2.0m, DWP £1.5m)</li> </ul>
<b>Other Match</b>	<ul style="list-style-type: none"> <li>• £2.1m – Civil Society</li> </ul>
<b>Indicative Activities</b>	<ul style="list-style-type: none"> <li>• Tailored support for long term NEETs, long term unemployed, families with multiple and complex needs</li> <li>• Programmes that support early interventions for young people, especially those with barriers to participation (e.g care leavers, ex-offenders, lone parents, those with behavioural and health issues)</li> <li>• Learning programmes for learners with special educational needs</li> <li>• Enterprise programmes for young people, adults and graduates</li> <li>• Community support approaches</li> <li>• Community grants</li> <li>• Wrap round support for those with social emotional behavioural difficulties</li> <li>• Support independence skills for those with learning difficulties / disabilities</li> <li>• Promote social renewal by bringing local communities together to experience learning</li> <li>• Learning programmes for adults who are least likely to engage in learning due to personal and social and economic barriers, supporting them to progress to further learning, employment, self-employment or volunteering</li> <li>• Support to promote social inclusion, combat poverty for adults with a range of complex barriers</li> <li>• Provide targeted and responsive provision to meet identified needs of localities or disadvantaged groups particularly focused on community cohesion, inclusion and prosperity</li> <li>• Support rural communities to address issues of isolation</li> </ul> <p><i>Specific projects are currently being identified in the form of a detailed project pipeline.</i></p>
<b>Activity Additionality and Deliverability</b>	<ul style="list-style-type: none"> <li>• Activities will only be delivered where they are complementary and do not compete with existing provision</li> <li>• A project pipeline is being developed in close coordination with partners across the LEP and wider areas. This will help to prioritise projects based on both additionality and deliverability</li> </ul>
<b>Output and Results Measures</b>	<ul style="list-style-type: none"> <li>• Outputs measures: No. of participants; No. of unemployed participants; No. of inactive participants; No. of aged 15-24 participants</li> <li>• Result measures: No. inactive participants newly engaged in job searching upon leaving; participants in edu/training upon leaving; participants gaining a qual. upon leaving; of participants in jobs upon leaving; participants engaging in positive activities that address barriers to work</li> </ul>

### Summary: Logic Chain for Intervention

- 3.46 The Logic Chain for intervention under the Skills, Employment and Social Inclusion Priority Theme is set out overleaf.

Figure 3-4: Skills, Employment and Social Inclusion Priority Theme – Logic Chain for Intervention



## Strategy for the Allocation of Additional Resources

### European Agricultural Fund for Rural Development (EAFRD)

- 3.47 In addition to the ERDF and ESF Funding allocation described above, the Stoke-on-Trent and Staffordshire LEP has been indicatively allocated £3.13 million from the EAFRD for investments supporting rural enterprise and economic development over the 2014-2020 period.
- 3.48 In addition an allocation of around £1.7 million is anticipated for the next LEADER programme. Around £1.2m (70%) of this allocation will focus on supporting rural enterprise and economic development, with the remaining £0.5m (30%) supporting rural community capacity.
- 3.49 The anticipated spend profile for both programmes is outlined below.

Year	EAFRD		LEADER	
	£ million	%	£ million	%
2014	£0.0	0%	£0.0	0%
2015	£0.3	10%	£0.1	6%
2016	£0.9	28%	£0.4	21%
2017	£0.7	22%	£0.5	26%
2018	£0.7	22%	£0.4	24%
2019	£0.5	14%	£0.3	18%
2020	£0.1	3%	£0.1	6%
<b>Total</b>	<b>£3.1</b>	<b>100%</b>	<b>£1.7</b>	<b>100%</b>

### Priorities and Indicative Activities

- 3.50 The Strategy Framework outlined in this chapter has been designed to respond to both rural and urban needs and priorities across the LEP area. As such it is envisaged that the Stoke-on-Trent and Staffordshire LEP EAFRD allocation will be distributed within the Priority Themes and SIA's described previously.
- 3.51 However, government has identified four main types of activity for which EAFRD resource can be used; these are outlined overleaf, along with a summary of alignment to the above SIA's and indicative activities:

<b>Type of Activity</b>	<b>Strategic Investment Area</b>	<b>Indicative Activities</b>
<ul style="list-style-type: none"> <li>Building the knowledge and skills in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>Innovation Theme – SIAs 2.1, 2.2 and to 2.3;</li> <li>Skills, Employability and Social Inclusion Theme – SIAs 4.1 to 4.3.</li> </ul>	<ul style="list-style-type: none"> <li>Skills training relating to rural sectors;</li> <li>Knowledge / innovation support relating to rural sectors,</li> <li>Focus on supporting priority sectors such as agri-tech and energy generation along with wider ecosystem service activities</li> <li>Building upon existing land sector skills assets such as Rodbaston campus</li> </ul>
<ul style="list-style-type: none"> <li>Funding new and developing micro, small and medium sized rural business.</li> </ul>	<ul style="list-style-type: none"> <li>SME Competitiveness Theme – SIAs 2.1 to 2.5.</li> </ul>	<ul style="list-style-type: none"> <li>Rural enterprise hubs</li> <li>General business and enterprise support and access to finance assistance</li> <li>Focus on supporting priority sectors such as agri-tech and energy generation along with wider ecosystem service activities and community and social enterprises</li> </ul>
<ul style="list-style-type: none"> <li>Funding small scale renewable and broadband investments in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>SME Competitiveness Theme – SIAs 2.4;</li> <li>Place and Environment Theme – SIAs 3.1.</li> </ul>	<ul style="list-style-type: none"> <li>Broadband voucher schemes;</li> <li>Rural diversification inc. new energy technologies (e.g. Biomass).</li> </ul>
<ul style="list-style-type: none"> <li>Support for tourism activities in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>SME Competitiveness Theme – SIAs 2.1, 2.2, 2.4, 3.3;</li> <li>Place and Environment Theme – SIAs 3.3 and 3.4.</li> </ul>	<ul style="list-style-type: none"> <li>Investment in green infrastructure and leisure routes</li> <li>Business support targeted at tourism related businesses / sectors</li> <li>Funding for reuse of empty commercial space in villages.</li> </ul>

### Delivery Mechanisms

3.52 EAFRD will be delivered via largely the same governance and management mechanisms utilised for ERDF and ESF. These models are described in detail in chapter 8. In addition, delivery through Community Led Local Development (CLLD) will be explored through the LEADER programme.

### Greater Birmingham and Solihull LEP Transition Area Funding

3.53 Around £27.4 million of the Greater Birmingham and Solihull LEP ESIF allocation must be delivered within the Staffordshire Transition Area.

- 3.54 This will be achieved by cross-LEP collaboration between the Stoke-on-Trent and Staffordshire LEP and the Greater Birmingham and Solihull LEP which will ensure that this Transition Area funding is delivered in line with the strategic investment priorities of both LEP areas. *This is outlined in Chapter 8.*

## 4. Tracking Performance: Output and Outcome Measures

### Outputs and Results

- 4.1 For each SIA we have identified the Output and Result indicators through which we would expect to objectively measure and scrutinise progress and performance. These indicators are set out in the tables below.
- 4.2 Output Targets at this stage are based upon analysis of benchmarks from previous projects and interventions and where relevant benchmarks provided by Opt In providers.
- 4.3 All estimates are based upon the match funded Stoke-on-Trent and Staffordshire LEP ERDF and ESF allocations (£230.7 million). At this stage they exclude the Stoke-on-Trent and Staffordshire EAFRD allocation.

#### Output Targets Based on Allocation

<b>Table 4.1: Summary of Anticipated Output and Result Indicators for Innovation Priority Theme</b>		
Strategic Investment Area	Core Output Indicator (ERDF only; exc. match)	Result Indicators ( <i>not quantified at this stage</i> )
SIA 1.1 Infrastructure for Innovation	<ul style="list-style-type: none"> <li>3 ha site development</li> </ul>	<ul style="list-style-type: none"> <li>Increase in SME jobs created</li> <li>Improving the economic viability of areas through infrastructure</li> </ul>
SIA 1.2 Knowledge Transfer	<ul style="list-style-type: none"> <li>700 enterprise supported</li> <li>210 jobs created in supported enterprises;</li> <li>420 SMEs cooperating with research institutions.</li> </ul>	<ul style="list-style-type: none"> <li>Increase in SME jobs created</li> <li>Enterprises actively innovating</li> <li>Smart specialisation</li> </ul>
SIA 1.3 Commercialisation	<ul style="list-style-type: none"> <li>700 enterprises supported.</li> <li>210 jobs created in supported enterprises</li> <li>210 SMEs supported to introduce new products to market</li> <li>210 SMEs supported to introduce new to firm products</li> </ul>	<ul style="list-style-type: none"> <li>SME jobs created</li> <li>Enterprises actively innovating to bring new products to market</li> <li>Smart specialisation</li> </ul>

<b>Table 4.2: Summary of Anticipated Output and Result Indicators for SME Competitiveness Theme</b>		
Strategic Investment Area	Core Output Indicator (ERDF only; exc. match)	Result Indicators ( <i>not quantified at this stage</i> )
SIA 2.1 Growth Hub	<ul style="list-style-type: none"> <li>780 enterprises supported</li> <li>230 Jobs created in supported enterprises</li> </ul>	<ul style="list-style-type: none"> <li>SME jobs created</li> <li>SMEs improved productivity</li> </ul>
SIA 2.2 Support for enterprise	<ul style="list-style-type: none"> <li>360 new enterprises supported</li> <li>250 jobs created in supported enterprises</li> </ul>	<ul style="list-style-type: none"> <li>SMEs jobs created</li> <li>SME Productivity</li> <li>Increase in Start-ups</li> </ul>
SIA 2.3 Support for high value growth	<ul style="list-style-type: none"> <li>900 enterprises supported</li> <li>270 jobs created in supported enterprises</li> </ul>	<ul style="list-style-type: none"> <li>SMEs jobs created</li> <li>SME Productivity</li> <li>Smart Specialisation</li> </ul>
SIA 2.4 Access to finance	<ul style="list-style-type: none"> <li>120 enterprises supported.</li> <li>500 Jobs created in supported enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>SMEs jobs created</li> <li>SME Productivity</li> </ul>
SIA 2.5 Internationalisation	<ul style="list-style-type: none"> <li>650 enterprises supported.</li> <li>190 Jobs created in supported enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>SMEs jobs created</li> <li>SME Productivity</li> </ul>

<b>Table 4.3: Summary of Anticipated Output and Result Indicators for Place and Environment Priority</b>		
Strategic Investment Area	Core Output Indicator (ERDF only; exc. match)	Result Indicators ( <i>not quantified at this stage</i> )
SIA 3.1 Whole Place Energy Supply	<ul style="list-style-type: none"> <li>3 ha site development</li> </ul>	<ul style="list-style-type: none"> <li>Improving the economic viability of areas through infrastructure</li> <li>Companies deploying low carbon practices, processes, services or products</li> <li>SME Jobs Created</li> </ul>
SIA 3.2 Energy Efficiency	<ul style="list-style-type: none"> <li>250 enterprises supported</li> <li>170 enterprises supported with business resource efficiency</li> <li>Annual decrease of GHG (target TBC)</li> </ul>	<ul style="list-style-type: none"> <li>Increase in SME jobs created</li> <li>Increase in SME productivity</li> <li>Increase in the energy efficiency of companies, buildings and transport</li> <li>Companies deploying low carbon practices, processes, services or products</li> </ul>
SIA 3.3 Sites and Infrastructure	<ul style="list-style-type: none"> <li>2 ha site development</li> </ul>	<ul style="list-style-type: none"> <li>Improving economic viability of areas through infrastructure</li> <li>Jobs Created</li> </ul>
SIA 3.4 Sustainable Transport	<ul style="list-style-type: none"> <li>1 ha site development</li> <li>110 jobs created in supported enterprises</li> <li>Annual decrease of GHG (target TBC)</li> </ul>	<ul style="list-style-type: none"> <li>Improving economic viability of areas through infrastructure</li> <li>Increase in energy efficiency of companies, buildings and transport</li> <li>Jobs Created</li> </ul>

<b>Table 4.4: Summary of Anticipated Output and Result Indicators for the Skills, Employment and Social Inclusion Priority Theme</b>		
Strategic Investment Area	Core Output Indicator (ESF only; exc. match)	Result Indicators ( <i>not quantified at this stage</i> )
SIA 4.1 Skills for Employability	<ul style="list-style-type: none"> <li>• 7,250 participants</li> <li>• 5,290 unemployed participants</li> <li>• 1,970 inactive participants</li> <li>• 1,670 young participants</li> </ul>	<ul style="list-style-type: none"> <li>• No. engaged in job search</li> <li>• No. in education / training</li> <li>• No. gained qualifications</li> <li>• No. in jobs</li> <li>• No. engaged in positive activities</li> </ul>
SIA 4.2 Higher Skills for Growth	<ul style="list-style-type: none"> <li>• 9,670 participants</li> <li>• 4,220 unemployed participants</li> <li>• 800 inactive participants</li> <li>• 4,660 employed participants</li> <li>• 2,200 young participants</li> </ul>	<ul style="list-style-type: none"> <li>• No. engaged in job search</li> <li>• No. in education / training</li> <li>• No. gained qualifications</li> <li>• No. in jobs</li> <li>• No. engaged in positive activities</li> </ul>
SIA 4.3 Vocational Routes	<ul style="list-style-type: none"> <li>• 9,670 participants</li> <li>• 7,880 unemployed participants</li> <li>• 1,790 inactive participants</li> <li>• 2,220 young participants</li> </ul>	<ul style="list-style-type: none"> <li>• No. engaged in job search</li> <li>• No. in education / training</li> <li>• No. gained qualifications</li> <li>• No. in jobs</li> <li>• No. engaged in positive activities</li> </ul>
SIA 4.4 Access to Employment	<ul style="list-style-type: none"> <li>• 8,870 participants</li> <li>• 7,060 unemployed participants</li> <li>• 1,800 inactive participants</li> <li>• 2,040 young participants</li> </ul>	<ul style="list-style-type: none"> <li>• No. engaged in job search</li> <li>• No. in education / training</li> <li>• No. gained qualifications</li> <li>• No. in jobs</li> <li>• No. engaged in positive activities</li> </ul>
SIA 4.5 Social Inclusion	<ul style="list-style-type: none"> <li>• 9,140 participants</li> <li>• 5,660 unemployed participants</li> <li>• 3,480 inactive participants</li> <li>• 2,100 young participants</li> </ul>	<ul style="list-style-type: none"> <li>• No. engaged in job search</li> <li>• No. in education / training</li> <li>• No. gained qualifications</li> <li>• No. in jobs</li> <li>• No. engaged in positive activities</li> </ul>

## Programme Level Impacts

- 4.4 Programme level ERDF and ESF outputs for the 2014-20 are collated in the table below. The table highlights that the programme will deliver strong and direct benefits for a large number of Stoke-on-Trent and Staffordshire’s businesses, employees and residents.
- 4.5 As highlighted in Chapter 3, the programme’s outputs will deliver a series of positive results and outcomes. Once these are aggregated across the whole economy, the 5 year programme will make a significant contribution towards the Stoke-on-Trent and Staffordshire LEP’s strategic objectives of delivering economic growth which is socially inclusive and sustainable in the long run.

• Stoke-on-Trent and Staffordshire EU Structural and Investment Fund Strategy •

Table 4.5: Summary of Anticipated Outputs for 2014-20 Programme			
	ERDF / ESF	Match	Total
Number of enterprises supported	4,100	2,700	6,800
Number of jobs created	2,000	1,300	3,300
Number of enterprises showing resource efficiency	200	100	300
Number of new enterprises supported	400	300	700
Site development (hectares)	9	6	16
Annual decrease in greenhouse gases	TBC	TBC	TBC
SMEs cooperating with research institutions.	400	300	700
SMEs supported to introduce new to market products	200	100	300
SMEs supported to introduce new to firm products	200	100	300
Number of participants	44,600	29,700	74,300
Number of unemployed participants	30,100	20,100	50,200
Number of inactive participants	9,800	6,500	16,300
Number of employed participants	4,700	3,100	7,800
Number of aged 15-24 participants	10,300	6,900	17,200
<i>Note: Match outputs projected on a pro-rata basis and for indicative purposes only.</i>			

## Possible Implications of Higher Performance Levels

- 4.6 As identified in Chapter 3, in the instance of high performance levels being achieved, there is potential for uplift in the allocation of up to 30%. Whilst there are clearly a number of unknowns and variables associated with this at this stage, the implications of this in terms of the Stoke-on-Trent and Staffordshire output targets is summarised overleaf.

Table 4.6: Possible outputs for 2014-20 programme based on performance related higher allocation			
	ERDF / ESF	Match	Total
Number of enterprises supported	5,300	3,500	8,800
Number of jobs created	2,600	1,700	4,300
Number of enterprises showing resource efficiency	300	200	500
Number of new enterprises supported	500	300	800
Site development (hectares)	12	8	20
Annual decrease in greenhouse gases	TBC	TBC	TBC
SMEs cooperating with research institutions.	500	300	800
SMEs supported to introduce new to market products	300	200	500
SMEs supported to introduce new to firm products	300	200	500
Number of participants	58,000	38,700	96,700
Number of unemployed participants	39,100	26,100	65,200
Number of inactive participants	12,700	8,500	21,200
Number of employed participants	6,100	4,100	10,200
Number of aged 15-24 participants	13,400	8,900	22,300

*Note: Match outputs projected on a pro-rata basis and for indicative purposes only.*

## 5. Match Funding Plan

- 5.1 It is a requirement that all ESIFS allocations against Priority Themes and underlying Strategic Investment Areas are matched by non-EC public or private funds.
- 5.2 In the Stoke-on-Trent and Staffordshire Transition Area, the stipulated match rate is 40%. This means that for every £10 pounds of investment, a maximum of £6 will come from ESIF, with the remaining £4 comprising match funding. In real terms, this means that:
- Stoke-on-Trent and Staffordshire LEP will need to lever in £92.3m match funding against its ESIF allocation of £138.4m (excluding overlapping area finding and EAFRD)
  - This effectively increases the ESIF allocation of £138.4 million for Stoke-on-Trent and Staffordshire LEP to £230.7 million once match funded.

### National 'Opt Ins'

- 5.3 A number of government schemes / organisations – Opt Ins – are offering 'at source' match funding. LEP's can decide whether to use this match and the associated products.
- 5.4 As part of the ESIFS development process, the Stoke-on-Trent and Staffordshire LEP has engaged on an ongoing basis with the first wave of Opt In organisations. On the basis of this engagement, the LEP has decided:
- To opt in with 6 organisations and their respective offers.
  - In January 2014, the total value of Opt In match is around £43m, around 46% of the total match funding requirement. It should be noted that this is still subject to revision.
- 5.5 This is summarised in the table overleaf.

Table 5.1: Opt-In Summary at January 2014		
Organisation	Likely Opt In Value	Strategy Themes Supported
Growth Accelerator	• £3.0 million	• SME Competitiveness
MAS	• £1.7 million	• SME Competitiveness
UKTI	• £3.3 million	• SME Competitiveness
Skills Funding Agency	• £15.5 million	• Skills, Employment & Social Inclusion
Big Lottery Fund	• £12.4 million	• Skills, Employment & Social Inclusion
DWP	• £7.0 million	• Skills, Employment & Social Inclusion
Total Opt In Value at January 2014: £42.8 million; around 46% of total match requirement		

- 5.6 In addition to these on-going negotiations, the Stoke-on-Trent and Staffordshire LEP is aware that additional Opt Ins may be announced in the coming months. The Stoke-on-Trent and Staffordshire LEP is open to the process of engaging with further Opt In providers *where they align with and have the potential to add value to delivery under the Strategic Investment Areas outlined in Chapter 3*. As with the existing Opt In's, the Stoke-on-Trent and Staffordshire LEP will engage with any additional Opt In's on an individual basis to assess the relevance and potential scale of their offer and consider the economies of scale and other benefits which might be achieved through a cross LEP approach.

## Other Match Funding Sources

- 5.7 Aside from the national Opt Ins, LEP's are asked to identify additional match funding sources, either at the national level or more locally.
- 5.8 In Stoke-on-Trent and Staffordshire, the required match from non-Opt In sources is expected to be in the region of £50 million. It is important to note, however, that this value is based upon January 2014 levels of expected Opt In match, and is subject to change.
- 5.9 The Stoke-on-Trent and Staffordshire ESIFS has been developed in tandem with a process of detailed consultation with relevant stakeholders, and through this process a number of potential other match funding sources have been identified. These are introduced under each Strategic Intervention Area summary in Chapter 3 and include:
- the private sector, including businesses and private research institutions
  - education institutions, including local universities
  - public sectors bodies, such as local authorities
  - the voluntary and community sector – particularly for ESF interventions

- a number of other theme specific funding providers such as the Heritage Lottery Fund
- building and land assets – building and land assets can also be utilised for match funding, up to a maximum of 10% contribution. This match source may be utilised for certain physical interventions proposed within this ESIFS.

## Commitment to Invest

5.10 Potential match funding partners have demonstrated a clear commitment to invest in the 2014-20 programme and between them to contribute the required level of match funding. This commitment to invest reflects a number of factors:

- **Strong engagement and partnerships with potential match funders** – we have worked collaboratively with partners throughout the ESIFS development process and because of this delivery partners and match funding organisations have had a strong steer on the overall strategic framework and specific areas for intervention. As such, there is strong buy-in to the ESIFS from partners and existing momentum on which to build
- **Experience from current delivery** – our ESIFS is built upon the experience of what works from past and current delivery activity. As such, delivery partners can be confident of achieving strong value added and return on investment. *A summary of lessons from previous delivery is included at Appendix C.*
- **The additionality of 2014-20 delivery** – our ESIFS has additionality at its core; interventions will only be delivered where there is a clear gap in existing delivery (i.e. no overlap or duplication) and where clear value added can be achieved. Again, based upon this, delivery partners can be confident of achieving strong value added and return on investment
- **Project pipeline and deliverability** – as part of the development of the ESIFS, SEP and City Deal, the Stoke-on-Trent and Staffordshire LEP is establishing a detailed project pipeline. This includes detailed information regarding project rationale, scope, impacts and outcomes. On the basis of this, we are strongly placed to make rational and robust decisions regarding the prioritisation of projects based on deliverability and the likelihood of strong returns being delivered for co-funders.

## 6. Cross-Cutting Themes and Social Innovation

### Cross Cutting Themes

- 6.1 In development of this strategy the LEP is cognisant that there are a variety of cross cutting issues that need to be considered, including equality, sustainable development and social innovation. Furthermore the European Union (EU) regards embedding these “horizontal themes” as integral to the effective delivery of all Structural and Investment Fund Strategies both at a strategic and project level.
- 6.2 The LEP strategy takes into account the following issues: equality between men and women, plus prevention of discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. Other disadvantaged groups are also being considered, and to this end the LEP is keen to collaborate with stakeholders who have knowledge and expertise in equality issues.

### Equality and Diversity

- 6.3 In accordance with the three elements of the Public Sector Equality Duty the LEP will seek to: eliminate unlawful discrimination, advance equality of opportunity and foster good relations. The equality duty covers the following nine groups with protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.4 As the LEP and partners develop the evidence bases required for selected interventions, additional empirical evidence will be assembled on the groups with protected characteristics and groups with multiple disadvantages. This will include identification of gaps in provision, differences in employment status and educational/ skills attainment for different groups in the area, including the common barriers to participation; and under-representation of the different protected groups in ownership and management of local businesses.
- 6.5 The Stoke-on-Trent and Staffordshire LEP is committed to identifying, understanding and eliminating all barriers that prevent access to services, information and employment. The LEP recognises that certain groups face challenges which may act as barriers to them from benefiting from the economic growth stimulated through this ESIFS:
- **Women:** the female employment rate across the LEP area (57%) is below the male employment rate (66%). The proportion of females in self-employment (4%) is less than a third of the male self-

employment rate (13%)

- **Key age groups:** the Stoke-on-Trent and Staffordshire LEP has the second-highest share of youth and long-term unemployment within the West Midlands region. Youth unemployment is a particular challenge in certain parts of the area such as Stoke-on-Trent
- **Black and Minority Ethnic (BME) communities:** around 6% of the area's population is from BME communities (65,000 people). The population is becoming increasingly diverse, including as a result of migration from A8 countries (around 11,400 residents; 1% of the population)
- **Family poverty:** there are around 2,300 'Troubled Families' across the LEP area. Around 15% of children are living in poverty, whilst severe concentrations of relatively multiply deprivation exist across the areas, particularly in urban locations. There are 7,800 lone parents in receipt of income support
- **Health problems:** around 219,000 Stoke-on-Trent and Staffordshire residents (20% of the population) have long-term health problems (census 2011). Around half of these have health issues that affect their day to day life "a lot". Over 45,000 residents are in receipt of health related benefits ESA / Incapacity Benefits.

6.6 Interventions within our strategy aim to target and support these key groups to ensure that that all barriers that prevent access to services, information and employment are identified, understood and eliminated.

6.7 To ensure that there is no discrimination against any disadvantaged or vulnerable people we will undertake (where appropriate) an Equality Impact Assessment (EIA) for each project.

6.8 This will ensure that the consequences of projects are analysed and any possible negative consequences eliminated or minimised and opportunities for ensuring equality maximised.

6.9 The purpose of doing Equality Impact Assessments is to improve our work by making sure we don't discriminate in the way we provide services and employment and where possible we promote equality and good relations between different groups.

## Sustainable Development

6.10 The LEP intend to promote environmental protection requirements, resource efficiency, climate change mitigation and adaptation, risk prevention and management in the selection of its programmes and projects – the involvement of appropriate partners will be key to these workstreams.

6.11 The context for action on climate change has been firmly set through a number of acts and guidance at a European and national level. It is clear that firm action is required to start delivering fundamental changes to the environment and the buildings that occupy it. The Climate Change Act commits the UK to reducing emissions by at least 80% in 2050 from 1990 levels. In order to meet the requirements of legislation and impact on sustainability issues, the following will be considered for implementation:-

- **Energy:** Reducing energy costs; taking advantage of government incentives eg Green Deal; commissioning energy surveys where appropriate
- **Energy Compliance:** Ensuring all businesses have a valid EPC for their premises; improving energy performance
- **Carbon Management:** Supporting monitoring of energy consumption; Stock Exchange registered companies to report GHG emissions as part of their annual report
- **Waste Management:** Promoting recycling of domestic and industrial waste
- **Improvement Programmes:** Implementing a management system or improvement programme such as Environmental Management System (EMS)
- **Training and Apprenticeships:** Ensuring appropriate programmes are available to local residents and companies.

6.12 Reflecting this, sustainable development and the low carbon economy is a key area of strategic focus for the Stoke-on-Trent and Staffordshire LEP. This is highlighted by the Stoke-on-Trent and Staffordshire LEP 'Powerhouse Central' City Deal proposal, which emphasises a low carbon approach to securing economic growth:

- **Increased Energy Security** – Increased energy security is at the core of the 'Powerhouse Central' proposal. The 'Powerhouse Energy' proposals aim to provide a strategic approach to energy security by developing a fully integrated Smart City network across the area. This includes the delivery of new energy assets such as the proposed Energy Demonstrator at Keele University, and investment in new and emerging energy technologies such as Geothermal, Anaerobic digestion, Biomass and Energy-from-waste generation;
- **Increased Energy Efficiency** – The LEP also recognises that a key opportunity for reducing the areas emissions will be in working with the existing business base to reduce their emissions, and to support them in developing low carbon and environmental technologies which will support emission reduction as well as opening up new markets.

- 6.13 A further key opportunity for emission reduction is through improved energy efficiency in homes, public buildings and businesses.
- 6.14 The Stoke-on-Trent and Staffordshire ESIFS is designed to support and build upon these principles, with the low carbon investments proposed under SIA's 3.1, 3.2, 3.3 and 3.4 of specific relevance.
- 6.15 More generally, the principles of sustainable development will underpin all activity delivered under the ESIFS. To deliver truly sustainable development it is imperative that sustainability is considered at an early stage. Therefore, the LEP will seek to ensure that the highest standards of energy and resource efficiency will be achieved by:
- Ensuring that projects deliver quantifiable improvements over the minimum standards required in terms of sustainability
  - Ensure that all aspects of sustainable development are considered including design, procurement, construction and operation
  - Promote the inclusion of measures to adapt to the effects of climate change (e.g. hotter drier summers, wetter warmer winters, more intense weather events)
  - Ensure that all projects utilise nationally prescribed best practice standards for assessment (BREEAM Excellent for new build, BREEAM Very Good for refurbishment and CEEQUAL Very Good for infrastructure projects)
  - Managing and reducing impacts from climate risk and future proof developments
  - Pursuing environmentally sustainable procurement and commissioning in conjunction with the Public Services (Social Value) Act 2012
  - Creating new green and blue infrastructure to protect and enhance ecosystem services/ natural capital.
- 6.16 As the LEP strategy develops and programmes and projects are brought forward the LEP will incorporate the following concepts/requirements:
- The Polluter Pays principle – European Structural and Investment Funds cannot be used to rectify environmental damage where a polluter can be identified or where legislation requires remediation to be undertaken; and
  - Capital investments in building and infrastructure would normally be expected to achieve the following nationally recognised standards: BREEAM Excellent for new build; BREEAM Very Good for refurbishment; and CEEQUAL Very Good for infrastructure projects.

## Social Innovation

6.17 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. The LEP see social innovation as having three potential component elements:

- The active leadership and involvement of groups of local people at all stages of the life cycle of a project. This is a key component of social innovation.

6.18 And at least one of the following:

- The development of innovative ways of working which are more socially aware, leading to delivery of greater commercial or non-commercial value that is capable of greater scale and/ or wider use. This is a desirable component of social innovation; and
- The exchange of knowledge between research centres, businesses and other organisations to develop and bring new/ different products and services to the market or to wider use. This element is also desirable.

6.19 The size of our social innovation projects will vary according to our local circumstances however the selected interventions will involve both a 'bottom up' approach and an element of risk, so the LEP will seek for projects to start with a pilot phase and/ or at a smaller scale. Projects may then be increased in size or scope once an effective model is established.

6.20 The Stoke-on-Trent and Staffordshire LEP has taken into account social innovation in the design of its ESIFS. Areas of particular relevance include:

- **SME Competitiveness** – efforts to support social enterprise have the potential to promote social innovation, through the delivery of new business models, products and processes which help to meet social needs and which create new social / community relationships and networks;
- **Social Inclusion** – including through a focus on building capacity within deprived neighbourhoods, and on promoting where appropriate new models of delivery such as Community Led Local Development.

## 7. Wider Links and Synergies to European Funding Streams

7.1 The LEP, when and where appropriate, will seek to strengthen synergies and complementarities between its ESIF delivery and other European programmes and in so doing bring added value and avoiding duplication.

7.2 Key European programmes of relevance to the Stoke-on-Trent and Staffordshire ESIFS include:

- **Horizon 2020** – Horizon 2020 is the EU Research and Innovation programme aimed at securing Europe's global competitiveness. The programme aims to ensure Europe produces world-class science, removes barriers to innovation and makes it easier for the public and private sectors to work together in delivering innovation. The Stoke-on-Trent and Staffordshire LEP will link into Horizon 2020 through the elements of ESIF delivery that focus on RTDI, education, employment, and SME and business support. Where relevant, ESIF delivery will be used to support capacity building (including enhancing research and innovation infrastructure and equipment) and the creation of an innovation friendly environment for SMEs. There will be a particular focus on ensuring close collaboration with Staffordshire University and Keele University, and on delivery of the LEPs smart specialisation strategy, with a focus on the key enabling technologies that are important within our area.
- **Competitiveness of Enterprises and SMEs (COSME) Programme** – the COSME programme focuses on supporting international SMEs through access to finance (equity, debt, loans), improving access to markets inside the EU and globally and promoting entrepreneurship through the development of entrepreneurial skills and attitudes (new entrepreneurs, young people, women and vulnerable groups such as people with disabilities). Again, when and where appropriate delivery in Stoke-on-Trent and Staffordshire will develop links and work with this programme to bring added value to the LEP area.
- **The European Territorial Cooperation Programme** – the European Territorial Co-operation objective is financed by ERDF. The programme focuses on helping regions across Europe to work together to address shared problems whether through cross-border, transnational or interregional cooperation and offers a strong mechanism for good practice exchange and solving of regionally defined issues. Again, where and when appropriate delivery of ESIF in Stoke-on-Trent and Staffordshire will link into this activity for the benefit of the LEP area.

- **The LIFE Programme** – LIFE is the EU’s financial instrument supporting environmental and nature conservation projects throughout the EU. Where relevant, those elements of Stoke-on-Trent and Staffordshire ESIF delivery which focus on climate change, the environment and resource efficiency will exploit the complementarities offered by the LIFE programme particularly through its integrated projects in the areas of climate change mitigation.
- **Marie Skłodowska-Curie Actions** – Marie Skłodowska-Curie Actions is a European Commission Funding Programme which supports researchers at all stages of their careers, across all research disciplines and in all employment sectors. The programme aims to ensure excellent and innovative research training as well as attractive career development and knowledge-exchange opportunities through cross-border and cross-sector mobility of researchers. The programme also aims to reinforce cooperation between industry and academia in terms of research training, career development and knowledge transfer. Where relevant, the Stoke-on-Trent and Staffordshire LEP will seek to engage with the programme as part of delivery under the employment, education and social inclusion ESIF priority theme.

## 8. Management and Delivery

### Management and Governance Structures and Responsibilities

- 8.1 The success of our programme will in large part depend upon the management and governance arrangements put in place. Our objective in developing a governance structure is to maximise policy coherence and performance impact of the programme of investment supported by the EU funds.

### National and Regional Roles

#### National Growth Board and Sub Committees

- 8.2 The (shadow) NGB will act as the Programme Monitoring Committee for the national programme. Along with its Sub Committees the NGB will:
- Oversee the performance and impact of the programme nationally;
  - Review and agree LEP European Structural and Investment Funds Strategies;
  - Approve LEP's Project Selection Criteria;
  - Approve LEP's Monitoring and Communication Strategies;
  - Provide advice to LEPs on matters of policy and performance;
  - Approve (only) Major Projects.

#### Managing Authority Departments

- 8.3 DCLG (European Regional Development Fund), DWP (European Social Fund) and DEFRA (European Agricultural Fund for Rural Development), plus BIS Local and others will assemble teams to assume:
- Responsibility for final approval of all projects (following advice from the LEP);
  - Liability for the administration of funds.

#### Local European Structural and Investment Funds teams

- 8.4 In the West Midlands a Local European Structural and Investment Funds Team will act as the primary interface between Stoke-on-Trent and Staffordshire LEP and the National Growth Board, who will:
- Advise on the development and delivery of Structural and

Investment Funds Strategies;

- Appraise projects (following recommendations from the LEP);
- Draft, issue and manage contracts with projects;
- Carry out compliance and audit tasks.

## Local Roles and Membership

### Stoke-on-Trent and Staffordshire LEP Management and Governance

8.5 Although the exact arrangements with central government are still to be agreed, Stoke-on-Trent and Staffordshire LEP has developed its governance arrangements in preparation for City Deal and Local Growth strategy responsibilities. The LEP is well-placed to accommodate additional responsibilities for the EU programme as the exact division of roles with central government becomes clear. Currently the Stoke-on-Trent and Staffordshire LEP is planning to be responsible for:

- Developing LEP Strategic Economic Plans and Priorities;
- Generating intelligence on economic needs and programme performance in the Stoke-on-Trent and Staffordshire LEP area;
- Helping improve the quality and potential impact of local investment proposals;
- Approving projects (but not act as Managing Authority or Intermediate Body ie not issuing contracts);
- Agreeing commissioning and bidding processes with the relevant Managing Authority;
- Ensuring broad support for and commitment to projects/programmes;
- Generating management information processes agreed with the Local European Structural and Investment Funds Team.

*Note: The Stoke-on-Trent and Staffordshire LEP is keen to confirm the business process and precise division of responsibilities with central government for project approval including detailed appraisal, and programme performance (including agreeing project variations).*

8.6 We take seriously the advice in government guidance to use (and where required) develop existing groups rather than create completely separate ESIF governance apparatus. Within the LEP we propose a number of tiers of responsibility for overseeing our ESIFS. This separation of responsibilities is designed to ensure clarity and transparency in our governance processes:

Role	Membership
<b>LEP Enterprise Partnership</b>	
<ul style="list-style-type: none"> <li>• Shapes the strategy, priorities and targets</li> <li>• Holds the Board to account</li> </ul>	<ul style="list-style-type: none"> <li>• Includes all LA and business</li> <li>• Members of the LEP Board</li> </ul>
<b>Executive Group</b>	
<p>To manage the delivery of the LEP's priorities This will include:</p> <ul style="list-style-type: none"> <li>• Details of procurement, commissioning</li> <li>• Recommendations on priority projects to Managing Authority</li> <li>• Analysing and disseminating intelligence on conditions and performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Sub Group Chairs</li> <li>• Vice Chair</li> <li>• Accountable Bodies</li> <li>• LEP Chair (ex officio)</li> </ul> <p>Accountable to the Enterprise Partnership. Supported and attended by key members of the Secretariat including District, Borough, County, City, and Chamber staff</p>
<b>Theme Group: Funding Management</b>	
<p>Monitoring and management of funding allocations:</p> <ul style="list-style-type: none"> <li>• Representative group of Accountable Bodies</li> <li>• Operational Management and accountability for funding programmes</li> <li>• Sign off of funding allocations</li> </ul>	<ul style="list-style-type: none"> <li>• LEP Board representative (chair)</li> <li>• Local Authority representatives (Staffordshire County Council and Stoke-on-Trent City Council) and a S151 rep.</li> <li>• Business (1)</li> </ul>
<b>Theme Groups x6 (Strategic Funding, Sectors and Inward Investment, Business Growth and Innovation, Sites and Infrastructure, Housing and Place, Education Trust)</b>	
<p>To drive delivery of the LEP's priorities</p> <ul style="list-style-type: none"> <li>• Stimulating feedstock of project proposals</li> <li>• Generating insights into economic opportunities and threats</li> <li>• Assessing strategic fit on long list of proposal</li> <li>• Prioritising projects for more detailed development</li> </ul>	<p>Membership will vary across groups but drawn from:</p> <ul style="list-style-type: none"> <li>• Local authority</li> <li>• Keele University</li> <li>• Staffordshire University</li> <li>• Sector development agencies (eg CERAM)</li> <li>• Business intermediaries</li> <li>• Other strategic partners (eg Make it Stoke-on-Trent and Staffordshire)</li> </ul> <p>Accountable to the Executive Group May form task groups which include a broader range of stakeholders</p>
<b>In addition, locally bespoke arrangements are being developed, to lead cross boundary programmes. These are considered in the next section.</b>	

8.7 The Strategic Finance and Funding Group will provide a transparent governance structure within which the performance of the European funds for which the LEP is responsible for can be managed, reviewed and proactively considered to ensure that the area is punching above its weight and is on a trajectory towards its economic growth and prosperity aspirations. The Group will:

- Ensure that all externally funded activity is integrated and contributes to the delivery of relevant thematic and local strategies

including the SEP and ESIFS

- To monitor on behalf of the LEP Partnership Board, Executive Board and Sub-Groups the performance of the funds available to the LEP and its' partners by establishing a range of performance measures to include, but not be limited to the level of financial commitment, performance against the funding target and project outturn
- To perform the function of the Programme Implementation Committee and Investment Endorsement Committee with respect to the European Structural Funds Programme 2014-2020 with this role of the group co-chaired by the Managing Authority to enable them to perform their agreed functions
- In conjunction with the Funding Management Group to play a key role in ensuring that there are robust governance and financial stewardship arrangements for the development, management and delivery of external funding and that LEP processes and procedures are appropriate and facilitating.

### Cross LEP Governance for the Overlapping Areas

- 8.8 Around £27.4 million of the Greater Birmingham and Solihull LEP ESIF allocation must be delivered within the Staffordshire Transition Area. This reflects the context of the overlapping areas between the Stoke-on-Trent and Staffordshire LEP and GBS LEP, described and mapped in Chapter 1 (Figure 1-2).
- 8.9 Delivery of this funding will be achieved through close cross LEP collaboration. This primary concern of both LEPs is to ensure that we maximise the value of interventions, avoid duplication and develop consistent approaches to the delivery of European Structural and Investment Funds in the overlapping area. In order to do this, and ensure an efficient approach to delivery in the overlapping area over the 2014-20 period, a protocol will be adopted with the GBSLEP. In January 2014, the precise nature of this protocol is in the process of being confirmed with GBSLEP.

### Theme Led Cross LEP Working

- 8.10 In addition to the Greater Birmingham and Solihull LEP, we have worked closely with a number of other LEPs in developing our ESIFS. This includes all LEPs in the West Midlands area, the D2N2 LEP and the Cheshire and Warrington LEP.
- 8.11 In addition to the overlapping geographies detailed above, there are several themes within our strategy where we anticipate close-working with neighbouring LEPs. These include the following:

<b>Table 8.1: Summary of Cross-LEP Delivery Plans</b>	
<b>Theme</b>	<b>Other LEPs Being Collaborated With</b>
<p><b>Environment</b> See Joint Statement for West Midlands LEPs on intent to collaborate on EU priorities on low carbon, climate change and the environment, Appendix A</p>	<ul style="list-style-type: none"> <li>• Greater Birmingham and Solihull LEP</li> <li>• Black Country LEP</li> <li>• Marches LEP</li> <li>• Coventry and Warwickshire LEP</li> <li>• Worcestershire LEP</li> </ul>
<p><b>Innovation</b> See joint statements on</p> <ul style="list-style-type: none"> <li>• Smart Specialisation, Appendix A</li> <li>• Research, Development, Technology and Innovation (RDTI), Appendix A</li> </ul>	<ul style="list-style-type: none"> <li>• Greater Birmingham and Solihull LEP</li> <li>• Black Country LEP</li> <li>• Marches LEP</li> <li>• Worcestershire LEP</li> </ul>
<p><b>Financial Engineering Instruments</b> See Joint Statement on FEIs, Appendix A</p>	<ul style="list-style-type: none"> <li>• Greater Birmingham and Solihull LEP</li> <li>• Black Country LEP</li> <li>• Marches LEP</li> <li>• Coventry and Warwickshire LEP</li> <li>• Worcestershire LEP</li> </ul>
<p><b>SME Competitiveness</b> Business support</p>	<ul style="list-style-type: none"> <li>• D2N2 LEP</li> <li>• Cheshire and Warrington LEP</li> <li>• Greater Birmingham and Solihull LEP</li> <li>• Black Country LEP</li> <li>• Marches LEP</li> <li>• Coventry and Warwickshire LEP</li> <li>• Worcestershire LEP</li> </ul>
<p><b>Other anticipated themes for cross-LEP working:</b></p> <ul style="list-style-type: none"> <li>• Issues / matter relating to shared transition region characteristics – particularly with the Marches LEP</li> <li>• Rural matters and opportunities relating to the A50 Corridor and Peak District – particularly with the D2N2 LEP</li> </ul>	

8.12 The LEP will proactively consider the potential for formal cross-LEP governance arrangements in respect of these areas of joint working. The objective will always be to ensure that the impact of EU Funding is maximised to create growth and employment opportunities.

## **LEP Delivery Models and Processes**

8.13 The LEP governance and management structures outlined above have been designed to ensure the ESIFS is delivered in an efficient, effective and transparent manner. To ensure this is achieved, the following delivery models and processes will be adhered to:

### **Routes to Delivery**

8.14 The Stoke-on-Trent and Staffordshire LEP is keen to exploit the most efficient and effective routes to delivery. The table below indicates our understanding of the likely avenues and how they will be used.

Route	Our Plans
National Opt-Ins	<ul style="list-style-type: none"> <li>Stoke-on-Trent and Staffordshire LEP is eager to maximise use of opt-ins and to negotiate local adaptations with national agencies delivering these programmes.</li> </ul>
Regional Schemes	<ul style="list-style-type: none"> <li>We have begun to work with our neighbouring LEPs to agree areas for co-investment. We are working towards a regional approach to financial instruments and supporting the advanced manufacturing sector under a wider Smart Specialisation programme). A number of sustainability elements may also lend themselves to regional model.</li> </ul>
Commissioning	<ul style="list-style-type: none"> <li>Wherever possible, the LEP is keen to work closely with potential delivery partners to collaboratively develop investment proposals which match our strategic needs and fill gaps in the portfolio of schemes in our area. We will be keen to exploit opportunities to commission tailored initiatives wherever we can.</li> </ul>
Calls for Projects	<ul style="list-style-type: none"> <li>Where the LEP has no relationships with a high quality credible operator (a pre-requisite for commissioning) we will go out more widely to secure bids in response to specific calls for proposals to bring forward essential gap-filling initiatives.</li> </ul>
Community-Led Local Development	<ul style="list-style-type: none"> <li>The utilisation of Community Led Local Development (CLLD) will be made under the European Agricultural Fund for Rural Development (EAFRD) through the LEADER programme</li> <li>Subject to local consultation there may be the possibility of rolling out CLLD programmes in the urban areas in future years of the ESIF programme.</li> </ul>

## Conflict of Interest

- 8.15 It is recognised that conflicts of interest may arise. Any officers / LEP group members involved in the application, appraisal, approval and decision making processes regardless of funding stream will be duty bound to declare any conflict of interest at the outset.
- 8.16 Depending on the nature of the conflict other officers / LEP group members may decide that there will be no further involvement by that officer / LEP group member in the particular issue where there is conflict.
- 8.17 In order to maintain a record of conflicts all meeting agendas, minutes and reports shall contain a standard item on conflict/interests.

## Eligibility and Compliance with European Regulations and Priorities

- 8.18 In progressing strategically aligned programmes and projects the LEP will pro-actively ensure/consider the following:
- Applicant** - Ensure that the applicant is legally constituted as a local authority, statutory or non-statutory public funded body, a voluntary/community organisation or a private sector organisation with credibility of delivery and of sound financial standing. Furthermore that the applicant has the capacity for and fully

understands all the requirements and obligations of European funding.

- **Additionality** – That the European contribution to the project adds value to new or existing activity. Projects will therefore demonstrate that the activity to be paid for would not have taken place without the assistance provided.
- **Market failure** – That the selected interventions will seek to address one (or more) of the four defined market failures – namely externalities, market power, imperfect information and public goods.
- **Value for Money** – Consideration will be given to whether or not project will generate sufficient benefits to justify the costs of implementation and to identify whether it may be possible to achieve greater outcomes with the resources available to the LEP.
- **Sustainability** – Consideration as to the prospect of the benefits of the project continuing after the period of intervention will be duly considered.
- **Revenue Generating Projects** – Projects which will generate revenue will be brought forward consistent with Article 55.
- **State Aid** - Where State Aid is assessed to be present the identification of an appropriate exemption that can be used to lawfully enable the funding of the project will be made.
- **Procurement** – All procurement undertaken will comply with the Public Contract Regulations and EC Procurement Directives in selecting the suppliers of goods, works and services for the project.
- **Match Funding** - European funding is designed to fill the funding gap for a project when other sources of finance are not available. Applicants will therefore provide match funding (which can be from other national or local public funders and private match funders but not other European funds).
- **Cross Cutting Themes** – Projects brought forward with due regard to the horizontal themes of sustainable development and equality.
- **Environmental Impact** – Interventions selected will have considered the impact of their activity on the environment in order to comply with EC Environmental legislation, which seeks to ensure that projects do not have any adverse environmental effects.
- **Robustness of Applications** – Project applications will be of a sufficient quality to enable a full appraisal to determine eligibility, regulatory compliance and deliverability of the project and the

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intended outputs and results in the timescale indicated. This will ensure that the project is sufficiently well defined to enable (subject to approval) a legal agreement to be entered into with the project applicant.

- **Publicity** - Acknowledgment of the European Funding will be made through all stages of the project's life.

## 9. Strategy Development and Partner Engagement

### Approach to Strategy Development

- 9.1 The Stoke-on-Trent and Staffordshire ESIFS has been developed in tandem with the draft Stoke-on-Trent and Staffordshire SEP and the emerging City Deal proposals for the area. Each of these documents share a common evidence base and are underpinned by the LEP vision and the six LEP Strategic Priorities set out in the Stoke-on-Trent and Staffordshire LEP Business Plan.
- 9.2 The strategy development process has been overseen by a Steering Group comprising representatives from local authorities, voluntary sector, local nature partnerships, HE/FE and private sector. Officers from each of these organisations have led the process of strategy content development, in particular co-ordinating a detailed process of partner engagement and consultation. This has included:
- Five thematic workshops to discuss and develop ideas around 'Business Development 'Inward Investment', 'Innovation and Sectors', 'Place' and 'Skills'. The workshops were focused jointly on the ESIFS and the SEP
  - Individual consultation with a wide range of national, West Midlands and local partners (see list below)
  - On-going negotiation and dialogue with the Opt-In and wider match funding organisations.
- 9.3 The co-ordination and drafting of the strategy was supported by external consultants, Regeneris Consulting.

### Summary of Partners Engaged to Date

- 9.4 The table overleaf sets out a summary of key partners and the ways in which each have been engaged to date in the process of strategy development. This is broken down by:
- **Steering Group** – where organisations were directly represented on the main Steering Group responsible for developing and drafting the EU Funds Strategy
  - **Thematic workshops** – where organisations were involved in the thematic consultation workshops developing content for the strategy

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- **Individual consultations** – where organisations were involved through specific one-to-one consultations with the team working on developing and drafting the bid
- **Wider information provision** – where organisations received information about the developing strategy and saw a draft version, on which they were invited to provide detailed comments and input.

Type of Stakeholder	Organisation	Involvement in...			
		LEP Strategy Working Group	Stakeholder Challenge Sessions	Individual Consultations	Wider Information Provision
LEPs (Including Board Members)	Stoke-on-Trent and Staffordshire	✓	✓	✓	✓
	GBSLEP	✓	✓	✓	✓
	Marches		✓	✓	✓
	Black Country				✓
Local Authorities	Cannock Chase District Council	✓	✓	✓	✓
	East Staffordshire Borough Council			✓	✓
	Lichfield District Council		✓	✓	
	Staffordshire County Council	✓	✓	✓	✓
	Stoke-on-Trent City Council	✓	✓	✓	✓
	Newcastle-under-Lyme Borough Council		✓	✓	✓
	Tamworth Borough Council		✓	✓	✓
	South Staffordshire Council		✓	✓	✓
	Stafford Borough Council		✓	✓	✓
	Staffordshire Moorlands	✓	✓	✓	✓
Universities	Keele University	✓	✓		✓
	Staffordshire University	✓	✓	✓	✓
Colleges	Burton and South Derbyshire College			✓	✓
	Newcastle-under-Lyme College		✓		
	South Staffordshire College		✓	✓	
	City of Stoke-on-Trent Sixth Form College		✓	✓	
	Stoke-on-Trent College		✓	✓	
FEIs	BCRS			✓	

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	Minerva		✓	✓	
	Regional Finance Forum		✓	✓	
Businesses, inc. social enterprises and mutuals	Various	✓	✓	✓	✓
Business Support Agencies	Business Enterprise Support Ltd	✓	✓	✓	
	Business Innovation Centre	✓	✓	✓	✓
	Staffordshire Chambers of Commerce		✓	✓	✓
	Greater Birmingham Chamber of Commerce		✓	✓	✓
Business Support Agencies (continued)	UK Trade and Investment		✓	✓	
	Make it Stoke-on-Trent and Staffordshire		✓	✓	
	Minerva Business Angel Network		✓	✓	
	Winning Moves		✓		
Skills bodies, including SFA	Skills Funding Agency		✓	✓	
	Intraining		✓		
Local Nature Partnerships/ Wildlife Trusts / Physical Environment	Staffordshire Wildlife Trust	✓	✓	✓	✓
	Peak District LNP/National Park Authority		✓		
	Staffordshire LNP			✓	
	Canals and Rivers Trust			✓	
	Staffordshire Waterways Group			✓	
	Cannock Chase Area of Outstanding Natural Beauty			✓	
Voluntary Sector	Voluntary Action Stoke-on-Trent (VAST)	✓	✓		✓
	Staffordshire North & Stoke-on-Trent CAB		✓		
	Midland Heart		✓		
National Agencies	Environment Agency		✓		✓
	Aspire Group		✓		
	English Heritage		✓	✓	
	DWP		✓	✓	
	Forestry Commission		✓	✓	
	Natural England		✓		
Other	Staffordshire & Stoke-on-Trent NHS Trust		✓		
	Staffordshire Providers Association		✓		
	Staffordshire DMP	✓	✓	✓	✓
	National Farmers' Union		✓		
	Stoke-on-Trent City Council Public Health		✓		
	West Midland European Service	✓	✓	✓	✓

## Appendix A Cross-LEP Shared Statements

1. The Common statements appended below provide a shared commentary agreed amongst the six West Midlands LEPs, in the thematic areas of:
  - Research and Technological Development and Innovation
  - Smart Specialisation
  - Low Carbon
  - Use of Financial Engineering Instruments

### Research and Technological Development and Innovation

2. There is a strong history of collaboration in Research, Development, Technology and Innovation (RDTI) activities across the West Midlands between the public, private and university sectors, including through previous structural funds programmes.
3. The Stoke-on-Trent and Staffordshire LEP intends to build on that legacy by cooperating with the five other LEPs in the West Midlands geography in the development and delivery of its RDTI activity. This will enable businesses within the LEP area to benefit from the greater wealth and diversity of university research and business engagement across the region as well as enable activities that reflect the wider geography of business supply chains and clusters.
4. Supported by Birmingham Science City and the West Midlands European Service, the six LEPs are already developing shared elements of their smart specialisation approaches and working together to identify ways to build on previous RDTI investments in the region. The relationship with the other WM LEPs with respect to RDTI is not exclusive however, and collaboration across other geographies will also be explored as appropriate.

### Smart Specialisation

#### Overview of Smart Specialisation

5. The concept of Smart Specialisation (S3) embodies an approach to EU investment in innovation which:
  - Recognises the importance of designing innovation actions that are informed by a stronger awareness of the global economy, and that proposed actions are supported by a process of 'entrepreneurial discovery' and a more credible base of evidence.
  - Seeks to add value to innovation actions whenever delivered locally by ensuring they are properly embedded into the local economy

and institutional and social environment - and that the benefits of any new technologies developed can be transferred into related sectors.

- Emphasises the importance of ensuring that the design of all innovation activities are properly informed by the potential spatial implications of that action, even if these implications are unintended.
- Recognises that geographies and patterns of innovation are complex and variable and more needs to be done in the design of new programmes to ensure that firms and research institutions are not hindered by artificial geographies of programme design.
- Applies to innovation in the fields of technology, business processes, agricultural industries and social innovation, including the reform of public services.

#### Agreed principles underpinning the 5 West Midlands LEPs (Marches, Stoke-on-Trent and Staffordshire, Black Country, Greater Birmingham and Solihull and Worcestershire) approach to S3

6. The five West Midlands LEPs are proposing (subject to LEP board agreement) to adopt a two tier approach to S3. The LEPs have agreed to initially explore a joint approach when considering the advanced manufacturing sector/supply chain, given the size, innovative strength and importance of this sector to the West Midlands. For other sectors/specialisms each LEP will initially develop their own approach at the strategic level. This cross-LEP approach to advanced manufacturing will be flexible enough to allow each LEP to pursue their own S3 approach to meet their individual needs. Whether as a group or individually these proposals will be detailed in each S3 Strategy and will be based on the following principles:

- S3 needs to be applied in different ways to take into account the specific local circumstances.
- S3 should not only be applied in the short term to the design and management of SIF. It is an important long term strategic tool that will help to identify opportunities for better strategic alignment with other important public funding streams that support innovation.
- S3 is an ongoing process of learning, continually driving more productive and sustainable investments in innovation at all levels.
- Aspects of S3 can be delivered at the UK level (e.g. tax incentives for research and development), some at a Cross LEP WM level and some elements will be delivered at an individual LEP level.
- Evidence from the Annual Innovation Report will be combined with

specialist knowledge of the genuine comparative advantages of the West Midlands in advanced manufacturing and individual LEP areas to develop S3.

7. The WM LEP's will work with partners (universities, businesses etc.) to design an integrated approach to innovation in advanced manufacturing that can where necessary provide integrated support across administrative borders. Firms will be able to access support from agencies across wide areas. Universities and research institutions will be able to work together based on what is needed by their business customers. Supply chains will also be supported to build connections across borders and greater distances.

## Low Carbon

8. There is a strong history of collaboration in the low carbon economy, climate change, and the natural environment across the West Midlands between the public, private and voluntary sectors, including through previous structural funds programmes. The Stoke-on-Trent and Staffordshire LEP intends to build on that legacy by cooperating with the five other LEPs in the West Midlands geography in the development and delivery of its low carbon theme and the related climate change and environment priorities. This will enable businesses within the LEP area to benefit from the greater scale, resources, efficiency, and impact of support across the region as well as enable activities that reflect the wider geography of business supply chains and clusters. We are continuing to work with Sustainability West Midlands (SWM) and West Midlands European Service (WMES) to champion and monitor the cross-cutting theme of sustainability and develop specific joint cross-LEP programmes to deliver the low carbon theme and related priorities.
9. A summary of our progress to date, emerging joint programmes, and strategic approach to the sustainability cross-cutting theme is set out below.
10. Since 2012 working with the six LEPs SWM has established a [West Midlands Low Carbon LEP Leadership Group and work programme](#), supported by the WMES, Environment Agency, Centro, Improvement Efficiency West Midlands, West Midlands Climate Adaptation Partnership and SWM's business members and networks. As a result the six LEPs within the West Midlands have already worked together to achieve:
  - The UK's first [joint LEP low carbon investment prospectus](#), highlighting our key strengths in low carbon transport, buildings and energy and contributing to an increase of inward investment enquiries to the West Midlands.
  - A [shared evidence base](#), building on the UK's first regional low carbon economic strategy and commissioning additional research to link to local and EU priorities.

- The [West Midlands Green Business Clubs network](#) - representing 10 local business to business good practice clubs, over 1,000 businesses and many more suppliers.
  - Ongoing independent annual sustainability benchmarking and sharing of good practice by the six LEPs and with other LEPs national such as the New Anglia LEP and via the Climate UK network.
11. Building on this progress to date we recognise there is more to achieve and SWM and WMES are supporting the six LEPs and partners to develop a series of joint cross-LEP programmes where the scale or coordination would attract more funding and increase the local impact. To date these joint programmes are likely to focus on the sectors where the six LEPs have collective strengths in low carbon transport, buildings and energy and cover the following types of areas:
- Low carbon business hub - sharing technical and marketing resource to support and grow the existing local green business clubs in terms of their outreach and delivery on resource efficiency, diversification, and business resilience directly or jointly with other national and local business support networks to local businesses and cross-LEP supply chains
  - Low carbon innovation hub - focused drive to support mainstream innovation providers on key future markets, challenges, and innovation in the application of existing proven technology and techniques
  - Low carbon energy hub - shared technical resource to drive a pipeline of projects to deliver local energy use, generation and storage networks and the energy efficiency of existing non-domestic buildings. This includes coordinating and leveraging in national funding from a range of existing and new providers such as the DECC heat unit, 'Refit 2' public estates improvement framework, and social housing and energy funding from the government, the utilities and Europe.
  - Low carbon procurement hub - shared technical and marketing resource to use public sector procurement to promote low carbon innovation and supply chain challenges and low carbon clauses to help stimulate new products and services.
  - Green infrastructure hub - shared technical resource to help lever in expertise and resources from the natural environment sector and utilities to improved the attractiveness of new and existing investments sites through the quality and function of the surrounding natural environment and integrating other site issues such as energy, waste, travel and business resilience.

12. SWM and WMES will ensure that the overall requirements of the cross-cutting sustainability theme are addressed during the development and delivery of the six LEP local and joint programmes by:
  - Championing the sustainability theme through a forum to assess the collective sustainability assessment and reports of the individual sustainability reviews and monitoring of the six LEPs.
  - Address potential cross-LEP impacts within and neighbouring the West Midlands geography.
  - Identify common issues, develop solutions, and share good practice.

## **Use of Financial Engineering Instruments**

### **The Stoke-on-Trent and Staffordshire LEP Strategy for Financial Engineering Instruments (FEI)**

13. The Stoke-on-Trent and Staffordshire LEP is keen to make use of financial engineering instruments under the 2014-20 European Structural Investment Fund ('ESIF') programme to underpin and support its economic growth strategy and bridge gaps in the private sector.
14. The Stoke-on-Trent and Staffordshire LEP recognises that access to affordable finance, especially for start-up and early stage SMEs remains a challenge. There is historic precedent for public intervention in the market for financial engineering instruments in the LEP region and it is recognised that continued public sector support in this market remains both desirable and important.
15. The Stoke-on-Trent and Staffordshire LEP has part funded and taken an active part in a project designed to develop a framework for collaboration on financial instruments with neighbouring LEPs within the West Midlands. This framework has been developed by the West Midlands Cross-LEP Access to Finance Sub-Group ('X-LEP Sub-Group'). The X-LEP Sub-Group is a sub-committee of the West Midland Regional Finance Forum ('WMRFF') and its membership comprises the Access to Finance leads (and nominated alternates) of the 6 West Midland LEPs.

#### **The analysis of local need, demand and priorities for investment**

- An analysis of market failures, sub optimal investment situations, and investment needs for the policy areas and thematic objectives or investment priorities to be addressed:
  - Research commissioned by the X-LEP Sub Group (set out a report compiled by Blue Sky Corporate Finance dated November 2013) covered both National and Regional evidence on the ongoing gaps in the access to finance market. This report overwhelmingly confirms that gaps in the

regional access to finance market persist in a number of areas of the market. Details of the research undertaken, the market failures (Gaps) in the region identified and the priorities associated with each market failure are set out in the report.

- The X-LEP report concluded that the gaps in the market for financial instruments within the West Midland region justified an FEI programme of between £125m and £175m.
  - The X-LEP report also covered the common economic policy objectives and investment priorities of the 6 participating LEPs (of which there is considerable overlap and common purpose).
  - The FEI collaborative framework proposal agreed by the WM LEPs recognises that financial instruments may be used to support other EU 2014-20 programme themes including the prioritisation of funding for viable commercial projects designed to improve the quality, access and usage of ICT, low carbon, climate change, the protection of the environment and sustainable transport.
  - The details of the precise nature of the FEI interventions are presently in the process of being finalised but loan/mezzanine finance for urban development projects that fit within the scope of the LEP growth strategy (along the lines of the existing Growing Places focus) is a likely priority.
  - It has also been agreed that priority will be given to debt, equity/mezzanine funding for viable commercial projects that assist the LEP with its carbon reduction, sustainable transport and energy efficiency ambitions.
- An assessment of the value added by the financial instrument(s) proposed for European Regional Development Fund support consistency with other forms of public intervention addressing the same market (including Government funded initiatives), possible state aid implications, and the proportionality of the envisaged intervention:
    - It has been agreed between the participating LEPs that the West Midland wide collaborative framework for FEI will seek to establish a fund-of-funds type structure that is both owned and controlled by the 6 participating LEPs. It is the nature of a fund-of-funds type structure that the 'proportionality of' and the 'additionality of' each of the sub-funds will form part of the ex-ante justification at the time of their submission for approval. It is the stated intention of the X-LEP Sub Group that FEI interventions developed under the fund-of-funds

framework are proportional to the regional need, complementary to, additional to and consistent with all other forms of public intervention in the same market (including the various RGF projects under development).

- The subject of state aid compliance is fully and properly considered within the X-LEP Sub Group report and it is, again, the intention of the participating LEPs that this compliance is properly assessed and appropriately managed at each stage of the programme development process and for each of the unique sub-funds planned. The X-LEP sub-group has recommended that the fund-of-fund framework should seek a state aid notification and this matter will be further considered as the programme is more fully developed.
- An estimate of additional public and private resources to be potentially raised by the financial instrument(s):
  - The WM collaborative fund-of-funds structure will seek to combine financial engineering instrument ('FEI') funding from 3 sources:-
    - A combined £50m+ ESIF budget contribution from the 6 participating LEPs
    - An application to the British Business Bank to incorporate the anticipated legacy returns (estimated to be £25m+) from earlier RDA (AWM) financial instruments.
    - A private sector contribution (most likely to be from the European Investment Bank - 'EIB') of not less than £50m.
  - The combined £125m+ funding from these 3 sources will be used to establish a fund-of-funds type programme of delegated financial engineering instruments (loan, mezzanine and equity funds) designed to serve the needs of the 6 LEPs concerned.
- An assessment of lessons learnt from similar FIs and ex-ante assessments carried out in the area (or England) in the past and how these lessons will be applied going forward:
  - The X-LEP Sub Group report fully considers the lessons learned from previous FEI interventions in the region (AWM Legacy Funds), nationally (based upon guidance on the subject published by Capital for Enterprise on this subject matter) and the experiences of the managers of FEI programmes implemented in other comparable industrial

regions. The recommendations that have been set out in the X-LEP Sub Group report are based upon and consistent with these research findings.

- An overview of the proposed strategy for investment, including an examination of options for implementing, financial products to be offered, financial recipients targeted, envisaged combination with grant support as appropriate:
  - The process of defining and quantifying specific FEI interventions (the sub-funds) is underway. This task has been started by the West Midland Cross-LEP Access to Finance Sub-Group and will be handed over to the board of directors of the fund-of-funds holding company appointed by the 6 participating LEPs in due course.
  - Priority will be given to those interventions that align with the ERDF thematic objectives. It is anticipated that the priority for FEI interventions will those that are designed to facilitate SME access to finance, creating an environment favourable to business creation and growth, encouraging an entrepreneurial culture, increasing the sustainable competitiveness of EU companies and helping small businesses operate outside their home countries and improving their access to markets. Priority will also be given to interventions designed to foster greater innovation and those that are congruent with the EU roadmap for a competitive low carbon economy.
  - The range of FEI intervention (all sub £2m per investment) that will be included within the scope of the framework for financial instruments; will include some or all of the following; micro loans (sub £100k), loan guarantees, seedcorn equity/mezzanine finance, development capital for start-ups, growth capital for early stage SMEs, finance for innovation, finance for low carbon and other green projects, finance for social enterprises and specific financial interventions designed to meet certain specific LEP economic development ambitions.
- A specification of the expected results and how the financial instrument(s) are expected to contribute to the achievement of the specific objectives and results of the relevant priority or measures and indicators:
  - The X-LEP Sub Group report comprehensively explored the economic case for FEI interventions and assessed the likely outputs and deliverables of such a programme. The target objectives and results will inevitably depend upon the final (to be agreed) size and structure of the fund-of-funds and

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the nature and size of each sub-funds. Nonetheless the 6 WM LEP Boards have given approval to the collaborative framework proposal on the basis of the economic out justification (based upon an estimated £150m fund-of-funds) summarised below:-

LEP Economic Value	Total	BCLEP	C&WLEP	GBSLEP	TMLEP	S&SLEP	WLEP
ERDF/GPF Contribution	75.0	14.6	11.2	21.0	9.3	13.3	5.6
AWM Legacy Contribution*	25.0						
Private Sector	50.0						
Gross Fund	150.0						
Holding Co Cost (Est)	25.0						
Anticipated Legacy Returns - Net**	42.2	8.2	6.3	11.8	5.2	7.5	3.1
<b>Net Public Sector Cost to LEPs</b>	<b>32.8</b>	<b>6.4</b>	<b>4.9</b>	<b>9.2</b>	<b>4.1</b>	<b>5.8</b>	<b>2.5</b>
SMEs Assisted	800	156	119	224	99	142	60
New Start-Ups Assisted	415	81	62	116	51	74	31
Jobs Created	4,298	837	642	1,203	533	762	321
Jobs Safeguarded	4,614	898	689	1,292	572	818	345
Private Sector Co-Investment	£224.0	£43.6	£33.5	£62.7	£27.8	£39.7	£16.7
Net Contribution Per New Job	£7.64	£7.64	£7.64	£7.64	£7.64	£7.64	£7.64
Net Contribution Per Job Safeguarded	£7.12	£7.12	£7.12	£7.12	£7.12	£7.12	£7.12

\* AWM Legacy is estimated to be between £20m and £40m

\*\* Net Legacy Returns are the net amount of private sector loan and estimated Holding Costs

- Specific priorities, objectives and key performance metrics will be set out as part of the ex-ante assessment of each of the sub-funds; these will be agreed with the private sector (fund-of-funds) co-investor and implemented (under negotiation) with each of the sub-fund managers as part of the fund management procurement process.
- An indication of sources and size of match funding and the stage negotiations have reached:
  - It is anticipated that a match of the ESIF budget contribution will be secured at the fund-of-funds level. The two sources identified for this match are an estimated contribution of £25m return from the AWM Legacy Funds (based upon a range of estimates that these funds will yield between £9m and £42m during the period concerned) and a private sector loan (most likely from the EIB) of £50m. Discussions with the British Business Bank (the UK Government Department with responsibility for safeguarding all RDA FEI legacies) and with the EIB have commenced, have been encouraging but both discussions are at an early stage.
  - It is furthermore intended to explore the potential for additional private sector match at each of the sub-funds level. Whilst no specific negotiations have yet started on this subject matter it is anticipated that a WM fund-of-funds will achieve an overall level of private sector leverage comparable to that of similar JEREMIE programmes operated by our comparable industrial neighbours.

- Identification of sources of funding for establishment costs and ongoing management costs (NB: some establishment and management costs may be eligible and could be included within the individual European Regional Development Fund application, payable upon project approval – this should be discussed with local DCLG contacts within the Local European Structural and Investment Funds teams when developing proposals); and
  - A preliminary financial model for the X-LEP collaboration framework has been developed and it is anticipated that this model will be further refined in negotiation with representatives of co-investment partners and as the final details of sub-funds are defined. The X-LEP collaborative proposal and its financial model sets-out a preliminary estimate of establishment and ongoing management costs. It is anticipated that these costs will be eligible and that they will be partially funded by the initial cash deposits yielded by the RDA (AWM) Legacy Funds (these cash deposits presently stand at circa £9m).

#### The proposed delivery timeline. Fund of Funds (JEREMIE) Type Approach

16. Subject to the amount of the collective ESIF budget contribution of the 6 LEPs not being less than £50m it has also been agreed in principle that the West Midland wide collaborative framework will be operated under the EU JEREMIE (Joint European Resources for Micro to Medium Enterprises) programme.
17. Advice and guidance (including the input of all of the existing JEREMIE fund managers) has been sought on the timeline for the development of this programme and it is presently anticipated that it will take around 12 months to complete the steps necessary to launch the programme. It is therefore anticipated that the sub-funds will be operational by Q1 2015.
18. The West Midland framework for collaboration on FEI is presently being progressed by the WM Cross LEP Access to Finance Sub-Group. In due course it is the intention of the Stoke-on-Trent and Staffordshire LEP to nominate a representative to the board of directors of the fund-of-funds holding company. That board will appoint a Chairperson and commission a team of officers (or 3rd parties) to undertake various steps including the following:-
  - Further develop the fund-of-funds financial model
  - Approach the British Business Bank to seek to secure the right to reinvest the returns from the AWM legacy funds for inclusion in the fund-of-funds.
  - Undertake a due-diligence of the AWM legacy funds to determine ownership risks (if any) and to agree the optimum approach to the

repatriation of the returns from these funds.

- Approach potential private sector investors (including but not limited to the EIB) to engage them in a discussion concerning their participation at the fund-of-funds level.
- Seek EU and UK Government approval of the FEI plans and financial model (including an ex-anti and/or state aid assessment where required).
- Manage the procurement (through open and competitive tender) of the Fund of Funds management roles.
- Manage the procurement (through open and competitive tender) of the Fund Managers to be appointed to manage each of the funds.
- Establish a robust and appropriate governance structure to monitor and manage the performance of the fund managers throughout the duration of the programme; including one that will meet EU/UK Government reporting requirements and seek to minimise risk of default in loan repayments and any potential clawback liability.

#### The Stoke-on-Trent and Staffordshire LEP Notional Allocation for FEI

19. The Stoke-on-Trent and Staffordshire LEP intends to allocate £10.0 million of their national ESIF allocation to the West Midland wide collaborative framework for financial instruments.

#### Geographic/Regional Collaboration on FEI

20. It is the intention of the Stoke-on-Trent and Staffordshire LEP to collaborate on FEI interventions with the following LEPs:
- Black Country LEP
  - Coventry & Warwick LEP
  - Greater Birmingham & Solihull LEP
  - Marches LEP
  - Worcester LEP

## Appendix B The Staffordshire and Shropshire Transition Region

1. The European Structural Investment Funds (ESIF) are allocated on a geographical basis using a European categorisation at NUTS 2 level (generally equivalent to a sub-region in England). For the 2014-20 programme, the European Commission has proposed three types of region, differentiated by relative prosperity, as follows:
  - Less developed regions, GDP below 75% of EU average
  - Transition regions, GDP 75-90% of EU average
  - More developed regions, GDP above 90% of EU average
2. On the most recent figures, 55 regions across Europe qualify of which 11 (20%) are in the UK covering over 12 million people. This includes Staffordshire and Shropshire, with a GDP at 84% of the EU Average (ranking 8<sup>th</sup> of the 11 in deprivation terms).
3. The Staffordshire and Shropshire area has multi-faceted geographic characteristics and a complex mix of socio economic challenges with areas of rural isolation juxtaposed with urban settings that have experienced long term industrial decline. In the rural areas of both LEP's there are pockets of deprivation where the economic structure tends to be less growth orientated, with a higher than average dependence on sectors such as agriculture, related land based activities and tourism. In the urban areas a comprehensive approach is required, which integrates inward investment programmes with life-long education and training, competitiveness strategy, land use, sustainable transport and urban regeneration. In summation a concerted integrated approach is required to place the transition region back on a trajectory towards economic growth and prosperity.
4. A difference to aggregate economic performance at the West Midlands and national level will only be made if intervention through enhanced funding and flexibility to the least prosperous parts of the UK is achieved through Transition Region status which will positively contribute to the regional rebalancing of the UK economy.
5. The Staffordshire and Shropshire conurbation covers 1.43m people and is typified by the following:
  - A significant proportion of Lower Super Output Area's within the 10% most deprived nationally including Stoke-on-Trent ranking 15<sup>th</sup> in the top 50 nationally with over 30% of the districts falling within the 10% most deprived.
  - Smaller pockets of deprivation outside of the big cities and towns in Shropshire and Cannock Chase.

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- An average unemployment rate of 7.45% (Staffordshire 8%, Shropshire 6.9%) comparatively lower than the UK average of 8.4%.
- An average GVA of £15,300 (Staffordshire £14,900, Shropshire £15,700) comparatively lower than the West Midlands and UK totals of £17,060 and £20,476 respectively.
- An average density of SME's per 1,000 adults significantly below the West Midlands total of 30 with Telford and Stoke-on-Trent operating at an average of 20.
- An over dependence on employment in small enterprises with 27% of employees in Shropshire working in companies employing less than 10 people - 8% higher than the West Midlands average.
- Pockets of poverty and lack of access to employment opportunities and services which are unique to, or more extreme within rural areas.
- A net in-migration of people per year in rural areas (which account for 80% of the Midlands area) driving up house prices and reducing affordability for those seeking to enter the rural housing market.
- Stoke-on-Trent has seen its private sector jobs base shrink by over 16 percent (20,900 jobs) over the past decade<sup>25</sup> with Stoke-on-Trent now ranked 356<sup>th</sup> out of 380 areas with regard to productivity<sup>26</sup>. Furthermore the most recent analysis of the competitiveness of UK cities - Centre for cities Outlook 2008, ranks Stoke-on-Trent 63rd out of 64 cities in the economic prosperity index, 56<sup>th</sup> in social deprivation index and 57<sup>th</sup> in the built environment index.

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<sup>25</sup> Private Sector Cities: A new geography of opportunity – June 2010

<sup>26</sup> UK Competitive Index 2010 - North Staffordshire Regeneration Partnership - Paper 4 North Staffordshire Location Audit.

## Appendix C Lessons from Previous Delivery

1. The ESIFS has been developed with lessons from the previous delivery of European Structural Investment funds in Stoke-on-Trent and Staffordshire and across the wider West Midlands in mind. Lessons from previous programmes and how the ESIFS has responded are summarised in the table below:

Summary of Lessons Learnt from Previous Programmes	
Lessons from Previous Programmes	How Plans for 2014-20 have Responded
<b>Appropriateness of Programme Strategies</b>	
To be most effective, programmes need to be closely aligned to national and sub-national economic development strategies and to the key aims of organisations delivering these strategies.	<ul style="list-style-type: none"> <li>Sought to maximise synergy and complementarity with national and sub-national strategies and policies.</li> </ul>
There needs to be sufficient flexibility in the programmes to adapt to changed national and sub-national contexts and socio-economic conditions as well as taking into account any overlaps and duplications with other funding programmes which emerge in the course of the programming period.	<ul style="list-style-type: none"> <li>There will be a pro-active approach to reviewing the strategy, programme and project activity to ensure that required changes are anticipated and appropriate mitigation measures/alternative options are implemented.</li> </ul>
<b>Programme Performance</b>	
When setting results and impact targets, care should be taken to ensure that these can be realised within the programming period timeframe. Whilst overall, it is desirable to measure the results and impacts of the programmes, the monitoring system and the choice of indicators (and associated targets) are in many cases not the most appropriate way to measure longer-term effects.	<ul style="list-style-type: none"> <li>Establish results and impact targets on a realistic, under-promise over deliver basis with monitoring systems designed to capture the long term benefits of the programme.</li> <li>Retain a degree of flexibility in the allocation of funds to ensure that funding can be targeted at those areas where additional activity is required to meet targets.</li> </ul>
<b>Implementation Systems/Governance</b>	
To enable partnerships to work efficiently, there needs to be a clear understanding on all sides of the roles and responsibilities.	<ul style="list-style-type: none"> <li>Structures will be put in place to encourage sharing of good practice between partnerships.</li> <li>Continuing effort to involve the private sector in the partnerships and in sponsoring projects.</li> <li>On-going training would help to support the partnership process.</li> </ul>
<b>Administration, Process and Financial Management Issues</b>	
Application forms for funding need to be as simple as possible and the application process needs to be accompanied by further guidance and support, including the application process and feedback on the application.	<ul style="list-style-type: none"> <li>Nationally standardised publicity, procurement and project guidance which is clear and consistent.</li> </ul>
<b>On-going Project-Level Implementation</b>	
There should be a particular focus on working with established and successful project sponsors to maximise the benefit from the expertise they have acquired and to enable an expedient start to the	<ul style="list-style-type: none"> <li>Training for projects in Structural Fund project management to ensure that good project management practices are followed.</li> <li>Disseminating good practice as a core activity.</li> </ul>

programme.	
<b>Monitoring and Evaluation</b>	
Flow of information between project applicants and the managing authority is critical both with respect to live project information to enable submission of grant claims but also mid-term and post-completion evaluation.	<ul style="list-style-type: none"> <li>• Provide online systems and database templates for the submission of monitoring data to enable timely, consistent and comprehensive submission of data by the projects, including data on beneficiaries (firms or individuals).</li> </ul>

