

South East

Local Enterprise Partnership



South East LEP

European Structural and Investment Fund Strategy (EU SIF)

Executive Summary

Introduction to the strategy

Extending our ambition

Welcome from the Chairman

The South East is the most exciting place to do business in the UK. Our connections to the global city of London and the markets of Europe are unparalleled, while our advanced manufacturing, logistics and low carbon sectors (amongst many others) are world class.

In the Thames Gateway we are the home to Europe's largest regeneration area, while our resurgent coastal towns and working countryside play host to a growing number of dynamic and entrepreneurial new firms. The South East is the place to do business.

The South East Local Enterprise Partnership is Britain's largest and we have an ambition to match. Our Structural and Investment Fund proposals launched today are just the start.

Our federal operation, built on local areas developing major proposals to drive local growth through their local business/council partnerships and using the scale of the LEP to join and strengthen schemes through collaboration, offers a unique and proven local development and delivery model.

We wish to work with our universities and colleges, supporting the technologies and businesses of the future, capturing local intellectual capital, facilitating technology transfer and providing the very best facilities and support for new spin-out businesses.

And to maximise public investment and lever in new private sector funds to enable growth, we have identified a major opportunity to extend our reach and ambition through the development of an Urban Development Fund.

Through our European Structural and Investment Fund Strategy, our developing Growth Deal with Government and through wider public sector spending, private investment and match finance we aim to inject a minimum of £5 billion of new investment to boost the economies of Essex, Southend and Thurrock, of East Sussex, and of Kent and Medway, over the rest of this decade.

This first draft of the SELEP European Structural and Investment Fund Strategy demonstrates the wide-ranging consultation and work that has already taken place.

We now wish to work with you to deliver the most compelling EU strategy for the most exciting place in Britain to do business.

A handwritten signature in black ink, appearing to read 'Peter Jones', with a stylized flourish at the end.

Yours sincerely
Peter Jones, CBE
Chairman, SE LEP

Building on a firm evidence base

This draft strategy was produced in accordance with the Government Guidance to Local Enterprise Partnerships (LEPs). It will form part of the wider economic growth strategy for the LEP, and will act in support of the SE LEP Strategic Economic Plan. It has been developed with a broad range of partners across the SELEP area including local businesses, local authorities, education institutions, the voluntary and community sectors and other stakeholders.

An area with scale...

The SE LEP area is a major regional economy with almost 4 million residents – equal to 7.5% of England's population and is the second most populous LEP. We are extending our growth ambitions to match our size, and through the coming years we will make a major and increasing contribution to the country's growth. We are the gateway to mainland Europe, with 8 ports including the London Gateway, with the largest logistics park in Europe, and a number of airports with potential for passenger and air freight growth. Our location and enterprising business base provides enormous potential to increase our connections with, and exports to Europe and across the globe.

Close to the world city of London...

Our economy is closely integrated with the London economy. Our residents make a major contribution through commuting to London's jobs, and our companies provide goods and services to support London's growth. The SELEP also contains the Thames Gateway – still the location for the most significant growth in the South East of England.

Strong in innovation...

We have a strong innovation culture and we have a number of sectors within the economy with high growth potential, and which fit closely with the National Industrial Strategy. These are advanced manufacturing, port and logistics, low carbon and environmental technologies, and life science/med tech. We aim to build on these further. Nine universities, with strong research specialisms, are represented in the SE LEP area. We have long history and significant experience of supporting research centres linking businesses with Higher Education – Discovery Park and the East Malling Research Centre are two examples.

Skills levels are rising...

SELEP resident qualification levels are rising, but we need to increase skill levels further, and ensure that people are being trained in the areas that employers need. This means those in work as well as those out of work and seeking employment. At the same time, there are too many young people not in education, employment or training, and youth unemployment is high. We want to work with universities, colleges and businesses to drive up skills and productivity, particularly in our priority sectors.

Major EU funding available to boost growth and jobs...

From summer 2014 -2020 partners within SE LEP will have access to an indicative allocation of approximately £165 million of EU funds. A 50: 50 split, which we propose will provide £82.5 million of European Regional Development Funds (ERDF) and £82.5 million of European Social Fund (ESF). These funds are for growth, jobs and inclusion. An indicative annual profile means that between £20 - £27 million per annum will be available for investment in the SE LEP area.

This funding is required by the Government to be spent on focused and targeted activity. It provides an opportunity for the SE LEP to implement a wide range of key initiatives in support of our ambitions, promoting smart, sustainable and inclusive growth.

Our emerging themes

Welcoming the opportunity provided through the availability of EU funds to support new business and jobs, we will build on the evidence base and the South East's distinctive strengths to tackle the barriers to growth. Responding to the strengths, weaknesses, opportunities and threats of the SELEP area (page 19 draft SIF document), we will achieve this by:

- **Boosting innovation** by taking advantage of our HE institutional strengths, our culture of innovation and the opportunity to develop a new comprehensive and integrated support framework for innovation through Gateways to Growth;
- Enhancing **support for commercialisation** through improved access to research institutions and support;
- **Supporting our priority sectors and growth and innovation** across our business community through networked and tailored programmes;
- **Ensuring that business infrastructure is in place** - particularly finance and property;
- Providing **support to grow the low carbon economy** and reduce CO2 emissions through reducing energy consumption and waste;
- **Supporting young people in the transition from school** to further and higher education and work;
- **Providing a major boost to skills provision in higher level skills for priority sectors**, including training and retraining the workforce in skills needed by employers at all levels, including SME leadership and management skills;
- **Working with employers to support recruitment**, provision of work placements of all types and helping to integrate new staff into the workforce;
- **Supporting people with specific and multiple barriers** to employment;
- **Geographical targeting of additional support** for local communities, including the potential for Community Led Local Development and small community grants to enable local responses to community need; and,
- **Linking businesses to education and training providers** to enable the skills system to better respond to economic need.

These themes are reflected in our draft European Structural and Investment Fund Strategy and will be further developed and incorporated in the SELEP Growth Deal with Government.

Our EU Growth Programme Priorities

Our principal priorities for the EU-funded programme are to strengthen research, technological development and innovation, enhance the competitiveness of SMEs and raise skills to support business growth. Innovation is a central theme, which will provide a golden thread throughout the programme.

At this stage, we are required to indicate the breakdown of funding across EU fund objectives within the major ERDF and ESF funds which will be administered in future by the UK Government. The proposed breakdown set out below is indicative only and can be changed. It also includes reference to the emerging proposal for an Urban Development Fund (see below).

The initial proposed allocation of funds to thematic priorities is as follows:

Objective / Priority by fund	
Strategy group recommendation	
ERDF	£82,500,000
Innovation	£28,875,000 (35%)
SME Competitiveness	£37,125,000 (45%)
Low Carbon	£16,500,000 (20%)
ESF	£82,500,000
Employment / Labour mobility: Access to employment	£24,750,000 (30%)
Employment / Labour mobility: Sustainable integration of young people	
Education, skills & lifelong learning	£41,250,000 (50%)
Social inclusion: active inclusion	£16,500,000 (20%)

The selection of strategic activities under the headings set out above resulted from the range of evidence provided by local area stakeholders.

APPLYING THE PRIORITIES

Through this process we identified strategic activities with the potential for funding through ERDF and ESF in accordance with the emerging priorities for the LEP. The proposed focus for interventions and an initial proposed allocation of funding is indicated below:

LEP activities/interventions	ERDF	ESF	Total
*Gateways to growth (opt-ins)	£19,000,000		£19,000,000
*Spin-outs and commercialisation	£7,000,000		£7,000,000
*Targeted support for SMEs (including training, access to finance, export, supply chain development, investment readiness, HE-SME collaboration, networks and specific support for priority sectors.	£16,390,000	£2,000,000	£18,390,000
Commercial property development fund (JESSICA)	£7,000,000		£7,000,000
*Access to finance (FI)	£9,000,000		£9,000,000

*** Please note that the proposed Urban Development Fund pot could be drawn from all starred ERDF intervention allocations and added to the £7 million currently indicated for the Commercial property development fund. See below.**

LEP partners are keen to pursue discussions with the opt-in agencies over the coming months to identify the potential for joint work and to ensure that the programmes fit closely with the priorities of the SELEP Strategic Economic Plan.

It should be noted that for the purposes of the draft submission, allocations have been made in support of opt-ins with MAS, Growth Accelerator, UKTI, SFA, DWP, and BIG Lottery.

Allocations have also been made to financial instruments – Access to Finance, Social Housing Retrofit and an Urban Development/JESSICA fund to support redundant commercial property being brought back into use.

While there is some interest in pursuing all of these opportunities for the time being, it is unlikely that they will all follow through into our final EU SIF strategy.

SOUTH EAST URBAN DEVELOPMENT FUND

In discussing and approving the first draft EU Structural and Investment Fund Strategy on 4th October, SELEP Board members reiterated the scale of their ambition to increase economic growth in the South East.

In doing so, it identified a major opportunity to extend reach and ambition through the development of an Urban Development Fund. This fund would significantly increase funding available and add much greater flexibility, through the proposed use of the JESSICA (Joint European Support for Sustainable Development in City Areas) mechanism to accelerate investment in urban areas.

In developing this proposal in the coming weeks, a pipeline of schemes will be considered with the potential to allocate a significant proportion of up to £50 million of ERDF which, together with European Investment Bank and other match funding, could grow the total value of the scheme to £1/2 billion.

ON-GOING DEVELOPMENT OF THE SIF

Between now and the 31st January 2014, the SE LEP partnership will continue to develop and shape the SIF ready for final submission to BIS.

The timetable of activity can be seen below:

- 7th October -Draft submission submitted to BIS
- 16th October - Launch of SIF
- 11th – 23rd November-Local information events – managed and run locally by local area Business/Council partnerships
- 13th December -Board approval of final SIF, subject to final amendments
- 31st January - Final submission of SIF

CONTACT THE SOUTH EAST LOCAL ENTERPRISE PARTNERSHIP

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