

Black Country EU Investment Strategy – Progress Update

Ward(s) All

Portfolios: Cllr A Andrew – Deputy Leader and Regeneration and Transport

Executive Summary:

Introduction

Previous reports to Scrutiny Panel updated members on our collective progress towards the development of the Black Country European Investment Strategy (BC EUIS) for the Black Country Local Enterprise Partnership (LEP).

This BC EUIS is required by Government if it is to secure the funding from the European Commission, and subsequently open up the processes for our LEP area to develop its detailed plans and processes for the local use of EU resources. This is part of a national process with all UK LEPs undergoing similar work.

The final BC EUIS was completed and submitted on time to government prior to the 31st January 2014 deadline, and is now undergoing a cross government agency and key partner assessment. This will provide detailed feedback on any changes required leading up to its final sign off later this year.

We anticipate that the assessment and approval process will conclude before the end of September 2014, with the European Commission signing off the overall UK programme around October 2014.

Officers from around the Black Country will now be designing a programme of work towards the implementation of the strategy, ensuring that the plans held within it are turned into services that support both residents and businesses throughout the Black Country under the EU thematic headings of:

- Innovation, research and technological development
- Support for small business
- The low carbon economy
- Skills
- Employment
- Social inclusion - including tackling poverty

This will support the commissioning of services, projects and initiatives and the actual commencement of delivery hopefully during early 2015.

Reason for scrutiny:

The submitted Final BC EUIS is attached as Appendix 1; this agenda item will allow panel members to read the document and for officers to draw their attention at the panel meeting to the key elements of note within the strategy.

Although submitted, the panel is requested to comment, add value and scrutinise the submitted document, so that once all feedback from Government has been received, theirs can be added, so collectively the final edition is as comprehensive as possible.

Recommendations:**That Scrutiny Panel members;**

- 1. Note the contents of this report and the attached submitted BC EU Investment Strategy, commenting and scrutinising as appropriate.**
- 2. To support the further development of strategy, asking officers to report back on feedback received from government and the progress towards the implementation of the strategy in early 2015.**

Background papers:

Final Submitted: Black Country Local Enterprise Partnership (LEP) EU Investment Strategy – Attached as Appendix 1

Resource and legal considerations:

For Walsall none other than already budgeted for.

Citizen impact:

If approved the BC EUIS will benefit thousands of local people through activities which aim to break down social exclusion and support people into employment.

Environmental impact:

The BC EUIS includes proposals that will look to reduce carbon emissions throughout the Black Country, with interventions under development.

Performance management:

None

Equality Implications:

None, as the BC EUIS will support access for all and assist in breaking down social exclusion where found and removing barriers to employment as required.

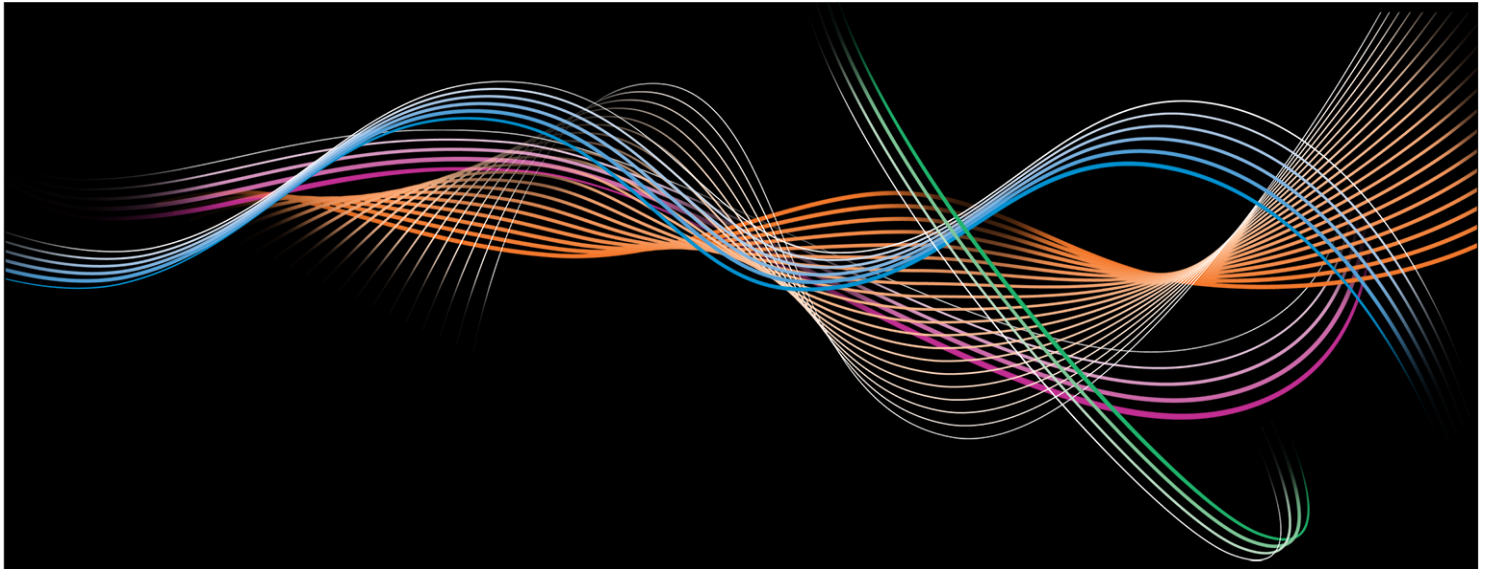
Consultation:

The BC EUIS was subject to wide consultation as part of its development, details of this are included within it.

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Black Country LEP EU Structural and Investment Funds Strategy

Final Submission for 31st January 2014

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1. Introduction

- 1.1 **Located at the heart of the national transport network, the Black Country is a dense urban metropolis, with a growing population of 1.14m.** It is well positioned to be one of the country's most important localities to drive the type of economic activity required to achieve the UK's goal of being a leading European exporter of high value goods and related services (BIS December 2010, Growth Review Framework for Advanced Manufacturing).
- 1.2 **The Black Country is made up of the boroughs of Dudley, Sandwell, Walsall and the City of Wolverhampton.** It is an area strongly shaped by its industrial base, which is reflected in the nature of its business stock, the skills and occupations of its people which are the assets that this strategy will build on. Less well recognised is the areas cultural heritage, including its canal network and historic buildings.
- 1.3 **Today, The Black Country has both the ambition and opportunity to make a significant contribution to the growth and restructuring of the UK economy.** It has the largest concentration of jobs in manufacturing of any UK LEP (16% of all employment vs 9% of all employment nationally¹), including an aerospace sector that generates 20% of all UK aerospace output. The area's automotive sector includes Jaguar Land Rover's UK engine centre of excellence, and the company's commitment to just-in-time manufacturing means that any supply chain companies located close to them will have a unique competitive advantage.
- 1.4 **The Black Country's strong and progressive manufacturing base,** its recent success in securing investment in high value manufacturing, the significant supply chain opportunities and its location at the heart of the national freight and motorway network, all adds up to the Black Country having a critical role to play in the growth of the manufacturing sector in the UK.
- 1.5 As well as high value manufacturing, the Black Country has other priority sectors where there is significant room for both growth and innovation, including building technologies, transport technologies and the environmental technologies. There are also local clusters and niche businesses in cultural, creative and digital sectors, food and drink and the visitor economy that can be developed and exploited.
- 1.6 **To achieve our full potential, public investment is required to tackle a number of significant market failures and barriers to growth, and to improve economic resilience and inclusion.** This means supporting business start-up, competitiveness and innovation in high value manufacturing and all other key priority sectors and niche areas that have the potential to grow and provide higher quality jobs. It also means addressing the supply and viability gap in sites and infrastructure required to meet the new type of growth, addressing low skills and the ability of local people to compete in the local labour market. It also means addressing the quality of life factors that will encourage those who obtain jobs to stay in the Black Country and increase spend back into the local economy. This is the focus of this European Investment Strategy for the Black Country.

¹ Black Country Consortium (2013). 'State of the Sub Region 2013'.

- 1.7 **The Black Country LEP is founded on a strong track record of successful partnership working over more than a decade.** In 2000, the four Black Country Local Authorities and other key partners founded the Black Country Consortium, which was established as a limited company in 2006. The Consortium provides co-ordination and economic intelligence across the Black Country, and facilitates cross-authority economic development activities. One of the notable successes has been the development of a Joint Core Strategy for the Black Country (a shared Local Development Framework) that co-ordinates planning across the Black Country, as well as generates significant efficiency savings for the four authorities.
- 1.8 Building on this, the Association of Black Country Authorities (ABCA) was set up in 2008 to enable more close collaboration between the leaders and Chief Executives of the four local authorities, and this mechanism is now providing an important role in ensuring a strong democratic voice within the new Local Enterprise Partnership structures, alongside that of business.
- 1.9 The Black Country has very **effectively capitalised on these partnership structures** to enable the Black Country LEP to be effectively supported in its strategic role, with the Black Country Consortium being designated as the secretariat for the LEP Board. In December 2013, further advancement in joint democratic governance was achieved, when a joint Black Country Committee was approved by all four Local Authorities, thus giving delegated responsibility for the decision making in respect of the Black Country City Deal and emerging Black Country Growth Deal.
- 1.10 The Black Country LEP Board includes representatives from large strategic companies, political representation from the four local authorities, higher and further education bodies and social enterprise and housing providers. It oversees what is regarded to be a highly successful enterprise zone and has recently completed a City Deal with national government due to be signed off 3 February 2014.
- 1.11 **The Black Country Draft Strategic Economic Plan (SEP)** was submitted to government in December 2013. It has been drafted concurrently with this Black Country European Union Investment and Funding Strategy. Section 5.6 of the SEP sets the alignment between the Black Country SEP – Place, People and Business themes and the Black Country European Union investment programmes.
- 1.12 Both the Black Country SEP and this Black Country European Union Structural and Investment Funds Strategy is founded on a common base of economic evidence and analysis, developed jointly between the local authorities and the Black Country Consortium and published annually in the ‘Black Country State of the Sub Region’ report.
- 1.13 **This European Union Structural and Investment Funds Strategy has been developed from an excellent understanding of local need and analysis of the local barriers to growth.** As well as the statistical evidence, there has been a critical analysis of past performance in European programmes, together with consultation with partners and stakeholders. The Black Country European Union Structural and Investment Funds Strategy represents a key investment strand for the next 7 calendar years and has been developed concurrently with the Strategic Economic (Growth) Plan and the detailed development of the City Deal proposal. Throughout all three documents there is a common understanding of our competitive advantages, including strengths in high value manufacturing, our central

position and connectivity across the UK. These are matched to our agreed priority investment areas of: Business, Place and People, which are central to our approach to address: barriers to growth, areas of market failure, innovation and social exclusion.

- 1.14 Recognising the opportunities and dependencies we have in common with our neighbouring LEP areas, as well as other cities and urban areas in the Midlands and beyond, we are working closely with a range of potential partners and organisations. We have highlighted areas where we envisage cross-LEP working throughout the strategy document. This includes agreed statements across the six West Midlands LEPs regarding close working in the areas of Research, Technology, Development and Innovation (RTDI) (including around our smart specialisation approach), the low carbon agenda, and the potential use of financial instruments to support access to finance interventions. We have included details of how we envisage managing these relationships during the delivery phase in Section 8 of the strategy document, covering ‘management and delivery’.

Use of EU Funds in the Black Country

- 1.15 The Black Country LEP is keen to seize the opportunity under the 2014-20 programmes to be able to direct resources secured through this strategy approximately £152m of locally-allocated EU structural and investment funds, together with any matching funding and or additional allocations through the Opt-In negotiations. The LEP will ensure a fit with its priority investment areas, driving forward local growth.
- 1.16 The process for development of the Black Country strategy has involved:
- Drawing on detailed evidence and analysis undertaken by the Black Country Observatory matched to data and experience drawn from the Local Authorities and the private sector, provided a basis and strong foundation for the development of our intervention rationales. This detailed evidence base and experience was also used to develop the Black Country Performance Management Framework and a set of strategic targets for the LEP, referred to throughout Section 2 of the Strategy.
 - Reviewing national and local strategy and policy direction to ensure alignment of Black Country strategy priorities
 - Identifying key drivers and barriers to growth for the Black Country and setting out a vision for interventions required across Business, Place and People themes, in line with developing Growth Strategy and City Deal plans
 - Assessing key market failure challenges relating to these areas and the scale and significance of these failures
 - Developing strategic investment areas, in consultation with a wide range of Black Country stakeholders, to set out the nature of planned responses to these market failures that will help to address barriers to growth and capitalise on drivers and opportunities for growth.
 - More detailed discussion and negotiations with local and national opt-in partners

Ensuring delivery to time, quality and budget

- 1.17 Between the submission of the first draft in October 2013 and January 2014, the Black Country programme development team, drawn from staff across the Black Country Local Authorities, the Black Country Consortium, the University of Wolverhampton and the Black Country Voluntary and Community Sector Consortia, have undertaken further detailed work to refine the strategy. The focus has been on developing the suite of programmes and ensuring there is a strong logic chain that addresses need, opportunity, adds value and puts forward interventions that are based on good practice and are appropriate to the locality.
- 1.18 A generic programme pro-forma has been developed and was used for both the Black Country SEP and for the programmes in this Strategy. These will be used to develop the detailed programmes over the next few months.
- 1.19 In addition work has been undertaken to ensure that the programmes not only meet need but also:
- **Fit in with the overall outputs framework for strategic interventions.**
 - **Fit in with the overall spend profile for strategic interventions**
 - **Set out the conditions for the Black Country entering into the Opt-In offers**
 - **Take account of the further consultation and discussions that have been held with stakeholder organisations**
 - **Identify in more detail the sources of match funding and ensure a strong alignment with projects being put forward for the Black Country Growth Deal and the Black Country City Deal.**
 - **Capitalise on opportunities for cross LEP collaborations.**

Content of the Strategy

- 1.20 The remainder of the strategy document comprises of the following key sections:
- Chapter 2 sets out an overview of the socio-economic needs and challenges of the Black Country, providing the underpinning rationale for the proposed strategic investment areas
 - Chapter 3 sets out the framework for use of EU funds in the Black Country. It provides:
 - the overall vision statement for the EU Funds strategy, aligning closely to the strategic direction set out in our Strategic Economic Plan and City Deal proposal
 - indicative funding allocations by thematic objective

• Black Country EU Structural and Investment Fund Strategy •

- a detailed summary of the context, rationale, strategic investment areas and indicative activities under each of the four Black Country Priority Themes: 'SME Competitiveness', 'Innovation', 'Environment' and 'Employment, Skills & Social Inclusion'.
- Chapter 4 summarises the indicative output and result targets relating to each strategic investment area
- Chapter 5 summarises key match funding sources that will support delivery
- Chapter 6 sets out the approach to incorporating cross-cutting themes and delivering social innovation, social inclusion and community led economic development.
- Chapter 7 provides a summary of relevant wider links and synergies to other European funding streams
- Chapter 8 describes the initial thinking relating to management and delivery of the EU funds strategy by the Black Country LEP, including governance structures, procurement routes 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. Black Country Socio-Economic Needs and Challenges

2.1 This chapter sets out an overview of strengths, weaknesses, opportunities and threats for the Black Country, upon which the EU funding strategy will build. Following the same structure as the developing Growth Plan, this section is broken down to three main categories: Businesses, People and Places.

Businesses

2.2 The Black Country has an economy that is under-performing compared to many other parts of the country:

- It has **weak economic resilience** – the Experian index (2012) shows that the Black Country is assessed to be least resilient of 39 Local Enterprise Partnership (LEP) areas in England based on a range of variables relating to business, people and place factors².
- **The areas 2.9% growth rate (1998-2008) is the lowest of all LEP areas in England** over the last 10 years³ and the Black Country needs to generate an extra £6.2bn of annual output just to catch up with the average performance across the UK⁴.
- **The Black Country has far fewer businesses for its size than the national average**, with 273 active companies per 10,000 of the population, compared with an average level of 370 active companies per 10,000 nationally⁵. By far the largest gap is in micro enterprises (those with fewer than 10 staff)⁶
- **The area is not creating sufficient jobs for the people seeking work**, and there has been a loss of over 16,000 jobs since 2002⁷.
- **There are not enough higher quality jobs available** – Gross Value Added (GVA) per head is £5,500 lower than the national average⁸.

² The Black Country Consortium (2012). Local Enterprise Partnership Intelligence Report 2012.

³ The LEP Network (2012). Creating successful local economies: Review of Local Enterprise Partnership area economies in 2012

⁴ Black Country Consortium (2013). 'State of the Sub Region 2013'

⁵ Black Country Consortium (2013). 'State of the Sub Region 2013'.

⁶ Black Country Consortium (2013). Black Country Business Survey.

⁷ Black Country Consortium (2013). 'State of the Sub Region 2013'.

⁸ Black Country Consortium (2013). 'State of the Sub Region Evidence Report 2013'

2.3 Key strategic outcomes set out under the Black Country Performance Management Framework include the following targets to be achieved by 2033⁹:

- Increasing GVA created in the Black Country by £6.2bn in order to close the output gap with the national average. This equates to an increase from the baseline of £15,900 GVA per head in 2012 to £21,400 per head in 2033.
- Raising the business birth rate to 41 per 10,000 population; an increase of 1,400 businesses births annually by 2033, increasing from 3,300 business births in 2011 to 4,700 in 2033.
- Creating 115,000 new jobs in the Black Country, of which 38,000 will be in knowledge intensive occupations – increasing from a baseline of 429,000 jobs in 2011 to 544,000 by 2033.
- Attracting & retaining graduates in the region, increasing the number of people with degrees by 80,000, to match national levels of 33% of the population holding a degree. Increasing from a baseline of 142,000 in 2012 to 221,000 in 2033.
- Raising average income levels in the Black Country by £3,500, in order to match national average levels, increasing from a baseline of £23,000 per annum in 2012 to 26,500 in 2033.

Areas for Intervention

2.4 There are a range of strengths and opportunities to capitalise on, in order to improve the local economy and help to meet the strategic targets for the Black Country. These areas each link to relevant strategic intervention areas set out in Section 3, as set out below.

Priority Sectors

2.5 Transforming the economy of the Black Country to one that is higher value, faster-growing and more resilient requires a shift in focus on local sectoral strengths, and a through in-depth understanding of the specific specialisms within key sectors that have the potential for further innovation and accelerated growth. Detailed analysis has been undertaken in the Black Country to identify key opportunities for growth, and has identified **five transformational growth sectors listed below**.

- Transport Technologies including aerospace and automotive
- Building Technologies/Construction
- Advanced Manufacturing including Advanced Engineering
- Environmental Technologies
- Business Services

⁹ Black Country Consortium (2013). 'State of the Sub Region 2013'.

- 2.6 **Transport technologies (aerospace and automotive) and building technologies are the two top priority sectors in the Black Country Strategic Economic Plan.** Advanced manufacturing, engineering and environmental technologies are also priority sectors that underpin transport and building technologies, particularly in terms of international trade, research and innovation.
- 2.7 A strong and growing manufacturing sector and improved levels of local employment should also result in greater demand within the service industries e.g. business services and facilities management etc. Any external barriers to growth in these sectors need to be addressed to ensure that the Black Country, and its local economy, fully benefits from a resurgence in manufacturing and engineering.
- 2.5 In total, these five sectors employ 215,000 people and provide £7.3bn annually (45% of Black Country GVA). The area's growth ambitions are to triple output across these five sectors by 2030 to £21.8bn, and create an additional 70,000 jobs¹⁰:
- **Advanced manufacturing and transport and building technologies are central** to this. £6.7bn of GVA and 15,000 jobs are anticipated to be created in these sectors. Although not greatest in their contribution to job creation, they will create high skilled, high value jobs and act as the focus for wider supply chains which will support far larger job creation numbers.
 - Business services are expected to contribute £6.5bn of additional GVA and create 47,000 jobs. **The focus will be on developing those business services that support the priority sectors above.**
 - Environmental technologies are anticipated to create £1.3bn GVA and create 7,000 new jobs. The focus on **environmental technologies will cut across the priority sectors above**, with all of these advanced manufacturing sectors well placed to exploit the opportunities for product and service innovation arising from climate change legislation, the need to reduce carbon emissions, and the need to address increasing pressures on natural resources.
- 2.6 **The Black Country is home to several global firms in these transformational sectors**, which represent a major asset, not only from the direct employment and GVA that they generate, but also for their **role as anchors for local supply chains and assets in agglomeration clusters**. To realise the major opportunities that these companies represent, the Black Country needs to **strengthen the local supply chain base for these firms**, through greater inward investment and indigenous business growth, taking advantage of the benefits of proximity, eg for just-in-time manufacturing.
- 2.7 A wider benefit of strengthening the supply chain base is that it supports the foundation and strengthening of local clusters (which includes business base, labour market and knowledge base assets), and the stronger the local cluster, the more that key firms will become wedded to the Black Country, thus improving economic resilience.

¹⁰ Black Country Consortium (2013). 'Black Country Growth Plan' Draft – 17th July 2013.

Investment Focus for Priority Sectors

The focus of investment to support these priority sectors cuts across all four themes of the strategy set out in Section 3 of the strategy.

- **Theme 1: SME Competitiveness - inward investment** activity will have a focus on attracting in companies in these priority sectors (see Strategic Investment Area 1.2); **Exporting support** – these transformational sectors will have significant potential for export-led growth (see Strategic Investment Area 1.2); **Business support for growth and competitiveness** – activities building on nationally delivered MAS and Growth Accelerator programmes will have a particular focus on these transformational sectors (see Strategic Investment Area 1.4)
- **Theme 2: Innovation** - the smart specialisation approach to **innovation investments** has a priority focus on investment in these transformational sectors (see Strategic Investment Areas 2.1 and 2.2).
- **Theme 3: Low Carbon Places** - Development of **employment sites** supported by the funds will primarily be seeking to support physical developments relating to these priority sectors (see Strategic Investment Area 3.1)
- **Theme 4: Employment, Skills and Social Inclusion** - activities to develop local **workforce skills** will have a strong focus on meeting the needs of employers in these priority sectors (see Strategic Investment Area 4.2)

Inward Investment

- 2.8 **Inward investment** is important for the Black Country to continue to build the base of major companies in these priority sectors (as well as other sectors), and to strengthen the base of lower tier suppliers. Foreign Direct Investment (FDI) Benchmark data highlights that the presence of an industrial cluster and the quality and availability of labour are the most important factors in achieving inward investment¹¹, which links to plans for skills development (discussed below under the ‘People’ strand).

Investment Focus for Inward Investment

Theme 1: SME Competitiveness - inward investment by target companies in priority and other sectors is addressed in Strategic Investment Area 1.2 in Section 3 of the strategy.

Innovation

- 2.9 The **Black Country currently performs poorly on key innovation benchmarks**, ranking 37th out of 39 LEP areas in the number of patents per 100,000 residents¹². In order for local companies to become more competitive and to stay competitive they need to engage with the knowledge base and engage in greater levels of innovation and R&D activity.
- 2.10 The **University of Wolverhampton is an important asset for the LEP area**, however will not be able to provide all of the expertise needed by growth sector firms. The University needs to further act as a gateway point for local companies, providing innovation support in the areas where it has expertise, but also be a linking point to other relevant expertise in other knowledge base institutions across the West Midlands and beyond, where relevant.

¹¹ FDI Benchmark data, cited in Black Country Consortium (2013). ‘State of the Sub Region 2013’.

¹² OECD Patents Database (2007), cited in LEP Network (2012). ‘Review of Local Enterprise Partnership Area Economies in 2012’

- 2.11 There is already a good foundation of innovation infrastructure in the Black Country, including the facilities at the University of Wolverhampton and Science Park. It will be important to build on these. There is significant opportunity to build the innovation asset base through projects currently in development, particularly including **plans for a Black Country based extension to the Manufacturing Technology Centre** in Coventry (the catapult centre for high value manufacturing).
- 2.12 More intensive innovation support will particularly target the priority growth sectors, and build on a **detailed smart specialisation review**, ensuring that strategic investment and interventions are built around a detailed understanding of the knowledge assets, sector assets, future technology opportunities (including the eight great technologies identified by Government), innovation trends, and emerging strategic opportunities for the Black Country and Black Country businesses. This review work has already begun, and will be concluded in time for the sign off of the strategy.

Investment Focus for Innovation

Theme 2: Innovation

- **Investment in engagement with the knowledge base** is addressed in Strategic Investment Area 2.1 in Section 3 of the strategy.
- **Investment in innovation infrastructure** is addressed in Strategic Investment Area 2.2 in Section 3 of the strategy.

International Trade and Exporting

- 2.13 The high level of manufacturing in the Black Country makes it very well placed for high levels of exporting. The LEP area has the 6th largest employment in export intensive sectors out of 39 LEPs, reflecting the significant export potential¹³.
- 2.14 At present, 21% of all Black Country firms across a range of sectors report exporting at least some of their products and services¹⁴. Nationally, it is estimated that 20% of all SMEs are involved in exporting¹⁵, suggesting that **given the sector breakdown in the Black Country, there is significant scope for growth in exporting**. Investing in support to assist more local companies to increase their levels of exporting is therefore seen as an important opportunity for local growth.

Investment Focus for International Trade and Export

Theme 1: SME Competitiveness - Investment in the development of International Trade & Export support is addressed in Strategic Investment Area 1.2 in Section 3 of the strategy.

¹³ 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'

¹⁴ Black Country Consortium (2013). Black Country Business Survey.

¹⁵ UKTI (2011). 'Britain Open for Business: UKTI Five Year Strategy'

Access to Finance

- 2.15 Following the recent economic downturn, access to both equity and debt finance has been an increased challenge for companies nationally, with significantly reduced lending from banks and other investors, and this represents a significant constraint on growth. In the Black Country, 25% of companies in the advanced manufacturing priority sector described access to finance as being a ‘major barrier to growth’ both in terms of lack of bank lending and uncompetitive lending rates.
- 2.16 The Black Country LEP is currently working with the five other West Midlands LEPs to explore the need and potential for a cross-LEP financial instrument to support business enterprise and innovation.

Investment Focus for Access to Finance Support

Theme 1: SME Competitiveness - Investment in access to finance support is addressed in Strategic Investment Area 1.3 in Section 3 of the strategy.

General Business Support

- 2.17 As well as the five transformational sectors outlined above, there is a wider need for enhanced business support to help address the current weakness in the Black Country business base, by **supporting local people to set up new businesses and to help improve the competitiveness of existing businesses. This includes encouraging and growing new business models, such as social enterprises, mutuals and co-operatives.**
- 2.18 The Black Country has low business stock, low annual business birth rates (just 29 per 10,000 population, compared with 41 nationally¹⁶) and low business survival rates. The Black Country is ranked 38th out of 39 LEP areas by level of self-employment, which is 6% in the Black Country, compared with 9% nationally¹⁷. This is a key weakness for the Black Country, and there is an **important need to support greater levels of enterprise and business creation.**
- 2.19 Underpinning all business support interventions in the Black Country – supporting enterprise, innovation and competitiveness, is the need for a **simplified single gateway to access business support services** – both those that are delivered locally, and those delivered nationally. A recent survey of local businesses highlighted that almost half of businesses felt confused by the current business support landscape and what funding or support is available to them¹⁸. Black Country partners are currently developing a single gateway model – the Growth Factory, to ensure a single gateway for companies and individuals to be signposted to relevant support available to them for setting up, growing and improving their business.

¹⁶ Business Demography and Mid-Year Population Estimates date (2011), cited in Black Country Consortium (2013). ‘State of the Sub Region 2013’.

¹⁷ Annual Population Survey data (2011), cited in LEP Network (2012). ‘Review of Local Enterprise Partnership Area Economies in 2012’

¹⁸ Black Country Consortium (2013). Black Country Business Survey.

2.20 Given low output per head in the Black Country, there is also a clear need to support businesses with improving their productivity. One important area for this is around **access to superfast broadband**, where only 60% of businesses in the Black Country currently have access, and 7% of all businesses particularly highlighted that they would like access, but that availability is currently a barrier.

Locally Distinctive Economies

2.21 Recent inward investment success, such as those at i54, have highlighted the role that a number of other local sectors have to play in securing maximum local economic benefit from inward investment partnerships, particularly in the early stages of the inward investment process. These are:

- Creative, cultural, entertainment and business tourism sectors in Wolverhampton, particularly around the City Centre and Science Park.
- The visitor economy cluster in Dudley, particularly around the Castle Hill area

2.22 These sectors are also important in helping to secure and retain a skilled workforce within the Black Country, as well as being growth sectors in their own right. Investment is required to improve the offer in order to secure the growth and new jobs set out in the Black Country core strategy. These sectors also lend themselves to new business models, such as social enterprise and local consortia.

2.23 **Demographic and cultural change** will also have an impact on the local economy, which could create new opportunities, particularly for co-operatives and local collaborations in the following areas:

- Supporting growth and innovation in the food and food technology cluster in Sandwell, in response to cultural change and a more ethnically diverse population
- Health and social care sector, building on new approaches to skills and training in Walsall

Investment Focus for General Business Support

Theme 1: SME Competitiveness

- **Support for a Growth Factory** – investment to provide a single door growth factory for business support is set out at Strategic Investment Area 1.1 in Section 3 of the strategy.
- **Support for improved access to and use of broadband** is included in Strategic Investment Area 1.4 in Section 3 of the strategy.
- **Investment in enterprise support**, including for social enterprises, is addressed in Strategic Investment Area 1.5 in Section 3 of the strategy.
- **Investment in growth cluster support activity** is set out under Strategic Investment Area 1.6 in Section 3 of the strategy.
- **Strategic Investment Area 4.1. Investment in Skills for Growth** will contribute to the up-skilling of health and social care sector.

Places

- 2.24 Development is needed to ensure the Black Country has the necessary physical infrastructure to meet its growth, quality of place, and low carbon aspirations
- **Growth is currently constrained by lack of suitable sites and premises**, which needs to be addressed – the Black Country Growth Corridor network currently only has 533ha of high quality employment land. There isn't any quality greenfield sites available in the Black Country, and of 145 high value manufacturing sites identified in the LEP area, only nine are capable of being brought forward for development by the market alone¹⁹.
 - There is a **need to improve the quality of life** that will help to attract and retain skilled people to the Black Country, in order to realise aspirations for population growth, housing growth and economic growth. This means improving the housing offer, urban centres and the cultural and leisure offers.
 - **Historic low levels of investment in environmental infrastructure** has held back the development of a low carbon economy in the Black Country. Although the Black Country currently performs well against the national levels of carbon dioxide emissions (5.5 tonnes per capita in the Black Country, compared with 6.6 tonnes per capita nationally²⁰), this figure is rising, and intervention is needed to reverse this trend.
- 2.25 Key strategic outcomes set out under the Black Country Performance Management Framework include the following targets to be achieved by 2033 (baseline data from 2009)²¹:
- Reduce CO2 emissions from the Black Country by 1.9 tons per capita.
 - Create or transform 980 hectares of employment land to high quality employment land in order to provide space for future growth aspirations
 - Increase the proportion of people satisfied with the Black Country as a place to live by 7 percentage points to 78%.

Areas for Intervention

- 2.26 There are a range of strengths and opportunities to capitalise on, in order to improve the local economy and help to meet the strategic targets for the Black Country. These areas each link to relevant strategic intervention areas set out in Section 3 as set out below.

Employment Land

- 2.27 There is **limited availability of high quality development land in the Black Country, and in recent years this has constrained inward investment and indigenous growth**. While there

¹⁹ Black Country LEP (2013) 'Black Country City Deal Negotiation Document'.

²⁰ DECC Carbon Dioxide Emissions data (2012), cited in Black Country Consortium (2013). 'State of the Sub Region 2013'.

²¹ Black Country Consortium (2013). 'State of the Sub Region 2013'.



are a range of key sites identified by Black Country partners, and set out in the LEP area Core Strategy, there are significant barriers to their development. In particular there are:

- excessive abnormal and complex ground conditions related to its industrial legacy, which in turn creates negative land values
- unrealistic (value and end use) expectations of private landowners, many of whom have owned sites for many years, some of which were acquired for artificially high values
- significant under-investment in site assembly and infrastructure²².

2.28 Current investment enquiries relating to high value manufacturing in the Black Country are worth around £200m, with the potential to create 1,800 new high value jobs, however **much of this potential inward investment is currently being lost due to lack of well-located, accessible and serviced sites, ready for immediate development**²³.

2.29 The LEPs Enterprise Zone is one of the top performing Enterprise Zones nationally, with the i54 site (one of two) already securing a £355m investment from Jaguar Land Rover in a new plant to manufacture low emission engines, and a major investment by aerospace company Moog in a new plant on the same i54 site. Plans are being developed to bring forward the remaining available areas, including the Darlaston sites, as key locations to stimulate further inward investment. **The rapid development at the enterprise zone i54 site and the plans for the other areas making up the BC Enterprise Zone, reflects the opportunities that new employment site developments open up for growth in the Black Country.**

Attractive, Distinctive Centres

2.30 The Black Country LEP recognises the **importance of high quality, vibrant and distinctive places to live**, attracting a larger population and a higher skilled population to the area, as an important driver for growth. Although the EU Structural and Investment funds for developed 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 Strategic Economic Plan.

2.31 Firstly, there are opportunities to invest in **green and blue infrastructure** in the Black Country, to improve quality of environment and quality of life, as well as supporting, and promoting, the use of more sustainable transport such as walking and cycling. The focus will be on small scale interventions that are important for how they strategically link residential areas with employment sites and urban centres, particularly housing, employment and mixed use sites identified in the Black Country Strategic Economic Plan.

2.32 Secondly, the **development of specific local clusters** across the Black Country, including the creative and cultural cluster in Wolverhampton, and the visitor economy in Dudley, can help to develop the distinctiveness and character of the City and urban centres, making them more attractive for sustainable urban living. Opportunities set out under the 'Business'

²² Black Country LEP (2013) 'Black Country City Deal Negotiation Document'.

²³ Ibid

strand to support development of these more localised clusters, can contribute to distinctiveness and quality of places to live across the Black Country.

Investment Focus for Creating Sustainable Urban Centres and Employment sites

Theme 3: Low Carbon Environment – Includes support for sustainable urban centres and employment sites under Strategic Investment Area 3.1 of the strategy. Support for green and blue infrastructure is included in Strategic Investment Area 3.2 in Section 3 of the strategy.

Theme 1: SME Competitiveness - Support for local cluster development is included in Strategic Investment Area 1.6 in Section 3 of the strategy, and also in Strategic Investment Area 3.2 in Section 3 of the strategy.

Low Carbon Economy

- 2.33 Although CO2 emissions per capita in the Black Country are lower than the national level, this figure is rising, and with planned growth in the manufacturing sector, a typically high emission sector, there is a risk that greenhouse gas emissions could rise.
- 2.34 The Black Country LEP recognises that a key opportunity for reducing the areas emissions will be in **working with its key manufacturing industries 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. This opportunity is reflected in the designation of environmental technologies as a cross-cutting transformational sector for the Black Country (further detail under the ‘Business’ strand).
- 2.35 The development of new employment sites also represents a timely opportunity for **localised energy generation to be incorporated into employment site infrastructure**, helping to minimise additional emissions in the growth of high value manufacturing, while also reducing energy costs for firms moving onto these sites.
- 2.36 A further key opportunity for emission reduction is through improved energy efficiency in homes, public buildings and businesses. **Interventions to support energy efficiency improvements can deliver reductions in energy consumption, reduced fuel poverty and a stimulus for local firms operating in the low carbon economy.**

Investment Focus for the Low Carbon Economy

Theme 3: Low Carbon Environment - Activities to support energy efficiency and the low carbon economy are included in Strategic Investment Area 3.3 in Section 3 of the strategy.



People

2.37 The Black Country has an underperforming labour market compared to many other parts of the country:

- **Unemployment is high**, with the employment rate at just 66% in 2012, significantly below the national average of 71%²⁴. The area was affected harder than most by recession (linked to weaker economic resilience). Unemployment in 2011 was worse in the Black Country than in any other LEP area²⁵
- **The area has low skills levels** - there are significantly more people with no qualifications and fewer people with higher qualifications than the country as a whole. 16% of the working-age population had no qualifications in 2012, compared with 10% nationally (although this has reduced significantly from almost 25% in 2007²⁶). It also has far fewer people with degree-level qualifications than the national average, at 21%, compared with 33% nationally²⁷.
- **Income levels in the Black Country are low** - median gross annual earnings for full time employees was just over £23,000 in 2012. This was 13% below UK average of approximately £26,500²⁸, reflecting low skills levels in the area.
- **There is a skills mismatch** – despite the high level of unemployment, 14% of recruiters report experiencing a lack of candidates with the relevant knowledge, qualifications and skills for the job²⁹
- **Youth unemployment** is a particular challenge, with 9.1% of 16-24 year olds in the Black Country claiming jobseekers benefits compared to 4.8% nationwide³⁰.
- **There is a threat of long term unemployment challenges increasing** - 3.4% of residents have been claiming jobseekers allowance for more than 6 months, double the national average of 1.7%³¹.
- **There are concentrations of deprivation and worklessness** in particular geographic areas with families and individuals experiencing multiple barriers to employment and learning.

2.38 Key strategic outcomes set out under the Black Country Performance Management

²⁴ Annual Population Survey, 2012, ONS

²⁵ LEP Network (2012). 'Review of Local Enterprise Partnership Area Economies in 2012'.

²⁶ Annual Population Survey, 2007-2012, ONS

²⁷ Annual Population Survey data (2011), cited in Black Country Consortium (2013). 'State of the Sub Region 2013'.

²⁸ Black Country Consortium (2013). 'State of the Sub Region 2013'

²⁹ The Black Country Business Survey, 2013, M.E.L Research

³⁰ Claimant count: age duration with proportions, July 2013, Department for Work and Pensions

³¹ Claimant count: age duration with proportions, July 2013, Department for Work and Pensions

Framework include the following targets to be achieved by 2033 (baseline data from 2009)³²:

- Increase the number of people with degrees by 79,000.
- Reduce the number of people classed as workless by 38,000.
- Reduce the number of people with no qualifications by 40,000.
- Reduce the number of 16-18 year olds not in education, employment or training (NEET) to zero; a reduction of 2,500 people.
- Increase the local employment rate to 80%, supporting 96,000 additional people into employment.
- Raise average income levels in the Black Country by £3,400, in order to match national average levels.

Areas for Intervention

- 2.39 There are a range of strengths and opportunities to capitalise on, in order to improve the local economy and help to meet the strategic targets for the Black Country. These areas each link to relevant strategic intervention areas set out in Section 3 as set out below.

Skilled Workforce

- 2.40 To realise the ambitions for transformational growth in the Black Country, there is a critical need to strengthen workforce skills at all levels and address skills mismatches – particularly relating to the five identified transformational sectors, which will generate the greatest levels of new employment creation (see Business strand above). Recent research undertaken by the LEP highlights that 80% of high value manufacturing sector firms anticipate difficulty in local recruitment over the next five years.
- 2.41 **For those at the stage of joining the labour market, there is an identified need to improve skill levels and experience**, enabling more local young people to take a first step into industry. The Black Country LEP is developing plans to significantly increase the numbers of extended work placements and increase numbers of apprenticeships, including higher level apprenticeships, through working with two existing Apprenticeship Training Agencies (ATA). From a baseline of 13,380 apprenticeships (3,510 in high value manufacturing), the Black Country is seeking to increase by an additional 7,780 apprenticeships (1,470 in high value manufacturing).
- 2.42 There is also a need to **improve skill levels within the existing workforce**. Detailed analysis of the skills needs of high value manufacturing sectors has been undertaken by the Black Country Consortium³³ and in the process of developing the Enterprise Zone Skills Strategy³⁴, and has identified a series of specialist skills gaps. There are a number of challenges to filling

³² Black Country Consortium (2013). 'State of the Sub Region 2013'.

³³ Black Country Consortium (2012) 'Skills provision relevant to High Value Manufacturing in the Black Country'

³⁴ Black Country LEP (2013) 'Black Country - i54 and Darlaston Enterprise Zone Skills Action Plan'

these gaps, which need to be addressed:

- Upskilling provision needs to be provided in modules of suitable length and offering sufficient flexibility, to enable employers and employees to balance work needs and upskilling commitments
- Demand for specific training provision needs to be understood and aggregated across the business base, in order to generate sufficient demand for cost effective local provision of training by the University, colleges and other providers
- In some areas, there is a need for investment in specialist equipment, or arrangements for access to such equipment to be made, in order for training providers to be able to deliver the skills development required.

2.43 A further Black Country priority is to attract and retain more highly skilled people to the area. As discussed in the Place strand above, the focus on enhancing quality of life in the Black Country (*included in Strategic Investment Area 3.2*), is partly driven by this economic need to attract and retain skilled people.

Investment Focus for Workforce Skills Support

Theme 4: Employment, Skills and Social Inclusion

- **Apprenticeship interventions** are included in Strategic Investment Area 4.2 in Section 3 of the strategy.
- **Interventions to support workforce skills development** are included in Strategic Investment Area 4.1 in Section 3 of the strategy.

Reducing Unemployment

2.44 Unemployment in the Black Country is higher than in any other LEP area and the employment rate is significantly lower than the national average (66% compared with 70% nationally). While a major focus of work to address unemployment challenges will be in the creation of new employment opportunities (Business strand) and upskilling the workforce at all stages, there is also a need to focus on addressing barriers to employment and learning for targeted individuals and families who require more intensive support, than is offered through mainstream services.

2.45 While there is a challenge with large numbers of people in the Black Country having no qualifications (16% of the working age population, compared with 10% nationally), this is significantly worse for the older age group, where **27% of 50-64 year olds have no qualifications**³⁵.

2.46 There is a nationally recognised priority to address **high levels of unemployment amongst younger people, aged 16-24**, and this is a particular challenge in the Black Country where 9.1% of 16-24 year olds are currently claiming Job Seekers Allowance. There are also 2,500 16-18 year olds currently not in education, employment or training (NEET)³⁶.

³⁵ Annual Population Survey (2011), cited in Black Country Consortium (2013). 'State of the Sub Region 2013'.

³⁶ Not in Employment, Education or Training, Q3 2012-13, Prospects Services Ltd

2.47 As highlighted under the Business strand, there is a low level of new enterprise creation in the Black Country, reflecting **weak levels of entrepreneurialism** among Black Country residents. Supporting greater entrepreneurial skills will be an important opportunity to support many residents into new sustainable self-employment.

Investment Focus for Employment Support

Theme 4: Employment, Skills and Social Inclusion

- **Support for basic skills interventions** for the existing workforce is included in Strategic Investment Area 4.1 in Section 3 of the strategy.
- **Other employability support for the 25+ age group** is included in Strategic Investment Area 4.3 in Section 3 of the strategy.
- **Support for young people to access employment** is included in Strategic Investment Area 4.2 in Section 3 of the strategy.

Theme 1: SME Competitiveness - Enterprise support is included in Strategic Investment Area 1.5 in Section 3 of the strategy.

Improving Social Inclusion

2.48 The scale and spread of social exclusion in the Black Country is significant:

- **Deprivation:** Sandwell is the most deprived Black Country borough - 12th most deprived in England - followed by Wolverhampton at 21st and Walsall at 30th most deprived (ILD 2010). Three out of the four Black Country areas have become more deprived between 2007 and 2010. Although Dudley fairs better at 100th most deprived, it does contain concentrations of deprivation. 22% of the Black Country is in the 10% and 44% in the 20% most deprived. Deprivation is concentrated in the centre of the Black Country.
- **Children in poverty:** 30.6% of children in Wolverhampton live in poverty, followed by 29.6% in Sandwell, 28.5% in Walsall and 22.1% in Dudley against England average of 20.10% (HMRC 2011). This is of particular concern, especially with the anticipated increase in poverty associated with welfare reform changes. **Lone parents** are particularly vulnerable to poverty, therefore it is of particular concern that the Black Country has 13,210 lone parents receiving income support (with children under 5), with all Black Country authorities having a rate higher than England average.
- The Black Country is a very diverse area with high numbers of people from **black minority ethnic (BME) communities** at 23% of the population (Census 2011). Wolverhampton has the highest proportion of BME residents at 35.5% followed by Sandwell at 34.2% and Walsall at 22.9%. In contrast, Dudley is least diverse with only 11.3% BME residents. The largest ethnic group is Asian followed by Black. We recognise that many of our ethnic groups experience barriers to inclusion. The Black Country is becoming increasingly diverse with **migration**.
- The Black Country has over 900,000 people with a **long-term health problem/ disability** (census 2011). Although, for the majority, this does not affect their day to day activities, for 113,419 people, these health issues affect their day to day activities a lot. This is reflected in the high numbers of people claiming health related benefits with 50,820 people in the Black Country in receipt of Employment Support Allowance/Incapacity

Benefit (ESA/IB). The highest proportion in Sandwell at 7.7% followed by Wolverhampton at 7.6% and Walsall at 7.2%.

- **Troubled families** are faced with multiple barriers that need to be addressed before they are able to move towards the labour market. The Black Country currently has 3,460 troubled families, however the number of families targeted are likely to more than double. Sandwell has the highest number of troubled families at 1,115, followed by Wolverhampton with 810, Walsall with 795 and Dudley with 740 families. The recently announced roll out will increase the number of families being supported in the Black Country.
- **Unemployment:** over 25's make up the largest group of unemployed and workless residents (28,445 claiming JSA (against 11,090 under 25's) and 90,580 over 25's on all out of work benefits (against 21,000 under 25's)). 6,655 over 50's are claiming JSA in the Black Country, the largest proportion being over 12 month claimants. (*JSA data – October 2013, Out of Work benefits – May 2013*).
- **Universal Credit:** Between 2014-17, recipients of JSA, ESA/IB, Income Support, Housing Benefits and working & Child Tax Credits will migrate to Universal Credit (UC), affecting over 100,000 Black Country residents. This will require claimants to apply and manage their accounts online, receive payments monthly and assume responsibility for paying rent direct. Jobcentre Plus anticipate that currently 20% of current JSA claimants lack the skills and/or capacity to apply for benefits online without additional support, amounting to over 22,000 people across the Black Country.

2.49 It is recognised by the Black Country LEP that the challenges of low skills, high unemployment, deprivation and other causes and symptoms of social inclusion are particularly acute amongst certain key groups and in certain geographical communities of the LEP area. Figure 2.1 provides an overview of the geographical spread of the worklessness challenge across the Black Country and the identified Black Country Core which will be a focus for targeted interventions.

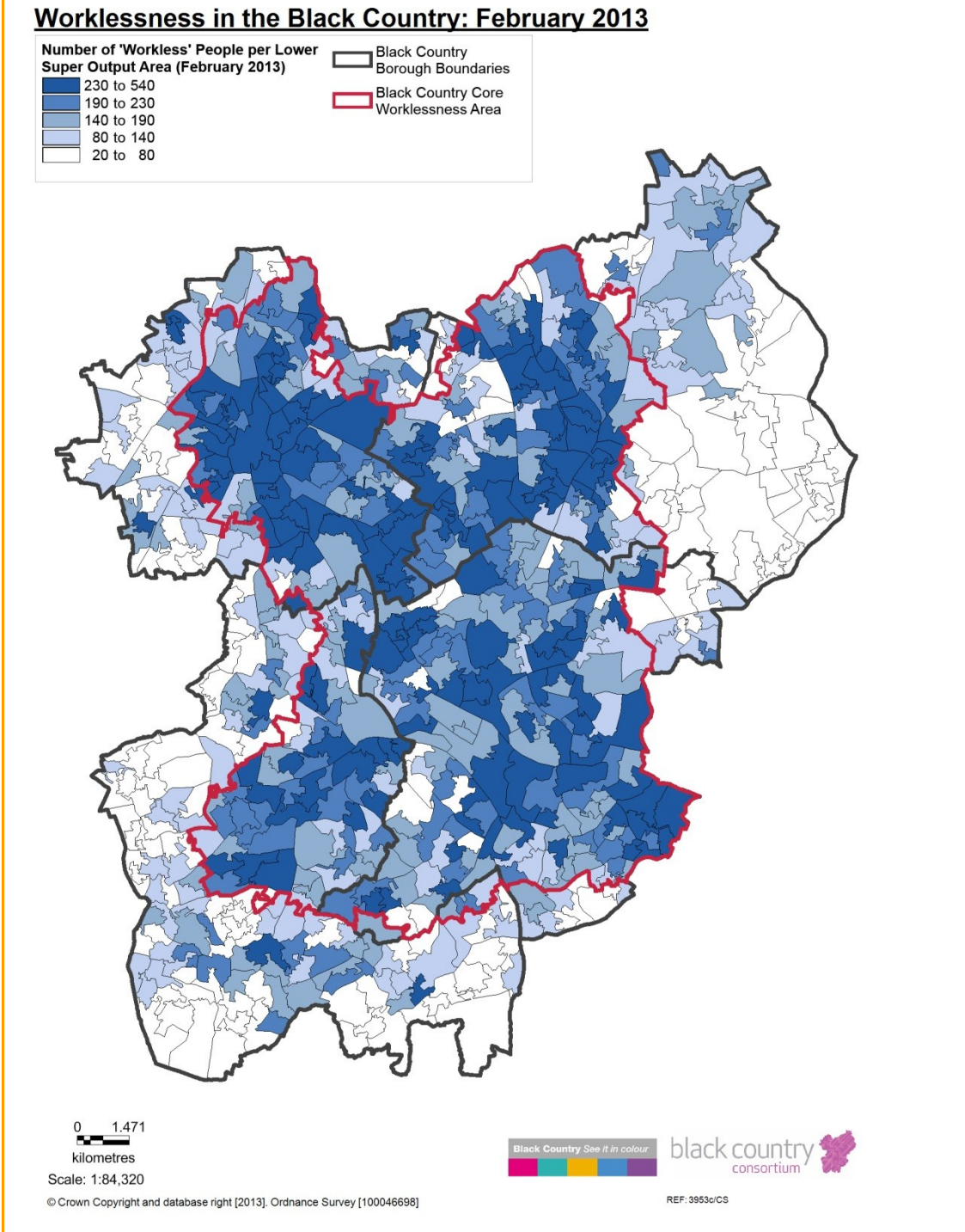
2.50 In addition, there are a wider range of challenges that can stop key groups and communities benefitting from growth across the Black Country. These include challenges of digital and financial exclusion and in some cases, multiple and complex barriers to employment and learning, which may include: confidence and aspirations, chaotic lifestyles, health including mental health and substance misuse issues, housing and homelessness, crime, debt, childcare, transport, language and cultural challenges.

2.51 As such, a range of targeted, individualised interventions are needed to ensure that bespoke intensive support services are developed to meet these individual needs.

Investment Focus for Improving Social Inclusion

Theme 4: Employment, Skills and Social Inclusion - Interventions to address social inclusion needs are set out in Strategic Investment Area 4.4 in Section 3 of the strategy.

Figure 2.1: Worklessness in the Black Country and the Identified 'Black Country Core' Area



3. Programme Framework

Vision

Over the next six years the Black Country will be increasingly recognised both nationally and internationally as a leader in high quality, cutting edge, high value engineering and manufacturing - producing the latest ideas, innovations, technologies, products and services that are sold around the world.

Complemented by a vibrant economy consisting of a mix of employment sectors, the Black Country will be a place where skilled people choose to live and work, because of the education, training and job opportunities, as well as the quality of life that the Black Country can offer. In short - Everyone will have prospered, even those who are currently the furthest away from being able to compete in the labour market.

To achieve this, the Black Country LEP will work with partners to align all key resources available through the European Union Structural and Investment Funds, City Deal, the Growth Bid, as well as those that are available locally.

Securing the full allocation of €177 million Euros, together with matching activity and additional income through the Opt-In negotiations, is critical if we are to deliver this vision.

The Black Country will seek to achieve the following objectives through investment of its European Structural and Investment Fund Strategy allocation, over the period 2014-20.

- 1) Investment will support the growth of **high value manufacturing (HVM)** sectors and strengthening of their local supply chains. High value manufacturing is one of our five transformational growth sectors and central to our City Deal proposal. Growth will be achieved through funding for business support, supply chain development, workforce skills and physical site development.
- 2) Investment will **support growth of the wider business base** across the Black Country, and particularly in its identified transformational growth sectors, including High Value Manufacturing as well as building technologies, transport technologies, environmental technologies and business services. Our growth ambitions are to triple outputs across the five sectors by 2030 with the creation of 70,000 additional jobs. Growth will be achieved by building supply chains and strengthening their connections with major businesses in the Black Country, throughout the region and internationally.
- 3) Black Country partners will **drive innovation**, building on existing research & sector-based assets, financial investments and future technological opportunities, to make local firms more competitive, and to keep them competitive. The Black Country currently performs poorly on innovation benchmarks, however assets such as the University of Wolverhampton **can provide expertise required by growth sector firms and a gateway to knowledge based institutions** across the West Midlands. Delivered by building the innovative asset base through strategic projects; including extending the Manufacturing Technology Centre and a clear smart specialisation approach, ensuring strategic investment and interventions are built around a

detailed understanding of assets and opportunities, aligning with national priorities.

- 4) Investment in skills and employability support for local people, will create a **workforce of people who are competitive**, as employees for the new jobs created, and as entrepreneurs. Currently, 28% of Black Country vacancies are identified as hard to fill due to the high rate of individuals with no qualifications and a below average number of individuals with higher level skills. Provision of sector specific work skills and the nurturing of entrepreneurialism will provide a **strong labour force to underpin the growth of transformational sectors** in the Black Country. Effectively developing key neighbourhoods through our strong partnerships with Community and voluntary sector partners will actively engage the 3.4% of our residents who are long term unemployed. Locally led design and delivery will ensure that those residents that are furthest from the labour market receive relevant training and support to ensure that our Black Country communities become **more vibrant and entrepreneurial places, reducing exclusion**.
- 5) Investment will support the **transition to a low carbon economy** through targeted work with energy intensive sectors in the Black Country, especially with the planned /anticipated growth in the manufacturing sector, typically a high emission sector, and support them in developing low carbon and environmental technologies. In addition, by stimulating growth of the low carbon and environmental goods and services sector, reducing overall greenhouse gas emissions in the area, exploring localised energy generation into employment site infrastructure and improved energy efficiency in homes, public buildings and businesses.
- 6) Local growth aspirations will be underpinned by investment in **business-critical infrastructure**, ensuring the adequate supply of employment sites and business accommodation to meet the needs of growing sectors across the Black Country. This will address the limited availability of high quality development land in the Black Country which is constraining inward investment and indigenous growth, by addressing barriers to development.
- 7) Investment will support key economic centres to grow their existing individual business clusters, creating local growth and **greater distinctiveness in localised economies**. Focus sectors will include the creative and cultural sector in Wolverhampton, food technology sector in Sandwell, visitor economy in Dudley and health and social care sector in Walsall.

Overall Allocations

- 3.1 The Black Country LEP has been indicatively allocated £151.9m (€177.4m) of EU Structural and Investment Fund monies (including ERDF and ESF funds) to deliver interventions over the period 2014-20.
- 3.2 Due to its 'Developed region' status, the LEP has been advised that this funding should be evenly split between ERDF and ESF interventions. There is no allocation from EAFRD funding in the Black Country. This split is therefore as follows:
 - £76.0m (€88.7m) for ERDF interventions
 - £76.0m (€88.7m) for ESF interventions

3.3 The table below sets out the indicative allocations, broken down by the ten main thematic objectives in the Government guidance to LEPs³⁷. The table also shows how each of these ten thematic objectives fit under the four Black Country Priority Themes, which form the structure for this strategy.

Table 3.1: Summary of Indicative ESIFS Allocations by Thematic Objectives			
Thematic Objective	Black Country Priority Theme	Overall Allocation (£m)	Explanation
1. Innovation	Innovation	20	Although only 26% of ERDF allocation, activities funded under national opt-ins and SME finance (under SME competitiveness) will also support innovation.
2. ICT	SME Competitiveness	1.5	SME Competitiveness has the highest allocation, but includes large indicative allocations to SME finance FEI and national opt-ins from MAS, UKTI and Growth Accelerator. ICT is anticipated to form a minor element of interventions under this strand.
3. SME Competitiveness		28.5	
4. Low Carbon	Low Carbon Environment	15.5	A minimum of £15.2m has to be allocated to low carbon, although there is expected to be additional support for low carbon through other SME competitiveness and innovation investments. The £10.5m for environmental protection incorporates a significant indicative allocation for site and premises development. Although no direct funding is allocated to sustainable transport, there are aspects of walking and cycling promotion under environmental protection. Flood risk alleviation has not been identified as a major challenge for the Black Country.
5. Climate Change Adaptation		0	
6. Environmental Protection		10.5	
7. Sustainable Transport		0	
8. Employment	Employment, Skills and Social Inclusion	30.8	The large allocation to skills interventions reflects the high priority on skills development to drive economic growth. The allocation to social inclusion complement activities focused at supporting hard-to-reach over-25s into employment by addressing barriers.
9. Social Inclusion		15.2	
10. Skills		30	
SUM: SME Competitiveness		£30m	
SUM: Innovation		£20m	
SUM: Low Carbon Environment		£26m	
SUM: Employment, Skills and Social Inclusion		£76m	

3.4 Note: management, programme co-ordination and compliance costs are discussed separately in Section 8 of the Strategy.

3.5 The annual indicative allocations for EU funding for the Black Country (that is the amount which needs to be committed in each of the following financial years) are:

³⁷ HM Government (July 2013). 'The Development and Delivery of European Structural and Investment Funds Strategies – Supplementary Guidance to Local Enterprise Partnerships'.

• **Black Country EU Structural and Investment Fund Strategy** •

- 2014 - €22.1 M (equivalent to £18.96 M)
- 2015 – €22.6 M (equivalent to £19.39 M)
- 2016 - €23.0 M (equivalent to £19.73 M)
- 2017 - €23.5 M (equivalent to £20.16 M)
- 2018 - €23.9 M (equivalent to £20.50 M)
- 2019 - €30.8 M (equivalent to £26.43 M)
- 2020 - €31.5 M (equivalent to £27.02 M)

3.6 For each year funding is divided as follows:

- 50% ERDF strategic interventions (in the Black Country’s case these are SME competitiveness, innovation, and low carbon environment)
- 50% ESF strategic interventions (in the Black Country’s case this is skills, employment and social inclusion)

3.7 We have reviewed our project pipeline (as set out in the attached excel spreadsheet) to ensure that we can also meet the profile commitment as follows. This takes into account the flexibility given to us through n+3, however is subject to the sign off date being met of Autumn 2014.

	2014 (£M)	2015 (£M)	2016 (£M)	2017 (£M)	2018 (£M)	2019 (£M)	2020 (£M)	Total
ERDF Profile required	9.48	9.69	9.86	10.08	10.25	13.22	13.51	76.09
ESF Profile required	9.48	9.69	9.86	10.08	10.25	13.22	13.51	76.09

3.8 These profiles will be further refined over the next six months, and it is likely that for some strategic interventions the profiles will be brought forward, and others put back. However despite any adjustments, this baseline will be used to manage any variations to ensure that commitment and spend achieves the annual targets set by government.

Programming Details

3.9 In the sections below under each priority theme, an allocation is made for all of the strategic investment areas. The allocations for each of the four priority themes are now fixed i.e. SME competitiveness, innovation, low carbon, skills employment and social inclusion. It should be noted that at the programme and project level these are still indicative allocations and that following detailed development work in the coming months, these indicative allocations may change.

3.10 However, the detailed planning already undertaken has been regarded as necessary in order to ensure that early spend can be achieved, and match funding secured, in order to meet the annual overall profiles of commitment and spend stipulated by national government, as set out in paragraph 3.5 above.

3.11 The following section sets out headline details of investments demonstrating:

- Project details, including spend and outputs, delivery partners and cross LEP collaboration
- Detailed evidence base
- Additionality of the proposed intervention against existing activity
- Identified market failure
- Overall logic chain for intervention

Black Country Priority Theme 1: SME Competitiveness

3.12 This priority theme covers the objectives TO3: SME Competitiveness and TO2: ICT, as set out in the Government guidance to LEPs. The allocation to this priority theme is £30m.

National and European Context

3.13 Key national and European strategic and policy drivers, as highlighted in fund guidance³⁸ 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 the stock of 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 Commission 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.

Primary Growth Drivers to Capitalise upon and Growth Barriers to be Addressed

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

Drivers for Growth to Capitalise Upon	Barriers to Growth to be Addressed
<ul style="list-style-type: none"> • Five transformational sectors with potential to generate an additional £14.5bn annual output and 70,000 jobs. • Strong flow of inward investment enquiries, providing an opportunity to build on and reinforce the strength of existing industrial clusters. • Large concentration of businesses in export intensive sectors indicates strong scope for growth of exporting among Black Country firms. • The development of specific local business clusters in the four Black Country authorities provides an opportunity for economic growth developing local distinctiveness and enhancing local economic resilience. 	<ul style="list-style-type: none"> • Weaknesses in debt and equity finance supply in the West Midlands following the economic downturn. • Weak business base damages economic resilience, and needs strengthening through new business creation and support for business survival and growth. • Only 60% of businesses report having access to superfast broadband. • Almost half of Black Country businesses report feeling confused by the current business support landscape and what funding or support is available to them.

³⁸ HM Government (2013) ‘Framework of European Growth Programme Priorities: Background Analysis’

Strategic Investment Areas

3.15 The identified strategic investment areas under Priority Theme 1: SME Competitiveness are:

- 1.1. Growth Factory
- 1.2. Inward Investment, International Trade & Exporting
- 1.3. SME Access to Finance Support
- 1.4. Business Support for Growth and Improved Productivity
- 1.5. Enterprise Support for New Business Creation
- 1.6. Support for Local Growth Clusters

SIA 1.1: Growth factory	
Description:	A central gateway point for businesses to access generic business support and be signposted to available business and funding support - to simplify and co-ordinate the business support landscape.
Rationale:	Overcoming imperfect information failures, by supporting all businesses to understand the business support available to them and signposting to services.
Funding Allocation:	£2.4m
Key Delivery Partners:	Local authorities, Black Country Chamber, University of Wolverhampton, MAS, UKTI, Growth Accelerator, Skills Factory, Invest Black Country
Collaboration with other LEPs:	None expected initially, but could be involvement from wider LEPs as it is rolled out post 2015.
Match Funding Sources:	Single Local Growth Fund
Indicative Projects	<ul style="list-style-type: none"> • Black Country Growth Factory

SIA 1.2: Inward Investment, International Trade and Exporting	
Description:	Attracting new investment into the Black Country, to contribute to cluster development around major Black Country strategic firms and supporting SMEs in the Black Country to start or grow and maximise their exporting activity into International markets
Rationale:	Building on existing activity through UKTI and Invest Black Country to support export-led growth (addressing imperfect information failures) which will take advantage of the high concentration of export-intensive sectors in the Black Country, and increase inward investment (addressing partial public good / positive externality and co-ordination market failures).
Funding Allocation:	£4.6m
Key Delivery Partners:	Invest Black Country, Local Authorities, Black Country Consortium, Business Birmingham, UKTI, University of Wolverhampton, Automotive Investment Organisation, Midlands Aerospace Alliance.
Collaboration with other LEPs:	Alignment around inward investment through the West Midlands Investment Forum
Match Funding Sources:	UKTI (opt-in), Local authorities, Single Local Growth Fund.
Indicative Projects	<ul style="list-style-type: none"> • Invest Black Country

	<ul style="list-style-type: none"> International Trade and Exporting (UKTI Opt-In)
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SIA 1.3: SME Access to Finance Support	
Description:	Providing improved access to debt and equity finance to SMEs for business creation, growth and improved productivity.
Rationale:	Need to address a gap in debt and equity finance supply to SMEs (resulting from imperfect information of risk by lenders).
Funding Allocation:	£8m
Key Delivery Partners:	Would be commissioned, working with LEPs across the West Midlands.
Collaboration with other LEPs:	Expected collaboration with other West Midlands based LEPs.
Match Funding Sources:	West Midlands SME Finance Legacy Funds, EIB, possibly RGF.
Indicative Projects	<ul style="list-style-type: none"> Access to Finance

SIA 1.4: Business Support for Growth and Improved Productivity	
Description:	Supporting growth and productivity of existing businesses to increase job and wealth creation and improve business survival.
Rationale:	Building on existing programmes such as MAS and Growth Accelerator, and developing local interventions in response to business need, in order to strengthen growth and business survival (addressing imperfect information and positive externality failures)
Funding Allocation:	£6m
Key Delivery Partners:	Appointed delivery bodies for MAS and Growth Accelerator), University of Wolverhampton, Local Authorities.
Collaboration with other LEPs:	There could be potential for cross-LEP working on business support schemes – this will be explored to consider opportunities to link together services to maximise benefits.
Match Funding Sources:	MAS (opt-in), Growth Accelerator (opt-in), Local authorities, Regional Growth Fund, SME contributions
Indicative Projects	<ul style="list-style-type: none"> Growth Accelerator Programme Manufacturing Advisory Service (MAS) Programme Broadband Utilisation support

SIA 1.5: Enterprise Support for New Business Creation	
Description:	Supporting creation of new enterprises, including social enterprise, co-operatives and mutual's, graduate start-ups and general start-ups, to strengthen the overall business base of the Black Country.
Rationale:	Addressing the weaknesses in the Black Country business base by supporting growth of new enterprises, addressing imperfect information and positive externalities failures.
Funding Allocation:	£5m
Key Delivery Partners:	Local authorities (including exploiting opportunities for mutualisation of service currently commissioned and delivered by the public sector), Accord Housing, Vine Trust, University of Wolverhampton, Prince's Trust, UnLtd, Chamber of Commerce, Private Sector.
Collaboration with	There could be potential for cross-LEP working on enterprise support schemes,

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other LEPs:	although none planned at this stage.
Match Funding Sources:	BIG Lottery, local authorities, other public sector bodies.
Indicative Projects	<ul style="list-style-type: none"> Black Country Launch Pad

SIA 1.6: Support for Local Growth Clusters	
Description:	Support for business creation and growth in specific local growth clusters in the creative, cultural and visitor economy.
Rationale:	Addressing weaknesses in the Black Country business base and economic resilience of the area, as well as local distinctiveness and negative perceptions of the area, by supporting business creation and growth in key local business clusters, addressing imperfect information and positive externality market failures.
Funding Allocation:	£4m
Key Delivery Partners:	Local authorities, University of Wolverhampton, Harper Adams University, Wolverhampton Science Park, Black Country FEIs, Environmental NDPS, Arts Council, Visit the Black Country Partnership, Canals and Rivers Trust, Marketing Birmingham, Black Country VSC, Venues, Wolverhampton City Centre Company.
Collaboration with other LEPs:	The Black Country is working in partnership with Greater Birmingham and Solihull LEP on visitor economy projects and a new visitor economy strategy for the city region, including the strategic importance of Castle Hill.
Match Funding Sources:	Local authorities, University of Wolverhampton, Arts Council, Venues, Growth deal.
Indicative Projects	<ul style="list-style-type: none"> Creative, cultural and visitor economy (Health and Social care will now be included within the skills priority theme, because of the specific issues this sector faces)

Black Country Priority Theme 2: Innovation

3.16 This priority theme covers the objectives TO1: Innovation, as set out in the Government guidance to LEPs. The allocation to this priority theme is £20m.

National and European Context

3.17 Key national and European strategic and policy drivers, as highlighted in fund guidance³⁹ 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 programmes to focus innovation investment on research and innovation themes where there are competitive advantages in terms of local sector assets and knowledge base assets.
- **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 key Black Country sectors, including aerospace and automotive and highlight eight ‘great technologies’ which are key to industrial growth.

Primary Growth Drivers to Capitalise Upon and Growth Barriers to be Addressed

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

Drivers for Growth to Capitalise Upon	Barriers to Growth to be Addressed
<ul style="list-style-type: none"> • Five transformational sectors with potential to generate an additional £14.5bn annual output and 70,000 jobs. • Proactive business engagement by the University of Wolverhampton, and its connections to wider knowledge base make it ideally placed as a gateway point for business / knowledge base engagement. • Plans in development to create a Black Country partnership with the Manufacturing Technology Centre in Coventry, enhancing the Black Country’s knowledge assets. 	<ul style="list-style-type: none"> • Weak levels of innovation in Black Country firms, with under-developed links to knowledge based institutions and under-investment by firms. • No strong guiding plan for investment in innovation using a smart specialisation approach. While there is a clear sector focus for investments, a more detailed smart specialisation plan for the Black Country is required (and is under development).

³⁹ HM Government (2013) ‘Framework of European Growth Programme Priorities: Background Analysis’

Smart Specialisation

- 3.19 To ensure that Black Country investment is based on good quality research, development and innovation, reflecting the genuine comparative advantages of our physical and human assets and driven by insights into technological developments we will take a staged approach to develop a more rigorous and future facing growth and innovation approach, based on a smart specialisation methodology.
- 3.20 Through the detailed research and analysis of the Black Country Observatory and a number of commissioned studies, there is already a detailed evidence base that highlights opportunities for transformational growth in a number of priority sectors, including advanced manufacturing, transport technologies (including aerospace and automotive), building technologies and environmental technologies. These priority sectors will be a key focus for innovation investment.
- 3.21 The area’s knowledge base strengths are well understood, both in terms of the University of Wolverhampton within the Black Country, but also through the close relationships that the area has with neighbouring West Midlands LEP areas, and the knowledge based institutions across these areas. A shared statement on the cross-LEP smart specialisation approach working alongside other West Midlands LEPs is set out at Appendix A.
- 3.22 By March 2014, the Black Country LEP will have produced a detailed smart specialisation plan for the Black Country, drawing on the broad approach set out in the RIS3 guide. This will ensure a robust and thorough exploration of local assets and comparative advantages, and the ways in which local investment can contribute to national and European research and technological development goals, in order to direct priorities for investment.

Strategic Investment Areas

- 3.23 The identified strategic investment areas under Priority Theme 2: Innovation are:
- 2.1. Increasing SME Demand and Capacity for Innovation
 - 2.2. Infrastructure for Innovation
 -

SIA 2.1: Increasing SME Demand and Capacity for Innovation	
Description:	To engage more businesses in knowledge transfer and innovation, develop links to wider HEIs and demonstrate the benefits of working with knowledge base partners.
Rationale:	Innovation performance of Black Country firms is low compared to most LEP areas. To increase this and realise the growth benefits of innovation, requires greater engagement between businesses and the knowledge base (addressing imperfect information and positive externality market failures)
Funding Allocation:	£9.6m
Key Delivery Partners:	University of Wolverhampton, Other HEIs, TSB, MAS, UKTI, Growth Accelerator
Collaboration with other LEPs:	It is expected that there will be collaboration in innovation support activity with the five other West Midlands based LEPs, building on the strong track record of close working, and potentially with other LEP areas as appropriate. Conversations already underway

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	for cross-LEP initiatives and there is a regional network of innovation practitioners linked to Universities. This will be influenced by the results of the current smart specialisation study.
Match Funding Sources:	HEIs, RGF, HEIF, Private Sector
Indicative Projects	<ul style="list-style-type: none"> • Development of Innovation Partnerships and Networks

SIA 2.2: Infrastructure for Innovation	
Description:	Investing in required capital to support new innovation and knowledge transfer opportunities, particularly linked to priority growth sectors.
Rationale:	Providing enhanced knowledge based assets and innovation workspace at the heart of the Black Country to support growth of its transformational sectors, increasing innovation-led growth (addressing positive externality market failures).
Funding Allocation:	£10.4m
Key Delivery Partners:	University of Wolverhampton
Collaboration with other LEPs:	It is expected that there will be cross-LEP working, particularly with the five other West Midlands based LEPs, ensuring that any infrastructure investments complement and add value to existing activity and infrastructure across the wider area. Conversations already underway for cross-LEP initiatives and there is a regional network of innovation practitioners linked to Universities. This will be influenced by the results of the current smart specialisation study.
Match Funding Sources:	Single Local Growth Fund, RGF, Private Sector Match
Indicative Projects	<ul style="list-style-type: none"> • Centre for Supply Chain Innovation • Incubation and Grow On Space for innovative businesses and clusters

Black Country Priority Theme 3: Low Carbon Environment

3.24 This priority theme covers the objectives TO4: Low Carbon, TO5: Climate Change Adaptation, TO6: Environmental Protection and TO7: Sustainable Transport as set out in the Government guidance to LEPs. The allocation to this priority theme is £26m.

National and European Context

3.25 Key national and European strategic and policy drivers, as highlighted in fund guidance⁴⁰ 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, including blue and green infrastructure (i.e. the network of green spaces, water and other environmental features)

Primary Growth Drivers to Capitalise Upon and Growth Barriers to be Addressed

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

Drivers for Growth to Capitalise Upon	Barriers to Growth to be Addressed
<ul style="list-style-type: none"> • Through the combined LEP core strategy, and other LEP activities, a series of brownfield sites have been identified for development, with potential to add an additional 980 ha of high quality employment land to the area. • Early success of the I54 Enterprise Zone had given strong momentum to site development aims, which needs to be built upon. • Development of employment sites will create opportunities for building in low carbon and renewable energy infrastructure, to support low carbon targets. 	<ul style="list-style-type: none"> • Availability of suitable sites and premises for development is a major constraining factor on growth aspirations. • Weaknesses in green and blue infrastructure in parts of the Black Country reduce overall quality of life that the area provides and may damage aims to attract and retain skilled workers. • Plans for growth of high value manufacturing sectors, which may be high-emission sectors, may increase greenhouse gas emissions.

⁴⁰ HM Government (2013) 'Framework of European Growth Programme Priorities: Background Analysis'

Strategic Investment Areas

3.27 The identified strategic investment areas under Priority Theme 3: Low Carbon Environment are:

- 3.1. Sustainable Urban Centres and Employment Sites
- 3.2. Improving and Exploiting our Green and Blue Infrastructure
- 3.3. Supporting Energy Efficiency and the Green Economy

SIA 3.1: Sustainable Urban Centres and Employment Sites	
Description:	Provision of support to SMEs and new business models e.g. mutuals to increase the stock of available good quality, and energy efficient, new and refurbished accommodation to support employment growth in the Black Country –focusing on the City Centre, other urban centres and strategic employment corridors
Rationale:	There are a large number of sites and premises in the Black Country that the market alone is not able to bring into use, or upgrade. Intervention is needed in order to enable growth which is currently constrained by lack of high quality site and facilities availability across the Black Country. The focus is on supporting improvements that create a doubled dividend of sustainable growth i.e. an increase in sustainable living, work and business accommodation and facilities management, as well as increasing SME competitiveness, and creating new forms of enterprise e.g. social enterprise, mutual and co-operatives.
Funding Allocation:	£7m
Key Delivery Partners:	Local authorities, private developers
Collaboration with other LEPs:	None expected at this stage.
Match Funding Sources:	Local authorities, Regional Growth Fund, Growing Places Fund
Indicative Projects	<ul style="list-style-type: none"> • Sustainable city centre offer • Network of sustainable urban centres • Low carbon solutions for the Black Country employment corridors

SIA 3.2: Improving and Exploiting our Infrastructure (Green and Blue)	
Description:	Increasing local natural capital to improve local quality of life, increase walking and cycling, and support sustainable economic growth through investment in green and blue infrastructure. To also include activities that promote more sustainable transport and travel behaviours.
Rationale:	Poor environmental quality is impairing the Black Country’s economic success by presenting a negative image which deters inward investment, attraction and retention of skilled workers, and development of the visitor economy. Investment is needed to address partial public good and positive externality failures that have seen under-investment in green and blue infrastructure.
Funding Allocation:	£3.5m
Key Delivery Partners:	Local Authorities, Third Sector bodies, Local Nature Partnerships, Chamber of Commerce, Canal and River Trust, Wildlife Trust, Sustrans, Centro.
Collaboration with	None expected at this stage.

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other LEPs:	
Match Funding Sources:	Developer contributions, Heritage Lottery Fund, Landfill Trusts, Centro.
Indicative Projects (Details in App B)	<ul style="list-style-type: none"> Bradley Canal Arm Black Country Cycle Network Dudley Trilobite Centre Dudley Bus Station <p>Note: These projects will be reviewed as part of wider work under the Strategic Economic Plan developing a wider strategic approach to green and blue infrastructure investments.</p>

SIA 3.3: Supporting Energy Efficiency and the Green Economy	
Description:	Supporting reductions in greenhouse gas emissions, improving localised energy generation and energy efficiency, addressing fuel poverty, increasing business efficiency and waste management, and supporting low carbon supply chains.
Rationale:	Investment is needed to support growth of the low carbon and environment technology sector, in order to support a transition to a low carbon economy and support local businesses to capture market opportunities in this sector (addressing market failures relating to imperfect information and partial public goods).
Funding Allocation:	£15.5m
Key Delivery Partners:	Local authorities, HEIs, Private Sector, Chamber of Commerce, Wildlife Trust, Local Nature Partnerships, Voluntary Sector partners, HCA, NHBC, WHG, Accord, Heantun Housing, Landfill Trust.
Collaboration with other LEPs:	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.
Match Funding Sources:	Private sector, Local authorities, HEIs, Landfill trust, Heritage Lottery Fund, Community Infrastructure Levy.
Indicative Projects (Details in App B)	<ul style="list-style-type: none"> Supporting energy efficiency and the green economy (to include a £2 million additional contribution to the West Midlands Financial Engineering Instrument for ring-fenced low carbon fund)

Black Country Priority Theme 4: Skills, Employment & Social Inclusion

3.28 This priority theme covers the objectives TO8: Employment, TO9: Social Inclusion and TO10: Skills, as set out in the Government guidance to LEPs. The indicative allocation to this priority theme is £76m.

National and European Context

3.29 Key national and European strategic and policy drivers, as highlighted in fund guidance⁴¹ 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.

Primary Growth Drivers to Capitalise Upon and Growth Barriers to be Addressed

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

Drivers for Growth to Capitalise Upon	Barriers to Growth to be Addressed
<ul style="list-style-type: none"> • Detailed economic research and analysis undertaken by the LEP including as part of the City Deal and Enterprise Zone work gives a detailed understanding of skills gaps faced by businesses in key sectors. • Existing momentum in work to tackle youth unemployment and NEETs (including apprenticeships, Talent Match etc) gives a springboard to further enhance this work. 	<ul style="list-style-type: none"> • Low skill levels and skills mismatch between the labour market and the needs of businesses in key sectors constrains their growth. • A low general skill level constrains employability, with basic skills support needed, particularly for older working population. • Multiple and complex barriers to employment and learning constrain engagement of key groups and communities across the Black Country.

⁴¹ HM Government (2013) ‘Framework of European Growth Programme Priorities: Background Analysis’

Strategic Investment Areas

3.31 The identified strategic investment areas under Priority Theme 4: Employment, Skills and Social Inclusion are:

- 4.1. Skills for Growth
- 4.2. Young People and Unemployment
- 4.3. Employment Support for Over-25s
- 4.4 Social Inclusion

SIA 4.1: Skills for Growth	
Description:	Ensuring the Black Country has a labour market with the right levels of skills and qualifications to meet the needs of businesses, particularly in the area's priority growth sectors. Investment will cover workforce skills development, response to redundancy, national careers service and skills for the unemployed.
Rationale:	Investing in upskilling the workforce to help in addressing unemployment and to ensure the strong, competitive labour market is in place to underpin growth aspirations, particularly in the identified transformational sectors (addressing positive externality market failures).
Funding Allocation:	£30m
Key Delivery Partners:	Local Authorities, Work Programme Primes, JobCentre Plus, DWP, Skills Funding Agency, local training providers, the University of Wolverhampton
Collaboration with other LEPs:	None expected at this stage, although there could be potential for joint commissioning, dependent on other LEP plans.
Match Funding Sources:	Skills Funding Agency
Indicative Projects (Details in App B)	<ul style="list-style-type: none"> • Skills for Growth (Note that this will also incorporate a strand focused on skills development to enhance the health and social care sector)

SIA 4.2: Young People and Unemployment (Ages 15-24)	
Description:	Supporting the sustainable integration of young people (ages 14-24) who are not in education, employment or training (NEET), or at risk of becoming NEET.
Rationale:	Investing in improving employability and skills of young people who are unemployed or NEET, in order to reduce youth unemployment and strengthen the local labour market (addressing positive externality market failures).
Funding Allocation:	£19.8m
Key Delivery Partners:	Local Authorities, DWP / JobCentre Plus, Schools, Sixth Forms, FE Colleges, Academies, EBP, Training Providers, Connexions, Youth Centres, the University of Wolverhampton, VCS, Businesses.
Collaboration with other LEPs:	None expected at this stage, although there could be potential for joint commissioning and sharing of good practice, dependent on other LEP plans.
Match Funding Sources:	Youth Employment Initiative.
Indicative Projects (Details in App B)	<ul style="list-style-type: none"> • Black Country Youth Employment Initiative – “World of Work”

SIA 4.3: Employment Support for Over-25s

Description:	Reducing high levels of unemployment in the 25 and over age group. This will include support for people who have been out of work for at least two years, and Work Programme completers who require additional support to overcome specific barriers to employment.
Rationale:	Investing in improving employability and skills of the population aged 25+ who are unemployed, in order to reduce overall unemployment in the Black Country, and strengthen the local labour market (addressing positive externality market failures).
Funding Allocation:	£11m
Key Delivery Partners:	Local Authorities, Work Programme Primes, JobCentre Plus, DWP, Skills Funding Agency, employment providers, VCS, the University of Wolverhampton.
Collaboration with other LEPs:	None expected at this stage, although there could be potential for joint commissioning and sharing of good practice, dependent on other LEP plans.
Match Funding Sources:	BIG Lottery Fund.
Indicative Projects (Details in App B)	<ul style="list-style-type: none"> • 25+ Unemployment Support

SIA 4.4: Promoting Social Inclusion Amongst Disadvantaged Groups

Description:	Support for key disadvantaged families, individuals, communities and neighbourhoods to improve social inclusion and employability, focusing on those that suffer from multiple deprivation. The approach is based on the principles of community led economic development and tailored to suit the needs and specific local context in the Black Country.
Rationale:	Investing in bespoke activities that tackle barriers to improve the employability and skills of families, individuals, communities and neighbourhoods furthest from the labour market, in order to reduce overall unemployment in the Black Country and stimulate local enterprise, including social enterprise (addressing positive externality market failures).
Funding Allocation:	£15.2m
Key Delivery Partners:	Voluntary /Community Sector bodies FE Colleges/HE, employers, Housing Associations and Local Authorities, the University of Wolverhampton.
Collaboration with other LEPs:	None expected at this stage.
Match Funding Sources:	BIG Lottery, Troubled Families Programme, Local Authorities, Skills Funding Agency, Housing bodies
Indicative Projects (Details in App B)	<p>Five key programmes are being developed to deliver the Social Inclusion theme:</p> <p>The first three themes are based on community led economic development principles:</p> <ul style="list-style-type: none"> • Targeted community approach • Targeted neighbourhood support in deprived neighbourhoods • Community Grants <p>The final two programmes are to address the acute needs of specific excluded groups in the Black Country</p> <ul style="list-style-type: none"> • Financial and Digital Inclusion • Troubled Families

4. Performance Framework and Indicators

4.1 The table below shows the key output and result indicators planned for each strategic investment area. They have been calculated by:

- An analysis of types of projects delivered in recent years under these investment areas, and the approximate cost per output and realistic take-up level of such intervention
- Knowledge of take-up levels and cost per output from projects delivered under these investment areas, in other locations.

4.2 Based on these assumptions, our plan will:

- assist 6,200 enterprises
- create 2,400 jobs in assisted enterprises
- assist 25,000 individuals towards employment, education or training.

Strategic Investment Area	Output Targets	Result Targets
SIA 1.1: Growth factory	<ul style="list-style-type: none"> • 240 Enterprises Assisted 	<ul style="list-style-type: none"> • SME Productivity
SIA 1.2: Inward Investment and Exporting	<ul style="list-style-type: none"> • 920 Enterprises Assisted • 180 Jobs Created 	<ul style="list-style-type: none"> • SME Productivity • Jobs Created
SIA 1.3: SME Access to Finance Support	<ul style="list-style-type: none"> • 80 Enterprises Assisted • 320 Jobs Created 	<ul style="list-style-type: none"> • SME Productivity • Jobs Created
SIA 1.4: Business Support for Growth and Improved Productivity	<ul style="list-style-type: none"> • 1,200 Enterprises Assisted (of which 400 assisted accessing ICT products and services) • 240 Jobs Created 	<ul style="list-style-type: none"> • SME Productivity • Jobs Created • Support enterprises in devt of ICT products / services
SIA 1.5: Enterprise Support for New Business Creation	<ul style="list-style-type: none"> • 830 New Enterprises Assisted • 500 Jobs Created 	<ul style="list-style-type: none"> • Business Start-ups • Jobs Created
SIA 1.6: Support for Local Growth Clusters	<ul style="list-style-type: none"> • 800 Enterprises Assisted • 160 Jobs Created 	<ul style="list-style-type: none"> • SME Productivity • Jobs Created
SIA 2.1: Increasing SME Demand and Capacity for Innovation	<ul style="list-style-type: none"> • 960 Enterprises Assisted (co-operating with research institutions) • 320 Jobs Created 	<ul style="list-style-type: none"> • SME Productivity • Jobs Created • Enterprises creating new products • Embedding innovation
SIA 2.2: Infrastructure for Innovation	<ul style="list-style-type: none"> • 420 Enterprises Assisted (co-operating with research institutions) • 210 Jobs Created 	<ul style="list-style-type: none"> • Embedding innovation
SIA 3.1: Sustainable urban centres and employment sites	<ul style="list-style-type: none"> • Reduction in Greenhouse Gas Emissions • 2 ha site development 	<ul style="list-style-type: none"> • Improving economic viability of areas
SIA 3.2: Improving and Exploiting our Infrastructure	<ul style="list-style-type: none"> • Reduction in Greenhouse Gas Emissions 	<ul style="list-style-type: none"> • Improving economic viability of areas

Strategic Investment Area	Output Targets	Result Targets
	<ul style="list-style-type: none"> 1 ha site development 	
SIA 3.3: Supporting Energy Efficiency and the Green Economy	<ul style="list-style-type: none"> 780 Enterprises Assisted 520 Jobs Created Reduction in Greenhouse Gas Emissions 	<ul style="list-style-type: none"> SME Productivity Jobs Created Increase in companies with low carbon products / processes
SIA 4.1: Skills for Growth	<ul style="list-style-type: none"> 10,000 individuals assisted 	<ul style="list-style-type: none"> No. gained quals No. in education/training No. in employment
SIA 4.2: Young People and Unemployment.	<ul style="list-style-type: none"> 6,580 individuals assisted 	<ul style="list-style-type: none"> No. in education/training No. in employment
SIA 4.3: Employment Support for Over-25s.	<ul style="list-style-type: none"> 3,670 individuals assisted 	<ul style="list-style-type: none"> No. engaged in positive activities No. in employment
SIA 4.4: Promoting Social Inclusion Among Disadvantaged Groups.	<ul style="list-style-type: none"> 5,070 individuals assisted 	<ul style="list-style-type: none"> No. engaged in positive activities No. in employment

4.3 Note: For greenhouse gas emissions no target has been set at this stage, as we would seek further clarity as to the method of capturing this indicator, before quantifying this target.

5. Match Funding Plan

- 5.1 It is anticipated that the following key sources will provide the primary opportunities for match funding.
- 5.2 The funding table below details the matching funding identified through the Opt-in negotiations as they are proceeding. The time periods relate to the timeframe within which we expect these commitments to be made, but not necessarily defrayed, which will be through contracted delivery.
- 5.3 We will continue with the Opt-In negotiations following the submission of the final strategy in January 2014 to firm up match required and agree asks.

Table 5.1: Summary of Expected Match Funding Sources		
Match Funding Source	Estimated Programme Match Funding (£m)	Strategy Themes Supported
National Opt-ins		
BIG Lottery Fund	Between 9.2 – 21	<ul style="list-style-type: none"> • Employment, Skills and Social Inclusion
Skills Funding Agency	31.8	<ul style="list-style-type: none"> • Employment, Skills and Social Inclusion
DWP	Up to £11	<ul style="list-style-type: none"> • Employment, Skills and Social Inclusion
Growth Accelerator	2.3	<ul style="list-style-type: none"> • SME Competitiveness
UKTI	3.0	<ul style="list-style-type: none"> • SME Competitiveness
MAS	2.4	<ul style="list-style-type: none"> • SME Competitiveness
Other Key Sources		
YEI	19.3	<ul style="list-style-type: none"> • Employment, skills and Social Inclusion
EIB (JEREMIE fund match)	8.0	<ul style="list-style-type: none"> • SME Competitiveness
Public Sector		
Local Authorities for Dudley, Sandwell, Walsall and Wolverhampton	Currently the pipeline projects have identified an initial estimated £80 million of potential public sector match funding, including City Deal, Regional Growth Fund, Growing Places Fund and Single Local Growth Fund.	<ul style="list-style-type: none"> • SME Competitiveness • Innovation • Environment • Employment, Skills and Social Inclusion
Regional Growth Fund		
Single Local Growth Fund		
Private Sector		
Developers	Currently the pipeline projects have identified an initial estimate of £3 million of potential private sector match funding, however we will seek to increase this contribution level as projects develop further	<ul style="list-style-type: none"> • SME Competitiveness • Innovation • Environment
SME Contributions		

Opt-in Negotiations

5.4 Negotiations are progressing well in most areas. The Black Country is planning to enter Opt-Ins with the following organisations. The Black Country's conditions for each opt-in contract is set out below:

Table 5.2: Opt-In Progress Details			
National Opt-In	Name of Black Country Programme/s	Black Country – Key Asks / Conditions for Opt-Ins (see appendix for full details)	Revised Indicative Allocations (£m)
Growth Accelerator	Growth Accelerator (GA) Programme	<ul style="list-style-type: none"> • Agree and sign off roles and responsibilities through MOU/SLA • Confirm match funding • Co-design / draft and agreed jointly all specifications • Agree commissioning/tender arrangements • Agree and execute joint performance management and accounting arrangements • Confirm reporting procedures 	2.3
MAS	Manufacturing Advisory Service(MAS)	<ul style="list-style-type: none"> • Agree and sign off roles and responsibilities through MOU/SLA • Confirm match funding • Co-design / draft and agreed jointly all specifications • Agree commissioning/tender arrangements • Agree and execute joint performance management and accounting arrangements • Confirm reporting procedures 	2.4
UKTI	Increasing International Trade Programme	<ul style="list-style-type: none"> • Agree and sign off roles and responsibilities through MOU/SLA • Confirm match funding • Co-design / draft and agreed jointly all specifications • Agree commissioning/tender arrangements • Agree and execute joint performance management and accounting arrangements • Confirm reporting procedures 	3.0
SFA	Skills for Growth Programme	<ul style="list-style-type: none"> • Agree and sign off roles and responsibilities through MOU/SLA • Provide access to past ESF/ERDF Performance Data, Lessons Learnt and Evaluation Reports for the LEP and nominated staff • Co-design / draft and agreed jointly all specifications • Define and agree all tendering and commissioning arrangements. • Agree and execute joint performance management and accounting arrangements • Enter into data sharing agreement 	31.8
Youth Employment Initiative (YEI)	The Black Country Youth Employment Initiative (YEI)	<ul style="list-style-type: none"> • This Opt-in facilitates access to additional new EU funding at the rate of £1 or our EU programme levers in an additional £1 of new additional EYU funding through the YEI national programme. We have therefore agreed to take our full allocation of £19.32m, creating a programme totalling £38.64m. Our asks will be those attributable to the eventual Managing Authority as listed above subject to the following outstanding work / questions: • Progress to establish who the Managing Authority is and for what elements of the YEI programme. 	19.32

Table 5.2: Opt-In Progress Details			
National Opt-In	Name of Black Country Programme/s	Black Country – Key Asks / Conditions for Opt-Ins (see appendix for full details)	Revised Indicative Allocations (£m)
		<ul style="list-style-type: none"> • Clarification of available matching funding from the appropriate Managing Authority. • Agreeing the SLA/MOU with the appropriate Managing Authority/s. • Confirmation whether we can spread the allocation over 7 years of the programme rather than 4 years specified in the guidance. • Clarification of the above points (in above table) with each body. 	
TBC (either Big Lottery or DWP)	Employability Programme for the over 25's	<ul style="list-style-type: none"> • Agree and sign off roles and responsibilities through MOU/SLA • Confirm match funding and agreed budget and spend profiles, particularly in relation to Lottery input / contributions • Confirm contracting arrangements and roles and responsibilities • Co-design / draft and agreed jointly for all specifications • Define and agree all tendering and commissioning arrangements • Agree and execute joint performance management and accounting arrangements • Enter into data access / sharing agreement <p>* There is the potential for BLF to match this with clean additional funding, potentially creating a £22m programme.</p>	11.0*
BLF (Lottery)	Achieving Social Inclusion for our Residents	<ul style="list-style-type: none"> • Agree and sign off roles and responsibilities through MOU/SLA • Confirm additional (new) funding contributions and matching funding arrangements, with agreed budget and spend profiles • Confirm contracting arrangements and roles and responsibilities (Managing Authority/ Accountably Bodies) etc. • Agree and sign off Managing Authority status. • Co-design / draft and agreed jointly all specifications • Define and agree all tendering and commissioning arrangements. • Agree and execute joint performance management and accounting arrangements • Enter into data sharing agreement 	9.2

6. Cross-Cutting Themes and Social Innovation

Cross Cutting Themes

Equality and Diversity

- 6.1 The Black Country LEP is committed to advancing equality and valuing diversity. We recognise that adopting best equality practice is an effective way of improving and effectively meeting the local needs of our business community and residents.
- 6.2 Under the Equality Act 2010, the Black Country LEP and Local Authorities and other public sector partners are required to consciously consider the need to eliminate discrimination, advance equality of opportunity and foster good relations between different groups of people. The focus is on assessing the impact on the protected characteristics that are identified in the legislation, including: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.3 The Black Country LEP recognises that diversity as one of its key strengths, however certain groups face challenges in terms of the barriers to benefiting from the economic growth stimulated through this strategy. Interventions within this strategy aim to target and support key groups to take advantage of opportunities created, including:
- **Women:** female employment rate is lower at 62.5 than male employment rate at 69.9. Female self-employment is less than half male self-employment.
 - **Key age groups:** youth unemployment is a particular issue in the Black Country with 9.1% of 16-24 year olds in the Black Country claiming jobseekers benefits compared to 4.8% nationwide
 - **Black and Minority Ethnic (BME) communities:** 23% of the Black Country's population are from BME communities. However we recognise that our populations are becoming increasingly diverse with migration including from A8 countries.
 - **Family poverty:** the Black Country contains 3,460 troubled families with complex needs. Between 23% and 32% of children are living in poverty. There are 13,210 lone parents in receipt of income support (children under 5)
 - **Health problems:** over 900,000 Black Country residents have long-term health problems (census 2011). Over 110,000 people have health issues that affect their day to day life, 50,000 + residents are in receipt of health related benefits ESA/IB.
- 6.4 As part of the process for developing the strategic interventions and supporting programmes (see annex), early consideration to equalities has been given, and an initial equalities impact analysis has been undertaken by Wolverhampton City Council, on behalf of the Black Country LEP. During the commissioning and delivery phase, an equalities analysis will be requested by each applicant, with a specific scored question in the application to identify the impact on equalities and diversity and monitoring of the impacts expected as part of the monitoring process.



6.5 The impact on Equalities and Diversity will also be considered across the priority themes by Black Country partners. Local promotion of equality and diversity will be led by the Black Country LEP and ABCA via the proposed governance structure.

Sustainable Development

6.6 The Black Country LEP is committed to sustainable development. The aim of the Black Country Low Carbon Economy Strategy is to integrate aspects of itself into other dimensions of the wider economic agenda such as manufacturing, transportation, power generation, retail, transport and health. The policies deriving from this will cover issues such as renewable energy, energy efficiency, smart grid, combined heat and power etc.

6.7 The strategy supports the UK statutory targets for Green House Gas (GHG) emission reduction. 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 the following and impact on sustainability issues, the following will need to 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.

6.8 Work has recently been undertaken on behalf of the West Midland local authorities by Sustainability West Midlands (SWM). This overall review of renewable energy capacity aims to develop an initial evidence base to help council's maximise their contributions towards the wider UK targets. The results for the Black Country suggest:-

- Microgeneration
- Energy Generation from Wind
- Bio Mass including Waste
- Combined Heat and Power
- Access to the Grid



6.9 The impact on sustainable development is already being considered as part of programme development. More detailed considerations to sustainable development will be considered at strategic intervention, programme and project level as part of the commissioning and bidding process. Local promotion of sustainable development will be via Black Country LEP, the Local Authority Joint Committee and the Place, People and Business Commissioning Boards.

Social Innovation, Inclusion and Community Led Economic Development

6.10 The Black Country LEP has taken into account social innovation in the design of its strategy. Priority interventions are based on the definition of social innovation - new ideas (products services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations. This is particularly relevant under the social inclusion strand of our strategy, where there will be a particular focus on building capacity within deprived neighbourhoods, and will be particularly encouraged in the interventions developed under this strand.

6.11 The Black Country's approach to social inclusion has been developed to respond to the scale of the challenges across the Black Country as set out in Section 2 of this strategy.

6.12 **Analysis of approaches to promote social Inclusion and combating poverty in the Black Country.** An analysis was conducted of the types of interventions that could be funded using the 20% of European Social Fund monies ring-fenced for social inclusion activities, particularly activities that improve employability. A summary of the analysis is set out below.

Approach suggested in Government Guidance	Current Activity and level of success	Analysis of Gap in provision
Tackling barriers to work in troubled families	Across the Black Country, 3,460 troubled families have been identified. An additional 4-5,000 families with lesser needs will be targeted through the rollout of the troubled families approach. The current employment offer is delivered by EOS in Tipton, however feedback indicates mixed success and only suitable for families close to the labour market.	Feedback from Troubled Families key workers and JCP advisers has identified the need for a different approach to employment support in the form of a tailored offer.
Complementing and adding value to other services and funds locally, especially helping those with more complex barriers closer to employment.	Most of mainstream offer targets those closest to the labour market including JCP mainstream and Work Programme. Those with complex needs are not benefiting fully from these initiatives due to the need for	Mapping of the local offer has highlighted a clear gap around 'getting sorted'. Job Centre Plus has identified a particular gap around substance misuse. An evidence gathering and mapping exercise is currently underway to

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	more intensive support.	determine the priority groups.
Tackling barriers to work in a holistic and integrated way, including supporting early action before problems become entrenched, outreach activities and access to locally provided services	Work Clubs have been set up in community settings, however quality varies. Black Country boroughs have some good practice on which to build including local neighbourhood centres in Wolverhampton	Mapping of local offer has highlighted a clear gap around 'getting sorted'. The scale of the problem in certain neighbourhoods is quite significant, therefore a more intensive targeted approach to reduce inequalities is required in these neighbourhoods.
Providing additional and/or more intensive and flexible support identified by Universal Credit Local Support Service partnerships and Health and Wellbeing Boards.	Crisis support around financial inclusion is ad hoc and consists mainly of debt advice. There are some examples of good practice including Better off in Wolverhampton (targeting young social housing tenants) and DWP flexible funded financial in Dudley. There is also some good practice around digital inclusion including digital mentors, however again on a small scale.	There is a need to provide financial and digital inclusion on a far wider scale across the Black Country given the anticipated scale of demand generated by the roll out of Universal credit. This should include more preventative money management activities (current focus on debt advice) and more one-to-one support to access computers.
Additional support offenders and ex-offenders	Predominantly support is provided via NOMS, however employment support is an add on.	A review of evidence base of vulnerable groups is underway to inform priority groups for interventions.
Combatting discrimination of group with protected characteristics in the labour market which may include actions to improve accessibility for persons with disabilities with a view to improve their integration into employment, education and training.	Specialist provision is available for people with disabilities including Work Choice. Local examples of best practice through interventions is delivered by the Voluntary Community Sector	A review of evidence base of vulnerable groups is underway to inform priority groups for interventions.
Targeting specific communities or ethnic minorities with high	23% of Black Country's population are from BME groups. Predominantly mainstream	A review of evidence base of vulnerable groups is underway to inform priority groups for

levels of poverty and social inclusion;	support. ESOL provision is available, however some areas experience high demand and lack of practice opportunities.	interventions.
Developing the capacity of social entrepreneurs to address the needs of their local communities.	Limited support is available supporting social entrepreneurs in recognition of potential to improve self-employment through stimulating social enterprises. Social enterprise in the Black Country supports around 33,914 jobs, of which around 24,554 are full-time, and 9,360 are part-time, equating to over 24 jobs per enterprise. In addition, 14,509 volunteers are supported. Social enterprises contribute to £416 million of the Black Country's annual trading income, equating to just over £300k turnover per enterprise	Majority of support available is subject to finite funding and scope for further growth in social enterprise in creation of jobs and opportunities for vulnerable people in our most deprived neighbourhoods.
Helping to grow the social investment market to support social enterprises and the social economy	See above	See above
Bottom up active inclusion activities in particular geographic locations.	There is strong community based infrastructure, including work clubs, however there is a lack in specialist knowledge and consistent quality.	Wraparound specialist, good quality support for community based provision is required that targets the most vulnerable groups and deprived neighbourhoods.
Develop capacity of community groups to participate in delivery of services.	Existing Community Grants schemes have enabled smaller voluntary community organisations to run localised and specialist support with good outcomes for those supported.	There is a need to extend this approach to support smaller voluntary community organisations.

6.13 Community Led Local Development. One option to address the Black Country's social inclusion challenges was to explore the Community Led Local Development (CLLD) model. Community led local development implies a bottom up approach that directly involves the local community in its own development. Local authorities may support community led local

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development but the impetus normally comes from local enterprises and civil society organisations. There was an option to extend the approach developed by LEADER in previous EU programmes into non rural areas. Community Led Local Development envisages the formation of Local Action Groups targeting specific geography and fairly small population coverage.

6.14 Because of the scale, geographical spread and intensity of deprived neighbourhoods in the Black Country LEP area, together with the relatively high cost of the approach, we have sought to retain the basic principles of Community led Development, but adapt how it is delivered to meet the specific needs of the Black Country. This refined approach takes account of our analysis of the current success rates of existing interventions and the gaps in provision:

Pro's	Cons	Black Country Approach
Targeted approach at most deprived communities	Sheer scale of deprivation across the Black Country (22% in most 10% areas) and resource available would severely dilute the impact.	Ensure that a focus remains on targeting most deprived areas with highest needs to reduce inequality and impact positively on deprivation and poverty.
Bottom up approach directly involving the local community with impetus from local enterprise and civic society organisations.	Local infrastructure and community capacity differs across the Black Country.	Build on existing community infrastructure and local community and VCS organisations by wrapping round specialist support and ensuring consistent quality.
Mobilises and involves local communities through local action groups to deliver area based local development strategies	An exclusively neighbourhood approach may miss other disadvantaged groups who may need different approaches.	Include interventions that support a targeted family/Individual approach picking up families and individuals with complex needs.
Bottom up approach, building community capacity and stimulating innovation	Many deprived areas lack the community infrastructure on which to build upon.	Community capacity building built into programme design and outcome based commissioning approach should enable social innovation.

6.15 **Refining the Black Country's approach to social inclusion.** Three workshops have been held to inform the social inclusion theme: a stakeholder workshop focusing on employment, skills and social inclusion on 8 August, a third sector workshop on 22 August and 19 November. The workshops were attended by up to 70 individuals from a range of organisations across the Black Country, predominantly third sector, however also representations from

organisations who work with communities and the third sector. Common themes emerged from both these workshops which have been reflected in the development of the social inclusion theme and programmes in this strategy. They include:

- Gap relating to support for 25+ facing multiple barriers
- Need for targeted support for deprived areas
- 'Future jobs fund' type extended work placement interventions
- Importance of third sector in delivery, however financial support would be required
- Support for digital and financial inclusion
- Importance of enterprise including social enterprise
- Importance of employer engagement
- Improved careers advice relevant to local labour market

6.16 The development of the strategy also takes account that as part of the Black Country's City Deal proposal, £2.8 million has been secured for a **Housing Jobs and Prosperity pilot** project testing a geographically targeted and saturation model approach to work readiness and access to jobs aimed at people with the most complex needs or who are hard to reach. The model has 3 pillars:

- **Employment support services** including literacy, numeracy, job ready and soft skills provision, industry specific skills, volunteer/placements, mentoring and buddying.
- **Community support to tackle social and cultural barriers** (addressing underlying issues around health and wellbeing, digital and financial inclusion and social care & support around alcohol and substance misuse), targeting residents from the same household/family/peer group and formal development of network of community champions and introduction of local skills bartering scheme
- **Financial incentives** including flexible bursary to cover costs and upfront wages associated with costs related with starting work and performance related payments for staff and community champions.

6.17 The pilot majors on the areas of Tipton (Sandwell), Darlastan (Walsall) and Bilston East (Wolverhampton) and a pocket in Dudley targeting 2,800 social housing tenants. There is potential to roll out this approach to a wider area and/or non-social housing tenants.

6.18 Taking into account the statistical evidence base, an analysis of the suitability of the different types of interventions and existing provision, stakeholder workshops and new initiatives and funding, the model for the social inclusion theme has been designed around three key strands of activity that support, and add depth to, the main skills and employment programmes. They adopt the key principals of community led economic development:

- **Targeted community approach.** The aim of this programme is to build the capacity of existing local community resources/premises by providing them with access to specialist support that will help them to develop their models in order to meet local needs. The aim of this programme would be to develop a sustainable local community infrastructure that delivers quality support to residents to help them progress into learning, employment and enterprise.
- **Targeted neighbourhood community development support:** the aim of this programme is to improve engagement of disadvantaged groups by targeting our most deprived areas and supporting entry to skills, employment and enterprise pathways. It

will build on the City Deal approach to neighbourhood based social inclusion intervention.

- **Community Grants:** this programme will enable the continuation of existing Black Country Community Grants programme that funds local voluntary and community sector organisations to fill gaps in mainstream provision by providing quality support to people from the hardest to reach communities and individuals experiencing multiple disadvantages progressing to mainstream and ESF funded employment and skills provision. Grants are allocated through a number of funding rounds and are available to small community and voluntary organisations with a turnover of less than £150,000.

6.19 In addition there are two programmes that will specifically target groups that are in acute need:

- **Digital and financial inclusion:** the aim of this programme is to provide wraparound support, targeting in particular those who will be affected by the rollout of Universal Credit, to improve digital and financial inclusion, with clear progression routes onto skills and employment provision. The digital inclusion strand will improve access points and support available focusing on those lacking the confidence and skills to access computers independently. The focus will be on increasing self-reliance moving from one-to-one support progressing towards group sessions. The financial inclusion strand will seek to improve financial capability including ability to budget and manage personal and family finances, in advance of the rollout of Universal Credit.
- **Troubled families.** This intervention provides very targeted, holistic family support to families with multiple needs to stabilise the family and assist family members towards sustained employment. It will support the rollout of the troubled families initiative and provide preventative support to the families that fall below the threshold for troubled families but still need additional support to address the barriers prevent progression towards employment. It will take a whole family approach so support multiple members of the same family e.g. parents and NEET young people thereby helping to break intergenerational worklessness.

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 SIF strategy and other European programmes, and in so doing, bring added value and avoiding duplication.
- 7.2 Through the elements of its strategy that will consider RTDI, education, employment, SME and business support, the LEP will link into **Horizon 2020** to help increase the value added of R&I European policies. This will be done by working with the University of Wolverhampton, and encouraging projects and priorities to make contact with EU partners. Horizon 2020 will not support capacity-building and will not take into account geographic specificities in allocating funding. Therefore elements of the SIF strategy may be used to support capacity building by enhancing our R&I infrastructure, knowledge transfer and potentially equipment. Similarly, this will support the downstream exploitation of R&I results by contributing to an innovation friendly culture, particularly for SMEs (business services, finance incubators, research centre links etc.).
- 7.3 The SIF strategy will look at strengthening these links through its smart specialisation approach and focus on those key enabling innovations and technologies that are important within the LEP area. Also any potential overlaps (employment, education and social inclusion) with the **Marie Skodowska-Curie Actions** with its focus on the development of human resources in R&I, will also be considered by the LEP.
- 7.4 Synergies may extend to the **COSME (Competitiveness of Enterprises and SMEs) Programme**. The programme focusses on supporting SME internationalisation 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, the SIF strategy will develop links and seek work with this programme to bring added value to the LEP area.
- 7.5 The **European Territorial Cooperation Programme**, with its focus on helping regions across Europe to work together to address shared problems, whether through cross-border, transnational or interregional cooperation, offers a strong mechanism for good practice exchange and solving regional issues. Again, where and when appropriate, the LEP will link into this activity for the benefit of the LEP area.
- 7.6 Finally, those elements of the SIF strategy with a focus on climate change, the environment and resource efficiency will exploit the complementarities offered by the **LIFE programme**, particularly through integrated projects in the areas of climate change mitigation.
- 7.7 There are also **opportunities to develop transnational collaborative opportunities** through membership of Eurocities, ALDA and University of Wolverhampton Brussels Office.

- Wolverhampton City Council can facilitate collaborative opportunities through its

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associated member of the **Eurocities Economic Development Forum**. Eurocities membership includes over 130 of Europe's largest cities and 40 partner cities, through six thematic forums, working groups, projects, activities and events.

- The **Association of Local Democratic Agencies (ALDA)** aims to promote good governance and citizen participation at the local level aligned with the social inclusion strand. ALDA in particular focuses on activities that facilitate cooperation between local authorities and civil society.
- The **University of Wolverhampton** has also recently opened its own **European Office** in Brussels.

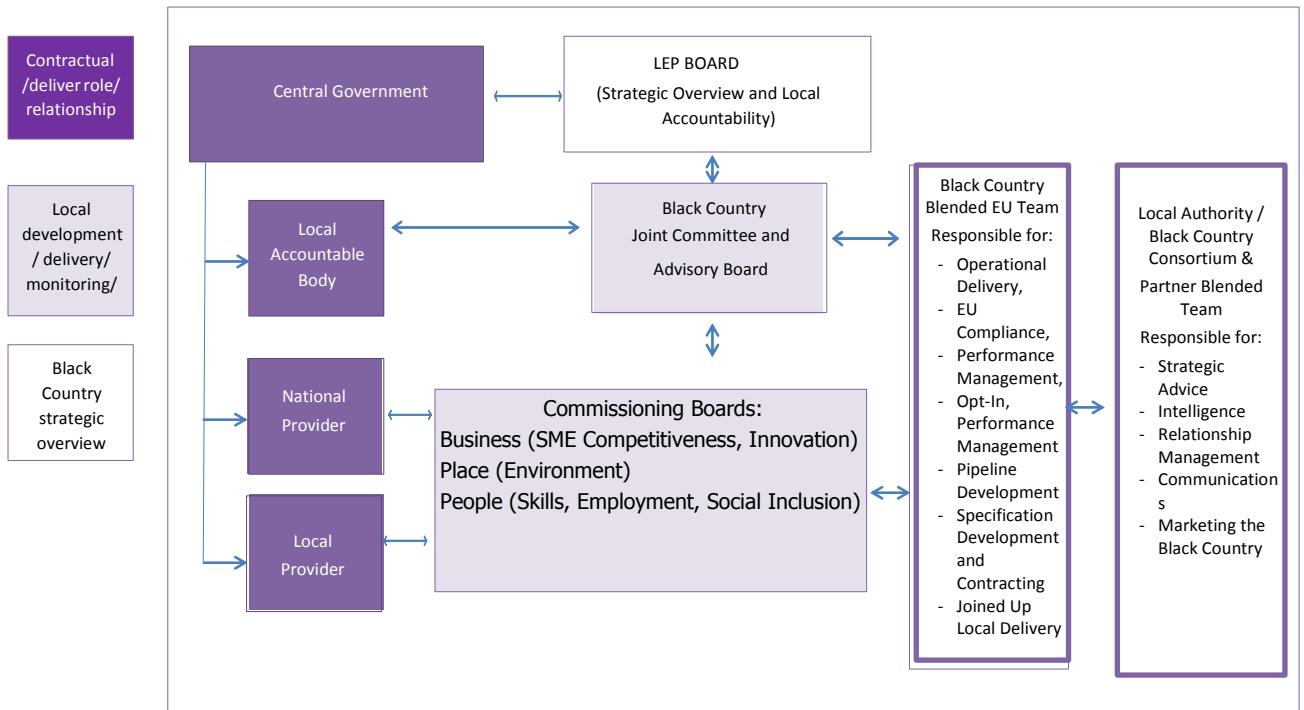


8. Management and Delivery

Management and Governance Structures

8.1 The chart below sets out an overview of the expected governance model for managing the funds at LEP level.

Black Country Governance Diagram Integrating EU Investment Governance with SEP/City Deal/Growth Bid



Governance, management and delivery

8.2 A simple integrated structure has been developed by the Black Country LEP to oversee the development and delivery of its Strategic Economic Plan, its City Deal, Growth Deal and European Investment Strategy (see diagram above). This provides the governance framework within which the proposed staffing capacity, roles and functions funded through the Technical Assistance programme will operate. It also will capitalise on the knowledge and expertise of staff in Local Authorities, Black Country Consortium and other partner organisations through a blended team approach (See section 8.6)

8.3 The framework will be further refined through discussions with the managing Authorities, their nominated agencies and the Black Country LEP's and Joint Committee's specific requirements. Account will be taken of any final negotiations around opt-ins.

8.4 Key roles and responsibilities within the governance model in the diagram above are as follows:

- **The Black Country LEP Board** has overall ownership and accountability for the

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delivery of both the Black Country Strategic Economic Plan and the EU Structural and Investment Funds Strategy.

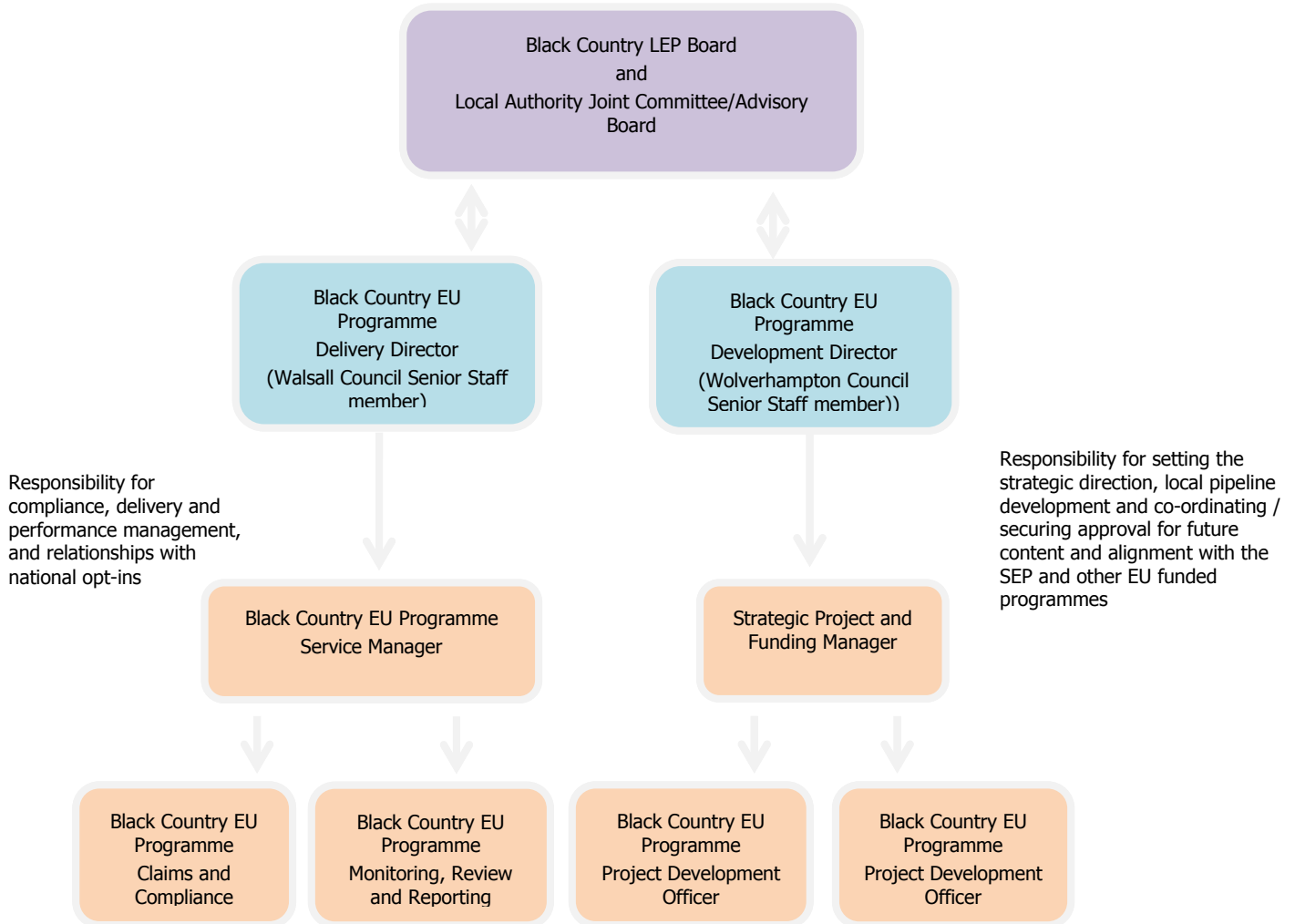
- **A new Black Country Joint Committee and Advisory Board** has been approved in order to discharge the governance functions related to City Deal and Growth Deal, where certain powers, such as the ability to set and spend budgets are devolved from central government in a bid to increase economic growth. There is provision for this to be expanded to cover other main investment programmes, such as the delivery of this EU Structural and Investment Funds Strategy. Members of the Committee will be the Leaders of the four Local Authorities. The Chairman of the Black Country LEP will be an ex-officio member. It is the Black Country Joint Committee that will oversee the delivery and performance management of the European Investment Programme, on behalf of the LEP Board. There will also be an **Advisory Board comprising** of the four Cabinet Members for economic development and regeneration (voting), four representatives from the LEP (voting) and Directors for Economic Development and Regeneration (non-voting) in an advisory role and representatives from other bodies that will be able to assist in an advisory capacity (non-voting). The Advisory Board will monitor and evaluate the effectiveness of the European Investment Programme, the management of performance, financial risk, and advise the Joint Committee and LEP Board on any remedial action required. It will also advise on any remaining investment decisions in terms of the allocation of EU funds.
- **The three Commissioning Boards** will be made up of key local partners, and draw on the expertise of the Black Country Consortium and economic development and regeneration professionals within local authorities and other local partner organisations. They will be responsible for overseeing the detailed development, project pipeline and monitoring of the delivery of the Growth Plan, City Deal and EU investment programmes and projects.
- **The Local Authority and Black Country Consortium Blended Team(s)** will be responsible for providing technical advice, information and intelligence, relationship management, internal communications support, and marketing the Black Country.

8.5 The delivery of the Black Country EU strategy will be co-ordinated by a blended team of senior staff and a small number of dedicated officers, who will support the Commissioning Boards and report on programme development, delivery and performance to the Advisory Board (see diagram overleaf):

- Staff from Wolverhampton City Council will continue to provide overall operational leadership for project pipeline development and associated match funding activities, as well as alignment with City Deal and Growth Deal.
- Staff from Walsall Metropolitan Council will oversee performance management and compliance of all programmes and local contracts falling within the EU Investment Programmes and local contracts and will provide the Advisory and Commissioning Boards with timely and accurate information. They will also work with key local and national organisations to maximise overall success rates, including all EU opt-in agreements, specifications and contracts.

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8.6 The following diagram sets out the proposed Structure for the Black Country LEP Development & Delivery Team: Six operational posts we require to be fully funded through Technical Assistance (TA), two senior staff roles are jointly Local Authority / TA funded posts:



8.7 The estimated costs for the EU Development and Delivery service are set out below:

Heading	2014	2015	2016	2017	2018	2019	2020	Totals
Staff Costs	£173	£368	£380	£400	£420	£440	£462	£2,643
Technical Support Costs	£5	£5	£5	£5	£5	£5	£5	£35
Office / Support Costs	£3	£7	£10	£10	£10	£10	£10	£60
Travel & Subsistence Costs	£1	£3	£5	£5	£5	£5	£5	£28
Evaluation Costs			£40		£40		£50	£130
Recruitment Costs	£10							£10
Contingency / Other Costs	£3	£15	£20	£20	£20	£20	£20	£118
Totals	£194	£398	£460	£440	£500	£480	£552	£3,024

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Note: all costs are in £1000's. 2014 costs will be claimed as soon as Technical Assistance funding is released.

The above costs estimates will form the basis of our submission for Technical Assistance funding, for which we also request clean match in equal amounts from the Opt-In bodies, so that the above figures are available to spend. We accepted that it's unlikely that EU funding can be allocated during 2014 until the EU Commission sign off the UK programme. We will adjust the first year's figures accordingly to match in with the approval date once known.

Delivery Processes

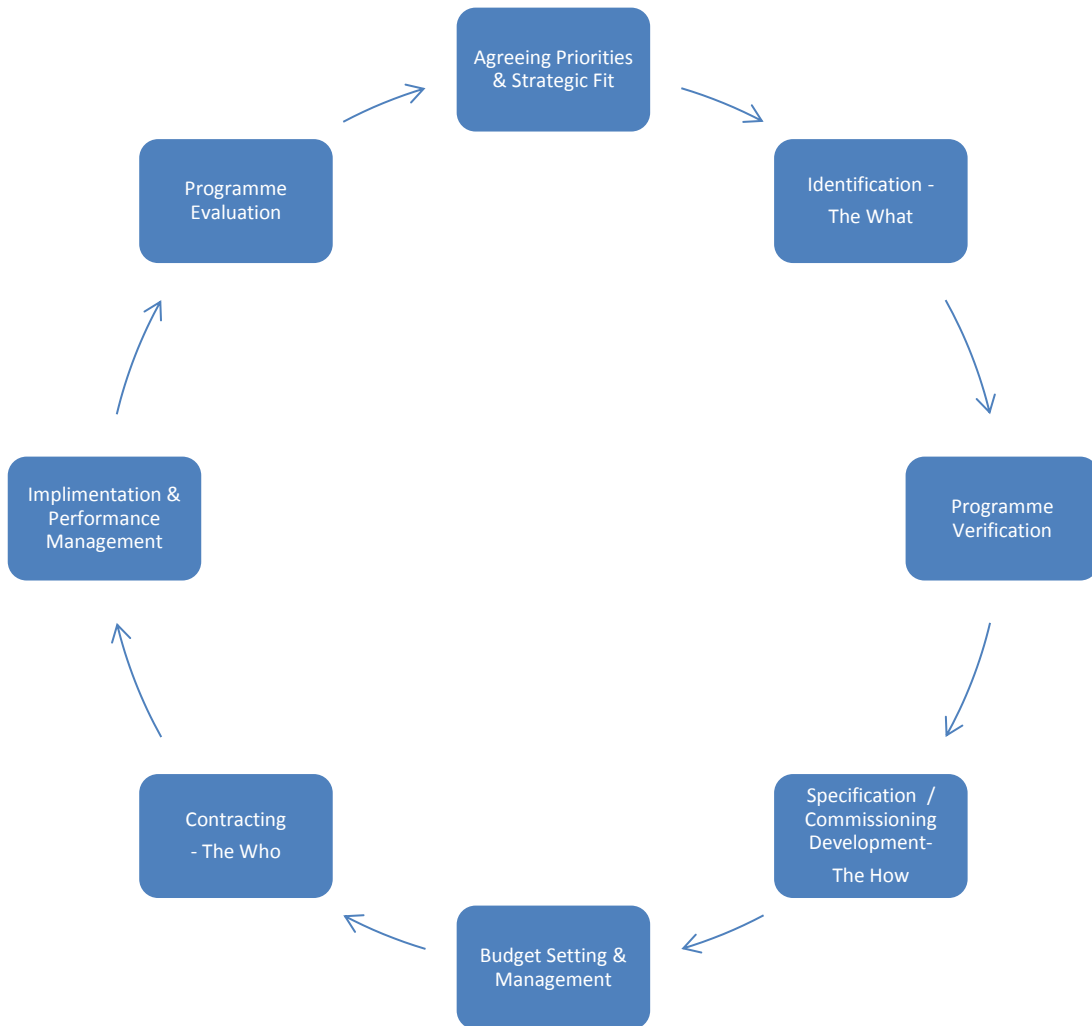
- 8.8 It is anticipated that a number of different delivery routes will be adopted for projects to be delivered under the Black Country LEP EU Funds. These are anticipated to include:
- **Competitive Bidding Rounds** – with organisations invited to submit outline bid proposals against specified investment areas of the strategy
 - **Direct Commissioning of Specific Activities** – direct commissioning by national agencies, acting as Accountable Bodies against locally (LEP) agreed specifications to deliver agreed interventions and outcomes – through the national opt-in process.
 - **Direct Commissioning of Specific Activities – Cross-LEP** – direct commissioning of organisations to deliver agreed interventions, for example commissioning of financial engineering instruments at a West Midlands level
 - **Direct Commissioning of Specific Activities – Locally** – direct commissioning of activity at Black Country level where there is a clearly identified project and/or deliverer e.g. delivery of the Shared Manufacturing Hub project, or where we are able to continue activities that hold a proven track record of value and success.

Operational Management & Delivery Arrangement

- 8.9 Detailed discussions are being held with key Government Agencies, acting in their roles as Managing Authorities, to develop the operational management and delivery. This process has also been extended to include their appointed delivery bodies or agencies, enabling comprehensive and robust arrangements to be agreed and set into place. All arrangements will be delivered by qualified staff, supported by shared systems and data to actively manage the overall programme.
- 8.10 The delivery arrangements and processes are structured to fulfil each function of the Delivery Cycle (see diagram below and Appendix D for more details). This provides a structured process that meets the expectations and requirements of Government Agencies in their roles as Managing Authorities, together with those appointed through Opt-In arrangements and / or acting as Accountable Bodies etc.

Diagram 8.11.1 - **Proposed Management & Delivery Cycle**

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- 8.12 Details on each element of the cycle are provided in Appendix D. This includes an explanation of the specific individual roles and responsibilities for the core team.
- 8.13 From this falls a number of key asks of Government and its appointed agencies, as set out below. The Black Country LEP requests urgent consideration and response against our 'Key Asks' (Table 8.13.1), to facilitate the further development of the management and delivery processes. These details will be captured and included within the appropriate Service Level Agreements or Memorandums of Understanding and used to further develop our structures and procedures etc.

Table 8.13.1 – LEP Initial Key Asks of Government and its Appointed Agents

Management & Delivery Cycle Stages	LEP – Key Requirements requested of Government and its Agencies.	‘Key Asks’ of Government & its Agencies.
Agreeing Priorities and Strategic Fit	<ol style="list-style-type: none"> 1.1 Clear roles and responsibilities established through appropriate MoU’s and SLA’s. 1.2 Timeframes for the completion of the above agreements established together with officers who hold the necessary powers to negotiate and agree the contents etc. 1.3 Confirmation that transnational working is no longer a requirement of the ESF programme. 	<ol style="list-style-type: none"> 1.1 Nominated lead officers within each Managing Authority identified, together with their nominees within each Opt-In / Accountable Body to work on MoU’ and SLA’s. 1.2 Delegated powers given to identified officers together with timeframes for development and signing to avoid delays etc. 1.3 Confirm all transnational roles and responsibilities.
Identification – The What	<ol style="list-style-type: none"> 2.1 Provide access to past ESF/ERDF Performance Data, Lessons Learnt and Evaluation Reports for the LEP and nominated staff. 	<ol style="list-style-type: none"> 2.1 Government and its Agencies enter into the appropriate data sharing agreements with the Black Country LEP.
Programme Verification	<ol style="list-style-type: none"> 3.1 Government to Identify: <ul style="list-style-type: none"> • Their Opt-In organisations / Accountable Bodies • Which Managing Authorities are responsible for each element of the programme • Who the Certifying/Paying Authority will be for each funding stream • Who the Audit Authority will be for each funding stream. 3.2 Government to instruct their Opt-In organisations and Accountable Bodies to define and agree all tendering and commissioning criteria arrangements with the LEP. 	<ol style="list-style-type: none"> 3.1 Government to identify all Opt-in and Accountable Bodies for all aspects of the EUIS and links to appropriate Managing Authorities. 3.2 Government to instruct the above to work directly with the LEP Core team to define and agree joint commissioning and tendering arrangements.
Specification Development – The How	<ol style="list-style-type: none"> 4.1 Government and its appointed agents develop and implement all appropriate SLA’s and MoU’s in order that the delivery, spend profiles and match funding commitments can be met. 4.2 Government instruct all of its appointed agents and bodies to work collaboratively with the LEP in the development of its specifications, tenders and commissioned services. 4.4 Government and its appointed agents share past and current specifications and tender documentation as requested by the LEP. 	<p>Government and its Agencies:</p> <ol style="list-style-type: none"> 4.1 Enter into and sign the appropriate MOU’s and SLA’s without delay. 4.2 Instruct its staff and appointed bodies / agents to work collaboratively with the LEP in the development of all specifications, tenders and commissioned services. 4.3 Give nominated officers the ability to commit the appropriate time to assist with Specification Development. 4.4 Share past and current documents to aid this process.

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Management & Delivery Cycle Stages	LEP – Key Requirements requested of Government and its Agencies.	'Key Asks' of Government & its Agencies.
Budget Setting & Management	<p>5.1 Government and its appointed agents provide the LEP and its appointed staff access to all Budget Management systems that relate to the LEP's programmes, together with the supply of regular (min quarterly) updates.</p> <p>5.2 Government and its appointed agents are confirm matching funding, and agreed budget and spend profiles.</p> <p>5.3 Technical Assistance funding is clarified and amounts agreed.</p> <p>5.4 Agreement reached and signed between the Managing Authority (MA) and the LEP.</p>	<p>Government and its Agencies:</p> <p>5.1 Allow on-going access to all EU Budget Management Systems, so that LEP staff can compile their own monthly expenditure reports.</p> <p>5.2 Confirm matching funding details and all budget and spend profiles</p> <p>5.3 Train all nominated LEP staff to enable them to fully use their systems and procedures etc.</p> <p>5.4 Approve the use of Technical Assistance funding to support the LEP's Development and Delivery Team</p> <p>5.5 Instruct the Opt-in bodies to allocate the appropriate amounts of clean match to the LEP, to facilitate the drawing down of Technical Assistance funding.</p>
Contracting – The Who	<p>6.1 Government and its appointed agents develop and implement all appropriate SLA's and MoU's so tha match funding and spending profile planned by the LEP can be met.</p> <p>6.2 Government and its appointed agents are to process and approve all contracting and commissioning opportunities through to contracting as soon as possible.</p>	<p>Government and its Agencies;</p> <p>6.1 Enter into and sign the appropriate MOU's and SLA's without delay.</p> <p>6.2 Process all contracting and commissioning proposals as soon as possible.</p>
Implementation & Performance Management	<p>7.1 Government and its appointed agents are to allow the LEP and its appointed staff access to all Data and Performance Management systems, together with the supply of regular (min Quarterly) updates.</p> <p>7.2 Ensure that LEP staff are equipped with the skills and abilities required to make the most from access to the above systems.</p> <p>7.3 Government and its appointed agents are to support beneficiary tracking by LEP staff throughout their time and progress within the BC EUIS.</p> <p>7.4 Government and its appointed agents are to agree to Joint working to ensure effective management, monitoring and control of the Operational Programme.</p> <p>7.5 Government and its appointed agents are to confirm the availability of Technical Assistance resources in the support of the LEP to support the Operational Management & Delivery at the LEP level.</p>	<p>Government and Its Agencies:</p> <p>7.1 Allow on-going access to all EU Performance Management Systems, so that LEP staff can compile monthly reports.</p> <p>7.2 Train all nominated LEP staff to enable them to fully use their systems and procedures etc.</p> <p>7.3 Ensure that tracking of beneficiaries throughout the programme is possible, no matter who they are participating with.</p> <p>7.4 Confirm all joint working arrangements confirm capacity to assure effective management monitoring and control of the programme.</p> <p>7.5 Confirmation of the use of Technical Assistance by LEP to reinforce its' administrative capacity for implementing and managing funds at a sub-regional level</p>

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Management & Delivery Cycle Stages	LEP – Key Requirements requested of Government and its Agencies.	'Key Asks' of Government & its Agencies.
Programme Evaluation	<p>8.1 Government and its appointed agents are requested to work with the LEP in the development of their Evaluation Strategies and approaches to tendering, to:</p> <ul style="list-style-type: none"> - maximise the Value for Money achieved through cross LEP/ MA tendering - maximise the outcomes from any joint LEP or MA approach to evaluation - work with the LEP to share data and information to aid the evaluation processes etc. - support the LEP with developing the appropriate inclusions within contracts and commissioning specifications etc. - work with the LEP to implement where possible beneficiary tracking throughout their participation. 	<p>8.1 Government and its appointed agents are to work with the LEP in the development of the Evaluation Strategy / approach to:</p> <ul style="list-style-type: none"> - Agree their roles in the evaluation of the BC EUIS - Develop cross LEP / Programme approaches to the Evaluation of similar contracts / provision / interventions - Work with the LEP's to achieve the best VfM in both cost and outcomes of this work. - Build agreed approaches into the content of any MoU /SLA's. - Build the required conditions and asks into any specifications, contracts or commissioned services etc. - work with the LEP to implement where possible beneficiary tracking throughout their participation.

Working with Other LEPs

- 8.14 The Black Country LEP has worked closely with a number of other LEPs in developing our EU Fund plans, most notably with the five other LEPs in the West Midlands area. There are several areas of our strategy where we anticipate close-working with these LEPs. These include the following.
- 8.15 Details of joint statements on areas of collaboration, prepared alongside the other West Midlands LEPs are set out in Appendix A.

Strategic Investment Area	Other LEPs Being Collaborated With
Priority Theme 1: SME Competitiveness - Financial Engineering Instruments for SME finance support	Greater Birmingham and Solihull, Stoke and Staffordshire, the Marches, Worcestershire, Coventry and Warwickshire.
Priority Theme 1: SME Competitiveness - Inward investment support	Greater Birmingham and Solihull
Priority Theme 2: Innovation - Innovation investment, and smart specialisation approach	Greater Birmingham and Solihull, Stoke and Staffordshire, the Marches, Worcestershire, Coventry and Warwickshire.
Priority Theme 3: Low Carbon Environment - Low carbon economy interventions	Greater Birmingham and Solihull, Stoke and Staffordshire, the Marches, Worcestershire, Coventry and Warwickshire.

9. Strategy Development and Partner Engagement

Approach to Strategy Development

- 9.1 The strategy development process was overseen by a Steering Group comprising representatives from the LEP, four Local Authorities, the University of Wolverhampton and the Voluntary Community Sector.
- 9.2 Operationally, officers from the same organisations led the process of strategy content development, in particular co-ordinating four thematic workshops to discuss and develop ideas around 'SME Competitiveness', 'Innovation', 'Low Carbon' and 'Employment, Skills & Social Inclusion', as well as a separate workshop to engage with third sector partners.
- 9.3 These sessions were supplemented with various individual consultations with a wide range of national, West Midlands and local partners (see list below). The co-ordination and drafting of the strategy was supported by external consultants, Regeneris Consulting.

List of Partners Engaged to Date

- 9.4 The table on the following page sets out a summary of key partners and the ways in which each have been engaged so far in the process of the development of this EU Investment Strategy.

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.
 - **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 comments.
- 9.5 The 'type of stakeholder' column refers to those categories of stakeholder highlighted in Government guidance⁴², covering the key stakeholders which should be engaged.

⁴² HM Government (July 2013). 'The Development and Delivery of European Structural and Investment Funds Strategies – Supplementary Guidance to Local Enterprise Partnerships'.

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Type of Stakeholder	Organisation	Involvement in...			
		Steering Group – Overseeing Detail of Strategy Development	Thematic Groups – Developing thematic priorities	Individual Consultations – Contributing to Specific Priorities	Wider Circulation – Enabling Input to Refine Strategy
LEPs	Black Country LEP & Black Country Consortium	✓	✓	✓	✓
	Greater Birmingham and Solihull LEP			✓	
	Stoke-on-Trent and Staffordshire LEP			✓	
	Coventry and Warwickshire LEP			✓	
	The Marches LEP			✓	
	Worcestershire LEP			✓	
Local Authorities	Wolverhampton City Council	✓	✓	✓	✓
	Walsall Council	✓	✓	✓	✓
	Dudley MBC	✓	✓	✓	✓
	Sandwell Council	✓	✓	✓	✓
	BC Strategic Transport	✓	✓	✓	✓
Universities	University of Wolverhampton	✓	✓	✓	✓
	University of Warwick			✓	
Colleges	Walsall College		✓	✓	✓
	Sandwell College			✓	✓
	Wolverhampton College		✓	✓	✓
	Dudley College			✓	✓
	Halesowen College				
	BMet, Stourbridge College			✓	✓
Businesses, including social enterprises and mutuals	Wolverhampton Science Park		✓		✓
	Black Country Chamber of Commerce (and local chambers)		✓		✓
	Black Country Reinvestment Society		✓		✓
	Accord Housing		✓		✓
	Walsall Housing Group		✓		✓
	Juniper Training				✓
	Access to Business		✓		✓
	Vine Trust		✓	✓	✓
	Social Enterprise West Mids (SEWM)				✓
	Sandwell Women’s Enterprise Development Agency		✓		✓
	Sustainability West Midlands		✓		✓
	LEP Private Sector				✓

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Type of Stakeholder	Organisation	Involvement in...			
		Steering Group – Overseeing Detail of Strategy Development	Thematic Groups – Developing thematic priorities	Individual Consultations – Contributing to Specific Priorities	Wider Circulation – Enabling Input to Refine Strategy
	Representatives				
	Black Country Consortium Private Sector Representatives				✓
	Black Country FSB				✓
	Mid Counties Co-operative			✓	
Skills bodies, including SFA	Work Programme Primes (Pertemps/NCG/EOS)		✓	✓	
	SFA		✓	✓	
	Prospects Ltd			✓	
	Black Country Training Providers Network				✓
Local Nature Partnerships	Birmingham and Black Country Wildlife Trust		✓	✓	
	Dudley Canal Trust			✓	
	Wren’s Nest			✓	
	Forestry Commission			✓	
Civil Society Interest Networks	The Princes Trust			✓	
	Walsall Voluntary Action	✓	✓	✓	✓
	Dudley Council for Voluntary Services		✓	✓	✓
	Wolverhampton VSC		✓	✓	✓
	Sandwell VSC		✓		
	MAPP (Multimedia arts and sports project)				✓
	Age UK				✓
	Palfrey Community Association				✓
	Manor Farm Community Association				✓
	Walsall E-Act Academy				✓
National Agencies	UKTI		✓	✓	
	MAS		✓	✓	
	PERA Growth Accelerator		✓	✓	
	Job Centre Plus		✓		
	BIS			✓	
	DCLG			✓	
	Cabinet Office			✓	
	DWP			✓	
	HCA			✓	✓
	NHS - Walsall				✓
	Environment Agency			✓	✓

9.6 In addition to those listed above, a wide range of business organisations across the Black Country have been directly consulted with, including members of the four local authority

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area's Chamber Boards, Walsall Economic Board members and the Black Country Access to Finance group, listed below.

Dudley Chamber Board

- 9.7 Phoenix Calibration & Services, George Green LLP, Quality Solicitors Talbots, Harco Engineering, Westfield UK, Thomas Dudley, Millenium Hotels, LATA, RBS Corporate Banking, Infracare, Lapal House, Blue Sky Corporate Finance,

Sandwell Chamber Board

- 9.8 HUF UK, Tony Lear Consulting, Birmingham Plating Co Ltd, Q3 Academy, Sandwell College, Bristnall Hall Academy, BCR Global Textiles, Sandwell Mind, Dolphin Lifts Midlands Ltd, Tansun Ltd, EuroShaf Training Services, Wardell Armstrong LLP, Rimstock PLC, Hadley Industries PLC

Walsall Chamber Board

- 9.9 Addison O'Hare, The Midcounties Cooperative, Walsall Trust Saddler Centre Management, Loanmill Properties, Steps to Work, Albert Jagger, Walsall College, National Express, Performance Through People, John Punch F.R.I.C.S, Jhoots Pharmacy, Kall Kwik Centre, Intelligence Matters Research Consultancy, W Barratt Contractors Ltd

Wolverhampton Chamber Board

- 9.10 Handlesbanken, University of Wolverhampton, Select Business Finance, Athwal Resourcing Ltd, Burke Bros, Moving Group, Engineered Timber Solutions, Partners 4 Success, JW Green Swimming Pools Ltd, Chance (2013) Ltd, George Green LLP, WH Law LLP, Grand Theatre, Cooper Mobile Services Ltd, Steps for Success Ltd, Ludgate Finance, HMP Featherstone.

Black Country Access to Finance Group

- 9.11 Paul Brown (Chair) – Ernst & Young, Johnathan Dudley (Deputy Chair) - Alliance 4 Black Country, Tony Seaton- Blue Sky Corporate Finance, Paul Kalinaukas– Black Country Reinvestment Society, Kevin Skym- HSBC, Nigel Goulty – BIS Local, Paul Halford- RBS, Paul Mountford- Sandwell Council, Tim Powel- Minerva, Phill Potter- UKTI, Stephen Peart- Lloyds TSB, Adam Flanagan-Santander, James Addison-Barclays.

Local Economic Boards and Groups

- 9.12 In addition all four Local Authorities have consulted with businesses and partners who are members of their Local Economic Boards, or equivalents.

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

1. 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.
2. The Black Country LEP intends to build on that legacy by co-operating 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.
3. 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

4. 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 & 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. More needs to be done in the design of new programmes, to ensure that firms and

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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.
5. Agreed principles underpinning the 5 West Midlands LEPs (Marches, Stoke & Staffordshire, Black Country, Greater Birmingham & Solihull & Worcestershire) approach to S3:
 6. The West Midlands LEPs are proposing a two tier approach to responding to the requirements to pursue the required S3 approaches. Initially, in the advanced manufacturing sector/supply chain, a cross LEP approach is recommended given the nature of this sector in the West Midlands. This approach will be flexible enough to allow each LEP to develop their own S3 approach, that takes into account their own sector strengths. 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 ESI funds. 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 on-going process of learning, continually driving more productive and sustainable investments in innovation at all levels.
 - So some aspects of S3 can be delivered at the UK level (e.g. tax incentives for research & development), some at a Cross LEP West Midlands level, and some at individual LEP levels.
 - 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 West Midlands LEPs 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.
 8. The Black Country has been developing its ability to access and make the most from International Trade development and Inward Investment; we intend to build on this work as part of the development and implementation of both Opt-ins and interventions through this EU Investment Strategy.
 9. As part of this work the International Trade and Inward Investment team/s across the Black Country, are identifying and setting out detailed sector propositions that reflect the industrial strengths of the area. These propositions not only define the sectors and the opportunities that they present, but highlight the infrastructure needs and gaps that need to be addressed to meet these opportunities.

Low Carbon

10. 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 Black Country 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.
11. A summary of our progress to date, emerging joint programmes, and strategic approach to the sustainability cross-cutting theme is set out below.
12. Since 2012, SWM with the six LEPs, 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.
 - On-going 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.
13. Building on this progress to date, we recognise there is more to achieve. 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 club. This will be 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

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- 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 improve the attractiveness of new and existing investment sites. The quality and function of the surrounding natural environment, and integrating other site issues such as energy, waste, travel and business resilience are central to this.
14. 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

LEP European FEI Strategy: The Black Country LEP Strategy for Financial Engineering Instruments (FEI)

15. The Black Country 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.
16. The Black Country 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.
17. The Black Country 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;

18. 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.
19. 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.
20. 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).
21. 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.
22. 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.

23. 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;**
24. It has been agreed between the participating LEPs that the West Midlands 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).
25. 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);**
26. 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.
27. 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.
28. **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;**
29. 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.

30. **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; and**
31. 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.
32. 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.
33. 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.
34. **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.**
35. 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 the nature and size of each sub-funds.
36. 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.
37. **An indication of sources and size of match funding and the stage negotiations have reached;**
38. 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.
39. 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.

40. **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**
41. 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

42. 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.
43. 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.
44. 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 Black Country 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.

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- 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.

Black Country LEP Notional Allocation for FEI

45. The Black Country LEP intends to allocate £8 million (from SME competitiveness) and £2 million (from low carbon) of their national ESIF allocation to the West Midland wide collaborative framework for financial instruments.

Geographic/Regional Collaboration on FEI

46. It is the intention of the Black Country LEP to collaborate on FEI interventions with the following LEPs

Coventry & Warwick LEP
Greater Birmingham & Solihull LEP
Marches LEP
Stoke-on-Trent & Staffordshire LEP
Worcester LEP

Appendix B

: Projects in development

47. The following templates have been developed to support the development of the strategy and are available on request.

Strategic Investment Area	Project
SIA 1.1: Growth factory	Growth Factory
SIA 1.2: Inward Investment and Exporting	UKTI (Opt in)
SIA 1.2: Inward Investment and Exporting	Invest Black Country
SIA 1.3: SME Access to Finance Support	West Midlands Access to Finance
SIA 1.4: Business Support for Growth and Improved Productivity	Manufacturing Advisory Service
SIA 1.4: Business Support for Growth and Improved Productivity	Growth Accelerator
SIA 1.4: Business Support for Growth and Improved Productivity	ICT Support
SIA 1.5: Enterprise Support for New Business Creation	Enterprise Launch Pad
SIA 1.6: Support for Local Growth Clusters	Creative, Cultural, Visitor Economy
SIA 2.1: Increasing SME Demand and Capacity for Innovation	Innovation Partnerships
SIA 2.1: Increasing SME Demand and Capacity for Innovation	Innovation demand – creative economy
SIA 2.1: Increasing SME Demand and Capacity for Innovation	Innovation demand – health and social care
SIA 2.2: Infrastructure for Innovation	Centre for SME Supply Chain Innovation
SIA 2.3: Innovation Programmes	Incubation and grow on space
SIA 3.1: Sustainable urban centres and employment sites	Low carbon solutions for the Black Country employment corridors
SIA 3.1: Sustainable urban centres and employment sites	Sustainable City Centre Offer
SIA 3.1: Sustainable urban centres and employment sites	Network of sustainable urban centres
SIA 3.2: Improving and Exploiting our Green and Blue Infrastructure	Bradley canal arm
SIA 3.2: Improving and Exploiting our Green and Blue Infrastructure	Black Country Cycleway network
SIA 3.2: Improving and Exploiting our Green and Blue Infrastructure	Dudley Trilobite Centre
SIA 3.2: Improving and Exploiting our Green and Blue Infrastructure	Dudley station
SIA 3.3: Supporting Energy Efficiency and the Green Economy	Energy generation and efficiency
SIA 3.3: Supporting Energy Efficiency and the Green Economy	Journey planning technology scheme
SIA 4.1: Skills for Growth	Skills and employment support for all
SIA 4.2: Young People and Unemployment	Youth employment Initiative
SIA 4.3: Employment Support for Over-25s	Over 25s Unemployment support
SIA 4.4: Promoting Social Inclusion Among Disadvantaged Groups.	Targeted community approach
SIA 4.4: Promoting Social Inclusion Among Disadvantaged Groups.	Neighbourhood Community Development Support

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SIA 4.4: Promoting Social Inclusion Among Disadvantaged Groups.	Community Grants
SIA 4.4: Promoting Social Inclusion Among Disadvantaged Groups.	Addressing Barriers for families with multiple needs
SIA 4.4: Promoting Social Inclusion Among Disadvantaged Groups.	Digital and Financial Inclusion

Appendix C : Initial Equalities Analysis

What you are analysing? Black Country European Investment Strategy 2014-20

Is it a; service function policy X procedure

Is it? A new service, function, policy or procedure X

An existing service, function, policy or procedure

An amended or revised service/ function/ policy/ or procedure

<p>1. What are the main aims and objectives or purpose of the service, function, policy or procedure (proposal)? What needs or duties is it designed to meet?</p>	<p>Black Country European Investment Strategy will outline a series of priority interventions to inform the allocation of European resources between 2014-20 to address needs and gaps in provision.</p>
<p>2. Who is or will be affected by this proposal?</p>	<p>Black Country businesses through European Regional Development Fund activities and residents through European Social Fund activities.</p>
<p>3. Is the proposal affected by external drivers for change? (e.g. new or amended legislation, national policy, external inspections etc.)</p>	<p>National policy has delegated responsibility for producing European Investment Strategies to Local Enterprise Partnerships (LEPs). National guidance states allocation with some priorities having a minimum allocation, however LEPs have the flexibility to determine local priority interventions.</p>
<p>4. Who is responsible for defining and implementing this proposal?</p>	<p>Black Country Local Enterprise Partnership, however contracting will still be undertaken at national level.</p>
<p>5. How does Wolverhampton City Council interact with other bodies or organisations in relation to the implementation of the proposal?</p>	<p>Wolverhampton City Council is co-ordinating production of the strategy on behalf of the LEP working with the other Black Country local authorities and partners. National managing authorities remain responsibility for implementing proposals in partnership with the LEP.</p>
<p>6. What analyses, information or data relating to the proposal already exist?</p>	<p>The Strategy itself is split into a number of key themes: SME competitiveness, innovation and low carbon under European Regional Development Fund and skills, employment and social inclusion under European Social Fund. A clear logic chain must exist for each intervention under these themes based on comprehensive evidence base, needs and gap analysis and evaluation of existing activity. Stakeholder workshops has informed priority interventions.</p>

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<p>7. Is there any evidence of higher or lower take up under the proposal for any particular groups? (from formal monitoring or informal anecdotal evidence)</p>	<p>Priority interventions aim to address market failures and gaps including supporting vulnerable groups overcome barriers and move towards the labour market through social inclusion interventions. Therefore the interventions are likely to positively target certain vulnerable groups to reduce inequalities.</p>
<p>8. Is there any evidence that the proposal may be directly or indirectly discriminatory?</p>	<p>No interventions with the strategy are likely to target certain disadvantaged groups to minimise inequalities in line with the logic chain.</p>
<p>9. If the proposal is discriminatory, can it be justified?</p>	<p>Not applicable.</p>
<p>10. If the proposal is not discriminatory, is there any evidence that it has a differential impact?</p>	<p>Yes interventions with the strategy are likely to target certain vulnerable groups to address inequalities in terms of removal of barriers and support towards the labour market.</p>
<p>11. If there is a differential impact, is it likely to have an adverse impact on any group?</p>	<p>No. Interventions will focus on reducing inequalities by focusing on vulnerable groups.</p>
<p>12. If there is an adverse impact, can that impact be justified?</p>	<p>Not applicable</p>
<p>13. What evidence have you used to make your judgment of discrimination and/or adverse impact?</p>	<p>Vulnerable groups targeted through activities will be based on a comprehensive analysis of need, gap analysis and logic chain.</p>
<p>14. If the discrimination/adverse impact cannot be justified, how do you intend to deal with it? Is there any alternative measure which would achieve the desired aim without the adverse impact identified?</p>	<p>Not applicable.</p>
<p>15. Does or could, the proposal contribute to a specific duty in equality law?</p> <ul style="list-style-type: none"> • eliminate discrimination, harassment and victimisation • advance equality of opportunity between people from different groups • foster good relations between people from different groups. 	<p>Yes. Interventions under the project will advance the equality of opportunity between people of different groups through targeting vulnerable groups who need additional support.</p>
<p>16. Are there any groups which might be expected to benefit from the intended outcomes but do not?</p>	<p>Although interventions funded through European Social Funded may target the most vulnerable groups to close the gap, all residents have the potential for benefiting from the economic growth generated through European Regional Development</p>

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	Funded interventions.
17. Is the proposal intended to increase equality of opportunity by permitting or requiring action to redress disadvantages? If yes, is it lawful?	Yes. Interventions within the strategy will target vulnerable group based on a comprehensive review of evidence, needs and gap analysis. Equal opportunities is an integral part of European funding and must be demonstrated as part of the bidding process.
18. Have you consulted as part of your analysis? Who have you consulted? What methods did you use?	A range of stakeholders have been consulted as part of the development of the strategy including the business community and voluntary community sector. Mechanisms include one-to-one meetings and stakeholder workshops.
19. Is there any public concern (in the media etc.) that the proposal is being operated in a discriminatory manner?	No
20. Have there been any important demographic changes or trends locally? If so, are these anticipated or dealt with by the proposal?	As a 6 year programme, flexibility will be built into the commissioning specifications to ensure support funded through the programme can be adapted to meet the changing need of the Black Country.
21. How is information about the proposal publicised?	Tender opportunities must be EU rules and regulations and promotion of support available funded through the programme must acknowledge European funding.
22. How will you monitor in future?	Equal opportunities is part of the monitoring for European Social Funded provision.
23. Is there any other relevant information?	

Is there a need for a full Equality Analysis?

Work through the following questions, recording evidence as appropriate. (These questions are the same as on the framework and flowchart (appendices 2 and 3), use whichever one you prefer.

1. Are there any concerns or evidence that the proposal affects or could affect people differently or that the needs of certain groups would not be met? (Consider all the equality strands – age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation;

Yes – interventions especially those under skills, employment and social inclusion will target vulnerable groups furthest away from the labour market, with positive results.

1. If the proposal affects or could affect people differently, does this mean that some groups of people would experience a less favourable service than others or that the needs of some groups would not be met?

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Yes – additionality is a crucial element of European funded provision therefore we are targeting those groups who need additional support that mainstream can provide. The less favourable service in this respect is for those that don't need the support, as they can be helped through mainstream.

2. Can this less favourable service be justified on the grounds of advancing equality of opportunity?

Yes – interventions are targeting those furthest away from the labour market who need additional support than can be provided through mainstream in order to reduce inequality.

3. Can the proposal be amended so that no one experiences a worse service and the overall aims and objectives are still fulfilled?

No – we are identifying target groups on the basis of local needs based on evidence therefore the proposal can be justified on the grounds of advancing equality of opportunity

5. Should there now be a full analysis of the proposal? Consider the responses to all the previous questions to decide whether to carry out a more detailed review. If necessary, take advice from colleagues and other stakeholders before reaching a decision.

No – on the basis that the strategy will have positive equality implications on the grounds of advancing equality of opportunity.

Officer(s) completing the analysis

Heather Clark

Job Title: Strategic Projects and Funding Manager

Tel: 5614

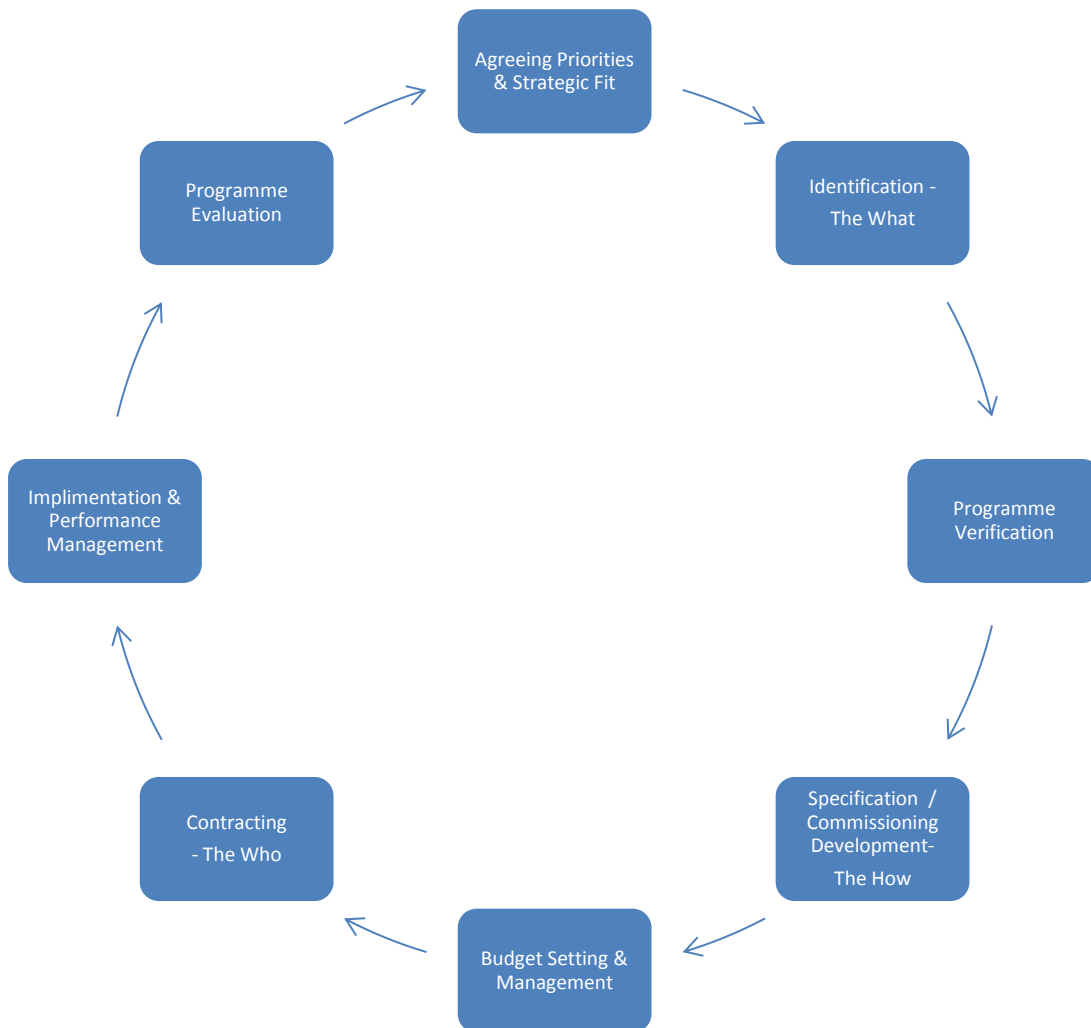
Date: 17 December 2013

Appendix D : Details on the key elements in the management and deliver cycle.

The following section consists of tables, which summarise for each of the eight elements of the management and the delivery cycle (set out below), the expected / anticipated roles of:

- Key Government Departments acting as Managing Authorities, with the second table setting out
- Those anticipated for bodies appointed by Government Agencies through Opt-In arrangements or directly Accountable Bodies.

Together with those roles and activities proposed by the LEP to be completed by its appointed team/s. It's from these proposed roles that the initial key asks of Government Departments and their appointed agents fall, detailed in Appendix E and the subsequent design and financial provisions made for the staff required.



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Table 8.12.1 – Government Department / Managing Authority and LEP: Key Roles & Requirements (Headlines) Table.

Management & Delivery Cycle Stages	Key Roles of each Cycle Element	Government Department / Managing Authority Role & Requirements.	LEP Delivery Roles & Requirements
Agreeing Priorities and Strategic Fit	<ul style="list-style-type: none"> - BC EUIS Signed off and set into place, reviewed / refreshed as required. - All necessary Opt-In agreements agreed and signed off, refreshed / renewed as required. - Strategic fit locally and nationally developed & assured. - Strategic priorities agreed - EU governance and eligibility checks completed - EU Programme fit assured / signed off. - EUIS developed & signed off. - On-going revisions & reworking as necessary. - Negotiations with Government Agencies / Bodies to secure position, fit and appropriate changes etc. 	<ul style="list-style-type: none"> - Formally approve and adopt strategy. - Joint Working MOU's and SLA's drafted and agreed / signed with the LEP covering all programme aspects. - Drafting and signatory of all Opt-In agreements achieved, with on-going reviews and revisions as necessary. - Advise/work with LEP to: <ul style="list-style-type: none"> - Achieve and maintain strategic fit. - Ensure Investment Strategy is in line with EU governance requirements - Ensure initial and on-going EU eligibility is sustained - EU Programme fit assured / signed off. - Assist / advise on re-drafting as required etc. - Actively participate in negotiations with both the LEP and its supply chain/s. - Support the joint development of key strategies 	<ul style="list-style-type: none"> - Produce initial and final drafts of the BC EUIS for consideration and approval. - Formally approve and adopt strategy. - Joint Working MOU's and SLA's drafted and agreed / signed with the Gov't / MA's etc. covering all programme aspects. - Drafting and signatory of all Opt-In agreements achieved, with on-going reviews and revisions as necessary. - Work with Government and its agencies to: <ul style="list-style-type: none"> - Ensure initial & ongoing strategic fit. - Rework / revise as necessary. - Ensure Investment Strategy is in line with EU governance requirements - Ensure initial and on-going EU eligibility is sustained - Adapt / change programme contents as required. - Actively develop final proposals through negotiation. - Ensure the fit of the BCEI with all complementary documents, e.g. the Strategic Economic Plan (SEP).
Identification – The What	<ul style="list-style-type: none"> - Key priorities agreed. - Interventions agreed. - Commissioning elements agreed. - Supporting roles of key partners established. - Details of the elements to be commissioned or tendered agreed and signed off. - Methods of contracting understood & formed / proposed. - Details considered and signed off as and when required. 	<ul style="list-style-type: none"> - Provide access to past ESF/ERDF performance data, lessons learnt and evaluation reports to the LEP. - Work collaboratively with LEP staff to; <ul style="list-style-type: none"> - Form / agree key priorities etc. - Recommend / develop / sign off interventions. - Commissioning elements agreed. - Supporting roles of key partners established. - Commissioned / tendered elements agreed and signed off. - Support the development of contracting methods and options etc. - Details considered and signed off as and when required. 	<ul style="list-style-type: none"> - Utilise past ESF/ERDF performance data, lessons learnt and evaluation reports, together with LEP priorities to form the agreed EU programme priorities / contents. - Set out key priorities and secure LEP board approval. - Agree/negotiate priorities with Gov't Agencies / MA's to : <ul style="list-style-type: none"> - Set out the roles, responsibilities and requirements of key local and national partners. - Sign off interventions at LEP level and pass onto Gov't. - Design / agree key interventions & services to be commissioned - Agree and sign off elements to be tendered - Agree, understand and sign off all methods of contracting formed / proposed for use.

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Management & Delivery Cycle Stages	Key Roles of each Cycle Element	Government Department / Managing Authority Role & Requirements.	LEP Delivery Roles & Requirements
Programme Verification	<ul style="list-style-type: none"> - Eligibility Checks completed with Gov't / DCLG. - Programmes signed off by appropriate Government department/s. 	<ul style="list-style-type: none"> - Sign off (DCLG/BIS etc) strategy and contents and support OJEU compliance throughout. 	<ul style="list-style-type: none"> - LEP staff work with Government and Managing Authorities / bodies to: <ul style="list-style-type: none"> - Sign off locally the EUIS strategy and contents and ensure OJEU compliance throughout. - Sign off all Opt-In agreements and their proposals etc.
Specification Development – The How	<ul style="list-style-type: none"> - EU Eligibility and Conflicts of Interest (Col's) requirements met. - Joint Working MOU's and SLA's drafted and agreed / signed with MA / Govt Agencies (GA's). 	<ul style="list-style-type: none"> - Joint Working MOU's and SLA's drafted and agreed / signed with LEP; 	<ul style="list-style-type: none"> - Joint Working MOU's and SLA's drafted and agreed / signed with MA / Govt Agencies (GA's).
Budget Setting & Management	<ul style="list-style-type: none"> - BC EUIS programme budget allocations established and Set. - Budget processes for the capture, maintenance and validation of matching funding set into place - Technical Assistance funding clarified and amounts agreed. - Agreement reached and signed between the Managing Authority (MA) and the LEP. 	<p>Together with nominated LEP staff;</p> <ul style="list-style-type: none"> - Support the LEP with setting its EU programme budget allocations. - Approve the use of Technical Assistance funding to support the LEP's Development & Delivery Team - Instruct the Opt-in bodies to allocate the appropriate amounts of clean match to the LEP, to facilitate the drawing down of TA funding. 	<ul style="list-style-type: none"> - Set the LEP's EU programme budget allocations. - Produce and approve tender figures for acceptance and approval by Gov't / MA's. - Produce the commissioning proposals, with costs established for approval by Gov't / MA's. - Implement agreed budget profiles / spend allocations. - Maintain on-going effective budget management progresses for the LEP, cross referencing with figures held by all Gov't / MA's involved. - Regular budget reports produced and submitted to Gov't / MA's, with reports to LEP board. - Maintain on-going access to Gov't and MA budget monitoring systems and data bases. - Produce and publish monthly progress reports based on above data, validating information provided / used etc. - Sustain the Programmes N+ 3 Targets Spend Profile. - Joint Gov't and MA on-going effective budget management processes sustained. - Adjustments in programme to accommodate any slippage or growth requests to maximise impact on behalf of the LEP board. - Be accountable to the LEP board for budget performance and outcomes - Work with the MA's and the Opt-In bodies to secure the EU funding and allocated matching funding to support the Development & Delivery Team. Entering into the appropriate agreements etc.

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Management & Delivery Cycle Stages	Key Roles of each Cycle Element	Government Department / Managing Authority Role & Requirements.	LEP Delivery Roles & Requirements
Programme Evaluation	<ul style="list-style-type: none"> - Evaluation framework designed and set into place. - Progress reporting framework agreed and implemented. - Annual / consistent on-going evaluation and reporting considered agreed and set into place. - External evaluation programme (including contractor/s) agreed and implemented. - Advisory roles and processes to LEP Board and MA's agreed and implemented. 	<ul style="list-style-type: none"> - MOU's / SLA's signed off between MA's and the LEP, setting out individual & Joint roles etc. - Together with nominated LEP staff support the implementation of: <ul style="list-style-type: none"> - The LEP's EU evaluation Framework. - The LEP's progress reporting systems. - Internal evaluation, utilising all available performance and financial spend information. - External evaluation through appointed contractors appointed etc. - Regular reports into the LEP Board - Annual, midterm and programme end Evaluation reports as required - Support the production of Key findings, lessons learnt and VfM messages produced annually by the LEP, jointly with MA's to actively inform the Priorities and Strategic Fit element of the process, completing the loop. 	<ul style="list-style-type: none"> - MOU's / SLA's signed off between GD's / MA's and the LEP, - Through nominated LEP staff; <ul style="list-style-type: none"> - Evaluation Framework (on-going) designed and set into place. - Progress reporting framework agreed and implemented. - Internal evaluation (performance and financial data driven processes) underway and informing all parties. - External evaluation programme agreed and implemented (contractors appointed etc.) - Advisory Roles and Processes to into LEP Board Agreed and Implemented. - Annual, midterm and programme end Evaluation reports as required are commissioned, implemented signed off and published. - Key findings, lessons learnt and VfM messages produced annually by the LEP, jointly with the GD's and MA's to actively inform the Priorities and Strategic Fit element of the process, completing the loop.

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Table 8.12.2 – Opt-In / Accountable Body and LEP: Key Roles & Requirements (Headlines) Table.

Management & Delivery Cycle Stages	Key Roles of each Cycle Element	Opt-In / Accountable Body Role & Requirements.	LEP Delivery Roles & Requirements
Programme Verification	<ul style="list-style-type: none"> - Details confirmed and agreed with Managing Authorities. - EU Commission requirements (OJEU etc.) understood and agreed. - Commissioned and Tendered Services / Processes etc. Established / Agreed. 	<ul style="list-style-type: none"> - Sign off all Opt-In agreements and their proposals - Provide assistance to define & then agree commissioned services processes and procedures - Provide assistance to define & agree tendered services processes and procedures. - Through links with EU Commission gain their input and support / sign off etc. - Subsequently sign off / verify programme eligibility and processes and procedures etc. 	<ul style="list-style-type: none"> - Define & propose commissioned services processes and procedures, working these through to conclusion. - Define & propose tendered services processes and procedures, working these through to conclusion. - Following EU Commission input and support / amend contents and delivery methods etc. - Subsequently sign off / verify programme eligibility and processes and procedures etc.
Specification Development – The How	<ul style="list-style-type: none"> - Details established, known and understood - Specification drafting, groups called and work scheduled as required. - EU Eligibility and Conflicts of Interest (Col's) requirements met. - Commissioned services scoped out and agreed. - Applications for Commissioned Services submitted by applicants - Commissioned Services awarded or declined, added to tendered - Specification drafting completed and signed off - Tenders prepared and out to the market place, as and when required. - Tenders appraised, again Col's understood and managed. - Tenders awarded in accordance with EU requirements. - On-Going review and the development of an active project pipeline. 	<ul style="list-style-type: none"> - Assist /Advise the LEP with the formation of its programme / intervention details. - Together with the nominated LEP staff; <ul style="list-style-type: none"> - Assess and agree / decline the Commissioning proposals from the LEP, approving a move to the next applicant stages. - Progress applicants through the process to eventual timely approval / decline. - Attend the appropriate specification drafting groups. - Draft the appropriate Specifications. - Support / sign off / issue (as agreed) the tender documents. - Support the move to tendering (see Contracting) - Complete Initial eligibility checks. - Support successful applicants through the process. - Together with LEP, Support the on-going review and development of the above through pipeline maintenance and development. - Report to Government / EU on progress etc. and supply the LEP with all appropriate details. - Continually work with the LEP on the on-going development of its contents responding to Gov't changes to mainstream programmes and priorities etc. 	<ul style="list-style-type: none"> - Joint Working MOU's and SLA's drafted and agreed / signed with MA / Govt Agencies (GA's); - Form Comprehensive Programme / Intervention Details that match LEP / Government Approvals. <ul style="list-style-type: none"> - Submit the Commissioning proposals on behalf of the LEP (once approved) into the next applicant stages. - Support applicants through the process to eventual timely approval / decline. - Call /attend / manage specification drafting groups. - Lead on the drafting of the appropriate Specifications. - Support / sign off / issue tender documents. - Support the move to tendering (see contracting). - Complete Initial eligibility and VfM checks. - Appoint successful applicants and support through the next stages (see contracting). - Together with GA's / MA's, ensure the on-going Review and Development of the Above through Pipeline maintenance and Development. - Working with other LEP's, agree the staff joint working / sharing roles in the development of specifications and the appraisal of the tenders etc. (Col compliance etc.) - Report to the LEP Board on Progress. - Work with Gov't to adapt the programmes contents in response to changes to mainstream programmes and priorities etc.

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Management & Delivery Cycle Stages	Key Roles of each Cycle Element	Opt-In / Accountable Body Role & Requirements.	LEP Delivery Roles & Requirements
Budget Setting & Management	<ul style="list-style-type: none"> - BC EUIS programme budget allocations established and Set. - Budget processes for the capture, maintenance and validation of matching funding set into place - Tender figures captured, understood approved and authorised (for appropriate contracting periods). - Commissioning details and costs established and authorised (for those planned or approved). - Budget profiles calculated, agreed and signed off by all appropriate bodies. - Documents / approvals issued. - Implementation authorised and commenced. - On-Going effective Budget Management processes implemented. - Overall budget process maintaining N+ 3 target spend on profile. - Maintain / maximise the budgetary success of the programme throughout its life time, maximising both spend the LEPS's ability to secure additional resources wherever possible. 	<ul style="list-style-type: none"> - The identification and on-going maintenance of matching funding, sustained at agreed levels. - Approve / support proposed tender figures. - Approve / support commissioning proposals, with costs established. - Implement agreed budget profiles / spend allocations. - Maintain on-going budget management progresses for all MA's involved. - Regular budget reports produced and submitted to LEP staff and reports to LEP board. - Allow on-going access to Gov't and MA budget monitoring systems and data bases by approved LEP staff. - Allow LEP staff to produce and publish monthly progress reports based on above data, validating information provided / used etc. - Work to Sustain the programmes N+ 3 Targets Spend Profile. - Joint on-going effective budget management processes sustained. - Support programme adjustments to accommodate growth or the use of existing resources as a result of slippage etc. 	<ul style="list-style-type: none"> - Together with MA staff; - Implement agreed budget profiles / spend allocations. - Maintain on-going effective budget management progresses for the LEP, cross referencing with figures held by all Gov't / MA's involved. - Regular budget reports produced and submitted to Gov't / MA's, with reports to LEP board. - Maintain on-going access to Gov't and MA budget monitoring systems and data bases. - Produce and publish monthly progress reports based on above data, validating information provided / used etc. - Sustain the Programmes N+ 3 Targets Spend Profile. - Joint Gov't and MA on-going effective budget management processes sustained. - Adjustments in programme to accommodate any slippage or growth requests to maximise impact on behalf of the LEP board. - Be accountable for the LEP board for budget performance and outcomes.
Contracting – The Who	<ul style="list-style-type: none"> - MOU's, SLA's and Opt-in contracts drafted / agreed and sealed. - Tender process completed (on-going as required). - Tenders accepted and signed off by the LEP / MA / AB etc. - Commissioned services accepted and signed off by LEP. - Service contracts negotiated and signed. - On-going contract review processes agreed and set into place. 	<ul style="list-style-type: none"> - Together with nominated LEP staff; - MOU's, SLA's and opt-in contracts drafted, accepted and signed and sealed. - Tender process completed including; <ul style="list-style-type: none"> - Out to the market place as and when required. - Appraisals completed and matching funding validated etc. - Contracts issued and jointly signed off. 	<ul style="list-style-type: none"> - MOU's, SLA's and opt-in contracts drafted, accepted and signed and sealed. - Tender process completed including; <ul style="list-style-type: none"> - Out to the market place as and when required. - Appraisals completed and matching funding validated etc. - Contracts issued and jointly signed off.

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Management & Delivery Cycle Stages	Key Roles of each Cycle Element	Opt-In / Accountable Body Role & Requirements.	LEP Delivery Roles & Requirements
Contracting – The Who (cont’d)	<ul style="list-style-type: none"> - Reporting Arrangements Implemented - Variation Processes Agreed. 	<ul style="list-style-type: none"> - Where agreed commissioned services are: <ul style="list-style-type: none"> - Supported through development, application and appraisal stages - Accepted and jointly signed off. - For all provision together with nominated LEP staff; <ul style="list-style-type: none"> - On-Going Contract Review Processes Agreed and Set into Place. - Reporting Arrangements Implemented - Variation Processes Agreed. - Monitoring Arrangements set into Place to accommodate all arrangements etc. - Eligibility and matching funding checks completed. - On-going profiling of performance matched into target spend (N+3) levels, to allow VfM monitoring and appropriate contracting changes and additions etc. to be recommended / made. 	<ul style="list-style-type: none"> - Where agreed commissioned services are: <ul style="list-style-type: none"> - Supported through development, application and appraisal stages - Accepted and jointly signed off. - For all provision together with nominated MA staff; <ul style="list-style-type: none"> - On-Going Contract Review Processes Agreed and Set into Place. - Reporting Arrangements Implemented - Variation Processes Agreed. - Monitoring Arrangements set into Place to accommodate all arrangements etc. - Eligibility and matching funding checks completed. - On-going profiling of performance matched into target spend (N+3) levels, to allow VfM monitoring and appropriate contracting changes and additions etc. to be recommended / made.
Implementation & Performance Management	<ul style="list-style-type: none"> - Contracts implemented between all key agencies, partners & contractors. - Data sharing protocols, agreements and arrangements set into place and Implemented. - PEV / initiation visits completed & contractors vetted and passed. - Contracting commenced. - On-going performance management processes / procedures implemented. - Resolution protocols set into place. - Contract review, amendments and termination arrangements set into place. - Reporting arrangements agreed and set into place & implemented. - Joint comparison arrangements (performance, best practice etc.) with other LEP's set into place and operating. 	<ul style="list-style-type: none"> - Together with the nominated LEP staff; <ul style="list-style-type: none"> - MOU's / SLA's signed off setting out individual & joint roles etc. - Contracting arrangements and contracts in place with both tender winners and commissioned bodies (on-going as required). - Effective (business needs and output driven) joint data sharing protocols, agreements and arrangements set into place and implemented. - PEV / contract initiation visits completed & contractors (on-going as required) signed off. - Contracting commenced (on-going as required). - Joint on-going performance management processes / procedures implemented. - Joint resolution protocols (performance failure etc.) set into place and operating. - Contract review, amendments and termination arrangements set into place with the LEP. - Reporting arrangements jointly agreed, set into place & implemented with the LEP. 	<ul style="list-style-type: none"> - Together with the nominated Gov't / MA staff; <ul style="list-style-type: none"> - MOU's / SLA's signed off setting out individual & joint roles etc. - Contracting arrangements and contracts in place with both tender winners and commissioned bodies (on-going as required). - Effective (business needs and output driven) joint data sharing protocols, agreements and arrangements set into place and implemented. - PEV / contract initiation visits completed & contractors (on-going as required) signed off. - Contracting commenced (on-going as required). - Joint on-going performance management processes / procedures implemented. - Joint resolution protocols (performance failure etc.) set into place and operating. - Contract review, amendments and termination arrangements set into place. - Reporting arrangements jointly agreed, set into place & implemented.

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Management & Delivery Cycle Stages	Key Roles of each Cycle Element	Opt-In / Accountable Body Role & Requirements.	LEP Delivery Roles & Requirements
Implementation & Performance Management (cont'd)	<ul style="list-style-type: none"> - The LEP aspires to deliver an all age programme that supports its beneficiaries as required to maximise outcomes. 	<ul style="list-style-type: none"> - Assist in the design and implementation of an all age programme, with appropriate monitoring and tracking arrangements. 	<ul style="list-style-type: none"> - The LEP requests the ability to track participants throughout their participation in the EU programme, regardless of age or place within it.
Programme Evaluation	<ul style="list-style-type: none"> - Evaluation framework designed and set into place. - Progress reporting framework agreed and implemented. - Annual / consistent on-going evaluation and reporting considered agreed and set into place. - External evaluation programme (including contractor/s) agreed and implemented. - Advisory roles and processes to LEP Board and MA's agreed and implemented. 	<ul style="list-style-type: none"> - MOU's / SLA's signed off between MA's and the LEP, setting out individual & Joint roles etc. - Together with nominated LEP staff support the implementation of: <ul style="list-style-type: none"> - The LEP's EU evaluation Framework. - The LEP's progress reporting systems. - Internal evaluation, utilising all available performance and financial spend information. - External evaluation through appointed contractors appointed etc. - Regular reports into the LEP Board - Annual, midterm and programme end Evaluation reports as required - Support the production of Key findings, lessons learnt and VfM messages produced annually by the LEP, jointly with MA's to actively inform the Priorities and Strategic Fit element of the process, completing the loop. 	<ul style="list-style-type: none"> - MOU's / SLA's signed off between GD's / MA's and the LEP, - Through nominated LEP staff; <ul style="list-style-type: none"> - Evaluation Framework (on-going) designed and set into place. - Progress reporting framework agreed and implemented. - Internal evaluation (performance and financial data driven processes) underway and informing all parties. - External evaluation programme agreed and implemented (contractors appointed etc.) - Advisory Roles and Processes to into LEP Board Agreed and Implemented. - Annual, midterm and programme end Evaluation reports as required are commissioned, implemented signed off and published. - Key findings, lessons learnt and VfM messages produced annually by the LEP, jointly with the GD's and MA's to actively inform the Priorities and Strategic Fit element of the process, completing the loop.

Appendix E : LEP Initial Key Asks of Government and its Appointed Agents

Section 8.11 and Appendix D outlines the proposed Management & Delivery Cycle, detailing the key roles and responsibilities expected from both Government and its nominated agents including those appointed as: Managing Authorities, Opt-In and Accountable bodies. These elements are a mix of effective programme management, good practice and a structured process achieved through the drafting of appropriate Memorandum of Understanding (MoU's) and Service Level Agreements (SLA's) together with effective partnership working arrangements.

Most elements are considered as effective Programme Management, however some elements represent specific asks by the Black Country LEP of both Government and its appointed agents, which will need to be addressed if we are to deliver our collective ambitions for the EU Investment Strategy.

The following table starts to capture the 'Key Asks' which could be considered as over and above the norm, falling from our proposed management & delivery arrangements. We reserve the right to add to and amend as we move through the negotiations and development work in 2014.

Table 8.13.1 – LEP Initial Key Asks of Government and its Appointed Agents

Management & Delivery Cycle Stages	LEP – Key Requirements requested of Government and its Agencies.	'Key Asks' of Government & its Agencies.
Agreeing Priorities and Strategic Fit	1.4 Effective joint working, with clear roles and responsibilities established through appropriate MoU's and SLA's. 1.5 Timeframes for the completion of the above agreements established together with officers who hold the necessary powers to negotiate and agree the contents etc. 1.6 Confirmation that Transnational working is no longer a requirement of the ESF programme.	1.4 Nominated lead officers within each Managing Authority identified, together with their nominees within each Opt-In / Accountable Body to work on MoU' and SLA's. 1.5 Delegated powers given to identified officers together with timeframes for development and signing to avoid delays etc. 1.6 Confirm all Transnational roles and responsibilities.
Identification – The What	2.1 Provide access to past ESF/ERDF Performance Data, Lessons Learnt and Evaluation Reports for the LEP and nominated staff.	2.1 Government & its Agencies are requested to enter into the appropriate data sharing agreements with the LEP covering these requirements.
Programme Verification	3.1 Government to Identify: <ul style="list-style-type: none"> • Who are to be there Opt-In organisations / Accountable Bodies • Which Managing Authorities are responsible for each element of the programme • Who the Certifying/Paying Authority will be for each funding stream • Who the Audit Authority will be for each funding stream. 3.2 Government to instruct their Opt-In organisations and Accountable Bodies to	3.1 Government to identify all Opt-in and Accountable Bodies for all aspects of the EUIS and links to appropriate Managing Authorities. 3.2 Government to instruct the above to work with the LEP to define and agree joint commissioning and tendering arrangements.

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	define and agree all tendering and commissioning criteria arrangements with the LEP.	
Specification Development – The How	<p>4.1 The Government and its appointed agents are to develop and implement all appropriate SLA’s and MoU’s in a timely manner.</p> <p>4.2 The Government is to instruct all of its appointed agents and bodies to work collaboratively with the LEP in the development of its specifications, tenders and commissioned services.</p> <p>4.3 Allow officers the time required to participate</p> <p>4.4 The Government and its appointed agents are to share past and current specifications and tender documentation as requested by the LEP.</p>	<p>Government & Its Agencies are required to;</p> <p>4.2 Enter into and sign the appropriate MOU’s and SLA’s without delay.</p> <p>4.2 Instruct its staff and appointed bodies / agents to work collaboratively with the LEP in the development of all specifications, tenders and commissioned services.</p> <p>4.5 Give nominated officers the ability to commit the appropriate time to assist with Specification Development.</p> <p>4.6 Share past and current documents to aid this process.</p>
Budget Setting & Management	<p>5.1 The Government and its appointed agents are to allow the LEP and its appointed staff access to all Budget Management systems that relate to the LEP’s programmes, together with the supply of regular (min Quarterly) updates.</p> <p>5.2 The Government and its appointed agents are to confirm matching funding, and agreed budget and spend profiles.</p> <p>5.5 Ensure that LEP staff are equipped with the skills and abilities required to make the most from access to the above systems.</p> <p>5.6 Technical Assistance funding clarified and amounts agreed.</p> <p>5.7 Agreement reached and signed between the Managing Authority (MA) and the LEP.</p>	<p>Government & Its Agencies are required to;</p> <p>5.6 Allow on-going access to all EU Budget Management Systems, so that LEP staff can compile their own monthly expenditure reports.</p> <p>5.7 Confirm matching funding details and all budget and spend profiles</p> <p>5.8 Train all nominated LEP staff to enable them to fully use their systems and procedures etc.</p> <p>5.9 Approve the use of Technical Assistance funding to support the LEP’s Development & Delivery Team</p> <p>5.10 Instruct the Opt-in bodies to allocate the appropriate amounts of clean match to the LEP, to facilitate the drawing down of TA funding.</p>
Contracting – The Who	<p>6.1 The Government and its appointed agents are to develop and implement all appropriate SLA’s and MoU’s in a timely manner.</p> <p>6.2 The Government and its appointed agents are to process and approve all contracting and commissioning opportunities through to contracting as soon as possible.</p>	<p>Government & Its Agencies are required to;</p> <p>6.1 Enter into and sign the appropriate MOU’s and SLA’s without delay.</p> <p>6.2 Process all contracting and commissioning proposals as soon as possible.</p>
Implementation & Performance Management	<p>7.1 The Government and its appointed agents are to allow the LEP and its appointed staff access to all Data and Performance Management systems, together with the supply of regular (min Quarterly) updates.</p> <p>7.2 Ensure that LEP staff are equipped with the</p>	<p>Government & Its Agencies are required to;</p> <p>7.6 Allow on-going access to all EU Performance Management Systems, so that LEP staff can compile monthly reports.</p>

	<p>skills and abilities required to make the most from access to the above systems.</p> <p>7.3 The Government and its appointed agents are to support beneficiary tracking by LEP staff throughout their time and progress within the BC EUIS.</p> <p>7.4 The Government and its appointed agents are to agree to Joint working to ensure effective management, monitoring and control of the Operational Programme.</p> <p>7.5 The Government and its appointed agents are to confirm the availability of Technical Assistance resources in the support of the LEP to support the Operational Management & Delivery at the LEP level.</p>	<p>7.7 Train all nominated LEP staff to enable them to fully use their systems and procedures etc.</p> <p>7.8 Ensure that tracking of beneficiaries throughout the programme is possible, no matter who they are participating with.</p> <p>7.9 Confirm all joint working arrangements confirm capacity to assure effective management monitoring and control of the programme.</p> <p>7.10 Confirmation of the use of Technical Assistance by LEP to reinforce its' administrative capacity for implementing and managing funds at a sub-regional level</p>
<p>Programme Evaluation</p>	<p>8.1 The Government and its appointed agents are requested to work with the LEP in the development of their Evaluation Strategies and approaches to tendering, to:</p> <ul style="list-style-type: none"> - maximise the Value for Money achieved through cross LEP/ MA tendering - maximise the outcomes from any joint LEP or MA approach to evaluation - work with the LEP to share data and information to aid the evaluation processes etc. - support the LEP with developing the appropriate inclusions within contracts and commissioning specifications etc. - work with the LEP to implement where possible beneficiary tracking throughout their participation. 	<p>8.1 The Government and its appointed agents are to work with the LEP in the development of the Evaluation Strategy / approach to:</p> <ul style="list-style-type: none"> - Agree their roles in the evaluation of the BC EUIS - Develop cross LEP / Programme approaches to the Evaluation of similar contracts / provision / interventions - Work with the LEP's to achieve the best VfM in both cost and outcomes of this work. - Build agreed approaches into the content of any MoU /SLA's. - Build the required conditions and asks into any specifications, contracts or commissioned services etc. - work with the LEP to implement where possible beneficiary tracking throughout their participation.

: Risk Assessment

Risk ID	Category	Risk Element	Mitigating Action	By when (Date)	Early warning indicator	Risk Owner	Status i.e. live/closed	Prob (H/M/L)	Impact (H/M/L)	Overall risk rating (H/M/L)
	Match	There is a risk that Big Lottery will not be able to agree on a model compliant with European rules & regulations resulting in the loss of match funding for social inclusion projects	The Black Country will work closely with the Big Lottery to design a model and procure a lead organisation that is compliant with European rules and regulations whilst meeting the needs of the BC and in line with Big Lottery aims. Alternative match will be considered as a back-up.	March 2014	Regular feedback on Big Lottery on discussions	Heather Clark	Live	L	H	M
	Match	There is a risk that other opt ins will not exist after 2015 impacting on sustainability of priority interventions	BC EUIS designed to be flexible and respond to changes in external environment. Alternative match will be sought through the Managing Authorities against any new / replacement and contracted provision.	Dec 2014	Regular review of Government policy and MA's allocations to consider / assess impact	Mark Lavender	Live	H	H	H
	Match	There is a risk of lack of match for non-opt in interventions	Interventions and project pipeline have been developed based on deliverability including the availability of match being made available by Government through its Managing Authorities.	On-going	Regular review of Government policy and MA's allocations to consider / assess impact	Mark Lavender		H	H	H

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Risk ID	Category	Risk Element	Mitigating Action	By when (Date)	Early warning indicator	Risk Owner	Status i.e. live/closed	Prob (H/M/L)	Impact (H/M/L)	Overall risk rating (H/M/L)
	Eligibility & EU Compliance	There is a risk that programmes and interventions developed will not meet EU Eligibility & Compliance rules and regulations.	A Technical Assistance funded team will be continued / established with the aim of ensuring that all EU Eligibility & Compliance rules and regulations are met.	On-Going	TA Team established and local Management & Delivery arrangement established.	Mark Lavender	Live	M	H	H
	Eligibility & EU Compliance	There is a risk that if projects in their delivery do not comply with EU Eligibility & Compliance rules and regulations, that they will be subject to claw back and cancellation .	A Technical Assistance funded team will be continued / established with the aim of ensuring that all EU Eligibility & Compliance rules and regulations are met throughout all projects in their delivery.	On-Going	TA Team established and local Management & Delivery arrangement established.	Mark Lavender	Live	M	H	H
	Gov-ernance	There is a risk that councils will not be able to assume accountable body status due to national cuts resulting in unwillingness to take the risk or inability to contract	Briefing arranged with S151 officers in advance of submission of strategy. Internal approval processes for individual Black Country local authorities underway. Governance structures in place to allocate accountable body status	2015	Limited to non-opt in interventions with local match.	Keren Jones	Live	H	L	M
	Gov-ernance	There is a risk that a change in Government will impact on Governance arrangements e.g. LEP	Governance structures in place and flexible to react to any changes	May 2015	Review of policies.	Keren Jones	Live	L	L	L
	Gov-	There is a risk of	Governance structures in place	2015	Feedback	Keren	Live	L	L	L

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Risk ID	Category	Risk Element	Mitigating Action	By when (Date)	Early warning indicator	Risk Owner	Status i.e. live/closed	Prob (H/M/L)	Impact (H/M/L)	Overall risk rating (H/M/L)
	ernance	disputes between delivery partners	and partnership infrastructure part of design e.g. growth factory		from businesses and partners	Jones				
	Commissi oning (set up stage)	There is a risk of a lack specialist staff recruitment and retention	Technical assistance team in place. Staffing under review to ensure sufficient capacity. Individual local authorities identifying people with specialist knowledge to design detailed commissioning specs.	On-going	Turnover of staff	Mark Lavender	Live	M	H	H
	Commissi oning (set up stage)	There is a risk that procurement/com-missioning will not be in line with European rules and regulations	Procurement handbook produced. Procurement activities will take advice from DCLG before purchasing.	On-going	Internal due diligence procedures and systems	Mark Lavender	Live	M	H	H
	Commissi oning (set up stage)	There is a risk of conflict of interest in terms of the design of detailed commissioning specifications and delivery	Conflict of interest policy and document produced and all partners will be asked to complete before any specifications are completed.	On-going	Conflict of interest complaint	Mark Lavender	Live	M	H	H
	Commissi oning (set up stage)	There is a risk that interventions do not meet the needs and fill gaps as identified in the Black Country	The Black Country is intending to play a significant role in the design of commissioning specifications including joint design of commissioning specifications with opt ins. Significant research and experience to identify interventions.	On-going	Interventions will be continuously assessed and monitored throughout the lifetime of the programme	Theme Leads	Live	M	H	H

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Risk ID	Category	Risk Element	Mitigating Action	By when (Date)	Early warning indicator	Risk Owner	Status i.e. live/closed	Prob (H/M/L)	Impact (H/M/L)	Overall risk rating (H/M/L)
					to ensure fit for purpose.					
	Commissioning (set up stage)	There is a risk of market failure in terms of a lack of providers to deliver interventions based on gaps in provision	Opportunities will be tendered in line with EU procurement rules and regulations. For localised provision, support will be available to local specialist providers to ensure have capacity to tender.	Sept 2014	Lack of interest in tenders	Mark Lavender	Live	L	L	L
	Delivery	There is a risk of delays to start date due to contracting issues	BC are ahead in terms of defining the details of interventions and have scheduled detail design development between February and May 2014 so ready to go when approval given.	Sept 2014	Slippage in strategy approval impacting on contracting	Zoey West	Live	M	H	M
	Delivery	There is a risk that Internal systems and procedures are not in place	Internal systems and procedures are already being designed for the existing programme and best practice will be carried forward. Technical assistance monies will be sought to set up a dedicated team.	Sept 2014	Continuous and rigorous project management will identify. Changes to internal systems to ensure fit for purpose.	Zoey West	Live	L	H	M
	Delivery	There is a risk of clawback	Dedicated team in place to ensure that projects compliant with EU rules and regulations	2020	Effective implementation of	Zoey West	Live	M	H	M

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Risk ID	Category	Risk Element	Mitigating Action	By when (Date)	Early warning indicator	Risk Owner	Status i.e. live/closed	Prob (H/M/L)	Impact (H/M/L)	Overall risk rating (H/M/L)
			and keep necessary records to reduce risk of clawback.		systems and procedures, close monitoring and project management of activity highlighting potential issues that could lead to clawback					
	Delivery	There is a risk of slippage re spend and outputs	As part of programme and project management, profiles will be developed and monitored to ensure spend to profile.	2015	PM and risk assessment provide early warning of slippage and provide opportunity to re-profile	Zoey West	Live	H	H	H
	Delivery	There is a risk in terms of specialist staff recruitment and retention	Technical assistance to be used to fund a team to support delivery of programme as whole. Part of tender to ensure specialist staff in place to deliver projects.	2015	Staff turnover	Mark Lavender	Live	L	L	L
	Delivery	There is a risk of cost overruns	Project managers put in place for capital projects to ensure delivered in line with budget	2020	Project management tools	Project Manager	Live	M	M	M

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Risk ID	Category	Risk Element	Mitigating Action	By when (Date)	Early warning indicator	Risk Owner	Status i.e. live/closed	Prob (H/M/L)	Impact (H/M/L)	Overall risk rating (H/M/L)
	Delivery	There is a risk of poor provider performance	The BC have requested a joint project management and monitoring role with opt ins to ensure that provision meets our needs	2020	Project Management	Project Manager	Live	M	M	M
	Delivery	There is a risk that delivery does not meet local needs	As part of joint project management approach, BC seeking access to local information to monitor local performance and ability to work with providers to ensure meet local needs	2020	Local feedback from partners and beneficiaries.	LA Leads	Live	L	L	L
	Delivery	Inability to meet demand	Ability to move budget between interventions within thematic priorities and seek additional funding where appropriate	2020	Evaluation of performance against needs	Keren Jones	Live	M	M	M