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European Structural and Investment  
Funds Strategy 2014 - 2020



**European Union**  
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## CONTENTS

1.0	Introduction	4
2.0	Case for Investment	9
3.0	Stakeholders Engagement, Collaboration and Regional Working	21
4.0	Cross Cutting Themes and Social Innovation	23
5.0	Implementation	27
6.0	Links to Other EU Programmes	31
7.0	Strategic Activities	33
8.0	Output, Results and Match Funding	45

### APPENDICES

1	Marches LEP Rural Urban Classifications showing most Deprived Lower Super Output Areas (LSOA's)	57
2	How the Marches Strategic Activities and Sub Priorities Address the ESIF Thematic Objectives	58
3	Logic Chain	59
4	Collabroration Table	74
5	Implementation of Cross Cutting Themes	75
6	European Structural and Investment Framework Annual Commitment Profile	77
7	Source Documents	79

### TABLES

1	The Marches Strategic Priorities (as identified in the 2012 Strategy for Growth and Draft Marches LEP SEP)	7
2	How the Marches ESIF Strategy will help to deliver Marches LEP Strategic Priorities (as identified in the 2012 Strategy for Growth and Draft Marches SEP)	8
3	GVA Methodology	18
4	Market Failure to be addressed through the Marches ESIF Strategic Activities	20
5	The Marches Timetable	30
6	Potential Uses of RDPE	45
7 & 8	ERDF and ESF Output Targets for the Marches LEP area	46

## 1.0 Introduction

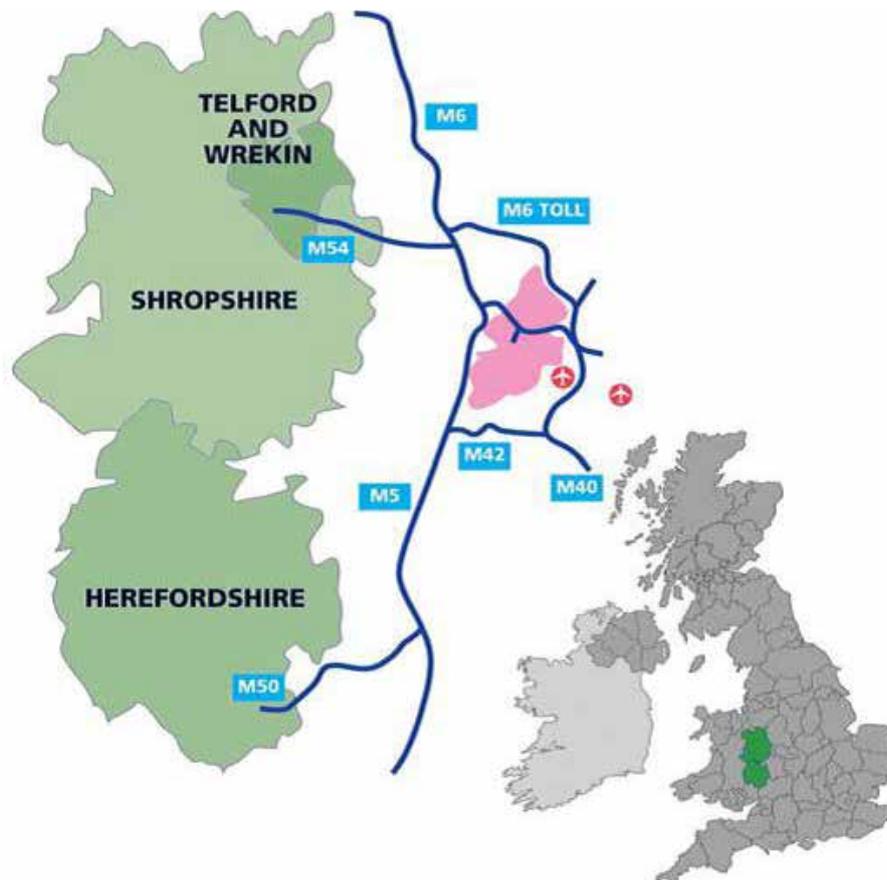
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The Marches European Structural and Investment Fund (ESIF) Strategy provides the local context and aspirations for ESIF investment in the Marches through the 2014-2020 Growth Programme, through which the area has been allocated approximately €120 million. The programme combines the European Regional Development Fund (ERDF), European Social Fund (ESF) and the Rural Development Programme for England (RDPE).

The Strategy is derived from a comprehensive evidence base along with extensive stakeholder engagement.

The Strategy has been endorsed by the Marches Local Enterprise Board and Marches ESIF Sub Committee.

### Marches LEP Area



## 1.1 Setting the Scene

The Marches is geographically one of the largest LEPs in the country, covering 2,300 square miles across Shropshire, Herefordshire and Telford & Wrekin. It includes the main urban centres and designated growth points of Telford, Shrewsbury and Hereford, Hereford Enterprise Zone and some very rural places supported by a range of market towns. It is home to more than 700,000 people and 29,800 businesses, currently contributing £10 billion to the UK economy. In addition there are 4,109 registered Voluntary Organisations with an estimated 290,737 people formally volunteering. There is significant scope to improve upon this contribution and help to deliver Europe's 2020's ambitions and achieve high levels of employment, productivity and social cohesion.

### The Vision for the Marches is

*'A strong, diverse and enterprising business base, operating in an exceptional and connected environment, where the transfer of technology and skills foster innovation, investment and economic growth'*

The Marches is a distinctive area. At its heart is the global birthplace of industry, part of a heritage which has sparked a revolution of a different kind with innovative hi-tech enterprises, land-based industries and entrepreneurs flourishing alongside global players. Ideas which changed the world were born in the Marches: the Industrial Revolution in the Ironbridge Gorge; the first modern skyscraper, the Flaxmill in Shrewsbury; the modern Olympic movement in Much Wenlock; the Mappa Mundi in Hereford and Darwin's Theory of Evolution.

These big ideas are evidence of the Marches' pioneering industrial heritage and its entrepreneurial spirit. It has demonstrated its ability to change and adapt to emerging technology and innovation, without losing sight of its rural advantage and the quality of life this offers.

The economy in the Marches has remained relatively stable through the economic downturn. There is acknowledgement that the area has a buoyant and thriving small and medium sized enterprises (SME) community which has played an important role in the way in which the area has navigated the recession. Recognising the fall in public sector employment, the Voluntary, Community and Social Enterprise (VCSE) sector has become increasingly important as they take on public sector contracts.

The rural areas in the Marches are more than attractive backdrops to the economic urban areas of Telford, Hereford, Shrewsbury and the larger market towns. In fact, they are home to a huge diversity of businesses. The farming industry is at the heart of it – producing food and drink not just for the local area but for the UK and export market. Famous brands such as Muller Dairy, Tyrell Crisps, Cargill, Heineken Bulmers, Grocontinental and Kerry Group make a significant contribution to the Marches economy.

There is recognition of the contribution rural areas can and do make to the key sectors: digital, media and creative arts as well as the more traditional heritage, cultural and tourism sectors. However, although these businesses are resilient, market failure demonstrates that many of these businesses are small and without support do not have the ability to grow.

There are urban areas within the Marches which have been identified through the Indices of Multiple Deprivation (2010) as having significant concentrations of economic need (see Appendix 1), with the largest concentrations located within Telford & Wrekin. In addition the Marches has a number of smaller more isolated areas, particularly in Herefordshire and West Shropshire which are amongst the most disadvantaged areas in the West Midlands on the Rural Disadvantage Index (WMRO (1), 2010). The needs within these smaller areas being exacerbated by the additional rural issues faced, such as limited public transport, social isolation, digital exclusion and increased costs of fuel.

## 1.2 Strategic Context

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The Marches ESIF Strategy support the Marches LEP Strategic Economic Plan (Marches SEP), March 2014. The SEP is being refreshed during 2016. The Marches ESIF Strategy takes its strategic direction from both the Marches SEP and the priorities for funding under the 2014-2020 Common Strategic Framework (as defined by Government's 'Supplementary Guidance to LEPs' on the development and delivery of ESIF Strategies).

The Marches SEP Strategic Priorities are:

- Supporting Businesses
- Physical Infrastructure
- Skills Enhancement
- Low Carbon Economy
- Social Inclusion

Table 1 sets out the Marches pledge in relation to each of these Strategic Priorities.

The 2014 - 2020 Common Strategic Framework brings together the three structural investment funds of ERDF, ESF and EAFRD under a single overarching strategy that seeks to address the Europe 2020 objectives around economic growth and job creation. The Marches ESIF Strategy outlines the proposed use of the structural investment funds through the LEP's Growth Programme allocation.

Within the 2014 - 2020 Common Strategic Framework, the European Commission has identified three types of regions, differentiated by relative prosperity, as follows:

- Less Developed Regions, GDP below 75% of EU average.
- Transition regions, GDP 75-90% of EU average.
- More developed regions, GDP above 90% of EU average.

The Marches LEP is split into a Transition Area (Shropshire and Telford & Wrekin) and a More Developed Area (Herefordshire).

The Transition Area (which is defined by Europe) also extends into the Stoke and Staffordshire and is the only such area in the West Midlands. For the purposes of developing the Marches ESIF Strategy, the Marches LEP has considered the totality of the area it covers, whilst also working alongside Stoke and Staffordshire LEP to co-ordinate and develop consistent processes and mechanisms to deliver a seamless Transition Area.

The Marches LEP has developed the following Strategic Activities within the Marches ESIF Strategy that align with the Thematic Objectives of the EU 2014 - 2020 Framework:

- Enhancing Competitiveness, Research and Innovation and Enabling Technology
- Supporting the Shift towards a Low Carbon Economy
- Supporting the Environment
- Employment and Skills
- Social Inclusion

Table 2 sets out how the Marches ESIF Strategy activity will help to deliver the Marches LEP Strategic Priorities (as identified in the Draft Marches SEP).

These Strategic Activities are defined in Section 7 and will provide the strategic direction for all investments through the Marches ESIF funding allocation over the next 7 years. Each Strategic Activity comprises sub priorities that seek to address areas of market failure where investment is required, as set out in Section 2.8. Appendix 2 identifies how the Marches ESIF Strategic Activities and Sub Priorities address the Marches SEP Strategic Priorities.

Table 1: The Marches Strategic Priorities (as identified in the 2012 Strategy for Growth and Draft Marches LEP SEP).

	<b>Marches SEP Strategic Priorities</b>
Supporting Businesses	<p>We will create an exceptional business support environment for aspiring growth businesses through access to finance, research and incentives to innovate.</p> <p>We will promote the Marches as a business investment location.</p>
Physical Infrastructure	<p>We will provide a compelling business investment offer with a progressive planning framework and infrastructure fit for tomorrow's business needs.</p>
Skills Enhancement	<p>We will support a growing economy by having a skilled and flexible workforce where young people can realise their potential.</p>
Low Carbon Economy	<p>We will drive the transition to a high value, low carbon economy, maximising the opportunity in new technologies, reducing environmental costs to business and recognising our environment as an economic asset.</p>
Social Inclusion	<p>We will support the socially excluded and under represented groups and address barriers to their participation in activities that will improve their economic well-being.</p>

Table 2: How the Marches ESIF Strategy will help to deliver Marches LEP Strategic Priorities (as identified in the 2012 Strategy for Growth and Marches SEP)

<b>Marches Draft SEP Strategic Priorities</b>	<b>Marches ESIF Activities</b>	<b>Marches ESIF Strategic Activities addressed</b>
Supporting Businesses	<ul style="list-style-type: none"> <li>• Strengthening business sectors.</li> <li>• Flexible business support products.</li> <li>• Site and sector based Inward Investment.</li> <li>• Centres of Excellence.</li> <li>• Smart Specialisation Strategy proposals.</li> <li>• Digital inclusion.</li> <li>• Supporting the visitor economy.</li> <li>• Increased Research and Development.</li> </ul>	<p>Enhancing Competitiveness, Research and Innovation and Enabling Technology</p> <p>Supporting the Environment</p>
Physical Infrastructure	<ul style="list-style-type: none"> <li>• Investing in the natural environment to support sustainable economic growth.</li> <li>• Protecting the natural and historic assets.</li> <li>• Supporting greening activities.</li> </ul>	Supporting the Environment
Skills Enhancement	<ul style="list-style-type: none"> <li>• Developing the skills required for business growth.</li> <li>• Supporting enterprise and access to employment.</li> <li>• Realising the potential of young people.</li> <li>• Developing a shared responsibility for skills through effective partnerships.</li> <li>• Developing the Higher Education (HE) offer.</li> </ul>	Employment and Skills
Low Carbon Economy	<ul style="list-style-type: none"> <li>• Sustainable and balanced growth.</li> <li>• Supporting low carbon and renewable energy supply chains.</li> <li>• Providing opportunities for the development of energy efficiency, waste reduction and renewable energies in communities.</li> <li>• Increasing the use of renewable energy, decrease energy use and promote smart energy systems.</li> </ul>	Supporting the Shift Towards a Low Carbon Economy
Social Inclusion	<ul style="list-style-type: none"> <li>• Learning and routes to employment.</li> <li>• Concentrating upon early intervention and hard to reach groups.</li> </ul>	Social Inclusion

## 2.0 Case for Investment

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The Marches LEP has developed its case for investment following a detailed SWOT analysis of the Marches economy, geography and business landscape, business sector potential and market failures. It is derived from a comprehensive evidence base along with extensive stakeholder engagement.

### 2.1 SWOT Analysis of the Marches Economy

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#### Strengths

- The diversity of the Marches economy across the business sectors has provided resilience in recession, which provides opportunity for growth.
- A high proportion of business enterprises (42 per 1000 population in 2013, ranked among the highest of all the LEPs).
- The size and scale of the VCSE sector (4,109 registered voluntary organisations and 2,418 estimated community organisations) is significant and supports economic growth.
- There is a higher level of volunteering in the Marches than the national average.
- Manufacturing accounts for 14% of total employees which is above the national average.
- The Marches has a number of multi-national companies which have chosen to base operations here.
- A distinctive visitor economy/tourism/leisure offer with an attractive high quality environment and notable heritage assets.
- Food & Drink processing sector thrives, based upon the highest quality local produce and advantages of accessibility, skills, quality land and premises.
- A higher than average employment rate (74% September 2013) and self-employment rates (11.5% September 2013).
- Major on-going investment and growth in the three urban centres of Hereford, Telford and Shrewsbury.
- Good business survival rates (81.9% surviving after 2 years).
- A central geographic location with good rail and motorway connections for some of the main urban centres in the Marches, linking the area to the West Midlands and beyond.
- Excellent schools and educational achievements.

#### Weaknesses

- A static enterprise population with relatively lower rates of company births (8.7% of the active business population) compared with other areas despite good enterprise density.
- Lower than average GVA per head (£16,252 in 2012 compared with £21,674 nationally) reflecting low levels of pay and out commuting of higher skilled workers.
- The penetration of the knowledge intensive sectors in the Marches is below the regional average and significantly below the national average.
- Under-represented groups e.g. people with disabilities, homeless etc struggle to find appropriate employment.
- An identity and brand that is not sufficiently well recognised at the national and global level resulting in assets not always being connected to realise their full potential.
- Rural based micro and small businesses do not have proximity to faster road and rail links and are at a competitive disadvantage in terms of fuel and distribution costs and also in attracting skilled workers.
- The Marches is one of the LEP areas with the lowest share of total employee jobs in foreign-owned enterprises which closes access to finance available in other better-served areas.
- The Marches is the LEP with lowest rate of patenting per 100,000 residents.
- Poor superfast broadband and mobile phone infrastructure, exacerbating the issue around accessing services in rural areas.
- Deprivation within both urban and rural areas and amongst excluded groups.
- Limited university presence in the Marches has restricted opportunities for knowledge transfer between the Higher Education sector and local businesses.
- The enterprise culture around self-employment, whilst resilient, can have a low interest in innovation, change and high growth.

## Opportunities

- The Marches has a strong enterprise culture, with a stable and flexible, wage-competitive workforce, a high quality environment with a good supply of development land and premises available, with a matchless work-life balance making the area very attractive to aspiring businesses, entrepreneurs and investors.
- Centres of Excellence add real value to the wider business support offer, providing advice on product development, market research and bespoke business space.
- RAF Cosford, MOD Donnington and RAF Shawbury provide substantial business advice within their community and a strong local skills base in a range of engineering, IT and other areas.
- The VCSE sector has potential for growth and cross sector collaborative working. It has the ability to be flexible, the appetite for innovation and expertise to address specific and changing needs.
- Within the Marches there is growing potential for business tourism.
- A centrally positioned business location with an existing road and rail infrastructure providing connections to major airports which offers the opportunity to be strengthened further to improve links to London/SE in particular.
- Strong economic connections with other LEPs, particularly the Black Country, with Jaguar Land Rover's £355m new i54 engine plant set to support 3,000 new jobs and up to 1,500 companies and with defence and securities industry links in Worcestershire.
- Enhancing the support for local businesses in particular in relation to employees, access to finance and business skills.
- Continuing growth of HEI provision in the Marches through Harper Adams, Wolverhampton University, University College Shrewsbury and the emerging plans for a University in Hereford.
- Potential to unlock, add value and speed up: strategic employment areas proving high quality land and workspace; adding to the areas Centres of Excellence; supporting broadband and mobile telecommunications delivery; unlocking private sector investment in areas of business opportunity; supporting transport improvements to the major town centre redevelopment schemes.

## Threats and Barriers

- Continued poor quality broadband infrastructure especially in more sparsely populated rural areas preventing businesses to operate and communicate within a competitive, international market place and people to access web based services.
- People are unable to access services due to changing technical requirements and low literacy levels.
- Slow moving economic growth is making business investment aspirations very challenging, with a lack of access to finance for micro and small businesses limiting growth potential.
- Protracted timetables on Ministry of Defence (MOD) restructuring and uncertainty around the future of RAF Cosford.
- Loss of young people including graduates from the area due to gaps in the existing Higher Education provision and job opportunities, perception of limited social scene/nightlife and low wage levels.
- The Marches has a higher than average number of young people not in education, employment or training (NEET).
- Significant problems around public transport limiting easy movement of the workforce and preventing access to jobs and services.
- Severe problems with utilities provision in some key employment areas, particularly electricity in North Shropshire (Whitchurch) and water quality issues on the Rivers Wye and Lugg in Herefordshire and the River Clun in Shropshire affect future development. There is also intermittent mobile telecommunication in more rural parts of the Marches area.
- Continued low wage levels could have implications for the attractiveness of the area to a more mobile workforce and the levels of GVA per head.
- Around 19% of the workforce is currently employed in a contracting public sector services.
- Dependence on declining sectors, including traditional manufacturing, agricultural commodity production and low value processing.
- Barriers to employment for under represented groups which need new innovative approaches.
- Under utilisation of skills and expertise of people over 50 finding themselves out of employment.

## 2.2 Geography and Business Landscape

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While Telford, Hereford and Shrewsbury are the centres of the Marches urban economy, its business base is predominantly small companies and micro-enterprises with high self-employment.

This has brought diversity and resilience that has protected the Marches economy in past recessions. However the current economic problems, lack of access to finance and escalating costs of fuel and distribution, have inhibited business growth across the area.

The Marches boasts multi-national companies that make a significant contribution to the area, including Muller Dairy UK, Doncasters Aerospace, Denso, Capgemini, Ricoh, Cargill, Heineken Bulmers, Grocontinental, McConnel, Kerry Group, Special Metals, Kingspan and Makita. These firms appreciate the Marches high quality business environment but they also require good transport infrastructure to reduce travel time costs and readily available capacity within utilities infrastructure to encourage their further expansion in the area.

With 28% of the Marches workforce employed by the public sector, delivering the major town centre redevelopment schemes and the strategic employment sites are vital to keeping the Marches growing, investing and working.

The Marches outstanding natural and historic environment is a valuable economic asset for the area to be enhanced and protected.

Agriculture and food production, traditional manufacturing, tourism and heritage remain highly important to the local economy, and the Marches ESIF Strategy provides a significant opportunity to work with and support these sectors to grow and diversify quickly.

The rural areas are home to 17,470 businesses in the Marches. This demonstrates the high levels of entrepreneurship within the Marches and a high incidence of micro businesses.

The large numbers of home based workers and high rates of self-employment evident across the area, reflects its culture of entrepreneurialism and self-reliance. For example, 15.4% of Herefordshire residents are self-employed compared with the national average of 9.1%. In addition to the growing VCSE sector, these areas will be a major focus of activity to stimulate growth in the local economy.

## 2.3 Location

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The Marches is well placed as a business location - with several major airports close by (Birmingham, Manchester, Liverpool, Cardiff). However, the road and rail connections could be improved. Full economic potential will only be realised if support is available to address congestion in the urban centres of Hereford and Shrewsbury. The Marches also has ambitions, shared with other LEPs, for better M6 connectivity and electrification of the Wolverhampton to Shrewsbury rail line.

Whilst there are good connections to the Marches main centres of population, much of the area is rural and very sparsely populated. Issues around access to services and infrastructure, including poor superfast broadband and mobile phone coverage, are hindering economic growth.

The transport facilities and links in the rural areas cannot support the range of jobs and services that more urban population enjoy. The Marches transport needs for rural communities are complex. In many areas there are no essential services within walking distance so people must travel by car or public transport (where available) to work, education, use shops or health services, etc. Connections and timing available means getting to work on time can be an issue for those who rely on public transport.

People in the Marches rural areas travel more miles compared to those in the urban areas. Traditional public transport is often uneconomic because of a lack of concentrated demand. It is therefore either infrequent and/or expensive, and in many cases non-existent. For those who rely on their own transport in rural areas the cost of fuel is an issue.

## 2.4 Skills

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Employers, large and small, need a flexible, forward-thinking Marches workforce, equipped with the skills required for future business investment needs. The 16-65 'working' age population of the Marches is set to decline by 8% by 2033. The number of 18 year olds in Herefordshire is expected to drop by 20% over the next 10 years.

Urban parts of Telford will have an expanding younger population in need of jobs. These young people require locally available high quality Higher Education courses and good job opportunities. Anyone new to or returning to work need greater support to be work ready. Reversing these trends is a key area of work within the Marches ESIF Strategy.

Rural competitiveness requires that rural businesses improve the skills within agriculture and forestry, promote a greater range of activities and encourage the development of financially viable, competitive and environmentally sustainable land based businesses. Skills development in these sectors will improve business competitiveness, facilitate restructuring and diversification and enhance land management skills to deliver environmental and other benefits.

There is also a need to develop skills of under represented groups to support them towards employment.

## 2.5 Job Creation

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The Marches is home to a varied business base and its entrepreneurial spirit provides opportunities for job creation in a number of key business sectors.

The current level of recruitment in the Marches appears to be significantly lower than that found nationally, and those jobs available tend to be skewed towards the lower end of the occupational spectrum.

In the Marches:

- Working Age Population: 280,800 people.
- Number of people in work: 74% of the working age population.
- Employment rate: Although declining employment remains above the national average.
- Share of Employment: 16% in the knowledge economy and high and medium tech manufacturing – 7th lowest of all LEPs.
- Growth Sectors: third lowest share of employment in growth sectors of any LEP, just behind the Black Country , Cornwall and the Isles of Scilly.

## 2.6 Social Inclusion

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The promotion of social inclusion, in particular through the reduction of poverty, will not be achieved without investment in new sustainable approaches designed to reduce need and long term disadvantage.

Recent research commissioned on behalf of the Marches LEP identified the groups in the Marches considered under-represented in the labour market and those most socially excluded. The findings show that there are many groups reporting a desire to work but a lack of appropriate support/services, training, volunteering placements or employment opportunities to meet their needs.

In the Marches it is highlighted that many people with disabilities want to work but are unable to find appropriate employment which is consistent with national statistics showing 65% of people with a learning disability reporting that they want to work. This desire to work is also voiced by carers, of which there are at least 72,880 (2011 census data) in the Marches, whose caring responsibilities commonly prevent them moving towards and taking up employment.

The over 50s new to the labour market or wishing to re-join are failing to find work. Population projections suggest this issue of over 50s accessing employment will increase as the older population grows. People who are homeless or in housing need are least represented in employment and least likely to access volunteering and training.

People with mental health issues are finding it harder to access employment or remain in paid employment. VCSE organisations are reporting that many either don't meet the thresholds required to access support, or fail to seek support from health services.

There are also groups subject to discrimination or marginalised, including those from Black and Minority Ethnic communities (BME). Language barriers and a lack of understanding of different cultures and faiths are some of the causes.

There is a lack of data available for some under-represented groups and a sense of a hidden population such as asylum seekers, Romany and travellers, teenage parents and those living in deprived communities.

Although the health of the people in the Marches is generally better than the England average there are areas where health inequalities are more pronounced. There is a need to ensure partners work closely together to promote a concept

of "living well" to maintain good health and reduce health inequalities and ensure people are empowered to make better lifestyle and health choices for their own and their family's health and wellbeing. The high quality environment within the Marches has demonstrable benefits for physical and mental health.

There are also areas of deprivation across the Marches, in both the urban and rural areas which require new innovative approaches to enable lasting change in relation to engrained issues such as worklessness, low qualification attainment and low income levels.

Investment is required to reverse current trends which also show that some of the barriers are becoming more challenging. If people's basic needs are not met then moving towards and into employment becomes increasingly unlikely. The VCSE sector report the following barriers to employment:

- A rise in the number of people living in inadequate housing and increasing numbers of people finding themselves without housing (predominantly due to financial and relationship problems).
- Increases in the number of people seeking help with debt and financial problems.
- An increased need for, but significant lack of, the literacy and numeracy skills necessary to complete forms and correspondence (including job applications).
- More people needing support to understand how to access welfare benefits.
- An increase in the number of people reporting that they have become isolated at home due to lack of transport.

The research findings also highlight that there are growing numbers of people who are experiencing not just one of the barriers highlighted above but several. In addition to the employment barriers there are also relationship problems, mental and/or physical health, debt and poverty that can exacerbate the issues making the needs more complex and multifaceted.

Although a collaborative approach is needed to address many of the issues, it is recognised that at a local level the VCSE sector is well placed to meet these challenges. There are approximately 4,109 registered voluntary sector organisations in the Marches. Research suggests that there are a further 2,418 small, informal community groups in operation. These local groups and organisations play an essential role in forming the social networks and community resilience that help prevent social isolation.

The Marches VCSE sector also plays an important contribution to the local economy through inward investment (attracting external funding), as an employer (employing 6,760 people in the Marches) and through its volunteer workforce (every hour worked by the Marches army of 475,752 volunteers (formal and informal) contributes £3,634,745 to the local economy based on the average part time working wage of £7.64). Research shows that as many as one in five volunteers (22%) go on to find paid work after volunteering.

The needs of young people, particularly those not in education, training or employment (NEETs), offenders and ex-offenders will be met through the Marches Employment and Skills Strategic Activity and the National Offender Management Service arrangements.

## 2.7 Key Business Sectors

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The Marches excels at a national level in five of its key business sectors which are currently predicted to generate just over a fifth of new job growth, these being:

- [Advanced Engineering and Manufacturing](#)
- [Agriculture, Food and Drink](#)
- [Defence and Securities](#)
- [Environmental Technologies and Services](#)
- [Visitor Economy \(leisure and business tourism\)](#)

The VCSE sector is also significant in the Marches. This sector will be supported to achieve greater job creation, focusing on high value sustainable employment opportunities, apprenticeships and volunteer placements.

The Marches five key business sectors are detailed as follows:

### [Advanced Engineering and Manufacturing](#)

This sector provides 1 in 7 jobs, including substantial operations, household names and tier one suppliers (Caterpillar, Denso, Doncasters, Makita, Ricoh, Stadco and GKN) as well as small supply chain firms to the wider West Midlands, UK and abroad.

Telford has the largest supply of serviced, ready to go land in the West Midlands. Telford is well placed for Jaguar Land Rover's supply chain, located only 12 miles away from the main site that is serviced very well through the M54.

A Hereford Enterprise Zone is set to take advantage of the local defence and security specialism and links with Malvern Science Park.

### [Agriculture, Food and Drink](#)

Around 80% of land area is dedicated to agricultural and horticultural production with more than 16,000 employees.

Food and drink processing thrives within a landscape that provides the finest quality raw materials; creating a home for multi-nationals, such as Muller, ABP, Kerrys, Cargill Meats and Heineken as well as the small artisan producers who supply high end department stores and 'quality regional food' aisles of major supermarket chains.

The Marches has a well-established supply chain in food packaging; materials innovation, testing and development; and specialist logistics and preservation solutions, which are supported by Centres of Excellence and provide support for future investment and business growth.

The area boasts a wealth of expertise in a range of agri-business support and in cutting edge technological development including the Shropshire Food Enterprise Centre at Battlefield, Shrewsbury. The Regional Food Academy and the National Centre for Precision Farm Engineering at Harper Adams University creates long term links between business and Research and Development (R&D), and is leading best practice within the food security agenda.

### [Defence and Securities](#)

This sector represents a significant long-term growth opportunity for the UK economy and the sector has grown around a solid base of MOD facilities in army, air force and world-renowned special operatives.

This sector provides an additional customer base for local firms but also a strong regional skills base in a range of engineering, IT and other areas, as personnel re-enter the local labour market.

The Enterprise Zone at Hereford and MOD assets at RAF Cosford and MOD Donnington represent a once in a generation opportunity for substantial private job growth and world class training provision.

### [Environmental Technologies and Services](#)

This sector is one of the Marches faster growing sectors, which includes market leading companies and technologically cutting-edge enterprises covering renewable energy, water technology, waste management and pollution control. It presents an opportunity to showcase the best of Marches business expertise and innovation and significant opportunity to support business to diversify into this sector.

The sector priorities transfer of knowledge to help Marches businesses working in all sectors to improve economic performance through better environmental management, generating demand for local product and services solutions.

The rural areas have water, timber, biomass, renewable energy, and minerals – Caplor Energy, Eco2 Energy, Share Energy, ESP Energy, Telford Solar Ltd and Carbon Earth have operations in the Marches.

For urban areas, retrofitting micro generation technologies such as solar PV, solar thermal and heat pumps to homes and businesses is likely to provide the greatest opportunity, but equally energy from waste and district heating schemes could play a major role. It will be important that urban areas focus on energy efficiency to reduce overall demand.

For rural areas, biomass is recognised as one of the important technologies due to the availability of local biomass resources. They also have added benefits for the environment, communities and the economy from the local supply chain.

There is a recognition that the Marches LEP need to maximise the potential economic benefits for the area from renewable energy and a green knowledge economy.

#### Visitor Economy (leisure and business tourism)

The visitor economy generates more than £1 billion, employs over 33,000 and accounts for more than 15 per cent of the Marches GDP.

Incorporating three distinctive destinations, the Marches area is home to two UNESCO World Heritage Sites, award winning attractions, historic landscapes and market towns making it a unique and popular tourism destination.

The Marches is also emerging as a leading convention capital in the UK, home to the Telford International Centre.

The Marches welcomes over 5,000 events each year attracting over 450,000 delegates.

The visitor economy makes a significant direct contribution to the Marches economy through visitor spend. This spend creates demand for new and additional services that lead to the creation and growth of small businesses, micro enterprises and sole traders. It also helps support the high level of employment that the Marches enjoys.

The visitor economy can create demand for additional cultural, arts, sports and leisure facilities that help improve the quality of life for people living in the area and makes the Marches an attractive location for business investment.

This sector can support the conservation and management of historic and natural environments. At a local level, tourism can be used as a focus for regeneration and can help sustain the viability and vitality of local services such as shops, cafes, pubs and post offices. This is particularly important for rural areas.

The Marches has beautiful countryside. It is a backdrop to visitor and regional marketing and an integral part of the experience, but it is not unique.

Growing its potential requires adding value and presenting and marketing it in a way that appeals to new markets. One of the distinguishing features of the countryside of the Marches is its shire towns. Some are traditional market towns, others cathedral cities, but each is distinct from the other and together they present destinations from which to explore the countryside.

To remain competitive and achieve its full potential the tourism sector needs to raise its ambitions and focus on a small number of priorities. The Marches will capitalise on its world-class business tourism venues and fully exploit its location and established high profile business destination. It needs to place contemporary culture and the cultural heritage of the Marches at the heart of the visitor experience and to use it to drive visitors to the Marches and to grow the short break market.

There is opportunity to deliver a high quality food and drink experience that captures the very best of the English countryside.

Arts and culture enhances the visitor offer, through activities such as the Ledbury Poetry Festival and Three Choirs Festival which contribute and define the Marches identity and brand. This helps make the Marches, a place of celebration throughout the year. A high profile events and festivals programme helps attract visitors from across Britain and further afield.

## 2.8 Market Failure, Additionality and Economic Impact

Whilst the Marches is brimming with opportunity for growth, with a strong, resilient, diverse and enterprising business base and VCSE sector, the Marches LEP recognises that key areas of its economy require intensive support and public intervention.

Currently, the Marches LEP is the seventh lowest ranked LEP for GVA per employee, based on 2012 Office of National Statistics (ONS), with the figure standing at £41,307. This puts it in the bottom quartile for Gross Value Added (GVA) performance across all LEPs. Of significance too is that the Stoke and Staffordshire LEP, which shares the Transition Area with the Marches LEP is also within the bottom quartile, as is another neighbour, the Black County LEP. In this sense, rebalancing and improving the economy will be a significant challenge.

This section considers the rationale for intervention in these key areas, with consideration of the market failure, additionality, economic impact and value for money that each of the Strategic Activities seek to meet.

### Identifying the need for public intervention in the Marches

A key consideration in developing the Strategic Activities has been around the necessity for certain public interventions in areas of the economy that, if left to the free market, would lead to inefficient outcomes.

The Task and Finish Groups involved in the development of the Marches ESIF Strategy considered the key market failures (MF) for the Marches, which led towards the identification of the following areas of the economy that need specific public intervention:

- MF1 Access to serviced employment sites and development of speculative premises.
- MF2 Business growth, research and innovation (R&I) in SMEs.
- MF3 High speed (NGA) broadband deployment and optimisation.
- MF4 Access to finance for SMEs and start-ups.
- MF 5 Low carbon technology adoption and resource efficiency.
- MF 6 Water quality and management .
- MF7 Workforce qualifications.

- MF 8 Wage rates and productivity.
- MF 9 Employment and skills opportunities for young people.
- MF 10 Areas of deprivation.
- MF 11 Meeting the needs of underrepresented groups.

Appendix 3 (the logic chain) considers the rationale and benefits of intervention in the above areas and the impact (results) that the proposed activities will have on the Marches economy. It sets out the logic chain for the interventions from the initial problem through to the expected results and the intended linkages between inputs, activities and outputs.

Although the Appendix sets out the barriers to growth against the most relevant Strategic Activity, it should be recognised that there is much crossover. Interventions from different Strategic Activities are likely to have a positive impact on the same economic issues; therefore Table 4 shows the synergies that exist between the economic issues and the Strategic Activities.

### Economic Impact

Whilst work is continuing on developing the specific programmes and projects under the Strategic Activities it is not possible to quantify the individual impacts that each of the interventions could make. However, consideration has been made towards how the LEP will monitor the impact of the funding and what a realistic ambition for the area should be in terms of the benefit of the intervention.

The delivery of the Strategy will see both direct and indirect economic impacts. Direct impacts will be expected to relate to capital and revenue investment where the direct effects are associated changes in business activity, e.g. on productivity, employment and income. However, any such additional business activity in the area will need to be measured net of displacement and substitution.

The indicator that the Marches LEP will use to monitor direct impacts will be GVA product, which reflects the sum of income and business profit generated. There will be three different GVA calculations applied depending on the nature of the intervention provided, as used by the ONS. These will cover scenarios in supporting interventions relating to increasing productivity, job creation and improving workforce skills.

The following table sets out the potential contribution that the intervention could make to GVA, applying the GVA per employee and GVA through skills uplift scenarios. The productivity scenario is very much subject to direct interventions that will take place and it is not possible to calculate this meaningfully. From these assumptions, it is calculated that the programme will directly contribute to £140,295,735 in GVA.

Table 3 - GVA Methodology

GVA type	Calculation	Estimated contribution to GVA
GVA per employee	The ESIF Strategy has the ambition of creating 1,052 jobs through ERDF direct investment in enterprises, which would potentially lead to a substantial increase in GVA (at £41,307 per job). The increase will depend on local labour analysis relating to the specific projects and programmes that are supported through the ESIF however the calculation applies displacement rate (jobs that are not new to the England programme area) of 60% and a persistence rate of five years.	£86,951,235
GVA through skills uplift	The uplift of workforce skills will have a positive impact on GVA, e.g. by closing skills gaps and increasing inward investment from knowledge intensive industries. The ESIF Strategy has the ambition of up-skilling 5,368 individuals currently in employment. It is estimated that an average wage increase of 5% will be gained by the individuals within a year of up-skilling and persist for 5 years.  The ONS formula for uplift is applied as follows: £26,500(average LEP wage) X 5% uplift X 1.5 wage to GVA ratio.	£53,344,500

Therefore, based on the total Marches GVA for 2012 of £10,739,820,000, it can be estimated that the ESIF strategy intervention could lead directly to an increase in the Marches GVA by a quarter of one percent (0.25). In addition to this, will be the GVA uplift from the SMEs supported through the ESIF strategy, however due to the variables involved it is not possible to make a meaningful projection.

There will also be broader indirect effects, including:

- Business growth / decline within supply chain / suppliers to the supported businesses.
- Consequences of broader shifts over time in population and business location patterns, including land use / value, attributable to specific regeneration schemes.

The indicators of broader economic impact will include total employment and aggregated personal income for the area.

The Marches ESIF Sub-Committee will monitor the impact of the ESIF Strategy by utilising the data available through commercial databases, e.g. FAME, which provide detailed information on incorporated companies, nationally collated material, including the Business Register & Employment Survey and ONS monthly data, and information derived from individual monitoring of businesses that have benefited from the intervention.

### Cost Benefit and Value for Money

A key component of measuring economic impact is the comparison of cost and benefit of the intervention. The Marches ESIF Sub Committee will apply cost benefit analysis to consider if the delivery of the ESIF Strategy can be judged as being value for money.

The value for money of ESF activities will be considered in terms of:

- Benefits gained through supporting the people into employment and up-skilling the workforce, utilising the DWP models that compare the costs of delivering the initiatives against the returns of employment, including increased output and increased direct and indirect tax receipts.

The value for money of ERDF activities will be considered in terms of:

- Benefits gained through supporting businesses through advice or finance, including increased GVA through jobs created and business output (productivity).
- Benefits gained through the opening up of employment land, including jobs created and increased business rates.
- Benefits gained through resource efficiency, including business output (productivity) and carbon reduction.

Table 4: Market Failure to be addressed through the Marches ESIF Strategic Activities

	Strategic Activity 1	Strategic Activity 2	Strategic Activity 3	Strategic Activity 4	Strategic Activity 5
Market Failure 1	✓	✓	✓	✓	✓
Market Failure 2	✓	✓	✓	✓	✓
Market Failure 3	✓	✓	✓		
Market Failure 4	✓			✓	✓
Market Failure 5	✓	✓	✓	✓	
Market Failure 6	✓		✓		
Market Failure 7	✓	✓		✓	✓
Market Failure 8	✓	✓		✓	✓
Market Failure 9				✓	✓
Market Failure 10	✓	✓		✓	✓
Market Failure 11				✓	✓

## 3.0 Stakeholder Engagement, Collaboration and Regional Working

The development of the Marches ESIF Strategy has taken an inclusive consultative approach with stakeholders at LEP, Regional and National levels.

### Local

Prior to the announcement on the development and delivery of the Marches ESIF Strategy, significant work was undertaken to make the case to Government and the European Commission on maintaining the Transition categorisation of Shropshire and Telford & Wrekin (as part of the NUTS 2 area that includes Stoke and Staffordshire). Herefordshire was also engaged in debate around their categorisation. As a result many LEP partners, including the three local authorities in the Marches, already had developed their knowledge and capacity around the 2014 - 2020 funding at an early stage.

The main approach adopted by the Marches LEP in developing the ESIF Strategy was through the creation of a number of Task and Finish Groups. The groups, which together involved over 80 separate organisations, enabled key stakeholders and partners, from the private, public and VCSE sectors to highlight barriers, strengths and opportunities for interventions to help shape the Strategic Activities. It also provided an opportunity to identify the need for any research and/or feasibility work to be undertaken.

Successful business breakfast meetings were held in Shrewsbury and Telford, involving the areas' respective Business Boards and the wider business community. Herefordshire officers similarly consulted with their Business Board.

A Working Group (comprised of Task and Finish Groups leads) co-ordinated the development of the Marches ESIF Strategy, ensuring synergy between the different groups and feeding directly into the Marches LEP Funding Forum.

The Task and Finish groups have continued to refine the content of the final Marches ESIF Strategy following the submission of the draft in October 2013 and the subsequent feedback from Government. The Strategic Activities have been updated to reflect further development work that has been undertaken, including specially commissioned research into the social inclusion evidence base, with significant input from the VCSE sector.

Further to this, the LEP undertook a ten day consultation exercise on the refined Strategic Activities. In January 2014 the consultation was launched on the Marches LEP's website and open to all stakeholders. It resulted in 25 comments from stakeholders, that have been reflected in the final Marches ESIF Strategy.

#### Task and Finish Groups:

- Employment and Skills
- Visitor Economy
- Social Inclusion
- Business Growth
- ICT
- Low Carbon Economy
- Research and Innovation
- Social Enterprise
- The Rural, Environment and Land-Based Economy
- Transport
- Housing
- Physical Infrastructure

### Wider Working

Appendix 4 identifies how the Marches LEP collaborated with other LEP partners on a number of projects in the 2007-2013 ERDF programme. Many of the activities will continue as priorities for investment in the 2014-2020 Marches ESIF Strategy. In addition Transition Areas, and those areas with geographical similarities to the Marches, have been recognised as potential partners for future projects.

The Marches LEP will also collaborate with individual LEPs where strengths and similarities are identified across particular sectors and activities such as food and drink.

## Transition

The Staffordshire and Shropshire Transition region has a complex mix of geographical and socio-economic challenges. In the rural areas there are significant transport and broadband/mobile coverage issues with areas of hidden deprivation whilst in the urban areas a comprehensive approach which integrates inward investment programmes with life-long education and training, land use, sustainable transport and urban regeneration is required. A concerted integrated approach is required to place the Transition Region back on a trajectory towards economic growth and prosperity.

## Sub Regional

Worcestershire, Stoke and Staffordshire and the Marches LEAs are collaborating on a Technical Assistance project, through the ERDF 2007 - 2013 programme, which supports the work of two officers and a small research budget. This working arrangement created the environment for cross-LEP working across the three areas and a Tri-LEP Group met regularly, which also included representation from the West Midlands European Service (WMES). Black Country and Solihull LEA later joined the group. Within the 2007 - 2013 EU Programme there were a number of other EU funded projects that operated across the Tri-LEP area, including the Worcestershire and Shropshire Loan Fund, Business Enterprise Fund and Growing Talent (graduate recruitment project). Herefordshire has also established links with Gloucester and discovered an appetite to work more closely with ICT programmes. Joint working will continue on a number of areas through the 2014 - 2020 EU Programme and these will be firmed up during more detailed development.

## Regional

WMES worked closely with the Marches LEA to develop a socio-economic analysis of the West Midlands. Additional workshops were delivered across the West Midlands, for example, the Cross-LEP workshop in July 2013 to identify potential areas of joint work across the all West Midlands LEAs.

The Marches LEA will contribute to a Financial Engineering Instrument (FEI), with provisional agreement reached that the Marches LEA will be part of the planned new West / East Midlands FEI along with Midlands LEAs.

## National

With assistance from WMES, the Marches LEA is exploring potential collaboration with other LEAs that share similar issues or are considering similar approaches to the delivery of their EU funding Strategies.

The Shropshire and Staffordshire Transition Area is part of the Transition Regions Group during the early stages of the development of the ESIF in England. This opened up opportunities for collaborating with other Transition Regions.

One area of national working concerns water quality and in particular high phosphate levels in rivers which breach Water Framework and Habitats Directive targets. The Marches is part of the Cross-LEP group exploring possibilities for 2014 - 2020 EU funding to address this issue.

## International

With assistance from WMES, UK Trade and Investment (UKTI) and the West Midlands Chamber of Commerce the Marches LEA with Stoke and Staffordshire LEA, and possibly Black Country and Worcestershire LEAs, are strengthening the links with China and Germany by exploring the import and export potential for businesses in the LEA areas as well as providing a basis for inward investment.

## 4.0 Cross Cutting Themes and Social Innovation

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The Marches LEP is committed to address the cross cutting themes of sustainability and equal opportunities throughout the development and delivery of the Marches ESIF Strategy. It is also committed to social innovation to identify new approaches and delivery mechanisms.

### 4.1 Sustainability

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The Marches LEP is committed to sustainable development, adhering to the World Commission on Environment and Development definition:

“Sustainability should convey the simple idea of ensuring a better quality of life for everyone now and for generations to come.

It follows that no matter what social, economic and environmental concerns drive economic growth, development and delivery must happen in such a way that all these factors are considered in equal measures and that by improving one factor it does not detrimentally affect another.”

The main threats are considered to be:

- Climate change.
- Minimising negative effects whilst ensuring environmental protection.
- Poverty and social exclusion.
- An ageing population.
- Loss of bio-diversity.
- Increasing water volumes.
- Soil loss and degradation.
- Transport congestion.
- Regional imbalances.

The Marches LEP has taken these threats into account when developing the five Strategic Activities. Appendix 5 shows how sustainability and equal opportunities has been considered within the Marches ESIF Strategy.

The Marches LEP Sustainable Development elements are:

#### Environmental

- Positive environmental impacts.
- Minimising negative effects and environmental protection.

#### Economic

- Encouraging innovation.
- Improving skills.
- Development of businesses.

#### Social (as reflected within the equality cross cutting theme)

- Equal access to opportunities.
- Promoting community ownership (localism).
- Support and training to target groups.

## 4.2 Equal Opportunities

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Equality and anti-discrimination is both a legal duty as well as a key social element within sustainable development.

The Marches LEP is committed to ensuring equality and diversity using European Regulations and the Public Sector Equality Duty (Equality Act 2010) to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.

The equality duty covers the following nine groups with protected characteristics: age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

In addition to Social Inclusion, which is one of the Marches LEP Strategic Activities, equal opportunities is also a Cross Cutting Theme which recognises that greater economic activity by inactive or excluded groups will contribute to and boost the local economy. Appendix 5 shows how equality is reflected within all five Strategic Activities.

Addressing needs and targeting interventions at those furthest from the job market is a core element of the Marches ESIF Strategy in tackling social and economic exclusion. A detailed evidence base is

being produced along with stakeholder engagement to enable interventions to be targeted where there is greatest need and potential for impact.

There are particular barriers which some people face which prevent them accessing employment and these must be identified and overcome. There are also specific areas within the Marches where there are high levels of unemployment, low levels of educational attainment and high numbers of people on a low income (lowest 20% Indices of Multiple Deprivation (IMD) for these domains).

### Equality and Diversity Policy

The Marches LEP has an equality and diversity policy, which sets out that when making decisions, in particular those relating to procurement of goods, services and facilities, or to the awarding of contracts, the Marches LEP and its partners will pay due regard to the Equality Act 2010.

Therefore, it would be expected that organisations applying for Marches ERDF funds will respect the Policy by ensuring that their projects are compatible with it.

## 4.3 Social Innovation

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Social innovation is defined by the European Commission as the development and implementation of new ideas (products services and models) to meet social needs and create new social relationships or collaborations.

The key concept is a bottom up approach to project delivery, and therefore requires the active leadership and involvement of local communities at all stages of the project lifecycle. NESTA and the Young Foundation explain that a social economy is based on networks and relationships assisted by mobile, broadband and other types of innovation. Social innovations are both good for society and enhance society's capacity to act.

The EU suggest that social innovation approaches are:

- Open rather than closed when it comes to knowledge-sharing and the ownership of knowledge.

- Multi-disciplinary and more integrated to problem solving than the single department or single profession solutions of the past.
- Participative and empowering of citizens and users rather than 'top down' and expert-led.
- Demand-led rather than supply-driven.
- Tailored rather than mass-produced, as most solutions have to be adapted to local circumstances and personalised to individuals.

Social innovation can be a tool to help achieve the targets being established through the design and implementation of LEP Strategies and plans in the following ways:

- It can provide new, more efficient ways of addressing growing social needs.
- It can provide local answers to complex social challenges and mobilise local stakeholders.

- It is capable of integrating various stakeholders to tackle need jointly, through new ways of working together and involving users.
- If applied well, it can deliver whilst using fewer resources, particularly important at a time of reduced public finances and shrinking private funds.

The Marches LEP has considered social innovation when developing the ESIF Strategic Activities and has looked at where specific social issues may be addressed using this approach.

Some examples include:

- Under Strategic Activity 5 there will be a number of initiatives designed to tackle digital exclusion and encourage the use of ICT and digital technologies across all communities and businesses within the Marches.

In this case initiatives aimed at improving internet literacy will be developed through the partnerships that are ultimately successful through the Building Better Opportunities Programme.

## 4.4 Social Value

Social value involves consideration of how resources are allocated and used beyond the price of a contract. Social value involves thinking about how each contract can generate wider benefit to the community. Benefits may be social, economic and environmental. Social Enterprise UK defines social value as:

“the additional benefit to the community from a commissioning/procurement process over and above the direct purchasing of goods, services and outcomes”.

The Public Services (Social Value) Act 2012 came into force on 31 January 2013. The Act introduces a statutory requirement for public authorities to have regard to economic, social and environmental well-being in connection with public services contracts within the meaning of the Public Contracts Regulations

The Marches LEP is committed to maximising the social value, or social benefit available from its commissioning and procurement activities.

- Under Strategic Activity 2, a social innovation approach may be used to bring together the knowledge of end user experiences around resource efficiency/energy savings, along with energy professionals and social enterprises to improve products and services or provide solutions that could have a real impact on energy use in our communities.

In order to strengthen social innovation across the Marches and ensure that solutions cut across sectors and geographical boundaries there will be an expectation that Marches partners will:

- Maximise opportunities to work with the VCSE sector and make links to local social enterprise partnerships such as Partners for Social Enterprise. Taking learning from those who understand social innovation.
- Build on engagement activity already in place and identify where engagement may need to be improved between sectors.
- Use future funding and commissioning processes to maximise the generation of social innovation such as the use of new social finance models and investment opportunities.

A social value approach will be developed by the Marches LEP and will ensure:

- Social, environmental and economy values are incorporated in the design and delivery of policy.
- Engagement and consultation will be undertaken at the earliest stage of design to ensure that barriers around participation can be removed.
- Any procurement processes include an emphasis on social value and that assessments include the use of clauses, weighting and certain requirements that will generate social value.
- Contracts include agreed outputs that can be measured and monitored to demonstrate social, environmental and economic value of the activity provided so that it can inform future policy.
- Dialogue with relevant VCSE groups on the social, environmental and economic impact of funding.

*1 The Social Value Guide Implementing the Public Services Social Value Act 2012, Social*

In considering 'social value' the focus will shift from the bottom-line price or cost of a service towards the overall value of the outcomes delivered. It will therefore consider 'how' a service is delivered along with 'what' is delivered.

This approach should result in a more competitive process for the awarding of contracts across the Marches LEP area as it will encourage, VCSE, along with the private sector, to bid for contracts due to the consideration of 'social value' which is at the core of the third sector.

## 4.5 Implementation of Cross Cutting Themes

A role of the Marches ESIF Sub Committee will be to monitor performance against the implementation of cross cutting themes within the ESIF programme as part of its arrangement with the Growth Programme Board in monitoring local performance.

It is anticipated that it will be the role of the Marches ESIF Sub Committee to:

- Ensure that the importance of the Cross Cutting Themes are communicated effectively at all stages.
- Consider how applicants show how their project contributes to all three sustainability elements and equality and will need to show how the Cross Cutting Themes are considered throughout the project's development and delivery.
- Measure the five Strategic Activities by output indicators and result indicators.
- Consider the impact of the Cross Cutting Themes on an on-going basis and inclusion within the mid-term review so impact can be assessed, lessons learned and actions taken if required.

The ESIF Sub Committee has specific roles within its membership that focus on the implementation of cross cutting themes, including equality and environmental representatives.

The Marches Technical Assistance Service will support and advise projects seeking ESIF funds on best practice within cross cutting theme implementation. The service will seek to work with the managing authorities to provide clear guidance for projects seeking Marches ESIF funding about the requirements relating to the Cross Cutting Themes. It will explain what sustainability and equality means, what the requirements are, how a project could contribute to the themes and the type of activity with a project that could lead to the desired results.

### Sustainable Development

The Marches ESIF Sub Committee will work with the Growth Programme Board to ensure delivery of the ESIF Strategy follows sustainable development (SD) principles and that the Strategy mutually supports the social, environmental and economic pillars.

The Marches Technical Assistance service, working with experts from partner organisations, will work with projects to ensure that the principles of SD are embedded into ESIF funded activity through the consideration of the following:

- Governance – this applies to how internal activities are undertaken – delivery agents will be required to have an organisational Sustainable Development strategy or incorporate such objectives in their business planning process.
- Policy – the LEP and partner policies will clearly demonstrate support for SD and it will be inherent in their decision making process.
- Stakeholder engagement – the LEP will be open and transparent about its investment decision and consequences to SD so that stakeholders are able
- Operations and procurement – the LEP and its partners will lead by example in terms of how they operate their buildings, travel policy and procurement of goods and services under SD principles.
- Human resources – the LEP and its partners will ensure that their officers are given the skills and knowledge to follow SD behaviour and to extend SD principles to the organisations and people with whom they deal.

The LEP has recently published an Environment Prospectus which provides best practice examples on positive actions for the environment that will follow SD principles. This Prospectus will help to guide the development of projects and programmes and be used by the LEP to assess ESIF investment proposals.

Appendix 5 summaries how the LEP will look to implement the cross cutting themes.

## 5.0 Marches LEP Area

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The Marches LEP has worked with local partners, stakeholders and Government departments to develop a local approach to ESIF funding that is representative and compatible with the national Growth Programme.

The following section sets out how the Marches will assist Government in the successful delivery of the Growth Programme in the area.

### 5.1 Partnership Working:

#### Governance and roles of ESI Funds Growth Programme Board, its national and local sub-committees, Managing Authorities and partners

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A national ESI Funds Programme Monitoring Committee (PMC) has been established in England. It is the PMC for the Operational Programmes for the ERDF and the ESF in England and is known as the ESI Funds Growth Programme Board (GPB).

The EAFRD PMC will be the PMC for EAFRD funds within the European Growth Programme.

The GPB is chaired by a representative of the Managing Authorities, who also provide the Secretariat. The membership of the GPB is drawn from representatives of a wide range of partners across the public, private, business, social, voluntary and environmental sectors.

The GPB is supported by a number of sub-committees advising it on relevant policy and operational matters. These sub-committees, which will provide supporting advice in specific policy areas such as innovation, skills and aspects of implementation, will bring in leading experts from their fields and provide an important resource for the GPB and ESI Funds Growth Programme.

All sub-committees will report to the GPB, to ensure transparency of proceedings. The GPB will not delegate decisions to these national sub-committees though their advice will be important in informing the GPB's perspective, advice and decisions.

The Managing Authorities will work in partnership with economic, environmental, equality, social and civil society partners at national, regional and local levels throughout the programme cycle, consisting of preparation, implementation, monitoring and evaluation.

At the local level, ESI Funds sub-committees have been set up in each Local Enterprise Partnership area. These local sub-committees in each Local Enterprise Partnership area will operate as sub-committees of the GPB, to whom they will report. Local promotion of ESI Funds projects and their impact will be a priority, as will local leadership of this amongst partners. This will complement the functions of the Managing Authority but not substitute for them.

Each Local ESI Funds sub-committee is therefore chaired by a local partner who, along with other members drawn from business, public, environmental, voluntary and civil society sectors, are advocates for the opportunities and impact of the ESI Funds. Membership of these sub-committees is inclusive and in line with EU regulations and the wide scope of ESI Funds priorities. The Managing Authority is the Deputy Chair of the local ESI Funds sub-committee, except in London.

The role and purpose of these Local ESI Funds sub-committees is clearly defined in Terms of Reference published on GOV.UK. They are not responsible for any tasks set out in EU regulations for which Managing Authorities are responsible in relation to management of the ESI Funds.

The local sub-committees :

- Provide advice to the Managing Authorities on local development needs and opportunities to inform Operational Programmes and ESI Funds Strategies;
- Work with sectors and organisations they represent so that they engage with and understand the opportunities provided by the ESI Funds to support Operational Programme objectives and local economic growth;
- Promote active participation amongst local economic, environmental and social partners to help bring forward activities which meets local needs in line with the Operational Programmes and local ESI Funds strategies and Implementation plans;
- Provide practical advice and information to the Managing Authorities to assist in the preparation of local plans that contribute towards Operational Programme priorities and targets. Similarly, provide local intelligence to the Managing Authorities in the development of project calls decided by the Managing Authorities that reflect Operational Programme and local development needs as well as match funding opportunities;

- Provide advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local ESI Funds Strategy to aid the managing authority's assessment at outline and full application stage;
- Contribute advice, local knowledge and understanding to the Managing Authority to aid good delivery against spend, milestones, cross-cutting themes, outputs and results set out in the Operational Programme and local ESI Funds strategies.

In this way partners at local level will play the important role foreseen in the Common Provisions Regulation and the main principles and good practices set out in the European Code of Conduct on Partnership. Managing Authorities will ensure that partner roles and responsibilities are clearly set out at all levels and that conflicts of interest are avoided.

Where specific Managing Authority functions are designated to an Intermediate Body, that body will seek advice from the relevant LEP area ESI Funds sub-committee in the same way as the Managing Authority would. The LEP area ESI Funds sub-committee will therefore provide advice to the Intermediate Body and/or the Managing Authorities as appropriate and as set out in the written agreement with the Intermediate Body.

## 5.3 Technical Assistance

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ERDF and ESF Technical Assistance (TA) will contribute towards the effective promotion and delivery of the Growth Programme in the Marches.

The three Marches local authorities have responded to the national TA calls for ERDF and ESF with proposals that will provide a local TA resource from early 2016.

**ERDF TA** in the Marches will undertake the following activities:

### 1 Project Development and Capacity Building:

- Advise and support applicants to scope the viability of project ideas.
- Provide technical support so applicants can design and understand how to deliver ERDF compliant projects.
- Provide access to baseline data and research so projects can be designed and developed to meet and address local need.
- Provide opportunities for all sectors which promotes and strengthens partnership working.

### 2 Promotion and Publicity:

- Raise awareness and communicate ERDF programme and project activities, using a variety of techniques, within the Marches LEP area and with other LEP areas.
- Offer opportunities for cooperation, networking and exchange which will include sharing of best practice between LEP areas.
- Deliver a range of events to locally launch the bidding rounds, share project development techniques, promote collaboration, reinforce compliance requirements, share evaluation and best practice, and showcase ERDF achievements.

**ESF TA** in the Marches will undertake the following activities:

- Support partners in raising awareness and communicating programme and project activities through in-person and online network exchanges, newsletters and case studies and across Local Enterprise Partnership area boundaries.
- Promote cooperation, networking and exchange of best practice including the sharing of best practice between Local Enterprise Partnership areas as well as other European Union funding programmes
- Organise and deliver promotional events such as seminars, conferences and road shows to launch the programme, publicise bidding rounds, showcase European Social Fund achievements and disseminate good practice.

## 5.4 Timelines and Next Steps

The Marches partners have been working with Government on this Strategy since 2013. The Strategy presented here reflects the final England Operational Programmes for the ESIF funds and accordingly has been updated from the previous version provided in September 2014.

The following table sets out the key milestones that have been or are to be met since the previous version of the Strategy was submitted.

Table 5: Marches ESIF Milestones

Date	Milestone
September 2014	Submission of Marches ESIF Strategy
January 2015	Inaugural meeting of Marches ESIF Sub Committee
February 2015	Adoption of RDPE Operational Programme
March 2015	Launch of first Marches ERDF call
May 2015	Closure of first Marches ERDF call
July 2015	Adoption of ERDF Operational Programme
July 2015	Launch of first RDPE call (tourism)
August 2015	Launch of second Marches ERDF call
September 2015	Closure of second Marches ERDF call
September 2015	Adoption of ESF Operational Programme
October 2015	Closure of first RDPE call (tourism)
January 2016	Submission of updated Marches ESIF Strategy
January 2016	Launch of first ESF SFA Invitation To Tender
January 2016	Commencement of ERDF funded activity
April 2016	Commencement of ESF funded activity
April 2016	Commencement of RDPE funded activity
April 2016	Launch of third Marches ERDF call

## 6.0 Links to Other EU Programmes

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The Marches LEP, when and where appropriate, will seek to strengthen synergy and complementarity between its ESIF Strategy and other European programmes, enabling added value and avoiding duplication.

### Rural Development Programme for England and Environmental Stewardship Schemes

Catchment Sensitive Farming (CSF) is a project run by Natural England in partnership with the Environment Agency and The Department for Environment, Food and Rural Affairs (DEFRA). It raises awareness of diffuse water pollution from agriculture (DWPA) by giving free training and advice to farmers in selected areas in England. The selected areas are called priority catchments. The aim of the advice is to improve the environmental performance of farms.

Countryside Stewardship (CS) provides financial incentives for land managers to look after their environment through activities such as:

- conserving and restoring wildlife habitats,
- flood risk management,
- woodland creation and management,
- reducing widespread water pollution from agriculture;
- keeping the character of the countryside;
- preserving features important to the history of the rural landscape, and
- encouraging educational access

Energy Crops Scheme is aimed at encouraging farmers and landowners to grow energy crops as a sustainable substitute for fossil fuels.

Approved crops under the scheme are short rotation coppice (including willow, poplar, hazel, silver birch, sycamore, sweet chestnut and lime) and miscanthus. Crops must be used for heat, combined heat and power (CHP) or power generation.

Environmental Stewardship (ES) is a land management scheme in England which has three levels which are:

1. Entry Level Stewardship (ELS) includes Uplands ELS (UELS) is a simple and effective land management agreements with priority options,

2. Organic Entry Level Stewardship (OELS) organic and conventional mixed farming agreements ; and
3. Higher Level Stewardship (HLS) which is a more complex types of management and agreements tailored to local circumstances

LEADER funding is available to local businesses, communities, farmers, foresters and land managers. There are LEADER programmes in Herefordshire and South Shropshire. One can apply to their Local Action Group (LAG) for funding for projects that create jobs, help your business to grow, and benefit the rural economy, under the LEADER scheme. LEADER funding is delivered via LEADER LAGs and is available to local businesses, communities, farmers, foresters and land managers. Projects must support one or more of the 6 LEADER priorities which are:

1. Support micro and small businesses and farm diversification.
2. Boost rural tourism.
3. Increase farm productivity.
4. Increase forestry productivity.
5. Provide rural services.
6. Provide cultural and heritage activities.

There is a degree of overlap between the rural funds and the ERDF Priority Axes. The Marches Technical Assistance service will work with relevant parties, including the Marches LAGs and NGOs, to ensure complementarity and that potential applicants are provided the routes to the most appropriate sources of funding.

### Horizon 2020 and Marie Skłodowska - Curie

The Marches LEP will ensure the Strategic Activities that consider Research, Technological Development and Innovation (RTDI), education, employment, SME and business support will link into Horizon 2020 in strengthening links, particularly for SMEs (business services, finance incubators, universities links etc.). It will focus on those key enabling technologies that are important within the Marches LEP area. Horizon 2020 is the financial instrument aimed at driving economic growth and creating jobs. It has three elements which are:

## 6.0 Links to Other EU Programmes

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- Research and Innovation Actions primarily consist of activities aiming to establish new knowledge and/or to explore the feasibility of a new or improved technology, product, process, service or solution. Support may include basic and applied research, technology development and integration, testing and validation on a small-scale prototype in a laboratory or simulated environment. Projects may contain closely connected but limited demonstration or pilot activities aiming to show technical feasibility in a near to operational environment. Funding for these types of activities is typically 100%.
- Marie Skłodowska-Curie actions focuses on training and career development of researchers. The actions provide grants at all stages of researchers' careers, and encourage mobility across nations, sectors and disciplines. Innovative Training Networks (ITN) is set up to train a new generation of creative, entrepreneurial and innovative early stage researchers.
- European Research Council (ERC) is the foremost funding agency for excellent science in the EU under Horizon 2020. The main funding schemes of ERC are:
  1. The ERC Starting Grant that aims to support top researchers with 2 to 7 years of experience after their PhD. Projects of up to €2 million can be funded.
  2. The ERC Consolidator Grant that is designed to support top researchers with 8 to 12 years of scientific experience after their PhD. Projects of up to € 2.75 million can be funded.
  3. The ERC Advanced Grant that is open to excellent established researchers who are leaders in their field of research. Projects up to € 3.5 million are funded.
  4. The ERC Synergy Grant is intended to enable a small group of Principal Investigators to jointly address research problems. Projects of up to € 15 million are funded.
  5. The ERC Proof of Concept Grant is meant for ERC grant holders to bridge the gap between research and earliest stage of marketable innovation. Projects of up to € 150,000 are funded.

### Competitiveness of Enterprises and SMEs (COSME)

Synergy may extend to the COSME Programme with its focus on supporting SME internationally 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).

### European Territorial Co-operation Programme (ETC) or Interreg

The European Territorial Co-operation Programme (ETC) or Interreg, 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 sharing good practice and solving regional issues.

Interreg is designed to stimulate cooperation between EU member states is aimed at strengthening economic and social cohesion throughout the EU. The Marches can complement ERDF and ESF in promoting urban, rural development, enhancing SME competitiveness, developing local employment initiatives and assisting labour market integration and social inclusion.

### LIFE Programme

Those elements of the Marches ESIF Strategy with a focus on climate change, the environment and resource efficiency, will complement the LIFE programme, particularly through its integrated projects in the areas of climate change mitigation.

### European Local Energy Assistance (ELENA)

This fund supports councils in preparing and implementing sustainable energy plans. The fund covers up to 90 per cent of the council's cost. It could benefit district heating projects, green transport measures, street-lighting schemes, or the integration of renewable energy sources into building.

## 7.0 Strategic Activities

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The Strategic Activities provide an overview of the potential areas of investment and activity that the Marches will deliver through its ESIF Strategy.

These activities have been developed through extensive local stakeholder engagement to address the needs and priorities of the Marches as set out in Section 2, A Case for Investment, and reflect the EU Structural Investment Funds Thematic Objectives and Investment Priorities as defined in the English Operational Programmes for ERDF, ESF and RDPE .

The links between the market failures identified in Section 2 and the Strategic Activities are highlighted in Table 4, page 20.

Local calls will be issued that invite projects to come forward that aim to deliver elements of the Strategic Activities. This process commenced in May 2015, when the first ERDF calls were launched.

The Strategic Activities defined below relate as

follows to the ESIF Priority Axes:

Strategic Activity 1: Priority Axes 1, 2 and 3.

Strategic Activity 2: Priority Axis 4

Strategic Activity 3: Priority Axis 6

Strategic Activity 4: Priority Axes 8 and 10

Strategic Activity 5: Priority Axis 9

Section 7.6 identifies how the Marches ESIF EAFRD allocation could be used to support the Strategic Activities based on the relevant EAFRD priorities that will be delivered through the Marches ESIF Strategy.

Appendix 7 provides an annual profile of commitment which forecasts when ESIF funding will be awarded to specific activities and projects. It is forecast that funding will be fully committed in 2019.

## 7.1 Strategic Activity 1: Enhancing Competitiveness, Research and Innovation and Enabling Technology (Priority Axes 1, 2, and 3)

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With the potential to create significant numbers of jobs and drive growth, the small and medium sized enterprises (SMEs) of the Marches are the backbone of the economy. The approach the Marches LEP is taking for business support reflects this. While paying particular attention to strengthening the Marches priority sectors, ensuring that businesses are equipped to respond to the challenges of a global, knowledge-based economy, the Marches LEP is also seeking new opportunities in high growth areas for example digital and creative industries, professional and financial services, energy and the environment.

### Sub Priority 1.1: Improving Enterprise and SME Competitiveness

#### Business Support (the Growth Hub)

The Marches LEP will take a new and integrated approach to business support in order to address market failure around entrepreneurship, business growth, inward investment and innovation. Business support will take place within a delivery framework which will use the best of online and offline support to streamline and re-energise activity, making it more relevant to the needs of future entrepreneurs (of all ages), new and existing enterprises and importantly, ensuring it is more accessible.

The Growth Hub model, which is a gateway to business support, is a simplified and coherent approach to business support across the LEP and wider area. To ensure that the menu of business support services is responsive to the needs of the businesses, the Growth Hub will gather intelligence to help understand opportunities and threats for local businesses.

The Growth Hub will have a website and offices in Hereford, Shrewsbury and Telford. A website hub will directly link aspiring entrepreneurs and businesses to inspiring resources and information that will incorporate national and global opportunities as well as regional and local. It will provide clear and simple access to grant and loan funding, without bureaucratic jargon, promote events and champion local participation in national and global business activities, encourage the sharing of ideas and business networks and the creation of new businesses.

Face to face business support will interact with the Growth Hub in a seamless way. Delivered through a range of locations that resonate with business (such as accessible public buildings or mobile advisors),

the service will be responsive, proactive, accessible and open to businesses of all ages, sizes and backgrounds from start up to high growth. Business support officers will be the crucial gateways and they will receive on-going training to ensure that they have the required skills and knowledge to meet the changing demands of their roles.

Through this business framework, the Marches LEP model of business support activity will constantly evolve and it will reflect changing business needs. The Marches is aware that businesses looking to grow will require a range of expert advice which might be of a legal, research, patent or human resources nature and which might not be suitable for generic training or business advice. Through the business support framework companies will be able to access advice that will support business growth through professionally accredited organisations or individuals.

It is the ambition of the Marches area to support activities under this Strategic Priority which complement each other and feed through the Growth Hub. It is anticipated that the Growth Hub will be the conduit for the following range of ESIF activity.

#### Access to finance and support to enterprise

A range of financial support for business start-ups and for indigenous business with ambitions to grow will be supported through Strategic Activity 1. Examples of this financial support include the following:

- grants, loans, and Financial Engineering Instrument schemes aimed at facilitating company growth and supporting supply chain development.
- organisational/workforce development.
- resource efficiency measures e.g. waste and water management and carbon reduction.
- supporting business start-ups and early survival rates.
- supporting SME innovation to develop new products, processes, and markets.
- broadband optimisation.
- research and development.
- networking and collaboration.

In the medium to long term, the Marches LEP will contribute to a planned Financial Engineering Instrument (FEI) for West Midlands, along with other regional LEPs. The Fund will support a number of forms of investment, including loans and equity.

The suite of business support activity including grants and loans will be promoted through the Growth Hub website, but other routes will be through intermediary bodies including banks, local authorities, accountants, chambers of commerce and other business support initiatives including UKTI and regional offers that could be delivered through ERDF.

#### Inward Investment

Inward investment is considered a major priority in the Marches LEP Strategic Economic Plan, hence, the Marches is developing an inward investment programme which reflects local needs and focuses on particular sub-sectors where clustering or other asset-based advantages already exist. To attract inward investment, it is important to:

- Create the right conditions for inward investment;
- Raise the profile of Marches as a location for inward investment by building on the areas with locational advantages, strengthening its existing business and labour market, and improving its vibrant leisure and visitor assets which support a strong quality of life for residents.

#### Innovation and Support for High Value Growth

To stimulate growth and jobs in the local economy, SME engagement in innovation across a wide range of businesses is essential. Activities to support engagement in innovation by SMEs could include a broad range of innovation interventions and business support initiatives. The Marches LEP has undertaken research with businesses to assess current take up of existing innovation initiatives and identify potential needs and provision gaps. The findings indicate that there is a low take up of research and innovation grants aimed at developing new products, markets and processes from businesses in the Marches.

Hence, the Marches LEP is working with UKTI and West Midlands Manufacturing Consortium, to provide tailored support to meet the sectoral and business priorities in the Marches. Examples of support may include international trade advice and missions, enhanced mentoring to support new product development, advice on supply chain development, advice on energy efficiency measures, etc.

The low level of innovation in the Marches is partly due to the lack of strong university presence. To address the gap in the university provision, the Marches will work with Centres of Excellence e.g. including universities to offer advice and support on product and market development, market research, etc. Likewise, these Centres of Excellence can provide incubation units, grow on space, and other bespoke

business spaces.

### Upskilling the Labour Market

The Marches recognises the need to improve workforce mobility and seeks investment in mentoring and coaching programmes designed and driven by business sectors to improve business processes, performance and productivity.

### Business Networks

The Marches seeks to strengthen existing businesses networks and create new clubs, where there are gaps. Business networks may include priority sector supply chain clubs, knowledge transfer e.g. resource efficiency clubs e.g. recycling, etc.

### Land and Property

There is provision through the Operational Programme to support workspace relating to innovation and incubation and local authority partners will seek appropriate providers to work in partnership in providing suitable facilities.

### Sub Priority 1.2: Smart Research and Development and Innovation

The Marches recognises that one of its key challenges is to encourage its businesses to consider and engage in research and innovation activities. The Department for Business Innovation & Skills report, Mapping Local Comparative Advantages in Innovation (2015), highlighted that in 2013 Marches enterprises had invested approximately £46 million in Research and Development, which was the second lowest of all Local Enterprise Partnership areas. The report also showed that higher education expenditure in Research & Development in the Marches is also low.

A further report, Benchmarking Local Innovation, the Enterprise Research Centre (2015), highlighted that in the Marches:

- 15% of enterprises had introduced a new or improved product between 2010 and 2012 (35th of 39 Local Enterprise Partnerships)
- 8% of enterprises had introduced a new process over the same period (34th of 39 Local Enterprise Partnerships)

The report concluded that the Marches ranked in the bottom fifth of Local Enterprise Partnership areas by innovation benchmarks.

Enterprises in the Marches need to invest in Research & Development. There is a need for them to progress in their business as a result of services

designed specifically for encouraging Research & Development. To do this they need Research & Development services to access.

Against this backdrop, the Marches has a number of opportunities which could be nurtured through European Structural and Investment Funds. The area has key sectors where there is a potential for high value growth, including Advanced Manufacturing & Engineering, Food and Drink including the Agri-Food and Agri-Tech chains, Defence & Security and Environmental Technologies.

This is illustrated through the Mapping Local Comparative Advantages in Innovation report mentioned earlier, which puts the Marches as having the highest comparative strengths and potential for clusters in agri-tech of all Local Enterprise Partnerships and good rankings for automotive and other manufacturing sub-sectors.

There are also opportunities to through emerging Higher Education Institutions developments and investment, with specialist facilities at Harper Adams for agri-tech and the University of Wolverhampton's Priorslee Campus for advanced / precision engineering, the new University Centre Shrewsbury and the planned Hereford University and emerging Defence and Security cluster situated at Hereford Enterprise Zone.

Investment in research and innovation will help the Marches to improve its productivity, leading to a positive impact on the area's Gross Value Added. The Marches sits 34th of 39 Local Enterprise Partnership areas for Gross Value Added per hour worked.

Within this context, the aims of the Marches European Structural and Investment Fund Strategy are to:

- Increase collaborative research between enterprises, universities, research institutions and public institutions, particularly through the Marches growth sectors
- Encourage commercialisation of research to support the development of new products and services, particularly through the Marches growth sectors
- align with the Smart Specialisation Strategy for England.

### **Sub Priority 1.3: Superfast Broadband**

The potential to utilise ERDF and/or EAFRD to add value to Central Government infrastructure programmes focused on increasing access to High Speed Broadband will be explored. As the value of structural funds represents a fraction of the Central Government subsidy of high speed broadband access to date and as the cost of reaching the extremes becomes exponentially more expensive, ESIF funding needs to be invested smartly to ensure the greatest economic return is generated. It is therefore envisaged that ESIF funds will be used to target pockets of residual economic potential, be they individual business premises or business parks or communities where the aggregated economic potential can be demonstrated.

## 7.2 Strategic Activity 2: Supporting the Shift Towards a Low Carbon Economy (Priority Axis 4)

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Supporting the low carbon economy is one of the Marches LEP's Strategic Economic Plan priorities and it seeks the transition to a high value, low carbon economy, maximising the opportunity in new technologies, reducing environmental costs to business, reducing fuel poverty and recognising the area's environment as an economic asset.

To understand the role the low carbon economy can play in the Marches, research was commissioned in 2012. The research identified potential opportunities for future investment, identifying the following priorities:

- Retrofitting of domestic/public/private buildings for increased energy efficiency (e.g. EPCs).
- Ensuring new build houses and buildings meet minimum energy efficiency rating; training local people to deliver this construction.
- Deployment of renewable and low carbon energy technologies (e.g. using FITs, ROCs and RHI).
- Procurement platform for low carbon and transport related products for public and private sector.
- Deployment of fuel efficient vehicles in public sector.
- Deployment of waste to energy facilities focused on agriculture and food/drink sectors.
- Behaviour change of people in the domestic, private and public sectors – technology can only take us so far.
- Research, development and installation of energy infrastructure to accelerate renewable energy deployment or to balance energy provision (e.g. smart grids).

Through this Strategic Activity, the Marches seeks to encourage ERDF investment into an integrated and strategic approach that will develop and implement proposals to increase the use of renewable energy, decrease energy use, and promote smart energy systems.

Investment is particularly sought under the following ESIF themes:

- The development and deployment of cost

effective low carbon and renewable energy technologies, including district heating and cooling networks, deep geothermal heat, renewable heat, Combined Heat and Power (CHP), micro-generation, biomass.

- The development of energy efficiency and renewable heating and cooling in public buildings, including demonstrator buildings, building retrofit and energy efficiency (especially whole building solutions exemplifying next phase technologies which are near to market).
- The development of an integrated 'whole place' approach in strategic development sites, including the Hereford Urban Village, Whitchurch Employment Land and i24.
- Activities that help local businesses and communities reduce their costs through the deployment of resource efficiency measures and energy saving advice leading to the adoption of energy efficient technology and measures, including community energy projects.

Partnership working, including cross-LEP collaboration and the use of Marches ESIF funding is key to ensuring match funding is utilised effectively. Potential match funding could be provided through the Energy Company Obligation, SALIX Finance, Green Investment Bank, Low Carbon Network Fund, as well as private sector investment.

Support to optimise carbon management and resource efficiency is embedded within this Strategic Activity and within the key activities of Strategic Activity 1 that support business networks; export capabilities; skills base; supply chain; knowledge transfer; waste management, resource efficiency, renewable and low carbon energy support measures; R&D and innovation and financial support.

## 7.3 Strategic Activity 3: Supporting the Environment (Priority Axis 6)

The Marches has a beautiful and highly varied natural landscape but its appearance does mask a number of issues which the Environmental Priority will help to address, including:

- High levels of silt and pollutants in waterways such as phosphate and nitrogen.
- Poor air and water quality in both urban centres and in some rural locations.
- Historic high levels of aggregate and mineral extraction.
- A number of unique and important natural sites that need special and costly management, including European Protected Sites.

The primary goal of this priority is to contribute towards a healthy environment that supports the wellbeing of local people and provides the means for the LEP's ambitions of sustainable economic development.

The focus for Marches activity under Priority Axis 6 (PA6) will be on investments in green and blue infrastructure that will protect and/or restore the area's biodiversity. In particular, investments will be prioritised into parts of the Marches that face particular challenges relating to water, soil, air quality, habitat loss, or species decline. These investments will also contribute to the delivery of the biodiversity strategy for England: "Biodiversity 2020: A strategy for England's wildlife and ecosystem services".

The Marches has already identified particular pollution hotspots including urban or intensively farmed catchment areas of rivers, such as the Wye, Lugg and Clun, and parts of Shrewsbury and Telford, which could benefit from intervention under PA6.

Therefore, the primary Investment Priority for the Marches will be 6d, "Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure". Under this investment priority, indicative actions to be supported by European Regional Development Fund may include:

- Investment in green and blue infrastructure such as green corridors, stepping stones and other Green Infrastructure in urban areas and across the rural environment and waterways.
- Sustainable drainage to improve water quality and reduce flooding.
- Restoration of former quarry and former landfill sites for the benefit of biodiversity including creation/restoration of priority habitats, when it goes above and beyond any statutory requirements.

The Marches will also consider activity through Investment Priority 6f, "Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution", where such activity can demonstrate synergy with the particular environmental challenges faced by the Marches relating to 6D. For instance, this could be through supporting the development or application of a new technology that will help to reduce water pollution and which could be practically applied in the Marches.

There is an expectation that projects under PA6 will align to the strategic plans of the Herefordshire and Shropshire / Telford Local Nature Partnerships, and, where appropriate, those of the relevant River Catchment Partnerships (as relating to DEFRA's Catchment Based Approach Initiative). These include the primary documents referenced below:

- Marches Area Local Nature Partnership Terms of Reference and Strategic Priorities.
- Natural Prospectus for the Marches Local Enterprise Partnership.
- River Wye Nutrient Management Plan.
- River Clun Nutrient Management Plan.

Given the likely interdependency of activities relating to PA6, collaborative or partnership-based approaches to projects could be appropriate. There is also the aspiration to have complementarity between the ERDF and EAFRD programmes, including the Water Capital Grant.

## 7.4 Strategic Activity 4: Employment and Skills (Priority Axes 8 and 10)

The Skills and Employment Strategic Activity for the Marches is aimed at supporting local businesses to maximise their potential for growth by getting people into work and out of poverty, tackling skills shortages, low labour mobility and overcoming the barriers to getting and keeping a job. This Strategic Activity will continue to improve opportunities for employment, education and training and help combat social exclusion and poverty.

The Sub Priorities have been identified and published in the Marches Skills Plan. The development of the Skills Plan was underpinned by the principles of collaboration and engagement with partners across the Marches LEP along with a comprehensive evidence base.

There is a need to meet particular Marches challenges as identified in the Marches LEP Skills Plan around a low-skilled workforce, skills gaps in emerging sectors, and low aspirations, work readiness and opportunities for young people and this will be addressed through the Marches ESIF Strategy. Poor access in respect of transport and ICT in some areas is a barrier.

It is ever important that the Marches LEP leads the way in championing the skills agenda to enable and support local businesses and local people to maximise their potential.

### Sub Priority 4.1: Developing the skills required for business growth

The objectives of Sub Priority 4.1 are to:

- 1. Attract more people into employment, especially people who are at a disadvantage, or have become inactive, in the labour market.
- 2. Improve the skills of potential and current workers who do not have the basic skills and qualifications that are needed to compete in the labour market, for individual progression and business growth.
- 3. Develop a skilled workforce which is capable of adapting to changes in the business environment so that the Marches can win in a competitive and quickly shifting national and global market.

Delivery will be through the development of further and Higher Education opportunities within the Marches LEP area and where relevant by contracts commissioned through the SFA Opt- in and will seek to address the following:

- Skills shortages or needs including those in new/ growth sectors such as in health and social care, construction, advanced manufacturing and engineering, low carbon green technologies, food and drink and defence and security.
- Skills support to unemployed individuals who are looking for work but face a skills barrier to entering the labour market. This includes Maths, English and Employability skills.
- Skills for ICT and the digital divide, skills for climate change and sustainable development and social enterprise.
- Increasing understanding of the labour market with a particular focus on effective dissemination of Labour Market Intelligence to career professionals, colleges, schools and training providers.
- Training leading to level 2, level 3 and level 4 qualifications (especially for people without current or relevant level 2, level 3 and level 4 qualifications) in sectors particularly where there are skills shortages at that level.
- Activities to address the basic skills needs of employed people, particularly in SMEs and Micro businesses.
- skills and training packages in response to redundancies (including earlier support to companies, as well as when redundancy occurs
- Activities to support growth in apprenticeships and traineeships through dedicated marketing and outreach work.
- Activities to support the growth in apprenticeships and traineeships through dedicated marketing and outreach work.
- Activities to support improvements to recruitment, assessment and training complementing the national apprenticeship programme.
- Enhance local careers information, advice and guidance by providing local information about skills shortages and jobs.
- Enhance local careers information, advice and guidance by providing local information about skills shortages and jobs.

### Sub Priority 4.2: Supporting enterprise and access to employment

The objective of this Sub Priority 4.2 is to support existing and growth industries to make a significant contribution in growing businesses where future jobs are to be created. This could happen by helping people get new skills and qualifications, meet employers' skills needs and support entrepreneurship and new business creation. This will support the Marches LEP priority sectors Delivery will be through the development of further and Higher Education within the Marches LEP area and where relevant by contracts commissioned through the SFA Opt-in and will seek to address the following:

- Skills support to the Marches 'Enterprise Areas' in order to attract new inward investment and foster growth.
- Supporting activity to develop self-employment or entrepreneurial skills to start and grow a business or social enterprise;
- Skills support to create employment by supporting new and growing businesses and sectors such as advanced manufacturing and engineering, defense and security, food and drink, sustainable technology, health and social care.
- Embedding and promoting enterprise in education and training within all groups outside the labour market, including young people.
- Advice, support and training for self-employment, entrepreneurship, business creation and social enterprise, with appropriate links to Strategic Activity 1.

### Sub Priority 4.3: Realising the potential of young people

The objective of Sub Priority 4.3 is to continue to sustain the commitment to reduce the number of young people aged 15-24 not in education, employment or training (NEET) and to support those young people at risk of becoming so. It is likely be those who face multiple barriers and need a different type of offer. The main focus will be the continued provision of individually tailored packages of education, training and support, which will enable the engagement of such young people that will lead to sustainable education, training and employment.

Youth unemployment in the Marches is disproportionately high. It is above the national average and running at more than twice the rate seen in the wider population. Youth long-term unemployment has also almost doubled in the past two years.

There are synergies between this Sub Priority and Strategic Activity 5 - Social Inclusion with a need to ensure co-ordination and avoid any duplication.

Delivery will be by contracts commissioned through the SFA Opt-in and will seek to address the following:

- Innovative engagement and re-engagement activities to overcome barriers to participation for those young people who are NEET and those that are at risk of becoming NEET.
- Activities to engage young people and develop their employability and vocational skills. To improve the employability, personal and functional skills of young people that will lead to sustainable engagement in education and training and employment.
- Personal and flexible programmes, which may include work related components, enhanced information advice and guidance, personal and social development, functional skills, etc. and include mentoring and personal coaching.
- Preparation for employment to understand employers' requirements around attendance, attitude, motivation, language and behaviour management, including structured taster programmes in a working or learning environment.
- Short programmes of activity for young people who have left learning programmes.
- Improved appreciation by businesses of the importance of continuous training and development.
- Provision for young people who need specialist support and training in alternative learning environments.
- Vocational training and qualifications linked to key employment sectors and local employment opportunities, linking to Strategic Activity 1 - Enhancing Competitiveness, Research and Innovation and Enabling Technology.
- Brokering opportunities for young people and support for local employers to take on young people.
- Advice and support on self-employment and business creation, linking to Strategic Activity 1.
- Activities to support ex-offenders and offenders in the community linking with the National Offenders Management Service (NOMS).
- Activities to support economic activity amongst people with a disability, including people with mental health problems.
- Activities that enable disengaged, unemployed and underemployed graduates particularly those from disadvantaged groups to find employment and gain the skills required to sustain their employment.

- Activities to support employers and improvements to recruitment, assessment and training of apprentices completing the national apprenticeships programme.
- Enhance local careers information, advice and guidance by providing local information about skills shortages and jobs.
- Develop activity/training that can be flexible both in type of delivery and location building on family and community learning.
- Training in functional skills including literacy, numeracy, ESOL and ICT.
- Keeping employers informed about local education and training provision.
- Management and leadership training, coaching and mentoring initiatives, advice and guidance to support the development and growth of SME's
- Supporting older workers to re-train, re-enter and stay in the labour market.
- Training for those at risk of redundancy or who have been made redundant to gain alternative skills.
- Advice and guidance face-to-face sessions with individuals in priority groups (to be determined e.g. adults facing redundancy, low skilled adults without a level 2 qualification), adding value to the National Careers Service Contract.

## 7.5 Strategic Activity 5 - Social Inclusion (Priority Axis 9)

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For this Strategic Activity, socially excluded/marginalised groups (referred to as under-represented or targeted groups) include, but are not limited to; Gypsy Roma and travelling communities; lone parents; people who are 50 and over; families with multiple and complex needs; people who are homeless; people with disabilities (physical and those with mental health issues); people with caring responsibilities; people from black and minority ethnic communities; and the families of these groups. It also includes those living in areas of deprivation and groups with specific needs which are currently hidden.

Supporting those furthest from the job market to move towards and into employment will transform the lives of individuals and families from these under-represented groups, providing a sustainable route away from poverty. Securing employment provides the single most important means through which people are able to turn their lives around. This will be achieved through new innovative approaches, early intervention, tailored mentoring support and positive activities so barriers into education, training, volunteering and employment can be overcome and sustained. Volunteering can be a route into employment and it has been shown that one in five volunteers can find paid work after volunteering.

It will require a joined up approach from all organisations, working at a local level, to ensure long term change: adding value to existing programmes; building on current successes; learning from approaches which have worked; finding solutions where gaps have been identified and ensuring innovative ideas and organisations are identified and encouraged.

It recognises the hierarchy of individual need (as referenced by Maslow) and that the most under-represented groups will require interventions and support which will address the most fundamental needs before they can move onto a pathway towards employment.

Although Social Inclusion is a Strategic Activity in its own right, equal opportunities is also a Cross Cutting Theme which is addressed within the other Strategic Activities.

### Sub Priority 5.1 - Provide the means through which under-represented groups move towards employment through access to customised learning, training and volunteering opportunities

The objective of Sub Priority 5.1 is to engage those who are furthest away from employment and through early intervention, mentoring, positive activity and volunteering help them onto the pathway towards employment.

Approaches, interventions and support mechanisms will be developed and delivered which enable a more personal and holistic assessment of individual needs, barriers and solutions with more tailored support to help people build their confidence, skills and ambitions to move towards work and out of poverty. It is also recognised that those most in need will be accessing support from different points and stages in their lives and approaches need to be flexible.

Skill/re-skill building, learning and training (eg. literacy, numeracy and IT) is essential to ensure those from under-represented groups, who do not currently have the necessary knowledge and skills, are able to make a smooth transition onto a path towards employment. For example women over 24 who have never worked or had FE education, can find it very difficult to find employment without additional support. There is also a need to ensure accessible support on issues such as housing, money or debt which can impact on someone's ability to seek and retain employment.

There is a need to advocate the value of volunteering as part of the pathway to employment and provide the support needed (to individuals and organisations) so people become volunteer ready, move into volunteering roles and receive personal development support. This will be achieved through new innovative approaches which are also linked to employment opportunities.

Activities will be established to identify, engage and support under-represented groups as well as the 'hidden' groups of unemployed. There will be activity to establish links to self-employment opportunities with appropriate, and longer lasting, levels of mentoring and support. The support and activities available will be designed to promote resilience so people become more independent. Sustainable

solutions are generally locally determined and delivered. It is important for activities and support to be accessible, particularly in the rural areas where access to services and transport are already key issues which people face.

### Sub Priority 5.2 - Engage and support under-represented groups, enabling them to overcome barriers which prevent them moving towards employment

There are a number of barriers which we know prevent people moving towards and into employment and for some groups these can be complex and challenging. The objective of this Sub Priority is to understand these barriers and to work with local support agencies and service providers (existing and new) to identify and implement new approaches and ways in which these barriers can be overcome.

It is important to improve the work-readiness and social skills in those new to/ returning to work. This will be achieved through a menu of work experience options, including peer support. Support will be provided to develop confidence, self-esteem and overcome associated secondary barriers.

Transport is a major barrier which hinders people moving towards and into employment as well as carrying out everyday activity. Action is needed to understand the transport needs and how individuals can be supported to overcome them.

Digital exclusion is also a major barrier for people seeking to move towards and into employment, research has shown that the main reasons for this are the costs associated with internet usage, lack of confidence to take the first step to use ICT and lack of opportunity to gain suitable skills.

The Marches evidence base has identified under-represented groups and new innovative ways to engage and tailor support. For example people with mental health issues require tailored mentoring and support to help them towards independence and onto a pathway to work, and approaches need to be developed so carer's responsibilities and duties associated with all age groups and all abilities can be overcome. There is also a need to raise awareness about the needs of disabled people wanting to work and address the stigma around disability.

Interventions will be delivered focused on families with multiple and complex needs so family member aspirations can be raised, family's lives turned around and the cycle of inter-generational unemployment reversed.

There is a need to work in partnership with local service providers to identify ways to support under-represented groups to move towards and take up employment, for example finding accommodation near the work place, accessing funds to purchase clothing, shoes, essential job related equipment, fees for certificates such as the Construction Skills Certificate, and funds to bridge the gap until the first pay packet is received.

A mentoring programme is needed to increase the numbers of mentors to support people towards and into work.

### Sub Priority 5.3 – Target people from communities with high unemployment, low skills and low income to overcome barriers to moving towards and into employment

The English Indices of Deprivation 2015 [IMD 2015] data shows that within the Marches there are 48 Lower Super Output Areas [LSOAs] in the overall rankings that fall within the 20% most deprived LSOAs in England (out of a total of 32,844 LSOAs). 17 of the Marches LSOAs fall within the 10% most deprived in England, with 8 LSOAs ranked within the 5% most deprived in England.

The number of LSOAs within the 20% most deprived differs across the three local authority areas with the largest number of LSOAs in Deciles 1 and 2 evident within Telford and Wrekin, including all of the Marches LSOAs within the 5% most deprived in England.

In relation to economic growth, the IMD 2015 Domains which are most relevant are: Income Deprivation; Employment Deprivation; and Education, Skills and Training Deprivation.

The IMD data shows that within Herefordshire there are 9 LSOAs which fall within the 20% most deprived in England; 1 LSOA which falls within the 10% most deprived nationally within the overall rankings is located within the south of Herefordshire City in the Belmont ward. When looking at the relevant IMD Deprivation Domains there is 1 LSOA in the 10% most deprived for the Employment Deprivation Domain and 2 within the 10% most deprived for the Income Deprivation Domain. Within the Education, Skills and Training Deprivation Domain there are 6 LSOAs in the 10% most deprived, 1 of which is within the 5% most deprived LSOAs in England for this domain.

Within Shropshire there are also 9 LSOAs in the 20% most deprived nationally within the overall IMD Deprivation rankings, with 1 LSOA in the Harlescott ward falling within the top 10% most deprived LSOAs in England. The most deprived LSOAs are concentrated in the Shrewsbury area with pockets of deprivation also evident in market towns including Ludlow, Oswestry and Market Drayton. When analysing the Income Deprivation domain there are 2 LSOAs in Shrewsbury, in Harlescott and Monkmoor wards, within the 10% most deprived LSOAs nationally. For the Education, Skills and Training Deprivation Domain there are 8 LSOAs in the 10% most deprived in England; 3 of the LSOAs within Shrewsbury wards fall within the 5% most deprived for this domain.

Of the three authorities, Telford and Wrekin has the largest number of LSOAs in the most deprived decile nationally, with 15 LSOAs in the 10% most deprived overall and 8 in the 5% most deprived LSOAs in England. When analysing the Income Deprivation Domain there are 17 LSOAs within the 10% most deprived and 3 have rankings which mean they fall within the 1% most deprived for this domain. In the Employment Deprivation Domain 21 LSOAs fall within the 10% most deprived, 5 of which are ranked in the top 5% most deprived for England. There are also 21 LSOAs which are in the 10% most deprived for the Education, Skills and Training Deprivation Domain, with 12 falling within the 5% most deprived for this domain.

Having analysed the data from the Indices of Multiple Deprivation (IMD 2015) and other sources it is evident that across the Marches, and within both the More Developed area and Transition areas. There are concentrated areas of deprivation in the urban centres and pockets in some of the more rural areas. These areas of deprivation have existed for a number of years and there is a worrying trend that without targeted intervention which adopts new innovative approaches the situation will not change and could get worse.

Deprivation in these areas is significant with issues such as generational worklessness, low aspiration, low self-confidence, high levels of anti-social behaviour, low skills, and poor health all clearly evident. Although in need the areas have not benefited from the regeneration funding available as the areas of deprivation are not as concentrated as the more urban conurbations and they miss out on the rural funding due to their urban characteristics.

## 7.6 RDPE – Potential Uses and Funding Allocation

The Marches LEP has been allocated £7.4 million through the RDPE element of the Growth Programme. The RDPE funds will be made available to activities that complement and add value to the ERDF funds. They will therefore be directed towards Marches priorities that will not, for reasons of eligibility or other practicalities, be supported through the ERDF-funded initiatives.

The following table identifies the RDPE funding priorities that Marches stakeholders have identified as the likely areas of investment for the area. The Marches ESIF Sub-Committee will work with DEFRA in developing the RDPE call specifications and, subject to demand, it is anticipated that each of three main investment areas will each have an allocation of £2.46 million.

Table 6: Potential uses of RDPE

RDPE Priority	Marches ESIF Strategy	Indicative Allocation	Rationale
Grants for Rural Tourism	ESIF Strategic Activity 1	£2.46 Million	Tourism is identified as a key sector in the Marches Strategic Economic Plan.  More than 20,000 people are employed in the sector in the Marches and Recent figures showed visitors to Herefordshire, Shropshire and Telford & Wrekin, combining overnight tourist and day visitor spending, produce more than £1 billion for the local economy a year.
Support for Rural Broadband	ESIF Strategic Activity 1	£2.46 Million	Provision of superfast broadband is a strategic priority for the three local authorities within the Marches. It is recognised that beyond phase II of BDUK delivery, there will still remain rural communities that are unable to access superfast broadband, accounting for at least 5% of premises, which this RDPE funding will look to aid.
Grants for businesses in the food and drink manufacturing sector	ESIF Strategic Activity 1	£2.46 Million	Food and drink is identified as a key sector in the Marches Strategic Economic Plan.  Worth at least £1.9 billion to the Marches economy (2011) and claiming almost a quarter of all Marches manufacturing jobs, this thriving sector employs at least 9,000 people across the region. Of these, 43.2% are employed in meat processing; 17.8% in dairy; 12% in beverages and 8.9% in processing and preservation of fruit and vegetables (2013 data).

## 8.0 Outputs, Results and Match Funding

### Outputs and Results

As a component of the England ESIF Growth Programme, the Marches has been set Performance Framework (PF) and Investment Priority (IP) targets to achieve through ERDF and ESF investment in the area. The Marches ESIF Sub-Committee and partners will work with the Managing Authorities, DCLG and DWP, to ensure that activities undertaken in the Marches will achieve the targets that have been set. The follow tables set out the PF targets (Page 46) and IP targets, ERDF (Pages 47-52) and ESF (Pages 53-54), which are sought to be achieved in the Marches



Investment priority	ID	Indicator	Measurement unit	Target value (2023)		Total
				Transition	More Developed	
1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest	CO25	Research, Innovation: Number of researchers working in improved research infrastructure facilities	Full time equivalents	7	3	10
	P1	Number of researchers working in improved research or innovation facilities	Full-time equivalents	14	5	20
	P2	Public or commercial buildings built or renovated	Square metres	366	134	501
1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	242	82	324
	CO02	Productive investment: Number of enterprises receiving grants	Enterprises	169	58	227
	CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	12	1	14
	CO04	Productive investment: Number of enterprises receiving non- financial support	Enterprises	59	20	79
	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	21	7	27
CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	204,495	69,678	274,174	
CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	323,350	97,476	420,826	
CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	19	7	26	

CO26	Research, Innovation: Number of enterprises cooperating with research institutions Final	Enterprises	131	44	175
CO28	Research, Innovation: Number of enterprises supported to introduce new to the market products Final	Enterprises	19	7	26
CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	39	13	52
P2	Public or commercial buildings built or renovated	Square metres	104	36	140
CO01	Productive investment: Number of enterprises receiving support	Enterprises	92	46	138
CO05	Productive investment: Number of new enterprises supported	Enterprises	20	10	30
P3	Additional businesses with broadband access of at least 30mbps	Enterprises	932	470	1,403
CO01	Productive investment: Number of enterprises receiving support	Enterprises	10	6	16
CO05	Productive investment: Number of new enterprises supported	Enterprises	7	4	11
CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Enterprises	2	1	3
P4	Additional businesses taking up broadband with speeds of at least 30Mbps	enterprises	38	23	61
CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	404	90	493
CO02	Productive investment: Number of enterprises receiving grants	Enterprises	265	59	324

2a - Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy

2b - Developing ICT products and services, e-commerce and enhancing demand for ICT

3a - Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators

CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	17	8	25
CO04	Productive investment: Number of enterprises receiving non- financial support	Enterprises	103	23	126
CO05	Productive investment: Number of new enterprises supported Final	Enterprises	316	69	385
CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	1,399,077	311,721	1,710,798
CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	46,025	10,064	56,089
CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	165	36	201
CO28	Research, Innovation: Number of enterprises supported to introduce new to the market products Final	Enterprises	32	7	39
P11	Number of potential entrepreneurs assisted to be enterprise ready	Persons	1,273	284	1,556
P2	Public or commercial buildings built or renovated	Square metres	49	11	61
CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	994	229	1,223
CO02	Productive investment: Number of enterprises receiving grants	Enterprises	663	153	816
CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	42	21	63
CO04	Productive investment: Number of enterprises receiving non- financial support	Enterprises	258	60	317
3c - Supporting the creation and the extension of advanced capacities for product and service development					

CO05	Productive investment: Number of new enterprises supported Final	Enterprises	316	72	388
CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	4,197,231	969,750	5,166,981
CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	1,380,736	312,677	1,693,414
CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	413	94	507
CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	158	36	194
P13	Number of enterprises receiving information, diagnostic and brokerage	Enterprises	99	23	122
P2	Public or commercial buildings built or renovated	Square metres	124	29	152
CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	596	128	724
CO02	Productive investment: Number of enterprises receiving grants	Enterprises	398	85	483
CO03	Productive investment: Number of enterprises receiving financial support other than grants	Enterprises	25	12	37
CO04	Productive investment: Number of enterprises receiving non- financial support	Enterprises	155	33	188
CO05	Productive investment: Number of new enterprises supported Final	Enterprises	190	41	230
CO06	Productive investment: Private investment matching public support to enterprises (grants)	EUR	2,768,267	594,399	3,362,666

3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes

CO07	Productive investment: Private investment matching public support to enterprises (non- grants)	EUR	920,491	199,403	1,119,894
CO08	Productive investment: Employment increase in supported enterprises Final	Full time equivalents	248	53	301
CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	95	20	115
P13	Number of enterprises receiving information, diagnostic and brokerage	Enterprises	60	13	72
P2	Public or commercial buildings built or renovated	Square metres	74	16	90
CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	14	4	18
CO05	Productive investment: Number of new enterprises supported Final	Enterprises	3	1	4
CO30	Renewables: Additional capacity of renewable energy production Final	MW	2	1	2
CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	1,113	321	1,434
CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	145	54	199
CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	791	265	1,056
CO31	Energy efficiency: Number of households with improved energy consumption classification	Households	70	24	94
CO32	Energy efficiency: Decrease of annual primary energy consumption of public buildings	kWh/year	67,977	23,187	91,165
CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	1,125	384	1,508
4a - Promoting the production and distribution of energy derived from renewable sources					
4b - Promoting energy efficiency and renewable energy use in enterprises					
4c - Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector					

4e - Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	119	69	187
	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	1,099	592	1,691
	CO01	Productive investment: Number of enterprises receiving support Final	Enterprises	29	8	37
	CO05	Productive investment: Number of new enterprises supported Final	Enterprises	6	1	7
	CO26	Research, Innovation: Number of enterprises cooperating with research institutions Final	Enterprises	3	1	3
	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products Final	Enterprises	5	1	6
	CO34	GHG reduction: Estimated annual decrease of GHG Final	Tonnes of CO2eq	440	104	543
	CO22	Land rehabilitation: Total surface area of rehabilitated land	Hectares	0.47	0.25	1
	CO23	Nature and biodiversity: Surface area of habitats supported to attain a better conservation status	Hectares	33.40	17.90	51.30
	CO01	Productive investment: Number of enterprises receiving support	Enterprises	39	19	58
6d - Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000, and green infrastructure	CO05	Productive investment: Number of new enterprises supported	Enterprises	8	4	12
	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Enterprises	6	3	9
6f - Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution	CO01	Productive investment: Number of enterprises receiving support	Enterprises	39	19	58
	CO05	Productive investment: Number of new enterprises supported	Enterprises	8	4	12
	CO29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	Enterprises	6	3	9

**Transition  
Investment Priority 8i (1.1)**

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	9,710	5,210	4,500
ESF - CO01	Unemployed, including long-term unemployed	6,800		
ESF - CO03	Inactive	2,420		
O4	Participants over 50 years of age	1,960		
O5	Participants from ethnic minorities	420		
ESF - CO16	Participants with disabilities	2,090		
O6	Participants without basic skills	1,710		
ESF - CO14	Participants who live in a single adult household with dependent children	1,170		

**More Developed  
Investment Priority 8i (1.1)**

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	4,260	2,340	1,920
ESF - CO01	Unemployed, including long-term unemployed	2,980		
ESF - CO03	Inactive	1,070		
O4	Participants over 50 years of age	1,000		
O5	Participants from ethnic minorities	150		
ESF - CO16	Participants with disabilities	1,110		
O6	Participants without basic skills	750		
ESF - CO14	Participants who live in a single adult household with dependent children	440		

**Investment Priority 8ii (1.2)**

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O2	Participants (below 25 years of age) who are unemployed or inactive	2,070	1,110	960
ESF - CO01	Unemployed, including long-term unemployed	1,450		
ESF - CO03	Inactive	520		
O5	Participants from ethnic minorities	70		
ESF - CO16	Participants with disabilities	200		
O6	Participants without Basic Skills	360		
ESF - CO14	Participants who live in a single adult household with dependent children	100		

**Investment Priority 8iii (1.2)**

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O2	Participants (below 25 years of age) who are unemployed or inactive	1,410	770	640
ESF - CO01	Unemployed, including long-term unemployed	990		
ESF - CO03	Inactive	350		
O5	Participants from ethnic minorities	40		
ESF - CO16	Participants with disabilities	150		
O6	Participants without Basic Skills	250		
ESF - CO14	Participants who live in a single adult household with dependent children	50		

#### Investment Priority 9i (1.4)

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	2,870	1,580	1,290
ESF - CO01	Unemployed, including long-term unemployed	1,500		
ESF - CO03	Inactive	1,180		
O4	Participants over 50 years of age	520		
O5	Participants from ethnic minorities	110		
ESF - CO16	Participants with disabilities	610		

#### Investment Priority 9i (1.4)

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	1,270	700	570
ESF - CO01	Unemployed, including long-term unemployed	670		
ESF - CO03	Inactive	510		
O4	Participants over 50 years of age	270		
O5	Participants from ethnic minorities	40		
ESF - CO16	Participants with disabilities	320		

#### Investment Priority 10iii (2.1)

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	8,070	3,950	4,120
O4	Participants over 50 years of age	1,710		
O5	Participants from ethnic minorities	260		
ESF - CO16	Participants with disabilities	520		
O6	Participants without basic skills	1,420		
ESF - CO14	Participants who live in a single adult household with dependent children	340		

#### Investment Priority 10iii (2.1)

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	4,130	2,020	2,110
O4	Participants over 50 years of age	970		
O5	Participants from ethnic minorities	140		
ESF - CO16	Participants with disabilities	320		
O6	Participants without basic skills	730		
ESF - CO14	Participants who live in a single adult household with dependent children	170		

#### Investment Priority 10iv (2.2)

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
CO23	number of supported micro, small and medium-sized enterprises (including	150		

#### Investment Priority 10iv (2.2)

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
CO23	number of supported micro, small and medium-sized enterprises (including	80		

## Match Funding Assumptions

Table 5 summarises the potential sources of match funding that will be sought to support the delivery of this Marches ESIF Strategy. Discussion is ongoing with the funders relating to the potential Opt-ins and Financial Engineering Instrument, which will match significant EU funds at source.

Marches partners have agreed in principle to a series of programmes that will be delivered by publically funded organisations, including UKTI, Skills Funding Agency and Big Lottery and will formalise arrangements with these agencies through appropriate Memorandums of Understanding (MoU). These programmes will provide their own source of match-funding, without requiring local match.

Major infrastructure schemes will rely on 'clean' exchequer funds and therefore synergy between the Marches ESIF Strategy and Marches SEP will be sought, as will alignment with local authority capital budgets.

All direct grant aid to businesses will be appropriately matched by the recipient businesses' own resources.

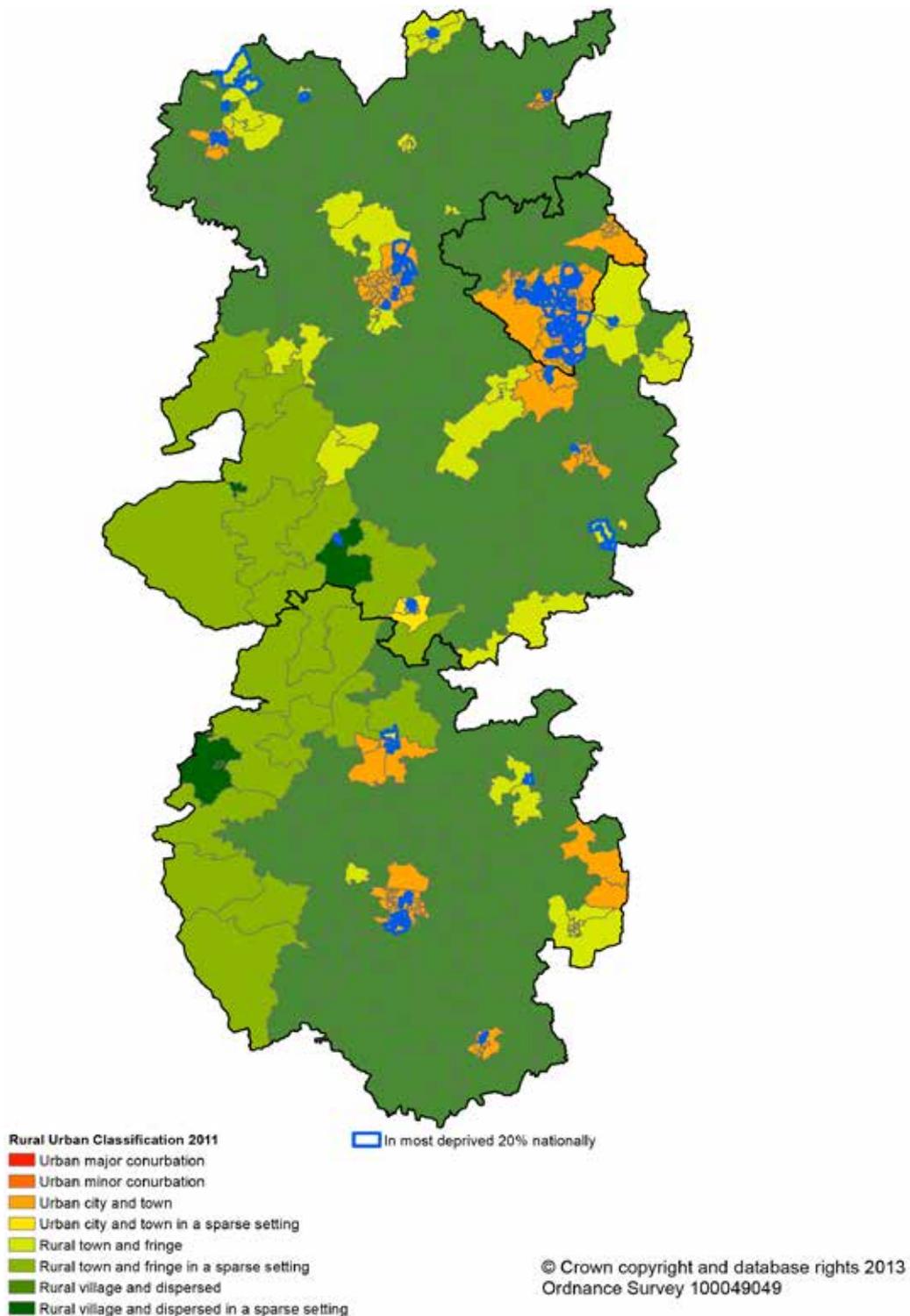
The Marches local authorities (Herefordshire, Shropshire and Telford & Wrekin) have significant experience of delivering EU-funded schemes and are aware of the match funding requirements that need to apply in particular circumstances. The Business Process for bringing forward activity will establish the suitability of the match funding package for each particular investment.

Table 5: Potential Sources of Match

Potential Sources of Match	Application	Strategic Activities
Private Sector Match	<ul style="list-style-type: none"> <li>Grant leverage.</li> <li>Business partnerships.</li> <li>Venture capital including Business Angels.</li> <li>Renewables and energy company obligations.</li> <li>Developer levies.</li> </ul>	<ul style="list-style-type: none"> <li>SA1, SA2, SA3</li> </ul>
European Investment Bank / Legacy Funds	<ul style="list-style-type: none"> <li>Financial Engineering Instrument matched at source.</li> </ul>	<ul style="list-style-type: none"> <li>SA 1</li> </ul>
Local Authority	<ul style="list-style-type: none"> <li>Enterprise Zone business rate uplift.</li> <li>Capital programmes.</li> <li>Other revenue resources (staff).</li> </ul>	<ul style="list-style-type: none"> <li>SA1, SA2, SA3, SA5</li> </ul>
Higher Education and Further Education Institutions	<ul style="list-style-type: none"> <li>R&amp;I budgets.</li> <li>Other revenue resources (staff).</li> <li>HEFCE.</li> </ul>	<ul style="list-style-type: none"> <li>SA1, SA2, SA3</li> </ul>
Charities and Trusts	<ul style="list-style-type: none"> <li>Local trusts and fund-raising</li> <li>National heritage-focused award bodies, including Garfield Weston.</li> <li>Prince's Trust.</li> <li>Other significant third-sector funders, including Comic Relief, the Cadbury Foundations and the Sainsbury Foundations.</li> </ul>	<ul style="list-style-type: none"> <li>SA2, SA3, SA5</li> </ul>
Exchequer	<ul style="list-style-type: none"> <li>National funding arrangements (SFA and UKTI).</li> <li>Post 2015 BDUK funding.</li> <li>Technology Strategy Board.</li> <li>Government economic development funds, including Regional Growth Fund and Single Pots (general application as per Growth Deal).</li> <li>Social care and health budgets, including Troubled Families.</li> <li>Government departmental resources, including Environment Agency and Homes and Communities Agency (HCA).</li> </ul>	<ul style="list-style-type: none"> <li>Links to all Strategic Activities</li> </ul>
Lottery Funding	<ul style="list-style-type: none"> <li>BIG Lottery</li> <li>Arts Council England.</li> <li>Heritage Lottery Fund.</li> <li>Sport England.</li> </ul>	<ul style="list-style-type: none"> <li>SA4, SA5</li> <li>Links to all Strategic Activity</li> </ul>

# APPENDICES

## Appendix 1: Marches LEP Rural Urban Classifications showing most Deprived Lower Super Output Areas (LSOA's)



## Appendix 2: How the Marches Strategic Activities and Sub Priorities Address the ESIF Thematic Objectives

Priority	Number of key implementation steps	Micro Description	Micro Description	Final Target   2023	Micro Description	Final Target   2023
<b>ESIF</b>						
<b>1 - Promoting Research and Innovation Field</b>						
1 - Promoting Research and Innovation Field	Partners involvement; Number of subprojects awarded	ESIF	ESIF	ESIF	ESIF	ESIF
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	1,406,885	42	6,021,857	4,021,046	16,244,000
2 - Enhancing research, and innovation, ICT	Partners involvement; Number of subprojects awarded	481,248	21	ESIF	48	ESIF
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	481,248	21	ESIF	48	ESIF
3 - Enhancing the Competitiveness of SMEs Field	Partners involvement; Number of subprojects awarded	ESIF	ESIF	ESIF	ESIF	ESIF
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	3,887,773	445	13,696,851	9,718,038	62,128,574
4 - Supporting the SME Towards a Low Carbon Economy in all Business Field	Partners involvement; Number of subprojects awarded	ESIF	ESIF	ESIF	ESIF	ESIF
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	1,822	116	1,822	348	ESIF
5 - Promoting and Protecting the Environment and Promoting Efficiency	Partners involvement; Number of subprojects awarded	ESIF	ESIF	ESIF	ESIF	ESIF
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	1,084,820	17	6,692,888	4,746,418	19,826,188
6 - Promoting and Protecting the Environment and Promoting Efficiency	Partners involvement; Number of subprojects awarded	ESIF	ESIF	ESIF	ESIF	ESIF
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	17	17	ESIF	48	ESIF
<b>ESIF</b>						
<b>1 - Includes Labour Markets</b>						
1 - Includes Labour Markets	Partners involvement; Number of subprojects awarded	ESIF	ESIF	ESIF	ESIF	ESIF
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	3,288,344	2	17,115,857	14,626,528	35,183,742
2 - Skills for Growth	Partners involvement; Number of subprojects awarded	ESIF	ESIF	ESIF	ESIF	ESIF
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	1,386	748	6,940	2,764	14,238
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	2,887,871	778	11,150,883	3,681,646	20,886,246
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	380	380	4,180	1,617	8,478
	Number of subprojects awarded; Number of subprojects awarded by priority or early established organisations	387	387	2,110	776	4,122

Larger version attached at end of document.

## Appendix 3: Intervention Logic Chain

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
<b>Strategic Activity 1: Enhancing Competitiveness, Research and Innovation and Enabling Technology</b>							
Costs associated with unlocking, adding value to and speeding up the development of significant strategic sites including the Enterprise Zone in Hereford, Enterprise Areas and over 400 acres of development sites in Telford	<p>MF1: Access to serviced employment sites and development of speculative premises</p> <p>Historically, the public sector has had to be pro-active in providing serviced employment land and associated infrastructure as well as small workshops, office and incubator space for rent across the Marches. This is because:</p> <ul style="list-style-type: none"> <li>There is a gap between the cost of development and the short to medium term return, making such schemes unattractive to the private sector.</li> <li>There is a high level of risk associated with innovative projects in which the market is unwilling to commit to. The return on investment is also long-term, such as incubator units.</li> </ul> <p>In recent years, the economic development of the Marches key settlements has been stimulated by the provision of employment sites and workshops to facilitate inward investment, start-ups and local company growth through publicly funded interventions, including the Rural Enterprise Centres, Shropshire Food Enterprise Centre, the Regional Food Enterprise Centre, the Regional Food Academy at Harper Adams University, the E-Innovation Centre in Telford and the designation of the Rotherwas Enterprise Zone in Hereford.</p>	<p>Physical infrastructure (incubation space).</p> <p>Enable economic development through investment in flood risk management.</p> <p>Investments in green and blue infrastructure and actions that support the provision of ecosystem services on which businesses and communities depend to increase local natural capital and support sustainable economic growth.</p>	<p><i>Sub priority 1.1:</i> Improving enterprise and SME competitiveness</p> <p><i>Sub priority 3.1:</i> Investing in the natural environment to support sustainable economic growth</p>	<p>ERDF, P3a and P6d</p> <p>Match from Strategic economic plan, Environment Agency and Local authorities</p>	<p>Provision of incubation space through 'centres of excellence' model focus on Marches key growth sectors.</p> <p>Rehabilitation of land and regeneration of brownfield sites</p> <p>Implementation of river basin management plans</p> <p>Actions to implement flood risk management plans when opening up land for sustainable development.</p>	<p>P2, Commercial buildings built or renovated</p> <p>CO23, surface area of habitats supported to earn better conservation status</p>	<p>Improved economic viability of areas through infrastructure investments including green infrastructure</p>
Costs associated with environmental planning constraints due to the high quality of the natural environment.							
Severe problems with utilities provision in some key employment areas							

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	In addition, the public sector has supported regeneration schemes through the use of Council assets or access to European and/or Central Government funding. Key schemes include the Edgar Street Grid in Hereford, the Flaxmill in Shrewsbury and the Southwater redevelopment in Telford Town Centre. There is likely to be a need for continued public sector support for economic development including the provision of serviced employment land and for innovative projects where the market is reluctant to invest or where the risks may need to be shared.						
A static enterprise population with relatively lower rates of company births. Lower than average GVA per head (£16,252 in 2012 compared with £21,674 nationally) reflecting low levels of pay and out commuting of higher skilled workers. The penetration of the Knowledge intensive sectors is below the regional average and significantly below the national average	MF2: Business growth, research and innovation (R&I) in SMEs  Whilst the Marches has a strong enterprise culture, the enterprise population is static, with relatively low rates of company births compared with other areas; the Marches LEP has third lowest business birth rate of the 39 LEP's and the second lowest number of inward investment projects.  As a result of comparatively low levels of foreign direct investment, the Marches is one of the LEP areas with the lowest share of total employee jobs in foreign-owned enterprises, which closes access to an avenue of finance available in other areas.	Building collaborative research enterprises, research institutions and public institutions.  Supporting businesses including social enterprises to commercialise research and development	Sub priority 1.1: Improving enterprise and SME competitiveness  Sub priority 1.2: Smart research and development and innovation	ERDF, 3d  Match from private sector investment, TSB and public sector, including universities and research institutions	Imbedding innovation in SMEs through Growth Hub.  Regional programmes including KTPs.  Innovation vouchers  Bespoke projects with larger SMEs	CO29 - SMEs supported to introduce new to the firm products	Increased no of businesses actively innovating to bring new products to the market  Increased SME Productivity

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<p>The Marches is one of the LEP areas with the lowest rate of patenting per 100,000 residents.</p> <p>Limited university presence in the Marches has restricted opportunities for knowledge transfer between the Higher Education sector and local business</p> <p>The enterprise culture around self-employment, whilst resilient, can have a low interest in innovation, change and growth. Dependence on declining sectors, including traditional manufacturing, agricultural commodity production and low value processing</p>	<p>Due in part to the high number of SMEs with 10 or fewer employees (89.7% of the total Marches business base), which statistically are much less likely to invest in significant resources into R&amp;I, the Marches has a poor record in the uptake of R&amp;I initiatives, including KTPs, graduate placements and Framework Programme 7 (FP7). Higher Education provision across the Marches is also variable, with a limited supply of research facilities/ incubators.</p>						
<p>A recent survey showed the penetration of regional finance schemes (FEIs) had been poor</p>	<p>MF3: Access to finance for SMEs and start-ups</p> <p>The difficulty that Marches businesses have in accessing appropriate finance is stifling their ability to grow, which is affecting the area's GVA per head performance, which at £16,252 lags behind the West Midlands average of £17,429 by a significant 6.75%.</p>	<p>Build the growth capability of SMEs</p> <p>Foster a more entrepreneurial culture by reducing barriers to entrepreneurship and supporting entrepreneurs</p>	<p>Sub priority 1.1: Improving enterprise and SME competitiveness</p> <p>Access to a Jeremie fund or similar (ERDF)</p>	<p>ERDF 3C</p>	<p>Single point of entry grant scheme.</p> <p>Regional FEI</p> <p>Innovation vouchers</p>	<p>CO01 Productive investment: number of businesses receiving support</p>	<p>Stimulate improved productivity, resource efficiency and innovation in SMEs through grant aid.</p>

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
<p>Slow moving economic growth is making business investment aspirations very challenging, with a lack of access to finance for micro and small businesses limiting growth potential</p>	<p>Even with government and EIB lending guarantees designed to ease the market, availability of finance remains an issue for SMEs, particularly micro and small businesses (1 – 9 employees), which account for 89.7% of all businesses in the Marches. The two key reasons for this are:</p> <ul style="list-style-type: none"> <li>• Many micro and small business have few securities to offer the lender and are seen as riskier investments by mainstream lenders.</li> <li>• The diligence work that is needed to assess any application for finance is such that many smaller requests are not commercially viable from a mainstream lenders perspective.</li> </ul> <p>The venture capital market has also been heavily affected by economic conditions with a 31% decrease in the value of investment in 2012 compared to the previous year. Over the last decade business angels have become a more important source of funding for early stage businesses and now supply a similar amount of equity finance to early stage SMEs as venture capitalists (just over £300m per year).</p>	<p>Supporting businesses including social enterprises to commercialise research and development</p>	<p>Sub priority 1.2: Smart Research and Development and Innovation</p>	<p>Private sector match of £8million</p>			<p>Improved availability of flexible finance for SMEs with expansion plans</p>

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
<p>Continued poor quality broadband infrastructure especially in more sparsely populated rural areas preventing businesses to operate and communicate within a competitive, international market place.</p> <p>The Marches does not yet have universal 3G coverage, which acerbates the broadband infrastructure issue.</p> <p>Business take up of NGA broadband in areas that have the service is typically low, between 10 and 20%.</p>	<p>MF4: High speed (NGA) broadband deployment and optimisation</p> <p>Without public subsidy, the commercial deployment of fibre across the Marches would be limited to key settlements where the telecoms operators would see a return on investment. The BDUK programme is addressing the funding gap in Herefordshire and Shropshire, whilst much of Telford is already commercially viable for broadband deployment.</p> <p>However, even with BDUK investment a significant area of the Marches, covering between 10 and 20% of the population, are unlikely to receive NGA access without further targeted public subsidy.</p> <p>The deployment of NGA infrastructure is only part of the picture as there exists a significant knowledge gap among SMEs as to how the opportunities offered by NGA can transform their businesses. If not addressed, businesses will never understand or be able to quantify the benefits of NGA broadband, and will therefore not invest in NGA.</p>	<p>Extend the roll-out and take-up of high-speed networks where the market is failing, particularly where there is a barrier to SME growth.</p>	<p>Sub priority 1.1: Improving enterprise and SME competitiveness</p> <p>Sub priority 1.3: Marches Digital Inclusion and Service Programme</p>	<p>ERDF P2</p> <p>RDPE Support for Rural Broadband</p> <p>Exchequer funds</p>	<p>Providing access to high speed broadband and advanced ICT (ERDF)</p> <p>Increasing online access to public services for communities (RDPE)</p>	<p>CO01 Productive investment: number of enterprises receiving support</p> <p>P3 Additional businesses with broadband access with speeds at least 30 Mbps</p>	<p>Increased physical access to superfast broadband for SMEs where no commercial alternative exists</p> <p>Improved the uptake and optimisation of superfast broadband in SMEs, leading to increased productivity</p> <p>Increased physical access to superfast broadband for communities where no commercial alternative exists</p>

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
	<p>The poor broadband capability in particular is seen to be one of the critical barriers to economic, social and environmental sustainability faced by rural communities. In 2009, SQW summarised the situation for the West Midlands Rural Evidence Base that “the extent to which the West Midlands’ (rural) businesses, communities and public sector adopt and exploit ICT effectively is and will continue to be a fundamental detriment to the region’s socio economic performance”.</p> <p>Particular inequalities exist in the Marches around access to and use of ICT as identified by the Marches report into digital inclusion. Excluded groups include older people, people living in rural areas and people on low incomes. The inability for these groups to utilise ICT is affecting the ability of service providers to modernise and make efficiencies.</p>						
<b>Strategic Activity 2: Supporting the shift towards a Low Carbon Economy</b>							
<p>Rising costs of resources and inefficient public buildings and infrastructure</p> <p>Rates of CO2 emissions are above the national average</p>	<p>MF5: Low carbon technology adoption and resource efficiency</p> <p>The UK cannot meet its declared environmental targets without dramatically reducing the carbon-intensity, and running costs of public buildings (including social housing) and work premises.</p>	<p>Build the market in low carbon environmental technologies, goods and services</p> <p>Non domestic low carbon technologies and energy efficiency</p>	<p>Sub-priority 2.1: Encouraging an integrated and strategic approach to develop and implement proposals to increase the use of renewable energy systems</p>	<p>ERDF 4C - supporting energy efficiency in public buildings</p> <p>ERDF 4b - supporting energy efficiency in SMEs</p>	<p>Energy efficiency and renewable heating and cooling in public buildings and infrastructure</p> <p>Energy efficiency advice and investment in enterprises</p>	<p>CO32 - decrease of energy use in public buildings and infrastructure</p> <p>CO01 - productive investment in enterprises</p> <p>CO34 reduction in GHGs</p>	<p>Increased companies deploying low carbon practices, processes, services or products</p>

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
<b>Strategic Activity 3: Supporting the Environment</b>							
High levels of phosphates preventing development along river catchments areas along the Wye, Lugg and Clun.	<p>MF6: Water quality and management Environmental assets are drivers of economic growth and define the quality of life in the Marches. However, the advantage of the Marches natural assets – fertile land, water resources, biodiversity, woodlands are under threat from the spread of inefficient land use and fragile and changing water resources. For instance, failing water quality hinders the development of housing, economic development projects and infrastructure which impacts on jobs, business and wealth creation, and yet investment levels to achieve green growth is inadequate. Investment is needed to address improving environmental assets</p>	Protecting the environment and promoting resource efficiency: Investments in green and blue infrastructure that support the provision of ecosystem services	6d: Protecting and restoring biodiversity and soil and promoting ecosystem services, including through Natura 2000 and green infrastructure	ERDF 6d Public match	Implementation of river basin management plans Actions to implement flood risk management plans when relating to the opening up land for sustainable development.	CO23 Surface area of habitat restored	Improving the economic viability of areas through infrastructure investments.

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<b>Strategic Activity 4: Employment and Skills</b>							
<p>There is a need to increase skills at all levels across the Marches.</p> <p>1 in 3 of the workforce is qualified to below Level 2 a figure which includes 12% who possess no qualifications.</p> <p>Changes in the pattern of employment in the Marches show an increasing demand for higher level skills</p> <p>Volume of jobs where workers do not need any qualifications is forecast to fall from 11% to 7% by 2020</p> <p>Unless action is taken around 4% of the entire LEP workforce would be unable to gain employment even as the economy recovers and more jobs become available.</p>	<p>MF7: Workforce qualifications</p> <p>Nationally, our workforce is less skilled than that of France, Germany and the USA and this is estimated to contribute to the UK being at least 15% less productive than those countries. In turn, The Marches' productivity is 24% below that of England indicating a significant local issue around the supply of and demand for skills.</p> <p>Skills are one of the drivers of competitiveness and productivity and on this measure the Marches is weak. Comparison with other LEPs shows it in the lower half of LEPs in terms of the proportion of the workforce with higher level qualifications.</p> <p>Latest data shows that 49.1% of its working age population is qualified to Level 3 and above.</p> <p>In order to reach the English average an additional 12,000 people in the Marches would need to qualify Level 3 and above. 27.2% of the working age population qualified to level 4+, significantly below the national average of 38.4%</p>	<p>Promoting employment and supporting labour mobility, specifically:</p> <p>Helping older workers to re-train, re-enter or stay engaged in the labour market</p> <p>Training those facing redundancy who need to upgrade their skills</p> <p>Responding flexibly to employer demand in local labour markets.</p>	<p>Sub priority 4.1: Developing the skills required for business growth.</p>	<p>ESF IP8, IP10</p> <p>SFA</p>	<p>Skills in new and growth sectors and those sectors with skill shortages..</p> <p>Skills support to unemployed individuals</p> <p>Skills for ICT and the digital divide</p> <p>Increasing understanding of the labour market</p> <p>Training leading to level 2, level 3 and level 4 qualifications</p> <p>Activities to support the growth in apprenticeships and traineeships</p>	<p>No of participants</p> <p>Attract more people into employment, especially people who are at a disadvantage, or have become inactive, in the labour market</p> <p>Improve the skills of potential and current workers who do not have the basic skills and qualifications that are needed for individual progression and business growth.</p>	<p>Participants in education or training upon leaving</p> <p>Participants gaining a qualification upon leaving.</p> <p>Participants in employment, including self-employment, upon leaving.</p>

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
<p>Demographic change will affect the age structure of the workforce. Although the population is forecast to grow to 2020 this will be driven largely by increases in the elderly.</p>	<p>The most striking difference from the national picture is in relation to graduates. In the Marches half as many 20–24 year olds are qualified to degree level or equivalent (NVQ4+) as nationally. Similarly there is a large difference in the proportion of 25-29 year olds with degrees – 29.7% in the Marches compared with 40.8% in England. Data on higher education seems to reflect a lack of higher skilled employment opportunities.</p> <p>More than 1 in 3 of the workforce are qualified below Level 2. There are 385,500 people of working age in the Marches, of which, 45,900 (11.9%) have no qualifications. This is significantly above the national average of 6.2%.</p> <p>There is a need for public sector investment to deliver innovative approaches which engage and encourage people into and to progress through education</p>				<p>Training in literacy, numeracy, ESOL and ICT.</p> <p>Keeping employers informed about local education and training provision.</p> <p>Management and leadership training, coaching and mentoring initiatives, advice and guidance</p> <p>Supporting older workers to re-train, re-enter and stay in the labour market.</p> <p>Training for those at risk of redundancy or who have been made redundant.</p> <p>Advice and guidance face-to-face sessions with individuals in priority</p> <p>Activities to support employers and improvements to recruitment, assessment and training of apprentices</p> <p>Family and community learning</p>	<p>Develop a skilled workforce which is capable of adapting to changes in the business environment so that the Marches can win in a competitive and quickly shifting national and global market</p>	

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
<p>There is a need to support entrepreneurship in new and growing businesses, which in turn will increase employment opportunities and skill levels</p> <p>There is a need to improve links between education/training and businesses</p> <p>Continued low wage levels could have implications for the attractiveness of the area to a more mobile workforce and the levels of GVA per head</p> <p>Dependence on declining sectors, including traditional manufacturing, agricultural commodity production and low value processing</p>	<p>MF8: Wage rates and productivity As might be expected from the lower than average qualification base, pay rates in the Marches are below national average. The median average gross pay is £355 which is 6% lower than the regional average and 14% lower than the rate found across England.</p> <p>Economic output per head is very low at £16,252 compared with £21,674 nationally. Economic output, as measured by Gross Value Added (GVA) per employee, has remained low for a substantial period.</p> <p>Part-time work is more common in the Marches (29% of all jobs) than nationally (25.7%). The flexibility offered by part-time work and its prevalence reflects the relatively high employment rates of the Marches LEP. It may also be a contributory factor to the Marches productivity gap compared with other LEP areas.</p> <p>Although part-time working has been a rising trend, the past 12 months have seen a sharp rise from 26.6% to 29%; an increase of 6,700 part time jobs. In contrast, the numbers in full time employment have fallen by 7,300 over the same period. Comparison with other LEPs shows the Marches now has one of the top five highest rates of part time working in the country</p>	<p>Promoting employment and supporting labour mobility, specifically:</p> <p>Overcoming the challenges brought about by the limited range of employment in some rural areas</p> <p>Helping older workers to re-train, re-enter or stay engaged in the labour market</p> <p>Training those facing redundancy who need to upgrade their skills</p> <p>Responding flexibly to employer demand in local labour markets...</p>	<p>Sub priority 4.2: Supporting enterprise and access to employment</p>	<p>ESF IP8 and IP10</p> <p>SFA million</p>	<p>Skills support to the Marches 'Enterprise Areas'</p> <p>Skills support to create employment by supporting new and growing businesses and sectors.</p> <p>Embedding and promoting enterprise in education and training .</p> <p>Advice, support and training for self-employment, entrepreneurship, business creation and social enterprise.</p>	<p>No of participants</p> <p>Skills support to the Marches</p> <p>'Enterprise Areas' in order to attract new inward investment and foster growth</p> <p>Skills support to create employment by supporting new and growing business and sectors</p> <p>Embedding and promoting enterprise in education and training within all groups outside the labour market</p> <p>Advice, support and training for self-employment, entrepreneurship, business creation and social enterprise</p>	<p>Participants in education or training upon leaving</p> <p>Participants gaining a qualification upon leaving.</p> <p>Participants in employment, including self-employment, upon leaving.</p> <p>Participants above 54 years of age, women, those with a disability, ethnic minority, in employment or self-employed, upon leaving</p>

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
	<p>Recent research by the Trades Union Congress (TUC) has shown that much of the increase in part time working is involuntary and that nationally 11% of people in work are under-employed, i.e they would like to work additional hours in their current job.</p> <p>It has the third lowest share of employment in growth sectors of any LEP, just behind the Black Country, Cornwall and the Isles of Scilly.</p> <p>Issues such as remote location and poor transport, are significant causes of recruitment challenges across the Marches.</p> <p>The skills most commonly lacking amongst 'would-be' recruits are job specific and technical skills; problem solving; literacy; team working; oral communication; customer handling and numeracy. The basic skills of literacy and numeracy are both identified as a larger concern amongst Marches employers than is the case across England.</p> <p>Approximately 12% of the workforce holds skills and qualifications that are not being fully utilised. This under-utilisation represents a loss of economic potential.</p>						

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
<p>Youth unemployment is still too high and underemployment is a challenge</p> <p>Additional support is needed for the most disadvantaged young people such as care leavers and those with a learning difficulties and/or disabilities who struggle to find employment</p> <p>Loss of young people, including graduates, from the area due to gaps in the existing Higher Education provision and job opportunities</p> <p>Higher than average number of young people not in education, employment or training (NEET)</p>	<p>MF9: Employment and skills opportunities for young people</p> <p>Youth unemployment and underemployment is a challenge; young people have suffered disproportionately in the current recession and unemployment among those aged 18-24 is above the national average and running at more than twice the rate seen in the wider population. Youth long-term unemployment has almost doubled in the last two years.</p> <p>There is a high level of 16-18 year olds not in education, employment or training (NEET) in some parts of the Marches. Analysis by age shows that almost 1 in 3 unemployed people in the Marches are aged between 16 and 24.</p> <p>Until last year, attainment in the Marches in terms of the percentage of pupils gaining 5 GCSEs A*-C (including English and Maths) was generally high, but a sharp rise in the pass rate in England between 2010 and 2011 means that for the first time, the Marches has a lower than average proportion achieving this benchmark. Additionally, half as many 20-24 year olds in the Marches have degree level qualifications (NVQ4+) as nationally.</p>	<p>Promoting employment and supporting labour mobility, specifically</p> <p>Reducing the number of young people not in employment, education or training and those at risk of becoming NEET</p> <p>Additional literacy and numeracy provision for young people</p> <p>Additional and innovative approaches to support and motivate young people with few or no qualifications</p> <p>Providing support to embed programmes for NEETS</p>	<p>Sub priority 4.3: Realising the potential of young people</p>	<p>ESF IP8 and IP10</p> <p>SFA</p>	<p>Innovative engagement and re-engagement activities to overcome barriers to participation for those young people who are NEET and those that are at risk of becoming NEET.</p> <p>Activities to engage young people and develop their employability and vocational skills.</p> <p>Personal and flexible programmes, which may include work related components, enhanced information advice and guidance, personal and social development, functional skills, etc. and include mentoring and personal coaching.</p>	<p>participants aged 15-24</p> <p>Activities to engage young people, including NEETs, and develop their employability and vocational skills</p> <p>Brokering opportunities for young people and support for local employers to take on young people</p> <p>Vocational training and qualifications linked to the Marches key employment sectors</p>	<p>Number of inactive participants newly engaged in job searching upon leaving</p> <p>Number of participants in education / training upon leaving</p> <p>Number of participants gaining a qualification upon leaving</p> <p>Number of Participants in employment, including self-employment, upon leaving</p>

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
		<p>Brokering opportunities for young people and supporting local employers to take on NEETS</p>			<p>Brokering opportunities for young people and support for local employers to take on young people.</p> <p>Advice and support on self-employment and business creation,</p> <p>Activities to support ex-offenders and offenders in the community.</p> <p>Activities to support economic activity for people with a disability, including those with mental health problems.</p> <p>Activities that enable disengaged, unemployed and underemployed graduates to gain skills required and find employment</p>		

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
<b>Strategic Activity 5: Social Inclusion</b>							
	<p>MF10: Areas of deprivation</p> <p>The Marches has areas of deprivation that perform significantly lower than the Marches average around employment, skills and health. Appendix 7 shows that there are significant, typically urban, areas that are within the national top 20% of most deprived Lower Super Output Areas.</p> <p>Major challenges exist in these areas including generational worklessness, low qualification attainment, poor health, limited infrastructure and physical access to employment opportunities, which demand specific and intensive interventions.</p>	<p>Promoting social inclusion and combating poverty, specifically:</p> <p>Targeting specific communities with high levels of poverty and social inclusion.</p> <p>Supporting bottom-up active inclusion in particular geographic locations.</p>	<p>Sub priority 5.4: Target geographical areas with high levels of unemployment, low education attainment levels and low income</p>	ESF BIG Lottery	<p>Potential delivery in targeted communities to the specific priorities and address any market failure regarding the lack of facilities and amenities that makes local delivery of services difficult</p>	No of participants	No of participants engaging in positive activities that address barriers to work or widen participation in training
<p>It is reported that more people are feeling excluded or marginalised. As the need threshold for public services increases there are greater numbers of people no longer eligible to get the help they need</p>	<p>MF11: Meeting the needs of underrepresented groups and individuals</p> <p>There are particular challenges for marginalised and under-represented groups in the Marches who are unable to access the support and services they need to move towards employment. As the eligibility threshold for public services increases, more people are finding they are unable to access the help they need. This is compounded as more people find themselves moving closer to poverty.</p>	<p>Promoting social inclusion and combating poverty, specifically:</p>	<p>Sub priority 5.1: Provide the means through which under-represented groups become work ready and are able to access learning, training and job opportunities</p>	ESF BIG Lottery	<p>Provision of basic skills support including literacy and numeracy.</p> <p>Accessible support to advice around housing, money and other barriers to employment</p>	No of participants	No of participants engaging in positive activities that address barriers to work or widen participation in training

Context (Headline Challenges)	Rationale (Market Failure and Additionality)	EU Growth Programme Priorities	LEP ESIF Priorities	Inputs	Activities	Outputs	Results
<p>Barriers to employment for under-represented groups which need new innovation approaches</p> <p>Under-utilisation of skills and expertise of people over 50 finding themselves out of employment</p> <p>Particular issues around families with complex needs where inter-generational worklessness is prevalent.</p>	<p>There is a need to provide positive activity to help address longstanding issues and barriers which these groups face so they are in a position to make the transition into education, learning and into employment.</p> <p>Although the VCSE sector is well placed to support these groups there is acknowledgement that a more collaborative collective approach is needed and that the sector needs to grow its capacity to meet the increasing demands</p>	<p>Tackling barriers to work in a holistic and integrated way, including through supporting early action before problems become entrenched, outreach activities and access to locally provided services</p> <p>Supporting specific activities to combat discrimination of groups with protected characteristics in the labour market</p>	<p>Sub priority 5.2: Engaging and supporting under-represented groups to enable them to overcome barriers to employment</p> <p>Develop capacity at a local level which supports and empowers under-represented groups</p>	<p>ESF BIG Lottery</p>	<p>Volunteering opportunities and promoting of such opportunities</p> <p>Activities to identify and engage under-represented groups and related mentoring work</p> <p>Support mechanisms to ensure retention in employment for individuals</p>	<p>No of participants</p>	<p>No of participants engaging in positive activities that address barriers to work or widen participation in training</p>

# Appendix 4: Collaboration Table

Projects	Activity	Fund	Marches LEP			Stoke and Staffs LEP		Gloucester LEP	Cheshire and Warrington LEP	Worcestershire LEP
			Shropshire	Herefordshire	Telford & Wrekin	Staffordshire	Stoke	Gloucestershire	Cheshire	Worcestershire
Metnet	Provides advice, information and support to environmental SME's	ERDF	✓	✓	✓					✓
Marches Business Graduate Scheme (Growing Talent)	Provides a grant of 45% for eligible SME's to employ a graduate to undertake a role that will improve the business performance	ERDF	✓	✓	✓					
Business Enterprise Fund	Capital grants for Eligible SME's to purchase equipment to improve their business (Herefordshire and Shropshire until Sept 2013) Staffs and Telford & Wrekin are now partners	ERDF	✓	✓	✓	✓				
Technical Assistance Support	ERDF technical support for the development of the new programme (2014-2020)	ERDF	✓	✓	✓		✓			
Loan Fund	To provide loan finance up to £30,000 to viable small businesses unable to secure finance from mainstream sources	ERDF	✓							✓
Flaxwell	Redevelopment of the Flaxwell building	ERDF	✓							
Broadband to stimulate Growth	One to one consultancy support for business to benefit from superfast broadband	ERDF	✓			✓				
Stimulating Innovation and Growth	Chartered engagement and support activities to encourage SMEs to improve performance, to innovate, find new markets and introduce new techniques, technologies and products	ERDF	✓	✓		✓				✓
LEADER	The Marches LEADER Programme schemes which supports economic regeneration in rural areas	ERDF	✓	✓					✓	
Green Bridge	Supply chain companies are able to apply for funding to develop, grow and diversify their businesses within the green sector across the West Midlands.	ERDF	✓	✓	✓	✓	✓			✓
Easterline - Broadband for Herefordshire and Gloucestershire	A partnership to build a world class broadband network for Herefordshire and Gloucestershire	ERDF		✓			✓			
Marches Redundant Building Grant	The Marches Redundant Building Grant (RBG) aims to provide grant support to existing and start up businesses to enable the conversion or refurbishment of redundant buildings to bring them back into productive business use, or to enhance their current business use.	ERDF	✓	✓	✓					
<b>Statistical comparisons</b>										
Transition areas	N/A	N/A	✓		✓	✓	✓			
<b>Other LEP areas we will look to work with who are in a Transition Area</b>										
LEP Area	County									
North Eastern LEP	Durham									
Tees Valley LEP	Tees Valley									
Lancashire LEP	Lancashire									
York, North Yorkshire and East Riding LEP	East Yorkshire									
Cumbria LEP	Cumbria									
Liverpool City Region	Merseyside									
Sheffield City Region	South Yorkshire									
<b>Other LEP and areas we will look to collaborate with around similarities in size and population</b>										
LEP Area	County									
Greater Lincolnshire LEP	Lincolnshire									
The Heart of the South West LEP	Devon									
Greater LEP	Dorset									
Wessex and Wiltshire LEP	Wiltshire									
New Anglia LEP	Norfolk									
	Suffolk									

Larger version attached at end of document.

## Appendix 5: Implementation of Cross Cutting Themes

Strategic Activity	Proposed actions/activities to address Sustainable Development and Equal Opportunities	Cross Cutting Theme
<p>Strategic Activity 1: Enhancing Competitiveness, Research and Innovation and Enabling Technology</p>	<p>Examples</p> <ul style="list-style-type: none"> <li>• Improving IT and Internet Literacy across all communities.</li> <li>• Supporting RDT&amp;I for the development of innovative Low Carbon and renewable energy technologies that transfer across sectors.</li> <li>• Supporting SME's in Resource Efficiency development.</li> <li>• Providing better access to finance, to support innovative solutions, and business growth.</li> <li>• Supporting business start-up and entrepreneurial activity.</li> </ul>	<p>Equal Opportunities (Social) and Sustainability (Economic).</p> <p>Sustainability (Environmental and Economic).</p> <p>Sustainability (Environmental and Economic).</p> <p>Equal Opportunities (Social) and Sustainability (Economic).</p> <p>Equal Opportunities (Social) and Sustainability (Economic).</p>
<p>Strategic Activity 2: Supporting the Shift Towards a Low Carbon Economy</p>	<ul style="list-style-type: none"> <li>• This Strategic Activity encourages an integrated approach to develop and implement proposals to increase the use of renewable energy, decrease energy use and promote smart energy systems.</li> <li>• Providing support to SME's to identify and implement cost effective systems.</li> <li>• Supporting public buildings to improve energy efficiency.</li> </ul>	<p>Equal Opportunities (Social) Sustainability (Economic and Environmental).</p> <p>Sustainability (Economic, Environmental).</p> <p>Sustainability (Economic, Environmental).</p>

Strategic Activity	Proposed actions/activities to address Sustainable Development and Equal Opportunities	Cross Cutting Theme
Strategic Activity 3: Supporting the Environment	<ul style="list-style-type: none"> <li>All activities under this theme will contracture towards the environmental aspects of sustainable development.</li> <li>Rehabilitation of land and regeneration of brownfield sites and innovative approaches to deliver preventative, restorative management.</li> </ul>	<p>Sustainability (Environmental).</p> <p>Sustainability (Economic, Environmental).</p> <p>Sustainability (Economic, Environmental).</p> <p>Sustainability (Economic) Equal Opportunities (Social).</p>
Strategic Activity 4: Employment and Skills	<ul style="list-style-type: none"> <li>Supporting skills development in disadvantaged groups (e.g younger people and older people).</li> <li>Improving the skills of current workers to increase business growth.</li> <li>Encouraging innovation within businesses through the development of skilled work forces. E.g. Low Carbon.</li> </ul>	<p>Equal Opportunities (Social) Sustainability (Economic).</p> <p>Sustainability (Economic) Equal Opportunities (Social).</p> <p>Sustainability (Economic and Environment) Equal Opportunities (Social).</p>
Strategic Activity 5 : Social Inclusion  (under-represented groups including but not limited to – Gypsy, Roma and travelling communiites, lone parents, people who are over 50, families with multiple and complex needs, people who are homeless, people with disabilities (physical and those with mental health issues), people with caring responsibilities, people from black and minority ethnic communities and the families of these groups.	<ul style="list-style-type: none"> <li>Supporting underrepresented groups with equal access to learning.</li> <li>Supporting underrepresented groups to overcome barriers to employment.</li> <li>Providing support to organisations to assist underrepresented groups.</li> </ul>	<p>Equal Opportunities (Social) Sustainability (Economic).</p> <p>Equal Opportunities (Social) Sustainability (Economic).</p> <p>Equal Opportunities (Social) Sustainability (Economic).</p>

# Appendix 6: European Structural and Investment Framework Annual Commitment Profile

**Table 7 - ERDF & ESF** (Member State ESI Funds allocations and the Operational Programme of each Fund are in euros. ESI Funds notional allocations to LEP areas are therefore also in euros. Sterling valuations of LEP area euro notional allocations will therefore naturally change to reflect ongoing euro/sterling fluctuations. For the purpose of this Strategy euro allocations have been converted to sterling using the following rate €1 = £0.78 current at the most recent revaluation January 2016.)

## Projected Marches ESIF Commitment

EURO	Area Status	Total Budget	% Split	2016	2017	2018	2019	2020	Total	
More Developed	MD	28,806,531 €	25.66	€ 8,641,959	€ 8,641,959	€ 5,761,306	€ 5,761,306	€ 0	€ 28,806,531	
Transition	T	83,467,215 €	74.34	€ 25,040,165	€ 25,040,165	€ 16,693,443	€ 16,693,443	€ 0	€ 83,467,215	
<b>Total</b>		<b>112,273,746 €</b>		<b>€ 33,682,124</b>	<b>€ 33,682,124</b>	<b>€ 22,454,749</b>	<b>€ 22,454,749</b>	<b>€ 0</b>	<b>€ 112,273,746</b>	
ERDF More Developed	MD	14,683,051 €	22.78	€ 4,404,915	€ 4,404,915	€ 2,936,610	€ 2,936,610	€ 0	€ 14,683,051	
ERDF Transition	T	49,769,995 €	77.22	€ 14,930,999	€ 14,930,999	€ 9,953,999	€ 9,953,999	€ 0	€ 49,769,995	
<b>ERDF Total</b>		<b>64,453,046 €</b>		<b>€ 19,335,914</b>	<b>€ 19,335,914</b>	<b>€ 12,890,609</b>	<b>€ 12,890,609</b>	<b>€ 0</b>	<b>€ 64,453,046</b>	
ESF More Developed	MD	14,123,480 €	29.53	€ 4,237,044	€ 4,237,044	€ 2,824,696	€ 2,824,696	€ 0	€ 14,123,480	
ESF Transition	T	33,697,220 €	70.47	€ 10,109,166	€ 10,109,166	€ 6,739,444	€ 6,739,444	€ 0	€ 33,697,220	
<b>ESF Total</b>		<b>47,820,700 €</b>		<b>€ 14,346,210</b>	<b>€ 14,346,210</b>	<b>€ 9,564,140</b>	<b>€ 9,564,140</b>	<b>€ 0</b>	<b>€ 47,820,700</b>	
<b>Total (Euro)</b>									<b>€ 112,273,746</b>	
Programme Split	Area Status	Thematic Objective	Individual Budget	% Split	2016	2017	2018	2019	2020	Total
<b>Strategic Activity 1</b>	MD	1	2,807,076 €	19	242,000 €	735,348 €	483,253 €	1,346,475 €	0 €	2,807,076 €
Overall 67%	T	1	9,446,404 €	19	728,000 €	2,213,540 €	1,352,850 €	5,152,013 €	0 €	9,446,403 €
	MD	2	947,289 €	6	947,289 €	0 €	0 €	0 €	0 €	947,289 €
	T	2	2,206,835 €	4	2,206,835 €	0 €	0 €	0 €	0 €	2,206,835 €
	MD	3	6,878,954 €	47	2,535,591 €	2,000,000 €	1,500,000 €	843,363 €	0 €	6,878,954 €
	T	3	25,277,925 €	51	10,969,440 €	7,500,000 €	5,000,000 €	1,808,485 €	0 €	25,277,925 €
<b>Strategic Activity 2</b>	MD	4	3,310,200 €	23	750,000 €	1,000,000 €	1,000,000 €	560,200 €	0 €	3,310,200 €
Overall 20%	T	4	11,148,096 €	22	1,250,000 €	3,750,000 €	3,750,000 €	2,398,096 €	0 €	11,148,096 €
<b>Strategic Activity 3</b>	MD	6	739,532 €	5	0 €	739,532 €	0 €	0 €	0 €	739,532 €
Overall 10%	T	6	1,690,735 €	3	0 €	1,690,735 €	0 €	0 €	0 €	1,690,735 €
<b>Strategic Activity 4</b>	MD	8	5,735,349 €	41	475,502 €	650,000 €	1,536,616 €	1,536,616 €	1,536,615 €	5,735,349 €
Overall 80%	T	8	14,374,238 €	43	1,109,138 €	1,500,003 €	3,921,699 €	3,921,699 €	3,921,699 €	14,374,238 €
	MD	10	5,565,497 €	39	265,000 €	852,113 €	1,635,682 €	1,635,682 €	1,177,020 €	5,565,497 €
	T	10	12,580,944 €	37	845,000 €	1,355,225 €	2,761,349 €	3,809,685 €	3,809,685 €	12,580,944 €
<b>Strategic Activity 5</b>	MD	9	2,822,635 €	20	1,243,996 €	0 €	0 €	1,578,639 €	0 €	2,822,635 €
Overall 17%	T	9	6,742,038 €	20	2,889,651 €	0 €	0 €	3,852,387 €	0 €	6,742,038 €
<b>Total (Euro)</b>					<b>€ 26,457,442</b>	<b>€ 23,986,496</b>	<b>€ 22,941,449</b>	<b>€ 28,443,340</b>	<b>€ 10,445,019</b>	<b>€ 112,273,746</b>
STERLING (@0.78)	Area Status	Total Budget	% Split	2016	2017	2018	2019	2020	Total	
More Developed	MD	£22,469,094	28.19	£6,740,728	£6,740,728	£4,493,819	£4,493,819	£0	£22,469,094	
Transition	T	£59,261,723	74.34	£17,778,517	£17,778,517	£11,852,345	£11,852,345	£0	£59,261,723	
<b>Total</b>		<b>£79,714,360</b>		<b>£24,519,245</b>	<b>£24,519,245</b>	<b>£16,346,163</b>	<b>£16,346,163</b>	<b>£0</b>	<b>£81,730,817</b>	
ERDF More Developed	MD	£10,424,966	22.78	£3,127,490	£3,127,490	£2,084,993	£2,084,993	£0	£10,424,966	
ERDF Transition	T	£35,336,696	77.22	£10,601,009	£10,601,009	£7,067,339	£7,067,339	£0	£35,336,696	
<b>ERDF Total</b>		<b>£45,761,663</b>		<b>£13,728,499</b>	<b>£13,728,499</b>	<b>£9,152,333</b>	<b>£9,152,333</b>	<b>£0</b>	<b>£45,761,663</b>	
ESF More Developed	MD	£10,027,671	29.53	£3,008,301	£3,008,301	£2,005,534	£2,005,534	£0	£10,027,671	
ESF Transition	T	£23,925,026	70.47	£7,177,508	£7,177,508	£4,785,005	£4,785,005	£0	£23,925,026	
<b>ESF Total</b>		<b>£33,952,697</b>		<b>£10,185,809</b>	<b>£10,185,809</b>	<b>£6,790,539</b>	<b>£6,790,539</b>	<b>£0</b>	<b>£33,952,697</b>	
<b>Total (Sterling)</b>				<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£79,714,360</b>	
Programme Split	Area Status	Thematic Objective	Individual Budget	% Split	2016	2017	2018	2019	2020	Total
<b>Strategic Activity 1</b>	MD	1	£1,993,024	19	£171,820	£522,097	£343,110	£955,997	£0	£1,993,024
Overall 67%	T	1	£6,706,947	19	£516,880	£1,571,613	£960,524	£3,657,929	£0	£6,706,946
	MD	2	£672,575	6	£672,575	£0	£0	£0	£0	£672,575
	T	2	£1,566,853	4	£1,566,853	£0	£0	£0	£0	£1,566,853
	MD	3	£4,884,057	47	£1,800,270	£1,420,000	£1,065,000	£598,788	£0	£4,884,057
	T	3	£17,947,327	51	£7,788,302	£5,325,000	£3,550,000	£1,284,024	£0	£17,947,327
<b>Strategic Activity 2</b>	MD	4	£2,350,242	23	£532,500	£710,000	£710,000	£397,742	£0	£2,350,242
Overall 20%	T	4	£7,915,148	22	£887,500	£2,662,500	£2,662,500	£1,702,648	£0	£7,915,148
<b>Strategic Activity 3</b>	MD	6	£525,068	5	£0	£525,068	£0	£0	£0	£525,068
Overall 10%	T	6	£1,200,422	3	£0	£1,200,422	£0	£0	£0	£1,200,422
<b>Strategic Activity 4</b>	MD	8	£4,072,098	41	£337,606	£461,500	£1,090,997	£1,090,997	£1,090,997	£4,072,098
Overall 80%	T	8	£10,205,709	43	£787,488	£1,065,002	£2,784,406	£2,784,406	£2,784,406	£10,205,709
	MD	10	£3,951,503	39	£188,150	£605,000	£1,161,334	£1,161,334	£835,684	£3,951,503
	T	10	£8,932,470	37	£599,950	£962,210	£1,960,558	£2,704,876	£2,704,876	£8,932,470
<b>Strategic Activity 5</b>	MD	9	£2,004,071	20	£883,237	£0	£0	£1,120,834	£0	£2,004,071
Overall 17%	T	9	£4,786,847	20	£2,051,652	£0	£0	£2,735,195	£0	£4,786,847
<b>Total (Euro)</b>					<b>£18,784,784</b>	<b>£17,030,412</b>	<b>£16,288,429</b>	<b>£20,194,771</b>	<b>£7,415,963</b>	<b>£79,714,360</b>

Larger version attached at end of document.

## Spend plan B - EAFRD

<b>EAFRD (EURO)</b>							
<b>Measure</b>	<b>Strategic Activity Links</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Funding agri-food production	Strategic Activity 1	1,537,500 €	0 €	1,537,500 €	0 €	0 €	3,075,000 €
Funding small scale broadband investments	Strategic Activities 1 & 2	0 €	3,075,000 €	0 €	0 €	0 €	3,075,000 €
Supporting tourism activities in rural areas	Strategic Activities 1 & 3	1,537,500 €	0 €	1,537,500 €	0 €	0 €	3,075,000 €
	<b>Total</b>	<b>3,075,000 €</b>	<b>3,075,000 €</b>	<b>3,075,000 €</b>	<b>0 €</b>	<b>0 €</b>	<b>9,225,000 €</b>
<b>EAFRD (POUND)</b>							
<b>Measure</b>	<b>Strategic Activity Links</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Funding agri-food production	Strategic Activity 1	£1,230,000	£0	£1,230,000	£0	£0	£2,460,000
Funding small scale broadband investments	Strategic Activities 1 & 2	£0	£2,460,000	£0	£0	£0	£2,460,000
Supporting tourism activities in rural areas	Strategic Activities 1 & 3	£1,230,000	£0	£1,230,000	£0	£0	£2,460,000
	<b>Total</b>	<b>£2,460,000</b>	<b>£2,460,000</b>	<b>£2,460,000</b>	<b>£0</b>	<b>£0</b>	<b>£7,380,000</b>

Larger version attached at end of document.

## Appendix 7: Source Documents

Document	Source
West Midlands Socio-Economic Framework (regional evidence base for 2014-2020 programme) (2013)	West Midlands European Service (on behalf of West Midlands Councils)
Marches LEP Strategy For Growth (2012) and associated Local Economic Assessments for Herefordshire, Shropshire and Telford and Wrekin Councils	Marches LEP
Low Carbon Economy Research Study (2013)	Innovas (on behalf of Marches LEP)
Research and Innovation Research Study (2013)	Catalys (on behalf of the Marches LEP)
Marches LEP Skills Plan and Evidence Base (2012)	Worcestershire Research (on behalf of the Marches LEP)
Visitor Economy Evidence Base (2013)	Prepared through the LEP Visitor Economy group
Your Business Your Future, an Economic Perspective of Herefordshire (2011)	Impact Consulting on behalf of Herefordshire Council
Business Support Survey (2013)	Marches LEP
Growing the Social Investment Market: The Landscape and Economic Impact (2013)	City of London Economic Development
Shropshire Economic Growth Strategy (SEGS) (2012 - 2026)	Shropshire Business Board with Shropshire Council
State of the Countryside (2010)	DEFRA
Housing: Economic Indicators (2012)	National Housing Federation
The English Indices of Multiple Deprivation (IMD) (2011)	Department of Communities and Local Government
Social Exclusion in the Marches LEP 2014	Peridot Associates Limited
Research into digital exclusion in the Marches and Gloucestershire LEP areas September 2013	RHCS
Social Exclusion in the Marches LEP	Peridot Associates Limited, January 2014
National Survey of Charities and Social Enterprises	2010 Cabinet Office, Office for Civil Society

Document	Source
Beyond Flat Earth maps of the third sector: enhancing our understanding of the contribution of 'below the radar' organisations. Briefing Paper February 2010.	Northern Rock Foundation
NCVO UK Civil Society Almanac 2013, NCVO 2013 and National Survey of Charities and Social Enterprises	2010 Cabinet Office. Office for Civil Society
Annual Survey of Hours and Earnings.	2013 Provisional Results ONS Crown Copyright Reserved [from Nomis on 19 December 2013]
Nadia Bashir et al. Final evaluation of the Volunteering for Stronger Communities Project 2012-13.	Centre for Regional Economic and Social Research, Sheffield Hallam University, November 2013

The data used in this document is collated from a variety of sources with details available on request

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