Stoke-on-Trent and Staffordshire LEP

EU Structural and Investment Funds Strategy

Draft Strategy for Submission, 7th October 2013
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Executive Summary

**The Draft Stoke-on-Trent and Staffordshire ESIFS**

1. The Stoke-on-Trent and Staffordshire Local Enterprise Partnership (LEP) has received a notional allocation of £138.4 million European Regional Development Fund (ERDF) and European Social Fund (ESF) funding for 2014-2020. The European Agricultural Fund for Rural Development (EAFRD) allocation is yet to be announced.

2. This strategy sets out the overarching framework by which European Growth funding will be allocated within the LEP area, along with the underpinning rationale / evidence base and the governance mechanisms which will be utilised to deliver it.

3. The strategy is built upon a detailed review of existing socio-economic characteristics and LEP strategic objectives, and reflects the results of a thorough (and on-going) process of consultation and engagement with local, regional and national partners.

4. The Stoke-on-Trent and Staffordshire European Structural and Investment Funds Strategy (ESIFS) is being developed in tandem with the Stoke-on-Trent and Staffordshire LEP Strategic Economic Plan. The two documents are designed to sit alongside each other, reflecting the shared strategic objectives and priorities of the LEP and partners across the area.

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

5. The Stoke-on-Trent and Staffordshire ESIFS builds upon a thorough understanding of the existing socio-economic context and characteristics of the LEP area and implications of this for economic growth.

6. A detailed evidence base has been undertaken (Chapter 2), the results of which are summarised overleaf in terms of the main strengths, weaknesses, opportunities and threats for the Stoke-on-Trent and Staffordshire economy:
## Summary of Strengths, Weaknesses, Opportunities and Threats

### Strengths
- **Stoke-on-Trent and Staffordshire is home to numerous international businesses including Alstom, Coors, JCB, Jaguar Land Rover, Michelin, Moog, Steelite, and Zytek;**
- **Inward investment performance has been strong in recent years, with notable recent projects including Jaguar Land Rover and Amazon;**
- **Local universities actively engaged in research and innovation support;**
- **The area benefits from location at the heart of the UK, with strong connectivity via road and rail networks;**
- **Stoke-on-Trent and Staffordshire’s physical environment – including historic urban centres and a high quality rural landscape – is a core asset;**
- **The rural economy has performed strongly in recent years, with growing employment and strong enterprise performance.**

### Weaknesses
- **Low levels of economic growth over the past decade;**
- **Below average productivity levels reflecting the dominance of lower value activities;**
- **Relatively large decline in total employment over the past decade;**
- **Below average levels of enterprise and declining business start-up levels;**
- **Lower than average proportions of residents qualified to higher levels, with skills gaps identified by local employers both in terms of higher level skills and basic employability skills;**
- **Concentrations of unemployment; youth unemployment a particular challenge;**
- **Concentrations of severe relative multiple deprivation in many of the urban areas.**

### Opportunities
- **A chance to define and deliver a more coherent and comprehensive approach to economic development at the LEP level via the 2014-20 programme and synergies with other elements of localism including the City Deal and the Single Local Growth Fund;**
- **A genuine opportunity to develop strengths in sectors such as Advanced Material, Advanced Manufacturing and Energy, driving higher levels of gross value added and productivity;**
- **Opportunity to create a unique local energy offer based upon existing and new assets and investment in emerging technologies and energy supply chain development;**
- **Opportunities to build a more innovative economy, based upon the numerous local knowledge assets which include two universities and a number of successful RGF projects;**
- **An opportunity to design a more coherent and effective support offer for local businesses which closely reflects the characteristics of the businesses base and aspirations for growth;**
- **Opportunity to build a more inclusive society with employment and skills programmes and projects designed to respond to local need.**

### Threats
- **The on-going economic downturn and wider (national and international levels) macro level economic pressures will continue to play a large role in shaping local economic performance;**
- **Barriers to the delivery of new employment land has the potential to constrain inward investment and business expansion;**
- **Accessibility and remediation challenges for key employment sites, constraining business base growth and the ability of residents to access employment opportunities;**
- **Challenges relating to the vitality and quality of urban environments affecting perceived quality of life and constraining the ability of the area to attract and retain higher skilled residents;**
- **Skills challenges (both at higher and lower levels) have the potential to constrain growth in identified priority sectors and activities;**
- **Social inclusion challenges within certain communities and groups have the potential to limit the extent to which the benefits of economic growth are shared by all.”
7. **Strategic Vision**

Stoke-on-Trent and Staffordshire will work towards the following objectives over the period 2014-20:

1) **A more productive economy**: Stoke-on-Trent and Staffordshire will make progress towards closing the existing productivity gap between itself (£14,900 per head) and the national average (£21,300) by creating new, higher value added jobs, and by helping the existing business base to grow and engage with emerging sectors.

2) **A more diverse and resilient economy**: building on established (and acknowledged) strengths in a number of high value added priority sectors including Advanced Manufacturing, Advanced Materials, Creative Media and Energy Generation.

3) **An innovation driven economy**: with established relationships between major companies, R&D functions and Higher Education and with a SME business base which has the capacity and knowledge to engage and add value to local and regional supply chains.

4) **A strong and growing base of SMEs across both urban and rural areas**: as a result of a comprehensive and joined up approach to the provision of support.

5) **A leading low carbon economy**: driven by its unique approach to local energy generation and by an SME base which has evolved and embedded low carbon principles, practices and activities.

6) **A well-qualified and adaptable workforce**: with the skills sets appropriate to the needs of existing business sectors in Stoke-on-Trent and Staffordshire, as well as those in which we have aspirations for economic growth.

7) **More inclusive communities**: having made progress towards addressing issues of low aspirations and worklessness, through targeted approaches to engagement, training and employability.

8) **A more attractive place to live and work**: renowned for its vibrant and diverse places, strong cultural and leisure offer, and its significant natural assets and high quality environment.

**Strategy Themes and Intervention Areas**

8. To achieve this vision, the Stoke-on-Trent and Staffordshire LEP will deliver interventions under four Priority Themes and 18 Strategic Investment Areas (SIAs) within the allocation. These reflect closely the priorities and strategy of the LEP and have been developed after a period of detailed consultation with a diverse range of local stakeholders:
Priority Theme 1: Innovation *Indicative Allocation: £23 million*

<table>
<thead>
<tr>
<th>Strategic Investment Areas</th>
<th>Indicative Areas of Activity</th>
<th>Indicative Allocation</th>
<th>Delivery Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Infrastructure for Innovation</td>
<td>• Applied Material Research and Innovation Centre (AMRIC); • Incubation space and enterprise centre projects; • Shared use research laboratories / facilities such as Fab Lab and sector based innovation hubs.</td>
<td>£8.0 million</td>
<td>HEIs, other research institutions, privates sector partners</td>
</tr>
<tr>
<td>1.2 Knowledge Transfer</td>
<td>• Sector based innovation networks • Collaborative research programmes; • Knowledge transfer programmes.</td>
<td>£7.5 million</td>
<td></td>
</tr>
<tr>
<td>1.3 Commercialisation</td>
<td>• Rapid prototyping projects; • Proof of concept projects; • Innovation vouchers.</td>
<td>£7.5 million</td>
<td></td>
</tr>
</tbody>
</table>

Priority Theme 2: SME Competitiveness *Indicative Allocation: £37 million*

<table>
<thead>
<tr>
<th>Strategic Investment Areas</th>
<th>Areas of Activity</th>
<th>Indicative Allocation</th>
<th>Delivery Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1 Growth Hub</td>
<td>• Signposting services; • Bespoke support; • Strategic leadership role in the design and coordination of business support; • Intelligence and strategic coordination.</td>
<td>£6.0 million</td>
<td></td>
</tr>
<tr>
<td>2.2 Support for enterprise</td>
<td>• Enterprise mentoring and coaching and Enterprise Champions; • Start-up vouchers; • Enterprise networks; • Social enterprise support programme; • Creative Industries support programme; • Business intelligence; • Enterprise and incubation centres; • SME fibre connectivity voucher scheme.</td>
<td>£6.5 million</td>
<td>Local authorities, Chamber of Commerce, BIG Lottery, MAS, Growth Accelerator, Higher Education Institutions, WM LEPs, UKTI.</td>
</tr>
<tr>
<td>2.3 Support for high value growth</td>
<td>• Growth Accelerator support; • MAS support – Sector focused support.</td>
<td>£7.0 million</td>
<td></td>
</tr>
<tr>
<td>2.4 Access to finance</td>
<td>• Fund of Funds – membership of a £100m fund of funds managed and delivered at the West Midlands level; • LEP Level Loan Funds building on existing loan fund mechanisms in LEP area; • Business Angel investment projects.</td>
<td>£13.0 million</td>
<td></td>
</tr>
<tr>
<td>2.5 Internationalisation</td>
<td>• International trade support for SMEs; • Build upon the Make it Stoke-on-Trent and Staffordshire ‘Red Carpet’ inward investment support service; • Activities to create a stronger perception of the LEP area amongst potential investors.</td>
<td>£5.0 million</td>
<td></td>
</tr>
</tbody>
</table>
### Priority Theme 3: Place and Environment

**Indicative Allocation:** £22.5 million

<table>
<thead>
<tr>
<th>Investment Areas</th>
<th>Areas of Activity</th>
<th>Indicative Allocation</th>
<th>Key Delivery Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3.1 Whole Place Approach to Energy Supply</strong></td>
<td>Delivery of the Centre of Excellence in Energy Security and Renewables; Delivery of the Keele University Science and Business Park Demonstrator; Delivery of the Low Carbon and Renewable Energy Rapid R&amp;D Facility at Staffordshire University; Development and deployment of a series of ‘at-scale’ energy demonstrators across Stoke-on-Trent; Wider activities to support the creation of local energy networks, utilisation of new energy technologies and smart grids.</td>
<td>£10.0 million</td>
<td></td>
</tr>
<tr>
<td><strong>3.2 Energy Efficiency and Decarbonisation of the Business Base</strong></td>
<td>Environmental Accelerator; Renewable and environmental technology sector support; Energy efficiency / micro-generation advice / support to SMEs including ‘green accreditation’; Low carbon building exemplar projects; Creation of incentives for the wider roll out of photo voltaic schemes.</td>
<td>£2.5 million</td>
<td>Private sector, Local Authorities, HEIs, other research institutes, Third Sector</td>
</tr>
<tr>
<td><strong>3.3 Sites and Infrastructure</strong></td>
<td>Site remediation for brownfield sites; Ensuring quality infrastructure in these locations; Revitalisation of derelict land and historic buildings; Potential delivery via Jessica/Evergreen type fund.</td>
<td>£6.0 million</td>
<td></td>
</tr>
<tr>
<td><strong>3.3 Green Infrastructure and Sustainable Transport</strong></td>
<td>Enhancing green infrastructure including leisure assets such as cycle routes and waterways; Improved public transport links to key employers; Wheels to Work Schemes Potential for CLLD approaches to build upon existing LEADER delivery.</td>
<td>£4.0 million</td>
<td></td>
</tr>
</tbody>
</table>
### Priority Theme 4: Skills, Employment and Social Inclusion

**Indicative Allocation:** £55.0m

<table>
<thead>
<tr>
<th>Investment Areas</th>
<th>Areas of Activity</th>
<th>Indicative Allocation</th>
<th>Delivery Partners</th>
</tr>
</thead>
</table>
| 4.1 Skills for Employability | - Basic Skills Training, including literacy and ICT;  
- ESOL Provision;  
- Activities to bring young people back to learning;  
- Taking skills and training into communities;  
- Employer engagement.                      | £12.0 million       | SFA, BIG Lottery, DWP, Local Authorities, HEI, FE, other education institutions, Princes Trust, CAB, other voluntary / community sector organisations |
| 4.2 Higher Skills to Support Growth  | - Growth and Innovation Fund projects;  
- Employer Ownership Skills model;  
- LEP Employer Strategy and employer engagement;  
- Employability of graduates – internships and placement schemes;  
- Work based learning;  
- Higher level skills (including levels 5, 6 and 7) and unit accreditation to support gaps in current knowledge;  
- Engineering Hub – offering training and higher apprenticeships;  
- Develop and resource Staffordshire Education Partnership and Young Enterprise programme. | £12.0 million       |                                                                                                                                                   |
| 4.3 Vocational Routes into Employment | - Support for a comprehensive LEP area Apprenticeship Programme;  
- Supporting delivery of Higher Apprenticeship Frameworks for key skills and sectors (up to level 7);  
- Supporting transition into work programmes. | £6.0 million       |                                                                                                                                                   |
| 4.4 Access to Employment | - Talent Match;  
- Careers Guidance;  
- Transition into work programmes;  
- Employment brokerage projects;  
- Employer engagement activity;  
- Travel to work schemes. | £14.0 million       |                                                                                                                                                   |
| 4.5 Social Inclusion | - Tailored support for disadvantaged groups, long term and inter-generational unemployed and families with multiple and complex needs;  
- Enterprise awareness programmes available to all;  
- Potential for CLLD approaches to build upon existing LEADER delivery;  
- Community grants schemes. | £11.3 million       |                                                                                                                                                   |

**9.** We believe that there is the potential to expand these activities should additional funding become available as set out in Paragraph 3.9 (page 33). This will result in greater impact in an area which has structural opportunities and challenges.
Match Funding

10. It is a requirement that all ESIFS allocations against Priority Themes and underlying Strategic Investment Areas are matched by non-EC public or private funds. This requirement effectively doubles the notional ESIFS allocation of £138.4 million for the Stoke-on-Trent and Staffordshire LEP to £230.7 million once match funded.

11. A number of government schemes / organisations are offering ‘at source’ match funding. LEPs can opt whether to use this match and the associated products. Stoke-on-Trent and Staffordshire LEP will ‘opt in’ with Growth Accelerator, MAS, UKTI, Skills Funding Agency, and BIG Lottery Fund and is negotiating with these to decide the possible scale of allocations. Decisions will be made on the approach to possible additional Opt Ins, as and when these are announced. Match funding will also be sought from other relevant private and public sector delivery partners at a more local level.

Management and Delivery

Governance

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

Delivery Processes

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

<table>
<thead>
<tr>
<th>Route</th>
<th>Our Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Opt-Ins</td>
<td>The Stoke-on-Trent and Staffordshire LEP is eager to maximise use of opt-ins and to negotiate local adaptations with national agencies delivering these programmes.</td>
</tr>
<tr>
<td>Regional Schemes</td>
<td>We have begun to work with our neighbouring LEP’s to agree areas for co-investment. We are working towards a regional approach to financial instruments and supporting the advanced manufacturing sector under a wider Smart Specialisation programme). A number of sustainability elements may also lend themselves to regional model.</td>
</tr>
<tr>
<td>Commissioning</td>
<td>Wherever possible, the LEP is keen to work closely with potential delivery partners to collaboratively develop investment proposals which match our strategic needs and fill gaps in the portfolio of schemes in our area. We will be keen to exploit opportunities to commission tailored initiatives wherever we can.</td>
</tr>
<tr>
<td>Calls for Projects</td>
<td>Where the LEP has no relationships with a high quality credible operator (a prerequisite for commissioning) we will go out more widely to secure bids in response to specific calls for proposals to bring forward essential gap-filling initiatives.</td>
</tr>
<tr>
<td>Community-Led Local Development</td>
<td>We are considering the part CLLD will play in delivery of the strategy.</td>
</tr>
</tbody>
</table>
Working with Other LEPs

14. The Stoke-on-Trent and Staffordshire LEP has worked closely with a number of other LEPs in developing our EU Fund plans, most notably with the five other LEPs in the West Midlands area and particularly GBSLEP where we are working to align our approach in the overlapping area to maximize the economic benefit of the investment from this programme. In addition we have also shared thinking with D2N2, and Cheshire and Warrington LEP and will be working collaboratively with them. There are several areas of our strategy where we anticipate close-working with these LEPs, including the environment, smart specialisation, research, development, technology and innovation (RDTI) and Financial Engineering Instruments.

Next Steps

15. This document is the first draft of the Stoke-on-Trent and Staffordshire ESIFS. It is anticipated that there is significant further work to undertake before finalisation of the strategy in January 2014. Next steps include:

- On-going negotiation with opt-in providers – both those confirmed to date and those still to be confirmed;
- Further consultation with stakeholder and partner organisations across the LEP area to test and refine this draft ESIFS;
- Further development of plans for cross-LEP collaboration, particularly where joint delivery is planned (e.g. FEIs);
- Based on the results of the above, further develop priority intervention areas, and review funding allocations between investment areas.
1. **Introduction**

**Stoke-on-Trent and Staffordshire**

1.1 Located in the heart of England, the Stoke-on-Trent and Staffordshire LEP aims to build upon its strong transport links, educational institutions and high quality of life, to continue to make Stoke-on-Trent and Staffordshire an attractive place to do business, to work and to live.

The partnership's vision is to make Stoke-on-Trent and Staffordshire the best place to do business in the UK. Its mission is to create 50,000 jobs and increase the size of the economy by 50% over the next 10 years.

1.2 Stoke-on-Trent and Staffordshire is already has access to many of the key ingredients needed to support growth. The area of home to numerous international businesses, including JCB, Alstom and Jaguar Land Rover. A number of the sectors that will be important to not only the local but also national economy over the coming years already have a strong presence within the county, and in recent years the area has proved to be highly attractive to a number of high profile inward investors. Stoke-on-Trent and Staffordshire also has potential access to sources of indigenous energy which create a compelling Unique Selling Point for the area. Parts of the county already have a highly skilled workforce, and the presence of two universities within Stoke-on-Trent and Staffordshire will allow the area to further develop the skills of local residents, matching the needs of existing employers whilst also providing the skills needed to future key employment sectors. These drivers, together with the significant economic drivers clustered around Stoke-on-Trent and Staffordshire of Birmingham, Derby/Nottingham and Manchester could, if properly harnessed, drive a resurgent private sector led economy.

1.3 Despite this, in parts of the LEP area, particularly the north, there exist considerable socio-economic challenges, which present barriers to economic growth and have implications for levels of social and community inclusion. In the urban areas, challenges are multifaceted, with the potential for economic growth constrained by a historic reliance on lower value manufacturing activities, challenges regarding the delivery of new sites and infrastructure and complex labour market challenges including low skills levels and concentrations of worklessness and deprivation. In the rural areas there are pockets of deprivation where the economic structure tends to be less growth orientated, with a higher than average dependence on low value added traditional sectors such as agriculture, related land based activities and tourism. Partly as a result of these challenges the area is underperforming economically relative to the EU average. This is demonstrated by the identification of the Staffordshire and Shropshire Transition Area by the EU1.

1.4 To work towards its strategic objectives of securing economic growth in a way which raises levels of prosperity and inclusion amongst residents, the Stoke-on-Trent and Staffordshire LEP has identified six overarching areas on which its attention will focus upon:

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1 Transition Regions are areas where GDP is 75-90% of the EU average.
1.5 These overarching strategic priorities form the basis of the Stoke-on-Trent and Staffordshire European Structural and Investment Fund Strategy (ESIFS).

**The Stoke-on-Trent and Staffordshire ESIFS**

**European Structural and Investment Funds**

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

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

- ERDF and ESF funding for Stoke-on-Trent and Staffordshire LEP of €161.6 million (£138.4 million);
- An additional €32 million (£27.4 million) ERDF and ESF funding must be spent on interventions within the Stoke-on-Trent and Staffordshire LEP area, although this funding is part of the Greater Birmingham and Solihull (GBS) LEP allocation and will be administered by GBSLEP in partnership with Stoke-on-Trent and Staffordshire LEP;
- The allocation of EAFRD funding for the Stoke-on-Trent and Staffordshire LEP is yet to be announced.

1.8 LEPs and partners were asked by government to set out how they intend to use this allocation in an ESIFS, which should be agreed with Government by early 2014.

**ESIFS Geography**

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

- The focus for this strategy is the Stoke-on-Trent and Staffordshire LEP area and provisional European Structural and Investment Fund allocation of £138.4 million;
- Around £27.4 million of the Greater Birmingham and Solihull LEP allocation must be delivered within the Staffordshire Transition Region. This will be achieved by cross-LEP collaboration between the Stoke-on-Trent and Staffordshire LEP and the Greater...
Birmingham and Solihull LEP which will ensure that this Transition Region funding is delivered in line with the strategic investment priorities of both LEP areas;

- As suggested by the above, cross-LEP collaboration is an important element of the ESIFS. In a number of intervention areas (including innovation and smart specialisation, access to finance, and low carbon approaches) proposals have been developed for cross LEP working with neighbouring LEPs (particularly those in the West Midlands in Derbyshire and Nottinghamshire as well as Cheshire and Warrington). This reflects a combination of shared characteristics, existing partnerships and also identified potential to generate greater returns and efficiencies through a joined up approach across a larger geographical area. These cross-LEP linkages are outlined in Chapter 8 of this strategy (page 67);

- Reflecting some of the barriers to economic growth set out above, the area forms part of the Staffordshire and Shropshire Transition Region\(^2\). The ESIFS has been developed to take this into account, including joint working with the Marches LEP where shared interventions can play a role in addressing shared characteristics / challenges. The shared characteristics of the Staffordshire and Shropshire Transition area are summarised in Appendix B, whilst the approach to cross-LEP working (including with the Marches LEP is outlined in Chapter 8.

\(^2\) Transition Regions are defined as areas where GDP is 75-90% of the EU average.
ESIFS Development

1.10 The Stoke-on-Trent and Staffordshire ESIFS has been developed alongside a detailed process of consultation with public sector partners (both in Stoke-on-Trent and Staffordshire and in neighbouring areas), businesses and business representative organisations, education institutions, and voluntary organisations. As part of the process, five thematic workshops were held which focused in turn on Business Development, Innovation and Sectors, Inward Investment, Skills and Place. These workshops generated strong feedback on the emerging strategy from over 180 attendees.

1.11 Strategy development has been underpinned by three main principles – ensuring synergies with wider LEP objectives, learning lessons from previous delivery of EU funding in the area and building upon the lessons, and building upon existing / on-going delivery in the LEP area:

- **Ensuring Strong Strategic Synergies** – The government has announced that it will negotiate a Growth Deal with every LEP. Through Growth Deals, LEPs can seek freedoms, flexibilities and resources from Government, and a share of the new Single Local Growth Fund to target their identified growth priorities. LEPs are expected to develop ambitious, multi-year Strategic Economic Plans to inform the delivery of this funding. This ESIFS has been developed in tandem with the emerging Stoke-on-Trent and Staffordshire Strategic Economic Plan and the emerging City Deal proposals for the area. Each of these documents share an evidence base and are underpinned by the LEP vision and the LEP’S six key priority areas of focus (set out on page 2);

- **Learning the Lesson from Previous Delivery** – The ESIFS has been developed with lessons from the previous delivery of European Structural Investment funds in Stoke-on-Trent and Staffordshire and across the wider West Midlands in mind. Lessons from previous programmes and how the ESIFS has responded are set out in Appendix C;

- **Building upon existing delivery** – The ESIFS has also been developed to reflect existing delivery process and mechanisms in Stoke-on-Trent and Staffordshire and across the wider West Midlands. Crucially, the ESIFS does not represent a standing start; there are numerous projects and activities which are already being delivered locally which provide a strong platform and momentum on which to build. Examples are included in Chapter 3: Programme Framework (page 29).

Next Steps

1.12 This document is the first draft of the Stoke-on-Trent and Staffordshire ESIFS. It is anticipated that there is significant further work to undertake before finalisation of the strategy in January 2014. Next steps include:

- On-going negotiation with opt-in providers – both those confirmed to date and those still to be confirmed;

- Further consultation with stakeholder and partner organisations across the LEP area to test and refine this draft ESIFS;
Further development of plans for cross-LEP collaboration, particularly where joint delivery is planned (e.g. FEIs);

Based on the results of the above, further develop priority intervention areas, and review funding allocations between investment areas.

**Content of the Strategy**

1.13 The remainder of the strategy document contains the following key sections:

- Chapter 2 provides an overview of the socio-economic needs and challenges of Stoke-on-Trent and Staffordshire, providing the underpinning rationale for the proposed strategic investment areas;

- Chapter 3 sets out the framework for use of EU funds in Stoke-on-Trent and Staffordshire. It provides:
  - The overall vision statement for the EU Funds strategy, aligning closely to the strategic direction set out in the Draft Growth Strategy and City Deal proposal;
  - Indicative funding allocations by national thematic objective and by the specific priority themes and Strategic Investment Areas (SIAs) identified in this strategy for Stoke-on-Trent and Staffordshire;
  - A detailed summary of the context, rationale, strategic investment areas and indicative activities under each of the four Stoke-on-Trent and Staffordshire Priority Themes: ‘SME Competitiveness’, ‘Innovation’, ‘Place’ and ‘Skills, Employment and Social Inclusion’;

- Chapter 4 summarises the indicative output and result targets against which delivery performance will be measured;

- Chapter 5 summarises the key match funding sources that will support delivery;

- Chapter 6 sets out the approach to incorporating cross-cutting themes and delivering social innovation;

- Chapter 7 provides a summary of relevant wider links and synergies to other European funding streams;

- Chapter 8 summarises the structures and processes through which the ESIFS will be managed and delivered, including governance structures and plans for working with other LEPs;

- Chapter 9 summarises the approach taken to developing the strategy and the engagement of key partners in this process.
2. **Stoke-on-Trent and Staffordshire Socio-Economic Context**

2.1 This chapter sets out an overview of the strengths, weaknesses, opportunities and threats facing the Stoke-on-Trent and Staffordshire LEP area, upon which the EU funding strategy has been developed. The structure this Chapter follows is broken down to three main categories – Businesses, People and Places.

2.2 Whist the evidence base largely focuses upon the performance of Stoke-on-Trent and Staffordshire as a whole, it is important to note that the economic performance varies greatly at a more local level within the LEP area. This partly reflects the relatively diverse geography of Stoke-on-Trent and Staffordshire – whilst urban areas account for a large proportion of population and economic activity, around 80% of Staffordshire is classified as rural and these areas are also home to a large segment of the population and strong base of enterprise and employment.

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

#### Overview of Characteristics

2.3 The Stoke-on-Trent and Staffordshire economy comprises of circa 416,000 employee jobs and 33,200 active enterprises, and generates around £16.4 billion in annual GVA.

2.4 Stoke-on-Trent and Staffordshire is home to a relatively diverse business base. Whilst the majority of enterprises (around 75%) are micro-businesses (employing less than five people), the LEP area is also home to around 300 enterprises employing 100 people or more. These businesses account for a large proportion of jobs in the area and include international companies across a range of sectors such as Coors, Jaguar Land Rover, JCB, Moog, Alstom, Goodwin International, Michelin, Waterford Wedgwood Royal Doulton, and Steelite.

2.5 Despite this, there is evidence that, taken as a whole, the Stoke-on-Trent and Staffordshire economy is performing comparatively weakly:

- In 2012 Stoke-on-Trent and Staffordshire was amongst the ten least resilient LEP economies in England, based on 39 variables across business, people and place factors;

- The Stoke-on-Trent and Staffordshire LEP area experienced the third-lowest economic growth across all LEP areas between 1998 and 2008;

- The number of employees jobs across Stoke-on-Trent and Staffordshire declined by

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3 Staffordshire County Council and City of Stoke-on-Trent (2013). ‘Staffordshire and Stoke-on-Trent Economic Review: An insight into our economy in 2013’


11,200 between 2003 and 2011, with particular activities affected including ‘lower value’ manufacturing;

- Productivity in Stoke-on-Trent and Staffordshire is comparatively low, suggesting that the average quality of jobs is lower than is seen elsewhere nationally. GVA per head in Stoke-on-Trent and Staffordshire is £14,900, compared to £17,500 across the West Midlands and £21,300 nationally;

- Levels of enterprise across Stoke-on-Trent and Staffordshire are comparatively low. Start-up rates in Stoke-on-Trent (41.7 per 10,000 residents) and Staffordshire (32.7 per 10,000 residents) are considerably lower than start-up rates regionally (43.3 per 10,000 of population) and nationally (51.6 per 10,000 residents). Start-up rates have declined in the context of the economic downturn.

**Existing Strategic Objectives**

2.6 The Stoke-on-Trent and Staffordshire LEP places a strong focus on the performance and characteristics of the local business base within its Business Plan. Key strategic priorities include:

- Supporting Existing Businesses to Grow and to be innovative;
- Increasing Inward Investment;
- Successfully Marketing Stoke-on-Trent and Staffordshire as a place to do business;
- Improving Access to Finance and Funding.

2.7 The Draft Stoke-on-Trent and Staffordshire Economic Growth Strategy 2012-2026 was developed as a starting point for the subsequent development of the LEPs’ Growth Strategy and ESIFS. The strategy builds upon the strategic priorities of the LEP and sets out a number of objectives relating to the local business base:

- Building on existing and aspirant economic clusters – with a focus on working with partners such as local businesses, UKTI and skills and business representative organisation to build strengths in key sectors;
- Stimulating enterprise, innovation and inward investment – with a focus on creating a more successful and diverse economy by supporting high growth businesses, supporting entrepreneurialism, supporting the commercialisation of innovation, and promoting the area for inward investment.

2.8 Business is also at the heart of the emerging ‘Powerhouse Central’ City Deal proposals for Stoke-on-Trent and Staffordshire. One of the key strands of the proposals is ‘Powerhouse for Enterprise and Innovation’, which aims to provide “world class, applied and transitional research, and the means to facilitate the rapid commercialisation of technology”, along with the development of an efficient and coherent approach to SME support across the LEP area.

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6 West Midlands European Service (2013). ‘West Midlands ERDF Socio-Economic Framework’
Areas for Intervention

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

Priority Sectors

2.10 Stoke-on-Trent and Staffordshire has a number of existing sector strengths. These include:

- **Manufacturing** has historically played an integral role in the Stoke-on-Trent and Staffordshire economy, and continues to do so today. The sector accounted for around 54,000 employee jobs and 13% of total employment in Stoke-on-Trent and Staffordshire in 2011, across a wide range of locally important industrial sectors including ‘food and drink’, ‘high value goods’ (including ceramics), ‘transport technologies’ and ‘environmental technologies’;

- The ‘building technologies’ sector is also a large employment sector across the LEP area, with this recognised through the establishment of the National Centre of Refurbishment Excellence (CoRE) in Stoke-on-Trent highlighting both the local and national importance of the construction industry;

- Stoke-on-Trent and Staffordshire’s central location and strong accessibility has also made it very attractive to the **distribution and logistics** sector, with ‘transport and storage’ accounting for around 23,200 employee jobs in 2011;

- **The visitor economy** is also an important sector within Stoke-on-Trent and Staffordshire – there are currently more than 21,000 tourism and leisure jobs within the area, more than any of the core cities. The area is home to numerous natural assets (part of the Peak District falls within Staffordshire) and major tourism attractions including Alton Towers, Drayton Manor Theme Park, Trentham Gardens, the new National FA Centre, SnowDome, the National Memorial Arboretum, Mercian Trail and the Potteries Museum and Art Gallery (including the Staffordshire Hoard);

- **Health, retail and education** are also currently major employment sectors within the area (as is the case in most areas across the country). The healthcare sector as a whole is the largest employment sector in Stoke-on-Trent and Staffordshire and has grown substantially in recent years, in large part likely to be due to the areas ageing population.

2.11 Building upon this, the Draft Stoke-on-Trent and Staffordshire Economic Growth Strategy 2012-2026 identifies a number of industrial sectors that already have a strong presence across the LEP area, or offer significant opportunities for development:

- **Advanced manufacturing** – an existing strength, with strong growth recorded in recent years; between 2006 and 2010 the number of employee jobs within the sector in Stoke-on-Trent and Staffordshire increased by around 1,100 (or 41%). The area also has a strong presence of internationally renowned advanced
• **Stoke-on-Trent and Staffordshire EU Structural and Investment Fund Strategy** •

manufacturing and engineering brands, particularly within the automotive and aerospace industries, including JCB, Michelin, Jaguar Land Rover and Moog;

- **Applied Materials** – Stoke-on-Trent and Staffordshire has a historic strength in materials industries, particularly ceramics and this presents opportunities in applied materials development. The area is home to a cluster of around 300 materials based companies, including renowned international brands such as WWRD, Steelite, Biocomposites, Emma Bridgewater, Endeka, Dudson, Foseco Ltd (Vesuvius), Goodwin International, Tennants Chemicals Fuchs Lubricants and Johnson Matthey Colour Technologies;

- **Agri-tech** – the area has a strong rural economy, with agriculture and food and drink being large employment sectors within the area. Generating more high-value agriculture related employment and diversification of the rural economy have been identified as priorities at the national and sub-regional levels;

- **Energy Generation** – Stoke-on-Trent and Staffordshire have long been associated with generating power and continues to home major companies in the sector including Alstom, ABB, Siemens Wind Power, GE Power Conversion. Significant opportunities have been identified locally to create jobs in generating power through non-conventional on-shore means such as geothermal, anaerobic digestion, biomass and energy-from-waste technologies and via energy supply chain opportunities linked with City Deal;

- **Medical Technologies** – Although starting from a small base, employment in scientific R&D in medical technologies has also grown. The School of Medicine at Keele University, the University Hospital of North Staffordshire and Keele University Science and Business Park represent an opportunity for attracting more growth in this area. The Research Institute at Keele University leads on pure and applied research, and includes an Institute for Science and Technology in Medicine. Stoke-on-Trent and Staffordshire is also home to a growing number of leading medical technology and healthcare companies, including Swiss owned TRB Chemedica, Biocomposites, Cobra Biologics and Intelligent Orthopaedics;

- **Creative Industries / Digital Media** – Stoke-on-Trent and Staffordshire has a strong track record in attracting digital companies, particularly in the energy, medical and entertainment fields. The sector comprises companies ranging from start-ups to international businesses such as Instem and Navman Wireless. Both Staffordshire University and Keele University have respected expertise in film and media. Creative industries are growing in Stoke-on-Trent and Staffordshire, particularly in terms of TV and video production.

- **Business and Professional Services / Financial Services** – currently supports 40,000 jobs in Stoke-on-Trent and Staffordshire. The sector also grew by over 1,500 employee jobs between 2006 and 2010, highlighting the potential for growth.

2.12 As suggested by the above, Stoke-on-Trent and Staffordshire’s strengths in these priority sectors are underpinned by the presence of numerous notable international firms, including JCB, Jaguar Land Rover, Moog and Alstom. The presence of these international firms is a major asset, not only from the direct employment and gross value added (GVA) that they...
generate, but also for their role as anchors for local supply chains and assets in agglomeration clusters.

2.13 Reflecting this, the Stoke-on-Trent and Staffordshire ESIFS places a focus both upon directly supporting activity in the priority sectors, but also in strengthening the capacity of local firms to engage in supply chain opportunities. Interventions to support the growth and development of priority sectors are built throughout the ESIFS and include:

- **Innovation** – innovation is one of the four Priority Themes within the ESIFS. The approach to innovation is built upon the idea of smart specialisation, with investment areas focusing on innovation infrastructure, knowledge transfer and commercialisation within the priority sectors (Strategic Investment Areas 1.1, 1.2 and 1.3);

- **Internationalisation** – a focus on attracting new companies in priority sectors and supporting existing companies to export (Strategic Investment Area 2.5);

- **Business support for high value growth** – working with MAS and Growth Accelerator to provide the support necessary to help companies in priority sectors to achieve high growth, through (Strategic Investment Area 2.3);

- **Sites and Infrastructure** – ensuring that suitable sites and premises are available and where necessary brought forward to support activities in priority sectors (Strategic Investment Areas 3.3);

- **Skills for Growth and Innovation** – activities to ensure that appropriate skills exist within the labour market to support the development of priority sectors, including collaborative working between business and education institutions (Strategic Investment Areas 4.2 and 4.3).

### Innovation

2.14 There is evidence that levels of innovation across the Stoke-on-Trent and Staffordshire economy as a whole are comparatively low. In Stoke-on-Trent and Staffordshire only 0.1% of the workforce engages in R&D activities against 0.4% nationally, and the area ranks 35th out of 39 LEP areas in terms of number of patents per 10,000 residents (3.4 per 10,000 residents compared to the England average of 10.6).

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

- **Existing businesses and institutions** – As outlined previously, the Stoke-on-Trent and Staffordshire economy is already home to a number of high profile companies engaging in innovation and research activities (such as CERAM, a private research and testing organisation with an international reach), and is also home to two

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7 Stoke-on-Trent and Staffordshire LEP (2013). ‘Powerhouse Central: Wave 2 City Deal: Stoke-on-Trent and Staffordshire LEP’s Negotiation Document’

universities (Keele and Staffordshire). Together, these provide a strong base of research and innovation assets and infrastructure on which to build in the future;

- Pre-existing and proposed innovation projects – There are a number of major facilities proposed or pre-existing to build on local sector specialisms and to drive innovation in Stoke-on-Trent and Staffordshire, including CoRE, Applied Materials Research and Innovation Centre (AMRIC), Centre of Excellence in Energy Security and Renewables (CEESR) and the Keele University Energy Demonstrator. There are also strong links to a range of other institutions and research centres in neighbouring areas and across the UK. For instance businesses in southern Staffordshire have linkages with Warwick Manufacturing Group and other sector specialists;

- Regional Growth Fund successes – Stoke-on-Trent and Staffordshire has also had a number of notable Regional Growth Fund successes. Several of these, such as Zytec R&D Facility, have innovative activities at their core.

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

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

2.18 There is also evidence that Stoke-on-Trent and Staffordshire also has existing strengths and opportunities to build upon in terms of knowledge sharing, particularly in terms of research collaboration between business and research and institutions.

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

2.20 Building and maintaining links between the existing business base, HE and other relevant institutions is of critical importance in exploiting opportunities for and maximising the benefit of innovation in Stoke-on-Trent and Staffordshire. Reflecting this, building the capacity for knowledge transfer and providing support to drive commercialisation of products and processes within Stoke-on-Trent and Staffordshire is a specific area of focus for the ESIFS.
2.21 Knowledge transfer and commercialisation is covered by activities under Strategic Investment Areas 1.2 and 1.3 of the ESIFS.

2.22 Other intervention areas in the ESIFS designed to support the innovation agenda include Business support for high value growth (Strategic Investment Area 2.3) and Skills for Growth and Innovation (Strategic Investment Areas 4.2).

2.23 A common theme running throughout these Strategic Investment Areas will be a focus on smart specialisation – the need to focus innovation investment on research and innovation themes where there are competitive advantages in terms of local sector assets and knowledge base assets. Proposals are currently being worked up by the West Midlands LEPs to develop a shared approach to elements of Smart Specialisation particularly in relation to advanced manufacturing; this is outlined in more detail in Chapter 8.

Inward Investment

2.24 Inward investment is considered a major priority in the Stoke-on-Trent and Staffordshire LEP Strategic Business Plan 2012-2013 and the area has been shown to be outperforming the vast majority of other areas in terms of inward investment recently; in 2012, the Stoke-on-Trent and Staffordshire LEP came third behind the North Eastern and Greater Manchester LEP’s in terms of attracting inward investment, with 2,600 jobs from 12 projects. Recent high profile success stories include Jaguar Land Rover (at i54) and Amazon (in Rugeley).

2.25 Continuing this momentum to create further new employment opportunities, while also targeting companies within the key priority sectors in order develop a higher value and more sustainable local economy, is an important area of focus for the LEP. To do so, creating the right conditions for inward investment (in terms of employment sites and infrastructure) is seen as critical, as is raising the profile of Stoke-on-Trent and Staffordshire as a location for inward investment.

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

Exports

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

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

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

General Business Support

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

2.31 The reorganisation of various funding bodies for business support over the past five years has resulted in a more fragmented and less comprehensive support offering. A review of the business support offer for Stoke-on-Trent and Staffordshire SME’s highlights that there is currently a multiplicity of channels and programmes which represents both a challenge and an opportunity. The challenge is the potential for duplication and confusion. However, there is an opportunity for a diversity of offering and genuine customer choice. There is also potential for more flexible and responsive services responding to local needs. Private sector peer to peer support is also developing, or has potential to develop, within this new environment.

2.32 Reflecting this context, partners in Stoke-on-Trent and Staffordshire are developing a new ‘Growth Hub’ model – a simplified and coherent approach to business support across the LEP Area. The ‘Growth Hub’ will take a strategic leadership role in the design and coordination of business support and also generate intelligence and strategic coordination, to help understand opportunities and threats for local businesses and to improve the efficiency, effectiveness and responsiveness of support.

2.33 Support for a Growth Hub is set out at Strategic Investment Area 2.1 of the ESIFS.

Enterprise Support

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

2.35 Investment in enterprise support is addressed in Strategic Investment Area 2.2 of the strategy.

Access to Finance

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

2.38 *Investment in access to finance interventions is addressed in Strategic Investment Area 2.4 in Chapter 3 of the ESIFS.*

**Support for Social Enterprise**

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

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

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

**Overview of Characteristics**

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

- **Constraints in the supply of employment land** – whilst over 873 hectares of employment land have been identified in Stoke-on-Trent and Staffordshire, a large proportion of this potentially developable land is not genuinely available because the critical ‘up front’ investment needed is lacking;

- **Opportunities in the Low Carbon Economy** – building upon existing assets, significant opportunities have been identified regarding a strategic approach to local energy generation and the decarbonisation of the business base;

- **Town centres** – The City of Stoke-on-Trent and Staffordshire’s towns are the major population and employment hubs within the area. Challenges exist, however, particularly regarding the vitality and viability of town centres, the quality of the built (and often historic) environment;

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10 Evidence taken from Social Enterprise West Midlands, “Doing Business Differently”
Rural Areas – over 80% of Staffordshire is classified as rural, and the quality of the environment is a major asset. In general, economic performance has been strong in rural areas in recent years with employment increases and strong levels of enterprise. Challenges remain though, particularly regarding access to employment and services;

Local Disparity in Quality of life – Stoke-on-Trent and Staffordshire is a relatively diverse place, characterised by concentrations of worklessness and relative multiple deprivation in urban areas such as Stoke, Burton and Tamworth, but relatively high levels of quality of life in parts of rural Staffordshire.

Existing Strategic Objectives

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

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

2.44 Increased energy security is also a key priority for the LEP and is at the core of the ‘Powerhouse Central’ proposal. The ‘Powerhouse Energy’ proposals aim to provide a strategic approach to energy security by developing a fully integrated Smart City network across the area.

2.45 The Draft Stoke-on-Trent and Staffordshire Economic Growth Strategy 2012-2026 builds further upon these strategic priorities, setting out a number of objectives relating to Place and Environment:

- Bringing forward key employment sites;
- Developing and improving infrastructure (including green) to promote connectivity and mobility;
- Creating vibrant City, towns and service centres, including new development and regeneration;
- Ensuring appropriate housing to meet the needs of the current and future workforce.

2.46 The need to maximise and improve green infrastructure underpins each of these objectives.
Areas for Intervention

2.47 There are a range of strengths and opportunities relating to place and the built and natural environment to capitalise upon. These areas each link to specific strategic intervention areas set out in Chapter 3 of the ESIFS.

Employment Land

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

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

2.50 This has important implications:

- Existing businesses – evidence shows that local businesses have considerable opportunities for growth, but the lack of land of which to grow is acting as a break on economic growth and is stifling local business growth;

- Inward investment – there is evidence that lack of ‘investment ready’ sites is affecting the ability of the LEP area to secure new inward investment. Potential investors are put off by the delays and costs required to bring forward suitable sites, especially given strong competition from neighbouring areas;

- There is some evidence that this is starting to impact upon the economic geography of the LEP area. The local economy’s shift towards more rural areas of the County is in part thought to be due to a lack of land availability within town centres and the cost of land in urban areas (along with wider technological improvements allowing companies to base themselves away from town centres)³.

2.51 As well as providing the employment land necessary for existing businesses to expand and grow, developing employment sites and making suitable premises ready for inward investors to occupy will be an important factor in creating new jobs within the area. The LEP’s City Deal Bid⁴ identifies eight strategic employment sites covering 168 hectares within the LEP area which have the ability to offer support business growth, with particular opportunities within the energy generation sector. These sites will not only allow local businesses to expand, but will also encourage foreign direct investment (FDI), kick-starting the process of creating 50,000 jobs over the next decade.

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

Other Infrastructure – Infrastructure and Sustainable Transport

2.53 Although the EU Structural and Investment funds for transition regions have limited scope to support interventions in this area, there are a number of activities that can be supported, complementing other investment under the LEPs Growth Strategy.

2.54 There are opportunities to invest in green and blue infrastructure in Stoke-on-Trent and Staffordshire including supporting the delivery of improved recreational and leisure routes such as national cycle networks and canals. Other infrastructure intervention areas include proposals to secure site remediation on brownfield sites (tackling contamination from flooding and industry) and ensuring quality infrastructure to support growth in these locations. Securing the revitalisation of unused (and often historic) buildings is also an important objective locally, particularly in Stoke-on-Trent where the rich and unique cultural heritage is seen as one of the areas greatest assets.

2.55 Support for blue and green infrastructure is included in Strategic Investment Area 3.3 in Chapter 3 of the strategy.

2.56 Access to employment is important for all communities throughout Stoke-on-Trent and Staffordshire, whether based in the city and larger towns, smaller villages or remote rural communities. The accessibility of employment sites / facilities is clearly a very important factor in allowing local residents to take advantage of job opportunities. This is particularly true for businesses that operate shift patterns or are located far from the entrance of employment sites. Providing good public transport, paths and cycle ways is likely to have substantial benefits in terms of providing good access to employment opportunities, as well as having substantial benefits in terms of increasing the use of more sustainable forms of transport, resulting in positive environmental impacts.

2.57 Support for sustainable transport is included in Strategic Investment Area 3.4 in Chapter 3 of the strategy.

Town Centres

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

2.59 Regenerating and supporting towns and service centres to maximise their vitality and viability is therefore important in enhancing the sustainability of local communities. Although the EU Structural and Investment funds for Transition Regions have limited scope to support interventions in this area, there are a number of activities that can be supported, complementing other investment under the LEPs Growth Strategy.
2.60 These largely relate to support for Green and Blue infrastructure and sustainable transport investments outlined in the previous section and covered in Strategic Investment Areas 3.3 and 3.4 in Chapter 3 of the strategy.

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

Rural Areas

2.62 Rural areas are one of Staffordshire’s greatest assets and help to underpin the county’s economic prosperity, health and wellbeing. Eighty percent of the county’s area is rural and almost 25% of the population (205,000) live in rural areas\(^1\).

2.63 Economic performance in rural areas of Staffordshire has been relatively strong in recent years – employee jobs in rural parts of the county increased by 21% between 2003 and 2011, compared to a 9% decrease seen in urban areas\(^2\). Rural areas have typically also seen higher levels of entrepreneurship than seen elsewhere in the county\(^3\).

2.64 The visitor economy is a strong driver of the rural economy, reflecting the fact that many of the area’s natural assets and tourism attractions are located within rural areas (e.g. parts of the Peak District, Alton Towers, Drayton Manor Theme Park, Trentham Gardens, the new National FA Centre, and the National Memorial Arboretum). Land based sectors also remain an important part of the rural economy, whilst as previously discussed, the Agri-Tech sector has been identified as a priority sector for future growth.

2.65 Despite this, businesses operating in rural areas (largely small, micro or home based businesses) face a number of challenges including accessibility and labour market skills.

2.66 Key priorities set out for rural Staffordshire in the Draft Staffordshire Rural Strategy include creating and retaining jobs in the rural economy through business creation, growth and diversification.

2.67 Objectives relating to rural businesses are ingrained throughout the ESIFS, with areas of particular relevance being Strategic Investment Area 2.1 to 2.6 which focus on SME Competitiveness.

2.68 Rural parts of Stoke-on-Trent and Staffordshire also face particular labour market challenges relating to the ability of residents to physically access employment and training and regarding the provision of local services. Ensuring that residents across Stoke-on-Trent and Staffordshire – including in rural areas – are able to access appropriate training and employment opportunities will be a critical factor in ensuring that economic growth is delivered in a socially inclusive way.

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\(^1\) Draft Staffordshire Rural Strategy (2013) Staffordshire Rural Forum
\(^2\) Draft Staffordshire Rural Strategy (2013) Staffordshire Rural Forum
\(^3\) Draft Staffordshire Rural Strategy (2013) Staffordshire Rural Forum
2.69 Objectives relating to the rural labour market are ingrained throughout the ESIFS, with areas of particular relevance being Strategic Investment Area 3.4 (Sustainable Transport) and Strategic Investment Areas 4.1 to 4.6 relating to skills, employment and social inclusion.

Low Carbon Economy

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

2.71 However, the Stoke-on-Trent and Staffordshire LEP identifies current energy provision as a barrier to business growth in the LEP area. Energy price volatility and supply insecurity have stifled local business development. This has been a particular challenge for energy intensive sectors, especially in ceramics and applied materials.

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

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

2.73 The development of new employment sites also represents an opportunity for localised energy generation to be incorporated into employment site infrastructure, with eight priority sites identified for this.

2.74 Support for the ‘Whole Place’ approach to energy security is included in Strategic Investment Areas 3.1 and 3.3 of the ESIFS.

2.75 The Stoke-on-Trent and Staffordshire LEP also recognises that a key opportunity for reducing the areas emissions will be in working with the existing business base to reduce their emissions, and to support them in developing low carbon and environmental technologies which will support emission reduction as well as opening up new markets. A further key opportunity for emission reduction is through improved energy efficiency in homes, public buildings and businesses.
Support for the energy efficiency and the decarbonisation of the business base is included in Strategic Investment Area 3.2 of the ESIFS.

Stoke-on-Trent and Staffordshire – People and Labour Market

Overview of Performance

Stoke-on-Trent and Staffordshire is characterised by local level disparities in terms of performance against labour market and social inclusion indicators. Whilst Staffordshire tends to perform at or above the national average, performance in Stoke-on-Trent is typically below average. Key characteristics of the LEP area include:

- **Higher level skills shortage** – the proportion qualified to Level 4 is below the national average\(^{14}\) and 40% of local employers are reporting skills shortages in identified priority sectors;

- **Low skills levels in some areas** – certain localities within the LEP area are characterised by lower skills levels. In Stoke-on-Trent, 15% of the working age population has no qualifications, 5 points above the LEP average.\(^{3}\) Recent local business surveys have highlighted the need to improve education and skills, particularly literacy and numeracy and employability skills for young people\(^{3}\);

- **Concentrations of unemployment** – whilst overall unemployment levels in Stoke-on-Trent and Staffordshire LEP area are in line with those seen nationally\(^{15}\), more severe concentrations of unemployment exist at the local level, particularly in Stoke-on-Trent;

- **Youth Unemployment and inactivity** – Youth unemployment is of particular concern, particularly in Stoke-on-Trent and the Staffordshire district of Cannock Chase. Around 8% of the 16-24 age group in Stoke-on-Trent and 6.9% in Cannock Chase are claiming Jobseekers’ Allowance, whilst around 9% of the people aged 16 to 18 in Stoke-on-Trent and 7% in Cannock Chase are not in employment, education or training (NEET)\(^{3}\);

- **Income levels** – earnings levels in both Stoke-on-Trent and Staffordshire are lower than the national average. Despite this, earnings have increased at a rate above the national average in both areas in recent years;

- **Concentrations of deprivation** – There are concentrations of severe relative multiple deprivation within Stoke-on-Trent and Staffordshire, particularly within Stoke-on-Trent and to a lesser extent in the Staffordshire towns, Stafford, Cannock, Burton and Tamworth.

\(^{14}\) Stoke-on-Trent and Staffordshire LEP (2012). ‘Stoke-on-Trent and Staffordshire Draft Economic Growth Strategy 2012-2026’

\(^{15}\) ONS, Census of Population (2013). ‘Economic activity by sex’
Existing Strategic Objectives

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

2.79 This importance of skills and employability for the LEP is further reflected within the Stoke-on-Trent and Draft Staffordshire Economic Growth Strategy 2012-2026 which sets the objective of “Developing a well skilled workforce to meet current and future local labour market needs”. Here, the focus is on developing high level skills to meet the needs of high value added industries, innovation and entrepreneurship; improving residents employability skills (particularly amongst the unemployed); retaining and promoting graduate employment; providing greater support for wider career choices; the development of high quality education and training facilities; promoting greater business involvement within skills provision; and targeting unemployment and benefit dependency hot-spots.

2.80 Within the emerging City Deal proposals for Stoke-on-Trent and Staffordshire, ‘Powerhouse for Skills’ aims to ensure that the workforce is equipped with the aspirations, skills and qualifications to meet the needs of the energy economy.

Areas for Intervention

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

Labour Market Skills

2.82 The development of education and skills amongst all age groups is crucial for the successful future economic prosperity and competitiveness of Stoke-on-Trent and Staffordshire. Securing a well-qualified and adaptable workforce with the skills sets appropriate to the needs of existing business sectors in Stoke-on-Trent and Staffordshire, as well as those in which there are aspirations for economic growth, are fundamental priorities for economic development in the short, medium and longer-term.

2.83 The recent establishment of the business-led Stoke-on-Trent on Trent and Staffordshire Education Trust (which comprises of business leaders, skills providers, local authorities and core government agencies) to oversee local employability programmes further highlights the existing commitment to delivering a coherent approach to labour force development locally, and provides a strong platform on which skills interventions under the ESIFS can build.
2.84 Developing **high level skills** is a necessity for Stoke-on-Trent and Staffordshire as the area works towards its objectives of developing strengths in high value priority sectors and in driving innovation and entrepreneurialism. Currently, around 27% of the economically active people in Staffordshire and 19% in Stoke-on-Trent are qualified to NVQ level 4\(^\text{16}\). These figures are above those seen regionally, but below the national average. Currently 40% of local employers are reporting skills shortages in identified priority sectors, whilst it is estimated that 9,500 positions will need to be filled in engineering, manufacturing and the emerging energy sector over the next 10 years, particularly at Levels 3 and 4\(^\text{17}\). In addition to the up skilling of existing residents, retaining and recruiting graduates has a key role to play in developing a more highly skilled labour market.

2.85 There is also evidence that Stoke-on-Trent and Staffordshire has existing strengths to build upon in terms of collaboration between the local business base and education and training providers as demonstrated by the establishment of the Education Trust. This brings together business, and providers to improve the integration of education and skills provision with economic needs. In addition, both Keele University and Staffordshire University already have established track records in engaging with the local business base on skills and employability issues, from basic to higher level skills. This is partly exemplified by the fact that more than 60 private local sector companies are accessing higher level skills programmes at Staffordshire University, in a range of areas including leadership and management, engineering, ICT and telecommunications and coaching.

2.86 **Higher levels skills interventions are the focus of Strategic Investment Area 4.2 in the Stoke-on-Trent and Staffordshire ESIFS.**

2.87 At the other end of the spectrum, **employability skills** (such as communication, literacy, numeracy and team working) will remain crucial in the functioning of the Stoke-on-Trent and Staffordshire economy, particularly given the ambitions to support businesses to grow and to increase levels of social inclusion. Around 10% of the Stoke-on-Trent and Staffordshire LEP area’s working age population currently has no qualifications. Whilst this figure is below regional and national averages it masks some important local variations, with the proportion of working age population with no qualifications in Stoke-on-Trent reaching 15%\(^3\). Evidence from the Stoke-on-Trent and Staffordshire Economic Review\(^3\) shows that one of the top reasons for hard-to-fill vacancies in the LEP area is skills. Local business surveys have highlighted the need to improve education and skills, particularly basic skills, such as literacy and numeracy, as well as employment skills in young people, so that businesses can have access to a skilled local workforce. English for Speakers of Other Languages (ESOL) is identified as a particular area for focus in certain parts of the area (such as Stoke-on-Trent).

2.88 Learning, training and Apprenticeship provision needs to be available to meet the needs of all abilities including engagement provision which enables and encourages those disengaged to resume learning or to compete in the labour market. Locally delivered coherent provision pathways need to be developed that cater for the differing types and degrees of learning difficulty and/or disability and which focus on progression to employment and independent living.

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\(^{16}\) Stoke-on-Trent and Staffordshire LEP (2012). ‘Stoke-on-Trent and Staffordshire Draft Economic Growth Strategy 2012-2026’

\(^{17}\) Stoke-on-Trent and Staffordshire local Economic Analysis, The Work Foundation, 2012
2.89 Employability skills form the focus of Strategic Investment Area 4.1 in the Stoke-on-Trent and Staffordshire ESIFS.

2.90 For those at the stage of joining the labour market, there is also an identified need to maintain and further enhance vocational routes into employment.

2.91 The number of Apprenticeship Programme starts in Stoke-on-Trent and Staffordshire are currently higher than the numbers seen in neighbouring authorities and have been increasing in recent years. In particular there has been a significant increase in apprenticeships in engineering and manufacturing technologies with increased supply of vocational training and apprenticeship places. There is a need to build upon this strong performance and in particular to ensure strong linkages are developed with the priority sectors identified for Stoke-on-Trent and Staffordshire. Reflecting this, the LEP is developing proposals to deliver a significantly larger quantum of apprenticeships and training in the coming decade, including: 5,100 apprenticeships across an expanded range and level of frameworks; 1,400 traineeships for young people not ready to gain a full apprenticeship and employment skills training for 12,000 unemployed people.

2.92 It will be important to support the development of apprenticeships in emerging sectors that are likely to form a significant part of future economic growth in the economy.

2.93 Enhanced vocational routes into employment is the focus of Strategic Investment Area 4.4 in the Stoke-on-Trent and Staffordshire ESIFS.

2.94 There is also a need to improve skill levels within the existing workforce both to ensure that employees are given the chance to progress and to ensure that the potential for improvements in business productivity and growth is not constrained by the workforce. Typical challenges which constrain the provision of workforce training by businesses include cost / resource impacts, lack of expertise to deliver training, and lack of awareness about the benefits of training or types of training which could be beneficial.

2.95 Interventions to support workforce skills development are included in Strategic Investment Area 4.2 of the ESIFS.

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

2.97 Interventions across the Skills, Employment and Social Inclusion Theme (SIAs 4.1-4.5) will provided support to residents of all age groups, including focused support for specific cohorts where a particular need / challenge is identified.
Reducing Unemployment

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

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

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

2.101 It is recognised that it is important to reduce youth unemployment through implementing strong partnerships and processes pre-16 to meet Raising the Participation Age (RPA) guidelines, and ensuring better access to employment opportunities and increased levels of progression into vocational, further education and higher education.

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

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

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

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18 ONS, Census of Population (2013). ‘Economic activity by sex’

19 Scarring refers to the long-term damage to an individual’s economic situation and the economy more broadly.
Social Inclusion

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

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

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

Source: Indices of Multiple Deprivation, 2010, CLG

2.107 In considering social inclusion and deprivation, levels of health and wellbeing are a critical consideration:
- Levels of health and wellbeing can be an important influencing factor in social inclusion through impacts on labour market participation. In Stoke-on-Trent and Staffordshire, claimants of incapacity benefit and its successor Employment and Support Allowance (ESA) continue to represent the vast majority of the workless caseload. In Stoke-on-Trent and Staffordshire there were over 46,500 people claiming ESA and Incapacity Benefits in August 2012, well over half of all out-of-work benefit claimants.

- Levels of health and wellbeing are also influenced by levels of social inclusion. Evidence suggests that a range of social inclusion factors such as employment, income, housing, crime and education are important influencing factors on levels of health both at the personal level and across communities.

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

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

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

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

2.112 Again, interventions across the Skills, Employment and Social Inclusion Theme (SIAs 4.1-4.5) will provide support to residents of all age groups, including focused support for specific cohorts where a particular need / challenge is identified.
Summary of Performance: Transition Region Status and SWOT Analysis

The Staffordshire and Shropshire Transition Region

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

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

Strengths, Weaknesses, Opportunities and Threats

2.115 The evidence presented in this chapter is summarised in the table overleaf in terms of the main strengths, weaknesses, opportunities and threats for the Stoke-on-Trent and Staffordshire economy and the prospects for future growth.
Table 2-1: Summary of Strengths, Weaknesses, Opportunities and Threats

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stoke-on-Trent and Staffordshire is home to numerous international businesses including</td>
<td>• Low levels of economic growth over the past decade;</td>
</tr>
<tr>
<td>Alstom, Coors, JCB, Jaguar Land Rover, Michelin, Moog, Steelite, and Zytek;</td>
<td>• Below average productivity levels reflecting the dominance of lower value activities;</td>
</tr>
<tr>
<td>• Inward investment performance has been strong in recent years, with notable recent projects</td>
<td>• Relatively large decline in total employment over the past decade;</td>
</tr>
<tr>
<td>including Jaguar Land Rover and Amazon;</td>
<td>• Below average levels of enterprise and declining business start-up levels;</td>
</tr>
<tr>
<td>• Local universities actively engaged in research and innovation support;</td>
<td>• Lower than average proportions of residents qualified to higher levels, with skills gaps</td>
</tr>
<tr>
<td>• The area benefits from location at the heart of the UK, with strong connectivity via road</td>
<td>identified by local employers both in terms of higher level skills and basic employability</td>
</tr>
<tr>
<td>and rail networks;</td>
<td>skills;</td>
</tr>
<tr>
<td>• Stoke-on-Trent and Staffordshire’s physical environment – including historic urban centres</td>
<td>• Concentrations of unemployment; youth unemployment a particular challenge;</td>
</tr>
<tr>
<td>and a high quality rural landscape – is a core asset;</td>
<td>• Concentrations of severe relative multiple deprivation in many of the urban areas.</td>
</tr>
<tr>
<td>• The rural economy has performed strongly in recent years, with growing employment and</td>
<td></td>
</tr>
<tr>
<td>strong enterprise performance.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunities</td>
<td>Threats</td>
</tr>
<tr>
<td>• A chance to define and deliver a more coherent and comprehensive approach to economic</td>
<td>• The on-going economic downturn and wider (national and international levels) macro level</td>
</tr>
<tr>
<td>development at the LEP level via the 2014-20 programme and synergies with other elements</td>
<td>economic pressures will continue to play a large role in shaping local economic performance;</td>
</tr>
<tr>
<td>of localism including the City Deal and the Single Local Growth Fund;</td>
<td>• Barriers to the delivery of new employment land has the potential to constrain inward</td>
</tr>
<tr>
<td>• A genuine opportunity to develop strengths in sectors such as Advanced Material, Advanced</td>
<td>investment and business expansion;</td>
</tr>
<tr>
<td>Manufacturing and Energy, driving higher levels of gross value added and productivity;</td>
<td>• Accessibility and remediation challenges for key employment sites, constraining potential for</td>
</tr>
<tr>
<td>• Opportunity to create a unique local energy offer based upon existing and new assets and</td>
<td>business base growth and the ability of residents to access employment opportunities;</td>
</tr>
<tr>
<td>investment in emerging technologies and energy supply chain development;</td>
<td>• Challenges relating to the vitality and quality of urban environments affecting perceived</td>
</tr>
<tr>
<td>• Opportunities to build a more innovative economy, based upon the numerous local knowledge</td>
<td>quality of life and constraining the ability of the area to attract and retain higher skilled</td>
</tr>
<tr>
<td>assets which include two universities and a number of successful RGF projects;</td>
<td>residents;</td>
</tr>
<tr>
<td>• An opportunity to design a more coherent and effective support offer for local businesses</td>
<td>• Skills challenges (both at higher and lower levels) have the potential to constrain growth</td>
</tr>
<tr>
<td>which closely reflects the characteristics of the businesses base and aspirations for</td>
<td>in identified priority sectors and activities;</td>
</tr>
<tr>
<td>growth;</td>
<td>• Social inclusion challenges within certain communities and groups have the potential to limit</td>
</tr>
<tr>
<td>• Opportunity to build a more inclusive society with employment and skills programmes and</td>
<td>the extent to which the benefits of economic growth are shared by all.</td>
</tr>
<tr>
<td>projects designed to respond to local need.</td>
<td></td>
</tr>
</tbody>
</table>
3. Programme Framework

Programme Vision and Overarching Structure

3.1 Stoke-on-Trent and Staffordshire will work towards the following objectives over the period 2014-20:

1) **A more productive economy**: Stoke-on-Trent and Staffordshire will make progress towards closing the existing productivity gap between itself (£14,900 per head) and the national average (£21,300) by creating new, higher value added jobs, and by helping the existing business base to grow and engage with emerging sectors.

2) **A more diverse and resilient economy**: building on established (and acknowledged) strengths in a number of high value added priority sectors including Advanced Manufacturing, Advanced Materials, Creative Media and Energy Generation.

3) **An innovation driven economy**: with established relationships between major companies, R&D functions and Higher Education and with a SME business base which has the capacity and knowledge to engage and add value to local and regional supply chains.

4) **A strong and growing base of SME’s across both urban and rural areas**: as a result of a comprehensive and joined up approach to the provision of support.

5) **A leading low carbon economy**: driven by its unique approach to local energy generation and by an SME base which has evolved and embedded low carbon principles, practices and activities.

6) **A well-qualified and adaptable workforce**: with the skills sets appropriate to the needs of existing business sectors in Stoke-on-Trent and Staffordshire, as well as those in which we have aspirations for economic growth.

7) **More inclusive communities**: having made progress towards addressing issues of low aspirations and worklessness, through targeted approaches to engagement, training and employability.

8) **A more attractive place to live and work**: renowned for its vibrant and diverse places, strong cultural and leisure offer, and its significant natural assets and high quality environment.

3.2 Priority Themes and Strategic Investment Areas are introduced overleaf and then outlined in detail in the rest of this chapter.
### Table 3-1: Summary of Stoke-on-Trent and Staffordshire ESIFS Themes and Priority Area

<table>
<thead>
<tr>
<th>Priority Theme</th>
<th>Strategic Investment Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>1.1 Infrastructure for Innovation; 1.2 Knowledge Transfer; 1.3 Commercialisation.</td>
</tr>
<tr>
<td>SME Competitiveness</td>
<td>2.1 Growth Hub; 2.2 Support for enterprise; 2.3 Support for high value growth; 2.4 Access to finance; 2.5 Internationalisation.</td>
</tr>
<tr>
<td>Place and Environment</td>
<td>3.1 Whole Place Approach to Energy Supply; 3.2 Energy Efficiency and Decarbonisation of the Business Base; 3.3 Sites and Infrastructure; 3.4 Green Infrastructure and Sustainable Transport.</td>
</tr>
<tr>
<td>Skills, Employment and Social Inclusion</td>
<td>4.1 Skills for Employability; 4.2 Higher Skills to Support Growth; 4.3 Vocational Routes into Employment; 4.4 Access to Employment; 4.5 Social Inclusion.</td>
</tr>
</tbody>
</table>

### Financial Allocations for Programme

3.3 The Stoke-on-Trent and Staffordshire LEP has been notionally allocated £138.4m (€161.6m) from the ERDF and ESF funds to deliver interventions over the period 2014-20. This does not include:

- EAFRD Funding – In addition to ERDF and ESF Funding, the Stoke-on-Trent and Staffordshire LEP is also due to receive an additional allocation from the EAFRD fund for investments over the 2014-2020 period – this allocation is yet to be announced;

- Greater Birmingham and Solihull (GBS) LEPs Transition Region Funding – around £27.4 million of the Greater Birmingham and Solihull LEP allocation must be delivered within the Staffordshire transition area. This will be achieved by cross-LEP collaboration between the Stoke-on-Trent and Staffordshire LEP and the Greater Birmingham and Solihull LEP.

3.4 In line with our Transition Region status, 60% of our funds have been allocated to ERDF, with the balance (40%) to ESF as follows:

- £83.0m (£97.0m) for ERDF interventions;

- £55.3m (£64.6m) for ESF interventions.

3.5 It is a requirement that all ESIFS allocations against Priority Themes and underlying Strategic Investment Areas are matched by non-EC public or private funds. This requirement effectively doubles the notional ESIFS allocation of £138.4 million for Stoke-on-Trent and Staffordshire LEP to £230.7 million once match funded. **Match funding is considered separately in Chapter 5.**
Breakdown of Stoke-on-Trent and Staffordshire Notional Allocation

3.6 The table below sets out the indicative allocations, broken down by the ten main national thematic objectives in the Government guidance to LEPs.20

<table>
<thead>
<tr>
<th>National Thematic Objective</th>
<th>Potential Range</th>
<th>£ million</th>
<th>ESF</th>
<th>ERDF</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Innovation</td>
<td>£0-70.9m</td>
<td></td>
<td>£23.0</td>
<td></td>
<td>£23.0</td>
</tr>
<tr>
<td>2. ICT</td>
<td>£0-70.9m</td>
<td></td>
<td>£0.5</td>
<td></td>
<td>£0.5</td>
</tr>
<tr>
<td>3. SME Competitiveness</td>
<td>£0-70.9m</td>
<td></td>
<td>£37.0</td>
<td></td>
<td>£37.0</td>
</tr>
<tr>
<td>4. Low Carbon</td>
<td>£12.5m to £83.4</td>
<td></td>
<td>£12.5</td>
<td></td>
<td>£12.5</td>
</tr>
<tr>
<td>5. Climate Change Adaptation</td>
<td>£0 to £20.9m</td>
<td></td>
<td>£0.0</td>
<td></td>
<td>£0.0</td>
</tr>
<tr>
<td>6. Environmental Protection</td>
<td>£0 to £20.9m</td>
<td></td>
<td>£8.0</td>
<td></td>
<td>£8.0</td>
</tr>
<tr>
<td>7. Sustainable Transport</td>
<td>£0 to £20.9m</td>
<td></td>
<td>£2.0</td>
<td></td>
<td>£2.0</td>
</tr>
<tr>
<td>8. Employment</td>
<td>£0 to £44.48m</td>
<td></td>
<td>£20.0</td>
<td></td>
<td>£20.0</td>
</tr>
<tr>
<td>9. Social Inclusion</td>
<td>£11.1 to £55.6m</td>
<td></td>
<td>£11.3</td>
<td></td>
<td>£11.3</td>
</tr>
<tr>
<td>10. Skills</td>
<td>£0 to £44.48m</td>
<td></td>
<td>£24.0</td>
<td></td>
<td>£24.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£55.3</strong></td>
<td></td>
<td><strong>£83.0</strong></td>
<td></td>
<td><strong>£138.4</strong></td>
</tr>
</tbody>
</table>

3.7 These allocations have been applied to the four Stoke-on-Trent and Staffordshire Priority Themes and underpinning Strategic Investment Areas, as set out overleaf:

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20 HM Government (July 2013). ‘The Development and Delivery of European Structural and Investment Funds Strategies – Supplementary Guidance to Local Enterprise Partnerships’. 
Table 3-3: Summary of Indicative ESIFS Allocations by Thematic Objectives

<table>
<thead>
<tr>
<th>Stoke-on-Trent and Staffordshire Strategic Investment Areas</th>
<th>National Thematic Objective</th>
<th>ESF</th>
<th>ERDF</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Innovation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Infrastructure for Innovation</td>
<td>TO1</td>
<td></td>
<td>£8.0</td>
</tr>
<tr>
<td>1.2 Knowledge Transfer</td>
<td>TO1</td>
<td></td>
<td>£7.5</td>
</tr>
<tr>
<td>1.3 Commercialisation</td>
<td>TO1</td>
<td></td>
<td>£7.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>£23.0</td>
</tr>
<tr>
<td><strong>SME Competitiveness</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Growth Hub</td>
<td>TO3</td>
<td></td>
<td>£6.0</td>
</tr>
<tr>
<td>2.2 Support for enterprise</td>
<td>TO2, TO3</td>
<td></td>
<td>£6.5</td>
</tr>
<tr>
<td>2.3 Support for high value growth</td>
<td>TO3</td>
<td></td>
<td>£7.0</td>
</tr>
<tr>
<td>2.4 Access to finance</td>
<td>TO3</td>
<td></td>
<td>£13.0</td>
</tr>
<tr>
<td>2.5 Internationalisation</td>
<td>TO3</td>
<td></td>
<td>£5.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>£37.5</td>
</tr>
<tr>
<td><strong>Low Carbon and Place</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1 Whole Place Approach to Energy Supply</td>
<td>TO4</td>
<td></td>
<td>£10.0</td>
</tr>
<tr>
<td>3.2 Energy Efficiency and Decarbonisation of the Business Base</td>
<td>TO4</td>
<td></td>
<td>£2.5</td>
</tr>
<tr>
<td>3.3 Employment Sites</td>
<td>TO6</td>
<td></td>
<td>£6.0</td>
</tr>
<tr>
<td>3.3 Green Infrastructure and Sustainable Transport</td>
<td>TO6, TO7</td>
<td></td>
<td>£4.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>£22.5</td>
</tr>
<tr>
<td><strong>Skills, Employment and Social Inclusion</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1 Skills for Employability</td>
<td>TO10</td>
<td></td>
<td>£12.0</td>
</tr>
<tr>
<td>4.2 Skills to Support Growth, Innovation and Enterprise</td>
<td>TO10</td>
<td></td>
<td>£12.0</td>
</tr>
<tr>
<td>4.3 Vocational Routes into Employment</td>
<td>TO8</td>
<td></td>
<td>£6.0</td>
</tr>
<tr>
<td>4.4 Access to Employment</td>
<td>TO8</td>
<td></td>
<td>£14.0</td>
</tr>
<tr>
<td>4.5 Social Inclusion</td>
<td>TO9</td>
<td></td>
<td>£11.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>£55.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>£83.0</td>
</tr>
</tbody>
</table>

3.8 The indicative spend profile by year is outlined below. This takes into account the need to reserve 7% of the allocation for the final two years of delivery pending assessment of programme performance. At this stage, it has been assumed all Strategic Intervention Areas will receive a ‘flat’ funding profile for 2014-2020 inclusive. However, this is subject to change in the coming months as the specific details of intervention areas and Opt Ins are clarified.

Table 3-4: Draft Expenditure Profile, 2014-2020

<table>
<thead>
<tr>
<th>Year</th>
<th>Core Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>£9.0</td>
</tr>
<tr>
<td>2015</td>
<td>£18.5</td>
</tr>
<tr>
<td>2016</td>
<td>£18.5</td>
</tr>
<tr>
<td>2017</td>
<td>£23.0</td>
</tr>
<tr>
<td>2018</td>
<td>£23.0</td>
</tr>
<tr>
<td>2019</td>
<td>£23.2</td>
</tr>
<tr>
<td>2020</td>
<td>£23.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£138.4</td>
</tr>
</tbody>
</table>
Possible Financial Implications of Higher Performance Levels

3.9 In the instance of high performance levels being achieved in terms of delivery, there is potential for uplift in the notional allocation of up to 30%. Whilst there are clearly a number of unknowns and variables associated with this at this stage, for illustrative purposes the implications of a 30% uplift in our allocation is summarised below:

| Table 3-5: Summary of Potential High Performance Financial Uplift, 2014-2020 |
|-------------------------------------|--------------------------|-------------------------------------|
|                                     | Notional Allocation, 2014-2020 | Potential allocation if higher performance achieved (30% uplift assumed) |
| Innovation                          | £23.0                    | £29.9                               |
| SME Competitiveness                 | £37.5                    | £48.8                               |
| Place and Environment               | £22.5                    | £29.3                               |
| Skills, Employment and Social Inclusion | £55.3                   | £71.9                               |
| Total                               | £138.4                   | £179.9                              |
Stoke-on-Trent and Staffordshire: Priority Themes and Strategic Investment Areas

3.10 The Stoke-on-Trent and Staffordshire LEP Priority Themes and Strategic Investment Areas are outlined below.

Priority Theme 1: Innovation

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

National, European and LEP Context

3.12 Key national and European strategic and policy drivers, as highlighted in fund guidance\(^\text{21}\) for the relevant thematic objectives include:

- **Europe 2020** – sets out aims to increase combined public and private investment in innovation to 3% of GDP;

- **Smart Specialisation Strategy** – there is a requirement for programme’s to focus innovation investment on research and innovation themes where there are competitive advantages in terms of local sector assets and knowledge base assets;

- **UK Innovation and Research Strategy** – highlights the importance of the interface between HEIs and business, and of accelerating commercialisation of emerging technologies;

- **UK Industrial Strategy and Sector Strategies** – highlight the national importance of several of Stoke-on-Trent and Staffordshire’s priority sectors, and highlight eight ‘great technologies’ which are key to industrial growth;

- **Stoke-on-Trent and Staffordshire LEP Context** – the LEP is placing focus on securing growth in a number of priority high value sectors, with a particular focus on innovation activities. Creating the conditions for enterprise and innovation is a central objective of the ‘Powerhouse Central’ City Deal proposals.

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Drivers of Growth and Barriers to be Addressed

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

<table>
<thead>
<tr>
<th>Drivers for Growth to Capitalise Upon</th>
<th>Barriers to Growth to be Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>The local presence of a number of businesses undertaking innovative and research based activities such as JCB and Zytec and links to the wider South Staffordshire Enterprise Belt;</td>
<td>Evidence of low levels of innovation within the overall business base;</td>
</tr>
<tr>
<td>The presence of three strong research institutions – the universities of Staffordshire and Keele, plus Ceram Research. Potential to build upon these as the basis for knowledge based networking and collaboration;</td>
<td>Limitations in the current support offers for SMEs wishing to partake in innovative activities and networks;</td>
</tr>
<tr>
<td>The identification of priority sectors such as Advanced Manufacturing, Applied Materials and Energy Generation which are driven by R&amp;D and innovation;</td>
<td>Challenges relating to the supply of higher level skills from the local labour market which could constrain growth.</td>
</tr>
<tr>
<td>A number of RGF successes, several of which propose the development of new facilities to undertake R&amp;D and innovation, as well as proposals for the Applied Materials Research and Innovation Centre (AMRIC), Centre of Excellence in Energy Security and Renewables (CEESR) and the Keele University Energy Demonstrator.</td>
<td></td>
</tr>
</tbody>
</table>

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

- Innovation Voucher Scheme - Technology Strategy Board Innovation Vouchers supported locally via Staffordshire and Keele Universities providing funding that enables businesses to gain the knowledge they need to innovate and grow
- Proof of Concept Fund - originally supported via Advantage West Midlands, and delivered via a local partner network including the Staffordshire Business Environment Network, the Proof of Concept Fund provides small grants to businesses to develop product ideas, patent them and move towards market opportunities. This initiative is being developed under the current ERDF programme on a cross LEP basis led by Worcestershire County Council
- Promoting Innovation in Rural Business - is a new cross LEP initiative led by Shropshire Council providing one to many and one to one business support and advice encouraging rural businesses to consider new innovations in the business growth plans

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

3.16 We have identified three Strategic Investment Areas under which a range of innovation projects will be delivered:

<table>
<thead>
<tr>
<th>SIA 1.1: Innovation Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description:</strong> Ensure appropriate facilities are in place (and exploited) to increase R&amp;D and innovation activity, and hence maximise high value potential in key sectors such as advanced materials and low energy technology.</td>
</tr>
<tr>
<td><strong>Rationale:</strong></td>
</tr>
<tr>
<td>• LEP area currently underperforms in terms of innovative activity in the business base;</td>
</tr>
<tr>
<td>• National and LEP level policy drive to increase growth in higher value added sectors, with a focus on encouraging and increasing innovation;</td>
</tr>
<tr>
<td>• Providing enhanced knowledge / innovation assets will play a key in driving innovation led growth in the priority sectors, addressing positive externality market failures.</td>
</tr>
<tr>
<td><strong>Funding Allocation:</strong> £8.0 million.</td>
</tr>
<tr>
<td><strong>Key Delivery Partners:</strong> HEIs, other research institutions, private sector partners.</td>
</tr>
<tr>
<td><strong>Collaboration with other LEPs:</strong> Joint statement agreed on collaboration in innovation support activity with five other West Midlands based LEPs, building on the strong track record of close working, and potentially with other LEP areas as appropriate.</td>
</tr>
<tr>
<td><strong>Match Funding Sources:</strong> Regional Growth Fund, HEIs, Private Sector Funding.</td>
</tr>
<tr>
<td><strong>Indicative Activities:</strong></td>
</tr>
<tr>
<td>• Applied Material Research and Innovation Centre (AMRIC);</td>
</tr>
<tr>
<td>• Incubation space and enterprise centre projects;</td>
</tr>
<tr>
<td>• Shared use research laboratories / facilities such as Fab Lab and sector based innovation hubs.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SIA 1.2: Knowledge Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description:</strong> Promote and support collaboration between firms, HE and other institutions, to foster knowledge transfer and to develop a culture of innovation within the local economy. Focusing on key sectors and supply chains including Advanced Materials and Manufacturing, Creative Media, and Bio and Environmental technologies.</td>
</tr>
<tr>
<td><strong>Rationale:</strong></td>
</tr>
<tr>
<td>• LEP area currently underperforms in terms of innovative activity in the business base;</td>
</tr>
<tr>
<td>• National and LEP level policy drive to increase growth in a number of higher value added sectors, with a focus on encouraging and increasing innovation;</td>
</tr>
<tr>
<td>• Knowledge transfer is proven to have a critical role to play in driving innovation and R&amp;D but as a result of imperfect information and positive externality market failures, businesses and research institutions need support to establish collaborative networks and programmes and to maximise the benefit from these.</td>
</tr>
<tr>
<td><strong>Funding Allocation:</strong> £7.5 million.</td>
</tr>
<tr>
<td><strong>Key Delivery Partners:</strong> HEIs, other research institutions, private sector partners.</td>
</tr>
<tr>
<td><strong>Collaboration with other LEPs:</strong> See joint statement.</td>
</tr>
<tr>
<td><strong>Match Funding Sources:</strong> HEIs, other research institutions, private sector partners.</td>
</tr>
<tr>
<td><strong>Indicative Activities:</strong></td>
</tr>
<tr>
<td>• Sector based innovation networks;</td>
</tr>
<tr>
<td>• Collaborative research programmes;</td>
</tr>
<tr>
<td>• Knowledge transfer programmes.</td>
</tr>
</tbody>
</table>
### SIA 1.3: Support for Commercialisation and Innovation

**Description:** Efforts to accelerate the commercialisation of innovation within products and processes, with an ultimate objective of increasing the proportion of new products and processes brought to market. Support will focus on key sectors (including Advanced Materials and Manufacturing (inc power engineering), Creative Media, and Bio and Environmental technologies (inc renewables) and on the supply chains of innovative firms).

**Rationale:**
- Evidence that the LEP area currently underperforms in terms of innovative activity in the business base;
- National and LEP level policy drive to increase growth in a number of higher value added sectors, with a focus on encouraging and increasing innovation;
- Commercialisation challenges are proven to constrain the speed and ultimate value of innovation activity. Providing support for organisations involved in innovation can help to address positive externality and imperfect information market failures and drive more effective and efficient innovation processes and practises.

**Funding Allocation:** £7.5 million.

**Key Delivery Partners:** HEIs, other research institutions, private sector partners.

**Collaboration with other LEPs:** It is expected that there will be collaboration in innovation support activity with the five other West Midlands based LEPs, building on the strong track record of close working, and potentially with other LEP areas as appropriate.

**Match Funding Sources:** HEIs, other research institutions, private sector partners.

**Indicative Activities:**
- Rapid prototyping projects;
- Proof of concept projects;
- Innovation vouchers.
Priority Theme 2: SME Competitiveness

3.17 This priority theme covers the objectives TO3: SME Competitiveness and TO2: ICT, as set out in the Government guidance to LEP’s. The indicative allocation to this priority theme is £37.5m.

National, European and LEP Context

3.18 Key national and European strategic and policy drivers, as highlighted in fund guidance for the relevant thematic objectives include:

- The UK Government’s Plan for Growth aims to make the UK the best place in Europe to start, finance and grow a business;

- The National Export Challenge aims to double UK exports to £1tn by 2020 and create 100,000 new exporters. At the same time, the Government is seeking to double FDI by 2020;

- Digital Agenda for Europe and UK Information Economy Strategy. Aims to improve broadband coverage to businesses and households, including 90% of premises to have superfast broadband by 2015;

- The European Council has recommended that the UK improves the availability of bank and non-bank financing to SMEs and explores with the market ways to improve access to non-bank financing such as venture and risk capital;

- SME Competitiveness is a central focus for the Stoke-on-Trent and Staffordshire LEP with key strategic priorities including Supporting Existing Businesses to Grow, Increasing Inward Investment, and Improving Access to Finance and Funding.

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Drivers of Growth and Growth Barriers to be Addressed

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

<table>
<thead>
<tr>
<th>Drivers for Growth to Capitalise Upon</th>
<th>Barriers to Growth to be Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The area benefits from location at the heart of the UK, with strong connectivity via road and rail networks;</td>
<td>- Low levels of economic resilience reflecting weaknesses in the existing business base, and over reliance in the past on lower value manufacturing;</td>
</tr>
<tr>
<td>- Inward investment performance has been strong in recent years, with notable recent projects including Jaguar Land Rover and Amazon, providing momentum on which to build;</td>
<td>- Relatively low levels of enterprise and recent declines in levels of business start-up suggest that there are considerable barriers to growth to be addressed;</td>
</tr>
<tr>
<td>- The rural economy has performed strongly in recent years, with growing employment and strong enterprise performance;</td>
<td>- A more fragmented and less comprehensive support offer for local SMEs than was previously the case;</td>
</tr>
<tr>
<td>- An opportunity to design a more coherent and effective support offer for local businesses which closely reflects the characteristics of the businesses base and aspirations for growth.</td>
<td>- Challenges in access to finance constraining the ability of SMEs to grow.</td>
</tr>
</tbody>
</table>

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

- **Enterprise Coaching project** – One to one enterprise coaching, in disadvantaged areas, to cultivate interest in enterprise amongst people who would not otherwise consider setting up in business or self-employment as an option. Circa 86 Individuals will be assisted to get a job, 600 Individuals assisted to start a business, 169 Jobs created and 120 Businesses Created;

- **Creative Industries project** – A high quality programme of business development direct to S.M.E. Creative companies throughout Stoke-on-Trent and North Staffordshire. Around 50 businesses assisted will be assisted;

- **North Staffordshire Inward Investment project** – Delivery of an inward investment service that will attract new companies into the region. Around 350 jobs will be created and 30 businesses attracted to the area;

- **Build Up North Staffordshire project** – Creating and nurturing the capacity of three business supply chain networks to bolster business competitiveness, accelerate sector growth and stimulate renewal. Around 180 businesses will be assisted, 15 jobs created and 15 jobs safeguarded;

- **Stoke-on-Trent and Staffordshire Business Support Fund** - a small loan fund supported under the current ERDF programme providing access to loans of up to £50,000 to businesses that have found it difficult to raise working capital via the commercial finance market
Stoke-on-Trent and Staffordshire EU Structural and Investment Fund Strategy

- **Stoke-on-Trent and Staffordshire Business Support Helpline** - a single point of contact now in its 3rd year to help businesses access and be signposted to, support for a range of start-up and growth services.

- **Green Bridge Programme** - providing small grants to encourage businesses to incorporate energy saving and low carbon practices into their operations. Run on a cross LEP basis supported under the current ERDF programme and led by Birmingham City Council

3.21 The existing delivery landscape (and the experience and expertise that this has provided across the area) has been taken into account when developing the ESIFS. This is reflected in the Strategic Investment Areas outlined below.

**Strategic Investment Areas**

3.22 We have identified six Strategic Investment Areas under which a range of innovation projects will be delivered:

<table>
<thead>
<tr>
<th>SIA 2.1: Growth Hub</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description:</strong></td>
</tr>
</tbody>
</table>
| **Rationale:**      | • The current business support offer is fragmented and less comprehensive than was previously the case;  
                        • The Growth Hub will help to address imperfect information market failures, by supporting all businesses to understand the business support available to them and signposting to services. |
| **Funding Allocation:** | £6.0 million. |
| **Key Delivery Partners:** | Local authorities, Chamber of Commerce, public and private providers of national programmes (MAS, Growth Accelerator etc), plus social enterprise partners. |
| **Collaboration with other LEPs:** | None expected at this stage. |
| **Match Funding Sources:** | Regional Growth Fund, Local authorities. |
| **Indicative Activities:** | Functions of the Growth Hub will include:  
                               • Signposting services;  
                               • Bespoke support;  
                               • Strategic leadership role in the design and co-ordination of business support;  
                               • Intelligence and strategic coordination, to help understand opportunities and threats for local businesses and to improve the efficiency, effectiveness and responsiveness of support. |
### SIA 2.2: Support for Enterprise

**Description:** Efforts to promote and support entrepreneurialism with a focus on increasing the number of business start-ups (including social enterprises) and early survival rates.

**Rationale:**
- Current underperformance in terms of enterprise, with lower than average (and declining) business start-up rates; clear evidence that supporting start-ups and social enterprise can drive economic and social outcomes;
- Support would seek to address imperfect information and positive externality market failures, helping to support residents to set up and grow new enterprises.

**Funding Allocation:** £6.5 million.

**Key Delivery Partners:** Local authorities, other public sector bodies.

**Collaboration with other LEPs:** Potential for £0.5m ICT allocation to be used as contribution to cross LEP collaboration programmes.

**Match Funding Sources:** BIG Lottery, local authorities, other public sector bodies.

**Indicative Activities:**
- Enterprise mentoring and coaching and Enterprise Champions;
- Start-up vouchers;
- Enterprise networks;
- Social enterprise support programme;
- Creative Industries support programme;
- Business intelligence;
- Enterprise and incubation centres across the area. This would include refurbishing existing sites (for example at the Wedgwood and Spode Sites) to provide "prestige" business incubation venues;
- SME fibre connectivity voucher scheme.

### SIA 2.3: Support for High Value Growth

**Description:** Work to support companies with high growth potential to develop and exploit opportunities. A focus on innovation and key sectors, including Advanced Materials and Manufacturing, Creative Media and Bio and Environmental technologies.

**Rationale:**
- LEP priorities focus on the need to secure growth in higher value activities and sectors, to improve economic resilience;
- Providing targeted and bespoke support will help to address imperfect information and positive externality market failures, and help to ensure that the potential for high value growth within the local SME base is maximised.

**Funding Allocation:** £7.0 million.

**Key Delivery Partners:** Manufacturing Advisory Service (MAS), PERA (Growth Accelerator), Higher Education Institutions.

**Collaboration with other LEPs:** No plans for cross LEP working currently proposed.

**Match Funding Sources:** MAS (opt-in), Growth Accelerator (opt-in), Local authorities, Regional Growth Fund, SME contributions.

**Indicative Activities:**
- Growth Accelerator support – High-growth business support;
- MAS support – Sector focused business support.
### SIA 2.4: Access to Finance

**Description:** Financial support for business start-ups and for indigenous business with ambitions to grow.

**Rationale:**
- Weaknesses in debt and equity finance supply across the UK following the recession and during the on-going economic downturn;
- Improving access to finance would address a gap in debt and equity finance supply to SMEs, and would address imperfect information market failures (on the part of both lenders and businesses).

**Funding Allocation:** £13.0 million.

**Key Delivery Partners:** Fund of Fund would be commissioned, working with LEPs across the West Midlands.

**Collaboration with other LEPs:** Fund of Funds expected to be delivered in collaboration with other West Midlands based LEPs. Research currently underway exploring potential for a financial instrument operating across the six West Midlands LEPs.

**Match Funding Sources:** To be confirmed, but would include West Midlands SME Finance Legacy Funds, plus private angel and venture capital funding.

**Indicative Activities:**
- Fund of Funds –membership of a £100m fund of funds managed and delivered at the West Midlands level;
- LEP Level Loan Funds building on existing loan fund mechanisms in Stoke-on-Trent and Staffordshire which provide loans of up to £50,000 for local businesses;
- Business Angel investment projects.

### SIA 2.5: Internationalisation

**Description:** Work with UK Trade and Investment to help businesses take advantage of export opportunities and promote growth for UK PLC. Promote Stoke-on-Trent and Staffordshire as a location for inward investment, with a focus on innovative activities and key sectors including Advanced Materials and Manufacturing, Creative Media, Bio and Environmental technologies, and Logistics.

**Rationale:**
- There is a high proportion of activity in export intensive sectors in the LEP area. Extending UKTI core delivery will help to support export-led growth, addressing imperfect information market failures;
- The LEP area has benefitted from recent strong inward investment performance. Additional support will help to capitalise upon this momentum, in particular addressing partial public good / positive externality and co-ordination market failures.

**Funding Allocation:** £5.0 million.

**Key Delivery Partners:** Make it Stoke-on-Trent and Staffordshire, Local Authorities, UKTI.

**Collaboration with other LEPs:** No cross-LEP working currently proposed.

**Match Funding Sources:** UKTI (opt-in), Local authorities.

**Indicative Activities:**
- International trade support for SMEs;
- Build upon the Make it Stoke-on-Trent and Staffordshire ‘Red Carpet’ inward investment support service;
- Activities to create a stronger perception of Stoke-on-Trent and Staffordshire amongst potential investors.
Priority Theme 3: Environment and Place

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

National, European and LEP Context

3.24 Key national and European strategic and policy drivers, as highlighted in fund guidance for the relevant thematic objectives include:

- Europe 2020 sets out a target across the EU by 2020 for 20% reduction in greenhouse gas emissions (compared to 1990 levels), increasing the share of renewable energy generation to 20%, and achieving a 20% increase in energy efficiency;

- The UK targets through the Climate Change Act and other policy are to achieve a 34% reduction in greenhouse gases by 2020 (and 80% by 2050) and increasing the share of renewable energy to 15% by 2020. Within the 2050 target is an aim to reduce industrial emissions by 70% compared to 1990 levels;

- The Natural Environment White Paper sets out an ambition to halt environmental degradation and start rebuilding natural capital. Particular emphasis is placed on the benefits of strengthening blue and green infrastructure (ie the network of green spaces, water and other environmental features);

- A key priority for the Stoke-on-Trent and Staffordshire LEP is providing the right sites and infrastructure (and particularly employment land). The main focus of the LEP City Deal proposal is the development of a unique local energy offer, supported by the development of appropriate sites and infrastructure.

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**Drivers of Growth and Growth Barriers to be Addressed**

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

<table>
<thead>
<tr>
<th>Drivers for Growth to Capitalise Upon</th>
<th>Barriers to Growth to be Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>• A significant opportunity has been identified regarding a strategic approach to local energy generation and the decarbonisation of the business base;</td>
<td>• Despite a large supply of identified employment land, delivery of sites constrained by need for up-front investment;</td>
</tr>
<tr>
<td>• Existing proposals for the delivery of physical assets (such as the Keele University Science and Business Park Demonstrator and Centre of Excellence in Energy Security and Renewables) provide a strong platform on which to build for growth in the energy / low carbon sector;</td>
<td>• Accessibility constraints across the LEP area, affecting ability of residents in both urban and rural areas to benefit from opportunities at key employment sites;</td>
</tr>
<tr>
<td>• A number of employment sites have been identified for development via the City Deal proposals, which can help drive the growth of priority sectors and support growth in the existing business base.</td>
<td>• Built environment challenges in urban and rural areas (including brownfield land and derelict buildings), impacting upon the cultural and leisure offer and hence quality of life and labour market characteristics.</td>
</tr>
</tbody>
</table>

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

- **Stoke-on-Trent City Centre Public Realm** – Delivery of a programme of high-quality public realm in Stoke-on-Trent City Centre that will complement key strategic physical interventions and improve the inward investment offer and overall economic vibrancy of Stoke-on-Trent City Centre. Circa 1 Hectare of Brownfield Land will be reclaimed / redeveloped;

- **Burston and Longton Building Improvement Scheme** – Restoration of the integrity of the historically important street scenes within the Burston and Longton Town Centre areas and to act as an economic driver for the Towns by restoring the urban fabric, bringing buildings back into economic use and attracting/creating new business and employment. Circa 19 jobs will be created and 1,773sqm of floorspace will be upgraded / brought back into economic use;

- **Middleport Pottery project** – Conservation and refurbishment of a grade 2* listed pottery building in Burston to regenerate the area by providing tailored workspace for creative industries businesses and new interpretation space to help enhance the visitor/tourism offer. Around 0.6 Hectare of Brownfield Land will be reclaimed / redeveloped, 8 businesses will be assisted and circa 1,000 sqm of floorspace will be upgraded with environmental accreditation;

- **Staffordshire Business Environment Network (SBEN)** - a membership led network providing advice, support and training to businesses to become more efficient and profitable through environmental awareness and accreditation

- **Town Centre Partnerships** - existing retail and other sector based partnerships
focussed on maintaining the economic vitality and viability of Staffordshire's town centres

- **Broadband Demand Stimulation in rural businesses** - a cross LEP programme offering support to rural businesses to take full advantage of the improving superfast broadband services being delivered through the BDUK programme. Supported under the current ERDF programme and led by Shropshire Council.

3.27 The existing delivery landscape (and the experience and expertise that this has provided across the area) has been taken into account when developing the ESIFS. This is reflected in the Strategic Investment Areas outlined below.

**Strategic Investment Areas**

3.28 We have identified four Strategic Investment Areas under which a range of innovation projects will be delivered:

<table>
<thead>
<tr>
<th>SIA 3.1: Whole Place Approach to Energy Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description:</strong> A strategic approach to securing a more sustainable energy offer within Stoke-on-Trent and Staffordshire, including the delivery of new low carbon facilities and the exploitation of new energy technologies (building upon geothermal networks and district heating) to create a fully integrated Smart Energy network.</td>
</tr>
<tr>
<td><strong>Rationale:</strong> • Supporting the development of a local energy offer will help to address negative externality market failures associated with climate change and by ensuring a strategic approach to delivery will help to address coordination failures.</td>
</tr>
<tr>
<td><strong>Funding Allocation:</strong> £10.0 million.</td>
</tr>
<tr>
<td><strong>Key Delivery Partners:</strong> Private sector, Local Authorities, HEIs and other research institutes.</td>
</tr>
<tr>
<td><strong>Collaboration with other LEPs:</strong> It is expected that there will be collaboration in energy efficiency and green economy interventions with the other five West Midlands LEPs, building on a historical record of close working in this policy area.</td>
</tr>
<tr>
<td><strong>Match Funding Sources:</strong> Private sector, Local Authorities, HEIs and other research institutes.</td>
</tr>
<tr>
<td><strong>Indicative Activities:</strong> • Delivery of the Centre of Excellence in Energy Security and Renewables; • Delivery of the Keele University Science and Business Park Demonstrator; • Delivery of the Low Carbon and Renewable Energy Rapid R&amp;D Facility at Staffordshire University; • Development and deployment of a series of ‘at-scale’ energy demonstrators across Stoke-on-Trent; • Wider activities to support the creation of local energy networks, utilisation of new energy technologies and smart grids; • Delivery of the Stoke-on-Trent district heating, unconventional gas initiatives (e.g. Coal Bed Methane to support the local ceramics sector) and mine water geothermal; • Development of a 33kva network to address the current deficit in power connections to key development sites.</td>
</tr>
</tbody>
</table>
### SIA 3.2: Energy Efficiency and Decarbonisation of the Business Base

**Description:** Efforts to improve levels of energy efficiency in Stoke-on-Trent and Staffordshire by helping existing businesses to engage in more energy efficient processes and practises, and building the capacity of the local businesses to operate within the LCEGS sector.

**Rationale:**
- Support will help to address a number of market failures including negative externalities associated with climate change and imperfect information on the part of businesses and individuals, to help the local economy evolve to engage in more energy efficient processes and practices.

**Funding Allocation:** £2.5 million.

**Key Delivery Partners:** Local authorities, HEIs, Private Developers, Third Sector.

**Collaboration with other LEPs:**
- It is expected that there will be collaboration in energy efficiency and green economy interventions with the other five West Midlands LEPs, building on a historical record of close working in this policy area.

**Match Funding Sources:** Local authorities, HEIs, Private Developers, Third Sector.

**Indicative Activities:**
- Environmental Accelerator;
- Carbon reduction projects;
- Renewable and environmental technology sector support;
- Energy efficiency / micro-generation advice / support to SMEs including ‘green accreditation’;
- Low carbon building exemplar projects;
- Delivery of heat recovery and energy efficiency initiatives;
- Creation of incentives for the wider roll out of photo voltaic schemes.

### SIA 3.3: Employment Sites

**Description:** Efforts to ensure that priority employment land and sites are brought to the market and to promote the improvement and regeneration of existing employment and urban areas.

**Rationale:**
- Whilst there is a strong potential supply of employment land, up-front costs are constraining delivery. Support will address these negative externalities, helping to ensure that appropriate sites are ready for investors and can help to drive economic growth.

**Funding Allocation:** £6.0 million.

**Key Delivery Partners:** Local authorities, private developers, green infrastructure partners.

**Collaboration with other LEPs:** None anticipated at this stage.

**Match Funding Sources:** Local authorities, Regional Growth Fund, Growing Places Fund, private sector.

**Indicative Activities:**
- Site remediation for brownfield sites (inc. tackling contamination from flooding and industry);
- Revitalisation of derelict land and historic buildings;
- Potential for delivery via a Jessica/Evergreen type fund.
**SIA 3.4: Green Infrastructure and Sustainable Transport**

| **Description:** | Enhance green infrastructure including supporting the delivery of improved recreational and leisure routes such as national cycle networks and canals. Secure better use of transport links and connectivity between key employment and residential locations (both existing and new). |
| **Rationale:** | • Environmental quality impacts upon economic performance by through perception and image and quality of life factors. Investment is needed to address partial public good and positive externality failures;  
• Challenges have been identified in connecting the labour market (in urban and rural areas) to new and existing employment sites. Investing in improved accessibility will help to overcome public good market and positive externality market failures, with benefits including improved labour market dynamics and social cohesion. |
| **Funding Allocation:** | • £4.0 million. |
| **Key Delivery Partners:** | • Local authorities, private sector, Environment Agency, Natural England. |
| **Collaboration with other LEPs:** | • None anticipated at this stage. |
| **Match Funding Sources:** | • Local authorities, private sector. |
| **Indicative Activities:** | • Enhancing green infrastructure including leisure assets such as cycle routes and waterways;  
• Improved public transport links to key employers;  
• Wheels to Work Schemes for rural areas;  
• Potential for CLLD approaches to build upon existing LEADER delivery. |
Priority Theme 4: Skills, Employment and Social Inclusion

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

National, European and LEP Context

3.30 Key national and European strategic and policy drivers, as highlighted in fund guidance for the relevant thematic objectives include:

- **Europe 2020** – aims to raise employment rate for all 20-64 years olds to 75%, raise 20 million people across the EU out of the risk of poverty and social exclusion, and increasing the share of 30-34 year olds having completed tertiary or equivalent education to at least 40%;

- A range of UK Government policies and strategies are aimed at addressing unemployment, particularly in light of the impacts of recession, including the Work Programme, Get Britain Working, and the Youth Contract;

- The Government’s **Social Justice: Transforming Lives** strategy commits to giving individuals and families facing multiple disadvantages, the tools and support they need to turn their lives around;

- One of the four overarching ambitions in the UK Government’s **Plan for Growth**, is to create a more educated and flexible workforce;

- A key priority for the **Stoke-on-Trent and Staffordshire LEP** is ensuring that the skills and training of the workforce meets business needs. The LEP City Deal proposal emphasises the need to ensure that the workforce is equipped with the aspirations, skills and qualifications to meet the needs of the economy.

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Drivers of Growth and Growth Barriers to be Addressed

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

<table>
<thead>
<tr>
<th>Drivers for Growth to Capitalise Upon</th>
<th>Barriers to Growth to be Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Recent investments (e.g Jaguar Land Rover) and the existing business base provide genuine opportunities to support the development of the local labour market;</td>
<td>● The proportion qualified to Level 4 is below the national average and 40% of local employers are reporting skills shortages in identified priority sectors;</td>
</tr>
<tr>
<td>● The recently established LEP Education Trust has been established and brings together a diverse range of stakeholders and interests, providing a strong platform upon which to build;</td>
<td>● Recent local business surveys have highlighted the need to improve education and skills, particularly literacy and numeracy and employability skills for young people;</td>
</tr>
<tr>
<td>● A strong working understanding of skills needs for emerging / growth sectors via a detailed study conducted by the Work Foundation;</td>
<td>● Concentrations of unemployment at the local level, with particular challenges for young people;</td>
</tr>
<tr>
<td>● Existing interventions targeting unemployed people and disadvantaged groups provide existing momentum on which to build for social inclusion interventions.</td>
<td>● There are concentrations of severe relative multiple deprivation within Stoke-on-Trent and Staffordshire, particularly within urban areas.</td>
</tr>
</tbody>
</table>

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

- **North Staffordshire Employment and Skills Service** – A comprehensive employment and skills infrastructure service to tackle the worklessness, skills and enterprise deficit. Circa 2,600 people will be assisted to get a job, 8 jobs will be created and 487sqm of floorspace will be created/ upgraded;

- **Home to Work Transportation project** – Provision of a range of individually tailored travel solutions to address the barriers faced by workless residents. Circa 2,100 people will be assisted to get a job;

- **NEET programme** - addressing the NEET challenge across Stoke-on-Trent and Staffordshire supported under the current SFA funded national NEET programme

- **Connections to Opportunities** - tackling long term unemployment in incapacity benefit claimants and other groups furthest away from the labour market through a community buddies programme providing first stage engagement of a client journey towards volunteering, training and employment opportunities. A lapsed programme previously supported by AWM. Concept and existing client tracking system could be reinstated with future EU funding support.

- **Staffordshire Open Door Programme** - providing work experience opportunities in a range of public, private and voluntary organisations for graduates and those seeking to enhance their employability. Run by Staffordshire County Council but could make a greater impact with support for future EU funding
3.33 The existing delivery landscape (and the experience and expertise that this has provided across the area) has been taken into account when developing the ESIFS. This is reflecting in the Strategic Investment Areas outlined below.

**Strategic Investment Areas**

3.34 We have identified five Strategic Investment Areas under which a range of innovation projects will be delivered:

<table>
<thead>
<tr>
<th><strong>SIA 4.1: Skills for Employability</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description:</strong> Efforts to improving basic employability skills across the Stoke-on-Trent and Staffordshire labour market, with a particular focus on the unemployed, people not in education, employment or training (NEET) and vulnerable groups.</td>
</tr>
<tr>
<td><strong>Rationale:</strong></td>
</tr>
<tr>
<td>• Evidence suggests that there are shortages in basic employability skills across the LEP area, impacting upon the ability of residents to find work and employers to recruit;</td>
</tr>
<tr>
<td>• Investing in employability skills will address positive externality market failures, ensuring that the labour market responds to the needs of the local economy, with benefits for local residents and businesses alike.</td>
</tr>
<tr>
<td><strong>Funding Allocation:</strong> £12.0 million.</td>
</tr>
<tr>
<td><strong>Key Delivery Partners:</strong> Local Authorities, Further Education Colleges, Princes Trust, other voluntary / community sector organisations.</td>
</tr>
<tr>
<td><strong>Collaboration with other LEPs:</strong> None expected at this stage.</td>
</tr>
<tr>
<td><strong>Match Funding Sources:</strong> Skills Funding Agency (Opt In), BIG Lottery (Opt In).</td>
</tr>
<tr>
<td><strong>Indicative Activities:</strong></td>
</tr>
<tr>
<td>• Basic Skills Training, including literacy and ICT (promoting digital competence within the labour market);</td>
</tr>
<tr>
<td>• ESOL Provision;</td>
</tr>
<tr>
<td>• Activities to bring young people back to or towards formal learning;</td>
</tr>
<tr>
<td>• Taking skills and training into communities (e.g. community venues such as community centres, village halls and libraries);</td>
</tr>
<tr>
<td>• Employer engagement in employability provision from basic to higher skills.</td>
</tr>
</tbody>
</table>
### SIA 4.2: Skills to Support Growth, Innovation and Enterprise

**Description:** Ensuring that the Stoke-on-Trent and Staffordshire labour market has appropriate skills to meet the needs of existing and emerging high value added industries and technologies and to drive enterprise, including retaining and attracting graduates and ensuring that existing employees / residents are given the chance to up skill and progress. Focus on building upon existing, strong linkages between employers, sector organisations and education institutions to identify future skills needs and ensure suitable provision.

**Rationale:**
- Evidence suggests that there are currently shortages in the supply of highly skilled workers which has the potential to constrain future growth particularly in the identified priority sectors;
- Investing in higher level skills will address positive externality market failures, ensuring that the labour market responds to the needs of the local economy, with benefits for local residents and businesses alike.

**Funding Allocation:** £12.0 million.

**Key Delivery Partners:** Universities and other education institutions, Skills Funding Agency, employers, Princes Trust, other community sector organisations.

**Collaboration with other LEPs:** None expected at this stage.

**Match Funding Sources:** Skills Funding Agency (Opt In), Big Lottery (Opt In), private sector contributions.

**Indicative Activities:**
- Growth and Innovation Fund projects;
- Employer Ownership Skills model;
- LEP Employer Strategy and employer engagement;
- Employability of graduates – internships and placement schemes;
- Work based learning;
- Higher level skills (including levels 5, 6 and 7) and unit accreditation to support gaps in current knowledge;
- Engineering Hub – offering training and higher apprenticeships;
- Develop and resource Staffordshire Education Partnership and Young Enterprise programme.

### SIA 4.3: Vocational Routes into Employment

**Description:** Working with education providers and employers to support the development and implementation of vocational routes into employment, in particular actions to support the coherent delivery of vocational training activities, placements and apprenticeships across the area.

**Rationale:** Support vocational routes into employment can play an important role in helping to establish closer linkages between the labour market and business, addressing positive externality market failures and ensuring a more responsive and hence effective labour market.

**Funding Allocation:** £6.0 million.

**Key Delivery Partners:** Local authorities, FE Colleges, private sector training providers, employers, Princes Trust, other voluntary / community sector organisations.

**Collaboration with other LEPs:** None expected at this stage, but we are open to exploring opportunities as they arise.

**Match Funding Sources:** Skills Funding Agency (Opt In), DWP (potential Opt In), Big Lottery (Opt In), private sector.

**Indicative Activities:**
- Support for a comprehensive LEP area Apprenticeship Programme;
- Supporting delivery of Higher Apprenticeship Frameworks for key skills and sectors (up to level 7);
- Supporting transition into work programmes.
### SIA 4.4: Access to Employment

**Description:** Efforts to improve employability across the Stoke-on-Trent and Staffordshire labour market, with a particular focus on the unemployed, people not in education, employment or training (NEET) and vulnerable groups. Ensuring that residents are signposted to routes to employment and have support in accessing these (for example brokerage).

**Rationale:**
- Concentrations of unemployment, and particular challenges for young people and disadvantaged groups;
- Investing in bespoke activities to improve access to employment across the labour market will address positive externality market failures, and in doing so will help to reduce unemployment and improve social inclusion, whilst also strengthening the local labour market (addressing positive externality market failures).

**Funding Allocation:** £14.0 million.

**Key Delivery Partners:** Skills Funding Agency, Local authorities, FE Colleges, employers, Princes Trust, other voluntary / community sector organisations.

**Collaboration with other LEPs:** None expected at this stage.

**Match Funding Sources:** SFA (Opt In), DWP (potential Opt In), BIG Lottery (Opt In).

**Indicative Activities:**
- Talent Match;
- Careers Guidance;
- Transition into work programmes;
- Employment brokerage projects;
- Employer engagement activity;
- Wheels to Work.

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### SIA 4.5: Promoting Social Inclusion among Disadvantaged Groups

**Description:** Support for key disadvantaged groups and communities to improve social inclusion and employability, with a focus on areas of multiple deprivation.

**Rationale:**
- Concentrations of severe relative multiple deprivation, and particular challenges in engaging with vulnerable groups and families with complex needs.
- Investing in bespoke activities to improve the employability and skills these groups will address positive externality market failures, and in doing so will help to reduce unemployment and improve social inclusion, whilst also strengthening the local labour market (addressing positive externality market failures).

**Funding Allocation:** £11.3 million.

**Key Delivery Partners:** Local Authorities, Princes Trust, CAB, other voluntary / community sector organisations.

**Collaboration with other LEPs:** None expected at this stage.

**Match Funding Sources:** BIG Lottery (Opt In), Skills Funding Agency (Opt In), DWP (potential Opt In).

**Indicative Activities:**
- Tailored support for disadvantaged groups, long term and inter-generational unemployed and families with multiple and complex needs;
- Enterprise awareness programmes available to all (including marginalised and underrepresented groups);
- Potential for CLLD approaches to build upon existing LEADER delivery;
- Community Buddy type approaches;
- Community grants schemes.
Strategy for the Allocation of Additional Resources

European Agricultural Fund for Rural Development (EAFRD)

3.35 In addition to the ERDF and ESF Funding allocation described above, the Stoke-on-Trent and Staffordshire LEP will receive an allocation from the EAFRD fund for investments over the 2014-2020 period.

3.36 Whilst this allocation is yet to be announced, the Strategy Framework outlined in this chapter has been designed to respond to both rural and urban needs and priorities across the LEP area. As such it is envisaged that when announced, the Stoke-on-Trent and Staffordshire LEP EAFRD allocation will be distributed within the Priority Themes and Strategic Investment Areas described above.

3.37 Specific intervention areas will be detailed once the EAFRD allocation has been announced. However, government has identified four main types of activity for which EAFRD resource can be used; these are outlined below, along with a summary of alignment to the above Strategic Investment Areas and possible interventions:

<table>
<thead>
<tr>
<th>Type of Activity</th>
<th>Strategic Investment Areas</th>
<th>Possible Interventions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Building the knowledge and skills in rural areas.</td>
<td>• Innovation Theme – SIAs 2.1, 2.2 and to 2.3;</td>
<td>• Skills training relating to rural sectors;</td>
</tr>
<tr>
<td></td>
<td>• Skills, Employability and Social Inclusion Theme – SIAs 4.1 to 4.3.</td>
<td>• Knowledge /innovation support relating to rural sectors.</td>
</tr>
<tr>
<td>• Funding new and developing micro, small and medium</td>
<td>• SME Competitiveness Theme – SIAs 2.1 to 2.5.</td>
<td>• Rural Enterprise Hubs;</td>
</tr>
<tr>
<td>sized rural business.</td>
<td></td>
<td>• General business and enterprise support and access to finance assistance.</td>
</tr>
<tr>
<td>• Funding small scale renewable and broadband</td>
<td>• SME Competitiveness Theme – SIAs 2.4;</td>
<td>• Broadband voucher schemes;</td>
</tr>
<tr>
<td>investments in rural areas.</td>
<td>• Place and Environment Theme – SIAs 3.1.</td>
<td>• Rural diversification inc. new energy technologies (e.g. Biomass).</td>
</tr>
<tr>
<td>• Support for tourism activities in rural areas.</td>
<td>• SME Competitiveness Theme – SIAs 2.1, 2.2, 2.4, 3.3;</td>
<td>• Investment in green infrastructure and leisure routes (e.g. cycleways);</td>
</tr>
<tr>
<td></td>
<td>• Place and Environment Theme – SIAs 3.3 and 3.4.</td>
<td>• Business support targeted at tourism related businesses / sectors;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Funding for reuse of empty commercial space in villages.</td>
</tr>
</tbody>
</table>

3.38 Whilst it is not possible to make definitive allocations at this stage, it is anticipated that the funding would be distributed according to the following breakdown:

- Around 70% of the allocation would focus on supporting rural enterprise;
- Around 30% of the allocation would focus on supporting rural community capacity through the LEADER programme.

3.39 The potential for Community Led Local Development (CLLD) models of delivery will also be
explored where relevant (as with other ERDF and ESF intervention areas outlined previously).

**Greater Birmingham and Solihull LEP Transition Area Funding**

3.40 Around £27.4 million of the Greater Birmingham and Solihull LEP allocation must be delivered within the Staffordshire transition area.

3.41 This will be achieved by cross-LEP collaboration between the Stoke-on-Trent and Staffordshire LEP and the Greater Birmingham and Solihull LEP which will ensure that this transition area funding is delivered in line with the strategic investment priorities of both LEP areas.
4. **Outcome Framework and Indicators**

4.1 For each Strategic Investment Area we have identified the Output and Result indicators through which we would expect to objectively measure and scrutinise progress and performance. These indicators are set out in the tables below.

4.2 At this stage we have only sought to quantify one output indicator per Strategic Intervention Area, pending further details on the types of interventions and activities to be delivered. Result targets have not been estimated at this stage.

4.3 Output Targets at this stage are based upon high level analysis of benchmarks from previous projects and interventions. **They are intended for indicative purposes only at this stage. We anticipate that they will undergo revision and remodelling before strategy finalisation to reflect further research into benchmarks and the expectations match funding organisations / delivery partners.**

4.4 All estimates are based upon the notional match funded Stoke-on-Trent and Staffordshire LEP ERDF and ESF allocations (£230.7 million). At this stage they exclude the Stoke-on-Trent and Staffordshire EAFRD allocation.

**Output Targets Based on Notional Allocation**

<table>
<thead>
<tr>
<th>Strategic Investment Area</th>
<th>Core Output Indicator</th>
<th>Sub Output Indicator Target not quantified at this stage</th>
<th>Result Indicators Target not quantified at this stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIA 1.1 Infrastructure for Innovation</td>
<td>9 ha Site Devel.</td>
<td>Jobs created in supported enterprises.</td>
<td>Smart Specialisation.</td>
</tr>
<tr>
<td>SIA 1.2 Knowledge Transfer</td>
<td>700 Ents. Supported.</td>
<td>SMEs cooperating with research institutions.</td>
<td>SMEs jobs created; Smart Specialisation; Enterprises actively innovating.</td>
</tr>
<tr>
<td>SIA 1.3 Commercialisation</td>
<td>700 Ents. Supported.</td>
<td>SMEs supported to introduce new to market products; SMEs supported to introduce new to firm products.</td>
<td>SMEs jobs created; Smart Specialisation; Enterprises actively innovating.</td>
</tr>
</tbody>
</table>
Table 4.2: Summary of Anticipated Output and Result Indicators for SME Competitiveness Theme

<table>
<thead>
<tr>
<th>Strategic Investment Area</th>
<th>Core Output Indicator</th>
<th>Sub Output Indicator</th>
<th>Result Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIA 2.1 Growth Hub</td>
<td>1,300 Ent. Supported.</td>
<td>• Enterprises supported with business resource efficiency; • Enterprises accessing ICT and broadband; • Jobs created in supported.</td>
<td>• SMEs jobs created; • SME Productivity.</td>
</tr>
<tr>
<td>SIA 2.2 Support for enterprise</td>
<td>1,400 Ent. Supported.</td>
<td>• New Ents. supported • Jobs created in supported enterprises.</td>
<td>• SMEs jobs created; • SME Productivity; • Increase in Start-ups.</td>
</tr>
<tr>
<td>SIA 2.3 Support for high value growth</td>
<td>1,500 Ent. Supported.</td>
<td>• Jobs created in supported enterprises.</td>
<td>• SMEs jobs created; • SME Productivity; • Smart Specialisation.</td>
</tr>
<tr>
<td>SIA 2.4 Access to finance</td>
<td>200 Ent. Supported.</td>
<td>• Jobs created in supported enterprises.</td>
<td>• SMEs jobs created; • SME Productivity.</td>
</tr>
<tr>
<td>SIA 2.5 Internationalisation</td>
<td>1,000 Ent. Supported.</td>
<td>• Jobs created in supported enterprises.</td>
<td>• SMEs jobs created; • SME Productivity.</td>
</tr>
</tbody>
</table>

Table 4.3: Summary of Anticipated Output and Result Indicators for Place and Environment Priority

<table>
<thead>
<tr>
<th>Strategic Investment Area</th>
<th>Core Output Indicator</th>
<th>Sub Output Indicator</th>
<th>Result Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIA 3.1 Whole Place Energy Supply</td>
<td>11 ha site development.</td>
<td>• Jobs created in supported enterprises.</td>
<td>• Improving economic viability of areas through infrastructure.</td>
</tr>
<tr>
<td>SIA 3.2 Energy Efficiency</td>
<td>500 Ent. Supported.</td>
<td>• Estimated annual decrease of GHG.</td>
<td>• Increase in energy efficiency of companies, buildings and transport; • Increase in companies deploying low carbon products / processes.</td>
</tr>
<tr>
<td>SIA 3.3 Sites and Infrastructure</td>
<td>7 ha site development.</td>
<td>• Number of jobs created.</td>
<td>• Improving economic viability of areas through infrastructure.</td>
</tr>
<tr>
<td>SIA 3.4 Sustainable Transport</td>
<td>4 ha site development.</td>
<td>• Estimated annual decrease of GHG.</td>
<td>• Improving economic viability of areas through infrastructure; • Increase in energy efficiency of companies, buildings and transport.</td>
</tr>
</tbody>
</table>
### Table 4.4: Summary of Anticipated Output and Result Indicators for the Skills, Employment and Social Inclusion Priority Theme

<table>
<thead>
<tr>
<th>Strategic Investment Area</th>
<th>Core Output Indicator</th>
<th>Sub Output Indicator</th>
<th>Result Indicators Target not quantified at this stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIA 4.1 Skills for Employability</td>
<td>4,000 participants.</td>
<td>No of unemployed participants; No of inactive participants; No of employed participants; No of young participants.</td>
<td>No. gained quals; No. in education/training; No. in jobs; No. engaged in job search; No. engaged in positive activities.</td>
</tr>
<tr>
<td>SIA 4.2 Higher Skills for Growth</td>
<td>4,000 participants.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIA 4.3 Vocational Routes</td>
<td>3,300 participants.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIA 4.4 Access to Employment</td>
<td>9,300 participants.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIA 4.5 Social Inclusion</td>
<td>7,600 participants.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Possible Implications of Higher Performance Levels

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

**4.6** Again, these output targets are intended for indicative purposes only at this stage. We anticipate that they will undergo revision and remodelling before strategy finalisation to reflect further research into benchmarks and the expectations match funding organisations / delivery partners.

### Table 4.5: Summary of Possible Implications of Higher Performance

<table>
<thead>
<tr>
<th>Theme</th>
<th>Core Outputs</th>
<th>2014-2020 Target Based on Notional Allocation (inc. match)</th>
<th>2014-2020 Target Based on Higher Performance Allocation (inc. match)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>Hectares of Site Development</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Enterprise Supported</td>
<td>1,400</td>
<td>1,800</td>
</tr>
<tr>
<td>SME Competiveness</td>
<td>Enterprise Supported</td>
<td>5,400</td>
<td>7,000</td>
</tr>
<tr>
<td>Place and Environment</td>
<td>Hectares of Site Development</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Enterprise Supported</td>
<td>500</td>
<td>700</td>
</tr>
<tr>
<td>Skills, Employment, Social Inclusion</td>
<td>Participants in skills, employability or social inclusion</td>
<td>28,200</td>
<td>36,600</td>
</tr>
</tbody>
</table>
5. Match Funding Plan

5.1 It is a requirement that all ESIFS allocations against Priority Themes and underlying Strategic Investment Areas are matched by non-EC public or private funds. This requirement effectively doubles the notional ESIFS allocation of £138.4 million for Stoke-on-Trent and Staffordshire LEP to £230.7 million once match funded.

Overview of Match Funding Sources

National ‘Opt Ins’

5.2 A number of government schemes / organisations are offering ‘at source’ match funding. LEP’s can opt whether to use this match and the associated products.

5.3 Currently seven of these ‘Opt Ins’ have been announced and the Stoke-on-Trent and Staffordshire LEP has begun the process of negotiating with these to decide on whether to opt in and if so, the possible scale of allocations. Progress to date is summarised briefly below:

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Status of Negotiation</th>
<th>Strategy Themes Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Accelerator</td>
<td>• LEP minded to Opt In;</td>
<td>• SME Competitiveness.</td>
</tr>
<tr>
<td></td>
<td>• Initial discussions under way, scale of allocation to be confirmed.</td>
<td></td>
</tr>
<tr>
<td>MAS</td>
<td>• LEP minded to Opt In;</td>
<td>• SME Competitiveness.</td>
</tr>
<tr>
<td></td>
<td>• Initial discussions under way, scale of allocation to be confirmed.</td>
<td></td>
</tr>
<tr>
<td>UKTI</td>
<td>• LEP minded to Opt In;</td>
<td>• SME Competitiveness.</td>
</tr>
<tr>
<td></td>
<td>• Initial discussions under way, scale of allocation to be confirmed.</td>
<td></td>
</tr>
<tr>
<td>EIB (Social Housing)</td>
<td>• Opt In considered unlikely at this stage.</td>
<td>• Place and Environment.</td>
</tr>
<tr>
<td>Skills Funding Agency</td>
<td>• LEP minded to Opt In;</td>
<td>• Skills, Employment and Social Inclusion.</td>
</tr>
<tr>
<td></td>
<td>• Initial discussions under way, scale of allocation to be confirmed.</td>
<td></td>
</tr>
<tr>
<td>Big Lottery Fund</td>
<td>• LEP minded to Opt In;</td>
<td>• Skills, Employment and Social Inclusion.</td>
</tr>
<tr>
<td></td>
<td>• Initial discussions under way, scale of allocation to be confirmed.</td>
<td></td>
</tr>
<tr>
<td>DWP</td>
<td>• Potential for Opt In to be considered once full details published by DWP.</td>
<td>• Skills, Employment and Social Inclusion.</td>
</tr>
</tbody>
</table>

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

5.5 Aside from the national Opt In’s, LEP’s are asked to identify additional match funding sources, either at the national level or more locally.

5.6 The Stoke-on-Trent and Staffordshire LEP ESIFS has been developed after a process of detailed consultation with relevant stakeholders, and through this process a number of potential ‘additional’ match funding sources have been identified. These include the private sector (including businesses and private research institutions), education institutions (including local universities) and public sectors bodies (including local authorities). Negotiations will progress in the coming months to work up these match funding arrangements in more detail.
6. Cross-Cutting Themes and Social Innovation

Cross Cutting Themes

Equality and Diversity

6.1 The Stoke-on-Trent and Staffordshire LEP is committed to identifying, understanding and eliminating all barriers that prevent access to services, information and employment.

6.2 The LEP recognises that certain groups face challenges which may act as barriers to them from benefiting from the economic growth stimulated through this ESIFS:

- **Women**: the female employment rate across the LEP area (57%) is below the male employment rate (66%). The proportion of females in self-employment (4%) is less than a third of the male self-employment rate (13%);

- **Key age groups**: the Stoke-on-Trent and Staffordshire LEP has the second-highest share of youth and long-term unemployment within the West Midlands region. Youth unemployment is a particular challenge in certain parts of the area such as Stoke-on-Trent;

- **Black and Minority Ethnic (BME) communities**: around 6% of the area’s population is from BME communities (65,000 people). The population is becoming increasingly diverse, including as a result of migration from A8 countries (around 11,400 residents; 1% of the population);

- **Family poverty**: there are around 2,300 ‘Troubled Families’ across the LEP area. Around 15% of children are living in poverty, whilst severe concentrations of relatively multiply deprivation exist across the areas, particularly in urban locations. There are 7,800 lone parents in receipt of income support;

- **Health problems**: around 219,000 Stoke-on-Trent and Staffordshire residents (20% of the population) have long-term health problems (census 2011). Around half of these have health issues that affect their day to day life “a lot”. Over 45,000 residents are in receipt of health related benefits ESA / Incapacity Benefits.

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

6.4 To ensure that there is no discrimination against any disadvantaged or vulnerable people we will undertake (where appropriate) an Equality Impact Assessment (EIA) for each project. This will ensure that the consequences of projects are analysed and any possible negative consequences eliminated or minimised and opportunities for ensuring equality maximised.

---

25 Census 2011

26 Defined by entitlement to Free School Meals
6.5 The purpose of doing Equality Impact Assessments is to improve our work by making sure we don’t discriminate in the way we provide services and employment and where possible we promote equality and good relations between different groups.

**Sustainable Development**

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

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

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

- **Increased Energy Security** – increased energy security is at the core of the ‘Powerhouse Central’ proposal. The ‘Powerhouse Energy’ proposals aim to provide a strategic approach to energy security by developing a fully integrated Smart City network across the area. This includes the delivery of new energy assets such as the proposed Energy Demonstrator at Keele University, and investment in new and emerging energy technologies such as Geothermal, Anaerobic digestion, Biomass and Energy-from-waste generation;
- **Increased Energy Efficiency** – The LEP also recognises that a key opportunity for reducing the areas emissions will be in working with the existing business base to reduce their emissions, and to support them in developing low carbon and environmental technologies which will support emission reduction as well as opening up new markets. A further key opportunity for emission reduction is through improved energy efficiency in homes, public buildings and businesses.
The Stoke-on-Trent and Staffordshire ESIFS is designed to support and build upon these principles, with the low carbon investments proposed under Strategic Investment Areas 3.1, 3.2, 3.3 and 3.4 of specific relevance.

More generally, the principles of sustainable development will underpin all activity delivered under the ESIFS. To deliver truly sustainable development it is imperative that sustainability is considered at an early stage. Therefore, we will seek to ensure that the highest standards of energy and resource efficiency will be achieved by:

- Ensuring that projects deliver quantifiable improvements over the minimum standards required in terms of sustainability;
- Ensure that all aspects of sustainable development are considered including design, procurement, construction and operation;
- Promote the inclusion of measures to adapt to the effects of climate change (e.g. hotter drier summers, wetter warmer winters, more intense weather events); and
- Ensure that all projects utilise nationally prescribed best practice standards for assessment (BREEAM Excellent for new build, BREEAM Very Good for refurbishment and CEEQUAL Very Good for infrastructure projects).

Social Innovation

Social innovation is defined as new ideas (products services and models) that simultaneously meet social needs (more effectively than alternatives) and create new social relationships or collaborations.

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

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

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

7.2 Through the elements of the ESIFS that will focus upon RTDI, education, employment, and SME and business support, the LEP will link into **Horizon 2020** to help increase the value added of RandI European policies. This will be achieved through close collaboration with Staffordshire University and Keele University and by encouraging projects and priorities to make contact with EU partners.

7.3 **Horizon 2020** will not support capacity-building and will not take into account geographic specificities in allocating funding, therefore elements of the ESIFS strategy may be used to support capacity building through enhancing RandI infrastructures and equipment. Similarly, the downstream exploitation of RandI results may be supported by helping to create an innovation friendly environment particularly for SMEs (business services, finance incubators, universities links etc.). The ESIFS strategy will look at strengthening these links through its smart specialisation strategy and focusing on those key enabling technologies that are important within the LEP area. Also any potential overlaps (employment, education and social inclusion) with the Marie Skodowska-Curie Actions with its focus on the development of human resources in RandI will also be considered by the LEP.

7.4 Synergies may extend to the COSME (Competitiveness of Enterprises and SMEs) Programme with its focus on supporting SME international through access to finance (equity, debt, loans), improving access to markets inside the EU and globally and promoting entrepreneurship through the development of entrepreneurial skills and attitudes (new entrepreneurs, young people, women and vulnerable groups such as people with disabilities). Again, when and where appropriate the ESIFS strategy will develop links and seek work with this programme to bring added value to the LEP area.

7.5 The European Territorial Cooperation Programme with its focus on helping regions across Europe to work together to address shared problems whether through cross-border, transnational or interregional cooperation, offers a strong mechanism for good practice exchange and solving of regionally issues. Again, where and when appropriate the LEP will seek to link into this activity for the benefit of the LEP area.

7.6 Finally, those elements of the ESIFS strategy with a focus on climate change, the environment and resource efficiency will exploit the complementarities offered by the LIFE programme particularly through its integrated projects in the areas of climate change mitigation.
8. Management and Delivery

Management and Governance Structures

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

National and Regional Roles

National Growth Board and Sub Committees

8.2 The (shadow) NGB will act as the Programme Monitoring Committee for the national programme. Along with its Sub Committees the NGB will:

- Oversee the performance and impact of the programme nationally;
- Review and agree LEP European Structural and Investment Funds Strategies;
- Approve LEP’s Project Selection Criteria, along with any criteria for selecting Local Development Strategies for CLLD;
- Approve LEP’s Monitoring and Communication Strategies;
- Provide advice to LEPs on matters of policy and performance;
- Approve (only) Major Projects.

Managing Authority Departments

8.3 DCLG (European Regional Development Fund), DWP (European Social Fund) and DEFRA (European Agricultural Fund for Rural Development), plus BIS Local and others will assemble teams to assume:

- Responsibility for final approval of all projects (following advice from the LEP);
- Liability for the administration of funds.
Local European Structural and Investment Funds teams

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

- Advise on the development and delivery of Structural and Investment Funds Strategies;
- Appraise projects (following recommendations from the LEP);
- Draft, issue and manage contracts with projects;
- Carry out compliance and audit tasks.

Local Enterprise Partnership

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

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

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

Local Roles and Membership

8.7 We take seriously the advice in government guidance to use (and where required) develop existing groups rather than create completely separate European Structural and Investment Funds governance apparatus. At this stage we are simply presenting how our current
structure matches the oversight needs of the EU SIF. In due course we will refine our plans to demonstrate how they integrate with our wider investment responsibilities and the detailed roles being taken on by central government.

8.8 Within the Stoke-on-Trent and Staffordshire LEP we propose three tiers of responsibility for overseeing our ESIFS:

<table>
<thead>
<tr>
<th>Role</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>LEP Enterprise Partnership</td>
<td>Includes all LA and business Members of the LEP Board</td>
</tr>
<tr>
<td>Shapes the strategy, priorities and targets</td>
<td></td>
</tr>
<tr>
<td>Holds the Board to account</td>
<td></td>
</tr>
</tbody>
</table>

**Executive Group**

To manage the delivery of the LEP’s priorities This will include:

- Details of procurement, commissioning
- Recommendations on priority projects to Managing Authority
- Analysing and disseminating intelligence on conditions and performance.

- Sub Group Chairs
- Vice Chair
- Accountable Bodies
- LEP Chair (ex officio)

Accountable to the Enterprise Partnership Supported and attended by key members of the Secretariat including District, Borough, County, City, and Chamber staff

NB A LA Funding Management Group will deal with operational financial matters

**Theme Group: Funding Management**

Monitoring and management of funding allocations:

- Representative group of Accountable Bodies
- Operational Management and accountability for funding programmes
- Sign off of funding allocations

- LEP Board representative (chair)
- Local Authority representatives (Staffordshire County Council and Stoke-on-Trent City Council) and a S151 rep.
- Business (1)

**Theme Groups x6 (Strategic Funding, Sectors and Inward Investment, Business Growth and Innovation, Sites and Infrastructure, Housing and Place, Education Trust)**

To drive delivery of the LEP’s priorities

- Stimulating feedstock of project proposals
- Generating insights into economic opportunities and threats
- Assessing strategic fit on long list of proposal
- Prioritising projects for more detailed development

Membership will vary across groups but drawn from:

- Local authority
- Keele University
- Staffordshire University
- Sector development agencies (eg CERAM)
- Business intermediaries
- Other strategic partners (eg Make it Stoke-on-Trent and Staffordshire)

Accountable to the Executive Group

May form task groups which include a broader range of stakeholders
8.9 The Stoke-on-Trent and Staffordshire LEP is keen to exploit the most efficient and effective routes to delivery. Table below indicates our understanding of the likely avenues and how they will be used.

<table>
<thead>
<tr>
<th>Route</th>
<th>Our Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Opt-Ins</td>
<td>Stoke-on-Trent and Staffordshire LEP is eager to maximise use of opt-ins and to negotiate local adaptations with national agencies delivering these programmes.</td>
</tr>
<tr>
<td>Regional Schemes</td>
<td>We have begun to work with our neighbouring LEPs to agree areas for co-investment. We are working towards a regional approach to financial instruments and supporting the advanced manufacturing sector under a wider Smart Specialisation programme. A number of sustainability elements may also lend themselves to regional model.</td>
</tr>
<tr>
<td>Commissioning</td>
<td>Wherever possible, the LEP is keen to work closely with potential delivery partners to collaboratively develop investment proposals which match our strategic needs and fill gaps in the portfolio of schemes in our area. We will be keen to exploit opportunities to commission tailored initiatives wherever we can.</td>
</tr>
<tr>
<td>Calls for Projects</td>
<td>Where the LEP has no relationships with a high quality credible operator (a prerequisite for commissioning) we will go out more widely to secure bids in response to specific calls for proposals to bring forward essential gap-filling initiatives.</td>
</tr>
<tr>
<td>Community-Led Local Development</td>
<td>The utilisation of Community Led Local Development (CLLD) will be made under the European Agricultural Fund for Rural Development (EAFRD) through the LEADER programme. Its' application utilising ERDF and ESF in the LEP area is in the process of being considered.</td>
</tr>
</tbody>
</table>

8.10 The Stoke-on-Trent and Staffordshire LEP has worked closely with a number of other LEPs in developing our ESFIS, most notably with the five other LEPs in the West Midlands area particularly GBSLEP where we are working to align our approach in the overlapping area to maximize the economic benefit of the investment from this programme. In addition we have also shared thinking with D2N2 LEP, and Cheshire and Warrington LEP and will be working collaboratively with them. There are several areas of our strategy where we anticipate close-working with these LEPs. These include the following:

<table>
<thead>
<tr>
<th>Table 8.1: Summary of Cross-LEP Delivery Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Investment Area</td>
</tr>
<tr>
<td>Environment</td>
</tr>
<tr>
<td>See Joint Statement for West Midlands LEPs on intent to collaborate on EU priorities on low carbon, climate change and the environment – August 2013</td>
</tr>
<tr>
<td>• Marches LEP</td>
</tr>
<tr>
<td>• Worcestershire LEP</td>
</tr>
<tr>
<td>Innovation</td>
</tr>
<tr>
<td>See joint statements on</td>
</tr>
<tr>
<td>• Smart Specialisation</td>
</tr>
<tr>
<td>• Research, Development, Technology and Innovation (RDTI)</td>
</tr>
<tr>
<td>Financial Engineering Instruments</td>
</tr>
<tr>
<td>See Joint Statement on FEIs</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
### Table 8.1: Summary of Cross-LEP Delivery Plans

<table>
<thead>
<tr>
<th>Strategic Investment Area</th>
<th>Other LEPs Being Collaborated With</th>
</tr>
</thead>
<tbody>
<tr>
<td>SME Competitiveness</td>
<td>• D2N2 LEP</td>
</tr>
<tr>
<td></td>
<td>• Cheshire and Warrington LEP</td>
</tr>
<tr>
<td></td>
<td>• Greater Birmingham and Solihull LEP</td>
</tr>
<tr>
<td></td>
<td>• Black Country LEP</td>
</tr>
<tr>
<td></td>
<td>• Marches LEP</td>
</tr>
<tr>
<td></td>
<td>• Coventry and Warwickshire LEP</td>
</tr>
<tr>
<td></td>
<td>• Worcestershire LEP</td>
</tr>
<tr>
<td>Business support</td>
<td></td>
</tr>
</tbody>
</table>

8.11 Cross LEP working is also anticipated with the Marches LEP (reflecting the shared characteristics of Transition Region status), D2N2 LEP (particularly on rural matters and opportunities relating to the A50 Corridor and Peak District), and Cheshire and Warrington.

8.12 The LEP is proactively considering cross-LEP operational governance arrangements for the European funding with particular respect to the Marches, Greater Birmingham and Solihull and Black Country LEPs, including addressing the overlapping areas between LEPs. This is to ensure that the impact of EU Funding is maximised to create growth and employment opportunities.
9. **Strategy Development and Partner Engagement**

**Approach to Strategy Development**

9.1 The draft Stoke-on-Trent and Staffordshire ESIFS has been developed in tandem with the emerging Stoke-on-Trent and Staffordshire Strategic Economic Plan and the emerging City Deal proposals for the area. Each of these documents share a common evidence base and are underpinned by the LEP vision and the six LEP Strategic Priorities set out in the Stoke-on-Trent and Staffordshire LEP Business Plan.

9.2 The strategy development process is being overseen by a Steering Group comprising representatives from local authorities, voluntary sector, local nature partnerships, HE/FE and private sector. Officers from each of these organisations have led the process of strategy content development, in particular co-ordinating a detailed process of partner engagement and consultation. This has included:

- Five thematic workshops to discuss and develop ideas around ‘Business Development ‘Inward Investment’, ‘Innovation and Sectors’, ‘Place’ and ‘Skills’. The workshops were focused jointly on the ESIFS and the Strategic Economic Plan;

- Individual consultation with a wide range of national, West Midlands and local partners (see list below);

- On-going negotiation and dialogue with the Opt-In and wider match funding organisations.

9.3 The co-ordination and drafting of the strategy was supported by external consultants, Regeneris Consulting.

**Summary of Partners Engaged to Date**

9.4 The table overleaf sets out a summary of key partners and the ways in which each have been engaged to date in the process of strategy development. This is broken down by:

- **Steering Group** – where organisations were directly represented on the main Steering Group responsible for developing and drafting the EU Funds Strategy;

- **Thematic workshops** – where organisations were involved in the thematic consultation workshops developing content for the strategy;

- **Individual consultations** – where organisations were involved through specific one-to-one consultations with the team working on developing and drafting the bid;

- **Wider information provision** – where organisations received information about the developing strategy and saw a draft version, on which they were invited to provide detailed comments and input.
<table>
<thead>
<tr>
<th>Type of Stakeholder</th>
<th>Organisation</th>
<th>Involvement in...</th>
<th>LEP Strategy Working Group</th>
<th>Stakeholder Challenge Sessions</th>
<th>Individual Consultations</th>
<th>Wider Information Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEPs (Including Board Members)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEPs</td>
<td>Stoke-on-Trent and Staffordshire</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>GBSL EP</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Marches</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Black Country</td>
<td></td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local Authorities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cannock Chase District Council</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>East Staffordshire Borough Council</td>
<td></td>
<td></td>
<td></td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Lichfield District Council</td>
<td>✓</td>
<td>✓</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Staffordshire County Council</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stoke-on-Trent City Council</td>
<td>✓</td>
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Appendix A  Cross-LEP Shared Statements

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

Research and Technological Development and Innovation

2. There is a strong history of collaboration in Research, Development, Technology and Innovation (RDTI) activities across the West Midlands between the public, private and university sectors, including through previous structural funds programmes.

3. The Stoke-on-Trent and Staffordshire LEP intends to build on that legacy by cooperating with the five other LEPs in the West Midlands geography in the development and delivery of its RDTI activity. This will enable businesses within the LEP area to benefit from the greater wealth and diversity of university research and business engagement across the region as well as enable activities that reflect the wider geography of business supply chains and clusters.

4. Supported by Birmingham Science City and the West Midlands European Service, the six LEPs are already developing shared elements of their smart specialisation approaches and working together to identify ways to build on previous RDTI investments in the region. The relationship with the other WM LEPs with respect to RDTI is not exclusive however, and collaboration across other geographies will also be explored as appropriate.

Smart Specialisation

Overview of Smart Specialisation

5. The concept of Smart Specialisation (S3) embodies an approach to EU investment in innovation which:
   - Recognises the importance of designing innovation actions that are informed by a stronger awareness of the global economy, and that proposed actions are supported by a process of 'entrepreneurial discovery' and a more credible base of evidence.
   - Seeks to add value to innovation actions whenever delivered locally by ensuring they are properly embedded into the local economy and institutional and social environment - and that the benefits of any new technologies developed can be transferred into related sectors.
   - Emphasises the importance of ensuring that the design of all innovation activities are properly informed by the potential spatial implications of that action, even if these implications are unintended.
Recognises that geographies and patterns of innovation are complex and variable and more needs to be done in the design of new programmes to ensure that firms and research institutions are not hindered by artificial geographies of programme design.

Applies to innovation in the fields of technology, business processes, agricultural industries and social innovation, including the reform of public services.

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

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

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

7. The WM LEP’s will work with partners (universities, businesses etc.) to design an integrated approach to innovation in advanced manufacturing that can where necessary provide integrated support across administrative borders. Firms will be able to access support from agencies across wide areas. Universities and research institutions will be able to work together based on what is needed by their business customers. Supply chains will also be supported to build connections across borders and greater distances.
8. There is a strong history of collaboration in the low carbon economy, climate change, and the natural environment across the West Midlands between the public, private and voluntary sectors, including through previous structural funds programmes. The Stoke-on-Trent and Staffordshire LEP intends to build on that legacy by cooperating with the five other LEPs in the West Midlands geography in the development and delivery of its low carbon theme and the related climate change and environment priorities. This will enable businesses within the LEP area to benefit from the greater scale, resources, efficiency, and impact of support across the region as well as enable activities that reflect the wider geography of business supply chains and clusters. We are continuing to work with Sustainability West Midlands (SWM) and West Midlands European Service (WMES) to champion and monitor the cross-cutting theme of sustainability and develop specific joint cross-LEP programmes to deliver the low carbon theme and related priorities.

9. A summary of our progress to date, emerging joint programmes, and strategic approach to the sustainability cross-cutting theme is set out below.

10. Since 2012 working with the six LEPs SWM has established a West Midlands Low Carbon LEP Leadership Group and work programme, supported by the WMES, Environment Agency, Centro, Improvement Efficiency West Midlands, West Midlands Climate Adaptation Partnership and SWM's business members and networks. As a result the six LEPs within the West Midlands have already worked together to achieve:

   - The UK's first joint LEP low carbon investment prospectus, highlighting our key strengths in low carbon transport, buildings and energy and contributing to an increase of inward investment enquiries to the West Midlands.
   - A shared evidence base, building on the UK's first regional low carbon economic strategy and commissioning additional research to link to local and EU priorities.
   - The West Midlands Green Business Clubs network - representing 10 local business to business good practice clubs, over 1,000 businesses and many more suppliers.
   - Ongoing independent annual sustainability benchmarking and sharing of good practice by the six LEPs and with other LEPs national such as the New Anglia LEP and via the Climate UK network.

11. Building on this progress to date we recognise there is more to achieve and SWM and WMES are supporting the six LEPs and partners to develop a series of joint cross-LEP programmes where the scale or coordination would attract more funding and increase the local impact. To date these joint programmes are likely to focus on the sectors where the six LEPs have collective strengths in low carbon transport, buildings and energy and cover the following types of areas:

   - Low carbon business hub - sharing technical and marketing resource to support and grow the existing local green business clubs in terms of their outreach and delivery on resource efficiency, diversification, and business resilience directly or jointly with other national and local business support networks to local businesses and cross-LEP supply chains
   - Low carbon innovation hub - focused drive to support mainstream innovation
• **Stoke-on-Trent and Staffordshire EU Structural and Investment Fund Strategy**

providers on key future markets, challenges, and innovation in the application of existing proven technology and techniques

• Low carbon energy hub - shared technical resource to drive a pipeline of projects to deliver local energy use, generation and storage networks and the energy efficiency of existing non-domestic buildings. This includes coordinating and levering in national funding from a range of existing and new providers such as the DECC heat unit, ‘Refit 2’ public estates improvement framework, and social housing and energy funding from the government, the utilities and Europe.

• Low carbon procurement hub - shared technical and marketing resource to use public sector procurement to promote low carbon innovation and supply chain challenges and low carbon clauses to help stimulate new products and services.

• Green infrastructure hub - shared technical resource to help lever in expertise and resources from the natural environment sector and utilities to improved the attractiveness of new and existing investments sites through the quality and function of the surrounding natural environment and integrating other site issues such as energy, waste, travel and business resilience.

12. SWM and WMES will ensure that the overall requirements of the cross-cutting sustainability theme are addressed during the development and delivery of the six LEP local and joint programmes by:

• Championing the sustainability theme through a forum to assess the collective sustainability assessment and reports of the individual sustainability reviews and monitoring of the six LEPs.

• Address potential cross-LEP impacts within and neighbouring the West Midlands geography.

• Identify common issues, develop solutions, and share good practice.

**Use of Financial Engineering Instruments**

**Approach**

13. The Stoke-on-Trent and Staffordshire LEP is keen to make use of financial instruments in the 2014-20 to underpin and support its economic growth strategy, bridge gaps in the private sector and create a legacy beyond the initial timescales of the programme.

14. The Stoke-on-Trent and Staffordshire LEP recognises that access to affordable finance, especially for start-up and early stage SMEs remains a challenge. There is historic precedent for public intervention in the market for financial instruments in the LEP region and it is recognised that continued public sector support in this market remains both desirable and important. Cross-LEP commissioned research is underway to finesse the precise nature of the interventions needed.

15. The model for the delivery of the 2014-20 programme for financial instruments is presently under development but probable interventions include a fund-of-funds type structure (JEREMIE), small business loans (sub £100k), guarantees, seedcorn equity/mezzanine finance (sub £2m) for start-ups and early stage SMEs, finance for innovation, low carbon and other
green projects, finance for social enterprises, support for investment readiness, support for business angel networks and specific financial interventions designed to meet LEP specific economic development ambitions.

16. The LEP is part funding an on-going project that is in the process of drawing up the framework for collaboration on financial instruments with all neighbouring LEPs within the West Midlands. As part of this project the possibility of extending the collaboration to include LEPs within the East Midlands and possibly Gloucester is also actively being explored.

**LEP Notional Allocation for FEI**

17. The LEP has made an initial allocation of £13m for financial instruments - the final value will however depend upon a number of interrelated factors. It is anticipated that funds owned by, controlled by or jointly-controlled by the LEP will contribute circa 50% of the total funding set aside for interventions in financial instruments.

18. Priority will be given to those interventions that align with the ERDF thematic objectives. Furthermore, it is anticipated that the priority for FEI interventions will be those that are designed to facilitate SME access to finance, creating an environment favourable to business creation and growth, encouraging an entrepreneurial culture, increasing the sustainable competitiveness of EU companies and helping small businesses operate outside their home countries and improving their access to markets. Priority will also be given to interventions designed to foster greater innovation and those that are congruent with the EU roadmap for a competitive low carbon economy.
Appendix B  The Staffordshire and Shropshire Transition Region

1. The European Structural Investment Funds (ESIF) are allocated on a geographical basis using a European categorisation at NUTS 2 level (generally equivalent to a sub-region in England). For the 2014-20 programme, the European Commission has proposed three types of region, differentiated by relative prosperity, as follows:
   - Less developed regions, GDP below 75% of EU average
   - Transition regions, GDP 75-90% of EU average
   - More developed regions, GDP above 90% of EU average

2. On the most recent figures, 55 regions across Europe qualify of which 11 (20%) are in the UK covering over 12 million people. This includes Staffordshire and Shropshire, with a GDP at 84% of the EU Average (ranking 8th of the 11 in deprivation terms).

3. The Staffordshire and Shropshire area has multi-faceted geographic characteristics and a complex mix of socio economic challenges with areas of rural isolation juxtaposed with urban settings that have experienced long term industrial decline. In the rural areas of both LEP’s there are pockets of deprivation where the economic structure tends to be less growth orientated, with a higher than average dependence on low value added traditional sectors such as agriculture, related land based activities and tourism. In the urban areas a comprehensive approach is required, which integrates inward investment programmes with life-long education and training, competitiveness strategy, land use, sustainable transport and urban regeneration. In summation a concerted integrated approach is required to place the transition region back on a trajectory towards economic growth and prosperity.

4. A difference to aggregate economic performance at the West Midlands and national level will only be made if intervention through enhanced funding and flexibility to the least prosperous parts of the UK is achieved through Transition Region status which will positively contribute to the regional rebalancing of the UK economy.

5. The Staffordshire and Shropshire conurbation covers 1.43m people and is typified by the following:
   - A significant proportion of Lower Super Output Area’s within the 10% most deprived nationally including Stoke-on-Trent ranking 15th in the top 50 nationally with over 30% of the districts falling within the 10% most deprived.
   - Smaller pockets of deprivation outside of the big cities and towns in Shropshire and Cannock Chase.
   - An average unemployment rate of 7.45% (Staffordshire 8%, Shropshire 6.9%) comparatively lower than the UK average of 8.4%.
   - An average GVA of £15,300 (Staffordshire £14,900, Shropshire £15,700) comparatively lower than the West Midlands and UK totals of £17,060 and £20,476 respectively.
• Stoke-on-Trent and Staffordshire EU Structural and Investment Fund Strategy •

• An average density of SME’s per 1,000 adults significantly below the West Midlands total of 30 with Telford and Stoke-on-Trent operating at an average of 20.

• An over dependence on employment in small enterprises with 27% of employees in Shropshire working in companies employing less than 10 people - 8% higher than the West Midlands average.

• Pockets of poverty and lack of access to employment opportunities and services which are unique to, or more extreme within rural areas.

• A net in-migration of people per year in rural areas (which account for 80% of the Midlands area) driving up house prices and reducing affordability for those seeking to enter the rural housing market.

• Stoke-on-Trent has seen its private sector jobs base shrink by over 16 percent (20,900 jobs) over the past decade27 with Stoke-on-Trent now ranked 356th out of 380 areas with regard to productivity28. Furthermore the most recent analysis of the competitiveness of UK cities - Centre for cities Outlook 2008, ranks Stoke-on-Trent 63rd out of 64 cities in the economic prosperity index, 56th in social deprivation index and 57th in the built environment index.

27 Private Sector Cities: A new geography of opportunity – June 2010
28 UK Competitive Index 2010 - North Staffordshire Regeneration Partnership - Paper 4 North Staffordshire Location Audit.
Appendix C Lessons from Previous Delivery

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

<table>
<thead>
<tr>
<th>Lessons from Lessons Learnt from Previous Programmes</th>
<th>How Plans for 2014-20 have Responded</th>
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<tbody>
<tr>
<td><strong>Appropriateness of Programme Strategies</strong></td>
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<tr>
<td>To be most effective, programmes need to be closely aligned to national and sub-national economic development strategies and to the key aims of organisations delivering these strategies.</td>
<td>• Sought to maximise synergy and complementarity with national and sub-national strategies and policies.</td>
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<tr>
<td>There needs to be sufficient flexibility in the programmes to adapt to changed national and sub-national contexts and socio-economic conditions as well as taking into account any overlaps and duplications with other funding programmes which emerge in the course of the programming period.</td>
<td>• There will be a pro-active approach to reviewing the strategy, programme and project activity to ensure that required changes are anticipated and appropriate mitigation measures/alternative options are implemented.</td>
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<td><strong>Programme Performance</strong></td>
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<td>When setting results and impact targets, care should be taken to ensure that these can be realised within the programming period timeframe. Whilst overall, it is desirable to measure the results and impacts of the programmes, the monitoring system and the choice of indicators (and associated targets) are in many cases not the most appropriate way to measure longer-term effects.</td>
<td>• Establish results and impact targets on a realistic, under-promise over deliver basis with monitoring systems designed to capture the long term benefits of the programme. • Retain a degree of flexibility in the allocation of funds to ensure that funding can be targeted at those areas where additional activity is required to meet targets.</td>
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<td><strong>Implementation Systems/Governance</strong></td>
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<td>To enable partnerships to work efficiently, there needs to be a clear understanding on all sides of the roles and responsibilities.</td>
<td>• Structures will be put in place to encourage sharing of good practice between partnerships. • Continuing effort to involve the private sector in the partnerships and in sponsoring projects. • On-going training would help to support the partnership process.</td>
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<tr>
<td><strong>Administration, Process and Financial Management Issues</strong></td>
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<td>Application forms for funding need to be as simple as possible and the application process needs to be accompanied by further guidance and support, including the application process and feedback on the application.</td>
<td>• Nationally standardised publicity, procurement and project guidance which is clear and consistent.</td>
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<td><strong>On-going Project-Level Implementation</strong></td>
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<tr>
<td>There should be a particular focus on working with established and successful project sponsors to maximise the benefit from the expertise they have acquired and to enable an expedient start to the programme.</td>
<td>• Training for projects in Structural Fund project management to ensure that good project management practices are followed. • Disseminating good practice as a core activity.</td>
</tr>
<tr>
<td><strong>Monitoring and Evaluation</strong></td>
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<td>Flow of information between project applicants and the managing authority is critical both with respect to live project information to enable submission of grant claims but also mid-term and post-completion evaluation.</td>
<td>• Provide online systems and database templates for the submission of monitoring data to enable timely, consistent and comprehensive submission of data by the projects, including data on beneficiaries (firms or individuals).</td>
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