

Appendix A: A summary of other significant developments of the work of the D2N2 Local Enterprise Partnership (D2N2 LEP)

EAST MIDLANDS FREEPORT

1. In conjunction with the Leicester and Leicestershire Enterprise Partnership Ltd (LLEP), D2N2 LEP reaffirmed their full support of the UK government's 'Freeport' policy in response to the Freeports Consultation paper published earlier in the year. They are now lobbying Government to make East Midlands Airport one of 10 Freeport Zones in the UK. Freeport benefits include: no tariffs, import VAT or excise paid on goods from overseas unless they leave the Freeport to enter the UK's domestic market. A Freeport at East Midlands Airport could offer a unique opportunity to encourage inward investment and create high value jobs through a combination of financial incentives, customers benefit and a simplified planning process. Up to 40,000 new jobs could be created as infrastructure projects get underway and businesses are attracted to the area.
2. In line with the 12-week consultation process, a formal response from Government on the consultation was published in October. Having considered the 364 responses and expanded the initial Freeports offer, the government now wants Freeport coalitions – of international and local businesses, academic institutions, ports and local authorities – to start forming and to begin to iterate how regions can best meet Freeports' objectives. The finalised policy and bidding process, including a clear Bidding Prospectus, setting out what Freeports will offer and how interested parties might apply, will be launched in due course. The 'Freeports Response to the Consultation' can be accessed online (including the opportunity to request an accessible format) via:

<https://www.gov.uk/government/consultations/freeports-consultation>

ECONOMIC RECOVERY AND GROWTH STRATEGY

3. An Economic Recovery and Growth Strategy is currently under development. The Strategy builds on the Draft Local Industrial Strategy agreed by the Board in March 2020 and incorporates the need to rebuild and recover from the impact of COVID-19 on the local economy. The Strategy maintains the core vision from the Local Industrial Strategy (LIS) of a green, inclusive and more productive economy and maintains the three core propositions of:
 - **Productivity:** Lead a bold new way of bringing together the education and skills, innovation and business support systems to support our people and businesses to thrive
 - **Clean growth:** lead the most ambitious carbon turn-around in the country
 - **Connectivity:** Deliver connectivity-led growth to all parts of our economy
4. The intention is for the Strategy to form the basis of an ongoing dialogue with Government and provide a high-level strategic narrative to lever in additional investment through future funding sources to deliver the ambitions.

5. Through the LEP network, lobbying for investment to support regional recovery plans from the Comprehensive Spending Review is underway, principally from the UK Shared Prosperity Fund or its equivalent.
6. The LEP team have started the development of a D2N2 wide Inward Investment Strategy.

SKILLS UPDATE

7. **Digital Skills:** D2N2 has been identified as one of three LEP areas (alongside Leeds City Region and Heart of the South West) to pilot higher digital and technical skills for adults through a model of 12-week 'bootcamps'. The three LEPs will share a pot of £4m to deliver the pilot by the end of March 2021. D2N2 has convened providers and local employers to develop a viable delivery partnership. The initiative will seek to test different funding processes and routes to inform wider preparation for the National Skills Fund from 2021 onwards.
8. A Digital Strategy is being developed, with an initial focus on skills.
9. **Skills Advisory Panel:** The Memorandum of Understanding (MOU) for 20/21 with Department for Education (DfE) includes the requirement for the D2N2 Skills Advisory Panel (function delivered by the People and Skills Board) to produce a detailed Local Skills Report by the end of the financial year. DfE have now issued detailed guidance on the contents of the report which will focus heavily on the analysis undertaken in the area during the year and the changes or responses being made as a result. The report will evidence progress against the Economic Growth and Recovery Strategy and future plans.
10. **Plan for Jobs:** The Chancellor announced a package of measures in July to support those most at risk of long-term unemployment, with a focus on young people. The package includes apprenticeship incentives, targeted skills pathways and most recently the Kickstart scheme – providing paid work placements. D2N2 LEP is actively working with business support organisations and their in-house comms team to promote these opportunities and ensure small to medium sized enterprises (SMEs) can benefit.

GROWTH HUB

11. The D2N2 Growth Hub continues to operate a vital service in supporting businesses through the COVID-19 crisis with average monthly enquiry numbers four times higher than pre-COVID levels. As well as the Information, Diagnostic and Brokerage (IDB) service, the events programme has been delivered virtually since April with great success whilst the D2N2 Business Investment Fund continues to receive interest from SMEs who can access up to 35% grants for projects that will improve business productivity. Since August 2019, £1.4m worth of grant applications have been submitted and contracted. This indicates positive intent from local SMEs despite current challenges.

12. In recognition of the importance of Growth Hubs, BEIS (the Department for Business, Energy & Industrial Strategy) awarded “uplift” core funding of £269,000 for 2020/21 to further bolster support to SMEs to assist post-COVID recovery. The uplift is being utilised to fund further business support interventions such as the COVID-19 Business Resilience/Restart programme (delivered with partners in the East Midlands Cluster) which now encompasses transitional support for businesses preparing for the transition period after Brexit comes to an end this year. More details available online via: <https://www.eventbrite.co.uk/o/restart-programme-by-the-export-department-30885164297>
13. Over the summer, the Government announced two additional funding strands to support businesses via LEPs and Growth Hubs - COVID Recovery Grants (via MHCLG) and Peer Networks (via BEIS).
- For the Peer Networks, D2N2 Growth Hub has received a commitment of up to £345,000 to support around 20-25 small cohorts of SMEs in D2N2 to undertake an action-learning programme within a facilitated peer network to boost their business performance post-COVID.
 - An allocation of £983,986 has been secured via the European Structural and Investment Fund (ESIF) national reserve to deliver the COVID Recovery Grant programme of which £327,995 is ringfenced to support Visitor Economy sector. Demand for the 100% grants (up to £3,000) has been substantial with demand expected to outstrip the grant allocation. Following input from the recent Business Growth & Innovation Advisory Board, partners are refining the eligibility criteria in order to minimise disappointment. The programme opened week commencing 28 September 2020.
<https://www.d2n2growthhub.co.uk/covid-19/#D2N2%C2%A0Covid-19%20Recovery%20Grant>
14. The Growth Hub survey provides a link to details of the latest intelligence gained: <https://app.powerbi.com/view?r=eyJrIjoiMTM5Y2I1ZWYtNzY1Mi00NDA4LWFiO WQY2M5ZjI1NzRmMTg3IiwidCI6ImFmMzZlZDZkLWlxZmMtNGEyMC1iNzgzLW EwMjk5YTE0OGZlZCJ9>

EUROPEAN STRUCTURAL AND INVESTMENT FUND (ESIF) SUMMARY UPDATE

15. ESIF includes money from the European Social Fund (ESF), European Regional Development Fund (ERDF) and European Agricultural Fund for Rural Development (EAFRD). ESIF provision continues to be affected by COVID-19 with providers continually developing approaches to delivery to ensure compliance with ongoing restrictions. Providers continue to utilise online, remote provision but this has impacted performance against profiled targets and outputs and income generation for the period July to September 2020.
16. Managing Authorities (MA) continue to work with the EU and the UK Government to develop flexibilities to allow additional support to providers through the COVID-19 pandemic. MAs continue to prioritise provider financials by supporting a range

of flexibilities such as varied intervention rates, reduction of financial penalties for reduced output levels and staged claims deadlines.

- a) **Support for businesses:** MAs have introduced flexibilities which allow providers to repurpose their project to better support businesses, in the current economic crisis, where activity remains in line with the Operational Programme and eligibility rules. This includes the provision of advice, business support and guidance to manage the effects of COVID-19 and allows SMEs that are experiencing financial difficulties to receive ESIF funded support.
- b) **Support for individuals:** Providers are being encouraged to continue support to individuals and groups using remote online delivery and the introduction of programme flexibilities, such as participant verification collection by alternative means e.g. email rather than wet signatures.

European Regional Development Fund (ERDF)

17. The Ministry of Housing, Communities & Local Government (MHCLG) have launched two programmes designed to address the impact of the COVID-19 pandemic on local economies to a total value of £2,852,053 of additional ERDF for the D2N2 area. These are:

- **The Reopening High Streets Safely Fund:** Local authority districts across D2N2 received a total allocation of £1,867,945 of ERDF to support the safe reopening of high streets and other commercial areas. The money has allowed local authorities to put in place additional measures to establish a safe trading environment for businesses and customers, particularly in high streets, through measures that extend to the end of March 2021.
- **The SME Restart and Recovery and Kickstarting Tourism package:** An additional allocation of £984,108 of ERDF was made available to the D2N2 Growth Hub to respond to the impact of COVID 19 on SME's, particularly those in the Visitor Economy. The additional funding (which was launched on 28 September as outlined in the section above within the Growth Hub Update) comprises of:
 - a) £263,710 to boost tourism in D2N2 by helping small businesses in tourist destinations to access additional support of up to £5,000
 - b) £720,398 to help small businesses recover from the effects of the COVID-19 pandemic by providing grants between £1,000 - £5,000 for new equipment and technology and specialist advice

European Social Fund (ESF) Reserve Fund

18. Following the initial impact of the COVID-19 crisis, Department for Work and Pension (DWP) paused all Call Proposals from LEPs to the ESF Reserve Fund. DWP are now seeking Call Proposals which specifically respond to the local impacts of COVID-19 and address the priorities contained in the LEP Economic Recovery and Growth Strategy. The intention is to bring forward programmes which respond directly to the employment and skills impacts of COVID-19 which complement existing ESF provision. All applicants to the Reserve Fund calls will need to bring 50% of eligible match funding.

19. The following four call proposals, having been reviewed by the August 2020 People and Skills Board, will seek final approval from the ESIF Sub Committee:
- COVID-19 unemployment programme - £2m of ESF
 - COVID-19 Youth programme - £2m of ESF
 - The D2N2 Apprenticeship and Jobs Hub - £2m of ESF
 - Skills for Productivity and Growth in D2N2 - £2m of ESF

If approved, LEP officers will work directly with DWP to co-develop the final call specifications for publication on the ESIF call website <https://www.gov.uk/european-structural-investment-funds>

European Agricultural Fund for Rural Development (EAFRD) Reserve Fund and COVID-19

20. EAFRD aims to improve the competitiveness of agriculture and forestry, the environment, and the countryside, and the quality of life and management of economic activity in rural areas. The Rural Development Programme for England (RDPE) Growth Programme had reopened to expressions of interest. This opportunity had been achieved through the creation of the RDPE Growth Programme National Reserve Fund, to run a new round of National Calls for applications from the 36 LEP areas where the grants have previously been available.
21. The Growth Programme National Reserve Fund (NRF) closed on 16 February 2020. The Rural Payment Agency (RPA) believe over 70 rural businesses within D2N2 applied for grant funding across the three funding strands of rural Business Development, rural Tourism Infrastructure and Food Processing. COVID-19 could impact on applicant's ability to deliver projects within the current completion deadline of 30 September 2021. The RPA will work with applicants to discuss flexibilities around project timelines and agree variations to claim schedules, project milestones etc.