

**LOCAL ENTERPRISE
PARTNERSHIP CAPACITY FUND
ROUND 2**

Guidance Note

DECEMBER 2011

Guidance Note

To help Local Enterprise Partnerships (LEPs) understand the issues facing businesses in their areas and to allow them to develop and prioritise action plans, the Department for Business Innovation and Skills (BIS) has made available a £4 million capacity fund.

Detail

For Round 2 of the Fund BIS have taken on board LEP comments about the need to simplify the process. As such for round 2 there will be no bidding process. To ensure compatibility with Government finance rules LEPs will be required to give some indication of how they intend to use their allocation before a formal grant offer is made. All LEPs who have been asked to put their boards in place by Ministers will be eligible.

To enable Partnerships to have some certainty for the future and to think about their activities over the medium term each Partnership's allocation covers the next 3 financial years with an equal amount of funding being made available in each year. The Department will consider alternative spend profiles of the allocation on a case by case basis.

As a further response to the request for simplification the fund is now aimed at the broad objective of supporting LEPs to address the issues that will best help them deliver local growth.

Activities which cannot be supported by this fund

Whilst we have focussed on ensuring that LEPs have the broadest range of activity on which to spend their funding the money cannot be used to support:

- To support the same activity that has already been supported under the one off Start-up Fund including staffing and secretariat expenses.
- Any duplication of activities already support under the Capacity Fund round 1.
- Staff and Board travel of a general nature should be excluded. Travel and subsistence incurred through delivering the project can be claimed, where the costs relate to standard class public transport and standard mileage rates. Use of taxis can be claimed but need to be justified.
- Costs in respect of training activities will only be reimbursed where the training was appropriate and vital to the successful completion of the project. Training which the organisation would do anyway, including that covering the company image or policy – should be excluded.

- Costs potentially incurred by the project but not directly related to its delivery, for example, general overheads, interest payments and audit fees.
- Hospitality.
- Promotion and marketing.

If you have any concerns over eligibility of expenditure seek advice from the Department before incurring the cost. Queries should be sent to LocalEnterprisePartnerships@bis.gsi.gov.uk

In addition, we would expect LEPs to ensure that activities supported through the fund both represent value for money and are consistent with HMT's policies where they have national leadership, for example on inward investment.

The types of activities that you may wish to support are:

Identifying priorities

- Analysis of existing economic data or intelligence to help LEPs prioritise the activities to engage in.
- Analysis of new or emerging industries or clusters.
- Analysis of potential barriers and collection of new economic data.
- Training for board members.
- Consulting with stakeholders.
- Identifying economic benefits of working between LEPs on infrastructure issues or sectoral priorities.

Delivering against priorities

- General policy and development work on priorities identified by the Board. For example through highly targeted research or the development of prototypes and/or pilots.
- Development of mechanisms, tools and models for specific initiatives. For example, development of the financial models to support local variant growth zones
- Identify potential funding streams for projects including finding alternative mechanisms for accessing and matching EU funding.
- Evaluating the success of initiatives and measuring progress against priorities.
- Develop financial approaches that seek to create a self-sustaining future for the LEP.

Communications

- In all areas, but in particular newly defined areas, there will be an ongoing need to explain what the LEP's role is and how the Partnership is taking forward its policy agenda to stakeholders, partners and the business community.
- Develop mechanisms to engage businesses from all sectors and markets – not just the usual suspects and those who are members of the more prominent business organisations.

None of the above headings or the suggestions under them is exhaustive. The funding can be used to support any activity as long as it can be evidenced that it is supporting your LEP(s) to address the issues that will best help them deliver local growth.

Application

The Accountable Body must have a legal personality, such as a Chamber of Commerce, Local Authority or a LEP which has been registered as a limited company.

In order to obtain funding, applicants should complete the application form which can be found on our website at <http://www.bis.gov.uk/policies/economic-development/leps> giving details of their proposal and the rationale behind it.

Some Partnerships may want to pool their resources with another LEP to pursue activities of common interest or help better achieve economies of scale and bring down costs. Where joint activity is being pursued then only one LEP needs to identify the activity in their return but they should also provide suitable evidence of the partner LEP(s)' commitment to the activity and setting out how much of their allocation they intend to commit to it.

There is no legal requirement to match fund expenditure under this round of the capacity fund, however, being able to attract match funding provides a good indicator that the activity is worthwhile.

Spend Profile

If your application is accepted you will be asked to provide a spend profile for the first financial year 2012/2013. This detail will be included in the offer letter. You will also be asked to provide further claim profiles at the beginning of 2013/2014 and 2014/015 financial years. Project activities will not be funded beyond the 31st March 2015.

Terms of the offer

If your application has been successful a grant offer letter covering all 3 financial years from 2012/13 to 2014/15 will be sent to the Accountable Body.

All claims for re-imburement of expenditure need to be submitted by the Accountable Body, quarterly and in respect of expenditure already incurred and paid for. Project reports will be required with every claim. All costs claimed must be proportionate and relevant to the project.

As is often the case up to 85% of the award can be claimed by 31st March 2015. The remaining 15% of the will be held back until an independent auditor's report is produced on the expenditure of the full allocation.

Partnerships may wish to consider identifying a local authority or other large organisation as the Accountable Body to help minimise the audit costs and potential cash flow problems that may result from holding back this 15%.

Submission of Applications

Completed forms must be received by BIS at the following address, LocalEnterprisePartnerships@bis.gsi.gov.uk, by 23.59 on 13 February 2012.

For help or advice in completing the application form please send an email to the above address.

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