



European Union
European Structural
and Investment Funds

Guidance for the Development of Community Led Local Development Strategies

Version 2

March 2016

Contents

1. Purpose
2. Background
3. Key Principles
4. European Structural Fund Priorities
5. Content of the Strategy
6. Local Development Strategy Checklist
 - Annexe 1. Community-led Local Development Priorities in Operational Programmes
 - Annexe 2. Community-led Local Development Action Plan
 - Annexe 3. European Regional Development Fund and European Social Fund Community-led Local Development Strategy Assessment Framework

1. Purpose

To give organisations that have been invited to develop a Community-led Local Development Strategy further guidance on the content of the strategy. This includes the minimum requirements as laid out in Regulation (EU) 13030/2013. Strategy developers are invited to carefully consider this document when drafting their strategy.

This guidance replaces version 1 which was published in 2015.

2. Background

The Ministry of Housing, Communities and Local Government, in its capacity as the Managing Authority for the European Regional Development Fund and the Department for Work and Pensions, in its capacity as the Managing Authority for the European Social Fund, have jointly invited the submission of Community-led Local Development Strategies.

This guidance sets out the minimum requirements for these strategies.

You may also wish to refer to the Managing Authorities' guidance on Community-led Local¹ Development on gov.uk and the European Commission's guidance on Community-led Local Development².

3. Key Principles

3.1 A 'bottom-up' approach

Community-led Local Development must be community led by Local Action Groups, and implemented through integrated area based Local Development Strategies. The preparation of the strategy must actively involve the local community and this process should be described in the strategy.

Community-led Local Development must not be imposed from the top down. It is not simply a process of converting existing strategies into a Local Development Strategy or drawing together a group of existing local activists to form a Local Action Group. It is essential to involve a cross-section of the targeted local community in the development and management of the strategy and in finding solutions to local issues.

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/501641/ESIF-GN-1-014_ERDF_and_ESF_Supplementary_Guidance_on CLLD_v1.pdf

²http://ec.europa.eu/regional_policy/sources/docgener/informat/2014/guidance_community_local_development.pdf

The Local Action Group should represent the entire community and the area. If it is difficult to establish a single Local Action Group that can operate across the area, it may be because it is not a cohesive social, economic and geographic area.

The European Regulations³ set out the tasks that Local Action Groups must undertake:

1. Local action groups shall design and implement the community-led local development strategies
2. The tasks of local action groups shall include the following:
 - (a) building the capacity of local actors to develop and implement operations including fostering their project management capabilities;
 - (b) drawing up a non-discriminatory and transparent selection procedure and objective criteria for the selection of operations, which avoid conflicts of interest, ensure that at least 50% of the votes in selection decisions are cast by partners which are not public authorities, and allow selection by written procedure; EN L 347/356 Official Journal of the European Union 20.12.2013
 - (c) ensuring coherence with the community-led local development strategy when selecting operations, by prioritising those operations according to their contribution to meeting that strategy's objectives and targets;
 - (d) preparing and publishing calls for proposals or an ongoing project submission procedure, including defining selection criteria;
 - (e) receiving and assessing applications for support;
 - (f) selecting operations and fixing the amount of support and, where relevant, presenting the proposals to the body responsible for final verification of eligibility before approval;
 - (g) monitoring the implementation of the community-led local development strategy and the operations supported and carrying out specific evaluation activities linked to that strategy.

The Local Development Strategy must explain how the Local Action Group will undertake these tasks.

3.2 An integrated approach

If the intention is to use European Regional Development Fund and European Social Fund investment to deliver the Local Development Strategy, it should explain how European Regional Development Fund and European Social Fund investment will be aligned at the local level. For example the Local Development Strategy should consider how people supported through the European Social Fund to develop new

³ Article 34 of Regulation (EU) No 1303/2013

skills and increase their chances of getting a job will have access to new jobs in businesses supported by the European Regional Development Fund.

The Local Development Strategy must also consider how its activities relate to other local activity being funded by the European Regional Development Fund and European Social Fund. Where appropriate the strategy should also clarify how the Local Action Group and the Local Development Strategy will interact with LEADER Local Action Group and Fisheries Local Action Groups delivering Community-led Local Development activity supported by the Rural Payments Agency.

3.3 An inclusive area-based approach

The Local Action Group should include people from all sections of the local community (e.g. public, private, voluntary and community sectors), reflect the nature and focus of the strategy and the make up of the area. The strategy should take an area-based approach reflecting the needs of a distinct and cohesive area.

3.4 Added value

The strategy must make a clear and compelling case for the use of Community-led Local Development in the area. From the strategy it should be clear how this approach will add value to the area and achieve things that would not happen without it.

3.5 Value for money

The Local Development Strategy must represent value for money, taking account of:

- the amount of European Regional Development Fund and European Social Fund investment;
- the number of European Regional Development Fund and European Social Fund outputs the strategy will deliver; and
- the local impact of actions delivered through the strategy.

4. European Structural Fund Priorities

Consulting with the local community will identify a broad range of issues. Not all of these issues can be addressed through the Community-led Local Development Strategy.

European Social Fund activity must be in line with Investment Priority 1.5 of Priority Axis 1 of the European Social Fund Operational Programme⁴.

European Regional Development Fund activity must be in line with Investment Priority 9d of Priority Axis 8 of the European Regional Development Fund Operational Programme⁵.

The priority actions and activity that can be supported by the Operational Programmes are summarised in annexe 1.

Please note that European Regional Development Fund and European Social Fund spending under Community-led Local Development can only support activity that is eligible under these investment priorities of the Operational Programmes. If activity is not eligible under these investment priorities it cannot be supported, even if the activity is eligible under other parts of the Operational Programmes.

5. Content of the Strategy

The strategy should cover the delivery of local projects over a five year period. The Managing Authorities expect that local projects will start being delivered from spring 2017. Costs linked to the management and administration of the delivery of the strategy can commence in 2016, please see section 7 for further information.

Because Community-led Local Development is a bottom up approach there is no single ‘correct’ way to write a Local Development Strategy. Local areas are very different and no 2 areas or partnerships will be identical.

The European Regulations sets out the minimum requirements for a Local Development Strategy:⁶

1. the definition of the area and population covered by the strategy;
2. an analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats;
3. a description of the strategy and its objectives, a description of the integrated and innovative features of the strategy and a hierarchy of objectives, including measurable targets for outputs or results;
4. a description of the community involvement process in the development of the strategy;
5. an action plan demonstrating how objectives are translated into actions;

⁴ <https://www.gov.uk/government/publications/european-social-fund-operational-programme-2014-to-2020>

⁵ <https://www.gov.uk/government/publications/draft-european-regional-development-fund-operational-programme-2014-to-2020>

⁶ Article 33 of Regulation (EU) No 1303/2013

6. a description of the management and monitoring arrangements of the strategy, demonstrating the capacity of the local action group to implement the strategy and a description of specific arrangements for evaluation;
7. the financial plan for the strategy, including the planned allocation from each of the ESI Funds concerned.

The Community-led Local Development Strategy must fully address these minimum requirements.. These minimum requirements are what the Managing Authorities will consider when assessing the strategy. The framework the Managing Authorities will use to assess the strategy is provided as annexe 3.

5.1 Definition of the area and population covered by the strategy

This section should provide a description of the area and how it functions, drawing out key features relevant to the Local Development Strategy. This should explain why this is an appropriate area for Community-led Local Development, for example the key features which make it a coherent area in social, economic and geographic terms.

The Local Development Strategy should include a map clearly showing the Community-led Local Development area.

The European Social Fund and European Regional Development Fund Operational Programmes set a number of criteria for Community-led Local Development areas:

- focus upon sub-regional areas at a level below Local Enterprise Partnership area boundaries with a population of not less than 10,000 and not more than 150,000
- in more developed and transitional categories of region, prioritise local super output areas identified as being in the most deprived 20% areas by reference to the Index of Multiple Deprivation 2010 in More Developed and Transition Areas
- in the less developed category of region (Cornwall and the Isles of Scilly), prioritise those local super output areas identified as being in the 30% most deprived areas by reference to the Index of Multiple Deprivation 2010; at least 70% of European Social Fund and European Regional Development Fund expenditure must be spent in these areas
- areas not within the 20% (30% in Cornwall and the Isles of Scilly) Index of Multiple Deprivation most deprived may be considered for incorporation in the Community-led Local Development area where their incorporation links need

with opportunity or presents a more coherent functional economic area. Where Community-led Local Development areas include such areas a robust case must be made within the Local Development Strategy

- areas should form a coherent unit in geographical, economic and social terms, taking into account the nature of the strategy

The Local Development Strategy should describe how the proposed area demonstrates alignment with these requirements. If the proposed area is not a single contiguous area, the narrative should provide a clear rationale as to how the area demonstrates geographic coherence and functions as an economic and social area.

Please note during delivery of the Local Development Strategy only people and businesses located in the defined Community-led Local Development area will be eligible for support from the European Social Fund and European Regional Development Fund. It is important that the defined area reflects local needs and how the local community operates and minimises the risk that potential beneficiaries are excluded unintentionally. People and businesses from outside the Community-led Local Development area may participate in projects; however the eligible costs will be reduced to reflect the proportion of ineligible participants.

The Local Development Strategy must include a table setting out:

1. A list of the lower super output areas included within the Community-led Local Development area.
2. Clarification of which of the lower super output areas listed at point one are within the 20% (30% in the case of Cornwall and the Isles of Scilly) most disadvantaged lower super output areas in the Index of Multiple Deprivation 2010
3. Clarification of which of the lower super output areas listed at point two are adjacent i.e. have a border with lower super output areas within the 20% (30% in the case of Cornwall and the Isles of Scilly) most disadvantaged lower super output areas in the Index of Multiple Deprivation 2010
4. Clarification of which lower super output areas listed at point one are not within the 20% (30% in the case of Cornwall and the Isles of Scilly) most disadvantaged lower super output areas in the Index of Multiple Deprivation 2010 or adjacent to those areas.
5. The population of each of the lower super output areas listed at point 1.

5.2 Analysis of the development needs and potential of the area

5.2.1 The local social and economic context

The Local Development Strategy should present a concise analysis of the social and economic conditions in the proposed area. This provides an essential evidence base to develop the strategy and local baselines to assess the progress and success of the Local Development Strategy.

Information and data presented should be specific, up to date, highly relevant to and focused on the Community-led Local Development area, and include present baseline and trend data where possible.

Recommended socio-economic data sets to be assessed include:

- the areas resident population and its profile.
- the number and distribution of jobs in the area.
- employment by sector and by gender, full time and part time.
- workforce skills and qualifications.
- unemployment, ideally including area, age and gender.
- the business base, births, deaths, numbers and sizes.
- local infrastructure provision and access to services.
- deprivation and disadvantage based on other social aspects (e.g. income, health and housing)

If there are problems matching published data to Community-led Local Development areas, for example if there is no direct fit with administrative boundaries or data is not available at a very local level. The Local Development Strategy should explain the issues and how data has been interpreted and used.

5.2.2 The SWOT analysis.

The Local Development Strategy should contain a high quality analysis of relevant key local strengths, weaknesses, opportunities, and threats (SWOT) facing the area. This analysis should consider the key features of the area, the social and economic context, a review of policies applying to the area, the community and stakeholder consultations and any expert knowledge or input.

The SWOT analysis is essential for effective needs assessment, setting objectives and designing projects. The analysis should provide a basis for prioritising the most important issues and actions and for allocating resources. It should connect the evidence base, the community engagement and the proposed activities.

In response to weaknesses identified in the audit of previous programmes the European Commission see a robust SWOT as being crucial to the development and delivery of the Local Development Strategy.

In drafting the Local Development Strategy the Local Action Group should take account of the following:

- the points raised in the SWOT should be clearly based on evidence obtained from the diagnosis of the area
- they should focus on the specific features of the area and why it is different, rather than simply describing common features of areas or target groups such as youth or women
- as much, if not more attention should be paid to mapping the opportunities and “assets” as to describing the weaknesses and threats - the strategy should be forward looking not purely defensive
- the Local Development Strategy cannot simply be a ‘wish list’ of every need - even at this stage it is important to start ranking or prioritising needs and opportunities
- the prioritisation or ranking must be evidence based and should take into account the views of local stakeholders
- the local partnership must distinguish between what it would like to achieve and what it can achieve with the resources and programmes available

The SWOT should include both quantitative and qualitative elements and relevant baseline indicators that can be used to measure performance.

As this is a bottom up approach the SWOT must reflect contributions from the local community. This section should explain what was done, who was involved and how community views have shaped the SWOT.

The SWOT underpins the intervention logic of the Local Development Strategy linking the needs and opportunities to the development of the Local Development Strategy objectives. It provides the background against which the justification, relevance and adequacy of the Local Development Strategy will be assessed.

5.3 Description of the strategy and its objectives

5.3.1 Intervention Logic

Intervention logic is about developing a strategy that makes sense. For example do the proposed activities link to local needs and will they deliver what is required. The Local Development Strategy should present a clear rationale that clearly links:

- Local needs and opportunities.
- Local objectives and targets.
- Proposed actions.

- The use of funding.
- Monitoring progress and evaluating success.
- Using monitoring and evaluation to review needs, opportunities and objectives.

This ‘intervention logic’ must demonstrate how the proposed activities flow from the combination assessment of needs the SWOT analysis and the consultation findings. This section should explain how the Local Development Strategy represents a coherent response to needs and opportunities in the local area.

It is often helpful to test the intervention logic from the point of view of the customer journey. For example how will the Local Development Strategy help someone who is unemployed to get a job in a local business? Or help a local business grow and recruit local people?

5.3.2 Objectives

Clear objectives are crucial to an effective strategy. They clarify what the strategy is trying to achieve, the types of projects that should take place and how progress and success will be measured.

The strategy should set out a clear prioritised list of objectives. These objectives must be SMART:

- **Specific** – clearly stating what the Local Development Strategy will address and how;
- **Measurable** – containing a basis for measurement and quantified targets;
- **Achievable** – technically feasible given the scope and scale of Local Development Strategy proposals;
- **Realistic** – attainable given the resources provided, time allowed, etc.;
- **Time-bound** – incorporating the date by which the targets should be achieved.

The strategy should explain how the Local Action Group will monitor performance against these objectives and evaluate its progress.

5.3.3 ESI Fund Outputs and Results

The Objectives of the strategy must also translate into the delivery of European Regional Development Fund and European Social Fund outputs and results. The outputs and results that will be delivered by the projects supported by the strategy should be summarised using part 2 of the action plan template (annexe 2).

The strategy should include a summary explaining how the figures included in the action plan have been estimated.

If the strategy will be delivered in more than one category of region the strategy should include:

- an estimate of the number of outputs that will be achieved in each category
- an explanation of how the split of outputs between the category of regions was estimated

5.3.4 Consistency, complementarity and synergy

Community-led Local Development is a relatively small intervention and will only be effective if it is targeted on key priorities and does not duplicate other initiatives. Careful consideration and planning is needed to ensure the Local Action Group makes good use of the resources and does not provide activity that is not needed.

The strategy should include a mapping of other initiatives in the area (including activities being developed) that are linked to its priorities, objectives and proposed activities. The Local Development Strategy should clearly demonstrate how Community-led Local Development activity will achieve things that would not happen without it.

5.3.5 Equal opportunities

The European Structural and Investment Fund Regulations⁷ require all European Regional Development Fund and European Social Fund programmes to promote gender equality and equal opportunities. These programmes and projects they fund are also required to comply with the Equality Act (2010) and, in particular, pay due regard to the General Duty of the Public Sector Equality Duty. This is especially important in Community-led Local Development as it will focus on disadvantaged neighbourhoods and people and a robust approach to equalities is vital to ensure that all available talents and abilities are harnessed.

The Local Development Strategy should contain a clear and concise statement laying out the Local Action Group's strategic approach to enabling and ensuring equality of opportunity and how it is proposed that this will be addressed operationally.

5.3.6 Environmental sustainability

The European Structural and Investment Fund Regulations⁸ require all European Regional Development Fund and European Social Fund programmes to support sustainable development and, in particular, support environmental sustainability by

⁷ Article 7 of the Common Provision Regulations: Regulation (EU) No 1303/2013

⁸ Article 8 of the Common Provision Regulations: Regulation (EU) No 1303/2013

delivering activities in a way which helps preserve, protect and improve the quality of the environment

Integrating environmental sustainability in Local Action Group area strategies is important because of European Union and domestic environmental legislation.

The Local Development Strategy should set out the Local Action Group's approach to environmental sustainability principles and outline how these will be implemented and monitored.

5.3.7 Innovation

Giving local people control can encourage new ideas about how to tackle local problems. In other words it generates innovation at the local level. Community-led Local Development should focus on trying new things or doing things in a different way because doing more of the same is unlikely to meet local needs. If it did there would be less need for Community-led Local Development.

In Community-led Local Development the European Commission believes that the definition of innovation should be left open to allow for local ideas. Innovation does not mean doing high level research and development or designing totally new approaches, but this may happen. The objective is to encourage and support new forward looking ways of meeting local needs. Innovation in Community-led Local Development:

- can involve new products, services or ways of doing things in a local context
- often has a multiplier or snowball effect on the changes that the community wants to bring about
- can involve one or more small scale actions and prototypes or a larger scale flagship project that mobilises the community
- finds new ways of mobilising and using the existing resources and assets of the community
- builds collaboration between different actors and sectors
- can, but does not necessarily involve universities or academic research and development
- can be a platform for innovations which can then be applied more widely through exchange, cooperation and networking

The Local Development Strategy should outline how the Local Action Group will identify, initiate, support and share innovation.

The Managing Authorities recognise that when new ideas are put into practice they do not always work. The Local Development Strategy should allow for a degree of failure.

5.4 A description of the process of community involvement in the development of the strategy

The community's involvement in the preparation of the Local Development Strategy is fundamental. The Local Development Strategy must be designed from the bottom up, taking account of local needs, potential and ambitions.

Community-led Local Development must not be imposed from the top down. All activity should be done with the community, not to the community. It is important that Local Action Groups reach out to all sections of the community and build trust, confidence and understanding. Delivering the full potential of Community-led Local Development requires representatives from the whole community to be involved at all stages. The Local Development Strategy should set out how the community was involved in the development of the Local Development Strategy and how the local community:

- helped define the Community-led Local Development area
- influenced the analysis of needs
- contributed to the SWOT
- shaped the SMART objectives
- prioritised the objectives
- shaped the action plan

The Local Action Group owns the Local Development Strategy and will be responsible for delivering it. The Local Action Group must endorse the Local Development Strategy before it is submitted to the Managing Authorities. The Local Development Strategy should include evidence of this endorsement.

5.5 An action plan demonstrating how objectives are translated into actions

This section of the Local Development Strategy should set out the types of activities that would be used to deliver the SMART objectives. At this stage it will not be possible to identify specific projects but it will be possible to identify the types of actions that need to take place.

The activities should be grouped together in a logical way that is consistent with local needs, the SWOT and the prioritised objectives. Depending on the local conditions it may be best to group activities in a thematic way and where both European Regional Development Fund and European Social Fund are involved identify how each fund will be used to support the activities. Or it may be more appropriate to group activities by fund and explain how the activities funded from each fund join together in an integrated way.

However the actions are grouped together there must be clear intervention logic for them that can be traced back to the SMART objectives, the SWOT and local needs and opportunities.

For each package of activity the Local Development Strategy should set out:

- specific SMART objectives
- a rationale which justifies the package of actions and its contribution to the overall strategy
- the range of activities that will be considered for support under the package
- links to other activity in the Local Development Strategy
- links to other activity not within the Local Development Strategy
- the target beneficiaries for the activity
- the indicative allocation of funding for the package should be provided, broken down in monetary terms (by fund where appropriate) and as a proportion of the total resources for the Local Development Strategy
- performance indicators for the activity
- the types and scale of outputs, results and outcomes (or impacts) the activities will achieve

Local Action Groups may identify additional performance indicators from those specified in the European Regional Development Fund and European Social Fund Operational Programmes. Local Action Groups may also include performance indicators to reflect the specific theme or focus of the strategy and/or local priorities, but it is essential that these are well defined, practical and limited in number.

The Local Development Strategy must contain a summary of the action plan using part one of the action plan template (annexe 2).

5.6 Description of the management and monitoring arrangements of the strategy, and the specific arrangements for evaluation

5.6.1 Summary of the Local Action Group

Preparing the Local Development Strategy goes hand in hand with establishing the Local Action Group. As people are identified to contribute to the Local Development Strategy the partnership is likely to grow. The Local Development Strategy must include:

- the proposed legal status of the Local Action Group
- details of the membership of the Local Action Group and the groups they represent
- any plans to change the Local Action Group as work progresses

- the roles of partner organisations in the Local Action Group
- a summary of the role of the Local Action Group members
- how the Local Action Group will make decisions e.g. which projects to fund
- how conflicts of interest will be managed
- a copy of the Terms of Reference of the Local Action Group

The decision-making process in the Local Action Group should not be dominated by the public sector or any specific interest group: The Local Action Group's terms of reference should ensure that:

- the public sector members or any single interest group can not have more than 49% of the voting rights during decision-making
- at least 50% of the votes in project selection decisions have to come from the non-public sector partners
- the Local Action Group should aim at being gender balanced and have a fair representation of the population of the target area

5.6.2 The Accountable Body

The Local Development Strategy must specify which partner will act as the Accountable Body for the Local Action Group. The Accountable Body will receive the funding from the Managing Authorities and be responsible for ensuring it is used in line with the European Regional Development Fund and European Social Fund rules.

The Local Development Strategy should explain why the Local Action Group has chosen this organisation to act as the Accountable Body. For example by making reference to its systems, staffing, experience and capabilities. The Local Development Strategy must include written confirmation that the organisation has agreed to undertake this role.

5.6.3 Project development and selection

The Local Development Strategy should outline the approaches that will be taken to project development, project application and project approval. This should cover all of the stages from developing invitations for projects through to the submission of applications.

The Local Development Strategy should set out how the Local Action Group will decide which projects will be funded. This should clearly identify:

- the sequence of events and who is involved at each stage of the process
- how decisions will be made e.g. by consensus or vote
- any weighting or scoring to be applied
- any variation by type of decision

- the required quorum and the balance of its make up

How this is managed will reflect the Local Development Strategy. The chosen approaches must:

- be open so that any organisation can apply
- be fairly applied to all applicants
- be efficient and timely;
- be clear on how decisions are made and by whom
- ensure that decisions are clearly recorded

It is not necessary to include the supporting materials, e.g. application forms, scoring pro-forma, etc. within the Local Development Strategy. But the Local Development Strategy should include flow charts illustrating the application and selection processes.

5.6.4 Monitoring and evaluation

The Local Development Strategy must contain a monitoring and evaluation plan. The plan must set out how the Local Action Group will ensure it is monitoring the implementation of the Local Development Strategy and measuring progress towards meeting the SMART objectives. The plan should include:

- the performance indicators that will be used
- where the information will come from and how often it will be collected
- how the monitoring data will be collected, collated and reported
- how and when the Local Action Group will monitor and review performance
- how the Local Action Group and the Local Development Strategy will be evaluated e.g. by a third party or through self-evaluation
- how performance data and evaluation results will be shared
- the amount of money allocated to these activities

5.6.5 Communications and publicity

The Local Development Strategy should outline the Local Action Group's proposals for communications and publicity. Effective communications are very important in Community-led Local Development as to be successful the Local Action Group needs to engage with a wide range of people and organisations across the area. It is not necessary to submit a formal communication plan with the Local Development Strategy, this will be required later if the strategy is approved.

The preparation of the Local Development Strategy is supported by the European Regional Development Fund and or the European Social Fund. This work must be

undertaken inline with the European Regional Development Fund and European Social Fund Branding and Publicity Requirements published n the Gov.UK website⁹.

5.6.6 Training and development

The Local Action Group will involve people from a wide range of backgrounds. Being a Local Action Group member can be a complex role. To be successful the Local Action Group will need to include people who bring a range of skills, knowledge and experience but who might have very little experience of this type of role.

It is important that all Local Action Group members have the skills they need to do the job and the Local Development Strategy should outline how the Local Action Group will assess training needs and how these will be met. This may include internal and external provision, cooperation, networking and mentoring approaches.

5.7 Financial plan of the strategy

A realistic and robust budget projection is essential. The budget should include 5 years of expenditure on projects funded from the Local Development Strategy between April 2017 and March 2022. The budget should also include management and administration costs associated with coordinating the Local Action Group and managing the delivery of the strategy. To allow for a start-up and closure period management and administration costs may be incurred from autumn 2016 (as set out in the stage one approval letter) and may continue until the end of 2022.

The amount indicatively allocated to Community-led Local Development in each Local Enterprise Partnership area was set out in the local call for proposals. The calls for proposals can be found on the .Gov.UK website¹⁰. Local development strategies should be realistic in the light of the local Community-led Local Development allocation and the local ability to find the necessary match funding.

5.7.1 Financial Plan

The European Regional Development Fund and European Social Fund Operational Programmes require that the Local Development Strategy has a budget that includes a minimum of €3,000,000 (c£2,100,000¹¹) public sector funding. This figure includes the European Regional Development Fund and European Social Fund contributions. There is no maximum or minimum requirement for private sector funding.

⁹ <https://www.gov.uk/government/publications/european-structural-and-investment-funds-programme-guidance>

¹⁰ <https://www.gov.uk/european-structural-investment-funds> the calls can be found by using the filters in the ‘Funding Finder’ tool.

¹¹ The Sterling value of the Euro figure will fluctuate to reflect changes in the exchange rate, the figure of £2,100,000 should be used as a planning figure.

No more than 25% of the total amount of public sector funding can be used to support the costs of coordinating the Local Action Group and managing the delivery of the strategy. For example, if the total public expenditure was £3,000,000 the maximum amount that could be spent on coordinating the Local Action Group and managing the delivery of the strategy would be £750,000. At the end of the delivery period the Managing Authority will undertake a reconciliation to ensure that that this limit has not been exceeded.

To simplify administration only one of the Managing Authorities will contribute to the costs of coordinating the Local Action Group and managing the delivery of the strategy. The Managing Authority that will be asked to contribute to these costs must be identified within this section of the strategy.

The Local Development Strategy financial plan should take account of the maximum percentage of funding that the European Regional Development Fund and European Social Fund can provide. This will depend upon the category of region in which the activity is being delivered. Further guidance can be found in the European Regional Development Fund eligibility rules and European Social Fund eligibility rules published on the .Gov.UK website¹².

The Local Development Strategy should include a financial plan explaining:

- the proposed overall budget for the Local Development Strategy
- the costs associated with coordinating the Local Action Group and managing the delivery of the strategy
- whether the costs associated with coordinating the Local Action Group and managing the delivery of the strategy will be supported by the European Social Fund or European Regional Development Fund
- the source(s) of match funding for the costs associated with coordinating the Local Action Group and managing the delivery of the strategy
- the total budget for projects to be funded from the Local Development Strategy
- the total amount of European Regional Development Fund that will be used to fund projects
- the total amount of European Social Fund that will be used to fund projects
- the amount, if any, of match funding that the Local Action Group has secured to support projects
- the overall amount of match funding that projects funded from the strategy will provide
- the assumptions that have been made in preparing the project financial plan

¹² <https://www.gov.uk/government/publications/european-structural-and-investment-funds-programme-guidance>

If the strategy will be delivered in more than one category of region the financial plan should include:

- an estimate of the total amount that will be spent in each category of region
- an estimate of the amount from the European Regional Development Fund that will be spent in each category of region
- an estimate of the amount from the European Social Fund that will be spent in each category of region
- an explanation of how the split of costs and funding between the category of regions was estimated

The European Regional Development Fund and European Social Fund expenditure must prioritise the most disadvantaged areas. If the Community-led Local Development area includes lower super output areas that are not within not within the 20% (30% in Cornwall and the Isles of Scilly) most deprived in the Index of Multiple Deprivation 2010 the financial plan should provide:

- an estimate of the percentage of European Regional Development Fund and European Social Fund funding that will be spent supporting people and business based outside the 20%/30% most deprived areas¹³
- an explanation of how the Local Action Group will ensure that European Regional Development Fund and European Social Fund investment prioritises people and businesses in the most deprived areas

The financial plan should be summarised using part three of the action plan template (annexe 2). A more detailed budget breakdown will be required if the strategy is approved.

¹³ N.B that in Cornwall and the Isles of Scilly at least 70% of European Social Fund and European Regional Development Fund expenditure must be spent in the local super output areas identified as being in the 30% most deprived areas by reference to the Index of Multiple Deprivation 2010.

6. Local Development Strategy Checklist

Use this checklist to test whether your Local Development Strategy is complete.
Does the Strategy:

Provide information required by Article 33 of the Common Provision Regulation

Identify the Local Action Group

Identify an accountable body for the Local Action Group

Include confirmation that the accountable body agrees to perform this role

Include confirmation that the Local Action Group has endorsed the strategy

Include terms of reference for the Local Action Group

Include a map of the proposed area and an annex providing details of it

Include a Monitoring and Evaluation Plan

Include all three parts of the Action Plan Summary

- Part 1: Summary
- Part 2: ESIF Outputs
- Part 3: Financial Summary

European Regional Development Fund Community-Led Local Development Priorities

Extract from pages 176-177 of the European Regional Development Fund Operational Programme.

Key issues to be addressed through European Regional Development Fund Community-Led Local Development include inter alia:

- Information failures at local level which restrict small and medium enterprise (including social enterprise) competitiveness and deter new small and medium enterprise formation by preventing access to networks, services and support needed to strengthen economic performance or entrepreneurship;
- Poor quality small-scale business infrastructure that is inadequate for market needs, the requirements of local small and medium enterprises / social enterprises and needs of local communities;
- Lack of amenities, community capacity/ social capital and low levels of enterprise, including social enterprise and the development of start-ups;
- Ways that areas of deprivation can benefit from opportunities in adjacent areas of higher economic growth and employment.

Indicative activity for Community-Led Local Development supported by European Regional Development Fund investment may include:

- Facilitation and capacity building activity in targeted areas which seeks to mobilise community resources and build upon local assets to mitigate risk of social exclusion and act as a foundation for improved economic performance;
- Provision of small scale community hub facilities to support small and medium enterprises (including social enterprise) in targeted areas;
- Activity that seeks to promote entrepreneurship and self-employment in deprived areas and targeted communities;
- Tailored business support activity, mentoring, coaching, information, advice and guidance;
- Small equipment grants;
- Provision of business space;
- Support for clustering, networking, cooperation or local supply chains collaboration;
- Investments to better connect deprived neighbourhoods and areas of need with adjacent areas of opportunity and employment growth;
- Support to embed and apply innovation in a local context (e.g. new products/services/ways of working) that builds on community assets in pursuit of jobs and growth;
- Support for new forms of enterprise (including the social economy and social enterprises).

European Social Fund Community-Led Local Development

Extract from pages 78-80 of the European Social Fund Operational Programme. The main objective of ESF CLLD activity is to deliver additional, localised support to people in particularly deprived areas, so that they move towards or into employment. This will generally be in the context of support for marginalised groups and individuals from disadvantaged backgrounds.

ESF CLLD LAG activity will tackle a broad range of issues that are barriers to labour market participation. These include for example: caring responsibilities; debt; digital exclusion; drug and alcohol dependency; poor basic skills; as well as life skills; lack of motivation and confidence; family, parenting and relationship problems; health, mental health and well-being problems; homelessness; learning difficulties and disabilities; offending; isolation issues faced by individuals and where needed support for childcare.

All activity must address specific locally identified needs in support of growth at community level. This will be required to focus on interventions that add value to local strategies which cannot adequately be met through mainstream ESI Fund programme provision.

CLLD priorities and activities will be determined locally from the communities themselves. Examples of ESF CLLD activities include *inter alia*:

- stimulating local economies to deliver jobs and growth, including innovative activity to tackle multiple deprivation and specific local barriers to accessing employment and skills faced by groups and individuals farthest from the labour market;
- providing individual pathways to integration and re-entry into employment, for example through developing links between disadvantaged groups and local employers, the social economy, social enterprises and intermediaries able to provide information, advice and guidance on employment and self employment options;
- improving the integration of marginalised families and communities;
- combating discriminations in local areas that are based on gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation;
- reducing employment barriers linked to social and economic isolation, for example by addressing health and transport issues and increasing access to information and sources of advice on issues such as debt and money management;
- improving low level skills amongst young people NEET and adults, including communication, ICT and digital skills;
- facilitating community participation and engagement, including community leadership and peer support programmes;
- stimulating local economies to deliver jobs and growth in areas often affected by industrial decline - e.g. ex-mining communities;
- support for the development of community and social capacity building, including social enterprise and through investment in developing high growth start-ups;
- stimulating local level collaboration amongst citizens, small businesses and other local economic bodies;

Annexe 1

- addressing poor linkages between areas of deprivation with nearby areas of high economic growth and job opportunities.

CLLD Action Plan Part 1: Summary

| Types of Activity | Total Expenditure (£,000) | ESIF Funding | | | ESIF Outputs | | | |
|-------------------|---------------------------|--------------------|---------------------|----------------|--------------|-----|-------|--|
| | | ESF (a) (£,000) | ERDF (b) (£,000) | Total (a+b) | ESF | | ERDF | |
| | | Ref | Total | Ref | Total | Ref | Total | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Total | | | | | | | | |

CLLD Action Plan Part 2: ESIF Outputs

| 2.1 ESF Outputs and Results | Number to be delivered in | | | | | | |
|---|---------------------------|------|------|------|------|------|-------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Total |
| Output | | | | | | | |
| Number of participants | | | | | | | |
| Participants that are unemployed including long-term unemployed | | | | | | | |
| Participants that are inactive | | | | | | | |
| Participants that are aged over 50 | | | | | | | |
| Participants that are from ethnic minorities | | | | | | | |
| Participants that have disabilities | | | | | | | |
| Result | | | | | | | |
| Participants in education or training on leaving | | | | | | | |
| Unemployed participants in employment, including self-employment on leaving | | | | | | | |
| Inactive participants into employment or job search on leaving | | | | | | | |

If the strategy would be delivered in more than one category of region please estimate the number of outputs that will be delivered in each category of region:

| Output | More Developed | Transitional | Less Developed | Total |
|---|-----------------------|---------------------|-----------------------|--------------|
| Number of participants | | | | |
| Participants that are unemployed including long-term unemployed | | | | |
| Participants that are inactive | | | | |
| Participants that are aged over 50 | | | | |
| Participants that are from ethnic minorities | | | | |
| Participants that have disabilities | | | | |
| Result | | | | |
| Participants in education or training on leaving | | | | |
| Unemployed participants in employment, including self-employment on leaving | | | | |
| Inactive participants into employment or job search on leaving | | | | |

Please note that:

- the years are calendar years
- the figures should reflect the figures provided in part 1
- full definitions can be found on the .Gov.uk website at
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/499162/MI_definitions_Final_V1_20160210.pdf

| | | Number to be delivered in | | | | | | |
|-------------------------|--|---------------------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 2.2 ERDF Outputs | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Total |
| C1 | Number of enterprises receiving support | | | | | | | |
| C5 | Number of new enterprises receiving support | | | | | | | |
| C8 | Employment increase in supported enterprises | | | | | | | |
| P11 | Number of potential entrepreneurs assisted to be enterprise ready | | | | | | | |
| P12 | Square metres public or commercial building built or renovated in target areas | | | | | | | |

If the strategy would be delivered in more than one category of region please estimate the number of outputs that will be delivered in each category of region:

| Output Reference | More Developed | Transitional | Less Developed | Total |
|-------------------------|-----------------------|---------------------|-----------------------|--------------|
| C1 | | | | |
| C5 | | | | |
| C8 | | | | |
| P11 | | | | |
| P12 | | | | |

Please note that:

- the years are calendar years
- the figures should reflect the figures provided in part 1.

- full definitions can be found on the .Gov.uk website at
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/462724/ERDF_Output_Indicator_Definitions_Guidance_230915.pdf

CLLD Action Plan Part 3: Financial Summary

| 3.1 Expenditure | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Total |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | (£,000) | (£,000) | (£,000) | (£,000) | (£,000) | (£,000) | (£,000) | (£,000) |
| (a) LAG Management and administration | | | | | | | | |
| (b) LDS Project Expenditure. | [REDACTED] | | | | | | | |
| Total LDS expenditure (a+b) | | | | | | | | |

| 3.2 Funding | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | Total |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| | (£,000) | (£,000) | (£,000) | (£,000) | (£,000) | (£,000) | (£,000) | (£,000) |
| (a) ESF | | | | | | | | |
| (b) ERDF | | | | | | | | |
| (c) ESIF total (a+b) | | | | | | | | |
| (d) Public sector funding | | | | | | | | |
| (e) Private sector funding | | | | | | | | |
| (f) Total match funding (d+e) | | | | | | | | |
| Funding total (c+f) | | | | | | | | |

If the strategy would be delivered in more than one category of region please estimate the amount of expenditure in each category of region and the amount of ERDF and ESF that will be spent in each category of region:

| Category of Region | Total Expenditure (£,000) | ERDF (£,000) | ESF (£,000) |
|---------------------------|----------------------------------|---------------------|--------------------|
| More Developed | | | |
| Transitional | | | |
| Less Developed | | | |

Please note that:

- the years are calendar years
- expenditure should be included in the year it is spent and the total expenditure in each year should be the same as the total funding in that year (this is not a cash flow)
- the ESF, ERDF and total ESIF figures should equal the figures provided in part 1

Community-led Local Development

Local Development Strategy

Assessment Framework

The Managing Authorities will assess Community-led Local Development Local Development strategies using a two stage process. Strategies will be assessed against minimum requirements that reflect the European Regional Development Fund and European Social Fund Operational Programmes and European regulations. Strategies that meet the minimum requirements will then be assessed against the requirements set out in Article 33 of the Common Provisions Regulation.

1. Minimum Requirements.

1.1 The Strategy was submitted by the 31st August deadline.

1.2 The Strategy is complete, providing:

- a. information against the minimum requirements set out in Article 33 of the Common Provisions Regulation
- b. details of the Local Action Group
- c. details of the Accountable Body for the Local Action Group and evidence that it has agreed to undertake this role

1.3 The activities proposed in the Local Development Strategy are eligible within Investment Priority 1.5 of the European Social Fund Operational Programme and Priority Axis 8 of the European Regional Development Fund Operational Programme.

1.4 The Local Development Strategy budget includes at least €3,000,000 public sector funding.

1.5 In more developed and transitional categories of region the Local Development Strategy concentrates investment in lower super output areas in the 20% most disadvantaged Lower Super outputs areas in the Index of Multiple Deprivation 2010. Or

In the less developed category of region (Cornwall and the Isles of Scilly) at least 70% of investment is concentrated in lower super output areas in the 30% most disadvantaged Lower Super outputs areas in the Index of Multiple Deprivation 2010.

1.6 The population of the Community-led Local Development area is between 10,000 and 150,000.

1.7 The strategy makes a strong case for the use of Community-led Local Development. With a clear and compelling case that it is appropriate and adds value.

1.8 The Local Development Strategy represents value for money taking account of the level of European Structural and Investment Fund investment, the level of European Structural and Investment Fund outputs delivered and other local benefits.

1.9 The strategy demonstrates that it has been developed through a robust process of community engagement and the input from the community has shaped all aspects of it.

2. Strategy Requirements.

The Managing Authorities will assess strategies that meet the minimum requirements against the requirements of Article 33 of the Common Provision Regulation, taking account of the guidance provided in section five of this guidance document.

The Managing Authorities will take advice from the Local European Structural and Investment Fund Sub Committees for the Local Enterprise Partnership area to assist them in making this assessment. The Committee will provide advice on how well the strategy meets local needs, as set out in the local call for proposals.

3. Prioritisation.

If the total value of European Social Fund or European Regional Development Fund requested exceeds the local European Regional Development Fund or European Social Fund allocation to Community-led Local Development, as set out in the local call for proposals, strategies will be prioritised on the basis of how well, in the opinion of the Managing Authorities they address the local development needs set out in the local call for projects and the requirements laid out in Regulation (EU) 13030/2013.

4. Decision Making.

Strategies will be considered by a national selection panel. The panel may:

- approve the strategy and invite the accountable body of the Local Action Group to submit European Regional Development Fund and or European Social Fund funding applications
- approve the strategy subject to conditions which must be met prior to inviting the accountable body of the Local Action Group to submit European Regional Development Fund and or European Social Fund funding applications.
- reject the strategy

Decisions of the selection panel are final.