



Supplementary Guidance for Community Led Local Development within European Regional Development Fund and European Social Fund 2014-2020

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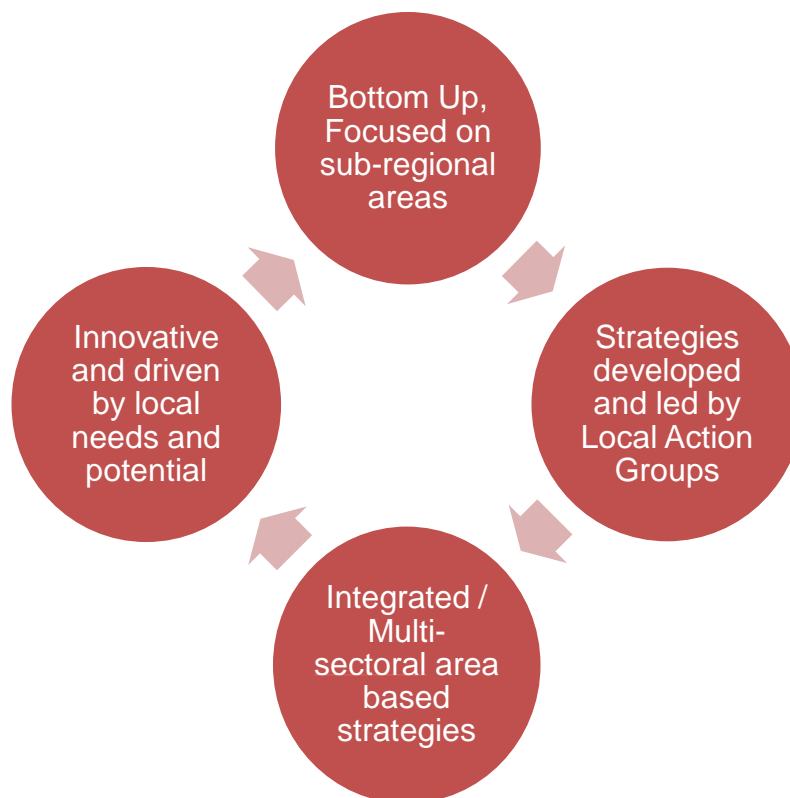
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1. What is Community Led Local Development?

1. Community Led Local Development is a new way of delivering local development using structural funds from Europe, including the European Social Fund and European Regional Development Fund, delivering support for economic, social and environmental development.
 - a. **European Regional Development Fund Operational Programme**, Priority Axis 8, Investment Priority 9d: Undertaking investment in the context of community led local development strategies, with the following specific objective:
 - i. **Specific Objective 1:** To build capacity within communities as a foundation for economic growth in deprived areas.
 - b. **European Social Fund Operational Programme**, Priority Axis 1, Investment Priority 1.5: Community Led Local Development.
 - i. **Specific Objective 1:** To deliver additional localised support to people in particularly deprived areas, so that they move towards or into employment.
2. The Managing Authorities (Managing Authority) for the European Structural Investment Funds concerned are the Department for Work and Pensions for European Social Fund and Ministry of Housing, Communities and Local Government for European Regional Development Fund. They are responsible for the overall management and implementation of their European Programmes within England.
3. To deliver Community Led Local Development a Local Action Group will need to be established, comprising of local public, private and civil society representatives, who will bring forward and fund projects identified through a Community Led Local Development Strategy. In conjunction with the Accountable Body who will act as the applicant for the implementation stage, this group will also be accountable for the financial performance and compliant delivery of the projects.
4. The Community Led Local Development Strategy will be created by a Local Action Group in a particular area and must demonstrate specific and unique needs in a local area which can only be addressed through targeted interventions and which cannot be addressed through mainstream provision. The strategy will be assessed by the Managing Authorities as part of a competitive application process for Community Led Local Developments within a given Local Enterprise Partnership area.
5. Local Action Groups, through the Community Led Local Development Strategies, must address local priorities in an innovative, inclusive and locally specific way.
6. The main advantages of the Community Led Local Development approach are that:
 - a. Local people have a better knowledge of local challenges that need to be addressed.

- b. A Local Action Group is able to mobilise local resources for the development process in a way that does not happen with traditional 'top-down' approaches, whilst adding value to mainstream activity.
- c. Local people have a greater sense of ownership and commitment to locally relevant projects, which in turn allows them to make the best of their assets and development opportunities improving sustainability.
- d. It can help develop trust and positive working relationships amongst the local community and businesses, encouraging local ownership of solutions.

Figure 1 – The Principles of Community Led Local Development



- 7. This Guidance Note¹ sets out the requirements and expectations for the next programming period (2014 to 2020), so that prospective Community Led Local Development Local Action Groups can understand:
 - a. what Community Led Local Development is;
 - b. the national policy objectives to be reflected in their Community Led Local Development Strategies;
 - c. how to prepare a Community Led Local Development application and what the selection process will involve;

¹ Separate [Guidance for the Development of Community Led Local Development Strategies](#) is published alongside this guidance.

- d. the roles and responsibilities of those involved with Community Led Local Development;
- e. the relevant regulatory and operational requirements; and
- f. where to go for further information and help.

2. Community Led Local Development in the European Structural Investment Funds England Growth Programme 2014 to 2020

8. Community Led Local Development represents a new delivery mechanism encapsulated in a European Guidance Note², and in regulations, 1301/2013, 1303/2013, 1304/2013, which provide the legal framework for European Structural Investment Funds (European Structural and Investment Funds) European Regional Development Fund and European Social Fund support for Community Led Local Development in England.
9. European Structural and Investment Funds will be invested through national Operational Programmes for the European Regional Development Fund and European Social Fund which prioritise in particular:
 - innovation and research and development;
 - support for small and medium-sized businesses;
 - low carbon;
 - employment;
 - skills; and
 - inclusion
10. The Operational Programmes will be delivered through the use of Local Enterprise Partnership area European Structural and Investment Fund Partnerships who have developed integrated strategies which reflect sub-regional functional economic geographies.

3. Delivery Framework for Community Led Local Development

How the European Structural and Investment Funds budget will be allocated

11. There is no regulatory requirement to allocate a national budget to Community Led Local Development for 2014 to 2020. Local Enterprise Partnership area European Structural and Investment Fund partnerships have identified indicative Community Led Local Development allocations within local European Structural and Investment Funds strategies.

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

12. The allocation of funding to individual Community Led Local Development areas and Local Action Groups, based on any proposed geography will be a two-stage process:
 - An initial full application to access up to £40,000 total preparatory costs to establish the Local Action Group, identify an accountable body and draft the Community Led Local Development strategy.
 - An invitation to submit a second full application for approved Community Led Local Development strategies for implementation of the full delivery allocation.
13. Community Led Local Development funding can only be applied to areas as defined in the Operational Programmes for European Structural and Investment Funds. In the case of Community Led Local Development Local Action Groups, this will depend on having a clearly defined eligible area. Before applications are made Local Enterprise Partnership area European and Structural Fund partnerships will work with the Managing Authorities and within the guidelines to identify allocations towards Community Led Local Development type activity.
14. The Index of Multiple Deprivation (2010) will be used as the underlying basis for funding allocations, for areas to be eligible they must predominantly fall within the 20% most deprived lower super output areas.
15. In Less Developed Areas activity can target the 30% most deprived lower super output areas, with a minimum of 70% of activity demonstrably delivering to the 30% most deprived areas.
16. In allocating the funds we will have due regard to the objectives listed in section 149 of the Equality Act 2010³ (the public sector equality duty). Community Led Local Development groups and Accountable Bodies must also comply with the public sector equality duty throughout the process of application, selection and implementation.

³ <https://www.gov.uk/equality-act-2010-guidance>

Figure 2: Policy priorities for Community Led Local Development



17. This Guidance sets out the policy priorities and measures and includes examples of the types of projects we expect Community Led Local Development Strategies to be based on to achieve the required focus on jobs and growth.
18. Table 1 sets out the European Regional Development Fund and European Social Fund policy priorities for the delivery of Community Led Local Development.

Table 1 – Policy Priorities

Fund	Policy Priorities
European Regional Development Fund	Promoting social inclusion, combating poverty and combating discrimination
European Social Fund	Inclusive Labour Markets

How priorities will be linked to programme measures, projects and outputs

19. In developing the Community Led Local Development elements of the programmes, the Managing Authorities are required to map activity against the relevant programme Priority Axis. Each Priority Axis will be accompanied by a series of 'output definitions'. Published by the Managing Authorities, these will present the justification and more detail on the requirements for each measure.
20. The definitions are currently in development. Final versions will be available in due course.
21. The output indicators will measure the success of programme activities and will need to be linked to the priorities and actions in the Community Led Local Development Strategy. This information is presented in Table 2 below.

Table 2 – Priority Axis, Investment Priorities and output indicators

Investment Priority	Example Project Type	Output Indicator
European Regional Development Fund – Priority Axis 8		
Investment Priority. 9d: Undertaking investment in the context of community led local development strategies.	<ul style="list-style-type: none"> • Building capacity within communities as a foundation for economic growth in deprived areas. • Tailored business support activity, mentoring, coaching, information, advice and guidance. • Small equipment grants. • Provision of small scale community hub facilities to support Small and Medium Enterprises. • Support to embed and apply innovation in a local context that builds on community assets in pursuit of jobs and growth. 	<ul style="list-style-type: none"> • Number of enterprises receiving support; • Number of new enterprises supported; • Employment increase in supported enterprises; • Number of potential entrepreneurs assisted to be enterprise ready; • Square metres public or commercial building built or renovated in targeted areas.
Investment Priority	Example Project Type	Output Indicator
European Social Fund – Priority Axis 1		
Investment Priority 1.5: Community Led Local Development	<ul style="list-style-type: none"> • Embedding access to opportunities for growth for all areas and groups. • Addressing persistent levels of unemployment, economic inactivity and poverty, particularly in urban areas • Promotion of entrepreneurship and access to local services and amenities. 	<p>European Social Fund Output Indicators are set out in the European Social Fund Output Indicators table in section 4 - 'Required Outputs under this Call'.</p> <p>European Social Fund result indicators are listed below:</p> <p>1.5.1 Participants in education or training on leaving.</p> <p>1.5.2 Unemployment participants in employment, including self-employment on leaving.</p> <p>1.5.3 Inactive participants into employment, or job search on</p>

		leaving.
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How Community Led Local Development areas are defined

22. You will need to define your Community Led Local Development area within your application to the Managing Authorities.
23. The UK Partnership Agreement sets out the limits for defining the scope of Community Led Local Development areas as:
 - In more developed and transition categories of region, Community Led Local Development will prioritise areas defined as being within the 20% most deprived according to the Index of Multiple Deprivation 2010. This means that Community Led Local Development support will mostly concentrate on urban areas. The resources will be focused towards those areas with the most serious disadvantage;
 - The use of the Index of Multiple Deprivation criterion will be modulated in the less developed region, in the light of its specificities. This modulation will allow targeting of the 30% most deprived areas according to the Index of Multiple Deprivation 2010;
 - Community Led Local Development from European Regional Development Fund and European Social Fund will complement and not duplicate actions covered by Community Led Local Development Local Action Groups and Fisheries Local Action Groups;
 - a minimum threshold of €3,000,000 public contribution⁴ (for planning purposes c. £2,130,000 at current exchange rates) will apply to the use of Community Led Local Development⁵;
 - Community Led Local Development will be confined to local development strategies that cover areas with the population range not less than 10,000 and not more than 150,000 inhabitants as defined in the Article 33(6) of the CPR.

Community Led Local Development Business Process

24. The proposed Community Led Local Development business process is depicted in Appendices 1 and 2 and involves a derogation from the standard

⁴ Public sector match funding can be provided by an organisation which directly or indirectly receives over 50% of its main funding from central or local government. (This does not include payment for work carried out by private enterprise for the public sector.) To decide if an organisation can supply public match funding, work out their previous year's receipts, excluding any EU monies, and the income forecast for the following year, again excluding any EU monies. If over 50% of the net amount (after deductions) comes from central or local government sources, they are able to provide public match funding for European Regional Development Fund and European Social Fund supported projects. Non-profit making organisations, whether incorporated or unincorporated, that are registered with the Charity Commission can supply public match funding. The registration must be maintained throughout the period of the European Regional Development Fund / European social Fund project. Public match funding can also be provided by private bodies designated or controlled by the State.

⁵ At Local Action Group level

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business process to accommodate EU Regulations governing Community Led Local Development.

25. It also involves the use of the full application form at both stages to shorten the timescale and enable the Managing Authorities to trigger release of programme resource to financially support both the preparatory and the implementation stages as required by EU Regulations.
26. The first stage is to establish a Local Action Group and develop a Local Development Strategy for each Community Led Local Development area targeted. The output of this stage will be:
 - A Local Action Group with Accountable Body agreed by the relevant Managing Authorities;
 - A Community Led Local Development Strategy developed and supported by the Local Action Group which has been approved by the relevant Managing Authorities.
27. The Managing Authority/ies will appraise the strategy at the end of Stage 1 outside the standard business process using a dedicated Managing Authority led selection panel (in line with EU Commission Guidance to Managing Authorities). The Local Action Group area may only proceed to Stage 2 if its Community Led Local Development strategy has been formally approved. The Managing Authority led Selection Panel will involve Growth Delivery Team and local European Social Fund Community Led Local Development leads, national Community Led Local Development thematic leads, independent experts and representatives of the Local Enterprise Partnership areas where Community Led Local Development forms part of the agreed local European Structural and Investment Funds strategy.
28. It is important to note that the Operational Programmes commit the Managing Authorities to work with those Local Enterprise Partnership area European Structural and Investment Fund partnerships where framework proposals for Community Led Local Development have been considered and agreed as part of the local European Structural and Investment Funds Strategy i.e. 9 Local Enterprise Partnership areas only in the first Call. Currently the Community Led Local Development instrument is intended to be used in the following Local Enterprise Partnership areas:
 - Cornwall and Isles of Scilly Local Enterprise Partnership area
 - Greater Cambridge Greater Peterborough Enterprise Partnership area
 - Greater Lincolnshire Local Enterprise Partnership area
 - Humber Local Enterprise Partnership area
 - Leeds City Region area
 - North East Local Enterprise Partnership area
 - South East Local Enterprise Partnership area
 - South East Midlands Local Enterprise Partnership area
 - York, North Yorkshire and East Riding Enterprise Partnership area

29. Other parameters agreed in the Operational Programmes require that Community Led Local Development should:
 - Address concentrations of deprivation and disparities in economic performance at lower geographic levels;
 - Focus on addressing need, mobilising assets and opportunities to 'unlock' growth and jobs potential in deprived areas;
 - Demonstrate added value of Community Led Local Development over mainstream programme activity;
 - Set out value for money, critical mass and rationale for use of Community Led Local Development;
 - Involve a minimum population of 10,000 and a maximum of 150,000;
 - Be led by Local Action Groups representing public, private and local socio-economic interests.
30. Stage 2 of the proposed process will assess the detailed design for implementation of the approved Community Led Local Development Strategy.
31. The Managing Authority/ies will agree the strategy at the end of the first stage. The strategy will need to identify an Accountable Body which has the support of the Local Action Group to deliver the strategy.
32. At the second stage the Managing Authorities will invite full applications to deliver the approved Community Led Local Development Strategy from the Accountable Body identified during the first stage. The process is depicted in Appendix 1 and described in more detail in this narrative.

Stage 1

33. The Managing Authorities under this call are inviting the submission of stage 1 applications from local European Structural and Investment Funds partnership areas where Managing Authorities have agreed to the incorporation of Community Led Local Development framework proposals within local European Structural and Investment Funds strategies. Applications from and within areas will be competitively assessed by the Managing Authority led Selection Committee.
34. The purpose of Stage 1 (preparatory stage) is to:
 - Establish a Local Action Group for a specific Community Led Local Development area;
 - Work through the Local Action Group to develop a Community Led Local Development Strategy which is aligned to local strategic priorities and agreed with the Managing Authority/ies.
 - Identify an Accountable Body which has the support of the Local Action Group and the capacity and experience to oversee delivery of the approved Community Led Local Development Strategy.
35. The applicant will need to set out the approach it will use to establish a Local Action Group that is representative of and will effectively engage with

communities in the Community Led Local Development target area and how it will work with this group to develop the strategy.

36. Preparatory costs (of up to £40,000 total costs) associated with developing the strategy may include:
 - training actions for local stakeholders;
 - studies of the area concerned;
 - costs related to the design of Community Led Local Development, including consultancy costs and costs for actions related to consultations of stakeholders for the purposes of preparing the strategy;
 - administrative costs (operating and personnel costs) of an organisation that applies for preparatory support during the preparation phase.
37. Preparatory support will be drawn from programme resource and be eligible regardless of whether the applicant successfully proceeds to Stage 2 of the process.
38. The strategy will be developed by the Local Action Group, using a standard template, then submitted to the Managing Authorities for assessment. Strategies will be assessed on receipt so no area is delayed by other areas. This will put local partners in a position to “fast track” where appropriate.
39. The Operational Programme(s) requires a selection committee to be established by the Managing Authority to assess Community Led Local Development strategies. This is not the same as the Local Enterprise Partnership Area European Structural and Investment Funds committee but will be a cross-network officer group including those European regional Development Fund Growth Delivery Team/European Social Fund local teams which have Community Led Local Development delivery, national thematic leads, external experts and representatives of the Local Enterprise Partnership area European Structural and Investment Fund partnership concerned. It is proposed that the assessment of the strategy is initiated by the local Growth Delivery Team whose comments are then passed to the Community Led Local Development selection committee to ensure a consistent approach. If the strategy includes European Regional Development Fund and European Social Fund, both Managing Authorities must agree and sign off the strategy.
40. Assessment of the strategies will consider:
 - fit with and contribution to the Operational Programmes;
 - fit with and contribution to the local European Structural and Investment Funds strategy;
 - clear socio-economic rationale underpinning proposed use of Community Led Local Development in targeted geographic areas with clear evidence of baselines and demand;
 - any case for flexibility with respect to the areas to be incorporated must demonstrate that non 20% Index of Multiple Deprivation areas or non 30% Index of Multiple Deprivation areas are adjacent to the targeted areas,

provide a link between need and opportunity and/or present a more coherent functional economic geography;

- clear explanation for the rationale for and added value of the use of Community Led Local Development in preference to mainstream programme activity;
- demonstration of value for money;
- identification of thematic objectives and results and outputs;
- identification of the target population and geography;
- demonstration of compliance with the Public Sector Equality Duty;
- demonstration of robust governance and partnership arrangements including capacity and resource at the local community level;
- rationale for intervention and selection of activities including appropriate selection criteria;
- assessment of risks to delivery;
- identification of a suitable accountable body.

41. The Local Enterprise Partnership area European Structural and Investment Funds committee sits outside the formal process for signing off the strategy but the Managing Authority will seek their advice on whether the strategy will contribute to local growth needs and targets in the European Structural and Investment Funds strategy. This must also be in compliance with the Public Sector Equality Duty. It is therefore proposed to consult with the European Structural and Investment Funds committee for its advice on alignment with the local growth needs in the European Structural and Investment Funds Strategy before formal assessment by the Managing Authority.
42. The strategy will be submitted to the local Growth Delivery Team for assessment and this will be moderated and signed off by the cross-Managing Authorities led panel. Assessment may be iterative but the Managing Authority/ies must have formally approved the strategy before a Community Led Local Development area can progress to Stage 2.

Stage 2

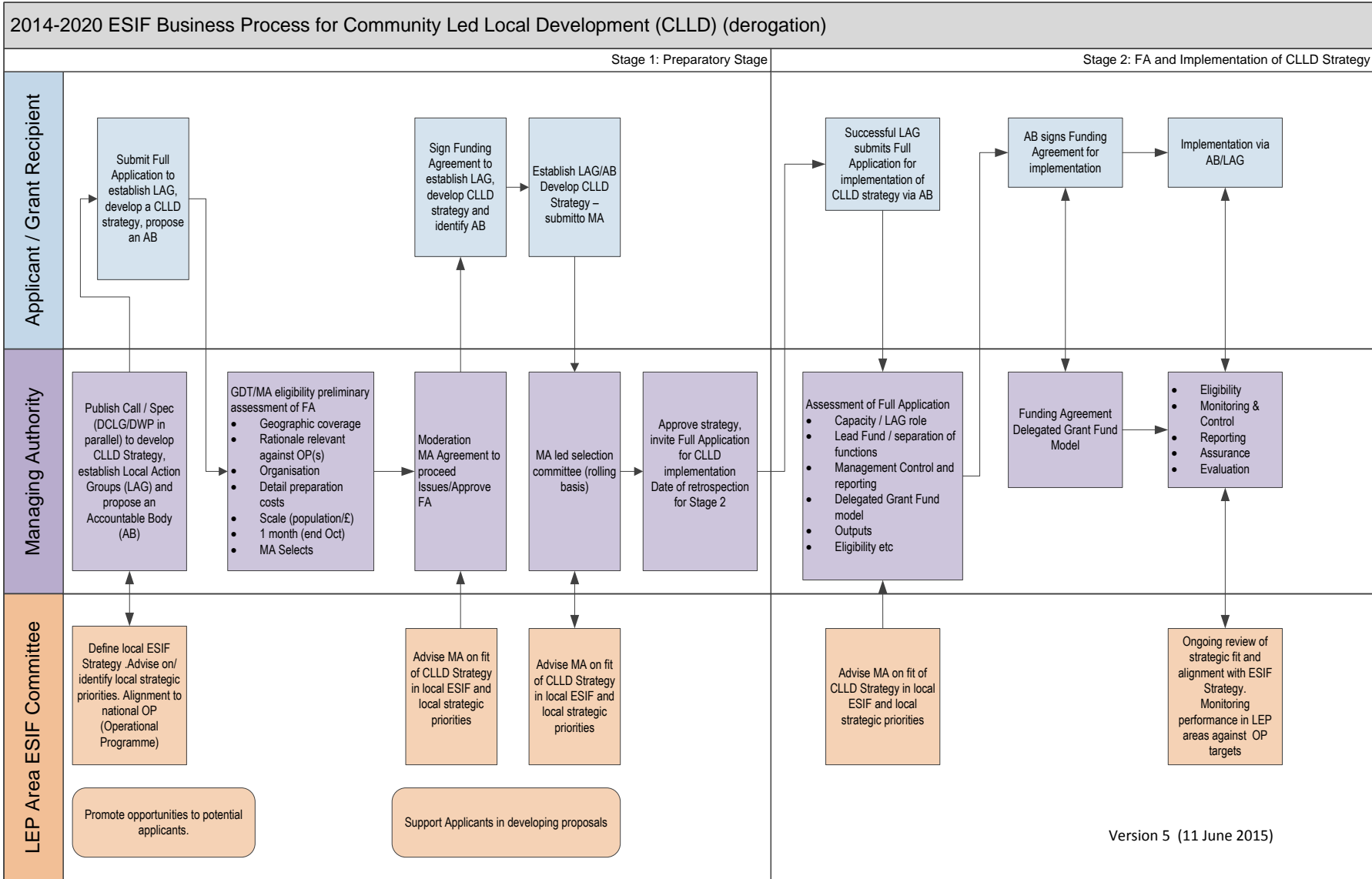
43. Should the Managing Authority/ies sign off the strategy, they will write to the Accountable Body identified in the approved strategy inviting submission of a full application for implementation. The organisation will be applying to:
 - Act as the accountable body for delivery of the approved Community Led Local Development strategy, working through the Local Action Group;
 - Set out a full financial plan for the approved Community Led Local Development strategy, covering both the funds for European Structural and Investment Funds investment and the associated delivery costs;
 - Where appropriate identify a single lead fund (i.e. these costs are incorporated either in the European Regional Development Fund or the European Social Fund application) for the purposes of management and

administration of the implementation phase (Managing Authorities will consider a ceiling of up to 25% of the value of the Community Led Local Development Strategy for management and administration) as part of the delivery costs. The management and administration costs are calculated against the total value of ESIF funds and public match identified. Any non-public match cannot be included for the calculation of management and administration costs;

- Put in place the management systems, processes and capacity required to deliver the approved strategy in compliance with European Structural and Investment Funds requirements;
 - Be accountable for ensuring delivery of the outputs and results set out in the approved strategy.
44. Applicants for the second stage need to demonstrate that they have the capacity and experience to oversee the compliant implementation of the strategy, working with the Managing Authorities and through the Local Action Group, and demonstrate how the engagement of local communities in the target area will be maintained throughout the implementation period.
 45. Full applications submitted at the second stage will also be assessed on receipt. The Managing Authority will appraise applications – again via a joint process if the strategy covers European Regional Development Fund and European Social Fund – and will share the appraisal with the local European Structural and Investment Funds Committee for its advice, following the standard business process. It should be noted that this appraisal is intended not to re-assess the strategy but to consider whether the applicant has the capacity, systems and processes in place to deliver it in compliance with European Structural and Investment Funds requirements, whether the detailed delivery model is fit for purpose and represents value for money and whether the proposal is sufficiently developed and robust for the Managing Authority to enter into a funding agreement.
 46. Resulting Community Led Local Development operations will be contract managed by the relevant local Growth Delivery Team and European Social Fund teams. The Funding Agreement for implementation will be premised upon a Delegated Grant Fund Model, which allows the Managing Authority/s to meet the requirements of the EU Regulation 1303/2013, Article 34 regarding the tasks of the Local Action Group whilst mitigating the risk to Managing Authorities resulting from the proliferation of significant numbers of small projects and associated resource / capacity constraints.
 47. Under the Delegated Grant Fund Model, the Managing Authority will contract with the Accountable Body on behalf of the wider Local Action Group. The Accountable Body as applicant will be responsible to the Managing Authority for management and control systems, compliance, claims, monitoring and reporting at the level of the operation.
 48. The Managing Authority will undertake post approval contract management, certification, monitoring, assurance and verification activity in line with the agreed business process.

49. Under the Delegated Grant Fund model the Local Action Group will fulfil the following tasks in line with Article 34 (para 3):
- Build the capacity of local actors to develop and implement operations including fostering their project management capabilities;
 - Draw up a non-discriminatory and transparent selection procedure and objective criteria for the selection of projects, 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 via written procedure;
 - Ensure coherence with Community Led Local Development strategy when selecting projects, by prioritising those operations according to their contribution to meeting the Community Led Local Development strategy's objectives and targets;
 - Prepare and publish calls for proposals or establish an ongoing project submission procedure, including defining selection criteria;
 - Receive and assess applications for support;
 - Select projects and fix the amount of support and where relevant, present the proposals to the body responsible for final verification or eligibility before approval;
 - Monitor the implementation of the Community Led Local Development strategy and the projects supported, carrying out specific evaluation activities linked to that strategy.

Appendix 1 Proposed Community Led Local Development Business Process Flowchart



Version 5 (11 June 2015)

Appendix 2 Indicative timeline for Community Led Local Development

By end November 2015 (2 months)	<ul style="list-style-type: none"> • Call Stage 1 Preparatory Costs • Applicant submits Full Application
By end January 2016 (2 months)	<ul style="list-style-type: none"> • MA assessment and moderation • MA facilitates advice from Local ESIF committee • Issue and approve Funding Agreement for preparatory costs (up to £40,000)
By end February 2016 (1 month)	<ul style="list-style-type: none"> • Applicant signs Funding Agreement
By end August 2016 (6 months)	<ul style="list-style-type: none"> • Preparatory phase leads to development of Local Action Group, Draft CLLD Strategy and identification of proposed accountable body • Applicant submits to MA
By end October 2016 (2 months)	<ul style="list-style-type: none"> • GDT assessment; MA led Selection Committee (GDT leads/national policy/ thematic lead/independent local economic development expert) • MA facilitates advice from local ESIF area sub-committee • MA approves and invites successful applicants to progress to Stage 2 and submit Full Application
By end December 2016 (2 months)	<ul style="list-style-type: none"> • Stage 2 – Applicant (accountable body) submits Full Application for implementation of agreed CLLD strategy (identifying lead fund for management and administration where appropriate)
By end March 2017 (3 months)	<ul style="list-style-type: none"> • MA technical appraisal • MA facilitates advice from local ESIF area sub-committee • MA issues Funding Agreement for Stage 2 implementation •
By end April 2017	<ul style="list-style-type: none"> • Applicant signs Funding Agreement • Implementation