

## Investment Framework for Action Area 1-2 - Developing higher added-value activity in target regional sectors

### 1. Introduction

#### Generic Purpose of Investment Frameworks

- 1.1 The NWOP Programme Monitoring Committee has agreed to the development of a series of Investment Frameworks. The purposes of these are to:
- Develop further the context for each of the action areas within the NWOP and focus on specific investments which the ERDF Programme will support
  - Encourage all project sponsors to seek guidance from the relevant policy leads and/or the European Programme Team before embarking on the development of a project idea
  - Provide guidance for projects sponsors when developing their ideas and projects in relation to the NWOP
  - Set out what outputs and results are expected to be delivered.
- 1.2 All Investment Frameworks (IFs) have been developed with input from regional and local stakeholders across the region during late 2007. The IFs will be subject to a monitoring and evaluation process to ensure that they continue to be fit for purpose and aligned with the NWOP and relevant regional and sub regional strategies. The NWOP Programme Executive will be able to provide further guidance in relation to the IFs.

#### Specific Purpose of this Investment Framework

- 1.3 This Investment Framework is designed to guide the use of the resources under the NWOP that have been indicatively allocated to this Action Area as part of Priority 1 "*Stimulating Enterprise and Supporting Growth in Target and Markets*" which focuses on supporting the re-structuring of the region's business base towards more businesses competing in higher value markets. At present the indicative resources covered by this Investment Framework amount to around €117m (or around £76m) over the life of the programme comprising around £23m to be spent on sector support activities in the Merseyside phasing-in area and around £53m in the rest of North West<sup>1</sup>.
- 1.4 This Investment Framework is intended to provide tailored and highly targeted support to businesses and supply chains, supporting activity to increase their market share, extend their customer base beyond the region (especially internationally) and strengthen their competitive position in the higher value aspects of the following regionally significant sectors (which are drawn from the current RES):
- Biomedical: biotechnology, pharmaceuticals and medical devices
  - Energy & Environmental Technologies
  - Advanced Engineering & Materials: covering
    - Chemicals,
    - Aerospace,

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<sup>1</sup> These figures include an element of resources which will be delivered via a regional Venture Capital and Loan Fund (VCLF) Investment Framework. The figures are based on an assumed exchange rate of €1.4845 to £1.00

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- Automotive and
  - Advanced flexible materials (textiles).
  - Food & Drink
  - Digital & Creative
  - Business & Professional Services.
- 1.5 The NWDA is in the process, with partners in the region, of developing a sector strategy and action plan for each of the above sectors. Some, but not all of these have been completed. The boundaries and scope of each of the sectors is defined fully in these strategies.
- 1.6 These target sectors may change over the life of the Programme in line with new agreed regional priorities. There is also scope for significant investment in key sub-regional sectors in Merseyside not included in the above sectors, i.e. maritime and tourism.
- 1.7 There are three broad strands of activity supported under this Investment Framework:
- **Strand 1:** Regional Pan-Sector Internationalisation Support
  - **Strand 2:** Regional Sector programmes
  - **Strand 3:** Merseyside sub-regional priority sector support.
- 1.8 In addition, Venture Capital and Loan Fund (VCLF) support targeted on firms in these priority sectors, which is an eligible activity for this Action Area, is supported via the Programme-wide Investment Framework for VCLF activity. A sum of £26m from the total for this Investment Framework has been indicatively allocated to this regional VCLF investment framework.
- 1.9 **This Investment Framework has been produced after consultation for approval by the NWOP Programme Monitoring Committee (PMC) in March 2008.**

## 2. Partner Engagement

- 2.1 The framework has been developed through consultation with key partners in the region and after a round of meetings with sub-regional partnerships.

## 3. Linkages to Other Strategies

- 3.1 The principle of targeting support on key sectors in the region was supported in the 2006 RES under the factor "developing key internationally competitive sectors". A specific RES Priority Action (Action 8) is to develop "*Cluster programmes in priority sectors to develop higher value activity, improve productivity and identify future growth opportunities from converging markets/technologies*".
- 3.2 The RES also has a focus on international competitiveness and another key action is: RES Action 17. "*Raise companies' awareness about global opportunities/risks to assist them in competing internationally and develop a new Internationalisation Strategy*"
- 3.3 The Internationalisation Strategy and Action Plan for the region has three main themes:
- a) Developing the 6 RES internationally competitive sectors
  - b) Maximising the international potential of the region's science, R&D & HEI assets
  - c) Targeting strategically important countries.

3.4 This Investment Framework focuses on Theme (a) above but also, where connected with sectors, supports the exploitation of the region’s science, HEI and R&D assets.

## **4. Key Principles to Support Project Prioritisation and Design**

4.1 There are a number of important principles which will inform project selection and how the resources allocated under this Investment Framework will be used:

- The majority of activity under this Investment Framework is to be organised and procured through regionally organised projects to maximise efficiencies and overall impact. Under Strands 1 and 2 all activity will be managed through regional programmes, with enhanced levels of activity in Merseyside. Deliverers of activity supported under this Investment Framework will be expected to work closely with relevant sub-regional bodies.
- The only exceptions are support for those sectors in Merseyside which are not part of regional target sectors (under Strand 3).
- The activity supported needs to be coordinated with any ESF supported activity linked to training in businesses delivered through the regional ESF Plan.

4.2 Those aspects of this Investment Framework which fall within the scope of the Business Support Simplification Programme will accord closely with its priorities and principles. In practical terms this means:

- Business Link North West is the primary access channel for these services: all services will be maximise access through Business Link’s brokerage service to ensure an efficient and effective customer journey.
- Any Information, Diagnostic and Brokerage (IDB) service, including the highly specialised, will either be delivered through Business Link North West, or with their agreement by other delivery organisations
- Marketing of the services will need to be co-ordinated by and compatible with BLNW’s own marketing programme so confusion, duplication and waste are all minimised.
- Where a range of providers is involved, there will be a regional approach to branding across each service/strand.
- Services will be located in one (or more) of the approved business support products: they will support the stated objective of that product(s) and be under-pinned by an appropriate market failure assessment.
- All services will be based on a clear and convincing rationale, with supporting evidence on effectiveness and business demand: BLNW will help ensure services respond to identified needs.
- NWDA will coordinate business support to ensure on-going consistency with BSSP and promote fit to regional economic strategic priorities.
- Legacy schemes which are not consistent with the portfolio but which cannot be immediately terminated for wider strategic reasons will cease as soon as is reasonably practicable.

4.3 Business support activity supported under this Investment Framework sits clearly within the national framework for Business Support in relation to:

- **Business Creation** - *Supporting more businesses to start up and survive;*
- **Business Expertise** – *Expert knowledge and specialist input for targeted small-medium businesses to grow;*

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- **Preparing to export** – *Help for businesses considering first time exporting or entry into new overseas markets;*
- **Investigating new overseas markets** – *Tailored help for specific markets;*
- **Shared business support environments** - *Shared business premises and facilities to help businesses develop and grow;*
- **Business Collaboration Networks** – *Helping businesses to work together to improve performance and exploit market opportunities and new knowledge.*

4.4 The current national summaries of these products produced by the Department of Business and Regulatory Reform (BERR) are included as Appendices B to G.

## 5. Investment Framework Targets

5.1 The main objective of this Action Area of the NWOP is to improve regional GVA and to support employment creation in the target sectors. The key desired outcome is to increase the contribution the target sectors make to regional GVA and employment and to raise the performance within each of the target sectors.

5.2 The indicators that will be used to measure progress are as follows<sup>2</sup>:

- **Outputs:** No. of businesses assisted to improve their performance; Skills – number of people assisted in their skills development; Private sector investment levered (£m).
- **Results:** No. of gross jobs created; No. of gross jobs safeguarded; No. of businesses with improved performance; New or upgraded floorspace built/upgraded to BREEAM excellent or very good at current standards (sq m); Reduction in annual CO<sup>2</sup> emissions from Programme interventions (tonnes pa).
- **Impacts:** Net additional GVA overall in region (£m); Net additional employment overall in region; Net change in overall CO<sup>2</sup> emissions (tonnes pa). [Note these impact indicators are programme-wide impact indicators, the contribution of all Investment Frameworks to these overall targets will need to be measured].

## 6. Investment Framework Approach

6.1 As stated above three broad strands of activity are supported under this Investment Framework:

- **Strand 1:** Regional Pan-Sector Internationalisation Support
- **Strand 2:** Regional Sector programmes
- **Strand 3:** Merseyside sub-regional priority sector support.

6.2 These strands are described in more detail below.

6.3 There may be scope for a small number of inter-regional projects in this Investment Framework, provided the project has developed from the region's participation in an EU Fast Track network or inter-regional or trans-national networks of regional significance. Such projects should influence programme delivery.

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<sup>2</sup> Unless otherwise stated the indicators all are consistent with the national set of indicators and definitions produced by CLG and the RDAs

### **Strand 1 - Regional Pan-Sector Internationalisation Support**

- 6.4 Description of activity supported. This strand provides support for development of international markets for the target sectors and increased inward investment. It provides specific sector support but is to be delivered through a pan-sector, pan-regional approach.
- 6.5 Design principles. The activity funded under this strand needs to build on and expand the regional contract(s) for internationalisation support (with UKTI and direct delivery by NWDA). The extra activities that would be supported include:
- Additional and expanded trade missions
  - More intensive support and advice on exporting to SMEs in the region in the target sectors
  - Additional inward investment support activity
  - The activities would be designed and delivered via a regional approach, but with enhanced levels of activity in Merseyside.
- 6.6 Outputs. These are being developed but will relate to: additional international sales; successful new exporters and firms successfully assisted into new markets; Jobs created and Jobs safeguarded.
- 6.7 Match Funding. The match funding will come from the NWDA's Single Programme support for Internationalisation.

### **Strand 2 - Regional Sector programmes**

- 6.8 Description of activity supported. This strand will support the following types of activity across sectors:<sup>3</sup>
- 1) **Networking.** Supporting collaboration between businesses with mutual interests or complementary expertise.
  - 2) **Specialist brokerage.** Enhancement of Business Link North West's sector brokerage services.
  - 3) **Leadership and Management.** Support for improvement on management and leadership in the sector (but see note 4 below on design principles, this cannot be part of a stand-alone skills-focused project).
  - 4) **Skills Development.** Support for development of specialist skills within the sector as part of a wider package of intervention (see note 4 below on design principles, this cannot be part of a stand-alone skills-focused project).
  - 5) **Career Promotion.** Activities aimed at encouraging take-up of training/education linked to career opportunities in the sector and to direct career opportunities in the sector (including work placements with colleges etc.) (but see note 4 below on design principles, this cannot be part of a stand-alone skills-focused project).
  - 6) **Sector Marketing/Promotion.** Activity to promote business opportunities for the sector (within the UK) with firms in the rest of the UK and indeed the North West itself.
  - 7) **Supply Chain Development.** Assisting groups of businesses to understand future market trends in the sector, exploiting emerging opportunities and implementing sector standards.
  - 8) **Specialist Premises.** Specialist premises, facilities and/or incubators which allow businesses, sector support, and R&D excellence to collaborate (physically or virtually). These premises would need to be exclusively or primarily for firms in the relevant sector.

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<sup>3</sup> Note: All investment in skills must be part of a wider package of support. This is specifically relevant to sub-strands 3) Leadership and Management, 4) Skills Development and 5) Career Promotion.

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6.9 Design Principles. There are five important design principles:

- 1) This strand will **only support** activity that is supported by the agreed sector strategies and action plans.
- 2) This strand of the Investment Framework will **not** support the following:
  - Trade/internationalisation activity;
  - Direct financial support (covered by the programme-wide Investment Framework for VCLF);
  - High growth business start-up activity (covered by the Investment Framework for Action Area 1.1);
  - Knowledge transfer activities with HEIs (covered by the Investment Frameworks for Action Area 2.1 and 2.2)
  - The principles outlined in paragraph 4.3 above in terms of relationship to Business Link and to **Business Support Simplification** apply to all activity funded under this strand.
- 3) Sector support will need to be **targeted and focussed** given the limited scale of resources available per sector. Not all of the type of activity will be supported in all sectors. **Error! Reference source not found.** below shows which activities will be supported in which sectors and the indicative resource allocations by sector overall. The table attached in Appendix A sets out in more detail the likely nature of activities that will be supported for each sector.
- 4) Any support for human resource development (i.e. management/leadership and sector specific occupational skills development) will need to accord to the stated position in the NWOP namely that the following will be eligible activities: "*Human capital investments relevant for the identified targeted sectors, especially related to leadership and specialist technical skills focused directly on increases in productivity in SMEs within the targeted sectors through flexible 'bite sized' opportunities in areas such as impact of globalisation, strategic planning, business management, organisational change, CSR and impact of climate change. This investment will be integral to an ERDF project within the action area and not freestanding ESF type provision*".
- 5) The strand should seek to minimise the adverse environmental impact of any activity support, seek to exploit opportunities arising from environmental sustainability and promote good practice where ever possible. In practical terms this means that any site locations will need to be assessed to ensure there are sustainable travel options for staff. Also any buildings supported will need to comply with the requirements of the NWDA's Sustainable Buildings Policy. New shared facilities or incubators for firms should develop site operational measures to support waste management/re-cycling activities and encourage the use of green energy sources.

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Table 6-1: Focus of Sector Support by Sector	
Sector	£m*
Biomedical	£7.0
Advanced Engineering and Materials**	£8.0
Automotive	
Aerospace	
Chemicals	
Textiles (advanced flexible materials)	
Food & Drink	£3.0
Business and professional Services	£6.0
Digital and Creative Industries	£8.0
Energy & Environmental Technologies	£8.0
<b>Notes:</b> * <u>indicative</u> allocation of ERDF for the sector across the whole of the North West including Merseyside; ** this allocation covers all the four sub-sectors	

- 6.10 Outputs. At present there are no specific targets for this Strand, these will need to be developed.
- 6.11 Match Funding. The main source of match funding will be the NWDA’s Single Programme support for sectors/clusters. Other sources could include individual private sector contributions to the costs of some of the activities and private sector developer investment in any specialist premises.

**Strand 3 - Merseyside sub-regional priority sector support**

- 6.12 Description of activity supported. The intention is that this strand focuses on Merseyside specific sectors that are not regional target sectors. There are two such sectors to be covered: maritime industries and tourism/visitor economy. These are both sectors where there has been sector support activity in Merseyside for some time, in part funded through the past Objective 1 Programme.
- 6.13 The scope of activities to be supported is still to be determined but for maritime may covers all the types of activity listed in **Error! Reference source not found.** above (namely Networking, Specialist IDB brokerage, Management and Leadership, Skills Development, Career Promotion, Marketing/ Promotion, Supply Chain, Specialist Premises, HE Links). For tourism the range of activities to be supported would be similar but would not include specialist premises or HE links.
- 6.14 Design Principles. Any activities supported will have to accord with the following:
- The intention is that there will be **limited packages** of activity supported – or in effect single projects covering all relevant activity for each sector supported.
  - Support will only be available for the following **sub-regional priorities** which are not also regional target sectors: maritime and tourism/visitor sectors.
  - The principles outlined in paragraph 4.3 above in terms of relationship to Business Link and to **Business Support Simplification** apply to all activity funded under this strand.

6.15 Outputs. At present there are no specific targets for this Strand, these will need to be developed.

6.16 Match Funding. The match funding will come from public sector funding through relevant stakeholders and private sector contributions.

## **7. Procurement Method for the Investment Framework**

7.1 The proposed procurement methods will vary by Strand as follows:

- **Strand 1: Regional Pan-Sector Internationalisation Support.** Non competitive selection. The strand will support an enhancement to the contract between NWDA and UK:TI
- **Strand 2: Regional Sector programmes.** Limited bidding. Cluster development organisations will be invited to bid for resources for a programme of activity linked to the approved sector action plan on the basis of the indicative resources allocated. In addition, other delivery organisations identified in the relevant sector/cluster plans will be able to bid direct for resources so long as their projects have been identified in the relevant agreed regional sector development plan.
- **Strand 3 Merseyside sub-regional priority sector support.** Limited bidding from relevant sub-regional organisation and/or individual sub-regional cluster organisations.

## **8. Spatial Level of Delivery**

8.1 Strands 1 and 2 will all be regional programmes designed and managed at a regional level (those responsible for designing and delivering the regional programmes of activity will need to work closely with appropriate /relevant sub-regional bodies to ensure relevant input into design and management).

8.2 Strand 3 will be prioritised sub-regionally in Merseyside and delivered through individual sector development programmes.

### **Merseyside**

8.3 In the case of the regional programmes that are to be enhanced under this Investment Framework the design of these programmes will need to ensure that the relevant outputs, activity and spend linked to the ring-fenced Merseyside allocation is delivered. This means that there will need to be separate targets for Merseyside for activity under Strands 1 and 2. However, activity under Strands 1 and 2 will be organised under regional programme, but with enhanced activity in Merseyside.

## **9. Financial Context**

9.1 The NWOP has a total allocation of approximately €755m or around £521m. This is split between Merseyside as a 'phasing in' area (approximately €308m or £210m) and the rest of the NW region (€448m or £308m). The NWOP also fixes an allocation for each priority, including Technical Assistance, which cannot be changed. The NWOP is subject to a fixed financial profile and strict spend targets which must be met.

9.2 The NWOP overall and priority level intervention rate is set at 50%, but this is likely to vary according to individual projects. Match funding is expected to come from a variety of sources, both public and private, depending on the action area.

### **Sources of Match Funding**

- 9.3 In summary, potentially these are:
- The NWDA Single Programme
  - Other public sector stakeholders
  - The private sector.

## **10. Guidance Documentation, Including Cross Cutting Themes**

- 10.1 The NWOP has two agreed cross cutting themes: environmental sustainability and equality & diversity. The intention is to mainstream the delivery of the themes, building on best practice. The cross cutting themes should not be seen as an add-on, and be used in the design and the delivery of each project. All projects funded by ERDF will be expected to deliver against Cross-Cutting Theme (CCT) related outputs and results, some of which have been embedded into the NWOP

### **Environmental Sustainability Cross Cutting Theme**

- 10.2 The NWOP aims to grow the economy of the region providing for more value added activities and securing current and additional jobs. The inclusion of the Environmental Sustainability CCT in the programme is central to ensuring that negative environmental impacts are minimised, or mitigated, and that positive impacts are maximised.
- 10.3 Key messages of the CCT are to improve:
- energy efficiency and related carbon mitigation measures;
  - air and water quality;
  - protection of the local environment (green spaces, biodiversity, quality of life);
  - resource efficiency to minimise waste and encourage recycling;
  - sustainable transport; and
  - sustainable construction.
- 10.4 All potential projects will be evaluated via the appraisal process to determine the perceived benefit to the region against both the Action Area objectives and consistency with the messages of the CCT. Projects will be supported that can demonstrate they have taken all practicable measures to reduce or eliminate negative environmental impacts arising as a result of the project and measures to enhance positive environmental impacts. Projects, which can demonstrate a positive contribution to environmental sustainability under the themes above, are more likely to be successful on application for funding.
- 10.5 To ensure delivery of the Environmental Sustainability CCT, all project applicants will be contractually required to:
- Complete an environmental assessment at the Development and Appraisal stage. This will include evidence of the existence of a Green Transport Policy and a Sustainable Procurement Policy/Plan/Strategy as well as evidence of implementation of both within the applicant organisation
  - All business assist projects will be contractually required to refer companies that they have assisted (that meet the requirements of agreed criteria) to Enworks and collect evidence that the business assisted has contacted Enworks.

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- All appropriate infrastructure projects will be required to comply with the NWDA Sustainable Buildings Policy.
- 10.6 As well as the initial assessment of project benefits as highlighted, a specific global target to support a 25% reduction in additional CO2 emissions generated by the NWOP has been defined. Therefore, the Carbon emissions of all projects will be monitored and aggregated up so that the impact of the programme as a whole can be measured.
- 10.7 The following set of six generic indicators has also been established to track delivery of the cross Cutting Theme throughout the life of each project:
- Energy (tonnes CO2)
  - New Green Infrastructure Created / Ha
  - % of projects with Green Travel Plans and evidence of implementation and practice change
  - % of Projects with Sustainable Procurement Policies / Plans / Strategy evidence of implementation and practice change
  - Number of new environmental products supported
  - Number of Environmental Business supported.
- 10.8 Not all of indicators may be applicable to each project and at the evaluation stage the relevant indicators will be chosen for the project. However for this Investment Framework this may include incorporating the following into the project design:
- Waste Minimisation
  - Water efficiency
  - Use of renewable resources
  - Use of low carbon technologies
  - Development of new environmental product / business stream.

### **Equality & Diversity Cross Cutting Theme**

- 10.9 The diversity of the Northwest’s people and communities is an economic as well as cultural and social asset. In spite of the great strides made some equality groups are still subject to discrimination and experience exclusion from the benefits of economic growth. This is reflected in low levels of skills, educational attainment, employment and entrepreneurship among certain communities in the Northwest. This is an economic as well as social concern as poverty and lack of opportunity inhibits the region’s potential growth and threatens community and social cohesion.
- 10.10 Promoting Equality and Diversity plays a fundamental role across the programme’s priority and action areas. The guiding principle is that all policies, programmes and projects should be designed, developed and monitored with the diversity of the region in mind, and should proactively tackle barriers to economic participation and success.
- 10.11 The programme will also actively promote Equality and Diversity amongst all the agencies it works with in order to encourage wider engagement with the principles of equality and diversity beyond the programme itself.
- 10.12 The key messages of the Equality and Diversity CCT are to ensure that all potential projects:

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- are designed and delivered in a way that promotes equality and diversity with specific indicators and measurable targets set.
- recognise the business case for promoting equality and diversity not only in terms of social and economic impact, but also how it can help to increase the number of businesses.
- reflect current and likely future changes in legislation.
- make equality and diversity integral to the project throughout its life cycle.
- take responsibility for having access to expertise and resources designed to further the programme’s equality objectives.
- have robust monitoring and evaluation processes that include assessing the Programme’s key Equality and Diversity objectives.

10.13 Using the current evidence base and taking into account relevant legislative requirements, the following Equality and Diversity strands have been identified as constituting priorities with regard to the NWOP and to which all potential projects will be expected to have established key performance targets against<sup>4</sup>:

- Gender
- Race and ethnicity
- Age
- Disability

10.14 Not all of the above equality strands may be relevant or applicable to each project and at the appraisal/evaluation stage the relevant indicators will be chosen for the project. However for this Investment Framework this may include incorporating the following principles into the project design:

- Demonstration of how equality and diversity are integral to the design of the project.
- Demonstrate how the project will, where relevant, meet the needs of women, black and minority ethnic (BME) communities, disabled people and people aged 50 and over.
- A clear understanding of the needs of the targeted group(s), the barriers that they face and how the project links into established best practice with regard to promoting equality and diversity.
- Ensuring that the management body for the project are sensitive to the needs of the targeted group(s) and that it ensures the accessibility of the project to disabled people, older people, women and the ethnic communities that they are targeting.
- How the project will be monitored, reviewed and evaluated to ensure that it promotes equality and diversity.
- Demonstrate that the applicant has in place steps to address any negative impact identified as a consequence of conducting an Equality Impact Assessment.

## 11. Compliance

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<sup>4</sup> Although not identified as part of the priority groups for which we will be collating monitoring information on, we would encourage projects and programmes where appropriate and applicable to take into consideration the needs of Lesbian, Gay, Bisexual and Transgender people as well as faith and religious communities. However currently the priority within the programme in relation to the collection of monitoring data will be Race, Age, Gender and Disability. We will not therefore be expecting monitoring data for the other two strands.

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- 11.1 All projects being taken forward within this Investment Framework will be required to comply with EU and national rules such as state aids, public procurement and publicity underpinning any ERDF application. The implementing provisions of the NWOP sets out a number of such compliance issues. The ERDF offer letter will specify the detail. Additional advice and guidance will be available from relevant experts within the NWDA - please contact the European Programme Team in the Agency.

## **12. Evaluation and Monitoring for Investment Frameworks**

- 12.1 All the Investment Frameworks will be evaluated during 2009-10 to ensure that learning and best practice can be identified. This will allow the PMC to change, amend and update all or any of the Investment Framework to fit with delivery of the NWOP, EU and government policy at the mid term. If there are significant policy changes in an area covered by the Investment Framework which requires an earlier review and evaluation, this will be carried out by the European Programme Team and then brought forward for approval by the PMC.
- 12.2 The NWDA Policy Lead for the Investment Framework is Sarah Kemp. Further information is available from the NWDA ERDF Programme Executive 01925 400 121 or [www.erdfnw.co.uk](http://www.erdfnw.co.uk)

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Appendix A Guidance on Activities by Sector

Appendix A: Indication of Scope of Activities by Sector (1)					
Sector	Biomedical	Advanced Engineering and Materials			
		Aerospace	Automotive	Textiles (advanced flexible materials)	Chemicals
Em ERDF Indicatively Available 2007-2013	£7m	£8m across all four sub-sectors			
Networking	Activity co-ordinated via the Bionow-hosted Biomedical Operations Group (BOG). Additional but fully integrated support to Merseyside delivered by Bionow as part of TMP led Merseyside sector programme	Continue the success of the Aerospace Supply Chain workshops events and also the Aerospace international trade events.	Developing supplier network events, in order to enhance collaboration and share best practise.	Continuation of the AFM Advisory panel meetings with the regions key strategic companies.	Continued development of networking events with a view to increase sector business collaboration.
Management and Leadership			Introduction of business mentoring schemes with a specific target of SMEs.	Development of a programme focussed on understanding the future needs of leaders and managers in NW AFM sector with specific focus on small SMEs.	Working with Higher Level Skills Pathfinder project with NWUA ensuring higher level skills needs of the industry are met.
Sector Specific Skills Development	Three sections of skills development both accredited and non-accredited: operator/technician skills and in-house company skills training sustainability in priority sub sector of	Create a skills development culture and a road map to achieving a knowledge based economy. Develop a skills capacity model. Work with STEMNET through the SSPA to develop plans to attract	Work to identify the skills gaps that exist in the NW Automotive industry and provide solutions to these gaps. Review current programmes with particular reference to technical and craft	Continued close relationship with Skillfast building on the success of "women at work" and establishing an AFM qualifications advisory group. Developing and targeting further key skills focus areas, such	Working closely with Chemical Skills group to develop skills needs and solutions. Support Pilot lead apprentice scheme. Shape the Process Industries National Skills Academy (NSAPI)

<b>Appendix A: Indication of Scope of Activities by Sector (1)</b>					
<b>Sector</b>	<b>Biomedical</b>	<b>Advanced Engineering and Materials</b>			
		<b>Aerospace</b>	<b>Automotive</b>	<b>Textiles (advanced flexible materials)</b>	<b>Chemicals</b>
	biopharmaceutical processing; high level research capability in drug discovery & development disciplines (linked to premises); executive commercial skills to support entrepreneurs	new entrant to the sector. Develop provision for levels 2 & 3 composites skills.	engineers to ensure that these meet the requirements of industry.	as balanced sourcing strategies and product development training.	
<b>Career Promotion</b>					
<b>Marketing/ Promotion</b>		Continued promotion of the NW Aerospace capabilities and NW companies at International events like Farnborough Airshow, Paris Airshow and other select international events. Strongly promote and encourage participation of SMEs at Business to Business events.	Promote the NW Automotive companies through various media and by participation at national and internationally recognised events. Ongoing promotion of the NW Automotive sector to improve image and future recruitment into the sector.	Continued publication of Technical Thread magazine. Promotion of NW AFM capabilities at relevant international trade shows and events. Focussed events on future "hot topics" following the success of the "composites event".	Focussed work on improving the image of the Chemical sector through all available channels. Continued support for "Children Challenging Industry" scheme towards national STEM recognition. Progress of the CoSI scheme and continued promotion of the CATALYST centre.
<b>Supply Chain</b>	<i>To be worked up</i>	Continuously develop the Aerospace Supply Chain Excellence Programme (ASCEP) with a view to the long term goal of creating a successor programme -ASCEP 2.	Continued development of the automotive supply chain competitiveness programme. Assisting the understanding and implementation of business process and product service innovation both		Implementation of the chemical section of the NWDA Advanced Manufacturing Supply Chain programme. Develop supply chain improvement strategies in conjunction with NWDA Supply Chain

Appendix A: Indication of Scope of Activities by Sector (1)					
Sector	Biomedical	Advanced Engineering and Materials			
		Aerospace	Automotive	Textiles (advanced flexible materials)	Chemicals
			internally and within NW automotive business supply chains.		team.
<b>Specialist Premises</b>	Centre of Excellence for Biopharmaceuticals; Vaccines Centre of Excellence plus Grow on Facility. Establish two Centres of Excellence and grow on accommodation. To enhance international positioning linked to areas of regional core capabilities (biopharmaceutical bioprocessing and infectious disease & vaccine production) and provide accommodation for incubator graduates and growing companies.	Assess the infrastructure requirements of the sector in conjunction with sub-regional partners.	To identify the current and future infrastructure needs of the NW automotive industry in collaboration with other key stakeholders, with a view to developing an automotive infrastructure action plan.		Develop a database of suitable available sites for potential inward investment and large expansion projects.

<b>Appendix A: Indication of Scope of Activities by Sector (2)</b>				
<b>Sector</b>	<b>Food &amp; Drink</b>	<b>Business and professional Services</b>	<b>Digital and Creative Industries</b>	<b>Energy &amp; Environmental Technologies</b>
<b>£m ERDF Indicatively Available 2007-2013</b>	<b>£3m</b>	<b>£6m</b>	<b>£8m</b>	<b>£8m</b>
<b>Networking</b>	Development of ethnic network, promoting products from the migrant communities and providing better integration and opportunities for emerging product tastes.	Build upon existing events activity for the BPS sector with a focus on the sharing of knowledge and good practice, developing new businesses opportunities, encouraging innovation and thought leadership	Media Enterprise Centres. Co-ordinated delivery of sector specific enterprise, innovation and skills support. Cluster organisation, sector bodies, Business Link and UKTI International Trade Advisors collocated within dedicated centre(s) at mediacity:uk and across the region.  Management – Innovation collaborations. Sector-specific events, real and 'virtual' networks that provide access to commissioners of products and services in high value sub-sectors of ICT, digital content, games and publishing	Development of networking activities (e.g. workshops, conferences, web portal etc.) to facilitate greater cooperation between companies in the sector and between HEIs and business.
<b>Leadership &amp; Management</b>	Working with the NW Business Schools to develop and promote 'leadership within the food sector.	Develop management and leadership skills in the sector according to the needs of businesses within the sector.		Sector-specific events, real and 'virtual' networks that provide access to buyers and specifiers.
<b>Sector Specific Skills Development</b>	Promoting a positive image of the F&D sector in the NW. Training – while benchmarking against 'best in class' organisations for promotion of products and understanding of provenance. Developing a joint initiative with the University of Cumbria.	Development of medium to higher level skills required by BPS businesses in conjunction with the SSPA, Skills Council and LSC	Skills solutions for businesses. Non-accredited industry led placement programmes within commercial and community media organisations that develop entrepreneurship and management skills in priority sub-sectors of music, broadcast media and ICT	Support for skills initiatives covering increased awareness of the sector employment opportunities. Improved coordination of supply/demand dialogue between employers, SSCs, LSC and training providers.

<b>Appendix A: Indication of Scope of Activities by Sector (2)</b>				
<b>Sector</b>	<b>Food &amp; Drink</b>	<b>Business and professional Services</b>	<b>Digital and Creative Industries</b>	<b>Energy &amp; Environmental Technologies</b>
<b>Marketing/ Promotion</b>	Continued promotion work with the Grocer and other publications. In addition to that, developing a communication plan for supply chain work, highlighting regional and sub-regional brands	Enhanced marketing activity to promote BPS in the region to retain businesses, talent and BPS activity in the region and outside the region to generate inward investment opportunities	Developing 'attack' brands (both established and new) for showcasing Northwest Digital and Creative Industries through events in the region and presence at international trade markets. Build awareness of Northwest in priority sub-sectors of music, games and ICT. Focus support around a calendar of events to reduce duplication and overlap	Development of marketing strategy for the sector; note this may comprise of individual sub-strategies for sub-sectors. Delivery of strategy through development of appropriate tools (brochures, trade missions, exhibitions etc.)
<b>Supply Chain</b>	Establishing a collaborative approach with EFP and other partners in the region to enhance supply chain offering.	<i>To be worked up</i>	<i>To be worked up</i>	Specialist support and networking activities in priority sub-sectors: renewables; nuclear decommissioning and nuclear new build (dependent upon Government go-ahead).

<b>Appendix A: Indication of Scope of Activities by Sector (2)</b>				
<b>Sector</b>	<b>Food &amp; Drink</b>	<b>Business and professional Services</b>	<b>Digital and Creative Industries</b>	<b>Energy &amp; Environmental Technologies</b>
<b>Specialist Premises</b>	Looking to expand the incubation facility up in Penrith and looking to create Hubs (transport and distribution), perhaps in Lancashire, tying in with Reaseheath College, Cheshire		National Centre of Excellence for Games: establish sector-specific enterprise, innovation and skills support for the UK games industry in a national Centre of Excellence. Prestigious showcase for the region's businesses. Diversification of offer from mediacity:uk. Reinforce profile of the region as a leading international location and drive inward investment. Focus knowledge transfer and development of higher level skills	Power Technologies Innovation Centre - working with EA Technology and electricity distribution network operators to develop incubation facilities for start up companies involved with electricity transmission and distribution.

## Appendix B - Business Creation Product - Supporting more businesses to start up and survive

### **Purpose**

1. To increase the level of enterprise in the UK by supporting the creation of new businesses by enabling those with an interest in starting up in business to take the necessary steps to do so, particularly overcoming barriers faced by some individuals from under-represented groups and disadvantaged communities.

### **How will this be achieved?**

2. By providing individuals and new businesses with relevant and timely advice and guidance for successful business start-up, on for example, compliance and regulatory information, business planning (appropriate to the complexity of the business), finance (including small grants and loans and financial skills), business idea development, market research and market understanding, managing and running a small business at start-up, and employing people. This will be provided by Business Link. More intensive support will be provided to the most disadvantaged individuals to overcome barriers to starting up.

### **Why offer public sector support?**

3. The creation of dynamic businesses is a key driver of economic prosperity. The level of entrepreneurial activity in the UK, however, is modest in comparison to some other economies. Certain groups, including women, disabled people and some minority ethnic groups, as well as certain geographical areas have a disproportionately low level of entrepreneurship. If these disparities were overcome as well as increasing the overall rate of business creation then entrepreneurial levels could match those of our competitors.
4. The intervention is justified on equity grounds and government failure to provide enterprise education to some groups. In addition, people in some ethnic minority groups may not know where to seek the necessary information about how to start a business; they may not have the cultural or family history or networks to provide such information. For some groups in the population the transition from interest in starting up to running a business is made more difficult because of wider social and structural issues. The issues may become more entrenched without some suitable intervention.
5. There may also be information failures about the risks of starting a business among some women and certain ethnic minority groups which prevent some from these groups with an interest in starting up from doing so.

### **What will be offered?**

6. Assistance will be given to individuals and new businesses comprising of a mix of generic advice and guidance that a business needs to be able to start trading concerning:
  - business idea development, market research and market understanding,
  - business planning, operations and management,
  - financial planning and management,
  - employing people.

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7. More intensive support will also be available for some, including those from disadvantaged or under-represented groups. This will comprise:
- more personalised support from an adviser, coach or mentor who can work with the particular individual or business to overcome particular barriers to starting up;
  - early stage support to ensure survival through mentoring or proactive account management, ongoing business review;
  - limited financial assistance to disadvantaged individuals who face additional disproportionate costs when starting up.

### **Who is eligible?**

8. Generic advice and guidance can be offered to all types of new business, including, for example, entering self employment and single person start-ups, team start-ups, high growth and high technology start ups, social enterprises start ups. The more intensive offer will be limited in availability to disadvantaged individuals.

## Appendix C - Business expertise for growth Product - Expert knowledge and specialist input for targeted small-medium businesses to grow

### **Purpose**

1. To improve the performance and productivity of businesses in the UK by providing expertise to help small-medium sized enterprises (SMEs) realize their full potential for growth and success.

### **How will this be achieved?**

2. Through mentoring and coaching:
  - at a national level, to meet a national market failure;
  - at a regional or local level to meet market failures that would differ between regions or localities.

### **Why offer public sector support?**

3. The rationale for this intervention varies depending upon whether the underlying problem is national or sub-national.
4. At the national level the intervention would fill in a missing market in business expertise. The intervention would be designed to rectify infrequent but possibly important instances where:
  - there are major advances in business technologies and processes which radically alter the competitiveness of companies, e.g. lean manufacturing;
  - yet markets for UK SMEs to acquire this knowledge are missing; e.g. due to the uneven geographical distribution of new technology and the industrial concentration of some industries;
  - the intervention provides a means for UK SMEs to acquire knowledge of the technology or process until such time as UK based consultants and others make the knowledge available.
5. At the regional and local level there may be specific geographically defined reasons why business expertise is not available. The intervention would be directed to rectifying the local market failure. Since the market failure might vary by locality the required type of expertise might differ from those provided nationally. For this reason the type of expertise will be determined locally after appraisal at regional and local levels to determine the existence of a market failure (as set out in the Treasury ‘Green Book’), additionality and value for money.

### **What will be offered?**

6. Subsidised access and provision of quality assured business expertise and specialist and advanced skills to SMEs which they would otherwise not have. The expertise would enable the take up of new technologies, techniques and processes. Broader benefits might include:
  - lower costs;
  - higher productivity; and
  - creation of a market for the supply of mentoring and coaching services in new areas.
7. The expertise would be provided by an external person or organisation most appropriate to meeting the individual businesses’ needs. The expertise would vary and might be highly technical or specialist including advanced coaching for managing the growth of the business.

**Who will be eligible?**

8. National programmes would target SMEs where there is a:
  - new technology or business process which is commercially important and materially affects the competitiveness of enterprises;
  - barrier to acquiring that new technology or process, and where
  - the intervention would be successful in creating a market for the type of expertise and the intervention would be time limited.
9. SMEs would be eligible for programmes targeted at regional and local needs where:
  - local or regional appraisal identifies a market failure;
  - there is a well defined set of monitored exit criteria which would limit the duration of the intervention; and either
  - the recipients are located in a deprived area, or
  - the recipients are high growth or high potential companies, or
  - the recipients are one of the selected few priority sectors in the region.

## Appendix D Investigating new overseas markets - Tailored help for specific markets

### **Purpose**

1. To strengthen UK productivity growth and future economic prosperity by overcoming barriers faced by UK businesses and sectors in specific overseas markets, which would otherwise limit the benefits gained from international trade.

### **How will this be achieved?**

2. Provision of tailored information and help for UK based companies and sectors to overcome barriers to business in specific overseas markets.

### **Why offer public sector support**

3. Access to potential opportunities in markets for differentiated products and services depends significantly on information flows mediated through social networks, and in some sectors also through government to government networks. Firms or sectors seeking to enter a new market face barriers in gaining access to the relevant networks and information if they do not have support from a trusted intermediary who can facilitate access to appropriate contacts. Reputation benefits of promoting and showcasing UK capability are not fully internalised by individual firms, and warrant public subsidy.

### **What will be offered?**

4. Tailored information and other help in specific markets, for individual companies and for sectors or other groups of UK business for collective benefit, drawing on the commercial sections in UK Consulates, Embassies, and High Commissions overseas. Tailored support is normally charged, for all sizes of firm. Limited financial support towards the cost of participating in overseas visits and trade shows is available to eligible SMEs.
5. Support will comprise:
  - Charged services can include tailored information or help in gaining access to key contacts, either for individual firms or through group events. Services provide individual or groups of companies with information on local market conditions, market entry strategies, or help in gaining access to key contacts, or in overcoming barriers to market access;
  - Grant packages to cover part costs of participating in overseas missions;
  - Grants towards exhibiting at Overseas Trade Shows for eligible businesses.

### **Who will be eligible?**

6. Support for market introductions is open to all UK registered companies.
7. Support for market visits or for exhibiting at overseas trade shows – businesses falling within the EU definition of an SME and working with one of UKTI’s International Trade Advisors or equivalent and engaged in a trade development activity.
8. Support for sector events and for group delegations to overseas exhibitions is prioritised in accordance with high level strategic priorities identified, and in accordance with strategic marketing plans for individual sectors.

## Appendix E - Preparing to export - Help for businesses inexperienced in exporting or considering entry into new overseas markets

### **Purpose**

1. To strengthen UK productivity growth and future economic prosperity by ensuring that UK businesses, especially high productivity, innovative, and research and development (R&D) intensive businesses, are able to identify and exploit opportunities in overseas markets successfully, and to respond rapidly and effectively to changing international opportunities.

### **How will this be achieved?**

2. By providing information and advice to businesses considering exporting or entering new overseas markets, or who have limited experience in exporting or other aspects of international business development, and need help to develop the requisite knowledge and capabilities.

### **Why offer public sector support?**

3. Public sector intervention is justified by the wider benefits from the dissemination of knowledge about exporting that are not necessarily internalised by companies, and hence warrant some subsidised public support to ensure these accrue to wider business community and the UK economy.

### **What will be offered?**

4. The specific types of assistance to be provided are:
  - Information and advice (including referrals) to UK registered companies who are: considering exporting, entering new overseas markets, developing international business (for example, through supply chains, partnerships, licensing, increasing inward investment by overseas companies and investors) in new overseas markets, bidding for development aid contracts and/or
  - Limited part-funding to invest in capabilities generally to export, and undertake export market research.
5. Co-funding is available for projects as part of an export capability development plan which enable companies to develop their export capability based on a strategic assessment of their strengths and weaknesses.

### **Who will be eligible?**

6. Information and advice on beginning to export or seeking to do business in new overseas markets – UK registered companies of all sizes.
7. Co-funding for agreed export capability development projects - for small-medium sized enterprises seeking to enter new markets. Support for general export capability development is restricted to SMEs who are either ‘new to export’ or innovative and between 1 and 5 years old.

## Appendix F - Shared business support environments Product - Shared business premises and facilities to help businesses develop and grow

### **Purpose**

1. To facilitate business growth and to create a larger number of sustainable businesses which will positively impact on the highest priorities for developing and strengthening regional economies including disadvantaged areas.

### **How will this be achieved?**

2. By providing new or existing businesses with cost-effective, managed workspace such as business or science parks, incubation units, and provide access to specialist equipment in which to set-up, test and commercially exploit new ideas. Public sector investment in individual shared business premises will be on a time-limited basis with a clear exit strategy from the outset.

### **Why offer public sector support?**

3. The intervention will be provided on a regional or local level where there is an identified market failure or equity rationale at this level.
4. Shared business environments can help provide a supportive environment in which to nurture and grow sustainable businesses (including through access to new ideas and technologies) within the highest priority areas of the relevant economic strategy

### **What will be offered?**

5. Provide funding to intermediaries to build, operate and manage business premises with shared facilities (which may include technical facilities) and services for groups of new and/or growing businesses. These facilities will be characterised by having flexible tenancy and access arrangements.
6. Businesses will be able to access, cost-effective supportive shared premises and facilities. The exact range of facilities will depend on the purpose and complexity of the services to be offered (e.g. managed workspace, incubators, specialist equipment, science parks or shared pilot plants).
7. Best practice, however, would be for each physical entity to have a ‘manager’ to facilitate access to:
  - general information, guidance and advice on business support issues, particularly for the start-up businesses provided by Business Link and other providers;
  - specialist advice and guidance on defined specialist areas;
  - expertise - particularly coaching and mentoring in order to encourage sustainable business growth; and
  - encourage collaborations between participating businesses.

### **Who will be eligible?**

8. To be eligible for tenancy businesses must display entrepreneurial and growth potential and match the purpose of the facility. The target customers are potentially wide and will include start-ups; inward investors; SMEs. In some cases large companies can act as the anchor tenant on a large business/science park but these companies will not receive subsidy. Support will be time-limited by a well defined set of exit criteria.

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9. These developments are typically aimed at start-ups and other young businesses which have a higher probability of failing than an existing business and the need to provide more space for communal areas, or technological or other relevant facilities which reduce the amount of rentable space available to the developer. They can, however, also provide more established SMEs with access to new ideas, technologies and processes
10. Appraisal will be at the project level using the Treasury Green Book criteria.

## Appendix G - Business Collaboration Networks - Helping businesses to work together to improve performance and exploit market opportunities

### **Purpose**

1. To bring together businesses, to work on common challenges in fields of commercial activities that are essential for developing and strengthening regional economies.

### **How will this be achieved?**

2. By providing a grant to set up and facilitate business collaboration that would:
  - raise awareness of the benefits of collaboration;
  - identify potential participants;
  - facilitate a meeting based discussion forum on a specific topics;
  - facilitate collaborative work groups on particular topics;
  - recording and dissemination of discussion, information and conclusions reached by the group;
  - facilitate inter-linking of similar collaborative groups in other parts of England.

### **Why offer public sector support?**

3. There may be network externalities and spill-overs from collaboration and at the same time barriers to entering collaboration because:
  - potential participants may be unaware of the benefits from collaboration;
  - there may be problems internalising the benefits of the collaboration; and
  - participants may not be able to agree how to divide up the benefits of collaboration (because they don't know what the benefits are).

### **What will be offered?**

4. The subsidy will be to intermediaries to facilitate bringing together groups of new and more established small or medium sized enterprises and relevant key partners in high growth, or sectorally important, or deprived areas to discuss commercial opportunities or ventures.

### **Who will be eligible?**

5. Intermediaries – in general, private sector firms or organisations with relevant experience and a proven track record of successful facilitation of business collaboration. Network participants must centre around small-to medium sized firms to attract any public subsidy to the collaboration.
6. Interventions will be restricted to projects where:
  - focus is on activities highlighted in Regional Economic Strategies;
  - market failure and difficulty in achieving collaboration is identified at the project level;
  - collaboration is necessary to develop and commercialise a business proposition that is outside the scope of supported activities elsewhere (e.g. under the 'Innovation Collaboration' product);
  - business case demonstrates the absence of subsidy to participating large companies; and

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- such networks will not support anti-competitive behaviour.
7. Interventions when they are time limited, will have a clear exit strategy established at project inception and will be at a proportionate level of subsidy. The exit strategies will establish how the benefits of collaboration will become apparent and the networks will be able to become self sustaining. Where benefits are not apparent then there will be no value in maintaining the network. In either case the networks can be expected to have a limited time in which government funding is necessary. Timing of exit would be determined by exit criteria and monitoring results.