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Foreword

The East Midlands has some significant economic challenges, but also a number of key strengths with huge potential to contribute to national growth. EU funding can help to realise this potential, helping businesses to grow and innovate and giving local people the skills and knowledge needed to succeed in their working lives.

However, in the past we have probably not made the most of the funding on offer. We have not always delivered the scale of outputs expected and spend has been slow - so much so that the region has lost some funding as a result. Part of the problem has been the large number of relatively small projects.

The 2014-20 EU Structural Fund Programme will be more challenging. Local Enterprise Partnership indicative allocations will be reviewed on annual basis against both performance and spend from 2017 onwards.

This report has been commissioned by East Midlands Councils, with support from ERDF Technical Assistance funding, to explore experience from the current programme about delivering large, strategic and collaborative EU projects. It draws on projects from across the country. There is much learning from this experience that could be applied to the next programme – to the benefit of the East Midlands and the nation as a whole.

EU Funding offers a significant financial boost to our local economies at a time when other forms of public investment are under pressure. It is an opportunity that must be grasped and cannot be wasted.

Andrew Pritchard

Director of Policy and Infrastructure

East Midlands Councils
Executive Summary

i. This report aims to share best practice lessons in designing and delivering large strategic collaborative projects using European Regional Development Funding, drawing on examples from the 2007-13 funding period. It focuses upon the East Midlands region, however the lessons learned from this analysis would also apply across England. The report seeks to answer four key questions, drawing on a range of case study projects:

- Why Collaborate Across a Larger Area?
- When and Where to Collaborate?
- How to Enable Collaboration?
- How to Make Collaborative Projects Operate Effectively?

Why Collaborate?

ii. Although European Structural and Investment Funds are now being managed at individual LEP level, there remains an important place for cross-LEP strategic collaborative projects.

iii. This report identified eight potential benefits or possible rationales for project delivery at a cross-LEP level:

1) **Critical Mass** – where for practical delivery reasons, a project could only be viably delivered at a larger-than-LEP area scale.

2) **Access to Knowledge** – where the ability to draw on University or other knowledge base expertise from outside the LEP area will significantly enhance the quality of project outcomes.

3) **Specialist Delivery Staff** – where recruiting a very specialist delivery team will have a substantial impact on the quality of project outcomes.

4) **Creating Competition** – where having a large base of potential clients allows the project to selectively focus its investment on priority beneficiaries.

5) **Co-ordinating Expertise for Strategic Leadership** – where engagement across a wider set of partners with high levels of expertise, can allow the project to assert strategic leadership in its policy area, particularly for sector development.

6) **Reducing Costs** – where delivery across a larger area creates genuine economies of scale and reduces overall delivery costs.

7) **Simplification of Enterprise Support** – where a larger strategic project can provide a single gateway to support and/or simplify the route through which local enterprises access support.

8) **Sharing Good Practice** – where knowledge sharing is enhanced across a collaborative project, helping to strengthen project delivery and outcomes achieved by all delivery partners.
When and Where to Collaborate?

There are three main tests to apply to a potential collaborative project proposition, to help in deciding whether it is practical to proceed:

1) **Is there value in working collaboratively** given the nature of the intervention? If so, it should match one or more potential benefits from the eight categories outlined above.

2) **Is there an appetite from partner LEP areas to collaborate?** This could be neighbouring areas, or it could be LEPs from elsewhere across England.

3) **Are there existing delivery vehicles or a natural lead partner** that can drive the process of designing and delivering the project?

How to Enable Collaboration

To enable collaborative projects to come forward under the 2014-20 ERDF Programme, the following approaches will be critical:

- **Leadership for Collaboration** – LEPs are best placed to recognise and champion the benefits of a strategic collaborative approach, identify which parts of the programme should be delivered at a cross-LEP level and identify appropriate bodies to lead the development of such projects.

- **Exploiting Expertise** – a wide range of cross-LEP bodies with specialist expertise exist in the East Midlands, and LEPs need to work with such partners and seek their support and leadership in their respective fields to take forward design and development of strategically important cross-LEP collaborative projects.

- **Sharing the Workload** – where a group of LEPs identify a number of collaborative projects they would like to bring forward jointly, it may be beneficial to split the leadership roles for each between them.

- **Making Best Use of Technical Assistance Funding** – LEPs should look to ensure at least part of the technical assistance funding is used for cross-LEP collaborative project development, recognising the additional administrative cost involved in setting these up.

How to Make Collaborative Projects Operate More Effectively

- **Choose the Optimum Delivery Model** – typically a centralised or modular delivery structure - each having pros and cons which need assessing for each project.

- **Carefully Select the Lead Delivery Partner** - the lead partner should be selected on the basis of expertise, capacity and relationships with other key partners.

- **Be Clear on the Gives, Gets and Concerns for Each Partner** – which can be achieved through designing the project collaboratively, making use of sub-contracts and regular engagement throughout the delivery phase.

- **Have an ERDF Expert Lead within the Contract Holder Organisation** - an individual or team of ERDF experts, who can support all delivery partners and ensure correct and consistent application of ERDF regulations.

- **Explore Innovative Approaches to Simplify Project and Financial Management** – helping to reduce the bureaucratic burden on delivery bodies and increase efficiency.
1. **Introduction**

1.1 This report aims to share best practice lessons in designing and delivering large strategic collaborative projects using European Regional Development Funding, drawing on examples from the 2007-13 funding period. It focuses upon the East Midlands region, however the lessons learned from this analysis would also apply across England. The report seeks to answer four key questions, drawing on a range of case study projects:

- Why Collaborate Across a Larger Area?
- When and Where to Collaborate?
- How to Enable Collaboration?
- How to Make Collaborative Projects Operate Effectively?

1.2 The ten case studies cover projects delivered both within the East Midlands and in other English regions, across a hand-selected range of ERDF intervention areas (all of which are expected to feature in the new 2014-20 Programme). The projects have been selected to focus on innovative delivery models or project structures from which lessons can be learned on both design and delivery.

1.3 Section 2 of the report responds to each of the four questions above, bringing in the lessons drawn from the ten case studies.

1.4 Section 3 sets out each case study in turn, providing more detailed information on project design, delivery and impact, as well as project contact details.
2. **Summary of Lessons Learned**

### Why Collaborate?

2.1 Across England, far more region-wide collaborative projects were developed under Regional Development Agencies (RDAs) than after their demise in 2011-12. The coalition government set up Local Enterprise Partnerships (LEPs) at a more localised level for a reason: they wanted to see more localised economic development activity designed and delivered.

2.2 There is however, still an important place for cross-LEP strategic collaborative projects. This study highlights two main types of project where there may be considerable benefits to be gained from collaboration:

- **Specialist Knowledge Projects** involving high levels of expertise and specialism: this might include specialist sector development or projects relating to specific financial or technology expertise. The benefits are primarily in the form of better quality projects as a result of greater expertise engaged in project delivery.

- **Large Scale Projects** that involve substantial investment and risk, require a range of partners to deliver, and most naturally cross several geographic areas. The benefits are primarily in the form of lower project costs as a result of economies of scale.

2.3 The potential benefits from collaborative projects are broken down below into eight categories, and each is illustrated with examples from the case studies, where these factors were an important part of the rationale.

1) **Critical Mass** – where for practical delivery reasons, a project could only be viably delivered at a larger-than-LEP area scale.

   - The **Finance for Business North East (JEREMIE)** project required a minimum fund size of £100m to secure the 50% match funding needed from the European Investment Bank to make the project viable. This scale of SME finance could not be absorbed within a single LEP area, so a collaborative multi-LEP delivery approach was the only feasible option.

   - The **North West Virtual Engineering Centre** involved a £5m investment in a new technology facility to support aerospace firms across the regional cluster. This investment would have not been viable if it were only supporting businesses within a single LEP area, however the number of aerospace businesses across the North West region provided the critical mass to make this a viable investment.

2) **Access to Knowledge** – where the ability to draw on University or other knowledge base expertise from outside the LEP area will significantly enhance the quality of project outcomes.

   - The **West Midlands Knowledge Transfer Partnerships** offered businesses access to expertise from across 11 regional universities, helping to match business needs with the most appropriate expertise available across the wider area, strengthening the quality of outcomes delivered by the project.

   - The **East Midlands Transport Innovation Network** offered businesses access to innovation support and opportunities for collaborative R&D projects from five
universities across the East Midlands, to enable the best match between business needs and the available expertise in the region.

3) **Specialist Delivery Staff** – where recruiting a very specialist delivery team will have a substantial impact on the quality of project outcomes.

- The Finance for Business North East (JEREMIE) project relied heavily on recruiting fund managers with high level skills and experience in order to make good quality investment decisions which would yield strong returns for the legacy fund. Larger schemes are typically better able to attract higher quality fund managers.

- The East Midlands Healthcare and Bioscience Innovation Network supported a core team of sector specialists to provide advice and support to businesses across the region. Having a central team of around eight full time equivalent posts allowed a strong mix of expertise to be assembled, which would not have been possible operating at a smaller scale.

4) **Creating Competition** – where having a large base of potential clients allows the project to selectively focus its investment on priority beneficiaries.

- The East of England Low Carbon Innovation Fund sought to generate returns from venture capital investments in low carbon innovation. To achieve strong returns it needed to be highly selective in choosing investments, and benefitted substantially from having a large pool of potential clients to choose from in order to maximise returns and create a legacy fund for future investment.

- The West Midlands Transport Innovation Network supported collaborative R&D projects between businesses and universities to generate new jobs and economic growth. Operating across the whole region ensured a wider range of collaboration options were available and allowed the project to invest in the higher quality R&D projects which offered greatest growth prospects.

5) **Co-ordinating Expertise for Strategic Leadership** – where engagement across a wider set of partners with high levels of expertise, can allow the project to assert strategic leadership in its policy area, particularly for sector development.

- The North West Virtual Engineering Centre was a regionally significant investment to support the aerospace sector, and as such was able to work closely with major industry bodies including BAE Systems and Airbus. The sector intelligence, foresight and industry contacts of these partners strengthened delivery planning for the project and helped the Centre to support strategic sector leadership in the region.

- The East Midlands Healthcare and Bioscience Innovation Network is delivered by Medilink East Midlands and significantly strengthens its capacity as a regional sector body. Alongside the direct delivery of business support, the project helps Medilink to have an overview of sector development, to network and link up partners in new ways, to be a hub for sector intelligence, and to advise inward investment teams and other partners on sector development.

6) **Reducing Costs** – where delivery across a larger area creates genuine economies of scale and reduces overall delivery costs.

- The East Midlands Enterprise Inc project offered a common package of support to over 800 graduates looking to start a business across the region, through a network
of seven universities. By having a central co-ordinating team and through a number of innovative mechanisms introduced to simplify delivery processes, the project has delivered significant cost savings compared to a dispersed delivery approach.

- The Superfast Cornwall project was a major £130m investment across the whole county, and due to the critical mass of activity, enabled a more efficient and flexible delivery plan, giving higher quality outcomes and lower delivery costs than alternative more localised broadband investment solutions.

7) **Simplification of Enterprise Support** – where a larger strategic project can provide a single gateway to support and / or simplify the route through which local enterprises access support.

- The Key Fund Yorkshire project delivered a standard support package to social enterprises seeking debt and equity finance support across the region. With one overall fund common across the region, social enterprises had a single gateway, making it clear and easy to investigate and access a range of financial support options.

- The East of England Resource Efficiency East project was a regional project delivering advice and support to businesses on enhancing resource efficiency. Although an effective regional project, partners recognised that other overlapping resource efficiency programmes in the region created confusion amongst beneficiaries and may have led to inefficiencies. A simplified offer to businesses is important for greater clarity and simplicity, and to avoid inefficiencies in public interventions.

8) **Sharing Good Practice** – where knowledge sharing is enhanced across a collaborative project, helping to strengthen project delivery and outcomes achieved by all delivery partners.

- The East Midlands Enterprise Inc project incorporated a best practice group of project deliverers from the seven participating universities, able to share ideas on marketing and delivery of projects, enhancing the quality of activity delivered across all areas.

- The Key Fund Yorkshire project comprised six delivery bodies across the region and secured significant benefits from sharing delivery approaches and market intelligence between participating members, helping them to better target beneficiaries and deliver services effectively. It also strengthened relationships between these bodies and enhanced referrals between them.
When and Where to Collaborate?

2.4 It should first be noted that developing a collaborative project is rarely straightforward, and it will not make sense to collaborate across LEP areas for every type of intervention. Indeed there are several reasons not to pursue collaborative projects, for example:

- A LEP area may have investment priorities that other LEPs do not share.
- Collaborative projects can force unwelcome compromises over what will be delivered.
- Collaborative projects can be time and resource intensive to design and develop.
- There may be nobody willing to take on responsibility to lead a cross-LEP area project.

So, when and where does it make sense to collaborate?

2.5 There are three main tests to apply to a potential collaborative project proposition, to help in deciding whether it is practical to proceed:

1) **Is there value in working collaboratively** given the nature of the intervention? If so, it should match one or more potential benefits from the eight categories outlined above.

2) **Is there an appetite from partner LEP areas to collaborate?** This could be neighbouring areas, or it could be LEPs from elsewhere across England.

3) **Are there existing delivery vehicles or a natural lead partner** that can drive the process of designing and delivering the project?

2.6 Nationally, government has already established ‘Opt-in’ arrangements, which are effectively multi-LEP collaborative projects, led by suitably positioned national bodies, such as the Manufacturing Advisory Service and UK Trade and Investment. Many LEPs have already taken the decision to collaborate through this route.

2.7 There will be many other intervention areas however where LEPs need to review opportunities for collaboration, and pursue these individually where this is the most appropriate route.

2.8 Table 2.1 overleaf sets out a breakdown of a range of intervention types under the 2014-20 European Structural and Investment Fund Programmes and provides an assessment of the areas with greatest potential for collaborative projects to be developed, based on the three tests above:

- **Value** – based on whether the indicative action is likely to deliver a number of the potential benefits of collaboration outlined above.

- **Interest** – setting out the number of East Midlands LEPs specifically highlighting that intervention area in their European Structural and Investment Fund Strategies (these seven LEPs being: D2N2, Leicester and Leicestershire, Greater Lincolnshire, Northamptonshire, SEMLEP, Sheffield City Region and Greater Cambridge & Greater Peterborough).

- **Vehicles** – whether there are existing relevant organisations in place to potentially lead the design and development of collaborative projects.

- **Overall Potential** – based on a combination of the above factors.

2.9 This table should only be taken as an indicative assessment. In the intervention areas where there appears to be greatest potential for collaboration, there will still be projects where this is not appropriate. Equally in intervention areas where there appears to be weaker potential, there may be projects which would benefit from a collaborative approach.
### Table 2.1: Indicative Assessment of Cross-LEP Collaboration Potential by ERDF Intervention Area under the 2014-20 Programme

<table>
<thead>
<tr>
<th>Relevant Thematic Objective</th>
<th>Type of Activity</th>
<th>1. Value</th>
<th>2. Interest (out of 7 LEPs)</th>
<th>3. Vehicles?</th>
<th>Overall</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Research, Technological Development &amp; Innovation</td>
<td>Innovation Capacity Support</td>
<td>Yes</td>
<td>6</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Innovation Networks</td>
<td>Yes</td>
<td>3</td>
<td>Yes</td>
<td>Yes</td>
<td>Existing i-Nets could take a lead</td>
</tr>
<tr>
<td></td>
<td>Knowledge Transfer Projects</td>
<td>Yes</td>
<td>6</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Collaborative Research and Innovation</td>
<td>Yes</td>
<td>5</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Demonstrators / Capital Investment for R&amp;I</td>
<td>Possible</td>
<td>4</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Graduate Entrepreneurship</td>
<td>Yes</td>
<td>4</td>
<td>Yes</td>
<td>Yes</td>
<td>Existing i-Nets could take a lead</td>
</tr>
<tr>
<td>2. Access, Use, Quality of ICT</td>
<td>Take up of ICT / Broadband</td>
<td>Yes</td>
<td>6</td>
<td>Yes</td>
<td>Yes</td>
<td>East Midlands Councils could take a lead</td>
</tr>
<tr>
<td></td>
<td>Broadband Capital Investment</td>
<td>Yes</td>
<td>3</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>3. Competitiveness of SMEs</td>
<td>General Business Support / Hubs</td>
<td>Possible</td>
<td>7</td>
<td>Yes</td>
<td>No</td>
<td>Likelihood that these will be bespoke for each LEP area</td>
</tr>
<tr>
<td></td>
<td>Sector Support Programmes</td>
<td>Yes</td>
<td>4</td>
<td>Partly</td>
<td>Yes</td>
<td>Some national and regional sector bodies could take a lead</td>
</tr>
<tr>
<td></td>
<td>Enterprise Projects</td>
<td>Possible</td>
<td>6</td>
<td>Yes</td>
<td>Yes</td>
<td>East Midlands Councils could take a lead</td>
</tr>
<tr>
<td></td>
<td>Exporting Support</td>
<td>No</td>
<td>7</td>
<td>N/A</td>
<td>No</td>
<td>This is being led nationally through the UKTI opt-in</td>
</tr>
<tr>
<td></td>
<td>Financial Instruments</td>
<td>Yes</td>
<td>7</td>
<td>Partly</td>
<td>Yes</td>
<td>SEMLEP leading on development of a financial instrument</td>
</tr>
<tr>
<td></td>
<td>Investment Readiness Support</td>
<td>Yes</td>
<td>4</td>
<td>Partly</td>
<td>Yes</td>
<td>SEMLEP leading on development of a financial instrument</td>
</tr>
<tr>
<td></td>
<td>Inward Investment</td>
<td>Possible</td>
<td>5</td>
<td>Yes</td>
<td>No</td>
<td>Likelihood that these will be bespoke for each LEP area</td>
</tr>
<tr>
<td></td>
<td>Incubation and Grow-on Space</td>
<td>No</td>
<td>4</td>
<td>N/A</td>
<td>No</td>
<td>Likely to be localised investments, so not collaborative</td>
</tr>
<tr>
<td>4. Low Carbon Economy</td>
<td>Energy Efficiency Support for SMEs</td>
<td>Yes</td>
<td>7</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Energy Efficiency for Housing</td>
<td>Possible</td>
<td>4</td>
<td>Yes</td>
<td>No</td>
<td>Likelihood that this will be nationally led through an opt-in</td>
</tr>
<tr>
<td></td>
<td>Low Carbon Technology Development</td>
<td>Yes</td>
<td>4</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Commercialisation of Low Carbon Tech</td>
<td>Yes</td>
<td>4</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Low Carbon Infrastructure Projects</td>
<td>No</td>
<td>4</td>
<td>N/A</td>
<td>No</td>
<td>Likely to be localised investments, so not collaborative</td>
</tr>
<tr>
<td></td>
<td>Low Carbon Demonstrators</td>
<td>No</td>
<td>3</td>
<td>N/A</td>
<td>No</td>
<td>Likely to be localised investments, so not collaborative</td>
</tr>
<tr>
<td></td>
<td>Community Renewables Support</td>
<td>Yes</td>
<td>2</td>
<td>Partly</td>
<td>No</td>
<td>Limited interest in developing cross-LEP projects</td>
</tr>
<tr>
<td>5. Climate Change</td>
<td>Flood Risk Management</td>
<td>No</td>
<td>3</td>
<td>N/A</td>
<td>No</td>
<td>Likely to be localised investments, so not collaborative</td>
</tr>
<tr>
<td>6. Envt &amp; Resource Eff.</td>
<td>Green and Blue Infrastructure Projects</td>
<td>No</td>
<td>3</td>
<td>N/A</td>
<td>No</td>
<td>Likely to be localised investments, so not collaborative</td>
</tr>
<tr>
<td>7. Sustainable Transport</td>
<td>Sustainable Transport Infrastructure</td>
<td>No</td>
<td>2</td>
<td>N/A</td>
<td>No</td>
<td>Likely to be localised investments, so not collaborative</td>
</tr>
<tr>
<td>Other</td>
<td>Technical Assistance</td>
<td>Yes</td>
<td>N/A</td>
<td>Yes</td>
<td>Yes</td>
<td>East Midlands Councils could take a lead</td>
</tr>
</tbody>
</table>
2.10 There are two main barriers that are likely to be encountered when developing collaborative projects under the next round of European funding:

- **The Lack of Driving Force for Collaboration.** Most of the case studies set out in this document highlight the pivotal role of Regional Development Agencies in encouraging joined-up regional projects under the 2007-13 ERDF Programme. Without that driver, and the resources behind it, there is less motivation and capacity for areas to develop collaborative projects. The loss of RDAs (or similar regional agencies) has made it more difficult to:
  - **Identify common ground for collaboration** across local geographies areas, which was previously achieved via regional economic strategies and also through knowledge of the regional institutions in place.
  - **Agree the most appropriate lead body** which RDAs did in several of the case studies, including West Midlands Knowledge Transfer Partnerships, East Midlands Healthcare and Bioscience Innovation Network and North West Virtual Engineering Centre.
  - **Resource project development costs**, which RDAs did in several of the case studies including Finance for Business North East and the East Midlands Transport Innovation Network.

- **The Challenges of Delivering ERDF through LEPs.** As yet it is not fully clear how the project application, appraisal and allocation system will work for ERDF funding in the 2014-20 programmes. What is clear, is that each LEP has an indicative allocation, and will be closely involved in deciding funding allocations from its pot. This raises a number of likely challenges that cross-LEP projects will face, including:
  - **Pressure for equal distribution of impacts across participating LEPs**, something which may be particularly challenging for projects which need to focus on selecting the best interventions from across a wide area regardless of geography, for example in projects such as the East of England Low Carbon Innovation Fund and Finance for Business North East.
  - **Significantly increased reporting requirements** to meet the needs of each LEP – projects such as East Midlands Enterprise Inc, for example, might need to provide progress reports to five LEPs in addition to its wider reporting to DCLG, if it were delivered in the 2014-20 round of funding.
  - **Risk of destructive parochialism from LEPs** if they are too focused on investment within their LEP boundary – for example the North West Virtual Engineering Centre went ahead because all areas recognised that one single high quality facility to support the regional aerospace sector was the greatest priority, even though for most areas it meant the facility was being built outside their area. LEPs need to take a similar big-picture approach in 2014-20 to maximise opportunities for investing in strategic projects that will have significant impacts.

2.11 To effectively overcome these barriers and enable collaborative projects to come forward under the 2014-20 ERDF Programme, the following approaches will be critical:
1) **Leadership for Collaboration** — LEPs have taken over leadership in sub-national economic development from RDAs, and so are the best placed body to recognise and champion the benefits of a strategic collaborative approach, identify which parts of the programme should be delivered at a cross-LEP level and identify appropriate bodies to lead the development of such projects.

2) **Exploiting Expertise** — public sector resourcing is weaker now than at the outset of the 2007-13 programme, but a wide range of cross-LEP bodies with specialist expertise still remains in the East Midlands, for example the iNets, East Midlands Incubation Network, MIRA, the Midlands Aerospace Alliance and East Midlands Councils. LEPs need to work with these partners and seek their support and leadership in their respective fields to take forward design and development of strategically important cross-LEP collaborative projects.

3) **Sharing the Workload** — the approach taken by West Midlands universities in the 2007-13 ERDF programme (as set out in the West Midlands Knowledge Transfer Partnerships case study), provides a good model for sharing the workload involved in designing and developing cross-LEP collaborative projects among partners. Where a group of LEPs identifies a number of collaborative projects they would like to bring forward, it may be beneficial to split the leadership roles for each project between them.

4) **Making Best Use of Technical Assistance Funding** — although it is not yet fully clear how Technical Assistance will be deployed or how it can be used, it is likely to provide an important resource for supporting project development. LEPs should look to ensure at least part of this is utilised for cross-LEP collaborative project development, recognising the additional administrative cost involved in setting up such projects.

**How to Make Collaborative Projects Operate Effectively?**

2.12 The case studies highlight a lot of useful lessons in how collaborative projects can be best designed to simplify the project delivery phase. These include the following:

**Choose the Optimum Delivery Model**

2.13 The case studies of collaborative projects are broadly split into two types of delivery model:

- **Centralised Delivery** — where there is a single core team operating across the region managing and providing services from a single organisation. This type of approach is more straightforward to manage and can allow for a stronger mix of specialist knowledge in a core central team, however it is unsuitable for projects which rely on a large number of delivery partners.
  - Projects adopting this centralised delivery approach include the [East Midlands Healthcare and Bioscience Innovation Network](#) and [Transport Innovation Network](#), [Superfast Cornwall](#), [East of England Low Carbon Innovation Fund](#) and [Resource Efficiency East](#).

- **Modular Delivery** — with one managing organisation but several delivery organisations. Delivery may be split between organisations on the basis of the type of service or the geographic coverage of delivery. This type of approach may be more challenging to manage but allows for more bespoke delivery approaches relevant to a particular area, or splitting a wide-ranging delivery activity down into a number of specialist delivery modules.
Projects adopting this approach include the West Midlands Knowledge Transfer Partnerships, East Midlands Enterprise Inc, the North West Virtual Engineering Centre, Finance for Business North East and Key Fund Yorkshire.

Carefully Select the Lead Delivery Partner

2.14 The lead partner should be selected on the basis of expertise, capacity and relationships with other key partners. In several of the case studies, Regional Development Agencies had a key role in inviting organisations to lead particular projects, and in many cases provided resourcing to support this. In 2014-20 this leadership role will fall to LEP partners, but selecting the best lead organisation across a wider area remains a key step to ensuring a successful collaborative project.

2.15 Importantly LEPs must avoid setting up new structures for project development, before fully exploring the expertise already available.

- East of England Low Carbon Innovation Fund – The University of East Anglia was invited to lead the project, because of its research and project delivery strengths in the field.
- East Midlands Transport Innovation Network – Loughborough was invited to bid to lead the project and was subsequently selected at tender, given its expertise and capacity in this field. Recognising the need for the body to be clearly neutral in awarding collaborative R&D funds across a range of projects however, the University set up an arms-length body to manage project delivery.

Be Clear on the Gives, Gets and Concerns for Each Partner

2.16 Engaging partners and then maintaining strong relationships throughout delivery requires a clear and structured approach by the lead partner. In particular, this should include:

- **Designing the project collaboratively** – ensuring all partners are closely involved, happy with project scope and clear on what they will need to input and what they will gain.
  - The West Midlands Knowledge Transfer Partnerships and East Midlands Enterprise Inc projects were both designed from the bottom up, in each case identifying how much activity each university felt they could realistically deliver and using this to define the scale and scope of the project.
- **Making use of sub-contracts, collaborative agreements or service level agreements** – ensuring that expectations of partners are clearly laid out and understood from the outset.
  - The West Midlands Knowledge Transfer Partnerships project utilised collaborative agreements with the partner universities involved in delivery to clearly set out the funding allocation and associated output and result targets that each institution needed to achieve. The agreements were drafted using legal support and helped to transfer the ERDF contract requirements onto partners, as appropriate.
  - The North West Virtual Engineering Centre project similarly set up collaboration agreements with its delivery partners involved in contract delivery, to pass on the ERDF contract requirements to each organisation, as appropriate.
Engage Regularly with Partners - whether this is through formal management and governance arrangements or more informal approaches, ongoing engagement by the lead partner, to ensure partners remain fully committed to the project, and to understand and address problems arising, is critical.

- The East of England Resource Efficiency East project developed a programme board involving the full range of project stakeholders, to ensure these partners were kept regularly updated with progress and had the opportunity to raise questions or concerns throughout the delivery phase.

- The East Midlands Healthcare and Bioscience Innovation Network project proactively ensured the team regularly attended events and activities across the wider region to ensure strong visibility of their work and to enable stakeholders across the region to keep in touch with project developments and raise any questions or concerns.

Have an ERDF Expert Lead Within the Contract Holder Organisation

2.17 There should be an individual (or team) of ERDF experts for the project, who can support all delivery partners. This is particularly important for modular projects with numerous delivery partners, and will help to ensure correct and consistent application of ERDF regulations, as well as allowing delivery partners to focus on project delivery.

- The West Midlands Knowledge Transfer Partnerships project benefitted from the regional team at the University of Wolverhampton who provided a clearing house function sitting between the ERDF team at DCLG and project deliverers, ensuring any points of clarification on delivery were reviewed and dealt with in line with ERDF regulations, and in a consistent way across all delivery partners.

- The Finance for Business North East (JEREMIE) project similarly had a core team within the Holding Fund for the project who acted as the contact point between the ERDF team at DCLG and the individual product fund deliverers. As well as ensuring consistent application of ERDF regulations, it enabled product fund managers to focus on delivery and not have to divert time to exploring and understanding particular complexities of ERDF rules and regulations.

Explore Innovative Approaches to Simplify Project and Financial Management

2.18 This is particularly important for modular projects with numerous delivery partners. Innovative design approaches can help to reduce the bureaucratic burden on delivery bodies and increase efficiency, freeing up more resource to be directed at on-the-ground delivery.

- The East Midlands Enterprise Inc project used a mini-audit process in conjunction with DCLG, involving regular visits to review and check the robustness of financial management under each of its project partners. In this way it was able to identify and rectify any issues at an early stage, mitigating the risk of claw-back of funds.

- The West Midlands Knowledge Transfer Partnerships and East Midlands Enterprise Inc projects both invested early on in setting up online management tools which multiple partners could access to gather and share information and enable more efficient project delivery.
3. **Case Studies**

3.1 This section covers case studies for the following projects.

<table>
<thead>
<tr>
<th>Table 3.1 Summary of Case Studies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project</strong></td>
</tr>
<tr>
<td>1. Knowledge Transfer Partnerships and KEEN</td>
</tr>
<tr>
<td>2. Healthcare and Bioscience iNet</td>
</tr>
<tr>
<td>3. Transport iNet</td>
</tr>
<tr>
<td>4. Virtual Engineering Centre</td>
</tr>
<tr>
<td>5. Enterprise Inc</td>
</tr>
<tr>
<td>6. Superfast Cornwall</td>
</tr>
<tr>
<td>7. Finance for Business North East (JEREMIE)</td>
</tr>
<tr>
<td>8. Key Fund Yorkshire</td>
</tr>
<tr>
<td>9. Low Carbon Innovation Fund</td>
</tr>
</tbody>
</table>
Case Study 1: Knowledge Transfer Partnerships and Knowledge Exchange Enterprise Network

**Lead Organisation:** University of Wolverhampton

**Supporting Organisations:**

**Area of Delivery:** West Midlands

**Case Study Contact**
Jan Gilder, jan.gilder@wlv.ac.uk

<table>
<thead>
<tr>
<th>Project Value</th>
<th>ERDF Contribution</th>
<th>Other Match Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>£15.7m</td>
<td>£7.9m</td>
<td>£7.9m from a combination of businesses and universities</td>
</tr>
</tbody>
</table>

**Project Description**

The project started out as a region-wide initiative to boost the number of Knowledge Transfer Partnerships (KTPs) in the West Midlands, however was adjusted in 2010 as a result of funding withdrawal by the Technology Strategy Board and then closure of Advantage West Midlands. As a result, University partners decided to maintain their collaborative partnership and created KEEN interventions – Knowledge Exchange Enterprise Network (effectively to deliver tactical growth or shorter knowledge transfer projects with businesses).

Both KTP and KEEN models involved a graduate placement into a business to work on a specific business development or innovation project, with the graduate working for the business on the approved project, in collaboration with an academic or University research facility.

The Severn Partnership was supported with a KTP project by the University of Wolverhampton. The project sought to establish 3D modelling and building information modelling (BIM) as core business services.

(Photo courtesy of Severn Partnership Ltd)

**How the Project was Designed and Developed**

Advantage West Midlands (the Regional Development Agency, as was) approached individual universities in the region to lead regional ERDF projects for interventions where they had a specialism. Having delivered more KTPs than other regional universities, the University of Wolverhampton was invited to lead the regional KTP project and liaise with other universities in the region to engage them in delivery. Other universities similarly took the regional lead for other areas of intervention (eg Aston led on innovation vouchers and Coventry on innovation networks).
The project was designed collaboratively, on the basis of what each university could commit to delivering, and a central model was agreed, but with sufficient flexibility built in that each partner could market and deliver the project in the most appropriate way for their area. Collaborative Agreements were used to pass on contractual requirements to each partner, and the University of Wolverhampton sought legal advice in developing these.

A central management team at the University of Wolverhampton was established to support all partners in delivery of their agreements and targets. Tools were developed to support cross-partner delivery, including an online portal for allocating business and graduate enquiries to the most appropriate delivery partner.

### Project Impact

| Outputs Achieved or Expected by 2015 | • 160 Businesses Assisted  
• 148 Businesses Engaged in New Collaborations with the Knowledge Base  
• 120 Individuals Assisted to get a Job |
|--------------------------------------|--------------------------------------------------------------------------------|
| Results Achieved or Expected by 2015 | • 57 Jobs Created  
• 142 Graduates placed in SMEs |

**Commentary on Project Impacts**

Based on ERDF costs, and the expected performance to the end of 2015, the cost per business assisted would be around £49,000 per business, and the cost per job created around £139,000. The overall cost of assistance is of the same order as national KTP projects delivered through the Technology Strategy Board.

Although significantly higher than typical cost-per-job benchmarks, the jobs created under this type of scheme would typically be higher skilled, higher value jobs, and the wider economic benefits for knowledge transfer projects of this nature are typically not captured until a number of years after the intervention. For example, new products and processes may require further refinement and testing, and intellectual property rights may need to be sought before any commercial benefits begin to be realised.

### Benefits of the Collaborative Approach

- **Access to knowledge base across LEP areas** – businesses from across the West Midlands seeking support from KTPs/KEEN were able to be matched up with the most suitable academic from across the 11 participating research institutions. Having access to this breadth of expertise strengthened the quality of outcomes delivered by the project.
- **Reducing costs** – with one organisation leading bid development and contract negotiation, and offering a single regional team to support the other partners with delivery, significant savings were made compared with having 11 different institutions compiling bids and creating equivalent management teams.
- **Sharing good practice** – the group of participating universities regularly shared ideas around marketing and delivery to enhance the quality of the service.
- **Simplification of enterprise support** – the consistent regional approach offered clarity and simplicity for businesses, wherever they were based in the West Midlands.

In addition, the project helped partners establish a stronger reputation in this activity area and enhance relationships with other universities in the region and wider.
Case Study 2: Healthcare and Bioscience Innovation Network (iNet)

<table>
<thead>
<tr>
<th>Lead Organisation:</th>
<th>Medilink East Midlands</th>
</tr>
</thead>
</table>
| Supporting Organisations: | - Universities of Nottingham, Leicester, Nottingham Trent, Loughborough, De Montfort, Derby.  
|                       | - NHS Innovations East Midlands  
|                       | - Biocity, Nottingham |
| Area of Delivery | East Midlands |
| Case Study Contact | Dr Rosamund Graves, Ros@medilinkem.com |
| Project Value       | £6.2m |
| ERDF Contribution   | £2.4m |
| Other Match Funding | £3.8m from a combination of businesses and universities |

**Project Description**

The project provides an East Midlands wide innovation support programme to businesses, universities and individuals working, or looking to move into, the healthcare and bioscience field, to develop and commercialise new technologies, processes, products and services.

The project supports grant funding to SMEs for innovation projects, funding for collaborative R&D (primarily between two or more universities or knowledge based institutions), a team of innovation advisors based within Medilink East Midlands, and a series of events and networking opportunities for the sector.

**How the Project was Designed and Developed**

The focus sectors for a series of innovation networks in the East Midlands were identified in the Regional Economic Strategy, led by the East Midlands Development Agency (emda). Medilink East Midlands was already established as the region’s life sciences network and after being invited to bid to lead the Healthcare and Bioscience iNet, was successfully appointed to this role.

The first phase of the project was funded directly by emda, and so Medilink was already in place to take forward the second phase (which was part ERDF funded). This involved assembling the project and developing relationships with project partners (particularly the eight regional research intensive universities as well as regional research intensive NHS Trusts), and designing the project in consultation with partners in order to ensure all were on board and would benefit from the scheme.
The project was designed with a strong central team (eight full time equivalent posts), including contract management and administration, business advisors, and event managers.

Maintaining relationships and engagement with partners across the region has been an important focus for the Medilink team in managing this project, and they are proactive in attending events and activities across the region in order to maintain strong visibility and partner relationships across all areas.

### Project Impact

| Outputs Achieved | 151 Businesses Assisted  
| Results Achieved | 42 Businesses in New Collaborations with the Knowledge Base  
|                  | 84 Jobs Created  
|                  | 13 Businesses Created or Attracted to the Region  
|                  | £5.7m Gross Increase in GVA |

**Commentary on Project Impacts**

The output and result impacts relate to Phase 2 of the Healthcare and Bioscience iNet which has now been completed (Phase 3 of the project is underway). Based on total project cost, the average cost per business assisted (2-day business assist) under Phase 2 was around £41,000 per business, and the cost per job created around £74,000. The project was additionally delivering against a series of Single Programme fund targets, and for example provided an additional 400 shorter business assistance outputs.

Although higher than typical cost-per-job benchmarks, the jobs created under this type of scheme would typically be higher skilled, higher value jobs, and the wider economic benefits for innovation and collaborative R&D projects of this nature are typically not captured until a number of years after the intervention. For example, new products and processes may require further refinement and testing, regulatory requirements need to be addressed and approvals secured, and intellectual property rights may need to be sought before any commercial benefits begin to be realised.

### Benefits of the Collaborative Approach

- **Specialist delivery staff** – having a central team of around eight full time equivalent posts allowed a strong mix of sector expertise to be assembled, which would not have been possible if delivered at a smaller scale.
- **Creating competition** - delivering this project across the full region allowed for a larger number of universities and NHS Trusts in the sector to be engaged, and allowed the project to be more selective in making investments in collaborative R&D projects, enhancing the quality of project outcomes.
- **Co-ordinating expertise for strategic leadership** – the project resources strengthen the overall capacity of Medilink East Midlands, helping it to take on a stronger sector leadership role, including identifying new links and opportunities for collaboration across research bodies and businesses, and crossover opportunities with other local sectors, providing sector intelligence to partners, and contributing to wider economic strategy and inward investment planning.
- **Simplification of enterprise support** - the project provided companies in this sector with a single access point for a range of sector-specific business support. Separate, smaller, geographically specific projects could not offer this.
Case Study 3: Transport Innovation Network (iNet)

<table>
<thead>
<tr>
<th>Lead Organisation:</th>
<th>Loughborough University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting Organisations:</td>
<td>• Universities of Nottingham, De Montfort, Leicester, Derby and Lincoln</td>
</tr>
<tr>
<td>Area of Delivery</td>
<td>East Midlands</td>
</tr>
<tr>
<td>Case Study Contact</td>
<td>John Frodsham, <a href="mailto:j.s.frodsham@lboro.ac.uk">j.s.frodsham@lboro.ac.uk</a>  Dr Kathryn Walsh, <a href="mailto:K.Walsh@lboro.ac.uk">K.Walsh@lboro.ac.uk</a></td>
</tr>
</tbody>
</table>

| Project Value | £9.7m |
| ERDF Contribution | £4.1m |
| Other Match Funding | £3.4m public £2.3m private |

Project Description

The Transport Innovation Network (iNet) was set up to increase innovation capacity, capability and R&D activity in the sector’s SMEs and universities, in order to improve economic performance across the East Midlands.

The Transport iNet project provides support to businesses in the transport manufacturing sector and its supply chain through:
• innovation, advice & guidance support
• collaborative R&D grants
• knowledge based engagement
• supply chain brokerage support
• events and graduate placements.

How the Project was Designed and Developed

The East Midlands Development Agency (emda) identified priority sectors for a series of innovation networks in the Regional Economic Strategy. Loughborough University was invited to bid to lead the Transport iNet on behalf of the region given its relevant research strengths, and was successfully appointed to this role.

The University received funding support from emda to develop the iNet model, bring partners together and writing the funding bid.

The model was set up as a semi-detached body from the university, to clearly demonstrate independence from university influence and to ensure neutrality when mini competitions were held relating to collaborative R&D projects, to which all regional universities could bid.

The project was overseen by an internal management committee and supported by a strategic advisory panel involving representatives from universities, sector representative bodies, and private sector firms.
Lessons Learned in European Funded Strategic Collaborative Projects

| Outputs Achieved or Expected by 2014 | • 482 Businesses Assisted  
• 176 Businesses Collaborating with the Knowledge Base |
<table>
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<tbody>
<tr>
<td>Results Achieved or Expected by 2014</td>
<td>• 149 Gross Jobs Created</td>
</tr>
</tbody>
</table>

**Commentary on Project Impacts**

Based on total public sector cost and the expected performance to the end of 2014, the cost per business assisted would be around £15,000, and the cost per job created around £50,000. This is higher than national benchmarks for ERDF projects in 2007-13¹ (mean cost per job created of around £26,000) however reflects the typically higher skilled, higher value nature of jobs created under innovation projects and the longer term nature of collaborative R&D investments, which bring innovative research nearer to market and commercial exploitation however tend not lead to immediate job creation.

An external evaluation of the project was undertaken in May 2013, including a detailed impact assessment. This showed that by the end of 2014, the project was expected to have generated more than 170 net additional jobs and over £15m of net additional GVA. This would equate to a return on investment of around £2.00 net additional GVA for every £1 public funding invested.

The project has been very successful in ensuring a spread of beneficiaries across the region with 28% of businesses in Leicestershire, 26% in Derbyshire, 19% in Northamptonshire, 16% in Nottinghamshire and 11% in Lincolnshire.

**Benefits of the Collaborative Approach**

- **Access to knowledge base across LEP areas** – more than half of the supported R&D projects involved collaborations between businesses and universities from different LEP areas. Matching businesses with the right knowledge based partner (not necessarily the closest) has been vital in achieving high quality R&D projects.
- **Creating competition** - delivering the project across the full region allows for a larger number of companies in the sector to be engaged, and allows the project to be more selective in making investments in collaborative R&D projects, enhancing the quality of project outcomes.
- **Specialist delivery staff** - a central advisor team operating across the region provides a cost effective way to offer specialist sector specific support. Smaller scale projects would be unlikely to have the same ability to recruit the mix of skills and expertise provided in the centralised team.
- **Simplification of enterprise support** - the project provided transport manufacturing sector companies with a single access point for a range of sector-specific support. This gave businesses clarity and simplicity in accessing support for growth, compared with the alternative of a number of separate, smaller, geographically specific projects.

Case Study 4: Virtual Engineering Centre

Lead Organisation: University of Liverpool

Supporting Organisations:
- Private sector partners including BAE Systems, Airbus and Morson Projects
- North West Aerospace Alliance (NWAA)
- Science & Technology Facilities Council (STFC) Daresbury

Area of Delivery: North West

Case Study Contact: Gillian Murray, Gillian.Murray@liverpool.ac.uk

<table>
<thead>
<tr>
<th>Project Value</th>
<th>ERDF Contribution</th>
<th>Other Match Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>£5m</td>
<td>£2.5m</td>
<td>£2.5m public (NWDA, STFC and Universities)</td>
</tr>
</tbody>
</table>

Project Description

The North West Virtual Engineering Centre primarily focuses on supporting the regional aerospace sector, offering advice and support to businesses on leading and emergent virtual engineering technology and research.

As well as the capital investment at Daresbury, this project provided business support interventions to small and medium enterprises, supporting enhanced capabilities and improved business performance and competitiveness through the application and adoption of virtual engineering tools and techniques.

How the Project was Designed and Developed

The North West Regional Science Strategy at the time identified three transformative technologies which could drive growth in the regional aerospace sector, one of which was virtual engineering. Given its research strengths, the University of Liverpool was identified as best placed to lead this project to establish a hub which could help North West businesses better understand and exploit this technology.

The decision was made to host the project centrally at Daresbury, near Warrington, benefitting from proximity to Science and Technology Facilities Council assets at Daresbury, and ensuring a central location for the project, enabling good connectivity across the region.

A central project team drew together the differing perspectives and priorities of partners from business and academia across the region and led the process of transforming these ideas and agendas into a coherent project. These partners remained closely involved in monitoring and oversight of delivery activities throughout the project.
Both NWAA and STFC were involved in direct delivery activities, so the University of Liverpool produced project management packs and established collaboration agreements with these partners to ensure complex contractual requirements were clear from the outset.

<table>
<thead>
<tr>
<th>Project Impact</th>
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</thead>
<tbody>
<tr>
<td><strong>Outputs Achieved</strong></td>
</tr>
<tr>
<td>• 37 Businesses Assisted</td>
</tr>
<tr>
<td>• 12 Businesses Engaged in New Collaborations with the UK Knowledge Base</td>
</tr>
<tr>
<td><strong>Results Achieved</strong></td>
</tr>
<tr>
<td>• 28 Jobs Created</td>
</tr>
</tbody>
</table>

**Commentary on Project Impacts**

Based on total project cost, the cost per business assisted was around £135,000 per business, and the cost per job created around £180,000.

These benchmarks however cannot be directly compared to wider national benchmarks, as a major part of project costs were capital investment in the new centre, which will remain a longer-term asset for the region.

**Benefits of the Collaborative Approach**

- **Critical mass made the project viable** – a single sub-region or LEP area would have struggled to secure and justify the scale of capital investment needed to deliver the virtual engineering centre. The project was a strategic investment for the regional aerospace sector, and would not have been justifiable on the basis of only supporting aerospace supply chain firms in one LEP area.

- **Specialist delivery staff** – by delivering support across the wider region, it was possible to bring together a team with a strong mix of specialist expertise, which would not have been feasible at a smaller scale.

- **Co-ordinating expertise for strategic leadership** – by operating at a strategic regional level, the project was able to engage major company partners such as BAE Systems and Airbus, and secure the vital intelligence, sector foresight and connections of these industry partners, which helped to enhance strategic direction of the project and the overall quality of its design and delivery.
Case Study 5: Enterprise Inc. (Phases 1 & 2)

<table>
<thead>
<tr>
<th>Lead Organisation:</th>
<th>East Midlands Incubation Network (EMIN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting Organisations:</td>
<td>Universities of Nottingham Trent, Leicester, Derby, De Montfort, Lincoln, Northampton and Loughborough.</td>
</tr>
<tr>
<td>Area of Delivery</td>
<td>East Midlands</td>
</tr>
<tr>
<td>Case Study Contact</td>
<td>Russell Copley, <a href="mailto:rcopley@emincubation.co.uk">rcopley@emincubation.co.uk</a></td>
</tr>
<tr>
<td>Project Value</td>
<td>£5.7m</td>
</tr>
<tr>
<td>ERDF Contribution</td>
<td>£2.3m</td>
</tr>
<tr>
<td>Other Match Funding</td>
<td>£3.1m public (Universities)</td>
</tr>
<tr>
<td></td>
<td>£0.3m public (emd)</td>
</tr>
</tbody>
</table>

Project Description

Enterprise Inc. is a graduate start-up programme aiming to boost graduate retention, increase graduate start-ups and enhance graduate employability.

The project offers students and recent graduates support to start up and develop a business, including small grants and business training support.

Individuals can access bursary support at key stages of the process of business start-up. These include: an initial sum after participating in 15 hours’ of pre-start business training, a second sum when the individual starts their business, and a third instalment when a further 15 hours of post-start-up training is completed.

How the Project was Designed and Developed

The model for the project evolved from a predecessor national student placements programme. As a not-for-profit company formed by five of the region’s universities to support business incubation, EMIN was ideally placed to lead the project.

The scale of the project was based on what each of the individual university partners felt they could deliver, and while a common underpinning delivery model was agreed through a series of workshop sessions, there was flexibility built in to allow each university to market and deliver the project in the most appropriate way for their area. Service Level Agreements were set up with each University to manage the contractual obligations.

A number of approaches were built into the design to ease the management including a project management website which allows information to be gathered from numerous partners in a single place, and a process of mini-audits of partners to ensure the full required
Lessons Learned in European Funded Strategic Collaborative Projects

documentation is being gathered consistently and the correct financial management procedures are in place and being followed.

<table>
<thead>
<tr>
<th>Project Impact</th>
</tr>
</thead>
</table>
| Outputs Achieved | • 639 Businesses Assisted  
                  | • 636 Businesses Engaged in Collaborations with the Knowledge Base  
                  | • 876 Individuals Assisted to Start a Business  
                  | • 479 Graduates Placed in SMEs |
| Results Achieved | • 572 Jobs Created  
                  | • 271 Businesses Improving Performance  
                  | • 388 New Businesses Created |

Commentary on Project Impacts

The figures above, cutting across phases 1 and 2 of the Enterprise Inc project, show an average cost per business assisted of £9,000, a cost per business created of around £15,000 and a cost per gross job created of around £10,000 based on the full project costs.

These figures compare well to national benchmarks for ERDF projects in 2007-132, which had a median cost per business assist of £10,000 and a median cost per job created of £26,000.

Benefits of the Collaborative Approach

• Reducing costs through economies of scale – having a central team managing the process of bidding, developing the delivery model, managing the ERDF contract, and streamlining the ongoing information gathering process for performance monitoring, provided significant savings compared to a series of individual projects across each of the universities. This is reflected in the relatively low cost per assist and cost per job created figures above.

• Simplification of enterprise support - the project provided a single approach across the region for graduate enterprise, simplifying access to support for potential clients. In addition, the consistent project approach made it easier for a range of mentors, consultants and other service providers to support the programme, many of which operated across several delivery universities.

• Sharing good practice – a best practice group of project deliverers across the participating universities met regularly to share ideas on marketing and delivery approaches, enhancing the quality of activity delivered across all areas.

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Case Study 6: Superfast Cornwall

<table>
<thead>
<tr>
<th>Lead Organisation:</th>
<th>Cornwall Development Company (CDC)</th>
</tr>
</thead>
</table>
| Supporting Organisations: | • BT  
• Cornwall Council |
| Area of Delivery | Cornwall and the Isles of Scilly |
| Case Study Contact | Julian Cowan, Julian.cowans@cornwalldevelopmentcompany.co.uk |
| Project Value | £132m |
| ERDF Contribution | £53.5m |
| Other Match Funding | £78.5m (Private sector) |

**Project Description**

Superfast Cornwall is a project aimed at bringing fibre broadband to businesses, individuals and communities across Cornwall and the Isles of Scilly. The project’s initial aim was to make fast, fibre based broadband available to at least 80% of homes and businesses in Cornwall, and this was later extended to 95%. The fibre broadband roll-out will improve the lives of the people of Cornwall and the Isles of Scilly, and boost the local economy.

As well as the main capital fibre optic roll out programme, Superfast Cornwall formed a partnership with Citizens Online and BT as part of the digital inclusion strand to achieve “Get IT together” project targets. Activities included the commissioning of Citizens Online to deliver targeted workshops and training sessions, and develop a network of volunteer digital champions to enable more people to get online in Cornwall.

**How the Project was Designed and Developed**

The Superfast Cornwall project evolved from its predecessor project, Act Now Cornwall, which finished in 2007/08. Several key post-holders transferred across to this project from Act Now, ensuring high levels of expertise in development of the new project, and helping to sell the idea to stakeholders, secure funding and lead other vital inputs in the initial stages of the process.

Key partners involved in developing and delivering the project were Cornwall Council, South West Regional Development Agency, BT and the EU. Designing the project involved extensive consultation, particularly with regards to how the strategy could be best implemented, with Cornwall Development Company (CDC) taking on the role of contract holder and the lead in co-
ordinating and writing the bid. This led on naturally from their management role for Act Now Cornwall and other major infrastructure projects in the area.

Superfast Cornwall was designed as a major strategic project to deliver fibre optic broadband across all of Cornwall, as opposed to other broadband delivery projects such as the national Rural Community Broadband Fund which delivered much more localised level investments.

<table>
<thead>
<tr>
<th>Project Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results Expected for Project Overall</td>
</tr>
<tr>
<td>• 10,000 businesses connected</td>
</tr>
<tr>
<td>• 2303 jobs created</td>
</tr>
<tr>
<td>• £92m GVA created</td>
</tr>
<tr>
<td>• 3,041 jobs safeguarded</td>
</tr>
<tr>
<td>• £125m GVA safeguarded</td>
</tr>
</tbody>
</table>

**Commentary on Project Impacts**

Based on the expected performance of the project, and total public sector investment, the cost per gross job created would be approximately £23,200. These figures compare well to national benchmarks for ERDF projects in 2007-13\(^3\), which had a median cost per job created of £26,000.

An external evaluation of the project was undertaken in November 2013 which provided useful analysis on project performance to date. The original target coverage was to make fast, fibre based broadband available to 80% of the 253,000 premises in Cornwall by the end of 2014, however this increased to a target coverage of 95% of premises as a result of efficiency savings made through innovative technology used in the roll out.

The project is ahead of target for both the number of premises that have been passed with fast, fibre based broadband and for the number of connected premises (ie those subscribing to a superfast broadband service).

**Benefits of the Collaborative Approach**

- **Reducing costs through economies of scale** – due to project delivery at the county wide level, and the critical mass of activity associated with superfast broadband roll out, CDC and BT were able to develop a more efficient delivery plan, giving higher quality outcomes and lower delivery costs than alternative localised broadband investment solutions. It also supported the improved project coverage target from 80% of premises by the end of 2014 to 95% of premises. The scale of the project enabled greater scope for extending existing network(s), which is inherently cheaper than building new, parallel networks.

- **Co-ordinating expertise for strategic leadership** – the scale of the project meant it was better positioned to engage with a wide range of partners and stakeholders with higher levels of expertise and larger networks, which contributed to both the strategic leadership of the project and the promotion of the scheme to drive up take up rates.

- **Simplification of enterprise support** – a larger strategic project enabled BT and CDC to collaboratively develop and implement the Superfast Cornwall brand across the county which helped simplify the project offer for beneficiaries and aided greater understanding of the benefits of the project, compared to several projects offering similar interventions.

Case Study 7: Finance for Business North East (JEREMIE Fund)

Lead Organisation: North East Finance
Supporting Organisations:
- Series of appointed sub-fund managers including IP Group, Northstar Ventures, NEL Fund Managers, Rivers Capital Partners, FW Capital, Entrust.

Area of Delivery: North East
Case Study Contact: Alastair Smith, Alastair.Smith@northeastfinance.org

<table>
<thead>
<tr>
<th>Project Value</th>
<th>ERDF Contribution</th>
<th>Other Match Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>£155m</td>
<td>£59m</td>
<td>£63m private (European Investment Bank)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>£33m public (One North East)</td>
</tr>
</tbody>
</table>

Project Description

The Finance for Business North East project provides a £125m fund established to provide debt and equity funding to SMEs based in the North East of England. The project covers the £125m of investment as well as the fund management costs. It is delivered under the European Commission’s Joint European Resources for Micro to Medium Enterprises Initiative - otherwise known as the JEREMIE programme.

The fund is delivered through seven sub-funds focused on different parts of the finance market, and aims to enable substantial new economic and employment growth in the region, as well as create a substantial legacy fund, from the returns on the debt and equity investments.

How the Project was Designed and Developed

Building on a strong history of SME finance interventions over the previous decade, ONE NorthEast (the Regional Development Agency, as was) led the development of the project alongside NSar (its advisory body on SME finance) and financed the early set up costs. It created North East Finance as the delivery body for the scheme, with several staff transferring in from NSar.

Detailed market studies, business case, ex-ante evaluation and management documents were produced, engaging a wide range of public and private partners, and there was extensive consultation with businesses to establish the most appropriate delivery model for
Lessons Learned in European Funded Strategic Collaborative Projects

their needs. Having dedicated experienced staff from the outset of the project development phase was critical to the successful design and set-up of the fund.

### Project Impact

<table>
<thead>
<tr>
<th>Outputs Achieved or Expected by 2015</th>
<th>• 850 businesses supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results – Total Project Target</td>
<td>• 5,017 Jobs Created</td>
</tr>
<tr>
<td></td>
<td>• 2,801 Jobs Safeguarded</td>
</tr>
</tbody>
</table>

### Commentary on Project Impacts

Based on the total public sector funding and impacts expected to be achieved over the lifetime of the project, it is anticipated that the cost per business assist would be around £108,000 and the cost per job created would be around 18,000.

The cost per assist figure primarily comprises the finance invested with the SME and so is not comparable to other business support assistance benchmarks. The cost per job figure would be lower than the benchmark across the 2007-13 programmes\(^4\) which sets out a median cost per job benchmark of around £26,000.

Furthermore, cost per assist and cost per job benchmarks for the project are expected to drop substantially, as the project builds a public legacy fund from the returns on the investments it has made, reducing the net overall cost to the public sector of this project.

The project has also been relatively successful in ensuring benefits are spread across the region, with proactive action taken by the project to increase activity in the one sub-region where there was lower than expected take-up of the funds.

### Benefits of the Collaborative Approach

- **Critical mass to be viable** – the JEREMIE model required an overall investment fund of at least £100m, which would be too large to invest within a single LEP area. Although smaller SME finance schemes can be established these are more likely to incur proportionately higher management costs and deliver weaker value for money.

- **Specialist delivery staff** – the sort of investments being made under the JEREMIE fund require substantial expertise which can be more easily secured by larger projects which can offer more attractive packages and compelling offers to prospective staff.

- **Creating competition and managing risk** – this is a revolving fund making risk-based investments which can be more effectively managed over a larger rather than smaller portfolio where risks can be more readily spread.

- **Co-ordinating expertise for strategic leadership** – as a highly specialist area, the project benefitted substantially from an advisory board of regional and national financial experts. A project delivered at a smaller scale would not have been able to engage the same degree of expertise to help advise on project delivery and strategic decision making.

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Case Study 8: Key Fund Yorkshire

**Lead Organisation:** Key Fund

**Supporting Organisations:**
- Acorn
- Business Enterprise Fund
- Donbac
- Goole Development Trust
- Sirius
- West Yorkshire Enterprise Agency

**Area of Delivery:** Yorkshire and the Humber

**Case Study Contact:** Sam Tarff, sam.tarff@thekeyfund.co.uk

<table>
<thead>
<tr>
<th>Project Value</th>
<th>ERDF Contribution</th>
<th>Other Match Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>£19m</td>
<td>£9m</td>
<td>£10m</td>
</tr>
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</table>

**Project Description**
Key Fund was originally set up in South Yorkshire in 1999 and supports third sector organisations in accessing finance across the Yorkshire and Humber region. Key Fund has been running for 14 years and provides a mixture of flexible grant, loan and equity packages to support social enterprise activity.

Key Fund’s mission is to break down the barriers to accessing finance and enable organisations to increase their community, economic and environmental impact. Key Fund has a specific remit to reach communities where deprivation levels are high and which face particular difficulties in accessing the investment market. (Currently 73% of organisations supported are in the top 10% deprived areas nationally.)

**How the Project was Designed and Developed**
The Key Fund Yorkshire and Humber programme is made up of a consortium of Community Development Finance Institutions (CDFIs) which includes Acorn, Business Enterprise Fund, Donbac, Goole Development Trust, Sirius and West Yorkshire Enterprise Agency, which work in partnership across the region as local delivery bodies to support the financial needs of “social businesses” (whose primary objective is to achieve social impact) that are unable to access mainstream finance and to boost business creation in socially deprived areas.

The idea of a Key Fund gateway was first developed from the coming together of locally operating CDFIs, looking for a region wide solution for improving the support offered to third sector organisations and social enterprises across the region. The co-ordinating and writing of the bid was a collaborative effort from all local CDFIs and partners, with Key Fund as the lead
organisation in co-ordinating inputs and applying for the funding. Once funding was secured the fund was distributed across the consortium of CDFIs through a joined up process in agreeing allocations based on local need.

The project was designed such that Key Fund would provide a simple gateway and referral point as well as acting as the central hub for coordinating and overseeing the delivery of funds and ensuring each delivery body met their specific contractual agreements. The consortium of CDFIs act as local connectors in understanding local needs and in effectively delivering the fund at a localised level to support achieving a shared vision across the region.

<table>
<thead>
<tr>
<th>Project Impact</th>
</tr>
</thead>
</table>
| **Results Achieved** | • 270 jobs created  
| | • £704,000 GVA created |

**Commentary on Project Impacts**

Based on the total project cost, the cost per gross job created would be around £70,000.

However, cost per job benchmarks for the project are expected to drop substantially, as the project builds a public legacy fund from the returns on the investments it has made, reducing the net overall cost to the public sector of this project.

**Benefits of the Collaborative Approach**

- **Reducing costs** - having one delivery body to co-ordinate the programme across a region wide area simplified the delivery process and facilitated the implementation of a more efficient delivery plan, creating cost savings compared to delivery processes on an individual basis.
- **Simplification of Enterprise Support** – a single gateway of support and a standard support offer for social enterprises meant they were dealing with a single approach, which simplified the support offer and process, and made it easier for social enterprises across the region to investigate and access the support available.
- **Sharing Good Practice** – by establishing relationships across CDFIs and enabling closer working, it has supported CDFIs with sharing of best practice and mutual learning benefits, enhancing the quality of support available and efficiencies across the delivery process. One example was the sharing of experience and lessons learned from active credit management issues which allowed delivery bodies to collectively improve their credit management process, and Key Funds write-off rate to fall to below 6%.
Case Study 9: Low Carbon Innovation Fund

<table>
<thead>
<tr>
<th>Lead Organisation:</th>
<th>Adapt Low Carbon Group at the University of East Anglia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supporting Organisations:</td>
<td>Turquoise International</td>
</tr>
<tr>
<td>Area of Delivery</td>
<td>East of England</td>
</tr>
<tr>
<td>Case Study Contact</td>
<td>James Griffiths, <a href="mailto:james.griffiths@uea.ac.uk">james.griffiths@uea.ac.uk</a></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Value</th>
<th>ERDF Contribution</th>
<th>Other Match Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>£50m</td>
<td>£20.5m</td>
<td>£30m</td>
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</table>

Project Description

The Low Carbon Innovation Fund (LCIF) is a venture capital fund which makes early-stage investments as equity or convertible loans between £25k and £750k alongside co-investors, with an aim of stimulating growth in the East of England’s low carbon economy. The fund is focused on investing in SMEs based within the East of England that are developing new and innovative products or processes in a low carbon, environmentally sensitive manner. Turquoise International was appointed to operate the fund on behalf of and in partnership with the University of East Anglia (UEA) Adapt Low Carbon Group.

The LCIF offers two routes to funding depending on the amount required and the stage of the company: the main fund is for investments between £75k and £750k, and the smaller investment scheme is for investments between £25k and £75k. The LCIF has also launched the Investment Readiness Programme which provides free expert support to assist early stage applicants through the approval process.

How the Project was Designed and Developed

The Low Carbon Innovation Centre (LCIC) – which was the commercial hub for the University of East Anglia’s carbon-related activities - worked with the East of England Development Agency (EEDA) to come up with the original LCIF concept, which involved consultation with a range of relevant organisations.

The LCIC at the University of East Anglia was then appointed as lead for the Innovation Fund, which followed UEA’s success in running the Carbon Connections programme, and led the process of bidding for funding in partnership with EEDA.

Since then the Low Carbon Innovation Centre and the Low Carbon Innovation Fund have merged to form the “Adapt Low Carbon Group” which brings together a range of expertise to build on
the UEA’s business activities in the low carbon sector. Following funding approval, UEA appointed Turquoise International as Fund Manager to identify suitable low carbon investment projects in the East of England region, source the co-investment from Business Angels, High Net Worth individuals and other suitable funds and deliver the overall management of the Fund. Adapt continues to deliver the Smaller Investments Scheme directly.

<table>
<thead>
<tr>
<th>Project Impact</th>
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</table>
| Outputs Achieved or Expected by 2015 | • 70 SMEs supported  
• 58 SMEs with environmental initiatives |
| Results – Total Project Target | • 600 jobs created |

**Commentary on Project Impacts**

Based on the total public sector funding and total expected impacts, it is anticipated that the cost per business assist would be around £293,000 and the cost per job created would be around £34,000.

The cost per assist figure primarily comprises the finance invested with the SME and so is not comparable to other business support assistance benchmarks. The cost per job figure would be higher than the benchmark across the 2007-13 programmes which sets out a median cost per job benchmark of around £26,000. However, this is expected to drop substantially, as the project builds a public legacy fund from the returns on the investments it has made, reducing the net overall cost to the public sector of this project.

The Fund beneficiaries are largely concentrated around the Cambridge area, with concentrations of the smaller investment scheme in the Suffolk area. The slightly unequal distribution of beneficiaries naturally formed as result of existing clusters of SMEs/start-ups with low carbon innovation potential and incentives concentrated in these areas, providing a large pool of investment choices and hence greater potential for investment in projects which yield a strong return. East of England LEPs supported the team in reaching out across the region, however the nature of the industry mix meant that there were always likely to be geographic areas of concentration of activity, with a project of this nature.

**Benefits of the Collaborative Approach**

- **Specialist Delivery Staff** – the project required a specialist team of staff to deal with the hybrid nature of low carbon investments, with the skills and experience to ensure good quality investment decisions which would yield strong returns for the project legacy fund. By having a larger project of this nature operating across a wider area, it was able to attract a higher quality fund management team.

- **Creating competition** – Delivering this fund as a large strategic project across the region provided a large base of potential beneficiaries, allowing the project to selectively focus its investments. More selective investment decisions enable the Fund to maximise returns, create a legacy fund for future investment and focus on those best able to stimulate growth in the low carbon economy.

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Case Study 10: Resource Efficiency East

<table>
<thead>
<tr>
<th>Lead Organisation:</th>
<th>Renewables East</th>
</tr>
</thead>
</table>
| Supporting Organisations: | • EEDA  
| | • Environment Agency  
| | • Business Link |
| Area of Delivery | East of England |
| Case Study Contact | Antony Gough, antony@antonygough.com |
| Project Value | £2.8m |
| ERDF Contribution | £1.1m |
| Other Match Funding | £1.7 public sector (EEDA) |

Project Description

Resource Efficiency East (REE) was designed to improve the take-up of resource efficiency solutions amongst SMEs across the East of England and reduce business’ contribution to climate change. Resource Efficiency East is the brand under which Renewables East delivers specialist guidance and support services on resource efficiency to different sized businesses across different sectors in the East of England.

The primary objective for Resource Efficiency East was to increase the productivity and competitiveness of businesses by delivering measurable improvements to their resource efficiency, with the environmental benefits that result also helping to reduce the impact of climate change on the economy. They focused on delivering support to businesses with limited access to resource efficiency solutions and who, without incentive, would be unlikely to implement them.

How the Project was Designed and Developed

The initial project idea was developed by the East of England Development Agency (EEDA) and was formed to meet the twin objectives of environmental sustainability and economic growth. Renewables East was appointed by EEDA to manage and deliver the Programme and play a lead role in co-ordinating and writing the bid, taking on the role and risks that came with being contract holder. The Environment Agency and Business Link also played a key role in developing and delivering the project, with inputs also from the Manufacturing Advisory Service.

A Governance Board, which included representatives from EEDA, the regional ERDF team, business intermediaries/representatives (eg Business Link East), the Environment Agency and private sector organisations, was established to ensure that the Programme achieved its ERDF and Single Programme outputs. In delivering the programme, Renewables East had a small in-house Executive Team responsible for programme management and key functions, with services delivered by external, specialist providers (around 30 contractors in total). The
Renewables East Team established two processes for communicating with contractors: issuing regular memos and organised quarterly contractor meetings, which alongside informal dialogue were all regarded as effective means of communication helping to reach project targets.

## Project Impact

<table>
<thead>
<tr>
<th>Total Expected Outputs</th>
<th>722 businesses assisted (based on ERDF assistance criteria)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,761 environmental initiatives</td>
</tr>
<tr>
<td>Total Expected Results</td>
<td>£26m increase in GVA</td>
</tr>
</tbody>
</table>

### Commentary on Project Impacts

Based on the total public sector funding the cost per business assisted was £3,900. This cost per assist figure is considerably lower than the benchmark across the 2007-13 programmes\(^6\) which sets out a median cost per assist benchmark of around £10,000, reflecting the cost efficiencies of delivery of the project across a large area.

### Benefits of the Collaborative Approach

- **Reducing costs** - having one delivery body operating across a region wide area simplified the delivery process and facilitated the implementation of a more efficient delivery plan, creating cost savings compared to delivery of several similar interventions operating at a more localised level.

- **Simplification of Enterprise Support** – having a large strategic project providing support across the region was important to help simplify the project offer for local enterprises, to avoid inefficiencies in public intervention. The later launch of other overlapping resource efficiency programmes in the region (towards the end of the programme) however, may have created confusion among beneficiaries, and overall inefficiencies.

- **Specialist Delivery Staff** – the size of the project meant that as well as a small in-house team, it was able to draw together a much larger pool of skills, knowledge and expertise from external specialist providers across the region (around 30 contractors), which would have been more challenging if delivered at a smaller scale.

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Appendix A - Methodology

A.1 The methodology for the study involved:

1) **Identifying Appropriate Case Studies**, involving:
   - desk-based review of case studies and project lists across all English regions
   - consultation with stakeholders including LEPs, universities and Government
   - review of East Midlands LEPs’ European Structural and Investment Fund Strategies
   - analysis of Regeneris’ own evaluation intelligence, having undertaken ERDF programme evaluations for six of the 2007-13 English regional ERDF programmes.

   Case studies were selected on the basis of alignment with shared objectives across the East Midlands LEPs, where lessons could be learned, where there was evaluation evidence available, and where there was a contact available for more detailed consultation

2) **Undertaking the Case Studies**, involving:
   - analysis of project performance data and benchmarking this against other projects
   - review of evaluation evidence
   - consultation with a project lead, who had been involved in design and delivery.

3) **Analysis and Drafting the Report**, involving
   - gathering lessons learned across the set of case studies drawing out key lessons for the design and delivery of strategic collaborative projects
   - drafting the case study document.