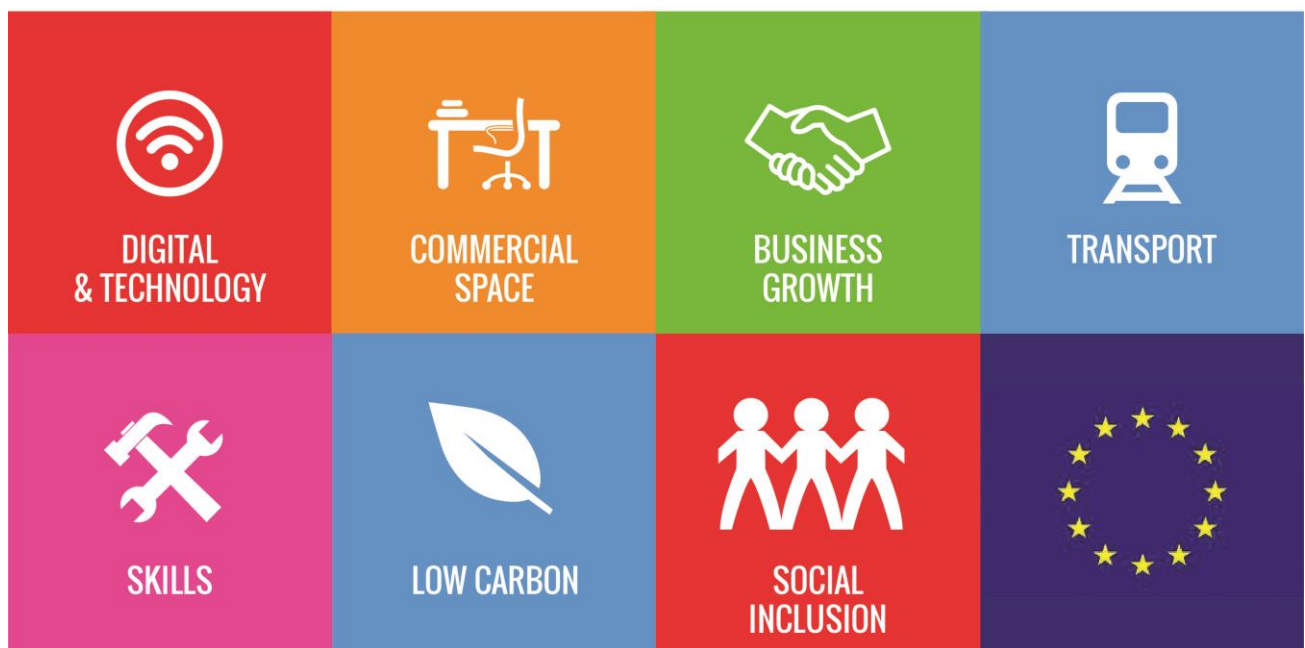




GREATER CAMBRIDGE  
GREATER PETERBOROUGH

ENTERPRISE PARTNERSHIP

# EUROPEAN STRUCTURAL & INVESTMENT FUNDS STRATEGY



Updated October 2015

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## GLOSSARY OF ACRONYMS

|        |  |
|--------|--|
| BDUK   | Broadband Delivery UK  |
| CAP    | Common Agricultural Policy   |
| CBI    | Confederation of British Industry  |
| CLLD   | Community Led Local Development  |
| CPR    | Common Provisions Regulation   |
| DCLG   | Department for Communities and Local Government  |
| DCMS   | Department for Culture Media and Sport   |
| Defra  | Department for Environment Food and Rural Affairs  |
| DWP    | Department for Work and Pensions   |
| EAFRD  | European Agriculture Fund for Rural Development  |
| EASME  | Executive Agency for Small and Medium-sized Enterprises  |
| EC     | European Commission  |
| EIB    | European Investment Bank   |
| ERDF   | European Regional Development Fund   |
| ESF    | European Social Fund   |
| ESIF   | European Structural and Investment Funds   |
| EU     | European Union   |
| EZ     | Enterprise Zone  |
| FDI    | Foreign Direct Investment  |
| FEI    | Further Education Institutions   |
| GCGP   | Greater Cambridge Greater Peterborough (LEP)   |
| GDP    | Gross Domestic Product   |
| GHG    | Green House Gas  |
| GVA    | Gross Value Added  |
| HEFCE  | Higher Education Funding Council for England   |
| HEI    | Higher Education Institutions  |
| ICT    | Information and Communications Technology  |
| IP     | Investment Priority  |
| LAG    | Local Action Group   |
| LEADER | Liaison Entre Actions de Développement de l'Economie Rurale<br>(EU Rural Development Initiative) |
| LEED   | Local Environment Economic Development   |
| LEP    | Local Enterprise Partnership   |
| LSOA   | Lower Super Output Area  |
| MA     | Managing Authority   |
| MAS    | Manufacturing Advisory Service   |
| MLEI   | Mobilising Local Energy Investment   |
| NEET   | Not in Education, Employment or Training   |
| NESTA  | National Endowment for Science, Technology and the Arts  |
| NHS    | National Health Service  |
| OFCOM  | Office of Communications   |
| ONS    | Office for National Statistics   |
| PA     | Priority Axis  |
| R&D    | Research and Development   |
| RDPE   | Rural Development Programme for England  |
| SEP    | Strategic Economic Plan  |
| SFA    | Skills Funding Agency  |
| SME    | Small and Medium-sized Enterprise  |
| STEM   | Science, Technology, Engineering and Mathematics   |
| TEN-T  | Trans-European Transport Networks  |
| TO     | Thematic Objective   |
| UA     | Unitary Authority  |
| UKTI   | UK Trade and Investment  |
| VSE    | Voluntary and Social Enterprise  |

## FOREWORD

Greater Cambridge Greater Peterborough Enterprise Partnership is focused on driving forward sustainable economic growth in our area – with local businesses, education providers, voluntary organisations and social enterprises and the public sector working together to achieve this. The opportunity to develop a framework to influence investment of £72 million\* of European Structural and Investment Funding is one that we welcome as a major part of the Strategic Economic Plan for our area.

\*subject to exchange rate fluctuation

The economic geography of Greater Cambridge Greater Peterborough is complex and diverse. Cambridge is a global centre of excellence for innovation and research and home to numerous clusters of growth industries and technologies, while Peterborough is a major centre for engineering and logistics with excellent connections to national and international transport networks. Outside our two cities, we are a predominantly rural area with a network of market towns and some of the most valuable and productive agricultural land in the country.

Our region is a high net contributor to the Exchequer and our two cities are amongst the fastest growing in the country. However, this success has not been achieved across all areas and we have areas of deprivation that must be addressed. The carrying capacity of our environment is being stressed, and we have a legacy of underinvestment in key infrastructure necessary for sustainable growth.

This strategy attempts to build on our internationally competitive, nationally significant local economy to address the considerable challenges we face across the whole of our area, from building on research excellence, supporting businesses and communities, and raising skills and aspirations, to managing the environmental and infrastructure pressures that come with ensuring sustainable growth and job creation.

We have consulted widely in developing this strategy and received excellent support from stakeholders, resulting in significant buy-in from across the Greater Cambridge Greater Peterborough area. We have also welcomed the feedback received on our draft strategy, aligned our EU funding priorities with the broader strategic interventions identified in our draft Strategic Economic Plan and developed ideas for delivery and governance. We look forward to agreeing our strategy and taking forward its delivery with Government and local partners over the next six years.

The Greater Cambridge Greater Peterborough ESIF Sub-Committee has agreed this Strategy.



**Mark Reeve**

**Chairman, Greater Cambridge  
Greater Peterborough  
Enterprise Partnership**



**David Gill**

**Chairman, Greater Cambridge  
Greater Peterborough  
ESIF Sub-Committee**

## 1. INTRODUCTION

**Greater Cambridge Greater Peterborough Enterprise Partnership (GCGP)** is a business-led organisation focused on driving forward sustainable economic growth in our area – with local businesses, education providers, voluntary organisations and social enterprises, and the public sector working together to achieve this. Our role is to collaborate to create new jobs and the right conditions for enterprise growth, as well as to champion our area's potential.

Initial priorities for growth across the Local Enterprise Partnership (LEP) area and the whole of its economy were set out in the LEP's Growth Prospectus. This reflected the issues that businesses in the area asked the LEP to focus on, and an analysis of the economic evidence base. From this we developed an Operational Plan to guide our work in 2013 and 2014, and more recently a Strategic Economic Plan (SEP) to engage in a discussion with Government on targeted funding over a period to 2020.

**Our goal is to develop our internationally competitive, nationally significant economy bringing together the diverse strengths of our area.**

This European Structural and Investment Funds (ESIF) Strategy covers the Greater Cambridge Greater Peterborough LEP area. It sets out proposals for investing the 2014-20 European Structural and Investment Funds, in line with the LEP's Operational Plan 2013-14 and priorities in the SEP.

GCGPEP is focused on delivering economic growth with a business-led remit to benefit the local area and its community. The *modus operandi* of the LEP is to:

- **Collaborate** – with businesses, social enterprises, the voluntary sector, and the public sector to deliver sustainable economic growth
- **Create** – new jobs and the right conditions for enterprise growth including support for existing and innovative funding opportunities and initiatives
- **Champion** – the commercialisation of our knowledge base to achieve further growth in our key industries, and support our people to gain the skills required by employers

Our aim is to create an economy with 80,000 major businesses and 100,000 new jobs by 2025, in an internationally significant low carbon, knowledge-based economy.

Our strategy for delivering on our vision and goals is based on a pragmatic approach to resolving the critical barriers to, and meeting the opportunities for, economic growth, business and jobs creation in our area; combined with our views on how GCGPEP is best placed to add significant value. We have looked at this in the context of Smart Specialisation – using our comparative advantage at the national, European and global level to drive sustainable economic growth. The box on page 4 describes some of our international advantages.

### 1.1 Challenges

The GCGP area is extremely diverse, with city, country and coastal communities, global to local businesses, a varied economic base, set across different landscapes. Socio-economically, the remote rurality of parts of the Fens and the north/east of the area contrasts with the relative affluence of South Cambridgeshire, Uttlesford and North Hertfordshire. Pockets of deprivation exist across the GCGP area. There are barriers to employment for the more disadvantaged households in communities including intergenerational poverty, worklessness and access to the workplace.

Spatially, the GCGP area consists of two compact cities and a network of market towns, sat within the most productive countryside of the UK. Large parts of our countryside are of the highest environmental importance, with significant parts protected at the national and European level. Part of the area is coastal, and significant areas are defended from tidal or river flooding. Currently, there are just over 63,000 businesses, the majority being small or medium-sized employers, contributing over £30 billion to the national economy. Sections 2 and 3 set out an economic analysis of our area.

### **Greater Cambridge Greater Peterborough – Internationally Competitive / Nationally Significant**

- One of UK's and Europe's key assets, successfully competing on the international stage, with a strong presence of European and global businesses
- World-class university offer - driving a world leading research and development community – source of growth industries now, and of the future
- Global expertise in cutting edge research and advanced manufacturing, e.g. bio-tech, life sciences, clean-tech, etc.
- Across the Higher Education academic disciplines, we are within the global top 10 for all but two, and within the global top 3 for half of all disciplines. We are a leading global exporter of education 'products,' e.g. through Cambridge University Press and Cambridge Assessment.
- A leader in agri-tech, underpinned by the highest concentration of best quality farmland in the UK, and equine sciences
- Hugely important import / export trade, particularly food, engineering goods, and Intellectual Property/digital products, and related logistics and distribution networks
- Strategically important infrastructure giving access to Europe and rest of the world (London Stansted and Cambridge Airports; TEN-T route linking the Midlands through to the East Coast ports; connectivity to London)
- High quality of life - a key determinant in international business expansion / investment
- Concentration of highly skilled and adaptable labour force
- Fastest growing part of the UK over the last decade – track record of unrivalled growth generated from our two cities Cambridge and Peterborough
- The potential to build an economy that embraces other areas, M11 Corridor, A11 Corridor, Cambridge London Oxford Triangle

The GCGP area faces significant challenges and opportunities. Major long-term challenges relate to infrastructural constraints (such as transport and housing) and provision for the workforce needs of business, which are both regarded as inadequate to support sustainable economic growth. The carrying capacity of the environment is being stressed for example: water supply is over-abstracted; almost no spare capacity in utilities; vulnerable to flood risk; there are significant challenges of climate change adaptation.

Agglomeration effects have also served to concentrate growth in certain locations, leaving challenges for areas with a low presence of key growth businesses. This is reflected in the socio-economic characteristics of the area, with a distinctive north/east pattern of higher deprivation, along with pockets across the GCGP area.

There are complex issues around migration, ranging from movement among the area's high end workforce and potential future non-EU migration. Parts of the GCGP area also experience seasonal EU migration to support the agriculture and horticulture sectors and there are specific issues generated by some of the UK's largest concentrations of gypsy and traveller communities.

These long term challenges are also firmly within the context of one of the highest rates of population growth in the UK over the past 20 years. Driven by economic migration, that growth is further expected to continue for the next 20 years. This provides considerable opportunities for further economic growth, as long as barriers to this can be addressed and growth is genuinely sustainable. For example a recent report by the McKinsey Global Institute indicates that Peterborough has the potential to increase gross domestic product (GDP) by 40 per cent from 2007 to 20251.

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<sup>1</sup> <http://www.peterboroughtoday.co.uk/news/features/news-features/peterborough-of-the-future-1-2558993>

Short-term challenges are mainly concerned with the after-effects of recession and the slow recovery of the UK and Western European economies – and the need to continue to support businesses and residents in adjusting to the new economic landscape and finding new markets/job opportunities. The GCGP area also has a number of major assets and capabilities which represent opportunities. These range from the Enterprise Zone at Alconbury and our world-class industrial and technological specialisms and capabilities to the vibrant and successful businesses in the area.

As an Enterprise Partnership, therefore, GCGP takes a two-track approach – one that delivers some immediate stimulus and support for economic growth; and another that invests in the long-term economic growth prospects of the area. Although our own resources are limited, we aim to use them to optimise the beneficial impact on our local economy.

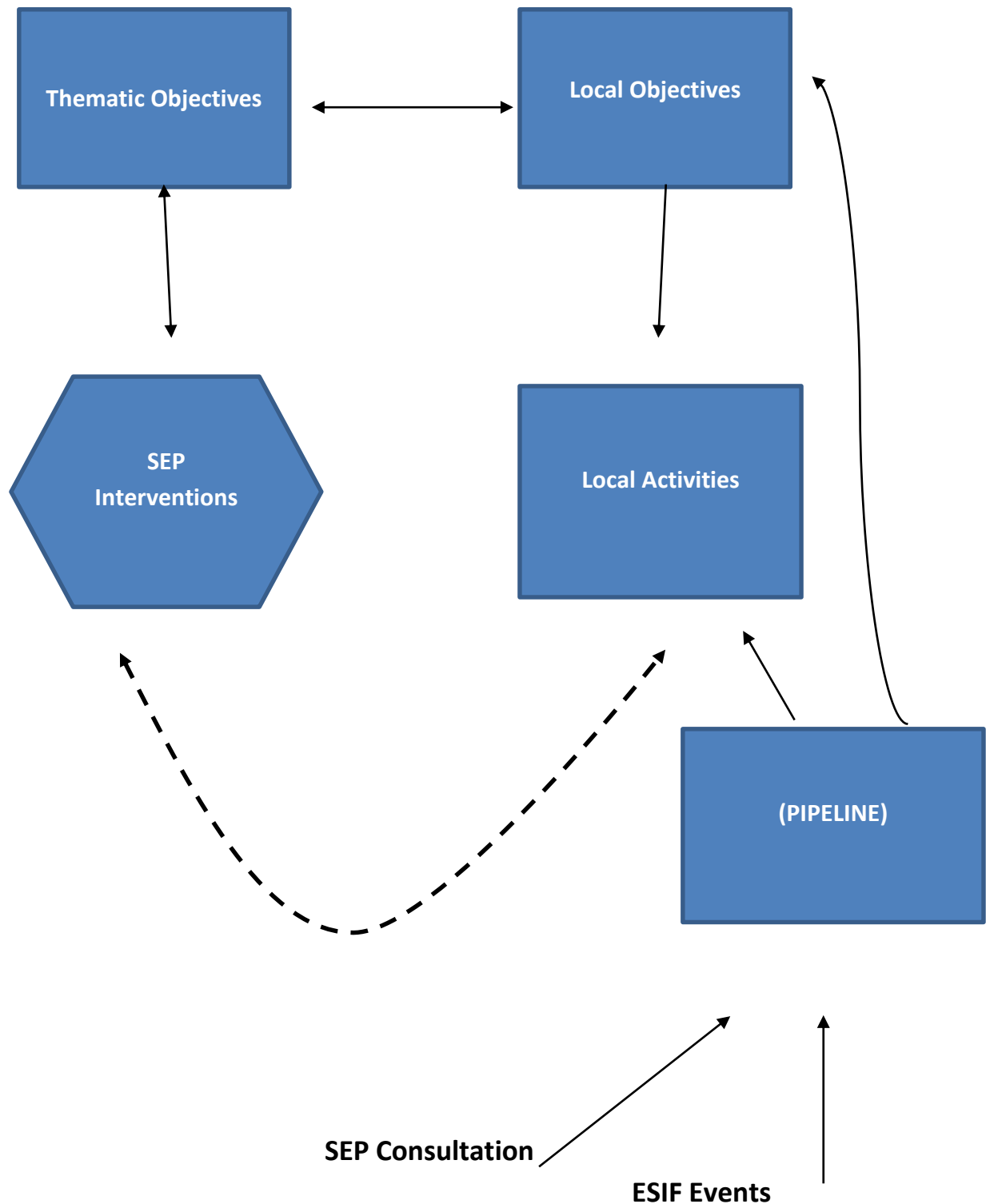
The SEP sets out six Prioritised Intervention Packages to unlock growth:

- For the LEP to be the UK's exemplar area for digital connectivity
- Accelerate the momentum of business growth by facilitating targeted support
- Respond to existing pressure for the growth and retention of businesses by facilitating the provision of additional commercial space
- A transport network fit for an economically vital high growth area
- Remove the skills barriers to continued growth
- Enabling the development of Alconbury Enterprise Zone in line with partners' vision for the site.

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## 2. STRATEGIC PRIORITIES

The draft investment priorities set out in our draft ESIF strategy were structured in accordance with the ESIF Thematic Objectives. Following submission of our SEP to Government in December, we have aligned our proposed investment priorities and objectives for ESIF with the high level Strategic Intervention Packages identified in the SEP. This in turn has enabled us to align and join up ESIF allocations where they have the potential to add value to one another through economies of scale.





For example TO1 (Strengthening Research, Technological Development and Innovation) and TO3 (Enhancing the Competitiveness of SMEs) will both use ERDF funds to contribute to the SEP Strategic Intervention 'Accelerating Business Growth'; and TO8 (Promoting Employment and Supporting Labour Mobility) and T10 (Investing in Education, Skills and Lifelong Learning) will be aligned to deliver the SEP Strategic Intervention 'Removing Skills Barriers to Continued Growth'.

TO4 (Supporting the Shift Towards a Low Carbon Economy) and TO9 (Promoting Social Inclusion and Combating Poverty) do not map directly to specific SEP Strategic Interventions as the SEP treats them as cross-cutting issues. We continue to describe them in their own sections in this ESIF Strategy, given how integral they are to our ESIF delivery.

## **2.1 Accelerating Business Growth**

### **2.1.1 Alignment with the Strategic Economic Plan (SEP)**

The LEP area is world-renowned as a leading location for innovation. Across our business and academic strengths we are consistently at the top of the league for developments in many of the key technologies / sectors identified by Government in its Industrial Strategy and Eight Great Technologies. This was highlighted in the Witty Report<sup>2</sup>. We don't just lead on key technologies; we invent the business growth sectors of the future. For example we register more patents each year than the next ten locations combined. Particularly in the Cambridge area this has led to a specialist infrastructure around innovation, such as the presence of angel investors, legal and financial support services and networks.

We are a place where the diverse economic base is providing a strong platform for growth. However, our growth could be significantly accelerated if a) more innovation across a broader range of sectors makes it to commercialisation, and b) more of that innovation is captured and commercialised locally and within the UK rather than taken abroad.

Not every part of the LEP area will be an engine for new start-ups, and growing existing companies is also a key priority. This links across to support in this ESIF for SME growth, and developing business growth skills in existing owners. In our more rural areas, and especially in the north and east where economic conditions are more difficult, it is especially important to exploit the potential of existing businesses to successfully adapt and grow. Simple funding mechanisms like the current ERDF funded Grants4Growth can be crucial in driving that growth. We are looking to continue a similar mechanism.

We propose to align Structural and Investment Funds with the following objectives identified in the SEP under the Accelerating Business Growth Strategic Intervention Package:

- Translation of innovation from start-up to commercialisation
- Encouraging Entrepreneurship
- Growing existing businesses
- Increasing exports of goods and services
- Enhancing capacity to draw down private and public financing
- Aligning and extending existing successful grant / loan funds
- Creating a focused inward investment offering

## **2.2 Maximising Digital Connectivity and Exploitation**

### **2.2.1 Alignment with the Strategic Economic Plan**

In our SEP we have identified a priority need to address digital issues, both in terms of digital infrastructure and exploiting our digital economic strengths. We have globally significant companies that export digital products, including software, gaming and education. The LEP area is internationally competitive, one of the

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<sup>2</sup> <https://www.gov.uk/government/consultations/universities-and-growth-the-witty-review-call-for-evidence>

truly global locations for innovation and research – much of which relies on an increasing throughput and exchange of digital information. We also have an advanced agri-tech sector increasingly reliant on digital connectivity, and a concentration of SMEs mainly based outside our two cities.

We propose to align SIF with the following objectives identified in the SEP under the Digital Connectivity Strategic Intervention Package:

- To be the UK's exemplar area for digital connectivity
- To identify opportunities to deploy the world-class experience of companies in our area to provide a world leading digitally-connected area
- To ensure infrastructure provides world-class mobile and broadband coverage
- To support growth of digitally enabled businesses, the increasing digital aspirations of the rural economy and the demand from inward investors for world-class provision

## **2.3 Removing Skills Barriers to Continued Growth**

### **2.3.1 Alignment with the Strategic Economic Plan**

The skills agenda is an identified priority in our SEP; it is an issue consistently raised by businesses. We have been careful to understand this issue better through our Skills Strategy Group (made up of two thirds business representatives), our evidence base and a targeted skills survey. Our approach is to make businesses, people, and partners locally responsible for driving the skills agenda – we are guarding against replacing a national approach with a top-down LEP version. Our focus, furthermore, is firmly on the business agenda – what employers need. We also recognise that our businesses and workforce needs are sensitive to localities and their varied economies and, furthermore, that skills attainment and business needs vary across the LEP area.

In order to align skills provision with business needs we are focusing on three aspects: Economic Awareness, Business Planning, and aligning publically funded training and skills initiatives to business demand.

We propose to align Structural and Investment Funds with the following objectives identified in the Strategic Economic Plan under the Removing Skills Barriers to Growth:

- Align skills provision with business demand
- Raise aspirations and increase economic awareness within the potential workforce
- Increase the number of businesses that plan and budget for skills training
- Expand on the success of our Local Skills Team project
- Facilitate Centres of Excellence for key skills shortages
- Address shortages of higher-level skills required to support the growth of technology businesses
- Provide careers guidance

## **2.4 Supporting Transport Development**

### **2.4.1 Alignment with the Strategic Economic Plan**

Transport connectivity is a key priority for the LEP. Despite being in an advantageous location, accessed by key national routes and international gateways, our transport connectivity is seen by many businesses as more of a constraint - not just to growth but to their current business operations. Although this ESIF Strategy does not propose capital investment in basic transport infrastructure, we do see opportunities for businesses to exploit our digital agenda, and proposed expenditure does therefore include scope for testing new ways of addressing transport connectivity.

We are also interested in exploring ICT applications that could reduce carbon emissions and energy efficiency across various sectorial activities including transport and exploring the TSB call for transport innovation proposals. These

are some broad areas where technological solutions may be appropriate, such as transport / traffic information system for incident management, traffic management and demand management; data interoperability and compatibility including data security; and inter-modal and inter-operator ticketing.

We propose to align Structural and Investment Funds to support the following objectives identified in the Strategic Economic Plan Transport Connectivity Strategic Intervention Package:

- A transport network fit for an economically vital high-growth area
- Smart technology

## **2.5 Facilitating Provision of Commercial Space**

### **2.5.1 Alignment with the Strategic Economic Plan**

The GCGP area is a growth location, with pent-up demand for business expansion (although not evenly spread across the area) that will be released through the intervention packages in the SEP. However, the area already experiences challenges over the provision of the right amount and quality of commercial space, which will continue as a potential constraint to expansion. We also have transformational projects across the area that can be accelerated by earlier provision of commercial space and we would envisage deploying ESIF to bring forward four new sites (or a greater number of refurbished ones) for the creation of innovation space, including at least one within Alconbury Enterprise Zone (EZ).

Our first expectation would be that the market ought to respond to these demands. However, this has not been the case. Since the recession, traditional lenders for UK property have deleveraged from property. Evidenced by UK real estate debt (i.e. lending) declining by 8 per cent in 2012 (De Montfort University).

The market environment will be very different from that of the pre-recession period and there remains a need for LEP incentives and gap funding – particularly in more diverse, risky investments (i.e. away from prime site Grade A commercial or industrial developments). Our experience with the EZ has shown the level of interest generated in having quality commercial stock available. Other locations across the LEP area (e.g. Ely, Bury St. Edmunds) have evidenced business demand for commercial space that the market seems unable to get the right investment package together to respond to.

We propose to align Structural and Investment Funds to support the following objectives identified in the SEP Commercial Space Strategic Intervention Package:

- Address refurbishment and new-build issues
- Target research, innovation and follow-on space
- Encourage the expansion of technology businesses beyond Cambridge

## **2.6 Supporting the Shift Towards a Low Carbon Economy**

### **2.6.1 Alignment with the Strategic Economic Plan**

Supporting the Shift Towards a Low Carbon Economy is not presented as a Strategic Intervention Package within the SEP, but is identified as an important element underpinning the growth of a sustainable local economy.

The innovation strength of the GCGP area means we are likely to take a strong role in driving a low carbon economy. As a mainly rural area, we have challenges around developing a low carbon transportation network (which in itself is generally outside the provisions of these structural funds), but also have opportunities around carbon sequestration and low carbon goods and services. Growth in the GCGP area is also dependent on access to sufficient, affordable low carbon energy supplies and a network distribution infrastructure that accepts decentralised energy and distributes energy to where it is needed.

Delivery against the Thematic Objective – Supporting the Shift Towards a Low Carbon Economy is described in detail at Section 8.4.

## **2.7 Promoting Social Inclusion and Combating Poverty**

### 2.7.1 Alignment with the Strategic Economic Plan

Promoting Social Inclusion and Combating Poverty is not presented as a Strategic Intervention Package within the SEP, but we have identified this theme as an important element underpinning the growth of a sustainable local economy, both from a social and an economic perspective.

This objective also aligns with the Europe 2020 goal of promoting social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people across the EU out of the risk of poverty and social exclusion.

The Government is creating a new welfare system for the 21st Century, recognising work as the primary route out of poverty, and eradicating child poverty. The welfare system is being reformed to make it fairer, more affordable, and better able to tackle the causes of poverty, worklessness, and welfare dependency.

Our approach to tackling social exclusion and combating poverty is to seek to address issues of inequality and relative deprivation across the GCGP area, particularly among specific socially excluded groups and in the context of rapid migration into established communities. Whilst a priority is placed on interventions under the skills and employability themes of getting people into work, we recognise that there are other social inclusion issues that need to be addressed in our area.

Delivery against the Thematic Objective – Promoting Social Inclusion and Combating Poverty is described in detail at Section 8.6.

### 3. INVESTMENT PRIORITIES FOR THE ESI FUNDS 2014-20

#### 3.1 Rationale and process for selection of thematic objectives and investment priorities

Using as its context and evidence base the Economic Analysis carried out as the foundation for our Growth Prospectus and latterly the SEP, this European Structural and Investment Funds Strategy builds on the LEP area priorities to identify priority activities and interventions under appropriate Thematic Objectives.

In determining provisional spending allocations for each Thematic Objective, we have taken into account European Commission regulatory requirements and UK Government guidance on minimum spending allocations for certain priorities.

Government indicated to the LEP in July 2013 that spend of our indicative €75.5 million would be profiled across the lifetime of the programme as indicated in the table below.

| Indicative annual spending profile |       |      |      |      |      |      |      |       |
|------------------------------------|-------|------|------|------|------|------|------|-------|
| €m                                 | 2014* | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | TOTAL |
| Basic Allocation                   | 9.4   | 9.6  | 9.8  | 10.0 | 10.2 | 10.4 | 10.6 | 70.0  |
| Performance Reserve                |       |      |      |      |      | 2.7  | 2.8  | 5.5   |
| Total Allocation                   | 9.4   | 9.6  | 9.8  | 10.0 | 10.2 | 13.1 | 13.4 | 75.5  |

*\*October 2015 note: spend in 2014 will be zero due to delays in programme implementation. Remaining spend to be re-profiled*

A provisional allocation of €75.5 million was made to the GCGP area for the European Regional Development Fund (ERDF) and European Social Fund (ESF), the two major component funds within the combined EU Growth Programme. This was supplemented by an allocation of €9.24 million from the European Agricultural Fund for Rural Development (EAFRD) (see Section 3.3).

Following consideration of the GCGP area priorities and consultation with stakeholders and partners, we have concluded that EU Structural and Investment Funds for the GCGP area should be provisionally allocated as follows, with the assumption of a 50/50 ERDF / ESF split of the initial allocation (i.e. without EAFRD):

| Fund         | Thematic Objective  | % of ERDF or ESF | €m   | £m*  |
|--------------|---------------------|------------------|------|------|
| ERDF €37.75m | Innovation          | 40               | 15.1 | 12.9 |
|              | ICT                 | 10               | 3.77 | 3.2  |
|              | SME Competitiveness | 25               | 9.44 | 8.1  |
|              | Low Carbon          | 25               | 9.44 | 8.1  |
| ESF €37.75m  | Employment          | 40               | 15.1 | 12.9 |
|              | Social inclusion    | 20               | 7.55 | 6.4  |
|              | Skills              | 40               | 15.1 | 12.9 |
| EAFRD        |                     |                  | 9.24 | 7.39 |

|   |              |             |
|---|--------------|-------------|
| <b>Total indicative allocation for GCGP</b> | <b>84.74</b> | <b>72.0</b> |
|---|--------------|-------------|

*\*Exchange rate €1 = £0.80 applied*

### 3.1.1 ERDF rationale

Rules setting minimum investment criteria for ERDF mean that the Innovation; Information and Communication Technologies (ICT); Competitiveness of Small and Medium-sized Enterprises (SMEs); and Low Carbon thematic objectives are somewhat self-selecting. However, as will be clear from the analysis within the strategy, a focus on these objectives for ERDF investment in the GCGP area is consistent with the main drivers of growth across the Greater Cambridge and Greater Peterborough economy.

Based on a strong track record and an international reputation for excellence and technological innovation, research and development is a major driver of the local and national economy with considerable potential to grow further and to build on future opportunities for market application of technology. The ‘eight great technologies’ identified in the Government’s Industrial Strategy, with real potential for economic and societal benefits and in which the UK can gain a competitive advantage, are all component parts of the GCGP area’s smart specialisation in innovation. This innovation can be driven by public as well as private sector – for example the NHS is a major investor and wealth creator, whose success in adopting innovation can enable industries to invest in developing the technology and other products the NHS needs for its development. We have therefore elected to earmark 40% of our ERDF allocation for the Innovation priority.

With current Government support for broadband, we consulted on whether any allocation needed to be made against the ICT theme. Our consultation process did find support for the inclusion of ICT as a priority thematic objective, on the basis that delivery should go beyond the provision of broadband, more appropriately identifying connectivity as an enabler for business and entrepreneurship growth as well as linking to social inclusion. However, in subsequent negotiations with the government on the ERDF Operational Programme, the Commission agreed that this priority could also facilitate the use of ERDF to match UK government investment in superfast broadband.

We have therefore provisionally allocated 10% ERDF to the ICT priority, with the remaining 50% split equally between SME Competitiveness and Low Carbon, which are both high priorities for the GCGP economy. We also recognise the considerable potential overlap / interchange between ERDF priorities and it is likely that some projects will fall within the scope of more than one of these.

The Government has stated that, due to our relatively small indicative allocation, the thematic objective **Promoting Sustainable Transport and Removing Bottlenecks in Key Network Infrastructures** should not be part of our submission.

We have also opted not to place a provisional allocation against a further two thematic objectives - **Promoting Climate Change Adaptation, Risk Prevention and Management** and **Protecting the Environment and Promoting Resource Efficiency**. As the Government guidance acknowledges, the Low Carbon, Climate Change and Environmental Protection and Resource Efficiency thematic objectives are closely linked. All three can be perceived either as constraints to growth and development or as offering opportunities to deliver more resilient growth.

We acknowledge that our area is vulnerable to the effects of climate change, e.g. the effects of a significant rise in sea level on the Fens and elsewhere in what is a generally low-lying area. We also take very seriously the need to protect our valuable environmental assets and to promote the culture and practice of resource efficiency. We have elected to focus our investment, however, on the Innovation and Low Carbon objectives. We believe that the Low Carbon route enables us to derive environmental gains, deliver a more sustainable use of resources, deploy low carbon technologies and protect against climate change in a more integrated way, rather than investing relatively small amounts in a diverse range of objectives. Promoting climate change adaptation and protecting the environment through the route of innovation also builds on the GCGP area’s strengths.

We are keen to ensure that any investment proposed will demonstrate additionality and impact, and avoid duplication and displacement of other activities and domestic spending. Equally, our notional allocation does not enable us to invest in all the thematic objectives in a way that would maintain these principles and still ensure

tangible results and outputs. Our intention is that, where we have not allocated funds towards a thematic objective, we would still expect social and environmental as well as economic aspects addressed at all stages of project development and delivery across the other themes. In addition, we have applied the Local Environment and Economic Development (LEED) toolkit developed by Defra to examine the role our environment and society play in supporting economic growth, and have reflected the findings in our SEP.

The strong economic focus of this investment strategy means we are building on our economic strengths as an area. The particular emphasis within the objective on building the market in low carbon environmental goods and services, non-domestic sector deployment of low carbon technologies, whole place low carbon solutions and low carbon innovation is consistent with the economic strengths of the GCGP area, where commercial success has been founded in part on our strength and track record in the low carbon sector.

Aside from the requirement for us to spend, as a more developed area in EU terms, a minimum of 20% of our ERDF allocation on the Low Carbon priority, all of these elements allow us to build on successes within the low carbon themed East of England 2007-13 ERDF Competitiveness programme. An integral, and successful, feature of this programme has been the incorporation of business resource efficiency solutions into the support provided to SMEs. This is an element we are keen to build on in the 2014-20 programme.

### **3.1.2 ESF rationale**

Our ESF allocation this reflects an equal split between skills and employment (40% each), the two core planks of ESF delivery, and the required spend on social inclusion (20%). The economic benefits of combating poverty and promoting inclusion are well-known and are summarised under the relevant Thematic Objective.

The impact of unemployment on the wellbeing of individuals and communities is well understood. We have therefore focussed ESF on supporting people back into employment (the employability theme) and progressing/retraining (the skills theme). However, we recognise that there are social inclusion issues outside of this so we support the 20% allocation.

As well as building on the existing evidence base, the draft strategy has been developed collaboratively with private, public and third sector partners and has been approved by the GCGPEP Board (via sign-off by the Chairman).

As part of the consultation process, around 150 participants attended workshops in Peterborough on 28 August and in Cambridge on 30 August 2013. An additional event was held on 17 September 2013 for the Voluntary and Social Enterprise sub-group of the LEP, aimed at third sector organisations. A list of organisations in attendance at these events is appended at Annex A.

A series of presentations was made to business representative groups, the GCGP Board and the LEP's Science Innovation and Industry Council and others. The consultation process is documented on the GCGP website at <http://www.gcgp.co.uk/2013/08/european-funding-strategy-workshops/>

### **3.1.3 Revised allocations based on programme revaluation and national rebalancing exercise**

In the summer of 2015, government decided to revalue the ERDF and ESF programmes to reflect exchange rate fluctuations, and to undertake a balancing exercise to align LEP area allocations with national amounts included in the Operational Programmes. Defra/RPA decided not to revalue the EAFRD programme.

While the total ERDF and ESF allocation for the GCGP area remained unaltered at €75.2 million, the original 50/50 split between ERDF and ESF was skewed slightly as a result of the rebalancing exercise, leaving us with a 51.3%/48.7% split in favour of ERDF.

Whereas an exchange rate of €1 = £0.80 had been used in calculating the original notional area allocations on which this Strategy was originally based, the revaluation was based on an exchange rate of €1 = £0.71. The outcome of the revaluation was a reduction in the sterling value of the GCGP ERDF allocation of 15.2% from £32.3 million to £27.4 million. The sterling value of the ESF allocation fell by 19.8% from £32.3 million to £25.9 million.

The revised allocation for each of the ESI Funds for the GCGP LEP area is broken down in the tables below:

| <b>Fund</b> | <b>Priority Axis (PA)<sup>3</sup></b> | <b>% of ERDF</b> | <b>€<sup>†</sup></b> | <b>£<sup>*</sup></b> |
|-------------|---------------------------------------|------------------|----------------------|----------------------|
| ERDF        | PA 1 - Innovation                     | 44.19            | 14,343,314           | 10,183,753           |
|             | PA 2 - ICT                            | 7.69             | 4,875,385            | 3,461,523            |
|             | PA 3 - SME Competitiveness            | 28.38            | 8,778,964            | 6,233,064            |
|             | PA 4 - Low Carbon                     | 19.74            | 10,624,587           | 7,543,457            |
| Total ERDF  |                                       |                  | <b>38,622,251</b>    | <b>27,421,798</b>    |

<sup>†</sup>subject to further negotiation with the MA

<sup>\*</sup>Exchange rate €1 = £0.71 applied

| <b>Fund</b> | <b>Priority Axis (PA)<sup>4</sup></b> | <b>% of ESF</b> | <b>€</b>          | <b>£<sup>*</sup></b> |
|-------------|---------------------------------------|-----------------|-------------------|----------------------|
| ESF         | PA 1 – Inclusive Labour Markets       | 57.5            | 21,027,338        | 14,929,410           |
|             | PA 2 – Skills for Growth              | 42.5            | 15,542,177        | 11,034,945           |
| Total ESF   |                                       |                 | <b>36,569,515</b> | <b>25,964,355</b>    |

<sup>\*</sup>Exchange rate €1 = £0.71 applied

| <b>Fund</b> | <b>Investment Priority (IP)<sup>5</sup></b>                             | <b>% of PA</b> | <b>€</b>          | <b>£<sup>*</sup></b> |
|-------------|---|----------------|-------------------|----------------------|
| ESF         | <b>PA 1 – Inclusive Labour Markets</b>                                  |                | <b>21,027,338</b> | <b>14,929,410</b>    |
|             | 1.1 Access to Employment  | 56.30          | 11,838,930        | 8,405,640            |
|             | 1.2 Sustainable Integration of Young People                             | 14.32          | 3,011,441         | 2,138,123            |
|             | 1.4 Active Inclusion  | 10.38          | 2,182,550         | 1,549,610            |
|             | 1.5 Community Led Local Development                                     | 19.00          | 3,994,417         | 2,836,036            |
|             | <b>PA 2 – Skills for Growth</b>   |                | <b>15,542,177</b> | <b>11,034,945</b>    |
|             | 2.1 Access to Lifelong Learning   | 82.67          | 12,849,307        | 9,123,008            |
|             | 2.2 Improving Labour Market Relevance of Education and Training Systems | 17.33          | 2,692,870         | 1,911,938            |

<sup>3</sup> The ERDF Priority Axes are referenced and described in greater detail in the ERDF Operational Programme. ERDF Priority Axes 1 to 4 are analogous to ERDF Thematic Objectives 1 to 4 as referenced throughout this Strategy

<sup>4</sup> The ESF Priority Axes of which they are a subset – are referenced and described in greater detail in the ESF Operational Programme. ESF Priority Axis 1 is analogous to ESF Thematic Objectives 8 and 9; and ESF Priority Axis 2 is analogous to ESF Thematic Objectives 10 as referenced throughout this Strategy

<sup>5</sup> The ESF Investment Priorities are referenced and described in greater detail in the ESF Operational Programme



|           |                   |                   |
|-----------|-------------------|-------------------|
| Total ESF | <b>36,569,515</b> | <b>25,964,355</b> |
|-----------|-------------------|-------------------|

\* Exchange rate €1 = £0.71 applied

In view of the revised low GCGP allocation to Investment Priority 1.4, the commitment of ESF to match Big Lottery Opt-In funding via the Building Better Opportunities programme through an open call issued in June 2015 will mean that technically this IP will already be over-committed. The issue has been raised with both the MA and the Big Lottery and we will be seeking flexibility between allocations to IP's within a single Priority Axis during the remainder of the programme period.

In the original ESIF Strategy, we had ring-fenced 23% of the total amount available under ESF Thematic Objective 8 for Community Led Local Development (CLLD), an instrument designed similarly to the LEADER model within EAFRD, promoting community leadership in delivering growth priorities. Partners in Wisbech and Peterborough have been involved in developing this work (see Section 13). A call was issued in October 2015 for the development of CLLD initiatives in Wisbech and Peterborough.

| <b>Fund</b> | <b>Measure<sup>6</sup></b>                       | <b>% of EAFRD</b> | <b>€</b>         | <b>£*</b>        |
|-------------|--|-------------------|------------------|------------------|
| EAFRD       | 1.1 Skills and vocational training               | 26                | 2,401,535        | 1,921,228        |
|             | 6.2 Start-up aid for non-agricultural activities | 20                | 1,847,335        | 1,477,868        |
|             | 6.4 Support for non-agricultural activities      | 20                | 1,847,335        | 1,477,868        |
|             | 7.3 support for rural broadband infrastructure   | 14                | 1,293,134        | 1,034,507        |
|             | 16.4 Support for supply chain co-operation       | 20                | 1,847,335        | 1,477,868        |
| Total EAFRD |  |                   | <b>9,236,676</b> | <b>7,395,748</b> |

\* Exchange rate €1 = £0.80 applied

Defra have advised local areas not to alter the exchange rate for EAFRD and to continue with the same rates used for developing the original ESIF Strategy (€1 = £0.80) unless they instruct differently. This will inevitably lead to some confusion with differing exchange rates being used for different programmes.

### 3.2 Alignment with other funds

In delivering these priorities we will be doing so in the context of social and environmental issues as part of our commitment to sustainability. The additionality offered by the European Structural and Investment Funds will strengthen our economic interventions, as well as assisting social and environmental gains.

We will look for synergies with other EU funding programmes which can be exploited. The most likely sources are:

#### 3.2.1 Horizon 2020

Formerly known as Framework Programme 7 (FP7) in the 2007-13 funding period, this is the EU funding programme for innovation and research and covers all types of activities from frontier science to close-to-market innovation. Priority areas are: Excellent Science (addressing future and emerging technologies); Industrial Leadership (including fostering innovation in ambitious SMEs whether they are high-tech or not); and Societal Challenges (on issues including sustainable transport, energy, food security and health, agriculture and climate action). Further details

<sup>6</sup> The numbering and description of the EAFRD measures listed here refers to the measures identified in the EC Rural Development Regulation

of the Horizon 2020 programme can be found on the EU website at <http://ec.europa.eu/programmes/horizon2020/>

Horizon 2020 supports Innovative SMEs through a new dedicated SME Instrument managed by the Commission's Executive Agency for Small and Medium-sized Enterprises (EASME). In total, more than €2.8 billion will be allocated for the SME instrument from 2014 to 2020, amounting to at least 7% of the total budget of the Societal Challenges and Leading and Enabling Technologies (LEIT) blocks of Horizon 2020.

The new SME Instrument is a simpler and more easily accessible funding scheme for SMEs than was previously available under FP7. It comes in addition to the support provided through the participation of SMEs in collaborative projects continued within Horizon 2020, as well as other EU measures related to SMEs.

The aim of the SME Instrument is to fill the gaps in funding for the early stages of Research and Innovation and accelerating the exploitation of innovation. Projects, which are selected through a bottom-up approach, must be of clear interest and benefit to SMEs and have a clear European dimension. When applying for funds through this instrument SMEs can form collaborations according to their needs, including for subcontracting research and development work to apply for funding and support.

The SME Instrument is divided into 3 phases covering different stages of the innovation cycle. The evaluation processes for proposals are based on simple rules in order to reduce the time it takes to establish a contract:

- **Phase 1** aims to cover the assessment of technical feasibility and market potential of new ideas. The project will be supported by an investment of €50,000 and the typical duration should be no longer than 6 months.
- **Phase 2** aims to cover R&I activities with a particular focus on demonstration activities (testing, prototype, scale-up studies, design, piloting innovative processes, products and services, validation, performance verification etc.) and market replication encouraging the involvement of end users or potential clients. Project funding should amount to no more than €2,500,000 and the typical duration of this phase should range from 12 to 24 months.
- **Phase 3** concerns support measures aimed at helping SMEs move towards commercialising their innovative products and services through measures like networking, training, coaching and mentoring, facilitating access to private capital or better interaction with key stakeholders. SMEs will not be funded directly under phase 3.

EASME recommends that SMEs apply for funding starting with Phase 1. However they can apply directly to Phase 2 or even Phase 3, depending on the stage of their project. Successful completion of one phase will allow an SME to move on directly to the next one.

SMEs can apply for funds under Phase 1 and Phase 2 in accordance with their needs. The calls under these phases will remain open on a continuous basis until 2020. Phase 3 calls for support measures addressing community building and coaching within the SME Instrument are open through fixed time-windows announced at different stages. SMEs participating in Horizon 2020 activities under the SME Instrument are offered a range of measures to support their activities via the full range services provided by the Enterprise Europe Network.

Details of the SME Instrument can be found at <https://ec.europa.eu/digital-agenda/en/sme-instrument-0>

### **3.2.2 The Connecting Europe Facility (CEF)**

This is a new EU funding mechanism designed to support the development of high-performing, sustainable and efficiently interconnected trans-European networks in the field of transport (TEN-T), energy and telecommunications. TEN-T infrastructure in the GCGP LEP area includes the rail line running Felixstowe to Nuneaton and beyond, and the A14. Due to their strategic importance as connectors joining the busy east coast ports to the Midlands, both form part of the North Sea-Mediterranean TEN-T core corridors, one of nine covering the most important transport infrastructure crossing EU territory. The East Coast Main Line, the London-Kings Lynn rail line, the M11, A1 and the A47 are also designated TEN-T infrastructure on the comprehensive network. While the physical completion of the network is an overriding priority for funding, there may also be opportunities to

seek support for projects that focus on the elimination of bottlenecks and optimising existing infrastructure more efficiently.

### **3.2.3 EU Territorial Cooperation Programmes 2014-20**

The majority of the GCGP LEP geographical area will be eligible to participate in the 2014-20 Two Seas and France-England Cross Border Programmes, the North Sea and North West Europe Transnational programmes, as well as the Interreg Europe Programme under European Territorial Cooperation (often referred to as Interreg). These will work within the same set of thematic objectives as the 2014-20 structural and investment funds, but some of the selected priorities may be different. These programmes could be a good way to fund small-scale complementary cooperation activities in areas such as innovation and business development, sustainable transport, low carbon growth, resource efficiency and cultural and creative industries that can also help to grow the local economy. The programmes are summarised below.

#### **3.2.3.1 Cross Border Programmes**

##### ***Two Seas***

The Two Seas programme area for 2014-20 has been enlarged to include Peterborough, which means that it now includes the whole of the GCGP area with the exception of Rutland. Priority areas for 2014-20 will be technological and social innovation; low carbon technologies; adaptation to climate change; and creating a resource efficient economy. The total programme budget is approximately €252 million. Further details of the programme can be found at <http://www.interreg4a-2mers.eu/en/>

##### ***France-England***

The France-England programme area for 2014-20 has been enlarged to include Peterborough (Check this) so that it now includes the whole of the GCGP area (except Rutland). Priorities for the 2014-20 programme will include; strengthening research, technological development and innovation; promoting research in, innovation in and adoption of low-carbon technologies; ecosystem management; protecting, promoting and developing cultural and creative industries; and support for economic and social inclusion for deprived urban and rural communities. The total programme budget for the 2014-20 programme, for which Norfolk County Council is the Managing Authority, is approximately €227 million. Further details of the programme can be found at <http://www.interreg4a-manche.eu/>

#### **3.2.3.2 Transnational Programmes**

##### ***North Sea Region***

The North Sea Region programme includes the whole of the GCGP area with the exception of Rutland. The programme aims to embed greater cooperation in working practices across the North Sea Region as a way of tackling joint challenges, pooling expertise and building lasting links between businesses and institutions throughout the programme Region. The programme priorities are Thinking Growth (innovation); Green Growth; Sustainable North Sea Region (protecting against climate change and preserving the environment); and Green Transport and Mobility. The total budget of the programme is approximately €167 million. Further details of the programme can be found at <http://www.northsearegion.eu/>

##### ***North-West Europe***

The whole of the UK is eligible for the 2014-20 North West Europe programme, which will invest in strengthening research, technological development and innovation; supporting the shift towards a low-carbon economy in all sectors; and protecting the environment and promoting energy efficiency. There may be scope under these programmes for projects that fit with some of the issues within the GCGP area - such as climate change mitigation, development of new flood prevention techniques and adaptation measures – that cannot be prioritised within the ESIF allocation available. In practice, this could include softer work on flood water retention, bolstering sea defences and limiting the effects of run-off. The total programme budget is just under €400 million. Further details of the programme can be found at <https://www.nweurope.eu/>

### 3.2.3.3 Interreg Europe

In the Interreg Europe cooperation programme, partners from 30 countries – the 28 EU Member States, Norway and Switzerland – will be able to exchange their experience and work on improving their policies in respect of structural and investment funds and regional development. The themes for the programme include research and innovation; SME competitiveness; low carbon economy; environment; and resource efficiency. The total programme budget is approximately €359 million. Further details of the Interreg Europe programme can be found at <http://www.interreg4c.eu/>

Other interregional programmes which may also be of interest include ESPON, URBACT and INTERACT, further details of which can be found on the EU website at [www.europa.eu](http://www.europa.eu).

### 3.2.4 Other EU Funds

We will also looking to support local partners to leverage other funding that is targeted at skills, Education, Training, culture, environmental protection and health that can confer benefits on our citizens but where the intervention logic is not focussed primarily on economic grounds. These include LIFE+ (focussing on environmental protection, nature conservation and climate change projects); Creative Europe focussing on the cultural and creative industries; Health for Growth (encouraging innovation in healthcare and improving the health of EU citizens); and Erasmus+ (which aims to boost skills and employability, as well as modernising Education, Training, and Youth work.

The Competitiveness of Enterprises and Small and Medium-sized Enterprises Background (COSME) programme, which is managed by EASME on behalf of the Commission, has a planned budget of €2.3 billion for 2014-20. Recognising that SMEs are the backbone of Europe's economy, providing 85% of all new jobs, the Commission aims to promote entrepreneurship and improve the business environment for SMEs to allow them to realise their full potential in today's global economy.

COSME aims to make it easier for SMEs to access finance in all phases of their lifecycle; helps businesses to access markets in the EU and beyond; funds the Enterprise Europe Network that helps SMEs find business and technology partners and understand EU legislation; supports entrepreneurs by strengthening entrepreneurship education, mentoring, guidance and other support services; and aims to reduce the administrative and regulatory burden on SMEs by creating a business-friendly environment. COSME also supports businesses to be competitive by encouraging them to adopt new business models and innovative practices. This complements actions in areas with high growth potential.

Erasmus+ provide opportunities for over four million Europeans to study, train, gain work experience and volunteer abroad. It also supports transnational partnerships among education, training and youth institutions and organisations to foster cooperation and bridge the worlds of education and work in order to tackle skills gaps faced across Europe.

Although it is not permitted to double fund any single activity or expenditure item from separate EU funds, it could be feasible, for example, to use LIFE+ funding in conjunction with the Sustainable North Sea element of the North Sea Programme by splitting a project into distinct phases. For example, INTERREG money could be deployed to develop a strategy, with LIFE+ funding then being used to implement a distinct part of the Strategy.

## 3.3 Investment in rural areas

Defra have transferred 12% from Common Agricultural Policy (CAP) direct payments to rural development in England. This will give an overall Rural Development Programme budget of about £3.5bn to be spent in rural areas, funding national schemes offering farming and environmental grants and also directly support rural LEADER groups operating at the local level.

### 3.3.1 Defra Growth Programme allocation from EAFRD

Defra has allocated 5% of the Rural Development Programme budget to the EU Growth Programme, providing a total of £177m to be allocated between LEP areas. The GCGP area has been allocated £7.39 million. No annual

allocation profile or spend targets have been set by Defra, nor has it been made clear whether any performance reserve element is included in the funds in line with ERDF and ESF allocations.

Defra have emphasised that ERDF, ESF and EAFRD funding can all be used in rural areas and that they do not expect LEPs to use only EAFRD funding to support projects in rural areas. The Growth Programme is intended to be used as a combined source of funding, although EAFRD funds can only be invested in rural areas. With one of the most rural geographies of any LEP area, we intend to invest all of our Structural and Investment funds in the most beneficial manner for the whole of the GCGP area.

In line with Defra guidance, the rural funding element of the Growth Programme will contribute to delivering economic growth through:

- Knowledge transfer and information actions - Support for vocational training and skills acquisition actions  
Farm and business development – Business start-up aid for non-agricultural activities in rural areas.
- Farm and business development - Support for investments on creation and development of non-agricultural activities.
- Basic services and village renewal in rural areas - Support for broadband infrastructure, including its creation, improvement and expansion, passive broadband infrastructure and provision of access to broadband and enhancing the accessibility and use of ICT in rural areas to underpin public e-government solutions.

Cooperation - Support for horizontal and vertical co-operation among supply chain actors for the establishment and development of short supply chains and local markets. Businesses in our rural areas, including farming businesses, will be able to apply for EAFRD funding for activities that support the GCGP priorities as set out in this Strategy. Such activities are not sector specific. For example, where we have identified a need to invest in innovation or skills, such investment will be targeted at general business skills rather than land-based skills.

We would expect most if not all specific rural-based projects that come forward under EAFRD to have some form of environmental benefit. Equally, while we do not propose to invest ERDF or ESF under the Climate Change Adaptation or Environmental Protection objectives, we would still expect projects to deliver environmentally beneficial outcomes, which may link with EAFRD.

The LEP allocated funding from EAFRD can only be spent in designated rural areas. The definition of a rural area is based on the 2011 Rural-Urban Classification which is an official statistical designation of settlements, developed by the Office for National Statistics, Defra, DCLG and the Welsh Assembly Government in collaboration with the Universities of Sheffield and Nottingham. Rural areas are settlements below 10,000 people.

Outside the two major cities, the GCGP area is predominantly rural with a number of market towns. Some of these have populations of over 10,000 and will not be eligible for support from EAFRD. Conversely, the area has a large population of business – many unrelated to farming and land-based industries – operating in rurally designated areas. GCGP recognises these businesses as an important part of the foundation for future economic growth.

Although we recognise the restrictions placed on use of EAFRD money within the growth programme, it is important that the whole of the GCGP area welcomes, encourages and supports enterprise. The EAFRD allocation will therefore contribute to this aim by providing additional support for skills development in rural areas and through specific support for rurally-based businesses across the area.

Use of the EAFRD allocation will, therefore, complement priority actions already identified within this Strategy and the SEP. The table below shows how we propose to distribute our EAFRD allocation against the Rural Development themes identified by Defra.

We intend to deploy EAFRD funds to contribute to the promotion of innovation in rural businesses. Together with business development grants, this investment will create scope for both agricultural and non-agricultural businesses in rural areas to access a broad menu of support, including expansion of business support services signposted via our Growth Hub.

EAFRD funding allocated to rural broadband infrastructure will contribute towards our SEP intervention on the digital economy, by funding businesses to become digitally enabled and exploit digital opportunities. While we expect broadband delivery to be tackled by existing programmes of roll-out (such as the Connecting Cambridgeshire project), Defra is keen that EAFRD funding should be used, where appropriate, as part of the solution to support hard-to-reach locations not currently addressed by current or planned roll-out programmes.

In addition, we are working on the possibility of collaborative EAFRD calls with Greater Lincolnshire and New Anglia LEAs with a particular focus on supporting supply chains to add value to food production and the application of innovation to deliver long term competitiveness. The three LEAs are also keen to explore the potential for calls focused on specific sectors and geographies, such as the vegetable industry concentrated in the Fens area spreading across the three LEA geographies. See Section 11.2 for further narrative.

A breakdown of how the GCGP EAFRD allocation will be invested under specific rural development measures in the rural parts of our area is included at Section 3.1.3.

### **3.3.2 LEADER programmes in the GCGP area**

A new LEADER programme will operate in the Fens, building on the successful Fens Adventurer LEADER programme delivered within the 2007-13 Rural Development Programme. This will bring into the Fens area around £1.5 million of EAFRD funds from the 2014-20 LEADER programme, which will focus on economic growth in rural areas.

A further seven<sup>7</sup> LEADER area programmes, each covering parts of the GCGP area will collectively add significantly to the overall availability of EAFRD funding for small scale local projects across the LEA geography.

- the West Norfolk LEADER programme will include the Borough of Kings Lynn and West Norfolk, a significant part of the GCGP area which is contiguous with the area to be covered by the Fens LEADER programme. The Local Development Strategy for the programme aligns planned delivery with GCGP priorities;
- the Eastern Plateau LEADER programme, which has operated under the 2007-13 Rural Development Programme, will form the basis of a new LEADER programme for the 2014-20 period. The programme will again incorporate North Hertfordshire and Uttlesford districts;
- a new LEADER area will cover the rural wards of Peterborough and Rutland within a single Local Development Strategy. The programme will build on 2007-13 EU funding activities locally, including Interreg projects. The Rutland market towns of Oakham and Uppingham are included in the new LEADER area to ensure a coherent relationship with their rural hinterland. Rutland's population is forecast to grow by more than 18% in the next 20 years and its economy needs to expand to meet it, to create jobs and thus avoid adding to the number of skilled workers who currently commute out of the county;
- a renewed Greensand Ridge LEADER area will include part of South Cambridgeshire District;
- a renewed LEADER area covering The Brecks will include parts of St. Edmundsbury and Forest Heath Districts;
- a new Wool Towns LEADER area covering parts of Suffolk and Essex and include part of St Edmundsbury District; and
- a new Beds and Hunts Claylands LEADER area will include a part of Huntingdonshire District.

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<sup>7</sup> For completeness, nugatory parts of two further LEADER areas, the Wash Fens and the Chilterns, also fall within the GCGP area

## 4. LOCAL AREA ANALYSIS

### 4.1 Summary

This section provides an analysis of the local economy for the Greater Cambridge Greater Peterborough area. It focusses on the context, issues and long term economic trends facing the local area and provides the evidence base for the intervention proposals set out in the draft strategy.

The area's diverse economy has national and international strengths in Information and Communications Technologies (ICT), creative industries, bio-medical, low carbon and environmental goods, high value engineering and manufacturing sectors. However, growth has been constrained by under-investment in transport infrastructure, inadequate broadband infrastructure, skills disparities and shortages, and a chronic shortage of affordable homes.

The GCGP area comprises thirteen county/unitary / district local authority members, with a combined total of 1.34 million residents. It is the third most rural of England's 39 LEP areas (by share of population in rural areas), while its two main urban centres provide 32 per cent of employment.

The GCGP area economy as a whole has been more resilient in recession than the England average, though with divergent stories at local level. Cambridge and its immediate neighbours have fared relatively well, being hit less hard than nationally, while some northern parts of the GCGP area have fared less well.

Over the past decade, the LEP area's fundamental strengths have supported an economic output (GVA) growth rate substantially higher than England, creating output £1bn higher in 2009 than if the GCGP area had only matched England average growth. Total GVA of the GCGP area is estimated at approximately £30 billion. A higher-than-England-average economic activity rate, matched with population expansion, put GCGP area's workforce growth in the top 10 of LEP areas.

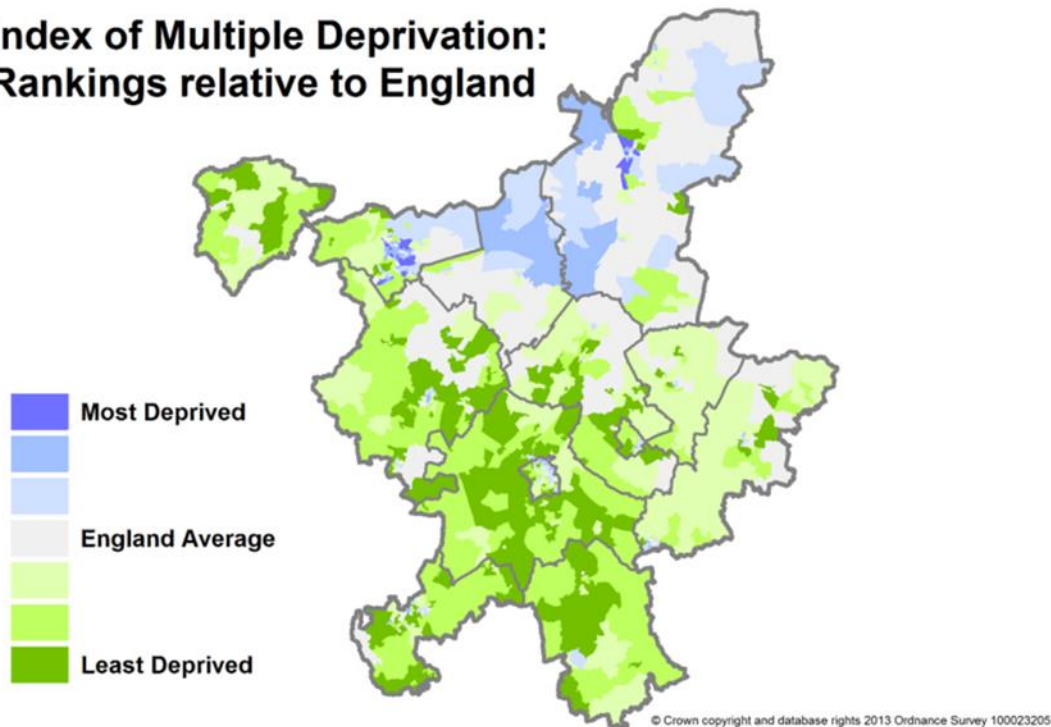
The GCGP area as a whole has high rates of labour market participation, and a lower unemployment rate than nationally. The share of working age adults in employment, at 80.6 per cent is higher in the GCGP area than in England (74.7 per cent), and the advantage has continued to increase.

Particular groups and particular areas bear the brunt of unemployment. Youth unemployment is a key concern for local economic and social policy, as it is internationally. In March 2012, the share of the GCGP area's 18-24 year-olds who were claimant unemployed (6.0 per cent) was more than double the rate (2.9 per cent) for the 25-49 year-old population. The contiguous authority areas of Peterborough, Fenland and King's Lynn & West Norfolk, in the north of the LEP's area, face particularly challenging rates of unemployment.

The Office for National Statistics combine a number of indicators, chosen to cover a range of economic, social and housing issues, into a single deprivation score for each small area in England. This score represents unmet needs caused by a lack of resources of all kinds, not just financial. The indicators are: Income, Employment, Health and Disability, Education Skills and Training, Barriers to Housing and Services, Living Environment, and Crime. The following map illustrates the relative deprivation score across the GCGP area. It shows a distinctive north/east pattern of higher deprivation scores, along with pockets across the GCGP area mainly in urban areas.



## Index of Multiple Deprivation: Rankings relative to England



The overall skills and qualifications attainment of GCGP residents is a strength, although there are local areas where skills are a challenge. Skills are important in enabling successful economic performance, attracting businesses to locate in the local area and equipping firms for exporting. The GCGP area ranks highly amongst LEP areas by the share of Degree-level (or equivalent) qualified residents, and the share of residents in high level occupations, especially professionals. The share of young people qualifying at level 2 (The equivalent of 5 GCSE's at grades A to C) and level 3 (The equivalent of 'A' levels) thresholds by age 198 is also higher than for England. However, local areas within the GCGP area have very different skills and qualifications profiles. In some communities there are a significant proportion of adults with very low levels of entry level (level 2) qualifications.

Enterprise survival rates are consistently stronger in the GCGP area than in England on average. The GCGP area's rate of growth in its business population also outperforms England over a period of years. The number of businesses (local units) in GCGP area peaked in 2008.

Job losses in the GCGP area over the past two years was in part moderated by new business proprietors. The GCGP area had over 4,900 business births in 2010, and the fall in employment (employees and working proprietors) was 10,700 whereas on their own employee jobs fell by a larger 14,800. Over 70 per cent of GCGPEP's businesses (local units) are in the 0-4 employee size band; 52 per cent are rural. Clearly, micro- and small- businesses are significant for the GCGP area.

The GCGP area is one of the top 10 LEP areas for the share of employment in the knowledge economy and high and medium technology manufacturing. The Greater Cambridge area has a European Commission Award for Excellence in Innovative Regions and is the largest UK cluster of scientific R&D industry employment outside London.

The GCGP area has higher than average export potential, based on its industrial structure. Advanced economies are still facing uncertain demand growth in home markets while emerging and developing economies are growing more consistently, so export markets are likely to offer growth opportunities not available at home.

<sup>8</sup> weighted average for three Upper Tier authorities



Travel demand is likely to increase by 40% in the area to 2031 and some key road stretches already suffer severe congestion, notoriously the A14 on the Benelux-east coast ports-Midlands-Ireland axis. The A14 is crucial to planned major development projects such as the new settlement at Northstowe. Other key cross county routes where significant growth is planned and capacity constraints need to be addressed include the A428 (Cambridge to Bedford road) A10 connecting London to Ely and A47 from Norfolk through to Peterborough. Passenger rail use grew strongly in 2000-2009, with journeys up by 53 per cent, and north/south rail links - to the capital and to St Pancras International for connection with Eurostar - are a competitive advantage. Airports are accessible, with Stansted and Cambridge (both inside the LEP area) and Birmingham rail-linked, and Luton just outside the LEP area.

Broadband availability has been a weakness with four of the LEP's 12 local authorities in the worst 20 per cent of England for the 2Mbit/s broadband target in OFCOM's 2011 broadband maps.

Housing affordability is a particular concern for parts of the GCGP area, and is seen as a constraint on growth. Employers can find it difficult to recruit in competition with areas where employees would be better off elsewhere through lower house prices. While the housing stock across the LEP as a whole increased over the past five years by 5.9 per cent, compared to England 3.7 per cent, in 2011/12 net additions were at 57 per cent of their 2006/07 peak.

## **4.2 Composition of the GCGP area**

The GCGP area comprises Rutland Unitary Authority (UA), Peterborough UA, Cambridgeshire County (with its five lower tier local authorities – Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, and South Cambridgeshire) which are solely in this LEP area; together with five lower tier local authorities that overlap other LEP areas: King's Lynn & West Norfolk, Forest Heath and St Edmundsbury (overlap New Anglia LEP); Uttlesford (South East LEP); and North Hertfordshire (Hertfordshire LEP). The members that overlap other LEP areas account for 48 per cent by area and 38 per cent by population of GCGP area total.<sup>9</sup>

GCGP is the sixth largest LEP by area, at some 7250 sq. km. It is in the least densely populated quartile of LEP areas, and in population terms, ranks 17th, with a mid-year 2010 population estimated at 1,344,100.

The two cities, Peterborough and Cambridge, are major employment centres, providing 32 per cent of all GCGP area employment on a workplace basis. Both cities support jobs for residents that live in surrounding districts, who commute in. Taking the balance of net in- and out- commuting, both cities combined attract 64,000 more in-commuters than out-commuters.

68 per cent of employment is not in the two main urban centres, and at a local level, economies have their own characteristics, challenges and opportunities.

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<sup>9</sup> In this analysis, all figures are for the LEP geography of these twelve UALAD (unitary authorities/ local authority districts), except where not available. Where data is available only for UA / County (Rutland, Peterborough and Cambridgeshire) or NUTS3 areas (Peterborough and Cambridgeshire) this is clearly identified.

## Map of Greater Cambridge Greater Peterborough



### 4.3 Industry Structure

GCGP area's industry structure is differentiated from England<sup>10</sup> in the following activities:

- A higher employee concentration in Real Estate (LQ 1.36), Manufacturing (1.29), and Education (1.11); and
- A lower employee concentration in Distribution other than Retail (i.e. Warehousing etc.) (LQ 0.46); Financial & Insurance (0.58), and Information and Communications (0.77).

Because of London's dominance in specific activities, it is sometimes more telling to remove it from a comparison benchmark. Differences between GCGP area's structure and "England without London" are, GCGP area's higher employee concentration in Real Estate (LQ 1.48), Professional Scientific and Technical Activities (1.29), and Manufacturing (1.12); lower employee concentration in Distribution other than Retail (i.e. Warehousing, etc.) (LQ 0.43); Financial and Insurance (0.75), and Arts, Entertainment and Recreation (0.82). (Source: BRES 2010)

### 4.4 Industry Strengths and GCGP focus

<sup>10</sup> A concise way of presenting an area comparison to a benchmark is the Location Quotient (LQ). The share of employees is compared. An LQ of 1.00 means the area's share is the same as for the benchmark; an LQ above 1.00 indicates that the industry is more strongly present, and less than 1.00 that the industry is "under-represented".

Knowledge and innovation are key strengths and future drivers of the GCGP area economy. Significantly, in a recent LEP area benchmarking exercise<sup>11</sup>, the GCGP area performed highly in innovation and knowledge - with the highest ranking for the share of patent applications per 10,000 residents, and ranking 9th for the share of total employment in the knowledge economy and high and medium technology manufacturing.

The area's diverse economy has national and international strengths in Information and Communications Technologies (ICT), creative industries, bio-medical, low carbon and environmental goods, high value engineering and manufacturing sectors:

- **Biotech and life sciences:** A cluster of nearly 300 companies including Napp Pharmaceuticals, Amgen, Bepak, Nestor and Medimmune. The presence of Addenbrooke's, an internationally renowned NHS Trust university teaching hospital, further strengthens and supports the cluster, as does the Cambridge BioMedical Campus, home of the new Medical Research Council Laboratory of Molecular Biology, Cancer Research UK and GlaxoSmithKline. Astra Zeneca will also be moving its global HQ and main UK research facility there in 2016, with the creation of more than 2,000 jobs.
- **ICT and telecommunications:** Rooted in the LEP area's internationally significant ICT, software and telecoms cluster employing nearly 50,000 individuals. Key businesses include ARM, the world's premier semiconductor IP supplier and Autonomy, a University of Cambridge spin-out formerly (before being acquired by Hewlett Packard) the second largest pure software company in Europe.
- **Low carbon environmental goods and services:** Where Peterborough is home to 335 companies and organisations with 6,000 jobs and a £600m turnover that anchors a much broader sector of firms and capabilities across the area.
- **Manufacturing, engineering and processing:** The LEP area hosts engineering firms with a global presence, such as Perkins which for 75 years has led the field in the design and manufacture of high performance diesel engines; BAe Systems; and Marshall Aerospace, one of Europe's leading aerospace companies with extensive experience in aircraft design, aircraft manufacture and aircraft maintenance. There are also strong capabilities along the A1 corridor from Huntingdon and in Kings Lynn.
- **Agriculture, food and drink:** The LEP is home to a strong and fast-evolving food processing and agribusiness sector. Inward investment from across Europe is achieving ground breaking initiatives in food technology. Key businesses include British Sugar, Premier Foods, Nestlé Purina, Bakkavor, and Produce World Group, all UK market leaders. A world renowned equine industry is located around Newmarket.
- **Logistics:** Building on Peterborough's strengths as a value added logistics hub, the LEP area is home to a range of nationally important logistics operators including IKEA, Amazon, Tesco and Debenhams.
- **Water and energy:** Operating in the driest region in the country both Anglian Water, Britain's largest water and waste utility with over 5m customers, and Cambridge Water companies are sector leaders and there is a strong R&D and commercial presence in the cities; with significant bio-renewables production companies across the rural economy.
- **Creative industries:** Technology-based creative companies turn over more than £1billion per annum in the area. The key sub-sectors demonstrating significant national growth (publishing, software and computer gaming) are also the LEP area's most established creative industry clusters. Ten per cent of the UK's computer games developers are within five miles of Cambridge city centre. Key businesses include: Bauer

#### **CASE STUDY: British Sugar**

The largest and most efficient sugar beet processing factory in the world is located in Wislington, West Norfolk. It hosts the first industrial scale bio-ethanol fuel manufacturing plant in the UK, using waste heat and CO<sub>2</sub> to grow one fifth of the UK's commercial tomato crop.



<sup>11</sup> The LEP Network (2012) Creating Successful Economies: Review of Local Enterprise Partnership area economies in 2012

Media, Cambridge University Press, the BAFTA-winning Sony Computer Entertainment's Cambridge Studio, Supreme Being (urban fashion) and Jagex whose 'RuneScape' is the world's most popular, free massively multiplayer online role-playing game. The LEP area is also home to a high level of international arts and cultural activity, corresponding to the international profile of local industry and business. The value of investment in the innovation and creativity of the expanding hi-tech sector in particular, so fundamental to their brands and growth strategies, could be deepened and enriched by the involvement of the creative industries sector.

- Visitor economy: More than 20 million visitors come each year to our distinctive heritage attractions such as Cambridge, Ely, Bury St Edmunds and Peterborough, horse racing at Newmarket, the Imperial War Museum at Duxford, and our rural habitats, such as Wicken Fen, Great Fen and Rutland Water, our Fenland waterways and the North Norfolk Coast. The ability to stage regular cultural events of international quality also has a documented economic impact both short and longer term.

The LEP Network (2012) report *Creating Successful Local Economies: Review of Local Enterprise Partnership area economies in 2012* looked at LEP areas with consistently high economic output per capita and strong historic growth rates. LEP area was placed among the 10 top-performers.

### Industrial specialisms in the Greater Cambridge Greater Peterborough Area – measured by location quotients compared to the England, 2010



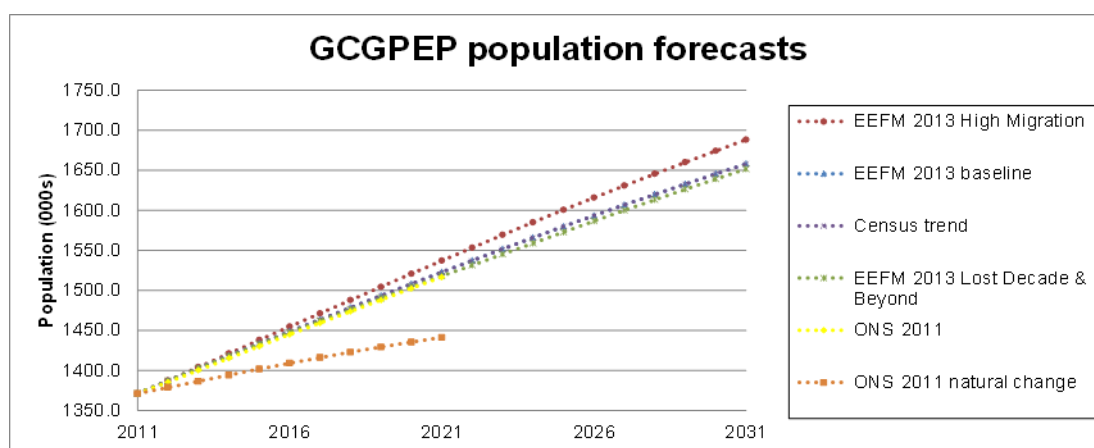
Source: BRES 2010

## 5. HOUSING AND ECONOMIC OUTLOOK

### 5.1 Addressing the barriers to growth

The LEP area is forecast to experience significant job and population growth over the next twenty years. For large parts of the area this represents a continuation of past trends; for example, population growth in Cambridgeshire from the 2001 Census to 2011 was faster than in any other English County, and Peterborough is the UK's fastest growing city.

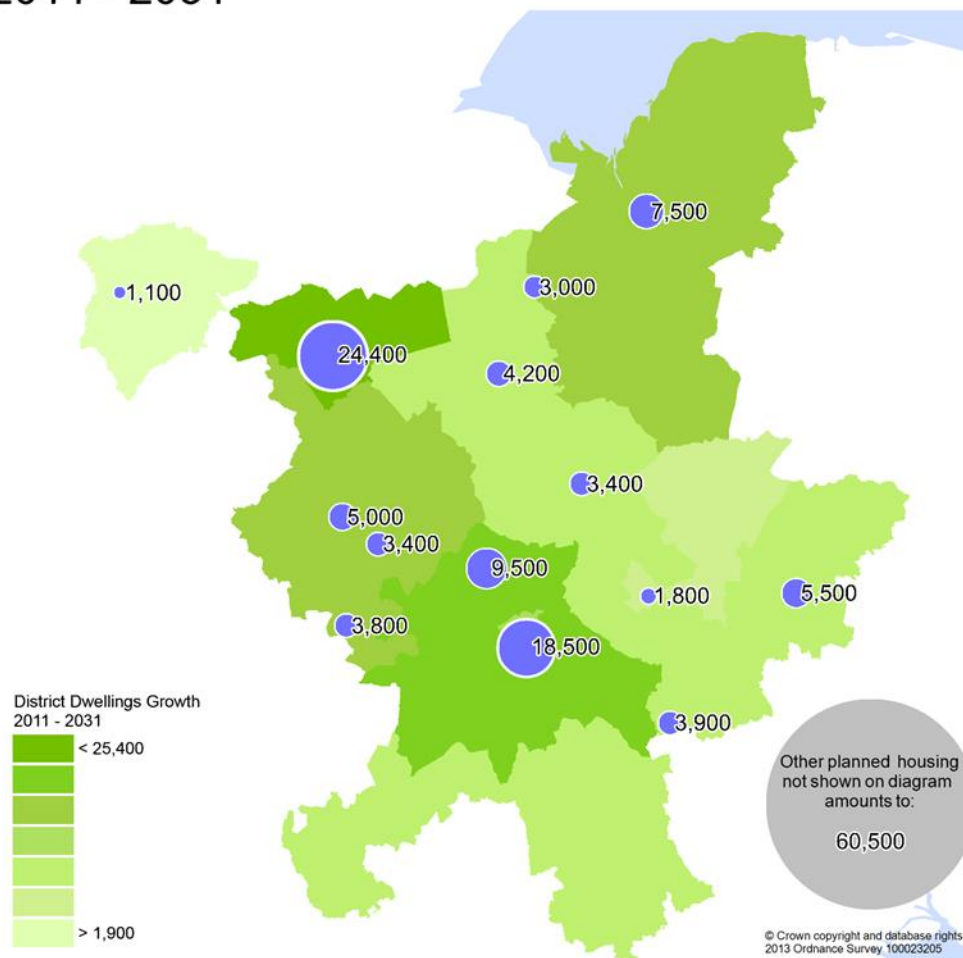
The bulk of this population increase arises from economic migration, rather than natural change (births and deaths), reflecting the relative economic strength and attractiveness of the area to those wishing to live and work here. The graph below shows this change and demonstrates the extent to which in-migration to the area influences future population levels. Data from the 2011 Census indicates that the actual population of the area at 2011 was 1.37 million. Forecast increases over the next twenty years to 2031 range from a continuation of the Census trend, which would result in some 1.66 million people (290,000 more than in 2011), to a high migration scenario based on strong economic growth. This would see in the order of 1.69 million people in the area at 2031 (320,000 more than in 2011).



These levels of population growth will make significant demands on services and the need for additional housing and infrastructure, particularly for transport. The nature of the migration also reflects the different economies within the overall area. While much of the migration is internationally driven, areas to the north experience more migrant workers involved in agriculture and lower skilled activities than the south of the area, which reflects a higher skills base focused on the knowledge economy. Achieving greater equality of skills across the area is an important ambition for the LEP and its partners.

All parts of the LEP area have a good understanding of their development needs and are planning for levels of housing and jobs to accommodate future economic growth. Based on the above analysis about barriers to future growth, ensuring that planned housing and infrastructure is delivered is critical to ensuring that the full economic potential of the area is realised.

## Town and Total District Housing Growth 2011 - 2031



## 6. WORKFORCE

### 6.1 Summary

- The GCGP area's rates of economic activity (80.6 per cent) were higher than the England average (76.3 per cent)
- The GCGP area's workforce growth rate (9.2 per cent between 2000 and 2010) puts it in the top 10 for LEP areas
- The GCGP area's employment rate (74.7 per cent) is higher than the England average (70.3 per cent), with the gap widening since pre-recession
- The March 2012 claimant unemployment rate for the GCGP area, at 2.9 per cent is close to the recent historical peak (3.0 per cent in 2011)
- Youth unemployment is a key concern
- Peterborough, Fenland and King's Lynn and West Norfolk face particularly challenging rates of unemployment
- GCGP area ranks 12th amongst LEP areas for the share of Degree-level qualified residents
- The share of young people qualifying at level 2 and level 3 thresholds by age 19 is higher than the England average
- The share of residents in high level occupations (46.2 per cent), especially professionals, is strong
- Over the past five years, the earnings gaps between local areas has narrowed a little
- In some communities, there is a significant proportion of adults with very low skills, for example in Fenland 13% of the population aged 19-59/64 have no qualifications.

### 6.2 Qualifications and High Level Occupations

Skills are vital to economic performance, but difficult to measure - we rely on proxy measures for skills levels in the workforce such as qualifications attainment. Conventionally, an area's skills base is assessed by analysing how the workforce is qualified at different levels of the National Qualifications Framework (NQF), and by occupations of people in employment, sometimes in specific industry sectors if the information is available.

### 6.3 Qualifications

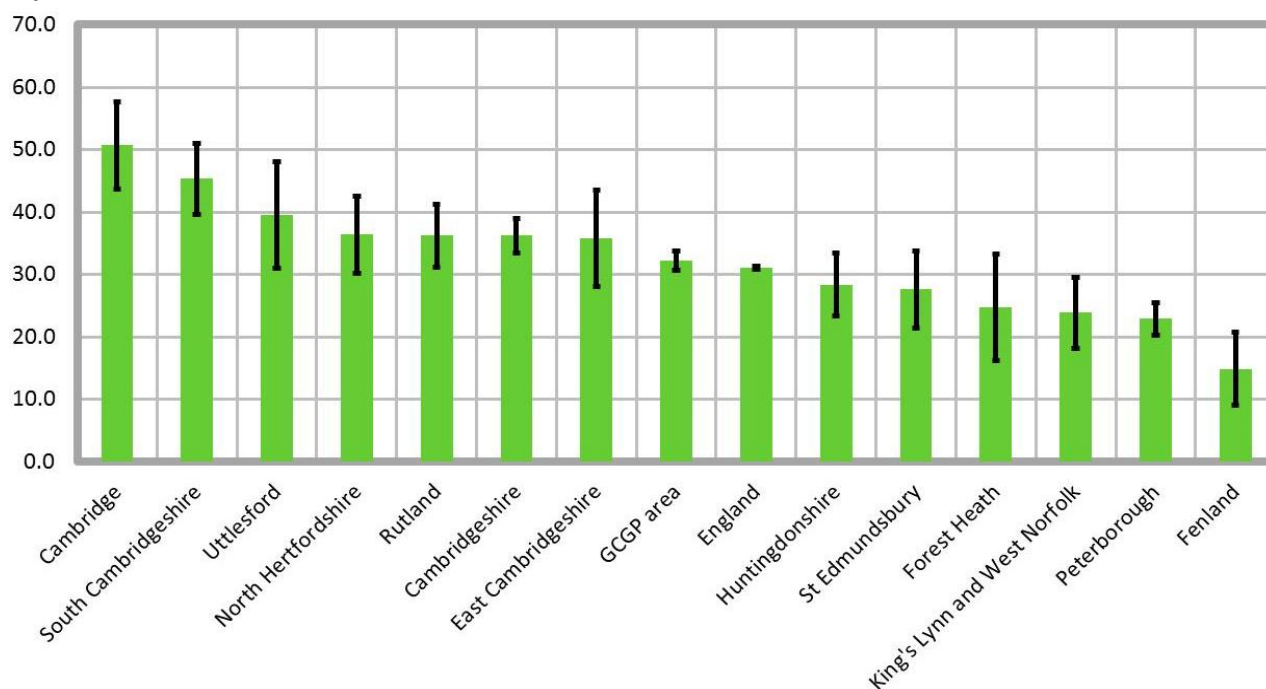
Level 4 in the NQF equates to Degree-level or equivalent, and the share of the workforce qualified to Level 4 or above (L4+) is a key indicator. Evidence on L4+ attainment in 2010 shows that the GCGP area is not significantly different from England: 32.2 per cent versus 31.1 per cent respectively. The GCGP area-wide figure masks very different local area profiles. The chart below sets the areas out in rank order.

### 6.4 Young people qualifying at Levels 2 and 3

The share of the area's young people who gain Level 2 qualifications by age 19 in GCGP area (proxied by the three upper tier authorities) is a little above the England average, and in the most recent data (2010/11), the share reaching Level 3 by 19 is 2.5 percentage points higher than England. Like adult qualifications and incomes, young people's achievement varies widely. In the local areas which make up the GCGP area, Peterborough has the highest share of the workforce not attaining Level 3 qualifications. Peterborough has narrowed the gap in Level 2 achievement over the past five years, but its slower improvement at Level 3 means the gap there has widened.



### Share of working age residents with highest level of qualification at or above degree-level or equivalent for GCGP local areas, 2010



Source: ONS Annual Population Survey, Jan-Dec 2010

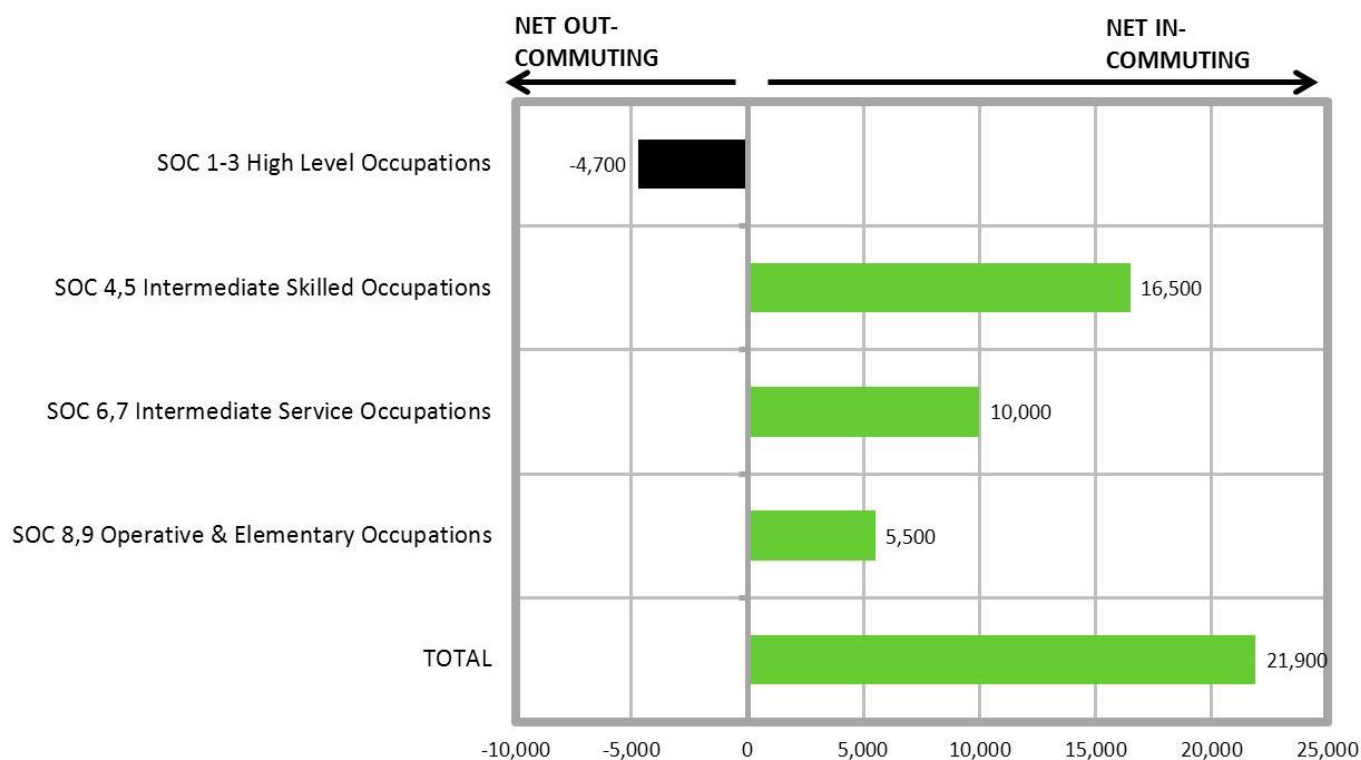
## 6.5 Occupations – the types of job undertaken

In terms of local differences within the GCGP area, the occupational profile varies markedly. Almost six out of ten Cambridge residents are in employment in high level occupations (58.3 per cent), compared to three out of ten in Kings Lynn & West Norfolk (30.4 per cent).

Travel into the main employment centres in GCGP area and commuting beyond its area means that occupations on a workplace basis (i.e. the jobs based within GCGP rather than the residents who may work in GCGP or elsewhere) differ from residents. Overall, there are some 21,000 more workplace jobs in the GCGP area than residents in employment. Intermediate Skills occupations are the largest occupational grouping in terms of 'importing' workers, while high level occupations are the sole 'export' grouping.



### Comparing workplace job types with in- and out-commuting patterns - 2011



Source: ONS Annual Population Survey and Workplace Analysis, Jul 2010-Jun 2011

### 6.6 A long-term view of occupational change and the importance of replacement demand

High level occupations are seen as a key driver of economic growth, going hand-in-hand with the increased knowledge-intensity of our economies. But other sources of change, as well as growth, give rise to demand for a whole range of different occupations, including particularly those that are not affected by globalisation, such as care and personal service occupations.

There has been an hour-glass pattern to occupational change, with most of the job creation at the top and bottom of occupational classification. However, all occupational groups provide job openings because the vast majority of employment opportunities come not from new jobs but from existing jobs becoming vacant (known as replacement demand).

## 7. EMPLOYERS, ENTERPRISE AND EMPLOYMENT

### 7.1 Summary

- The number of enterprises (local units – which measures individual enterprises and branches) peaked in 2008, at 63,695
- 52 per cent of local units are rural
- Over 70 per cent of local units are microbusinesses: in the 0-4 employee sizeband
- The GCGP area's rate of growth in the number of enterprises outperforms the England average
- The annual average growth rate needed to reach 100,000 businesses by 2025 has only been achieved once in the past decade
- There were over 4,900 business births in 2010, with business survival rates consistently stronger than the England average
- Employment fell over 2009 and 2010, but the rate of change was 0.8 per cent below the average for England
- Employee job losses were partially offset by an increase in business proprietors
- Health, education, manufacturing and retail are the largest employment sectors
- The GCGP area is in the top 10 LEP areas of the share of total employment in the knowledge economy and high and medium tech manufacturing activities.
- The GCGP area's industrial structure is such that it has a greater export potential (share of employment in sectors with above average exports per employee) than the average for England
- The Greater Cambridge area has a European Commission Award for Excellence in Innovative Regions and is the largest UK cluster of scientific R&D industry employment outside London

### 7.2 The enterprise base

The GCGP area had 61,500 local units (local units are individual sites, for example a factory, office or shop, and may or may not be part of a larger group) in March 2011. 12 48 per cent of local units are Urban and 52 per cent are Rural.

Seven in ten of GCGP area's local units are in the 0-4 people employment size band (70.8 per cent). Only 8.5 per cent employ 20 or more people. 35 per cent of those employing 20+ are in rural areas, 65 per cent in urban areas. Average employment per local unit was 10 people (2010, latest), up from the 9.7 of the last five years.

The high share of Agricultural local units is the outstanding difference of GCGP area's enterprise base (local units) compared to England.<sup>13</sup>

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<sup>12</sup> Statistics about local business have two measures: enterprises and local units. Enterprises are the smallest combination of legal units (usually based on VAT and/or PAYE records) that has some autonomy, and may or may not be part of a larger group. Local units are individual sites, for example a factory, office or shop, and may or may not be part of a larger group. Turnover and employment of enterprises is counted where the enterprise is based, and may include activities carried out outside the area. Employment of local units is therefore a better measure of local employment. Turnover figures, however, are only available for enterprises.

<sup>13</sup> Location Quotient (LQ): where Industry Group's share of local units is the same in GCGP as for England, the LQ is 1.0. An LQ greater than 1.0 shows that GCGP has a greater share of its local units in that industry than England.

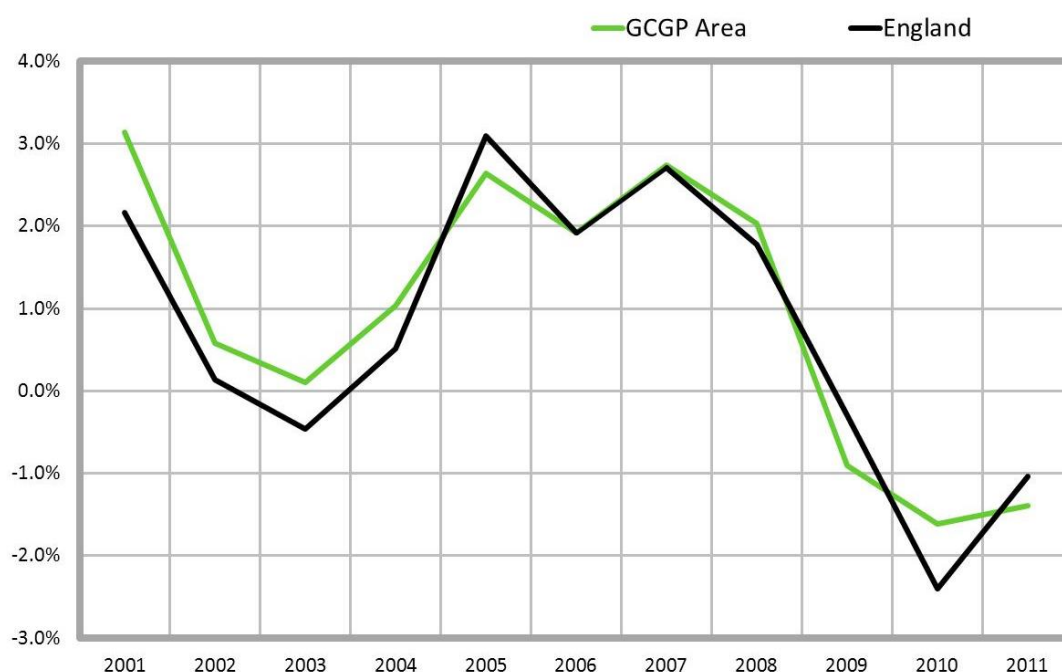
### 7.3 Change in number of enterprises since 2001

Over the ten year period to 2011, the GCGP area out-performed England for growth in its total population of enterprises, with total growth of 7.2 per cent compared to 5.9 per cent.

### 7.4 Entrepreneurship

New enterprise formation is a key contributor to growth, and an EU study<sup>14</sup> concluded that while SMEs account for 65 per cent of employment, their share in job creation in the decade to 2010 was 85 per cent. Newly formed enterprises are particularly important to job creation, and survival rates meant that, despite loss through young business deaths, in the past decade, approximately 85 per cent of jobs created were sustained after five years.

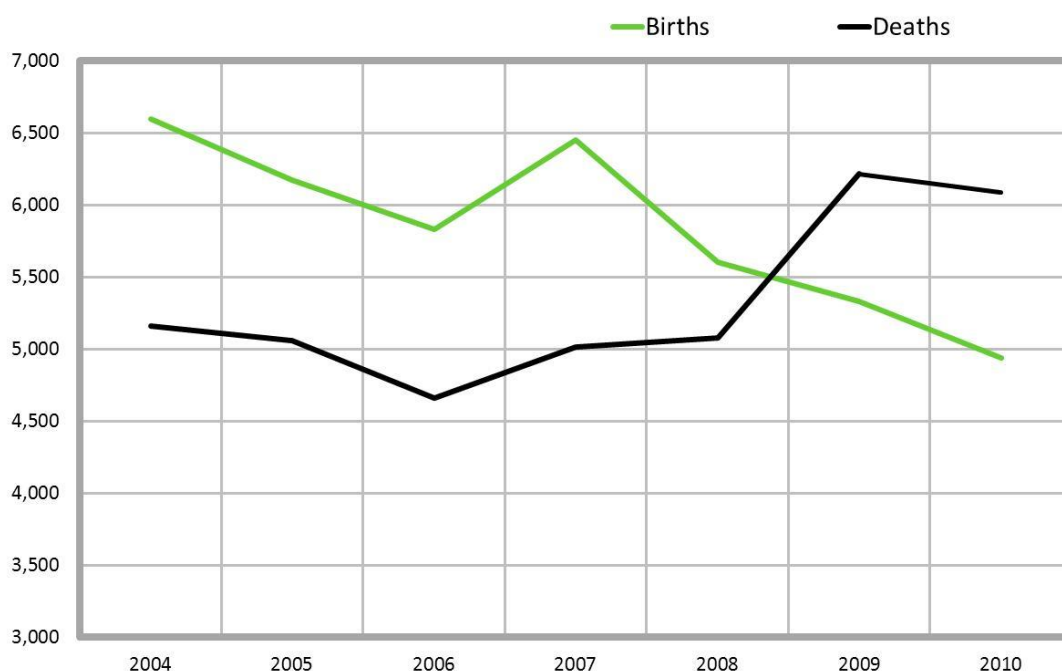
#### Percentage change in number of enterprises (local units) in GCGP Area and England 2001-2011



Source: IDBR and Neighbourhood Statistics. (Reference date March)

<sup>14</sup> Study on the SMEs' impact on the labour market, Jan 2012 [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index\\_en.htm#h2-1](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm#h2-1)

## Business births and deaths in the GCGP Area 2004-2010



Source: Business Demography 2010

Local areas within GCGP have different levels of entrepreneurship. The recession has also impacted them differently: Fenland, King's Lynn & West Norfolk (KLWN) and Forest Heath all suffered net loss in the enterprise base from 2008, ahead of the other areas. Cumulative net loss, from when net change first turned negative until 2010, was over 300 enterprises in KLWN, 260 in St Edmundsbury, 230 in Fenland, 225 in Peterborough. In 2010, areas most affected, measured by net loss as per cent of stock, were Rutland (-4 per cent), KLWN (-3.8 per cent) and St Edmundsbury (-3.0 per cent).

### 7.5 Enterprise Survival

Survival rates for businesses are reducing. The UK five-year survival rate was 46.8 per cent for 2004 births, but has fallen to 44.4 per cent for 2005 births. GCGP area's consistently stronger rates may reflect stronger entrepreneurial capabilities, or better support, or may simply be due to the mix of businesses that set up locally. Five-year UK survival rates are notably high for businesses in health (58.3 per cent) and education (55.5 per cent), whereas the hotels & catering sector sees only 33.6 per cent of businesses surviving for five years.

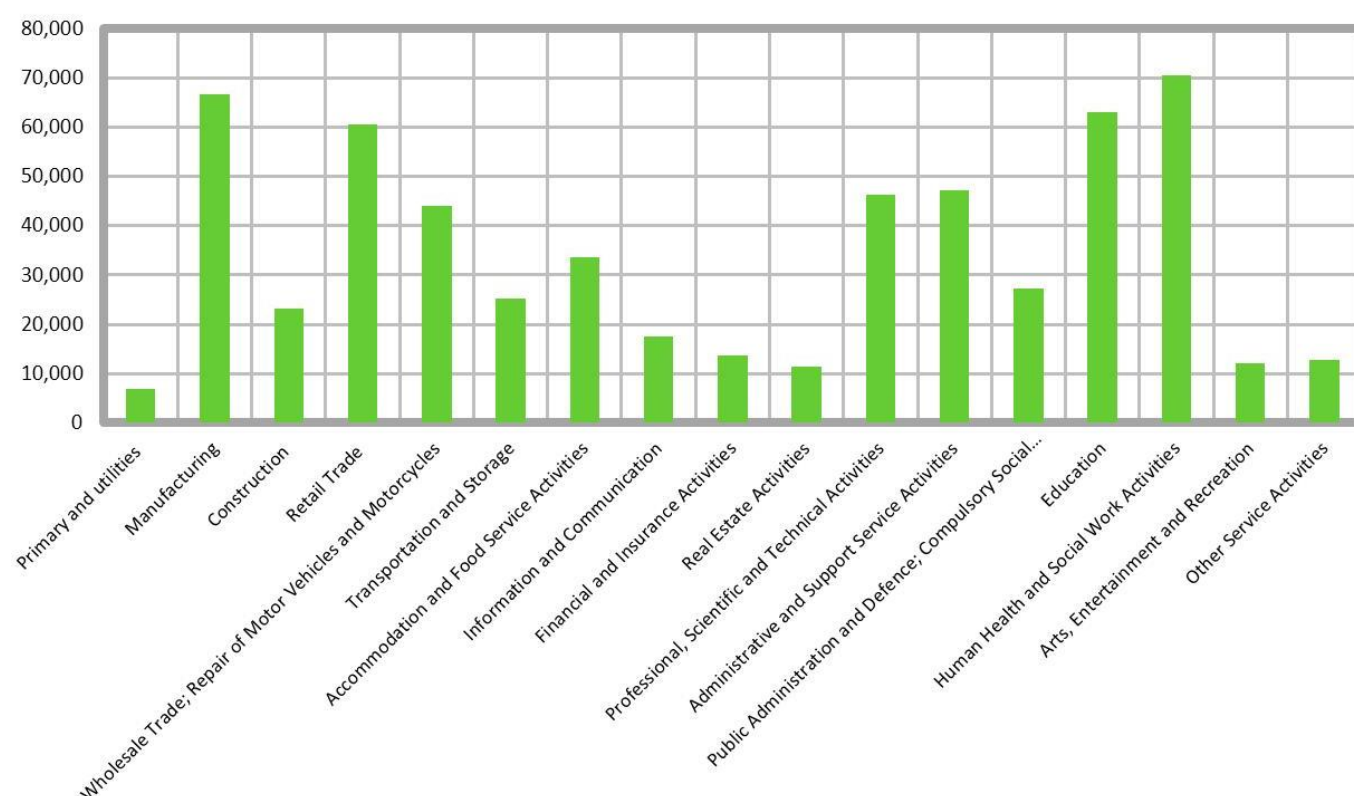
### 7.6 Self-employment

The rate of working-age self-employment in GCGP area is 9.4 per cent, in line with the England average of 9.3 per cent, and in the top half of LEP areas. Within GCGP area, working-age self-employment varies from 17 per cent (Uttlesford) to about 6½ per cent (Peterborough and Cambridge). Lower reported rates for Fenland and Forest Heath are not reliable because of the small samples. The number of self-employed people in GCGP area is 78,900. Using metrics from national BPE that could add a further 51,700 to the zero-employee business population.

### 7.7 Employees by industry

The GCGP area's industrial composition, in terms of (non-farm) employees, is shown in the Figure 5.8 below. Human health and social work, Education, Retail and Manufacturing each employ more than 10 per cent of employees.

## Employees by industry/industry group in GCGP Area, 2010



Source: ONS BRES 2010, based on Standard Industry Classification 2007 (SIC2007); excludes agriculture

## 7.8 Export Intensity and Foreign Ownership

*LEP Network (2012) Creating Successful Local Economies: Review of Local Enterprise Partnership area economies in 2012* sets out the importance for economic growth of internationalism and export since these offer major areas of opportunity because of population growth, the growth of consumerism, and business investment to meet that. As indicators of LEP areas' position for international opportunity the report uses share of the area's employment in industries that are export-intensive; and the share in the local economy that pertains to foreign-owned businesses.

The export indicator is about potential rather than actual exporting, because there is no sub-regional data for actual exporting activity. Export-intensive industries are those where exports per employee are higher than the all-industry England average. GCGP area in 2010 had 18.3 per cent of its employment in such sectors, 10.5 in export-intensive production, including food & beverages, and computer, electronic and optical products and electrical products, and 7.8 in services classed as export intensive, including professional, scientific and technical services (PST). The England benchmark was 17.4 per cent, 7.9 in production and 9.4 in services.

Country of ownership of enterprises is not always known. In the GCGP area, enterprises where country of ownership is unknown account for 90 per cent of the business stock and 54 per cent of employment, though only 33 per cent of turnover. Foreign ownership statistics therefore indicate minimum rather than absolute figures. As at March 2010, enterprises known to be foreign-owned in the GCGP area number over 635, employing over 72,400 (more than one in every eight jobs) and accounting for one quarter of enterprise turnover.<sup>15</sup> Local units known to be foreign owned number 2085, and employ over 78,000. Turnover is not reported for local units.

<sup>15</sup> Activity of an enterprise is allocated to the registered office location, which may be different from the head office and operating units.

## 8. EU, UK AND LOCAL CONTEXT FOR PRIORITISING INVESTMENT OF ESI FUNDS 2014-20

### 8.1 Strengthening research, technological development and innovation

#### 8.1.1 Europe 2020 and UK Government Priorities

Clear and specific performance measures were set out in the UK Government's Innovation and Research Strategy for Growth. Our ambition is to improve the framework conditions for research and innovation to facilitate greater private sector investment over the period. We are basing our proposals for use of the ESIF on that strategy and the more detailed proposals for proposed actions also take into full account the Government's Industrial Strategy and the proposals in Innovation in Health and Wellbeing.

Meanwhile, the Europe 2020 ambition is to improve the conditions for research and development, in particular with the aim of raising combined public and private investment levels in innovation in the EU to 3 per cent of GDP. The European Commission will expect the use of ESIF for innovation in England to align with this policy.

#### 8.1.2 UK Policy Context

##### *Innovation and Research Strategy for Growth*

The UK Government's Innovation and Research Strategy for Growth was published in December 2011. It is supported by an authoritative economics paper. It provides a robust and detailed evidence for national innovation and research priorities and how European Structural and Investment Funds and other EU funds could support research, development and innovation.

The national strategy notes that the UK has the potential to be a world leader in innovation. The strength of UK universities and the wider knowledge base is seen as a strong national asset. Our knowledge base is the most productive in the G8, with a depth and breadth of expertise across over 400 areas of distinctive research strength. Our Higher Education Institutions generate over £3 billion in external income each year. The strategy confirmed that it is committed to invest in maintaining and strengthening the research base, and to continue to fund a balance of blue skies and applied research projects.

The Innovation and Research Strategy for Growth also recognises that the challenges we face in innovation are as big as those elsewhere. Some of these are long-standing, such as ensuring we make the most of the UK's inventions and discoveries. It notes that other countries are spending more on research and working to develop clusters of knowledge and innovation hotspots. It recognises that the costs of cutting-edge research and the latest high-tech processes are greater than ever before, and are often too large for any one company. It notes that we need to do more to support the development of technician-level skills and higher level skills.

Importantly, the national strategy emphasises that we must strengthen our ability to accelerate the commercialisation of emerging technologies, and to capture the value chains linked to these. The private sector will always be central to innovation but government and its agencies can play a key role in ensuring entrepreneurs, financiers and innovators have the best possible environment in which to operate through improving the interface between Higher Education Institutions (HEIs) and business, and delivering a better environment for the commercialisation of research.

The national strategy recognises that competition is important in driving the quality of research and business innovation. However, it stresses also that there is overwhelming evidence to show that multi-partner collaborations can add more than the sum of their parts.

##### *The Industrial Strategy*

The Government set out in September 2012 its approach towards a new industrial strategy. Technologies and the broader research which underpins their development is a fundamental part the approach of government to the industrial strategy. The Government is working in partnership with business to develop 10 sector strategies. The update to the Life Science strategy was published in December 2012 and new strategies for the sectors of

Aerospace, Nuclear, Oil and Gas, Information Economy, Construction, Automotive and Professional Business Services have also been published. Sector strategies are also due to be published for Offshore Wind, Agri-tech and Education.

The Government has set out the 'eight great technologies' that are key to the Industrial Strategy and growth, with real potential for economic and societal benefits, in which the UK can gain a competitive advantage. They are:

- Data Revolution and energy-efficient computing
- Synthetic Biology
- Regenerative Medicine
- Agri-Science
- Energy storage and the stockpiling of electricity
- Advanced materials and nano-technology
- Robotics and autonomous systems
- Satellites and commercial applications of space technology
- Innovation in Health and Wellbeing

The report *Innovation, Health and Wealth*, published by the NHS Chief Executive in December 2011, outlined the contribution the service can make to innovation in the reformed NHS. Part of the Prime Minister's UK strategy for Health Innovation and Life Sciences, it focuses on the NHS as a major investor and wealth creator in the UK, whose success in adopting innovation enables industries to invest in developing the technology and other products the NHS needs for its development.

The aim of *Innovation, Health and Wealth* is to support the NHS in achieving systemic change in the way it operates; in pursuing innovations that add value for the service but not cost and in enabling the consistent and widespread adoption and diffusion across the NHS. This involves both the supply of, but also critically the demand for, new and existing ideas, services and products. Central to this agenda is the relationship between the NHS, academia and industry. *Innovation, Health and Wealth* outlined several actions necessary to position industry as a strategic service partner to the NHS, rather than a transactional supplier of goods and services.

### **8.1.3 ERDF Operational Programme for England 2014-20**

This Thematic Objective has been developed to form ERDF Priority Axis 1: Promoting Research and Innovation in the ERDF Operational Programme.<sup>16</sup>

The Investment Priorities within this Priority Axis are:

- 1a enhancing research and innovation infrastructure and capacities to develop research and innovation excellence, and promoting centres of competence, in particular those of European interest
- 1b promoting business investment in research and innovation by:
  - developing links and synergies between enterprises, research and development centres and the Higher Education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation
  - supporting technological and applied research, pilot lines, early product validation actions, advance manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies.

The Specific Objectives applicable to this Priority Axis are set out in the ERDF Operational Programme. Output and Results targets for the GCGP area are in Section 9.1 of this Strategy.

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<sup>16</sup> See Page 42 of the ERDF Operational Programme



#### 8.1.4 Innovation, knowledge and technology in the GCGP area

Innovation, technology, research and knowledge-based industries are an immense strength of our area, underpinning the reputation and record of Cambridge as a global centre of excellence, based on the world-renowned University and multiple spin-outs across a range of innovation, technology and knowledge-based sectors. However, it would be wrong to assume that all our innovation is focused on Cambridge, as it is also a strength of our agri-tech sector, equine sciences, advanced manufacturing, and environmental services sector, which are spread more widely across the GCGP area. It is important that we can take these strengths and translate them into sustainable economic growth with the GCGP area, nationally and within the EU. NESTA's 2009 Innovation Index report estimates that two-thirds of UK private-sector productivity growth between 2000 and 2007 was as a result of innovation.

The GCGP area is rightly recognised as a global centre of innovation, knowledge and technology: the Cambridge Phenomenon is widely explored as a model of technology diffusion and stimulus to growth. The East of England Technopole report<sup>17</sup> states that Cambridge is one of the top four regions in Europe in terms of total institutional investment into innovative start-ups, and is number one in Europe in terms of investment per capita. The Cambridge Technopole is one of a handful of regions in Europe to be consistently ranked by the European Commission as 'excellent for its support of innovative start-ups', having the Award of Excellence for Innovative Regions.

In terms of Smart Specialisation the dominance of the University of Cambridge across the majority of all academic disciplines provides a rich source of innovation against the key technological drivers of growth identified in Europe 2020 (reflected in the amount of EU funding also received under the Framework Programme for Research (FP7). GCGP drives forward many sectors (and of course is continually inventing new growth sectors of the future). Examples of strengths in emerging technologies include: Stem Cells; Mobile Communications; Advanced manufacturing; CleanTech; Internet of Things; Agri-tech; Synthetic Biology; Education; Semi-conductors; and Behavioural Change (including Gaming).

GCGP area has the highest density of employees in the scientific research and development industry, at 2 per cent of all employees in 2010. It has the highest absolute level of employees in the scientific R&D industry of any LEP area apart from London, and accounts for 10.6 per cent of the England total. People working in high level (professional and associate professional) occupations in scientific research, engineering and technology are more widely spread than the R&D industry. GCGP remains in the top five LEP areas by share of the England total (thus absolute numbers), despite its relatively small size. GCGP area had 43 patents per 100,000 residents in 2007, the highest of all LEP areas and over four times higher than the national (England) average.

Anglia Ruskin University and our Further Education colleges complement this offer particularly by providing vocational education to support companies spinning out innovation.

##### **GCGP Allocation to this Thematic Objective**

GCGP is allocating 40% of the ERDF notional allocation to strengthening research, technological development and innovation. This equates to an allocation of approximately £12.93m of ERDF, with a total spend of £25.86m based on an ERDF intervention rate of 50%. In addition, we are allocating 40% of the EAFRD allocation to this Thematic Objective. This equates to approximately £3m EAFRD.

#### 8.1.5 Investment sub-theme - Building collaborative research between enterprises, research institutions and public institutions

| Specific Local Objectives | Strategic Interventions |
|---------------------------|-------------------------|
|---------------------------|-------------------------|

<sup>17</sup> East of England Technopole Report, St John's Innovation Centre, August 2009  
<http://insighteast.org.uk/viewResource.aspx?id=17719>



|   |                              |
|---|------------------------------|
| Graduate start-up schemes and support for other Higher Education Institution spin-outs delivering innovation, including social enterprises  | Accelerating Business Growth |
| Supporting the ongoing identification and development of new opportunities to exploit innovation as markets continue to develop over the course of the programme period   |                              |
| Intermediate, technical and higher level workforce and management skills in support of the priorities for this thematic objective   |                              |
| Provide additional support, advice and funding to businesses and entrepreneurs to support the creation and development of SMEs and Micro Businesses including the uptake of new/ improved business processes and technology |                              |
| Development of industry specific business skills  |                              |

#### 8.1.6 Investment sub-theme - Supporting businesses, including social enterprises, to commercialise R&D

| Specific Local Objectives  | Strategic Interventions      |
|--|------------------------------|
| Stimulating the demand for new (or improved) services, processes and products  | Accelerating Business Growth |
| Business-led and public procurement programmes designed to drive innovation, and increasing business demand for, and absorption of Research and Development                              |                              |
| Limited support to facilitate the involvement of SMEs in networks of innovative firms, where these networks are an integral complementary action to support other ESIF funded activities |                              |
| Intermediate, technical and higher level workforce and management skills in support of the priorities for this thematic objective  |                              |

#### 8.1.7 Investment in strengthening research, technological development and innovation in EAFRD eligible areas

| Specific Local Objectives   | Strategic Interventions      |
|---|------------------------------|
| Provide additional support, advice and funding to businesses and entrepreneurs looking to expand research, implement technological development and innovation to support the creation and development of SMEs and Micro Businesses, including the uptake of new/ improved business processes and technology | Accelerating Business Growth |

#### 8.1.8 Physical infrastructure

| Specific Local Objectives   | Strategic Interventions                    |
|---|--|
| Incubation space and other equipment (e.g. demonstration and user-test facility space, and open access to equipment/ technical facilities) which leads directly to the delivery of other proposed activities in this Thematic Objective | Facilitating Provision of Commercial Space |

#### 8.1.9 Indicative local area activities

As part of a smart specialisation approach to innovation, based on our area track record, we would aim to deliver activities across the range of permissible priorities under this thematic objective which compliment both EU and national priorities:

- building collaborative research between enterprises, research institutions and public institutions
- supporting Small and Medium Sized Enterprises including social enterprises to commercialise Research and Development
- physical infrastructure

A key issue to consider in planning the outputs and results of innovation projects is the GCGP area's position as a major exporter of virtual 'goods and services,' based on world class and game changing intellectual property, on which profits are taxed in the UK. Many companies in our area are selling and exporting education and ideas which cannot necessarily be described in output terms as 'products.'

The following potential project activities have been proposed as part of this approach:

- Creating high quality innovation support for business based on expertise among medical technology clusters, e.g. medical technology incubator to identify potential commercial opportunities from innovation and provide assistance with commercialisation.
- Creating sustainable prosperity through high value manufacturing. Support for the accelerated development and growth of high value manufacturing and advanced technology / product-focussed early stage ventures and established SMEs.
- Support service available to commercial companies to provide specialist support on evidencing value within the NHS structure; health economics and potential routes to market; and procurement guidance on selling into the NHS.
- Creation of a rapid prototyping and precision engineering centre providing professional and technical services and support to the manufacturing and engineering sectors including electronics, composite materials, environment and green technologies, and food technologies.
- Creation of hubs to utilise capital and intellectual assets of colleges (across energy, pharmacy, chemicals, engineering and digital technologies) in supporting innovation and product development in SMEs.
- Innovation centres providing space to develop new products, support SMEs and entrepreneurship chains and promote collaborative R&D between academia and business.
- Use of new and existing innovation facilities to develop skills from high-tech biotech to down-to-earth technical and support skills; and to encourage entrepreneurship.
- Prototyping and innovation linking HEIs and FE colleges with businesses in the energy, pharmacy, chemical engineering and digital fields; and linking research to industry requirements needs.
- ESF to support development of intermediate, technical and higher level workforce and management skills in support of the priorities identified under this thematic objective.

## **8.2 Enhancing access to, and use and quality of, information and communication technologies**

### **8.2.1 Europe 2020 and UK Government Priorities**

EU goals have been set as part of the Digital Agenda for Europe agenda, part of the European Strategy for Growth. This aims to create a single digital market based on fast/ ultrafast internet and interoperable applications. Within this context EU ambitions are:

- by 2013: broadband access for all
- by 2020: access for all to much higher internet speeds (30 Mbps or above)
- by 2020: 50% or more of European households with internet connections above 100 Mbps

The UK Government is committed to delivering the best superfast broadband network in Europe by 2015. This means providing universal access to broadband (of at least 2 Mbps) in the UK, with at least 90 per cent of premises covered by superfast broadband networks by 2015. It also has an objective of having the best superfast broadband in Europe by 2015 (measured using metrics regarding speed, coverage and take-up, choice and price).

The Information Economy Strategy sets out the critical role for the software, IT services and telecommunications services sectors to play in bringing growth opportunities to fruition.

### **8.2.2 UK Policy Context**

#### ***Information Economy Strategy***

The Government's recently published Information Economy Strategy sets out a plan for government and industry to continue to work together to promote the success of the UK information economy sector.

The strategy sets out how the information economy businesses, and the digital technologies they provide, have the potential to impact and transform companies and organisations across the whole economy. The benefits from digital technologies come from their adoption by all companies and organisations, particularly those where adoption of technology and best practice has been weakest to date. The ambition set out in the strategy is that all organisations, especially SMEs, can be confident and successful consumers of digital technologies – able to trade online, seize new technological opportunities, and increase their revenues in both domestic and international markets.

#### ***Broadband***

Broadband Delivery UK (BDUK) in DCMS is currently responsible for delivery of the Government's broadband programmes. There are four programmes in the broadband portfolio:

- The Rural Broadband Delivery Programme, which currently has £530m of funding and aims to ensure coverage of superfast broadband (>24 Mbps) to 90% of the UK and universal availability of standard broadband (2 Mbps)
- The Urban Broadband Fund, which has £150m of funding and will support the development of super-connected cities with very high speed broadband and widespread mobile connectivity
- The Mobile Infrastructure Project, which has £150m of funding and aims to provide voice and basic data coverage in current mobile not-spots (note: this programme does not have broadband coverage as an explicit objective)
- The Rural Community Broadband Fund, jointly funded by Defra and BDUK, is aimed at the 10% hardest-to-reach areas which risk only receiving standard 2Mbps broadband.

These programmes are scheduled to complete delivery by 2015 (with the exception of the rural programme which is due to be completed by 2016). They add to commercial delivery of superfast broadband, which is expected to see coverage of two-thirds of the country by the middle of 2014. In addition, the forthcoming 4G mobile spectrum auction is targeted at providing 4G coverage to 98% of premises in the UK and at least 95% in each of the nations.

### 8.2.3 ERDF Operational Programme for England 2014-20

This Thematic Objective has been developed to form ERDF Priority Axis 2: Enhancing Access to, and use and Quality Of, ICT in the ERDF Operational Programme.<sup>18</sup>

The Investment Priorities within this Priority Axis are:

- 2a Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy
- 2b: Developing ICT products and services, e-commerce, and enhancing demand for ICT

The Specific Objectives applicable to this Priority Axis are set out in the ERDF Operational Programme. Output and Results targets for the GCGP area are in Section 9.1 of this Strategy.

### 8.2.4 Mobile and fixed broadband access and connectivity in the GCGP area

Internet access is as important as water and electricity to businesses and much of the population. The UK's ambition is to have the best superfast broadband network and connected society in Europe by 2015. Take-up and the effective use of broadband can help firms develop and adopt more productive and efficient ways of working by making it quicker, cheaper and easier for businesses to communicate and exchange information with their suppliers and customers. It can also help encourage greater innovation activity, helping to spread new ideas and knowledge more quickly and widely, bringing about the transformation of business models and organisational structures as well as greater collaboration between firms and academia through virtual networks and new ways of working (e.g. tele-working, cloud computing). It is a source of economic growth through development of components and software needed to support this revolution, and development of new applications, such as services and content.

The use of ICT and broadband has also demonstrated the potential to enable small businesses to access new markets through e-commerce. Many business uses of the internet that require faster and more symmetric upload and download speeds may be supported by superfast broadband. For example, two-way video conferencing may encourage more employees and employers to make greater use of tele-working.

Superfast broadband can also help improve the quality and delivery of public services to people in more rural and remote areas can also play an important role in improving the quality and delivery of healthcare services.

The market in the UK is making great strides in delivering superfast broadband services, with Virgin Media and BT rapidly deploying networks. In general, the more densely populated an area, the better the business case. In rural areas the cost of deployment rises and the cost of deploying superfast broadband to the last 10 per cent of households is up to 3 times higher than the first two-thirds of the population. Smaller communications providers are finding innovative ways of delivering superfast broadband in areas where it is economically challenging to do so. Community broadband schemes are also playing a vital role in the deployment of superfast broadband. Broadband Delivery UK is supporting projects where public investment is needed to help achieve the commitment to give everyone access by 2015, in conjunction with Defra in rural areas for the "last 10 per cent" referred to above.

The picture of broadband access is moving very fast. In August 2011, OFCOM published its broadband maps showing the take-up, speeds, share not receiving the target universal 2Mbit/s, and availability of superfast broadband. OFCOM's figures which relate to fixed broadband only, showed that at upper tier level, Peterborough had 76 per cent superfast broadband capability, Cambridgeshire 53 per cent, and Rutland none. Rutland was also disadvantaged on the other measures. At district level, Rutland had the highest share not receiving 2Mbit/s, at over 22 per cent. However, other districts also in the 20 per cent of UK local authorities on that measure were King's Lynn & West Norfolk, South Cambridgeshire and Huntingdonshire. Those in the 20 per cent with the best score on that measure were Cambridge and Fenland, followed by North Hertfordshire.

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<sup>18</sup> See Page 63 of the ERDF Operational Programme

### ***Example: Connecting Cambridgeshire***

Local authorities are leading projects to fill the gaps where exchanges are not already on the commercial schedule for enabling for superfast broadband: Rutland County Council awarded a contract for superfast broadband in March 2012 and the Connecting Cambridgeshire contract was awarded in March 2013. Similar programmes are underway in Northamptonshire, Lincolnshire, Hertfordshire, Essex, Norfolk and Suffolk. There is close collaboration between all of these counties' superfast broadband projects and also across LEP boundaries – because telecommunications networks do not operate on a contiguous basis with administrative boundaries.

Future economic prosperity as well as our overall quality of life will be ever more dependent on our ability to exploit the opportunities presented by the digital world.

Digital technologies, services and applications contribute to economic strength, our society's well-being and effective democracy. Ubiquity, reliability and speed of connections, skills and capability are all essential attributes of a digital society. Connecting Cambridgeshire is a co-ordinated and comprehensive approach to ensuring that the county is positioned for businesses, residents and public services to take full advantage of the opportunities offered by the digital age. It will help us build the solid infrastructure, skills and competitive base essential for our digital future.

Connecting Cambridgeshire will deliver access to improved broadband connectivity to areas to the one-third of premises in Cambridgeshire and Peterborough where it is acknowledged that the market is unlikely to deliver superfast broadband before 2015.

The benefits of this improved connectivity will:

- Support and maintain Cambridgeshire's position as one of the most resilient economies in the UK
- Reduce levels of inequality, social isolation and digital exclusion and improve health and well-being
- Accelerate the rate at which citizens participate on line and transform public service, with digital delivery achieving savings over offline alternatives

### ***Economic resilience and strength***

Small and Medium-Sized Enterprises (SMEs) drive economic growth. It has been estimated that digital technologies can enable UK SMEs to unlock as much as £18.8 billion in incremental revenue. Our focus is on supporting businesses across the area to:

- Recognise the potential of digital developments and the opportunities it offers them
- Develop new products, applications, services and digital content
- Transform business models and structures supported by digital technology
- Help to spread new ideas and knowledge quickly and widely

Improved digital infrastructure will also contribute to supporting the growth, sustainability and global competitiveness of high value economic activity in sectors such as:

- ICT
- Healthcare and life sciences
- Creative industries
- Low carbon and environmental goods and services and agri-tech
- High value engineering and manufacturing.

### ***Supporting social inclusion***

Digital and social exclusion are now widely accepted as being synonymous. Lifetime earnings, educational attainment, health and well-being, community vitality and viability are all impacted for those who remain off-line. In common with the rest of the United Kingdom, the Cambridgeshire population experiences digital exclusion due to rurality, deprivation, literacy, age and disability.

Whilst dominated by the two major settlements of Cambridge and Peterborough, there are many small settlements/hamlets across the LEP area. Overall, the Cambridgeshire is one of the more sparsely populated areas in the country with an overall population density of 2.31 people per hectare, well below the national average of 3.97. This predominantly rural nature presents risks to communities, and in many cases rurality is the defining factor in digital and social exclusion. For example, in South Cambridgeshire, there is no settlement with a population over 8,000.

About 16% of the population in the East of England was not online in 2011. There is a two-fold approach to increasing digital inclusion in Cambridgeshire:

A countywide approach to digital inclusion addressing:

- limited motivation to 'go online', which reflects a lack of a perceived opportunity or need
- a lack of the requisite skills and support, particularly where the absence of other users in the household can make this barrier particularly significant
- low literacy levels
- households with children of school age
- unemployed adults of working age
- adults aged 65 or over
- people with a disability

A place-based approach to the communities identified as being most at risk of combined social and digital exclusion. An asset mapping approach will be used in these places to create strategies which encourage greater levels of digital inclusion and more resilient communities to emerge.

### ***Improving health and well-being***

Greater access to timely and convenient health information has the potential to increase society's health literacy and health awareness. This, in turn, may lead to more informed decision making about whether and, if so, how and when to access health services as well as promoting greater involvement in health and prevention initiatives. Health is an information intensive sector and studies suggest that over 40% of internet users search online for health information. Digital capabilities:

- Improve health education
- Connect elderly and isolated to their communities more effectively
- Help people back into work
- Build social capital
- Foster well-being
- Support better health and social services

Digital technology is also an essential component in future health and well-being for our aging population. Currently, these services are bandwidth constrained but as tele-health monitoring and digital care expands and becomes popular, the use of more bandwidth intensive applications will make it necessary to use broadband as the carrier for these applications and services.

### ***Facilitate the transformation of public services***

Typically, 70-80% of local public sector expenditure is in providing social care, health, education and other services that tackle social exclusion and therefore, increased digital inclusion can make a significant contribution to delivering affordable public services.

Transactional services now present the biggest opportunity to save people time, provide greater convenience and save the government money. Central government is improving the way it provides information by moving to a single website, GOV.UK, and creating digital options for many of its transactional services. This digitisation of

services is mirrored in local public services across the LEP territory with programmes of service transformation underway.

Cambridgeshire County Council's 'Digital by Design' strategy recognises the growing trend by residents to access service information through online resources. It also recognises that some people are offline and others, whilst online, have limited digital capability. Not everyone will be able to use digital communications, information and services independently, and the needs of people who remain offline should be considered in service design. The key to assisted digital is not to continuously offer services through all other channels but to pass on digital skills where possible to increase self-reliance and capability.

| <b>GCGP Allocation to this Thematic Objective</b>   |
|---|
| GCGP is allocating 10% of the ERDF notional allocation to enhancing access to, and use and quality of, information and communication technologies. This equates to an allocation of approximately £3.23m of ERDF, with a total spend of £6.46m based on an ERDF intervention rate of 50%. In addition, we are allocating 13.5% of the EAFRD allocation to this Thematic Objective. This equates to approximately £1m EAFRD. |

#### **8.2.5 Investment sub-theme: Extend the roll-out and take up of high-speed communications networks**

| <b>Specific Local Objectives</b>   | <b>Strategic Interventions</b>                   |
|--|--|
| Extend the roll-out of high-speed communications networks where the market is failing particularly where this is proving a barrier to SME growth | Maximising Digital Connectivity and Exploitation |
| Enhancing demand for high-speed communication networks   |  |
| Intermediate, technical and higher level workforce and management skills in support of the priorities for this thematic objective                |  |

#### **8.2.6 Investment sub theme: Support SMEs and social enterprises in their development of ICT products**

| <b>Potential Activities</b>  | <b>Fund</b>                                      |
|--|--|
| Support SMEs and social enterprises in their development of ICT products and services and improve their ability to exploit e-commerce opportunities  | Maximising Digital Connectivity and Exploitation |
| Support SMEs and social enterprises in their development of ICT products and services, particularly where this relates to the high growth areas cited in the Information Economy Industrial Strategy. Support SMEs and social enterprises in their development of ICT products and services, particularly where this relates to the high growth areas cited in the Information Economy Industrial Strategy |  |
| Intermediate, technical and higher level workforce and management skills in support of the priorities for this thematic objective  |  |

#### **8.2.7 Extend the roll-out and take up of high-speed communications networks Support SMEs and social enterprises in their development of ICT products in EAFRD eligible areas**

|  |  |
|--|--|
| Funding for Superfast Broadband in hard-to-reach locations | Maximising Digital Connectivity and Exploitation |
|--|--|

#### **8.2.8 Indicative local area activities**

This section outlines the outputs and results envisaged from potential interventions within this Thematic Objective and within the wider SEP Strategic Intervention Maximising Digital Connectivity and Exploitation.



## Connectivity and business growth

The key modelled routes to economic impact of broadband connectivity in the *UK Broadband Impact Study – Impact Report Nov 2013*<sup>19</sup> are:

- productivity growth of broadband-using enterprises
- safeguarding of local enterprise employment
- improved teleworker productivity
- increased labour force participation

There are also network construction impacts and public sector GVA impacts which are not included. This study examines impact between 2009 and 2024.

The *Superfast Cornwall Evaluation – Final Midterm Report, Nov 2013*<sup>20</sup> captured data to assess economic impact in terms of jobs created and safeguarded, GVA, turnover and profit. Findings indicate that that internet use is higher amongst premises connected to superfast broadband than non-connected premises and that businesses are using a wider range of internet functions or using functions more since connecting to superfast and there are indications that some are starting to adopt new processes and systems. The emerging economic evidence shows that these businesses are creating and safeguarding jobs.

## Productivity growth

An improvement in a firm's connectivity does not lead to an immediate step-change in productivity. It is estimated to take three years for the productivity shock associated with each year's increase in used speed to be fully realised. For this reason, not all benefits from projects implemented in 2014-2020 will be realised in the programme period. Broadly speaking, it is estimated that an increase of 100% in the used speed in a year will lead to a 0.3% uplift in productivity, over the following three year period. The productivity impacts of increased speeds will vary by sector: the largest share of benefit will be in the most ICT-intensive sectors (Information and communication; Financial and insurance activities; Real estate activities; Professional, scientific and technical activities; Administrative and support service activities) and for the 1 to 9 employment size band (which is the most dependent on this mass market broadband connectivity).

## Safeguarding local employment

There is consensus that the relative availability and quality of broadband has a significant impact on employment growth at a local level: areas with poor broadband lose out to areas with better connectivity. A persistent and widening digital divide would lead to jobs lost or foregone in areas with poor broadband (which might, for example, also have advantages in other respects, such as relatively low accommodation costs or labour costs). Publicly funded intervention, to reduce the digital divide, can therefore help safeguard local net employment. The safeguarding employment impact found to be relevant to the 1 to 9 employment size band.

## Improved teleworker productivity

There is the highest propensity to telework where people have the longest average commutes. About 48% of employed people are 'telework-eligible' varying by Standard Occupational Classification and estimates of the proportion of telework-eligible employees who do telework to some extent, rises from 40% in 2008 to 72% in 2024.

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<sup>19</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/257006/UK\\_Broadband\\_Impact\\_Study\\_-\\_Impact\\_Report\\_-\\_Nov\\_2013\\_-\\_Final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257006/UK_Broadband_Impact_Study_-_Impact_Report_-_Nov_2013_-_Final.pdf)

<sup>20</sup><http://www.superfastcornwall.org/assets/file/Superfast%20Cornwall%20Evaluation%20Midterm%20FINAL%20Report.pdf>

## Increased labour force participation

Improved home connectivity will help to expand the UK's labour capacity, through increased participation of carers and disabled people and the proportion of these who would be telework-eligible.

Bringing together the various sources of economic impact, the *UK Broadband Impact Study – Impact Report November 2013* estimates that the total net annual GVA impacts in UK rise to about £6.3 billion by 2024, the bulk of which comes from improvements in the productivity of broadband using firms. This is equivalent to an average uplift of 0.027 percentage points for the UK's real annual GVA growth over the modelling period.

## Environmental impact

The key modelled routes to economic impact of broadband connectivity in the *UK Broadband Impact Study – Impact Report Nov 2013*<sup>21</sup> are:

- teleworking
- business travel
- cloud computing

Allowing for rebound effects (in particular, teleworkers needing to heat their homes in the winter), the *UK Broadband Impact Study – Impact Report Nov 2013* estimates that faster broadband will account for about 1.6 million tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) savings per annum, by 2024. This is equivalent to about 0.3% of the UK's current greenhouse gas emissions. Of these CO<sub>2</sub>e savings, publicly funded intervention in faster broadband will account for approximately 0.4 million tonnes p.a. by 2024.

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<sup>21</sup>[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/257006/UK\\_Broadband\\_Impact\\_Study\\_-\\_Impact\\_Report\\_-\\_Nov\\_2013\\_-\\_Final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/257006/UK_Broadband_Impact_Study_-_Impact_Report_-_Nov_2013_-_Final.pdf)

## **8.3 Enhancing the Competitiveness of Small and Medium-sized Enterprises**

### **8.3.1 Europe 2020 and UK Government Priorities**

The 'Plan for Growth' aims to make the UK the best place in Europe to start, finance and grow a business. The Rural Statement set out the Government's ambition that rural business should make a sustainable contribution to national growth.

In 2011 the Government launched the National Export Challenge which aims to double UK exports to £1 trillion by 2020 and create 100,000 new exporters. SMEs account for approximately half the value of UK exports of goods. The parallel challenge is to double the stock of Foreign Direct Investment (FDI) by 2020, 40% of UK exports of manufactured goods come from UK based foreign owned companies.

This is in line with the wider Europe 2020 priorities to: update worker skills, take advantage of the digital society, support entrepreneurship, encourage exports and get access to finance to return to normal lending to the economy. In addition the European Council has recommended that the UK improves the availability of bank and non-bank financing to SMEs and explore with the market ways to improve access to nonbank financing such as venture and risk capital.

### **8.3.2 UK Policy Context**

The Government is seeking to grow a dynamic entrepreneurial nation where more people have the ambition, confidence, opportunity and skills to start and grow a business, driving social and economic growth.

Key objectives for Government are:

- Where Government investment is justified, focusing it on the smaller number of SMEs with greatest potential to contribute disproportionately to economic growth
- To build growth capability among SMEs more generally, focusing on the market failures that can hold SMEs back
- To foster a more entrepreneurial society in the UK, by reducing barriers to entrepreneurship and supporting entrepreneurs.

### **8.3.3 ERDF Operational Programme for England 2014-20**

This Thematic Objective has been developed to form ERDF Priority Axis 3: Enhancing the Competitiveness of SMEs in the ERDF Operational Programme.<sup>22</sup>

The GCGP area PA3 ERDF allocation will focus on the following Investment Priorities within this Priority Axis:

- 3a Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators
- 3c Supporting the creation and the extension of advanced capacities for products, services and development
- 3d Supporting the capacity of small and medium sized enterprises to grow in regional, national and international markets and to engage in innovation processes

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<sup>22</sup> See Page 80 of the ERDF Operational Programme

The Specific Objectives applicable to this Priority Axis are set out in the ERDF Operational Programme. Output and Results targets for the GCGP area are in Section 9.1 of this Strategy.

#### 8.3.4 SMEs in the GCGP area

There are 62,000<sup>23</sup> businesses across the GCGP geography.<sup>24</sup> Of these 52,000 are in the micro range (0-9 Employees) and 185 are non-SME (250 plus employees). The micro range businesses generate £7.5 billion<sup>25</sup> and the non-SMEs generate £4.2 billion, the remainder of £30 billion (£18.3 billion) being generated by SME businesses in the 10-250 range. 35 per cent of companies employing 20+ are in rural areas, 65 per cent in urban areas. Average employment per local unit was 10 people (2010, latest), up from the 9.7 of the previous five years. The high share of agricultural local units is the outstanding difference of GCGP area's enterprise base (local units) compared to England as a whole.

The largest single Divisional Letter<sup>26</sup> Sector (DLS) in the LEP area is, by GVA: Manufacturing generating £4.5 billion, and by employment, Wholesale and Retail employing 93,000 people.

The top five Divisional Number Sectors (DNS) in the LEP area are<sup>27</sup>, by GVA: (63) Information Service Activities, (41) Construction of Buildings, (64) Financial Service Activities, Except Insurance and Pension Funding, (43) Specialised Construction Activities and (72) Scientific Research and Development.

The top five DNS by employment are: (72) Scientific Research and Development (24,646), (43) Specialised Construction Activities (16,191), (41) Construction of Buildings (13,166), Financial Service Activities, Except Insurance and Pension Funding (12,172), Architectural & Engineering Activities, Technical Testing and Analysis (11,635). This highlights an imbalance in the GCGPEP economy between public sector (170,928 employees, £2.6 billion) and service activities<sup>28</sup> (175,458 employees, £6.3 billion).

Broken down further, the figures highlight the geographical differences, and similarities, between the two major cities (Cambridge and Peterborough) and the various districts. The top DNS by GVA in Cambridge is: (63) Information Service Activities (£582 million), followed by, (72) Scientific Research and Development (£577 million).

By employment the top DNS is: (72) Scientific Research and Development (21,145), followed by, (63) Information Service Activities (5754). In Peterborough the top DNS by GVA is: (64) Financial Service Activities, Except Insurance and Pension Funding (£499 million), followed by, (43) Specialised Construction Activities (£216 million).

By employment: (64) Financial Service Activities, Except Insurance and Pension Funding (3116), followed by, (43) Specialised Construction Activities (2901).

The top DNS by GVA in North Hertfordshire is: (41) Construction of Buildings (£230 million), followed by, (65) Insurance, Reinsurance and Pension Funding, Except Compulsory Social Security (£215 million). By employee numbers: (41) Construction of Buildings (2586), followed by, (63) Information Service Activities (1660).

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<sup>23</sup> Figures rounded

<sup>24</sup> All figures generated by Post Code Districts, therefore they will not match exactly with LA or ward level figures

<sup>25</sup> GVA PA

<sup>26</sup> UK SIC(2007) descriptions uses throughout

<sup>27</sup> Filtered by LEP objectives: Services excluded (Retail, hotels etc...), Public sector excluded where possible

<sup>28</sup> Including Wholesale & Retail

In King's Lynn and West Norfolk the top DNS by GVA is: (28) Manufacture of Machinery and Equipment N.E.C (£93 million) followed by (43) Specialised Construction Activities (£90 million). By employees: (43) Specialised Construction Activities (1381) followed by (28) Manufacture of Machinery and Equipment N.E.C (1318).

Therefore it is possible to say that Construction is generally an important sector throughout the LEP area, whilst some sectors can be very specific to localities. For instance: Scientific Research and Development is hugely important to Cambridge, whilst Financial Services carry a similar weight in Peterborough. Manufacture of Machinery is important to King's Lynn and West Norfolk but not so in North Hertfordshire.

Of course nearly all sectors are present in all areas and there will be aspirations based on common manufacturing techniques or shared skill sets for instance to grow sectors in certain area where they are not currently hugely important to that localities economy.

It can be surmised from the data that there is a huge potential for growth due to the large number of SMEs in sectors that are predicted to grow significantly, or are at the cutting edge of new technologies or products. Therefore projects that can help businesses to grow in specific known and aspiration sectors are important for growth. One area that is key to unlocking the potential of GCGP businesses is pragmatic research to identify those businesses with the potential for growth. This should be combined with a clear set of business development tools to encourage those businesses to interact with growth projects or programmes.

New enterprise formation is a key contributor to growth and, while SMEs account for 65 per cent of employment across the UK, their share in job creation in the decade to 2010 was 85 per cent. Newly formed enterprises are particularly important to job creation, and survival rates meant that, despite loss through young business deaths, in the past decade, approximately 85 per cent of jobs created were sustained after five years.

SMEs are the backbone of the economy. In King's Lynn and West Norfolk, for example, the SME sector accounts for over 85% of the borough's GDP but business creation and survival rates are below county, regional and national averages. The borough is ranked in the bottom 20% nationally in terms of its enterprise culture and has less than the average county and national percentage of self-employed people. This creates an opportunity for business growth.

Lord Young's recent report<sup>29</sup> to the Prime Minister highlights the importance of SMEs, and in particular micro-businesses to the UK economy and indicates that record numbers of people are starting a business each year, contributing to a growing business population of over 4.8 million UK companies. Although three quarters of these are sole traders, there are almost a million micro businesses (comprising one to nine employees), many of which have opportunities to grow.

Lord Young highlights three areas that need to be developed to create the right conditions for businesses to fulfil their growth potential:

- Building confidence in the economy and overall prospects for growth and in entrepreneurs' conviction to make growth happen
- Increasing capability through improving a company's skills base and performance, based on evidence that businesses seeking and engaging external help are more likely to grow
- Providing better coherence of the business support offer and designing and marketing business support tools in a way that businesses can easily locate, understand and trust.

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<sup>29</sup> Lord Young, Growing Your Business: a report on growing micro-businesses, May 2013

An earlier report by the CBI<sup>30</sup> identifies medium-sized businesses as a more powerful engine of potential growth that tends to be overlooked in deference to the provision of support for micro enterprises. The businesses, the report argues, have the potential to inject between £20bn and £50bn into the UK economy by 2020, according to the CBI. With a turnover of between £10 million and £100 million, they represent less than 1% of businesses but generate 22% of economic revenue and 16% of all jobs.

The CBI report calls for a broader range of finance to be made available to medium-sized businesses. With banks' lending constrained, these firms can no longer rely solely on banks for long-term growth capital to invest in their companies, so business owners and managers are crucial to unlocking the true potential of these businesses.

The contribution medium-sized businesses make to the UK economy is much smaller than in France and Germany, where they contribute a greater share of total revenue and generate a significantly higher proportion of jobs. The main reason for this is that, while some UK medium-sized companies perform extremely well, others are lagging behind.

However, many operate in sectors with high productivity growth. Had they been able to raise their productivity between 2002 and 2007 as much as large firms operating in the same sectors, for example, their annual rate of productivity growth would have been one per cent higher than the large firms.

Significant support is available for SMEs, but much of it is fragmented. This is true of the GCGP area, where the SME landscape is itself fragmented, rather than being concentrated within specific dominant sectors. Given the Government's commitment to supporting SMEs, as outlined in Lord Young's report, the European Structural and Investment Funds provide an opportunity to provide additionality by focussing on increasing the productivity of SMEs and numbers of SME jobs. Both can be achieved by stimulating an increase in the number of high-growth businesses, consistent with the GCGP area's strengths in innovation, technology and research. Specifically, funding could be channelled towards building the growth capability of SMEs and fostering a more entrepreneurial culture by reducing barriers to entrepreneurship and supporting entrepreneurs.

| <b>GCGP Allocation to this Thematic Objective</b>  |
|--|
| GCGP is allocating 25% of the ERDF notional allocation to enhancing the competitiveness of small and medium-sized enterprises. This equates to an allocation of approximately £8.08m of ERDF, with a total spend of £16.16m based on an ERDF intervention rate of 50%. In addition, we are allocating 40% of the EAFRD allocation to this Thematic Objective. This equates to approximately £3m EAFRD. |

**8.3.4 Investment Sub-theme - Build the growth capability of SMEs**

| <b>Specific Local Objectives</b>   | <b>Strategic Interventions</b> |
|--|--------------------------------|
| Help more SMEs develop a focused growth business strategy which will drive business performance and take steps to raise business growth ambition   |                                |
| Encourage and support more SMEs to enter new domestic and international markets  |                                |
| Strengthen local and national supply chains and improve productivity and resource efficiency performance   |                                |
| To increase the provision of finance and investment readiness support to so that business can access finance at each stage of business development |                                |

<sup>30</sup> CBI, Future Champions: unlocking growth in the UK's medium-sized businesses, October 2011

|   |                              |
|---|------------------------------|
| Leadership and management training to help management identify and resolve problems in setting direction and strategy, including internationalisation                                 | Accelerating Business Growth |
| Support for collaborative projects, placements, internships or other activities with SMEs that enable students and graduates to gain industry relevant experience and skills          |                              |
| Building capacity in SMEs to provide project/ placement/ internships opportunities and enhance the contribution of higher level skills to SME growth.                                 |                              |
| Promotion of the use of Higher Level Apprenticeships (HLA) (especially in manufacturing and industrial strategy priority sectors) by developing a supportive environment for new HLAs |                              |

### 8.3.5 Investment Sub-theme: Foster a more entrepreneurial culture by reducing barriers to entrepreneurship and supporting entrepreneurs

| Specific Local Objectives  | Strategic Interventions      |
|--|------------------------------|
| Promote entrepreneurship and self-employment in particular amongst groups which may not see enterprise as for them   | Accelerating Business Growth |
| Provide support to start a business  |                              |
| Provision of start-up finance early stage equity/ venture capital/ proof of concept  |                              |
| Investment readiness support   |                              |
| Developing better links between business and educators, Further Education providers and other education partners to equip students with the skills to start and grow businesses to meet local needs and to compete in UK and international markets |                              |
| Leadership and management training to help management identify and resolve problems in setting direction and strategy, including internationalisation  |                              |

### 8.3.6 Build the growth capability of SMEs and foster a more entrepreneurial culture by reducing barriers to entrepreneurship and supporting entrepreneurs in EAFRD eligible areas

| Specific Local Objectives  | Strategic Interventions      |
|--|------------------------------|
| Provide additional support, advice and funding to SMEs and Micro Businesses and entrepreneurs, including the uptake of new/ improved business processes and technology | Accelerating Business Growth |

### 8.3.7 Indicative local area activities

- Business, Innovation, Training and Research Centre to support the establishment of new businesses and growth of existing SMEs through the provision of a dedicated business innovation hub including space for new business incubation, start-up advice, support services, research space for new product development.
- Provide support for SMEs to enter new domestic and international markets through business brokering, provision of market information, 'how to' business guides, etc.
- Use of technology to deliver e-commerce and export readiness, maximising growth and performance in SMEs. Raise awareness and promote change in SMEs through events and workshops and specialist 1-2-1 support, including diagnostic and follow up actions and support.



- Small scale innovation funding support for SMEs. Would enable access to funding for very early stage development. Need identified based on experience of the Small Business Research Initiative for the NHS.
- Bespoke service to support SMEs with health economics, testing and analysis. Tackle procurement issues by rolling out products. Provide support in bringing products to market.
- Food industry hub to support existing and new companies with skills training and development. Could also provide business incubation for start-ups and address potential for economic growth through job creation in the food industry.
- Sustainable business hub. Resource centre providing businesses with access to trusted, independent and credible information and support to improve their ability to achieve sustainable growth.
- Advice and support to help businesses improve their environmental credentials in order to successfully compete in global marketplace and tackle climate change, e.g. through improved environmental performance, improved resource efficiency and waste minimisation. A business support programme focused on resource efficiency could build on a previous delivery model that supported 1300 SMEs between 2009 and 2012.
- Innovation and knowledge exchange to assist SMEs using “cradle to cradle” packaging and processing technologies to increase carbon efficiency and recycling, access the food supply chain and learn how to access the market.
- Innovation against poverty. Development of innovative SMEs and products tackling poverty: technological, fuel poverty, economic activity, enterprise, social exclusion and isolation.
- Learner company model based on economic priorities, e.g. linking provider and employer to create a start-up company to be run as a productive for profit training facility with commercial output. Encourages innovation and entrepreneurship.
- Support for voluntary sector organisations to consider themselves as SMEs and link to angel investment opportunities to develop commercial / traded services.
- Opportunity for SMEs to provide training opportunities and create jobs in conservation management; develop local rural enterprise, tourism and the green economy, including enhancement of digital profile.
- Build on elements of Green Infrastructure strategy to attract and retain high value businesses; offer economic opportunities for rural industries and land management, and play a major role in tourism.
- Wider use of environmental management systems to manage risk and deliver efficiency.
- Business resilience in the farming sector, e.g. significant savings achieved by recycling rainwater in a reservoir.

## 8.4 Supporting the Shift Towards a Low Carbon Economy in all Sectors

### 8.4.1 Europe 2020 and UK Government Priorities

Driving jobs and growth is vital within the economy. Decarbonising the economy plays a key part in the Government's aim to achieve sustainable and balanced growth, with a focus on maximising the opportunities and minimising the costs of the green economy transition. This approach complements the Europe 2020 strategy for smart, sustainable and inclusive growth specifically the priority to promote a more resource efficient, greener and more competitive economy.

In the area of Low Carbon relevant EU goals by 2020 are:

- reducing Green House Gas (GHG) emissions by 20% compared to 1990 levels
- increasing the share of renewables in final energy consumption to 20%
- moving towards a 20% increase in energy efficiency.

The UK has targets in each of these three areas by 2020, relevant to the EU Programmes in the period 2014-2020 as follows:

- reducing GHG emissions by 34% compared to 1990 levels
- increasing the share of renewable energy to 15%
- enhancing the energy efficiency of homes, business and transport.

These sit within the wider context of achieving an 80% reduction of GHG emissions compared to 1990 levels by 2050 via a series of five year statutory carbon budgets. In this context the Government also has objectives to:

- reduce emissions from buildings (predominantly in form of heating) to near zero by 2050
- reduce industrial emissions (predominantly in form of heat for industrial processes) by up to 70% by 2050 compared to 1990 levels
- reduce emissions from the agriculture and waste sectors by 16% between 2008 and 2027.

### 8.4.2 UK Policy Context

To support the achievement of the targets above, the Government has set out a comprehensive suite of policies and legislative measures.

- in relation to the GHG emissions target key policies are: the Climate Change Act 2008; the UK Carbon Plan; the Carbon Price Floor, the Heat Strategy; the Forestry and Woodlands Policy Statement; and the Greenhouse Gas Action Plan for Agriculture
- in relation to the Renewable Energy target key policies are: Renewables obligation and feed-in tariff for electricity, Renewable Heat Incentive, Renewable Transport Fuel Obligation; Electricity Market Reform (EMR) via the Energy Bill; and the Gas Generation Strategy
- in relation to the Energy Efficiency target key policies are: Enabling the Transition to a Green Economy and the accompanying Policy Timeline; the establishment of the UK Green Investment Bank; Green Deal; The Energy Efficiency Strategy (including Electricity Demand Reduction); the Plan for Growth; the Climate Change Levy and Climate Change Agreements, and the CRC energy efficiency Scheme
- in relation to heating for buildings and industrial decarbonisation key areas of policy development are detailed within: The Future of Heating: A strategic framework for low carbon heat in the UK, and The Future of Heating: Meeting the Challenge.

All these policies are based on a comprehensive and sound evidence base, particularly the UK 2050 Pathways analysis, which provides an excellent tool to support the delivery of the UK's goals and measures, and the Technology and Innovation Needs Assessments for the key technologies in the Renewables Roadmap.

Government estimates that through socially cost-effective investment in energy efficiency we could be saving 196TWh in 2020, equivalent to 22 power stations. Were all this potential to be realised, final energy consumption in 2020 could be 11% lower than the business as usual baseline.

### **8.4.3 ERDF Operational Programme for England 2014-20**

This Thematic Objective has been developed to form ERDF Priority Axis 4: Supporting the Shift Towards a Low Carbon Economy in All Sectors in the ERDF Operational Programme.<sup>31</sup>

The GCGP area PA4 ERDF allocation will focus on the following Investment Priorities within this Priority Axis:

- 4a Promoting the production and distribution of energy derived from renewable sources
- 4c Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector
- 4e Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures
- 4f Promoting research and innovation in, and adoption of, low-carbon technologies

The Specific Objectives applicable to this Priority Axis are set out in the ERDF Operational Programme. Output and Results targets for the GCGP area are in Section 9.1 of this Strategy.

### **8.4.4 Growing a low carbon economy across the GCGP area**

The innovation strength of the GCGP area means we are likely to take a strong role in driving a low carbon economy. As a mainly rural area, we have challenges around developing a low carbon transportation network (which in itself is generally outside the provisions of these structural funds), but also have opportunities around carbon sequestration and low carbon goods and services. Growth in the GCGP area is also dependent on access to sufficient, affordable low carbon energy supplies and a network distribution infrastructure that accepts decentralised energy and distributes energy to where it is needed.

There is potential for activities within:

- The market for low carbon environmental technologies, goods and services
- Non-domestic low carbon technologies and energy efficiency
- Low carbon energy generation

The GCGP area has significant potential to produce local clean energy supplies to support and help facilitate the growth agenda and to reduce energy consumption. Doing this locally it will:

- Drive local economic growth as well as directly benefiting the local economy in terms of jobs and contract income
- Provide greater energy security through access to local energy supplies as the region grows

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<sup>31</sup> See Page 107 of the ERDF Operational Programme

- Provide this energy on a sustainable basis, securing critical supplies for critical services
- Lower energy consumption - through high levels of energy efficiency, development of energy efficient products and services and cutting energy waste
- Help contain energy prices – managing the cost of energy supplies as global competition for fossil fuels increases.

For example, at least 28% of Cambridgeshire's energy needs for businesses and buildings can be supplied from local energy generation by 2030. Effective distribution networks that have the capacity and technology to manage demand and accept a variety of decentralised, low carbon energy inputs without prohibitive connection costs. This will realise an investment of £2-6 billion into local energy infrastructure, creating a total of 11,500 green jobs (Verco, CRIF, 2012). Cambridgeshire's energy consumption will potentially cost an additional £276 million per year by 2030 (based on 2009 estimates by the Department for Energy and Climate Change) unless we reduce consumption and change how we generate our energy supplies. It is estimated that the total investment potential for energy efficiency using the Green Deal market framework in Cambridgeshire is worth £830m (domestic = £684million and non-domestic = £146million), based on the estimate of the number of properties that could benefit.

The local Clean Tech Sector has the potential to develop as a third new cluster to complement the ICT and Biotech clusters and deliver new green jobs. This builds on Peterborough as an Environment City and its existing Clean Tech sector and links to the Greater Cambridge area and its emerging 'newer' low carbon Clean Tech businesses. This builds on the Future Cities feasibility study for the Technology Strategy Board (November 2012) which identifies that resource efficient systems and intelligent infrastructure, e.g. energy, water and transport can use data collected by sensors and other technologies and combined together to create better more energy and resource efficient systems. Developing, integrating and sharing this data across networks and systems can reduce consumption.

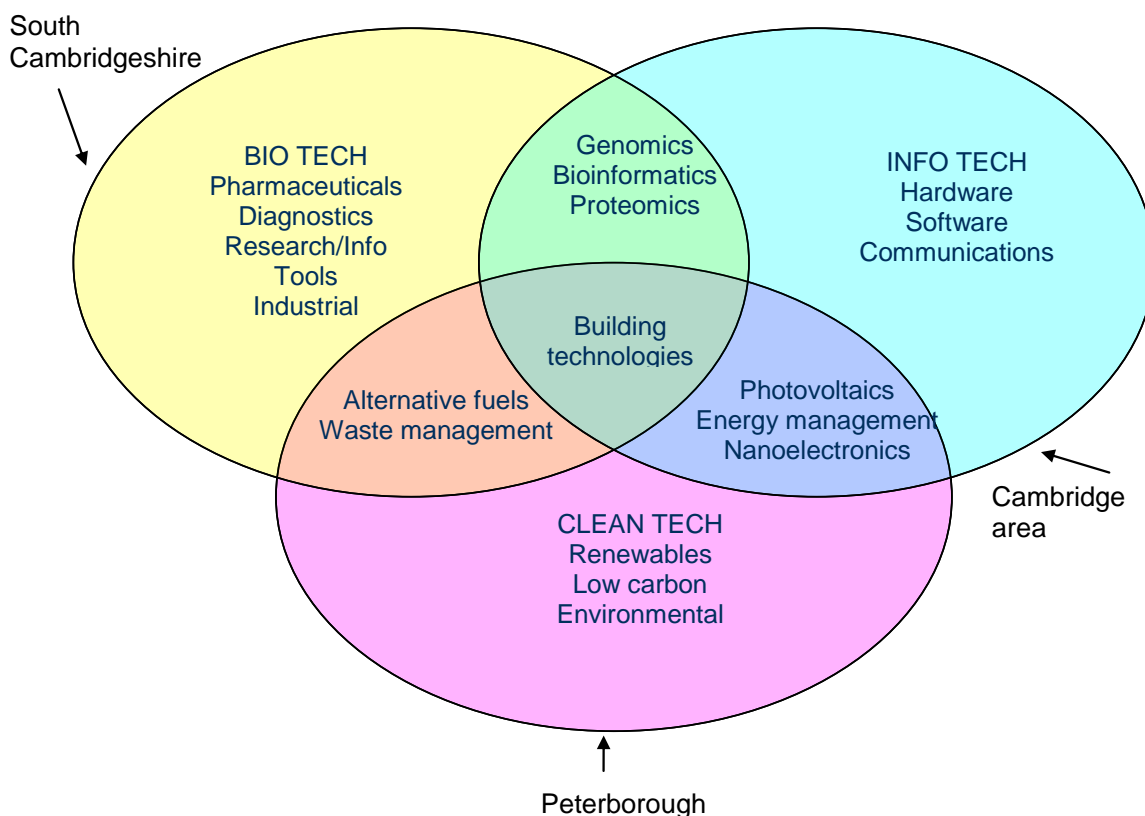
Some examples of projects that have been delivered or are currently underway and are building the knowledge and skills to drive forward change include:

SmartLIFE, an Interreg IIIB North Sea Project to assess modern methods of construction and skills for sustainable construction. The results of this project include a training centre as part of Cambridge Regional College and the SmartLIFE Low Carbon Centre project to develop incubator space for clean tech companies including training opportunities across energy efficiency, renewables, and sustainable construction.

The Cambridgeshire Renewable Energy Infrastructure Framework (Verco, 2012). Funded via Housing Growth Funds and Climate Change Skills Funding, this project developed the evidence base for the technical potential for renewable energy delivery in Cambridgeshire up to 2030 and identified an action plan for taking forward this work. All Cambridgeshire Local Authorities have adopted this document.

A Community Energy Fund for Cambridgeshire (Element Energy, 2010 and 2012). It identifies the options for developers to contribute to a Community Energy Fund, offsetting some of the required carbon emissions for new homes on site, into a more cost effective option for developers to deliver their obligations. Government is currently consulting on options for Zero Carbon Policy for new Homes and community energy funds.

Low Carbon Development Initiative (LCDI) – an ERDF and Housing Growth Funds project to de-risk Combined Heat and Power and district heating schemes for Cambridge, St Neots and the new town of Northstowe. The knowledge and skills gained from this work now inform the planning and development of new communities.



Mobilising Local Energy Investment Project (MLEI) - See section on Financial Engineering Instruments.

Action On Energy Cambridgeshire: Local Authorities are contracting with a Green Deal provider to encourage householders to improve the energy efficiency of their homes. The Green Deal contract will be for an initial three years with options to extend and will create jobs locally, both as part of the contract and through the supply chain.

Working towards a low-carbon economy is a cross-cutting theme within this Strategy and could create opportunities for partnerships, for example within the Voluntary and Social Enterprise sector or between businesses and charities, to create new 'green' jobs in a way that helps to tackle social exclusion.

#### GCGP Allocation to this Thematic Objective

GCGP is allocating 25% of the ERDF notional allocation to supporting the shift towards a low carbon economy. This equates to an allocation of approximately £8.08m of ERDF, with a total spend of £16.16m based on an ERDF intervention rate of 50%.

#### 8.4.5 Build the market in low carbon environmental technologies, goods and services; non domestic low carbon technologies and energy efficiency; whole place low carbon solutions; and innovation and adoption of low carbon technologies

| Specific Local Objectives  | Strategic Priority |
|--|--------------------|
| Support sectorial growth in Clean tech – a priority sector for the GCGP LEP area through placing investment and procuring services |                    |
| Develop and test new financing mechanisms that are exportable  |                    |

|  |   |
|--|---|
| Generate inward investment into GCGP LEP area infrastructure to support housing growth   | Supporting the shift towards a low carbon economy / Maximising Digital Connectivity and Exploitation / Supporting Transport Development |
| Support demand for the commercialisation of new low carbon technologies  |   |
| Invest future energy spend into the local economy to benefit local businesses and communities rather than the global economy               |   |
| Low carbon financial instruments to deliver whole place solutions  |   |
| Building retrofit and energy efficiency, especially whole building solutions exemplifying next phase technologies which are near to market |   |
| Adoption of low carbon technologies to build the low carbon market and supply chain  |   |

#### 8.4.6 Indicative local area activities

The Government's view is that the policies and measures it has in place will help to ensure substantial progress towards meeting the greenhouse gas and Renewable Energy goals by 2020 and that it is not therefore practical to use EU funds to focus on large scale energy generation investments. EU funds under this thematic objective should be focused on activities designed to help deliver the Energy Efficiency target and create jobs/ growth in low carbon technologies, whilst also contributing to Greenhouse Gas emission reductions and decentralised renewable energy production.

Defra is keen to promote opportunities under this Thematic Objective to invest in retrofit measures on a whole-place scale. There are also associated opportunities for the environmental goods and services sector to promote and deliver business investment in low carbon technologies.

Activities that need to be implemented now to achieve longer term goals can also be supported and could include:

- Build on MLEI work to develop a strategic finance and delivery framework to help scale up and aggregate energy infrastructure projects and assemble finance packages to support a Low Carbon Development Unit that could:
  - support the development of quality investment grade projects
  - aggregate projects to achieve economies of scale and acceptable risk profiles for investors
  - blend finance from public sector and private sector institutions to bring forward projects that may otherwise be difficult to achieve
  - manage the JESSICA-style Fund according to ERDF guidelines and to achieve the target hurdle rates including any restrictions around state aid etc.
  - Manage and deploy funds from the Low Carbon Investment Fund according to agreed criteria
  - facilitate housing developers investment into projects as a result of allowable solutions and zero carbon policy for new homes
  - procure the right delivery arrangements for projects
- Develop low-carbon training facilities with a focus on domestic retrofit, smart-metering and sustainable heat, light, power and water systems.

- Retrofit project covering domestic and non-domestic properties. Funding could support either a demonstration project with commercial and public sector buildings in a defined geographical area, or provide resource to drive the project onwards and establish a Retrofit SME as a sustainable delivery vehicle.
- Support for the delivery of a district heating scheme to serve non-domestic properties and possibly to connect to social housing schemes, thereby also potentially benefiting.
- National cross-LEP programme of environmental energy audits of HEI and FE buildings, using Skills Funding Agency data.
- Conserving and restoration of peat soils to create a carbon sink and address the risk of the most productive agricultural lands being lost from the Fens within a few decades.
- Resource efficiency programme to assist businesses to reduce CO2 emissions, reliance on landfill, water and material use by, inter alia, identifying cost saving opportunities through improved resource efficiency and in doing so reduce costs and safeguard jobs; identifying innovative technologies appropriate to their needs and assist them to identify funding mechanisms to deploy them; improving low carbon skills within their workplace through the provision of appropriate training and help facilitate knowledge transfer through peer to peer networks; and improving environmental management processes and reduce associated risks to reduce the collective impact on the local environment.
- ESF for skills to deliver innovation and adoption of low carbon technologies including skills for low carbon new build and alternative construction methods; skills centres for renewable energy training; innovation skills in low carbon transport technologies; and skills to enable knowledge transfer
- ESF for skills to deliver whole place low carbon solutions including low carbon power and heat skills; low carbon transport and network management skills; urban design, construction and planning skills; and low carbon land use skills.
- Build on track record to continue and expand existing low carbon knowledge transfer programme. Additional funding through ESF could allow a broadening of the definition of knowledge transfer to include training activities and apprenticeships.
- Opportunities for businesses through water efficiency and waste management.



## **8.5 Promoting Employment and Supporting Labour Mobility**

### **8.5.1 Europe 2020 and UK Government Priorities**

The Europe 2020 goal is to raise to 75% the employment rate for women and men aged 20-64, including through the greater participation of young people, older workers and low-skilled workers and the better integration of legal migrants.

In support of this goal, the Government is committed to increasing employment opportunities for all by providing support mechanisms and benefits systems that incentivise work and reduce worklessness, to ensure that individuals can fulfil their potential within the labour market. The overarching objective is to maintain the effective functioning of the labour market by maximising labour market attachment and active participation.

Overall, the Government aims create an environment that encourages enterprise and sustained economic growth to help create sustained jobs and businesses. This provides the conditions to get Britain working, by helping the unemployed quickly into work and addressing longer-term detachment from the labour market, tackling barriers to getting and keeping a job, including for older people who choose to work longer.

### **8.5.2 UK Policy Context**

The Government aims to maintain a dynamic and resilient labour market. Low levels of taxation and a carefully balanced approach to labour market regulation mean that firms can adapt to change and have incentives to create new jobs alongside new business opportunities while protecting workers. In addition, employers can offer flexible working arrangements to workers, which help with recruitment, retention, productivity etc. The Government makes it easier to recruit unemployed people by using local labour market knowledge to improve claimants' readiness for work, and offering services to employers that satisfy their recruitment needs.

The Government is increasing participation and employability, significantly improving the opportunity for people without jobs to find work and to support themselves and their families. This includes doing more to encourage and support progression for those already in some work and helps to deliver the Government's aim to reduce poverty. There is now a greater focus on partnership working – Jobcentre Plus, providers, local authorities, employers, and jobseekers working together to find new solutions to unemployment.

#### ***Increasing participation and the job seeking regime***

The employment support available has been increased and broadened, moving from a one-size-fits-all approach to one that is tailored and flexible. The Government is modernising service delivery by asking Jobcentre Plus staff to focus on results, thereby reducing bureaucracy and delivering outcomes rather than completing processes. Advisers at Jobcentre Plus are now able to offer a menu of help including skills provision and job search support, including access to a number of Get Britain Working measures. They have the flexibility to judge which interventions will help the individual claimant and around £120 million has been made available for a Flexible Support Fund to allow local resources to be aligned to the needs of the local labour market.

The Government's welfare reform programme is changing the way the UK's welfare systems incentivise work and encourage people off benefits and into the labour market. Universal Credit will provide a new single system of means-tested support for working-age people in and out of work and will replace the majority of working age means tested benefits and tax credits from 2013-14, simplifying the existing complex system of

benefits and tax credits. The new system will improve work incentives and make it clearer to claimants how the move into work will benefit them.

### ***Get Britain Working and the Work Programme***

The Work Programme was launched in June 2011 and is a national programme to support people at risk of long-term unemployment. Work Programme providers are free to design support, based on individual and local need. They are paid primarily for supporting claimants into sustained employment and helping them stay there for longer than ever before, with higher payments for supporting the hardest to help. The Work Programme is expected to provide personalised support to 3.3 million claimants over the life of the contract. Since its launch in June 2011, the programme (data shows up to July 2012) is supporting around 840,000 people.

Get Britain Working measures can include Work Clubs to encourage people who are out of work to share experiences; Work Experience to help young unemployed people get work experience through local businesses to help them build their experience and make them more marketable; and the New Enterprise Allowance, to support those looking to start their own business by providing access to finance and support from local business mentors.

### ***Measures to Tackle Youth Unemployment***

In response to the challenge of youth employment, and the CSR on youth unemployment, extra help is being provided to young unemployed people to get a job.

The Youth Contract, launched in April 2012, provides extra help to young unemployed people and will support up to half a million young people into education and employment opportunities, including:

- 160,000 Wage Incentives of up to £2,275 for employers to recruit 18-24 year olds from the Work Programme
- 250,000 extra Voluntary Work Experience or sector-based work academies
- up to 40,000 new Apprenticeship Grants to encourage new employers to take on 16 – 24 apprentices.

A new programme, Traineeships, began in August 2013 helping unemployed young people into apprenticeships and other sustained jobs. This initiative has three elements: a focused period of work preparation training; high quality work placement with an employer; and English and maths for those without a Level 2 in the subjects. Traineeships will last up to 6 months and for those aged 16-19, will be part of Study Programmes. It is envisaged that some existing activities may be subsumed under Traineeships, or be stopped altogether, if Traineeships are shown to be more effective, in order to present young people and their advisers with a clearer array of services.

### ***Demand-side activity***

This includes work to encourage local economic growth and job creation, particularly through Local Enterprise Partnerships, Employment Zones, and Core Cities; encouraging employers to recruit the unemployed; and building a balanced regulatory framework and ensuring that the UK is an attractive place to trade.

### ***2007-2013 England European Social Fund (ESF) programme***

The 2007-2013 ESF programme is adding value to these policies by supporting additional activities to extend employment opportunities and tackle barriers to work faced by unemployed and inactive people, with a

particular focus on people at a disadvantage in the labour market . The final stage of the 2007-2013 England ESF programme, ESF is focusing on:

- employment related support for families with multiple problems (aligned with the cross-government Troubled Families initiative)
- voluntary places on the Work Programme for people on incapacity benefit and income support
- a pilot of Day One Support for Young People aged between 18-24 years old who need additional support to make the transition from benefits in to sustained employment
- support for young people not in education, employment or training
- skills support for the unemployed
- support for very long term unemployed people.

### **8.5.3 ESF Operational Programme for England 2014-20**

This Thematic Objective has been developed to form part of ESF Priority Axis 1: Inclusive Labour Markets in the ESF Operational Programme.<sup>32</sup>

The relevant Investment Priorities within this Priority Axis are:

- 1.1 Access to employment for job-seekers and inactive people
  - including the long-term unemployed and people far from the labour market; and through local employment initiatives and support for labour mobility
- 1.2 Sustainable integration of young people
  - including in particular those not in employment, education or training, young people at risk of social exclusion and young people from marginalised communities, including through implementation of the Youth Guarantee

The Specific Objectives applicable to this Priority Axis are set out in the ESF Operational Programme. Output and Results targets for the GCGP area are in Section 9.2 of this Strategy.

### **8.5.4 The GCGP Perspective**

Promoting employment and supporting labour mobility is one of the overarching objectives of the European and national economic strategy. A key strand is working with young people, enabling them to contribute to the strength of the local economy. Specifically, UK Government guidance describes the priority as the sustainable integration of young people, in particular those not in employment, education or training (NEET), into the labour market.

The GCGPEP Operational Plan identifies enabling business-led skills provision and improving the work readiness of the unemployed in target areas as a key priority, while the LEP vision for skills, led by the Skills Strategy Group, highlights helping enterprises, education and training providers build relationships, and alternative approaches to commissioning skills provision as key strands. The GCGP Skills Strategy Group comprises a range of businesses from varying sectors, education and training providers, and the public sector focused specifically on creating a skills strategy and plan of action to deliver business led skills training. Its projects, whilst not targeted at social issues are 'NEET inclusive' in that they address certain social issues by empowering the locality to aspire to areas of work that are achievable by increasing the levels of skills needed by local businesses.

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<sup>32</sup> See Page 34 of the ESF Operational Programme

Within this strategic context, European Structural and Investment Funds represent an opportunity to build on a strong base of work to maximise the contribution of young people to the economic health of the LEP area as a whole.

***Driving economic success by helping young people develop the skills, competencies and qualifications required in the modern economy***

The link between developing skills, achievement and attainment in adolescence and economic success and contribution in adulthood is clear and backed by evidence. Nationally the employment rate of adults with a Level 2 qualification is twice that of those without qualifications<sup>33</sup> and over a lifetime someone with an Advanced Level Apprenticeship can expect to earn between £77,000 and £117,000 more than someone without.

Alongside the attainment of recognised qualifications, equipping young people with the right skills matched to the needs of businesses in the modern economy is vital. The innovation and knowledge based industries across the GCGP area represent a significant opportunity but there can sometimes be a mismatch between the work done with young people to prepare them for employment and the reality of the business needs and requirement for technical and intermediate and higher level skills.

In addition to the impact on employment opportunities, a failure to gain skills and qualifications can block social mobility for individuals and families and reinforce intergenerational poverty. In Cambridgeshire a far higher than average proportion of our employment opportunities are high value knowledge-based roles, and these are not accessible for low skilled or low qualified young people or adults. Research also suggests that a lack of skills impacts on the productivity gap between this country and some other countries.

This evidence makes the case for supporting young people to remain in learning and to find a route to appropriate qualifications skills, experience and confidence which is right for them and right for businesses. This could be through full-time study, a combination of part-time education or training with work, or as part of the ever-expanding range of apprenticeship opportunities.

Young people who do not participate in learning beyond the age of sixteen are more likely to: have fewer qualifications, have a low skills base, be unemployed, earn less, and suffer from poor health and depression; this sustains and deepens into adulthood. Work to link business with young people, increase participation in learning and training, and minimise the number of young people who are NEET is therefore vital to their economic wellbeing and that of the local economy.

***Investing at the right time***

The national economic context, the contraction of the jobs market and in particular the current youth unemployment crisis further reinforces the need to prioritise learning, employment and training support for young people and to ensure they are able to be part of the economic recovery we are seeking to secure.

Since September 2013, young people are required by law to participate in learning, either as part of work-based training scheme, in full-time education, or independent certificated learning outside of work. This upcoming change provides a context for new projects and activity aimed at linking businesses with young people that can help minimise the number of young people not in education, employment or training.

***The current context and priorities in the GCGP area***

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<sup>33</sup> Building Engagement, Building Futures: Our Strategy to Maximise the Participation of 16-24 Year Olds in Education, Training and Work (HM Government, published December 2011)

A lack of relevant experience and relevant qualifications are frequently cited by local businesses as reasons for not recruiting those out of work. Therefore, people looking for work need the right qualifications and experience to enter the workplace; this causes particular difficulties for those who have recently left education with low levels of qualifications.

Within the wider adult population, issues related to health and disability represent significant barriers and we also need to look the flexibility of working which is major concern – especially for young women.

Equally, some minority ethnic groups are under-represented in the workplace. There are also language barriers which prevent adults from utilising their existing qualifications to gain employment, and in Peterborough, King’s Lynn and parts of Cambridgeshire there are significant challenges around young people whose English is not their first language or are new arrivals to the area.

A programme of work aimed at supporting people into learning and employment would need to tackle the following issues.

- A mismatch between the skills required by the economy and those attained by young people
- Difficulties in accessing work or training due to language barriers
- Transport issues (particularly in rural areas, including specifically young people with learning difficulties and disabilities)
- Low aspirations, particularly in some rural areas
- Poor work ethic and/or lack of family support
- Poor experience in school pre-16
- Lack of robust, targeted Information Advice and Guidance
- Low attainment at GCSE limiting access courses of interest
- Inadequately supported transitions from school to college
- Difficulty finding an appropriate course, particularly for young people with more complex behavioural issues

| <b>GCGP Allocation to this Thematic Objective</b>  |
|--|
| GCGP is allocating 40% of the ESF notional allocation to promoting employment and supporting labour mobility. This equates to an allocation of approximately £12.93m of ESF, with a total spend of £25.86m based on an ESF intervention rate of 50%. |

**8.5.5 Investment priorities**

Due to the EC requirement for at least 80% of ESF to be focused on four investment priorities in more developed areas for the employment, social inclusion and skills thematic objectives, the Government has encouraged LEPs to focus on activities that align with the following investment priorities:

- Access to employment for job-seekers and inactive people, including local employment initiatives and support for labour mobility
- Sustainable integration of young people, in particular those not in employment, education or training into the labour market

**8.5.6 Investment activities**

|   |                               |
|---|-------------------------------|
| <b>Specific Local Objectives: All developed on a local business sectorial basis taking account of the diverse range of important economic activity across the LEP geography</b> | <b>Strategic Intervention</b> |
|---|-------------------------------|

|   |  |
|---|--|
| Providing additional or more intensive support to help people to move towards work, enter work (including self-employment), and to progress in work   | Removing skills barriers to continued growth |
| Additional and innovative approaches to pre-employment training   |  |
| Vocational STEM courses targeted at key client groups   |  |
| Vocational language support in target areas   |  |
| Projects that respond flexibly to local business demand and connect client groups with the right skills and experience to meet local labour demands   |  |
| Additional literacy and numeracy provision for young people   |  |
| Innovative programmes for marginalised groups to help bring them to, and support them in, vocational learning, such as new training programmes and support for young lone parents, carers, ex-offenders and people with disabilities or health barriers |  |
| Brokering opportunities for those in target client groups and supporting local businesses to work with traineeships, apprenticeships, work experience and graduate placements   |  |

### 8.5.7 Indicative local area activities

The range of provision that would form part of a coordinated overall programme could include:

- Improving employability of adults with learning disabilities
- Internships with a local employers for people with learning and/or physical disabilities or who are recovering from a mental health issue
- Project to target the long-term unemployed and young people who are NEET and who may have completed the work programme or otherwise have been unable to secure sustainable work. Attitudes towards work may need to be addressed before positive change can take place. This project would generate these attitude changes and capitalizes on them by supporting people into volunteering, skills development and training and work
- Provision of tailored personalised support for 16-19 year olds seeking employment or training
- Young People Learning Participation and NEET reduction programme. Aimed at tackling youth unemployment, by supporting young people to participate in learning and training, in particular focusing on vulnerable or at risk groups and those with barriers to work or learning
- Enhanced employment and skills. Matching SME expectations with local labour market aims and supporting young people to access local employment. This type of provision currently exists with traineeships, but value would be added by connecting SMEs with young people and through skills matching or upskilling
- Programme to increase the employability of single homeless people and increase the numbers in employment by building on existing provision and funding employment workers. Such provision currently exists, but does not link with employers who might recruit from this work force. GCGP believes there would therefore be added value from incorporating this
- Support for movement of family members with complex social needs into employment. There was provision under the 2007-13 ESF programme for families which ended in November 2014. Delivery improved following sub-contracting to a Housing Association. Continued use of a similar calibre provider would maintain additionality in 2014-20

- Leverage investment in new housing to provide additional job opportunities through vertical integration of the supply chain and improved links to SMEs involved in providing energy efficiency and other innovations
- Address the skills shortage in engineering
- Target females as an under-represented group in engineering
- Encourage companies to offer courses to support entry into the world of work
- Business start-up support enterprise programme, targeting long term unemployed, single parents and the over 50s. A support programme for those whose go on to trade would represent added value
- A comprehensive network where interested start-up traders can access IAG in one place
- Provision of a comprehensive CV-writing support service, not currently available
- Creation of full-time Job Clubs to support those looking for work
- Bring together whole supply chains, e.g. across the Low Carbon Industries, to upskill and create employment opportunities locally.



## **8.6 Promoting Social Inclusion and Combating Poverty**

### **8.6.1 Europe 2020 and UK Government Priorities**

The Europe 2020 strategy has a goal of promoting social inclusion, in particular through the reduction of poverty, by aiming to lift at least 20 million people across the EU out of the risk of poverty and social exclusion.

The Government is creating a new welfare system for the 21st Century, recognising work as the primary route out of poverty, and eradicating child poverty. The welfare system is being reformed to make it fairer, more affordable, and better able to tackle the causes of poverty, worklessness, and welfare dependency. Moreover, in tackling poverty, the Government's strategy takes an ambitious approach, aspiring to deliver Social Justice.

Poverty, as measured by a household's income relative to the national average, is often a symptom of deeper, more complex problems. Many of these problems are passed on from one generation to the next. The Government is aiming to help people change the course of their lives and make a real and lasting difference. To do this, we want to deal with the problems that cause people to end up living in poverty, rather than dealing with people's incomes in isolation. This will include actions to:

- help troubled families turn their lives around;
- improve mental health;
- reduce child poverty and make sure that children are properly supported so that they complete their education;
- make work pay, and help people to find and stay in work;
- help people recover and become independent if things have gone wrong; and
- work with the voluntary, public and private sectors to deal more effectively with complex problems.

### **8.6.2 UK Policy Context**

The Government's strategy for social justice 'Social Justice: Transforming Lives' sets out the Government's commitment to giving individuals and families facing multiple disadvantages the support and tools they need to turn their lives around. A new set of principles inform this approach:

- a focus on prevention and early intervention;
- where problems arise, concentrating interventions on recovery and independence, not maintenance;
- promoting work for those who can as the most sustainable route out of poverty, while offering unconditional support to those who are severely disabled and cannot work;
- recognising that the most effective solutions will often be designed and delivered at a local level;
- ensuring that interventions provide a fair deal for the taxpayer.

This strategy is backed up by the Social Justice Outcomes Framework, which sets out specific priorities within the Social Justice Strategy. The strategy identifies those working at the local community level, from the public, Voluntary and Community and Social Enterprise sectors, all of which are well placed to identify and drive forward the solutions that are needed.

The Government has an ambitious agenda of reform which will modernise the welfare system. It is committed to tackling poverty and welfare dependency; helping people without jobs to find work and support themselves and their families; and ensuring that the most vulnerable in society are protected. The Government considers that work is the best route out of poverty.

Tackling worklessness and in and out of work poverty by delivering Universal Credit and fostering a culture of advancement will also help improve levels of social inclusion. From 2013, Universal Credit will be key to

making work pay by helping claimants and their families to become more independent and ensuring that being in work pays. It will simplify the benefits system by bringing together a range of working-age benefits into a single streamlined payment. The new Universal Credit system aims to: improve work incentives; smooth the transitions into and out of work, supporting a dynamic labour market; simplify the system, making it easier for people to understand, and easier and cheaper for staff to administer; and reduce in-work poverty.

Other benefit reform include, from April 2013, the Government placing a cap on the total amount of benefit that working-age people can receive so that, broadly, households on out-of-work benefits will no longer receive more in welfare payments than the average weekly wage for working households. The aim is to achieve long term positive behavioural effects through changed attitudes to welfare, responsible life choices, and strong work incentives. There will be exemptions but otherwise, initially, the cap will be applied through Housing Benefit and from October 2013 the cap will also be applied to new claimants to Universal Credit including those migrating from existing benefits. There will be robust monitoring from the outset and a full evaluation of the impacts, with a review after one year, to be published in autumn 2014.

The Government remains committed to tackling child poverty and to the Child Poverty Act, but it does not believe that targets based on income alone can capture the full picture. It is, therefore, considering better, multi-dimensional measures of child poverty which will capture the reality of poverty and ensure that its causes can be addressed better. A consultation closed in February, responses are being analysed and the Government will respond later this year.

A new scheme to offer tax free childcare to working families was announced in the Budget 2013. To be eligible each parent must be in work, earning less than £150,000 a year and not already receiving support through tax credits or Universal Credit. The scheme will be phased in from autumn 2015. Eligibility will be for children aged under 5 at the outset, extending over time to include children under 12, when support will be open to 2.5 million working families: some five times those that benefit from existing provision. The details are being consulted on.

Support for childcare is being increased to a level equivalent to covering 85% of childcare costs for households qualifying for the Universal Credit childcare element and where a lone parent or both earners in a couple pay income tax. It will be phased in as the childcare element of tax credit moves across to Universal Credit from April 2016.

In June 2012, the Prime Minister announced a commission on childcare to look at how to reduce the costs of childcare for working families and the burdens on childcare providers. In January, the Government published 'More great childcare: Raising quality and giving parents more choice' with proposals to improve the workforce providing early years care, allow high quality providers to offer more places, and to give more choice to parents.

The Government continues to support more lone parents into work having moved onto Jobseekers Allowance those whose youngest child is five or over.

The Social Mobility and Child Poverty Commission is now fully operational. It monitors the Government's progress in improving social mobility and reducing child poverty. It will also monitor the implementation of the most recent UK, Scottish, and Welsh child poverty strategies, and challenge non-government institutions such as those in higher education, business, and elsewhere to improve their performance on social mobility.

The Prime Minister announced his intention turn around the lives of 120,000 troubled families by the end of this Parliament. A budget of £450 million has been created for this purpose, which has been reprioritised from across Government. The families are defined by there being no adult in the family working, children not being in school and family members being involved in crime and anti-social behaviour.

A number of the actions detailed in the thematic objectives on employment and labour mobility, and skills and education also contribute to the UK's efforts towards reducing worklessness, promoting social inclusion, and combating poverty.

### **ESF Contribution**

The 2007-2013 England ESF programme is adding value to these policies by supporting additional activities to extend employment opportunities and tackle barriers to work faced by unemployed and inactive people, with a particular focus on people at a disadvantage in the labour market (including disabled people, lone parents, older workers, people from ethnic minorities, the low skilled, offenders and ex-offenders, including those battling addiction, and young people not in education, employment, or training). The final stage of the 2007-2013 England ESF programme, ESF is focusing on:

- employment related support for families with multiple problems
- voluntary places on the Work Programme for people on incapacity benefit and income support
- employment and skills support for offenders and ex-offenders in extremely hard to help groups.

### **8.6.3 ESF Operational Programme for England 2014-20**

This Thematic Objective has been developed to form part of ESF Priority Axis 1: Inclusive Labour Markets in the ESF Operational Programme.<sup>34</sup>

The relevant Investment Priorities within this Priority Axis are:

- 1.4 Active inclusion
  - including with a view to promoting equal opportunities and active participation, and improving employability
- 1.5 Community Led Local Development
  - to support activities initiated by local action groups (see Section 13)

The Specific Objectives applicable to this Priority Axis are set out in the ESF Operational Programme. Output and Results targets for the GCGP area are in Section 9.2 of this Strategy.

### **8.6.4 Characteristics of poverty in the GCGP area**

The introductory part of this strategy highlighted issues of relative deprivation across GCGP. It also refers to groups that can be socially excluded, and also the impact of rapid migration into established communities. Whilst a priority is placed on interventions under the skills and employability themes getting people into work, we recognise that there are other social inclusion issues that need to be addressed in the GCGP area.

Some groups within our population are further from the workplace than others. These include young mothers, carers and some minority ethnic groups. Addressing specific issues for these groups, such as childcare, parenting or specialist support will be necessary across the GCGP area.

Despite the area's relatively buoyant economy, employment inequalities are increasing. The recession has hit our disadvantaged areas the hardest. Financial exclusion is prominent and there are rising numbers of people

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<sup>34</sup> See Page 34 of the ESF Operational Programme

seeking advice for debt and arrears. Building confidence and motivation to take real action to effect change in financial circumstances is a first step to engagement with the employment pathway. Money problems affect job seeking. Financial problems:

- Constrain job search activity (increased anxiety, loss of confidence)
- Create disincentives to work (limited funds for transport, postage, phone calls)
- Reduce the chances of sustainable employment (debt problems have significant health impacts)

For example, there are over 16,000 children growing up in poverty in Cambridgeshire<sup>35</sup>, and over 11,000 in Peterborough. In Cambridgeshire, 75% of these children are growing up in workless households. This compares to 42% nationally. This shows that there is an intergenerational cycle of poverty that is particularly prevalent in the GCGP area.

In Peterborough, almost one in four children is living in poverty. In six wards, the number is closer to one third. The gross disposable household income available per head of population is 8% lower than the UK average, and is reducing further, and the children in the poorest households (measured by free school meal data) have the lowest levels of educational attainment nationally. Our children in poverty are nearly three times more likely to be not in education, employment or training (NEET) than their peers.

Research estimates that that child poverty in Cambridgeshire and Peterborough costs over £300million in terms of service provision to support those in crisis, welfare benefit and health costs, and lost revenue that would accrue to the Exchequer. Therefore just lifting 100 children out of poverty could save the area over £1million.

Local authorities and their partners have a statutory duty to work together to combat poverty in their local areas. All local authorities should have a Child or Family Poverty Strategy.

**Example: Peterborough’s Poverty Strategy**

In Peterborough, the **Tackling Poverty 2020 Strategy** is focussed on improving outcomes and tackling inequalities across six main priorities:

- no individual or family is financially excluded
- those most vulnerable and excluded play a full part in the community
- the city is a dynamic economic base of people with diverse skills working for a living wage
- the people of Peterborough are living healthy and resilient lives in decent homes
- children are enjoying their childhood and expressing their skills and potential in life
- the city is a place where business succeeds and communities thrive

| GCGP Allocation to this Thematic Objective   |
|--|
| GCGP is allocating 20% of the ESF notional allocation to promoting social inclusion and combating poverty. This equates to an allocation of approximately £6.46m of ESF, with a total spend of £12.92m based on an ESF intervention rate of 50%. |

**8.6.5 Investment priority**

<sup>35</sup> Poverty is defined as an income of less than 60% of median income

Due to the EC requirement for at least 80% of ESF to be focused on four investment priorities in more developed areas for the employment, social inclusion and skills thematic objectives, the Government has encouraged LEPs to focus on activities that align with the following investment priority:

- Active inclusion in particular with a view to increasing employability

In addition, recognising the strength and delivery potential of the Voluntary and Social Enterprise sector in the GCGP area, we have identified the following investment priority to facilitate the delivery of social and employment-related social inclusion outcomes:

- Growing the social investment market to support social enterprises and the social economy and developing the capacity of social entrepreneurs to address the needs of their local communities

#### 8.6.6 Investment activities

| <b>Specific Local Objectives: All developed on a local business sectorial basis taking account of the diverse range of important economic activity across the GCGP geography</b>  | <b>Strategic Intervention</b>                                   |
|---|---|
| Tackling barriers to work in a holistic and integrated way, including through supporting early action before problems become entrenched, outreach activities and access to locally provided services. This will include addressing debt and money management. | Social inclusion / Removing skills barriers to continued growth |
| Tackling factors causing educational attainment that create barriers to work  |   |
| Developing the capacity of community groups to participate in the delivery of services to those furthest from the labour market   |   |
| Targeting specific communities or ethnic minorities with high levels of poverty and social exclusion  |   |
| Supporting early interventions for carers   |   |
| Tackling barriers to work through addressing lack of basic English for speakers of other languages  |   |
| Supporting specific activities to improve access for people with disabilities, with a view to improve their integration into employment, education and training, thereby enhancing their social inclusion   |   |
| Supporting early interventions for young people, especially those with multiple barriers to their participation, for example care leavers, ex-offenders, lone parents and those with special needs  |   |
| Tackling barriers to work through addressing lack of basic English for speakers of other languages  |   |

#### 8.6.7 Indicative local area activities

- Classroom to career: supporting disabled young people to make a successful transition to further education or employment
- Social enterprise delivering a range of valuable community services, centred on a Countryside Centre
- Build on elements of Green Infrastructure strategy to promote social inclusion through exercise and activities using local green infrastructure

- Supporting adults with learning disabilities in their older years when there will be deterioration in existing health conditions and an increase in the chances of developing age associated conditions, including dementia
- Social enterprise that will become a beacon for people who have experienced significant financial disadvantage, social isolation and potential health issues due to them caring for a family member. Focus on providing respite care to the cared-for whilst the carer attends structured training and learning programme, which will provide them with a recognised care qualification
- Consortium of third sector information providers to train young people to provide information, advice and support to their peers and gain accreditation in customer support, administration, youth and community work, etc.
- Advice Hub enabling advice organisations to collaborate effectively with each other and other agencies, to improve service provision and ensure that local advice services are resilient and equipped to meet future needs
- Credit Unions / community banks - Promoting financial inclusion. Proposal for local Credit Unions to set up shops offering community banking products. These services will allow more local people to be employable (those presently excluded do not enjoy the basic facilities of a bank account and debit and credit card), and reduce their vulnerability to lending and cheque cashing shops. Could also offer work placements for long-term unemployed, and volunteering opportunities. (Existing examples already delivering in parts of the GCGP area)
- Widen scope of existing projects to equip disadvantaged groups with skills and confidence to manage their personal finances to remove key barriers to employment and manage transition to Universal Credit. Project could be integrated with National Careers Service and Adult Learning to increase prospects of employment. Current project targeted at social housing tenants and could be extended to other groups
- Financial Inclusion for All. Locally determined projects to combat financial inclusion at very local levels, targeting people in poverty in rural or more affluent areas
- Extend an existing programme providing locally accredited training to volunteers in five subject areas that facilitate good standards of volunteering: Equality and Diversity, Safeguarding and Confidentiality, Health and Safety, Good Practice Standards and Customer Care. It also enhances opportunities to move from volunteering into paid employment
- Community Land Trust projects run by the voluntary sector to develop housing, workspaces or other community assets to meet local needs
- Introduction of a buddy system providing one to one support for people from disadvantaged groups looking to volunteer
- Project to address barriers to effective community working and use local community facilities to offer basic support services and tailor initiatives around the specific needs of minority groups
- Project to address community cohesion: enhancing communities, reducing poverty related crisis and improving health and wellbeing of residents with specific interventions aimed at young people and older citizens. The project needs to be sufficiently flexible to deal with the specific needs of residents of market towns

- Project offering targeted and appropriate skills-based training and support to excluded people in minority groups, to reduce the barriers they face in entering employment and offer support to multicultural-based local business
- Project to increase the number of social enterprises and develop a locally-based integrated social enterprise incubation system to provide local social entrepreneurs with advice, knowledge, funding and support. Directed specifically where these are focussed on solutions to community needs and challenges
- Provide intensive support for disabled people addressing finances, work opportunities, health and leisure
- Promote and support volunteering opportunities offering people work experience in a supportive environment
- Project working with the existing partnerships and community projects to diversify the economy of rural areas

## **8.7 Investing in Education, Skills and Lifelong Learning**

### **8.7.1 Europe 2020 and UK Government Priorities**

The Europe 2020 strategy has a goal to improve education levels, in particular, by aiming to reduce school drop-out rates to less than 10 per cent and by increasing the share of 30-34 years old having completed tertiary or equivalent education to at least 40 per cent.

The UK also has a specific EU recommendation to continue to improve the employability of young people, in particular those not in education, employment or training, including by using the Youth Contract; ensure that apprenticeship schemes are taken up by more young people, have a sufficient focus on advanced and higher-level skills, and involve more small and medium-sized businesses and to take measures to reduce the high proportion of young people aged 18-24 with very poor basic skills.

The Government's vision is for a highly educated society with the key priorities being to improve choice and quality as part of building an internationally competitive skills base with a dynamic and efficient skills system that fulfils its potential and which helps individuals achieve theirs. This includes ensuring that all young people gain the knowledge they need to prepare them for adult life and for work and that employers have the skilled workforce that they need.

One of the four overarching ambitions in the UK Government's 'Plan for Growth' is to 'create a more educated workforce that is the most flexible in Europe'. The Government has a broad range of initiatives in this area and the ambition is that the European Growth Programme be used to complement them securing a high quality, rigorous and diverse range of provision that responds to the needs of individuals and businesses.

### **8.7.2 UK Policy Context**

The UK education system has important strengths but is being improved still to make opportunity more equal and to contribute more to growth, including by making up ground lost in global comparisons of workforce skills. Developing human capital in the UK is integral also to the performance of the UK labour market so as to increase and sustain employment opportunities. The Government is, therefore, continuing its reforms to improve attainment and raising the level of youth participation in continued education or training. Changes to the system should allow students to achieve their full potential, while enabling high quality assessment of attainment at all levels with qualifications that are the ones best recognised by employers and universities. The Government wants learners at all ages to be informed and empowered.

The Government's strategy to maximise the participation of 16-24 year olds in education, training, and work: Building Engagement, Building Futures, sets out the range of policies that the Government is implementing to raise educational attainment and ensure that young people are prepared to progress successfully into higher education and sustainable employment. Compulsory participation in education and training up to the age of 17 comes into force this year. By 2015, this will be extended to 18 year olds. £7.5 billion in funding is available for 16-19 education and training places including apprenticeships.

Vocational training is recognised as the route to enable people to progress into skilled, higher-paid employment. A new Further Education (FE) and skills system was launched in autumn 2010 and full implementation began in 2011. Reform of the system has included the removal of government targets and freed providers to work with local employers and communities to determine the appropriate training. In addition funding now follows the learner. The Government has also consulted on the future of apprenticeships following the Richards Review which set out a compelling vision for the future of the programme, putting the relationship between the individual and the employer at the heart of the Apprenticeship. The Skills Funding Statement published in December 2012 confirmed the priorities for



funding: apprenticeships, young people, those with English and maths skills below level 2 and the unemployed. Currently funding is available for adults to gain:

- English and maths skills up to level 2
- skills training up to level 2 to help them into work, if in receipt of agreed benefits
- a first full level 2 qualification (aged 19 – 24), and Foundation Learning if needed
- a first full level 3 qualification (aged 19 -24)
- apprenticeships
- re-training at level 2, and/ or classroom training at level 3 or 4.

Since the new skills system was launched further reforms have built on the approach:

- the launch of the Employer Ownership Pilot (EOP) promotes the development of bespoke training courses and bids for government support (37 bids were accepted last year worth £95m government funding and leveraging £115m employer investment)
- giving older learners (24+) the ability to purchase the skills they need, supported through a loan scheme, mirroring the High Education market.

The reform programme is now moving to the next stage. This means driving up both rigour and responsiveness in the system. In April 2013 the Government announced in its Paper 'Rigour and Responsiveness in Skills' its aims to create a rigorous Skills system ensures that provision responds to the individual and the employer. The areas where changes will be made to achieve this objective are:

- raising standards: improving the quality and professionalism of teaching, dealing with poor quality teaching and giving learners and employers greater power to choose training and better information about the quality of provision and routes to employment
- reforming Apprenticeships: to give employers greater flexibility in deciding what training individuals need to reach the required standard
- pathways into work: to include a framework for skills and unemployed learners to ensure better interaction of skills and benefits and to develop a traineeships programme to respond to the concerns of employers about the readiness for work of young unemployed people
- meaningful qualifications: introducing a new Technical Baccalaureate Standard and ensuring the number of qualifications we continue to fund meet employer needs and are developed with strong employer input
- underpinned by funding reform and greater access to Government data: to provide sharper incentives for colleges and training providers to respond to what learners want to study and what employers need. By 2014 the full range of Government data on FE and skills will be available on data.gov.uk for dissemination via apps.

In terms of Higher Education (HE) the UK system has an excellent reputation for overall quality, and attracts large numbers of international students and researchers, who bring revenue and expertise. Our strongest universities are among the best in the world, and retaining and building on that strength is a Government priority. The highly skilled graduates that the HE system delivers are crucial to the UK's economic growth.

The Government's strategy for HE has student choice and provider opportunity at its core. A sustainable funding system has been introduced which means that the costs of Higher Education are shared between Government and graduates who gain a range of benefits from a university education – most notably the higher salaries they earn. The funding system means that no student is prevented from gaining the high level skills and opportunities associated with an HE qualification because of cost. Eligible students can access tuition fee loans and loans to help with living costs. They do not need to repay their loans until they are in well paid jobs.

Because more HE teaching funding is now in the hands of students via student loans, their choices will shape higher education. Universities and colleges will have to persuade prospective students that their teaching, facilities and support are worth their investment. This will help drive quality improvement.

The Government recognises the importance of promoting opportunities for successful participation in higher education and the development of higher level skills to everyone who can benefit from it. The Government is establishing a new framework, with increased responsibility placed on universities to widen participation. We have also asked HEFCE and OFFA to develop a national strategy for access and student success which will include advice to ensure we achieve the maximum impact from spending by Government, HEFCE and institutions.

The Government wants more students to be able to go to the university of their choice, and a more dynamic system which will enable popular institutions to grow. The central controls placed on the number of students each university can take have been reduced, so that universities can now choose to expand through unconstrained recruitment of high performing A level (or equivalent) students.

Better information to support student choice is a key strand of the current HE strategy. The Key Information Set (KIS) enables students to compare data for each course. Information provided includes student satisfaction, graduate outcomes, learning and teaching activities, assessment methods, tuition fees and accommodation.

Skilled graduates are central to the UK's economic growth, and the Government has encouraged universities and business to work in partnership to ensure that supply meets demand. The 2012 Wilson Review of Business-University collaboration highlighted the importance of universities working closely with the business community in their local area, and in April 2013 the Government launched the National Centre for Universities and Business. HEFCE will ask the new Centre to provide strategic advice periodically on industry's needs and perceptions of graduates and postgraduates (drawing on established evidence from bodies such as CBI and UKCES) across all disciplines including STEM.

### **8.7.3 ESF Operational Programme for England 2014-20**

This Thematic Objective has been developed to form ESF Priority Axis 2: Skills for Growth in the ESF Operational Programme.<sup>36</sup>

Investment Priorities within this Priority Axis are:

- 2.1 Enhancing equal access to lifelong learning
  - for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences
- 2.2 Improving the labour market relevance of education and training systems
  - facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development

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<sup>36</sup> See Page 65 of the ESF Operational Programme

of work-based learning systems, including dual learning systems and apprenticeship schemes

The Specific Objectives applicable to this Priority Axis are set out in the ESF Operational Programme. Output and Results targets for the GCGP area are in Section 9.2 of this Strategy.

#### **8.7.4 Building skills and employability in the GCGP area workforce**

GCGP is focused on helping to drive forward sustainable economic growth in our area – with local business, education providers, the third sector and the public sector working together to achieve this. Our area currently has a population of 1.3 million people, which is estimated to grow to 1.5 million by 2031. Our 60,000-plus enterprises support over 70,000 jobs and will need a flexible, innovative, entrepreneurial, and skilled workforce to enable them to grow.

The area has a very strong education sector. University of Cambridge is a world leading establishment; Anglia Ruskin University, with its Cambridge and Peterborough campuses are creating a local base of skilled graduates; our local FE colleges all have highly regarded faculties and Peterborough Regional College is member of the Gazelle Group focusing on innovation and entrepreneurialism in education.

As identified in the LEP's Operational Plan, securing an appropriately skilled and employable potential workforce to meet the requirements of local businesses is a key criterion for success in our local economy.

Human capital is a prerequisite of a successful knowledge-based economy and a key asset for attracting businesses. Some parts of the GCGP area score highly here but others less so. Kings Lynn and West Norfolk, for example, is ranked in the bottom 20% nationally for its human capital.

There is a widespread mismatch between skills supply and business demand across much of the area. This is exacerbated in areas such as King's Lynn and West Norfolk, where there is low educational attainment with a high proportion of the working age resident population qualified below NVQ level 2. King's Lynn and West Norfolk is also one of the coldest 'cold spots' for participation in higher education in the country.

Our role, within a landscape aimed at increasing the levels of skilled and employable workers available to support our economy, is to drive change in the skills funding and commissioning system to enable education and training provision to better meet the needs of local businesses. We will do this by working with enterprises, education and training providers and businesses to help ensure provision meets local needs.

Partnership working is key to the success of strategic interventions. Working with the Skills Funding Agency, local universities and further education providers will bring benefits to the implementation of success. Links with neighbouring LEPs (e.g. New Anglia and Hertfordshire) will firm up geographic, research and business links, and ensure the successful implementation of shared projects.

The GCGP Skills Strategy Group comprises a range of: businesses from varying sectors, education and training providers, and the public sector focused specifically on creating a skills strategy and plan of action to deliver business led skills training. Its projects cover three key areas: One, improving the economic awareness of the potential workforce. This empowers, the aspiration agenda, improving maths and English qualification levels, the STEM agenda, and preparing people for the world of work. Two, increase the numbers of businesses who plan, and budget for training.

We need our businesses to work hard to articulate their skills needs, be active in interacting with local education and training providers at a strategic level, and provide access to the workplace and personnel in order to enable economic awareness. Three, aligning publically funded education and training with business

demand from the local economy. This is the outcome of points one and two; without demand from the potential workforce and the right information from businesses, and their direct involvement then alignment cannot occur. We see the core strength of our ESF proposal being directed by the local economy first to then affect behaviours and opportunities in the client groups.

**Key actions required**

- Projects that work with businesses, education and training providers to empower the potential workforce to choose skills and qualifications that enable entry into the labour market.
- Provide data and knowledge that allow the potential workforce, education and training providers to understand the local economy.
- Provide independent careers advice to young people under sixteen, and other key groups, that is robust and based on the local economy
- Promote ways of working with local businesses to education and training providers. Support and encourage the local business community to play a role in shaping and/or delivering elements of learning in schools to better meet local business needs. With particular emphasis on STEM sectors.
- Showcase existing best practice in school/business partnerships, encouraging and facilitating the proliferation of best practice to other areas.
- Use existing partnerships for facilitation, in particular the LEP Skills Strategy Group, Adult Learning and Skills Boards, and 14-19 Educational partnerships.
- Connect businesses to local employment and skills programmes and provide incentives to do so.
- Focus third sector providers of key employment programmes such as the Prince's Trust and the Work Programme on key local business sectors
- Provide the current workforce with: training to allow upward progression through intermediate and higher level industry specific skills, particularly around applied higher level IT; directorship, management and leadership skills. Specifically support around the low-carbon agenda, environmental development and resource efficiency.

| GCGP Allocation to this Thematic Objective  |
|---|
| GCGP is allocating 40% of the ESF notional allocation to investing in education, skills and lifelong learning. This equates to an allocation of approximately £12.93m of ESF, with a total spend of £25.86m based on an ESF intervention rate of 50%. |

**8.7.5 Investment priority**

Due to the EC requirement for at least 80% of ESF to be focused on four investment priorities in more developed areas for the employment, social inclusion and skills thematic objectives, the Government has encouraged LEPs to focus on activities that align with the following investment priority:

- Enhancing access to lifelong learning, upgrading skills and competences of the workforce and increasing the labour market relevance of education and training systems: including improving the quality of vocational education and training and the establishment and development of work-based learning schemes such as dual learning systems

### 8.7.6 Investment activities

| <b>Specific Local Objectives: All developed on a local business sectorial basis taking account of the diverse range of important economic activity across the LEP geography</b>  | <b>Strategic Interventions</b>               |
|--|--|
| Activities that promote, or provide qualifications in, entrepreneurialism and innovation in the potential workforce  | Removing skills barriers to continued growth |
| Support for collaborative projects, placements, internships or other activities with SMEs, including building capacity that enable students and graduates to gain industry relevant experience and skills                                  |  |
| Promotion of the use of Higher Level Apprenticeships by developing a supportive environment for new HLAs   |  |
| Brokerage projects that support the development of relationships between businesses and education and training providers   |  |
| Innovative approaches to training in a vocational context for young people under eighteen  |  |
| Support for intermediate, technical and high level vocational provision for career progression   |  |
| Supporting low skilled people in low paid work to raise their skills levels. Particularly, but not exclusively, in leadership and management   |  |
| Support for intermediate, technical and higher level skills for specific industries and sectors identified as having growth potential in their local economies   |  |
| Support for businesses to plan and budget for training; building in their plans into local strategies for skills   |  |
| Fund activities that enable a detailed micro-level understanding of our economy and publish informative documentation that can be used by training funding bodies, and education and training providers to empower the potential workforce |  |
| Support for SME's at the smaller end of the scale to access other funding streams. Provide direct intervention to enable.  |  |

### 8.7.7 Indicative local area activities

- Learning for Economic and Social Wellbeing, expanding the scope of current Big Lottery project
- Develop a logistics skills training centre to help fill skills gaps. This could include an apprenticeship hub for employers and apprentices
- Aerospace skills programme. A multi-centre approach to increasing the number of associate professional and technicians for the civil and military aerospace industry across the GCGP and New Anglia LEP areas. This is in response to identified concern at the national and local level of a shortage of appropriate skills amongst aerospace technicians, a relatively low level of new entrants and an ageing workforce. This idea could be extended to engineering. There are large numbers of engineering business ranging from large companies through to micro enterprises and this is an understated skills base for the area which has significant potential
- Alignment of customer-led demand for renewable energy solutions with an employer-driven skills agenda which will generate a vocational training capacity to sustain evolving demand for new technology in dynamic energy markets

- Develop learning centres within isolated towns which focus on specific local employment needs and which would provide skills training targeting young and long term unemployed with the objective of moving them into paid employment in skills shortage areas. Although resource-heavy and therefore expensive, this would deliver a service not currently provided by all Jobcentres
- Vocational provision for apprenticeships for 14-16 year olds. Funding to support the reintroduction of 'Young' apprenticeships in priority sectors, e.g. Advanced Manufacturing and Engineering that are no longer available following changes in the funding and policy landscape
- Develop existing advice hub into an accredited training centre to deliver NVQ level 2 and 3 equivalent qualifications in legal advice
- Provide land management skills training, e.g. wetland creation and forestry
- Provide enhanced pathways to Apprenticeships, Traineeships and specific workplace skills, building on current Enterprise in Education project
- Further funding for business training and skills to grow clean tech business and low carbon skills
- Support to develop clusters (e.g. equine) into the home of world class racing training facilities
- Delivery of HSE, construction, warehouse and storage NVQ's, pre-employment training, work-based training to NEETS, 19-24s and over 24s through a manufacturing and enterprise centre. Although, as has been mentioned in departmental feedback, such provision already exists, the context of a manufacturing and enterprise centre would provide added value
- Development of an online Information, Advice and Guidance tool to help young people access IAG and college/training providers to provide tailored information
- Linking delivery of skills to the long-term unemployed through improvements to 'green' space in deprived communities and so provide a pathway to future employment opportunities
- ESF for skills to deliver innovation and adoption of low carbon technologies including skills for low carbon new build and alternative construction methods; skills centres for renewable energy training; innovation skills in low carbon transport technologies; and skills to enable knowledge transfer
- ESF for skills to deliver whole place low carbon solutions including low carbon power and heat skills; low carbon transport and network management skills; urban design, construction and planning skills; and low carbon land use skills
- Build on track record to continue and expand existing low carbon knowledge transfer programme. Additional funding through ESF could allow a broadening of the definition of knowledge transfer to include training activities and apprenticeships
- Enhance the role of education and training providers in developing 'green skills' to help grow a low carbon green economy.

## 9 OUTPUTS AND RESULTS

### 9.1 European Regional Development Fund

#### 9.1.1 ERDF Output and Results targets

The targets that were proposed in the ERDF OP were based on a combination of data from local ESIF Strategies and historical data from 2007-13 OPs. These were adjusted in discussion with the EC to ensure that the targets were realistic and matched the final detail of the agreed OP. Whilst data provided in local ESIF Strategies has therefore been important in helping to inform final OP targets, other data and factors has also informed final OP targets. Equally, it has always been understood that local targets would need to change, in line with final target numbers agreed in OPs.

Output targets have been apportioned pro-rata to notional financial allocations for Priority Axes for each category of region in each LEP area. This has been done to ensure that each area gets a fair and proportionate share of OP targets. The MA has assured LEP areas that this does not mean, however, that local factors will not be taken into account when decisions are made about what to spend ERDF on, that that local partners and the MA together have a shared responsibility to ensure that a proportionate number of outputs are delivered over the lifetime of the programme in all LEP areas.

Targets were allocated to Investment Priorities that planned in each LEP area. The MA has distributed output totals pro-rata against notional financial allocations and has taken account of differences in each Category of Region, to ensure a fair distribution in each LEP area.

#### 9.1.2 ERDF Performance Framework targets by Priority Axis

| Priority Axis  | Indicator or Key Implementation Step  | Measurement Unit             | Milestone target 2018 | Final target 2023 |
|--|---|------------------------------|-----------------------|-------------------|
| Promoting Research and Innovation                                | Productive investment: Number of enterprises receiving support  | Enterprises                  | 0                     | 424               |
|  | Expenditure   | Euros                        | 7,326,611             | 28,686,629        |
|  | Number of enterprises receiving support that has been achieved by partially or fully completed operations | Number                       | 107                   | 0                 |
| Enhancing access to, and use and quality of, ICT                 | Expenditure   | Euros                        | 2,490,363             | 9,750,771         |
|  | Additional businesses with broadband access of at least 30mbps  | Enterprises                  | 487                   | 1,907             |
| Enhancing the Competitiveness of SMEs                            | Productive investment: Number of enterprises receiving support  | Enterprises                  | 0                     | 562               |
|  | Expenditure   | Euros                        | 4,571,000             | 17,897,301        |
|  | Number of enterprises receiving support that has been achieved by partially or fully completed operations | Number                       | 147                   | 0                 |
| Supporting the Shift Towards a Low Carbon Economy in all Sectors | GHG reduction: Estimated annual decrease of GHG   | Tonnes of CO <sub>2</sub> eq | 0                     | 5,197             |
|  | Expenditure   | Euros                        | 5,427,073             | 21,249,174        |
|  | Number of enterprises receiving support that has been achieved by partially or fully completed operations | Number                       | 56                    | 0                 |

### 9.1.3 ERDF output targets by Investment Priority

| Investment Priority 1a   | ID   | Indicator  | Measurement Unit      | Target value (2023) |
|--|------|--|-----------------------|---------------------|
| Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest | CO25 | Research, Innovation: Number of researchers working in improved research infrastructure facilities | Full-time equivalents | 15                  |
|  | P1   | Number of researchers working in improved research or innovation facilities                        | Full-time equivalents | 30                  |
|  | P2   | Public or commercial buildings built or renovated  | Square metres         | 776                 |

| Investment Priority 1b  | ID   | Indicator   | Measurement Unit      | Target value (2023) |
|---|------|---|-----------------------|---------------------|
| Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies | CO1  | Productive investment: Number of enterprises receiving support                                | Enterprises           | 404                 |
|   | CO2  | Productive investment: Number of enterprises receiving grants                                 | Enterprises           | 282                 |
|   | CO3  | Productive investment: Number of enterprises receiving financial support other than grants    | Enterprises           | 14                  |
|   | CO4  | Productive investment: Number of enterprises receiving non-financial support                  | Enterprises           | 98                  |
|   | CO5  | Productive investment: Number of new enterprises supported                                    | Enterprises           | 34                  |
|   | CO6  | Productive investment: Private investment matching public support to enterprises (grants)     | Euros                 | 341,624             |
|   | CO7  | Productive investment: Private investment matching public support to enterprises (non-grants) | Euros                 | 559,691             |
|   | CO8  | Productive investment: Employment increase in supported enterprises                           | Full-time equivalents | 32                  |
|   | CO26 | Research, Innovation: Number of enterprises cooperating with research institutions            | Enterprises           | 220                 |
|   | CO28 | Research, Innovation: Number of enterprises supported to introduce new to the market products | Enterprises           | 32                  |
|   | CO29 | Research, Innovation: Number of enterprises supported to introduce new to the firm products   | Enterprises           | 65                  |
|   | P2   | Public or commercial buildings built or renovated   | Square metres         | 174                 |



| <b>Investment Priority 2a</b>  | <b>ID</b> | <b>Indicator</b>   | <b>Measurement Unit</b> | <b>Target value (2023)</b> |
|--|-----------|--|-------------------------|----------------------------|
| Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy | CO1       | Productive investment: Number of enterprises receiving support | Enterprises             | 235                        |
|  | CO5       | Productive investment: Number of new enterprises supported     | Enterprises             | 51                         |
|  | P3        | Additional businesses with broadband access of at least 30mbps | Enterprises             | 2,387                      |

| <b>Investment Priority 2b</b>   | <b>ID</b> | <b>Indicator</b>  | <b>Measurement Unit</b> | <b>Target value (2023)</b> |
|---|-----------|---|-------------------------|----------------------------|
| Developing ICT products and services, e-commerce and enhancing demand for ICT | CO1       | Productive investment: Number of enterprises receiving support                              | Enterprises             | 29                         |
|   | CO5       | Productive investment: Number of new enterprises supported                                  | Enterprises             | 20                         |
|   | CO29      | Research, Innovation: Number of enterprises supported to introduce new to the firm products | Enterprises             | 5                          |
|   | P4        | Additional businesses taking up broadband with speeds of at least 30Mbps                    | Enterprises             | 111                        |

| <b>Investment Priority 3a</b>   | <b>ID</b> | <b>Indicator</b>  | <b>Measurement Unit</b> | <b>Target value (2023)</b> |
|---|-----------|---|-------------------------|----------------------------|
| Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators | CO1       | Productive investment: Number of enterprises receiving support                                | Enterprises             | 119                        |
|   | CO2       | Productive investment: Number of enterprises receiving grants                                 | Enterprises             | 78                         |
|   | CO3       | Productive investment: Number of enterprises receiving financial support other than grants    | Enterprises             | 9                          |
|   | CO4       | Productive investment: Number of enterprises receiving non-financial support                  | Enterprises             | 30                         |
|   | CO5       | Productive investment: Number of new enterprises supported                                    | Enterprises             | 94                         |
|   | CO6       | Productive investment: Private investment matching public support to enterprises (grants)     | Euros                   | 413,429                    |
|   | CO7       | Productive investment: Private investment matching public support to enterprises (non-grants) | Euros                   | 13,855                     |
|   | CO8       | Productive investment: Employment increase in supported enterprises                           | Full-time equivalents   | 49                         |
|   | CO28      | Research, Innovation: Number of enterprises supported to introduce new to the market products | Enterprises             | 9                          |
|   | P2        | Public or commercial buildings built or renovated   | Square metres           | 376                        |

|  |     |   |         |    |
|--|-----|---|---------|----|
|  | P11 | Number of potential entrepreneurs assisted to be enterprise ready | Persons | 15 |
|--|-----|---|---------|----|

| Investment Priority 3c   | ID   | Indicator   | Measurement Unit      | Target value (2023) |
|--|------|---|-----------------------|---------------------|
| Supporting the creation and the extension of advanced capacities for product and service development | CO1  | Productive investment: Number of enterprises receiving support                                | Enterprises           | 278                 |
|  | CO2  | Productive investment: Number of enterprises receiving grants                                 | Enterprises           | 185                 |
|  | CO3  | Productive investment: Number of enterprises receiving financial support other than grants    | Enterprises           | 21                  |
|  | CO4  | Productive investment: Number of enterprises receiving non-financial support                  | Enterprises           | 72                  |
|  | CO5  | Productive investment: Number of new enterprises supported                                    | Enterprises           | 89                  |
|  | CO6  | Productive investment: Private investment matching public support to enterprises (grants)     | Euros                 | 1,172,729           |
|  | CO7  | Productive investment: Private investment matching public support to enterprises (non-grants) | Euros                 | 392,997             |
|  | CO8  | Productive investment: Employment increase in supported enterprises                           | Full-time equivalents | 116                 |
|  | CO29 | Research, Innovation: Number of enterprises supported to introduce new to the firm products   | Enterprises           | 44                  |
|  | P2   | Public or commercial buildings built or renovated   | Square metres         | 28                  |
|  | P13  | Number of enterprises receiving information, diagnostic and brokerage                         | Enterprise            | 35                  |

| Investment Priority 3d   | ID  | Indicator  | Measurement Unit | Target value (2023) |
|--|-----|--|------------------|---------------------|
| Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes | CO1 | Productive investment: Number of enterprises receiving support                             | Enterprises      | 167                 |
|  | CO2 | Productive investment: Number of enterprises receiving grants                              | Enterprises      | 111                 |
|  | CO3 | Productive investment: Number of enterprises receiving financial support other than grants | Enterprises      | 12                  |
|  | CO4 | Productive investment: Number of enterprises receiving non-financial support               | Enterprises      | 43                  |
|  | CO5 | Productive investment: Number of new enterprises supported                                 | Enterprises      | 53                  |

|  |      |   |                       |         |
|--|------|---|-----------------------|---------|
|  | CO6  | Productive investment: Private investment matching public support to enterprises (grants)     | Euros                 | 773,469 |
|  | CO7  | Productive investment: Private investment matching public support to enterprises (non-grants) | Euros                 | 261,998 |
|  | CO8  | Productive investment: Employment increase in supported enterprises                           | Full-time equivalents | 70      |
|  | CO29 | Research, Innovation: Number of enterprises supported to introduce new to the firm products   | Enterprises           | 27      |
|  | P2   | Public or commercial buildings built or renovated   | Square metres         | 17      |
|  | P13  | Number of enterprises receiving information, diagnostic and brokerage                         | Enterprise            | 21      |

| Investment Priority 4a   | ID   | Indicator  | Measurement Unit | Target value (2023) |
|--|------|--|------------------|---------------------|
| Promoting the production and distribution of energy derived from renewable sources | CO1  | Productive investment: Number of enterprises receiving support | Enterprises      | 13                  |
|  | CO5  | Productive investment: Number of new enterprises supported     | Enterprises      | 3                   |
|  | CO30 | Renewables: Additional capacity of renewable energy production | MW               | 2                   |
|  | CO34 | GHG reduction: Estimated annual decrease of GHG                | Tonnes of CO2 eq | 1,024               |

| Investment Priority 4c  | ID   | Indicator   | Measurement Unit | Target value (2023) |
|---|------|---|------------------|---------------------|
| Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector | CO31 | Energy efficiency: Number of households with improved energy consumption classification | Households       | 79                  |
|   | CO32 | Energy efficiency: Decrease of annual primary energy consumption of public buildings    | kWh/year         | 76,610              |
|   | CO34 | GHG reduction: Estimated annual decrease of GHG   | Tonnes of CO2 eq | 1,267               |

| Investment Priority 4e  | ID   | Indicator  | Measurement Unit | Target value (2023) |
|---|------|--|------------------|---------------------|
| Promoting low-carbon strategies for all types of territories, in particular for urban areas, including the promotion of sustainable multimodal urban mobility and mitigation-relevant adaptation measures | CO1  | Productive investment: Number of enterprises receiving support | Enterprises      | 178                 |
|   | CO34 | GHG reduction: Estimated annual decrease of GHG                | Tonnes of CO2 eq | 1,645               |

| Investment Priority 4f   | ID   | Indicator   | Measurement Unit | Target value (2023) |
|--|------|---|------------------|---------------------|
| Promoting research and innovation in, and adoption of, low-carbon technologies | CO1  | Productive investment: Number of enterprises receiving support                              | Enterprises      | 26                  |
|  | CO5  | Productive investment: Number of new enterprises supported                                  | Enterprises      | 5                   |
|  | CO26 | Research, Innovation: Number of enterprises cooperating with research institutions          | Enterprises      | 2                   |
|  | CO29 | Research, Innovation: Number of enterprises supported to introduce new to the firm products | Enterprises      | 4                   |
|  | CO34 | GHG reduction: Estimated annual decrease of GHG   | Tonnes of CO2 eq | 388                 |

## 9.2 European Social Fund

### 9.2.1 ESF Output and result targets

The targets in the ESF Operational Programme fall into four separate categories:

- Total participants (outputs), calculated on the basis of unit costs and based on evidence from the 2007-13 programme.
- Sub-categories of participants (outputs), for example the number of disabled people, calculated on the basis of percentages, derived from population and past performance, and then expressed as numbers in the OP.
- Result targets which are expressed as percentages in the OP and which generally measure destination of participants on leaving. They were also based on past performance.
- Performance Framework targets (financials and outputs). The 2018 targets must be met in order to release the performance reserve (6% of the programme), and significant failings can result in financial corrections.

In dividing the targets between LEP areas, DWP have treated these categories slightly differently:

- Total participants are calculated on the basis of the share of the financial allocation each LEP area has in a particular IP.
- Some sub-categories of participants are calculated on the same basis as total participants, but for disabled people, ethnic minorities, the over-50s and lone parents, LEP-level population information has been taken into account to adjust for the uneven distribution of these groups across the country.
- Result targets replicate what is in the OP. There are no adjustments, although areas which do not have a financial allocation in any IP will not have result targets for that IP.
- In the OP, Performance Framework targets are calculated as percentages of the total financial and output numbers. The same methodology has been used at LEP area level.

### 9.2.2 ESF Output targets

| Investment Priority 1.1 | ID | Indicator | Total Target Value (2023) | Men target value (2023) | Women target value (2023) |
|-------------------------|----|-----------|---------------------------|-------------------------|---------------------------|
|-------------------------|----|-----------|---------------------------|-------------------------|---------------------------|

|  |            |   |        |       |       |
|--|------------|---|--------|-------|-------|
| Access to Employment for Job-Seekers and Inactive People | O1         | Participants  | 11,650 | 6,390 | 5,260 |
|  | ESF - CO01 | Unemployed, including long-term unemployed                                | 8,150  |       |       |
|  | ESF - CO03 | Inactive  | 2,910  |       |       |
|  | O4         | Participants over 50 years of age   | 2,460  |       |       |
|  | O5         | Participants from ethnic minorities                                       | 910    |       |       |
|  | ESF - CO16 | Participants with disabilities  | 2,540  |       |       |
|  | O6         | Participants without basic skills   | 2,050  |       |       |
|  | ESF - CO14 | Participants who live in a single adult household with dependent children | 1,070  |       |       |

| Investment Priority 1.2                 | ID         | Indicator   | Total Target Value (2023) | Men target value (2023) | Women target value (2023) |
|---|------------|---|---------------------------|-------------------------|---------------------------|
| Sustainable Integration of Young People | O2         | Participants (below 25 years of age) who are unemployed or inactive       | 3,010                     | 1,650                   | 1,360                     |
|   | ESF - CO01 | Unemployed, including long-term unemployed                                | 2,110                     |                         |                           |
|   | ESF - CO03 | Inactive  | 750                       |                         |                           |
|   | O5         | Participants from ethnic minorities                                       | 140                       |                         |                           |
|   | ESF - CO16 | Participants with disabilities  | 300                       |                         |                           |
|   | O6         | Participants without Basic Skills   | 530                       |                         |                           |
|   | ESF - CO14 | Participants who live in a single adult household with dependent children | 90                        |                         |                           |

| Investment Priority 1.4 | ID | Indicator | Total Target Value (2023) | Men target value (2023) | Women target value (2023) |
|-------------------------|----|-----------|---------------------------|-------------------------|---------------------------|
|-------------------------|----|-----------|---------------------------|-------------------------|---------------------------|

|                  |            |  |                 |     |     |
|------------------|------------|--|-----------------|-----|-----|
| Active Inclusion | O1         | Participants                                   | 930             | 490 | 440 |
|                  | ESF - CO01 | Unemployed, including long-term unemployed     | 500             |     |     |
|                  | ESF - CO03 | Inactive                                       | 360             |     |     |
|                  | O4         | Participants over 50 years of age              | 180             |     |     |
|                  | O5         | Participants from ethnic minorities            | 70              |     |     |
|                  | ESF - CO16 | Participants with disabilities                 | 200             |     |     |
|                  | O7         | Participants who are offenders or ex-offenders | n/a (NOMS only) |     |     |

|                                 | ID         | Indicator                                  | Total Target Value (2023) | Men target value (2023) | Women target value (2023) |
|---------------------------------|------------|--|---------------------------|-------------------------|---------------------------|
| <b>Investment Priority 1.5</b>  |            |  |                           |                         |                           |
| Community-Led Local Development | O1         | Participants                               | 3,190                     | 1,740                   | 1,450                     |
|                                 | ESF - CO01 | Unemployed, including long-term unemployed | 2,230                     |                         |                           |
|                                 | ESF - CO03 | Inactive                                   | 800                       |                         |                           |
|                                 | O4         | Participants over 50 years of age          | 560                       |                         |                           |
|                                 | O5         | Participants from ethnic minorities        | 570                       |                         |                           |
|                                 | ESF - CO16 | Participants with disabilities             | 600                       |                         |                           |

|   |           | Indicator                         | Total Target Value (2023) | Men target value (2023) | Women target value (2023) |
|---|-----------|-----------------------------------|---------------------------|-------------------------|---------------------------|
| <b>Investment Priority 2.1</b>              | <b>ID</b> |                                   |                           |                         |                           |
| Enhancing Equal Access to Lifelong Learning | O1        | Participants                      | 11,740                    | 5,750                   | 5,990                     |
|   | O4        | Participants over 50 years of age | 2,410                     |                         |                           |

|  |            |   |       |  |  |
|--|------------|---|-------|--|--|
|  | O5         | Participants from ethnic minorities                                       | 900   |  |  |
|  | ESF - CO16 | Participants with disabilities  | 750   |  |  |
|  | O6         | Participants without basic skills   | 2,070 |  |  |
|  | ESF - CO14 | Participants who live in a single adult household with dependent children | 440   |  |  |

| Investment Priority 2.2   | ID   | Indicator  | Total Target Value (2023) | Men target value (2023) | Women target value (2023) |
|---|------|--|---------------------------|-------------------------|---------------------------|
| Improving the Labour Market Relevance of Education and Training Systems | CO23 | Number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy) | 210                       |                         |                           |

### 9.2.3 ESF Results targets

| Investment Priority 1.1                                  | ID        | Indicator  | Target value (2023) |
|--|-----------|--|---------------------|
| Access to Employment for Job-Seekers and Inactive People | R1        | Unemployed participants into employment (including self-employment) on leaving | 22%                 |
|  | R2        | Inactive participants into employment, or job search on leaving                | 33%                 |
|  | R3        | Participants gaining basic skills  | 4%                  |
|  | ESF- CR06 | Participants in employment, including self-employment, 6 months after leaving  | 34%                 |

| Investment Priority 1.2                 | ID        | Indicator  | Target value (2023) |
|---|-----------|--|---------------------|
| Sustainable Integration of Young People | R3        | Participants gaining basic skills  | 4%                  |
|   | R5        | Participants (below 25 years of age) in employment, including self-employment, or education/ training upon leaving | 43%                 |
|   | ESF- CR06 | Participants in employment, including self-employment, 6 months after leaving                                      | 34%                 |

| Investment Priority 1.4 | ID         | Indicator   | Target value (2023) |
|-------------------------|------------|---|---------------------|
| Active Inclusion        | ESF - CR02 | Participants in education or training on leaving                              | 17%                 |
|                         | R1         | Unemployed participants into employment, including self-employment on leaving | 14%                 |
|                         | R2         | Inactive participants into employment, or jobsearch on leaving                | 27%                 |
|                         | R4         | Participants with childcare needs receiving childcare support                 | 36%                 |

| Investment Priority 1.5         | ID         | Indicator   | Target value (2023) |
|---------------------------------|------------|---|---------------------|
| Community-Led Local Development | ESF - CR02 | Participants in education or training on leaving                            | 19%                 |
|                                 | R1         | Unemployed participants in employment, including self-employment on leaving | 16%                 |
|                                 | R2         | Inactive participants into employment, or jobsearch on leaving              | 29%                 |

| Investment Priority 2.1                     | ID | Indicator  | Target value (2023) |
|---|----|--|---------------------|
| Enhancing Equal Access to Lifelong Learning | R3 | Participants gaining basic skills  | 11%                 |
|   | R6 | Participants gaining level 2 or below or a unit of a level 2 or below qualification (excluding basic skills) | 25%                 |
|   | R7 | Participants gaining level 3 or above or a unit of a level 3 or above qualification                          | 8%                  |
|   | R8 | Employed females gaining improved labour market status   | 35%                 |

| Investment Priority 2.2   | ID | Indicator   | Target value (2023) |
|---|----|---|---------------------|
| Improving the Labour Market Relevance of Education and Training Systems | R9 | Small and Medium Enterprises successfully completing projects (which increase employer engagement; and/or the number of people progressing into or within skills provision) | 75%                 |

#### 9.2.4 ESF Performance Framework targets

| PA | ID | Key implementation step or indicator | Measurement unit | Milestone total (2018) | Milestone men (2018) | Milestone women (2018) | Final men target (2023) | Final women target (2023) | Final target (2023) |
|----|----|--------------------------------------|------------------|------------------------|----------------------|------------------------|-------------------------|---------------------------|---------------------|
| 1  | 1  | Amount of spend                      | Euros            | 7,885,252              |                      |                        |                         |                           | 42,054,675          |



|   |    |                 |        |           |       |       |       |       |            |
|---|----|-----------------|--------|-----------|-------|-------|-------|-------|------------|
| 1 | O1 | Participants    | Number | 2,931     | 1,604 | 1,327 | 8,530 | 7,060 | 15,590     |
| 2 | 1  | Amount of spend | Euros  | 5,828,317 |       |       |       |       | 31,084,355 |
| 2 | O1 | Participants    | Number | 2,207     | 1,081 | 1,126 | 5,750 | 5,990 | 11,740     |

## 10 MATCH FUNDING

### 10.1 Overview of match funding sources

Beyond the opt-in menu made available by Government, match funding for SIF activity is likely to be limited. For this reason, we have elected to rely extensively on the various opt-in packages to provide the majority of our match for SIF. We have not made a detailed assessment of the availability of local match funding from private and public sector partners, we have assumed that about match will be available from the following sources:

- GCGP via the Growth Deal and Single Local Growth Fund, linked to our SEP; through income and returns from Growing Places Fund and Enterprise Zone business rate returns; Eastern England Agri-Tech (Regional Growth Fund) and Greater Cambridge City Deal
- Local Authority funding linked to local strategic growth and economic plans and public sector assets (acknowledging that this option is unlikely to be viable in the context of reductions in public sector funding)
- Private sector through direct match and private investment
- Funding through universities, colleges, civil society and voluntary sector organisations
- Opt-in service providers

### 10.2 GCGP position on national match funding options

#### 10.2.1 Big Lottery Fund – Promoting social inclusion and combating poverty

GCGPEP is keen to see social inclusion and poverty issues addressed through ESF and welcomes the Big Lottery Fund offer as a mechanism to provide match funding. The LEP has a strong Voluntary and Social Enterprise sub-group, whose members are keen to engage with programme development delivery. We have decided to opt in to the Big Lottery Fund and have provisionally decided that all of our social inclusion spend will be matched by this service. This is an in principle decision, subject to contract and negotiation of agreed delivery plans.

#### 10.2.2 Skills Funding Agency – Investing in Education, Skills and Lifelong Learning

The Skills Funding Agency (SFA), a partner organisation of BIS, is tasked with funding and promoting adult further education (FE) and skills training in England, including traineeships and apprenticeships in a way that supports economic growth. The SFA currently delivers £4.1 billion of skills training through contracts with over 1,000 colleges, private training organisations and employers. The SFA is an existing co-financing body for ESF. The SFA offer to LEPs is to support the identification and co-ordination of skills priorities and a purchasing framework for contracting skills and employment provision. Match funding is from the national Adult Skills Budget.

We have decided to opt in to this service in principle, subject to contract and negotiation of agreed delivery plans.

#### 10.2.3 Department for Work and Pensions – Promoting Employment and supporting labour mobility

The Department for Work and Pensions (DWP), through Job Centre Plus, is an existing co-financing body for ESF. Its offer to LEPs is to support the identification, procurement and co-ordination of employment and labour mobility priorities within the Growth Programme. Match funding is 'in-kind' funding from the Work Programme and other national DWP provision. Building on current working relationships with JCP, and on the understanding that we have the ability to flex national provision to meet local need, we have decided to opt in to this service in principle, subject to contract and negotiation of agreed delivery plans.

#### 10.2.4 Match funding for EAFRD

Public match funding is not required for EAFRD support. Neither is private match-funding required, according to the Rural Development Regulation, but it may be necessary for state aid reasons. However, Government is encouraging maximum use of private match funding at project level to ensure sufficient 'buy-in' to the projects and to ensure that maximum leverage from the European funds is achieved. Government therefore expects projects to bring forward at least 50% private finance to match the EU funding. Government also expects the EAFRD contribution to be as low as possible for the project to take place, to ensure maximum value for taxpayer's money. This may be as low as 20%. Where private finance is harder to secure, such as for social enterprises, the percentage EAFRD contribution may be higher.

## 11 COLLABORATION WITH OTHER LEP AREAS

### 11.1 Introduction

Parts of the GCGP area - Kings Lynn & West Norfolk, St Edmundsbury, Forest Heath, Uttlesford and North Hertfordshire - are also covered by other LEPs (New Anglia, South East and Hertfordshire). These areas are all components of the former East of England region, with a track record of operating within a cross-cutting, partnership-oriented culture of working, and there are established working relationships between partners. Initial discussions have been held with these neighbouring LEPs to ensure synergy between investment priorities. We will ensure a delivery mechanism is put in place to avoid duplication once the programme has started.

### 11.2 Supply Chain support

The agri-food sector shares many similarities across the GCGP, Greater Lincolnshire and New Anglia LEP areas, where the food chain has the most productive agriculture in the UK with a focus on arable crops, intensive horticulture and pigs and poultry. The area delivers some of the highest yields in the world and has globally important research centres, but faces challenges to its competitiveness from international competitors, climate change and competition for resources. It also contains progressive supply and food chain companies, many of which work across all three LEP areas, and has a key role to play in delivering UK agri-food sector growth through replacing imports, increasing exports and innovation. This will help deliver the growth objectives of DEFRA's emerging 25 year plan for food and farming.

The area has important output in key sectors including 85% of the UK's sugar beet, over half of the peas and beans, 45% of vegetables and salads, a third of poultry meat, potatoes and wheat, 30% of ornamentals and quarter of all pigs. Agriculture in the three LEP areas has an estimated output of £4.1 billion at the farmgate, a GVA of £2 billion and supports nearly 50,000 jobs. With food processing, wholesaling and supply chain jobs the total rises to £8 billion of GVA in a sector employing over 150,000 staff.

To build on this, the three LEPs have had discussions on the possibility of collaborative EAFRD calls with a particular focus on developing added value food production and the application of innovation to deliver long term competitiveness. Given the fact that key local sectors, such as vegetables, salads, ornamentals, pig and poultry production currently have high rates of imports, prioritising competitiveness in these sectors would deliver increased UK economic activity. Together with Greater Lincolnshire and New Anglia LEPs, we are also keen to explore the potential to offer calls focused on specific sectors and geographies, such as the vegetable industry concentrated in the Fens area spreading across the three LEP geographies.

### 11.3 Agri-Tech

The Eastern Agri-Tech Initiative is a £3.2 million partnership project led by GCGP and New Anglia LEP in conjunction with Cambridgeshire County Council, Norfolk County Council and the local District Authorities. Utilising funds from the Government's Regional Growth Fund, the initiative will provide grants for Agri-Tech businesses that could be used in conjunction with ESIF.

The Eastern Agri-Tech Initiative has been designed to provide a significant boost to the food production, agriculture industry and research cluster through investment in new market and supply chain development, essential skills training and the development, application and commercialisation of R&D. A £2 million Agri-Tech Growth Fund will provide grants of between £25,000 and £150,000 to support product development and improve agricultural productivity within SMEs; and a £540,000 Research, Development and Prototyping Fund will help support the research and development of new products or processes with grants of between £10,000 and £60,000.

In addition, there is scope for continued collaboration, exploiting cross-LEP synergies such as in health innovation and life sciences connections with Hertfordshire and building on a range of successes from the 2007-13 East of England ERDF Competitiveness Programme.

#### **11.4 Case Studies**

Two relevant examples of cross-area working from the current regional programme are highlighted below.

##### **11.4.1 Knowledge Transfer**

A project aimed at enhancing regional knowledge transfer and link businesses to HEI expertise and facilities. Business-HEI collaboration was encouraged through a range of initiatives, including an online enquiry service. The project extended its existing services to include a specific low carbon focus in its engagement with businesses. The main output of this project was the promotion of a new 'Taster Scheme', intended to encourage SMEs to engage and collaborate with HEIs on low carbon issues. The scheme was promoted via a website, meetings with regional partnerships and business membership organisations. Material on the website contained information on the whole process, including eligibility and conditions for grant.

A £1,000 grant facilitated initial consultancy work between an HEI and a business and aimed to encourage the development of a more substantial working arrangement. A Low Carbon resource guide, outlining expertise in all HEI's and a specialised Innovation East low carbon edition written in a business friendly way was also developed.

##### **11.4.2 Support to Manufacturing SMEs**

This project is still running and is a programme of business support, helping SMEs in the manufacturing sector to develop better business strategies and capabilities and to adopt low carbon practices. The aim is to enable the creation of 385 new jobs and safeguard 325 jobs in the region.

Project partners help SMEs develop resource- and environmentally-sustainable products, strategies and capabilities through their expertise in the codification of knowledge as a structured approach to enable business improvement for smaller firms; and delivery of business support, including strategy development, to smaller firms.

The project addresses the need for efficient, effective and SME-specific business improvement approaches which integrate sustainability into methodologies for SME strategy and capability development.

#### **11.5 Other linkages**

The issue of addressing employment opportunities for migrants currently engaged in low-wage agriculture and food processing work is one we share with neighbouring LEP areas, particularly New Anglia, South Midlands and Lincolnshire, implying potential for projects covering a wider social and economic geography.

Looking at higher level strategic collaboration, there is significant potential for partnerships in which business and research institutions across GCGP could build on the area's sectorial strengths, e.g. with London, Oxford and the London-Stansted-Cambridge-Consortium.

## 12 FINANCIAL ENGINEERING INSTRUMENTS

### 12.1 Introduction

We note the Commission's interest in the use of Financial Engineering Instruments (FEIs) as a means of increasing the efficiency of ESIF, delivering more with less and potentially achieving economies of scale by deploying financial instruments that could operate across multi-LEP geography. We are, however, conscious of the potential costs that can be incurred in managing such funds, which could detract from their overall benefit. We do not foresee the creation of any new FEIs, but we do wish to build on the successful track record of an existing one in our area that could operate as a productive investment vehicle for the delivery of low carbon and community energy solutions.

The rationale for setting up a fund, as opposed to investing in projects on a piecemeal basis, is that a fund provides a mechanism to leverage ESIF, attract public and private co-financing for a project pipeline and channel new forms of finance into the local area. In addition, a fund can provide a transparent and clear investment strategy for local partners, reduce transaction costs and spread investment risk. Most importantly it can generate revenue which can be reinvested into growing the fund, support further project development and/or pass back revenues to partners.

### 12.2 Mobilising Local Energy Investment (MLEI) in Cambridgeshire and Peterborough

In August 2012, a contract was signed with the EC Executive Agency for Competitiveness and Innovation (EACI) for financial assistance from the Intelligent Energy – Europe (IEE) programme, to secure £700,000 (75% of the total budget) over three years for the MLEI Project. It is contracted to:

- Set up a financial mechanism or fund that aligns private and public sector investment into low carbon energy infrastructure and delivery by February 2014;
- Set up appropriate delivery mechanism(s) which may include an energy services company or framework agreements to deliver low carbon infrastructure projects, using the financial mechanism above, by August 2014;
- Procure energy infrastructure projects on public sector assets to the value of at least £15 million by August 2015.

There is an opportunity to build on this work by developing a variant of JESSICA fund. The largely rural geography of the GCGP area means that decentralised energy projects tend to be on a smaller scale than those in large urban conurbations with high populations. The fund would need to work in collaboration with a development unit to support project aggregation to reduce transaction costs, provide transparency on benefit share and manage different cash flow models and grid connection costs. A financial instrument would need to bridge the cultural gap between public and private and make it work for the GCGP geography. Such a model could be attractive for replication across UK and Europe.

ERDF funding could be deployed and matched with local public investment as part of the Growth Deal and an assessment of opportunities available for attracting private sector investment. In anticipation of the availability of ERDF funding, the MLEI Project is now looking to start scoping and preparing a detailed proposal.

Government believes that local authorities are uniquely well-placed to create a positive planning and policy environment to help drive community energy solutions. Acknowledging that many local authorities have already grasped this opportunity and come forward innovative examples, the Secretary of State for Energy and Climate Change said: "Cambridgeshire County Council and the other Cambridgeshire authorities are breaking new ground with the

Mobilising Local Energy Investment programme, which includes community low carbon energy generation and saving schemes.”<sup>37</sup>

Potential linkages between MLEI and investment in moving towards a low carbon economy across the GCGP area are detailed in Section 8.4.

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<sup>37</sup> Rt. Hon. Edward Davey MP, Secretary of State for Energy and Climate Change, and Cllr Mike Jones, LGA Housing and Environment Chairman: letter to Local Authorities, 27 January 2014.

## 13 COMMUNITY LED LOCAL DEVELOPMENT

### 13.1 Introduction

Despite the area's relatively buoyant economy, employment inequalities are increasing. The recession has hit our disadvantaged areas the hardest and there are particular areas within the GCGP area with pockets of deprivation and social need that could benefit from a Community Led Local Development (CLLD) model. More targeted support could help ensure that such areas are better placed to achieve their potential.

The community led LEADER approach has been successful in delivering community and business benefits in the Fens under the 2007-13 Rural Development Programme for England (RDPE). This approach will continue in the Fens and could expand to cover Rutland and the rural areas of Peterborough UA. We view CLLD as a complementary mechanism to LEADER, with the scope and potential to deliver similar benefits to communities that are excluded from Leader coverage.

Social inclusion measures under ESF Investment Priority 1.4 will be targeted at key areas of need and, unlike CLLD, will benefit from match funding as a core element of EU funding across the area. However, a CLLD initiatives in such areas could provide additionality to, and continuity with, the existing LEADER or provide a specifically Community-based approach in key areas.

We have earmarked a small amount of our funding for Community Led Local Development initiatives under ESF Investment Priority 1.5 in response to outline proposals from Fenland District Council (for Wisbech) and Peterborough City Council (for deprived central wards of Peterborough such as Millfield and New England).

### 13.2 Wisbech

According to the 2011 Census Wisbech, a Fenland market town, is home to a quarter of all Fenland's residents (22,841 people) and key sources of employment include food processing industries, e.g. Del Monte, Princes Foods, Moy Park, Greencore and LambWeston as well as manufacturing, logistics and storage.

There are areas of the Wisbech where unemployment rates are comparably higher than in Fenland as a whole. Promoting the economic vitality of localities needs to go hand in hand with helping into work those people most marginalised in the employment market. A CLLD approach would aim to support and maximise partnership activities that engage the economically inactive and put them back into employment.

Fenland has three lower super output areas numbered among the 10% most deprived nationally. These are within the Waterlees and Staithe District wards in Wisbech.

Other key statistics and challenges include:

- 35% of residents do not have any formal qualifications
- 44% of residents are economically inactive
- 8% of economically active residents are unemployed
- 13% of residents are from EU ascension Countries
- 17% of residents are over 66
- 22.3% of children in Year 6 are classified as obese; worse than the average for England
- Life expectancy is 6.8 years lower for men in the most deprived areas of Fenland than in the least deprived areas
- Job density figures are 0.59 for Wisbech (against National average of 0.79)



There is an acknowledged need to attract and recruit key and skilled workers to Fenland including teachers. There is also an acknowledged need to encourage growth and development to reduce commuters leaving the Wisbech Travel to Work Area.

Using the Wisbech 20/20 initiative as a document as the starting point, a CLLD project would seek to achieve significant sustainable improvement within Wisbech by 2020. CLLD funding would provide impetus and demonstrate to potential stakeholders and external investors that Wisbech is open for business. Funding would ensure that aspirations are transformed into quantifiable outcomes and our scope can become more ambitious.

Fenland District Council would co-ordinate a Local Action Group drawn from the Public, Private and Community and Voluntary sector many of whom have been involved in devising the Wisbech 2020 action plan. The partnership would be used to working closely together towards shared goals and a common aim of improving Wisbech, reinforced with a modern governance structure including businesses, voluntary organisations and local residents.

### 13.3 Peterborough

Over the last year statutory partners within the Safer Peterborough Partnership have aimed to maximise the potential offered through the Localism Act to improve the Millfield and New England area of the city and create opportunities that celebrate its uniqueness and convert the overall perception of this being a place where people want to live, work and visit. The partnership programme driving this aspiration is named **Operation Can-do**. Since the programme's inception there has been a significant reduction in the levels of crime and antisocial behaviour.

A CLLD approach would address and improve:

- Social cohesion – residents are varied in ethnicity, age, background and language barriers.
- Low levels of skills, economic activity, enterprise & income
- Health issues – high levels of poor ill health in terms of diet, smoking and lifestyle
- Facilities – local perception that the area has become the 'forgotten part of the city' requiring a need to bring investment to the area that reflects the changing needs of the area
- Enterprise – not a traditional area of high enterprise with the majority of economically active population travelling out of the area for employment. The influx of economic migrants into the area could be a catalyst to more economic dynamism
- Culture and Diversity – the ethnic diversity could provide unique retail opportunities with the businesses and local social events attracting people to the area to boost the economy

The CLLD would aim to achieve the following outcomes:

- Improved skills through development of local apprenticeships linked to the local business offer
- Increased levels of proactive local employment initiatives to work with local young people not in employment, education or training (NEET)
- Creation of a sustainable business community through targeted support for local business and retailers
- Improved quality and range of facilities on offer through an enhanced business district that responds to local needs
- Improved image and identity through building on and promoting the area's character
- Improved connection and movement to and within the area through enhanced parking facilities and maximised pedestrian accessibility
- Creation and maintenance of a healthy and clean environment for which the community and local businesses take responsibility
- Raised quality of life for residents through raising the area profile and perceptions that the area is a

location the residents of Peterborough chose to go to

- Effective partnerships through collaborative and empowered local groups
- Improved public realm and shop fronts
- Increased levels of corporate social responsibility activity in the area
- Improved access to information technology

The intent of Peterborough City Council and local partners is to ensure the area yields sustainable benefits through long term investment in the socio-economic needs of the area. The rate of migration and associated complex issues in the Operation Can-do area create a challenge that when combined escalates the extent of social regeneration required beyond that which can be tackled within core business means. The proposed CLLD project is therefore a required proposal that without EU funding is unlikely to be delivered. Aligned to LEP's aims and objectives, the CLLD would primarily support ESIF objectives around employment, social inclusion and skills.

### 13.4 Focus on deprivation

In negotiations on the UK Partnership Agreement the European Commission challenged the government's rationale and added value behind the proposed use of CLLD. As a consequence, the possibility of using CLLD remains, but with more limited parameters than in the government's original proposals. This could impact on the level of allocation and geographic distribution.

Local partners were asked to review their proposals for the use of CLLD as set out in local ESIF strategies against the framework established within the UK Partnership Agreement. To support this review the MA provided a map and list of the Lower Super Output Areas (LSOAs) and Local Authority wards that would be prioritised for support in Operational Programmes.

The agreed UK Partnership Agreement sets out the following parameters and criteria for support of CLLD as follows:

- In more developed and transition categories of region, CLLD will be limited to areas defined as being within the 20% most deprived according to the Index of Multiple Deprivation 2010. This means that CLLD support will mostly concentrate on urban areas. The resources will be focused towards those areas with the most serious disadvantage;
- The use of the Index of Multiple Deprivation criterion will be modulated in the less developed region, in the light of its specificities. This modulation will be described in the Operational Programmes;
- CLLD from ERDF and ESF will complement and not duplicate actions covered by LEADER LAGs<sup>38</sup>. Detailed complementarity will be described in the Operational Programme;
- A minimum threshold of EUR 3 million public contribution will apply to the use of CLLD<sup>39</sup>;
- Resources of CLLD will be confined to local development strategies that cover areas with the population range not less than 10,000 and not more than 150,000 inhabitants as defined in the Article 33(6) of the Common Provisions Regulation (CPR); and
- The Local Development Strategies will be selected on a competitive basis and based on the demonstration of needs.

In responding to government's request for information in respect of these revised criteria, GCGP consulted local partners in Wisbech and Peterborough to ascertain the level of appetite for CLLD. Their responses are summarised below:

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<sup>38</sup> Local Action Groups

<sup>39</sup> At Local Action Group level

### 13.5 Wisbech

The Waterlees ward and surrounding areas of Hill, Medworth and Staithe wards suffer from historic high deprivation levels, with inequalities shown to be continuing to deteriorate between this area and the rest of the county. Being areas of a relatively small market town within a district of Cambridgeshire, these pockets of extreme deprivation are often hidden within a generalised picture of an affluent, entrepreneurial and highly-skilled county. However, some headline figures below show a snapshot of some of the issues currently limiting quality of life, and which will also have a significant negative impact on future aspirational growth plans for the area:

- In Waterlees ward, almost a quarter of people are claiming out of work benefits, compared to around 15% for Cambridgeshire as a whole;
- Around 40% of Waterlees residents are living in fuel poverty, compared to 12% in Cambridgeshire;
- Double the proportion of people claim Housing/Council Tax Benefit in Waterlees than the average for the district;
- Only 17% of the population of Waterlees have qualifications higher than level 2 (against 64% for Cambridgeshire) and around a third have no recognised qualifications (against 6% for Cambridgeshire).

Despite significant resource over many years being put towards tackling the significant inequalities seen in and around the Waterlees ward, deprivation levels continue to decline. CLLD offers an opportunity for significant investment and community-led approach to turn the fortunes of the area around, with a committed group of local partners willing to lead the programme focused around skills and employability.

Six LSOAs in Wisbech are within the 20% most deprived, and furthermore some of these areas are within the bottom 10%. The six LSOAs which fall within the bottom 20% most deprived meet the minimum population threshold, although it is known that a significant migrant population and transient community exist in the area and the proposal is likely to benefit significantly higher numbers of people than the figures suggest.

There are concerns that a rigidly defined area of LSOAs within the 20% threshold of highest deprivation could exclude some pockets of still high deprivation from the area covered unless some degree of flexibility can be exercised in defining an area – for example if two LSOAs of three in a ward are eligible, the desire would be for the initiative to run in the whole ward, thereby allow for more inclusive delivery that better suits local communities and ultimately results in better outcomes.

### 13.6 Peterborough

Peterborough's CLLD proposals would be directed at the Millfield and New England wards of the city and would deliver additionality by building on the *Operation CanDo* project currently being delivered in those areas. The overall rank for the CanDo area is 6,652 out of 32,482, placing it among the most deprived 20% nationally, with pockets of significantly higher deprivation across multiple domains found within. For example, the Outdoors sub-domain is among the most deprived 14% in a national context with an average rank of 4,537 while two other notable pockets are in the most deprived 5%.

The CanDo area is placed among the most deprived 20% of all areas in England for education, skills and training. Additionally, it is in the bottom third nationally for people defined as those who would like to work but are unable to do so through unemployment, sickness or disability.

Local partners, with the support of the City Council, are committed to CLLD and wish to deploy it to address:

- Low levels of skills, economic activity, enterprise and income
- Health issues – high levels of poor ill health in terms of diet, smoking and lifestyle

- Enterprise – not a traditional area of high enterprise with the majority of economically active population travelling out of the area for employment.

The following outcomes are envisaged:

- Improved skills through development of local apprenticeships linked to the local business offer
- Increased levels of proactive local employment initiatives to work with local young people not in employment, education or training (NEET)
- Creation of a sustainable business community through targeted support for local business and retailers
- Improved quality and range of facilities on offer through an enhanced business district that responds to local needs
- Improved health outcomes and a reduction in health inequalities between the healthiest and those less healthy.

The mainstreamed resources currently available via CanDo are only scratching the surface of the depth and breadth of change needed in the area due to the complexity of ingrained additional challenges such as:

- Years of undelivered and failed promises of investment
- Lack of engagement from the public sector
- Cynical, disengaged, fragmented and often tense communities
- Deeply entrenched levels of deprivation spanning generations
- Significant population increase, churn and consequences of overcrowding
- Focal point for many new arrival residents in search of work

CLLD would enable partners to tackle these challenges at the level that mainstreamed resources cannot reach.

## 14 GOVERNANCE

### 14.1 UK Partnership Agreement

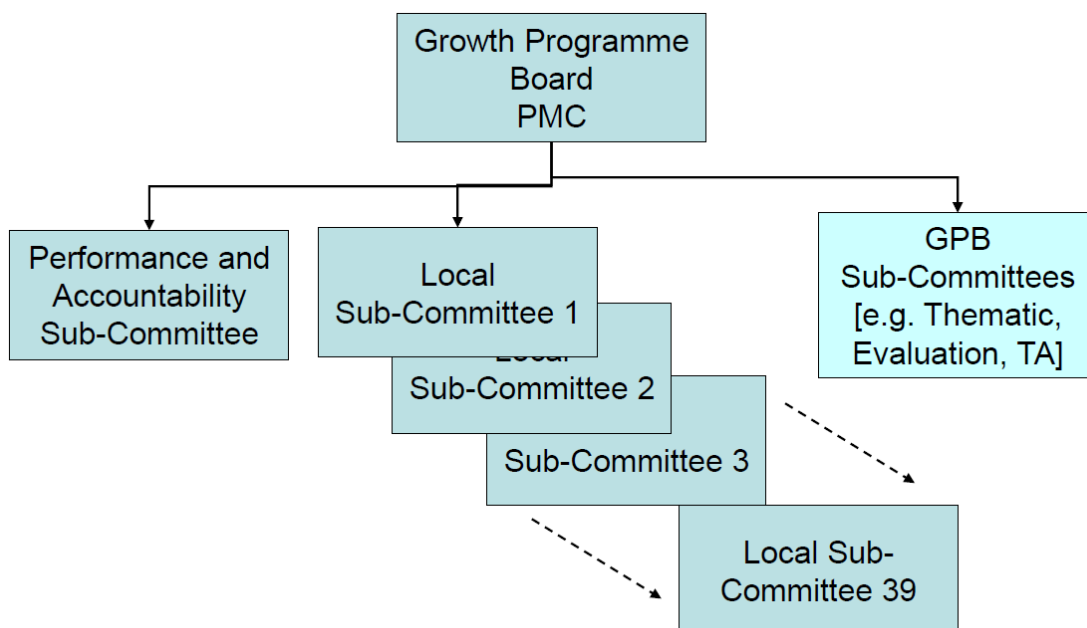
The UK Partnership Agreement was approved by the EC in October 2014. This document forms the foundation for submission of national Operational Programmes for each of the Funds. The Partnership Agreement sets out, at a high level, the intended roles and responsibilities of Government and partners, and how it will respond to the EC Code of Conduct on Partnership.

The Partnership Agreement sets out broad expectations of the role of LEPs and local partners. These are principally to:

- identify a pipeline of projects that meet local needs;
- develop, in conjunction with the Managing Authorities, Annual Implementation Plans to focus delivery and performance;
- publicise and promote the opportunities that the funds provide for economic growth;
- discuss with the Managing Authorities the breadth, scope and timing of funding calls required in each local area;
- contribute local expertise to the Managing Authorities' selection and prioritisation of projects; and
- monitor the progress of ESIF implementation against the milestones and results agreed in their ESIF strategy.

### 14.2 GCGP ESIF Committee

These roles and responsibilities will be managed in the GCGP area through the establishment of a local ESIF Committee. This Committee will form the local element of the governance structure required to deliver the ESIF programmes (see diagram below). It will have formal status as a Committee of the National Growth Programme Board, which will act as the Programme Monitoring Committee (PMC) for the national Programmes. It will also have a direct reporting line to the GCGP Board. There will be 39 local area Committees across England, as well as a number of Thematic Committees.



A key element of the Committee's composition is that its membership must reflect the broad range of stakeholder interests required by EC regulations, as a minimum to include the following sectors / interests:

- The LEP
- Local Authorities
- Private Sector and Private Sector representatives
- Voluntary and Civil Society
- Environment
- Trade Union
- Equalities
- Education, skills and employment
- Rural
- Managing Authorities (DCLG / DWP / DEFRA)

The LEP is tasked with recruiting the members of Committee which, at its first meeting will select, by mutual consent, a Chair. The role of Deputy Chair will be undertaken as Managing Authority by DCLG, who will also act as secretariat. Membership is for a three year period, to be reviewed in 2017 or 2018. The Committee, which will meet at least quarterly, or more frequently if required, will have a formal status with a direct reporting line to the GCGP Board. It will have sub-group status within the overall GCGP governance structure.

The GCGP Board has agreed the following membership composition:

| <b>Sector / Interest</b>                          | <b>No. of places allocated (total)</b>            | <b>Source of suggested nominations:</b>   |
|---|---|---|
| LEP Board   | 2 (private sector)                                | <ul style="list-style-type: none"> <li>• GCGP Board</li> </ul>  |
| LEP Executive                                     | 2 (non-members)                                   | <ul style="list-style-type: none"> <li>• Internal process</li> </ul>  |
| Local Authority                                   | 4   | <ul style="list-style-type: none"> <li>• Local Authority Leaders Board</li> </ul>   |
| Private Sector and Private Sector representatives | 3 (including one member from a social enterprise) | <ul style="list-style-type: none"> <li>• SIIC</li> <li>• Business Representative Bodies Forum</li> <li>• VSE sub-group</li> </ul> |
| Voluntary and civil society                       | 1   | <ul style="list-style-type: none"> <li>• VSE sub-group</li> </ul>   |
| Environment                                       | 1   | <ul style="list-style-type: none"> <li>• SD Alliance</li> </ul>   |
| Equalities  | 1   | <ul style="list-style-type: none"> <li>• DWP</li> </ul>   |
| Trade Union                                       | 1   | <ul style="list-style-type: none"> <li>• TUC Southern and Eastern branch</li> </ul>   |
| Education, skills and employment                  | 2 (1 FE/HE, 1 Other)                              | <ul style="list-style-type: none"> <li>• Skills Strategy Sub-Group</li> <li>• GCGP area Colleges</li> </ul>                       |
| Rural (and EAFRD MA role)                         | 1   | <ul style="list-style-type: none"> <li>• DEFRA</li> </ul>   |
| Managing Authorities                              | 3 (2 members, 1 secretariat)                      | <ul style="list-style-type: none"> <li>• DCLG (2)</li> <li>• DEFRA</li> </ul>   |
| BIS   | 1   | <ul style="list-style-type: none"> <li>• BIS Local</li> </ul>   |

## 15 DELIVERY ARRANGEMENTS

The local ESIF Committee outlined at Section 14 will act as a Sub-Committee of the national Programme Monitoring Committee, guiding the strategic direction of the ESIF programmes in the GCGP area.

The ESIF Committee will act as a strategic conduit between the LEP area partners and the MA Growth Delivery Teams. We expect to be given the flexibility locally to endorse and recommend projects that are strategically aligned to our priorities as set out in both our SEP and this ESIF, though we accept that the final decisions will be made by the MAs. The MA will not undermine the strategic role of local partners and will focus their expertise in areas of technical compliance.

We shall seek to develop a strong relationship with our opt-in partners, and would expect them to deliver against agreed targets. We will expect regular management and performance information from each of them and will agree this framework with them before finalising our opt-in decisions.

Ultimately, we are conscious of the need not to create new and bureaucratic mechanisms for local delivery of these funds. We will use, where they exist, current mechanisms and add to these where they are deficient for the purposes of the EU funds. As the LEP, with partners, further develop their SEP, our delivery mechanisms and administrative infrastructure will become clearer, in order to create a coherent model of delivery.

We anticipate that there will be a need to put in place management information process agreed with the MA Growth Delivery Team to provide data on delivery of the funds across the GCGP area. In addition there will be a need to prepare calls for projects (in whatever form they take) and consider applications/proposals.

As presently resourced, capacity within the LEP and its partners to deliver this work is limited. Going forward, our ability to deliver in line with government expectations will depend significantly on the resources made available to the LEP. We understand that 4% of the total ESF/ERDF value within the programme was set aside for Technical Assistance prior to notional allocations being made to LEPs. Therefore Technical Assistance will not come from the notional allocations issued to LEPs.

Half of the Technical Assistance allocation will be retained by Government as Technical Assistance to support the administration of the programme at national level by government. A further 2% will be available to LEPs and key local delivery partners upon application to carry out preparation, monitoring, information / communication and networking activities related to the programme. We would intend to bid for the maximum allocation, although even this is likely to be the minimum required. Beyond programme administration, we believe there is a role for project facilitation and other related activities.

This is clearly subject to agreement by the Commission and activities funded would need to be compliant with EU rules, but GCGP would welcome early clarification of the process to be followed by LEPs in order to bid for Technical Assistance funding without which, as one of the smaller LEPs, our ability to successfully influence delivery of the programme in line with our strategic priorities, will be significantly impaired.

It is understood that primary responsibility for technical compliance issues will remain with the appropriate Managing Authorities for the funds. However, GCGP will put in place procedures and signpost to the appropriate guidance made available by the MAs to ensure potential project beneficiaries deliver in way which is compliant with ESIF regulations, EU Directives (such as those relating to Procurement), State Aid Regulations and Framework and National Rules (such as fund eligibility rules).

### **Delivery Routes and Project Selection**

In consideration of proposals submitted for funding within the GCGP area, advice will be taken from the MAs on technical compliance issues.

### **Alignment with Thematic Objectives**

Once a final ESIF Investment Strategy has been agreed with Government, project consideration and approval will be based on alignment of proposals with the investment priorities set out in this plan alongside consideration of issues such as strategic fit and value for money. No applicant shall have the right to receive grant under this programme or investment strategy.

### **State Aid**

State aid compliance will form part of the assessment of project proposals. Where possible proposals will need to be:

- No aid
- Fit under one of the provisions of the General Block Exemption Regulation (GBER)
- Fit within a UK notified scheme
- Be funded under the De Minimis level of support

Where a proposal does not meet these conditions advice will be taken from the appropriate Managing Authority on potential notification but, given the likely length of time required for a notification, such a proposal is unlikely to be approved.



Whilst LEPs are not a formally recognised (by the EC) part of the delivery of the ESIF programmes, insofar as they are not Managing Authorities or Intermediary Bodies, there is some limited levels of risk that LEPs need to be aware of in protecting themselves and local partners, as well as attempting to reduce the risk to Government of non-delivery or non-compliance.

In feeding back on the draft strategies, Government asked LEPs to consider the appropriate identification and management of risks in relation to likelihood of delivery and the potential for non-compliance with the EC programme regulations.

### Likelihood of Delivery

We believe the risk of under-performing is **LOW**, on the basis that:

- Local partners have a strong track record in delivery, and understanding, of EU funded programmes.
- We have been careful to ensure that our EU Investment Strategy reflects strong links with our Strategic Economic Plan, the GCGP Growth Prospectus and other core and local growth strategies.
- We have consulted widely and involved many partners and stakeholders in the development of this Strategy, ensuring commitment and engagement into delivery.
- We have attempted to integrate known or emerging project ideas into our broad indicative activities so as to develop a Strategy that has every chance of a strong start.
- We have established a set of Outputs and Results that we believe reflect a challenging but realistic set of targets for local delivery.
- Assuming availability of resource through technical assistance, we will be able to support projects to deliver their project as effectively and efficiently as possible.
- We will work closely with the Managing Authorities and local Growth Teams to ensure a smooth framework in project selection and delivery.
- We will establish a governance structure that is robust, but proportionate in the interests of efficient project support and selection.
- Where possible and practical, we will use ESIF monies towards key strategic interventions and activities to reduce the risk of being unable to source match funding.
- Government have built in safeguards through the retention of the 'performance reserve' for LEP areas struggling to deliver in later years of the programme.

### Potential for non-compliance

Our experiences under the 2007-13 programmes suggest that the risk of non-compliance is **MEDIUM**, on the basis that:

- LEPs and local partners are not an official part of the ESIF delivery landscape, therefore technical compliance is not something that we will be qualified or able to support projects on.
- However, we will build effective and productive relationships with the local Growth Teams to ensure that projects benefit at an early stage from advice and guidance on all aspects of eligibility and compliance.
- Where the LEP commissions activity, we will ensure that the commissioning framework is fit for purpose and agreed by the Managing Authorities.
- We will work with projects and local Growth Teams to ensure all projects provide genuine additionality and do not duplicate or displace other EU, national or local activity.
- We have on-going concerns that local Growth Teams will be inadequately resourced (as is currently the case in the East of England) and that this could place undue risk on successful local project delivery.

This ESIF Strategy is underpinned by a commitment to promoting sustainable development in line with UK and European policies. In developing this draft strategy, we have identified activities that can deliver economic growth in a sustainable manner. As part of our strategy development, we have worked with Sustainability East, a Cambridge-based social enterprise, and environmental and conservation partners to appraise the Strategy to ensure that it continues to deliver social, economic and environmental sustainability. We would also anticipate building this approach into programme governance and delivery.

The 2007-13 East of England programmes incorporated a commitment to promoting equality and combating discrimination in line with domestic legislation and European Regulations. This was implemented by a sub-group of the Programme Monitoring Committee. We would expect similar arrangements to continue, through our local ESIF Sub-Committee and the national Programme Monitoring Committee.

**ATTENDEES AT CONSULTATION EVENTS**

Organisations attending one or more of the consultation workshops in Peterborough on 28 August, in Cambridge on 30 August and at Alconbury on 17 September 2013 include:

|  |   |  |
|--|---|--|
| Addenbrooke's Hospital                             | Fenland District Council                      | Keith Presence                             |
| Aggregate  | The Ferry Project/                            | The Prince's Trust                         |
| Anglia Ruskin University                           | Hope Social Enterprises                       | Purple Pig                                 |
| Arjun Tech Ventures                                | Foster Property                               | RSPB                                       |
| Arts Council                                       | Maintenance                                   | Recoup                                     |
| Association of Colleges in<br>the Eastern Region   | Future Business                               | South Cambridgeshire                       |
| Autec  | GET Group                                     | District Council                           |
| BIS  | Sunny Glasson                                 | Sustrans                                   |
| Beauchamp Technology                               | Grants4Growth                                 | RPC  |
| Jasmine Bennett                                    | Havebury                                      | Rainbow Safeware Credit<br>Union           |
| Big Lottery Fund                                   | Headway                                       | Renewables East                            |
| Big Society Funding CIC                            | Hertfordshire LEP                             | Rutland County Council                     |
| Borough of King's Lynn &<br>West Norfolk           | Howiesons                                     | Skills Funding Agency                      |
| Business in the Community                          | Hughes International                          | St Peters College                          |
| CHS Group  | Huntingdonshire District<br>Council           | Sustainability East                        |
| CSV  | Huntingdonshire Regional<br>College           | Richard Taylor                             |
| CP Learning Trust                                  | InCrops                                       | Chris Tomlin                               |
| Cambridge CAB                                      | Inspire2Enterprise                            | University of Cambridge                    |
| Cambridge CVS                                      | Ixion   | Voiceability                               |
| Cambridge City Council                             | Living Sport                                  | WEA  |
| Cambridge CleanTech                                | Maggie Magennis                               | West Anglia Training<br>Association        |
| Cambridge Regional College                         | Marshall ADG                                  | West Norfolk Voluntary<br>Community Action |
| Cambridgeshire ACRE                                | Paul Murphy                                   | West Suffolk College                       |
| Cambridgeshire County<br>Council                   | National Farmers Union                        | Young Lives                                |
| Cambridgeshire Local<br>Nature Partnership         | National Institute for<br>Agricultural Botany |  |
| Cap 14-19  | NHS   |  |
| Antony Carpen                                      | NWES  |  |
| Centre 33  | National Housing<br>Federation                |  |
| Childrens Links                                    | Natural England                               |  |
| Circle   | One Nucleus                                   |  |
| Darren Clark                                       | Opportunity Peterborough                      |  |
| College of West Anglia                             | Outset CIC                                    |  |
| Cranfield University                               | Papworth Trust                                |  |
| Cross Keys Homes                                   | Pera  |  |
| Eastern Academic Health<br>Science Network (EAHSN) | Peterborough CAB                              |  |
| English Heritage                                   | Peterborough CVS                              |  |
| Environment Agency                                 | Peterborough City College                     |  |
| DWP  | Peterborough City Council                     |  |
| Dial Peterborough                                  | Peterborough Environment<br>City Trust        |  |
| East Cambridgeshire District<br>Council            | Peterborough Regional<br>College              |  |
| Exemplas   | Emma Powlett                                  |  |

## INTERVENTION LOGIC TABLES

## Accelerating Business Growth

| Development Needs / What needs to change?   | Thematic Objective  | Investment Priority   | Specific Objective  | Results Indicators   | Type of action to be supported (Activity)  | Outputs (Commission Core indicators)                                    |
|---|---|---|---|--|--|---|
| Businesses within a generally highly innovative LEP area are facing challenges to innovate and failing to fully exploit that innovation through commercialisation | Strengthening research, technological development and innovation<br><br>Enhancing the Competitiveness of Small and Medium-sized Enterprises | Building collaborative research between enterprises, research institutions and public institutions<br>Supporting businesses including social enterprises to commercialise R&D<br><br>Build the growth capability of SMEs<br>Foster a more entrepreneurial culture by reducing barriers to entrepreneurship and supporting entrepreneurs | Support for Higher Education Institution spin-outs delivering innovation, including social enterprises  | Increased number of businesses actively innovating to bring new products to the market or improve performance  | Intensive business support through Growth Accelerator, Manufacturing Advisory Service and UKTI | Number of enterprises receiving support                                 |
|   |   |   | Supporting ongoing identification and development of new opportunities to exploit innovation as markets continue to develop over the programme period   |  | Large scale game-changing innovation project   | Number of enterprises cooperating with research entities                |
|   |   |   | Provide additional support, advice and funding to businesses and entrepreneurs to support creation and development of SMEs and Micro Businesses including uptake of new/ improved business processes and technology | Further embedding innovation and building greater value chain connections within and across relevant functional economies, especially with the use of those enabling technologies that transfer across sectors | Programme of support around agri-tech, including grants for prototyping and research           | Number of enterprises supported to introduce new to the market products |
|   |   |   | Business-led and public procurement programmes designed to drive innovation, and increasing business demand for, and absorption of R&D  |  | Grants for business innovation and/or commercialisation in capital projects and capital spend  | Number of enterprises supported to introduce new to the firm products.  |
|   |   |   | Stimulating demand for new (or improved) services, processes and products   |  | Support for business access readiness (Growth Hub)   | Private investment matching public support to enterprises.              |
|   |   |   | Help more SMEs develop a focused growth business strategy which will drive business performance and take steps to raise business growth ambition  | Increase in SME productivity   | Facilitation of networking and agglomeration   | Number of new enterprises supported                                     |
|   |   |   | Encourage and support more SMEs to enter new domestic and international markets   | Increase in SME jobs created   |  | Employment increase in supported enterprises                            |
|   |   |   | Strengthen local and national supply chains and improve productivity and resource efficiency performance  | Increase in business start ups   |  | Number of participants trained  |
|   |   |   | Increase provision of finance and investment readiness support so that business can access finance at each stage of business development  | Encouraging the competitive-ness of SMEs   |  | Jobs created in supported projects                                      |
|   |   |   |   |  |  |   |

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|--|--|--|--|--|--|--|
|  |  |  | <p>Leadership and management training to help management identify and resolve problems in setting direction and strategy, including internationalisation</p> <p>Support for collaborative projects, placements, internships or other activities with SMEs enabling students and graduates to gain industry relevant experience and skills</p> <p>Building capacity in SMEs to provide project/ placement/ internships opportunities and enhance the contribution of higher level skills to SME growth</p> <p>Promotion of the use of Higher Level Apprenticeships, especially in manufacturing and industrial strategy priority sectors</p> <p>Provide business start-up and investment readiness support</p> <p>Provision of start-up finance early stage equity/ venture capital/ proof of concept</p> <p>Developing better links between business and educators, Further Education providers and other education partners to equip students with the skills to start and grow businesses to meet local needs and to compete in UK and international markets</p> |  |  |  |
|  |  |  | <p>Leadership and management training to help management identify and resolve problems in setting direction and strategy, including internationalisation</p>   |  |  |  |

## Maximising Digital Connectivity and Exploitation

| Development Needs /What needs to change?   | Thematic Objective  | Investment Priority  | Specific Objective  | Results Indicators  | Type of action to be supported (Activity)   | Outputs (Commission Core indicators)  |
|--|---|--|---|---|---|---|
| <p>Deliver the best possible digital; infrastructure to support business growth and productivity</p> <p>Adoption by businesses of new processes and systems</p> <p>The ICT skills of the workforce should not constrain the exploitation of the digital infrastructure</p> | Enhancing access to, and use and quality of, information and communication technologies | <p>Extend the roll-out and take up of high-speed communications networks</p> <p>Support SMEs and social enterprises in their development of ICT products</p> | <p>Maximum possible coverage of the geographical area with all fixed, mobile and WiFi connectivity.</p> <p>Funding for Superfast Broadband in hard-to-reach locations</p> <p>Ensure transformational opportunities presented by the digital infrastructure are maximised.</p> | <p>Support the development of ICT products and services including broadband</p> <p>Support enhanced access to ICT</p> | <p>Delivery of final mile connections using, for example, convergence technologies</p> <p>Continuation of demand stimulation activities, including additional phases of connectivity voucher schemes in rural areas to reduce the digital divide</p> <p>Working with existing support providers to ensure that they are able to promote the benefits of new technology ('train the trainers')</p> | <p>Number of enterprises receiving support</p> <p>Number of new enterprises supported</p> <p>Employment increase in supported enterprises</p> <p>Additional enterprises accessing ICT products and services including broadband</p> |
| Application of ICT solutions that reduce carbon emissions  | Supporting the Shift Towards a Low Carbon Economy in all Sectors                        | Whole place low carbon solutions   | Development of ICT applications that contribute to reduction of carbon emissions and improving energy efficiency  | Support development and application of ICT solutions that reduce carbon emissions                                     |   | Additional enterprises accessing ICT products and services including broadband  |

## Removing Skills Barriers to Continued Growth

| Development Needs /What needs to change?   | Thematic Objective                                   | Investment Priority  | Specific Objective   | Results Indicators   | Type of action to be supported (Activity)  | Outputs (Commission Core indicators) |
|--|--|--|--|--|--|--------------------------------------|
| A lack of experience and relevant qualifications   | Promoting Employment and Supporting Labour Mobility  | Providing additional or more intensive support to help people to move towards work, enter work (including self-employment), and to progress in work  | Equip those looking for work with the right experience and qualifications matched to local sectors                       | No. of participants gaining a qualification. No. participants engaged in job searching.  | Projects that engage client groups in work-based activities combined with qualification based training   | No. of participants                  |
|  |  |  |  |  | Projects that broker business interaction with key programmes: apprenticeships, traineeships, work programme   | No. of participants                  |
| Improve access to employment for marginalised groups   |  | Innovative programmes for marginalised groups to help bring them to, and support them in, vocational learning, such as new training programmes and support for young lone parents, carers, ex-offenders and people with disabilities or health barriers                              | Equip marginalised groups with the tools they need to succeed in the local labour market                                 | No. of participants gaining a qualification. No. participants engaged in job searching. No. participants in education or training. No. participants in employment. | Enhanced employment and skills. Matching SME expectations with local labour market aims and supporting people to access local employment   | No. of participants                  |
|  |  |  |  |  | Project to target the long-term unemployed and young people who are NEET and who may have completed the work programme or otherwise have been unable to secure sustainable work. Attitudes towards work may need to be addressed before positive change can take place. This project would generate these attitude changes and capitalizes on them by supporting people into volunteering, skills development and training and work. | No. of participants                  |
| Aspirations and awareness of the local business economy to be improved amongst the potential workforce | Investing in Education, Skills and Lifelong Learning | Enhancing access to lifelong learning, upgrading skills and competences of the workforce and increasing the labour market relevance of education and training systems: including improving the quality of vocational education and training and the establishment and development of | Brokerage projects that support the development of relationships between businesses and education and training providers | No. of participants gaining a qualification. No. participants in education or training. No. participants in employment.  | Business/education/training providers brokerage projects which empower the potential workforce to make informed career choices   | No. of participants                  |
|  |  |  | Innovative approaches to training in a vocational context for young people under eighteen                                | No. of participants gaining a qualification. No.   | Vocational provision for apprenticeships for 14-16 year olds. Funding to support the reintroduction of   | No. of participants                  |

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|  |  | work-based learning schemes such as dual learning systems |  | participants in employment.  | ‘Young’ apprenticeships in priority sectors, e.g. Advanced Manufacturing and Engineering that are no longer available following changes in the funding and policy landscape.  |  |
|  |  |   | Fund activities that enable a detailed micro-level understanding of our economy and publish informative documentation that can be used by training funding bodies, and education and training providers to empower the potential workforce                     | No. of training bodies and education and training providers reached. | Targeted micro-level surveys and workshops on a geographically specific basis.  | Statistically relevant output in each sector and geographical area |
| Provide the current workforce with: training to allow upward progression through intermediate and higher level industry specific skills, particularly around applied higher level IT; directorship, management and leadership skills. Specifically support around the low-carbon agenda, environmental development and resource efficiency |  |   | Support for intermediate, technical and high level vocational provision for career progression; Support for intermediate, technical and higher level skills for specific industries and sectors identified as having growth potential in their local economies | No. of participants gaining a qualification.                         | Funding for business training and skills to grow clean tech business through low carbon skills  | No. of participants  |
| National and local level of a shortage of appropriate skills amongst aerospace technicians, a relatively low level of new entrants and an ageing workforce.  |  |   |  |  | Aerospace skills programme. A multi-centre approach to increasing the number of associate professional and technicians for the civil and military aerospace industry across the GCGP and New Anglia LEP areas.<br><br>This idea could be extended to engineering. There are large numbers of engineering business ranging from large companies through to micro enterprises and this is an understated skills base for the area which has significant potential | No. of participants  |
| Provide independent careers advice to young people under sixteen, and other key  |  |   | Support for education providers to provide resource and space in the curriculum  | No. participants engaged in job searching.                           | Promote and support volunteering opportunities offering people work   | No. of participants  |



|   |  |  |  |  |   |                     |
|---|--|--|--|--|---|---------------------|
| groups, that is robust and based on the local economy |  |  |  |  | experience in a supportive environment.   |                     |
| Promote entrepreneurial activity                      |  |  | Activities that promote, or provide qualifications in, entrepreneurialism and innovation in the potential workforce; Support for collaborative projects, placements, internships or other activities with SMEs, including building capacity that enable students and graduates to gain industry relevant experience and skills | No. of participants gaining a qualification.<br><br>No. participants in education or training. | Create entrepreneurial qualifications in schools and colleges. Create in work courses that are designed to target entrepreneurialism in the workforce | No. of participants |

## Supporting Transport Development

| Development Needs /What needs to change?   | Thematic Objective   | Investment Priority   | Specific Objective   | Results Indicators                         | Type of action to be supported (Activity)                           | Outputs (Commission Core indicators)                                |
|--|--|---|--|--|---|---|
| <p>Despite being in an advantageous location, accessed by key national routes and international gateways, our transport connectivity is seen by many businesses as a constraint to growth.</p> <p>ESIF cannot address infrastructure issues, but our digital agenda is looking to exploit technology to test new ways of addressing transport connectivity and innovation.</p> | Supporting the Shift Towards a Low Carbon Economy in all Sectors | Build the market in low carbon environmental technologies, goods and services; non domestic low carbon technologies and energy efficiency; whole place low carbon solutions; and innovation and adoption of low carbon technologies | Adoption of low carbon technologies to build the market and supply chain in new transport technologies | An increase in transport energy efficiency | Development of low carbon technological transport-related solutions | Number of enterprises supported to introduce new to market products |

## Facilitating Provision of Commercial Space

| Development Needs /What needs to change?  | Thematic Objective   | Investment Priority     | Specific Objective  | Results Indicators  | Type of action to be supported (Activity)   | Outputs (Commission Core indicators)                           |
|---|--|-------------------------|---|---|---|--|
| <p>Refurbished and new-build infrastructure needed to create space to strengthen research, technological development and innovation</p> <p>Encourage expansion beyond Cambridge of technology businesses (e.g. to Alconbury EZ)</p> | Strengthening research, technological development and innovation | Physical infrastructure | Incubation space and other equipment (e.g. demonstration and user-test facility space, and open access to equipment/ technical facilities) which leads directly to the delivery of other proposed activities to support acceleration of business growth | <p>Supporting economic growth through the creation of infrastructure</p> <p>Increased number of businesses actively innovating to bring new products to the market or improve performance</p> | <p>Creation of funding mechanism to share capital and risk funding with the private sector for development of physical infrastructure</p> <p>Provide financial support for commercial agreements to make space accessible to innovation and start-up businesses</p> | <p>Number of sites developed</p> <p>Number of jobs created</p> |

## Supporting the Shift Towards a Low Carbon Economy

| Development Needs /What needs to change?   | Thematic Objective   | Investment Priority   | Specific Objective   | Results Indicators   | Type of action to be supported (Activity)  | Outputs (Commission Core indicators)  |
|--|--|---|--|--|--|---|
| <p>Need to improve energy inefficiency in domestic and commercial premises through new technologies, renewable energy and retrofit.</p> <p>Small scale energy efficiency schemes have the potential to make a valuable and local contribution to the energy mix and support the area's contribution to carbon reduction targets.</p> | Supporting the Shift Towards a Low Carbon Economy in all Sectors | Build the market in low carbon environmental technologies, goods and services; non domestic low carbon technologies and energy efficiency; whole place low carbon solutions; and innovation and adoption of low carbon technologies | <p>Support sectoral growth in Clean tech through placing investment and procuring services</p> <p>Develop and test new exportable mechanisms that are exportable</p> <p>Generate inward investment into GCGP area infrastructure to support housing growth</p> <p>Support demand for commercialisation of new low carbon technologies</p> <p>Invest future energy spend into the local economy to benefit local businesses and communities rather than the global economy</p> <p>Low carbon financial instruments to deliver whole place solutions Building retrofit and energy efficiency, especially whole building solutions exemplifying next phase near to market technologies</p> <p>Adoption of low carbon technologies to build the low carbon market and supply chain</p> | <p>Increase in the energy efficiency of companies and buildings</p> <p>Increase in companies deploying low carbon practices, processes, services or products</p> | <p>Financial instrument for delivery of local energy efficiency projects</p> <p>Retrofit project covering domestic and non-domestic properties in a defined geographical area</p> <p>Establish a Retrofit SME as a sustainable delivery vehicle.</p> | <p>Number of enterprises supported with resource efficiency</p> <p>Number of enterprises co-operating with research institutions</p> <p>Reduction of greenhouse gases</p> |

## Promoting Social Inclusion and Combating Poverty

| Development Needs /What needs to change?                                  | Thematic Objective                                  | Investment Priority  | Specific Objective  | Results Indicators   | Type of action to be supported (Activity)                                      | Outputs (Commission Core indicators)                 |
|---|---|--|---|--|--|--|
| Tackle financial exclusion  | Promoting Social Inclusion and Combating Poverty    | Active inclusion in particular with a view to increasing employability   | Tackling barriers to work in a holistic and integrated way, including through supporting early action before problems become entrenched, outreach activities and access to locally provided services. This will include addressing debt and money management. | No. of participants engaging in positive activities that address barriers to work or widen participation in training | Development of community banks and other financial inclusion initiatives       | Total no. participants                               |
| Tackle digital exclusion  |   |  |   |  | Delivery of final mile digital connections                                     |  |
| Reduce numbers of people in debt  |   |  |   |  | Extending existing financial capability programmes                             |  |
| Reduce numbers of families living in poverty                              |   |  |   |  | Literacy and numeracy programmes; work experience and peer mentoring           |  |
| Tackle low educational attainment among children from poor families       |   |  | Tackling factors causing low educational attainment that create barriers to work  | No. of participants engaging in positive activities that address barriers to work or widen participation in training | Home learning; parenting programmes; learning outside school; work experience  | Total no. participants                               |
| Tackle social isolation among vulnerable groups                           |   | Helping grow the social investment market to support social enterprises and the social economy                                   | Developing the capacity of community groups to participate in the delivery of services to those furthest from the labour market   |  | Provision of mobile advice and support services; access to transport           | Total no. participants                               |
| Tackle community tensions in previously mono-ethnic areas                 |   | Developing the capacity of social entrepreneurs to address the needs of their local communities                                  | Targeting specific communities or ethnic minorities with high levels of poverty, social exclusion and digital exclusion   |  | Community cohesion programme; community policing support                       | Total no. participants                               |
| Tackle isolation of carers from the workplace                             | Promoting Employment and Supporting Labour Mobility | Access to employment for job-seekers and inactive people, including local employment initiatives and support for labour mobility | Supporting early interventions for carers   |  | Social enterprise combining respite care with structured learning and training | Total no. participants                               |
| Poor English language skills a barrier to employment for qualified adults |   |  | Tackling barriers to work through addressing lack of basic English for speakers of other languages  |  | Language training and employability skills                                     | Total no. participants                               |
| Tackle barriers to work for disabled and minority ethnic groups           |   |  | Supporting specific activities to improve access for people with disabilities, with a view to improve their integration into employment, education and training, thereby enhancing their social inclusion   |  | Activities to improve access for people with disabilities                      | Total no. participants                               |
| Tackle high unemployment among young mothers                              |   | Sustainable integration of young people, in particular those not in employment, education or training into the labour market     | Supporting early interventions for young people, especially those with multiple barriers to their participation, for example care leavers, ex-offenders, lone parents and those with special needs  | No. of participants engaging in positive activities that address barriers to work or widen                           | Progressive employability support for young mothers                            | Total no. participants / No. participants aged 15-24 |
| Tackle barriers preventing young disabled people accessing employment     |   |  |   |  | Activities to improve access for young disabled people                         | Total no. participants/ No.                          |

|  |  |  |   |                              |   |   |
|--|--|--|---|------------------------------|---|---|
|  |  |  |   | participation<br>in training |   | participants<br>aged 15-24                                      |
| Poor English language<br>skills a barrier to<br>young people gaining<br>qualifications |  |  | Tackling barriers to work<br>through addressing lack of<br>basic English for speakers<br>of other languages |                              | Language training and<br>employability skills | Total no.<br>participants/<br>No.<br>participants<br>aged 15-24 |