



**GREATER CAMBRIDGE
GREATER PETERBOROUGH
ENTERPRISE PARTNERSHIP**

**Draft European Structural and Investment
Funds Strategy 2014-20**

October 2013

www.yourlocalenterprisepartnership.co.uk

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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 £64 million of European Structural and Investment Funding is one that we welcome as a major part of the Strategic Economic Plan for our area.

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 Greater Cambridge Greater Peterborough. We have identified our strategic priorities and begun to develop ideas for delivery. We look forward to taking the strategy forward with Government and local partners over the coming weeks and months.



Mark Reeve
Chairman, Greater Cambridge Greater Peterborough Enterprise Partnership

1. INTRODUCTION

Greater Cambridge Greater Peterborough Enterprise Partnership (GCGPEP) 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.

The priorities for growth across the Local Enterprise Partnership (LEP) area and the whole of its economy are set out in the LEP's **Growth Prospectus**, a broad economic strategy for our area. These priorities reflect economic evidence and the issues that businesses in the area asked the LEP to focus on. They range from practically helping businesses to better meet their skills needs, to being a business voice for strategic policy issues.

This European Structural and Investment Funds 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 LEP area priorities.

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 goal is to create an economy with 100,000 major businesses and 160,000 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 £17 billion to the national economy. Sections 2 and 3 set out an economic analysis of our area.

An internationally competitive area economy

- One of UK's and Europe's key assets, successfully competing on the international stage, with a strong presence of European and global businesses
- A World-class University 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

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, provided that we can address any barriers and deliver sustainable

development. 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.

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, GCGPEP therefore 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.

Our Operational Plan sets out how we are putting in place actions in 2013/14 to begin to deliver across five priority work-streams:

- Promoting enterprise growth and innovation
- Improving international promotion, increasing inward investment and exporting
- Advocating and influencing improvements to our area's transport infrastructure
- Enabling business-led skills provision and improving the work readiness of the unemployed in target areas
- Enabling the development and occupation of Alconbury Enterprise Zone in line with partners' vision for the site.

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 also be seeking to leverage other funding that is targeted at social and environmental issues. For example, from LIFE+, the EU's main funding instrument for environmental and nature conservation projects.

The emerging Strategic Economic Plan is also examining the role that our environment and society play in supporting economic growth. For example, we are using the Local Environment and Economic Development (LEED) toolkit provided by Defra.

1.2 Rationale and process for selection of thematic objectives and priority activities

Using as its context and evidence base the Economic Analysis carried out as the foundation for our Growth Prospectus, 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.

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

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.

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

At this stage, provisional allocations made to LEP areas are for the European Regional Development Fund (ERDF) and European Social Fund (ESF), the two major component funds within the combined EU Growth Programme. The third component will be an allocation from the European Agricultural Fund for Rural Development (EAFRD). This element has yet to be added and the precise quantum is as yet unknown. Based on the 2007-13 EAFRD programme however, the provisional GCGP allocation for 2014-20 is likely to be in the region of between €2.6 million and €5.2 million.

In addition, a new LEADER programme is being developed in the Fens, building on the successful Fens Adventurer Leader programme under the 2007-13 Rural Development Programme for England. This could also lever in around £2.5 million of EAFRD funds from 2014-2020. Rutland County Council is also at an early stage of considering developing a proposal in conjunction with Opportunity Peterborough, which could incorporate the rural wards of Peterborough and Rutland. Norfolk County Council also has ambitions for full rural coverage which, if successful has the potential to lever in further significant funds, as part of Norfolk is within the GCGP area.

We await further guidance on EAFRD, but there is likely to be scope for leveraging ERDF and ESF to add value to the following activities:

- Skills in rural areas
- Develop and diversify new and growing rural SMEs including microbusinesses
- small scale renewables and broadband
- tourism activities in rural areas

We would expect specific rural-based environmental projects to come forward under EAFRD. While we do not propose to invest ERDF or ESF under the Climate Change Adaptation or Environmental Protection objectives, we would expect projects to deliver environmentally beneficial outcomes, which may link with EAFRD.

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:

A 50/50 ERDF / ESF split is assumed			
	Thematic Objective	% of ERDF or ESF	€m
ERDF €37.75m	Innovation	40	15.1
	ICT	10	3.77
	SME Competitiveness	25	9.44
	Low Carbon	25	9.44
ESF €37.75m	Employment	40	15.1
	Social inclusion	20	7.55
	Skills	40	15.1
Total indicative allocation for GCGP			75.5

Rules setting minimum investment criteria mean that the Innovation, Information and Communication Technologies (ICT), the Competitiveness of Small and Medium-sized Enterprises (SMEs) and Low Carbon thematic objectives are self-selecting. However, as will be clear from the analysis within the strategy, a focus on these four objectives for the majority of 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.

Part of the GCGP area's strength in applied innovation is in Health Innovation and Life Sciences. 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.

Based on all these aspects, we have elected to provisionally earmark 40% of our ERDF allocation to 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.

On that basis, we have provisionally allocated 10% ERDF to the ICT priority, with the remaining 50% split equally between SME Competitiveness and Low Carbon (as these are both priorities). At the same time we recognise the considerable potential overlap / interchange between ERDF priorities.

The Government has stated that 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.

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.

Our indicative ESF allocation 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 we are required to make.

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 to business representative groups, the GC&P Board and the LEP's Science Innovation and Industry Council and others. The consultation process is documented on the GC&P website at <http://www.yourlocalenterprisepartnership.co.uk/yourlep/events/european-funding-strategy-workshops/>

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2. LOCAL AREA ANALYSIS

2.1 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 Greater Cambridge Greater Peterborough 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.

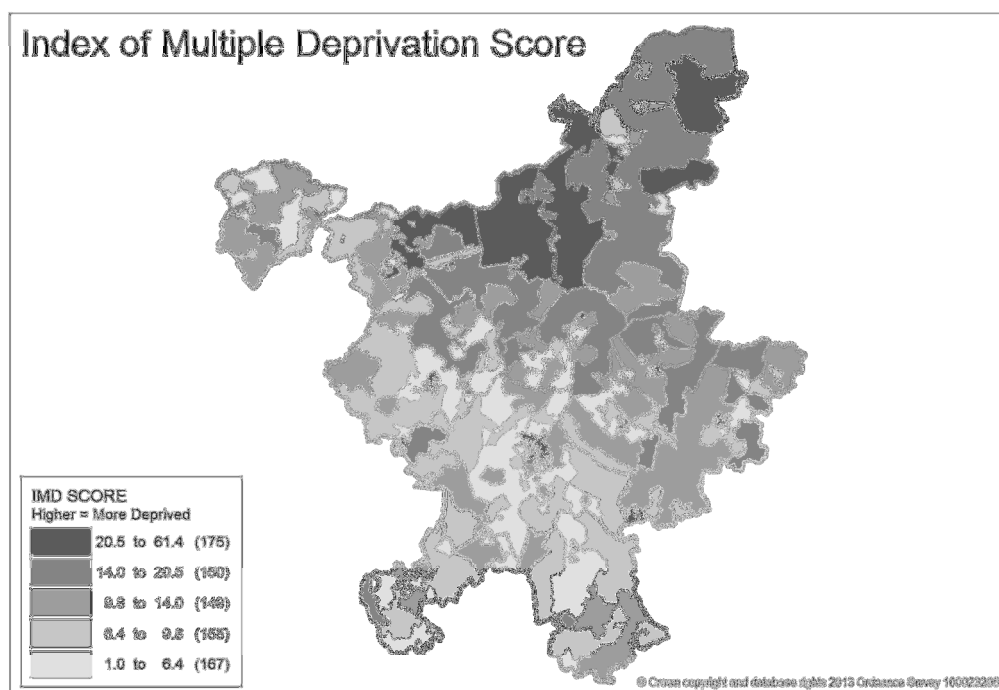
Over the past decade, the LEP area's fundamental strengths have supported an economic output (GVA) growth rate substantially higher than England, creating output £1bn higher in 2009 than if the GCGP area had only matched England average growth. Total GVA of the GCGP area is estimated at approximately £30billion. 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. The unemployment rate, at 7.3 per cent is lower than the England average (7.8 per cent). However, the March 2012 claimant unemployment rate for the GCGP area was 2.9 per cent, close to its recent historical peak (3.0 per cent, during 2011), compared to the England rate of 4.0 per cent.

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 locations:



The overall skills and qualifications attainment of GCGP residents is a strength, although there are certain 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 19² is also higher than for England. However, some of the 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.

When the types of jobs are compared between residents of the GCGP area (who may not necessarily all work in the GCGP area), and those who work in the area (who may not all necessarily live there) – there are more residents who are in professional occupations than there are jobs located here. Therefore, some individuals who are resident in the GCGP area working in professional occupations are “exported” – the sole (major) occupational group where this is the case.

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.

² weighted average for three Upper Tier authorities

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.

Health, education, manufacturing and retail are GCGP area's largest employment sectors. The knowledge economy, high-tech and export-intensive sectors are vital to ensuring that the nation and the area claim their share of world economic growth and employment, but it is also necessary to recognise the needs of existing sectors, such as retail, that provide much employment and are large determinants of economic well-being of local centres. Since at least two-thirds of new job openings occur due to the need to replace someone permanently leaving the local workforce, 'replacement demand' in a wide range of sectors and types of jobs will continue to be significant for the unemployed and new entrants to the labour market.

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 easily accessible, with Stansted and Cambridge (both inside the LEP area) and Birmingham rail-linked, and Luton just outside the LEP area.

However, 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.

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 some parts of the GCGP area, and is seen as a constraint on growth as 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 2010/11 net additions were at 70 per cent of their 2006/07 level.

2.2 Key Characteristics of the GCGP area

- Complex local authority structure: one county, two unitaries and ten district members
- Resident population of 1.34 million
- Third most rural of LEP areas, with 64 per cent of residents living in rural areas and market towns
- Two main urban centres provide 32 per cent of workplace employment
- Compared to the rest of England (excepting London), non-farm employment is most highly concentrated in Real estate, Professional scientific & technical activities; and Manufacturing industries.

2.3 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.³

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.

³ 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



2.4 Industry Structure

GCGP area's industry structure is differentiated from England⁴ 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 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".

2.5 Industry Strengths and GCGPEP focus

Knowledge and innovation are key strengths and future drivers of the GCGP area economy. Significantly, in a recent LEP area benchmarking exercise⁵, 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.

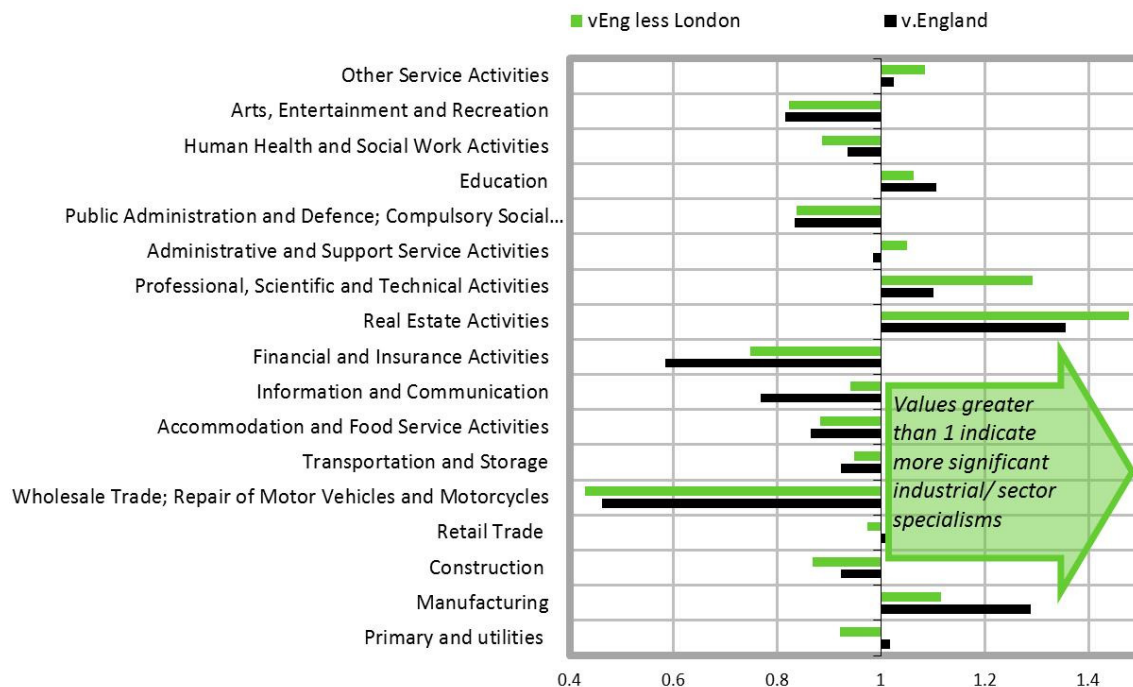
The GCGP area is renowned for its strengths in the following industries:

- ICT and telecommunications – rooted in the GCGP 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.
- Biotech and life sciences – A cluster of nearly 600 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.
- 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 GCGP 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 – GCGP 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 GCGP 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.

⁵ The LEP Network (2012) Creating Successful Economies: Review of Local Enterprise Partnership area economies in 2012

- 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 GCGP 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 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.
- Palm Paper - the fastest and most efficient newsprint manufacturing facility in the world – is based in Kings Lynn. It uses 100% recycled paper fibre and represents one third of the UK production capacity of newsprint.
- British Sugar at Wissington in West Norfolk is the largest and most efficient sugar beet processing factory in the world. It also hosts the first industrial scale bio-ethanol fuel manufacturing plant in the UK. Using waste heat and CO2, it also grows one fifth of the UK commercial tomato crop. Significant strengths in innovation and environmental sustainability
- 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.

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



Source: BRES 2010

3. ECONOMIC PERFORMANCE AND OUTLOOK

3.1 Summary

- Public sector cuts are affecting whole employment market
- However, some sectors have not only escaped job losses, but grown
- GCGP area has been more resilient in recession than England average
- Past fundamentals are foundation for the future: over past decade, GVA growth rate substantially higher than England, creating output £1bn higher in 2009 than if it had matched England average growth

3.2 Impact of recession in the GCGP area

Overall the impact of recession on the GCGP area has been less severe than for England as a whole. In 2011, employment was 1.1 per cent below the pre-recession total in 2008, outperforming the 1.6 per cent fall in England over the same time period. A number of LEP areas fared better than GCGP on this measure - for example, in London, Buckinghamshire Thames Valley and West of England employment actually increased⁶. The hardest hit LEP area, the Black Country, saw a drop of 6 per cent in employment.

The industrial structure of the economy and employment in the GCGP area is undoubtedly a factor in its relative resilience to the recession compared to other localities in England. The GCGP area has an above-average share of employees in Professional, Scientific and Technical Activities (which was more resilient to job losses), and a lower than average share in Construction (which was more vulnerable). However, the GCGP area also has a higher than average exposure to Manufacturing, which was hit hard by the recession.

The official **unemployment rate** for GCGP (year to June 2011) was 7.3 per cent – similar to England's 7.8 per cent rate. The range for LEP areas is from 4.1 per cent (Enterprise M3) to 11.5 per cent (Black Country). **Claimant unemployment** in GCGP area was less affected in the recession than for England on average for most claimant measures. The exception was the change in number of people claiming Jobseekers Allowance. In GCGP area this more than doubled from June 2008 to March 2012 (+108 per cent), while in England the increase was less than double, at 97 per cent. Nevertheless, the claimant unemployment rate as a share of the working age population rose by less in GCGP area - by 1.5 percentage points (to 2.9 per cent) while England's rate rose by 1.9 percentage points to 4.0 per cent. In other words, more growth in unemployment in GCGP area than in England was due to population growth.

Starting during the recession, and continuing into 2011, business closures exceeded business births – which took GCGP area's 2011 active business base to 3.6 per cent below its peak, while in England the total fall was 4.5 per cent.

3.3 Local experiences of recession across the GCGP area

In terms of claimant unemployment, Peterborough and Fenland were unique amongst GCGP local areas in that their claimant rates increased by more than England's 1.9 per cent increase. The unemployment rate in Cambridge increased by only 0.7 percentage points against the England increase of 1.9 per cent, whereas Peterborough's

⁶ Sub-regional employment statistics are from the Annual Population Survey. To increase reliability, full year to June 2011 is compared to full year to June 2008. The national comparator is England. National statistics above were Q1 2008 to Q4 2011, seasonally adjusted workforce jobs, UK, hence figures do not totally agree.

increase was 3.0 per cent. Despite low rates of unemployment, Uttlesford and Rutland saw their claimant count numbers more than double, well above the GCGP average. Forest Heath's total claimant count is 260 per cent higher than pre-recession, while Cambridge's is 65 per cent higher.

In terms of the business population, between 2008 and 2010, the business stock increased in East Cambridgeshire and South Cambridgeshire, decreased by less than the national average in Uttlesford, while in all other localities decreased by more than the England average (-1.1 per cent), with the greatest fall, more than 8 per cent, in Forest Heath.

3.4 Economic output, productivity and incomes

The GCGP area's⁷ total economic output is estimated at £30 billion (also known as Gross Value Added or GVA). The UK economy entered 2009 after three quarters of declining growth in 2008, and did not come out of recession until 2009's third quarter, so not surprisingly, 2009 economic output was down on the previous year: in the local area by -3 per cent (£530m), and in England by -1.6 per cent.⁸ Locally, in 2009 output fell most in real estate (-£280m) and Information & communications (-£120m). These were also among the sectors with the biggest percentage falls in output, -16.2 per cent and -9.1 per cent. Other sectors with big percentage falls between 2008 and 2009 were agricultural related (-12.8 per cent, -£34m) and construction (-9 per cent, -£98m).

3.5 Public sector employment and resilience to economic shocks

In the GCGP area public sector employment is just over 18 per cent of all non-farm employment (employees and working proprietors) in 2010. The England average is 20.8 per cent. GCGP area is 32nd of the 39 LEPs ranked by share of employment in the public sector. While GCGPEP is less exposed than some areas, some 112 thousand jobs in our area are public sector. The public sector accounts for more than 1 in 5 jobs in a number of GCGPEP districts: Kings Lynn and West Norfolk (highest, 25 per cent of all its non-farm employment in public sector), St Edmundsbury, Huntingdonshire, Rutland and Cambridge. The area has seen significant public sector job cuts over the past three years and, Office for Budget Responsibility's projection that 7.4 per cent of public sector jobs are to be cut by 2017 would equate to around 8,300 job cuts in the GCGP area.

3.6 Longer term fundamentals for economic health

The global financial crisis and widespread recession has changed the way we think about the future. Nevertheless, fundamental strengths have to provide the base for the future. HM Treasury sets out the key influences on economic growth: economic output is determined by employment –dependent on working age population and economic activity rates- and productivity. Productivity is driven by innovation, skills, enterprise and investment.

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. GCGP area was placed among the 10 top-performers. Indicators that contributed to its position included: GVA per head (using Cambridgeshire and Peterborough as "proxy" for LEP area) at £21,700 (current basic prices) in 2009, this ranked it 9th; innovation indicator (patents per 100,000 residents, 2007) – GCGP was top ranked of all the LEP areas; share of employment in the knowledge economy and high & medium technology manufacturing (9th); and business formation and creative destruction: churn rate (7th).

⁷ Official statistics on these three topics are published only down to NUTS 3 areas so the nearest approximation to the GCGP area is Cambridgeshire and Peterborough.

⁸ Note: this data published on five-year moving average basis.

4. WORKFORCE

4.1 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 - the youth (18-24) unemployment rate in March, at 6.0 per cent was more than double the rate (2.9 per cent) for 25-49 year-olds
- 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.

4.2 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.

4.3 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.

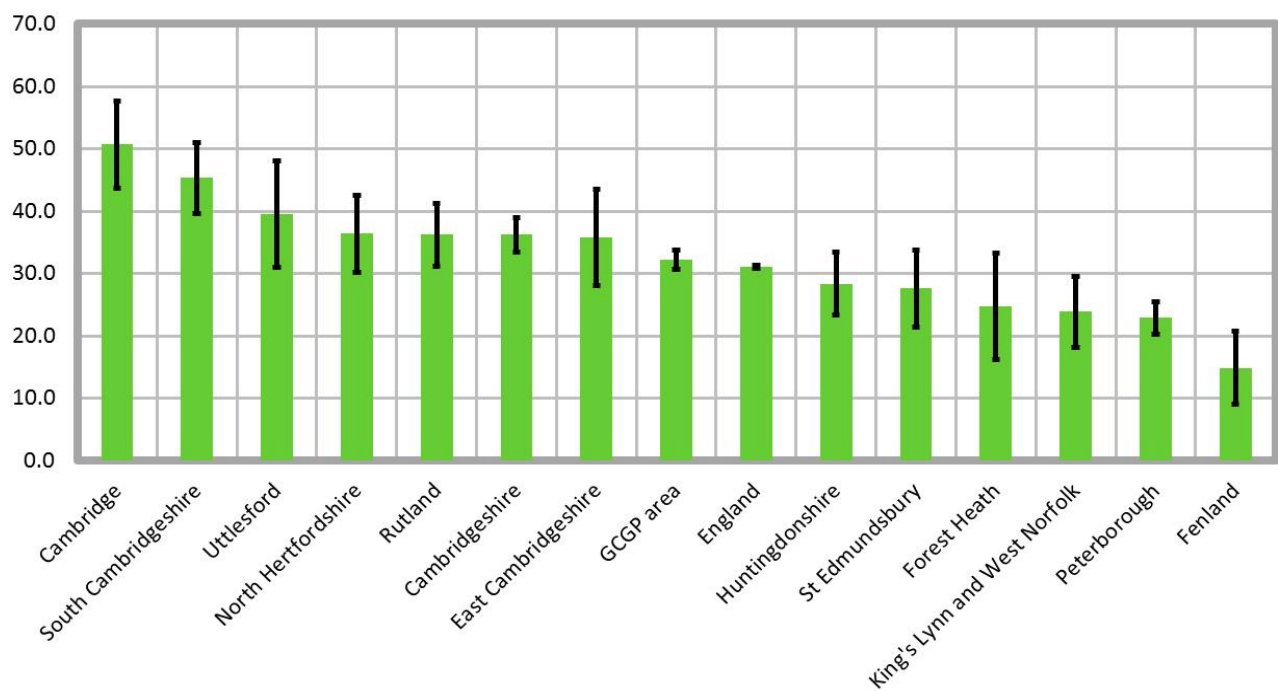
The GCGP area-wide figure masks very different local area profiles. The chart at Figure x sets the areas out in rank order.

4.4 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 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



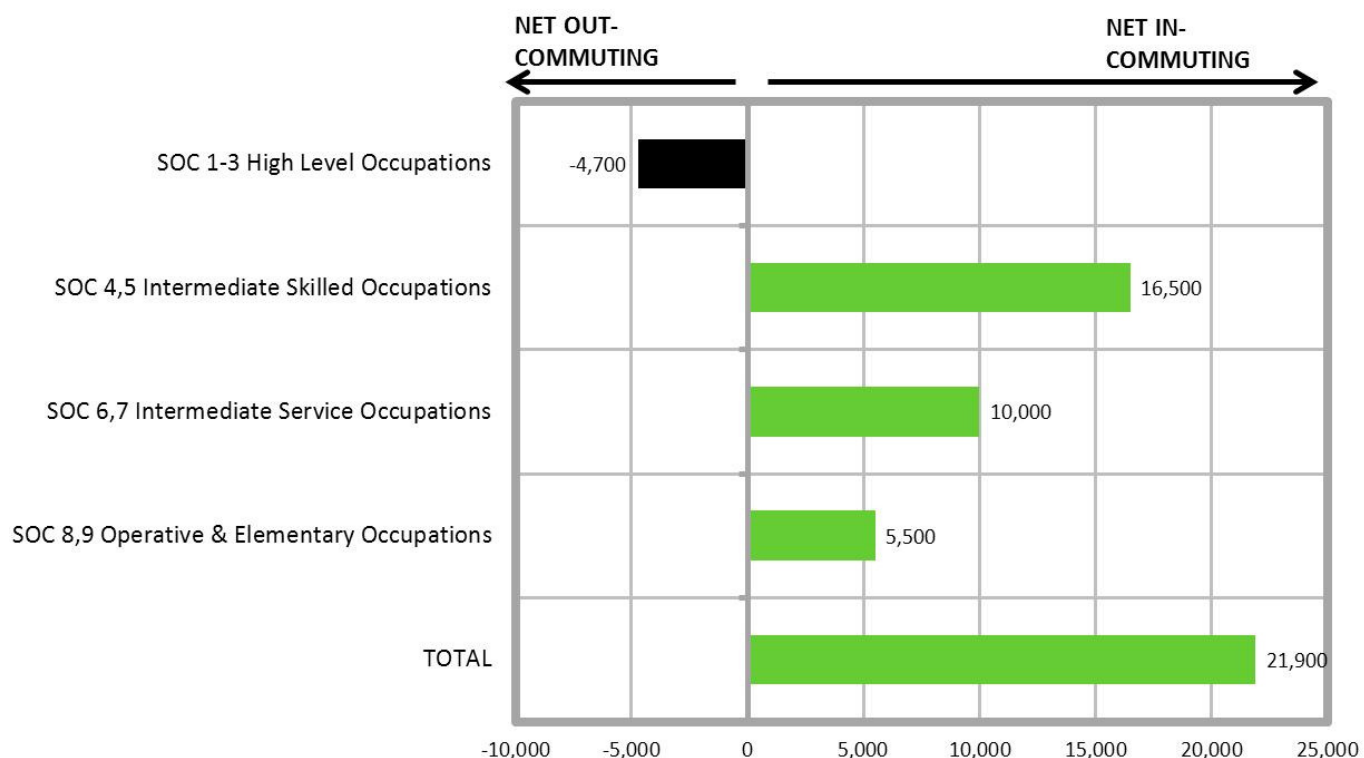
Source: ONS Annual Population Survey, Jan-Dec 2010

4.5 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

4.6 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).

5. EMPLOYERS, ENTERPRISE AND EMPLOYMENT

5.1 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

5.2 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 2011.⁹ The number of local units peaked at 63,695 in 2008, and has fallen in each of the three years since.

48 per cent of local units are Urban and 52 per cent are Rural. Over the two years 2009 to 2011, the total number of urban local units declined at a higher rate than for rural areas – a decline of 4.0 per cent in urban areas compared to a 2.3 per cent decline in rural areas. Rural enterprises with highest relative representation ("location quotient" versus whole GCGP area) are Agriculture, Construction and Transport & storage. Urban enterprises most highly represented relative to the whole: Retail, finance & insurance; Accommodation & food, and Education and health.

⁹ 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.

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.¹⁰

Industrial specialism according to enterprise population (location quotients of GCGP Area compared to England)



Source: IDBR analysis by Broad Industry Group, via Neighbourhood Statistics. 2011 is at March.

5.3 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. Over the 10 years from 2001 to 2011, annual growth in GCGP area reached (and exceeded) 3 per cent only once. To grow the 2008 baseline to 100,000 enterprises by 2025 requires an average annual average growth rate of 3 per cent.

5.4 Entrepreneurship

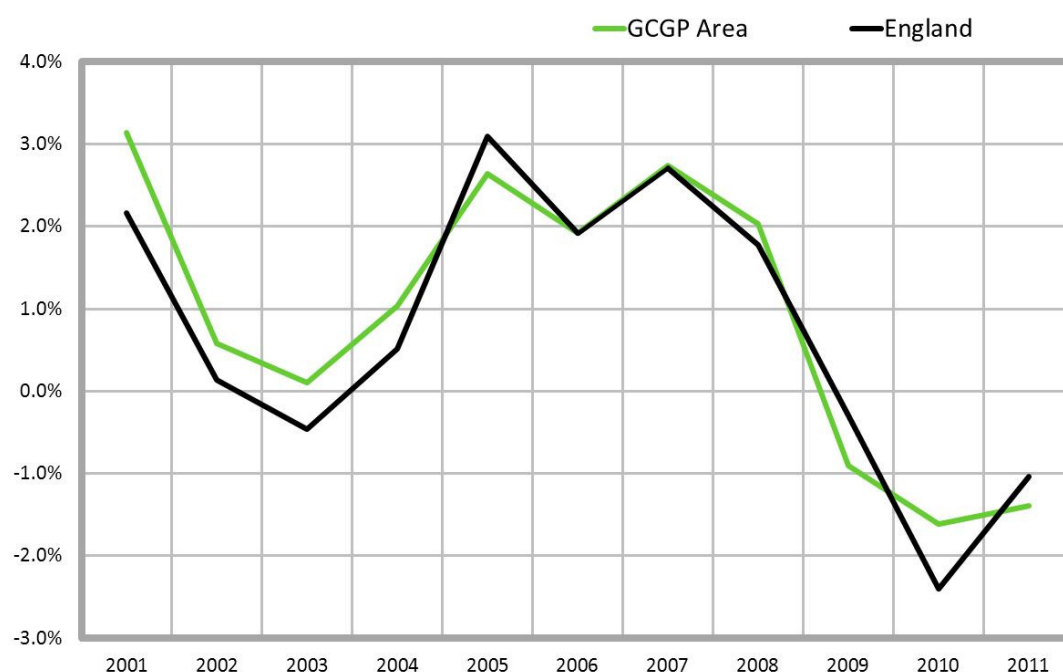
New enterprise formation is a key contributor to growth, and an EU study¹¹ concluded that while SMEs account for 65 per cent of employment, their share in job creation in the decade to 2010 was 85 per cent. Newly formed

¹⁰ 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.

¹¹ Study on the SMEs' impact on the EU labour market, Jan 2012

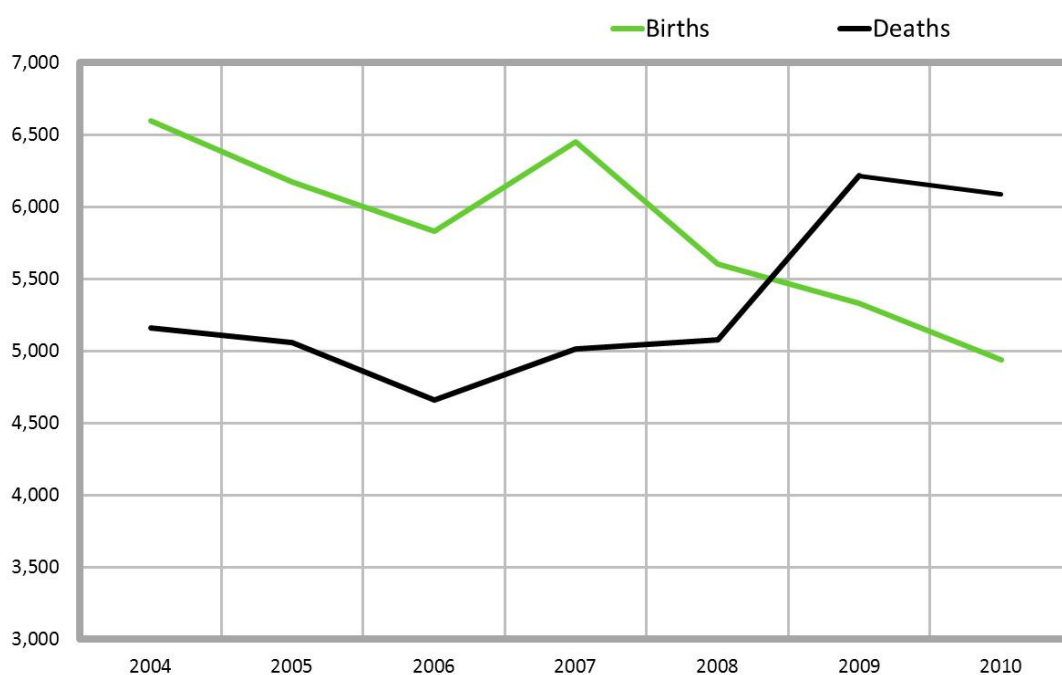
enterprises are particularly important to job creation, and survival rates meant that, despite loss through young business deaths, in the past decade, approximately 85 per cent of jobs created were sustained after five years.

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



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

Figure x: 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).

5.5 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.

5.6 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 might add an additional 51,700 to the zero-employee business population.

5.7 Employment: change in employment levels

From September 2008 to September 2010, employment¹² in the GCGP area fell by 10,700 jobs representing a 1.7 per cent contraction. This was less than the 2.5 per cent contraction experienced in England over this period. Employee numbers in the GCGP area fell by 14,800 (-2.5 per cent), compared to a 3.0 per cent fall in England. The GCGP area ranked 14th of the 39 LEP areas for employment change over this period. Evidence suggests that a 4,100 increase in enterprise proprietors partly offset employee-job losses in the GCGP area.¹³

Full-time and part-time employee jobs both fell: between 2008 and 2010. During this period, the GCGP area experienced a 9,000 loss in full-time jobs (a contraction of -2.2 per cent), and a 6,000 loss in part-time jobs (a -3.2 per cent contraction). Part-time employment suffered hardest in 2009, but bounced back in 2010. Full-time employment was hit less hard initially, but continued to decline into 2010. This evidence may indicate that employers were trying to protect core employees in expectation of recovery, but subsequently turned to seek the greater flexibility of part-time employment. In England, there was a 4 per cent drop in full-time employee jobs and 0.9 per cent drop in part-time employee jobs.

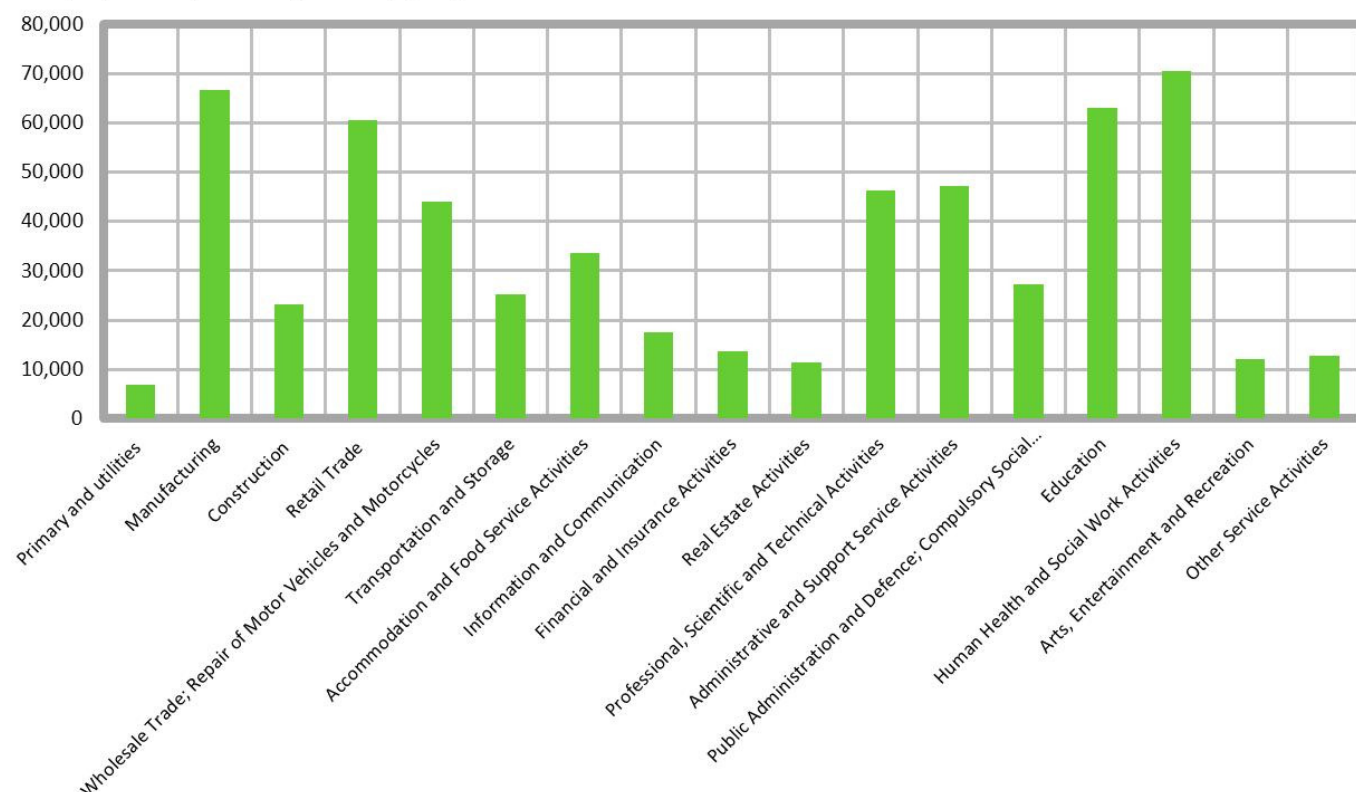
5.8 Employees by industry

¹² Employment is defined as employees and working proprietors.

¹³ Source: ONS BRES

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

5.9 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 turnover¹⁴. Remember that activity of an enterprise is allocated to the registered office location, which may be different from the head office and operating units. Local units known to be foreign owned number 2085, and employ over 78,000. Turnover is not reported for local units.

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¹⁴ Remember that activity of an enterprise is allocated to the registered office location, which may be different from the head office and operating units.

6. INVESTMENT PRIORITIES FOR THE EUROPEAN STRUCTURAL AND INVESTMENT FUNDS 2014-20

THEMATIC OBJECTIVE: Strengthening research, technological development and innovation

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 report¹⁵ 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.

Indicative local area activities

As part of a smart specialisation approach to innovation, based on our area track record, we would aim to

¹⁵ East of England Technopole Report, St John's Innovation Centre, August 2009
<http://insighteast.org.uk/viewResource.aspx?id=17719>

deliver activities across the range of permissible priorities under this thematic objective which complement 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.'

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 centre 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.

Potential sources of match funding

Private match from commercial and strategic partners, e.g. Universities

THEMATIC OBJECTIVE: Enhancing access to, and use and quality of, information and communication technologies

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.

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.

Indicative local area activities

Laying the foundation for digital service delivery by public sector organisations
 Development of public sector digital infrastructure, including data sharing platforms
 Broadband provision for new communities and new infrastructure developments
 Enhancing e-commerce capability among SMEs and new businesses to expand online trading
 Provision of digital skills training and use of new technology for businesses

ESF to deliver support for intermediate, technical and higher level workforce and management skills in support of the priorities for this thematic objective.

Potential sources of match funding

Public match funding from BDUK and local authority budgets assigned to planned workstreams.

THEMATIC OBJECTIVE: Enhancing the Competitiveness of Small and Medium-sized Enterprises

SMEs in the GCGP area

There are 62,000¹⁶ businesses across the GCGP geography¹⁷. 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 billion¹⁸ 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 Letter¹⁹ 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 are²⁰, 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 activities²¹ (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).

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

¹⁶ Figures rounded

¹⁷ All figures generated by Post Code Districts, therefore they will not match exactly with LA or ward level figures

¹⁸ GVA PA

¹⁹ UK SIC(2007) descriptions uses throughout

²⁰ Filtered by LEP objectives: Services excluded (Retail, hotels etc...), Public sector excluded where possible

²¹ Including Wholesale & Retail

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 GCGPEPs 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 report²² 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.

An earlier report by the CBI²³ 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

²² Lord Young, Growing Your Business: a report on growing micro-businesses, May 2013

²³ CBI, Future Champions: unlocking growth in the UK's medium-sized businesses, October 2011

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.

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.

Business support programme focused on resource efficiency, building 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.

Potential sources of match funding

GrowthAccelerator, MAS and UKTI national opt-in packages (if selected)

THEMATIC OBJECTIVE: Supporting the Shift Towards a Low Carbon Economy in all Sectors

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

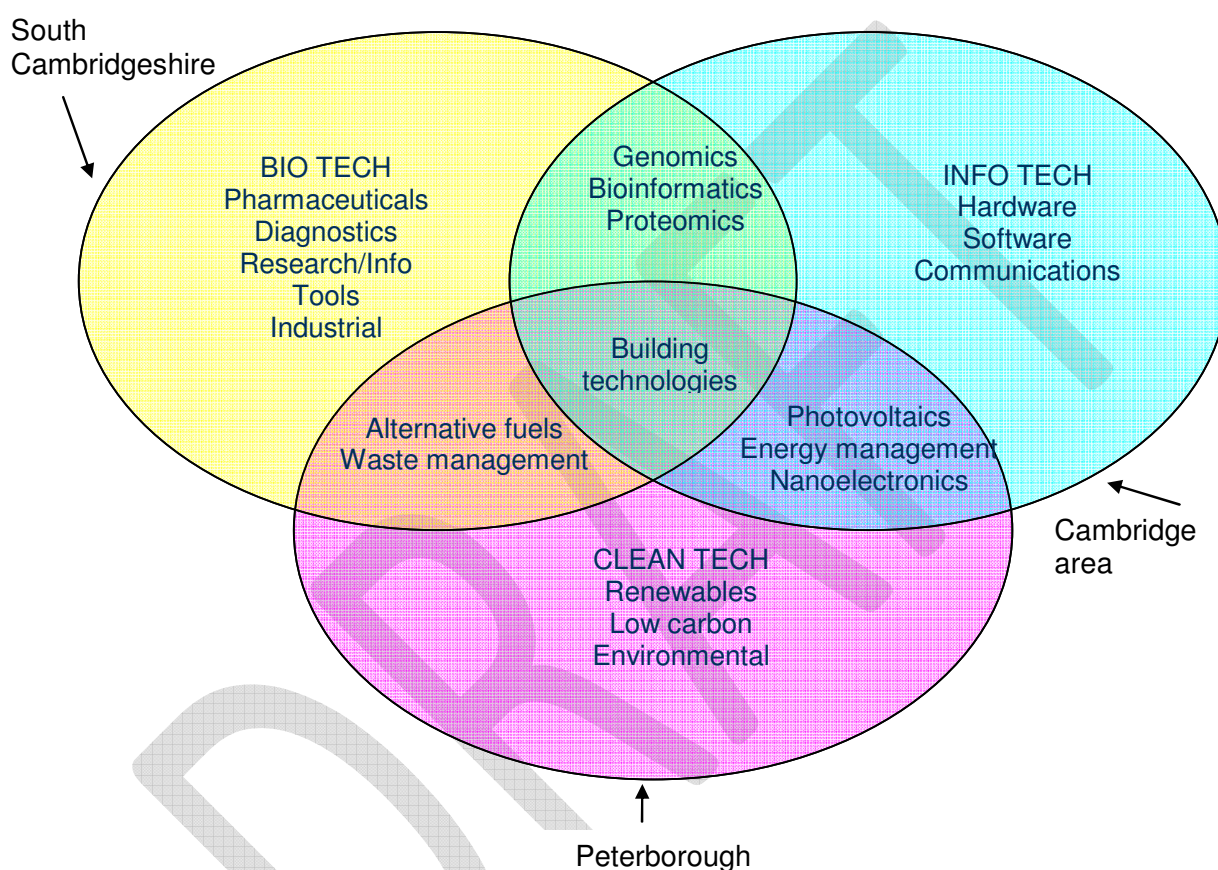
The GCGP area has significant potential to produce local clean energy supplies to support and help facilitate the growth agenda and to reduce energy consumption. Doing this locally it will:

- 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
- 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 IIB 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 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.

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.

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 delivery.

Develop low-carbon training facilities with a focus on domestic retrofit, smart-metering and sustainable heat, light, power and water systems.

Housing Associations are keen for the LEP to opt in to EIB match funding for low carbon retrofit of social housing. They are already investing in such projects, which could be extended to cover more homes and a wider range of retrofit measures. There could also be links to training and apprenticeships work and retrofit programmes to up-skill people to meet local carbon skills gaps.

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. Create a new system to allow retrofits to happen at a larger scale, and develop IT systems to allow this to happen quickly and efficiently.

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.

Potential sources of match funding

Private match funding available

EIB opt-in to support low carbon retrofit of social housing

THEMATIC OBJECTIVE: Promoting Employment and Supporting Labour Mobility

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 highlights helping enterprises and schools build relationships and alternative approaches to commissioning skills provision as key strands.

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 qualifications²⁴ and over a lifetime someone with an Advanced Level Apprenticeship can expect to earn between £77,000 and £117,000 more than someone without.

²⁴ 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)

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. Whatever the route it needs to be clearly linked to a reality of the labour market and business needs of the modern economy.

Young people who do not participate in learning beyond the age of 16 are more likely to have fewer qualifications, low skills, to go on to be unemployed later, to earn less and suffer from poor health and depression. This impact sustains and deepens through into adulthood and work to link business with young people, increase participation and minimise the number of young people who are NEET is clearly 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.

Equally 2013 sees a new and particular opportunity. From this September for the first time young people will be required by law to continue to participate in a form of learning and there are statutory duties placed on businesses, local authorities, schools and post-16 providers to work together to provide all young people with a suitable route that allows them to continue learning until they are 17, increasing to 18 in 2015. This upcoming change provides an ideal context for new projects and activity aimed at linking businesses with young people, increasing participation, minimising the number of young people not in education, employment or training and ultimately boosting the economy.

The current context and priorities in Greater Cambridge and Greater Peterborough

It is clear that a lack of relevant experience and relevant qualifications are the reasons most frequently cited – reinforcing the case for early engagement and supporting further participation in learning and the identified mismatch between the skills and qualifications young people gain and those required by the real world of work.

However it is also clear that there are other issues at play. Transport and travel for work or learning is a key strategic challenge in GCGP and is reflected for young people who are NEET as much as it is for the 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. For example, 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 young 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
- Financial hardship;
- 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;
- Perception that a low skilled and low paid 'job in hand' is better than job prospects 'in the bush';
- 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.

Indicative local area activities

Investment in this thematic priority across the GCGP area must address the following:

- Significantly widen the range of opportunities and learning routes for young people and ensuring these are matched to the skills needs of businesses
- Significantly increase the take up of apprenticeship opportunities.
- Educate and support businesses / employers in providing increased apprenticeship opportunities, especially amongst SMEs.
- Increase the proportion of young people participating in learning at ages 17 and 18.
- Minimise the number of young people not in education, employment or training (NEET).
- Improve the proportion of young people attaining qualifications at level 2 or level 3 by age 19.
- Narrow the gap between the achievement and employment prospects of young people from deprived backgrounds and their peers (at levels 2&3).
- Reduce the number of young people in job without training – converting these into high-quality business-led learning and employment routes.
- Ensure young people with additional barriers to learning and employment or at risk of not participating receive additional help and opportunities.

The range of projects and activities which would form part of a coordinated overall programme could include:

Improving employability of adults with learning disabilities.

Internships with a local employer 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.

Connecting young people and the labour market. A programme of work aimed at supporting businesses and tackling

youth unemployment.

Programme to increase the employability of single homeless people and increase the numbers in employment by building on existing provision and funding employment workers.

Support for movement of family members with complex social needs into employment.

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 the aviation industry; target females as an under-represented group in engineering; encourage companies to offer courses into the world of work.

Business start-up support enterprise programme, targeting long term unemployed, single parents and the over 50s

Provide intensive support for disabled people addressing finances, work opportunities, health and leisure

Potential sources of match funding

DWP option matches ESF with in-kind support via the Work Programme and Work Choice

THEMATIC OBJECTIVE: Promoting Social Inclusion and Combating Poverty

Characteristics of poverty in the Greater Cambridge Greater Peterborough LEP 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.

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 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 Cambridgeshire²⁵, 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.

Research estimates that that child poverty in Cambridgeshire and Peterborough costs over £300million in terms of

²⁵ Poverty is defined as an income of less than 60% of median income

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.

Life expectancy at birth varies across Cambridgeshire from 75.6 years to 91.2 years²⁶, the percentage of those in receipt of free school meals in a ward ranges from 2.4% to 31%²⁷, and the percentage of resident population aged 16-64 claiming out of work benefits in a ward ranges from 0.6% to 20.5%²⁸. Reducing inequalities will help more people to access employment, reduce spending on statutory services and increase revenue to the exchequer.

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 places thrive

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

²⁶ [Cambridgeshire atlas](#)

²⁷ [Cambridgeshire atlas](#)

²⁸ [Cambridgeshire atlas](#)

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.

Project working with the existing partnerships and community projects to diversify the economy of rural areas such as the Fens.

Potential sources of match funding

Big Lottery Fund opt-out

THEMATIC OBJECTIVE: Investing in Education, Skills and Lifelong Learning

Building skills and employability in the Greater Cambridge Greater Peterborough workforce

GCGPEP 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 skilled workforce to enable them to grow.

The area has a very strong education sector with, for example, language schools attracting large numbers of

international students. As well as the University of Cambridge, we have Anglia Ruskin University creating a skills base for new graduates, many of whom may be employed locally after graduating, and for re-training or re-focussing local people in vocational skills.

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

Human capital is a prerequisite of a successful knowledge 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 (education and training providers) and demand (employers) across much of the area. This is exacerbated in areas such as Kings Lynn and West Norfolk, where there is a low skills base and low educational attainment and a high proportion of the working age resident population are qualified below NVQ level 2, again placing the district in the bottom 20% nationally. 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, and to work with enterprises, education and training providers and employers to help ensure provision meets local needs.

We also have a responsibility to improve our levels of social inclusion, alongside other key LEP priorities such as innovation, SME support and low carbon development, making our region an attractive place to be based – both for businesses and skilled and employable workers.

Social innovation can test innovative solutions to identify and address specific local needs. The Learning and Skills Board in Cambridgeshire can develop Community Led Local Development and Local Action Group initiatives to improve the conditions for skills and employability improvement in our area – supporting the development of a stronger economy for locally based businesses.

Partnership working with the Skills Funding Agency, local Universities and Further Education providers in terms of governance of initiatives 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 – giving flexibility to the outlets for our increasingly skilled and employable workforce.

The GCEP Skills Strategy Group comprises a range of businesses, education providers and the public sector focused specifically on creating a 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.

Research and Development, software consultancy, high value manufacturing, lower value manufacturing - particularly food processing, health, digital technology and digital content industries and construction are all key sectors predicted to remain important or to increase their share of employment over the medium term. Building entrepreneurship skills would also provide a major boost to the economy, particularly in more rural areas.

The UTC Cambridge will provide outstanding and inspirational educational opportunities for learners aged 14-19 linked to the leading edge industry sponsors in the southern part of GCGP. When they progress from the UTC, learners will be confident, enthusiastic, highly skilled and qualified to enter higher education, further specialist training, apprenticeships, or to move effectively into the workforce. UTC learners will also have the self-determining skills to play a full part in society.

Key actions for 2013/14 and beyond

Work with schools and skills provision to match with local business needs and employment opportunities, so that the workforce – particularly the excluded and low attainers – have the skills to compete in the labour market. Use our data and knowledge to help schools and colleges to understand the local employment and skills market.

Promote ways of working with local employers to schools and academies. 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.

Showcase existing best practice in school/employer partnerships, encouraging and facilitating the proliferation of best practice to other areas by:

- Working with schools and partners, and promoting existing educational resources with employers, in particular the vocational skills facilities.
- Using existing partnerships for facilitation, in particular the LEP Skills Strategy Group, the Adult Learning and Skills Board and 14-19 Educational partnerships.

Connect businesses to local employment and skills programmes, such that there is an incentive to do so as an investment in the workforce, as much as a corporate social responsibility activity by:

- Working with 3rd sector providers of key employment programmes such as the Prince's Trust, and Work Programme providers to promote and improve engagement.
- Supporting local businesses through the support of improved ICT based skills for intermediate, technical and higher level workforce and management skills
- Supporting the increased competitiveness of local SMEs by increasing the higher levels skills of workers in disadvantaged groups or in areas with local disadvantages
- Supporting the development of a low carbon economy by improving skills enabling knowledge transfer
- Increase adult vocational training and skills sets in support of all economic sectors in the fields of environmental development and resource efficiency

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.

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

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.

Promote and support volunteering opportunities offering people work experience in a supportive environment.

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

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.

Potential sources of match funding

Skills Funding Agency match-funding option

7. PROPOSED RESULT INDICATORS

Set out below are the result indicators asset by the Commission

Key to thematic objectives:

1 – Innovation, 2 – ICT, 3 – Supporting SMEs, 4 – Low Carbon, 5 – Climate Change Adaptation, 6 – Resource Efficiency, 7 – Sustainable Transport, 8- Employment, 9 – Social Inclusion, 10 – Skills

Fund	Indicator	Thematic Objectives									
		1	2	3	4	5	6	7	8	9	10
European Regional Development Fund	Increased number of businesses that are actively innovating to bring new products to the market	X									
	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 (smart specialisation indicator)	X									
	Support enterprise in their development of ICT products and services including broadband		X								
	Increase in SME productivity			X							
	Increase in SME jobs created			X							
	Increase in business start ups			X							
	Increase in the energy efficiency of companies, buildings and transport				X						
	Increase in companies deploying low carbon practices, processes, services or products				X						
	Improving the economic viability of areas through infrastructure investments including green infrastructure										
European Social Fund	Number of inactive participants newly engaged in job searching upon leaving								X	X	X
	Number of participants in education/ training upon leaving								X	X	X
	Number of participants gaining a qualification upon leaving								X	X	X
	Number of participants in employment upon leaving.								X	X	X
	Number of participants engaging in positive activities that address barriers to work or widen participation in training (for example, improving basic skills or life skills, volunteering in the community, undertaking work experience)									X	
Rural Fund	Enhancing access to ICT		X								
	Encouraging the competitiveness of SMEs			X							
	Supporting the move to a low carbon economy				X						

8. PROPOSED OUTPUT INDICATORS

Set out below are the output indicators asset by the Commission

Key to thematic objectives:

1 – Innovation, 2 – ICT, 3 – Supporting SMEs, 4 – Low Carbon, 5 – Climate Change Adaptation, 6 – Resource Efficiency, 7 – Sustainable Transport, 8- Employment, 9 – Social Inclusion, 10 – Skills

Fund	Indicator	Thematic Objectives									
		1	2	3	4	5	6	7	8	9	10
European Regional Development Fund	Number of enterprises receiving support	X	X	X	X				X	X	X
	Number of new enterprises supported		X	X	X						
	Employment increase in supported enterprises		X	X	X						
	Number of enterprises cooperating with research entities	X			X						
	Number of enterprises supported to introduce new to the market products	X		X	X						
	Number of enterprises supported to introduce new to the firm products	X		X	X						
	Additional enterprises accessing ICT products and services including broadband		X								
	Private investment matching public support to enterprises	X		X	X						
	Number of companies supported with business resource efficiency										
	Estimated GHG reductions				X						
	Infrastructure site development including green infrastructure (hectares)										
European Social Fund	Total number of participants (should be equal to a + b + c)								X	X	X
	a. Number of unemployed (including long-term unemployed) participants								X	X	X
	b. Number of inactive participants								X	X	X
	c. Number of employed (including self-employed) participants								X	X	X
	Number of participants aged 15-24								X	X	X
Rural Fund	Jobs created in supported projects		X	X	X						
	Total participants trained			X							

9. GCGP POSITION ON NATIONAL MATCH-FUNDING OPTIONS

9.1 Growth Accelerator – Enhancing the competitiveness of SMEs

Awaiting discussions with the provider.

9.2 Manufacturing Advisory Service - Enhancing the competitiveness of SMEs

Awaiting discussions with the provider.

9.3 UK Trade and Investment - Enhancing the competitiveness of SMEs

One of the key priorities of the LEP is around internationalism and we are keen to deliver some additionality through the structural funds. We have had a productive first discussion with UKTI, but have yet to determine a suitable product and scale of funding.

9.4 European Investment Bank – Supporting the shift towards a low carbon economy

Some partners, notably Housing Associations and skills providers, are keen for the LEP to opt in to this package in order to unlock match funding for low carbon retrofit of social housing, but discussions have yet to take place with the provider, therefore no decisions have been made.

9.5 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, but we are looking forward to discussions with Big Lottery Fund. At this stage we have not specified what proportion of the social inclusion spend will be matched to the Big Lottery Fund offer.

9.6 Skills Funding Agency – Promoting social inclusion and combating poverty

The LEP has had initial discussions with the SFA. Subject to further clarification on local flexibility and assurances on the scope of the offer, we are provisionally minded to opt in.

9.7 Department for Work and Pensions – Promoting Employment and supporting labour mobility

The DWP opt-in offer was announced in mid-September and has therefore not been factored into any of our stakeholder consultations. We understand that this is an ‘in kind’ offer rather than a cash one, providing match in the form of Work Programme and Work Choice programme provision. GCGP would need to be satisfied that these national programmes offered sufficient local flexibility and additionality against our priorities before taking any decision. Discussions are due to take place with DWP in late October.

9.8 Arts Council and The Prince’s Trust offers

Two additional match funding options have been offered to LEPs late in the process of developing the current draft strategy. GCGP will consider the Arts Council’s offer of support aligned with Innovation, SME Competitiveness, Employment, Social Inclusion and Skills: and the offer from The Prince’s Trust for alignment with the ICT, SME Competitiveness, Low Carbon, Employment, Social Inclusion and Skills objectives.

10. COLLABORATION WITH OTHER LEP AREAS

As one of the component areas of the former East of England region, with a track record of operating within a cross-cutting, partnership-oriented culture of working, there are established working relationships between partners within GCGP and neighbouring LEP areas, particularly New Anglia, Hertfordshire and South East LEPs, where there are overlaps.

There is scope for continued collaboration, exploiting cross-LEP synergies (e.g. Cambridge bio-tech – Norwich agri-tech links, reflected in our joint Regional Growth Fund project with New Anglia; and health innovation – life sciences connections with Hertfordshire) and building on successes from the 2007-13 East of England ERDF Competitiveness Programme. Two salient examples from the current regional programme are highlighted below.

Example 1

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 HEIs and a specialised Innovation East low carbon edition written in a business friendly way was also developed.

Example 2

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..

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 sectoral strengths, e.g. with London, Oxford and the London-Stansted-Cambridge-Consortium.

11. FINANCIAL ENGINEERING INSTRUMENTS

We note the Commission's interest in the use of financial Instruments as a means of increasing the efficiency of European Structural and Investment funds, delivering more with less and potentially achieving economies of scale by deploying financial instruments that operate across multi-LEP geography.

We are also conscious of the potential costs that can be incurred in managing such funds, which could detract from their overall benefit. At this stage, we would mention two existing funds operating in the context of low carbon funding initiatives in the GCGP area that could be used more widely in relation to the 2014-20 European Structural and Investment funds. We are investigating the potential of these and new possibilities.

11.1 Low Carbon Innovation Fund (LCIF)

LCIF is a venture capital fund supported under the 2007-13 East of England ERDF Competitiveness Programme. It is supported with £20.5m ERDF and matched with private sector investment and will run in its present form until December 2015. There is scope to extend the fund into the 2014-20 programming period as a potential financial instrument for the EU Growth Programme.

The fund makes early-stage equity investments into SMEs within the East of England that are developing new and innovative products or processes in a low carbon, environmentally sensitive manner.

The definition of low carbon enterprises also includes companies producing low carbon products, supplying low carbon services or companies seeking to invest in low carbon equipment or processes to become low carbon in their operational activities. This could include those developing alternative energy sources or reducing existing carbon emissions, amongst others.

Turquoise International is the Fund Manager contracted to the Adapt Group at the University of East Anglia (UEA).

11.2 Mobilising Local Energy Investment (MLEI) in Cambridgeshire and Peterborough

In August 2012, a contract was signed with the European Commission's 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.

12. COMMUNITY LED LOCAL DEVELOPMENT

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. 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 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 initiative in, for example, Downham Market or Wisbech, could provide additionality to, and continuity with, the existing Leader area covered by the Fens Adventurer programme under the 2007-13 Rural Development Programme for England.

13. GOVERNANCE

The GCGP Board is keen that EU funding is closely aligned with its priorities and that effective delivery of the programme is achieved. We believe there is a need for strong facilitation of the programme at local level and also that the transition to a subsequent programme in 2021 considered at an early stage. To that end, we would welcome a dialogue with Government about our continuing role and the resources needed both within Government and within the LEP to achieve that.

We are looking to maximise leverage from all EU funding and would be looking for efficient governance arrangements to be implemented across the various EU funding streams outside these Structural and Investment funds.

14. CROSS-CUTTING THEMES

This European Structural Funds Investment 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 will be working with Sustainability East, a Cambridge-based social enterprise, to appraise this draft Strategy to ensure that it continues to deliver social, economic and environmental sustainability. We would also anticipate building this approach into the programme as the strategy goes forward.

The 2007-13 East of England programmes incorporate a commitment to promoting equality and combating discrimination in line with domestic legislation and European Regulations. This is implemented by a sub-group of the Programme Monitoring Committee. We would expect similar arrangements to continue.

15. SOCIAL INNOVATION

The strategy offers scope for social innovation across all of the thematic objectives and we see this as a good way of leveraging additional benefits. This is another issue to be further examined under governance and programme delivery.

ANNEX A

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

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