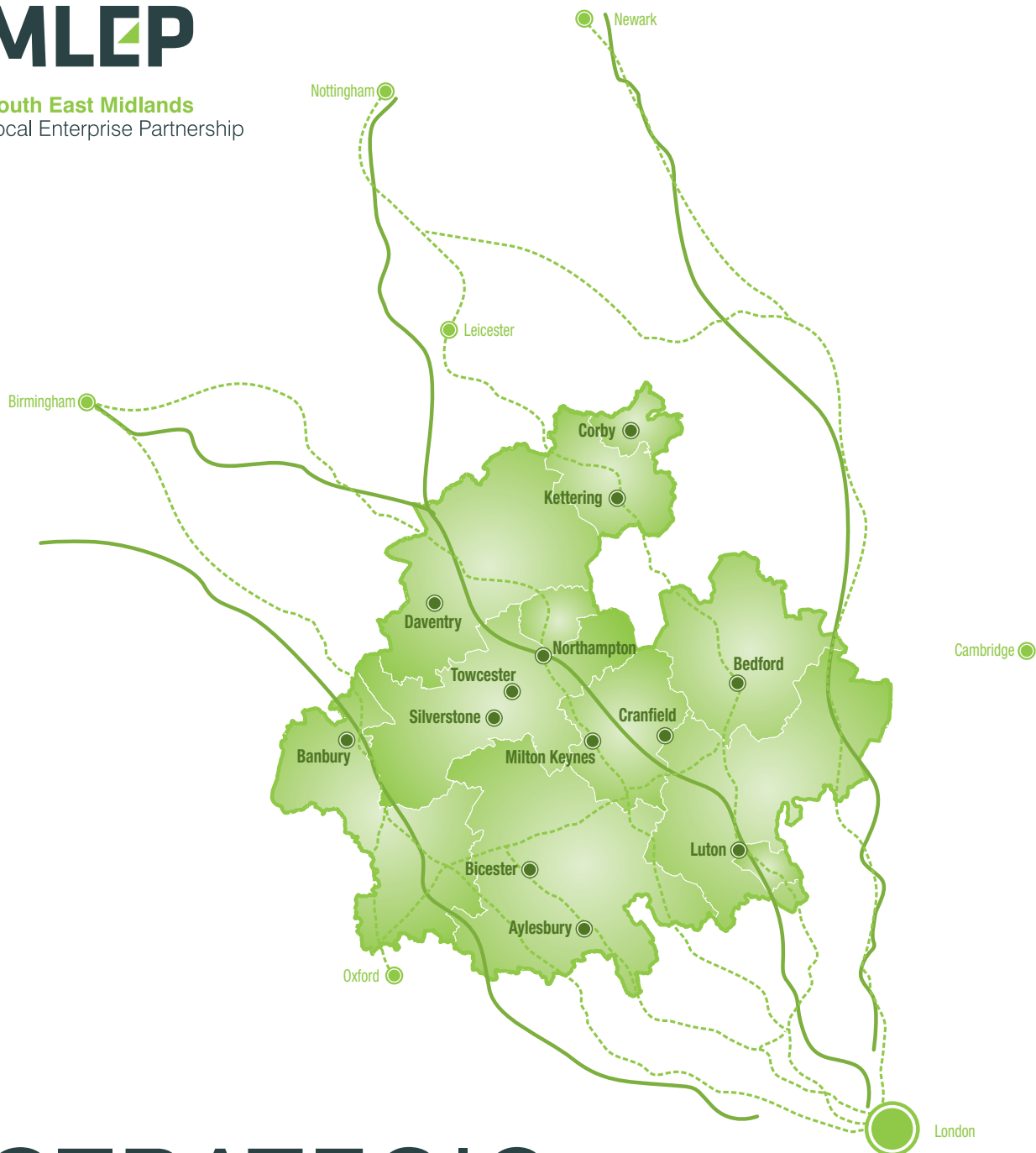


SEMLEP

South East Midlands
Local Enterprise Partnership

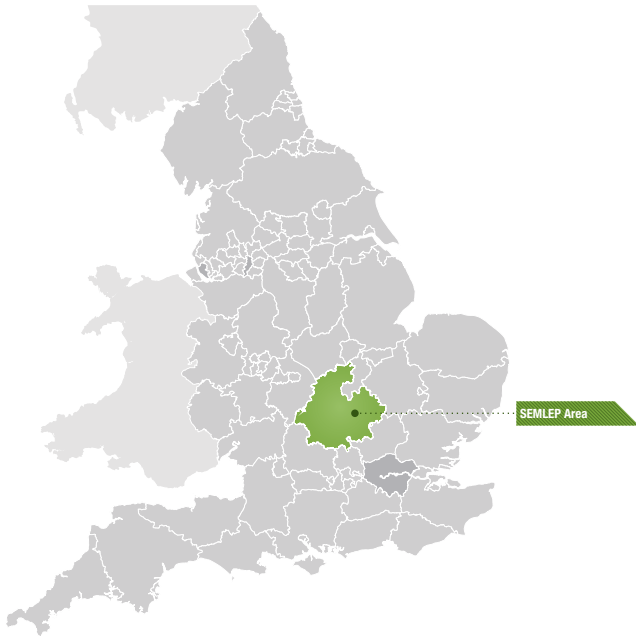


STRATEGIC ECONOMIC PLAN

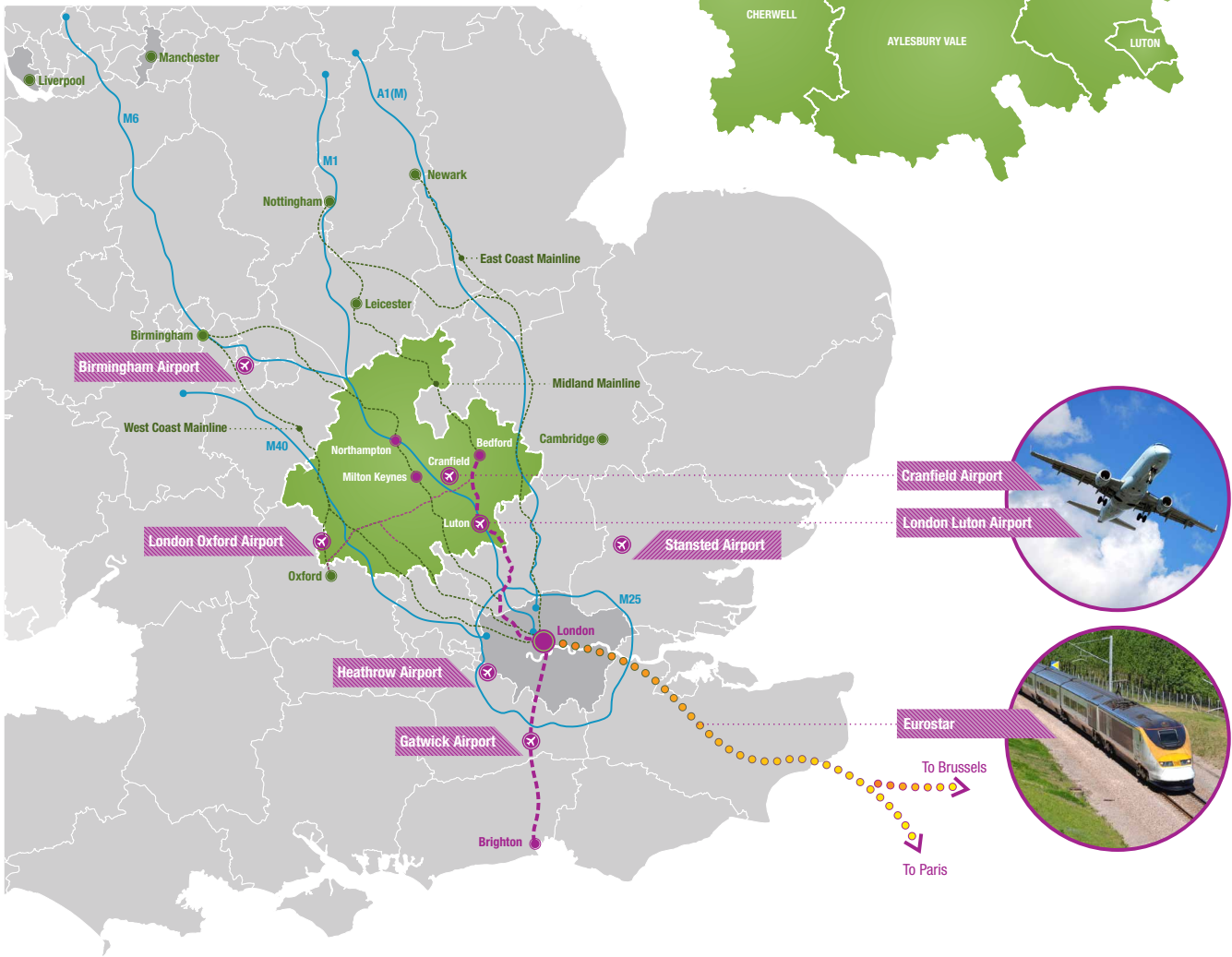
2015-2020



NATIONAL



INTERNATIONAL



FOREWORD

The South East Midlands is strategically located at the crossroads of London, the Midlands, Oxford and Cambridge. Set in a context of 11 local authority areas, with a population of around 1.7m, Gross Value Added of £39bn and a strong track record of partnership working and delivery, the Strategic Economic Plan sets out SEMLEP's aspirations for growth up to 2020.

Our partnership has strong leadership and well-articulated plans together with the delivery credentials to unlock the full growth potential of the area, which is already the second largest area for sustainable housing growth outside London. It offers a good blend of urban living with rural 'quality of life'.

With 112 strategic employment sites, there are plenty of opportunities for jobs growth, especially in support of the commercialisation of new ideas and technologies and the next generation of knowledge based manufacturing businesses. A strong research and technology intensive cluster of universities and Further Education Colleges provides a fertile environment for the transfer of knowledge to the modern workforce.

Our showcase sectors include the UK's exemplar in High Performance Technologies at the cutting edge of exploiting technologies in advanced materials and energy. Our smart cities and big data agendas also link to our existing and future ambition to secure the UK's Advanced Propulsion Centre, the Alan Turing Institute for Big Data and the HS2 Academy.

Our plans identify the essential infrastructure that is required to deliver sustainable balanced growth. This is the product of working collaboratively with our wider private and public stakeholders, including those overlapping LEPs with which we share a number of local authority areas, with whom we work in an inclusive open and transparent manner.

With the active support of the undersigned, we invite the Government to embrace the economic contribution that the South East Midlands can make to the UK's prosperity.



A handwritten signature in black ink that reads "Ann Limb".

Dr Ann Limb OBE DL
Chair of SEMLEP

signed on behalf of SEMLEP Board and local authorities

SEMLEP

South East Midlands
Local Enterprise Partnership

Sir Tony Baldry MP
Banbury

Brian Binley MP
Northampton South

Alistair Burt MP
North Bedfordshire

Michael Ellis MP
Northampton North

Chris Heaton-Harris MP
Daventry

Philip Hollobone MP
Kettering

Kelvin Hopkins MP
Luton North

Mark Lancaster MP
Milton Keynes North

Andrea Leadsom MP
South Northamptonshire

David Lidington MP
Aylesbury

Andy Sawford MP
Corby and East
Northamptonshire

Andrew Selous MP
South West Bedfordshire

Gavin Shaker MP
Luton South

Iain Stewart MP
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Sir Peter Gregson
Vice Chancellor
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Nigel Adams
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Pat Brennan Barrett
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Tim Blackman
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Stephen Davies
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Prof. Nick Petford
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Ian Pryce
Principal and Chief
Executive
Bedford College

Bill Rammell
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Glynn Jones
Managing Director
London Luton Airport



Roz Bird
Commercial Director
MEPC – Silverstone GP Ltd



Matt Callan
Production Director
Carlsberg



Sarah Canning
Branch Chair
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Mark Eagles
Finance Director
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Simon Elcock
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Places for People



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Regional Head of Division
- Industrial & Logistics
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Paul Griffiths
Chief Executive
Milton Keynes and
Northamptonshire
Chamber of Commerce



Alan Humphreys
Group Chief Executive
Grand Union Housing
Group



Ian Jackson
Director
Hampton Brook



Rae Levene
Project Board Chair
Velocity Growth Hub



Dave Nicholls
Regional Chairman
Federation of Small
Businesses



Fredi Nonyelu
Chief Executive
Brite Yellow



Peter O'Gorman
Regional Director
Santander



David Peck
Director
Alledge Brook LLP



Richard Phillips
Managing Director
Silverstone Holdings Ltd



David Reynolds
Chairman
North Northamptonshire
Development Company



Mike Robinson
Office Senior Partner
PricewaterhouseCoopers LLP



Chris Scarrott
Managing Director
Roquette UK Ltd



Cheryl Smart
Chief Executive
Bedfordshire and Luton
Chamber of Commerce



Dr Philip Smith
Chairman
Milton Keynes Business
Leaders Partnership



Ian Stuart
Managing Director
This is Global



Paul Tennant
Chief Executive
Orbit Group



Tom Wells
SEMLEP Board Director
Charles Wells Ltd



Ewan Lloyd-Baker
Chief Executive Officer
Hayward Tyler



Alex Burns
Chief Executive
Millbrook Proving
Ground Ltd



Nick Cunningham
Regional Director
National House Building
Council



Clive Faine
Chief Executive
Abbeygate Developments Ltd
SEMLEP PDIIDG Leader



Kevin Turmore
Chief Executive
BPHA



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EXECUTIVE SUMMARY

The South East Midlands (SEM) is a functional economic area consisting of 11 local authorities with a combined population of 1.7m.

SEMLEP is in a prime location with excellent road and rail links to the north and south. East west links are more challenging although there have been significant improvements in recent years with the dualling of the A421 between the M1 and Bedford. Construction of the £500m East West Rail project that will link Oxford to Aylesbury, Milton Keynes and Bedford has started and is due to be completed at the end of 2017. There remains a need to strengthen road and rail links beyond Bedford to Cambridge. As a consequence of these excellent transport links, Logistics is a key sector in the area. London Luton airport provides international links.

SEMLEP has a number of key assets. These include prestigious and diverse universities: University of Buckingham, the Open University, University of Bedfordshire, University of Northampton and Cranfield University, which is internationally renowned within its field of post graduate education in engineering and business studies. The area's place on the "innovation triangle" formed by the university centres of Oxford, Cambridge and London is valuable.

An identifiable knowledge-intensive corridor containing important educational institutions, which along with further education colleges, offers businesses a local pool of talented, skilled graduates and the quality of expertise with which to develop the benefits of research. SEMLEP also has 36 Innovation Centres ranging from the i-Con in Daventry specialising in sustainable construction to the i-Lab in Bedford and the Innovation Centre at Cranfield, which offer small units for start-up businesses.

SEMLEP has a strong track record of growth. Between 2001 and 2011, 68,600 new homes were completed with 56,400 new jobs created.

The 11 local authorities that form SEMLEP have in place ambitious plans to deliver a further 86,700 new homes by 2020/21 to accommodate an increase in population of 151,400 with 111,200 new jobs.

The aim of SEMLEP's Strategic Economic Plan is to deliver the necessary infrastructure to enable the new homes to be built; to provide support to new and existing businesses to enable them to grow; to encourage inward investment; and to ensure that young people improve their skill levels to offer what businesses in the area are seeking.

The Plan sets out in detail the evidence in each of the key topics of Transport, Housing, Jobs, Growth and Skills. For each topic the key issues, opportunities, challenges and market failures are described. This then enables specific types of intervention to be identified.

SEM is well represented by numerous global businesses with proven expertise and many are within the key sectors identified within the BIS 2012 national review of industrial strategy. The area has a particularly strong foundation in High Performance Technology (HPT), Manufacturing and Advanced Technology (including value added Food and Drink), Life Sciences (including Pharmaceutical and Healthcare products) and the Creative and Cultural sector. Examples of key businesses include Nissan Technical, Lockheed Martin, Jungheinrich, Selex Galileo, Mondelez, Unilever, St Andrews, AstraZeneca, Movianto, Jordans/Ryvita, Carlsberg, Vinci, Kier, BEA Systems and Cinram.

With Silverstone, home of the British F1 Grand Prix at the heart of the area, the SEM is home to approximately 1,500 high performance technology companies, generating an annual local turnover of £2bn and employing around 21,000 people. This includes internationally renowned brands, such as Cosworth, who are based on the Northampton Waterside Enterprise Zone.

The Plan identifies 24 key projects that have been rigorously prioritised using Treasury Green Book principles. These cover the areas of transport and other infrastructure needed to deliver growth and to provide investment in Colleges. Table A below summarises what can be achieved if we are successful in our bid for around £60m in 2015/16.

We work closely with our overlapping LEPs, Northamptonshire, Bucks Thames Valley and Oxfordshire and have agreed how we will work together to deliver projects in those areas.

We have put in place clear governance arrangements with the SEMLEP Board at the centre. We have established a Growth Fund Task Group to enable us to deliver our Programme of projects on a day-to-day basis, which will enable us to deliver our Plan. There will be an Annual Report setting out what we have delivered each year.

Table A: Impact of LGF investment on homes and jobs

Track Record of Growth 2001- 2011	Base position 2020 with no LGF investment 2015-2020	Growth with £60m of LGF investment in 2015/16 2015-2020	Additionality 2015-2020
Population increase of 10.9%	Population increase of 8.9%	Population Increase of 12.4%	3.5% population increase
68,600 new homes	46,600 new homes	70,600 new homes	24,400 new homes
56,400 new jobs	61,400 new jobs	94,700 new jobs	41,500 new jobs
GVA increase of £13bn	GVA increase £9.1bn	GVA increase of £10.2bn	GVA increase of £1.1bn
Significant Government investment in Growth Funds	No Government Investment through LGF	Government investment of £60m in 2015/16	

OVERVIEW

Section 1

OVERVIEW

1.1 THE VISION

- 1.1.1 To reinforce and develop the South East Midlands as one of the most innovative, successful and high performing economies in England by 2020.
- 1.1.2 SEMLEP will deliver 86,700 new homes and 111,200 new jobs accommodating an increase in population of 151,400. As a result, by 2020/21 GVA is estimated to increase by £10.8bn above the current level of £38.6bn.
- 1.1.3 SEMLEP commits to deliver economic development by demonstrating clear leadership and a collaborative approach to enable substantive private sector-led growth and capture major inward investment. The partnership will create the right environment for new and existing businesses as well as social enterprises to grow and prosper within caring, attractive and sustainable communities.
- 1.1.4 We measure our success in terms of the quality of life for our communities, quantified by the new jobs and homes created, improvements in workforce skills and level of institutional investment.
- 1.1.5 Partnership working is at the heart of our vision for accelerating economic growth in the South East Midlands. Building on strong foundations, we work and engage with the business community, our local authority partners, the voluntary and community sector, further and higher education institutions, business and governmental networks and our overlapping and neighbouring LEPs.

1.2 THE GEOGRAPHY

- 1.2.1 SEMLEP consists of 11 local authority areas. There are four unitary authorities; Bedford Borough Council, Central Bedfordshire Council, Luton Borough Council and Milton Keynes Council and seven district councils. These are Aylesbury Vale District Council in Buckinghamshire, Cherwell District Council in Oxfordshire, and South Northamptonshire District Council, Daventry District Council, Northampton Borough Council, Kettering Borough Council and Corby Borough Council in Northamptonshire.
- 1.2.2 SEMLEP is a functional economic area with a population of 1.7m and gross value added of £38.6bn. It has grown significantly in the last 20 years (population growth of 18.6% between 1991 and 2011). It has the potential to continue to grow above existing trends in terms of new homes and jobs during the Plan period (2015/16 to 2020/21).
- 1.2.3 SEMLEP is in the optimum location between London, Oxford, Cambridge and the rest of the Midlands. It is well served by major radial routes from London (including the M40, M1, A1(M) and M11 motorways), as well as by major rail routes (Chiltern Line, West Coast Mainline, Midland Mainline and East Coast Mainline). However, some routes running from west to east are in need of improvement. The area also benefits from London Luton airport and proximity to both Heathrow and Stansted.
- 1.2.4 The East West Rail Project that will provide a rail link from Oxford to Aylesbury, Milton Keynes and Bedford will start construction in 2014. A consortium of local authorities have worked together, supported by SEMLEP and local MPs, to deliver this project and will be making a local contribution of around £45m to the total cost of the £400m project to be delivered by Network Rail. This route is now part of the electric spine that will carry freight traffic from Southampton to Sheffield without the need to travel through London. Our local authorities are now focussing on taking the line across from Bedford to Cambridge and ultimately linking with the East Coast ports.

- 1.2.5 SEMLEP has an active **Enterprise Zone, in the Waterside area of Northampton**. This is composed of more than 20 potential brownfield investment sites along the River Nene and stretching across the town centre. Excellent progress has been made recently with the new Castle station due to open in September 2014 and an Innovation Centre is under construction which will accommodate 55 new social enterprise starter units. The University of Northampton will build its new £330m campuses on the Enterprise Zone.
- 1.2.6 The South East Midlands is home to a network of larger urban areas such as Luton, Bedford, Northampton, Milton Keynes and Aylesbury interspersed with a high quality natural environment and a number of attractive market towns such as Banbury, Bicester, Towcester, Kettering and Ampthill.
- 1.2.7 The **natural environment** plays a key role in making a 'quality of place' for residents and a 'quality of life' offer to attract investment. Waterways are a particular feature with the Grand Union Canal running through Northamptonshire and Milton Keynes. The Bedford & Milton Keynes Waterway Project is a nationally significant new environmental infrastructure project to provide the 26 km of missing link between the main UK canal network and the Fenland waterways, linking the Grand Union Canal to the River Great Ouse at Bedford.
- 1.2.8 There are a number of outstanding visitor attractions in the area. These include Woburn Abbey, Whipsnade Zoo, Waddesdon Manor, Althorp House and Rockingham Castle. These are part of a thriving Arts, Heritage, Cultural and Creative sector.
- 1.2.9 The area benefits from having a range of prestigious and diverse universities including the Open University, the first ever remote learning University which is at the forefront of applying new digital technology and content for the cloud computing age, and Cranfield University which is internationally renowned within its field of post graduate education in engineering and business studies. In addition the University of Bedfordshire, the University of Northampton and the University of Buckingham add to the richness of the offer. There also 9 Further Education Colleges, one sixth form college and 4 new University Technical Colleges, including one located at Silverstone, the home of F1 racing.

1.3 OVERLAPPING LEP AREAS

- 1.3.1 There are three LEPs that overlap with parts of SEMLEP. The five districts in Northamptonshire are also part of Northamptonshire Enterprise Partnership. Cherwell is also part of Oxfordshire LEP. Aylesbury Vale is part of Bucks Thames Valley LEP. SEMLEP is closely aligned with these LEPs on all aspects of its work. It also works with neighbouring LEPs on specific topics such as High Performance Technology where Coventry and Warwickshire and Leicester and Leicestershire collaborate with the four LEPs to promote this sector for inward investment.

FIGURE 1: OVERLAPPING LEPs

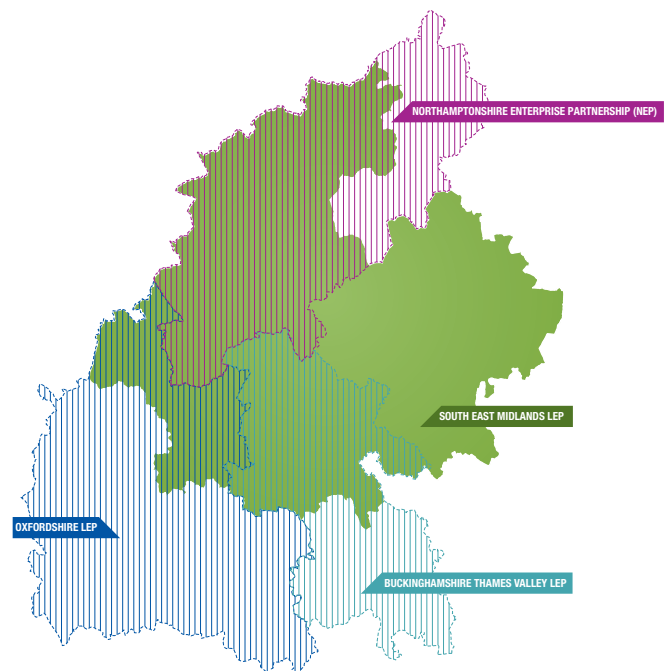
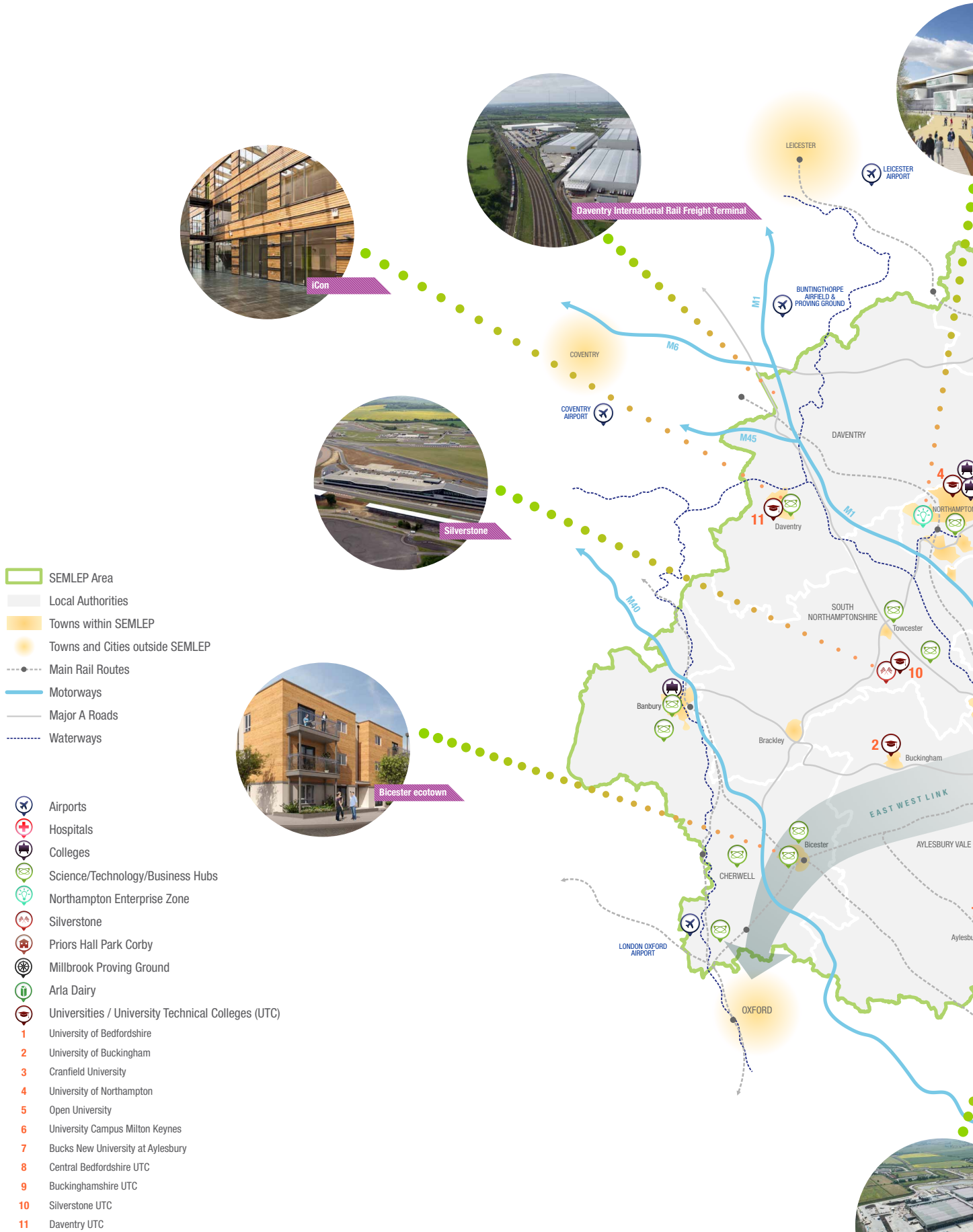
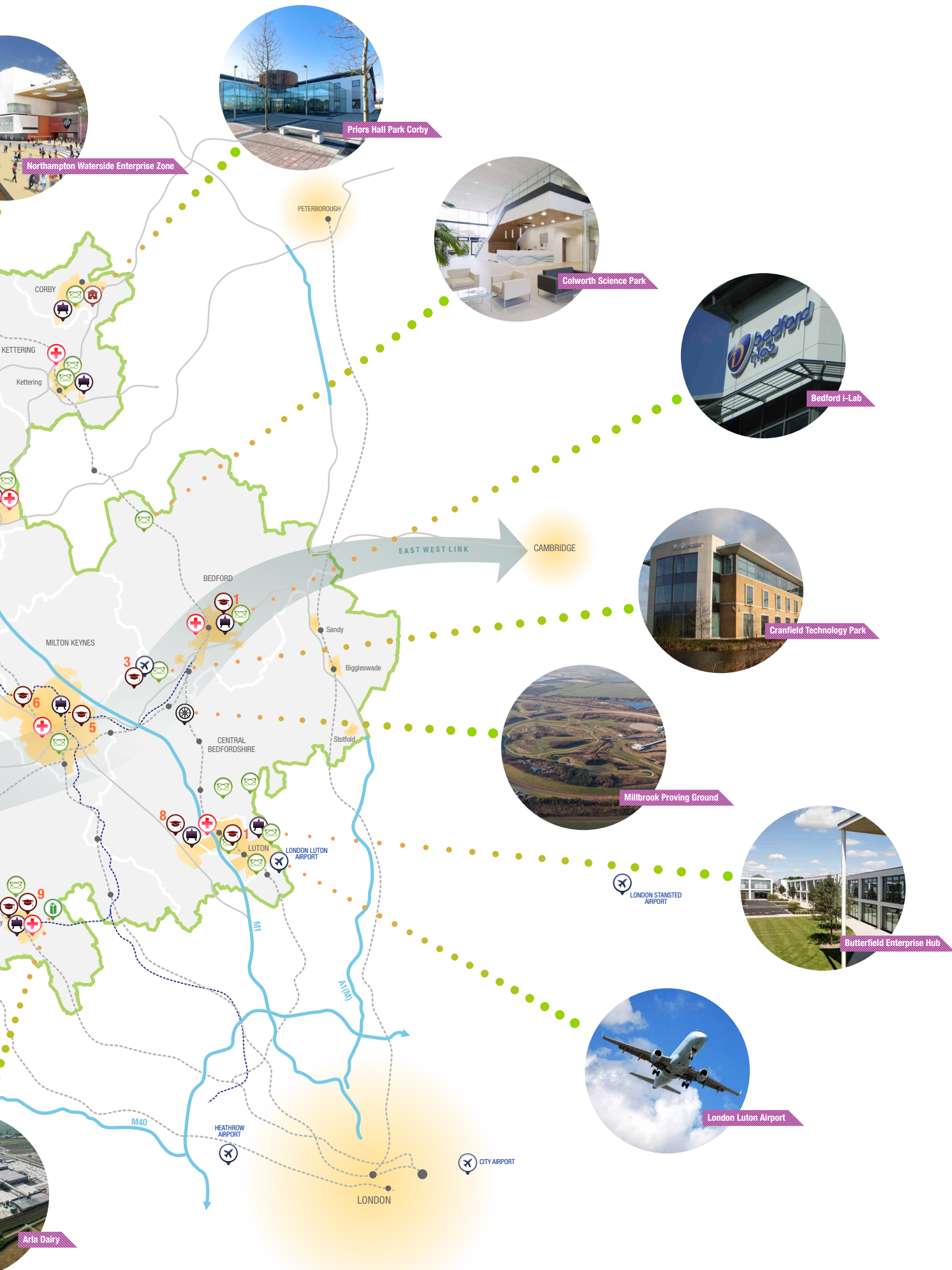


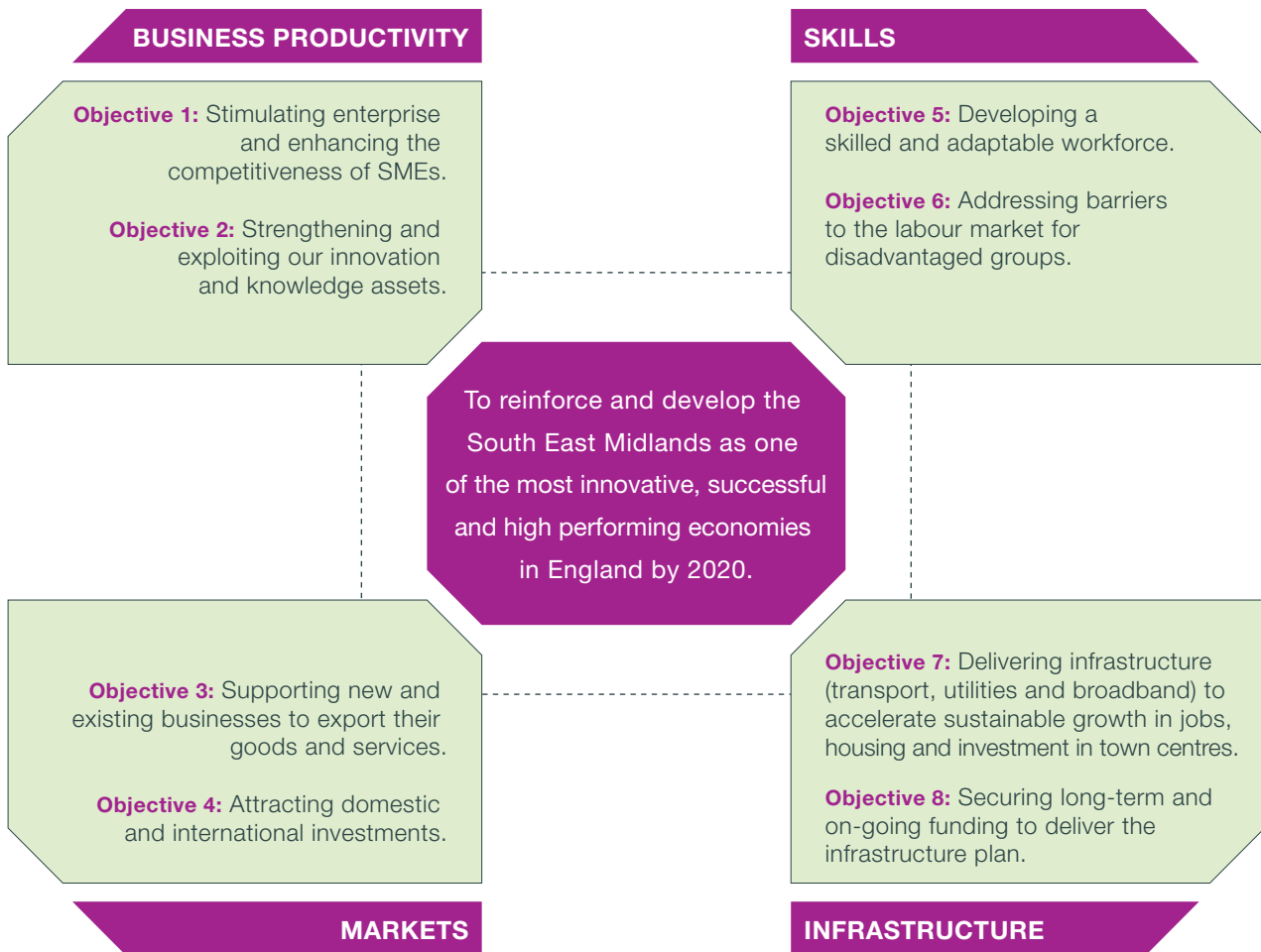
FIGURE 2: KEY ASSETS MAP





1.4 STRATEGIC OBJECTIVES

- 1.4.1. The strategic direction for SEMLEP is a focus on supporting business investment and private sector jobs growth to drive economic success, including the acceleration of housing growth and employment through investment in the enabling infrastructure.
- 1.4.2. SEMLEP has eight strategic objectives designed to improve business productivity, market penetration, workforce skills development and infrastructure investment. These are:



DELIVERING GROWTH IN THE SOUTH EAST MIDLANDS

Section 2

DELIVERING GROWTH IN THE SOUTH EAST MIDLANDS

2.1 INTRODUCTION

- 2.1.1** In order to deliver the aspirations for growth set out above, we have considered the underpinning statistics for the area and identified the principal opportunities for interventions to deliver growth. In this Section of the Plan, we address each of the four key areas: **Transport, Housing, Jobs and Skills**. For each area the Key Issues, Challenges and Opportunities are spelt out. The intervention logic then leads on to identify where there are market failures and the types of interventions needed to address these.
- 2.1.2** Our Implementation Plan is in Section 3 where these general types of interventions are matched to specific projects for which funding is required.
- 2.1.3** Four particular showcase sectors have the capability, the major assets and the greatest potential to rapidly grow. These are **High Performance Technology, Logistics, Manufacturing and Advanced Technology (including Food and Drink) and the Cultural and Creative Sectors (including the visitor economy and sport)**. More details on these sectors are provided in the Jobs Growth section.

2.2 TRANSPORT

- 2.2.1** The South East Midlands benefits from transport links running broadly from north to south. In particular the M1, which links Luton to Milton Keynes, Northampton and beyond and the West Coast Mainline linking London Euston to Milton Keynes and Northampton with the Midland Mainline linking London St Pancras to Luton, Bedford, Kettering and Corby. In addition, the M40 runs through Cherwell to Birmingham, the A1(M) and the East Coast Mainline run north through Biggleswade and Sandy.

Key Issue

- 2.2.2** The South East Midlands is well connected to London, the rest of the Midlands and the north of England. However, there are major obstacles that are an impediment to freight and trade which constrain competitiveness and economic growth, in particular east west connectivity.

Challenge

- 2.2.3** The challenge is to deliver sustainable transport between our key towns so that we do not contribute to congestion on the key arterial routes, such as the M1, that are vital for the economy of the country. Congestion is detrimental to local economic growth as peak journey times become increasingly erratic, as well as imposing an economic burden on the rest of the country to the north of this area.
- 2.2.4** Additionally the many planned housing and commercial development sites require necessary infrastructure to open up these sites. Funding this infrastructure is a particular challenge. Some funding will be available through S106 agreements with developers. However, viability issues mean that this is not always feasible, especially for large housing developments where the infrastructure requirements are greatest.
- 2.2.5** In some cases, pump-priming grant funding is required. The projects identified as priorities for the area in Section 3 demonstrate how such enabling infrastructure can be funded through a combination of private sector and public sector contributions.

2.2.6 We have a detailed and robust Transport Strategy developed in partnership with the surrounding county council areas. This fully reviewed previous strategies, looked at planned development sites and assessed their likely impact to increase stress on the overall road network.

2.2.7 The strategic goals of SEMLEP and the constituent local transport and planning authorities were combined to provide the following objectives against which potential schemes were assessed:

- Protect and enhance the built and natural environment;
- Provide high quality, safe access to services and opportunity;
- Maintain and enhance the area's links with the wider economy;
- Build capacity to enable growth and economic development.

2.2.8 A high level review of existing levels of congestion has also been completed which identified the main locations in the current network as showing areas of greatest stress:

- The whole length of the M1 within the study area is experiencing link stress.
- To the north of the study area, the A43 between Northampton and Kettering is shown as subject to congestion, as are sections of the A45 east of Northampton.
- To the east of the study area, the A6 between Luton and Bedford is shown as congested, as are sections of the A505.
- To the south, the A413 approaching Aylesbury is congested, whilst to the south-west the M40 and sections of the A41 passing Bicester are also shown as being subject to link stress.

2.2.9 In terms of the impact of growth on the network, whilst demand for travel is spread across the SEMLEP area, there are specific routes where higher levels of travel demand are predicted as a result of significant clusters of development. In particular:

- Sections of the M1, in particular between J13 and J14;
- The A421 between Milton Keynes and Bedford and beyond to Cambridge;
- The A5 and the M1 to the north of Luton/ Dunstable;
- The A505 between Luton and Dunstable;
- The A5 through Milton Keynes;
- The A41 south of Bicester;
- The A45 east of Northampton (to Wellingborough);
- The A43 west of Towcester; and
- The A14 south of Kettering.

Opportunity

2.2.10 The South East Midlands strengths lie in its strategic location across the Midlands and South East of England, with the advantages of more affordable land and premises, proximity to London, the Thames Valley, Oxford and Cambridge; and the network of towns, including Milton Keynes, Northampton, Daventry, Kettering, Bicester, Banbury, Aylesbury, Luton and Bedford as well as a range of important market towns.

2.2.11 Real competitive advantages are offered in relation to transport connectivity, which combined with the availability of a rapidly growing and well qualified labour force and low property costs, means that the South East Midlands is a perfect location for communities and businesses to grow and flourish compared to London and much of the South East. Rail journeys to London take around 20 minutes from Luton and 30 minutes from Milton Keynes providing easy access to European high-speed rail routes from St. Pancras. This excellent location is particularly exploited by one of our key sectors – Logistics.

2.2.12 The airports and the close proximity to London give the South East Midlands a global facing business and research environment and the opportunity to support wider innovation and knowledge transfer, particularly in export markets.

What are the market failures?

2.2.13 The SEMLEP Transport Strategy identified that the following parts of the network will be subject to stress by 2026.

- The entire length of the M1 corridor;
- The A6 between Luton and Bedford (specifically the sections of single carriageway on the route);
- Sections of the A5 between Dunstable and Milton Keynes and between Milton Keynes and Towcester;
- The A421 (single carriageway section between Milton Keynes and J13);
- The A45 (from Daventry to J16 M1);
- The A45 (east of Northampton to Wellingborough);
- The A43 (Northampton to Kettering);
- The A505 between Luton and Dunstable;
- The A418 and A413 through Aylesbury (and onwards to Leighton Buzzard);
- The A34, A41 and M40 passing Bicester; and
- The A1 to the east through Biggleswade and Sandy where there are four roundabouts.

2.2.14 Accessibility by public transport to town centres, decreases on moving further away from urban centres into the surrounding hinterland. A number of rural areas, for example those surrounding Bedford and in Central Bedfordshire, have lower relative levels of access to town centre facilities.

2.2.15 Several of the proposed improvement road schemes within the Strategic Economic Plan also have the potential to improve public transport journey times, such as:

- The A45/A4500 corridor between Daventry and Northampton;
- The A421 corridor between Milton Keynes and Bedford;
- The A43 between Towcester and Brackley.

2.2.16 Public transport access to employment sites is generally even across the South East Midlands LEP area, with a relatively limited number of isolated areas with access times of over 20 minutes. Areas of concern include:

- Leighton Buzzard (largely located either side of the A4146);
- South of Daventry, located on the A361 corridor;
- North-west of Towcester (located off the A5).

2.2.17 Most of the urban centres are well served with access to rail networks, with the major exception of Buckingham (and in part Daventry).

2.2.18 Road-based accessibility to airports is highest in the areas to the south-east of the SEMLEP area, largely due to London Luton airport. However, that airport has particular constraints on the movement of people, goods and services that will be insufficient to meet growth pressure. The airport requires improvements to the existing access road and in the customer-facing infrastructure. The public transport interchange needs development to increase public transport usage to over 40% of passengers by 2017 and achieve the required reductions in carbon emissions and noise impacts.

Types of interventions

2.2.19 The Strategic Economic Plan offers a robust mechanism to expedite change delivered through a number of targeted interventions. These fall into three main categories:

- Improvements to strategic infrastructure to enable better access to towns and rural areas;
- Specific pieces of infrastructure to enable access to residential and commercial development sites; and
- Sustainable travel projects.

2.2.20 The following infrastructure schemes are contained within the list of Strategic Economic Plan projects in Section 3 of the Plan demonstrate the above three categories of intervention.

- The **dualling of the A421 between Fen Farm in Milton Keynes to J13 on the M1** is an example of a key strategic link improvement that will become increasingly congested as a result of planned developments in the Eastern Expansion area of Milton Keynes.
- The **Woodside Link** is an example of an essential piece of infrastructure to open up commercial developments in Houghton Regis that also links to the strategic A5 M1 link north of Luton and will relieve congestion on local roads.
- Improved **access to London Luton airport** is essential to enable the passenger numbers to increase in a sustainable way without unacceptable detriment to air quality.

2.2.21 Reducing the impact of traffic on local communities, such as through the removal of traffic from town centres and the increasing the provision of alternatives to the car, is also key to creating conditions conducive to growth and in attracting investors to the area.

2.2.22 An integrated transport package of improvements also needs to seek practical measures to encourage safe walking and cycling routes and to reduce car dependency. Sustainable transport packages which are scalable across the South East Midlands are an important component of the plans for the area, particularly in terms of capitalising upon the opportunities offered by the Local Sustainable Transport Fund (LSTF) and the successful initiatives currently being delivered in Luton, Dunstable, Houghton Regis and Leighton Buzzard.

2.2.23 The South East Midlands area includes a number of significant national and regional transport networks. The Highways Agency has recently undertaken a number of Route Based Strategies. Five of these run through the area which demonstrates the importance of SEMLEP within the national strategic road network.

These are:

- Felixstowe to Midlands;
- Solent to Midlands;
- London to Leeds;
- London to Scotland East; and
- London to Scotland West.

2.2.24 The SEMLEP team are working closely with the Highways Agency to ensure that planned investment in this area can proceed to schedule. These include the scheme in Kettering to enhance the A14 between J7 and J9, the improvement to the Black Cat roundabout on the A1/A421 and the capacity improvements on M1 between J13 and J19 through the implementation of a 'smarter motorway' project.

2.2.25 Network Rail has also published long terms plans which are relevant to this area. Key planned projects are the western section of East West Rail from Oxford to Bedford which has already started. This is now part of the planned electrification from Southampton to Sheffield. It will be essential to ensure that there is no loss of momentum as the focus moves to the central section of the East West Rail project from Bedford to Cambridge.

2.2.26 The planned route for HS2 will pass through the south west of the South East Midlands and cross the East West Rail route north of Aylesbury at Calvert. SEMLEP is working with Network Rail to ensure that any additional capacity released on the West Coast Main Line as a result of HS2 is used to enhance journey times to Milton Keynes and Northampton.

2.2.27 With regard to the second section of HS2 north of Birmingham to Leeds, it will be important to ensure that the planned electrification of Midland Mainline proceeds north of Bedford and that Kettering benefits from an enhanced service both south to London and north to Derby and Sheffield.

2.3 HOUSING GROWTH

Key Issue

2.3.1 The South East Midlands has a strong track record of delivering housing growth. Despite the impact of the recession, the local housing market has managed to recover more quickly than nationally. However, as population and housing growth are projected to increase to 2020 by 13% and 6.5% respectively, we need to do more to unlock the necessary housing infrastructure to support a growing population and create more jobs to support both population dependent and high growth sectors.

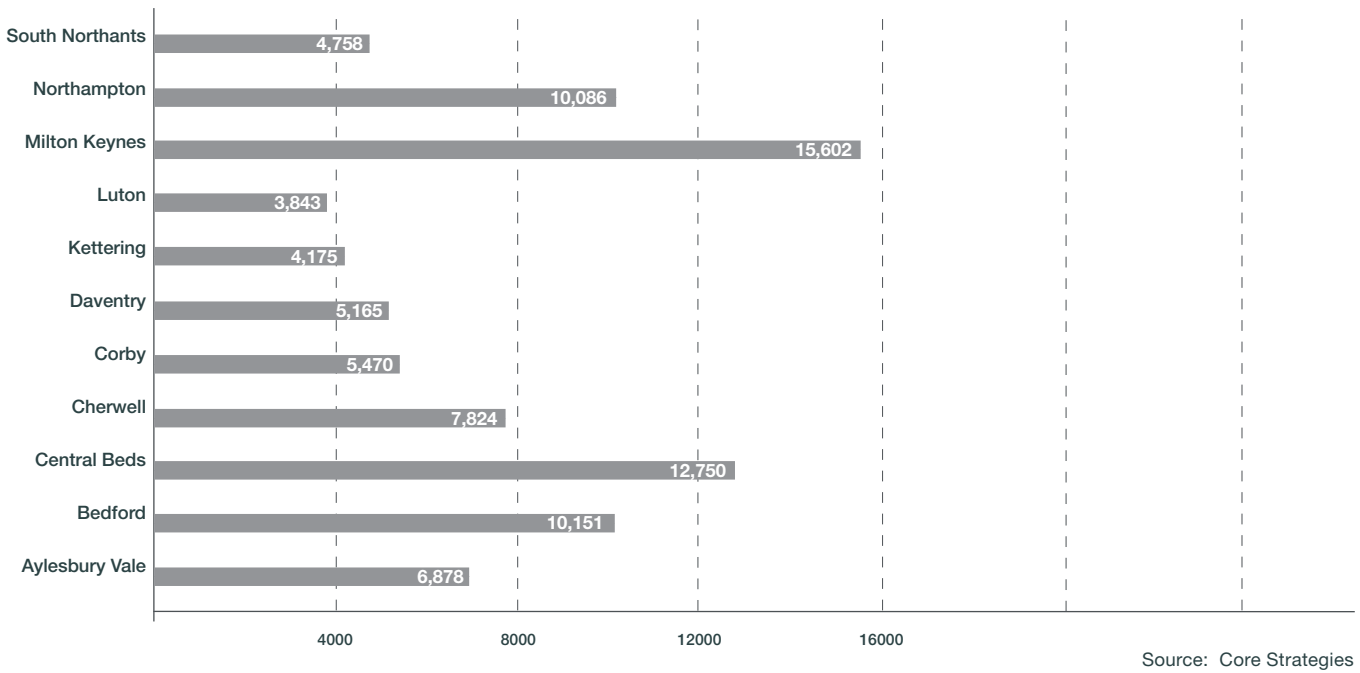
Challenge

2.3.2 The challenge for the area is to accelerate the number of housing completions in order to meet existing development plan targets for the provision of 127,000 new dwellings by 2026 (with 86,700 by 2021) at a higher rate than is currently being achieved. As described under section 2.2, unlocking major transport infrastructure across key locations in South East Midlands is a required precursor to open up development opportunities to build more homes and support a growing population. Achieving higher rates of delivery will therefore require further levels of investment in enabling infrastructure.

Opportunity

2.3.3 Between 2013/14 and 2020/21, across the 11 local authorities, a target of around 86,700 new homes will be built at an average of more than 10,800 homes per year. By 2025/26 current plans will deliver 127,000 new homes and 134,000 new jobs. These figures are within the existing Core Strategies and Plans but will increase as local authorities review their plans to accommodate increased demand for new homes. For example, South Northamptonshire, Daventry, Northampton, Aylesbury Vale and Bedford are already consulting on the delivery of another 2,500 homes by 2020/21. The average jobs to home ratio is currently just over 1:1 but is up to 1.5:1 in parts of the area such as Milton Keynes. Sustainable urban extensions are planned to maintain, extend and enhance green infrastructure, and to ensure that issues of impact on landscape character and coalescence of settlements are addressed.

Chart 1: Total Housing Growth Projections (2013-2020/21)



2.3.4 The graph above illustrates the trajectory of housing growth by district. These housing projections indicate that Central Bedfordshire, Milton Keynes and Northampton are the areas with the greatest potential for housing growth in the short to medium term. It is important to note that cross-boundary working and the duty to co-operate is underway in areas north of Luton, Dunstable and Houghton Regis because housing land availability in Luton itself is constrained.

2.3.5 The investment required to support the Strategic Economic Plan objectives and contribute to 86,700 new homes and 111,200 new jobs by 2020/21 requires a step change to accelerate growth in the short to medium term to reach these goals.

2.3.6 The opportunity relies upon attracting investment to deliver accelerated growth across the South East Midlands. This will be achieved by building upon the areas with a credible track record of delivery and opportunity in relation to capacity and appetite for growth.

What are the market failures?

2.3.7 Despite a significant drop in housing completions (-23%) from 2008/09 to 2009/10, the housing market in the South East Midlands made a significant recovery from the recession delivering 28,554 new homes in the area from 2008/09 to 2012/13 at an average of more than 5,000 new homes per year. Housing completions increased by 17% between 2009/10 and 2010/11, whereas nationally housing completions fell by 10%. Furthermore, the number of housing starts between 2009/10 and 2010/11 increased by 22% in the South East Midlands, which was above the national increase. There has been an upward trend each year since then in contrast to the national position, where the number of housing starts has decreased each year since 2010/11.

Chart 2: Number of housing starts and completions over time (2001-2013)



Source: Department for Communities and Local Government, House Building Statistics, 2013

2.3.8 Whilst this upward trend since 2009/10 in housing starts and completions is welcome, there is still much to be done to invest in the supporting infrastructure which will enable the level of housing growth to be accommodated and for employment sites to be delivered.

2.3.9 The impact of the 2008 recession on the housing market was both to reduce the viability of large housing sites and reduce the ability of potential house buyers to gain access to finance. This led to the reduction in housing starts shown above.

2.3.10 Large scale developments of the sort that are common across this area (but not in the rest of the country) require significant expenditure to unlock sites and provide the necessary infrastructure to support sustainable communities, such as leisure facilities and access to open spaces as well as schools and health centres.

2.3.11 Often infrastructure has to be provided before building can proceed so there is a need to forward fund this infrastructure which will eventually be paid for from house sales. In some cases, especially where house prices have readjusted following the recession, the market will not support high enough levels of income from S106 agreements and the future Community Infrastructure Levy to fund all the essential infrastructure. Also there is a common

situation where one piece of large investment, such as a new motorway junction, would open up a number of development sites, but no developer is willing to take on the whole cost to enable others to benefit in future.

2.3.12 In these cases it is necessary for the public sector to step in and provide a loan (such as through the Growing Places Fund) or a grant, such as is being sought through the Local Growth Fund, to meet this gap and enable the area to benefit from the economic growth that will follow.

Types of interventions

2.3.13 The majority of new homes will be delivered through key sustainable urban extensions throughout the South East Midlands. These sites of several thousand homes often have significant infrastructure requirements that need to be in place during the early phases of construction. This will require investment in infrastructure, roads, schools and utilities in order to enable such large scale housing to be delivered, hence the importance of our transport infrastructure projects for unlocking the necessary infrastructure for the area to be able to realise its large scale ambitious housing plans. This will be achieved through S106 developer contributions, local authority capital expenditure and other public sector funding streams.

2.4 JOBS

Key Issue

- 2.4.1** Whilst the number of businesses continues to grow year on year and business survival rate remains stronger than nationally, the number of jobs has fallen by 5,700 over the past year and so is not keeping pace with the population which is estimated to grow by 13.0% between 2011 and 2021. This is faster than the estimated increase for England of 8.6%. There are a number of factors that may have had an impact upon the recent fall in the number of new jobs. By developing our understanding of these, we aim to turn this around and ensure that the number of jobs grows at a faster rate than the growth in population and the number of new homes in this area up to 2020 and beyond.
- 2.4.2** Businesses face a number of barriers to growth due to the recent economic recession. Some of the key sectors identified as having the greatest potential for growth have not seen their overall share of employment increase. There also remains a significant gap between male and female self-employment rates despite business start-up rates being higher than nationally. Whilst the number of innovation centres in the area provides an opportunity to accelerate jobs and business growth, their potential is not currently being maximised. Also, the take up and speed of superfast broadband varies considerably across the South East Midlands.

Challenge

- 2.4.3** There is a continuing challenge to provide the right levels of support to enable businesses to grow as well as attracting new businesses into the area. Barriers to growth include access to finance, poor leadership and management, skills shortages and the reaction to the general economic climate. SEMLEP needs to address these barriers and target limited resources to provide business support to those sectors that offer greatest potential for growth.
- 2.4.4** A key strength of the South East Midlands economy is its diverse range of sectors and specialisms that has supported its recovery from the recession and increased its resilience to future economic downturns. The next challenge for the area is to accelerate growth in key sectors in parallel with the development of a suitably skilled workforce.

Opportunity

- 2.4.5** The South East Midlands is a functional economic area that has grown significantly in the last 20 years (population growth of 18.6% between 1991 and 2011). It is an important communications hub for the UK with its own international gateway, London Luton Airport, and proximity to both Heathrow and Stansted. In addition, Cranfield Airport has a strong profile among business users accessing UK and continental Europe. The Daventry International Rail Freight Terminal (DIRFT) is located at the centre of the UK's distribution and manufacturing heartland.
- 2.4.6** With the targeted investment identified in this plan, the area has the capability and capacity to open up new housing and commercial development sites, which will enable growth above existing trends in terms of new homes and jobs. This will also require further investment to accelerate availability of employment land. This will entice more businesses to locate here, accelerate jobs growth within key sectors and further exploit the synergies between new technologies and universities. The appealing natural environment adds to the offer of proximity to London and space to grow by making this an attractive place to do business.

i. Employment land

- 2.4.7** In total, there are over 2,500 hectares of employment sites in the South East Midlands across 112 identified strategic employment sites. These provide a clear spatial focus for growth around Northampton, Daventry, Kettering, Corby, Bicester, Banbury, Aylesbury, Dunstable, Bedford and Milton Keynes. These sites range from the largest in West Northamptonshire at DIRFT III (Daventry International Rail Freight terminal) at 345 hectares to Rockingham Motor Circuit at 281 hectares, Luton airport at 236 hectares, Silverstone Circuit at 125 hectares, Brackmills and Moulton Park in Northampton and Stanion Lane in Corby at over 100 hectares each.
- 2.4.8** The scale and location of these employment sites offers potential for maximising business and employment growth, both by indigenous growth and through inward investment. Some sites are focused on specific sectors such as motorsports and some are more generic, but all require associated infrastructure investment, particularly for road access, utilities and broadband.

ii. Key Sectors

2.4.9 South East Midlands is already well represented by numerous global businesses. The area has a particularly strong foundation in High Performance Technology, including precision engineering, Manufacturing and Advanced Technology, including food and drink, Logistics (as a result of its prime location) and the Creative and Cultural industries. Examples of key businesses include Nissan Technical, Lockheed Martin, Jungheinrich, Selex Galileo, Mondelez, Unilever, St Andrews, AstraZeneca, Movianto, Jordans/Ryvita, Carlsberg, Vinci, Kier, BEA Systems and Cinram.

2.4.10 As a key component of the UK's 'motorsport valley', focused on Silverstone, the South East Midlands is home to approximately 1,500 high performance technology companies generating an annual local turnover of £2bn and employing between 15,000 and 21,000 people. This includes internationally renowned brands, such as Cosworth, who are based on the Northampton Waterside Enterprise Zone.

2.4.11 Six LEPs have an interest in this sector and work together to support growth and attract inward investment. These are SEMLEP, Northamptonshire Enterprise Partnership, Bucks Thames Valley LEP, Oxfordshire LEP, Coventry and Warwickshire LEP and Leicester and Leicestershire LEP. During the week before the Grand Prix in July, they will be jointly hosting a business and skills day to profile to the world what is on offer in this area.

2.4.12 The South East Midlands aims to develop its capabilities in advanced technologies and precision engineering, including environmental and low carbon technology, high performance engineering, motorsport, aerospace, automotive and sustainable construction. The rationale for including these sectors is set out below; it is based upon evidence of growth and opportunity, including R&D capability and skilled workforce capacity.

iii. Sport

2.4.15 The South East Midlands is also home to world class sporting facilities in a number of sports including athletics, rugby, badminton, triathlon, swimming and rowing that has produced some top sports men and women. This includes the birthplace of the Paralympics and now the national disability sports

centre at Stoke Mandeville, Box End Park, Bedford Athletics Stadium, stadium:mk, National Badminton Centre in Milton Keynes and Northampton Saints and Bedford Blues rugby stadia.

2.4.16 The area is also host to a number of international sporting events including hosting three matches of the Rugby World Cup 2015 at stadium:mk and Formula 1 Grand Prix at Silverstone International. Such world-class facilities and international events attract residents, businesses and visitors into the area and play an important role in supporting the creation of jobs, up-skilling the workforce and businesses to grow and diversify in addition to bringing money into the area. The value of the sports industry is estimated at £20.3 billion, 1.9% of the England total (Sports England, 2013). This placed sport in the top 15 industry sectors in England above motor vehicles, telecoms services, legal services, accounting, publishing, advertising and the utilities. It is estimated that the sports sector in the South East Midlands accounts for around £683m of consumer spend, providing over 18,000 jobs and around £671m Gross Value Added (GVA).

iv. Visitor Economy

2.4.17 The visitor economy is also another important feature within the area's Arts, Heritage, Creative and Cultural sector and is home to some outstanding visitor attractions including Woburn Abbey and Safari Park, Blenheim Palace, Whipsnade Zoo, Bletchley Park, Wrest Park and Bicester Outlet. This also includes MK International Festival listed as one of the top 100 festivals by the Sunday Times which helps to build the area's reputation as a visitor and investor destination, and enhances the local economy by over £4 million per Festival.

v. Innovation assets

2.4.18 The South East Midlands has a number of leading centres of research, innovation and knowledge creation. The area has a strong history of innovation, particularly within its advanced technology clusters, including automotive and the iconic Silverstone. The Nissan Technical Centre and Millbrook Proving Ground in Central Bedfordshire and the Open University's pioneering work in information technology demonstrate this capability. The area enjoys some world class Science Park assets, including Cranfield Technology Park, Begley Science Park and Colworth Park. The work of the Transport Systems Catapult and Open University are also notable across the innovation landscape in the South East Midlands area.

2.4.19 In addition there are 36 innovation centres across South East Midlands many of whom benefit from the strong involvement of Universities in promoting and running Innovation centre facilities, as well as offering services to assist emerging businesses with programmes to access or collaborate in research.

2.4.20 However we could do much more to further capitalise upon these assets to increase their positive influence in the economy, better engage with local businesses and so take advantage of the opportunity they offer in particular through driving future productivity improvements for both new and existing businesses across the South East Midlands. There is also a strong linkage between these assets and new opportunities for both export led growth and to compete in high-value growth sectors.

vi. Universities and Colleges

2.4.21 The area also benefits from a number of prestigious and diverse universities. These are the Open University, Cranfield University, University of Buckingham, University of Bedfordshire, University of Northampton and Bucks New University. The area's place on the "innovation triangle" formed by the university centres of Oxford, Cambridge and London is valuable. The universities within the South East Midlands have formed the South East Midlands Universities Group, known as 'SEMU'. They work together to support business and jobs growth across key sectors, including aerospace, automotive engineering, bioscience, defence and security, energy, environment and manufacturing sectors, creative arts, leather technologies and logistics.

2.4.23 The Witty Review highlighted a number of strengths and opportunities for further collaboration between universities and businesses. Better linkage has the potential to support business growth, address skills gaps within the existing workforce and improve business performance. The South East Midlands is keen to encourage this improved collaboration to deliver growth – for example, through shared research and development, technology and knowledge transfer to support the big data and smart cities agenda and to showcase key sectors that are benefitting from advanced and renewable technologies.

2.4.24 There are 9 Further Education Colleges across the South East Midlands: Aylesbury College, Banbury and Bicester College, Barnfield College, Bedford College, Central Bedfordshire College, Milton Keynes College, Moulton College, Northampton College and Tresham College. There is also a sixth form college in Luton. The colleges work together collaboratively as part of the 'FUSE' group to ensure that their courses are aligned with the needs of businesses.

vii. Natural Environment

2.4.25 The South East Midlands has a wealth of historic and environmental attractions, from historic buildings, parks and gardens, to country parks, rivers, forests and canals, and outdoor activities. This includes the Grand Union Canal and River Nene Regional Park. The natural environment plays a vital role in delivering quality of life and in encouraging economic growth by attracting new businesses and retaining existing businesses, supporting the visitor economy and creating skills within the green economy.

2.4.26 There are four Local Nature Partnerships working together in this area to drive positive change on the local natural environment and to deliver economic outcomes for the local natural environment.

2.4.27 An example of this is the Bedford and Milton Keynes Waterway. This is a significant local, regional and national new environmental infrastructure project to provide the 26km missing link between the main UK canal network and the Fenland waterways, linking the Grand Union Canal at Milton Keynes to the River Great Ouse at Bedford.

2.4.28 This project will deliver a wide range of economic, social and environmental benefits to the surrounding area. This includes creating between 2,900 and 3,400 jobs a year in construction and 500 to 900 additional jobs in businesses and other organisations with an additional £35-70m annual Gross Value Added (GVA).

2.4.29 As part of an evaluation of our draft European Structural Investment Fund Strategy, SEMLEP hosted a workshop to complete level 1 of the Local Environmental and Economic Development toolkit which was designed by the Environment Agency and Natural England to support those responsible for strategy development to identify the environmental opportunities and threats posed to the delivery of the strategy, and possible solutions to these. A number of opportunities were identified. These include:

- Environmental enhancement to developments that will support economic development plans;
- Embedding the ecosystems services on the skills agenda; and
- Research and Development (R&D) to improve natural resource efficiency.

Such opportunities should be embedded in the design and delivery of some of our interventions as this will help to further support jobs creation and business growth, including development of green skills and supporting businesses to develop and market low carbon products.

What are the market failures?

- 2.4.30** The latest ONS data for the South East Midlands indicates that there are just under 75,000 businesses in the area, with 884,000 jobs and with nearly 97% of these employing fewer than 50 people. On this basis, the combined turnover of firms in business across the South East Midlands is £137.6 billion. Despite the number of businesses growing year on year, the rate of self-employment of the South East Midlands resident population (age 16 and above) is slightly lower than England at 14.0% in June 2013 compared to 14.4% nationally. Furthermore the gap between male and female self-employment is significant.
- 2.4.31** As the number of businesses continues to grow year on year and business survival rate and start-up rate remains stronger than nationally, many businesses still face a number of barriers to growth including access to finance, low levels of leadership and management skills, job specific skills shortages and lack of knowledge of where to access business support.
- 2.4.32** **Access to finance** is a critical driver for businesses in order to innovate and develop new products, invest in the appropriate premises and further develop their business as viable commercial operations that ultimately lead to further job creation. However a survey of local businesses within the five East Midland LEP areas highlighted that wider demand in the economy, the banks (tightened) lending conditions and expertise/ knowledge to apply for funding were acting as barriers with just under half (46%) having successfully received the funding for which they applied.
- 2.4.33** The **rural economy** continues to have a critical role in delivering jobs and business growth across the South East Midlands, however businesses and those living in rural areas face additional barriers in terms of transport, access to skilled labour, superfast broadband and business support. 27.5% of the South East Midlands population is living in areas classified as rural and in some areas such as Cherwell this figure is much higher.
- 2.4.34** Self-employment rates tend to be higher in rural areas. This is particularly evident in the South East Midlands area, where the self-employment rate in the rural areas is nearly double the rate for the urban parts. To a considerable extent, this is also reflected in the levels of VAT registered businesses which is significantly higher in rural areas, although this is less so in the South East Midlands area compared with regional and national estimates.
- Importantly though, a much greater proportion of the business activity in the rural parts of the South East Midlands area is focussed in micro businesses (0-4 employees) and the agricultural sector.
- 2.4.35** There is a high reliance on cars in the rural parts of the South East Midlands area. Indeed, more than half of the households have two or more cars. This also reflects issues around barriers to transport and access to skilled labour that are more pronounced in rural areas. At the same time there is a potential gap in regards to specific support across the South East Midlands for pre-starts and start-up businesses in rural areas.
- 2.4.36** With regard to innovation, there are opportunities to join up the 36 innovation centres across the area and provide better support for businesses to launch new innovative products. This area has a relatively low share of employment in high and medium technology firms. With 8.6 patents per 100,000 residents compared with the national average of 13, this area has scope to improve.
- 2.4.37** Our Business Survey also highlighted that only about 1 in 10 businesses have links with universities/ colleges and just one third have introduced or intend to introduce a new product, service or process. In fact, 30% of businesses with 1-9 employees have introduced or intend to introduce a new product, service or process compared with over 50% of businesses with 50+ employees. Larger businesses are also more likely to have links with colleges/ universities or to innovate. This highlights the need for us to encourage the predominantly smaller businesses within the South East Midlands to access the benefits of working with our universities.
- 2.4.38** The Local Enterprise Partnership Network report highlights the importance of exploiting the future overseas economic opportunities, including in China, India, Nigeria, Indonesia and Brazil. These markets are expected to offer some of the most substantial opportunities to British businesses over the next decade.
- 2.4.39** However, only 16.4% of South East Midlands employees are currently employed in export intensive sectors. This is below the national average of 17.7%, although some parts of SEMLEP have higher percentage such as Northamptonshire at 18.7%. SEMLEP ranks 31 of the 39 LEPs for the number of employees working in export intensive sectors.

2.4.40 Lack of **superfast broadband** infrastructure and take up of services are a recognised barrier to new business formation, job creation and self-employment and hampers competitiveness. Recent evidence from the Department for Culture Media and Sport (November 2013) highlights that enhancing the availability and take-up of faster broadband speeds will add about £17 billion to the UK's annual Gross Value Added (GVA) by 2024.

2.4.41 Despite the economic and social benefits of superfast broadband, there are a number of market failures within the delivery of superfast broadband. In particular, the high costs of infrastructure delivery relative to the short term market revenues generated in less densely populated rural areas and business parks, mean private sector investment from existing providers in these areas is unlikely.

2.4.42 National government policy is to support superfast infrastructure delivery to 95% of premises and a basic service of 2 Mbps to all, through a mixture of the current Rural Broadband Programme and the soon to be announced Superfast Extension project. This reflects the nationally accepted view of market failures and the positive impact superfast broadband can have on residents in terms of access to services and learning opportunities, and on businesses in terms of access to new markets, increased business productivity and international competitiveness of locations to attract new investment.

Types of interventions

2.4.43 In order to bolster the area's competitive edge and exploit its key sector strengths, we need to have in place the necessary infrastructure and utilities to accelerate the availability of employment land in order to entice new and existing businesses to locate in key employment sites.

i. SEMLEP's Velocity Growth Hub

2.4.44 There is evidence of improving business confidence amongst businesses in the South East Midlands. The SEMLEP Business Survey reports that 39% of respondents considered prospects have improved over the year, almost double those who have a negative perception. The 9% of firms that specifically identify that help could be required represent just over 6,700 firms actively seeking support. In absolute terms, this represents a large number of firms and therefore an opportunity to respond to a proven appetite for support.

2.4.42 The Velocity Business Growth Hub is a £1.75m project funded by the Regional Growth Fund (RGF) and SEMLEP which will attract an additional £2m of private sector investment to support the creation of 164 new jobs and safeguard 165 existing jobs among small to medium-sized enterprises in the South East Midlands by June 2015. It aims to engage with more than 15,000 existing businesses during this period (representing one in four of the VAT-registered businesses in the area) via its web portal and to directly assist at least 413 businesses to improve their performance. Velocity Growth Hub will provide a one-stop-shop to enable them to maximise their growth potential by providing an information portal on the web, dedicated Growth Hub business advisers, revenue grants for business support and development and a programme of innovative business workshops and events.

ii. Access to Exports

2.4.45 As described earlier, we are currently below national levels in terms of employment within export intensive sectors. The implication is that we should ensure that those existing firms in these sectors are not constrained in their ability to access export opportunities. Enabling these firms to demonstrate a strong performance from pursuit of export markets should stimulate greater interest among a wider group of firms who currently remain reliant on the UK market. Over time, this will not only contribute to higher levels of output and employment growth but also a more diversified economy with greater resilience to economic shocks. Intervention is particularly important in the context of enabling businesses and research institutes to compete and exploit knowledge-based assets; this is especially important for firms to win new business in export markets to the benefit of the local and national economy. There is also a strong linkage between the university research base and the sectors identified as being investment priorities.

2.4.46 The MK Future City collaboration and investment in big data analytics have the potential to drive innovation and create new cutting edge knowledge assets in the South East Midlands. Milton Keynes Council has developed a portfolio of innovative smart city and low carbon projects with a collaboration group of academic, industry and public sector partners. These projects aim to secure inward investment and jobs along with achieving carbon reduction targets and ensuring that services and infrastructure are resilient and 'future proof' as the city grows.

iii. Superfast Broadband

2.4.47 SEMLEP seeks to specifically support the provision of necessary broadband infrastructure to business premises within the LEP area, recognising and adding value to the existing local broadband partnerships BDUK (Broadband UK) delivery projects. SEMLEP's strategy is to target the provision of new infrastructure to business premises, to increase South East Midlands ability to attract new investment and support new business formation and existing businesses to increase their productivity and grow. Through SEMLEP European Structural and Investment Funds (ESIF) activities, we are also seeking to promote the necessary skills of our residents to help tackle digital exclusion and to assist our businesses to harness the potential of new technologies and market opportunities afforded by superfast broadband services to transform the South East Midlands economy. Evidence from the Department for Culture, Media and Sport (November 2013) highlights that enhancing the availability and take-up of faster broadband speeds can add up to £17 billion to the UK's annual GVA by 2024.

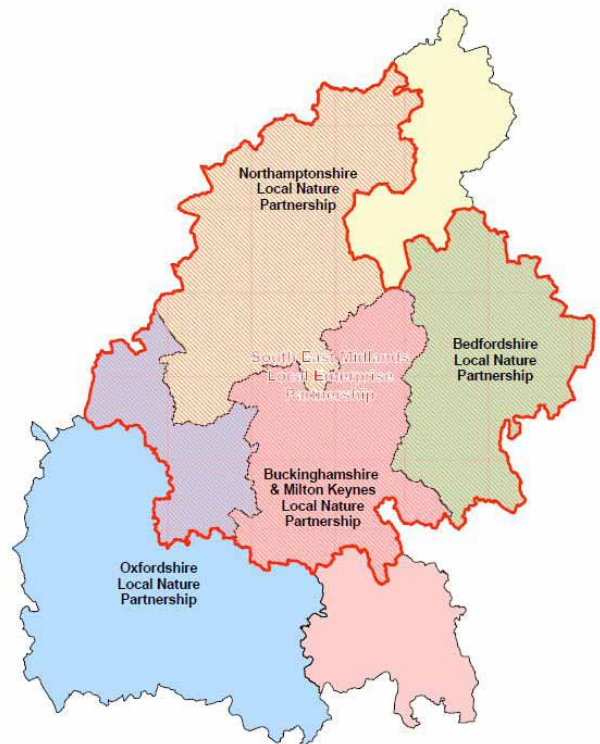
To achieve these benefits, a range of interventions must be actioned. These could be focussed on:

- Making better use of existing funding streams to provide match funding to bid for national programmes such as the Superfast Extension Programme;
- Making the case to Government through the LEP network to invest more in superfast broadband;
- Showing ambition, for example by seeking to pilot national schemes in this area and working with government, industry and education institutions to ensure that the South East Midlands is at the forefront of innovation;
- Placing conditions on developers in receipt of funding through SEMLEP, to provide broadband infrastructure;
- Working with mobile communication providers to ensure that the South East Midlands area is both attractive for 4G and LTE mobile broadband investment, whilst also seeking to increase coverage of basic telephony coverage;
- Embed specific business support and a digital skills programme through the Velocity Growth Hub; and
- Establish a new SEMLEP digital working group involving SMEs, national IT infrastructure providers, local authorities, HE/FE representatives and government to take forward this programme.

iv. Rural Economy

2.4.48 Businesses report the quality of the natural environment as one of the top three reasons for locating in the South East Midlands. Achieving a genuine and sustainable approach to economic development across a strong rural area with urban centres is central to an effective Strategic Economic Plan.

2.4.49 The rural/urban balance and the importance of agricultural and food manufacturing and production to the South East Midlands provides much of the economic context in which the partner authorities and businesses operate. Through SEMLEP, partners collaborate to improve the rural economic environment across the South East Midlands and its capacity to support business growth and employment. Market towns serve as the service centre for its socio-economic and cultural hinterland. Based on the significance of the rural economy to the South East Midlands, there is a clear need to design and deliver interventions that will specifically respond to the unique issues facing rural businesses, both pre-starts and start-ups, taking into account the market failures they face as described earlier.



2.5 SKILLS

Key Issue

2.5.1 Much of the educational infrastructure is in place to support the up-skilling of the existing and future workforce in a number of key sectors. However, businesses are still reporting skills shortages when recruiting outside their organisations and skills gaps within their existing workforce. This includes leadership and management as well as technical and basic skills. For example, there are gaps locally in mechanical and engineering skills and within the logistics sector.

Challenge

2.5.2 The key challenge to addressing current skills shortages and gaps and meeting future demands in key sectors is to enable public and private training providers to work with employers to understand their needs and cut through the complexity of the current skills systems to enable those needs to be met.

Opportunity

2.5.3 There are nine Further Education colleges across the South East Midlands: Aylesbury College, Banbury and Bicester College, Barnfield College in Luton, Bedford College, Central Bedfordshire College, Milton Keynes College, Moulton College, Northampton College and Tresham College. There is also a sixth form college in Luton. Collectively they serve a total of 77,000 students including around 26,000 young people and 3,000 young apprentices. Overall, the colleges provide training for around 6,000 companies, including most major employers in the area in addition to many small and medium sized employers (SMEs).

2.5.4 Given the value each growth sector offers to the South East Midlands economy in terms of Gross Value Added and a highly skilled workforce, this presents a significant opportunity for our skills providers to engage with employers and provide courses and training that meet current and future needs of business. SEMLEP is keen to work closely with the FE Colleges to ensure that the courses provided are better aligned with business needs.

What are the market failures?

2.5.5 Overall, the South East Midlands (SEM) performs reasonably well in terms of the skills levels of the resident working age population, however it remains slightly below England in terms of attainment at degree level or above and NVQ Levels 3 and 4 and above and some areas are well below both South East Midlands and national averages.

2.5.6 In 2012, 32.8% of the South East Midlands working age population had an NVQ level 4 or above, slightly below the national average which in December 2012 was 34.2%. We are also slightly below national average (54.9%) in regards to percentage of working age population in South East Midlands with NVQ Level 3 and above (53.6%). Over a quarter of the working age population (27.8%) in the South East Midlands who are economically active have a degree or equivalent and above. This is slightly below England at 29.8%. Conversely, while 8.6% of the working age population in the South East Midlands area had no qualifications, the equivalent figure for England was 9.5%.

2.5.7 Some areas, such as Luton, have higher levels of working age population with no qualifications, which at 16.1% is well above the national and South East Midlands average. Indeed, more than a quarter of the resident working age population in Luton, Daventry, Corby and Northampton have either no qualifications or just an NVQ1. This is in contrast with Aylesbury Vale, Bedford and Cherwell where approaching two fifths of the resident working age population are educated to degree level or above (NVQ4+).

2.5.8 There are significant variations with regard to level of attainment at degree level or equivalent and above with areas such as Bedford, Aylesbury Vale and Cherwell being well above South East Midlands and England average in 2012 at 37.8%, 32.1% and 30.9% respectively of working age population who are economically active with degree level or above. Only 12.8% of the resident population of Corby, who are economically active, have a degree or equivalent.

2.5.9 Whilst the South East Midlands performs reasonably well in terms of skill attainment, some of our key growth sectors face serious skills shortages at a national and sub-regional level.

2.5.10 In September 2013, there were 16,800 residents of the South East Midlands employed in science, engineering and technology. This compares to 13,400 employed in these occupations working in the South East Midlands but who may live elsewhere who have seen a more significant fall in the number of people employed in these professions since December 2011. This represents a fall of 4,900 compared to 4,300 for residents.

2.5.11 10% of logistics establishments in South East Midlands report having at least one member of staff that is not fully proficient (skills gaps). This results in employees without the full set of skills to perform their jobs which can impact their efficiency and productivity and in turn that of the company. 83% of logistics employers report that skills gaps impact how the company performs which is much greater than the figure for all sectors of 68%.

2.5.12 In the SEMLEP Business Survey, a third of businesses (35%) reported finding it difficult to obtain key skills when recruiting new staff, with larger businesses (54%) more likely to have skills shortages. The most commonly cited skills shortages are in job specific skills (cited by 19% of businesses), Technical or practical skills (15%), Communication skills (14%), Planning and organisational skills (12%) and Customer service skills (12%). More functional skills were also mentioned such as Numeracy (11%), Literacy (10%), Advanced IT skills (10%), knowledge of English amongst non-native speakers (8%) and basic IT skills (7%).

2.5.13 As a national comparison, the UK Commission for Employment and Skills Employer Skills Survey provides a breakdown by LEP area. For the South East Midlands it showed that the top skills shortages cited by local employers were: Job specific (78%), Problem solving skills (52%), Planning and organisational skills (51%), Technical and practical skills (52%), Customer (46%) and Communication Skills (45%).

2.5.14 Apprenticeships represent a largely untapped potential for employers as a means of addressing skills shortages, however the number of apprenticeships is still relatively low in the South East Midlands despite continuing to grow each year. This may be linked to businesses continuing to report (40%) having no current business need as the main reason for not having/not considering having an apprentice. A further 22% would not have an apprentice because their business is too small, 18% would not have an apprentice because the business is unsuitable and 13% would not have an apprentice because they believe apprentices do not have the necessary skills, experience or qualifications to do the job.

Table B: SEMLEP Apprenticeship Data

Local Authority	Apprenticeship Starts 2012/13	Apprenticeship Starts expected 2015-2020
Aylesbury Vale	1261	8066
Bedford	1205	7708
Central Bedfordshire	1862	11910
Cherwell	1097	7017
Corby	897	5738
Daventry	724	4631
Luton	1412	9032
Milton Keynes	2195	14041
Northampton	2399	15345
South Northamptonshire	691	4420
Kettering	960	6141
SEMLEP Total	14703	94,049

Source: Skills Funding Agency Apprenticeship Data Cube 2013

Types of interventions

2.5.15 Interventions that start to address skills issues are captured in the SEMLEP Skills Strategy. There are two overarching aims: the creation of usable, accessible, relevant and current information for a variety of users including businesses, individuals and providers; and the development of solutions to resolve the discrepancies between supply and demand.

To meet each of these aims, the Skills Strategy has the following objectives:

- Planning of provision based on labour market intelligence,
- Communicating information through the Velocity Growth Hub and other means,
- Adding value to partners' work with target audiences, e.g. careers events for young people,
- Expanding the capacity of providers, particularly to provide higher level skills and support apprenticeships,
- Growing the availability of business-led delivery,
- Aligning employability and pre-employment provision more closely with career and job opportunities. A variety of means will be employed to realise these aims and objectives.

2.5.16 The SEMLEP Apprenticeship Plan aims to increase the volume of apprenticeships through the key growth sectors and, as a priority, will be working with small and medium sized businesses in order to address the gaps. The added value of the Plan will be measured by:

- Increased number of apprentices in the SEMLEP priority sectors;
- Increased engagement of SMEs, through removing barriers to participation and tackling reported issues.

2.5.17 The Open Forum for Skills in SEMLEP has a growing membership of over 80, with over 40 attending meetings. This has developed into an infrastructure of collaborative relationships to provide innovative solutions. The Forum now has a steering group and partners' groups, notably FUSE (FE Colleges) and SEMU (universities), with a termly meeting pattern.

2.5.18 SEMLEP projects in the area of skills are based on new ways of solving problems through providers, businesses and local authorities working together. They require different types of support and encouragement. Access to capital funding is required for some of the work. For example, the relocation of the Daventry Campus of Northampton College, which will:

- Increase provider capacity in an area with low levels of attainment,
- Share a campus with a University Technical College,
- Work with Daventry District Council, the University of Northampton and Moulton College,
- Focus on technical and employability skills,
- Provide a range of progression routes up to and beyond level 3,
- Work with local employers to grow the number of apprentices.

2.5.19 Engineering and Construction: both sectors face skills shortages and an ageing workforce. For both, there are significant opportunities for job growth across SEMLEP including linking with developments at Silverstone and the Enterprise Zone. A SEMLEP-wide approach will be developed. This will be tailored to the different areas to increase the availability of apprenticeships and progression routes through to graduate and post graduate levels. Initial investment opportunities have already been identified, for example, capital investment in engineering equipment at Milton Keynes College. This will fit well with the wider picture, including the engineering developments undertaken by the University of Bedfordshire. Other proposed capital investment will also be supported by the SEMLEP wide view.

2.5.20 Other projects relate to the development of generic skills and practices:

- Developing new work placement and work experience models drawing on the work of the University Technical Colleges (UTCs), including employer generated projects and relationships with employers from a specified sector and working with Education Business Partnerships.
- Implementing the apprenticeship plan, in particular increasing the availability of opportunities in priority sectors and better marketing of the business benefits to employers.
- Using performance data, including that published by the Skills Funding Agency (SFA), to monitor overall progress against priorities across SEMLEP to inform local challenge and planning.
- A range of Continuing Professional Development (CPD) and enterprise developments are being developed across the patch with the potential to share good practice and expertise.
- Using the current European Social Fund (ESF) funding under the Local Responsiveness scheme to address some current challenges e.g. appropriate work experience for trainees (under traineeships), mentoring in the workplace to use older workers to support new recruits and 'train the trainer' to improve mathematics skills in the engineering workplace.

2.6 DISADVANTAGED GROUPS: ACCESS TO THE LABOUR MARKET

Key Issue

2.6.1 Whilst employment rate across the South East Midlands area have remained relatively high and above the national average since June 2008, some areas such as Luton and Corby consistently remain well below the national average. Furthermore, certain groups face barriers to the labour market and have lower employment rates compared to the average for the South East Midlands. These include young people, older people, ethnic minority women and disabled people.

Challenges

2.6.2 Certain groups face considerable barriers to the labour market that impact upon their ability to access employment opportunities. These include lack of affordable child care for women returners, flexible working practices, attitudes/lack of understanding of employment/business support advisers and lack of accessible and affordable public transport in significant parts of the area.

2.6.3 It is important to address the underlying causes of differences in employment levels in some areas and for particular disadvantaged groups if we are to deliver sustainable economic growth for the whole of South East Midlands.

Opportunity

2.6.4 There is a clear need to unlock barriers to the labour market for the 16-24 year old age group where there were over 6,000 young people unemployed on the job seekers allowance (JSA) claimant count in the South East Midlands in September 2013.

What are the market failures?

2.6.5 The rate of employment (16-64) has remained relatively stable since December 2009 following a period of volatility for South East Midlands area at the beginning of the recession, however the rate remains below pre-recession levels. The employment rate was 75.1% in June 2013 and continues to remain above the England average (71.3%). However, the rate varies significantly across the South East Midlands with some areas well below the national average(such as Luton at 65.0%) whereas other areas like South Northamptonshire have much higher employment levels at 88.9%.

2.6.6 Youth and female unemployment remain volatile and above pre-recession levels as these groups face additional barriers to accessing the labour market. The number of females of working age (16-64) unemployed has more than doubled in numbers since June 2008 and has increased at a faster rate compared to male unemployment rate. Since June 2008, the number of females (16-64) unemployed has increased from 16,300 to 35,000 in June 2013, an increase of 114.7%. The female unemployment rate (16-64) has also doubled since June 2008 from 4.1% to 8.2% in June 2013. It has continued to increase in most quarters since 2008.

2.6.7 Unemployment rates vary substantially in terms of age, gender, disability and ethnicity nationally and in the South East Midlands. For example, the percentage of disabled people of working age who are unemployed was more than double the South East Midlands overall unemployment rate at 17.7% in December 2012. This is higher than the national average at 16.3%. Unemployment rate by ethnicity (16+) highlights that the percentage of ethnic minority population who are unemployed is more than double the percentage of white population. In June 2013, 12.6% of ethnic minority population (16+) were unemployed compared to only 6.1% of the white population in the same age group.

2.6.8 Those aged between 16 and 19 continue to have the highest unemployment rate compared to all other age groups. This was 27.9% in June 2013. However, those aged between 35-49 years old have seen biggest percentage increase in the number of people in this age group who are unemployed since June 2008 by 84.0%.

2.6.9 There exist pockets of deprivation across the South East Midlands. Index of Multiple Deprivation 2010 data for the whole of the South East Midlands area presented in Table C shows that overall there are 194,800 people in the area who live in an area classed as within the 20% most deprived in England. This is 11.3% of the total population. The percentage varies from district to district from 0% in Aylesbury Vale and South Northants to 30% in Corby. This is consistent with claimant count unemployment rates in the South East Midlands shown in Table D.

Table C: Index of Multiple Deprivation – Percentage of Population in Most Deprived Areas

District	Population not in 20% most deprived areas	Population in 20% most deprived areas	% of Total Population in 20% most deprived areas	Total Population
Aylesbury Vale	175,892	0	0.0	175,892
Bedford	141,048	17,139	10.8	158,187
Central Bedfordshire	252,721	5,523	2.1	258,244
Cherwell	133,337	8,641	6.1	141,978
Corby	42,844	18,360	30.0	61,204
Daventry	76,554	1,806	2.3	78,360
Kettering	82,990	10,838	11.6	93,828
Luton	149,594	56,249	27.3	205,843
Milton Keynes	215,598	31,565	12.8	247,163
Northampton	168,630	44,724	21.0	213,354
South Northamptonshire	86,450	0	0.0	86,450
Total	1,525,658	194,845	11.3	1,720,503

Source: IMD - 2010 – ONS

Table D: Unemployment Claimant Rates, January 2014

Area	Male		Female		Total	
	Number	Rate %	Number	Rate %	Number	Rate %
Aylesbury Vale	2,423	2.9	1,533	1.8	3,956	2.4
Bedford	949	1.7	509	0.9	1,458	1.3
Central Bedfordshire	550	1.2	348	0.8	898	1.0
Cherwell	2,037	4.1	1,176	2.3	3,213	3.2
Corby	1,700	2.0	1,081	1.3	2,781	1.7
Daventry	2,613	3.8	1,772	2.7	4,385	3.3
Kettering	849	4.2	495	2.4	1,344	3.3
Luton	584	2.4	293	1.2	877	1.8
Milton Keynes	1,080	3.6	614	2.0	1,694	2.8
Northampton	2,803	4.0	1,582	2.2	4,385	3.1
South Northamptonshire	330	1.2	178	0.7	508	0.9
Total	15,918	2.9	9,581	1.7	25,499	2.3

Source: Department for Work and Pensions, JSA Claimant Count, January 2014

Types of interventions

2.6.10 The skills providers in the South East Midlands are involved in a number of projects that support individuals and families to overcome a number of barriers. The Neighbourhood Employment Programme in Milton Keynes includes family support, mental health therapies, work experience and employability. The focus of the programme is both geographical and thematic; delivered in those areas where poverty and unemployment is highest and supporting those people whose need is greatest, including the long term unemployed, NEETs, BME communities, people with mental health issues, families with multiple barriers, people presenting in housing need and those with children under 5. Given the fact that there are long-term, unemployment-related issues in those areas across South East Midlands where poverty and unemployment are highest, there is a clear business case for designing and delivering a framework based on Milton Keynes' Neighbourhood Employment

Programme that would support young people and adults to help them into sustainable employment. This would link to the SEMLEP Skills Strategy, which will ensure that young people and adults acquire the skills valued by employers.

2.6.11 Addressing the critical capital investment and infrastructure requirements of colleges and universities to ensure they have the necessary facilities and equipment in order to meet current and future demands of growth sectors is also vital. For example, phase two of the Northampton College capital project is needed to provide a suite of facilities in Daventry for a range of excluded and marginalised groups and a gateway for employers to access services and employees.

2.6.12 The linkages with the social inclusion and skills priorities within the European Structural and Investment Funds will be particularly important for ensuring coherent delivery and leveraging match funding.

OUR IMPLEMENTATION PLAN

Section 3

OUR IMPLEMENTATION PLAN

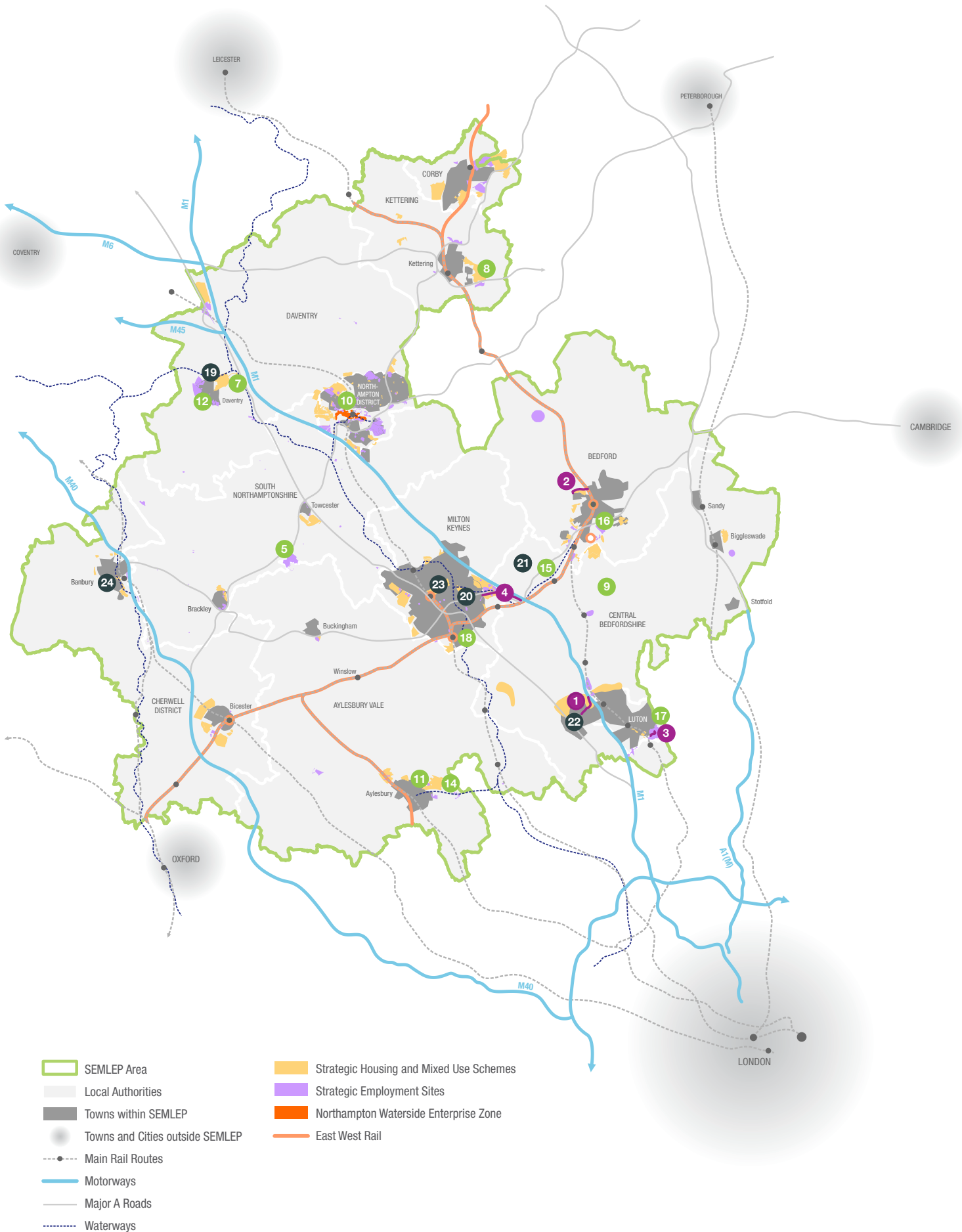
3.1 INTRODUCTION

- 3.1.1** Having identified the types of interventions required following the analysis of market failure as described in Section 2, we assembled a list of key projects from our local authority partners and other stakeholders.
- 3.1.2** We then reduced the initial list of projects that featured in the draft Strategic Economic Plan in December 2013 by around half to those that were considered as absolute priorities under the categories of Infrastructure, Business Productivity, Markets and skills.
- 3.1.3** We have carried out a robust process of assessing potential projects and identifying the priority investment pipeline. In order to carry out this exercise, we have worked with independent consultants Arup. All projects provided detailed information in a pro forma and have been appraised against nine criteria. These were determined with reference to the HM Treasury Five Case Model.
- 3.1.4** These are: strength of strategic case; net impacts/ additionality; urgency; value for money; timetable assurance/ deliverability; project management team and processes; land ownership status; planning permission status; and feasibility and design status. Each project received a score out of 10 for each of these criteria which were then combined into a single percentage. Projects are prioritised in line with these percentages in Tables 1-3.
- 3.1.5** All local authority leaders agreed to endorse this independent prioritisation. As previously agreed by the SEMLEP Board, the top four projects would be those that had been prioritised by the LTB (Local Transport Board) process. For two of these projects (A421 dualling and the Woodside Link) additional funding of a total £32.3m is sought over and above the indicative allocation of £14.7m.
- 3.1.6** Tables 1-3 indicate where projects sit in areas of overlap and makes clear whether funding is being sought by SEMLEP or whether SEMLEP is supporting a bid from an overlapping LEP. In addition each project shows the number of jobs and/or homes outputs will be achieved and where relevant indicates how many of the total jobs outputs will be in construction.
- 3.1.7** We also have a number of important and innovative projects from our Universities. These include the Advanced Integrated Engineering Centre for Transport Systems Sector being promoted by Cranfield University with support from HEFCE. Also, the highly innovative 'Smart City Thinking' project that Milton Keynes Council is working on with the Open University. This builds on our strength in the transport and High Performance Engineering sectors with the National Transport Systems Catapult centre based in Milton Keynes and the cluster of engineering companies based around Silverstone, home to the British Formula 1 Grand Prix. Millbrook Proving Ground is currently bidding to be a spoke of the Advanced Propulsion Centre UK, with Cranfield University working with Milton Keynes Council as a proposed hub.
- A summary of how many additional jobs, homes and GVA will be delivered**
- 3.1.8** The SEP will be delivered over 5 years from 2015/16. Table A below summarises the scope of our ambition if we receive the required funding level from Government as part of this Deal.

Table A: Impact of LGF investment on homes and jobs

Track Record of Growth 2001 to 2011	Base position 2020 with no LGF investment 2015-2020	Growth with £60m of LGF investment in 2015/16 2015-2020	Additionality 2015-2020
Population increase of 10.9%	Population increase of 8.9%	Population Increase of 12.4%	3.5% population increase
68,600 new homes	46,600 new homes	70,600 new homes	24,400 new homes
56,400 new jobs	61,400 new jobs	94,700 new jobs	41,500 new jobs
GVA increase of £13bn	GVA increase £9.1bn	GVA increase of £10.2bn	GVA increase of £1.1bn
Significant Government investment in Growth Funds.	No Government Investment through LGF	Government investment of £60m in 2015/16	

FIGURE 3: PROJECTS MAP



Our Programme of Interventions

Summary Table

Project Type	Total project costs (£m)	Total LGF cost	LGf 15/16	Other Public Sector (£m)	Total Private Sector (£m)	% Private Sector	Outputs
Local Transport Board Priority Projects	99.2	47.2 ¹	26.5	22.5	28.5	29%	10,448 jobs 9,350 homes
Other Transport and Infrastructure Projects	261.2	69.0	24.1	59.8	114.2	44%	29,681 jobs 15,075 homes
Skills Capital	46.8	21.5	9.7	14.0	11.4	24%	1,340 jobs
Totals:	£407.2m	£137.7m	£60.3m	£96.3m	£154.1m	38%	Total jobs: 41,469 Total homes: 24,425

SEMLEP Potential LGf Investment Pipeline – Project Rankings

Table 1: Local Transport Board Priority Projects (ranked by LTB Priority)

Priority	Project Name	Lead	Total project costs (£m)	Total LGf cost	LGf 15/16	Other Public Sector (£m)	Total Private Sector (£m)	% Private Sector	Outputs
1	Woodside Link (Dunstable)	Central Beds	42.0	20.0 ²	14.0	5.0	17.0	41%	5,888 jobs (3,436 construction) 5,150 homes
2	Bedford Western Bypass Northern Sect.	Bedford	16.0	2.5	2.5	13.5	0.0	0.0	1,000 jobs (600 construction) 1,300 homes
3	London Luton Airport Highway Access	Luton	6.2	1.2	0.0	0.0	5.0	81%	1,060 jobs (60 construction jobs)
4	A421 Dualling from Fen Farm to J13	Milton Keynes	35.0	23.5 ³	10.0	4.0	6.5	19%	2,500 jobs (200 construction) 2,900 homes
		Total	£99.2m	£47.2m	£26.5m	£22.5m	£28.5m	29%	Total jobs: 10,448 Total homes: 9,350

¹ Please see Table 1 for cost break down and further explanation in footnote 2.

² LTB Allocation: £10m, Note: Central Beds now requires an additional £10m as there are no further available sources of funding for transport projects.

³ LTB Allocation £1m.

Table 2: Other Transport and Infrastructure Projects ranked as independently assessed

Priority	Project Name	Lead	Total project costs (£m)	Total LGF cost	LGF 15/16 (£m)	Other Public Sector (£m)	Total Private Sector (£m)	% Private Sector	Outputs	Joint Bid
5	Abthorpe Roundabout (Silverstone)	South Northants	26.0	4.5	2.0	0.0	21.5	83%	3,800 jobs (200 construction) 2,750 homes	SEMLEP bid NEP Support
6	Routes into Employment (Sustainable Transport)	Central Beds Luton	2.6	0.8	0.8	1.6	0.2	8%	25 jobs (6 construction)	
7	A45 Daventry Development Link	Daventry	36.0	8.0	8.0	0.0	27.5	76%	4,000 homes 2,500 jobs (1,500 construction)	NEP funded SEMLEP support
8	Kettering Energy and SUE	Kettering	65.0 ⁴	15.0	0.0	35.0	⁵	0.0	2,023 jobs (37 construction) 5,500 homes	NEP bid (£15m) SEMLEP bid (£15m)
9	Working Woodland Centre and Rushmere Country Park	Central Beds	0.98	0.84	0.84	0.07	0.07	7%	61 jobs (35 construction)	
10	Joining up St James Mill Road	Northampton	0.6	0.6	0.6	0.0	0.0	0.0	75 jobs	SEMLEP bid NEP Support
11	Waterside North	Aylesbury	16.50	3.25	3.25	10.0	0.0	0.0	400 jobs (100 construction)	BTVLEP bid (£3.25m) SEMLEP bid (£3.25m)
12	iCon 2	Daventry	7.0	3.5	0.2	3.5 ⁶	0.0	0.0	980 jobs (100 construction)	NEP support
13	Superfast Broadband	Local Broadband Partnerships	10.3	1.5	0	6.4 ⁷	2.4	23%	100 jobs	
14	Eastern Link Road including Stocklake Link Road (Aylesbury)	Aylesbury	29.6	18.4	6.5	2.4	8.9	30%	6,417 jobs (292 construction) 2,825 homes	BTVLEP bid SEMLEP support
15	A421 Corridor	Bedford	9.2	9.2	4.6	0.0	0.0	0.0	6,000 jobs (500-1,000 construction)	
16	iLab2	Bedford	9.5	8.3	8.3	1.2	0.0	0.0	1,900 jobs (300 construction)	
17	London Luton Airport Surface access	Luton	110.0	20.0	2.0	0.0	90.0	82%	5,050 jobs (250 construction)	
18	Bletchley Station	Milton Keynes	3.5	1.5	1.5	2.0	0.0	0.0	350 jobs (50 construction)	
		Total	£261.2m	£69.0m	£24.1m	£59.8m	£114.2m	44%	Total jobs: 29,681 Total homes: 15,075	

Notes:

⁴denotes cost not specified

Costs rounded in £m to 1 decimal place.

⁴ The total project cost of £65m is split into £39m for Junction 10a and £26m for Weekley Warkton Avenue.

⁵ This project will enable £1.2bn of economic benefits.

⁶ This project is seeking EU funding.

⁷ £3.2 million Local Authority (Central Bedfordshire Council, Milton Keynes Council and Bedford Borough Council) and Broadband Delivery UK funding of £3.2 million. Figures quoted are indicative only and subject to procurement.

Table 3: Skills Capital Projects ranked as independently assessed

Priority	Project Name	Lead	Total project costs (£m)	Total LGF cost	LGf 15/16 (£m)	Other Public Sector (£m)	Total Private Sector (£m)	% Private Sector	Outputs	Joint Bid
19	Northampton College (Daventry Campus)	Northampton College	15.0	6.5	5.3	2.0	6.5	43%	70 jobs (50 construction)	SEMLEP bid NEP support
20	Engineering Futures	Milton Keynes College / OU	0.3	0.2	0.2	0.1	0.0	0.0	100 jobs (13 construction)	
21	Advanced Integrated Engineering Centre for Transport	Cranfield University	10.0	2.0	2.0	5.0	3.0	30%	265 jobs (50 construction)	
22	Engineering and Construction Skills Centre	Central Beds College	4.0	2.5	1.4	0.0	1.5	38%	305 jobs (260 construction)	
23	Smart City Thinking	Milton Keynes	3.00	2.25	0.75	0.38	0.38	13%	500 jobs	
24	Banbury and Bicester College	Activate Learning	14.5	8.0	0	6.5	0.0	0.0	100 jobs	
Total			£46.8m	£21.5m	£9.7m	£14.0m	£11.4m	24%	Total jobs: 1,340	

Notes:

Costs rounded in £m to 1 decimal place.

Table 4: Revenue Projects

Project Name	Lead	Total project costs (£m)	Total LGF cost	LGF 15/16 (£m)	Other Public Sector (£m)	Total Private Sector (£m)	% Private Sector	Outputs
Neighbourhood Employment Programme	Milton Keynes	2.9	1.8	0.6	1.1	0.0	0.0	3,636 jobs
Addressing the Skills Needs of Employers and the future workforce	Central Beds	6.90	2.76	0.92	2.76	1.38	20%	232 jobs
Enabling Rural Enterprise Programme	Aylesbury, Cherwell, South Northants, Central Beds	0.48	0.24	0.1	0.24	0.0	0.0	80 jobs
High Performance Technology Strategy	SEMLEP	0.2	0.1	0.1	0.05	0.05	23%	N/A
Total		£10.5m	£4.9m	£1.7m	£4.2m	£1.4m	14%	Total jobs: 3,948

Notes:

Total Costs rounded in £m to 1 decimal place.

Revenue Projects

3.1.9 In January 2014, a detailed assessment of the project pipeline and intensive development of specific project proposals was undertaken. This resulted in a suite of Revenue funded projects that were identified as strategic in nature and had the capability to respond directly to some of the most pressing market failures described in Section 3. These are:

- Enabling Rural Enterprise Programme
- Neighbourhood Employment Programme
- Addressing the skills needs of employers and the future workforce
- High Performance Technology Strategy.

3.1.10 These projects were then further developed and refined by a number of practical workshops facilitated by an Arup consultant to ensure they were deliverable across the South East Midlands. Each workshop involved local authority partners and to discuss and agree project objectives, delivery arrangements, outputs, project costs and lead delivery partner. This led to greater collaboration amongst local authority partners to share information on models of delivery, further develop and refine the strategic fit of the project and revise the costings, outputs and agree project delivery arrangements and confirm that every project is ready to start delivery by April 2015 or earlier.

An outline of private and public sector leverage

- 3.1.11** One of the aspects of the Strategic Economic Plan is the need to demonstrate commitment of private and public sector resource from local authorities on pro-growth delivery and demonstrate how local authority assets are being used to unlock resources to be reinvested in growth. This section aims to show the breadth and range of how local authorities invest resources in growth across key economic themes.
- 3.1.12** Where districts are in overlapping LEPs, it has not been possible to take into account county council investments, as they are by their nature county-wide and not always directly attributable to one district.
- 3.1.13** In order to evidence the leverage as far as practical, SEMLEP has taken a snapshot in time of such investments for the period 2013-2016 which does not take into account projects and programmes which have been completed prior to 2013, nor which may go beyond 2016.
- 3.1.14** To avoid double counting or duplication, this has not covered any infrastructure or capital projects included in SEMLEP's infrastructure investment plan, and has avoided schools investments and S106/CIL contributions where possible, and we have not shown projects which have leveraged government funding streams, the aim being to get as close as possible to 'pure' local authority investment against growth.

The range of investments covered include:

- Major strategic capital investments in commercial business premises and educational and skills provision,
- Significant investment in retail and other town centre regeneration schemes to support the retail, leisure, tourism and hospitality sectors and visitor economy,
- Examples of investment in the future through prudential loan borrowing/PWLB loans and forward funding against anticipation of future business rates/rental income,
- Significant in-kind costs of public and private sector sources,
- Revenue capacity support to facilitate and enable a range of local economic development activities vital to the success of the local economy and business needs,
- Land and assets being used to support growth to unblock development and attract future private sector investment against the themes (directly or indirectly),
- Affordable housing to ensure the supply of skills at every level within the economy.

- 3.1.15** Annex D provides **the examples from 2013-16 which represent around £290m** of investments from other public and private sector leverage.

FREEDOMS AND FLEXIBILITIES

Section 4

FREEDOMS AND FLEXIBILITIES

4.1 In order to deliver the infrastructure to enable the housing and commercial developments that form the basis of our Strategic Economic Plan, it is essential that we achieve a high degree of cooperation across government departments and their agencies. For example, in order to deliver the exciting project at Kettering Energy Park, we have established a working group that includes Kettering Borough Council (as planning authority), Northamptonshire County Council as highway authority for the local road network, the Highways Agency, being responsible for the strategic road network (A14, DfT, the Homes and Communities Agency, DCLG, Northamptonshire Enterprise Partnership and SEMLEP. It is important that all parties are committed to progressing their elements of the project as quickly as possible in order for the beneficial outcome of 2,000 jobs and 5,500 new homes.

4.2 This type of cross government working is essential for most infrastructure projects. For example, the Woodside Link road requires the Highways Agency to work closely with Central Bedfordshire Council to ensure that the road delivered by the local highway authorities ties in with the M1 to A5 link road on the strategic road network.

4.3 We would welcome more flexibility around pooling of S106 contributions within a local authority to deliver infrastructure.

4.4 Below is an example of a document that could form the basis of an MoU:

A Streamlined approach to Planning - 'working collectively to deliver growth'.

Aim:

This document sets out the commitment from central government departments and their agencies to work with the local authority partners, who are part of the MKSEM City Deal to facilitate the delivery of new homes and the enabling infrastructure, as set out in the Deal, in a sustainable way.

The Partner Organisations:

The following government departments and agencies are party to this agreement:

Department of Food and Rural Affairs, Defra
 Department of Communities and Local Government, DCLG
 Department for Transport, DfT
 Environment Agency
 Highways Agency
 Natural England
 Forestry Commission
 English Heritage

The following local authorities:

Milton Keynes Council
 Aylesbury Vale District Council
 Bedford Borough Council
 Central Bedfordshire Council
 Luton Borough Council
 South Northamptonshire District Council
 Kettering Borough Council
 Daventry District Council
 Cherwell District Council
 Corby Borough Council

The Commitment

The partner organisations are committed to working together constructively, efficiently and effectively to promote the delivery of sustainable growth in homes and jobs.

This means in practice that:

Each Government organisation will nominate a single point of contact or 'account manager' so that local authorities are always able to make speedy contact and have their questions addressed.

These points of contact will be proactive in terms of ensuring that local authorities are kept informed about matters of substance, such as changes in statutory obligations or policy initiatives.

It will be the responsibility of the point of contact to ensure continuity, if they move on to another post, and to keep the local authorities informed of any changes. Local authorities will communicate their plans for development at an early stage to government departments and agencies, so that any potential issues of concern can be identified and mitigation measures put in place.

Local authorities will keep government departments and agencies informed of any changes in these plans.

All partners will work together constructively with a clear focus on making change happen. Where organisations are operating as statutory consultees, then they will provide clear timescales, within which responses will be made. If, for unavoidable reasons, there is a change in these timescales then local authorities will be informed immediately.

All parties will use their best endeavours to make progress with the delivery of growth, overcoming obstacles and challenges by working together.

Way of Working

Partners are committed to working together in new ways. This method of working can be categorised as flexible, positive, constructive and open with informal as well as formal channels of communications and a 'can do' attitude to demands.

Communication will be clear, simple and focussed. Demands for data and information will be proportionate to the task and will be signalled in good time, with an explanation of why the information is needed.

Data held by departments and their agencies will be shared with local authorities where it is necessary to facilitate growth.

Other Asks

- 4.5 We have made the case in the past for additional revenue in fast growing areas to provide the services necessary for a fast growing population. The new business rates retention system does not include an element to allow for increased service provision. We would like to discuss the possibility of being able to retain more business rates locally.
- 4.6 We believe that this area would be natural home for the national HS2 Academy, as the Line of HS2 will cross the East West Rail line north of Aylesbury. Also with Silverstone, Cranfield University and Millbrook Proving Ground in the area, we have supported bids for an Advanced Propulsion Centre Hub and Spoke to be located in this area.
- 4.7 We would also welcome more flexibility to work with FE Colleges to ensure that the courses provided are better aligned with the needs of employers.
- 4.8 We would also welcome the opportunity to present further information with regard to making the case for changes to the definition of assisted areas for European Funding.

OUR GOVERNANCE ARRANGEMENTS

Section 5

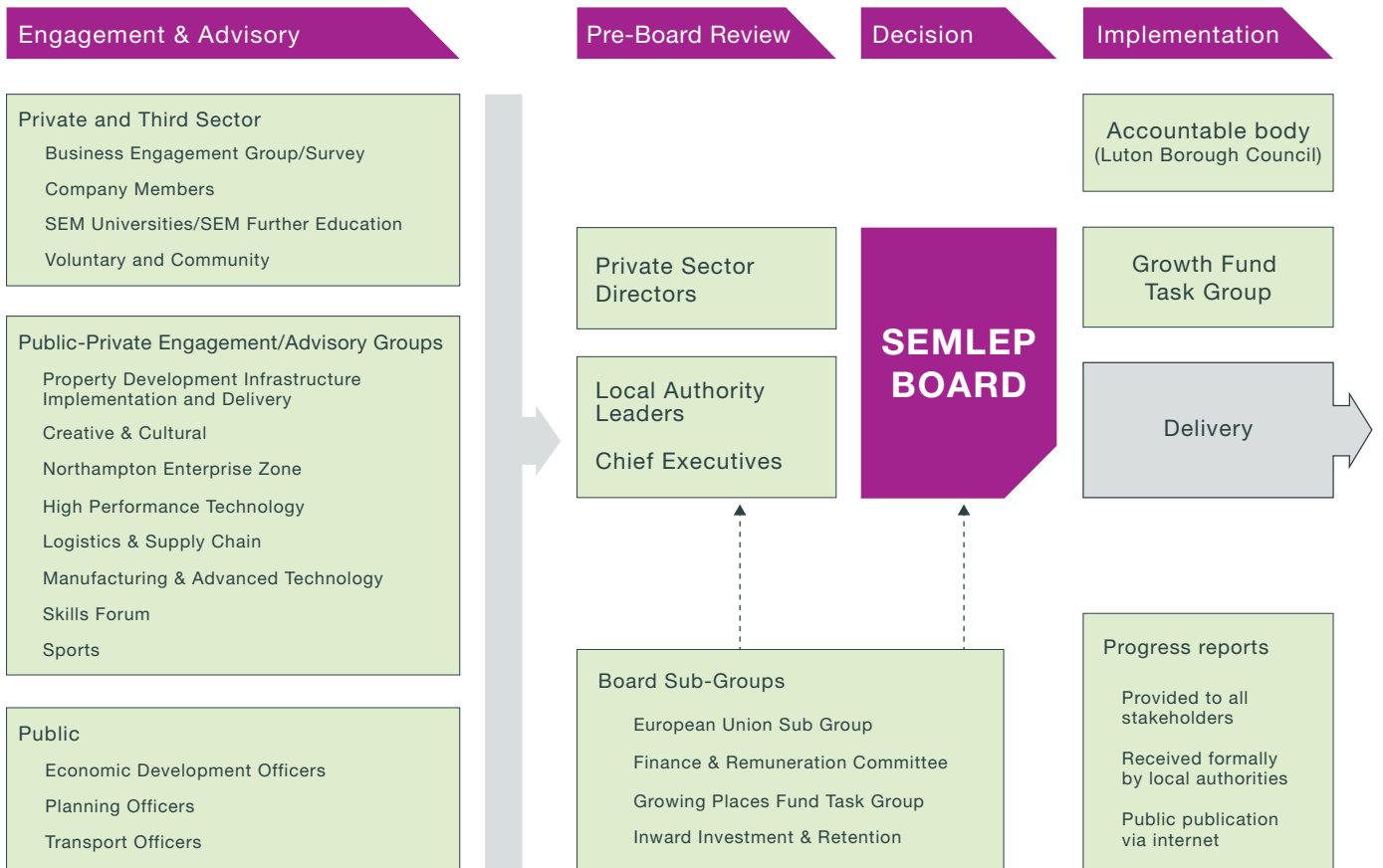
OUR GOVERNANCE ARRANGEMENTS

- 5.1 We have a clear governance structure that will ensure that we are able to deliver our programme of projects efficiently and effectively.
- 5.2 For SEMLEP, our Board is at the heart of the decision-making process with its comprehensive coverage of the private sector, local authorities, Higher and Further Education, the Voluntary and Community Sector and Social Enterprise.
- 5.3 The diagram below shows how the Board reaches decisions based on advice from key groups, such as the group of all local authority Leaders and the Property Development, Investment and Infrastructure Delivery Group (PDIIDG). Having made its decisions about projects to be funded, the Board then delegates the day to day implementation of these decisions to relevant task and finish groups.

- 5.4 An example that has worked well is the Growing Places Fund (GPF) Task Group, which is chaired by an independent private sector member. This has enabled the £18.7m of GPF resources to be deployed effectively to provide loans to projects that will deliver growth in new jobs and homes. Many of these have been delivered in areas of overlap and in a few cases, such as East Kettering, we have coordinated funding from Northampton Enterprise Partnership and SEMLEP to support the same development.

- 5.5 We have established a new Growth Fund Task Group to deliver the programme of projects to be funded with Local Growth Fund resources. Draft Terms of Reference are attached at Annex A.

SEMLEP Governance and Delivery



- 5.6 Individual projects will be delivered by the relevant delivery body, so road projects will be delivered by the appropriate highway authority or the Highways Agency, if part of the Strategic Road Network. Skills capital projects will be delivered by the relevant Further Education College or University.
- 5.7 In areas where we overlap with Northamptonshire, Oxfordshire and Bucks Thames Valley LEPs, we have agreed which of us will lead in terms of bidding for funding for individual projects. Projects will feature in the Strategic Economic Plans of both LEPs. For transport projects that have already been prioritised through the Local Transport Board process, we have agreed that the relevant LEP will lead for the County.
- 5.8 For other projects, we have agreed how to apportion funding between the two LEPs in areas of overlap. If either LEP is not successful in receiving funding, then the project will not go ahead.
- 5.9 We have discussed and agreed the Terms of Reference for the Growth Fund Task Group with our overlapping LEPs and they are happy with the proposal that they and their county councils should be represented on the group.
- 5.10 The key to these arrangements working smoothly is a commitment to full and open sharing of information at all times. We already have MoUs in place with NEP and BTVLEP. New ways of working have already been put in place since the first draft of the Strategic Economic Plan was submitted in December. This was reported to Minister Greg Clark MP at a meeting on 6th March.
- 5.11 Luton Borough Council will act as the accountable body for Local Growth Fund resources and will also sit on the Growth Fund Task Group. Quarterly financial reports of the position with regard to the Local Growth Fund will be produced for the SEMLEP Remunerations and Finance Committee to the Board.
- 5.12 The Growth Fund Task Group (as set out in the Terms of Reference) will monitor and evaluate the delivery of the programme of projects. It will also establish and manage a Risk Register.
- 5.13 There will be an Annual Report for private and public sector stakeholders which will set out what has been delivered each year relative to planned outputs, the overall financial position and the outcomes for the South East Midlands area. This will also be presented for formal scrutiny by each local authority's cabinet and published on the SEMLEP website.

ANNEXES

A B C D

A GROWTH FUND TASK GROUP

B PROJECT DESCRIPTIONS

C KEY ASSETS

D EXAMPLES OF PRIVATE AND PUBLIC SECTOR LEVERAGE

GROWTH FUND TASK GROUP

Terms of Reference

Background and context

The Growth Fund Task Group of the South East Midlands Local Enterprise Partnership (SEMLEP) has been established to enable the Board to manage the delivery of the programme of projects that are to be funded with Local Growth Fund resources.

It will consist of local authority officers from across South East Midlands together with officers from other LEPs and their county councils in areas of overlap.

The group will be delegated with authority from the SEMLEP Board to take day to day decisions about the management and delivery of the programme of projects as agreed by the Board.

In addition, independent advice will be provided on a consultancy basis as and when required.

1. Purpose

The Group will support the delivery of the programme of projects using Local Growth Fund resources available from 2015/16 by:

- Identifying a lead officer for each project and seeking regular updates on progress with the project;
- Monitoring costs and ensuring that these are kept in line with the original estimates, unless good reasons are presented to the Group;
- Ensuring that all projects are delivered in line with agreed milestones;
- Where slippage occurs for particular projects, then the Group will advise on how best to mitigate;
- If it is felt that a project has slipped to such an extent that it might be best to use the resources to deliver a different project, then a recommendation to that effect will be made to the Board;
- Where projects are being delivered within the South East Midlands area, but by another delivery organisation, such as the Highway Authority or an FE College, the Group will seek full information about progress with such projects and challenge costs and progress as for projects directly funded;
- Monitoring the delivery of outputs – new jobs and homes that were anticipated to be delivered by these projects.

2. Role, duties and responsibilities

In meeting its objectives, the group is specifically charged with:

Ensuring that the programme of Local Growth Fund Projects is delivered as effectively and efficiently as possible;

- Ensuring that the Board receives a full regular report on progress with the Programme;
- Where there is slippage with a particular project, considering whether alternative projects should be brought forward and making appropriate recommendations to the Board;
- Establishing appropriate arrangements to ensure that full information on progress and outputs is made available to the Board.

3. Reporting arrangements

Work and progress of the Group will be reported to the full SEMLEP Board with a regular written report.

4. Notes of meetings

SEMLEP's Head of Infrastructure will take notes of meetings and distribute to group members within two weeks of each meeting.

5. Frequency of meetings of the showcase sector group

SEMLEP's Growth Fund Task Group will meet on a quarterly basis. Meetings will be aligned with the regular meeting of the SEMLEP Chief Executives Group. The agenda and papers will be sent to relevant representatives at least one week before each meeting.

6. Membership

The SEMLEP Growth Fund Task Fund Group membership will include:

- SEMLEP local authority Chief Executive Officers;
- SEMLEP Chief Executive;
- Northamptonshire Enterprise Partnership Chief Executive or other designated representative;
- Northamptonshire County Council – Director of Transport;
- Bucks Thames Valley LEP – Chief Executive or other designated representative;
- Bucks County Council – Director of Transport;
- Oxfordshire LEP – Chief Executive or other designated representative;
- Oxfordshire County Council – Director of Transport;
- SEMLEP Secretariat (Head of Infrastructure)
- Other officers managing individual projects will be asked to attend as necessary;
- Independent adviser on progress with Programme.
- BIS Local or DfT representative
- Representative of transport officers from 4 Unitary Authorities
- Accountable Body representative.

PROJECT DESCRIPTIONS

Table 1: Local Transport Board Priority Projects (ranked by LTB Priority)

Priority	Project Name	Lead	Project Description
1	Woodside Link (Dunstable)	Central Beds	The project will build 3.3km of new road from the junction of Park Road North, Poynters Road and Porz Avenue in Houghton Regis to the proposed M1 junction 11a. Junctions along the link will provide access into the proposed Houghton Regis North (HRN1) development where 5,150 houses and associated employment with over 2,400 new jobs will be in place by 2031.
2	Bedford Western Bypass Northern Sect.	Bedford	Completion of the bypass is part of the Council's strategy and growth plan. Land is allocated for housing and employment in the Allocations and Designations plan, but cannot proceed without construction of the bypass to open land and add essential highway capacity.
3	London Luton Airport Highway Access	Luton	The main objective of this project is to improve access to the airport and the wider business estate, and in particular to fund the improvement of various junctions on the south and east approaches to London Luton Airport to reduce delays and make journey times more reliable to cater for the anticipated increase in traffic movements to serve the planned growth of the airport in both passengers and jobs.
4	A421 Dualling from Fen Farm to J13	Milton Keynes	The project provides major improvements to increase capacity and reduce congestion between Jct 13 of the M1 and Central Milton Keynes. This is an important link from the new stretch of dual carriageway that has connected the A1 to M1 and supports movement beyond to the west of South East Midlands and onto the M40.

Table 2: Other Transport and Infrastructure Projects

Priority	Project Name	Lead	Project Description
5	Abthorpe Roundabout (Silverstone)	South Northants	The Strategic Road Network project in Towcester will enable the unlocking of the full growth potential of the town and Silverstone by unlocking private sector investment in the Strategic Road Network which is necessary for congestion relief, urban regeneration and economic investment in employment in the Towcester urban area, investment in high precision engineering in the South East Midlands, and tourism in the area.
6	Routes into Employment (Sustainable Transport)	Central Beds Luton	The Smarter Routes to Employment programme will extend Travel Choice across the contiguous urban conurbation of Luton, Dunstable and Houghton Regis supporting planned growth in the area including major developments north of Houghton Regis and Napier Park in Luton.
7	A45 Daventry Development Link	Daventry	Construction of 6km of new road replacing the current A45 between Daventry and M1 junction 16. This section of road has been identified by the Secretary of State as a major constraint on growth of the town. Most, or potentially all, of the 4,000 homes planned for the North East Daventry Sustainable Urban Extension (SUE) are dependent on the road improvement.
8	Kettering Energy and SUE	Kettering	Kettering Energy Park and the Kettering SUE are linked projects which have the capacity to deliver housing and jobs, and represents a real opportunity to provide a "proof of concept" renewable energy installation which could be replicated across the country at the fraction of the capital cost of nuclear or fossil fuel energy generating alternatives. A new junction (Junction 10a) on the A14 is required to enable the housing development to proceed – this was a requirement of the planning consent. The development will generate £1.2bn of economic activity and a return to the Treasury in additional tax income of £215.5m. The funding sought would contribute to the delivery of Jct10a, which in turn would bring forward three developments - the urban extension, related employment sites and the energy park. Kettering Borough Council has granted planning permission for a Sustainable Urban Extension comprising 5,500 homes, 42,000 sqm of employment space (creating 3,500 jobs) and related infrastructure (schools, parks, a new district centre, community facilities, etc) on a 820 acre site to the east of Kettering.

Priority	Project Name	Lead	Project Description
9	Development of the Visitor Economy in Rushmere and Working Woodland Centre	Central Beds	The over-arching purpose of both projects is to support the early stage implementation of the Greensand Ridge Nature Improvement Area (NIA) through the development of key visitor and enterprise hubs. The key driver for the NIA is the sustainable use of land and resources to benefit people, wildlife and the local economy, creating mechanisms for the long-term economic and environmental sustainability of the NIA.
10	Joining up St James Mill Road	Northampton	This project would see the linkage of St James Mill Road to St James Mill Road East. Linking this road would create an additional bypass and improved access leading into the Northampton Waterside Enterprise Zone and the wider Northampton town centre. It would also improve the access to the currently underutilised Site 11 in the Enterprise Zone enabling development and significant subsequent job creation.
11	Waterside North	Aylesbury	A masterplan for the development of Waterside North, a prime development site in the centre of Aylesbury, has been produced, to enable a mixed-use scheme of housing retail, leisure and public realm to be brought forward. This is designed to support the regeneration of Aylesbury town centre to meet changing expectations and help Aylesbury fulfil its potential as a major centre for housing and employment growth.
12	iCon 2	Daventry	The project is for the further development of the successful iCon environmental innovation centre to create new additional 'grow on' space for emerging businesses. iCon is focused on sustainable construction and environmental allied businesses, and couples incubation space, business support and links to academic research and conference facilities. Its potential is limited by a lack of space for the next stage of business development. This project will address this issue.
13	Superfast Broadband	Local Broadband Partnerships	To support the provision of necessary broadband infrastructure to business premises within the LEP area, recognising and adding value to the existing local broadband partnerships BDUK delivery projects. SEMLEP funding would specifically be targeted at providing new infrastructure to business premises, to increase SEMLEPs ability to attract new investment. Through SEMLEP ESIF activities we are also seeking to promote the necessary skills of our residents to help tackle digital exclusion and help our business harness the potential of new technologies and market opportunities afforded by superfast broadband services Enhancing superfast broadband provision and take up will be transformational to the South East Midlands economy.
14	Eastern Link Road including Stocklake Link Road (Aylesbury)	Aylesbury	A new highway scheme linking A418 east of Bierton to A41 east of Aylesbury, including new crossing of Aylesbury Arm of Grand Union Canal; Stocklake Link connecting Eastern Link Road (north of Canal) to A4157 Oakfield Road Aylesbury; & Stocklake Urban Improvement connecting A4157 Oakfield Road to A418 Park Street. Includes new network for pedestrians and cyclists.
15	A421 Corridor	Bedford	This project will deliver key transport infrastructure and associated study work to bring forward the development of four major employment sites, creating over 5,000 jobs, along the strategic A421 Corridor, as part of the Oxford-Cambridge arc.
16	Marston Vale Innovation Park - iLab2 and Workshop Cluster	Bedford	Delivery of a £4.5m, 80 business, iLab2 Innovation Centre and £3.2m, 12 unit, workshop mini cluster, kick starting the delivery of a new £200m with LT indirect potential to create 1,600 jobs up to 2025, Marston Vale Innovation Park, along the A421 Innovation Corridor.
17	London Luton Airport Surface access	Luton	This project will improve surface access to the Century Park site which provides an important opportunity to grow airport related activity, the aerospace and high end engineering sectors. It is envisaged that, when fully built out, Century Park would provide around 3500 new jobs.
18	Growing Bletchley Station	Milton Keynes	Facilitating the creation of a high quality station gateway that will be the main arrival point for people travelling into Bletchley by train. Enhancement at the station will connect several recent developments and provide a catalyst for further investment. Bletchley is a key station for East West Rail but is currently in much need of attention coupled with a need to greatly enhance the approaches to key sites.

Table 3: Skills Capital Projects

Priority	Project Name	Lead	Project Description
19	Northampton College (Daventry Campus)	Northampton College	Northampton College is currently seeking to relocate its life expired Daventry Campus to a new town centre 'hub' site. This will deliver a purpose-built campus that provides excellent vocational facilities that engages and inspires students to achieve; provides a curriculum that meets the needs of local employers; meets the needs of local businesses and community; promotes participation and continuation in learning; increases the number of apprenticeships and traineeships; provides education, support and training opportunities for disadvantaged groups including LLDD, NEETs and people with poor numeracy and literacy skills.
20	Engineering Futures	Milton Keynes College / OU	This project will invest in Investment in high specification engineering and manufacturing equipment to meet the needs of the engineering and manufacturing sector to ensure workforce skills are developed using relevant technology in line with the national and local Science, Technology, Engineering and Manufacturing agenda. It will support the College's strategic aim of building a centre of excellence in engineering.
21	Advanced Integrated Engineering Centre for Transport	Cranfield University	To build an Advanced Integrated-Engineering Centre for Transport Systems at Cranfield University to deliver education and training on systems integration for the transport systems sector, leveraging the capability of the University's market position in advanced engineering and management. The Centre will be an innovative physical education and training work space drawing on the engineering facilities at the Cranfield campus, combined with a state of the art collaborative virtual working environment; recognising that a significant number of learners will be work-based and engage in education and training through 'tele-presence'.
22	Engineering and Construction Skills Centre	Central Beds College	To build and operate an engineering and construction skills training centre based in Leighton Buzzard to serve the whole of Central Bedfordshire and the SEMLEP region. The Centre will have engineering and construction expertise to train young people and adults to work as technicians in these industries. There will also be progression opportunities into HE through the Universities of Bedfordshire, Northampton or other HEIs. The key to this project is to meet the skills shortages gap in the engineering and construction industries in the south of Central Bedfordshire. This will be achieved by training and educating young people and adults to gain relevant skills for employment in these industries.
23	Smart City Thinking	Milton Keynes	This new initiative will develop a first class service offer in collaborative knowledge and applied skills, combining the wealth of existing Smart City initiatives that deliver the Milton Keynes Future City Programme with a unique sensor network research and development programme. At the heart of the initiative will be a local physical installation.
24	Banbury and Bicester College	Activate Learning	A new build on the south side of Broughton Road to enable the introduction of a new vocational curriculum and the expansion of an existing curriculum to meet growing demand and deliver essential vocational skills development to support economic growth.

Table 4: Revenue Projects

Full Project Name	Lead	Project Description
Neighbourhood Employment Programme	Milton Keynes	This programme will establish and support delivery of a locally applied strategic framework for tackling entrenched unemployment in those areas across South East Midlands where poverty and unemployment are highest (as defined by the Index of Multiple Deprivation 20%). It will provide an employment support service that targets workless households who present to different service areas. The framework will then co-work with the presenting agency and deliver employability support for that strand of need. Based on Milton Keynes actuals of 33% of those who engaged with securing employment, if funding is secured, we anticipate that 3,636 people across South East Midlands will be supported into employment. The value to the local economy of getting 3,636 people across South East Midlands into employment would be just over £73million.
Addressing the Skills Needs of Employers and the future workforce	Central Beds	This programme will deliver two critical activities that will address skills shortages and gaps that employers face: Employer Responsive targeted activities and Learner Responsive targeted activities. Employer Responsive will respond to the skills priorities identified in the skills foresight report and SEMLEP Business Survey in relation to the future occupations to ensure participants are adequately trained to meet the labour market needs of the future, meet the needs of employed adults in the local workforce by adding value to existing provision and increase the participation of employed adults in education and training through innovative delivery solutions. Learner Responsive will engage with adult learners who may have few or no qualifications, be unemployed or economically inactive or who wish to update their skills to improve their employment prospects, enhance their cultural lives, or contribute to their community and raise the level of learners confidence and qualifications, to better enable them to make a positive contribution.
Enabling Rural Enterprise Programme	Aylesbury/Cherwell/South Northants and Central Beds	The aim of this project is to enhance support to start-up businesses and those already in operation that cannot gain access to specialist help but which have a valuable role to play in the local rural and urban (and national) economy. The project will use a unique 'hi tech-high touch' approach of incorporating delivery through the SEMLEP Velocity Growth Hub Portal and existing local mechanisms within each rural district such as the Enterprise Clubs to provide direct delivery that is customised for individual businesses. This includes advisor support from a rural specialist and local advisors to support businesses to make the right decisions about their future growth and plans. This provides an additional and bespoke level of support specifically aimed at businesses in the rural arena. The capabilities approach that is being adopted for this project is to work in partnership with the private sector to maximise the opportunity for rural growth and rural jobs.
High Performance Technology Strategy	SEMLEP	To develop a strategic framework and action plan to establish the collective ambition for the area, the businesses and the individual institutions and align objectives, ambition and future investment where there is clear recognition of market failure such as in the deep skills base for the sector in STEM related skills activity and bidding collaboratively to establish catapults or 'Arrowheads' to lead global thinking and collaboration in new and emerging technologies and markets, which would drive productivity, innovation and investment in businesses and their supply chains in the sub-region. It is proposed to start phase 1 post Grand Prix week and therefore likely to start in September 2014. As part of the LGF ask therefore, it is proposed that the Local Authorities will commit collectively £55k of funding for phase 1 in addition to significant in kind matched resource and using research and information already held by partners which we consider would amount to £100k of funding in total.

KEY ASSETS

ARLA DAIRY, AYLESBURY

The World's Largest Zero Carbon 1.3bn Litre Dairy



Description

Arla Foods Amba is the **7th largest dairy** in the world with **three global brands** including Arla, Castello and Lurpak, which has its roots in Denmark. It has recently invested **£150m in the world's new flagship fresh milk processing plant** in Aylesbury, Buckinghamshire.

The Aylesbury site will be able to process and package up to **1.3bn litres** per annum serving the business and consumer markets in the South East. It will soon provide employment for over **700 people living within a 20 mile radius**. **25%** of Arla's revenue comes from the UK, nearly **50%** coming from fresh milk products.

It is a significant employment site on the A41, 20 minutes from J10 of the M25, with **greenfield development land** alongside with outline planning permission, seeking to attract **inward investment** in other **food and drink** supply chain related companies.

Vision/aims & objectives

The Aylesbury plant represents the **first zero carbon state of the art facility** which has used the best available construction techniques, **advanced process technologies** and renewable energy.

- Arla's first focus area is to develop its core business so that it can continue to be the best dairy company for consumers in core markets
- The second focus area is to create more growth in markets outside the EU

- The third focus area is that Arla will be even more effective throughout its value chain. It has a 'closer to nature' strapline to ensure that nature is included in the entire value chain from farm to consumer.

How illustrative of theme/pillar

This is an exemplar of an **employer led workforce development programme** with a move to **National Industry partnerships**.

The theme of **workforce skills development** for Arla is key to its continued growth strategy and to maintain its market position. This is a good example of a **major inward investment into the area** of an employer who has established a programme with the **National Skills Academy for Food and Drink** and the rest of the wider UK dairy industry to produce a skills platform with longevity.

Arla also chairs a national group known as the **UK Dairy Learning and Skills Group**. This group was successful in a national dairy bid for the **Employer Ownership Skills** round 1 funding. The UK dairies as a sector grouping, including many of Arla competitors, have utilised this grant money to draw closer together in ensuring the UK has a talent pipeline of Dairy Skilled technicians and junior leaders for the next 30 years and beyond.

It represents **an exemplar of how industry can come together to develop a complete workforce development programme** which will benefit the whole of the UK's Dairy sector, working with local providers to deliver aspects of what is needed at a local level. This drawing together has encompassed further relations within the University and College sectors. Significant training and recruitment is already underway, working closely with Aylesbury College on **demand led education and training**.

There are a **range of traineeship and apprenticeship opportunities** at every level, including opportunities to study for qualifications such as a Foundation Degree, MSc, MEng and MBA, all potentially deliverable through partners, including Aylesbury College who have recently trained **50 local unemployed** (including some long term) people, of which 25% have been successfully recruited.

Arla will also be appointing a communications manager to liaise with local agencies to ensure Arla is as transparent as it can be with local groups including school children, local interest groups and suppliers/customers. This will involve **engaging with schools to raise awareness of future career paths** and opportunities in this sector.

A Nationally Important Exemplar in Sustainable Development



Description

Bicester Eco town is a centre of excellence and **national exemplar for innovative sustainable construction and living**. The proposed eco development will take place on a site of approximately **345 hectares** (800 acres), delivering up to **6,000 homes** and jobs to eco town standards.

The first phase of development comprises approximately **400 homes** and a local centre including an **Eco Business Centre** and has planning consent. Construction is expected to begin in early 2014 and take 5 years to complete.

The lead developer is one of the country's leading providers of housing and services, A2 Dominion Housing Group Limited, recognised as one of the most environmentally friendly housing associations with a Bronze in the Sustainable Homes Index For Tomorrow (SHIFT) Awards.

Elsewhere in the town a **portfolio of demonstration projects** have been delivered including a sustainable social housing scheme delivered in partnership with Sanctuary Housing Association, a zero carbon sixth form building, a passivhaus community centre and temporary eco home. An extensive retrofitting programme has resulted in over **1,700 homes being insulated**, local skills developed and a supply chain created.

The eco development will act as the trigger for a **town wide transition to a low carbon community** and attract inward investment in the emerging low carbon economy. It is estimated that over **£1 billion of investment could be attracted** to the town through proposed developments.

Vision/aims & objectives

The vision and aims for Bicester are set out in the Eco Bicester One Shared Vision (December 2010), the Bicester Masterplan Consultation Draft (August 2012) and the Cherwell Draft Submission Local Plan (October 2013). The Shared Vision for Eco Bicester is "to create a vibrant Bicester where people choose to live, work and spend their leisure time in sustainable ways", achieved by:

- Effecting a **town wide transition** to a low carbon community triggered by the new eco development at North West Bicester

- Attracting **inward investment** to provide environmentally friendly jobs and commerce, especially in **green technologies**
- Improving transport, health, education and leisure choices while emphasising zero carbon and energy efficiency; and

Ensuring green infrastructure and historic landscapes, biodiversity, water, flood and waste issues are managed in an **environmentally sustainable way**. It is anticipated that approximately **4,600 jobs will be provided on the eco town site** with further jobs in the existing town.

How illustrative of theme/pillar

Bicester has been the focus of growth in Cherwell District for several decades resulting in a population of approximately 30,000. The population is expected to grow to approximately **60,000 by 2041**. The eco town project is a good example of the delivery of large scale sustainable growth of an existing town.

The eco town project has secured funding for research and development projects from the Technology Strategy Board. These include addressing issues of **water stress and overheating** in the Design for Future Climate Change Project, a four year programme for improving the building process (Rethinking the Build Process) and a one year feasibility study to develop **smart grid solutions** at individual home and neighbourhood level (the Smart Demand Project)

In terms of energy, the new development will **generate renewable energy** from an array of solar photovoltaic panels on the residential properties with a gas powered Combined Heat and Power plant providing additional energy and heat. The feasibility of a link to the Energy from Waste Plant at Ardley is being progressed and a bid for funding from the Department of Energy and Climate Change was submitted in November 2014 as part of the **Renewable Heat Networks fund**.

The research and development projects funded by the Technology Strategy Board provide an opportunity for shared learning and developing innovative building methods. Similarly the **town wide retrofit programme** provides an opportunity to improve the quality of the housing stock.

Currently the sustainable construction sector is not well established in the town but, working with the eco town developer, private sector and local College, the supply chain, skills and a cluster is emerging. An economic strategy is being prepared to support the North West Bicester masterplan which includes an action plan to deliver the employment targets on site. Over **4,600 jobs** could be accommodated on the eco town site including:

- Approximately 2,000 on a business park
- Over 1,100 in the commercial hubs within the development including the Eco Business Centre
- Over 1,100 homeworking jobs and
- 70 long term construction jobs with specialist skills in eco building.

The delivery of major infrastructure to support's the town's sustainable growth is also illustrated by the project with major investment in the rail links currently taking place (**East/West Rail**) and further work proposed to improve the **strategic road network (M40)**.

A 120 Acre 'Open Innovation' Science Park in Bedford Borough in Food, Health and Wellness



Description

Colworth Science Park has a world-class reputation for the **commercialisation of science** and developing innovative products. It is a **leading enterprise hub** and an established location for scientific excellence in food, health and wellness, which is being developed by Unilever and the global property group Goodman.

Colworth Park hosts **one of Unilever's 5 discovery global R&D centres**, alongside Port Sunlight in the UK, with the other R&D centres being in the Netherlands, USA, India and China. The well-known brands associated with the site include Liptons, PG Tips and Magnum, all of which are focused on **research into health and nutrition**, translated into products brought to market.

There are over **800 researchers on site** in addition to employees of the **25+ tenant companies co-located** as part of the cluster. Situated between Oxford and Cambridge, the science park comprises approximately **500,000 square feet** of laboratory, office and ancillary space, which is now complemented by a **54,000 square foot state-of-the-art innovation and central amenities centre** known as "The Exchange". It has been made possible following the **investment of £13.7 million** from the Goodman:Unilever joint venture and the East of England Development Agency.

Occupiers have access to a wide range of **specialist scientific services and facilities**. Accommodation services include 24 hour manned security, on-site printing and graphics services, plus IT support to ensure occupiers are able to communicate with maximum efficiency.

In addition, Colworth Science Park has a wealth of leisure and sports facilities on site, comprising tennis and squash courts, football and cricket pitches and a 9-hole golf course. There is also a convenience store, café/restaurant, and Bright Horizons day nursery, providing secure professional childcare.

Vision/aims & objectives

A high tech open innovation science and enterprise park with a growing cluster of businesses specialising in food, health, wellness and sustainability.

It is focused on **food and beverages**, but it also encourages other value and supply chain companies in biosciences to spin-out, start-up, grow and cluster.

Its key objectives are to:

- Develop a **Food, Health and Wellness cluster** as a differentiator to other life science and med-tech parks in the UK and rest of the world.
- Operate an **'open innovation' collaborative R & D environment** to foster strategic research collaborations between industry and academia, beyond its current business.
- Provide a business environment enabling companies to grow and provided with the appropriate business support for **high growth technology companies**.
- Collaborations are formed between **industrial partners, SMEs and academic institutions** including Cambridge University Institute for Manufacturing, Cranfield University School of Management, the Institute of Food Research (IFR) on Norwich Research Park and Nottingham University.

How illustrative of theme/pillar

It is an established location for **scientific excellence in commercial research** - from basic research and prototyping through to market development and commercialisation.

It has developed a reputation as a centre of excellence for specialising in the Food, Health and Wellness space and has already attracted over **350 companies engaged in the wider 'virtual' cluster** activity outside the park itself, of which 70% are regional, 20% from UK and 10% international.

It has established an **Open Innovation Forum**, run by Cambridge University's Institute for Manufacturing. The OI Forum enables larger corporates to engage with SMEs and start-ups. It also allows innovative SMEs to pitch ideas to key decision makers and innovation scouts from at least 15 of the world's world leading FMCG companies; companies including Britvic, Bacardi, Unilever, GSK, Mars and Tate and Lyle.

Colworth Park works with organisations and companies locally, nationally and internationally in:

- Accelerating the commercialisation process, getting a product/service to market quicker with innovation support services, mentors and expertise
- Supporting sub-regional SME supply chain growth
- Collaborative R&D projects with leading Universities in the field
- Helping SMEs grow and access international markets
- Attracting inward investment from markets specialising in food, health and wellness.

The First Ever UK 60 Megawatt Sustainable Energy Park



Description

This will be the **UK's first strategic energy park** to generate a constant supply of low carbon energy security to satisfy the entire Borough with sustainable power.

Two significant **private sector investors** are behind this opportunity, namely **First Renewables** with the land option of **1,100 acres** and a development partnership formed with **General Electric (GE)**, the world's largest energy infrastructure provider.

The energy park currently hosts **10 existing wind turbines** in Burton Wold, the largest on-shore wind farm when consented. A further 9 high efficiency turbines which will produce double the energy of the existing turbines with an additional investment of **£35m** which will provide **sufficient energy for 10,000 homes** and be operational by May 2014.

It would put the UK and Kettering as an **exemplar first mover** at the forefront of **combining different renewable energy technologies** into sustainable energy provision, powering Kettering and a new **Sustainable Urban Extension of over 5,000 homes**.

The **net economic benefit** of the combined low carbon homes, businesses and energy is in the region of **£1.3bn**, and anticipated private sector investment of **£250m**.

Vision/aims & objectives

Kettering Borough Council have three clear priorities around sustainable infrastructure and jobs led growth – investment in the town centres, better education and training and better high grade, high density jobs around the **creation of new business parks around J10a**.

The Energy Park could act as a **development and planning template for energy parks** throughout the UK. Kettering already has the green credentials, having been chosen to host the UK's contribution to the **Copenhagen Climate Change Summit**.

It could offer the following benefits:

- it would **integrate and deploy multiple technologies** with minimum land take to produce consistent, not intermittent, power supplies.
- it represents a **private sector investment platform** that will attract major blue chip investment from energy companies in low carbon energy.
- It could be **complementary for high energy users** such as data centres or hydroponic glasshouses.
- the energy produced will be fed directly into the **Local Distribution network**.
- this would provide energy to business and new residential development through a mix of renewable technologies with **sybiotic uses of heat and power**.
- the energy park will sit alongside a **zero carbon A14 90 acre business park**.
- an ancillary benefit would be to enable advanced agricultural using the CO² captured from biomass combustion, using the CO² generated by biomass to road fuel or supplying hydroponic glasshouses. There is an allocated area to accommodate this.
- **prototyping new mix of energy technologies and integrating it into the national Grid** is a key endeavour, becoming a hotbed for prototyping, trialling and integrating these technologies into a sustainable mix.

How illustrative of theme/pillar

It will be an exemplar and help the UK make progress under its requirements for the **European Renewable Energy Directive**.

This would help develop the market for onshore renewables at scale and **mitigate against the loss of energy production capacity and energy security risks**.

It provides a great opportunity to identify and **overcome problems for connecting energy generation from energy parks into the main electricity grid system**, providing a clear methodology for the acceleration of energy park roll out on the back of Kettering's experience.

The energy park will complement high energy users such as data centres or hydroponic glasshouses, providing the **platform to partner with technology manufacturers** to deploy and fund their latest technology.

It is intended to attract bio-energy facilities which will bring in an **additional £40m of private sector investment** and generate more than 50% of Kettering's existing requirement and 160,000 tonnes of CO² and anaerobic digesters which will **attract £35m investment** and save 100,000 tonnes of CO².

A Sustainable Construction Innovation Centre



Description

The iCon is a **beacon for sustainable construction and innovation** in the UK and beyond. Specialising in **green technologies and sustainable construction**, it offers a high profile and supportive environment for companies at the forefront of the sustainable construction/low carbon sector.

The multi-award winning £8m building, achieving BREEAM Excellent, includes **55 first-class business units**, alongside a conference centre with a range of meeting rooms for up to 250 people, exhibition space coupled with onsite catering facilities. It demonstrates how it is possible to combine cost-effectiveness with effective architectural and environmental sustainability.

The **sustainable construction/low carbon sector** is of central importance to SEMLEP, both as a key area of future economic activity and given the scale of construction proposed for the South East Midlands. It also provides SEMLEP and the UK with global competitive advantage in the **most significant growth and 'smart city' sub-region** outside London.

Vision/aims & objectives

iCon was born in a response to the identified needs of construction businesses. iCon is owned by a charitable subsidiary of the University of Northampton (ICON East Midlands), whose mission is to **spread the benefits of sustainable construction and environmental technologies** as widely as possible.

Originally, it supported an **'innovation network'** which worked across the East Midlands and it is intending to recreate this and link up with other innovation and skills centres across SEMLEP, working through the South East Midlands Universities (SEMU) and the Further Education Colleges in South East Midlands (FUSE) to support **innovation and upskilling of both students and businesses**. There are around **50 businesses** currently in benefiting, with a wide range of expertise and there are plans for a 'move on' centre.

Building occupants have access to a wide range of support, including access to academic staff and under- and post-graduate students from the University (providing benefits in both directions). The University has particular expertise in enterprise, including social enterprise, and as such forms part of a **'growth hub'**. This provides occupants with access to advice and support over the full range of business development, from access to finance to planning for business growth. **'Meet the buyer'** events have been used by iCon in the past and it is intended this will be repeated; these provide a valuable means of engaging the new and innovative businesses with established larger organisations and thereby spreading their innovative approaches to wider benefit – whilst, of course, helping the smaller businesses to grow.

How illustrative of theme/pillar

The core business of iCon is **business start-up and expansion and developing the cluster**, particularly in innovative solutions around environmental technologies and sustainable construction.

iCon works closely with the University of Northampton to provide work experience for undergraduate and postgraduate students (whilst at the same time providing cost-effective support for businesses). This greatly increases their employability. Additionally, it also works closely with the **Prince's Trust** in their programme with young people not in employment, education or training ("NEET") to provide them with worthwhile work experience and thus help them enter the workforce or return to study.

A Major UK Aerospace/Avionics Engineering and Logistics Gateway



Description

The airport is the **5th largest** in the UK and is a **major UK centre** for scheduled and charter airlines, air cargo, aircraft maintenance and business aviation operators and associated supply chain. **It is owned by** Luton Borough Council and operated by London Luton Operations Ltd. (LLAOL), the latter being part of the new owners Ardian and AENA group. AENA are the world's leading airport operator, and the fourth largest air navigation services provider in Europe.

The airport contributes nearly **£1.17 bn** to the local economy and is Luton's **largest employer with 8,200 direct employees** (14% of all Lutonians). In the Luton area, there are **660 businesses** involved in the airport and related business activities from aerospace/avionics, precision engineering and ICT and food, drink and hospitality service industries.

Nearly **4,000 of these employees** are involved in **logistics** (transport & storage) and **1,500 in 120 aerospace & defence engineering businesses** including aircraft overhaul, maintenance, service and support. These include:

- **Selex Galileo** – a major employer and a recognised European centre of excellence in air and naval electronic warfare systems with over **1,000** staff.
- **GKN** – the technical and development centre with over **300** staff, specialising in military canopies and aircraft icing protection systems.
- **Gulfstream Aerospace Ltd.** – the first and only **service centre** outside the USA with over **100** jobs.

In addition, it is now the **UK's largest private jet airport** and 2nd in Europe with **20,000** private jet movements to almost 1,000 destinations worldwide. Cargo handled at the airport is over 27,000 tonnes and inward investors and business travellers account for **19%** of passenger traffic.

Vision/aims & objectives

Luton aims to grow to provide much needed capacity in the busy London market and become London's local airport.

It will accommodate **18 million passengers** per year. Recent growth has placed pressure on the airport and its access infrastructure and for these reasons, the airport proposes to:

Objective 1 - improve the existing access road & the public transport interchange, as well as passenger terminal improvements

Objective 2 - to provide capacity to accommodate 18 million passengers per year within the existing boundaries, including increasing runway capacity, car parking, aircraft parking stands and increase the terminal size

Objective 3 - the airport can only thrive with the support of its communities and growth must be sustainable in environmental terms. With that in mind, its masterplan foresees:

- a **significant increase in employment** at the airport, **from the current 8,200 direct jobs to 9,900 and from the current total jobs (including indirect) from 14,000 to 18,500.**
- a major contribution to the local and regional economy **from the current £966m GVA to £1.23bn GVA per year.**
- an increase in access by public transport to over **40% of passengers** by 2017.
- a package of mitigation measures to minimise noise impact & annual reduction in carbon emissions.

How illustrative of theme/pillar

It forms a **major part of SEMLEP's infrastructure**, serving its housing, visitor economy and knowledge based business growth and aspirations.

The infrastructure investment impacts the growth of the economy in terms of direct jobs and associated sectors highlighted earlier at the airport and in the major industrial business parks close by.

Forging the Future in Automotive and Test Technologies in the UK



Description

Millbrook is a **700-acre proving ground and technology centre** located 40 miles North of London and is strategically located at the heart of the UK automotive and fuels industries in Bedfordshire. It is recognised as **one of Europe's leading independent technology centres** for the **design, test and development of automotive and propulsion systems**, and a pioneer in low carbon technologies.

In December 2013, Millbrook was acquired by **Rutland Partners LLP** who are providing access to financial and strategic resources to support key elements of Millbrook's growth plan by **investing in new facilities** to support core areas of the business (e.g. tracks, component testing, crash, powertrain and emissions, and defence), significantly enhancing the site's technical and operational capabilities. Alongside this, Millbrook plans to diversify its business into more **experimental research and development**, particularly in the areas of **advanced propulsion, low emissions, and energy storage**, as this has been the company's long-term ambition.

The growth plan aims to secure Millbrook's flagship importance within the UK automotive industry, and establish a wide range of experimental projects in collaboration with OEMs, SMEs, academic institutions and Government organisations, enabling Millbrook significantly to expand its highly skilled workforce and academic or research output.

Currently operating with **under 400 employees** (a mix of permanent and contractors), Millbrook has established itself over many years as an employer with a stable and loyal core workforce. With the proposed development, Millbrook plans to achieve a significant step change in these numbers, benefiting the regional economy.

Vision/aims & objectives

Millbrook's vision is **"to become the technology partner of choice for automotive innovation and test solutions"**.

Millbrook's mission is as follows: *"Millbrook works in partnership with world industry leaders to deliver engineering, testing and development solutions across a wide range of sectors, including automotive, transport, energy and defence. We will continue to develop our expertise in automotive, test, and propulsion technologies and remain pioneers in low carbon development. We are passionate about what we do, and have a proven track record in quality excellence, innovation, and flexibility."*

Its strategic objectives are as follows:

- To become a completely independent Engineering Service Provider (ESP) to the automotive industry;
- To develop its technological priorities, namely:
 - Test Technology – Asset/Capability upgrade,
 - Vehicle Engineering & Design (formerly Vauxhall/ GM only),
 - Propulsion – Low Carbon – Connectivity;
- To be investment driven – technology & people;
- To focus on UK's sector needs;
- To expand further internationally, attracting business into the UK and further enhancing the UK's reputation and skill base.

The first stage of the plan is to upgrade current facilities which support our core activities, such as the crash, component test labs, and defence. These will include new capabilities in **alternative fuels and electric vehicles, batteries, and fuel cells**. A number of these facilities will be the first available in the UK, either commercially or at all; one will be the first of its kind in the world.

The second stage of the growth plan will focus on vehicle occupant and pedestrian safety, including validation of alternative propulsion systems, and component testing equipment to improve vehicle durability and comfort.

The third stage includes more marginal, experimental projects, which also envisage the erection of facilities (primarily for automotive test and development) not previously available in the UK. These new capabilities will enable greater levels of engagement with academic institutions, SMEs, and larger enterprises on a wide range of R&D projects already in the pipeline, as well as an increased number of internships, and publication of key technological papers.

Millbrook maintains active links with academic institutions, including the University of Cambridge, Imperial College London, Cranfield University, Loughborough University, and Coventry University. In 2007 Millbrook was a key partner in the Energy Savings Trust funded ADDZEV hybrid vehicle programme, which brought academia and industry together to develop a concept retrofit hybrid system for the light commercial vehicle market.

How illustrative of theme/pillar

A key comparative advantage of SEMLEP is in two of its showcase sectors, namely the high performance engineering and advanced manufacturing sectors.

This knowledge asset will **complement SEMLEP's other strategic assets in the automotive and aerospace/defence engineering sector** and further enhance prototyping, collaborative R&D in discrete and smart specialisation technology areas. There is natural synergy with the **TSB Transport Systems Catapult** based in Milton Keynes for instance.

It should continue to reinforce the South East Midlands and Midlands geographical areas at the heart of the UK for certain types of test and development engineering, especially with the recognised **global cluster of high performance engineering and motorsports**.

It should also attract further inward investment to the UK and the SEMLEP region for OEMs, suppliers and technology providers, if supported over the next 5 years, before other European overseas locations obtain this advantage, and provide jobs in the UK knowledge economy, as well as providing alternative vocational career paths and **enhance the pool of STEM skills and expertise** across the region.

A City Wide Smart City Demonstrator



Description

The Smart Cities industry is valued at more than **\$400 billion globally by 2020**, with the UK expected to gain a **10% share (\$40 billion)**. Milton Keynes is regarded by the Future Cities Catapult as one of a small number of cities for demonstrating the UK's capability in this sector, especially the integration and governance of multiple systems at city scale.

The MK Future City Programme will address barriers to housing and economic growth and provide the capabilities **to enable business and service innovation**.

The programme has already secured programme funding of **£100 million**. It draws together a range of business, university and government partners in a nationally significant innovation cluster that uniquely incorporates projects with **four of the new Catapult national innovation centres**.

An economic assessment of the MK:Smart proposal predicts that the exploitation of open data and growth of smart technology by Small and Medium Enterprises will deliver **£19m of additional Gross Value Added (GVA) and 105 jobs** to the economy by the end of the four year funding period, **rising to £132m and almost 500 jobs by 2026**. Further economic benefits are associated with new business stimulation (£6m by 2017 and £26m by 2026) and the alleviation of infrastructure constraints (**£125m of GVA**).

At the centre of the programme is the **MK:Smart Data Hub** under the leadership of the Open University with partners that include Milton Keynes Council, the University of Bedfordshire, BT, Dell, EON, HR Wallingford and Anglian Water. The Data Hub will draw together and make available information relevant to how the city functions - including data from key infrastructure networks (**energy, transport and water**) and sensor networks (eg. weather and pollution data); satellite data; and data from social media and specialised applications. It will facilitate **new approaches and applications that address city challenges** to be developed by the partners and independent and commercial developers. **MK:Smart** has a project value of **£16m**, including a grant of £8m from the Higher Education Funding Council for England.

Other major projects within the programme:

A Low Carbon Urban Transport Zone (LUTZ) - a £65m value project around Intelligent Mobility.

The **Plugged in Places** project which is enabling low carbon mobility through an electric charging infrastructure, including a regional fast charge network linking Oxford to Cambridge, electric taxi services and wireless induction charging for buses.

The **FALCON smart grid implemented by Western Power Distribution** (supported by a **£13m OFGEM grant**) which aims to optimise the power network and address the unprecedented swings between peaks and troughs of energy usage that are expected to arise from the growth in low carbon energy generation and the introduction of new technologies such as electric vehicles and heat pumps.

EON's Thinking Energy project is exploring the interactions of a cohort of volunteer households with low carbon products in order to obtain behavioural insights and drive product development.

Improving digital connectivity through a free to use wireless broadband service in Central Milton Keynes and a white space project with BT and the connected Digital Economy Catapult that includes the deployment of a low cost city wide sensor network across Milton Keynes.

Vision/aims & objectives

The programme aims to enable the city's ambitious plans for housing and employment growth to be realised whilst meeting challenging carbon reduction targets.

It will demonstrate the ability of the UK to perform at the leading edge of innovation and **deliver projects that are demonstrably 'smarter' than anything seen elsewhere in the world**.

It covers a range of city systems: "big data" analytics, smart grids and green energy generation, low carbon buildings and households, integrated low carbon transport (including autonomous and on-demand transport) and education and skills development.

How illustrative of theme/pillar

The MK Future City programme is implementing city-scale operational capabilities along with a **"test-bed" environment for new technologies and business models**. It is at the leading edge of the Government's economic strategy and its aim of **releasing the economic potential of big data**, one of the 'eight great technologies' identified by The Rt Hon David Willetts MP as priority enablers to promote future growth.

It consists of a **programme of collaborative R&D research activity of national significance**, addressing a **major societal issue** around financing and supporting city wide sustainable growth.

It should attract future **inward investment** and interest from researchers, businesses and other Governmental officials from fastest growing economies of the 21st century and provide opportunities for SMEs in the sub-regional and nationally to diversify and explore new market opportunities.

A Major Sustainable Urban Extension (SUE)



Description

Priors Hall is a major **sustainable urban extension** to Corby which will provide a new mixed community, comprising new dwellings and associated facilities, infrastructure and open space inspired by parkland tradition of the Rockingham Forest area. The overall development has consent for **5,095 homes**, schools, a district centre, two neighbourhood centres, employment and business opportunities and a hotel.

The Zone 1 proposals represent the largest portion of development with **2,337 dwellings**, a local centre including **Corby Business Academy**, the **Corby Enterprise Centre**, a new primary school, **6.3 hectares of employment land** and extensive public open space. Zone 2 will have a further **2023 homes** and Zone 3 will have **735**.

Vision/aims & objectives

One of the main aims of Corby Borough Council is to **double the population** of the Borough by **2030** with a related increase in **employment opportunities** and other facilities.

As part of the **Northamptonshire Green Infrastructure corridor**, the parkland in which Priors Hall is set will make an important contribution to the **regeneration** of the town, providing an area of open countryside within easy reach of many homes. In addition, it will enhance the transition between urban Corby and its rural hinterland.

It has been designed using the concept of **making quality streets for people** as outlined in Manual for Streets (MfS). Making great streets is about getting the right balance between the need to accommodate movement functions and the creation of a sense of place and has three underpinning characteristics:

Protection - against traffic and accidents; crime and violence or the perception of danger and unpleasant sense experiences like high winds, noise and pollution etc

Comfort - possibilities for walking, standing, sitting/ staying, seeing, hearing/talking, playing and other social and recreational activities

Enjoyment - the potential for human scale events; and having plenty of opportunities for enjoying attractive places and quality experiences.

How illustrative of theme/pillar

The Priors Hall development contributes to the **significant improvement of place and quality**, including **transformational sustainable residential and employment opportunities** in the South East Midlands.

The **delivery of major infrastructure** to support the town's growth is illustrated by the recent **new railway station** and the works which are currently underway on the **A6003 to A43 Corby Link Road** and the **Corby Northern Orbital Road**. There has also been major regeneration in the town centre, including a new swimming pool/leisure complex, retail units and Council offices which combine with a library and theatre. A new cinema is also expected soon.

A Global High Performance Technology Park



Description

Silverstone is a **global brand** and home to Formula 1, with 8 out of the 11 F1 teams in close geographic proximity to the circuit. The development of Silverstone involves collaboration between MEPC and Silverstone Circuits, with a private sector investment of **£32m** announced by MEPC in September 2013 for a **999 year lease**. This should create around **8,400** jobs over a **20 year** development phase, of which **4,800** of these jobs are likely to be entirely new.

The site comprises **760 acres**, of which **230 acres** will be released for new development, with plans for up to **6 million sq ft** of fixed use accommodation being developed over the next ten years. The implementation of the Masterplan will attract **private investment of over £400m** and generate additional **Gross Value Added (GVA) of £232m p.a.**

It represents a significant platform on which to build a **world beating manufacturing sector and engineering renaissance** across **6 LEPs**, with supply chain linkages in aerospace, automotive, defence, medtech and advanced engineering sectors.

Vision/aims & objectives

The objectives for Silverstone are to develop a business and technology park which:

- supports the growth of a genuinely local cluster of high performance technology & engineering
- creating a large number of highly skilled, well paid jobs to achieve a better balance between jobs and homes in the local area
- along with the University Technical College (UTC), provide employer led skills based education
- provide facilities to enhance Silverstone as a leisure destination.

How illustrative of theme/pillar

Silverstone is one the major influencers of the shared SEMLEP/NEP High Performance Technologies showcase sector group and the business network, already accounting for **21,000 jobs and £2bn** to the local economy.

All 6 LEPs are focused on developing an **annual Grand Prix business week** which will be piloted in **July 2014**. This will showcase areas for business and stakeholder technology collaborations and skills development in areas such as powertrains, materials & composites and energy recovery and storage. MEPC has significant plans which are under development around a full innovation and business support package and building the community on and off the Park around innovation, skills, events and collaboration and inward investment.

MEPC has recently submitted a **bid for £1m of Regional Growth Fund** to match to £5.7m of its own investment, to build a high quality 30,000 square feet (2,727m²) business graduation centre. This would safeguard up to 200 jobs with up to 40 temporary jobs created during construction. To add value to the development, **SEMLEP, BTVLEP and NEP have come together to develop a proposal to put in place an Innovation Adviser based at Silverstone Innovation Centre**. This adviser will work to the UKBI the National Business Incubation Framework (NBIF), delivering 1:1 advice sessions, helping firms to access the support they need to grow, linking to the wider HPT support network, working with Universities and Research Institutes.

The future of one of England's fastest growing towns



The Northampton Waterside EZ is located within one of England's fastest growing towns and has a strategic location within the heart of England. (www.northamptonez.co.uk)

Description

The EZ is composed of more than **20 sites** along the River Nene, stretching from Sixfields in the west, right across the town centre, comprising a range of brownfield development opportunities, growing industrial estates and expanding sports stadium sites.

Global brands sit alongside a huge number of thriving small businesses, each complementing and supporting the other. The University of Northampton has confirmed its commitment to research by announcing plans to carry out a **£330 million** relocation of its campuses to the Zone's eastern section. This, coupled with plans for an Innovation Centre and comprehensive portfolio of twenty-first century office accommodation, adds to the considerable opportunities on offer in Northampton.

Vision/aims & objectives

The EZ provides a cluster of prime brownfield sites along the River Nene and close to Northampton's vibrant town centre. It provides a wide range of development and investment opportunities for businesses.

The ambition is to create a national centre of excellence for advanced technology, high performance engineering, business & professional financial services, including food and drink sectors.

The number of jobs to be created within the EZ by 2020 is **8,339**, representing a mix of commercial and industrial developments targeted at Northampton key employment sectors. The sum of **estimated rates uplift** to 2020/21 totals **£4.67m**.

Some developments to-date include:

- £25m investment by Carlsberg into a new bottling plant has created 60 jobs

- A £12m loan by NBC to Northampton Town FC will redevelop the ground, provide a new stand, hotel, conference and leisure facilities.
- Work is also underway between NBC and the Rugby Club to facilitate expansion of the Saints Ground and therefore assist the visitor economy.
- A £25m investment into new student accommodation at St Johns will see 460 apartments opening in January 2014, breathing new life into the edge of town centre.

To achieve its aspirations, the EZ will:

- By 2015: progress projects that are to be delivered or locked in with potential to deliver by 2015.
- Beyond 2015: undertake steps essential to clear the way for individual projects to deliver by 2020.

The aims of the EZ include:

- To implement a programme of public sector funded activity to stimulate private sector investment;
- To address the current shortage of commercial and industrial accommodation in the Borough;
- To substantially enhance the inward investment and business growth offer currently available;
- To be able to attract employment opportunities and retain existing jobs;
- To contribute to the overall increased jobs figure set for Northamptonshire;
- To bring into greater economic use existing key strategic sites and designated employment areas;
- To support key sectors to develop and grow their business base and local workforce.

How illustrative of theme/pillar

The Northampton Waterside Enterprise Zone is a **key strategic objective** of the SEMLEP region. A key benefit is that any uplift in business rates, within the EZ, over 25 years will be fed back to fund SEMLEP priorities. Modelling of the financial profile shows that early investment will give an additional **£100m return over the 25 years** because this enables early development and maximises additional years of business rates return. Investment in the Enterprise Zone is essential to help deliver the new jobs and business targets for the EZ as set out by the SEMLEP Board.

The Enterprise Zone is clearly an essential part of SEMLEP's infrastructure to accelerate sustainable growth in jobs, unlocking the potential for commercially-led development and business investment. The EZ will also help to retain and support local business expansion, stimulating enterprise and enhancing competitiveness of the area, as well as strengthening innovation & knowledge assets.

EXAMPLES OF PRIVATE AND PUBLIC SECTOR LEVERAGE

Below are **14 selected examples which alone account for around £29m** of investment either directly by local authorities or from the private sector but under their management.

1.1.1 Local Authority Asset Backed Vehicle – Aylesbury Vale Estates (AVE) - www.akeman-am.co.uk

The total capital investment of £36m delivers an annual revenue of £2.2m revenue currently.

Aylesbury Vale District Council used to own and run the commercial estates in and around Aylesbury, as well as land. It recognised that it needed to manage its commercial stock and land holdings more effectively to generate both a sustainable return and to invest in upgrading the stock, stimulate planned development and other investment in the town and support the start-up and grow on space for the local businesses. However it recognised that it needed to operate along more commercial lines, as some of the property had become 'tired' and 'neglected'.

In 2009, the 50/50 Joint Venture (JV) vehicle between AVDC and Akeman was formed, whereby the portfolio of assets were transferred into the JV to create leverage using its asset base. Joint ownership creates the opportunity to benefit from new investment using private sector commerciality and public sector resources.

1.1.2 Town Centre regeneration as hub for education, business, retail, hospitality and leisure

A 4m loan to purchase a major town centre shopping centre (Hale Leys) as part of the strategic town centre masterplan.

Aylesbury Vale has developed a town centre vision and masterplan for regeneration which has seen a £45m investment in a theatre by AVDC which is managed by the Ambassador Group, a new Waitrose store and Travelodge and new restaurants and retail brands arriving in the High Street including Blue Inc, Pandora, Toy shop, H&M, One4Six café, Lloyds and Handelsbanken.

Aylesbury Vale Estates (AVE) provided a £4m short term loan in 2012 to acquire a small town centre shopping mall with strategic linkages to wider town centre redevelopment sites. The loan was made from cash reserves at a commercial rate and provides an interest in the site, whilst preventing it from being used as ransom and thereby preventing wider regeneration.

1.1.3 Waterside Centre Academy - a new University presence for entrepreneurial education for 19 year olds and professional business services education

A £16m prudential borrowing by Aylesbury Vale District Council then leased to Bucks New University (BNU).

This provides a university presence in the town for the first time, with 2,500 student capacity for entrepreneurial and business services courses. Agreement funded by AVDC to build a £16 million Higher/ Degree level education facility in the centre of Aylesbury on a regeneration site. The Council has taken the lead on development using its assets and the Bucks New University will take a long term (35 year) lease of the facility. The ground floor will provide additional restaurant provision for the town centre. The Bucks New University will invest around £1 million towards fit out and building completion as demand for the facility increases. It is expected that at peak throughput up to 2,500 students will use the facility annually, as well as local businesses for their training requirements.

1.1.4 Bedford Town Portal Pilot

£1m capital contribution to Town Heritage programme.

This is in support of delivering a High Street Townscape Heritage Initiative (THI) programme in Bedford High Street. The £3m THI scheme is funded by £1m from the Council's capital programme.

1.1.5 Incuba Business Enterprise Centre – Central Bedfordshire www.theincuba.com

Central Bedfordshire Council contributed £750,000 (land value) to the £5.25m project.

Central Bedfordshire Council contributed the land value equivalent of £750,000 towards the development of the £5.25m enterprise centre at Central Bedfordshire College. The Incuba is a new learning and business innovation centre in Dunstable which provides 20 incubator offices with meeting and demonstration space to support start-up businesses in the region.

1.1.6 Daventry Commercial Property

Daventry District Council is currently investing £10m in its commercial stock as well as £233,000 per year to upgrade other premises.

Daventry District Council (DDC) owns and manages a portfolio of commercial investment properties of various sizes and layouts in Daventry town which are rented to private businesses. DDC is currently working with High Performance Technology (HPT) companies to provide them with new premises owned by DDC in which to expand. This project is currently estimated to cost £10 million. DDC is also investing £233k per year for the next 3 years in improving its commercial properties for its tenants.

1.1.7 Daventry construction skills and training on development projects

Daventry District Council has invested £0.5m for on the job training to the local community and students.

DDC has identified the opportunities that building and construction projects can offer in terms of training and skills development. It worked with the former WNDC Construction Futures programme to try to deliver on the job training on some of its construction projects and is continuing to enable this training through the DDC Infrastructure & Developer Contribution SPD which requires developers, as part of its obligations for receiving planning consent, to provide on the job training building and construction opportunities to the local community and students on academic courses via an agreed training plan with specific targets.

1.1.8 Daventry District Council Town Centre Vision

£30m capital plan approved for 2013 until end of 2016 from its own reserves.

Many of the projects also provide revenue funds which support the provision of Council services. DDC's Town Centre Vision (TCV) plans are designed to regenerate Daventry town centre and attract inward investment. The sites include land for new retail, cinema, offices, academic establishments, health centre facilities, hotel, restaurants, cafes, bars and residential development including elderly persons' accommodation, in addition to a new canal arm linking to the Grand Union canal which is 3.2 km to the north of the town centre.

DDC owns the land and enters into development agreements with private developers to deliver the development; currently private sector investment of £64 million has been secured for TCV Sites 1 & 5 and the completed Abbey Retail park. In addition, since 2010, £20 million of public sector funding has delivered the iCon Environmental Innovation Centre and UTC. There is potentially a further £75 million of future investment in delivering the remaining elements of TCV Sites 3 & 6 (including iCon 2) and the proposed canal arm.

DDC's capital programme is funded primarily from its own capital reserves with approximately 15% from Planning Obligation Section 106 funds.

1.1.9 Kettering Further Education training and apprenticeships

£1.924m for training and apprenticeship service.

A training brokerage service with income received from the Skills Funding Agency allows the Council to recruit and place apprentices with local businesses and manage their training. A further contract provides basic skills training for young people who are being helped into employment. This contract also includes pupils at risk of exclusion and clients of the Youth Offending Service to improve life skills and employability.

1.1.10 Luton Visitor economy

Luton Borough Council manages four strategic tourism assets worth £35m.

Luton Borough Council manages four strategic tourism assets on behalf of Luton Cultural Services Trust. These include:

- a) the Wardown Museum, set in a period parkland setting with history of the town
- b) Stockwood Discovery Centre with investment from the lottery as a key visitor facility
- c) the Hat factory - a cultural business offer and the theatre within the library.
- d) the Inspire Centre - used for the filming of the popular Splash ITV hit.

1.1.11 Basepoint enterprise centre – Luton

£150,000 revenue funding generated per annum, reinvested in economic development services.

Luton Borough Council helped to establish an innovation and business base funded through ERDF and BIS funding and providing space for innovative start-up and growing businesses. The funding agreement means that revenue generated must be spent on economic development.

1.1.12 Milton Keynes superfast broadband

£2.4m invested to achieve 97% access.

MKC contribution of £2,400,000 to achieve 97% access. In partnership with Central Bedfordshire Council and Bedford Borough Council plus contribution from BDUK for a total contract of £6,100,000.

1.1.13 Milton Keynes land capital receipt to support Badminton HQ, England

£12.3m land capital receipt to support national Badminton HQ.

£12,300,000 capital receipt from sale of land to support development of new enhanced facility for Badminton England with additional community sports space

1.1.14 Northampton HRA capital scheme

£88.6m towards HRA housing scheme.

Overall Northampton Borough Council HRA capital scheme 2013 – 2016 of £88.6m

1.1.15 South Northants Moat Lane regeneration, Towcester

£50m for Towcester regeneration.

The Moat Lane regeneration scheme will showcase the historic heart of Towcester alongside modern new facilities. Centered around the restored Bury Mount, the high quality development will include a new civic building, community space, offices, homes and shops. Some of the areas that will be regenerated are: Towcester: Bury Mount; Water meadows; Town Centre The Mill; Bakers Lane; Whittons Lane and Northampton Road.

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