

South East Midlands

Local Enterprise Partnership

Innovation for Sustainable Prosperity
Proposition and Outline Business Case



The Local Enterprise Partnership includes (**all of below to be confirmed**):

Partner local authorities:

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

Partner business organisations:

Milton Keynes & North Bucks Chamber of Commerce	North Buckinghamshire Institute of Directors	Milton Keynes Federation of Small Businesses
Bedfordshire and Luton Chamber of Commerce	North Bedfordshire Business Leaders	

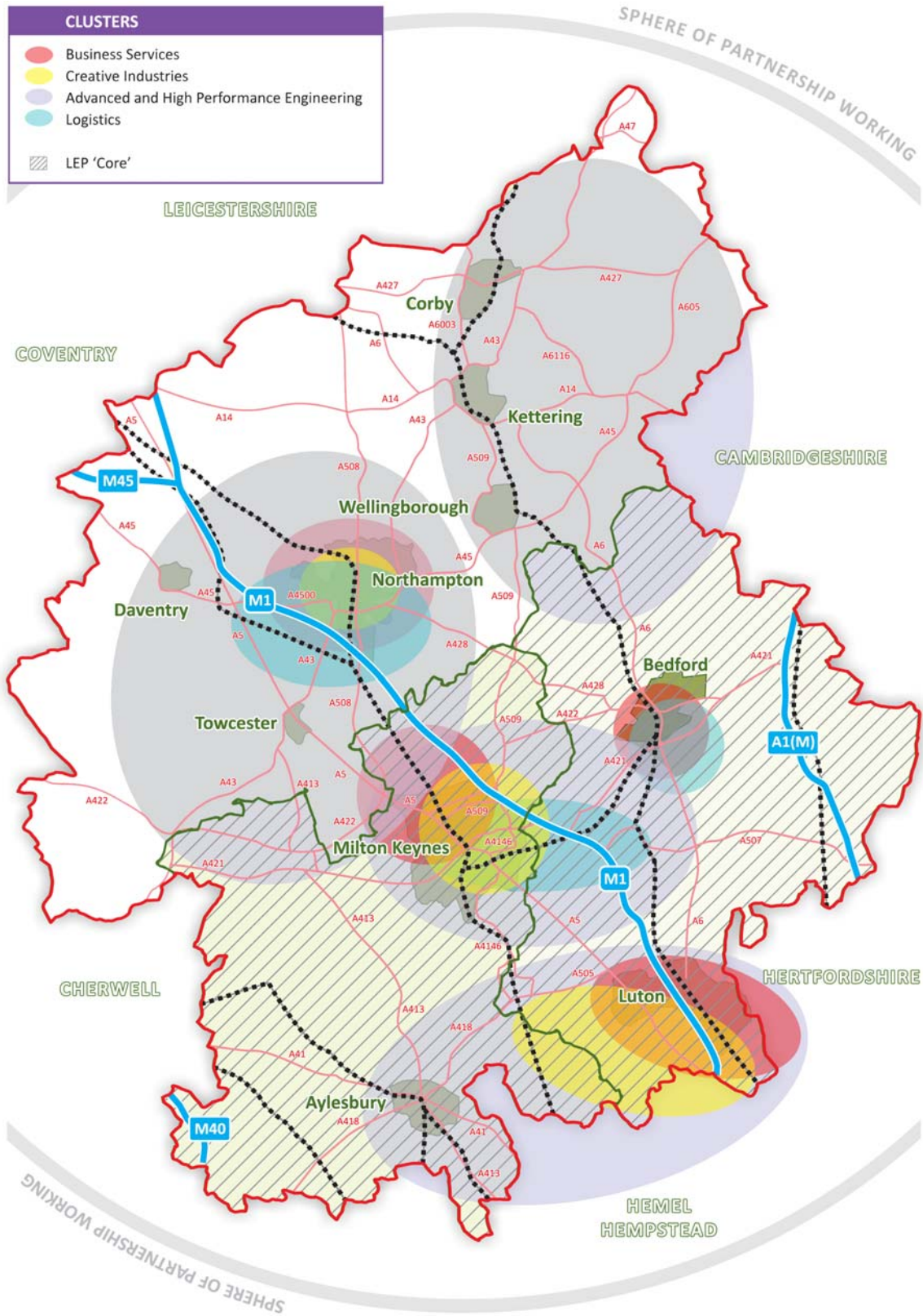
A selection of supporting businesses:

London Luton Airport	Cranfield University	VW Financial Services
NHBC	Hampton Brook	Barrett Strategic
Taylor Wimpey	University of Bedfordshire	

Specific roles and remits explored herein are subject to the availability of funding and complement and respect the statutory roles of local authorities.

Contents

1	Partnership Vision and Proposal	5
2	LEP Objectives and Outcomes	7
2.1	Aims and objectives	7
2.2	Expected outcomes	8
3	Strategic Leadership	9
3.1	Why have an LEP?	9
3.2	Partnership development and future collaboration	10
3.3	Robust governance and accountability	10
4	Business Case: an environment for enterprise and employment	12
4.1	Critical mass and alignment within a real economy	12
4.2	Building upon successful partnership working	13
4.3	Excellent communications and knowledge gateways	13
4.4	Higher and further education and research infrastructure	15
4.5	An environment for growth	16
4.6	Key regeneration challenges for the area	16
5	Cultivating a Habitat for Business	18
5.1	Research, intelligence and information	18
5.2	Engagement and communications with businesses	18
5.3	Business support: building on what works	19
6	Economic Development and Regeneration	21
6.1	Housing and planning	21
6.2	Transport and infrastructure	21
6.3	Innovative funding models	22
6.4	Transition to a low carbon economy	22
6.5	Developing leisure, culture and tourism	23
6.6	Supply chain strategies and digital connectivity	24
7	Supporting Enterprise	25
7.1	Access to finance	25
7.2	Stronger and simpler private-public partnership	26
7.3	Regional Growth Fund	26
7.4	European programmes and critical transitional functions	27
8	Employment and Skills	28
8.1	Apprenticeships and skills for work	28
8.2	Tackling unemployment	29
8.3	Sharing the benefits of growth	29
9	Conclusion: Meeting the future needs of the South East Midlands	31
9.1	Strengths, opportunities and managing risks	31
9.2	Links with businesses and higher and further education	31
9.3	Accountable governance	31
9.4	Shared aspiration for the future	31



Summary table of Actions and Interventions			
Objectives	Actions	Supporting Interventions	Dialogue with Government
high levels of economic success	balance housing development and planning with employment growth (6.1)	bringing forward strategic sites for private sector development, with funding streams to support infrastructure (6.3.1 & 6.3.4)	exploring funding to incentivise development, including tax incremental funding and the new homes bonus scheme
high levels of knowledge intensity	promote access to next generation digital communications (6.6)	develop a shared understanding of the local economy and its needs (5.1.1)	transitional arrangements for 2011/12 to realign and devolve skills funding and commissioning to the LEP area
a diverse industry base including distinctive specialist niches	target enterprise support to grow diverse and successful businesses (5.3)	creating a habitat for business growth with a single portfolio of services and access to finance (5.3.1, 5.3.2 & 7.1).	new ways of working with Government agencies, in particular UKTI, on inward investment
universities supporting local industries built on research strengths, knowledge transfer and the retention of graduates	place locally-provided higher and further education at the heart of the future growth (4.5)	access innovation and growth through collaborative research with higher education institutions (5.1.3)	developing a common set of environmental standards across the LEP
strong communications and transport infrastructure, including by air, rail and road	align area-wide strategic transport and infrastructure planning (6.2 & 6.3)	a forum for discussion on strategic land use planning and infrastructure priorities (6.2.4)	widening rural access to next generation broadband
an attractive sustainable offer to investors and individuals alike	support the transition to a low carbon economy (6.4)	agree common standards to inform locally-owned Green Business Plans (6.4.4)	allowing a shadow LEP to make bids to the Regional Growth Fund to support sustainable enterprise
low unemployment and high skills levels	develop LEP-wide apprenticeship schemes, and an adult skills strategy to direct funding (8.1 & 8.2)	work with JCP and DWP to co-commission employment interventions to support long-term unemployed (8.2.1)	financial incentives for businesses to offer apprenticeships
sharing the benefits of economic growth	develop social enterprises and community organisations as important local employers (8.3)	train Government-funded Community Organisers, and access funds for deprived neighbourhoods (8.3.3)	enabling surrounding areas to join the LEP at a later point in time

1 Partnership Vision and Proposal

- 1.1 The South East Midlands Local Enterprise Partnership (LEP) will be an equal partnership between local government and the private sector. It will provide a forum for the strategic local leadership necessary to transform prospects for employment and the economy through private sector growth.
- 1.2 It has a shared vision of, “a diverse and competitive knowledge economy with first class infrastructure and high growth, built on private sector strengths and job creation in partnership with local authorities.”
- 1.3 Realising this vision would make the South East Midlands the best place in Britain work, live and do business, where partnerships with businesses,¹ higher education institutions and further education colleges stimulate exports, create jobs and underpin economic growth.
- 1.4 The Local enterprise Partnership will be a close fit with the area’s functional economic geography and resolve the long-standing frustration of regional boundaries that do not match local circumstances. At the core of this proposal are the four unitary authorities of Bedford Borough, Central Bedfordshire, Luton and Milton Keynes in addition to the Borough of Northampton and Aylesbury Vale in Buckinghamshire.
- 1.5 Cherwell in Oxfordshire has made clear its intention to join. South Northamptonshire, Kettering and Corby have also indicated that they would like to work closely with this partnership. There are strong links between South Northamptonshire and Aylesbury Vale, not least because they share the Silverstone race circuit. There is also much business engagement between Northampton and its surrounds and Milton Keynes.
- 1.6 There are key strategic transport links between Milton Keynes, Northampton, Bedford, Luton and Aylesbury. These include the M1, A1, A5 and A6 and the west coast mainline and midland mainline. The area has a valuable place on the “innovation triangle” formed by the university centres of Oxford, Cambridge and London and has an identifiable knowledge intensive corridor, containing important educational institutions.²
- 1.7 The constituent areas share a common desire for economic growth building on the key sectors of advanced technology and precision engineering, business services, logistics, food manufacturing, life sciences, bio-technologies and the creative industries.
- 1.8 To realise their vision the LEP partner authorities and businesses will:

¹ Businesses include social enterprises and third sector employers, universities and further education colleges.

² See section 4.4

- build on their shared economic strengths;
 - create the right conditions for economic growth; and
 - stimulate enterprise and innovation.
- 1.9 Such actions will aim to make the South East Midlands a **National Centre of Excellence** for advanced technologies and precision engineering.³
- 1.10 In recent years, these and other local authorities have worked productively in partnership to absorb growth in a sustainable manner, drawing in infrastructure funding to support a growing urban-rural community. This history gives us confidence in the added value of this LEP proposal.
- 1.11 The South East Midlands has the characteristics to support private sector jobs growth. The area has a population of over 1.5 million people and 62,500 businesses. Together they account for 3.2% of the English economy. Overall the LEP area is growing 10% faster than the rest of the British economy,⁴ creating a critical mass that brings together a full portfolio of assets and delivery capacity as a collective offer to businesses and central government.
- 1.12 Partner authorities and businesses will play a transformational role by:
- attracting and encouraging enterprise and business formation;
 - aligning transport and infrastructure planning with national investment;
 - encouraging cross-boundary green infrastructure development, climate change adaptation, carbon reductions and health and wellbeing;
 - tackling shared challenges of low skills, productivity and employment especially among disadvantaged neighbourhoods and groups;
 - providing transitional and shadow arrangements for critical functions during the transition from Regional Development Agencies;⁵
 - coordinating strong and focused bids for the Regional Growth Fund.
- 1.13 The LEP partner authorities, education institutions and businesses will agree a form for the partnership that will most effectively deliver our tightly focused priorities, add value to the existing range of business representation and promote local accountability. Within a pyramid structure business and local authorities will nominate an equal number of members to the LEP Board. The Chair will be chosen from the private sector members of the Board.

³ Including environmental and low carbon technology, high performance engineering, motorsport, aerospace, automotive manufacturing and sustainable construction. See Annex D for further details.

⁴ SQW, 2009

⁵ For example, this would include ensuring access to European funding through 2011/12.

2 LEP Objectives and Outcomes

2.1 Aims and objectives

- 2.1.1 The South East Midlands aims to become the **National Centre of Excellence** for advanced technologies and precision engineering, including environmental and low carbon technology, high performance engineering, motorsport, aerospace, automotive and sustainable construction.⁶
- 2.1.2 This aim is underpinned by cross-boundary **priority objectives** include supporting business investment and private sector job growth with:
- high levels of economic success
 - high levels of knowledge intensity
 - a diverse industry base including distinctive specialist niches
 - universities supporting local industries built on research strengths, knowledge transfer and the retention of graduates
 - strong communications infrastructure and first class local and national transport links, including by air, rail and road
 - an attractive sustainable place investors and individuals alike
- 2.1.3 These priorities will be tested and regularly reviewed through real engagement with a broad range of business and other partners to ensure that the LEP is reflecting the dynamic business environment within the South East Midlands.
- 2.1.4 To support these objectives the LEP partner authorities and businesses will work jointly to catalyse local activities that:⁷
- balance housing development and planning with employment growth
 - align area-wide strategic transport and infrastructure planning
 - support the transition to a low carbon economy
 - develop leisure and the visitor economy
 - produce innovative forward-funding models to support regeneration
 - promote access to next generation digital communications
 - target enterprise support to grow diverse and successful businesses
- 2.1.5 The partner authorities and businesses will work together to find ways to tackle unemployment, reduce skills gaps and ensure that all areas benefit from economic growth with locally-led actions to:⁸

⁶ See Annex D for sector details

⁷ The points listed here are the subjects of chapters 6 and 7

⁸ The points listed here are the subject of chapter 8

- develop opportunities for young people and adults to gain work skills and apprenticeship placements
- target disadvantaged neighbourhoods and groups with extra support
- work with community organisers and groups and not-for-profit organisations to help the voluntary sector and social enterprises develop as important local employers and access development funding from the Government's planned Big Society Bank.

2.1.6 To develop the LEP, its partner authorities and businesses would provide a forum for meaningful interaction with the Government, for example, on:

- enabling surrounding areas to join the LEP at a later point in time
- financial incentives for businesses to offer apprenticeships
- widening rural access to next generation broadband
- exploring all forms of funding to incentivise development, including tax incremental funding and the new homes bonus scheme
- working with UKTI and the Government on inward investment
- the realignment of skills funding and commissioning to the LEP area
- allowing a shadow LEP to make bids to the Regional Growth Fund to support sustainable business growth

2.2 Expected outcomes

2.2.1 By bringing together businesses and local leaders, their combined expertise, experience and know-how, this LEP will help **plan, facilitate and focus efforts** on the priorities that will make the biggest difference to businesses and address key economic challenges. These would include skills, productivity, and transport infrastructure, housing and communications. Priorities would also include tackling unemployment, creating environmental sustainability and more private sector jobs.

2.2.2 The partnership is of sufficient strength and size to collaborate directly with central Government, creating the conditions for economic growth and the delivery infrastructure to address these challenges a more efficient way. Local economic growth, combined with the critical mass of the area, will also stoke business-led innovation, regeneration and **innovative funding arrangements** to deliver necessary infrastructure.

2.2.3 Therefore expected future outcomes of the LEP include:

- more business start-ups
- expansion of existing businesses
- more private sector jobs
- more businesses moving into the area
- a higher skills profile
- a more enterprising culture for the area

3 Strategic Leadership

3.1 Why have an LEP?

3.1.1 A local business partnership is necessary to **provide the strategic leadership** to tackle the lag-effects of the economic downturn on sectors, businesses, people and housing. It is needed to transform prospects across the post-recession landscape for employment and private sector growth.

3.1.2 In particular, there is the need to ensure that our growing population is matched with a growing economy, by:

- building on our shared economic strengths;
- creating the right conditions for economic growth; and
- stimulating enterprise and innovation.

3.1.3 There is also an **added value** of working together at a higher than local level. A number of activities are better coordinated by making efficiencies in delivery and handling them sub-nationally across administrative boundaries. These include:

- sector-specific technical expertise to support business growth⁹
- being a single point of contact for UK Trade & Investments¹⁰
- interface with European programmes and institutions¹¹
- design and promotion for key infrastructure and economic development projects which go across a number of authority boundaries¹²
- green infrastructure and the role it plays in supporting sustainable places and in attracting local investment

3.1.4 Such sub-national working will offer economies of scale and reduced costs. Potential cost savings from green infrastructure planning, for example, include a reduced need for healthcare, better employee productivity and better adaptation for climate change.

⁹ For example, Cranfield University is involved in an extensive array of advanced technology research, for example, molecular modelling and bioinformatics, renewable energies, electric vehicles and ultra-precision optical engineering.

¹⁰ Government cannot grow relationships with each and every firm. The partners could develop and manage virtual accounts for businesses interested in exports and attracting investment by sharing information through use of IT networks.

¹¹ The Government's consultation on the Regional Growth Fund suggests that the transition from RDAs to LEPs could include arrangements to continue access to European funding (BIS, July 2010).

¹² East West Rail, the A43/A45 corridor and the M1/A5 link are typical cross-boundary projects which have been jointly prioritised by local authorities.

3.2 Partnership development and future collaboration

- 3.2.1 This LEP area consists of a core group of authorities – Bedford, Central Bedfordshire, Luton, Milton Keynes, Aylesbury Vale and Northampton. These areas share a common desire for economic growth building on the key sectors of advanced technology and precision engineering, business services, logistics, food manufacturing, life sciences, bio-technologies and the creative industries.
- 3.2.2 Formal conversations with representatives of businesses (the Chambers of Commerce, the Federation of Small Businesses and the Institute of Directors) have made clear that for a LEP to cover a real economic geography it has to be **an agreement between people who wish to work together**.
- 3.2.3 Therefore the partner authorities and businesses provide an **open door** to all surrounding local authorities **and/or** businesses to fully participate. This open door inclusive approach is well-established with the three Chambers running successful business to business events in the same economic area for many years, as the South East Midlands Chambers Alliance.
- 3.2.4 Cherwell in Oxfordshire has made known its intention to join. South Northamptonshire, Kettering and Corby have also indicated their interest in working with the South East Midlands.
- 3.2.5 The South East Midlands area has also the size and location to engage constructively with surrounding LEP areas, building strategic alliances, especially with Oxfordshire, Cambridgeshire and Hertfordshire.
- 3.2.6 Tightly drawn boundaries and demarcation will not be helpful to the needs of businesses. Therefore cross-LEP relationships will be strategic and based on themes or sectors, such as: advanced manufacturing with Hertfordshire, the automotive industry and motorsports with Northamptonshire County, and transport planning with Cambridgeshire.¹³

3.3 Robust governance and accountability

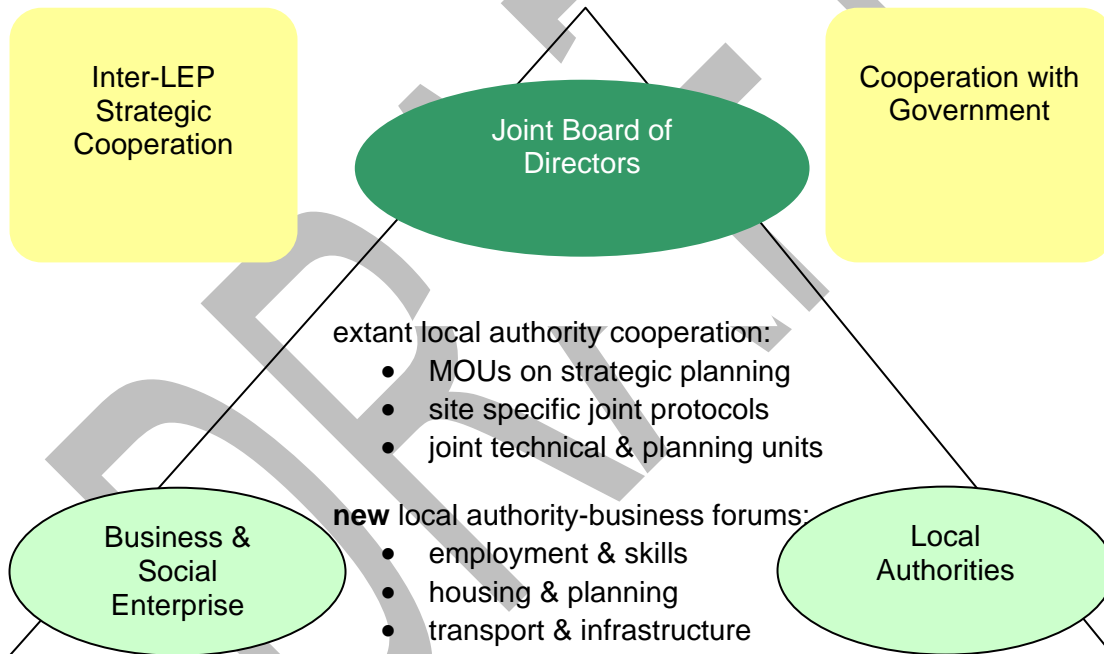
- 3.3.1 We will put in place effective governance structures that add value and help tie together the contributions of the range of existing public and private partners who have a pivotal role in helping shaping and delivering our priorities. Our governance arrangements will not duplicate existing statutory duties or business representatives, but rather will support these bodies in discharging their duties in a business focused and engaged manner.

¹³ These configurations have been suggested to us by correspondents from within these areas in initial discussions and communications

3.3.2 One proposal under active consideration is that the structure and organisation of the Local Enterprise Partnership should take the form of a company limited by guarantee with tightly focused priorities. This would provide a legal entity with which businesses are familiar and comfortable. However, we will examine the range of partnership models available in the context of the priorities we settle on for the LEP.

3.3.3 To meet its objectives the LEP Board will need to bring influence to bear over some key issues, including adult skills and apprenticeships, business support and sector development. The Board should promote business engagement within the planning process and align approaches to innovation and growth, consistent with the localism agenda.

Fig.1: Potential partnership structure



3.3.4 The Board will be chosen from the businesses, education institutions and local authorities of the LEP and will be accountable to them. This is likely to be in the form of an open recruitment process in line with best practice in appointments to public/ private sector boards. The Chair will be selected from the private sector members of the Board of Directors

3.3.5 Importantly, the board will include **elected representatives** to ensure local democratic accountability and appropriate linkages with local authorities. The membership and means of operating of the LEP will be reviewed regularly to ensure that it remains fleet of foot to reflect changing business needs and new opportunities.

4 Business Case: an environment for enterprise and employment

4.1 Critical mass and alignment within a real economy

4.1.1 People demonstrate that the South East Midlands is a real economic area in the way they behave. The functional geography is illustrated by:

- Mobile skills and commuting patterns (Annex A)
- Sustainable population growth (Annex B)
- Transport connections (Figure 2)
- Shared housing market areas (Annex C)
- Strong business sectors and linkages (Annex D)
- Shared needs and ambitions, for example, next generation broadband

4.1.2 The LEP covers a population of over 1.5 million people and 62,500 businesses. Together they account for 3.2% of the English economy.

Local Authority	Population ¹⁴	Businesses ¹⁵	GVA ¹⁶
Aylesbury Vale	173,500	8,810	£3.9 billion
Milton Keynes	236,700	10,050	£6.7 billion
Bedford	158,000	6,330	£2.8 billion
Central Bedfordshire	252,900	11,135	£4.4 billion
Luton	194,300	5,175	£4 billion
Corby	55,200	1,600	£1.1 billion
Kettering	90,100	3,255	£1.8 billion
Northampton	210,500	7,215	£4.2 billion
South Northamptonshire	88,500	4,605	£1.8 billion
Cherwell	139,700	5,990	£3.4 billion
Total	1,599,000	64,165	£34 billion

4.1.3 Overall the LEP area is growing 10% faster than the rest of the British economy,¹⁷ creating a critical mass that brings together a **full portfolio of assets** and **delivery capacity** as a collective offer to businesses and central government.

4.1.4 Although the South East Midlands has the characteristics and sector strengths to support private sector jobs growth,¹⁸ the LEP provides the partner authorities and businesses **the scope** to share skills, know-how and expertise more efficiently **to better accommodate** population and housing growth and **cultivate private sector employment**.

¹⁴ ONS mid 2009 population estimates

¹⁵ ONS, Business Demography 2008

¹⁶ Gross Value Added, a measure of economic output, calculated using most recent ONS NUT3 GVA per head data (2007)

¹⁷ SQW, 2009

¹⁸ See paragraph 1.10

4.2 Building upon successful partnership working

- 4.2.1 Businesses and local authorities have come together to support this Local Enterprise Partnership because business grows best in a thriving and diverse local economy, with high quality local supply chains, an educated and motivated working population, high quality appropriate housing, and good local, national and international transport links.
- 4.2.2 The partner authorities and businesses share a common desire for economic growth and innovation building on local business strengths and key sectors including advanced technology and precision engineering, logistics, business services and the creative industries.
- 4.2.3 The South East Midlands LEP is ready to hit the ground running as it includes local authorities and business organisations, most of whom already work together effectively across the boundaries of three regions.¹⁹
- 4.2.4 The South East Midlands LEP offers outstanding value for money because it taps into a network of delivery skills, know-how and experience among local authorities and businesses, supported by Local Delivery Vehicles, in order to monitor and manage employment, business and housing growth.

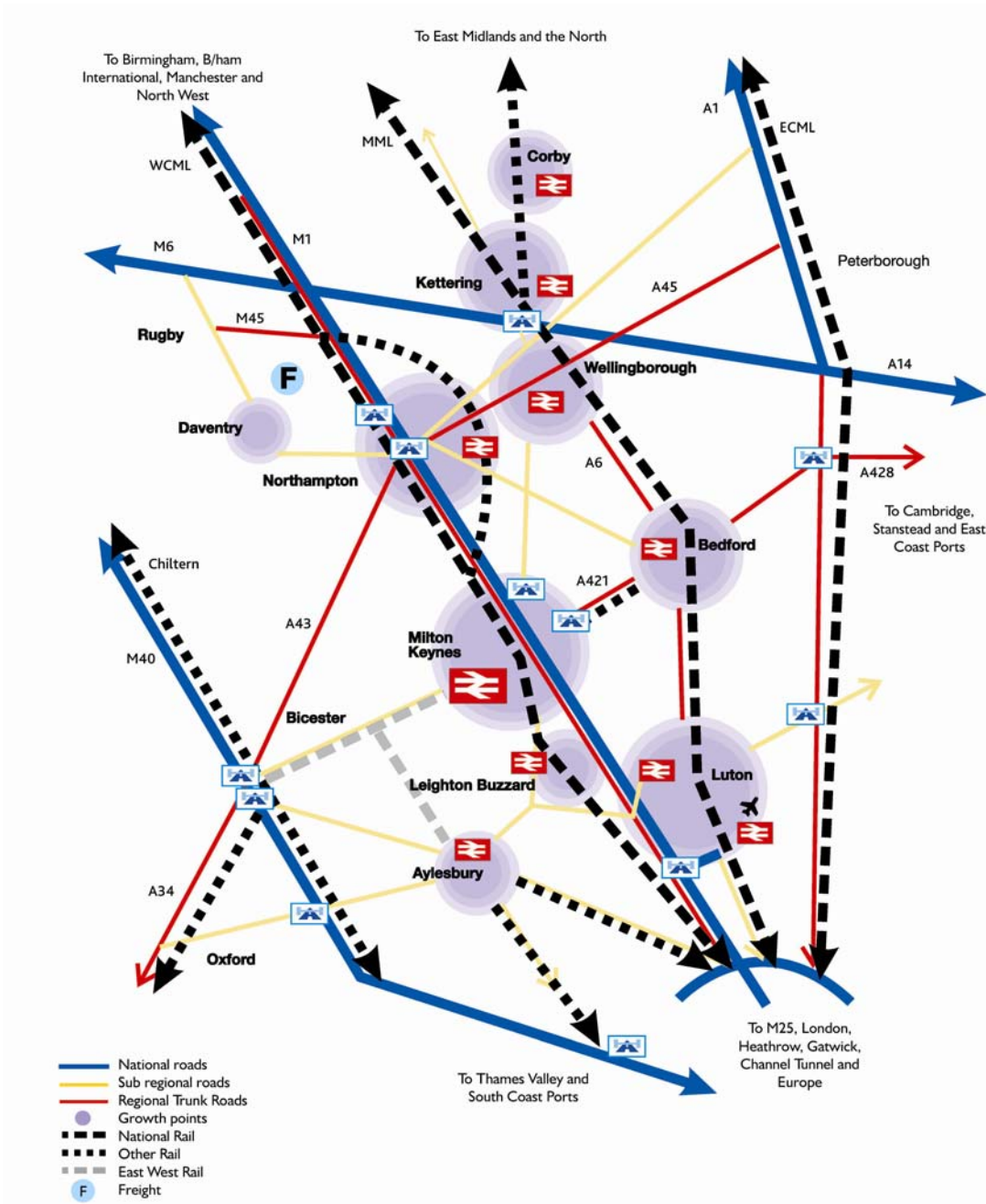
4.3 Excellent communications and knowledge gateways

- 4.3.1 There are key strategic transport links serving Milton Keynes, Northampton, Bedford, Luton and Aylesbury. These include the M1, A1 and A5, the A43/A45 corridor, and the west coast and midland mainlines. Building on existing collaborative work the partners will continue to develop and promote transport priorities, such as the M1-A5 link, East-West Rail and inter-urban bus routes.
- 4.3.2 The area's place on the "innovation triangle" formed by the university centres of Oxford, Cambridge and London is valuable, and an identifiable knowledge intensive corridor, containing important educational institutions²⁰ and companies, is strengthened by routes such as the A421.
- 4.3.3 The South East Midlands also is a communications hub for the UK with a critical international gateway, London Luton Airport. Cranfield Airport has a strong profile among business users. There are also strong links to London and the international gateway via St.Pancras.

¹⁹ As part of the Milton Keynes South Midlands partnership and South East Midlands Chambers Alliance.

²⁰ Cranfield University and Technology Park, the Open University, the Butterfield Enterprise Hub, the Colworth science park, the Bedford i-Lab innovation centre and Northampton University

Fig. 2 South East Midlands transport connections



4.3.4 The airports and the close proximity to London give the South East Midlands a global facing business and research environment with international links to support wider innovation and knowledge transfer. Partner authorities and businesses through the forum of the LEP will work together and with UK Trade and Investments and other relevant agencies to promote wider international interest in the area.

4.4 Higher and further education and research infrastructure

- 4.4.1 High quality, locally-provided higher and further education will be at the heart of the future growth, prosperity and economic development of the South East Midlands. Through the forum of the Local Enterprise Partnership, businesses and further and higher education partners will develop higher level skills strategies to underpin growth.
- 4.4.2 South East Midlands is well-served by a diverse portfolio respected, research-led universities and institutes,²¹ many of whom are working together to support the emergence of the University Centre Milton Keynes.
- 4.4.3 Cranfield University is a worldwide **centre of excellence** in precision engineering and the Bedfordshire. The research activity at Cranfield is multidisciplinary with strong pan-university collaboration addressing challenges across the Aerospace, Automotive, Bioscience, Defence & Security, Energy, Environment and Manufacturing sectors.
- 4.4.4 The University of Bedfordshire continues to build on its established reputation and to develop new programmes in science, computing and medically-related science, expanding a range of courses delivered in collaboration with industry. Its investment plans include the continued expansion of its campus in Bedford, the development of further facilities in Luton, and the enhancement of its laboratory facilities both for academic and commercial purposes.
- 4.4.5 Northampton University provides higher level skills across a wide range of subjects including logistics and sustainable communities. The Open University has its headquarters at Walton Hall, in Milton Keynes and the University of Buckingham is a leading centre for research in Law, Business, Humanities and Science. Barnfield College offers higher education opportunities in construction and building technology.
- 4.4.6 The Royal Society has recently refurbished Chicheley Hall, on the outskirts of Newport Pagnell, to act as its main international conference centre, bringing some of the most prestigious science research events to the South East Midlands. The National Enterprise Academy also will establish its headquarters and learning centre of excellence in Aylesbury town centre in 2012.
- 4.4.7 Businesses should be therefore confident in investing in the area, knowing there is a local pool of talented, skilled graduates to tap, and the quality of expertise with which to develop the benefits of research.

²¹ University of Bedfordshire, Cranfield University, University of Northampton; Open University; and University Centre Milton Keynes (UCMK), University of Buckingham and the University Centre Aylesbury Vale

4.5 An environment for growth

- 4.5.1 The environment has a leading role in supporting sustainable economic growth across the LEP area. The South East Midlands provides a rural setting with historic market towns and stunning conservation architecture peppering the area and demonstrating its roots. This environment makes the South East Midlands an attractive place to live, work and visit, and is also part of the infrastructure needed to support economic growth.
- 4.5.2 Much of the area is rich in species but it has suffered from some reductions in biodiversity and loss of habitats. Green infrastructure and regeneration initiatives will help address these issues. The Chilterns, Greensand Ridge, Whittlewood Forest, Marston Vale, Grand Union Canal and River Ouse provide the basis of the green infrastructure network that benefits people, the environment, and the economy.
- 4.5.3 Ambitious projects to further improve the environment across the South East Midlands means that the capacity of the environment to support new growth and economic development will be increased. Good examples of such partnership working include the Bedford and Milton Keynes Waterway, Ouzel Valley Park project and river restoration and habitat creation in Luton.
- 4.5.4 Green infrastructure projects will have impacts on tourism and recreation, place-shaping, eco-system services (such as flood control), property values and rural regeneration, underpinning the aspirations for growth and prosperity across the South East Midlands. The LEP is a further opportunity to enhance a partnership approach to plan, develop and manage green infrastructure across the area.

4.6 Key regeneration challenges for the area

- 4.6.1 A central aspect of the business case for a Local Enterprise Partnership in the South East Midlands area is working together to tackle shared regeneration challenges.
- 4.6.2 Although housing and employment growth has slowed due to the current economic climate there is still much potential for further development. In Milton Keynes, for example, there is the potential for 75,000 to 90,000 additional jobs based on existing employment land²² in addition to thousands more in other partner authority areas.
- 4.6.3 To prevent unsustainable and counter-productive commuting patterns housing development across the South East Midlands needs to be balanced with employment growth.

²² Milton Keynes Council, draft Core Strategy 2010

- 4.6.4 Micro and small businesses account for 90% of enterprises, yet they struggle to access affordable finance or equity to support growth.²³ Consequently smaller enterprises are not fulfilling their potential to grow.
- 4.6.5 The lack of high-speed broadband in rural areas is a barrier to new business formation, job creation and self-employment and hampers competitiveness. It has been a long-standing vision of our partners to make high speed broadband available to all communities and businesses.
- 4.6.6 Productivity in the South East Midlands falls behind parts of London and the South East. With economic productivity at £45,000 per employee, South East Midlands is on a par with Birmingham City Region.²⁴
- 4.6.7 Despite the excellent progress of local universities and colleges, skills levels across the South East Midlands are lower than is needed to support an aspirant and growing knowledge economy.
- 4.6.8 There are still large numbers of people in relatively low-skilled low-paid work, and measures are needed to help employees get on and move up the skills ladder.²⁵ Adult apprenticeships are central to addressing the skills deficit particularly as people are working longer and need to retrain throughout their careers.
- 4.6.9 In difficult economic times, help is needed to increase workplace-based training and learning in industries, such as, construction, automotive and engineering. There is also a need and demand for more apprenticeships in logistics and sustainable construction to raise the skills levels and productivity within these growth sectors.
- 4.6.10 With the squeeze on transport infrastructure funding, the LEP partners will need to mobilise evidence, information and influence in support of key transport priorities, such as the A5/M1 link, A43/A45 corridor, A428/A6 link, East West Rail and Inter Urban Bus routes.
- 4.6.11 The LEP also needs to address the challenge of moving to a low carbon economy to ensure sustainability of economic development. This is particularly important as climate change will impact on essential locally delivered services including transport, hospitals, water and energy. In the South East Midlands, higher education is working in partnership with business building a low carbon knowledge-base and data warehouse²⁶ to identify and address low-carbon innovation challenges.

²³ Bedfordshire and Luton Business Survey, 2010

²⁴ See Annex E1

²⁵ See Annex F1

²⁶ www.eon-uk.com/distribution/MKquestions.aspx

5 Cultivating a Habitat for Business

5.1 Research, intelligence and information

5.1.1 The partners will develop a shared understanding of the local economy, which would inform their conversations with Government departments and agencies, for example, in shaping policies such as adult skills provision and strategies. Over time the LEP should become a valued source of expertise and advice.

5.1.2 The partner authorities and businesses will commission, collate and share information by:

- working with higher education partners and local authorities to collect and compile economic data, analysis and forecasting across the LEP;
- coordinating the refresh of local economic assessments;
- working with higher education and other partners to provide performance monitoring and evaluation of partnership activity;
- disseminating robust evidence and intelligence to inform local and national decision-making processes;

5.1.3 The LEP partner authorities and businesses will work with higher education and research institutions to help the private sector access innovation and growth by providing practical advice on:

- joint development projects and collaborative research;
- commissioning and sharing research; and
- research and evidence-based business cases to attract inward investment.

5.2 Engagement and communications with businesses

5.2.1 Learning lessons from past business engagement with Regional Development Agencies and the Training and Enterprise Councils, LEP partner authorities and businesses will need to develop the role of small businesses and ensure that they are involved in the leadership of place.

5.2.2 The South East Midlands LEP will bring together and engage with businesses and their representative organisations to track business needs. Evidence currently tells us that over-regulation and red-tape, transport costs, cash flow, increased competition and the high cost or lack of finance are among obstacles to growth.²⁷

²⁷ Bedfordshire & Luton Business Survey 2010

- 5.2.3 The LEP partners will develop existing ‘ambassadors’ programmes to work with local business and academic leaders in promoting the area’s excellence, particularly in priority sectors. This level of engagement can link directly to the LEP Board and be coordinated through the Chambers of Commerce, Institute of Directors, the Confederation of British Industry and the Federation of Small Businesses.
- 5.2.4 Other methods of communication will complement and add value to those delivered at a local level and could include:
- leader-level meetings and consultations, including business breakfasts, consultations and workshops;
 - an ‘upward consultation framework’ with feedback from local engagement fed upwards in a coordinated way to collate intelligence, develop advice and inform decisions;
 - task and finish reference groups to bring together business leaders and public partners to tackle sector and business specific issues;
 - the use of collaborative online technologies to share work.
- 5.2.5 It is essential for LEP partner authorities and businesses to deploy the resources necessary to wield influence and maintain engagement with the private sector.

5.3 Business support: building on what works

- 5.3.1 The South East Midlands partner authorities and organisations will cultivate a habitat for business growth by creating a common portfolio of services from both the public and private sectors.
- 5.3.2 Cranfield brings such support to fledgling companies that relocate to the Technology Park, offering ‘incubator plus’ style packages of support that recognise the different growth stages of businesses and adapt to their changing needs.
- 5.3.3 The LEP partner authorities and businesses are well-placed to encourage business growth and innovation, by:
- **drawing on local knowledge and intelligence** to help Government target high growth business support;
 - working with high-growth businesses to secure research & development and innovation grants;
 - connecting businesses to each other and to key knowledge bases, including universities, to form mutually beneficial relationships;
 - providing open innovation events and training, including conferences, workshops and courses.

5.3.4 Private sector provision of business advice will become more important under a South East Midlands LEP. A commissioned framework for business support, would:

- offer intensive coaching to senior management teams;
- support entrepreneurial skills and quicken new business formation;
- signpost national services and coordinating consistent local advice;
- co-ordinate redundancy support to help firms and employees at risk;
- identify opportunities to reduce local bureaucratic burdens on small and medium-sized businesses;
- align the direction of council services, such as, trading standards and economic development, to proactively enable business growth;
- source business support and advice in specialist areas, such as intellectual property protection and exploitation, marketing and sales and strategic development.

5.3.5 The LEP partner authorities and organisations could develop and manage virtual accounts for businesses interested in exports and attracting investment by sharing information through use of IT networks. This would ensure streamlined, consistent and informed support from partners and would be invaluable support to Government agencies responsible for supporting business growth through inward investment.

5.3.6 The LEP partner authorities and businesses also will help attract and maximise inward business investment, by:

- providing a single point of contact for UK Trade & Investment services, recognising their lead role overseas;
- creating a critical mass that brings together the full portfolio of assets presenting a collective offer;
- harnessing the innovation and skills from local businesses and investment intermediaries to create new ways of attracting investment;
- ensuring there is a sufficient local supply of business premises to match demand from potential investors;
- sharing business enquiries, intelligence and information across the South East Midlands area to inform inward investment strategies;
- providing potential investors with a range of options from across the LEP area, backed up with co-ordinated local site-finding services and investor support;
- coordinating 'aftercare' using sector specialists and local services;
- collating investment feedback from businesses and local authorities.

6 Economic Development and Regeneration

6.1 Housing and planning

6.1.1 To prevent unsustainable and counter-productive commuting patterns, housing development across the South East Midlands needs to be balanced with enterprise and employment growth.

6.1.2 Therefore the LEP partner authorities and businesses will:

- ensure and promote business engagement within the planning process;
- work with businesses to shape strategy and investment priorities on housing and regeneration;
- explore within an LEP-wide strategic conversation, including all relevant partner authorities, organisations and agencies, how to use public land holdings and assets to support regeneration-led housing growth;
- find ways to attract and maximise infrastructure investment to support sustainable housing development;
- actively engage the development industry to find innovative ways to help bring forward development and address issues of shared concern, such as: lead-in times on major projects, the hiatus on planning and the future of the Homes and Communities Agency.

6.2 Transport and infrastructure

6.2.1 South East Midlands partner authorities and businesses will support and develop shared infrastructure priorities, for example, next generation broadband, East West Rail, road transport routes, green infrastructure projects and innovation hubs.

6.2.2 LEP partners will also work together to develop public-private partnerships to maximise inward investment,²⁸ possibly using public land holdings to leverage and broker projects.

6.2.3 LEP partner authorities and businesses will look for opportunities to develop infrastructure tariffs, levies and forward-funding models for the purpose of bringing forward shared strategic infrastructure.

6.2.4 To make these actions possible, the LEP partner authorities and businesses will be a forum for conversations with Government, local authorities, businesses and any other relevant agency on strategic land use, planning and infrastructure priorities.

²⁸ For example, leveraging limited public funds by bringing together private sector developers to support the A5/M1 link.

6.3 Innovative funding models

- 6.3.1 The LEP partner authorities and businesses will explore delivery models to bring forward strategic sites for private sector development using income from developers and public sources to forward-fund the infrastructure needed to sustain employment and housing growth.
- 6.3.2 Such infrastructure could include brownfield land remediation, site preparation, road improvements, support for public transportation, next generation broadband, healthcare, education, support the voluntary sector and community projects in sustainable places.
- 6.3.3 Funding models would aim to attract and maximise funds from sources, such as, developers' contributions, the New Homes Bonus scheme, Community Infrastructure Levy, local tariffs, s106, Regional Growth Fund and receipts from public assets.
- 6.3.4 Partners will explore the opportunities to align national and local funding streams and priorities to support cross-boundary projects taking place within an agreed programme of work. East West Rail is one such infrastructure project where a blend funding might contribute to quicker delivery.

6.4 Transition to a low carbon economy

- 6.4.1 Local authorities and their partner organisations in the South East Midlands will work with businesses to help them use natural resources more efficiently because of pressure on water and energy supplies and the need to manage waste efficiently. The LEP partner authorities and businesses will work with other bodies, such as the Environment Agency, to ensure that economic development is informed by robust and credible evidence, such as water cycle and green infrastructure studies.
- 6.4.2 Green infrastructure planning across the area is well developed and co-ordinated, with delivery programmes and green infrastructure design guidance for developers and planners.²⁹ However, environmental infrastructure requires careful planning, implementation, management and investment to support growth and protect human health and environmental quality.
- 6.4.3 For example, the Water Framework Directive will provide additional challenges within the South East Midlands as only 30% of river stretches are currently classed as having good ecological status. These are issues

²⁹ Partners launched a mksm Green Infrastructure Guide in May 2010 to inform local strategies and planning.

that cross political boundaries and can be addressed by the LEP partner authorities and businesses, for example, by collating comprehensive waste data to assist in the planning and development appropriate waste infrastructure across the LEP area and beyond.

6.4.4 The multi-functional aspect of green infrastructure will make a contribution to climate change adaptation and mitigation, biodiversity enhancement, recreation provision and place making. For maximum effect, green infrastructure should be strategically planned and managed by local authorities with partners organisations if it is to underpin a prosperous and sustainable economic future. LEP local authority partners and organisations will seek to agree an overarching low carbon framework to:

- extend and roll-out the existing low emission vehicles programme³⁰
- support climate change adaptation and create attractive places to live
- promote a low carbon living programme to promote health and wellbeing, economic uplift and biodiversity, and cut CO2 emissions
- build on the existing Green Infrastructure Design Guide³¹ and agree common environmental standards for locally-owned Green Business Plans to offer a better environment, jobs and sustainable enterprises and support local development frameworks.

6.5 Developing leisure, culture and tourism

6.5.1 With the South East Midlands' focus on green infrastructure and rural development, its big international sporting moments, for example, the Grand Prix, the Paralympics with the Stoke Mandeville Stadium and potentially the 2018 World Cup, and with the strength of its creative and hospitality industries, tourism is set to grow.

6.5.2 The South East Midlands is also home to some of the country's top visitor attractions, ranging from leading heritage locations, such as Wrest Park and Stowe Landscape Gardens, to National Trust properties, including Waddesdon, the Escape Centre and Woburn Safari Park.

6.5.3 The growth in the Tourism Sector is set to continue with the opening of Centre Parcs at Warren Wood and, along with creative industries and advanced manufacturing, has a key role in re-balancing the economy away from financial services.

6.5.4 Culture will support the drive for business tourism by providing attractive alternatives to hotel and convention centre venues. The cultural sector will

³⁰ Milton Keynes is one of nine cities to pilot electric and hybrid vehicle plug-in points

³¹ <http://www.emgin.co.uk/default.asp?PageID=256>

also underpin the weekend break market that is necessary to complement weekday business tourism and make hotel investment viable.

6.5.5 Promoting the visitor economy, rural diversification and creating associated employment opportunities will be a key role for LEP partner authorities and businesses. Partners aim to grow festivals, for example, in Bedford, Luton and Milton Keynes³² and to attract mega-events, such the FIFA World Cup.

6.6 Supply chain strategies and digital connectivity

6.6.1 LEP partner authorities and businesses will collaborate to draw together purchasing and procurement strategies that will:

- support the transition to low carbon economy,
- simplify access to local government contracts,
- support the uptake of apprenticeships and work-based training,
- promote enterprise development, and
- support private sector job growth.

6.6.2 LEP partners will work together also to map, monitor and understand supply chains. Partners will also look for opportunities to use their combined purchasing power to serve shared objectives.

6.6.3 In particular, the LEP partners will consider how to use economic growth to leverage greater investment from telecommunications companies to widen access to next generation digital communications, particularly in rural and semi-rural areas.

³² Bedford host the annual River Festival, Luton holds a Carnival Arts Festival and Milton Keynes holds a yearly International Festival.

7 Supporting Enterprise

7.1 Access to finance

7.1.1 A key goal and added value of the LEP is addressing market failure.

7.1.2 This is particularly important in the area of **accessing finance**, which is essential if businesses are to invest and grow. However, nationally, business investment is down 25% from its 2008 peak.³³

7.1.3 Small and medium sized businesses face particular challenges in accessing bank and equity finance:

- lenders struggle to assess the viability of a loan to some SMEs lacking sufficient track record or security;
- sometimes smaller businesses are unaware of the finance sources available to them;
- and sometimes their investment propositions are not strong enough to attract investors at the lower end of the equity market.

7.1.4 In all these areas the LEP partner authorities and businesses can make a difference. For example, the LEP could:

- work with Business Angels and Venture Capital groups to develop integrated packages of support for high growth potential businesses and seek to maximise the local input from the area's high concentration of High Net Worth Individuals;
- help small businesses become more 'investment ready' and reduce 'information asymmetries' between firms and investors by mentoring SMEs on business case development;
- work with central government as 'sub-fund managers' to target the growth Capital Fund on local firms with committed and successful management and a robust plan for growth;
- investigate opportunities to provide a credit union for small businesses, perhaps in the form of Community Development Finance Institutions;
- use CDFIs to provide microfinance loans to start-up businesses, particularly in disadvantaged urban and rural areas;
- signpost access to government products, such as the Enterprise Finance Guarantee; and
- work with central government to help local firms access finance from the forthcoming Green Investment Bank to develop environmental enterprises and meet the low-carbon investment challenge.

³³ BIS, July 2010

7.2 Stronger and simpler private-public partnership

7.2.1 The LEP partner authorities and businesses will address how local government controls could be changed or used to better nurture SMEs and business growth. In particular, they will aim to:

- increase private sector employment, particularly higher quality jobs;
- highlight opportunities to cut red tape that inhibit businesses;
- offer better value for (business rate-payers') money by streamlining services;
- improve and simplify access to local government procurement;

7.2.2 Only a relatively small number of businesses supply products or services to their local councils.³⁴ Therefore another added value of the LEP, building on successful local frameworks, will be to increase local public-private commercial collaboration.

7.2.3 The incubation capacity of the South East Midlands could be enhanced with simpler access to public sector procurement along with a stronger common portfolio of specialised start-up units and services provided by public and private partners.

7.3 Regional Growth Fund

7.3.1 Among the objectives of the Regional Growth Fund is 'to encourage private sector enterprise by providing support for projects with significant potential for economic growth.'³⁵

7.3.2 The South East Midlands area is growing at rate 10% higher than the rest of the country and has delivered high levels of housing and employment growth since 2001.³⁶ Investment in growth in this area therefore is likely to have a high rate of return, in terms of **new businesses** and **additional sustainable private sector jobs**. This is particularly so if the fund is focused on private sector investment, and supports critical projects and infrastructure that help areas with low employment and skills.

7.3.3 It has been proposed by Government that LEP partner authorities and businesses should coordinate bids to the Regional Growth Fund in consultation with key stakeholders, such as universities, social enterprises, and the wider business community, represented by the Institute of Directors, Chambers of Commerce and the Federation of Small Businesses.

³⁴ Bedfordshire and Luton Business Survey 2010

³⁵ BIS, DCLG, HMT, July 2010

³⁶ SQW, 2009

7.4 European programmes and critical transitional functions

7.4.1 With the transition from Regional Development Agencies to Local Enterprise Partnerships there are critical issues to resolve. The Government is considering LEPs to manage statutory functions, strategies for RDA-owned assets, and responsibility for European funding.³⁷

7.4.2 The Government will want to make arrangements to ensure that critical functions and projects will continue through the transition period, including ensuring access to European funding through to 2011/12.

7.4.3 The South East Midlands partnership will also:

- expand the role of local European Social Fund (ESF) co-finance organisations (CFOs) to complement national programmes;
- influence EU programme priorities for 2014-20;
- promote and support LEP-wide European projects;
- attract match-funding from business;
- work with universities to attract and retain European research resources, particularly from the EU Framework Programme 7;
- focus joint research activities on priority objectives and sectors, such as transition to a low carbon economy and precision-engineering.

³⁷ BIS, DCLG, HMT, July 2010

8 Employment and Skills

8.1 Apprenticeships and skills for work

8.1.1 Across the South East Midlands there are large numbers of people in relatively low-skilled low-paid work, for example, in the hospitality, catering, retail and logistics sectors. To raise productivity, competitiveness and ensure sustainable employment in the wider economy, measures are needed to help more people get on and move up the skills ladder.

8.1.2 These industries tend to have low margin, high turnover and high pressure businesses with little time for training and apprenticeships. Industries, such as, construction, automotive and engineering do take apprenticeships, but in difficult economic conditions they may need more help to maintain and increase levels of participation.

8.1.3 The LEP partner authorities and businesses will work with employers, further education colleges, private training providers, the National Apprenticeship Service and the Sector Skills Councils to make it easier for trainees and businesses to benefit from apprenticeship schemes.

8.1.4 LEP partner authorities and businesses therefore will seek to agree to:

- tap into funding to make it easier to provide apprenticeships;
- establish relationships between schools, colleges and businesses to support routes into apprenticeships;
- help young people move easily from school into training and into work;
- work with 14-19 coordinators to help schools provide technical certificates for apprenticeships;
- work with schools to explain apprenticeships to learners and teachers.

8.1.5 34% of businesses find that there are a low number of applicants with the required skills for job vacancies.³⁸ Supporting adult skills is therefore essential to help people find work. The LEP partners would:

- work with Sector Skills Councils and local employers develop an LEP-wide skills assessment and strategy;
- work with the relevant national agencies³⁹ and with employers to develop economically viable adult apprenticeships;
- develop routes between levels II and III apprenticeships, and pathways from level III apprenticeships into further education;
- discuss with Government financial incentives for businesses to help those in most need into apprenticeships and vocational training.

³⁸ Bedfordshire & Luton Business Survey 2010

³⁹ Such as the Skills Funding Agency and the National Apprenticeship Service

8.2 Tackling unemployment

- 8.2.1 To address disadvantage, make more people ready for work and improve the supply of skills to local businesses, the LEP partner local authorities and organisations will need to develop a strategic relationship with the Department for Business, Innovation & Skills, the Skills Funding Agency, the Department for Work & Pensions and Job Centre Plus.
- 8.2.2 As well as shaping strategies to tackle unemployment, the partner authorities and businesses will want to be the forum that brings together the strategies, the funders and the delivery organisations to ensure what is delivered meets the needs of jobseekers, learners and employers in key growth sectors.
- 8.2.3 This would ensure that local knowledge of labour market skills gaps and employers' needs are properly taken into consideration when commissioning employment and training interventions to help match local jobseekers to local businesses.
- 8.2.4 Particular outcomes include:
- an LEP-wide skills strategy developed with local learning partnership consortia and the third sector;⁴⁰
 - transitional arrangements for 2011/12 to realign and devolve skills funding and commissioning to the LEP area;
 - working with **social enterprise** and the voluntary and community sector as service providers and employers to help hard to reach populations and disadvantaged areas;
 - working together to align existing family intervention services and focus efforts on developing pathways into employment;
 - working across all sectors and with all partners to improve and encourage new employment opportunities.

8.3 Sharing the benefits of growth

- 8.3.1 LEP partner authorities and businesses will work with community organisers and groups and not-for-profit organisations to help voluntary sector and social enterprises develop as local employers and access funding from the Government's planned Big Society Bank.
- 8.3.2 Social enterprises can also draw upon the support of Community Organisers⁴¹ being introduced by the Government to help local people make their communities better places in which to live and work.

⁴⁰ these could include the MK Economic and Learning Partnership and the Bedfordshire and Luton Learning Partnership

- 8.3.3 LEP partner authorities and businesses will collaborate to help train some of the Government's planned 5000 Community Organisers (with the support of Government funding) and offer advice and support to charities and community groups in accessing Communities First funding for deprived neighbourhoods.

DRAFT

⁴¹ <http://thirdsector.co.uk/news/Article/1022203/Nick-Hurd-interview-Tories-aim-sector-transformed/>

9 Conclusion: Meeting the future needs of the South East Midlands

9.1 Strengths, opportunities and managing risks

9.1.1 The LEP partners are united in its desire to grasp **opportunities** to assist business expansion and private sector job growth. Partnership outcomes will include more business start-ups, the sustainable expansion of existing businesses, more businesses moving into the area, and higher skills.

9.1.2 To succeed the South East Midlands will build on its local **strengths**:

- a prime internationally-connected business location
- global connectivity and excellent road, rail links and air links
- network of respected higher and further education institutions
- expertise in hi-tech low-carbon design, blue-printing and proto-typing
- innovative and value-for-money approaches to managing growth⁴²
- ambitious vision and commitment to employment-led growth

9.1.3 The LEP will address **weaknesses**, for example, the lack of affordable finance and business equity. It will work to mitigate and adapt to **risks**, most of all climate change, the biggest threat we face.

9.2 Links with businesses and higher and further education

9.2.1 It will be crucial to strengthen **links with businesses, education and research institutions**. Partners will work with high growth companies and local businesses, to champion collaboration and spread innovation.

9.2.2 Support for sector development, investment and agglomeration underpins the ambition to be a National Centre of Excellence and innovation test bed for advanced technologies and precision engineering.

9.3 Accountable governance

9.3.1 Through our business and governance structure, the voice of business will be at the heart of our priority-setting and decision-making. Equally, partners will be properly accountable to its constituent local communities.

9.4 Shared aspiration for the future

9.4.1 This proposal is the starting point for a new relationship between businesses, local authorities and the Government. It embodies the aspiration of local leaders and the communities they represent to **ensure growth, prosperity and environmental renewal** for the long-term.

⁴² See paragraph 4.2.4