

Oxford Economic Growth Strategy Steering Group

Update on LEP Strategic Plans

Introduction

1. As part of the 2013 Spending Review, the Government announced proposals for strengthening of the role of Local Enterprise Partnerships by introducing the concept of Growth Deals which will be supported by a Single Local Growth Fund. Through Growth Deals Local Enterprise Partnerships can seek freedoms and flexibilities from Government as well as a share of the new Single Local Growth Fund. Growth Deals (and access to the Single Local Growth Fund) will be based on the production of a Strategic Economic Plan.
2. In March 2013 the UK government announced that the European Regional Development Fund (ERDF), European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD) will be combined into the European Structural & Investment Funds Growth Programme for England for 2014-2020. The new European Growth Programme will be a source of investment to encourage enterprise, innovation and skills to boost local economies and long-term growth, and to promote social inclusion and combat poverty. Oxfordshire will receive some €20m (approximately £17m) of funding between 2014 and 2020. Each LEP area is required to produce a Structural and Investment Fund Strategy.
3. Following negotiation of 'City Deals' with the eight largest cities outside London, a further 20 cities, including Oxford, were invited to develop proposals in January 2013.
4. The Government anticipated that a Local Enterprise Partnership's Strategic Economic Plans, City Deals and its European Structural and Investment Funds Strategies will be designed and function as an integrated package. With all three using the same evidence, rationale and contributing to achieving the same vision
5. The Oxfordshire LEP now has:
 - An agreed City Deal
 - A final draft EU Structural Investment Funds Strategy (final Sign off expected in May)
 - A draft Strategic Economic Plan (to be submitted to Government on 31 March)
(Invitations to develop a growth deal will depend on the quality of the SEP).

City Deal

6. The Oxford and Oxfordshire City Deal aims to unleash a new wave of innovation-led growth by maximising the area's world-class assets, such as the universities of Oxford and Oxford Brookes, and "big science" facilities such as those at the Harwell Oxford Campus and Innovation Campus. It acknowledges the region's strong track record of delivering growth and seeks to support those existing, and new, businesses in achieving their full potential. The deal will:

- Invest in an ambitious network of new innovation and incubation centres which will nurture small businesses:
 - The Harwell Innovation Hub: focused on open innovation;
 - The UKAEA Culham Advanced Manufacturing Hub: focused on remote handling technologies;
 - The Oxford BioEscalator: focused on the life sciences sector;
 - The Begbroke Innovation Accelerator: focused on advanced engineering sectors.
- Invest in Growth Hub to help small and medium enterprises to grow through better business support – with a particular focus on supporting innovation.
- Accelerate the delivery of 7,500 homes across the county; and recognise that the provision of quality housing will be fundamental to the delivery of innovation-led growth. (To support this commitment, Oxford & Oxfordshire will propose an ambitious Local Growth Deal, including a request to lift the Housing Revenue Account debt cap);
- Enable three new transport schemes to support developments at the Enterprise Zone, Northern Gateway and the first phase of the “Science Transit” public transport scheme;
- Deliver over 500 new Apprenticeships for young people;
- Provide £95m of local and national public sector investment with a further £550m of investment from housing providers;
- Leverage in nearly £600m of private sector investment through site development, transport infrastructure, skills schemes; and business support services and innovation centres;
- Create 18,600 new jobs and a further 31,400 jobs during the construction phase.

EU Structural Investment Funds Strategy

7. European Structural and Investment Funds are designed to improve economic growth and social wellbeing. The Structural Funds (ERDF and ESF) cover a wide range of activities, all designed to improve economic competitiveness and employment. All Member States receive some form of assistance depending on their relative wealth (compared to the EU average). The programme runs from 2014 until 2020. All funds have to be committed by December 2020 but actual spend can take place until December 2022.
8. Allocations are made to the member state who can then decide how to allocate them to regions - for England the allocations are to Local Enterprise partnership areas based on relative wealth and population. So even though Oxfordshire is classed as a more developed area it still receives a funding allocation, albeit the second lowest of any area

of England at €19.4m (and small allocation from the European Agricultural Fund for Rural Development).

9. The LEP has three key roles in this work to:

- Lead the development of an European Structural and Investment Funds Strategy,
- Consult and engage all interested parties, including rural interest.
- Develop a pipeline of compliant projects which deliver the strategy from late 2014 onwards.

10. The development of the strategy for EU funds is guided by tight regulations that prescribe the themes that and the amount of funds that can be allocated to each theme in the strategy. The themes and financial allocations for Oxfordshire are:

Themactic Objective	Distribution	Investment areas	Allocation within Theme
ERDF	£8,600,000		£1,228,571
Innovation	£3,870,000	Collaborative networking between institutions	£1,430,000
		Commercialisation support	£1,440,000
		Access to finance fund	£1,200,000
SME Competitiveness	£3,010,000	Building growth capacity 50%	£1,400,000
		Fostering entrepreneurial culture	£1,400,000
Low Carbon (20% mandate)	£1,720,000	Building low carbon market	£860,000
		Non domestic LC technologies	£860,000
ICT Climate Change Adaptation Sustainable Transport	0		0
ESF	£8,600,000		£1,228,571

Employment / Labour mobility: Access to employment	£2,580,000	Retraining older workers %	£645,000
		Literacy and numeracy for young people	£645,000
		Gender in-balance in technology sectors	£645,000
		Enhancing pathways for long term unemployed	£645,000
Social inclusion: active inclusion (20% mandated)	£1,720,000	Early intervention to avoid NEET inc work with families	£430,000
		Community Grants scheme	£430,000
		CLLD	£860,000
Education, skills & lifelong learning		Collaborative projects for placements 20%	£860,000
		SME capacity for higher skills placements	£860,000

Strategic Economic Plan

11. The Strategic Economic Plan will be a new multi-year local growth strategy that demonstrates how Local Enterprise Partnerships will deliver growth based on a strong rationale, value for money and partnerships for delivery.
12. The ambition set out in the Strategic Economic Plan builds on the narrative developed as part of the City Deal - that the Oxfordshire economy has the greatest potential of any location in the UK to deliver world leading technology and business innovation building upon our academic research.
13. The overall vision for the Oxfordshire Strategic Economic Plan is:

“By 2030 Oxfordshire will be recognised as a vibrant, sustainable, inclusive world leading economy, driven by innovation, enterprise and research excellence”
14. Initial drafting of the Strategic economic plan is based around four Thematic Objectives built around innovation and quality of life:
 - **Innovative Enterprise** – innovation-led growth is at the heart of our strategy, underpinned by the strength of our University research and development capacity, business collaboration and supply chain potential

- **Innovative Place** – providing both the quality and choice of homes needed to support growth whilst capitalising upon the exceptional quality of life, vibrant economy and dynamic urban and rural communities
- **Innovative People** – delivering specialist and flexible skills at all levels as required by our businesses with full employment and fulfilling jobs
- **Innovative Connectivity** – allowing people to move freely, connect easily and providing the services and facilities needed by a dynamic, growing and dispersed economy.

15. Late in the process it was decided to emphasis the 'Knowledge Spine' concept that was central to the City Deal bid. This brought with it an added geographic dimension focusing on the three growth points identified in the City Deal (Bicester, Oxford and Science Vale). Whilst this allows the strategic issues facing the city to be expressed it did present a challenge in drafting a coherent strategy for the LEP area. The rationale for this geographic focus was to reinforce the Knowledge Spine concept centred on the major economic growth centres: Bicester, Oxford and Science Vale including the Enterprise Zone (Harwell and Milton Park) promoted as part of the City Deal. Indeed many of the interventions put forward in the Strategic Economic Plan are already in the City Deal or are extensions of City Deal activity.

Issues for the City

16. To some extent all the documents produced by the LEP recognise the importance of the City as a key driver of growth for the whole county. It is less clear that the specific barriers to growth and opportunities within the City are fully reflected. This is more of concern for the SEP as it may make it harder for City project to access any government funding that becomes available. For the EUSIF there is a greater level of local determination over the strategic fit of project applications.
17. The City Council is one member of the Steering Group for the City Deal EUSIF and SEP and has been asked to contribute (in a limited role) to the drafting of some aspects of the EUSIF and the SEP. The City Councils approach has been to reflect the themes and priorities outlined in the City's Economic Growth Strategy.
18. There is a concern that the Steering group for the SEP is large and diverse and much of the debate has been around appeasing local tensions rather than focusing on the growth potential of the area.
19. The Single Local Growth fund is a competitive pot and access to it will depend on the strength of the SEP. The Growth fund is not new money: it is the bringing together of a number of exiting funds. It is not clear to what extent the SEP has been developed as bidding tool for the local growth fund or as a genuine strategic plan that aligns all local partners (private and public sector) behind a coherent vision and narrative for growth in the county.