SOUTH EAST MIDLANDS

WHERE INNOVATION FUELS GROWTH

Strategic Economic Plan

SEMLEP

South East Midlands
Local Enterprise Partnership

Foreword:

Our £50billion economy operates at the cutting edge of new technology. Data published this year shows the number of South East Midlands-based businesses engaged in product or service innovation outstrips that of any other area in England.

With an equally strong record in housing, population and employment growth, the question is not whether we'll continue to grow, it's what type of growth we want to pursue.

We have set, and can deliver against, bold ambitions. Pursuing our Mission and achieving our seven strategic priorities as set out in this Strategic Economic Plan will result in a doubling of our GVA by 2050. Yet this is not a case of pursuing growth for growth's sake: we want to improve the living standards of everyone who chooses to live, work and do business in the South East Midlands, whilst preserving the area's outstanding cultural and environmental qualities for the future.

SEMLEP's role is to bring together partners from across the public, private and educational spheres to strengthen economic prosperity for the area, tackle barriers to growth, and ensure that our businesses have the skilled workforce they need.

Created in consultation and in close collaboration with our partners, this strategy provides new evidence of the South East Midlands' strong economic standing and identifies where we can do more to grow businesses, people and places.

It keeps our eyes fixed firmly on the future and lets us maximise opportunities from our position at the core of the Oxford-Milton Keynes-Cambridge Growth Corridor, and our work to help shape and deliver a successful Local Industrial Strategy.

There is no doubt that, as we pursue our ambitions, we do so whilst navigating our way through a period of political and economic uncertainty.

We now need to work collaboratively with our businesses, public sector colleagues and educational institutions to develop a Plan to implement our Strategic Economic Plan and Skills Strategy.

We will continue to work closely with partners and with Government to achieve the best possible economic outcomes, both for the South East Midlands, but also for the wider Growth Corridor, and the country as a whole.

Dr Ann Limb CBE DL

Chair of SEMLEP

Contents:

Executive Summary

The South East Midlands is a £50bn economy that occupies a key strategic position at the nexus of Oxford, Cambridge, London and Birmingham. It has undergone rapid growth in recent years. The number of jobs and enterprises in the area increased by 8% and nearly 20% respectively over the 2010-15 period[1], alongside the establishment of a significant cluster of high-performance technology innovation assets and expertise. The South East Midlands plays an important role in England's housing growth, providing over 6% of the country's new homes in 2016[2], relative to 3.6% of the country's population[3].

This Strategic Economic Plan sets out how we intend to ensure that the South East Midlands economy not only continues to thrive, but contributes even more to the success of UK plc. Development of the Cambridge-Milton Keynes-Oxford Growth Corridor (which includes Northamptonshire), as recognised by the National Infrastructure Commission, has the potential to transform this area of England into a hub of knowledge-intensive industry that can compete on the world stage. To realise this potential, we need to:

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1   2010-2015 period; total employment and VAT and PAYE-registered enterprises. [Sources: BRES & IDBR statistics].
2   DCLG quarterly house-building statistics.
3   ONS LA population estimates; 2015 figure.

- » ensure that strategic pieces of East-West transport infrastructure, and transport connectors into them, are built;

- » have world-class broadband and wireless networks in place to respond to rapidly changing business needs and capabilities;

- » put current and future employer needs at the heart of skills development; and

- » deliver sufficient homes to meet the housing needs of our ever-growing population.

As an area with global reach and greater global ambitions, we must, as well as ensuring our own businesses, places and workforce are fit for purpose, look outwards to grasp the challenges and opportunities presented in other parts of the UK and through international competition and markets. We will respond to the political and economic uncertainties around Brexit by supporting our businesses to explore new trading opportunities, and by more actively promoting the advantages and opportunities of our area to prospective investors.

This Strategic Economic Plan has productivity-led growth at its core. It sets out seven priorities for the South East Midlands, mapped across three core themes: Growing Business; Growing People; and Growing Places.

The plan provides the rationale for choosing these priorities, sets out how we will work with others to take action to meet them, and explains how SEMLEP's £265m of Local Growth Fund investment will contribute.

We believe that pursuing these priorities will allow the South East Midlands to **build on its reputation as a premier location for growth, innovation, creativity and world-leading technologies, which will result in a doubling of the area's GVA by 2050.**

1.1 Our Priorities

GROWING BUSINESS

1. To use our strengths in high-performance technology, including Next Generation Transport, and across sectors more broadly, to deliver commercialisation of innovation, driving growth within the Cambridge-MK-Oxford Corridor.

The South East Midlands is already a major player in high-performance technology, with relevant assets including the Silverstone circuit and technology cluster, Nissan's European Technical Centre and the Aerospace Technology Institute at Cranfield, and the Transport Systems Catapult in Milton Keynes. In addition to this cluster of expertise, the area also has the unique strength of being the test bed for many new and emerging technologies, thanks to facilities such as Millbrook Proving Ground and 'UK Autodrive' in Milton Keynes[4], and the SEMLEP-supported MUEAVI project[5], which is creating a mile of new road to test autonomous vehicles.

For the Cambridge-Milton Keynes-Oxford Growth Corridor, the South East Midlands will be the 'commercialisation core' of the Corridor, in part because of our central geographical location and strong logistics networks, but primarily because of our proven track record in turning innovations and technological developments into business activity. In this regard, from 2010/11-2012/13, Higher Education Institutions in the South East received 79% of their contract research income from large businesses, which is nearly 2.5 times the share for England as a whole.

2. To deliver increased levels of private sector investment, including Foreign Direct Investment into the area, and grow jobs by 10% by 2025.

The South East Midlands is already an excellent place in which to set up a business: not only has it had a higher than national business birth rate since 2010[6]; it has also outperformed national business survival rates[7]. We want to build on this success, with the area's two Growth Hubs – Velocity and Northamptonshire Growth Hub – aiming to engage with over 6,000 businesses during 2017/18, and taking on a new strand of activity that will focus on supporting businesses to scale up.

In 2016/17, there was a total of 59 successful FDI projects in the South East Midlands.[8] If we want to continue to attract overseas investment while simultaneously navigating the Brexit process, we need to do more to promote the South East Midlands, and the wider Growth Corridor, to prospective investors, and ensure that sufficient and suitable employment land and premises are made available.

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4   UK Autodrive is the UK's most comprehensive trialling of self-driving vehicles on public roads and pedestrian areas.

5   MUEAVI = Multi-User Environment for Autonomous Vehicle Innovation.

6   The business birth rate for the area increased from 10% in 2010 to 15% in 2015. [Source: IDBR statistics].

7   For example, the 1-year, 2-year and 3-year survival rates of businesses born in the South East Midlands in 2012 were 93%, 76% and 61% respectively (versus 91%, 74% and 59% for England). [Source: IDBR statistics].

8   Source: DIT.

3. To deliver greater trading activity between companies in our area and elsewhere, with a special emphasis on emerging global markets, but also working to retain good European links.

The South East Midlands has been responsible for around £6bn of goods exports per annum[9], and around £5bn of service exports.[10] However, given that nearly 60% of our goods exports go to EU countries, there are clearly challenges ahead. We intend to address these by working with the Department for International Trade and other partners to promote the merits of exporting, help business to access relevant funding streams, and encourage our businesses to explore new markets. In particular, we think there are significant opportunities for greater trade with emerging global markets.

GROWING PEOPLE

4. To deliver an integrated and employer-led approach to skills attainment to ensure that our population is aware of, and has the attributes and competencies required for, a modern, competitive economy.

This will comprise all pathways including delivery of 170,000 apprenticeships in the decade to 2025/26 and opportunities for up-skilling, re-skilling and re-engagement.

With a dynamic economy some South East Midlands businesses are already reporting difficulties in finding employees with the skills that they need. We want to change this by delivering an employer-led approach to skills development, provision and labour market information, producing a talent pipeline which will involve effective and ongoing engagement between businesses and educators, and enable excellent responsiveness to sectoral and technological change. Our activity will focus on being proactive, with guidance from primary education through to relevant training and pathways, including technical qualifications and apprenticeships. In addition, we want to increase the proportion of the local labour market that is active, by supporting vulnerable groups and potential work returnees to overcome employment barriers and by providing lifelong opportunities for up-skilling and re-skilling.

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9   HMRC statistics, 2015.
10   HMRC statistics, 2014.

GROWING PLACES

5. To deliver sufficient new homes – with 130,000 planned in the decade to 2025/26 – to meet the needs of our growing population, with an emphasis on accelerating the completion of units with planning consent.

Local authorities in the South East Midlands plan to deliver around 130,000 homes over the 2016/17-2025/26 period[11], which is sufficient to meet both projected household growth and housing need[12]. This will make a major contribution to the Government's ambitions for national housing growth. Many authorities are also in the process of setting out ambitious housing and employment plans over the longer term, including Garden Community proposals, and the potential for significant growth at a number of strategic locations on, or close to, the potential routes of East-West Rail and the Oxford-Cambridge Expressway.

However, as is the case elsewhere in the country, plans are not always translating into delivery. We will focus on measures to accelerate the completion of units with planning consent, including tackling barriers to development presented by insufficient upfront funding and challenges around energy/ utilities provision.

6. To deliver the infrastructure needed to achieve our full growth potential, including East-West Rail and the Expressway, and much-improved Broadband and wireless connections.

Improving East-West transport links between Oxford and Cambridge across the South East Midlands could deliver significant agglomeration benefits and lead to a step change in UK economic growth. The National Infrastructure Commission has described East-West Rail and the Oxford-Cambridge Expressway as "once-in-a-generation investments that will deliver substantial national benefits"[13]. The Government has committed £137m to support the development and delivery of these projects. The challenge for us now is to capitalise on this momentum and ensure that these transport links – and other important East-West connections, such as A14 improvements – are realised, and that their benefits are felt across the whole Corridor. We are working to establish a Sub-Regional Transport Board to address transport co-ordination issues, and are also seeking to strengthen joint governance and strategic decision-making across the Corridor more broadly. This will include working together to improve digital and mobile infrastructure, and to support the commercial rollout of new technologies.

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11 Locally collated figures.

12 This is the case for both the pre-Sept 2017 measure of objectively assessed need, and also the Government's newly-proposed (as of Sept 2017) measure of housing need. Chapter 5 provides more detail.

13 National Infrastructure Commission, (2016), Cambridge-Milton Keynes-Oxford Corridor: Interim Report

CROSS-CUTTING

7. **To ensure that this growth is undertaken in a manner that promotes social inclusion and environmental sustainability.**

This Strategic Economic Plan is all about boosting productivity and growth, but as a means to improve long-term living standards rather than as an end in itself. It is crucial that growth is undertaken in a manner that preserves environmental quality and which doesn't leave people or communities behind. We want the South East Midlands to be one of the best places in the country to live and work, not just today, but for many years to come.

Overview:

South East Midlands:
Where Innovation Fuels Growth

2.1   Our Mission

Our MISSION is to build on our reputation as a premier location for growth, innovation, creativity and world-leading technologies, resulting in the doubling of GVA by 2050.

To achieve our mission, our objectives are set out across three priority themes, all underpinned by a commitment to social inclusion, equality and environmental sustainability:

GROWING BUSINESS

1.   To use our strengths in high-performance technology, including Next Generation Transport, to deliver commercialisation of innovation, driving growth within the Cambridge-Milton Keynes-Oxford Growth Corridor.

2.   To deliver increased levels of private sector investment, including Foreign Direct Investment into the area, and grow jobs by 10% by 2025.

3.   To deliver greater trading activity between companies in our area and elsewhere, with a special emphasis on emerging global markets, but also working to retain good European links.

GROWING PEOPLE

4. To deliver an integrated and employer-led approach to skills attainment to ensure that our population is aware of, and has the attributes and competencies required for, a modern, competitive economy.

   This will comprise all pathways including delivery of 170,000 apprenticeships in the decade to 2025/26 and opportunities for up-skilling, re-skilling and re-engagement.

GROWING PLACES

5. To deliver sufficient new homes – with 130,000 planned in the decade to 2025/26 – to meet the needs of our growing population, with an emphasis on accelerating the completion of units with planning consent.

6. To deliver the infrastructure needed to achieve our full growth potential, including East-West Rail and the Expressway, and much-improved Broadband and wireless connections.

CROSS-CUTTING

7. To ensure that this growth is undertaken in a manner that promotes social inclusion and environmental sustainability.

2.2 Our Geography

2.2.1 The South East Midlands occupies a strategically important position at the nexus of Oxford, Cambridge, London and Birmingham.

2.2.2 It has excellent North-South links, including the M1, M40 and A1(M) and major rail routes (including the Midland, West Coast and East Coast Mainlines). The area also benefits from international connectivity through London Luton airport, rail links to Gatwick airport and St Pancras international rail services, and proximity to both London Heathrow and London Stansted airports.
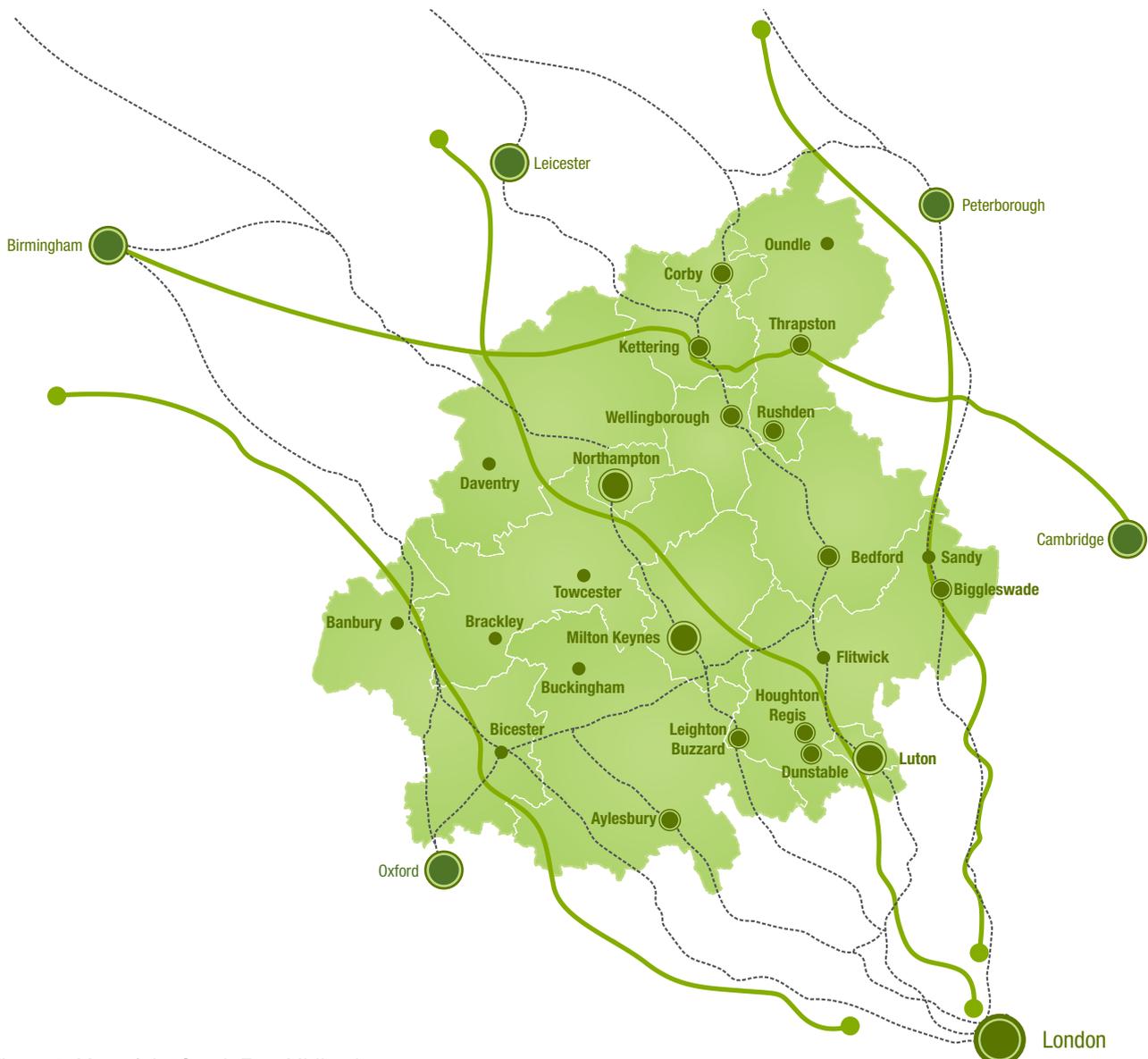
Figure 1: Map of the South East Midlands

2.2.3 The South East Midlands covers 14 local authorities, as follows:

    a.   Four Unitary Authorities: Bedford Borough Council; Central Bedfordshire Council; Luton Borough Council and Milton Keynes Council.

    b.   Nine District Councils: Aylesbury Vale District Council; Cherwell District Council; Corby Borough Council; Daventry District Council; East Northamptonshire District Council; Kettering Borough Council; Northampton Borough Council; South Northamptonshire District Council and Wellingborough Borough Council.

    c.   Northamptonshire County Council.

2.2.4 It is home to a network of larger urban areas such as Luton, Bedford, Northampton, Milton Keynes and Aylesbury, interspersed with high-quality natural environment such as the Nene Valley and a number of attractive market towns including Banbury, Bicester, Towcester, Kettering and Ampthill.

2.2.5 On 1 April 2017, the Northamptonshire Enterprise Partnership (NEP) merged with the South East Midlands Local Enterprise Partnership (SEMLEP) to form a single Local Enterprise Partnership, SEMLEP, for the whole of the South East Midlands area. This merger creates efficiencies and provides greater clarity for businesses, government and other stakeholders over strategic economic priorities and governance for the area.

2.2.6 SEMLEP works closely with its neighbouring and other nearby Local Enterprise Partnerships (LEPs). Aylesbury Vale and Cherwell District Councils are part of SEMLEP and also part of, respectively, Bucks Thames Valley LEP and Oxfordshire LEP, so close working arrangements with these two LEPs are critical. In addition, SEMLEP works frequently with Hertfordshire LEP and Greater Cambridge Greater Peterborough LEP, on strategic issues across the wider South East.

2.2.7 SEMLEP and its local partners also work closely with other bodies across the Cambridge-Milton Keynes-Oxford Growth Corridor to help ensure that the potential of the corridor can be realised. The South East Midlands' position at the core of this corridor means the area is integral to the national vision for the corridor as **"the UK's Silicon Valley – a world renowned centre for science, technology and innovation."**[14] It can also act as a hub for growing productivity more widely, including by bridging the economies of the South East with those of the Midlands.

2.3   Our Economy

2.3.1 The South East Midlands is a high growth economy. Its GVA currently stands at some £50bn, up from c.£45bn in 2010[15]. The area includes highly productive economies. For example, Milton Keynes has the fifth highest GVA per worker of all British cities.[16]

2.3.2 Between 2000-2015, the area's population grew by 16%, from 1.70m to 1.97m, while England's population grew by 11%.[17] This demographic growth is set to continue, with the ONS projecting a South East Midlands' population of 2.42m by 2039, representing a 23% increase from 2015.[18]

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14   NIC, (2016), Cambridge-Milton Keynes-Oxford Corridor: Interim Report

15   2014 figure, taken from ONS GVA statistics. NB: this is an approximate figure, as the ONS statistics only go down to NUTS3 levels.

16   2015 GVA figure, taken from: Centre for Cities, (2017), Cities Outlook 2017

17   ONS population estimates.

18   ONS 2014-based sub-national population projections. England's population is projected to increase by 16% over the same period.

2.3.3   The area plays an important role in providing housing for the nation. Over the 2010/11-2015/16 period, the South East Midlands built 50,000 new homes, accounting for around 6% of the England total[19], and comparing favourably with the aforementioned increase in population in the area.[20]

2.3.4   The South East Midlands is home to a large number of important economic assets, including innovation centres, science parks, enterprise zones, technology clusters and universities and colleges, as reflected in Figure 2. These include the **Aerospace Technology Institute** at Cranfield, the **Transport Systems Catapult** in Milton Keynes, **Millbrook Proving Ground**, the **Silverstone Technology Cluster** and three Enterprise Zones (EZs): **Aylesbury Vale EZ**, **Luton Airport EZ** and **Northampton Waterside EZ**. Businesses, through development of skills and research, are supported by further and higher education establishments such as **Cranfield University**, one of the top five

UK universities for commercial research income[21]; **The Open University**, the world's first successful distance teaching university; and **The University of Buckingham**, an independent university recognised for the first undergraduate venture creation programme in the world.

2.3.5   Such assets are important not only in their own right, but also in terms of the collective offering that they represent. The cross-fertilisation of ideas and activity between these institutions helps to stimulate innovation and growth across the area and beyond.

2.3.6   In terms of key sectors, the area is currently especially strong[22] in **High Performance Technology**, including **Connected and Autonomous Vehicles** and **Next Generation Transport** more broadly; **Manufacturing and Advanced Technology** (particularly with regards to **Food and Drink**, and **Footwear**); **Logistics**; and the **Creative and Cultural** sector.[23]

**£50bn GVA
2m population**
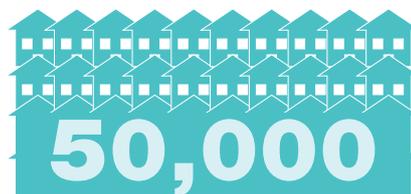
50,000   **new homes
6% of total
for England**

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19   Locally-collated house-building figures and DCLG annual housing supply figures.

20   The increase in homes compares favourably with the increase in population, given the shorter timescale for the homes figure and the fact that the average household size in England remains at c.2.4 people per household [ONS Labour Force Statistics, 2016].

21   https://www.topuniversities.com/universities/cranfield-university

22   In terms of in terms of wide-reaching supply chains, location quotients, historic growth, and the capability and assets for rapid future growth.

23   More detail on these can be found in Chapter 3.

Figure 2: Key assets in the South East Midlands
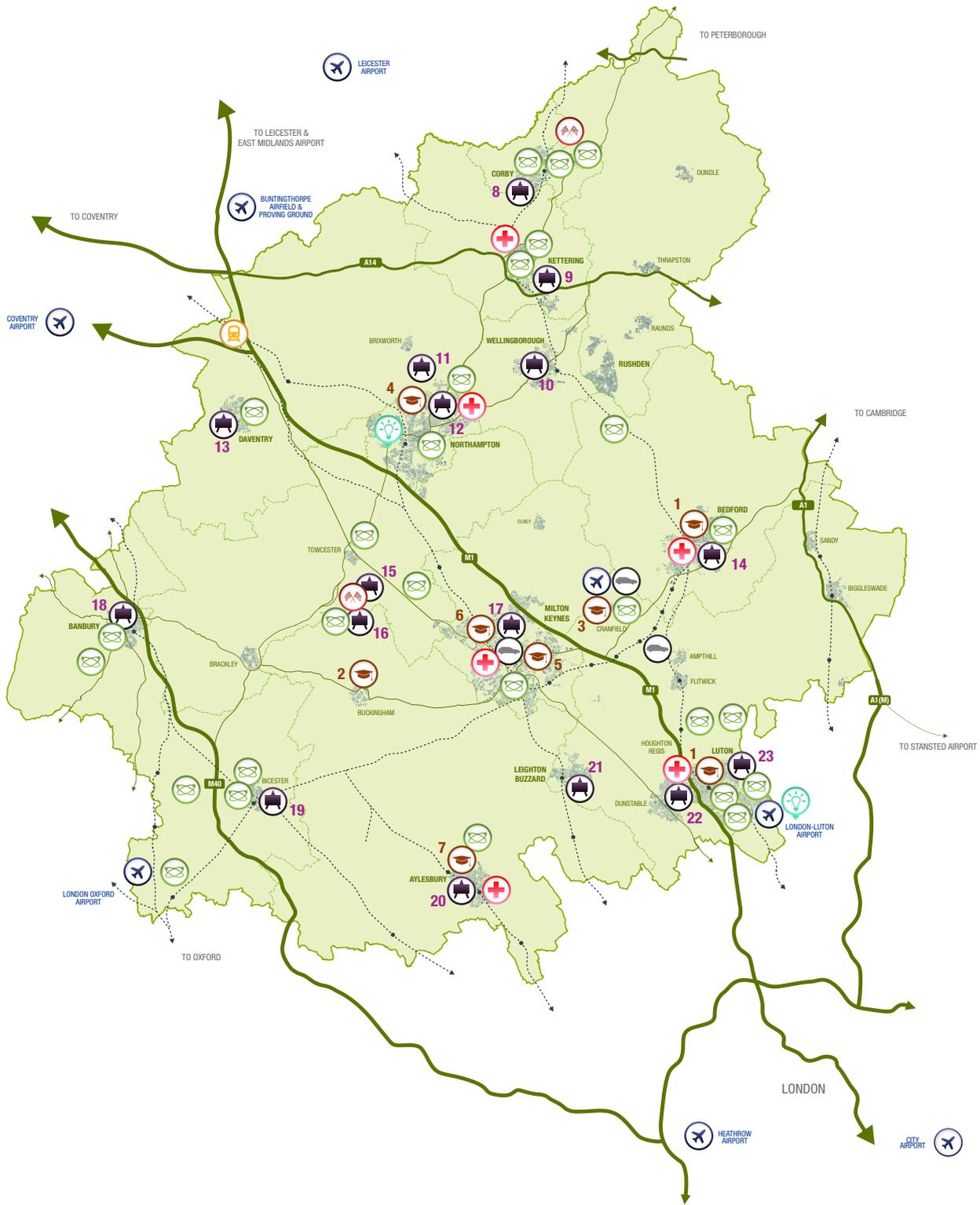
KEY

- SEMLEP Area
- Local Authorities
- Towns within SEMLEP
- Main Rail Routes
- Motorways
- Major A Roads
- Other A Roads

- Airports
- Hospitals
- Science/Technology/Business Hubs
- Enterprise Zone
- Motorsport
- Next Generation Vehicle Assets
- Rail Freight Terminal

Universities
1. University of Bedfordshire
2. University of Buckingham
3. Cranfield University
4. University of Northampton
5. Open University
6. University Campus Milton Keynes
7. University Campus Aylesbury Vale

Colleges
8. Tresham College, Corby Campus
9. Tresham College, Kettering Campus
10. Tresham College, Wellingborough Campus
11. Moulton College
12. Northampton College
13. Northampton College, Daventry Campus
14. Bedford College
15. Silverstone UTC
16. National College of Motorsport
17. Milton Keynes College
18. Banbury & Bicester College, Banbury Campus
19. Banbury & Bicester College, Bicester Campus
20. Aylesbury College
21. Central Bedfordshire College, Leighton Buzzard Campus
22. Central Bedfordshire College, Dunstable Campus
23. Barnfield College

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2.3.7 The South East Midlands has a number of excellent cultural assets. Visitor attractions include Woburn Abbey, Whipsnade Zoo, Waddesdon Manor, Wrest Park, Althorp House, Bicester Village, Rockingham Castle and Stowe House and Landscape Gardens, as well as Bletchley Park, the birthplace of computing and the site of the WW11 codebreakers. In addition, there are arts organisations such as Aylesbury Waterside Theatre, The Stables and the Milton Keynes Theatre and Gallery, and a range of elite sporting activities, with football clubs such as Luton Town FC and Northampton Town FC, rugby at Northampton Saints RFC and Bedford Blues RFC, motorsport at Silverstone and Rockingham Motor Speedway, and horseracing at Towcester. Milton Keynes is home to Badminton England and Table Tennis England and also hosts major sporting events at stadium:mk.[24]

2.3.8 Alongside these attractions, the South East Midlands offers a plethora of scenic rivers, waterways and canal networks, country parks, gardens, landscapes and historic town centres, which play a key role in providing quality of life for residents. Four Local Nature Partnerships operate locally. There are also long-distance walks in the South East Midlands such as the Greensand Ridge Walk[25], and The Chilterns Area of Outstanding Natural Beauty is located in the south-east of the area.[26]

2.4 Our Growth Strategy

2.4.1 The Government is clear that long-term growth is fundamentally reliant upon productivity growth. HM Treasury writes that: **"Growth comes either from more employment, or higher productivity. We have been exceptionally successful in recent times in growing employment…But now in the work we do across government we need to focus on world-beating productivity, to drive the next phase of our growth and raise living standards."** [27]

2.4.2 Productivity-led growth is at the core of this Strategic Economic Plan for the South East Midlands. All of the included actions contribute to one or more of the five following drivers of productivity:[28]

a. **Innovation:** the successful exploitation of new ideas and ways of working.

b. **Enterprise:** the seizing of new business opportunities by both start-ups and existing firms.

c. **Skills:** the quantity and quality of labour of different types available in an economy.

d. **Investment in Physical Capital:** this includes both direct capital inputs (machinery, broadband etc.) and also infrastructure that facilitates transportation (of goods and people) and the labour force more generally (such as housing).

e. **Competition:** the creation of incentives to innovate and operate enterprises, by putting in place appropriate institutional structures.

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24   For example, three matches of the 2015 Rugby World Cup were held here.
25   The Greensand Ridge Walk is a long-distance walk of 40 miles that crosses Bedfordshire, with brief sections in Cambridgeshire and Buckinghamshire.
26   More information on Local Nature Partnerships, local green and blue infrastructure, and the value of recreation/sports facilities can be found in Chapter 6.
27   HM Treasury, (2015), Fixing the foundations: Creating a more prosperous nation
28   See, for example, ONS, (2007), ONS Productivity Handbook

2.4.3 With the exception of competition [29], SEMLEP and its partners play a direct role in addressing all of the above. When Innovation and Enterprise activities, which naturally sit together [30], are combined, this leads to three main areas of activity to increase productivity:

a. **Growing Business:** activities to boost innovation and enterprise include supporting businesses to start up / grow and find suitable employment premises, fostering research-skills-business links to promote knowledge transfer and the commercialisation of innovative ideas, facilitating trade, and attracting investment.

b. **Growing People:** this is about lifelong development with choices based upon employer-driven labour market information; addressing employer skills and attainment needs; and enabling people into employment and those within employment to progress.

c. **Growing Places:** this is about investing in and ensuring the provision of physical capital. For SEMLEP and its partners, this is about providing transport links, housing, and energy, digital, green and social infrastructure. i.e. all the components that allow places, and the businesses and labour force within them, to function effectively.

2.4.4 These three areas of activity align with Government initiatives and policy statements, including the **Housing White Paper** and the ten pillars set out in the **Government's Industrial Strategy Green Paper**, and will provide a **foundation for the future development of a Local Industrial Strategy.**

» *Productivity-led growth is at the core of this Strategic Economic Plan* «

29   Putting in place appropriate institutional structures and regulatory frameworks is the responsibility of national and international governing bodies; there is not a sub-national role in this regard.

30   The Office for National Statistics (ONS) describes innovation as "the successful exploitation of new ideas" and enterprise as "the seizing of new business opportunities by both start-ups and existing firms." In conjunction, these two factors drive productivity improvements, with the Organisation for Economic Co-operation and Development (OECD) stating that: "it is the application of advances in technology, in conjunction with entrepreneurship and innovative approaches to the creation and delivery of goods and services, which translates scientific and technological advances into more productive economic activity."

2.5 Implementing our Growth Strategy: SEMLEP's Role

2.5.1 Background

2.5.1.1 This Strategic Economic Plan (SEP) sets out future opportunities, challenges and priorities for the South East Midlands as a whole. It involves a wide range of actors from across the South East Midlands and beyond, including investors, businesses, Local Authorities, other public sector bodies, skills providers, other LEPs and the Government. It also sets out the specific role of SEMLEP in driving this plan forward.

2.5.1.2 There are three main roles for SEMLEP:

a. **Setting strategic direction, in conjunction with local and other strategic partners:** the production of this SEP provides a foundation for future activity, but SEMLEP will need to develop and monitor a more detailed implementation plan for the priorities detailed in this Plan. It will also need to horizon scan and keep abreast of economic trends and shocks, changes in government policies, other political developments and technological advancements and, where necessary, work with its partners to refine priority actions accordingly.

b. **Direct intervention to increase growth:** SEMLEP is responsible for securing and overseeing the spend of two main sources of growth funding for the South East Midlands: the Local Growth Fund; and European funding. More detail follows in the next sub-sections of this chapter on each of these.

c. **Facilitation of growth:** SEMLEP has an important role in convening partners from across the South East Midlands to ensure that different aspects of growth are considered in the round over the short and longer term, and that cross-boundary issues are addressed. The latter is especially crucial when it comes to interventions, such as transport connectivity improvements and energy strategy, where costs and/or benefits are realised over a large spatial geography. SEMLEP also has an important role in relaying information and ideas between central and local government and other bodies, particularly when it comes to identifying and tackling barriers to growth, and in providing a collective voice for the South East Midlands to Government and other strategic bodies.

2.5.1.3 This is borne out by the Government's view of the role of LEPs. For example, in a March 2017 speech, the Secretary of State for Communities and Local Government said that: **"We're seeing LEPs thinking beyond the boundaries of their growth deal... The unique nature of a LEP means it can do this across traditional local authority boundaries and across both the public and private sector. And that means it can better reflect the needs of local people and local businesses. I want to see more of this, in any field where LEPs can make a significant, positive difference."** [31]

2.5.2 Local Growth Fund (LGF) Programme

2.5.2.1 There have been three rounds of Local Growth funding, in 2014, 2015 and 2017 respectively. LEPs are responsible for securing this funding and overseeing its spend, in line with project deliverables and outputs.

2.5.2.2 In the South East Midlands, SEMLEP has secured a total of £265m to support 36 projects that grow business/people/places or, more specifically, increase jobs, learner numbers, employment floorspace or homes. Appendix 1 provides some more detail on each of the projects.

» £265m Local Growth Fund to support projects that increase jobs, learner numbers, employment floorspace or homes «

MAHLE Real Emissions Testing Centre

31   https://www.gov.uk/government/speeches/how-leps-can-build-the-local-foundations-for-a-global-britain (March 2017)
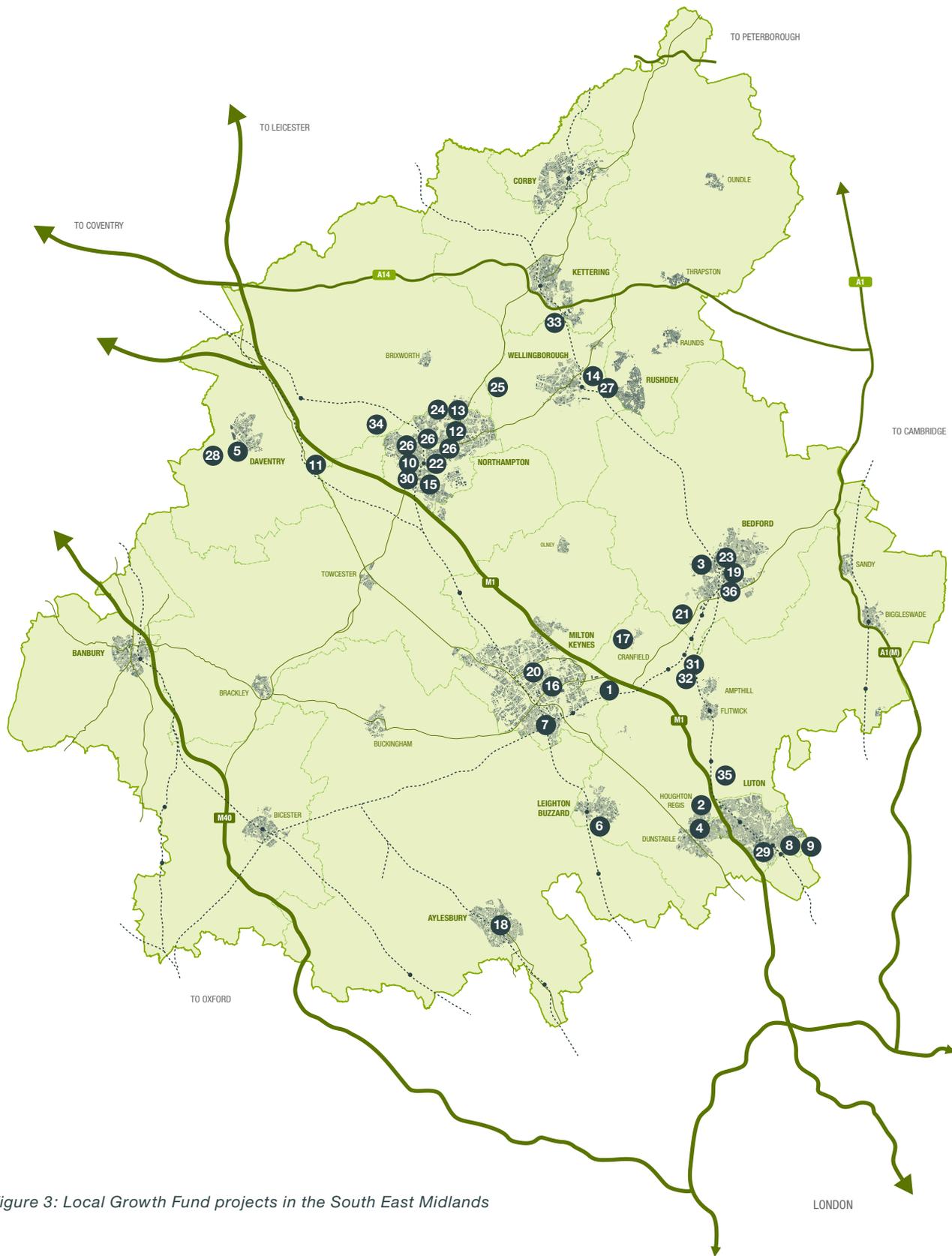
Figure 3: Local Growth Fund projects in the South East Midlands

KEY

SEMLEP Area
Local Authorities
Towns within SEMLEP
Main Rail Routes
Motorways
Major A Roads

Projects

1. A421 Dualling
2. Woodside Link
3. Bedford Western Bypass
4. Smarter Routes to Employment
5. Daventry Campus
6. Engineering and Construction Skills Leighton Buzzard
7. Growing Bletchley Station
8. Improved Highway Access for Luton Airport
9. Improved Surface Access for Luton Airport *
10. St James Mill Road
11. A45 – Daventry Development Link
12. A43 – Phase 1b Northampton to Kettering Improvements
13. A43 – Phase 2 - Northampton to Kettering Improvements

14. Stanton Cross
15. Wootton Hall Park Access Improvements
16. Academic Centre - Milton Keynes Hospital
17. MUEAVI
18. The Exchange, Aylesbury
19. Advanced Engineering Centre, Bedford College
20. MK Gallery
21. I-WORX
22. Vulcan Works
23. Bedford Town Centre
24. Food and Drink Innovation Centre
25. Smart Commuting
26. Smart Corridors

27. Leyland Trading Estate
28. Catesby Aerodynamic Research Facility
29. Luton Hat District Cluster
30. MAHLE Real Driving Emissions Centre
31. Millbrook Wet Grip
32. Millbrook HGV Innovation
33. A509 Wellingborough Development Link *
34. Northampton North West Relief Road *
35. M1-A6 *
36. Bedford Southern Gateway *

* Indicates projects are still subject to due diligence.

2.5.3 European Funding

2.5.3.1 The South East Midlands was allocated £117m[32] from the 2014-20 European Structural Investment Fund (ESIF) Growth Programme. The Growth Programme provides investment to projects that promote growth, jobs and social inclusion.

2.5.3.2 ESIF comprises three different funds:

a. **European Regional Development Fund (ERDF).**

b. **European Social Fund (ESF).**

c. **European Agricultural Fund for Rural Development (EAFRD).**

2.5.3.3 Government departments manage and administer the funds[33]. SEMLEP and its local partners are responsible for developing the ESIF strategy. This identifies local priorities that help to determine where funds are invested. SEMLEP also provides information about the Growth Programme calls for funding applications.

2.5.3.4 As of May 2017, around £64million of the ERDF and ESF allocation was invested in local projects that do one or more of the following: support people back to work; develop workforce skills; help businesses to grow; invest in innovation; or promote a low-carbon economy.[34]

2.5.3.5 With Britain set to exit the European Union in 2019, there is an important role for SEMLEP in working with the Government and local partners to manage the transition away from European funding [35], and help shape the future of the UK Shared Prosperity Fund.

2.6 Structure of the Strategic Economic Plan

2.6.1 The next three chapters of this document set out the priorities and planned actions for growing business, growing people and growing places respectively. The final chapter then covers important cross-cutting themes around social inclusion and equality, the rural economy, and the environment.

2.6.2 Each of these chapters is divided into topical sections, which each contain the following sub-headings:

a. **Background and Achievements:** this sets out why the topic is important for growing business/people/places, and what has been achieved since the 2014 SEMLEP and NEP Strategic Economic Plans were published.

b. **Opportunities and Challenges:** this sets out the relevant obstacles to growing business/people/places, and what the South East Midlands is doing or intends to do to overcome these.

c. **SEMLEP's Role:** this sets out the specific role of the LEP, as opposed to actors in the South East Midlands more broadly, in realising the growth of business/people/places and, by so doing, raising the area's productivity.

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32   The sterling value may change depending on exchange rate fluctuations.
33   ERDF is managed by DCLG, ESF by DWP, and EAFRD by DEFRA.
34   Some of these projects are referenced in the relevant section of this document, while detail of other projects can be found on the SEMLEP website, at http://www.semlep.com/esif/
35   The Government has guaranteed funding for all projects which have a signed contract before the UK exits the European Union in March 2019.

Growing business:

Priorities

1. **To use our strengths in high-performance technology, including Next Generation Transport, to deliver commercialisation of innovation, driving growth within the Cambridge-MK-Oxford Corridor.**

2. **To deliver increased levels of private sector investment, including Foreign Direct Investment into the area, and grow jobs by 10% by 2025.**

3. **To deliver greater trading activity between companies in our area and elsewhere, with a special emphasis on emerging global markets, but also working to retain good European links.**

3.1 Introduction

3.1.1 The South East Midlands has a proven track record not only in innovation, but also in turning innovations and technological developments into business activity. This record, coupled with our central geographical location and strong logistics networks[36], means that our key role within the Cambridge-Milton Keynes-Oxford Growth Corridor is one of commercialisation of ideas into products and, consequently, growth.

3.1.2 This chapter provides some context around the South East Midlands' innovation and industrial sector strengths, and the future growth opportunities that these offer. It goes on to explore the role of specific interventions – around fostering innovation, stimulating the supply of employment land, attracting investment and providing direct support to businesses – in facilitating business growth and market resilience and increasing productivity.

36 See the 'Growing Places' chapter for more details of the area's strategic location and transport networks.

3.2 Innovation and Showcase Sectors

3.2.1 Background and Achievements

3.2.1.1 The South East Midlands has a high concentration of innovation assets, as highlighted in Figure 2, including innovation centres, science parks, enterprise zones, technology clusters and universities/ colleges.

3.2.1.2 This has contributed to the South East Midlands becoming the most innovative LEP area in the country, as measured by the percentage of firms engaged in product or service innovation (see Figure 4).

» *The South East Midlands is the most innovative LEP area in the country* «

Figure 4: Mid-point estimates and 95 per cent confidence intervals for the percentage of firms engaged in product or service innovation, 2012-14 [37]

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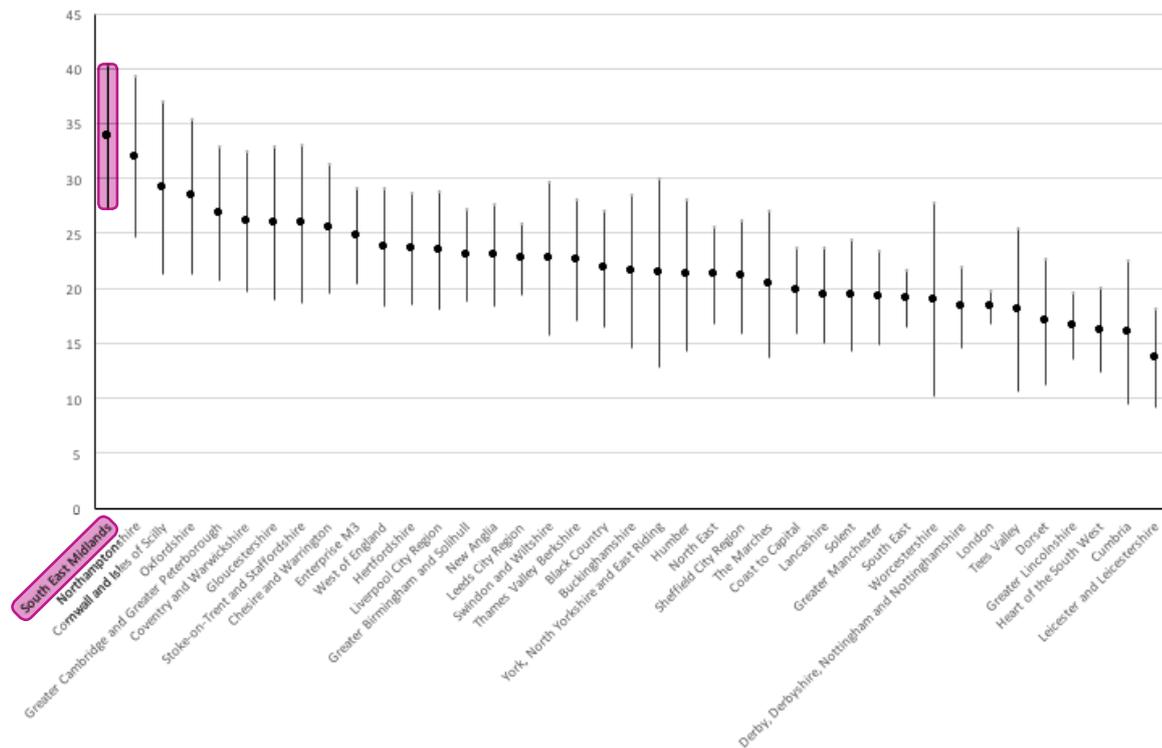
[37]   Enterprise Research Centre, (2017), Benchmarking local innovation – the innovation geography of England:2017. NB: this analysis was based on the old LEP categories, but the two highest-scoring LEPs are the SE Midlands and Northamptonshire (i.e. the constituent parts of the current SEMLEP geography).

3.2.1.3 The Enterprise Research Centre states that there is a: **"concentration of relatively high levels of product and service innovation and new-to-the market innovation in an arc of local economic areas in the South and East Midlands and along the M4 corridor. Albeit with some variation, these areas are characterised by high proportions of innovating firms, a high incidence of new-to-the-market innovation, and relatively high levels of revenue from innovation."** [38]

3.2.1.4 With regard to this last point, there are strong links in the South East Midlands between Universities and large companies. A BEIS report on innovation finds that Higher Education Institutes in the area received 79% of their contract research income from large businesses (nearly 2.5 times the share for England as a whole) [39].

3.2.1.5 Cranfield is among the top five UK universities for commercial research income [40], and has relationships with over 1,500 businesses and organisations around the world.

3.2.1.6 The South East Midlands has identified a number of 'showcase sectors' where the area has particular strengths in terms of wide-reaching supply chains, historic growth, and the capability and assets for rapid future growth. These are:

a. High Performance Technology, including 'Next Generation Transport' (NGT);

b. Manufacturing and Advanced Technology, including Food and Drink;

c. Logistics; and

d. Arts, Heritage, Sports, Visitor Economy, Cultural and Creative Industries (henceforth referred to as the 'Creative and Cultural sector').

3.2.1.7 Figure 5 shows that the national Location Quotients [41] for three of the area's 'showcase sectors' are above one, and increasing.[42] Although the Location Quotient for the area's Creative and Cultural sector is not so pronounced, this is set against very sharp growth in the sector for England as a whole. [43]

3.2.1.8 Further information on each of the South East Midlands' 'showcase sectors' is provided in Figure 6.

3.2.1.9 The South East Midlands' 'showcase sectors' are aligned with the Government's Industrial Strategy, which highlighted the importance of low emission vehicles, industrial digitalisation and the creative industries to future growth.[44] They also fit with the Government's subsequent announcements around Industrial Strategy Challenge Fund investments, whereby funding has been pledged toward, among other sectors/sub-sectors, the electrification of vehicles, driverless cars, and advanced manufacturing. [45]

38 Enterprise Research Centre, (2017), Benchmarking local innovation – the innovation geography of England:2017

39 BEIS, (2015), Mapping Local Comparative Advantages in Innovation. Annual average 2010/11-2012/13.

40 https://www.topuniversities.com/universities/cranfield-university.

41 A location quotient (LQ) is a measure of the relative concentration of a specific economic activity within a place. An LQ of 1 denotes a concentration equal to the reference area (England in this case) while an LQ value greater than 1 signifies a greater concentration than that of the reference area. We do not have global LQ data, so these figures don't tell us anything about the strength of the South East Midlands' showcase sectors relative to the global marketplace.

42 Location Quotients derived from SEMLEP analysis of figures from the ONS Business Register and Employment Survey (BRES).

43 Over the 2009-2014 period, employment in the 'Creative and Cultural' sector in England grew by 12%.

44 HM Government, (2017), Building Our Industrial Strategy.

45 https://www.gov.uk/government/news/business-secretary-announces-industrial-strategy-challenge-fund-investments.

Figure 5: Employment Location Quotients of 'Showcase Sectors' in the SE Midlands, 2009 and 2014
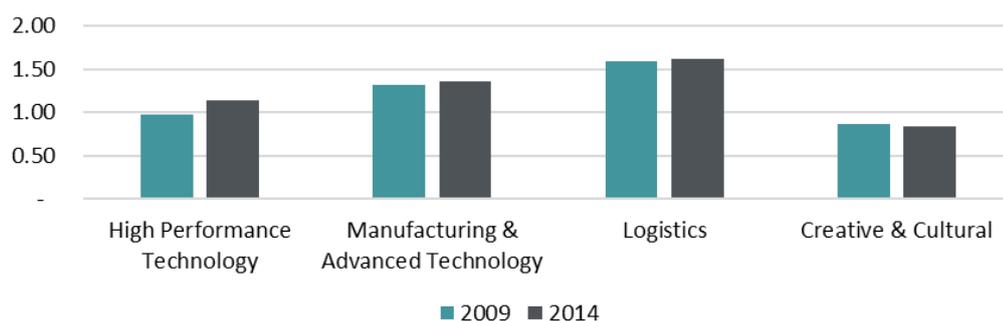

Figure 6: Summary of the South East Midlands' 'Showcase Sectors'

Project name	High Performance Technology	Manufacturing & Advanced Technology	Logistics	Creative & Cultural
Includes	Aerospace Automotive Electronics Low emissions technologies Motorsport Next Generation Transport (NGT) Precision engineering	Food and Drink Footwear Material and prototype testing	Freight transport Warehousing and storage Wholesale of goods	Advertising and marketing Arts Design Digital Film, TV, etc. Publishing Sport Tourism/ Visitor economy
Employment Growth in SE Midlands (2009-14)	25%	5%	7%	10%
Employment Growth in England (2009-14)	6%	1%	3%	12%
Relevant Clusters/ Enterprise Zones/ other key sites in the SE Midlands:	Cranfield: Aerospace Integration Research Centre , Aerospace Technology Institute. Luton Airport Enterprise Zone: aerospace businesses and advanced engineering. Northampton Waterside Enterprise Zone: automotive. Silverstone Technology Cluster: engineering, innovation and business development. Westcott Venture Park: space propulsion.	Aylesbury Woodlands site of the Aylesbury Vale Enterprise Zone: agri-food and human health. Colworth Park: home to Unilever's Global Development Centre and R&D. Food Enterprise Zone in Central Beds and Northamptonshire Food & Drink cluster. Footwear industry cluster in Northamptonshire.	Daventry International Rail Freight Terminal (DIRFT): a nationally-important rail freight distribution centre. Magna Park: a major distribution centre between junctions 13 and 14 of M1. Midlands Logistics Park: its location on the A14 in Corby allows access to both the East Coast Ports, and the Midlands/ South East markets. Proposals for four new rail freight hubs.	Milton Keynes: second highest proportion of SMEs in the high-tech and digital sectors. MK:Smart Initiative (led by The Open University in partnership with BT and Milton Keynes Council): an internationally prominent Smart City programme. Nene Valley.
Examples of relevant businesses located in the SE Midlands:	Cosworth GE Precision Engineering Lockheed Martin Mahle Powertrain Millbrook Nissan Prodrive	Food and Drink: Arla, Alpro, Brioche Pasquier, Carlsberg, Charles Wells, Jordans, Mondelez, Ryvita, Unilever, Weetabix. Footwear: Cheaney, Church's, Jeffrey West, John Lobb, SATRA, Stamp and Chancery.	Distribution Centres for: AG Barr, Booker, Coca Cola, John Lewis, Primark, River Island, Sainsbury's, Waitrose. Wholesalers: Bedford Continental, Medallion Foods, Jungheinrich, Cinram, RS Components	[Visitor and sporting attractions set out in Chapter 2]

3.2.2 Opportunities and Challenges

3.2.2.1 While links between Universities and large companies are strong, the relationship between Universities and small and medium enterprises (SMEs) is weaker. The SEMLEP 2017 Business Survey finds that only 8% of businesses had any links with universities or colleges for research and development purposes[46]. A BEIS innovation report found that Higher Education Institutes in the South East Midlands received 9% of their contract research income from SMEs.[47]

3.2.2.2 The success of future links between research and commercialisation is contingent upon universities' abilities to attract graduates and postgraduates of the highest calibre and to be able to retain those people long term to work for the businesses/ sectors that offer success in the future.

3.2.2.3 Some South East Midlands businesses report difficulties in finding employees with the skills that they need. In the 2017 SEMLEP Business Survey, 26% of businesses with vacancies said they had experienced problems in obtaining employees with 'job specific skills', while 14% identified 'technical/practical skills' as an issue.[48]

3.2.2.4 We want to change this by delivering an employer-led approach to skills development provision and labour market information, producing a talent pipeline which will involve effective and ongoing engagement between businesses and educators and enable excellent responsiveness to sectoral and technological change. This work will build on existing networks and projects, including the South East Midlands Universities (SEMU) and Further Education South East Midlands (FuSE) working groups, and Central Bedfordshire Council's Innovation Bridge project, which offers the support of a university academic to SMEs to develop an innovation action plan. It will also encompass new projects, such as Milton Keynes' proposal for a new, technology-focused university in the city. More detail on our employer-led approach to skills development can be found in Chapter 4.

3.2.2.5 The rest of this section sets out some of the evidence around the significant growth potential of the South East Midlands' 'showcase sectors', while also noting the potential future growth contributions from combinatorial innovation and new technologies. It is important that our support for the 'showcase sectors' does not prevent other sectors from growing and/or increasing in prominence.

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46 SEMLEP 2017 Business Survey
47 BEIS, (2015), Mapping Local Comparative Advantages in Innovation. Annual average 2010/11-2012/13. NB: the 9% figure, while low compared to the large companies figure, is high relative to the England SME contract research figure (3%).
48 SEMLEP 2017 Business Survey.

High Performance Technology (HPT)

3.2.2.6 The South East Midlands is at the forefront of Next Generation Transport (NGT) developments. We have significant sector assets in this area including the Silverstone circuit and technology cluster, Nissan's European Technical Centre, Cranfield University's Aerospace Technology Institute, the Transport Systems Catapult in Milton Keynes, and the vehicle testing facilities at Millbrook. New assets are emerging in Daventry and Northampton with Local Growth Funding to support cutting-edge automotive testing. This cluster of expertise and assets, along with a very highly-rated supply chain [49], and ongoing partnership working between the relevant bodies, provides huge growth potential, both within the NGT sector, and beyond.

3.2.2.7 With regard to within-sector growth, the economic and social benefit of connected and autonomous vehicles (CAV) could be in the region of £51bn per annum by 2030.[50] For cross-sector growth, an SQW report into the Silverstone-based high-performance technology cluster stated that:

"In taking this [cleaner/greener, low carbon and energy efficient products and solutions] fully into the mainstream – of automotive, aerospace, marine, defence, medical devices, sensors, etc. – the potential is vast." [51]

3.2.2.8 Given this growth potential, we are supporting a number of innovative high-impact projects with Local Growth Fund (LGF) monies, as set out in Figure 7.

» *The South East Midlands is at the forefront of Next Generation Transport* «

Figure 7: Local Growth Fund Next Generation Transport projects

Project name	Location	Overview
Multi User Environment Autonomous Vehicle Innovation	Cranfield University campus, Central Bedfordshire	The project is developing a control tower and one mile of road for real life autonomous vehicle testing to explore technology and research the wider needs and impacts of autonomous vehicles.
Catesby Aerodynamic Research Facility	Daventry	This project aims to give the UK a competitive advantage in vehicle testing and technology by creating an enclosed test track using a former rail tunnel.
MAHLE Real Driving Emissions Centre	Northampton	This new unique R&D vehicle test chamber will offer 4WD testing facilities for real driving conditions to be compliant with new legislation, creating new jobs and business in the Enterprise Zone.
Millbrook Wet Grip	Central Bedfordshire	This project involves constructing a UK-unique test facility for the development, validation and certification of automotive tyres in respect of their wet handling and braking behaviour.

49 In the 2017 Business Survey, 92% of businesses in the motor trades gave a positive rating (4 or 5 out of 5) to the quality of the local supply chain.

50 KPMG, (2015), Connected and Autonomous Vehicles – The UK Economic Opportunity

51 SQW, (2016), The Evolution of the High Performance Technology and Motorsport Cluster

3.2.2.9 Our HPT and NGT strengths go beyond assets and expertise to include our USP as a test bed for these new technologies. The SEMLEP-supported **MUEAVI** [52] project at Cranfield is creating a mile of new road to test autonomous vehicles. The **UK Autodrive** project in Milton Keynes is a world first in demonstrating a new form of public transport within a shared urban space.[53] Milton Keynes is also globally renowned for its **Smart City** expertise and has the UK's most advanced infrastructure for electric vehicle charging. Northampton is creating a direct and dedicated 2.5km route for fully autonomous vehicles between its town centre, Enterprise Zone, new University Campus and the Brackmills Business Park.

3.2.2.10 There is a strong role for the South East Midlands not just in fuelling growth through the development and commercialisation of NGT technologies, but crucially in shaping the debate on the impact of these technologies on future land use and urban design, including as part of the Government's future plans for a CAV testing ecosystem.[54]

3.2.2.11 The South East Midlands HPT group is working to ensure that the future needs of the High Performance Technology sector can be met, with a particular focus upon the pipeline of HPT skills, and attracting inward investment.

Multi-use environment autonomous vehicle innovation (MUEAVI)

52   MUEAVI = Multi-User Environment for Autonomous Vehicle Innovation.
53   The project will deploy both autonomous cars and an autonomous level 5 PT systems (PODS) in early 2018.
54   https://www.gov.uk/government/publications/funding-competition-connected-and-autonomous-vehicles-test-bed/competition-brief-connected-and-autonomous-vehicles-test-bed

Manufacturing and Advanced Technology (MAT)

3.2.2.12 The South East Midlands MAT group seeks to increase the number of net jobs and investment in the sector. Revenue in the global packaged food market is expected to reach $3.03tn by 2020 [55] and, with the Wellingborough-based British Footwear Association identifying high-end designer fashion growth markets in China and South Korea, there is significant growth potential.

3.2.2.13 However, to make the most of this potential, we need to ensure that the relevant skills are available to employers. SEMLEP has awarded LGF monies to support the opening of a **Food and Drink Innovation Centre** at Moulton College. This will incorporate up-to-date facilities and technology to deliver high quality skills development. The **FEAST project** has secured ERDF funding to offer a range of services to food and drink manufacturers including grant funding, business mentoring, industry events, technical support and technical apprentices.

3.2.2.14 Brexit and greater automation in the workplace provide both challenges and opportunities for the MAT sector, with the former creating a particularly uncertain future environment for primary producers.[56] The **Food Enterprise Zone** in Central Bedfordshire and **Woodlands site** of the **Aylesbury Vale Enterprise Zone** will help to bring about greater collaboration between food and farming businesses, better links to research and education institutions helping to provide innovation in the sector, and increased workforce specialism and supply chain efficiencies.

Logistics

3.2.2.15 In 2015, economic productivity in the UK logistics sector was estimated at £100bn GVA per annum. The rate of employment growth in the sector (31%) is projected to exceed the national average (20%) between 2013 and 2035. [57]

3.2.2.16 The sector is modernising and employing new technologies to meet rising demand and supply challenges. This is increasing demand for skilled employees in electrical and mechanical engineering, IT and analytics. [58]

55   The Midlands Engine Science and Innovation Audit, (2016)
56   This is discussed in more detail in Chapter 6
57   BPF, (2015), Delivering the Goods: The Economic Impact of the UK Logistics Sector
58   BPF, (2015), Delivering the Goods: The Economic Impact of the UK Logistics Sector

3.2.2.17 The South East Midlands Logistics and Supply Chain group focuses on identifying both the challenges faced by small and large logistics businesses and the interventions required to overcome them - including the need to ensure a supply of higher skills for the sector.

3.2.2.18 Appropriate employment land and transport infrastructure is also critical for this sector. The new Woodside Link Road north of Dunstable, Luton and Houghton Regis – made possible through LGF funding secured by SEMLEP - opened to the public in May 2017. This development, which connects Houghton Regis and the Dunstable industrial estates to the new M1 junction 11a, alongside the construction of the M1 A5 link to Leighton Buzzard, has already led to more than 50 new deals for industrial and distribution units across Dunstable, Houghton Regis and Leighton Buzzard.

3.2.2.19 The work of SEMLEP in enabling the dualling of the A421 west to Milton Keynes supports logistics development, including large footprint logistics development, alongside the key access route from M1 J13. The Daventry Development Link and upgrades to the A14 will bring similar benefits in the North of the region. Meanwhile, construction of 7.8 million sq. ft. of additional warehouse space will take place to the north of the existing Daventry International Rail Freight Terminal (DIRFT) site. [59]

Creative and Cultural Sector

3.2.2.20 The creative industries are worth more than £87.4bn in GVA to the UK [60], and have a strong presence in the South East Midlands. There is the potential to build on this presence further, to establish a creative and cultural hub in the area. Relevant Local Growth Fund (LGF) projects in the pipeline include:

a. **Investment in Luton's Cultural Quarter,** which will contribute significantly to the growth and development of Luton town centre by providing 28,000 sq. ft. of creative business workspace; supporting 133 additional creative and digital industries jobs, and attracting more visits to the cultural quarter.

b. **Development and enhancement of Milton Keynes Gallery,** relaunching in 2019 with the aim of increasing annual audience numbers to the gallery to 70,000, and enabling major shows to be attracted.

59   GVA, (2017), South Northamptonshire Logistics Study
60   Creative Industries Federation, (2016), Submission to BEIS Select Committee

3.2.2.21 In addition to capital infrastructure, intellectual infrastructure and support networks are also important. For example, every other year Milton Keynes hosts an International Festival of Arts, and it is bidding for the European Capital of Culture title for 2023. Destination Nene Valley organises an annual festival to promote the creative sector along the Nene Valley between Northampton and Peterborough. The Creative Workspace Network aims to develop collaborative working amongst creative and cultural organisations throughout the South East Midlands in order to overcome the common challenges they face. For example, work by this network has identified that while clusters of artists' studios exist in the area, many of them are not fit for purpose, and long-term solutions to this issue are currently being sought.

3.2.2.22 Investment in the creative and cultural sector is important for strengthening the South East Midlands' visitor economy [61], and for wider growth. UN research suggests that it is also important for less tangible outcomes such as social inclusion. [62] In addition, research by Nesta suggests that 87% of highly creative workers are at low or no risk of automation, compared with 40% of jobs in the UK workforce as a whole.[63] Therefore, jobs in this sector provide an element of resilience to future technological change. Given these findings, the National Skills Academy for Creative and Cultural states:

"It therefore seems pertinent to suggest that there may be a further reliance on these industries, while automation is able to create additional productivity in other areas of the economy." [64]

MK Gallery expansion visualisation. Image courtesy of 6a architects

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61   See Chapter 2 for more on the visitor economy in the South East Midlands.
62   United Nations, (2010), Creative Economy: A Feasible Development Option
63   Nesta, (2015), Creativity vs. Robots: The Creative Economy and the Future of
         Employment
64   Creative and Cultural Skills, (2015), Building a Creative Nation: The Next Decade

Combinatorial Innovation and other considerations

3.2.2.23 Although each of the 'showcase sectors' offers significant potential for standalone innovation and growth, 'combinatorial innovation' – i.e. the combining of existing/emerging technologies – is also likely to be key to future growth in the South East Midlands and the wider Growth Corridor. In this regard, Varian writes that: **"Every now and then a technology, or set of technologies, comes along that offers a rich set of components that can be combined and recombined to create new products. The arrival of these components then sets off a technology boom as innovators work through the possibilities." [65]**

3.2.2.24 While we are not certain about what the outcomes of such combinatorial innovation might be, we say with confidence that the South East Midlands is at the forefront of many of the elements of technology that are likely to be combined. Our Enterprise Zones and Technology Parks bring together key innovators, and institutions such as Cranfield University and the Open University lead the way in work around future manufacturing processes and materials and transformative digital technologies. Examples of where companies with specialisms and technical capabilities in one sector are applying these to other sectors, include businesses in the Silverstone Technology Cluster, where technologies and engineering capabilities of companies with a motorsport pedigree are being applied to the medical, defence and transport sectors.

» The combining of existing and emerging technologies is also likely to be key to future growth in the South East Midlands and the wider Growth Corridor «

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65   Varian, (2003), Innovation, Components and Complements

3.2.2.25 The importance of fostering links between the scientific and creative industries is also increasingly recognised. The National Skills Academy for Creative and Cultural writes that: **"The intersection between the digital world and the creative industries offers great potential, for example, and will depend on a workforce that is recalibrated to mix creativity with technical coding and programming skills, as well as knowledge of STEM subjects."** [66]

3.2.2.26 In addition to sectoral and combinatorial innovation, future growth will also come from technologies or sectors that don't currently exist in the area, or possibly at all. We need to ensure that our support for specific sectors, as Government's Industrial Strategy is implemented, does not present obstacles to other potential sources of innovation.

3.2.2.27 By supporting enhanced links across the Cambridge-Milton Keynes-Oxford Growth Corridor we have the potential to take combinatorial innovation and new technologies to a new level. This will be achieved by allowing agglomeration benefits to be realised, and a wider 'knowledge economy' to be formed.

3.2.2.28 Finally, we need to continue to support sectors which currently have low innovation potential, but which are critical to workplace productivity, and/or linked to other growing sectors. The prime example of this is the health and social care sector, which is projected to have the highest net job requirement of all sectors in the South East Midlands over the decade to 2024, [67] and has links to the Life Sciences sector.

66 Creative and Cultural Skills, (2015), Building a Creative Nation: The Next Decade
67 UKCES Working Futures projections, 2014-24. Net job requirement includes both expansion and replacement demand.

3.2.3 SEMLEP's Role

3.2.3.1 SEMLEP's role in supporting the South East Midlands' 'showcase sectors', and innovation in the area more broadly, is as follows:

a. Supporting relevant LGF projects.

b. Working with 'showcase sector' groups [68] and other partners to produce and deliver sector-specific growth plans, as part of the development of a Local Industrial Strategy. Within this, connecting potential investors and businesses to commercial site allocations within local development plans and positioning the South East Midlands at the centre of, and as a test lab for, future Next Generation Transport technologies, and as the commercialisation core of the Cambridge-Milton Keynes-Oxford Growth Corridor more broadly.

c. Strengthening links between businesses and government, and accessing funding from the latter where relevant, to promote innovation and growth. This is likely to include supporting Industrial Strategy sector deals and local technology clusters, as well as assisting adaptation to greater automation.

d. Deploying its Growth Hubs to capitalise on established relationships with universities, innovation centres and research establishments to support product and process innovation with the aim of helping to accelerate the growth of innovative businesses. [69]

e. Increasing the engagement between educators, training providers and businesses, informing provision content, the type of engagement and capacity, through network groups within the area. [70]

f. Generating a talent pipeline by inspiring, raising aspirations, developing competencies and informing young people about the opportunities within the 'showcase sectors' through focused employer engagement, provision, pathway options and labour market information. [71]

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68   These encompass both private and public representatives.
69   More detail on this can be found later in the chapter.
70   These include Sector Skills Forums, the South East Midlands Universities (SEMU) and Further Education South East Midlands (FuSE) working groups, and the Skills Forum.
71   More detail on this can be found in Chapter 4.

3.3 Employment Land, Exports and Investment

3.2.1 Background and Achievements

3.3.1.1 One of SEMLEP's goals is to increase investment in the South East Midlands. This includes:

a. The expansion of existing businesses within the area.

b. Relocation of existing businesses to the area.

c. New businesses (domestic or foreign) setting up in the area.

3.3.1.2 Significant success has been realised in this regard. The number of VAT- and PAYE-registered enterprises in the South East Midlands increased from c.70,000 to c.80,000 over the 2013-15 period [72]. The business birth rate [73] for the area increased from 10% in 2010 to 15% in 2015. [74] In addition, the business survival rate has been higher for the South East Midlands than England: for example, the one year, two year and three year survival rates of businesses born in the South East Midlands in 2012 were 93%, 76% and 61% respectively (versus 91%, 74% and 59% for England). [75] In 2015/16, there were a total of 70 successful FDI projects in the South East Midlands, accounting for around 3,100 new and 2,650 safeguarded jobs. [76]

» 70 successful FDI projects in 2015/16 led to 3,100 new and 2,650 safeguarded jobs «

3.3.1.3 The area appeals to businesses for a number of reasons, including its 'attractive surroundings', its transport network, the local supply chain and proximity to universities and local schools/colleges. [77]

3.3.1.4 Employment land is a key enabler for business growth. Local authorities across the South East Midlands have released substantial quantities of land for employment generation and business growth [78] although, as explored further in the next section, supply is not keeping up with demand.

3.3.1.5 In 2015, the South East Midlands was responsible for around £6bn of goods exports, with over half of this coming from the exporting of 'machinery and transport'.[79] Service exports figures are less reliable, but analysis suggests that the South East Midlands exported some £5bn of services in 2014, with particular strengths in the 'professional, scientific and technical', 'transport' and 'information and communications' categories. [80] Of all UK cities in 2014, Milton Keynes had the seventh highest level of service exports per job, at £10,520. [81]

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72 Inter-Departmental Business Register (IDBR) statistics from NOMIS.
73 Defined as business births as a % of active enterprises.
74 IDBR statistics.
75 IDBR statistics.
76 This represented a sizeable increase relative to 2014/15, when there were 60 successful projects, 2,000 new and 2,300 safeguarded jobs [Source: FDI statistics provided by Department for International Trade].
77 SEMLEP 2017 Business Survey.
78 There are currently over 2,000 hectares in the area which contain sites with planning permission for employment. [Locally collated figures of sites of more than 5ha. Includes B1, B2 and B8. The figures do not allow a clear breakdown between employment and other land use allocations on these sites.]
79 HMRC statistics. Excludes East Northamptonshire and Wellingborough.
80 SEMLEP analysis, which involved taking ONS regional service exports statistics and apportioning them across LAs in line with each LA's share of employment for each industrial sector in each region (this analysis includes East Northamptonshire and Wellingborough)
81 Service exports per job = total amount of services sold abroad relative to all jobs in a city. 2014 figure, taken from Centre for Cities' 2017 Cities Outlook.

3.3.2 Opportunities and Challenges

3.3.2.1 For future exports and FDI performance in the South East Midlands, Britain's exit from the European Union (EU) presents both opportunities and challenges. On the one hand, a weaker sterling has boosted exports, as exemplified by a sharp narrowing of the UK's current account deficit in the last quarter of 2016 [82]. However, nearly 60% of the South East Midlands' goods exports in 2015 went to EU countries [83]. EU countries – and particularly Germany and France – were also key to the South East Midlands' FDI successes of 2015/16. [84] In 2016/17, the area saw a slight fall in FDI projects recorded and completed, which may in part be due to uncertainty caused by the referendum result. [85] Furthermore, businesses in the South East Midlands consider access to the single market to be the most important issue for Brexit negotiations. [86]

3.3.2.2 The Government's Industrial Strategy emphasised the importance of improving the connection between different places in its trade and investment promotion services, stating that central government teams will work closely **"with local leaders – including combined authority mayors once elected, Local Enterprise Partnerships and other devolution partners – to support small firms across the country to export, and promote local strengths to overseas investors."** [87]

3.3.2.3 SEMLEP strongly supports this initiative and intends, through its growth hubs (Northamptonshire Growth Hub and Velocity Growth Hub), to work with the **Department for International Trade** (DIT) and other partners, such as the local **Chambers of Commerce,** to encourage businesses to explore new markets. In this regard, SEMLEP has already put on a number of events with DIT throughout the South East Midlands to raise awareness of the benefits of exporting.

3.3.2.4 As shown in Figure 8 below, China is already an important trade partner for the area, and there are likely to be opportunities for this partnership, alongside links with other global emerging markets, to become stronger over the coming years.

3.3.2.5 SEMLEP will also support business investment and exporting by building upon sector strengths and working to improve local skills and infrastructure, as outlined in the next two chapters. The importance of such intervention is emphasised by the Centre for Cities, which writes that: **"Policy should focus on improving the attractiveness of…cities as places for business investment for exporters through improving skills, local infrastructure and looking at existing strengths on which those cities can capitalise."** [88]

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82   ONS statistics show that the UK's current account deficit was £12.1bn in Quarter 4 2016, a narrowing of £13.6bn from a revised deficit of £25.7bn in Quarter 3 2016, due predominantly to a sharp narrowing in the deficit on Trade; the deficit in Quarter 4 equated to 2.4% of GDP, down from 5.3% in Quarter 3.
83   HMRC statistics. Excludes East Northamptonshire and Wellingborough.
84   FDI statistics provided by Department for International Trade. Excludes East Northamptonshire and Wellingborough.
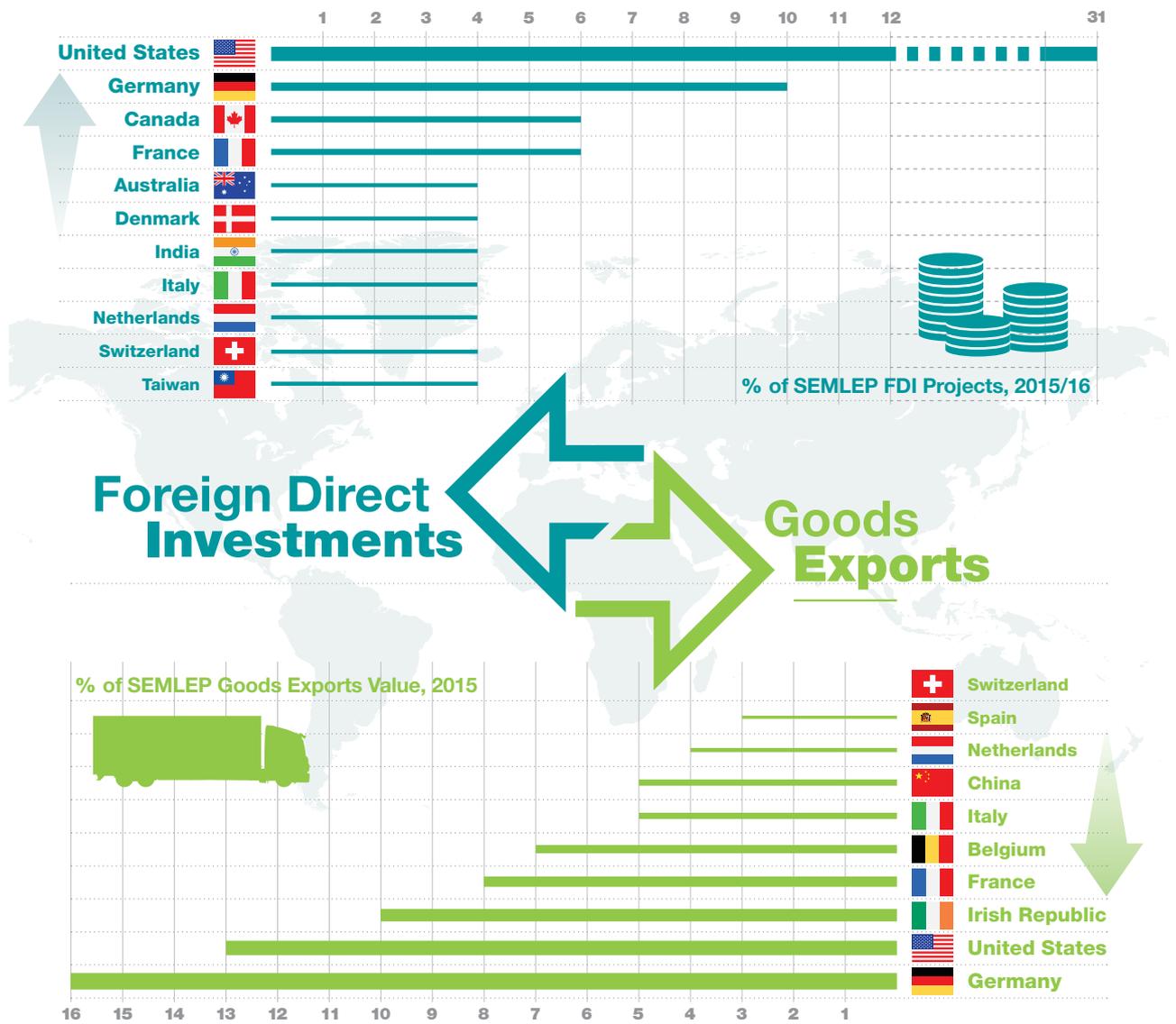**85**   In 2016/17, 59 FDI projects were recorded in the SE Midlands. [Source: DIT]
86   SEMLEP 2017 Business Survey.
87   HM Government, (2017), Building Our Industrial Strategy
88   Centre for Cities, (2017), Cities Outlook 2017

Figure 8: SE Midlands' Main Partner Countries for Goods Exports (2015) and FDI (2015/16)

3.3.2.6 Analysis by both Bidwells [89] and Savills suggests that the supply of employment land across the Cambridge-Milton Keynes-Oxford Growth Corridor is low relative to continually strong demand This represents a major challenge for the area. For example, Savills states that: **"The overall trend for office property shows demand growing at a faster rate than supply. On past trends, we would expect demand to exceed total supply in the next five to ten years. This trend is more acute around Cambridge, the M1/ M11/M25 intersection settlements and around the Northampton, Bedford and Milton Keynes area." [90]** Similarly, when it comes to industrial and warehousing land, Savills writes: **"On current projections demand for industrial and warehousing property in the corridor exceeds supply in the next three to eight years. This is most acute along the M11 and M1 corridors where demand has grown strongly over the past two years." [91]**

London Luton Airport

3.3.2.7 To address this challenge, there are several Local Growth Fund projects in train, including both large infrastructure projects to open up land for businesses, and smaller-scale industrial estate projects. For example, a major £100m project, due to open in 2021, will open up employment land and improve airport access at **London Luton airport**. This will support growth of around 5,000 jobs in and around the airport and the neighbouring business parks. The **I-WORX** project will build 12 new industrial units along the A421, to catalyse further business and skills development, particularly in the high-performance technology sector. A LGF3 project in Wellingborough aims to develop more small business units on the **Leyland Trading Estate**.

3.3.2.8 However, there will be a continued, and worsening, shortage of employment land in the future if further Local Growth Fund (or similar) funding is not made available, and/ or if government policies incentivise residential development at the expense of commercial development. There will also be issues around the types of land available, with premises for incubator units or scale-up businesses for example required, as well

89   Bidwells, (2017), Our View On Business Space, Spring 2017
90   Savills, (2016), The Property Market Within the Cambridge- Milton Keynes-Oxford Corridor.
91   Savills, (2016), The Property Market Within the Cambridge- Milton Keynes-Oxford Corridor.

as larger distribution sites, if balanced growth is to be achieved. In this regard, while business premises in the area are rated well overall, this view is not shared by businesses with 5-9 staff, where just 38% said availability of suitable premises was good and almost as many (32%) rated it as poor. **92**

3.3.2.9 The North Northamptonshire Joint Core Strategy 2011-31 **93** is clear in its ambition for distribution developments to include provision of floor space for smaller units, access to a strategic road network, and good access to labour supply.

3.3.3 SEMLEP's Role

3.3.3.1 In light of the above, SEMLEP's role in supporting employment land, exports and investment is as follows:

a. Supporting work to increase, and improve the balance of, the future pipeline of employment land, including through the delivery of relevant LGF projects, and by seeking government funds and/or alternative risk-sharing models to facilitate commercial development. **94**

b. Increasing promotion of the South East Midlands to prospective investors, including through the preparation of relevant materials to encourage inward investment, and by working in partnership with local authorities, developers and commercial agents to match prospective businesses with appropriate employment land.

c. Working through Growth Hubs with DIT and other partners, including the local Chambers of Commerce, to promote the merits of exporting and encourage businesses to explore new markets, exploit opportunities for co-location and data sharing, and to access relevant funding streams, such as DIT capital investment funding.

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92   SEMLEP 2017 Business Survey.
93   The North Northamptonshire Joint Core Strategy 2011-31 was adopted in July 2016.
94   Such models could include public services operating as an anchor tenant to de-risk major development.

3.4 Business Support and Representation

3.4.1 Background and Achievements

3.4.1.1 There is evidence that business support can lead to positive outcomes. The What Works Centre for Local Economic Growth states that: **"Business advice can help improve firm performance, particularly firm productivity and output."** [95] It also concludes that access to finance programmes can help improve firm performance. [96]

3.4.1.2 SEMLEP's two Growth Hubs, Northamptonshire Growth Hub and Velocity Growth Hub, have provided support to businesses since November 2013 and January 2014 respectively. This support takes a number of forms, including one-to-one support, grants and business workshops.

3.4.1.3 The Growth Hubs have provided one-to-one advice to company owners on a wide range of issues including finance, sales and marketing, exporting and recruitment. In so doing, they have helped more than 5,000 businesses in the South East Midlands to grow and around 700 to start up. [97]

3.4.1.4 In terms of financial support, they have provided over £1m of grants to small businesses. These grants have helped businesses to expand, creating over 250 jobs and safeguarding more than 400 others. [98] The free business workshops cover topics such as 'Funding for Business Growth' and 'Grow Your Business with Social Media' – all positively received. [99]
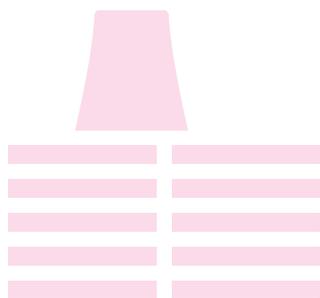
» Growth Hubs have supported more than 5,000 businesses to grow and 700 to start up «

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95 http://www.whatworksgrowth.org/policy-reviews/business-advice/. The What Works Centre (WWC) reviewed 23 evaluations and reported that 14 of the 23 found positive programme impacts on at least one business outcome.

96 http://www.whatworksgrowth.org/policy-reviews/access-to-finance/. The WWC reviewed 27 evaluations and reported that 17 of the 27 found positive programme impacts on at least one business outcome.

97 Growth Hub figures.

98 Growth Hub figures.

99 For example, 92% of Northamptonshire Growth Hub workshop attendees rated the overall quality of the workshops as "Good" or "Excellent".

> *SEMLEP has allocated approximately £7m from ERDF to stimulate SME competitiveness* «

3.4.1.5 The area's high growth SMEs are a crucial engine for growth. SEMLEP has allocated approximately £7m from its European Regional Development Fund (ERDF) for activities – such as access to finance, business premises and start-up support – to stimulate SME competitiveness by overcoming barriers to business creation and expansion.

3.4.1.6 SEMLEP's Board is a public-private partnership. This ensures that business input sits at the very heart of the organisation's decision-making processes. In addition, a number of further channels exist to ensure that the needs and priorities of local businesses are adequately represented in SEMLEP (and wider) decision-making; these are summarised in Figure 9.

Figure 9: SEMLEP Business Engagement Channels

Name	Membership	Aims
SEMLEP Envoy Programme	Small cohort of influential business leaders, covering wide range of industry sectors	Enables businesses to feed directly into SEMLEP Board on significant issues that are affecting them/ the local economy. Provides SEMLEP with a cadre of people who can help it to promote investment in, and job creation across, the SE Midlands.
Business Engagement Group	Local business representation organisations (e.g. FSB, Chambers, Institute of Directors, CBI, ICAEW).	Sets direction of SEMLEP's business support activities. Ensures the interests of the smallest businesses in the SE Midlands are heard by the LEP.
Banking Forum	Major high street lenders	Discuss business issues and raise awareness of the support provided through SEMLEP's Growth Hubs.
Showcase Sector Groups	[as outlined earlier in Chapter 3. The Showcase Sectors are: High Performance Technology; Manufacturing & Advanced Technology; Logistics; and Creative & Cultural.]	
SEMLEP Surveys & Events	SEMLEP undertakes a number of surveys to ensure that the needs of businesses are understood on a more general basis. These include the large-scale Business Survey and smaller-scale surveys undertaken by the Growth Hubs to establish future workshop requirements. In addition, SEMLEP holds a number of events at which the views of local businesses are represented.	

3.4.2 **Opportunities and Challenges**

3.4.2.1 A central role for Velocity Growth Hub and Northamptonshire Growth Hub is to simplify and coordinate access to business support in the South East Midlands and to support start-ups and entrepreneurship. During 2017/18, these two Growth Hubs aim to engage with over 6,000 businesses, and to provide one-to-one support to over 600 of these.

» SEMLEP's Growth Hubs will engage with over 6,000 businesses in 2017/18 «

3.4.2.2 The Government has identified the scale-up of businesses as a key priority for the years ahead. The Industrial Strategy states that: **"Though the UK has an excellent record in creating businesses, many of them face barriers to scaling up – including a lack of finance to support growth, their inability to adopt digital processes, and limited access to skills, particularly the leadership and management skills required to scale up successfully." [100]**

3.4.2.3 While the South East Midlands is currently strong on the start-up front, its record on scale-up is weaker. Analysis by the Enterprise Research Centre, shows that only 1.5% of surviving 2013 start-ups grew from <£500,000 to £1 million+ turnover in the three years to 2016 (versus 2% in England). [101]

3.4.2.4 As part of its Industrial Strategy, the Government has committed to working in partnership with Local Enterprise Partnerships, Growth Hubs and the private sector to **"enable the timely delivery of scale-up plans across the country." [102]**

3.4.2.5 SEMLEP is already firmly on board with this agenda. While Northamptonshire Growth Hub will continue to support start-ups, both of the area's Growth Hubs will place an emphasis upon scale-up businesses. The intention, in conjunction with local authorities, is to target those:

a.   with the potential to scale up with support;

b.   already scaling up (linking them to the right services to make that scale-up process successful and provide sustained impact); and

c.   which have experienced a scale-up phase and are looking to consolidate, or enter a new growth period, in the broadest possible context.

3.4.2.6 In terms of future funding for local businesses, SEMLEP has invested £10.7m of ERDF monies in the **Midlands Engine Investment Fund** (MEIF). This is a £250m 'fund-of-funds' operating across the ten LEP areas that make-up the East and South-East and West Midlands.[103] This fund will provide access to finance for small businesses, including small business loans

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100   HM Government, (2017), Building Our Industrial Strategy.
101   Enterprise Research Centre, (2017), UK Local Growth Dashboard
102   HM Government, (2017), Building Our Industrial Strategy.
103   This is financed by funding from the European Regional Development Fund and the UK Government with a loan from the European Investment Bank and the British Business Bank.

and equity-based financial support. At the same time, MEIF will help develop the business networks and wider 'ecosystem' in the Midlands and beyond, thus helping to nurture entrepreneurship in the area over the longer term.

3.4.2.7 The Ready2Grow (R2G) and Innovate Northamptonshire projects leverage private sector funds to enhance the competitiveness of SMEs. Innovate Northamptonshire encourages SMEs to collaborate with research experts in order to develop new products, processes or services.

3.4.2.8 There will be a key role for SEMLEP and its partners to promote and facilitate the take up of high-speed broadband facilities for businesses [104], and also to explore options to ensure the long-run sustainability of business support activity.

3.4.2.9 In Milton Keynes, the private sector is increasingly taking the lead on business support through the likes of Entrepreneurial Spark and InnovateMK, which provide mentoring and networking opportunities to assist business growth.

3.4.3 SEMLEP's Role

3.4.3.1 SEMLEP's business support and representation role is as follows:

a. Continuing to promote and provide, through its Growth Hubs, a single access point for business support in the South East Midlands, including one-to-one support for company leaders, delivery of workshops, and information on wider business support schemes and bespoke accommodation. [105]

b. Through its Growth Hubs, developing a specific role in supporting the scale-up of businesses in the South East Midlands, while continuing to support start-ups and other established businesses.

c. Identifying gaps in provision of business, innovation and trade support and using its Growth Hubs to commission or deliver additional service to meet local business needs.

d. Supporting the funding of local businesses through the Midlands Engine Investment Fund (MEIF), and other initiatives including Velocity Growth Hub, Innovation Bridge, Ready2Grow and Innovate Northamptonshire, facilitating European Regional Development Fund (ERDF) monies for SMEs and, working with partners to ensure the long-term sustainability of business support.

e. Continuing to ensure, through business engagement channels, that local business needs and priorities remain at the heart of SEMLEP activity and are represented to central government for the purpose of national policy-making.

104   More detail on this can be found in Chapter 5.
105   This will include both public and private sector support, for example that offered by Local Authorities, Universities, Chambers of Commerce, Enterprise Agencies, and the wider private and public sectors

Growing people:
Priorities

4. **To deliver an integrated and employer-led approach to skills attainment to ensure that our population is aware of, and has the attributes and competencies required for, a modern, competitive economy.**

This will comprise all pathways including delivery of 170,000 apprenticeships in the decade to 2025/26 and opportunities for up-skilling, re-skilling and re-engagement.

4.1. Introduction

4.1.1 Skills are the bedrock of economic growth. Increased human capital drives innovation and allows the economy to take advantage of new technologies. They are also inextricably linked to well-being and social inclusion. Skilled employment leads to prosperity and financial security for individuals, families and communities.

4.1.2 The world of work is changing rapidly: increased automation and the pace of development and application of digital technology are leading to a higher frequency of changes in the skill set that employers require. At the same time, the workforce is ageing, and Britain's exit from the EU carries uncertainty around the future availability of people with skills in some sectors.

4.1.3 This chapter summarises how the South East Midlands intends, amid these changes, to ensure that the skills that local businesses need are provided. 'Growing People' is a plan for Lifelong Skills Development working with businesses, organisations, educators, agencies and local authority partners from the latter years of primary education, through all phases and pathways of education and employment. It aims to build a talent pipeline and unlock the potential of all people including those within and seeking employment. [106]

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[106] This chapter only summarises the 'Growing People' Skills Strategy for the South East Midlands; more detail can be found in the separate Skills Strategy document.

» 'Growing People' is a plan for Lifelong Skills Development to build a talent pipeline and unlock the potential of all people in and seeking employment «

Engineering and Construction Skills - Central Bedfordshire College

4.2. Meeting Employers' Needs

4.2.1   Background and Achievements

4.2.1.1   The South East Midlands is a high employment economy. The employment rate of 16-64 year olds in the area in 2016/17 was 77.8%, compared to 74.4% for England as a whole, and up from 75.5% in 2013/14. [107]

4.2.1.2   It is also rated highly by businesses in terms of the quality of its education options, and these ratings have increased over time. In 2017, two-thirds of businesses gave a rating of 4 or 5 out of 5 for the quality of local schools and colleges, up from 60% in 2014. [108]

4.2.1.3   There are nine **Further Education and Sixth Form colleges** in the South East Midlands, and a **University Technical College**, as well as **seven Universities**, including unique institutions such as Cranfield University and The Open University. These are shown in Figure 2.

4.2.1.4   There are established links between educators and other partners in the South East Midlands. SEMLEP facilitates a Skills Forum for training providers and the voluntary sector; a Further Education South-East Midlands (FuSE) working group for Further Education and Sixth Form Colleges; and a South-East Midlands Universities (SEMU) working group. There are also school networks to introduce careers plans including increased employer engagement through the **Careers and Enterprise Company** programme. [109]

4.2.1.5   As set out in Chapter 3, the South East Midlands has identified four transformational (or 'showcase') sectors, which have wide-reaching supply chains, historic growth, the capability and assets for rapid future growth, and are aligned with sectors highlighted in the Government's Industrial Strategy Green Paper and subsequent Challenge Fund investment announcements. Ensuring that employers in these sectors have the skills that they need is clearly imperative for these sectors' future growth.

4.2.1.6   Six other growth sectors, as set out in Figure 10, are also identified for where investment in skills is critical: these are selected either because they support the 'showcase sectors' and wider economy or because analysis shows they have employment growth including high replacement requirements in the coming decade.[110]   Digital technology is not shown as a separate sector because it is an integral element of all, and particularly the 'showcase', sectors. [111]

107   Annual Population Survey statistics.
108   SEMLEP 2017 Business Survey.
109   More detail on the Careers and Enterprise Company programme can be found later in this chapter.
110   UKCES Working Future projections indicate that 85% of the net requirement for job recruitment for the 2014-24 period will come from replacement demand, i.e. jobs to replace existing employees as they retire. (Analysis excludes East Northamptonshire and Wellingborough).
111   Examples being robotics and mechatronics (Advanced Manufacturing), intelligent mobility (High Performance Technology), automation and process control (Logistics) and media (Creative and Cultural). Fields such as cyber security and data analytics are important to all sectors.

Figure 10: Priority Sectors for Skills Development in the South East Midlands

TRANSFORMATIONAL FOR GROWTH

High-Performance Technology

Advanced Manufacturing

Logistics & Supply Chain

Cultural & Creative

KEY SECTORS WITH GROWTH AND/OR HIGH REPLACEMENT NEED

Health & Social Care

Retail/Wholesale

Education

Business & Financial Services

Accommodation/Food

Construction

4.2.1.7 Much has already been achieved in terms of prioritising skills capacity development for the sectors in Figure 10. SEMLEP has used Local Growth Fund (LGF) monies to provide an employer-led engineering skills space within the Leighton Buzzard campus of Central Bedfordshire College. This aims to generate 400 construction and engineering graduate students per annum by 2019. LGF funding was also used to develop Daventry Campus at Northampton College, which opened to students in late 2016, and which provides an inspirational new learning environment for the town to help meet the needs of employers in the local area.

4.2.1.8 Between 2013/14-2015/16, the number of apprenticeship starts in the South East Midlands increased from 14,500 to 16,850. [112] These apprenticeships starts generally align with the priority skills sectors: the most popular apprenticeships in 2016/17 were Business, Administration and Law (28%); Health, Public Services and Care (25%); Retail and Commercial Enterprise (18%); and Engineering and Manufacturing Technologies (16%).

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112 Source: Data Cube. This is in terms of Learner (as opposed to Delivery) numbers in the South East Midlands.

4.2.2 Opportunities and Challenges

4.2.2.1 In 2017, 23% of businesses reported having at least one vacancy that was difficult to fill, up from 18% in 2015. Of those businesses that had hard-to-fill vacancies in 2017, 85% attributed this to skills shortages. [113]

4.2.2.2 The sectors where businesses reported the most difficulty in filling vacancies include retail and wholesale, construction, accommodation and food, business and finance, and science and engineering. There is also a shortage of skills in the digital market. Businesses consistently refer to 'advanced IT' as a skills gap both when recruiting and within the current workforce. [114]

4.2.2.3 SEMLEP analysis [115] suggests that three main groups of skills are required by employers across all sectors:

a. Key employability skills such as those specific to a job, technical and practical skills, digital/advanced IT and customer service.

b. Core competencies, often referred to as 'transferable', 'life' or 'soft' skills, which include communication, confidence, initiative, planning and organisational skills, problem solving, resilience, entrepreneurship and teamwork.

c. Basic skills including literacy, numeracy, English, and basic IT (spreadsheets, word processing, etc).

Figure 11: Shortages in technical occupations by sector, South East Midlands

Manufacturing	Transport & storage	Wholesale and retail trade	Construction	Information and communications	Accommodation and Food
Engineering and planning/process/ production technicians	Skilled drivers	Mechanical technicians and maintenance	Electricians and electronic trades/ technicians	IT engineers and technicians	Chefs
Metals, tools and instruments manufacturing	Manufacturing operatives	Manufacturing operatives	Plumbers and pipe fitters	Metals, tools and instruments manufacturing	Catering and bar managers
Electricians and electronic trades/technicians	Engineering and production technicians	Accountancy and finance technicians	Carpenters, joiners and craft woodworkers	Manufacturing operatives	Public services associate professionals
Manufacturing operatives	Accountancy and finance technicians	IT engineers and technicians	Bricklayers and masons	Accountancy and finance technicians	Electricians and electronic trades/ technicians

113   SEMLEP 2017 Business Survey.
114   SEMLEP 2017 and 2015 Business Surveys.
115   Based on Business Survey findings.
116   Centre for Progressive Capitalism, (2016), A Report on Skills Mismatches in the South East Midlands

4.2.2.4 SEMLEP commissioned a report to map the supply and demand for college courses and apprenticeships against 200 technical occupations in response to employer needs.[116] The sectors with the highest skill-shortage vacancies were manufacturing, logistics, wholesale and retail, construction, information and communications, accommodation and food. Specific shortages by occupation and sector are shown in Figure 11.

4.2.2.5 To shape provision, pathways, capacity and develop quality resources in the South East Midlands, it is imperative that we gain relevant and detailed labour market information directly from employers. Quality, evidenced and focused Labour Market Information (LMI) will allow SEMLEP and educators to make better-informed decisions about attainment and training provision and content, confident that it will be aligned with the sectors, skills and attainment needed by employers. Figure 12 shows how we intend to join up across the South East Midlands to generate, collate and share LMI and to promote dialogue.

Figure 12: Collation and Dissemination of Labour Market Information in the South East Midlands [117]
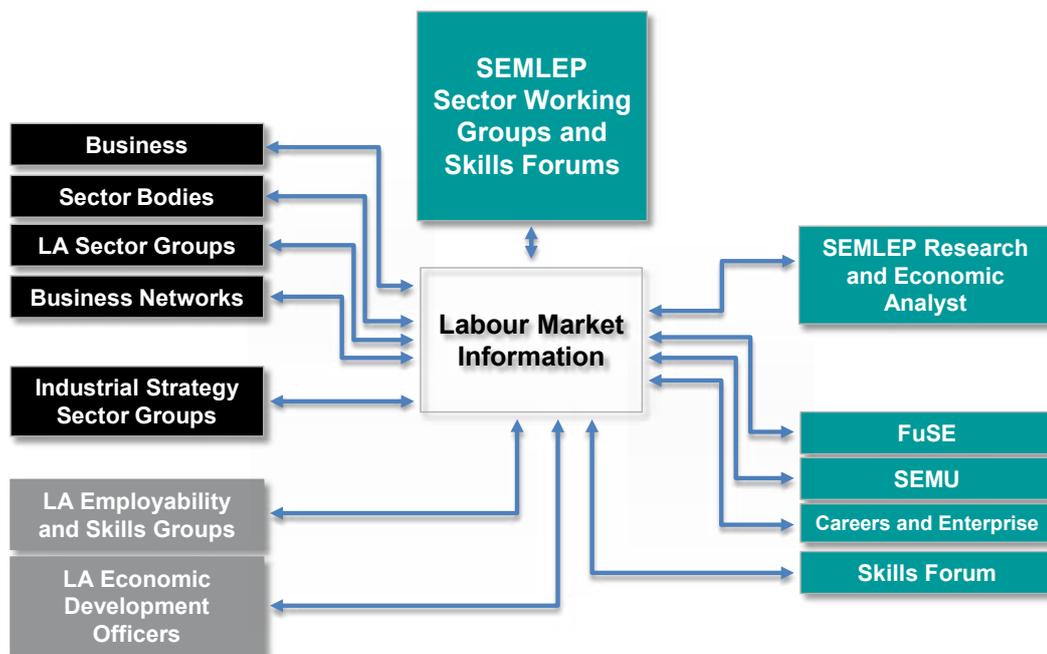
117   FuSE: Further Education South East Midlands working groups for Further Education and Sixth Form Colleges; SEMU: South East Midlands' Universities working groups

4.2.2.6 To help address skills shortages, and bring skills further in line with employer needs, the South East Midlands aims for 170,000 apprenticeship starts in the decade to 2025/26. Information from the Education & Skills Funding Agency suggests several positive impacts from adopting apprenticeships within a business or organisation, including improved productivity and staff retention. [118]

» 170,000 apprenticeship starts in the decade to 2025/26 «

4.2.2.7 Apprenticeships contribute to a wide variety of pathways which must be made available and promoted if people's potential and the skills needs of business are to be met. In its Post-16 Skills Plan [119], the Government sets out proposals for an academic and technical route for individuals after compulsory schooling, with the latter then dividing into college-based learning with integral work placements [120], and apprenticeships (i.e. employment-based learning).

4.2.2.8 The Plan states that: **"The academic option is already well regarded, but the technical option must also be world-class....... Employers will sit at the heart of the system and take the lead in setting the standards. Crucially, standards will be designed by considering what is needed to move to skilled employment and then working backwards."**

4.2.2.9 The importance of the preparation of young people to be work-ready is highlighted by the SEMLEP 2017 Business Survey where one in eight employers apportioned blame for skills gaps on non-work-ready education leavers, be that from school (12%), further education (11%) and higher education (8%). [121]

4.2.2.10 The labour market information will be used to create resources for individuals so they can make more informed choices about careers and pathways. These resources will be digital, age-appropriate and focused around the growth sectors. For the pre-19 resources the intention is that they will be used by teaching staff, young people, parents and carers.

4.2.2.11 There is a growing body of evidence which demonstrates that employer engagement with young people in schools and colleges produces positive outcomes. [122] It is also backed by business. A CBI survey shows that employers believe a top priority for schools and colleges should be developing awareness of working life with support from businesses. [123]

118   "87% of employers said they were satisfied with the [apprenticeship] programme, 76% say that productivity has improved and 75% reported that apprenticeships improved the quality of their product or service." [Source: https://www.gov.uk/government/publications/key-facts-about-apprenticeships/key-facts-about-apprenticeships].

119   Department for Business Innovation & Skills and Department for Education, (2016), Post-16 Skills Plan

120   This learning will feature the new technical qualifications (T-levels), based around 15 core sectors.

121   SEMLEP 2017 Business Survey.

122   See, for example, Percy and Mann, (2014), School-mediated employer engagement and labour market outcomes for young adults: wage premia, NEET outcomes and career confidence.

123   CBI, (2016), The Right Combination: CBI/Pearson Education and Skills Survey 2016
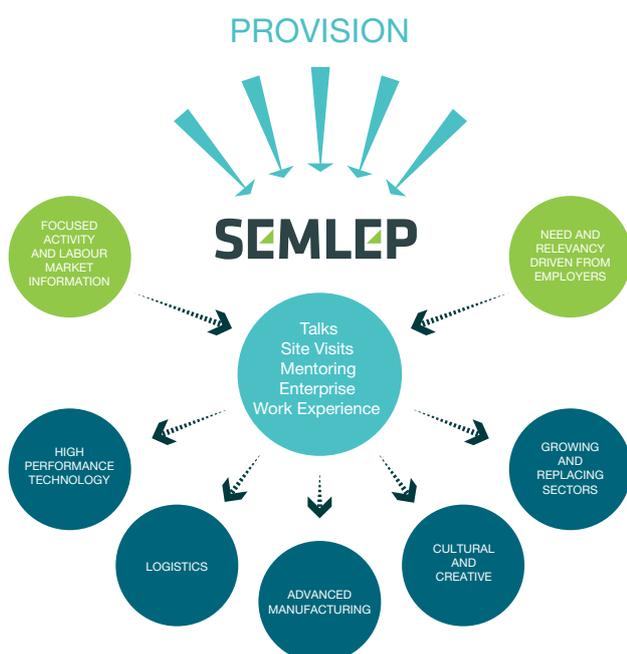
4.2.2.12 In the South East Midlands, we will increase engagement between employers and young people through the Careers and Enterprise Company Enterprise Adviser Network. Under this scheme, business volunteers work with the SEMLEP Enterprise Coordinators to help senior leadership teams and careers staff in schools and colleges to develop and shape careers and enterprise strategies, delivering plans with increased employer engagement, and drawing on their own business experience and networks.

4.2.2.13 Based on evidence from the Gatsby benchmarks of Good Career Guidance [124], we will focus on five main types of activity that will have maximum impact and provide a channel for employer engagement: employer talks, workplace visits, mentoring, enterprise activities and work experience. This will include activity in ensuring young people understand the relevancy of numeracy and literacy for work and life. This approach is outlined in Figure 13.

Figure 13: Employer engagement with schools in the South East Midlands

4.2.2.14 In terms of future capital investment to increase skills capacity and provision, there are several projects in train which SEMLEP supports through the Local Growth Fund. These include:

a. **University of Buckingham, Centre for Medicine:** this new Academic Centre will provide state-of-the-art teaching and simulation facilities on the Milton Keynes Hospital site, with maximum flexibility for educational and multi-professional medical use.

b. **Bedford College, Advanced Engineering Centre:** this new building will offer employers space for electrical and engineering training in conjunction with the College, to raise skills and boost productivity in the town.

c. **Skills Capital Fund:** £10m in capital funding is still available to Further Education Colleges in the South East Midlands to deliver skills outcomes to support employment and economic growth. A bidding process is underway to determine how this money will be used, with a view to spend taking place in 2019/20 and 2020/21.

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124   The Gatsby Charitable Foundation, (2014), Good Career Guidance

4.2.2.15 As mentioned in the preceding chapter, SEMLEP has also awarded LGF monies to support the opening of an Innovation Centre at Moulton College, to deliver skills development in the Food and Drink sector. In addition, there is a longer-term proposal in place for a new university for Milton Keynes, MK:U, to support key sectors and attract more students to stay in the city.

4.2.3 SEMLEP's Role

4.2.3.1 SEMLEP sees its role in supporting skills development to meet employers needs as follows:

a. Determining what skills development, attainment provision (including apprenticeships and T-Levels) and associated capacity is required to support employers and employees, through Skills Sector Forums and other employer engagement:

- Collating of what provision currently exists.
- Understanding what works and constitutes best practice both within South East Midlands, nationally and internationally.
- Understanding of what employers require – both now and in the future – for use with further and higher education, training providers and the voluntary sector to inform provision, content and capacity.
- Periodic business surveys.

b. Disseminating labour market information (LMI):

- Collating and interpreting LMI including skills needs and attainment pathways, vacancies and trends by sector and geography.
- Communicating of employers' needs through FuSE, SEMU, Skills Forum, Careers and Enterprise working groups and networks.
- Providing regular updates, feedback and reviews of LMI.

c. Signposting channels for relevant, efficient, effective employer engagement both for businesses and educators. This engagement will be at three levels:

- Enterprise Advisers, volunteers working with the SEMLEP Enterprise Coordinators to help Senior Leadership Teams (SLT) and careers staff in schools develop and shape their careers and enterprise strategies.
- Inspirers, working through focused provision to guide and empower young people to make informed career choices and raise aspirations.
- Facilitating relevant provision.

d. Delivering relevant LGF projects, and ensuring continued capital investment in skills.

4.3 Helping People to Progress

4.3.1 Background and Achievements

4.3.1.1 Ensuring that individuals attain the skills that employers need, and play an active role in the workforce, is not only important for the economy but also for individuals themselves. The Government's Post-16 Skills Plan states: **"There is also a social impact. Skilled employment leads to prosperity and security for individuals, while unskilled employment often means the opposite. Not giving young people the right opportunities to gain the skills, knowledge and behaviours needed for the world of work represents a waste not only of human capital, but of enthusiasm, of potential, of the life chances which their parents and teachers have worked so hard to provide."** [125]

4.3.1.2 The South East Midlands has enjoyed considerable success with regard to the overall employment rate, and also to the employment rates of different groups. For example, the employment rate of white males and females and ethnic minority males is higher in the South East Midlands than for England as whole, and has increased over time. The same is true for people aged 50 and over: the employment rates for this group is over 4% higher than the national rate. [126]

4.3.1.3 The proportion of benefit claimants in the South East Midlands is lower than national averages across all benefit categories, and the trend is downwards in all local authorities in the area. In 2016, the number of people claiming state benefits within the South East Midlands fell by over 8,000, taking the percentage of claimants among 16-64 year olds to 8.5% (versus the national average of 11.1%). [127]

4.3.1.4 Another positive trend in the South East Midlands is that the number of juvenile first-time entrants to the criminal justice system in the area is falling. [128]

125   Department for Business Innovation & Skills and Department for Education, (2016), Post-16 Skills Plan
126   The employment rate of 16-64-year olds in the area in 2016/17 was 77.8%, versus 74.4% for England as a whole, while economic inactivity for the same group was 18.7% (versus 21.8% for England). [Source: ONS Annual Population Survey statistics].
127   DWP Benefit Claimants, Working-age client group – main benefit claimants, November 2016
128   MoJs extract from the Police National Computer

4.3.2 **Opportunities and Challenges**

4.3.2.1 While many of the overarching employment trends are positive for the South East Midlands, there are areas that require focus to help people to progress into and within work.

4.3.2.2 A current prediction is that the majority (73%) of the future net increase of jobs up to 2024 within the SEMLEP area will require attainment, training, skills acquisition at Levels 2, 3 and 6. Over 65% of the jobs will require a Level 4 qualification or over. The only predicted reduction in demand is for jobs requiring no qualifications. [129] This is supported by the CBI survey of businesses that shows 77% expected to have more job openings for people with higher-level skills and demand for those with low skills is expected to stand still or decline. [130]

» Over 65% of new jobs to 2024 will require a Level 4 qualification or over «

4.3.2.3 Some state-funded secondary schools and colleges are performing below England averages for academic education at 16-18 in Bedford, Cherwell, Corby, Daventry, East Northamptonshire, Kettering, Luton, Northampton and Wellingborough. [131]

4.3.2.4 National Vocational Qualification (NVQ) levels held by individuals over level 2 in the South East Midlands are below the England average with Corby, Luton and Wellingborough considerably below the national average (see Figures 14 and 15).

4.3.2.5 Some areas within the South East Midlands have higher than average proportions of people who are Not in Education, Employment or Training (NEETs) or with special educational needs and disabilities (SEND). With regard to the former, Milton Keynes (7.6%) and Bedford (6.7%) are above the England average of 5.6%. For the latter, Bedford, Central Bedfordshire and Luton are above the England average. [134]

4.3.2.6 Substance misuse increases the risk of unemployment and decreases the chances of employment. [135] In the South East Midlands, there was an increase between 2014/15-2015/16 in hospital admissions per 100,000 population for drug misuse, with both Bedford and Luton experiencing higher rates than the England average. [136]

4.3.2.7 Some of the above challenges are due in part to skills development and lack of labour market information for young people and adults. This was traditionally facilitated through different channels, with different funding streams and government departmental responsibility, and with no interface across the different life stages that individuals and cohorts face.

129   UK Commission for Employment and Skills (UKCES) Working Futures
130   The Right Combination, CBI/Pearson Education and Skills Survey 2016
131   Extract from DfE School Performance https://www.compare-school-performance.service.gov.uk/
132   ONS Annual Population Survey statistics.
133   ONS Annual Population Survey statistics
134   DfE, Proportion of 16-17-year olds recorded in education and training, June 2016
135   Department for Work and Pensions, (2017), Improving Lives: Helping Workless Families.
136   Statistics on Drug Misuse, England 2017, NHS Digital

Figure 14: Qualification levels in the South East Midlands (2016) as a percentage proportion of resident population of area aged 16-64 [132]

Figure 15: Qualification levels in the South East Midlands (2016) as a percentage proportion of resident population of area aged 16-64 by local authority [133]
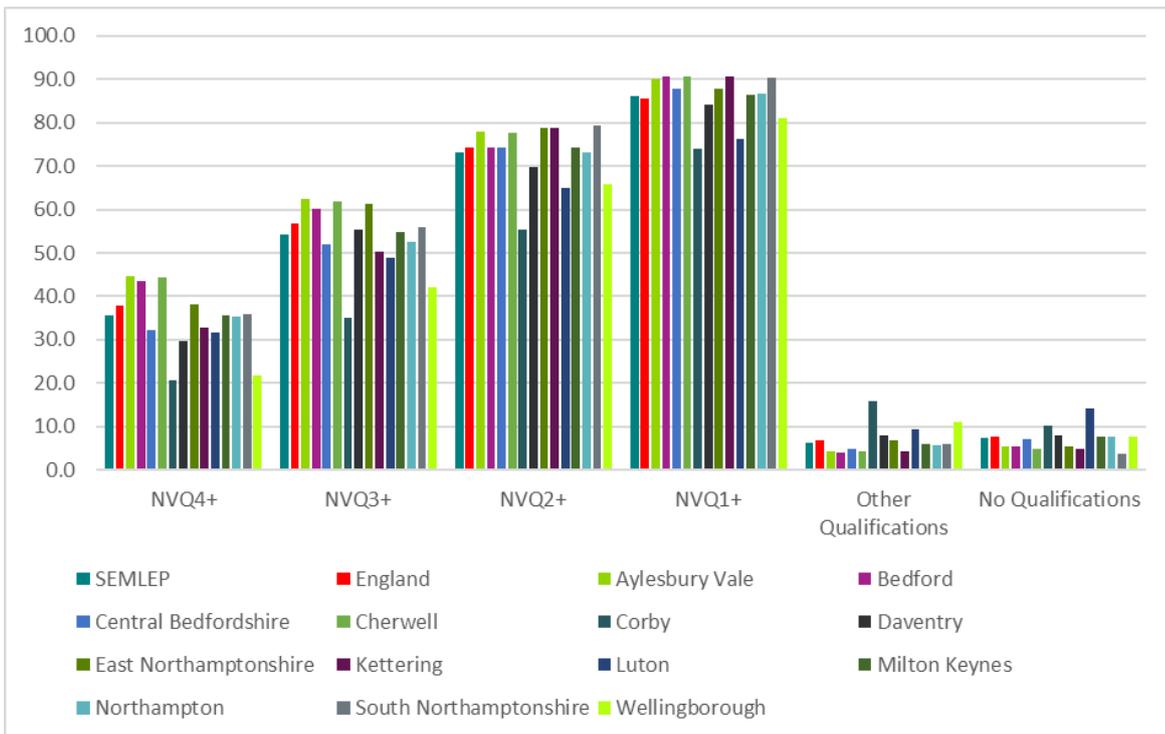
4.3.2.8 The South East Midlands intends to address these challenges through the creation of a lifelong learning plan, which focuses on the prevention of barriers to work through early intervention. 'Growing people', as set out in Figure 16, is employer and sector driven, based on best practice and innovation, embeds employer engagement and the use of digital labour market information and comprises the following phases:

- **Aware (age 9-12)**

  Introduce the world of work in the South East Midlands, nationally and globally, the benefits it offers, the importance of education and introduce the need for the development of skills and competencies.

- **Inspire, Aspire and Inform (11-16)**

  Showcase career opportunities in sectors including job types, earning potential, local company profiles, pathways for entry and where to study, relevance of competencies to sector and employer needs. Inspire young people and raise aspirations through role models, talks, site visits, mentoring and LMI.

- **Develop basic numeracy and literacy (9-14)**

  Support school work and activity with employer engagement to highlight relevancy of subjects for future life. Use financial capability to boost numeracy.

- **Develop Core Competencies (14-19)**

  Develop core competencies, sometimes referred to as 'life', 'soft' or 'transferable' skills through embedding their use within curriculum and subjects, work experience, enterprise activities, and extra-curricular activities including volunteering.

- **Develop Key Employability Skills (+16)**

  Develop through vocational and technical education, apprenticeships, traineeships and study programme. For more academic pathways develop through work experience, internships and industrial placements.

- **Continuous Development and Engagement (+19)**

  For those in employment, seeking employment or enabling those with barriers to overcome. Includes re-skilling, up-skilling and the development of managerial/leadership skills.

Figure 16: 'Growing People': a plan for lifelong skills development

9-11	11-14	14-16	16-19	19-24	+24

Employment and a Career

Aware

Inspire
Aspire
Inform

Develop basic
• Numeracy
• Literacy

Develop core competencies
• Communication
• Confidence
• Initiative
• Organisation
• Problem Solving
• Resilience
• Teamwork
• Basic IT
Encourage Creativity

Continuous Development and Engagement
• CPD
• Up-skilling
• Re-skilling
• Leadership skills
• Enable employment
• Re-engagement
• English & numeracy
• Training Awareness
• Business start up

Develop Key Employability Skills
• Job specific
• Technical or practical skills
• Digital/Advanced IT skills
• Customer service

Talent pipeline based on:
▶ **Sector and Employer needs**
▶ **Best practice and innovation**
▶ **Employer engagement**

4.3.2.9 The lifelong learning and development progression element of 'Growing People' has been developed to be flexible, progressive and accessible from any point and will be supported by labour market information at all stages. This will require the alignment of provision, facilities, capacity and communication with sector and employer needs, together with accessible pathways, resources and information for individuals, communities, agencies, educators and providers.

4.3.2.10 The lifelong learning element of 'Growing People' is also compatible with the demographic challenges that we face. The population is ageing. [137] Even though younger age cohorts are projected to grow in the South East Midlands [138], this growth is unlikely to be sufficient to offset projections of future labour demand for the area [139]. All of this points to a need for people to stay in work longer, which is likely to require individuals to up-skill or re-skill at some point in their lives.

4.3.2.11 Several opportunities already exist for up-skilling and re-skilling. These include the introduction of the apprenticeship levy and Higher and Degree level apprenticeships, provision through training providers and the third sector and community learning offered by the county and unitary councils within the South East Midlands. Community learning comprises community- based personal adult learning for basic skills including English for Speakers of Other Languages (ESOL), English, maths and basic IT; family learning where mothers, fathers, carers and children can learn together; and wellbeing courses to support those who have experienced mental health issues.

4.3.2.12 In addition, the European Structural Investment Fund (ESIF) offers support to help people move into and within employment. Over the 2017-20 period, there is more than £30m to be committed through the SEMLEP ESIF programme, and the Implementation Plan for the programme sets out the types of support that will be prioritised. [140]

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137   Over the next 20 years, ONS population projections show far steeper percentage increases for the over-65s (and particularly the over-85s) than for any younger age bands.

138   Over the 2017-37 period, ONS population projections suggest that the number of 16-64 year olds in the South East Midlands will grow by 9%.

139   For example, UKCES Working Futures projections suggest that over the 2014-24 period, there will be a net jobs requirement of c.440,000 (excluding East Northamptonshire and Wellingborough).

140   South East Midlands European Structural Investment Fund 2014-20: Implementation Plan 2017-20.

SEMLEP's Role

4.3.3.1 SEMLEP's role in supporting skills development to help people to progress is as follows:

For young people SEMLEP will;

a. Provide and sign post relevant, evidenced provision for primary schools.

b. Encourage all secondary schools and FE colleges to join the Careers and Enterprise Company programme and deliver a school/college owned plan.

   • Match, train and introduce an Enterprise Adviser(s).

   • Showcase labour market relevant, best practice, evidenced activity into the school/college plan.

   • Help drive employer engagement and support activity with alumni.

   • Make school/college staff and Enterprise Advisers aware of opportunities, best practice and labour market trends.

c. Showcase activity that promotes awareness, inspires and raises aspirations towards careers in 'showcase sectors' together with demonstrating attainment pathways options for ages 9 to 16.

d. Support school and college staff with the embedding of employer-driven core competencies into the curriculum for young people aged 14 to 19.

e. Support school and college staff through coaching on provision for development of key employability skills for young people aged 16 to 24 within further and higher education, sixth forms and other education establishments.

For continuous development and engagement SEMLEP will:

a. For existing and future provision provide clarity of what is available and where to access it for both employers and individuals.

b. Support the building of capacity and ensure sign posting of provision and pathways for continuous personal development, up-skilling, re-skilling and development of leadership skills.

c. Encourage and sign post SME engagement with personal and employee skills development and training, including apprenticeships.

d. Implement the 2017-20 ESIF programme, and engage with government and local partners on the design of the future UK Shared Prosperity Fund. [141]

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141   The UK Shared Prosperity Fund will be the main post-Brexit source of future funding for interventions that explicitly promote social inclusion.

Growing places:

Priorities

5. **Deliver sufficient new homes – with 130,000 planned in the decade to 2025/26 – to meet the needs of our growing population, with an emphasis on accelerating the completion of units with planning consent.**

6. **Deliver the infrastructure needed to achieve our full growth potential, including East-West Rail and the Expressway, and much-improved Broadband and wireless connections.**

5.1   Introduction

5.1.1   'Growing places' is all about investing in physical infrastructure, including transport, housing, energy, digital infrastructure and social infrastructure such as schools, hospitals, leisure and community facilities. There is a substantial body of evidence around such infrastructure's importance to economic growth. For example, in its 'Fixing the Foundations' report [142], HM Treasury stated that: **"Infrastructure expands the productive capacity of the economy by reducing transaction costs and by integrating and enlarging markets. It raises the returns on private investment and enables greater specialisation and economies of scale."**

5.1.2   Furthermore, evidence [143] suggests that when a place is growing fast, as is the case in the South East Midlands, investment in infrastructure is key to mitigating constraints upon growth, and is likely to be cost effective in terms of providing productivity improvements. Infrastructure improvements will also be critical in supporting new economic opportunities and sectors, for example through access to new technologies, and in facilitating the provision of new commercial floor space.

5.1.3   This chapter sets out plans for strengthening infrastructure in the South East Midlands. It concentrates mainly upon transport and housing, but also looks at energy, digital and social infrastructure. Employment land and green infrastructure are covered elsewhere in this document. [144]

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142   HM Treasury, (2015), Fixing the Foundations: Creating A More Prosperous Nation
143   See, for example, the gathered evidence of the What Works Centre for Local Economic Growth, where they quote Eddington and the LSE Growth Commission in this regard.
144   Commercial infrastructure is covered in the 'Growing Business' chapter, while green infrastructure is covered in the 'Cross-Cutting Themes' chapter.

5.2 Strategic Transport Infrastructure

5.2.1 Background and Achievements

5.2.1.1 The South East Midlands benefits from a prime geographical position between London, Birmingham, Oxford and Cambridge, with excellent North-South links, including the M1, M40 and A1(M) and major rail routes (including the Midland, West Coast and East Coast Mainlines). The area also benefits from international connectivity through London Luton Airport, rail links to Gatwick airport and St Pancras international rail services, and proximity to both London Heathrow and London Stansted airports.

5.2.1.2 However, East-West transport links in the area are relatively weak, as shown in Figures 17 and 18.

» *Investment in infrastructure is key to mitigating constraints upon growth, and is likely to be cost effective in terms of providing productivity improvements.* «

5.2.1.3 Weak East-West transport links are further exemplified by the fact that only 1.7% of the resident workforce in the South East Midlands works in Oxford or Cambridge (0.4% when Aylesbury Vale and Cherwell are excluded), versus 5.1% in London [145], despite the geodesic [146] distances involved being relatively similar. Similarly, under 1% of the resident workforce living in Cambridge works in the South East Midlands, and the same is true of the resident workforce in Oxford (when Aylesbury Vale and Cherwell are excluded). [147]

5.2.1.4 This represents a missed economic opportunity. The high-performance technology strengths of the South East Midlands are mirrored in Oxford and Cambridge [148] and yet these economies remain – with the exception of Oxford-Aylesbury Vale-Cherwell links – relatively separate. Improving the transport links between them could thus potentially deliver significant agglomeration benefits, enhance supply chains and the Greater London strategic economic area, and lead to a step change in UK economic growth.

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145   SEMLEP analysis of Census 2011 figures on travel to work.
146   Geodesic distances denote the shortest possible line between two points on a sphere.
147   SEMLEP analysis of Census 2011 figures on travel to work.
148   See, for example, SQW, (2016), Cambridge, Milton Keynes, Oxford, Northampton Growth Corridor

Figure 17: Rail journey times in the South East Midlands

KEY
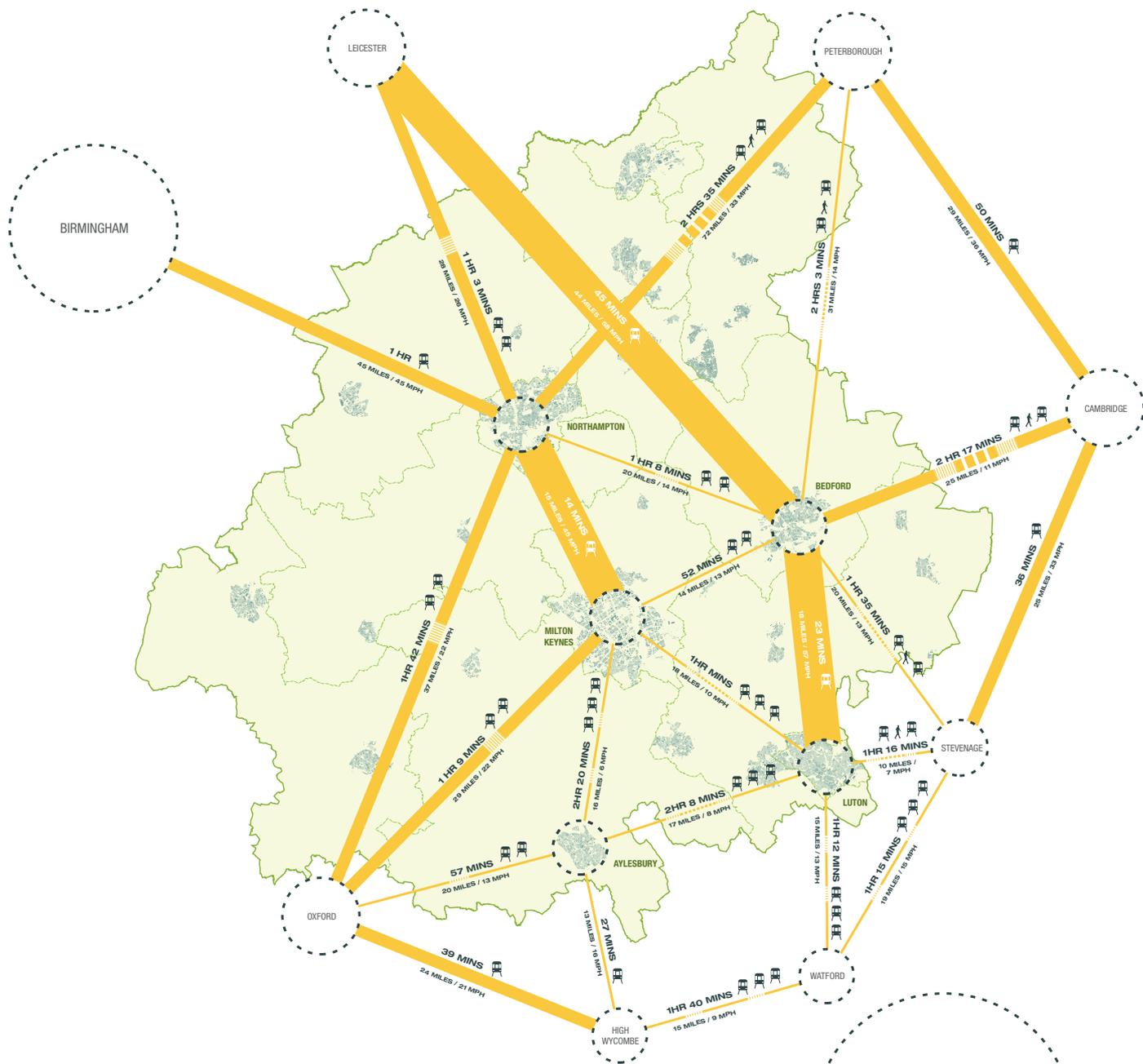
- SEMLEP Area
- Local Authorities
- Towns within SEMLEP

Distance vs. Speed (Rail)

- 0-20 mph
- 20-40 mph
- 40-60 mph
- Change to different train
- Walking between train stations
- Number of trains per route

Figure 18: Road journey times in the South East Midlands

LEICESTER

PETERBOROUGH

BIRMINGHAM

1 HR 2 MINS
38 MILES / 35 MPH

1 HR 3 MINS
43 MILES / 47 MPH

50 MINS
39 MILES / 47 MPH

48 MINS
42 MILES / 52 MPH

1 HR 9 MINS
55 MILES / 48 MPH

1 HR 55 MINS
101 MILES / 52 MPH

CAMBRIDGE

NORTHAMPTON

41 MINS
23 MILES / 34 MPH

BEDFORD

47 MINS
30 MILES / 38 MPH
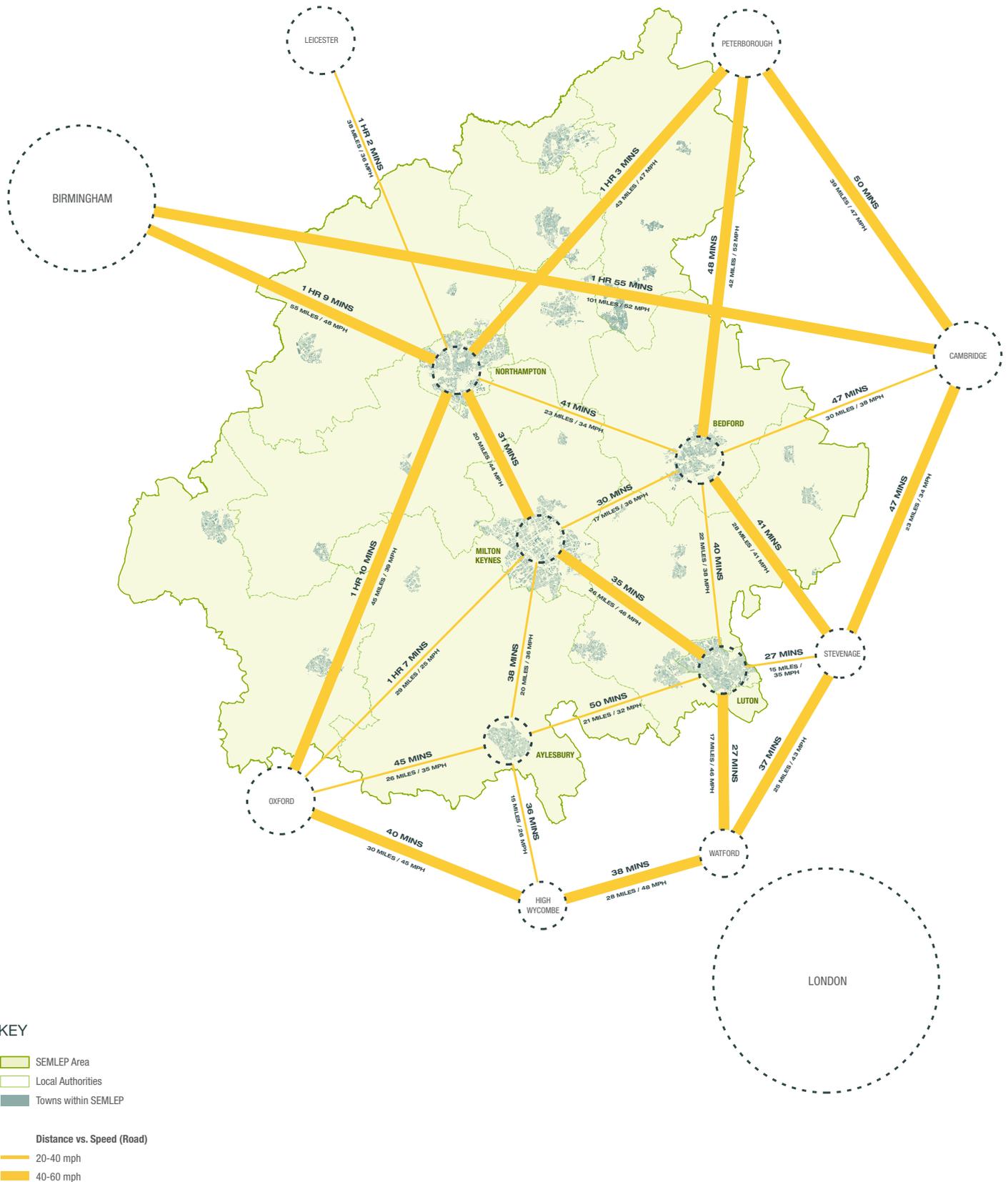
31 MINS
20 MILES / 44 MPH

30 MINS
17 MILES / 36 MPH

47 MINS
23 MILES / 34 MPH

1 HR 10 MINS
45 MILES / 38 MPH

MILTON
KEYNES

35 MINS
26 MILES / 46 MPH

41 MINS
28 MILES / 41 MPH

40 MINS
22 MILES / 38 MPH

STEVENAGE

27 MINS
15 MILES / 35 MPH

1 HR 7 MINS
29 MILES / 25 MPH

38 MINS
20 MILES / 36 MPH

50 MINS
21 MILES / 32 MPH

LUTON

37 MINS
26 MILES / 43 MPH

45 MINS
26 MILES / 35 MPH

AYLESBURY

17 MILES / 46 MPH

27 MINS

OXFORD

36 MINS
15 MILES / 26 MPH

40 MINS
30 MILES / 45 MPH

38 MINS
28 MILES / 48 MPH

WATFORD

HIGH
WYCOMBE

LONDON

KEY

SEMLEP Area

Local Authorities

Towns within SEMLEP

**Distance vs. Speed (Road)**

20-40 mph

40-60 mph

5.2.1.5 This issue is recognised by the Department for Transport, which states that: **"Some of the fastest growing towns in England are located in a belt to the north of London. However, transport connections between cities such as Cambridge, Milton Keynes and Oxford are notably poor and create an artificial barrier between hubs of knowledge-based growth."** [149]

5.2.1.6 SEMLEP's 2014 Strategic Economic Plan (SEP) also recognised this issue and, since its publication, we have worked to champion the economic potential of improved East-West links to central government and other bodies, most notably the National Infrastructure Commission (NIC).

5.2.1.7 This has yielded results. The NIC states in a 2016 report that: **"Planning for East West Rail and the Oxford-Cambridge Expressway should be taken forward urgently. These are once-in-a-generation investments that will deliver substantial national benefits and, if designed properly, can provide the foundations for the corridor's long-term prosperity: unlocking housing sites, improving land supply, and supporting well-connected and sensitively designed new communities, whilst bringing productive towns and cities closer together."** [150]

5.2.1.8 On the back of the NIC's recommendations, in his 2016 Autumn Statement the Chancellor committed £137m of new or accelerated funding to support development and delivery of the Cambridge- Oxford Expressway and East-West Rail (see Figure 19).

5.2.1.9 The A14, which connects Birmingham to Cambridge, and links the east coast ports with the M1-M6 interchange, is another critical East-West link in the area. A planned new junction on the A14 (Junction 10a) is committed for delivery through an innovative public/private funding agreement, as part of continued investment in improving the A14 corridor.

5.2.1.10 Another key strategic link is the A43/A45 corridor that links the M1 to the A14 in Northamptonshire. Local Growth Fund support has been provided to upgrade this route between Northampton and Kettering. This corridor is supporting significant growth in new homes around Northampton, Wellingborough and Kettering.

149   Department for Transport, (2015), Road Investment Strategy: for the 2015/16 – 2019/20 Road Period
150   National Infrastructure Commission, (2016), Cambridge-Milton Keynes-Oxford Corridor: Interim Report

Figure 19: East-West Rail

KEY
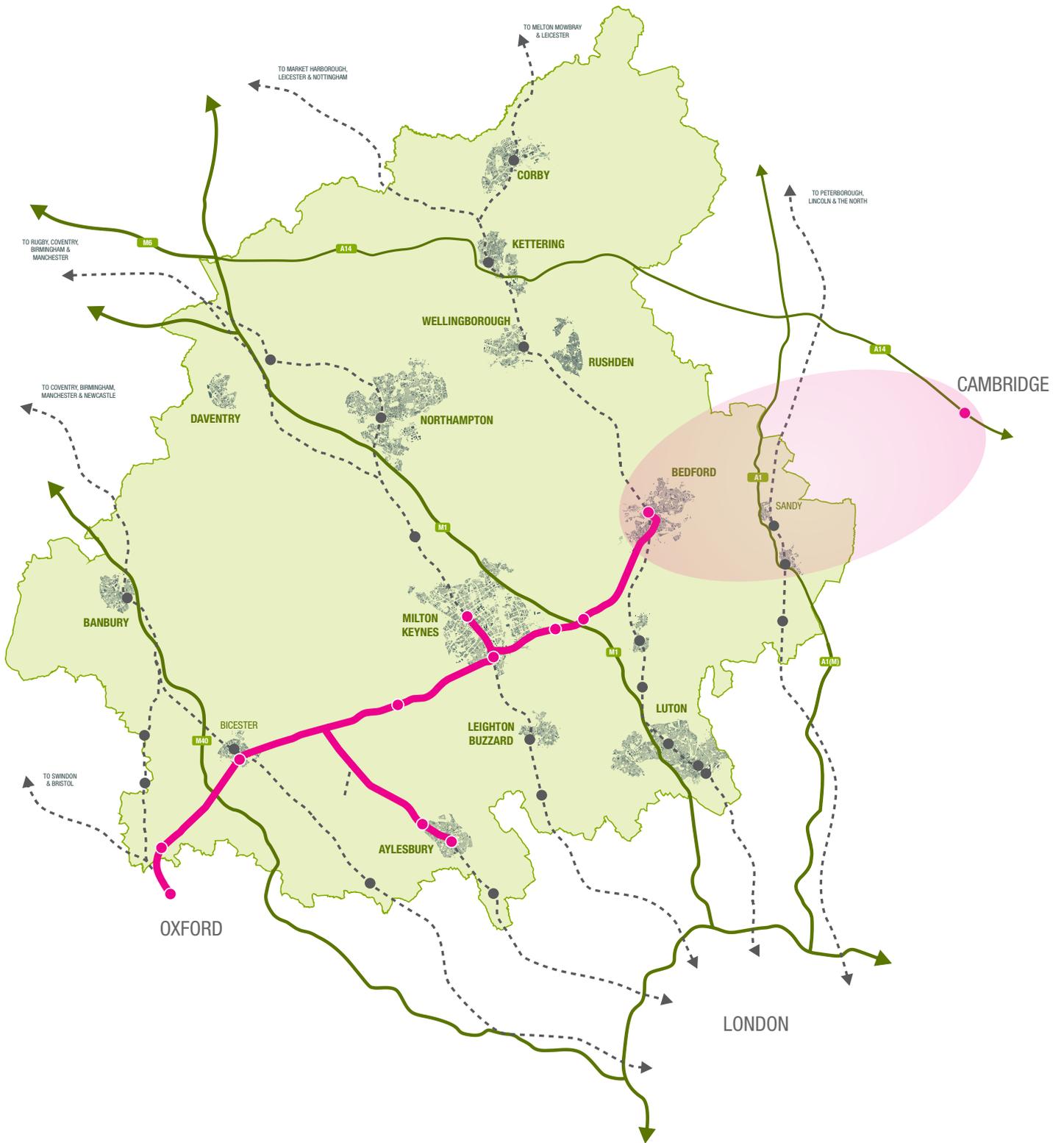
- SEMLEP Area
- Local Authorities
- Towns within SEMLEP
- East-West Rail Route
- East-West Rail Route (to be confirmed)
- Main Rail Routes
- Motorway
- Major A Road

5.2.2 Opportunities and Challenges

5.2.2.1 The challenge now is to build on the momentum of the NIC report and 2016 Autumn Statement to ensure that better East-West transport links are realised and benefits are felt across the Growth Corridor. In this regard, the Western section of East-West Rail (from Oxford and Aylesbury to Bedford) is expected to be completed by 2022-24, but the Central section (from Bedford to Cambridge) is not expected to be operational until the early 2030s, as the former railway has been dismantled and the land disposed of. [151]

5.2.2.2 In its Industrial Strategy Green Paper, the government wrote that: "The absence of a clear national [infrastructure] strategy has been compounded by the lack of joined-up policies to meet local needs. The fault lies partly in the poor coordination between central and local government, but also the lack of strong infrastructure institutions such as Transport for London outside the capital." [152]

5.2.2.3 We are working to establish a Sub-Regional Transport Board to address transport co-ordination issues, with England's Economic Heartland (EEH) offering a potential way forward. EEH brings together the local authorities and LEPs across Northamptonshire, Oxfordshire, Buckinghamshire, Milton Keynes, Luton, Bedford, Central Bedfordshire, Cambridgeshire and Peterborough, with the aim of improving connectivity and providing a single focus for strategic transport and infrastructure related activities. In October 2016, EEH published 'Planning for Growth', which set out the transport priorities across the EEH area. [153]

5.2.2.4 While the improvement of East-West links is critical, it is also important not to lose sight of other strategic transport opportunities, such as making connections with High Speed 2 (HS2). This will optimise linkages with the Midlands in sectors such as automotive and advanced engineering, as well as freeing up capacity on local train services, and thus allowing faster/more frequent services to London and other parts of the country. A further example is the M1 to A6 Link Road: a major infrastructure project (for which we have secured Local Growth funding) linking the M1 J11A to the A6, to improve access and open up employment and housing land north of Luton.

5.2.2.5 A third example involves the A1, with the A1 East of England Strategic Study commissioned by Highways England and overseen by the Department for Transport to identify and provide an initial appraisal of potential improvements to the A1, between the M25 (Junction 1) and Peterborough (Junction 17). This 62-mile stretch of road comprises three distinct sections: the A1(M) from Junctions 14-17 is built to a high standard. The A1(M) from Junctions 1-10 is more variable in layout yet is still at motorway standard; but, the 26-mile section in between has five roundabouts, numerous unnumbered junctions and accesses, and is of variable layout and quality, with settlements and housing in close proximity. We will thus focus our efforts on improving this last section, to strengthen connectivity routes and choices in the area.

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151 The Eastern section of East-West Rail runs from Cambridge to East Anglia, along existing routes.
152 HM Government, (2017), Building Our Industrial Strategy.
153 http://www.englandseconomicheartland.com/Documents/05%20EEH-Transport-Statement%20v5_211016.pdf

5.2.2.6 In addition to the Strategic Road Network, there are a number of local authority roads that have a strategic significance in terms of supporting both the national and sub-national economies. These include the A413/A355 that links Aylesbury to the M40 and the A418/A505 route from Oxford to Cambridge via Luton/Dunstable. These roads, referred to as the 'Major Road Network' in a recent study by the Rees Jeffreys Road Fund [154], help to improve the resilience of the Strategic Road Network and benefit the local economy by improving connectivity.

5.2.2.7 Finally, looking to the future involves not just considering where transport infrastructure should be improved, but also paying heed to developments in transport technologies and adapting infrastructure requirements accordingly (e.g. installing charge points for electric vehicles, and bringing about a solution to integrated ticketing and journey planning). The South East Midlands is at the forefront of work around Next Generation Transport, in terms of both providing a cluster of expertise and assets, and also providing a real-life test environment in which to experiment and develop propositions [155].

5.2.3 SEMLEP's Role

5.2.3.1 In light of the above, SEMLEP role in supporting strategic transport infrastructure is as follows:

a. Convening, and working with, its partners to take forward recommendations from the NIC report, and strengthen cross-Growth Corridor governance, so as to catalyse the further development of East-West links, and enable associated housing and infrastructure development to drive transformational growth.

b. Delivering funding for, and supporting the implementation of, large-scale LGF projects, and other strategic projects such as improvements to the A1, which are critical to long-term growth.

c. Promoting, capitalising on, and helping to develop the South East Midlands' strengths in the Next Generation Transport space, by brokering the appropriate linkages between businesses and government, and working to support the relevant sector groupings and business clusters.

154   Rees Jeffreys Road Fund, (2016), A Major Road Network for England
155   More detail is provided in Chapter 3.

5.3 Local Transport Infrastructure

5.3.1. Background and Achievements

5.3.3.1 Alongside large-scale, nationally significant transport infrastructure projects, local transport links are also key for economic growth. The importance of local connectivity is acknowledged by the NIC, which states that: **"The opportunity afforded to the corridor through the development of East-West Rail and an Oxford-Cambridge Expressway will not be fully realised unless local authorities, business groups and other stakeholders can define a compelling and complementary plan for local connectivity."**

5.3.3.2 Chapter 3 outlines a number of successful transport projects – including the new **Woodside Link Road**, the dualling of the A421 between Milton Keynes and M1 J13, and the **Daventry Development Link** – which are helping to meet business needs, both by providing appropriate employment land and facilitating business logistics and freight. Other projects are helping to better connect housing and employment sites: for example, the **Bedford Western Bypass** – which received £2.5m of Local Growth Funding through SEMLEP, and which opened in April 2016 – has opened up land to the north west of Bedford and reduced congestion in the town. This is expected to result in 1,000 new jobs and to unlock 1,300 new homes by 2030.

5.3.3.3 Buses play an important role in terms of linking our centres of population and enabling access to employment and skills. We are fortunate in this area to have a number of long distance bus routes such as the X5, which links Oxford to Cambridge via Milton Keynes and Bedford; the 99, which links Milton Keynes to London Luton Airport; and the X4 linking Milton Keynes and Peterborough (through North Northamptonshire). When joined with cycling and walking, buses can help to provide a healthier and more sustainable way of tackling the first-last mile transport challenge, and also to reduce congestion.

5.3.3.4 In terms of public transport successes, the **Smarter Routes** to Employment project – which completed in Spring 2016 – added new bus stops and access points to the guided busway from Dunstable to Luton. This improves safety and passenger numbers, while the **Growing Bletchley Station** project has resulted in access and safety improvements for the station. Building on this, further improvements to sustainable transport associated with new growth locations will also be required to protect the environment and quality of life of the area.

Opportunities and Challenges

Looking to the future, we are supporting a number of local transport schemes in development. These include:

- A project to improve highway access to London Luton Airport, to improve passenger access and facilitate airport growth. This will complement investment by the Airport and Luton Borough Council into improved rail access to the Airport. [156]

- Electrification of the Midland Mainline between Bedford and Corby, which will improve frequency of service, and which should be live by 2019/20; and

- Work to extend St James Mill Road, which will enable improved traffic flow and further development of the Northampton Waterside Enterprise Zone, and which was endorsed by the Prime Minister in April 2017.

Work is also underway, in conjunction with the NIC, to improve first-last mile connectivity, including a project to develop a series of 'smart corridors' through Northampton: a measure that has the potential to strengthen data collection on the transport network and support data-led decision-making.

In addition, we have secured Local Growth funding for, among other projects:

a. **A509 Wellingborough Development Link:** £10M has been allocated to complete the funding package for this link road to bypass Isham and improve journey times and reduce congestion in North Northamptonshire.

b. **Northampton North West Relief Road:** SEMLEP has secured a £7.9m grant to complete the Northampton North West Relief Road between the A428 Harlestone Road and the A5199 Welford Road, contributing to 6,600 new homes and 3,600 new jobs.

c. **Bedford Southern Gateway:** This project is looking to improve junctions and technology to manage traffic flow to reduce journey times along the Ampthill Road in Bedford. It will support productivity improvements in the town as well as making sites more attractive for employment and housing development.

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156 This will entail the creation of a Direct Air to Rail Transit (DART) system which will transport passengers between Luton Airport Parkway station and London Luton Airport.

5.3.2.4 The above is by no means a comprehensive list of the local transport improvements that we would like to support. While long-distance public transport in the South East Midlands is relatively good, the same is not always true of local public transport. Total Transport in Northamptonshire seeks to bring together all passenger transport provision in the county under a single umbrella to use collective resources more effectively.

5.3.2.5 There are many other projects that could also help to increase local and first-last mile connectivity, including improvements to Junction 14 of the M1, improvements to Wixams and Ridgmont stations, and the possibility of more park and ride facilities, for example in Luton.

5.3.3 SEMLEP's Role

5.3.3.1 In light of the above, SEMLEP sees its role in supporting local transport infrastructure as follows:

a. Supporting relevant Local Growth Fund projects.

b. Convening local partners to work collaboratively on issues such as freight management and first-last mile connectivity across all travel modes.

c. Working with Highways England, Network Rail and other partners to consider local infrastructure planning in the round, including rail franchises, and to identify – and seek funding for – future priority projects.

Bletchley Station – access and safety improvements
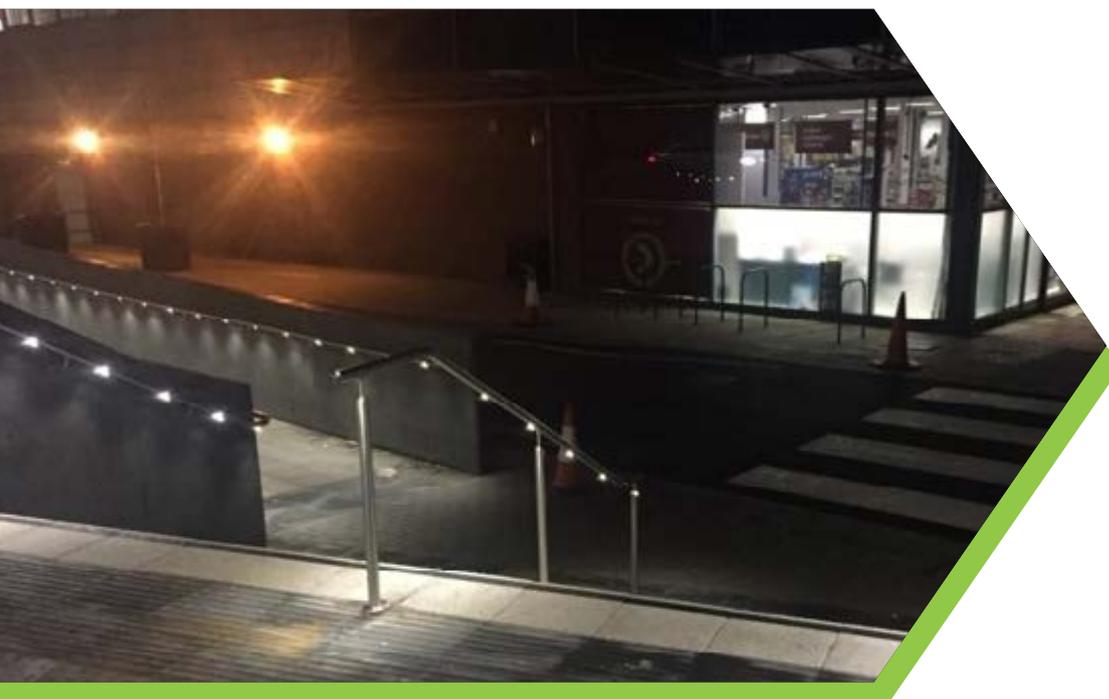
5.4 Housing

5.4.1 Background and Achievements

5.4.1.1 Housing is a critical asset for our area. Not only is it fundamental to people's lives and integral to the quality of places, but it is also a prerequisite for economic growth more generally, with housing and employment growth mutually reinforcing.

5.4.1.2 It is widely recognised that there is historic under-supply of housing at the national level, as exemplified by median house price to income ratios having increased from 5.5 in 2002 to 7.6 in 2015 [157].

5.4.1.3 The South East Midlands has not been immune from this phenomenon of worsening affordability. Median house price to income ratios for individual LAs

increased from 3.1-6.4 to 6.1-9.3 between 2002 and 2015. However, this compares favourably with other parts of the Cambridge-Milton Keynes-Oxford Growth Corridor, with 2015 house price to income ratios for Oxford and Cambridge standing at 11.5 and 12.9 respectively (see Figure 20). [158]

5.4.1.4 The relatively strong position of the South East Midlands is in part due to its high levels of historic housing delivery. The South East Midlands accounted for around 6.5% of total England housing starts and completions in 2016 [159], relative to 3.6% of its population [160].

Figure 20: Housing affordability ratios, 2002-2015

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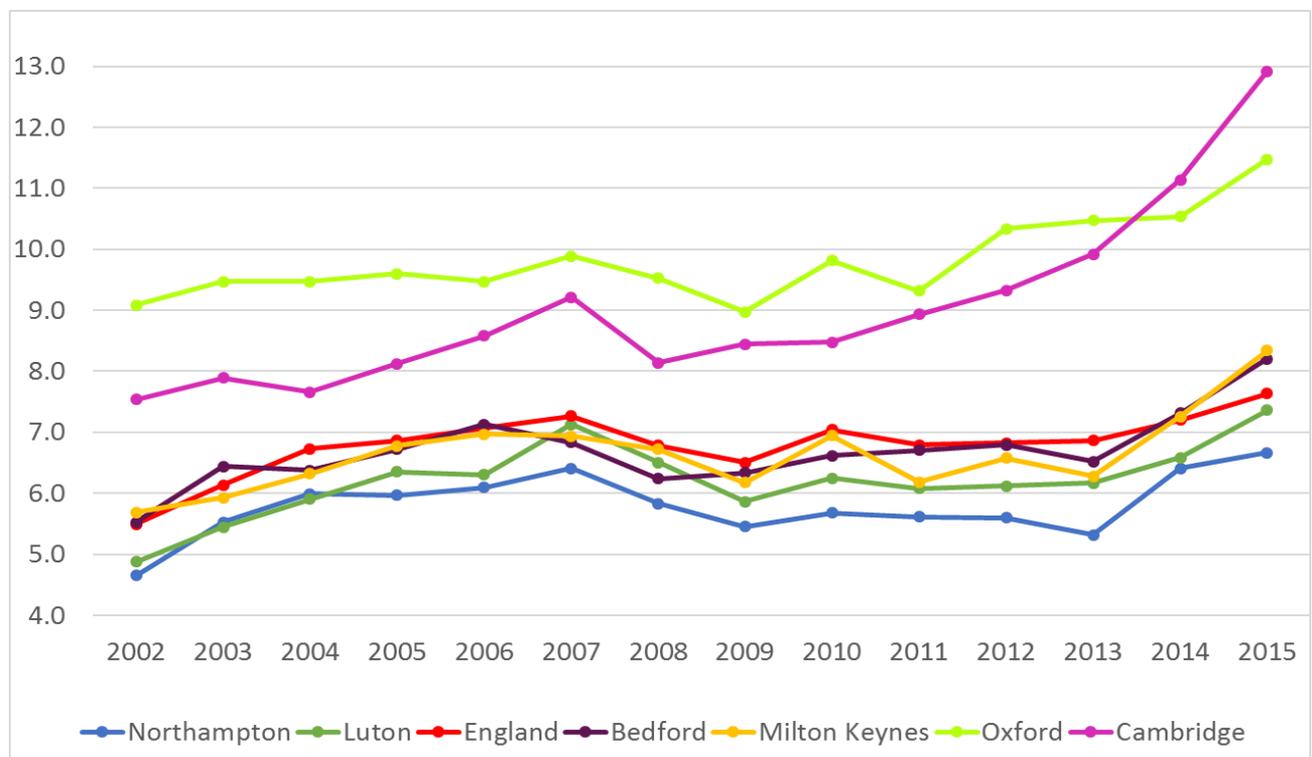
157   England figure. Calculated by SEMLEP using median gross annual pay for full time workers (taken from Annual Survey of Hours and Earnings – Resident analysis) and median house price paid by local authority, quarterly rolling year, all house types (taken from ONS House Price Statistics for Small Areas).
158   All affordability figures in this paragraph are calculated as per the above.
159   DCLG quarterly house-building statistics.
160   ONS LA population estimates; 2015 figure.

5.4.2 Opportunities and Challenges

5.4.2.1 With projected population and household growth in the South East Midlands over the period to 2039 of 21% and 28% respectively [161], housing delivery remains critical to unlocking future economic growth in the area.

5.4.2.2 Local authorities in the South East Midlands plan to deliver around 130,000 homes over the 2016/17-2025/26 period [162]. These ambitious delivery plans are supported by Aylesbury having been awarded Garden Town status in January 2017, and by the North Northamptonshire Garden Community proposals, now augmented by the proposed Tresham Garden Village in East Northamptonshire.

5.4.2.3 They are also supported by a number of Local Growth Fund projects, including the A43 Northampton to Kettering improvement works and the A45 Daventry Development Link, which is using an innovative financing approach [163] to unlock strategic housing sites in Daventry and Northampton that are allocated in the West Northamptonshire Joint Core Strategy.

5.4.2.4 Furthermore, there are a number of emerging and planned urban extensions throughout the South East Midlands that will support significant large scale housing development. Many local authorities in the area are developing new Local Plans, setting out ambitious housing and employment plans over the longer term. Critically, some of these include the potential for significant growth at a number of strategic locations on, or close to, the potential routes of East-West Rail and the Expressway.

5.4.2.5 In totality, this means that the South East Midlands' planned housing delivery is sufficient to meet projected household growth and measures of housing need across the area.

5.4.2.6 Over the ten years from 2016/17-2025/26, the number of households in the South East Midlands is projected to grow by an annual average of c.10,500 [164]. The pre-September 2017 measure of objectively assessed need is estimated at c.11,500 per annum [165]. The proposed new (as of September 2017) government measure of housing need is estimated at c.13,500 per annum [166], while planned housing delivery is also around 13,500 per annum [167]. This is shown in Figure 21.

161 Figures calculated over 2016-39 period, using 2014-based sub-national population and household projections.
162 Locally collated figures.
163 This approach involves using s106 and LGF monies as upfront guaranteed income, and meeting the rest of the project costs through borrowing, which is then paid back through NHB and CIL receipts as development is realised.
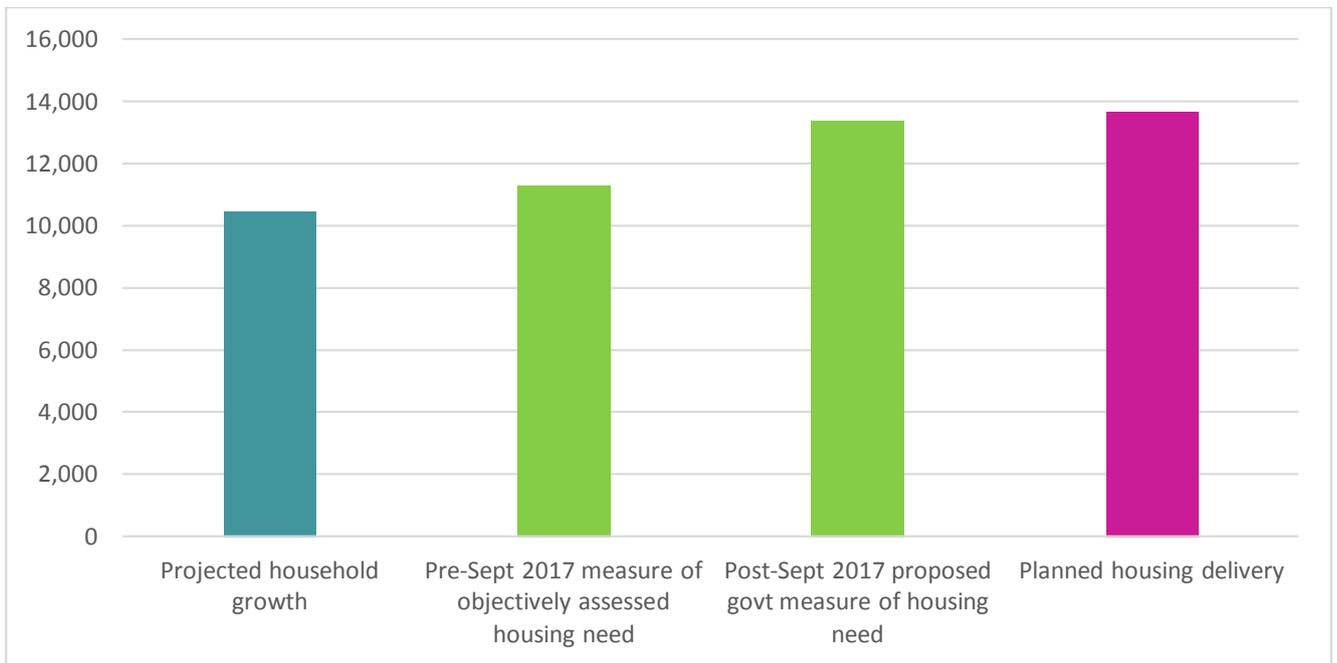**164** ONS 2014-based household projections.
165 Locally collated figures (from SHMAs and Local Plans).
166 DCLG, (2017), Planning for the right homes in the right places: consultation proposals
167 Locally collated figures.

Figure 21: Housing Need and Planned Delivery, 2016/17-2025/26 (annual figures)

5.4.2.7 But, as is the case elsewhere in the country too, plans do not always translate into delivery. Looking at the 2013/14-2015/16 period for the area, actual housing delivery – albeit high – was between 80-85% of planned housing delivery [168].

5.4.2.8 The reasons for the discrepancy between planned and realised delivery – at both the national and local levels – are complex and multiple but are, to a large extent, structurally inherent to England's current housing and planning system [169], and thus not within the gift of a sub-national Strategic Economic Plan to attempt to tackle. However, there are some factors contributing to the discrepancy between planned and realised delivery which provide more scope for resolution, particularly on large scale sites. These include:

a. **Insufficient upfront funding for infrastructure:** to deliver new homes in large sites of over 3,000 homes, there are significant and costly associated infrastructure requirements. These costs are even more substantial when an entirely new settlement is being considered. The New Homes Bonus has been an important funding resource in such instances; however, it is not always sufficient to cover the infrastructure requirements of a step change in growth, and is also undergoing reforms which will further reduce the sums available.

168   Locally collated figures.
169   See, for example, Adams and Leishman, (2008), Factors Affecting Housing Build-out Rates

b. **Insufficient join-up between government policies/departments/ planning horizons to support growth:** the policy of greater Business Rates Retention provides an incentive for business growth, but no direct link between population growth and additional funding. Without other sources of funding, this may render the increased service costs of a growing and ageing population untenable for some areas, and thus discourage housing growth. In a similar vein, timely government funding is not always provided to growing areas for necessary social infrastructure. In the South East Midlands, this is particularly the case for health infrastructure, which is discussed in more detail later in this chapter.

c. **Role for a mix of housing delivery models and types:** the encouragement of alternative housing delivery models, such as Build to Rent, and building a greater variety of types of home, including on smaller sites, could help to increase absorption in the housing market and, in so doing, boost overall delivery numbers.

d. **Specific issues around utilities infrastructure:** these are discussed in more detail later in this chapter.

5.4.2.9 The Housing White Paper acknowledged some of these challenges, stating: **"The independent review of CIL and its relationship with Section 106 planning obligations, published alongside this White Paper, found that the current system is not as fast, simple, certain or transparent as originally intended. The Government will examine the options for reforming the system of developer contributions including ensuring direct benefit for communities, and will respond to the independent review and make an announcement at Autumn Budget 2017."** [170]

5.4.2.10 The Housing White Paper also reiterated the Government's pledge to provide a £2.3bn Housing Infrastructure Fund, which will **"fund those bids that unlock the most homes in the areas of greatest housing need."** [171]

5.4.2.11 It is not yet clear what the future system of developer contributions will look like, nor whether it, in conjunction with the Housing Infrastructure Fund, will be sufficient to address the substantial infrastructure challenges that come with the large-scale housing growth that the South East Midlands is looking to achieve. In Milton Keynes, a tariff arrangement has historically provided both flexibility for local authorities to invest in essential infrastructure and certainty for developers, allowing developments to proceed.

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170   DCLG, (2017), Fixing Our Broken Housing Market.
171   DCLG, (2017), Fixing Our Broken Housing Market.

SEMLEP's Role

5.4.3.1 In light of the above, and recognising the role of local councils as local planning authorities, SEMLEP sees its role in supporting future housing delivery as follows:

a. Unlocking housing growth through Local Growth Fund projects, particularly in areas where viability constraints are the greatest barrier to growth.

b. Working with partners – including the Planners' Forum and PDIIDG [172] – to monitor housing delivery in the South East Midlands and help ensure joined-up delivery of housing and other growth-enabling infrastructure across the area in a way that promotes quality of life for both new and existing communities.

c. Working with neighbouring LEPs and local authorities across the Cambridge-Milton Keynes-Oxford Growth Corridor to help realise the area's housing potential, particularly as a result of new strategic transport infrastructure. This could involve promoting innovative and varied methods and types of housing delivery.

d. Leading the cross-LEP housing group in providing a point of liaison between central government and LEPs on housing issues, and in helping to take forward the recommendations of the Housing White Paper, while also respecting and reflecting the role of local councils as local planning authorities.

e. Working with local authorities to resolve local housing infrastructure issues, particularly with regards to the upfront funding of large-scale economic developments (where the area is atypical compared to other parts of England). There is also likely to be a role for SEMLEP, in partnership with local authorities, in helping the area to access the Housing Infrastructure Fund, other initiatives from the Homes and Communities Agency/ Homes England, and other sources of housing investment.

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172 PDIIDG is the Property Development, Infrastructure and Investment Delivery Advisory Group.

5.5. Other Infrastructure

5.5.1 Background and Achievements

5.5.1.1 In addition to transport and housing, there are several other types of infrastructure that are critical for growth, including:

    a.   energy and utilities provision;

    b.   social infrastructure (including schools, GP surgeries, leisure and community facilities); and

    c.   mobile and digital infrastructure.

5.5.1.2 Business and housing growth cannot take place in isolation from the provision of energy and social infrastructure. As the Government's Housing White Paper states: **"Development is about far more than just building homes. Communities need roads, rail links, schools, shops, GP surgeries, parks, playgrounds and a sustainable natural environment. Without the right infrastructure, no new community will thrive – and no existing community will welcome new housing if it places further strain on already stretched local resources."** [173]

5.5.1.3 Improvements in digital infrastructure open up opportunities for growth. The Government's Industrial Strategy suggests that increased broadband speeds could add £17bn to UK output by 2024. [174]

5.5.1.4 We have supported improvements to digital infrastructure through SEMLEP's provision of over £2m to Local Broadband Partnerships, to extend the Broadband Delivery UK programme and support thousands of additional premises to be connected. Other success stories include the Superfast Northamptonshire project, which has seen the number of people signing up for high-speed fibre broadband increase fourfold over the two years to November 2016, and the fact that Luton has the second highest ultra-fast broadband penetration rate [175] out of 63 UK cities. [176]

5.5.1.5 A number of LGF projects are helping on the social infrastructure front. One example is the Waterside North project, which is improving the public realm in Aylesbury by transforming the contemporary art space in the town and offering cafe, meeting room and training facilities.

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173 DCLG, (2017), Fixing Our Broken Housing Market.
174 HM Government, (2017), Building Our Industrial Strategy.
175 % of properties achieving ultra-fast (above 100 Mbps) broadband in 2016.
176 Centre for Cities' 2017 Cities Outlook

Opportunities and Challenges

However, there is more to be done. There is great variance across the South East Midlands in terms of digital infrastructure, with a number of authorities below the England average for ultra-fast broadband coverage [177].

Figure 22: Broadband coverage in the South East Midlands [178]

	Superfast (> 24 Mbps)	Below 2 Mbps	Ultrafast (>100 Mbps)
Aylesbury Vale	87.8%	1.07%	43.7%
Bedford	91.5%	0.74%	69.9%
Central Bedfordshire	92.2%	0.28%	60.6%
Cherwell	94.0%	0.57%	29.3%
Luton	99.3%	0.01%	92.6%
Milton Keynes	97.1%	0.16%	13.4%
Northamptonshire	94.9%	0.43%	58.7%
England	93.4%	0.57%	54.3%

» Around 4,000 premises set to benefit from the Superfast Northamptonshire project «

5.5.2.2 Much activity is already being undertaken to address this situation. The Bedfordshire/ Milton Keynes-based partnership, Central Superfast, is approaching 50% take-up levels, and other private sector providers and local authorities are investing in extending superfast and ultrafast broadband networks. As part of the Superfast Northamptonshire project, work is underway to increase connectivity speeds in South Northamptonshire and Daventry, with around 4,000 premises in total set to benefit by the end of 2018. [179]

5.5.2.3 However, demand for higher data capacity and increasing speeds will continue and is set to be a key driver of economic growth, particularly for those working from home.[180] Internally, while the UK has a highly competitive market for broadband services, availability of the fastest fibre-based solutions is below global leaders. The Government is developing a full fibre programme, seeking to rollout Ultrafast and Hyperfast speeds [181]. There is scope for us to support and promote such technologies in the South East Midlands, and their take-up by local businesses, positioning the area as an exemplar for connectivity. There is also scope for securing funding from the Government's Digital Infrastructure Investment Fund, which was announced at the 2016 Autumn Statement, and which pledged £400m to support access to commercial finance for providers to invest in new fibre networks.

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177 Analysis using data from Thinkbroadband.com, looking at the % of properties covered by ultrafast broadband (>100mbps), as of end-2016.
178 Source: Thinkbroadband.com
179 Northamptonshire County Council figure.
180 This is particularly important for the Creative and Cultural sector, and for rural businesses.
181 Hyperfast speeds are >1GB per second.

5.5.2.4 We recognise the critical requirement for mobile connectivity in the area. The Government's ambitions for the UK to be a world leader in 5G technologies [182] has particular resonance here, given that the area already has world-leading facilities in Connected and Autonomous vehicles [183]. The widespread application of which will require faster and more reliable communications. We will continue to work with government and public and private partners to ensure the area is open for pilots of new technologies, and to support the commercial rollout of new mobile technologies. It is also acknowledged that such technologies must provide wider and stable access for all areas.

5.5.2.5 With energy, there is a lack of strategic alignment between utilities companies and local authorities, with the former having shorter planning horizons than the latter, and a regulatory focus upon current – rather than future – demand [184]. As a result, it is difficult to develop plans with confidence that the necessary infrastructure will be integrated into delivery programmes at the appropriate time, and there are several examples within the South East Midlands of developments that have been delayed because connections cannot be made in a timely manner, and/or because there is insufficient power to deal with the step changes in growth being proposed.

5.5.2.6 Furthermore, without expensive external advice, it is not always possible for local authorities to determine what the cost of utilities provision on possible housing or employment sites might be. This hinders their ability to plan for development on a fully-informed basis. In addition, strategic consideration of issues such as water management, flood risk and the long-term supply of energy often needs to be undertaken across wide spatial areas, involving numerous governance bodies and providers, which can be complex and difficult to co-ordinate.

5.5.2.7 There can also be very high effective marginal costs of housing and employment development, where there is limited infrastructure capacity availability. This combined with the planning cycles noted above, can be a constraint on realising development.

5.5.2.8 We welcome the Housing White Paper's recognition of these issues when it comes to housing development, which states that:
"The Government will review what more we could do to ensure that utilities planning and delivery keeps pace with house building and supports development across the country: aligning investment in utilities provision with local development plans that set out where and, crucially, when houses will be built is likely to be key in achieving this, speeding up timely connections for new homes." [185]

182 See, for example: HM Treasury, (2017), Next Generation Mobile Technologies: A 5G Strategy for the UK

183 These facilities include the Transport Systems Catapult in Milton Keynes and the £9m Multi-User Environment for Autonomous Vehicle Innovation. See the 'Growing Business' chapter for more detail.

184 For example, the regulation of electricity companies allows them to plan for incremental growth, but not the step changes in growth that the South East Midlands is seeking.

185 DCLG, (2017), Fixing Our Broken Housing Market.

5.5.2.9 In addition, we will work with BEIS to develop an Energy Strategy for the South East Midlands. This will consider the energy needs of the area and options for meeting them in a sustainable manner, over both the short and longer term.

5.5.2.10 As outlined earlier in this chapter, timely government funding is not always provided to growing areas for the requisite social infrastructure. This is particularly the case for health infrastructure. In the South East Midlands, there are several examples of housing developments where a GP surgery site has been available for a number of years but no surgery has been delivered. This has significant negative impacts upon both the new and existing communities affected, as well as undermining support for additional residential development. As with utilities, the planning horizons for housing and health need to be better aligned. [186]

» We will develop an Energy Strategy for the South East Midlands «

5.5.3 SEMLEP's Role

5.5.3.1 SEMLEP's role in supporting the provision of energy, digital and social infrastructure is as follows:

a. Liaising with OFGEM, OFWAT, BEIS, local authorities, developers, energy providers and the Growth Corridor Strategic Connectivity Board to identify local utilities issues that are holding back growth and, where possible, to increase strategic engagement on planning for future growth. This includes issues of energy capacity and water management. A key component of this will be the development of an Energy Strategy for the South East Midlands.

b. Making the case to government for a clear strategy for the provision of primary health care and a firm commitment to provide facilities that have been planned in association with new development.

c. Working with local authorities and businesses, and through central government initiatives, partners and funding, to improve digital and mobile infrastructure, support the commercial rollout of new technologies, and encourage business take-up of these facilities.

Kettering Energy Park

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186 The NHS and Clinical Commissioning Groups (CCGs) generally plan services over a maximum of five years.

Cross-Cutting Themes:

Priorities

7. To ensure that growth is undertaken in a manner that promotes social inclusion and environmental sustainability.

6.1 Introduction

6.1.1 This Strategic Economic Plan is all about boosting productivity and growth, but as a means to improving long-term living standards rather than as an end in itself. It is crucial that growth is undertaken in a manner that protects and enhances environmental quality and which doesn't leave people or communities behind.

6.1.2 The relationship between growth and environmental/social inclusion concerns is two-way, with the promotion of the latter supporting the former in many instances. For example, evidence suggests that green spaces can provide multiple health benefits through reduced stress levels and increased opportunities for physical activity, which in turn can have a knock-on impact upon labour force participation and productivity. [187] Similarly, there is evidence that people in the poorest communities have a 60% higher prevalence of long-term health conditions than those in the richest. And the prize for tackling such issues is potentially large. Public Health England estimates that the combined costs of sickness absence, lost productivity through worklessness and health-related productivity losses are over £100bn per annum at the national level. [188]

6.1.3 There is a clear imperative for policymakers to pursue growth, inclusion and environmental considerations in tandem. The rest of this chapter looks at how this can best be done in the South East Midlands, taking account of specific local characteristics, including the relatively high proportion of the local population living in rural areas, and local industrial strengths in low-carbon technologies.

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187 SEMLEP, (2015), It's the Economy, Naturally
188 Public Health England and The Work Foundation, (2017), Health and Work

6.2 Social Inclusion and the VCSE Sector

6.2.1 Background and Achievements

6.2.1.1 The World Bank defines social inclusion as **"the process of improving the terms on which individuals and groups take part in society—improving the ability, opportunity, and dignity of those disadvantaged on the basis of their identity."** [189]

6.2.1.2 In the South East Midlands, we have a strong commitment to tackling economic inequalities, promoting social inclusion and encouraging partnership working across the area. In a 2015 **Social Exclusion Strategy** [190], we set out three priorities:

a. Support into employment and overcoming barriers to work.

b. Financial inclusion and tackling poverty in and out of work.

c. Promoting and supporting self-employment and social enterprise.

6.2.1.3 These three priorities have been pursued, in the main, through the 2014-20 European Structural Investment Fund (ESIF) Growth Programme, which provides investment to projects that promote growth, jobs and social inclusion. Examples of specific projects include the 'Building a Better Future for All' project in Luton. This supports unemployed and economically inactive participants to overcome barriers to move into, or closer to, paid employment. The National Offender Management Service CFO3 project, works across Northampton, Daventry, Kettering and Corby to help offenders move towards social inclusion and prevent re-offending.

6.2.1.4 Employment rates in the area have increased over time. The employment rate of 16-64 year olds in 2016/17 was 77.8%, versus 74.4% for England as a whole, and up from 75.5% in 2013/14. [191]

6.2.1.5 Economic inactivity of 16-64 year olds in the South East Midlands is lower than in the rest of England (18.7% versus 21.8% in 2016/17, and down from 19.4% in 2013/14). The share of the economically inactive who are students has increased in the area (from 24.6% in 2013/14 to 28.7% in 2016/17) while the share of economic inactivity due to long-term sickness has decreased (from 19.2% to 16.7% over the same period). [192]

6.2.1.6 Several local authorities have seen an improvement in various aspects of their IMD relative rankings, with the relative income and employment rankings for Central Bedfordshire, Milton Keynes and Northampton all improving markedly between 2010 and 2015 (see Figures 23 and 24). [193]

189 http://www.worldbank.org/en/topic/socialdevelopment/brief/social-inclusion.
190 http://www.semlep.com/resources/uploads/Social_Inclusion_Strategy_2015_
     revision_final.pdf
191 Annual Population Survey statistics.
192 Annual Population Survey statistics.
193 NB: this tells us nothing about absolute income and employment deprivation in
     these areas; it simply tells us that the relative positions of these areas (compared
     to the rest of the country) have improved. There have also been marked
     improvements in the income and employment rankings of Aylesbury Vale and
     Cherwell, although these scored highly to begin with.
194 The definition of low income used includes both those people that are
     out-of-work, and those that are in work but who have low earnings (and who
     satisfy the respective means tests).
195 The Employment Deprivation Domain measures the proportion of the working age
     population in an area involuntarily excluded from the labour market. This includes
     people who would like to work but are unable to do so due to unemployment,
     sickness or disability, or caring responsibilities.
196 Estimated figure based on findings from SEMLEP 2017 Business Survey
197 https://www.northampton.ac.uk/business-and-enterprise/social-venture-builder/.

6.2.1.7 The Voluntary, Community and Social Enterprise (VCSE) sector in the South East Midlands plays an important role in supporting social inclusion, particularly in terms of implementing specific ESIF projects. In addition, there are three SEMLEP steering groups which provide specialist advice and support across, respectively, the voluntary and community, rural and social enterprise sectors.

6.2.1.8 It is estimated that there are approximately 2,000 social enterprises across the South East Midlands[196], from small niche providers to national organisations. The University of Northampton's Social Venture Builder 'incubator programme' provides a tailored programme to allow candidates to access appropriate investment, develop networks and build leadership capacity. [197]

Figure 23: IMD Income Rankings for LAs in the SE Midlands, 2010 & 2015 [1=most deprived LA; 326=least deprived LA] [194]
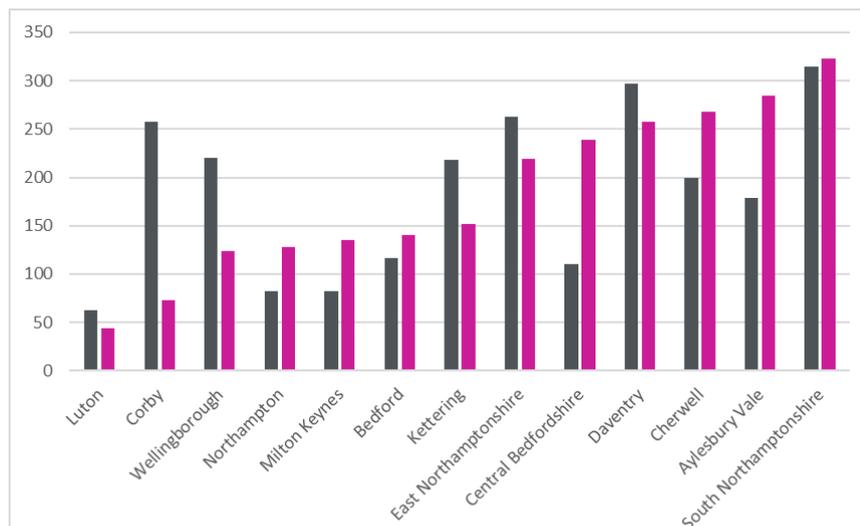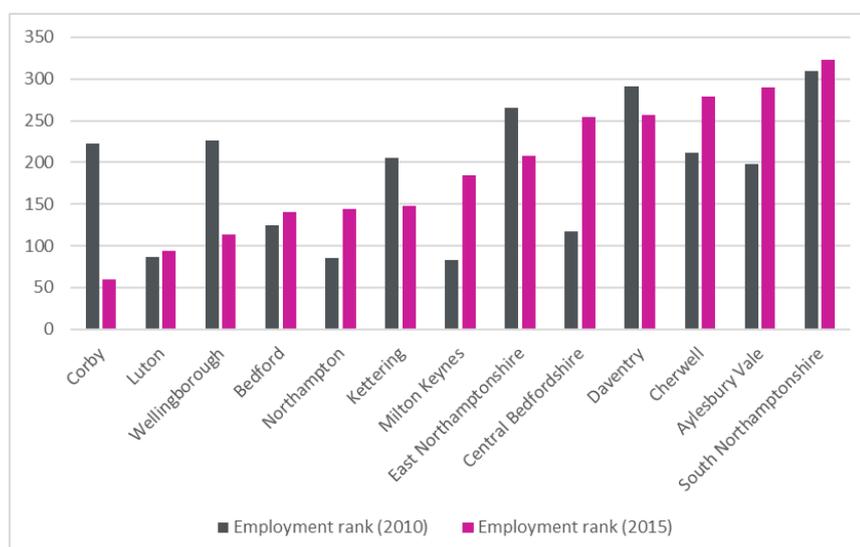

Figure 24: IMD Employment Rankings for LAs in the SE Midlands, 2010 & 2015 [1=most deprived LA; 326=least deprived LA] [195]

Opportunities and Challenges

6.2.2.1 Although many of the overarching trends for the South East Midlands are positive, these disguise variation between groups and places. For example, although the employment rate of white males and females and ethnic minority males is higher in the South East Midlands than for England as a whole, and has increased over time, the employment rate of ethnic minority females is lower (at 52.5%in 2016/17, versus 56.3% in England), and has fallen since 2013/14 [198]. There is also scope for further improvement in labour market engagement among the EA core or work-limiting disabled (particularly those who have been on ESA for more than two years) which, at 58.6% in 2016/17, is still a long way below the 77.8% employment rate for the wider 16-64 year-old population. [199]

6.2.2.2 In terms of places with social exclusion issues, Corby, Luton, Northampton and Wellingborough consistently rank as the four most deprived local authorities within the South East Midlands. The IMD relative income and employment rankings in Figures 23 and 24 show that Corby and Wellingborough's relative national position on these fronts has worsened between 2010 and 2015, while Luton's has stayed similar. Northampton's rankings have improved, but it still remains one of the more deprived authorities in the LEP area. These four local authorities also rank as the most deprived in the South East Midlands on the IMD 2015 education and crime domains [200]. This is slightly different for the Barriers to Housing and Services domain [201], where the main urban centres of the area (Luton and Northampton again, but also Milton Keynes and Bedford) are among the relatively most deprived. [202]

6.2.2.3 We intend to improve the situation of socially excluded groups and places through further targeted projects. Over the 2017-2020 period, there is more than £30m to be committed through the SEMLEP ESIF programme. The Implementation Plan for the programme [203] sets out the types of support that will be prioritised. We will also engage in work to help design the UK Shared Prosperity Fund, which will be the main post-Brexit source of future funding for interventions that explicitly promote social inclusion and aim to reduce inequalities between communities. [204]

6.2.3 **SEMLEP's Role**

6.2.3.1 In light of the above, SEMLEP sees its role in supporting social inclusion and equality in the South East Midlands as follows:

a. Implementing the 2017-20 portion of the ESIF programme, and engaging with government and local partners on the design of the future UK Shared Prosperity Fund.

b. Promoting opportunity through our Skills Strategy, which will support vulnerable groups to overcome employment barriers and provide lifelong opportunities for up-skilling and re-skilling. [205]

c. Remaining compliant with the 2010 Equalities Act and embedding equalities considerations into our operations through a refresh of our Assurance Framework.

198 In 2013/14, the employment rate of ethnic minority females was 57.8%.
199 This figure has improved since 2013/14, when it was 52.8%. [Source: Annual Population Survey].
200 The Education Domain combines indicators around attainment, qualifications, school absences, etc., while the Crime Domain measures the risk of personal and material victimisation at local level (including violence, burglary, theft and criminal damage).
201 The Barriers to Housing and Services Domain measures the physical and financial accessibility of housing and key local services.
202 Aylesbury Vale is also relatively deprived in terms of this Domain.
203 South East Midlands European Structural Investment Fund 2014-20: Implementation Plan 2017-20.
204 The commitment to a UK Shared Prosperity Fund was set out in the Conservative Party's 2017 Manifesto (Forward, Together), which also said that the design of the fund will be widely consulted upon.
205 See Chapter 4 for more detail.

6.3 The Rural Economy

6.3.1 Background and Achievements

6.3.1.1 The rural economy plays a key role in the South East Midlands, accounting for around 28% of the area's population (compared to c.18% across all LEPs) [206] and around 40% of its PAYE- and VAT-registered businesses. The main industries in the South East Midlands' rural economy [207] are: professional, scientific and technical services (which account for a fifth of all rural registered businesses); construction; wholesale and retail trade/repair of motor vehicles; and agriculture, forestry and fishing. [208]

6.3.1.2 However, there is huge variation across the area in terms of the urban-rural split, with local authorities such as Luton (which has 0% rural population) at one end of the spectrum, and authorities such as South Northamptonshire (which has a rural population of c.84%) at the other. This variation is shown in Figure 25.

Figure 25: Rural population as a percentage of the total population in the SE Midlands
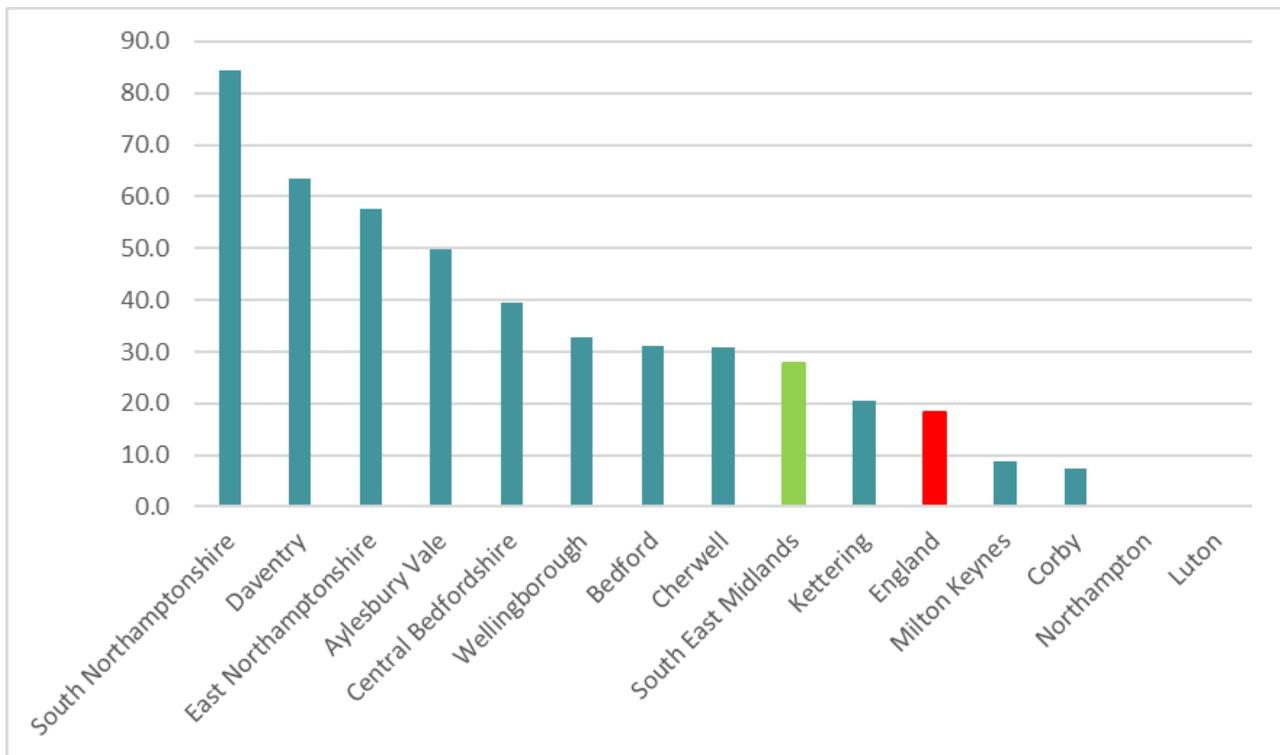
206 ONS data, using 2011 Rural-Urban definition
207 In terms of numbers of registered businesses.
208 Source: Office for National Statistics (ONS), Inter-Departmental Business Register (IDBR) 2012/13, Enterprise level dataset, using 2011 Rural-Urban definition.

6.3.1.3 In 2015, SEMLEP published a Rural Inclusion Plan [209]. This set out a number of economic, social and environmental priorities for rural areas in the South East Midlands, including increasing superfast broadband and digital connectivity, improving access to rural business support, and increasing access to public transport for rural communities.

6.3.1.4 Across the new integrated LEP area, nine development grants were received from the European Agricultural Fund for Rural Development (EAFRD) to support a variety of rural businesses, including garages, tourist accommodation projects, a marina and a distillery. The LEADER programme, a community-focused programme, offers support to smaller rural projects.

» The rural economy plays a key role in the South East Midlands, accounting for around 40% of PAYE- and VAT-registered businesses. «

6.3.2 Opportunities and Challenges

6.3.2.1 In a report for DEFRA [210], Frontier Economics identified two main drivers of economic performance in rural areas:

a. **the quality of local broadband**, with good digital connections facilitating access to information, markets, support, collaboration and innovation; and

b. **proximity to local population centres**, with better integration of rural and urban areas giving scope for agglomeration benefits. In this regard, over the 2008-12 period [211], people living in the most rural areas travelled 50% further per year than those in England as a whole and 63% further than those living in urban areas. [212]

6.3.2.2 Meanwhile, a report by the Centre for Rural Economy and Newcastle University [213] found evidence of untapped rural potential, particularly with regards to scope for rural firms to increase their exports of goods and services.

6.3.2.3 We will work to support rural firms to increase exports to existing markets, and explore the possibilities of new markets, as set out in Chapter 3. We will also work to improve local broadband and transport connections, as outlined in Chapter 5. In addition, we will promote the rural-proofing of any new policies (i.e. analysis to see whether policies have significantly different impacts in rural and urban areas, and tailoring of the policy accordingly, if necessary, to address the specific requirements of rural areas). This is likely to be particularly important in business support terms, given the higher levels of self-employment in rural areas. [214]

6.3.2.4 Britain's exit from the European Union presents some particular challenges to, as well as opportunities for, the rural sector. It will bring uncertainty for primary producers around future food prices, trade agreements and exchange rates, and consequently generate questions around food security. Yet it will also offer scope for a more localised approach to rural policy. The IPPR writes: **"For several decades the direction of rural policy has been substantially determined by tradition and by the Common Agricultural Policy (CAP). Withdrawal from the EU brings the chance to take an innovative and transformative approach, updating agricultural policy and addressing new opportunities and challenges."** [215]

210   Frontier Economics, (2015), Drivers of rural business growth, decline and stability
211   Average results over a five year period.
212   Defra, (2016), Statistical Digest of Rural England.
213   Centre for Rural Economy and Newcastle University Business School, (2017),
       Small Rural Firms in English Regions: Analysis and Key findings from UK
       Longitudinal Small Business Survey, 2015
214   In 2012/13, 20% of businesses in rural areas were self-employed, compared to
       13% in urban areas.
       [Source: Office for National Statistics (ONS), Inter-Departmental Business
       Register (IDBR) 2012/13, Enterprise level dataset, using 2011 Rural-Urban
       definition.]
215   IPPR, (2017), Forgotten Opportunities: The Dynamic Role of the Rural Economy in
       Post-Brexit Britain

6.3.2.5 Similarly, the Country Land and Business Association (CLA) states that Brexit **"presents rural business with a whole range of new opportunities: new markets to trade with, new and better ways of supporting farming and the environment and new ways to regulate that provide the security we need but which work with the grain of business… We also have the opportunities afforded by new technologies and new ways of thinking."** [216]

6.3.2.6 This optimism is reflected by local businesses, with 21% of local agriculture businesses expecting a positive change from Brexit – significantly higher than the South East Midlands average of 12%. [217]

6.3.3 SEMLEP's Role

6.3.3.1 SEMLEP's role in supporting the rural economy in the South East Midlands is as follows:

a. Facilitating EAFRD projects, co-ordinating with LEADER projects, and engaging with government and local partners on potential future sources of funding for rural areas in the South East Midlands.

b. Supporting rural firms to increase their exports, and working to improve local broadband and transport connections in rural areas, as well as promoting rural-proofing in policy development across the South East Midlands.

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216   CLA, (2016), Rural Business 2030.
217   SEMLEP 2017 Business Survey.

6.4 The Natural Environment and Sustainable Growth

6.4.1 Background and Achievements

6.4.1.1 The natural environment and local green infrastructure of the South East Midlands are recognised as major assets for the area, from the designed urban green networks and large rural hinterland in Milton Keynes, to the rural **Rockingham Forest, Whittlewood Forest, Greensand Ridge** and **the Chilterns**, to the network of rivers and waterways that link the urban and rural areas.

6.4.1.2 This green network underpins the economy. In the 2015 SEMLEP Business Survey, 'attractive surroundings' was the highest-rated aspect of being located in the South East Midlands, with over two-thirds of businesses stating that the quality of their surroundings was "very or quite good". [218] In addition, it also supports sustainable economic growth by attracting tourists and visitors, and by providing recreation and relaxation space for healthy and productive communities. A 2012 study estimated the total direct economic value of sport in the South East Midlands to be over £650m per annum. [219]

6.4.1.3 The South East Midlands scores very highly on the Living domain of the Index of Multiple Deprivation (IMD), which assesses the quality of the local living environment in terms of housing stock condition, air quality and road traffic accidents involving injury to pedestrians and cyclists. In 2015, the South East Midlands had the sixth highest score of all LEPs on this measure. [220]

6.4.1.4 There are four Local Nature Partnerships (LNPs) covering the South East Midlands area: in Bedfordshire; Buckinghamshire and Milton Keynes; Northamptonshire; and Oxfordshire. Since their inception in 2012, these LNPs have worked to manage, maintain and enhance the natural environment, with achievements including the **Nene Valley Nature Improvement Area Partnership** in Northamptonshire, which has improved water quality, wildlife habitats and access to green space along the River Nene. A second example is the development of a Vision for Green Infrastructure in Buckinghamshire and Milton Keynes, which is being used to influence Local Plan development in the area.

6.4.1.5 LNPs are also working alongside SEMLEP and local authorities to encourage and promote the use of renewable energy. For example, in Central Bedfordshire, there are eight solar farms generating sufficient energy to power 28,500 homes, with an additional 16,500 homes receiving electricity generated by wind and landfill gas. [221]

6.4.1.6 A 2016 Sustainability West Midlands report [222] scored SEMLEP as having "good evidence" around its commitments across climate change adaptation, mitigation and the low-carbon economy.

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218 http://www.semlep.com/resources/uploads/SEMLEP_Business_Survey_Report_2015_-_full_report.pdf.
219 Sport England, (2012), Why Sport Matters in SEMLEP
220 This analysis is based on the former LEP boundaries, i.e. it is out of 39 LEPs, and the South East Midlands definition here does not include East Northamptonshire or Wellingborough.
221 Bedfordshire Local Nature Partnership, (2016), Bedfordshire's Natural Environment – its value to us all
222 Sustainability West Midlands, (2016), Fit for the Future? Local Enterprise Partnerships' Climate Ready and Low Carbon Economy Good Practice

> *There is strong read-across between South East Midlands' Next Generation Transport assets and potential future growth from emerging energy and low carbon technologies.* «

6.4.2 Opportunities and Challenges

6.4.2.1 The scale of business, housing and transport development we are seeking across the Cambridge-Milton Keynes-Oxford Growth Corridor is likely to result in significant additional environmental stresses. Therefore, it is critical that natural capital and ecosystem services are incorporated into developments' design and construction. A federation of LNPs and LEPs [223] has secured £25,000 from DEFRA to develop a Natural Capital Investment Plan for the Growth Corridor (building on the work in the Nene Valley), which will provide a baseline assessment of key natural capital attributes and an overarching set of environmental priorities, as well as illustrating potential investment opportunities.

6.4.2.2 The **Bedford and Milton Keynes Waterway Park** is an environmental infrastructure project that, by linking the Grand Union Canal at Milton Keynes to the Great Ouse river at Bedford – and joining the main UK canal network with the Fenland waterways – aims to increase biodiversity and improve water management in the middle of the Growth Corridor, as well as creating jobs and stimulating the local visitor economy.

6.4.2.3 There is a strong read-across between the South East Midlands' Next Generation Transport assets and potential future growth from emerging energy and low carbon technologies. Crossover areas include lightweight vehicles, more efficient power systems, vehicle emissions testing, more intelligent use of automation to improve transport products, and dynamic routing and data to support the green economy.

6.4.2.4 In its Joint Core Strategy, North Northamptonshire places a focus upon renewable energy and green technologies (including wind, solar and biomass technologies). Through a decentralised energy network [224], **Kettering Energy Park** is seeking to lower carbon emissions and increase security of the local power supply, including to the 5,500-dwelling **Hanwood Park Sustainable Urban Extension.**

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223 Bedfordshire, Buckinghamshire & Milton Keynes, Northamptonshire, Cambridgeshire and Oxfordshire LNPs, together with SEMLEP and Greater Cambridgeshire LEP.
224 A 'decentralised energy network' refers to the provision of locally-generated power, i.e. energy that is generated off the main grid.

Figure 26: Water availability in the South East Midlands [226]
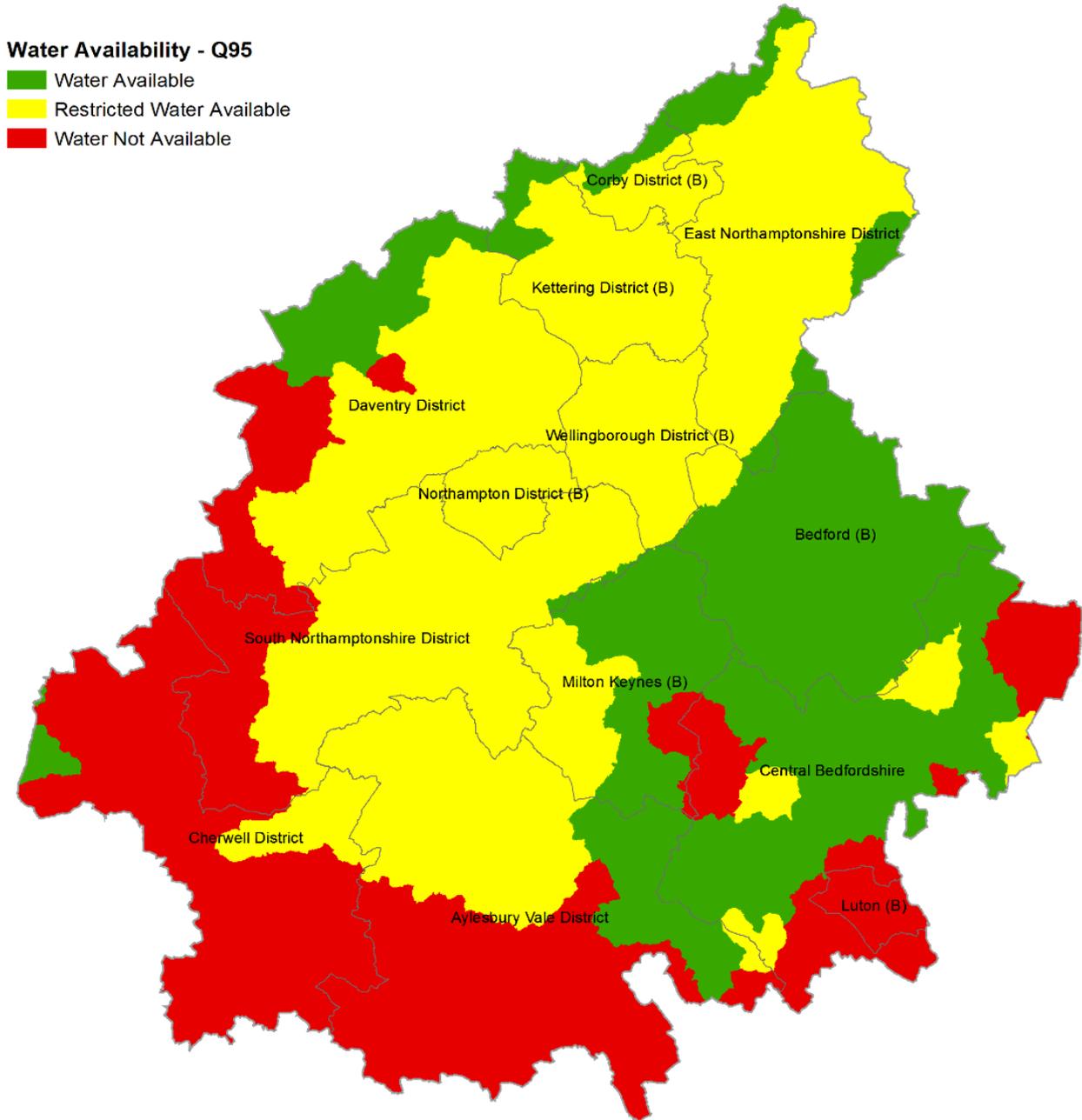
6.4.2.5 The South East Midlands is promoting a lower-carbon economy through a number of European Regional Development Fund (ERDF) projects. The **Smart Energy Business for Northamptonshire** project will provide energy efficiency grants, as well as a broader energy support service, for SMEs within the South East Midlands. The **Innovation in Manufacturing, Aerospace and Green Economy (IMAGE)** project will give hundreds of local businesses access to the resources and expertise of local universities, to help them develop new green technologies, processes and services.

6.4.2.6 SEMLEP's development of an Energy Strategy for the South East Midlands will help to build on this work, and lay out a blueprint for future sustainable energy provision in the area.

6.4.2.7 However, the South East Midlands still faces a number of other long-term environmental challenges, particularly with regards to future extreme weather and water resilience. In 2012, it was estimated that 1.6% of residential properties and 4.6% of commercial properties in the area are at high risk of flooding. These risks are set to increase over the coming half-century as global temperatures rise [225]. Water resources are also under increased pressure. Figure 26 shows that only a few areas in the South East Midlands have more water available for extraction, while several other areas are actively over-abstracted.

6.4.3 SEMLEP's Role

6.4.3.1 In light of the above, SEMLEP's role in promoting the natural environment and sustainable growth is:

a. Supporting the development of a Natural Capital Investment Plan for the Cambridge-Milton Keynes-Oxford Growth Corridor, and working with LNPs, other LEPs, the NIC, the Environment Agency and other infrastructure providers to ensure that growth in the Growth Corridor takes account of key natural environment concerns and opportunities.

b. Facilitating projects that promote energy and resource efficiency in businesses, as well as sharing information with local businesses around environmental issues and responsibilities more generally.

c. Developing an Energy Strategy for the South East Midlands, which will consider the long-term energy needs of the area and options for meeting them in a sustainable manner.

d. Promoting the South East Midlands' green technology strengths and environmental assets, and working with partners to consider how to improve the area's future resilience: environmental, economic and social.

225 SEMLEP, (2015), It's the Economy, Naturally
226 Source: Environment Agency.

Appendix 1

South East Midlands Local Growth Deal Projects Summary October-17
Current Forecasts to end of programme (March 2021) with Actuals where available

Project Name	Delivery Partner	Local Authority	Project Description	LGF Programme	Growth Fund	Total Project Cost
A45 – Daventry Development Link	Northamptonshire County Council	Daventry District Council	The A45 Daventry Development Link is crucial to enabling significant growth plans at Daventry to come forward. The Link will be a new 3.5 m (5.7km) single carriageway, which will start at a new roundabout on the existing A45 between the villages of Dodford and Weedon (to the east of Globe Farm). It will then pass to the north of the villages of Weedon, Flore and Upper Heyford before rejoining the A45 at a new roundabout between Upper Heyford and the M1 motorway at junction 16.	NEP LGF1	£14m	£39.2m
A43 – Phase 1b Northampton to Kettering Improvements	Northamptonshire County Council	Northampton Borough Council	Improvements to the A43 are essential to facilitate growth in and around the north of Northampton. The new road will enable the North of Northampton to come forward. More widely, the A43 between Northampton and Kettering suffers from congestion hotspots, journey time delay and road safety issues due to vehicles trying to overtake. Through its key strategy document, the Northamptonshire Arc, the county council has outlined a policy to dual the A43 all the way between the A45 and the A14. Due to the scale of the scheme this will be achieved in phases. Phase 1b will provide a new road between the Round Spinney and Moulton roundabouts by-passing the existing road.	NEP LGF1	£7.9m	£17.8m
A43 – Phase 2 - Northampton to Kettering improvements	Northamptonshire County Council	Northampton Borough Council	Improvements to the A43 are essential to enable development plan proposals to come forward in and around Northampton. The A43 between Northampton and Kettering suffers from congestion hotspots, journey time delay and road safety issues due to vehicles trying to overtake. Through its key strategy document, the Northamptonshire Arc, the county council has outlined a policy to dual the A43 all the way between the A45 and the A14. Due to the scale of the scheme this will be achieved in phases. Phase 2 is dualling of the section north of the Moulton roundabout to a new junction near Overstone Grange.	NEP LGF1	£6.5m	£9.25m
Stanton Cross	Bovis Homes	Wellingborough Borough Council	Delivery of a bridge across the railway and supporting roads in the Stanton Cross development, Wellingborough.	NEP LGF1	£9m	£17.9m
Wootton Hall Access Improvements	Northants County Council	Northampton Borough Council	Improvement of access to Wootton Hall Park to enable public land holdings to be released for housing, employment and educational purposes.	NEP LGF1	£1.7m	£2.678m
Bedford Western Bypass	Bedford Borough Council	Bedford Borough Council	This new road opened in April 2016 and allowed traffic to avoid the town centre but instead to connect the A428 with the A6 south of Clapham. This was aimed to reduce congestion and open land for employment and new homes. Over 50 new houses have already been built.	LGF1	£2.5m	£18.68m

Project Name	Delivery Partner	Local Authority	Project Description	LGF Programme	Growth Fund	Total Project Cost
Smarter Routes to Employment	Central Bedfordshire Council	Central Bedfordshire Council	This project has delivered a set of capital investment works focussed on the busway corridor route between Luton and Dunstable, including new stops, enhancements to the shared use path and improved points of access increasing accessibility to sustainable modes of transport.	LGF1	£0.8m	
Daventry Campus	Northampton College	Daventry District Council	The Northampton College Daventry Campus has seen an inspirational new learning environment for the town which can deliver a range of Further education and meet the needs of the young people of the town and the employers in the local area.	LGF1	£6.5m	£13.39m
Engineering and Construction Skills, Leighton Buzzard	Central Bedfordshire College	Central Bedfordshire Council	The new state of the art skills and technology training centre in Chartmoor Road, Leighton Buzzard, has been constructed and completed 2 weeks ahead of schedule. The centre has been supported by employers and the curriculum being delivered there, driven by the skills needs across the area in line with local and regional jobs. Students are enrolled and enjoying the benefits of the new centre. Local schools have joined in partnership with the centre to create improved learning pathways and options for local young people.	LGF1	£2.5m	£4.7m
Growing Bletchley Station	Milton Keynes Council	Milton Keynes Council	Contributing to the regeneration of the town, and seeking to capitalise on the significant opportunities that will flow from East West Rail, the project has delivered access, public realm and safety improvements to the links between the train station and the town thereby increasing both the attractiveness and use of sustainable transport.	LGF1	£1.5m	£3.5m
Woodside Link	Central Bedfordshire Council	Central Bedfordshire Council	Joining up with the new J11A on the M1 this project will allow great access to the Woodside Link industrial area and open up land for over 2000 new jobs and up to 10,000 new homes.	LGF1	£20m	£42m
St James Mill Road	Northampton Borough Council	Northampton Borough Council	The construction of a link road to facilitate the direct and indirect expansion of business on the Enterprise Zone.	LGF1	£0.6m	£2m
Luton Highway Access	Luton Borough Council	Luton Borough Council	As passenger numbers increase at Luton Airport to 28 Million a year a number of junction improvements are required to increase the road capacity around the south of the town. These will commence in Winter 17/18 with the help of the Airport as part funder.	LGF1	£1.2m	£3.2m
A421 dualling	Central Bedfordshire Council	Central Bedfordshire Council	This project will see dual carriageway built from J13 on the M1 to Milton Keynes opening up more land for employment with great access to the motorway network.	LGF1 + DfT retained	£23.5m	£29m
Luton Surface Access	Luton Borough Council	Luton Borough Council	This is a major £100M project to open up employment land and improve airport access. The planning application will be considered in 2017 with a view to the scheme opening in 2021.	LGF1 + DfT retained	£20m	£100m
Moulton College Food and Drink Innovation Centre	Moulton College	Daventry District Council	Construction of a Food and Drink Innovation Centre to meet the SEMLEP strategic skills priority for the Food and Drink Manufacturing Sector.	NEP LGF2	£3.5m	£3.5m
Smart Commuting	Northamptonshire County Council	Northampton Borough Council	It is widely acknowledged that more needs to be done to exploit the potential of new technologies in terms of making better use of network capacity and enabling users to make smart choices. This is exactly what we are doing in Northamptonshire through the development of the Smart Commuter concept. The success of this concept is critical to enabling the ambitious growth targets for Northamptonshire to be achieved.	NEP LGF2	£3.5m	£3.5m

Project Name	Delivery Partner	Local Authority	Project Description	LGF Programme	Growth Fund	Total Project Cost
Smart Corridors	Northamptonshire County Council	Northampton Borough Council	More work needs to be done to exploit the potential of new technologies in terms of making better use of network capacity and enabling users to make smart choices. This is exactly what we are doing in Northamptonshire through the development of the Smart Commuter concept. The success of this concept is critical to enabling the ambitious growth targets for Northamptonshire to be achieved. The Smart Corridors initiative is pivotal to this broader concept. It will bring together a number of technology-based solutions, including bus priority, in a comprehensive and integrated way in a series of demonstration corridors in Northampton (Weedon Road, Kingsthorpe and Kettering Road). Each of these corridors have associated major housing developments.	NEP LGF2	£3.5m	£9.5m
MUEAVI	Cranfield University	Central Bedfordshire Council	MUEAVI (Multi-User Environment for Autonomous Vehicle Innovation) - An integrated local and national asset for research and development related to connected and autonomous vehicles, also serving as the main arterial road for the University	LGF2	£3m	£9m
Advanced Engineering Centre, Bedford College	Bedford College	Bedford Borough Council	The erection of a three storey standalone Advanced Engineering Centre. The new building will be used deliver teaching and learning in engineering; electronics CAD; and robotics.	LGF2	£2.5m	£4.5m
I-WORX	Bedford Borough Council	Bedford Borough Council	An Advanced Technology and Engineering Workshop Cluster offering twelve bespoke, modern engineering and work shop spaces on the new Marston Vale Business Park, ideal for new and expanding engineering businesses and perfectly located adjacent to the well-connected A421.	LGF2	£2.5m	£4.7m
The Exchange, Aylesbury (formerly known as Waterside North)	Aylesbury Vale District Council	Aylesbury Vale District Council	The Exchange is a mixed-use scheme in the heart of Aylesbury town centre. Set to open in autumn 2018, the scheme will deliver 47 apartments , five restaurants and a stunning new public square where people can sit and relax as well as enjoy a range of thought provoking sculpture.	LGF2	£3.3m	£12m
MK Gallery Expansion	MK Gallery	Milton Keynes Council	Transforming the contemporary art space in the town and offering cafe, meeting room and training space this project is aiming to increase visitor numbers to the new city.	LGF2	£1.3m	£12m
Millbrook Innovation Centre	Millbrook Proving Ground	Central Bedfordshire Council	Developing the capacity for vehicle testing, this project creates work space to test vehicles and extend the market for the Millbrook facilities. The building meets the needs of business/projects requiring research & development space together with access to high quality automotive testing & development facilities to support their projects move from initial research to prototype and testing.	LGF2	£2.6m	£4.4m
Vulcan Works	Northampton Borough Council	Northampton Borough Council	Restoration of Grade II listed buildings within Northampton Town Centre to offer new creative industry space alongside the University of Northampton Leather Technology Centre.	LGF2	£6.3m	£10.4m
Academic Centre - Milton Keynes Hospital	University of Buckingham	Milton Keynes Council	A new 200sqm Academic Centre consisting of seminar, lecture and simulated medical space for use by the University's Undergraduate Medical School students and the Milton Keynes Trust Postgraduate students.	LGF2	£2m	£8.5m
Leyland Trading Estate	Northern Trust Company Limited UK	Wellingborough Borough Council	The project will deliver £4.4m 'oven ready' SME industrial workspace development on the established Leyland Trading Estate, in Wellingborough, a key identified growth area.	LGF3	£1.26m	£4.4m

Project Name	Delivery Partner	Local Authority	Project Description	LGF Programme	Growth Fund	Total Project Cost
Catesby Aerodynamic Research Facility	Aero Research Partners Ltd	Daventry District Council	This project will deliver a vehicle testing facility with a wide range of applications that service the needs of the automotive, motorsport and other industries. The test facility will attract customers on a global basis because it will be unique in what it offers for vehicle testing.	LGF3	£4.2m	£21m
Luton Cultural Quarter Creative Cluster	Luton Culture Trust	Luton Borough Council	The Hat District Cluster project will develop a network of creative and digital industry workspaces across four buildings in the Cultural Quarter which are located between Luton Station and the Town centre.	LGF3	£3.96m	£8.9m
Mahle Real Driving Emissions Centre	MAHLE Powertrain	Northampton Borough Council	This project will build a new R+D vehicle test chamber, which will be unique in the UK. The unique aspects of the chamber are commercially sensitive, at present, however a detailed briefing document is available separately on request.	LGF3	£2.1m	£8.32m
Millbrook Tyre Testing and Handling Tracks	Millbrook Proving Ground	Central Bedfordshire Council	To specify, construct and install a UK-unique test facility for the development, validation and certification of automotive vehicles and tyres in respect of their handling and braking behaviour.	LGF3	£3.3m	£9.9m
Bedford Town Centre*	Bedford Borough Council	Bedford Borough Council	This project seeks to reduce congestion and enable greater business Growing Business in the town by improving town centre traffic movement.	LGF2 + DfT retained	£11m	TBC
Bedford Southern Gateway*	Bedford Borough Council	Bedford Borough Council	The purpose of the scheme therefore is to improve journey time reliability and inform traveller choices on the key corridor into and out of Bedford, between the A6/A421 junction and Cauldwell Street on the edge of the town centre through Active Travel Management. This will be achieved by developing and improving the Information Technology Systems (ITS) along the route and by looking comprehensively at the area, including the main roads, adjacent streets, parking, travel demand, trip generation, etc. and considering all opportunities to move people and goods in the most efficient and safest way possible. The vision is for a total system to be managed as an integrated and cohesive whole and includes a package of measures working together.	LGF3	£4.5m	TBC
A509 Wellingborough Dev Link*	Northamptonshire County Council	Wellingborough Borough Council	The A509 Isham Bypass scheme is a new dual carriageway, 4.3km in length, designed to bypass the existing A509 through the village of Isham.	NEP LGF1DfT retained and LGF3	£15m +£10m	£38.5m
Northampton NW Relief Road*	Northamptonshire County Council	Northampton Borough Council	The Northampton North West Relief Road between the A428 Harlestone Road and the A5199 Welford Road is necessary to enable and unlock further development of 6,600 houses and 3,393 jobs in Northampton and relieve pressure that already exists on the local highway network in northern Northampton and nearby villages that suffers high volumes of traffic and associated disturbance.	LGF3	£7.93m	£32.29m
A6M1 Link Road (2)*	Central Bedfordshire Council	Central Bedfordshire Council	The provision of a new 4.4km long road link between the M1 in the west and the A6 in the east, to effectively form a northern bypass for Luton.	LGF2 and LGF3 DfT retained	£32.75m	£60m

*Subject to due diligence process, numbers may change

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