

# EU Structural and Investment Fund Strategy

## Gloucestershire

2014 - 2020

Revised and updated February 2016



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- 1.1 Gloucestershire is the hidden heart of British Innovation – a county with world class companies, a diverse economy and a reputation for starting and growing great businesses. Within the county there is potential to exploit opportunities and build on considerable strengths, for example:**
- A resilient broad-based economy;
  - A high quality natural environment;
  - A high level of start-ups and retention;
  - Businesses in growth sectors with export potential;
  - A strong partnership between education and business;
  - A joint approach to planning;
  - Availability of sites;
  - The potential of the motorway corridor;
  - The nuclear industry.
- 1.2** Our Strategic Economic Plan is focussed on accelerating economic growth and addressing the particular productivity challenge that we face. This EU Structural and Investment Funds Strategy provides an opportunity to support the delivery of that plan, particularly in relation to its skills and employment strands. It also seeks to address some of the social and environmental challenges in the county, including pockets of persistent high unemployment and deprivation.
- 1.3** We are keen to seize the opportunity under the 2014-20 Structural and Investment Fund to direct resources secured through this programme towards tackling these challenges and opportunities. We are particularly keen to ensure that this strategy makes the best use of a relatively small amount of funding.

### **The issues that we consider can be addressed through this strategy are:**

- Our productivity challenge;
- Our ambition to support the growth of knowledge-intensive sectors;
- Exploiting the export potential of our SMEs;
- The need for innovation to be a stronger driver of productivity;
- Capitalising on our entrepreneurial culture;
- Developing better links between education and business and retaining our talented young people;
- Ensuring a ready supply of skilled workforce to support the growth of key sectors;
- Tackling persistent deprivation in parts of the county;
- Supporting our rural economy;
- Improving our broadband coverage.

### **1.4 The process for developing this strategy has involved:**

- Drawing on detailed evidence and analysis;
- Reviewing national and local strategy to ensure alignment of Gloucestershire priorities;
- Identifying key drivers and barriers to growth;
- Addressing key market failures;
- Developing strategic investment areas in consultation with a wide range of Gloucestershire stakeholders.



## 1.5 The document is structured as follows:

**Section 2** sets out the socio-economic needs and challenges in Gloucestershire today including recent trends and future projections.

**Section 3** summarises our vision for Gloucestershire and the key components of our Strategic Economic Plan.

**Section 4** describes our EUSIF programme taking each of the EU thematic objectives in turn and the activities that will be supported in Gloucestershire.

**Section 5** sets out the overall distribution of funding by programme.

**Section 6** covers match funding and opt-in arrangements.

**Section 7** summarises our planned outputs and results reflected in the accompanying spreadsheet.

**Section 8** discusses how we will ensure alignment with other European funds.

**Section 9** sets out the proposed arrangements for delivering the programme.

**Section 10** reviews the position with regard to Community-led Local Development (CLLD).

**Section 11** sets out the proposed governance arrangements.

**Section 12** sets out how we will embed the cross-cutting themes of sustainable development and equal opportunities across the programme.



- 2.1 Gloucestershire is the northernmost county in the South West region comprising six districts – Cheltenham, Gloucester, Forest of Dean, Cotswold, Stroud and Tewkesbury. It has been a significant location for commerce since Roman times, located at a cross roads between Wales and London and the West Midlands and the South West.
- 2.2 The functional economic market area of Gloucestershire can be described in terms of four characteristics:-
- A rural aspect with associated pockets of retirement areas and attractive rural settlements,
  - Two urban clusters - Cheltenham and Gloucester – containing the key urban settlements and the main business, commercial, educational, service and cultural centres but with some inner city deprivation and low skilled neighbourhoods.
  - The north east - south west commuter belt following the path of the M5.
  - An area in the west of the county with a mix of deprivation and low skill neighbourhoods alongside the commuter belt and retirement areas.
- 2.3 A predominantly rural area, Gloucestershire has a number of market towns which act as employment hubs and provide services for resident communities in more remote rural areas.
- 2.4 The M5 has a significant impact on the county. It is its economic heartbeat and enables easy access to work, amenities and leisure, which is reflected in the associated commuter belt extending beyond the county border. However, Gloucestershire is self-contained in terms of travel to work with some 88% of the resident population living and working in the County.

## A growing population

- 2.5 Total population in Gloucestershire at the time of the last census in 2011 was 597,000, which increased by 32,300 (5.7%) from the previous census in 2001. This rate of growth was below the England and Wales average of 7.8% during the same period because of a smaller increase in children, young people and the working-age population compared to England and Wales<sup>1</sup>. Population growth was most pronounced in Gloucester up 10.8%, or 11,800 people, which made up more than a third of the total growth.
- 2.6 Gloucestershire has a high proportion of people aged 65+ compared to England and Wales (18.6% compared to 16.4%). The population is also ageing; ten years ago the proportion of over 65 year olds in the county was 17.4%. Cotswold has the highest percentage of people aged over 65 reflecting its appeal as a retirement area. By contrast, the proportion of children and young people (aged 0-19) decreased from 24.4% to 22.9% between 2001 and 2011.
- 2.7 Looking at the movements of various age groups, between 1991 to 2008 there was a net inflow of people aged between 30 and 44 years and children under 15 years, and a net outflow of people aged between 15-29 years particularly men<sup>2</sup>.
- 2.8 Looking forward, population projections indicate that the proportion of over 65 years will continue to increase. In contrast the number of children and young people is expected to decline steadily while the number of working age people will remain fairly static. This picture of an ageing population which is accentuated in the rural districts is likely to place increasing pressure on those of working age to support it and on local services like the NHS– a scenario which is equally true for many other parts of the UK.
- 2.9 In 2010 there were an estimated 268,680 dwellings in Gloucestershire. Some 66% of the housing stock is made up of detached and semi-detached properties. Between 2006 and 2010 around 2,500 additional affordable homes were provided in the county. Household numbers are projected to increase by 9% to 282,800 by 2020.
- 2.10 Some 88% of residents in Gloucestershire also work in the county, a situation that has hardly changed since 2001. Nearly twice as many people travel from Gloucestershire to Bristol than make the reverse journey and the picture is the same for Swindon. The county is also an important employer of workers from Worcestershire. There is considerable localised commuting within Gloucestershire, highlighted by a comparatively high proportion of Forest of Dean residents travelling to Gloucester to work.

1 Gloucestershire County Council (2012) Gloucestershire Population Monitor July 2012

2 Mid-2008 ONS Annual Population Survey estimates.

## A prosperous and resilient economy...

- 2.11 Gloucestershire has a prosperous and resilient economy set within a highly attractive natural environment, which offers a high standard of living for local residents. There are approximately 30,000 businesses in the area supporting a workforce of 291,500<sup>3</sup>.
- 2.12 On many of the headline indicators of economic performance, Gloucestershire performs at, or above, the national average. The UK Competitiveness Index uses a basket of indicators to rank the 39 LEP areas and the 2013 Index places Gloucestershire as the 11th most competitive LEP in the country<sup>4</sup>. Similarly, Experian's Resilience Index placed Gloucestershire 9th most resilient LEP<sup>5</sup>.
- 2.13 Total output of the economy was approximately **£12.7 billion** in 2012, representing 12% of the value of output in the South West and 1% of the UK economy<sup>6</sup>. According to latest figures, GVA per head in Gloucestershire is £21,066, on a par with the UK (£21,674) but above the South West average (£19,023)<sup>7</sup>.

## ...but evidence that growth has slowed.

- 2.14 While the economy is strong and there are major opportunities for expansion, there is evidence that economic growth has slowed in Gloucestershire in recent years relative to the rest of the UK. We have looked at rates of growth in GVA achieved in Gloucestershire during the pre and post-recession years in comparison with other areas and nationally<sup>8</sup>:
- Between 1997 to 2011 (14 years) the average percentage growth rate in nominal GVA was 3.8% compared with the national rate of 4.3%.
  - In the run-up to the recession – 2002 to 2008 - the annual average percentage change for Gloucestershire was 3.5% - lower than the national figure of 5.2%.
  - In 2010-2011 (1 year) the growth rate for Gloucestershire was 2.3% - close to the national rate of 2.4%.
  - In terms of growth over the period 2002-2008, Gloucestershire is in the bottom third of all local and unitary authorities in the country.
- 2.15 For this reason, we have set a bold target in our Strategic Economic Plan to achieve growth above the national average, and ambitious plans to realise that target (see Section 3).

## The productivity challenge

- 2.16 Productivity in Gloucestershire has dropped in both comparative and real terms.
- 2.17 ONS recommends the use of GVA per hour worked or GVA per filled job to assess productivity performance<sup>9</sup>. Examining these indicators, there is evidence that productivity has stagnated relative to the rest of the UK. GVA per hour worked in Gloucestershire increased from £22.70 in 2004 to £25.70 in 2011 but over the same period, the national increase was from £22.30 to £27.30. This graph shows how Gloucestershire's position relative to the UK has therefore fallen year-on-year to 2011. This trend is confirmed by data on GVA per filled job. Today, GVA per filled job (£39,726) is around 8% lower than the UK (£43,236).

3 South West Observatory, GFirst LEP Economic Profile.

4 UK competitiveness index 2013, sourced from University of Exeter/Marchmont (2013) Gloucestershire Skills Plan Evidence Based Report. Indicators relate to productivity, labour market and business performance

5 Sourced from the LEP Network (2012). More resilient economies are associated with higher levels of entrepreneurship; a larger presence in less vulnerable sectors; higher levels of educational attainment and labour market participation; higher levels of life expectancy; and better living environments.

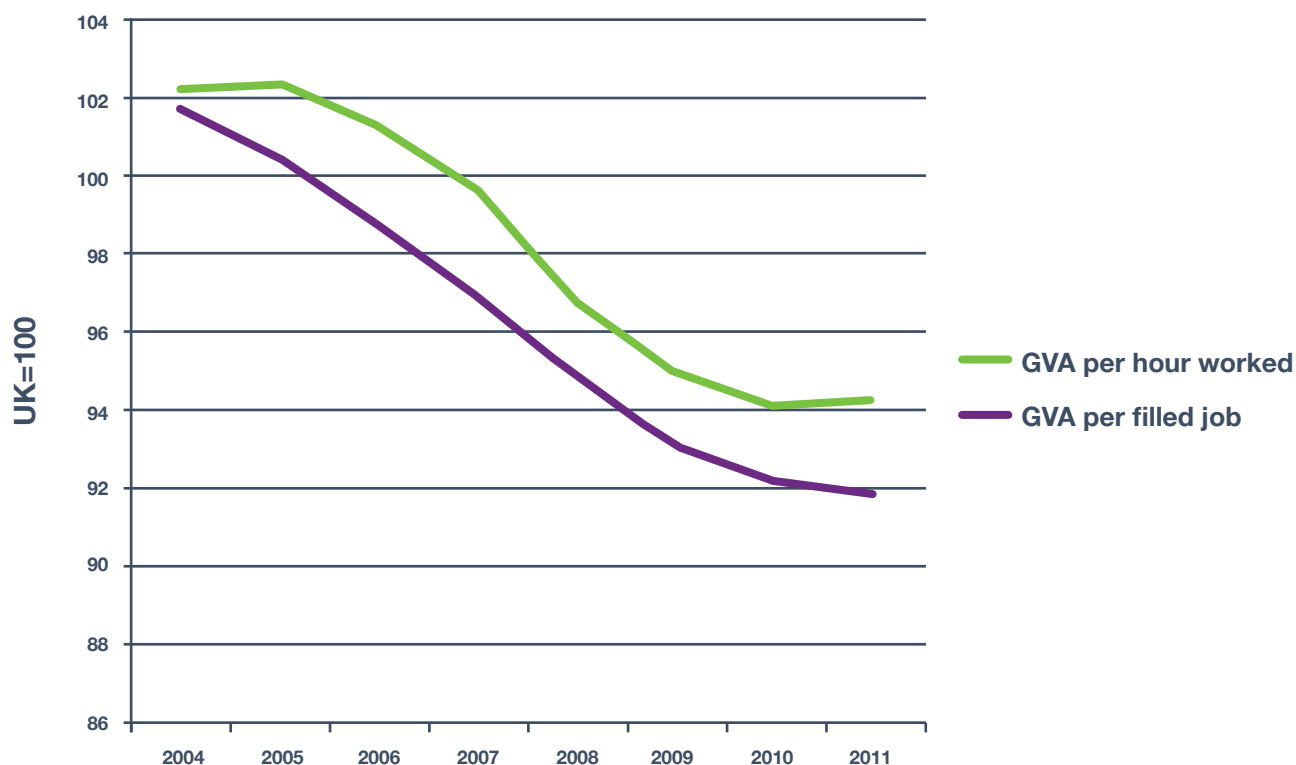
6 ONS (2013) Regional Gross Value Added (Income Approach) NUTS3 Tables.

7 Ibid.

8 GFirst (2013) Strategic Economic Plan for Growing Gloucestershire

9 For more information see: <http://www.ons.gov.uk/ons/rel/regional-trends/regional-economic-analysis/sub-regional-productivity--april-2013/art-subregional-productivity-april-2013.html#tab-Comparison-of-Labour-Productivity-Measures-and-GVA-per-Head>

## Productivity In Gloucestershire (UK=100)



Source: ONS (2013) Subregional Productivity - April 2013 release

2.18 Productivity is a critical determinant of long run economic performance and living standards<sup>10</sup> and if our ambitious growth objectives are to be met, concerted effort is needed by public and private sector partners to reverse this relative decline. Productivity can, however, be an elusive concept as the debate over the UK's recent productivity conundrum has illustrated. In Gloucestershire, the data suggest this is not a temporary phenomenon but reflects longer-term changes in the structure of the economy explored below.

2.19 This reduction in productivity is, in our judgment, as a consequence of a broad range of contributory factors and cannot be directly attributed to a few significant causes.

2.20 Our strategy is to increase productivity by:-

- a) Addressing the **Challenges** and threats we face as a county;
- b) Capitalising on the **Opportunities** available to us;
- c) Introducing **New Initiatives** with the potential to significantly reduce the productivity gap.

Below is a summary of the Challenges and threats we face as a county. As can be seen there is no single problem or solution to explain or remedy the productivity challenge facing Gloucestershire; we believe however that we have identified the main causes and developed effective strategies for each.

For more details of the intervention logic related to productivity see Chapter 4: EUSIF Investment Priorities.

<sup>10</sup> Nobel prize winning economist Paul Krugman said: "Productivity isn't everything, but in the long run it is almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker." Quoted from Krugman (1994) The Age of Diminishing Expectations.

## Challenges

Challenges	Planned Action
<p>Knowledge intensive services have grown in terms of both output and employment but national location quotients suggest these are under-represented in Gloucestershire. The professional, scientific and technical sector has seen some of the highest rates of growth in output and employment but remains slightly under-represented in the county. Similarly, business services have seen the highest annual growth rates but are still under-represented in terms of employment and output.</p>	<p>Addressing this under representation in knowledge intensive services, ensuring the above average growth is maintained, would result in higher than average productivity gains.</p>
<p>Gloucestershire is ranked 1st (alongside London) among the 39 LEPs in England for the proportion of employment within 'export intensive' sectors. 'Export intensive' sectors are identified at a national level from input-output tables and include both manufacturing and tradable services. In 2011, approximately 21% of employees worked in 'export intensive' sectors compared to the England average of 17.7%.</p> <p>While this provides an indication of export potential, measuring actual export performance is harder at a sub-regional scale due to the lack of available data. There is evidence that the South West as a whole is under-performing relative to the UK.</p> <p>Gloucestershire has some major exporters such as Renishaw, but there is no evidence to suggest that Gloucestershire is performing significantly better than the South West region generally.</p>	<p>Increasing the level of export achieved by Gloucestershire businesses within 'export intensive sectors', would capitalise on our latent potential and achieve sustainable productivity growth.</p>
<p>The working age population of Gloucestershire is well qualified compared to regional and national averages. However there is extensive evidence of skills gaps and shortages in the county, both in 'hard to fill' vacancies, and employees not considered as fully proficient. This situation is evidenced by a number of studies, and is reported by our key sector groups.</p>	<p>By taking a comprehensive approach to addressing the skills shortages from school age through to the working population, we expect to remove employee related barriers to growth, and achieve a sustainable future of growing productivity within or key sectors.</p>

## Opportunities

Opportunities	Planned Action
<p>Gloucestershire has retained a significant manufacturing sector - the largest sector in the county in terms of output (19.7%), and the second largest sector in terms of employment (11.7%). This ratio of output to employment illustrates the high levels of productivity in manufacturing. According to data from the LEP Network (2012), we have the highest proportion of employment of all LEP regions in 'high and medium technology manufacturing' at 6.7%.</p>	<p>Growth in our manufacturing sector would have a disproportionately positive impact on productivity, due to the high representation in the county.</p>
<p>Innovation is frequently identified as one of the key drivers of productivity and growth and is a focus of the Europe 2020 strategy. There are many innovative firms in Gloucestershire and some key innovation assets both within the county (e.g. University of Gloucestershire and the Royal Agricultural University), and outside (e.g. Bristol Science Park). However, if we are to address the productivity and growth challenges in Gloucestershire, more needs to be done to support innovation.</p> <p>The number of patents registered per 100,000 residents (a proxy for innovation) is broadly average relative to the other LEP areas. In 2009, there were 12.9 patents per 100,000 residents, ranking the area 15th of the 39 Local Enterprise Partnerships. We would need to double the number of patents per 100,000 to become a top 10 ranking area for innovation.</p>	<p>By supporting and bringing together the organisations involved in innovation in Gloucestershire, other LEP areas and nationally, innovative companies and entrepreneurs will be fast tracked to the best package of support available, resulting in higher levels of innovation leading to increased productivity.</p>



## New Initiatives

New Initiatives	Planned Action
<p>Using the LEFM modelling tool, high rates of GVA growth are forecast in ICT, property and business services (all key aspects of the knowledge-intensive service sector). However, the model predicts that the contribution of these sectors to output (based on the forecast location quotients) will remain below the national average. The manufacturing sector is forecast to grow and is expected to continue to be significant in terms of economic output relative to the rest of the UK.</p>	<p>There is no single identified cause for these businesses to be performing below the national average. Focused interventions to support these key sectors and increase their contribution to output will ensure they reach their potential.</p>
<p>There is a positive entrepreneurial culture in Gloucestershire, and businesses starting up have very high survival rates. The self-employment rate in September 2012 was 11.7%, above the national average (9.8%) and the 7th highest of all LEPs outside London. In 2011, there were 67 new businesses per 10,000 working age population in Gloucestershire, broadly in line with the England average (69) but above the South West average (60). The start-up rate varies significantly across the LEP area. The Cotswolds had nearly twice as many start-ups per population of 10,000 (97) as Gloucester (47) and the Forest of Dean (49). We have very high rates of business survival, 94.1% of enterprises born in 2008 survived for one year, 78.7% survived for two years, and 63.6% survive for three years. In this respect Gloucestershire ranks 2nd of the 39 LEPs.</p>	<p>By capitalising on this entrepreneurial culture in the county, and stimulating it further, particularly within high value sectors, we expect to boost productivity.</p>

2.21 Our Strategic Economic Plan is focused on enhancing key drivers of productivity where the LEP and local partners can exert greatest influence. Our EUSIF funds have a critical role to play in supporting our drive to raise productivity and economic growth in Gloucestershire.

The productivity challenge in Gloucestershire provides supporting evidence for our decision to focus the EUSIF on:

**Thematic Objective 1: Innovation** – recognising that innovation is a key driver of productivity.

**Thematic Objective 2: ICT** – as a key enabling technology to support productivity growth among SMEs and to increase economic output in rural areas.

**Thematic Objective 3: SME competitiveness** – recognising the importance of enterprise as a driver of productivity, and the need to support SMEs to move up the value chain and to compete in new markets.

**Thematic Objective 8: Employment** – supporting local residents to access jobs in knowledge-intensive sectors where productivity is higher.

**Thematic Objective 10: Skills and lifelong learning** – recognising the importance of skills (in particular STEM) for enhancing labour productivity.

## The changing structure of the local economy

- 2.22 The structure of the Gloucestershire economy broadly reflects national trends but with some important exceptions. Table 1 profiles the Gloucestershire economy in terms of economic output and employment in different sectors.

**Table 1: Sectoral contributions to local GVA & employment, 2013**

	GVA		Employment	
	GVA £m's	%	000s	%
1 : Agriculture, forestry & fishing	116	1.0%	7.9	2.6%
4 : Mining, quarrying & utilities	258	2.3%	3.5	1.1%
3 : Manufacturing	2,223	19.7%	36.0	11.7%
4 : Construction	893	7.9%	21.7	7.0%
5 : Motor Trades	224	2.0%	6.1	2.0%
6 : Wholesale	299	2.7%	11.1	3.6%
7 : Retail	717	6.4%	28.2	9.1%
8 : Transport & storage	390	3.5%	9.6	3.1%
9 : Accommodation & food services	283	2.5%	16.9	5.5%
11 : Information & communication	617	5.5%	9.4	3.1%
11 : Financial & insurance	726	6.4%	9.9	3.2%
12 : Property	364	3.2%	3.4	1.1%
13 : Professional, scientific & technical	624	5.5%	21.9	7.1%
14 : Business administration & support services	477	4.2%	23.1	7.5%
15 : Public administration & defence	1,069	9.5%	18.2	5.9%
16 : Education	792	7.0%	25.7	8.3%
17 : Health	865	7.7%	37.8	12.3%
18 : Arts, ent & recreation	346	3.1%	18.1	5.9%
<b>Total</b>	<b>11,284</b>	<b>100.0%</b>	<b>308.5</b>	<b>100.0%</b>

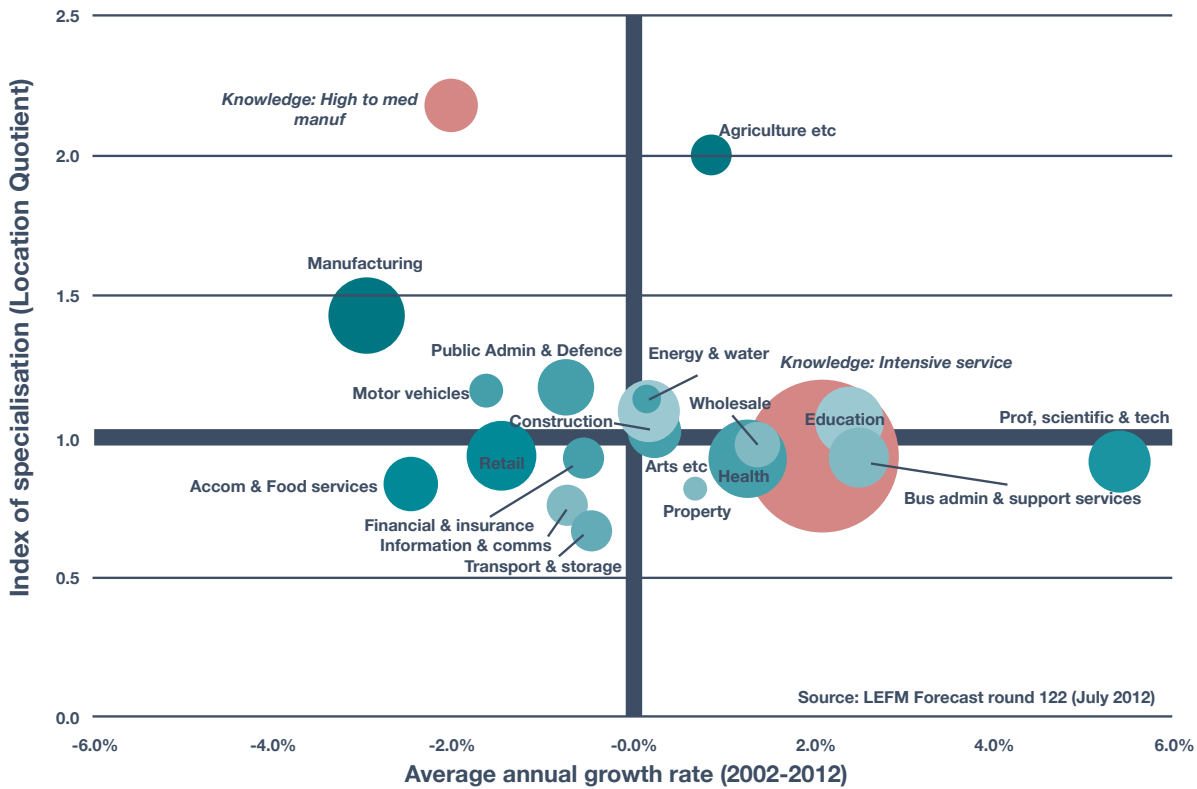
Source: LEFM, from Exeter University/Marchmont (2013)

- 2.23 The figures shows that Gloucestershire has retained a **significant manufacturing sector** - the largest sector in the area in terms of output (19.7%), and the second largest sector in terms of employment (11.7%). This ratio of output to employment illustrates the high levels of productivity in manufacturing. According to data from the LEP Network (2012), we have **the highest proportion of employment of all LEP regions in 'high and medium technology manufacturing'** at 6.7%. The nearest is Leeds with 5.5%<sup>11</sup>. For example, we are home to Renishaw, a global company with core skills in measurement, motion control, spectroscopy and precision machining, and GE Aviation, a world leading provider of commercial and military jet engines.
- 2.24 Health is the largest sector in terms of employment, contributing 12.3% of employment but only 7.7% of output. Other major sectors include: public administration and defence (9.5% of output and 5.9% of employment), education (7.0% of output and 8.3% of employment), construction (7.9% of output and 7% of employment) and retail (6.4% of output and 9.1% of employment).
- 2.25 Figures 2 and 3 plot the change in employment and GVA respectively over the last 10 years (x-axis), against location quotients (y-axis)<sup>12</sup> for a range of different sectors. The size of the circles indicates the proportion of employment and GVA of each sector in Gloucestershire. These figures provide an indication of the changing structure of the Gloucestershire economy and the position relative to the UK.

11 The LEP Network (2012) 'Creating successful local economies: Review of Local Enterprise Partnership area economies

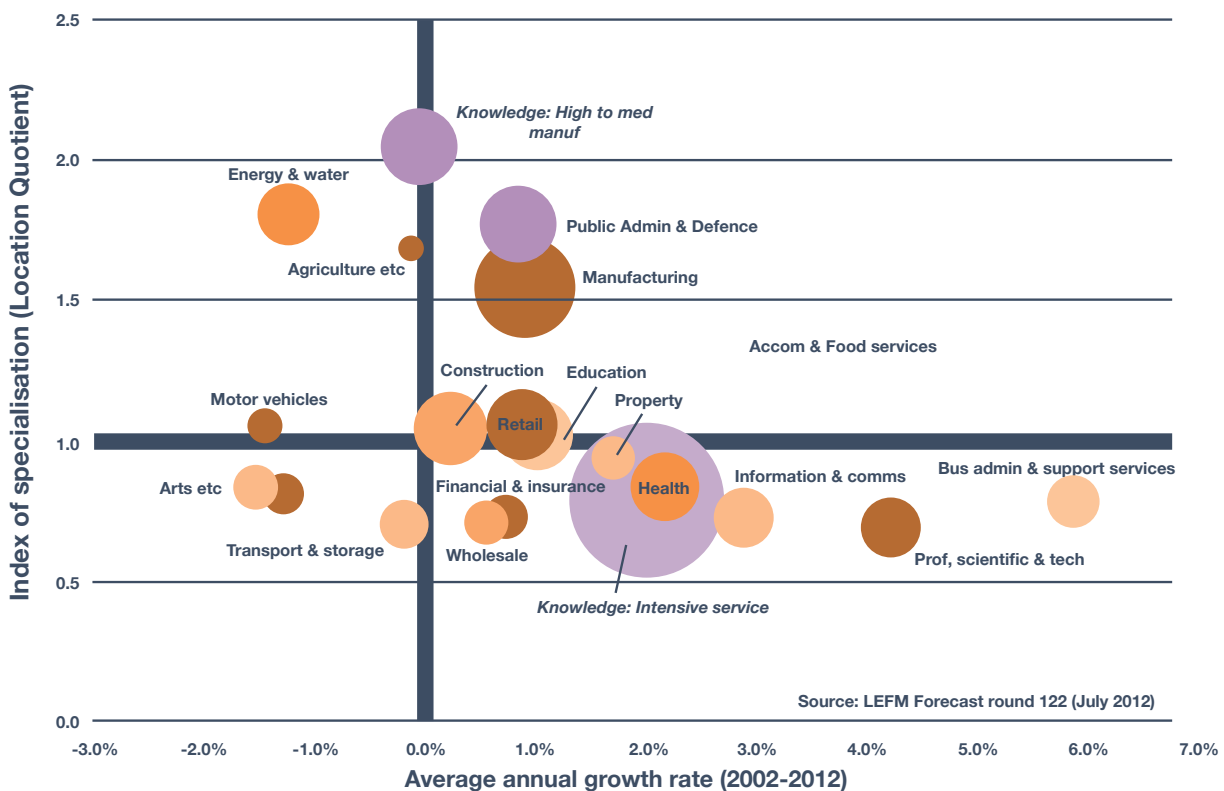
12 Where an LQ greater than 1 indicates over-representation (e.g. an LQ of 1.2 indicates 20% more output or employment in the sector relative to the UK).

Figure 2: Employment change 2002-2012



Source: Local Economic Forecasting Model (LEFM),

Figure 3: GVA change 2002-2012



Source: Local Economic Forecasting Model (LEFM),

## 2: Gloucestershire: Socioeconomic Needs and Challenges

- 2.26 The manufacturing sector now employs considerably fewer people but output has continued to grow due to productivity gains. **Knowledge intensive services have grown in terms of both output and employment but location quotients suggest these are under-represented in the area.** The professional, scientific and technical sector has seen some of the highest rates of growth in output and employment but remains slightly under-represented in the county. Similarly, business services has seen the highest annual growth rates but is still under-represented in terms of employment and output.
- 2.27 The agriculture sector is over-represented relative to the rest of the UK but still comparatively small in terms of the numbers it employs and its contribution to output. While there has been growth in employment, output has changed little<sup>13</sup>. The energy and water sector is over-represented in the county relative to the UK and important in relation to its contribution to GVA although output has declined in the last ten years.
- 2.28 Over the last ten years, employment levels in health and education services have increased whereas employment has declined in public administration and defence. Output however, has increased for all these services during this period suggesting productivity growth. The decline in employment in activities related to the public sector seems likely to continue as spending cuts continue nationally to tackle the deficit. This is a potential threat to Gloucestershire as a relatively high proportion of people are employed by the public sector.
- 2.29 **The key messages to take away from this analysis are that Gloucestershire needs to retain and expand its productive high value manufacturing sector, whilst also supporting accelerated growth in knowledge-intensive services which are growing but still under-represented relative to the rest of the UK.**

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13 Sample sizes mean we should be cautious about inferring too much about the apparent decline in productivity.

## Sound prospects for growth...

2.30 In our “Growth Statement – 2025” (March 2013) we ran forecasts for growth using the Local Economic Forecasting Model (LEFM) to analyse the state of the Gloucestershire economy in 2025. The model predicts:

- a steady rise in employment between 2012 and 2025 partly driven by an increase in population;
- an average annual growth in employment of 0.8% will amount to the 33,800 additional jobs over the period; and
- productivity will increase at an annual average growth rate of 2% leading to a £14.5 billion economy in 2025 (from £11.5 billion in 2007).

2.31 Table 2 shows forecast employment growth across 18 different sectors. The highest quantum of employment growth is forecast in: health (+12,400), business administration and support services (+6,500), construction (+5,700) and accommodation and food services (+4,500) while employment in the wholesale, manufacturing and education sectors is expected to fall.

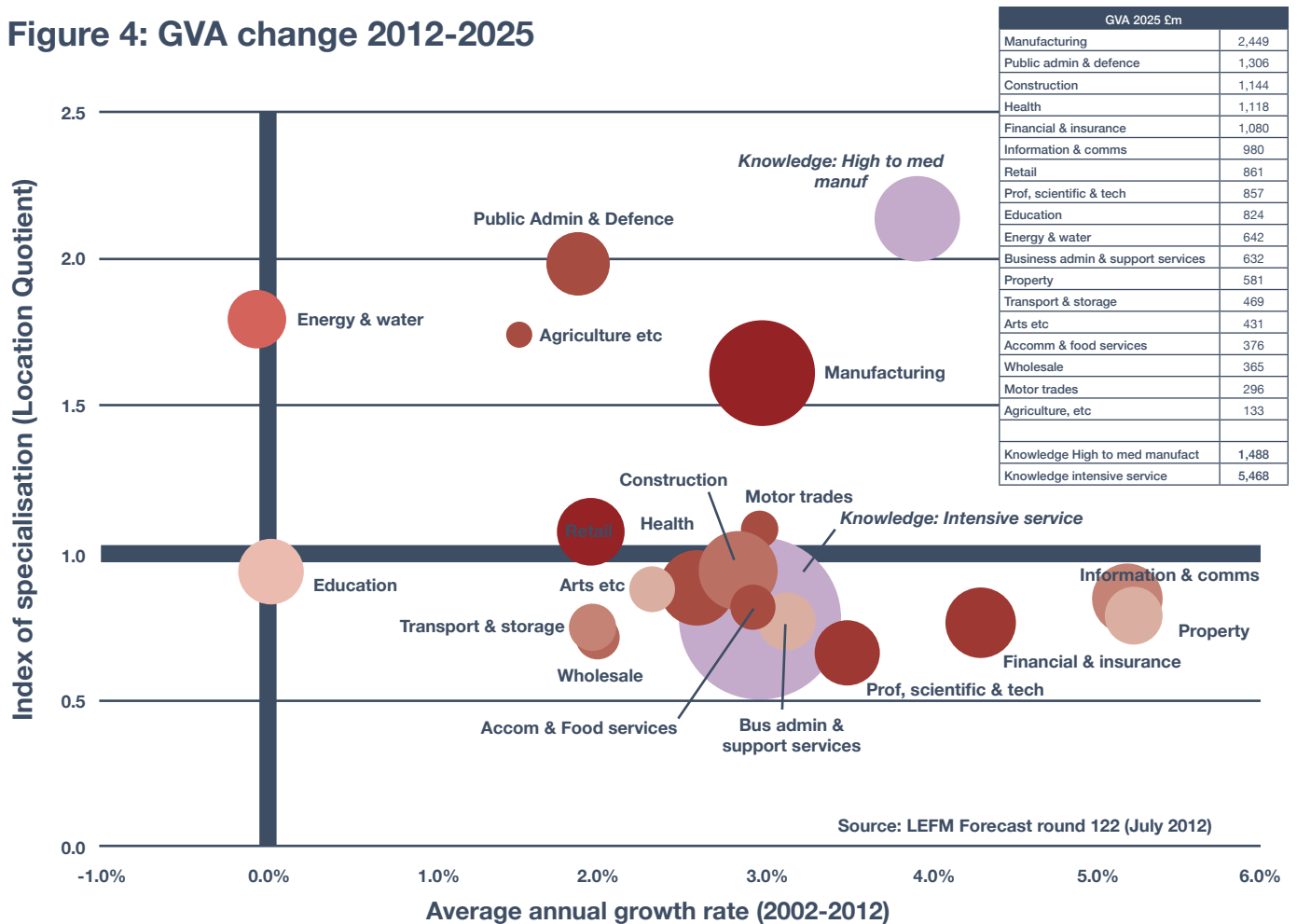
**Table 2: Projected employment change by sector, GFirst LEP, 2012- 2025**

			Change	
	2012	2025	Vol	%
1 : Agriculture, forestry & fishing	7,900	8,000	100	1%
4 : Mining, quarrying & utilities	3,600	2,700	-900	-25%
3 : Manufacturing	35,800	35,600	200	-1%
4 : Construction	21,600	27,300	5,700	26%
5 : Motor Trades	6,100	6,400	300	5%
6 : Wholesale	11,400	11,300	-100	-1%
7 : Retail	27,900	30,500	2,600	9%
8 : Transport & storage	9,700	10,500	800	8%
9 : Accommodation & food services	16,700	21,200	4,500	27%
11 : Information & communication	9,100	10,800	1,700	19%
11 : Financial & insurance	10,100	12,600	2,500	25%
12 : Property	3,300	4,500	1,200	36%
13 : Professional, scientific & technical	21,600	23,400	1,800	8%
14 : Business administration & support services	22,400	28,900	6,500	29%
15 : Public administration & defence	18,300	19,300	1,000	5%
16 : Education	27,900	19,500	-8,400	-30%
17 : Health	36,400	48,800	12,400	34%
18 : Arts, ent & recreation	17,900	20,500	2,600	15%
	<b>307,700</b>	<b>341,800</b>	<b>34,100</b>	<b>11%</b>

Source: Local Economic Forecasting Model (LEFM), from Exeter University/Marchmont (2013)

2.32 Figure 4 shows predicted growth in output across the sectors. High rates of GVA growth are forecast in ICT, property and business services (all key aspects of the knowledge-intensive service sector). However, the model predicts that the contribution of these sectors to output (based on the forecast location quotients) will remain below the national average. The manufacturing sector is forecast to grow and is expected to continue to be significant in terms of economic output relative to the rest of the UK.

Figure 4: GVA change 2012-2025



Source: Local Economic Forecasting Model (LEFM),

2.33 In terms of the geographical location of expected growth, Cheltenham and Gloucester are predicted to be the main centres of growth while employment in the Forest of Dean is forecast to decline.

**...but potential for stronger growth in knowledge-intensive sectors**

2.34 The LEFM model provides a ‘business as usual’ scenario, effectively a picture of the economy without intervention broadly reflecting the continuation of national and local trends. There will always be considerable uncertainty surrounding the future trajectory of the economy and it is the view of the LEP that the projections may be conservative in light of the economic opportunities in the area.

2.35 The Strategic Economic Plan sets out ambitious plans to accelerate economic growth by focusing on key drivers of productivity and supporting growth in high value sectors. We have identified a number of sector specialisms with high growth potential, where there are strengths on which to build or opportunities to exploit. These sectors have been chosen following consultation from the business community and on the basis of their potential to contribute to accelerated growth. They include:

**Nuclear energy** – the nuclear-based power generation industry has long been a feature of the Gloucestershire economy and the sector is likely to expand with Horizon Nuclear Power, a UK energy company based in Gloucester, developing a new generation of nuclear power stations to help meet the UK's energy needs.

**High tech manufacturing** – in particular Aerospace and precision engineering and medical instruments.

**Knowledge intensive services** including the **finance and insurance** sectors; the **ICT sector** (particularly digital media) and businesses in professional, scientific and technical activities.

- 2.36 While these sectors provide a focus for the SEP, we want to ensure Gloucestershire offers a supportive environment for all businesses to move up the value chain regardless of which sector they are in. For example, there are opportunities for productivity growth in agriculture through agri-tech – identified by government as one of 'eight great technologies'- needed to address the increasing demand for more efficient food production and land management.
- 2.37 There are also a number of other sectors that will be important in terms of maintaining high rates of employment in the labour market including: construction, retail, tourism and leisure, health, education and public administration.

The need to support the growth of knowledge-intensive sectors has informed our decision to focus our EUSIF strategy on:

**Thematic Objective 1: Innovation** – supporting knowledge transfer and the commercialisation of new ideas in key sectors so businesses move up the value chain.

**Thematic Objective 3: SME competitiveness** – supporting SMEs to enter new markets and providing finance for start-ups in growth sectors.

**Thematic Objective 8: Employment** – supporting local residents to access jobs in knowledge-intensive sectors, in particular the nuclear and low carbon sectors.

**Thematic Objective 10: Skills and lifelong learning** – ensuring businesses in key sectors have access to a pool of skilled labour, and local residents are able to access employment opportunities.

## A large vibrant SME community...

- 2.38 In March 2013 there were 29,635 businesses<sup>14</sup> within the area, including a large SME community. Gloucestershire has a marginally higher proportion of businesses employing less than five people (69.5%) compared to the UK average (68.%)<sup>15</sup>. There were approximately 100 businesses employing 250 or more people.
- 2.39 While the majority of enterprises employ a small number of people, large enterprises (i.e. those that employ 250 or more employees) provide jobs for 50% of Gloucestershire's workers, a figure that is lower than that for England (56%). In Gloucestershire, 15% of employment was within enterprises employing fewer than 10 people, a figure just above the average in England (13%)<sup>16</sup>.

<sup>14</sup> These businesses comprise 'local units' registered for VAT or PAYE of which 25,270 were 'enterprises' (i.e. not branches).

<sup>15</sup> ONS (2013) UK Business: Activity, Size and Location.

<sup>16</sup> University of Exeter /Marchmont (2013) Gloucestershire - Skills Plan Evidence Base Report

## ...with unexploited potential to export

- 2.40 Gloucestershire ranks 1st alongside London among the 39 LEPs in terms of the proportion of employment in 'export intensive' sectors. 'Export intensive' sectors are identified at a national level from input-output tables and include both manufacturing and tradeable services. In 2011, approximately 21% of employees worked in 'export intensive' sectors compared to the England average of 17.7%<sup>17</sup>.
- 2.41 While this provides an indication of export potential, measuring actual export performance is harder at a sub-regional scale due to the lack of available data. There is evidence that the South West as a whole is underperforming relative to the UK<sup>18</sup>. While Gloucestershire has some major exporters such as Renishaw, there is no evidence to suggest that Gloucestershire is performing significantly better than the South West region generally.
- 2.42 Boosting exports is recognised in the national Plan for Growth<sup>19</sup> as critical for the successful rebalancing of the UK economy. The greatest opportunities for UK companies are generally accepted to be in activities higher up the value chain where businesses need to be productive in order to compete in international markets. Providing a supportive environment for Gloucestershire businesses to export is therefore important for addressing the productivity challenge and for supporting balanced and sustainable economic growth.

The size and significance of the SME community in Gloucestershire, and the export potential of firms in the area, has informed our decision to focus on:

**Thematic Objective 3: SME Competitiveness** – supporting SMEs to enter new domestic and international markets outside the county, providing easy access to business support, and the provision of start-up finance.

## Innovation needs to be a stronger driver of growth

- 2.43 Innovation is frequently identified as one of the key drivers of productivity and growth and is a focus of the Europe 2020 strategy. There are many innovative firms in Gloucestershire and some key innovation assets both within the county (e.g. University of Gloucestershire and the Royal Agricultural University), and outside (e.g. Bristol Science Park). However, if we are to address the productivity and growth challenges in Gloucestershire, **more needs to be done to support innovation**.
- 2.44 The number of patents registered per 100,000 residents (a proxy for innovation) is broadly average relative to the other LEP areas. In 2009, there were 12.9 patents per 100,000 residents, ranking the area 15th of the 39 Local Enterprise Partnerships<sup>20</sup>. We would need to double the number of patents per 100,000 to become a top 10 ranking area for innovation.

The need for innovation to be a stronger driver of productivity in the area has informed our decision to focus on:

**Thematic Objective 1: Innovation** – supporting the development of a Growth Hub as a centre for innovation, forging closer links between business and the universities, and offering advisory services to support businesses to adopt more innovative techniques and processes.

<sup>17</sup> ONS Business Register and Employment Survey, 2010-2011

<sup>18</sup> University of West of England (2007), 'The Export Performance of Businesses in the South West of England in Comparative Perspective'

<sup>19</sup> HMG (2011) Plan for Growth

<sup>20</sup> The LEP Network (2012) 'Creating successful local economies: Review of Local Enterprise Partnership area economies in 2012'



## An entrepreneurial culture with high survival rates

- 2.45 There is a positive entrepreneurial culture in Gloucestershire, and businesses starting up have very high survival rates. The self-employment rate in September 2012 was 11.7%, above the national average (9.8%) and the 7th highest of all LEPs outside London<sup>21</sup>. In 2011, there were 67 new businesses per 10,000 working age population in Gloucestershire, broadly in line with the England average (69) but above the South West average (60)<sup>22</sup>. The start-up rate varies significantly across the LEP area. The Cotswolds had nearly twice as many start-ups per 10,000 population (97) as Gloucester (47) and the Forest of Dean (49)<sup>23</sup>.
- 2.46 We have very high rates of business survival, 94.1% of enterprises born in 2008 survived for one year, 78.7% survived for two years, and 63.6% survive for three years<sup>24</sup>. In this respect Gloucestershire ranks 2nd of the 39 LEPs.
- 2.47 We want to capitalise on this entrepreneurial culture to drive economic growth, maintaining our high start-up and survival rates. In order to boost productivity, we need to support start-ups in high value sectors and ensure that our entrepreneurs have access to the business support and skills they need to move up the value chain.

The opportunity to capitalise on our entrepreneurial culture, and the importance of enterprise as a driver of productivity, has informed our decision to focus on:

**Thematic Objective 3: SME Competitiveness** – providing start-up and growth finance for entrepreneurs and business support services via the Growth Hub.

**Thematic Objective 2: ICT** – rolling out high speed communications as an enabling technology to support enterprise, particularly in rural communities.

**Thematic Objective 10: Skills and lifelong learning** – Improving links between education and business to equip students with the skills to start and grow businesses.

## A strong performing labour market... but the recession has had an impact

- 2.48 Gloucestershire has a **strong labour market**; In 2012/13, **the employment rate was 76.9%, above the national average of 71.1%**<sup>25</sup>. The unemployment rate was relatively low at 5.2% compared to 5.8% in the South West and 7.8% nationally<sup>26</sup>. Similarly, the economic activity rate was also high at 81.3%, compared with 79% for the South West and 77.3% nationally<sup>27</sup>. Worklessness is therefore less of a challenge than in other parts of the country.
- 2.49 However, in line with national trends **the health of the labour market has deteriorated since the recession**. Looking at the impact of the recession, the employment rate peaked pre-recession at 80.9% in 2007/8 but fell to almost 75% in 2010 before recovering to its present rate of 76.9%. Prior to 2008, unemployment rate averaged around 3-4% and is now 5.2%.
- 2.50 In August 2013, 18.6% of the unemployed in the GFirst LEP area had been unemployed for 6-12 months, and 27.1% had been so for over 12 months<sup>28</sup>. Nationally, 19.1% of the unemployed have been out of work for 6-12 months, and 30.2% for more than 12 months.

21 ONS Annual Population Survey, Oct11-Sept12, sourced from The LEP Network (2012)

22 ONS Business Demography 2011 and Annual Population Survey 2011

23 It should be noted that this dataset refers only to businesses that meet the criteria that require them to register for VAT and/or PAYE.

24 ONS Business Demography 2011, sourced from The LEP Network (2012)

25 ONS Annual Population Survey sourced from ONS Nomis

26 Ibid.

27 Ibid.

28 Claimant Count, sourced from University of Exeter/Marchmont (2013)

## 2: Gloucestershire: Socioeconomic Needs and Challenges

- 2.51 As a result of the recession, **the proportion of people classified long-term unemployed has increased.** This is a concern as those who have been out of employment the longest are least likely to possess the skills and experience that employers are seeking and will find it increasingly harder to find work. The proportion of the unemployed who are very long-term unemployed (more than one year) has risen in the last two years, from 17.7% in August 2011 to 27.1% in August 2013. In absolute terms, the number of long-term unemployed (over six months) locally rose from 1,600 in August 2008 to 4,550 in August 2012, before falling back to 4,050 in the last year, to August 2013. This hardening of long term unemployment, which can lead to a loss of skills and the motivation to work, is therefore an important issue as the labour market continues to recover.
- 2.52 There are **pockets of high unemployment** in parts of the county where there are also challenges around deprivation and social inclusion. While the unemployment rate in Gloucestershire is low compared with the national average, the LEP area includes 19 wards in which the unemployment rate is higher than the national average. According to data from the 2011 Census, the unemployment rate among 16-74 year old adults in the Matson & Robinswood and Barton & Tredworth wards in Gloucester were both around 50% higher than the England average (4.4%). The 19 wards with adult unemployment above the England average are in a mix of urban centres and rural areas. Five are found in urban Gloucester and Cheltenham and the Forest of Dean has four of the worst affected wards.

**Table 3: Unemployment rate among adults aged 16 to 74, Ward Level, 2011**

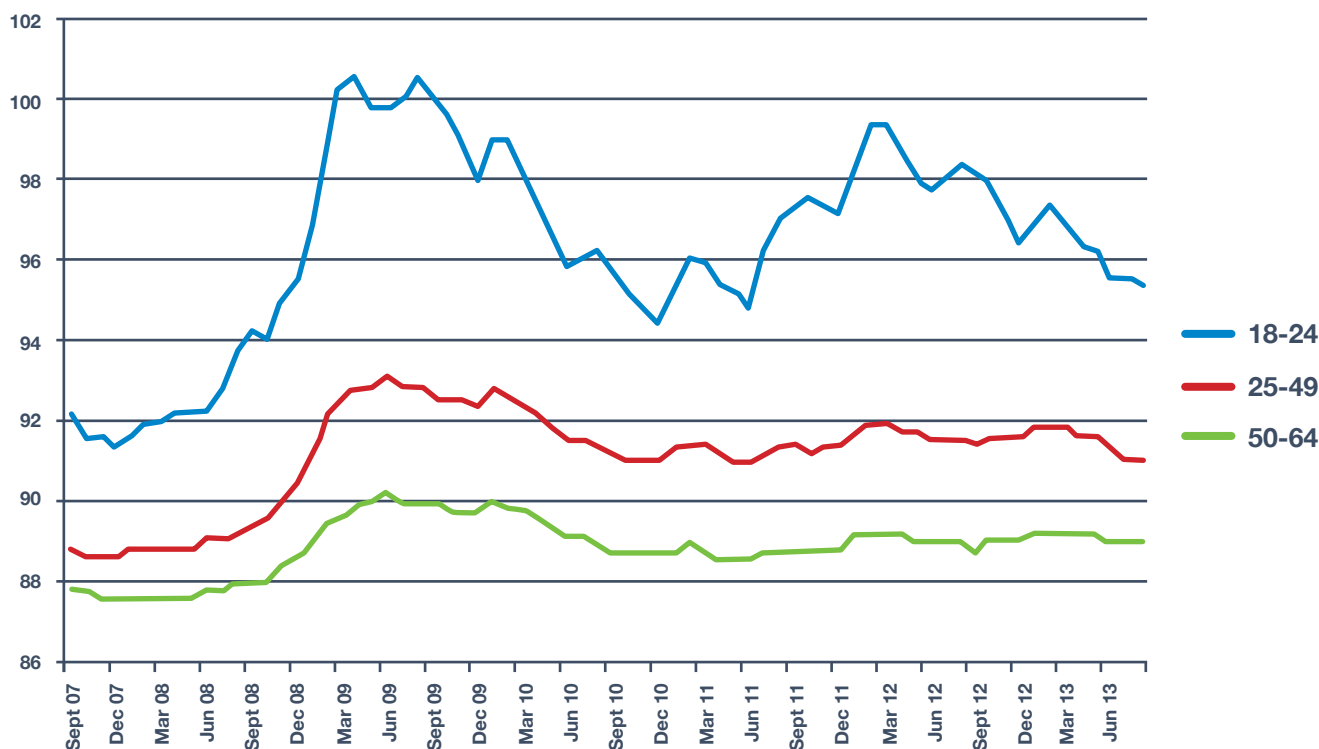
District Authority	Ward Name	Number Unemployed	%
Gloucester	Matson and Robinswood	490	6.6%
Gloucester	Barton and Tredworth	507	6.5%
Cheltenham	Hesters Way	305	6.2%
Tewkesbury	Tewkesbury Prior's Park	182	6.1%
Cheltenham	Oakley	251	6.1%
Gloucester	Podsmead	131	6.1%
Stroud	Slade	97	6.1%
Gloucester	Westgate	296	5.6%
Forest of Dean	Cinderford West	203	5.6%
Forest of Dean	Lydney East	200	5.6%
Cheltenham	St Mark's	240	5.3%
Gloucester	Moreland	395	5.3%
Forest of Dean	Cinderford East	138	5.3%
Stroud	Central	84	5.2%
Forest of Dean	Coleford Central	103	4.7%
Stroud	Farmhill and Paganhill	72	4.6%
Cotswold	Cirencester	144	4.5%
Cheltenham	St Peter's	242	4.5%
Cheltenham	Springbank	209	4.4%
<b>England</b>			<b>4.4%</b>

Source: Census 2011

## Higher youth unemployment but relatively low numbers of NEETS

2.53 Mirroring national trends, **the recession has disproportionately affected young people**. Latest figures to March 2013 indicate that the youth unemployment rate in Gloucestershire was 14.9% (6,300 unemployed)<sup>29</sup>. Figure 5 shows the claimant count by age group, highlighting the impact of the recession on young people.

**Figure 5: Claimant count unemployment rates by age (% of age group claiming JSA), GFirst LEP, 2007-2013**



Source: Claimant Count sourced from University of Exeter/Marchmont (2013)

2.54 In March 2013, approximately 4.7% of 16-18 year olds in the Gloucestershire area were Not in Education, Employment or Training (NEET), an estimated 862 young people<sup>30</sup>. This is a lower percentage than both the regional (5.4%) and national (6.1%) averages. A further 9.5% of this age group’s activities were unknown. Also of significance given the raising of the participation age is that there were 1,670 16-18 year olds in employment without training, equivalent to 7.2% of 16-18 year olds locally, compared with 4.9% nationally.

2.55 Stakeholders identify the number of **young people leaving the area** as a particular challenge. Over the last fifteen years there has been a net outflow of people aged between 15-29 years particularly among men. Generally it is the most qualified that are the most mobile and able to leave the area. However according to data from the university, around 80% of University of Gloucestershire students would like to stay in the county after graduation suggesting a need to provide better employment opportunities in the area<sup>31</sup>.

29 University of Exeter/Marchmont (2013) Gloucestershire – Skills Plan Evidence Base Report

30 Ibid.

31 Gloucestershire Data Summary - Skills

## 2: Gloucestershire: Socioeconomic Needs and Challenges

The effect of the recession on young people, and the need to retain our talented young people has informed our decision to focus on:

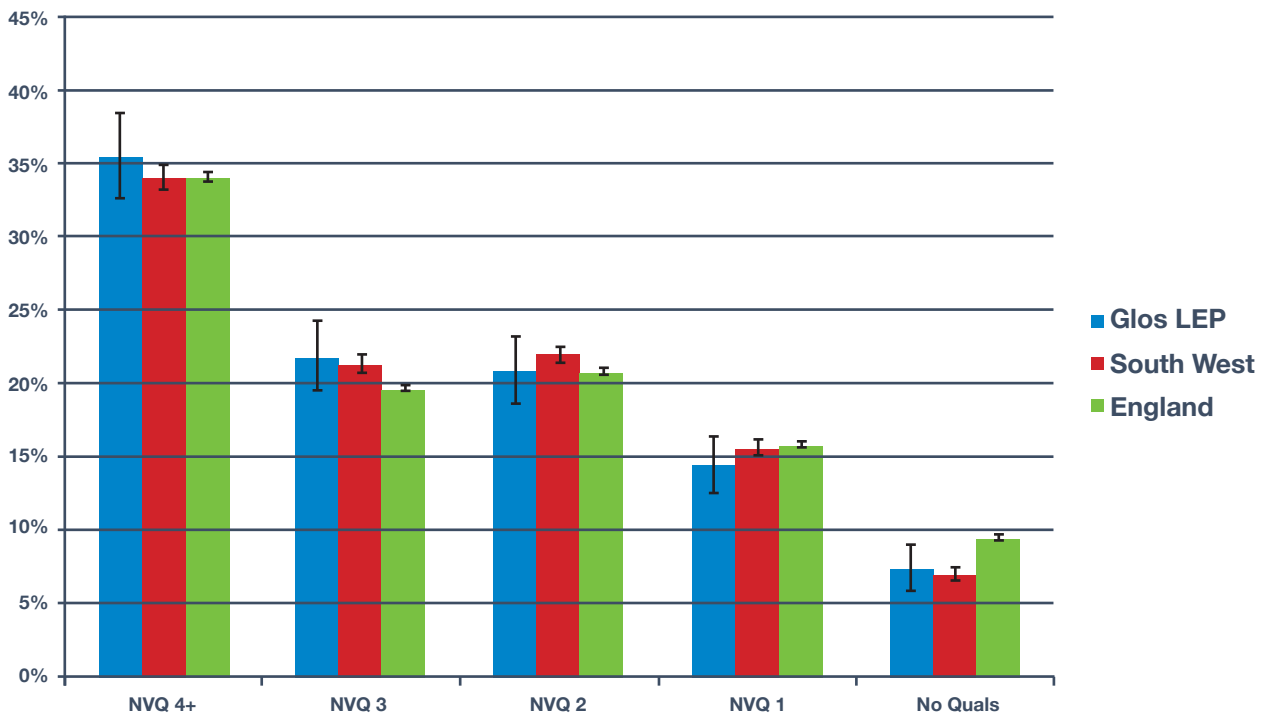
**Thematic Objective 10: Skills and Lifelong Learning** – facilitating the placement of HE and FE students in business, supporting apprenticeships, and equipping students with the skills to start and grow businesses.

**Thematic Objective 8: Employment** – innovative programmes to overcome the challenges resulting from the limited range of employment in some rural areas and for NEETs.

### A well qualified population but skills shortages in some sectors...

2.56 The working age population of Gloucestershire is **well qualified** compared to regional and national averages. A higher proportion of Gloucestershire workforce is qualified to Level 4 (35.5%) and Level 3 (21.8%) compared with the national averages. Confidence intervals are, however large and so there is some uncertainty over these figures but the trend is consistent over previous years. The proportion who hold only qualifications at Level 1 (14.4%) or who hold no qualifications at all (7.3%) are both lower than the national average. There has been a consistent rise in the proportion of the population achieving higher level (Level 4 plus) qualifications in recent years<sup>32</sup>

**Figure 6: Qualifications of the working age population (%), Gloucestershire vs South West and England, Jan-Dec 2011**



Source: Annual Population Survey, sourced from the University of Exeter/Marchmont (2013): note - error bars show 95% confidence intervals

- 2.57 The occupational structure in the county reflects its high level of qualification and skill base with a higher than average proportion of professional occupations than at the regional and national level. In recent years employment in 'professional and skilled occupations' has increased while the 'sales and customer service' occupations showed the largest decline.
- 2.58 While overall skills levels are above the national average for the county, there is variation at a local authority level. The Forest of Dean and Gloucester have the highest proportion of adult population with no qualifications and the lowest percentage with qualifications at level 4 and above. Recent GCSE outcomes for the two Districts reflect continuing poorer outcomes for these two districts relative to the rest of the county.
- 2.59 Participation rates in full time education although still lower than the regional and national averages have increased at a faster rate between 2005 and 2007. With higher than national average results at GCSE and A/AS levels and just over a third of working age residents qualified to degree level, the county has a well-qualified and highly skilled workforce. However, as noted earlier, there is the challenge of retaining young qualified people in the area. Also apparent is the fact that the number of residents going on to Higher Education has decreased, a situation reflected right across both the South West and England as a whole.
- 2.60 There is extensive evidence of skills gaps and shortages in the county:
- The Employer Skills Survey (ESS), conducted by the UK Commission for Employment and Skills (UKCES) found that around 675 local employers (3% of the total) had at least one vacancy that was hard to fill and 22% of all vacancies locally were hard to fill. The majority of these were hard to fill due to a lack of skilled applicants (77% against the all-England average of 74%).
  - Gloucestershire had a higher than average proportion of Skill Shortage Vacancies in: skilled trades occupations (23% of SSVs locally compared with 17% nationally) and sales & customer service occupations (15% locally compared with 6% nationally).
  - Gloucestershire businesses account for 11% of the total number of skill shortage vacancies in the South West in 2009. Comparison with the rest of the South West sub regions places it at the fourth highest after Devon and Cornwall with similar levels to Swindon and Somerset and just above the regional average of 10%.
  - The proportion of employers reporting skill gaps in the county increased from 19% to 21% between 2007 and 2009 and the number of staff considered by those employers as not fully proficient also increased by 7,800 over the same period.
  - In 2009, Gloucestershire compared to the other South West sub regions had at 13%, the highest proportion of staff considered not fully proficient by their employer amounting to 26,800, out of a South West total of 213,000.
  - When we asked businesses in our quarterly LEP business survey to rate the links between schools and colleges with their business, the overwhelming majority said links were poor<sup>33</sup>.
- 2.61 Government is promoting an uptake in **Apprenticeships** nationally with a focus on Level 3 (A Level equivalent) and Higher Apprenticeships. This is a priority identified in the Gloucestershire SEP and being addressed through proposals for the Growth Hub (see Section 3). There has been significant growth in Apprenticeships in Gloucestershire in recent years reflecting the shift in national policy. A comprehensive review of work-based learning, and the wider skills challenges in the county, is provided in the University of Exeter/Marchmont Observatory<sup>34</sup> report from which the following figures are taken.
- 2.62 The number of Youth Apprenticeship starts has increased in three of the last four years with starts in 2012/13, 34% higher than in 2008/9. The majority of apprenticeship starts continues to be at the intermediate level (69%) although there is growing interest in Advanced and Higher Apprenticeships.

33 GFirst (January 2013) Quarterly Business Survey

34 Ibid.

**Table 4: Change in youth starts (provider postcode) on Government-funded apprenticeships by level; GFirst LEP area: 2008/9 to 2012/3**

Qualification Level	2008/9	2009/10	2010/11	2011/12	2012/13
Intermediate Level Apprenticeship	712	760	832	867	908
Advanced level Apprenticeship	311	409	515	513	448
Higher Level/Higher Apprenticeship	0	5	6	4	13
<b>Total</b>	<b>1023</b>	<b>1174</b>	<b>1353</b>	<b>1384</b>	<b>1369</b>

Source: Gloucestershire Data Cube, SFA

- 2.63 Construction, Planning & the Built Environment (17%), Business, Administration, Finance & Law (16%) and Health, Public Services & Care (15%) were the most popular subject areas for youth apprenticeships in 2012/13.
- 2.64 More than 3,600 adults started an Apprenticeship during 2012/13, accounting for 11% of all adult learning. The number of adult Apprenticeship starts has increased year-on-year since 2008/09, to the point where in 2012/13 the total number of starts is 176% higher than it was in 2008/9.
- 2.65 Adult Apprenticeship starts are now broadly equally split between those at Intermediate (50%) and Advanced (47%) level. In line with national policy, growth in 2012/13 has been focused on Advanced Apprenticeships at Level 3. There is a small, but rapidly growing, number at Higher level (3%).

**Table 5: Change in Adult Apprenticeships by level, GFirst LEP, 2008/9 to 2012/3**

Qualification Level	2008/9	2009/10	2010/11	2011/12	2012/13
Intermediate Level Apprenticeship	798	1074	1628	1987	1792
Advanced level Apprenticeship	517	653	1160	1387	1698
Higher Level/Higher Apprenticeship	0	8	6	19	143
<b>Total</b>	<b>1315</b>	<b>1735</b>	<b>2794</b>	<b>3393</b>	<b>3633</b>

Source: Gloucestershire Data Cube, SFA

- 2.66 Adult apprenticeship starts are heavily clustered in three sector subject areas: Health, Public Services & Care (30%), Business, Administration, Finance & Law (24%) and Retail & Customer Services (15%). The volume of Adult Apprenticeship starts in Engineering rose by 88%, from 32 starts in 2008/09 to 60 in 2012/13. While this growth is welcome, it is also below the average growth rate for Adult Apprenticeships across all sectors – 129%.
- 2.67 Responding to the national policy agenda, we want to build on the growth in Apprenticeships so they become the norm for those going into work through the vocational route. We need to ensure apprenticeships are more rigorous and responsive to the needs of employers and the changing structure of the local economy.
- 2.68 Another key national policy issue is **STEM** (Science Technology Engineering and Maths) skills. A comprehensive review of the provision of STEM and forecast demand in Gloucestershire has been undertaken to inform a STEM strategy<sup>35</sup>. This is a priority identified in the SEP and one that will be critical for addressing the productivity challenge.

35 NEF (2013) 'Gloucestershire Educational Capability, Resources and Provision in STEM'

## 2: Gloucestershire: Socioeconomic Needs and Challenges

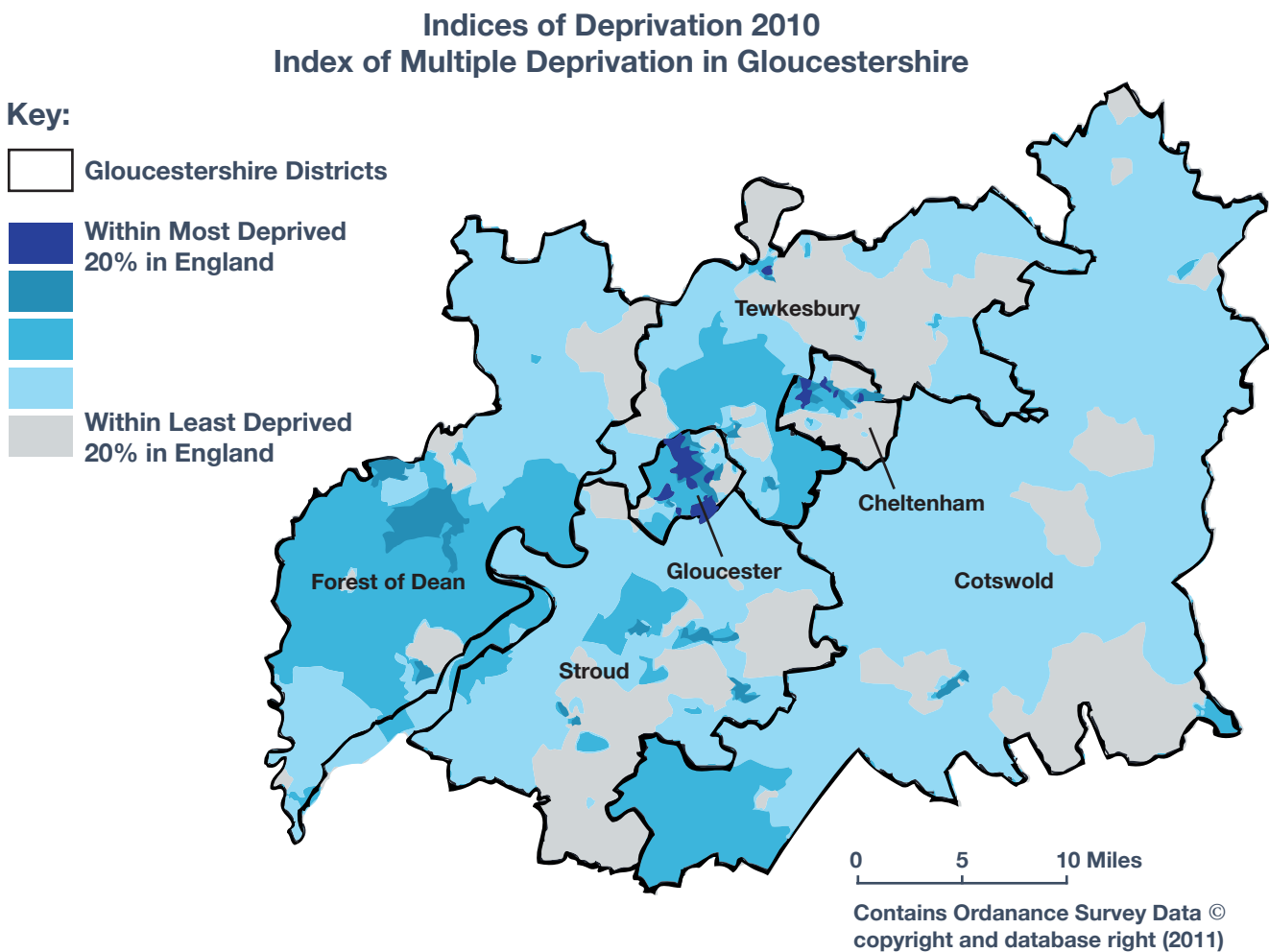
The need to ensure we have a ready supply of labour to support the growth of key sectors and respond to the needs of employers has informed our decision to focus on:

**Thematic Objective 10: Skills and Lifelong Learning** – facilitating the placement of HE and FE students in business, supporting apprenticeships, and equipping students with the skills to start and grow businesses including STEM.

### Pockets of persistent deprivation

2.69 Despite being a relatively affluent area, there are some pockets of persistent deprivation in the county. These are mainly located in the **inner urban areas of Cheltenham and Gloucester but also in some rural areas**. The Index of Multiple Deprivation is the main source of data on deprivation, it ranks areas using seven different domains of deprivation: income; employment; health deprivation and disability; education, skills and training; barriers to housing and services; crime; and living environment. The map below shows the overall pattern of deprivation in the county.

**Figure 7: Deprivation in Gloucestershire, IMD 2010**



Source: IMD 2010, sourced from South West Observatory (2011)

## 2: Gloucestershire: Socioeconomic Needs and Challenges

- 2.70 According to the latest IMD 2010 index, there are 367 Lower Super Output Areas (LSOAs) in Gloucestershire across the county's 6 districts, 27 of which are among the most deprived 20% nationally, 1 fewer than in 2007<sup>36</sup>. The 27 LSOAs are home to around 42,400 people. Nearly all of these areas are in the districts of Gloucester (eighteen LSOAs) or Cheltenham (eight LSOAs), with one other in Tewkesbury.
- 2.71 Eight of the 27 areas are also within the most deprived 10% nationally, one more than in 2007. All of these areas are in Gloucester (five LSOAs) or Cheltenham (three LSOAs). These areas represent around 12,800 people. Two Gloucestershire LSOAs are within the most deprived 5% nationally - Podsmead ward and Matson & Robinswood ward in Gloucester.
- 2.72 The South West Observatory report 'Indices of Deprivation 2010 – Gloucestershire' examines the scale and nature of deprivation in more detail by looking at the number of LSOAs which are in the most deprived 10% and 20% in England across the different deprivation 'domains' and 'sub-domains'. The most significant forms of deprivation in Cheltenham and Gloucester relate to crime; living environment; education, skills and training. The most prevalent forms of deprivation in rural areas relate to barriers to housing and services such as road distance to local schools, GPs, convenience stores and other local services.

Pockets of persistent deprivation in parts of Gloucestershire, and the specific challenges in rural areas have informed our decision to focus our EUSIF programme on:

**Thematic Objective 8: Employment** – providing innovative solutions to overcome the challenges resulting from the limited range of employment in rural areas and NEETS.

**Thematic Objective 9: Social Inclusion** – young people's financial inclusion and targeted support for individuals with multiple and complex needs.

**EAFRD Article 36: Tourism** – support for tourism to provide more job opportunities in rural areas.

**Thematic Objective 2: ICT / EAFRD Article 21: Broadband** – extending the coverage and take-up of high speed broadband in rural areas.

### Opportunities and challenges in the rural economy

- 2.73 Gloucestershire has a global reputation for its beautiful countryside with rolling hills, picture postcard villages and market towns such as Cirencester, Stroud and Tewkesbury; and the glorious Forest of Dean. The landscape is undoubtedly one of the county's major assets, with three Areas of Outstanding Natural Beauty (AONB), the largest of which is The Cotswolds. It is a place where people want to live and work. Attrition rates are low with 88% of residents working in the county.
- 2.74 These natural assets are more than just pictures on a postcard. They are an important component of the rural economy in sectors such as land, food products, tourism and leisure, organisations in the third sector, and for new 'green' businesses such as those working in environmental technology and renewable energy. For example, around 9% of the Forest of Dean's workforce is employed in the tourism sector and the area provides a natural outdoor activity centre while still being a working forest and home to many people.

<sup>36</sup> Statistics on deprivation sourced from South West Observatory (June 2011) Indices of Deprivation 2010 Gloucestershire Summary



2.75 The most recent volume and value data for the Cotswolds is provided shown in the table below<sup>37</sup>.

**Table 6: Volume and Value of Tourism in the Cotswolds**

	Total day & staying trips	Total visitor spend	Total employment	% of total employment
Gloucestershire 2010 (exc figures for Forest of Dean)	11,699,700	£740,040,000	19,716 (14,810 FTEs)	8
West Oxfordshire 2012	4,280,000	£268,421,000	4,760 (3,420 FTEs)	9

- 2.76 Taking the above figures into account, it can be estimated that each year the Cotswolds welcomes nearly 16 million visitors to the destination and **tourism is worth over £1billion to the Cotswolds economy**. However, the volume of visitors may be considerably more for the wider Cotswolds area. A 2003 report for the Cotswolds AONB estimated the area attracts 23 million visitors, many of whom visit for the day. There are also a number of destinations outside this area that include a 'Cotswold' offering and which would considerably increase the above figures in terms of value.
- 2.77 A recent study estimates that there are 1,070 tourism businesses in the AONB, representing 11.3% of the total number of businesses in the area, and employing 6,720 people (12.3% of total employment in the AONB)<sup>38</sup>.
- 2.78 Taking into account The Forest of Dean – based on 2012 figures it is estimated that the total value of tourism to the economy in the Forest of Dean is £141,554,000. Figures show the Forest of Dean welcome almost 3 million visitors a year, many of whom, similar to the Cotswolds, are day visitors
- 2.79 Part of the county's strength is that the urban and rural economies are different and the challenge is to deliver growth that helps urban areas to thrive whilst delivering sustainable growth for rural areas. In summary, key opportunities and challenges in our rural areas highlighted in this section are as follows:

Opportunities	Challenges
Tourism Agri-science Start-up/SME Growth High speed broadband	Pockets of deprivation and unemployment Ageing population Access to high speed broadband Access to employment and local services

The significance of the rural economy in Gloucestershire and the opportunities and challenge identified above have informed our decision to focus on:

**Thematic Objective 1: Innovation** – supporting the agri-tech sector.

**Thematic Objective 2: ICT / EAFRD Article 21: Broadband** – extension of roll out and take-up of high speed communications to enable SME growth.

**Thematic Objective 6: Environmental protection and resource efficiency** – developing quality habitats through green infrastructure, and the promotion of natural capital to support inward investment.

**Thematic Objective 8: Employment** - innovative programmes to overcome the challenges resulting from the limited range of employment in some rural areas.

**EAFRD Article 36: Tourism** – support for rural tourism.

37 Value of Tourism 2010 Report for Gloucestershire (South West Research Company) and The Economic Impact of Tourism West Oxfordshire 2011 (Tourism South East).

38 'Assessment of the Economic Value of the Cotswolds AONB' (2013)

## Connectivity

- 2.80 Gloucestershire has a well-developed strategic road network with the M5 running north-east to south-west through the county providing good links to Birmingham and the North, Bristol and the South West and links to the M4 corridor to London and South Wales.
- 2.81 As a rural county there is a high dependency on road transport and high levels of car ownership particularly in the four rural districts. The main form of public transport across the county is the bus and sustaining frequent services particularly across the rural areas of the county is challenging and expensive.
- 2.82 There are nine rail stations in the county and four different train operating companies offering services. Work currently underway will redouble the line between Swindon and Kemble by Autumn 2014 and increase the capacity of the railway linking Gloucestershire with Swindon, London and the South East in the future.
- 2.83 Several major airports are within easy reach for Gloucestershire residents and businesses including Bristol, Cardiff, Birmingham and London Heathrow which is approximately two hours by car from the centre of Gloucester. Gloucestershire Airport handles over 85,000 flights per year and in 2013 was voted as the Best General Aviation Airport by The Aircraft Owners and Pilots Association (AOPA).
- 2.84 If we are to meet our growth ambitions for Gloucestershire, an integrated and improved transport network is needed in the area. Congestion on the road network is a particular problem around: A417 at Nettleton Bottom; Tewkesbury road to M5; A40 west of River Severn and between Gloucester and Cheltenham; and in the centres of Cheltenham and Gloucester. Connectivity is a priority theme in the Strategic Economic Plan which includes a programme of transport schemes to enable economic growth in the county.
- 2.85 Taking action to address the A417/419 'Missing Link' – one of the most heavily congested sections of road in the South West on a major strategic route - is our number one transport priority.
- 2.86 These challenges, including the need to move to more sustainable forms of transport, are being addressed through our Strategic Economic Plan and the Local Growth Fund.
- 2.87 The rural nature of Gloucestershire means there will always be challenges to ensure our rural villages and market towns are well connected. High speed broadband has a key role to play as more and more business is conducted via the internet, and more public services are provided online. Commercial investment by both BT and Virgin Media has enabled the county's largest settlements to benefit from superfast services and the local Fastershire project will go some way to extend the opportunity of access more widely. However, many deeply rural communities remain without sufficient provision and this represents a major barrier to enterprise and SME growth in these areas.

Poor high speed broadband coverage and take-up in parts of the county has informed our decision to focus on:

**Thematic Objective 2: ICT / EAFRD Article 21: Broadband** - extension of roll-out and take-up of high speed communications to enable SME growth.

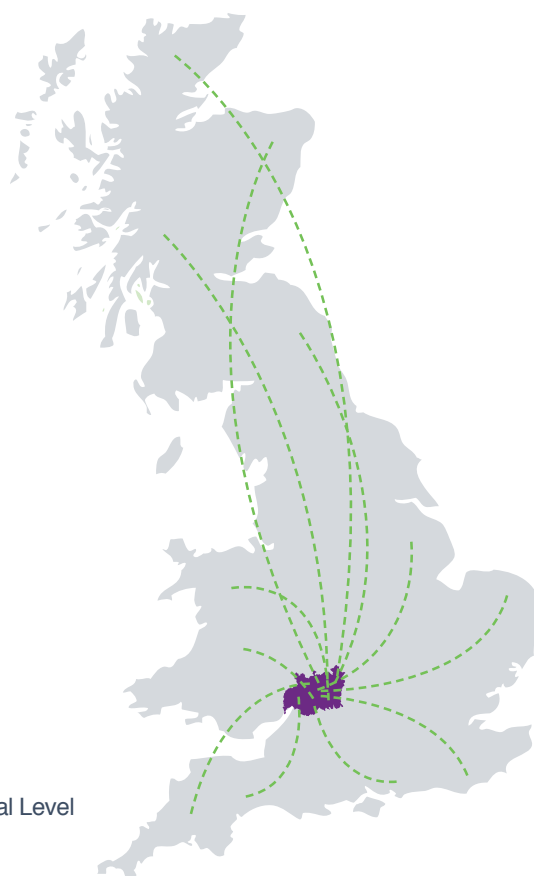


## Low carbon economy

- 2.88 The drive towards reducing the amount of greenhouse gases produced and moving towards a low carbon economy offers opportunities for using technology which has a lower impact on the environment and provides cost saving or other efficiencies.
- 2.89 We have a strong track record in the energy sector within the county with some large innovative firms headquartered here such as Ecotricity. As well as opportunities for growth in the nuclear sector there are opportunities in renewable energy. In January 2011 there were 388 renewable electricity projects and 670 renewable heat projects in Gloucestershire accounting for 8.5% and 16% of the South West's electricity and heat capacity respectively. The majority of renewable energy capacity is generated by landfill gas projects and heat capacity by biomass.
- 2.90 In 2009/10 some 61% of Gloucestershire's municipal waste was sent to landfill which although significantly higher than the regional and national averages has improved from 66% in 2006/07. There has been a corresponding improvement in the proportion of waste being recycled, reused or composted across all districts with Gloucester and Cotswold districts showing the greatest increase.
- 2.91 The level of carbon emissions per capita in Gloucestershire fell year on year from 8.6 tonnes per head in 2006 to 7.2 tonnes per head 2011<sup>39</sup>. This is marginally above the averages for the South West (6.5) and England (6.7). 35% of emissions in Gloucestershire are attributed to industry and commerce, 29% to domestic sources (electricity, gas, etc.) and 36% to transport<sup>40</sup>. The respective averages for all local authorities in England is 42% industry and commerce, 29% domestic, and 28% transport.

The global imperative to reduce greenhouse gas emissions, our track record in the energy sector and the opportunities in renewable energy have informed our decision to focus on:

**Thematic Objective 4: Low Carbon** – support for energy conservation and low carbon generation



39 DECC (2013) 2011 Carbon Dioxide Emissions at Local Authority and Regional Level

40 Ibid.

## SWOT Analysis

### Strengths

- High employment rate
- High economic activity rate
- Low unemployment rate
- Diverse, resilient economy
- High concentration of high tech manufacturing firms.
- Natural environment
- High standard of living
- High levels of self-employment
- High business survival rates
- Highly skilled workforce
- Vibrant SME community
- Low % of NEETs
- University of Gloucestershire and Royal Agricultural University
- High levels of self-containment
- Gloucestershire Airport and major international airports in close proximity
- Access to national motorway network
- GCSE success rates above national average.
- High General and Applied A/AS or equivalent level success rate

### Weaknesses

- Low levels of economic growth
- Low productivity relative to the UK
- Under-representation in knowledge-intensive services
- Pockets of persistent deprivation and high unemployment.
- Gaps in high speed broadband coverage in rural areas
- Barriers to services in rural areas
- Lack of employment opportunities in rural areas
- Under exploited export potential
- Average number of patents per head
- High car dependency
- High levels of commuting within the county
- Congestion a problem around; A417/Birdlip/Nettleton Bottom/Air Balloon, Tewkesbury road to M5, A40 west of Severn + between Gloucester and Cheltenham, town + centres of Cheltenham and Gloucester
- House prices relatively high making it difficult for first time buyers to enter the property market.

### Opportunities

- Export potential
- Growth in knowledge-intensive services
- Nuclear energy
- Low carbon economy
- Agri-science
- Tourism (especially in rural areas)
- Creative industries including digital media
- Projected growth in number of households
- Entrepreneurial culture
- Innovation assets – University of Gloucestershire and Royal Agricultural University, key firms.
- Extension of high speed broadband
- Planned investment in infrastructure
- Growth Zone / land availability near M5

### Threats

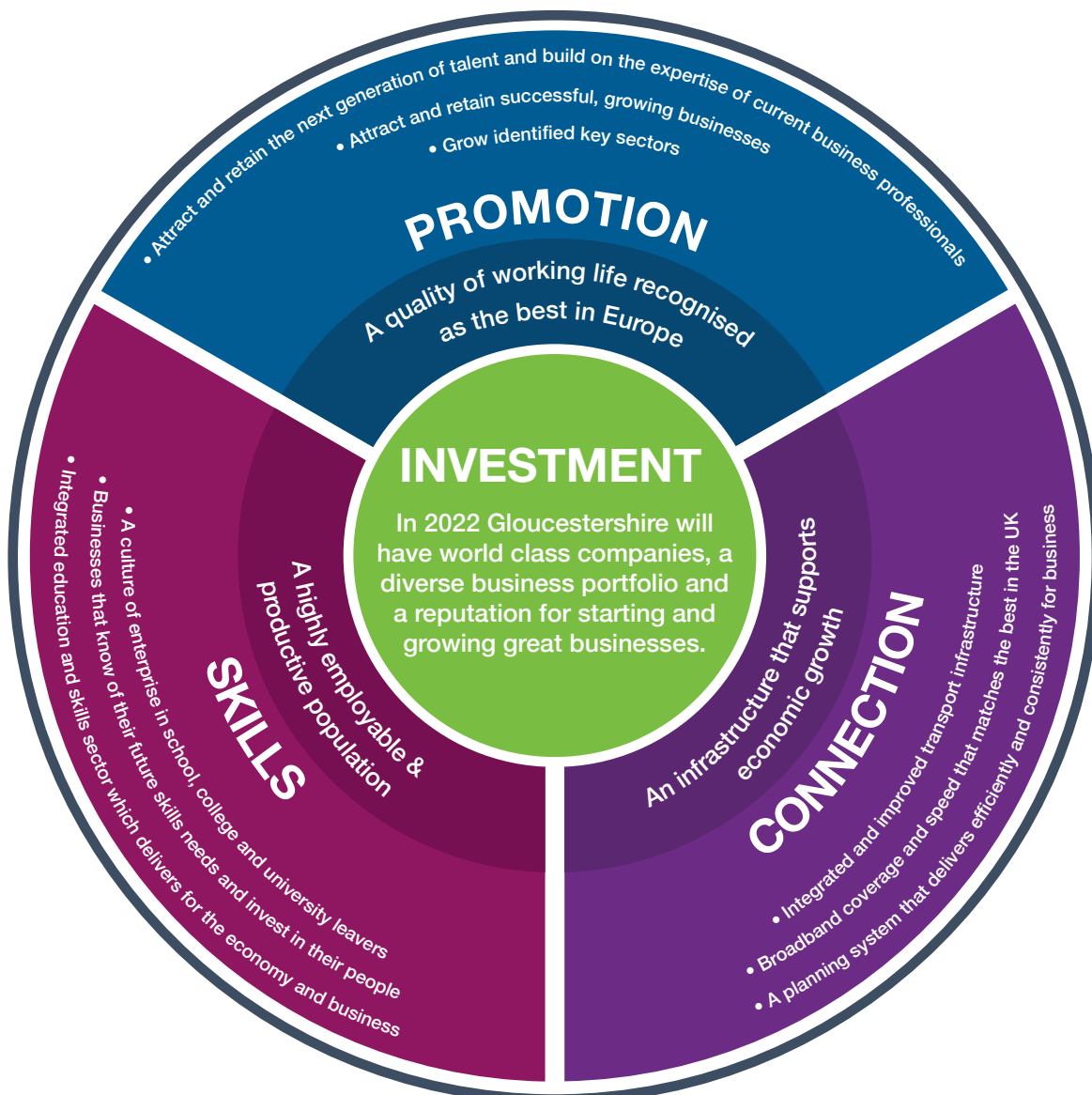
- Declining productivity relative to the UK
- Lack of suitable premises for high value businesses
- Young people leaving the area
- Increase in youth unemployment since the recession
- Increase in long-term unemployment since the recession
- High proportion of employment in the public sector.
- Average innovation performance
- Under-developed links between business and universities
- Ageing population, particularly in rural areas
- Forecast decline in employment in the Forest of Dean.
- Forecast decline in manufacturing and wholesale employment
- Skills gaps and shortages in some sectors
- Rising energy prices
- Impact of climate change, especially flooding

### 3: Vision & Strategic Economic Plan

- 3.1 Our Strategic Economic Plan sets out a vision to grow our county’s economy by creating an environment that attracts new high growth potential businesses and targets those businesses already within the county who operate within high growth potential sectors.
- 3.2 We have set a GVA growth target of 4.8% GVA per annum averaged over the period of the plan. This is made up of two elements:
  - A growth rate of 3.2% per annum based upon initiatives contained within emerging local authority plans.
  - A ‘stretch’ target of 1.6% per annum as a direct consequence of the interventions described within the Strategic Economic Plan.

The GVA ‘stretch’ target of 1.6% per annum is calculated using the base line of £11.18b (2012) within our Growth Statement, and equates to £177.6M per year.


**Figure 8: Economic Vision for Gloucestershire 2022 – Successful People, Successful Business, Successful County**



## 3: Vision & Strategic Economic Plan

### Strategic Priorities

3.3 In order to deliver our vision, we are focusing on four strategic priorities:



**Connection**  
Exploiting the opportunity presented by the motorway corridor to enable faster economic growth and providing the transport infrastructure and comprehensive high speed broadband coverage to accelerate growth;



**Promotion**  
attracting and retaining successful businesses in high value sectors and the next generation of talented workers;



**Skills**  
providing a highly employable and economically productive workforce that meets the needs of local business, particularly in high value growth sectors;



**Gloucestershire Renewable Energy, Engineering and Nuclear (GREEN)**  
A once in a generation opportunity to develop of centre of excellence for major suppliers in the energy, engineering and nuclear sectors.

3.4 Each has clearly defined outcomes and goals, and has been developed utilising the knowledge, skills and experience within our Business Sector Groups and Business Membership Group. In addition we have called upon the services of our volunteers from within the business community through our GL Ambassadors programme.

### Flagship Projects

3.5 In order to achieve our growth potential and GVA target, we are proposing three new flagship projects. These interventions form the core of our plan. They are essential if we are to exploit our opportunities and tackle past weaknesses.



3.6 Focused on the motorway corridor, the Growth Zone will provide space for business expansion by ensuring the availability of employment land in the best locations in the county with the necessary transport infrastructure essential to attract and retain high value-added businesses. It will bring together the work we are doing on our priority theme of connections. New employment land availability will serve latent demand created in the marketplace and provide the space required for Growth Hub-supported new and existing businesses to grow.

# THE GROWTH HUB

- 3.7 Integrating the work of the LEP, The University of Gloucestershire and partner organisations in providing seamless support services for business, targeted particularly on those with high growth potential in knowledge-intensive sectors. The Hub's online services will be accessible 24/7 via our superfast broadband roll-out programme.
- 3.8 The Growth Hub is consistent with BIS/Cabinet Office models for growth and will support our priorities of promotion and skills and include:
  - An Enterprise Accelerator delivering significant improvement in STEM (Science, Technology, Engineering and Mathematics) awareness, apprenticeship uptake, graduate retention, and start-up activity in younger entrepreneurs.
  - An Accelerated Business Growth Service providing the knowledge and support to those businesses with high growth potential (including export).
- 3.9 To ensure access to national programmes is supported and clearly signposted, and to minimise the overlap and duplication of existing schemes, the Gloucestershire Growth Hub will work with BIS and the national Business Growth Hub network, utilising the national helpline, accessing training and business support contents, tools and guides. This will enable the Gloucestershire Growth Hub to focus on providing innovative local business support programmes and activities that fully engage business with the skills system.

**GREEN**



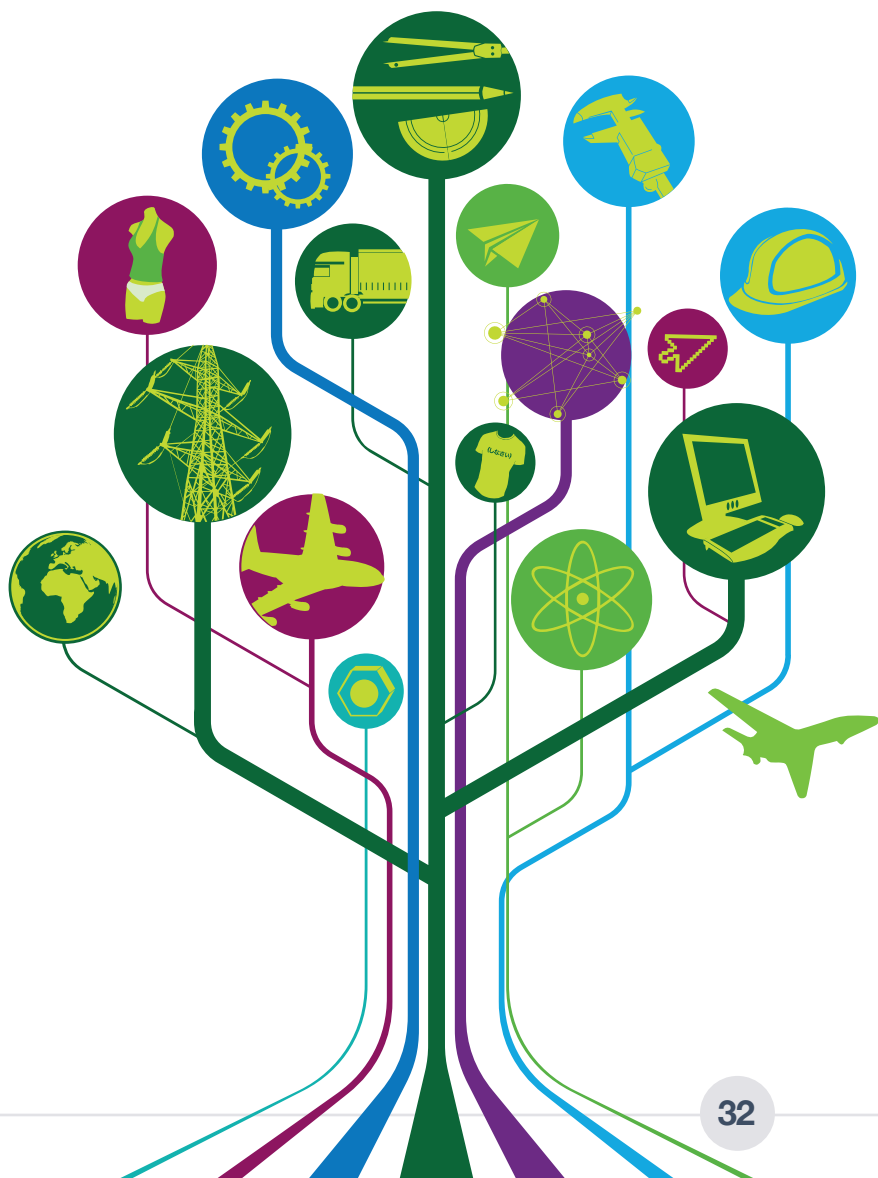
## **The Gloucestershire Renewable Energy, Engineering and Nuclear Skills Centre (GREEN)**

- 3.10 The centre will deliver skills development in partnership with South Gloucestershire College and Stroud College and major suppliers in the engineering and nuclear sectors of national and European significance.
- 3.11 Our flagship projects were developed with the support of experts from existing networks and through the creation of Task and Finish groups. These groups provided the evidence, oversight and challenge to ensure the plans are grounded in reality and can be delivered. The involvement of business, public and voluntary sectors, in some instances working together for the first time drawing up robust plans, has been exciting and challenging.

## 3: Vision & Strategic Economic Plan

### SEP and EUSIF Alignment

- 3.12 The flagship projects provide the opportunity to align European Structural Investment Funds with other public and private sources of funding in the county to support growth. We are confident they provide the optimal route for maximising the impact of limited public resources and achieving value for money. We have identified particular opportunities to use our EUSIF allocation to contribute to the Growth Hub and GREEN flagship projects and also to our priority theme of connectivity through extended broadband coverage.
- 3.13 While our Strategic Economic Plan is focused on accelerating economic growth and addressing the productivity challenge, the EUSIF also provides the opportunity to address some of the social and environmental challenges in the county including our pockets of persistent high unemployment and deprivation. The following section discusses in more detail the programme we have chosen and how they will contribute to SEP priorities and other key socioeconomic challenges in the county.





## 4: EUSIF Investment Priorities

4.1 The EU thematic objectives being addressed through our EUSIF Strategy are:

- TO1: Innovation
- TO2: ICT / EAFRD Article 21: Broadband.
- TO3: SME competitiveness
- TO4: Low carbon
- TO6: Environmental protection and resource efficiency
- TO8: Employment
- TO9: Social inclusion
- TO10: Skills



4.2 In addition we are prioritising EAFRD Article 36: Tourism in the rural economy.

4.3 This section provides further information on the rationale for intervention in these areas and indicative activities. We take each of the thematic objectives in turn and set out the European and national policy context, the opportunities and challenges in Gloucestershire expanding on the observations in Section 2, and then summarise the strategic areas of investment and programme of activity.

### How strategic level activities have been selected

4.4 The Strategy has been drafted by the LEP staff involved in preparing the Strategic Economic Plan (SEP) so as to ensure close linkage between the two documents. Proposals for priorities and programme-level activities have been fed into the team from a number of sources including:

- the three flagship groups working on 'promotion', 'connection' and 'skills'
- the LEP sector groups
- the project steering group for Growing Gloucestershire
- GFirst LEP Board members
- Gloucestershire County Council (GCC) and the six district councils in Gloucestershire via GCC-commissioned work on local authority priorities, growth and governance.
- the Gloucestershire VCS Alliance and organisations in the voluntary and community sector
- Gloucestershire Local Nature Partnership
- Jobcentre Plus and DWP colleagues in Gloucestershire and the South West
- TUC and Unionlearn in the South West
- Severn Wye Energy Agency (SWEA)

4.5 Further information is provided in the Section 11 on Governance.

### Major projects

4.6 No major projects with the threshold value have been identified within the GFirst LEP EUSIF Strategy.

## 4: EUSIF Investment Priorities

### Collaboration with other LEPs

We are continuing to explore collaboration with other LEPs and will continue to investigate the potential benefits which must be greater than those which we can achieve on our own to justify engaging in any collaborative activity. The benefits of collaboration might include, for example, significantly increased impact in addressing market failures in collaborating LEPs, greater coherence for the beneficiaries of our ESIF activities, i.e. the businesses and individuals, increased value for money for the public purse through economies of scale and reduction in the administrative burden for delivery partners.

With identifiable collaborative gain in mind, we are engaged in discussions with neighbouring and South West LEPs (including Worcestershire; West of England; Swindon & Wiltshire; Heart of South West) to investigate possible collaboration opportunities around:

- nuclear skills
- access to finance
- low carbon

### Strategic Objectives and Interventions Summary table

Strategic interventions	Strategic Objectives										
	Productivity challenge	Knowledge intensive support	Export	Innovation	Entrepreneurial culture	Education business links	Skilled workforce for key sectors	Tackling deprivation	Rural economy	Broadband	Thematic Objectives
Innovation, demonstration and dissemination	✓	✓		✓		✓			✓		TO1
Business support, finance and facilitation	✓	✓	✓		✓	✓			✓	✓	TO10 TO13
Employment support	✓	✓				✓	✓	✓			TO8 TO10
Skills and employment					✓	✓	✓	✓			TO10 TO8 TO3
Support for low carbon and skills	✓	✓		✓		✓	✓		✓		TO10 TO4
ICT and Broadband	✓	✓	✓					✓	✓	✓	TO2
Social Inclusion								✓	✓		TO9
Environment & resource efficiency and tourism support			✓						✓		TO6 Article 36 TO3

## Thematic Objective 1: Innovation

- 4.7 Innovation is identified as a key driver of productivity and economic growth at both a local and national scale<sup>41</sup>. The private sector will always be central to innovation and public agencies can play a key role in ensuring entrepreneurs, financiers and innovators have the best possible environment in which to operate through improving the interface between Higher Education Institutions (HEIs) and business, and delivering a better environment for the commercialisation of research.

### National and European context

- 4.8 Key national and European policies in relation to innovation include<sup>42</sup>:
- **Europe 2020** – which set an ambition to improve the conditions for research and development, with the aim of raising combined public and private investment in innovation to 3% of GDP.
  - **Smart Specialisation** – which emphasises the importance of efficient and effective use of public investment in research by focusing on local innovation strengths and assets, and the counterfactual risk of spreading investment too thinly across several fields.
  - **UK Innovation and Research Strategy** – which identifies the importance of the UK knowledge base and in particular HEIs for accelerating commercialisation of emerging technologies. The Witty Review has reinforced these priorities.
  - **UK Industrial Strategy and Sector Strategies** – highlighting the importance of a number of key sectors and the role of government in supporting them, and eight ‘great technologies’ which are key to industrial growth.
- 4.9 The UK needs to do much better at turning research into new and better services and products if it is to remain competitive in the global marketplace and improve the quality of life in Europe. According to the European Commission, “we are facing a situation of ‘innovation emergency’, as Europe is spending 0.8% of GDP less than the US and 1.5% less than Japan every year on research and development”.
- 4.10 As the McKinsey Global Institute recognises in ‘Beyond Austerity: A path to economic growth and renewal in Europe’, “If European companies can capture global growth opportunities in manufacturing and beyond, including innovation – with a helping hand from public policy in creating the conditions to enable private sector success – any remaining per capita GDP gap with the United States could be closed over the next 10 to 20 years”.
- 4.11 Although the EU market is the largest in the world, it remains fragmented and insufficiently innovation-friendly. Other countries like China and South Korea are catching up fast.
- 4.12 In response to these issues, the EU has placed innovation at the heart of the Europe 2020 strategy for growth and jobs, through the launch of Innovation Union – a crucial flagship initiative which is designed to achieve the goal of investing 3% of EU GDP on R&D by 2020, create 3.7 million jobs and increase annual GDP by 795 billion euros by 2025.
- 4.13 Successive UK Government publications including the Taylor Review, UK Strategy for Agri-technology, Feeding the Future 2030, and Future of Farming, have highlighted the need to ensure that acquired knowledge has practical application in agriculture and that agri-technology start-up companies have places to develop and grow into successful businesses.

41 See for example, HM Treasury (2001) ‘Productivity in the UK: 3 - the regional dimension’

42 HM Government (2013) ‘Framework of European Growth Programme Priorities: Background Analysis’

4.14 **Opportunities and barriers to growth**

While innovation is an important driver of productivity, it is intangible and difficult to measure and gauge performance. A common proxy is patent applications, and as discussed in 2, on this measure Gloucestershire’s per head performance is only average. Weak innovation performance may also be revealed in the relative decline in productivity performance in the county. Failure to create a more supportive environment for innovation and the associated positive knowledge spill overs could therefore act as a constraint on future growth.

4.15 We have identified three specific opportunities to promote innovation and growth in the county: i) forging stronger links between businesses and the University of Gloucestershire through the Growth Hub; ii) capitalising on the knowledge base of the Royal Agricultural University (RAU) through a new Agri-tech Research Centre; and iii) through the GREEN flagship project and the opportunities in low carbon and nuclear sectors.

Intervention Logic for Thematic Objective O1 Innovation				
Our Strategic Objectives	What is the need?	Where is the Evidence?	What is our Intervention Policy?	Indicative Activities (below are examples of planned activities – this is not a definitive list)
<b>Our productivity challenge;</b>	For innovation to be a key driver of productivity;	Section 2.16-19, 2.43,2.44	To ensure the provision of targeted support to encourage greater innovation and the commercialisation of new ideas and through this increase productivity;	<p>The <b>Growth Hub</b> will enable the knowledge base in our HE institutions to be harnessed by innovative local companies. See EUSIF 4.28- 4.31</p> <p>The <b>agri-tech innovation and research translation facilities and systems</b> will result in the ‘translation’ and adoption of new and innovative techniques and processes. See EUSIF 4.32 – 4.37</p> <p>The <b>GREEN</b> initiative will be a focal point for innovation in low carbon technologies with close linkages between skills and businesses. See EUSIF 4.38</p>
<b>Our ambition to support the growth of knowledge-intensive sectors;</b>	For businesses in knowledge intensive sectors to move up the value chain;	Section 2.23,2.26, 2.29, 2.32 2.35	To ensure knowledge transfer and the commercialisation of new ideas in key sectors;	<p>The <b>Growth Hub</b> will target resource on knowledge intensive sectors, through our ‘Guides’ to ensure the maximum take up of national and local Innovation support services.</p> <p>The <b>GREEN</b> skills project will provide facilities and expertise on one site bringing together colleges, the University of Gloucestershire and private training providers to share expertise and resources to encourage and accelerate innovation</p>

<p><b>The need for innovation to be a stronger driver of productivity;</b></p>	<p>For businesses to adopt more innovative techniques and processes;</p>	<p>Section 2.43, 2.44</p>	<p>The development of a culture of innovation, by forging closer links between business and the universities, creating a centre of excellence for low carbon skills and offering targeted advisory services;</p>	<p>The <b>Growth Hub</b> and <b>GREEN</b> will deliver targeted support for innovation through our links with Gloucestershire’s Universities, the Navigator service, and the provision/development of innovation centres and advisory services</p>
<p><b>Developing better links between education and business and retaining our talented young people</b></p>	<p>To encourage innovation in our young people and to provide opportunities for them to use their skills and innovative drive within the county</p>	<p>Section 2.43, 2.55, 2.62</p>	<p>To forge links between our education institutions and business</p>	<p>The <b>Growth Hub</b> and <b>GREEN</b> will deliver targeted support for innovation through our links with Gloucestershire’s Universities and Further Education Establishments, encouraging active involvement by our young people</p>
<p><b>Supporting our rural economy.</b></p>	<p>For the Agri-tech sector to flourish and grow within the county;</p>	<p>Section 2.43, 2.74</p>	<p>To ensure the development of an Agri-Tech Research Centre in the county;</p>	<p>The <b>agri-tech innovation and research translation facilities and systems</b> will allow direct knowledge exchange and partnership activities to be further developed and extended in direct support of the local economy and will enable rural businesses to benefit from and apply innovation and research outputs.</p>

4.16 Innovative businesses and entrepreneurs will be fast- tracked to research and development opportunities through the Business School, other FE institutions and national providers such as Innovate UK (the Technology Strategy Board). We have identified three specific opportunities to promote innovation and growth in the county:

- Forging stronger links between businesses and the University of Gloucestershire through the Growth Hub;
- Capitalising on the knowledge base of the Royal Agricultural University (RAU) through its agri-technology innovation and research translation facilities and systems;
- Through the GREEN flagship project and the opportunities in low carbon and nuclear sectors.

4.17 Innovation is frequently identified as one of the key drivers of productivity and growth and is a focus of the Europe 2020 strategy. There are many innovative firms in Gloucestershire and some key innovation assets both within the county (e.g. University of Gloucestershire and the Royal Agricultural University), and outside (e.g. Bristol Science Park).

4.18 The number of patents registered per 100,000 residents (a proxy for innovation) is broadly average relative to the other LEP areas. In 2009, there were 12.9 patents per 100,000 residents, ranking the area 15th of the 39 Local Enterprise Partnerships<sup>43</sup>. We would need to double the number of patents per 100,000 to become a top 10 ranking area for innovation.

43 The LEP Network (2012) ‘Creating successful local economies: Review of Local Enterprise Partnership area economies in 2012

- 4.19 As a predominantly rural county with existing expertise in agri-technology, GFirst LEP and the HE and FE land based institutions in Gloucestershire<sup>44</sup> fully support the government’s vision that ‘the UK becomes a world leader in agricultural technology, innovation and sustainability’ which, as one of the “Eight Great Technologies<sup>45</sup>” will drive the economic recovery and growth of the UK.
- 4.20 The major opportunity this technology will bring is in development of the economic potential of the wider food supply chain and alignment with the government’s long term agri-technology strategy, by undertaking high calibre Research & Development and translating this and other specialised research output into practical applications that can be readily adopted.
- 4.21 The UK agricultural technologies strategy<sup>46</sup> published by government in 2013 emphasises the role of industry partnerships. GFirst LEP recognises the economic and policy importance of this industry and the opportunities that it provides for Gloucestershire as a rural county with existing expertise and facilities. Programmes and interventions supported through with the EU SIF will comply with eligibility rules. Funds will be focused on initiatives that support innovation and the development of technologies that would be commercially viable and find a market within a range sectors including agriculture and low carbon.

## Agri-Tech Innovation and Research Translation

- 4.22 The Royal Agricultural University (RAU) is widely respected and has recognised expertise in agriculture with many businesses locally, regionally and nationally working with RAU to benefit from their expertise. With an established customer base of a wide range of businesses, the development of an agri-tech research centre is the logical next step for RAU in order to fully exploit their potential.
- 4.23 RAU have already invested £1.2m into its Rural Innovation Centre and has attracted significant interest. National and international companies such as BASF, NIAB and Agrovista have chosen to base their field trials at the Centre and within 6 months of operations the facility is projecting annual turnover in excess of £350,000.
- 4.24 In addition to this Cirencester based ‘rural business hub’ RAU are working with other Further and Higher Education providers in the county on the “Green Skills Project” workstream entitled “Low Carbon Energy Generation: Quick Crop Rotation” in order to bring together the agri-tech expertise at RAU with the engineering and low carbon skills focus of the GREEN project at Berkeley.

## Likely Impact

- 4.25 RAU have established links with over 3000 businesses working at regional and national level providing research, consultancy and skills based support to these businesses.
- 4.26 As well as national and international activities the RAU are significant supporters of the local economy. Through both the economic impact of an institution with 1,200 current students, this will soon rise to 2,000 as the research centre develops, and through direct knowledge exchange and partnership activities such as the South West Skills Programme. This Programme, funded by DEFRA, provided vocational training to the farming and forestry sectors in order to enhance economic productivity, and delivered a range of training through knowledge transfer activities focussing on the three regional priority areas identified within the ‘Skills Framework’ document:-
- Business development and strategic change management;
  - Operational efficiency and technical skills;
  - Adding value and diversification.
- 4.27 Over 3000 training days have been delivered to an estimated 1000 businesses. The Centre for Agricultural Research will allow such activity to be further developed and extended in direct support of the local economy and will enable businesses to benefit from and apply the innovation and research outputs.

44 Royal Agricultural University and Hartpury College

45 <http://www.policyexchange.org.uk/images/publications/eight%20great%20technologies.pdf>

46 <https://www.gov.uk/government/publications/uk-agricultural-technologies-strategy>

## i) University of Gloucestershire / The Growth Hub

- 4.28 A key objective of the Growth Hub flagship project is to address the coordination failures between businesses and the university, ensuring that the knowledge base of our higher education institutions is used to greater effect as a driver of innovation. With higher education at its core, the Growth Hub will be the location for a wide range of business services for Gloucestershire businesses, including demonstration and advisory services to support the adoption of innovative processes and techniques.
- 4.29 The current emphasis in EU and UK policy on the role of Higher Education Institutions in stimulating innovation reiterates the importance of the University of Gloucestershire and the Royal Agricultural University (RAU) to the local economy, as well as other nearby universities.
- 4.30 The University of Gloucestershire has considerable experience of supporting business innovation through the Technology Strategy Board's Knowledge Transfer Partnership (KTP) scheme, having undertaken over 50 such collaborative projects. For example, working with Westley Plastics Ltd developing an innovative, technology-enabled, secure tyre pressure monitoring system.
- 4.31 However, conversations with local stakeholders suggest businesses do not make full use of the services that our HE institutions provide and the knowledge base is not sufficiently exploited. More needs to be done to strengthen the links between HE and business, to promote the positive impact of research and development, and to support the commercialisation of the knowledge base.

## ii) The Royal Agricultural University / Agri-tech Research Centre

- 4.32 Knowledge exchange is equally as important in the rural economy as in the urban economy. There is a particular opportunity in Gloucestershire related to innovation in the rural economy through the Royal Agricultural University. Rural based sectors with potential to grow and benefit from such support include agriculture, food and drink technology and renewable energy.
- 4.33 Activities will centre around provision or development of innovation centres, demonstration and advisory services to encourage 'translation' and adoption of new and innovative techniques and processes. There is much scope for linkage between Gloucestershire's further and higher education establishments, particularly the Royal Agricultural University (RAU) and Hartpury College, with those in other LEP areas to become regional or national resources allied to specific sectors.
- 4.34 In particular, there is a vision of an exciting, dynamic and experimental Rural Hub at the existing Harnhill RAU farm site, which will serve as the central knowledge exchange (KE) resource in the county for land-based rural businesses. Its aim will be to enable farmers and other rural resource users and managers to develop greater resilience in tackling future challenges, and help them build greater capacity to use Rural Development funding and other resources imaginatively across the county.
- 4.35 To strengthen the resilience of these sectors in the county, knowledge exchange and innovation are critical to their future success. To tackle this effectively, will require a good assessment of current levels of awareness of new business opportunities within the sectors, and of the main barriers to increasing rural and land-based business turnover and employment in Gloucestershire.
- 4.36 There are opportunities to exploit the economic potential of the wider agri-food supply chain and align with the Government's long term Agri-tech strategy; undertaking high calibre research and translating this into practical applications that can be readily adopted by the sector. The development of an Agri-Tech Research Centre (ARC) would help achieve this.

- 4.37 From a global perspective, agricultural science and technology is rapidly becoming one of the world's fastest growing markets<sup>47</sup>, driven by a rising population and shortages of land, water and energy. The UK is well positioned to play a leading role in the global challenge of the "sustainable intensification" of agriculture; but to do so, will need permanent, core research centres for agricultural innovation. The Agri Tech Research Centre, would be best placed at the Royal Agricultural University with access to Engineering, Sustainable Agriculture and Knowledge Exchange expertise.

47 <https://www.gov.uk/government/publications/uk-agricultural-technologies-strategy/uk-agricultural-technologies-strategy-executive-summary>

### iii) Gloucestershire Renewable Energy, Engineering & Nuclear Centre (GREEN)

4.38 Innovation will be a key theme of the GREEN flagship project, discussed further in our Low Carbon Thematic Objective. GREEN will provide a home for University research, exploiting the site’s proximity to the estuary, as an excellent test bed for solar, wind and tidal energy and complementing the growth of the University of Gloucestershire’s engineering offering. Together with a focus on STEM skills, Gloucestershire will become a national centre of excellence for innovation and learning in the energy sector.

### iv) Innovate UK (formally technology strategy board)

4.39 As described in the preceding paragraphs, strategies to drive innovation are integral to our main strategic initiatives. We already work closely with Innovate UK, valuing the services they offer, with Gloucestershire businesses having benefited from significantly from this support. As a consequence the newly emerging match-funded offer via Innovate UK will be reviewed with interest. If this offers a significant and appropriate opportunity, we will consider including provision within our EU funding allocation.

<b>Description</b>	Supporting the commercialisation of new ideas by strengthening links between the universities and business, to support productivity growth.
<b>Rationale</b>	<ul style="list-style-type: none"> <li>• Coordination failures between universities and businesses, positive externalities of R&amp;D and innovation.</li> <li>• Imperfect information about market opportunities in growth sectors.</li> <li>• Innovation a driver of productivity growth needed to address Gloucestershire’s relative decline.</li> <li>• Opportunities for growth in agri-tech and the knowledge base at the Royal Agricultural University.</li> </ul>
<b>Indicative activities</b>	<ul style="list-style-type: none"> <li>• Provision/development of innovation centres.</li> <li>• Demonstration and advisory services to support adoption of innovative techniques and processes.</li> <li>• Strategic fit with SEP flagship projects Growth Hub and GREEN</li> </ul>
<b>Funding Allocation</b>	(may be subject to further change) 1,908,216 Euros (Feb 2016 value in Sterling is £1,354,833)
<b>Possible sources of match funding</b>	Private Sector, Higher Education and Funding Council, University of Gloucestershire, Royal Agricultural University, Innovate UK
<b>Delivery channels</b>	Growth Hub / University of Gloucestershire Agri-Tech Research Centre / Royal Agricultural University GREEN / Further and Higher Education partners



## Thematic Objective 2: ITC Article 21 broadband infrastructure

- 4.40 Information Communication Technology is a significant enabler of productivity and business growth<sup>48</sup>. Not only can it help businesses to inject greater value into their organisations (through the introduction of new, innovative, value-added products, services and processes) but it can also help businesses cut costs. ICT can also stimulate the development of new markets, create new jobs and reduce variances in the labour market. It is also increasingly important for accessing public services and for digital inclusion.

### National and European context

- The EU Digital Agenda sets a target for all premises in Europe to have access to superfast broadband (speeds of more than 30 Mbps) by 2020 and for 50% of users taking up broadband services with speeds of more than 100Mbps.
- Recent analysis suggests that if the EU increases its level of ICT capital stock to a similar level to that of the US (30% of GDP), the potential gain that could be achieved by 2020 is a 5% increase in GDP<sup>49</sup>.
- The Government aims to have achieved a transformation in broadband by 2015 with speeds three times faster than in 2010.
- The Information Economy Strategy sets out how the UK can fully exploit growth in the wider economy through industry and Government working in strategic partnership.

### Opportunities and barriers to growth

- 4.41 In the digital age, adequate provision of broadband and mobile access is now essential for normal business functioning. Inadequate provision risks competitive disadvantage and also the potential for social exclusion among residents and communities unable to access the latest technology. This is a prevalent and particularly urgent issue for our rural areas because high speed broadband provision and mobile coverage lag behind urban areas.
- 4.42 Access to Next Generation Access (NGA) Broadband (24mbit/s plus) is one of the key pillars in the Government's growth strategy and has been identified by the EU as the key infrastructure barrier to global competitiveness. However, until very recently, Gloucestershire's NGA capability stood at only 35%, severely inhibiting the capacity of the county's businesses to compete in a global market place<sup>50</sup>.
- 4.43 Commercial investment by BT and Virgin Media has enabled the county's largest settlements to benefit from superfast services. Moreover, funding from the Government's Broadband Delivery UK (BDUK) is being used to extend the NGA footprint in the county's rural areas through the Fastershire Broadband Infrastructure Project, which aims to achieve 90% coverage by 2016. However, there are still gaps in NGA provision not covered by this investment which if left unresolved will stifle the competitiveness of the hundreds of businesses located in those areas. Some areas surrounding the urban settlements of Cheltenham and Gloucester, Stroud and Tewkesbury, and around 10% of the rural areas remain commercially unviable for investment in NGA infrastructure through market endeavours alone and are unlikely to be covered by the investments outlined above. An economic impact study produced in 2012 estimates that the number of Gloucestershire businesses that will be in this category is 1271, mostly in rural areas.
- 4.44 NGA broadband take up rates often remain low, even in areas where high speed networks have been established for many years. Encouraging businesses to take-up enhanced broadband infrastructure and exploit the use of ICT and technology has therefore also been identified as a key strand of activity for the county. There is a pressing need from many of our rural businesses to understand the benefits and possibilities of broadband to ensure they can get the most out of the use of ICT and digital technology. It is therefore important that we are able to provide specific business support programmes to address these information failures.

48 'Big data' is identified as one of the 'eight great technologies' by BIS (see <https://www.gov.uk/government/speeches/eight-great-technologies>)

49 Europe 2020 Digital Agenda

50 OFCOM Fixed Broadband Data 2013, 35% in 2011 and 53.8% according to latest figures.

## Intervention Logic for Thematic Objective 02 ITC Article 21 broadband infrastructure

Our Strategic Objectives	What is the need?	Where is the Evidence?	What is our Intervention Policy?	Indicative Activities (below are examples of planned activities - this is not a definitive list)
<b>Our productivity challenge;</b>	For economic output to increase;	Section 2.14 - 2.19	To ensure county-wide access to key enabling technology to support productivity growth among SMEs;	<ul style="list-style-type: none"> <li>Grant scheme open to eligible businesses not provided with access to superfast broadband by any existing programmes to source appropriate solutions</li> </ul>
<b>Tackling persistent deprivation in parts of the county;</b>	For individuals in areas of persistent deprivation to be able to access high speed broadband;	Section 2.69 - 2.87	To ensure county-wide access to key enabling technology by individuals in areas of persistent deprivation, and to encourage businesses to take full advantage of the opportunities it presents	<ul style="list-style-type: none"> <li>As above</li> <li>Access by businesses in areas of deprivation to targeted business support to stimulate an increase in the effective use of digital technology to drive business growth</li> </ul>
<b>Supporting our rural economy;</b>	For individuals in rural areas to be able to access high speed broadband;	Section 2.69 - 2.87	To ensure county-wide access to key enabling technology by individuals in rural areas;	Grant scheme open to eligible businesses not provided with access to superfast broadband by any existing programmes to source appropriate solutions
<b>Improving our broadband coverage;</b>	For SME's across the county to be able to access high speed broadband;	Section 2.87	To ensure county-wide access to key enabling technology by SME's;	Grant scheme open to eligible businesses not provided with access to superfast broadband by any existing programmes to source appropriate solutions

## Strategic investment areas

### Voucher Scheme:

- 4.45 Funding from the EUSIF will be focused on delivering stage 5 of the Fastershire Broadband Strategy 2014-18. It will support business premises (individually or in groups) which remain without superfast broadband provision as a result of either commercial endeavours or publicly subsidised activity to procure the technologically agnostic broadband services which they require and which will deliver the greatest economic benefit for Gloucestershire. At the time of writing, these areas are anticipated to be as highlighted in dark green on the map below, and to be estimated as 5-10% of business premises.
- 4.46 Preference would be given to schemes that benefit multiple businesses, and generate as much broadband coverage as possible.



- 4.47 The investment will provide grants to help overcome the market failure in the provision of universal NGA broadband infrastructure in these areas, which are predominantly, but not exclusively, rural. The grants will be open to eligible businesses within this target group. It will provide 50% of the funding required for them to access the appropriate technology to achieve NGA. At the time of writing grants will be available for a minimum of £25,000 direct from the Rural Payments Agency (RPA) following an open and transparent application process. They will be awarded to businesses that demonstrate a significant broadband need and for projects which result in a 10-1 GVA ROI as independently assessed through an external review.
- 4.48 A grant is deemed the only appropriate approach in these areas due to the distributed nature of the market failure and the need to align public subsidy with economic benefit. It is likely to enable over 40 significant projects in areas of market failure across Gloucestershire.
- 4.49 In particular, eligible land-based businesses will be encouraged to access the scheme, which will have a significant impact on the agri-tech sector in Gloucestershire. The primary source of the match funding will be the beneficiary business

### Targeted Business Support:

- 4.50 In order to encourage take-up, the intention is to build upon and extend the reach of the Peninsula Enterprise Superfast Business Support Programme, which is now operational across the county, to provide bespoke advice and resources. The aim will be to encourage the effective application of more advanced software solutions, enabled through NGA broadband to transform business processes, increase business efficiency and provide access to new markets and services.
- 4.51 It is recognised by the EU and Government that such programmes of activity provide significant opportunity for rural areas to redress potential location based disadvantages. The current ERDF and Local Authority funded Superfast Broadband Programme, is only focused on ERDF eligible businesses that are located in the Fastershire deployment area. We would extend this programme to include eligible businesses throughout Gloucestershire, including land based enterprises.
- 4.52 A secondary objective is to improve economic participation rates across the county by promoting universal digital inclusion. This will be informed by the outcome of a recent research commission, in collaboration with the Marches LEP, examining digital exclusion across the two LEP areas. The report examines the distinct social/demographic groups most at risk of economic marginalisation and the types of interventions that will address digital exclusion.

<b>Description</b>	Extension of roll out and take-up of high speed communications to enable SME growth.
<b>Rationale</b>	<ul style="list-style-type: none"> <li>• ICT a key enabling technology for productivity growth. Impact assessments from UK, EU, US point to increases in GDP and employment associated with high speed broadband<sup>51</sup>.</li> <li>• Public good argument in terms of digital inclusion and access to goods and services online in rural areas.</li> <li>• Market failure in the coverage of broadband in rural areas owing to commercial viability.</li> <li>• Additionality over existing Fastershire project to extend coverage further.</li> <li>• Strategic fit with SEP priority area Connection.</li> </ul>
<b>Indicative activities</b>	<ul style="list-style-type: none"> <li>• Extension of high-speed broadband to address the remaining gaps in the county through a voucher scheme for eligible businesses</li> <li>• Provision of targeted business support to significantly increase the take up and exploitation of NGA.</li> </ul>
<b>Funding Allocation</b>	(may be subject to further change) 363,488 Euros ERDF (Feb 2016 value in Sterling is £258,076) 2,127,356 Euros EAFRD (Feb 2016 value in Sterling is £1,510,423)
<b>Possible sources of match funding</b>	Business contributions, BDUK, Local Authority
<b>Delivery channels</b>	Extension of the existing Fastershire project, support from Growth Hub

51 Tyler, P. / Regeneris (2013) 'Workstream 2: Economic efficiency and what works in local economic policy' report for DCLG.

## Thematic Objective 3: SME Competitiveness

### National and European context

4.53 The preliminary guidance to LEPs on Structural and Investment Fund Strategies set out the context for this thematic objective. Key strategic and policy drivers include:

- The Government's 'Plan for Growth' aims to make the UK the best place in Europe to start, finance and grow a business.
- The National Export Challenge aims to double exports to £1tn by 2020 and create 100,000 new exporters.
- There are no Europe 2020 targets but the UK has a country specific recommendation to improve access to finance.
- The Digital Agenda for Europe and UK Information Economy Strategy aims to ensure 90% of businesses and households have superfast broadband by 2014.

### Opportunities and barriers to growth

4.54 Gloucestershire has a large and vibrant SME community and GFirst LEP recognises the critical importance that SMEs will play in driving future growth. We have identified opportunities to accelerate growth in knowledge and export intensive services; build on our positive entrepreneurial culture and high survival rates; and expand our productive high value manufacturing sector. We will do this by:

- supporting SMEs to move up the value chain, increase productivity and compete in new domestic and international markets,
- developing the supply chain of our large high tech manufacturing sector;
- promoting start-ups and business growth in high value added sectors and providing start-up and growth finance for entrepreneurs;
- driving SME growth in the rural areas to create employment opportunities.

4.55 Successive BIS publications have highlighted the market failures that apply nationally to small business growth and specifically the imperative to support SMEs with high growth potential. The need in Gloucestershire mirrors well-known and extensively researched obstacles to small business growth including with market failures typically identified as information failures. The following were identified in the Small Business Survey 2012:

- Strategy – 65% do not have a formal business plan.
- People Management – 68% do not train their managers in managing people.
- Accessing Finance – 76% did not access finance.
- New Market Entry – 57% did not introduce new or improved products.

4.56 Feedback from businesses confirms the view that, like many other counties, Gloucestershire experiences fragmentation, scarcity and lack of coordination of the various business support services provided by different agencies. The Small Business Survey 2012 identified the reason for this as businesses:

- being unclear how to access those services
- having poor relationships with the providers of business support services
- being unaware of the benefits they services may bring.

Businesses wanting and needing to grow will demand efficient access to business services and support through effective diagnosis and guidance to the appropriate advice.

## Intervention Logic for Thematic Objective 03 Competitiveness

Our Strategic Objectives	What is the need?	Where is the Evidence?	What is our Intervention Policy?	Indicative Activities (below are examples of planned activities – this is not a definitive list)
<b>Our productivity challenge;</b>	For SMEs to increase productivity by moving up the value chain and realising their full potential	Section 2.16 – 2.19	To proactively develop relationships with high growth potential businesses and ensure they access effective business support and information;	<p><b>Business Navigator</b> will identify high growth potential growth businesses for specific targeted support, ensuring that those businesses in the knowledge and export intensive sectors fully realise their potential. See EUSIF 4.57 – 4.63.</p> <p><b>Business Expansion Service</b> will ensure that businesses can access the resources they need to achieve their growth potential. See EUSIF 4.57 – 4.63.</p>
<b>Our ambition to support the growth of knowledge-intensive sectors;</b>	To accelerate growth in knowledge intensive sectors	Section 2.22 – 2.26, 2.35	To identify and focus on SMEs in knowledge intensive sectors to ensure that they recognise their potential for entry into new markets, and have the skills within the workforce to achieve accelerated growth. To provide access to effective local and national support including, where necessary, start-up finance;	<b>Business Navigator</b> will focus intervention support on key growth businesses in the Knowledge, Innovation and Export Intensive sectors for specific targeted support, ensuring that those businesses fully realise their potential. See EUSIF 4.57 – 4.63.
<b>Exploiting the export potential of our SMEs;</b>	For SMEs to increase their level of exporting and to enter new international (and domestic) markets;	Section 2.40	To ensure that SMEs recognise their potential for increased exporting activity and entry into new international (and domestic) markets, and to provide access to support including, where necessary, start-up finance;	The <b>Growth Hub</b> will create the infrastructure, develop the influence and become the focal point that ensures our targeted businesses are supported to enable them to fulfil their export potential. See EUSIF 3.7 – 3.9.
<b>Capitalising on our entrepreneurial culture;</b>	For entrepreneurs to access finance and business support services;	Section 2.45 - 2.46	To ensure that entrepreneurs are able to access support including advice on start-up and growth finance;	The <b>Entrepreneur Programme</b> will provide access to support including start-up and growth finance. See EUSIF 4.154.

<b>Developing better links between education and business and retaining our talented young people</b>	For Business and Education to work more closely together to drive growth	Section 2.55, 2.61-2.62	To bring together business support and sector specific programmes within the University of Gloucestershire Business School	The <b>Employment Pathfinder</b> will include the provision of services to provide support to students with their career decisions See EUSIF 4.166 - 4.167.
<b>Supporting our rural economy;</b>	For SME's in rural areas to be able to access business support services;	Section 2.73 – 2.74	To ensure that rural SMEs have equal access to support including advice on start-up and growth finance;	The <b>Growth Hub</b> will include the provision of access by rural businesses. See EUSIF 4.60 - 4.61.
<b>Improving our broadband coverage;</b>	For SME's across the county to be able to access high speed broadband;	Section 2.87	To ensure county-wide access to, and take up of, key enabling technology by SME's;	The <b>Growth Hub</b> will deliver complementary Broadband projects supported by the Fastershire project See EUSIF 4.40 – 4.52 and <a href="http://www.fastershire.com/">http://www.fastershire.com/</a> .

### Strategic investment areas

4.57 In response to these opportunities and barriers, the Growth Hub is being developed as a distinctive physical space with 'spokes' across the county where businesses in high growth potential sectors:

- 'know where to go' to ask for business growth and acceleration support because of the relationships that have been developed
- can access - on-line and face to face - a service delivered via Resource Centres and the central Growth Hub providing seamless linkage to business support across the county and beyond, with effective diagnosis, advice and guidance. (Businesses not in high growth potential sectors will be directed to the relevant national and local services as appropriate)
- are able to access business diagnostics via a single portal and receive expert business and research support
- will be familiar with the location, business support service and academic staff because they will have attended conferences, meetings, seminars and other business events there previously
- can meet with industry specific groups; such as LEP Business Sector Groups, Chambers of Commerce and Business Ambassadors to develop ideas
- can access intellectual property information, academic staff and 'student talent banks' who are aligned to their needs
- can develop effective long term business relationships with a range of business support services.

### Growth Hub

4.58 Our Growth Hub proposal has a number of different elements which comprise the journey for businesses and entrepreneurs looking for support. The 'Navigator' service is the start of that journey to commence the relationship with the business and diagnose what support is required.

Evidence of 'what works' in business support suggests targeted and more intensive business support generates greater returns and economic impact<sup>52</sup>. The Business Accelerator component of the Hub will have a particular focus on providing intensive support to 'high growth' firms in knowledge-intensive sectors. High growth firms will have the potential to engage with 'Business Guides', experts in the resources available in the county and nationally and able to offer some initial support as a precursor to the uptake of other support.

Funding has been secured to support the development of a Business School within the Growth Hub. This will provide the framework for bringing together business support and sector specific programmes for businesses as well as linking the business community into skills provision – a Growth Hub – a true 'Hub and Spokes' concept to cover the whole of the county's business and skills community, centered on the Business School.

52 Tyler, P. / Regeneris (2013) 'Workstream 2: Economic efficiency what works in local policy

- 4.59 Ideas and services currently proposed include providing an Incubation Centre for start-ups – either from across the county or as business concepts directly out of the Business School – to play to our particular strength in start-up survival. Diagnosis and business advice provision brokered either independently or direct from the current providers, through the supply of advice rooms and/or hot desks, and as a home for any current field based advisers. This would bring together business support into one place so that the current services can be more effectively leveraged, linked and utilised.

### Access by Rural Businesses

- 4.60 There is a continuing need for programmes of business support, skills training and advisory services for rural as well as urban micro businesses and SMEs. Similarly, many social enterprises and voluntary and community sector organisations require the same ‘core’ business skills and knowledge in order to function effectively. Businesses of all kinds and locations need access to these resources in order to grow output, jobs and GVA but for many rural businesses there is the added barrier of the accessibility of support. The delivery mechanisms need to be tailored to rural circumstances – web based training such as webinars for example – so that rural businesses can effectively access and benefit from the generic business support and training available. Also some training - particularly for rural land based businesses (renewable energy, equestrian, agricultural etc.) – is best delivered out in the rural setting ‘on site’. This is an area which has historically been approached on a regional basis and may lend itself to several LEPs collaborating on commissioning and delivery, bringing together the expertise and resources of relevant further and higher educational establishments and key industry players.

### Business Navigators and Guides

- 4.61 The role of Business Navigators and Guides will be instrumental in ensuring that businesses:-
- are clear about how to access the services available to them
  - have good relationships with the providers of business support services
  - are aware of the benefits of the services available to them.

The Business Navigator role will enable delivery of a coherent and joined up delivery to businesses and fill gaps in specific provision as required by the challenges presented in Gloucestershire.

The service will consist of online and telephone resource that will perform a diagnosis of the business in order to effectively direct them to the appropriate solution or resource. The additional role of the Business Navigator would be to commence development of a long term relationship with the business and provide a point of contact for the future.

If the diagnostic indicates growth potential then the business will be introduced to a Business Guide. Business Guides will be responsible for engaging with and supporting the business over a period of time to enable them to accelerate their growth potential.

Business Guides will be experts in the resources available both in the county and nationally, and be responsible for guiding the business through the most appropriate use of those services.

An essential element of the role of Business Navigator will be the tracking of feedback on the effectiveness of the services that businesses utilise via the Growth Hub’s CRM system.

### Support for the manufacturing sector

- 4.62 In order to develop and support the supply chain of our large high tech manufacturing sector, GFirst LEP plans to opt into the support offered by The Single Business advice service incorporating the Manufacturing Advice Service (MAS) so that specialist and in-depth support will be available to manufacturing companies in the county.



## Support for international trade and export

- 4.63 In order to capitalise on the export potential of businesses in the county, GFirst LEP recognises that further, tailored specialist support will be needed. Discussions with UK Trade and Industry (UKTI) have indicated that this support could be available through them but GFirst LEP has some reservations about their service offer and reserves the right to deliver this support locally should this be required. Discussions will continue with national and local delivery partners as the detail of the match funding offers develop.

The LEP is aware that this decision carries implications for match-funding but is also fully committed to identifying the right solution that will meet the needs of export intensive businesses with high growth potential.

## Support for Inward Investment

- 4.64 GFirst LEP recognises that there is a significant opportunity to support growth within the key strategic priorities in the county by encouraging and enabling inward investment. The provision of suitable and attractive employment land is a key part of the Strategic Economic Plan, and existing support from GFirst LEP and the Local Authorities, and constructive working relationships with UKTI Inward investment all make a contribution to realising this potential. However, lack of resources make this provision limited, and the newly emerging match-funded offer via UK Trade and Investment will be reviewed and considered with interest. If this offers a significant and appropriate opportunity, we will consider including provision within our EU funding allocation.

Description	Business support and growth facilitation
<b>Rationale</b>	<ul style="list-style-type: none"> <li>Supporting SMEs to move up the value chain to address the productivity challenge.</li> <li>Capitalising on the export potential of firms in Gloucestershire but information failures mean these are not always exploited.</li> <li>Information and coordination failures in the provision of business support locally.</li> <li>Evidence of gaps in the market for finance for SMEs in Gloucestershire due to imperfect information and market uncertainty/risk aversion in the current economic climate.</li> </ul>
<b>Indicative activities</b>	<ul style="list-style-type: none"> <li>Efficient access to business services and support through effective diagnosis and guidance to the appropriate advice and guidance</li> <li>Targeted at knowledge and export intensive businesses with high growth potential</li> <li>Supporting more SMEs to enter new domestic and international markets</li> <li>Provision of start-up and growth finance (mix of grants, loans, equity finance).</li> <li>Opt-in support from MAS</li> <li>Opt-in support from UKTI or direct local delivery of appropriate export support</li> </ul>
<b>Funding Allocation</b>	(may be subject to further change) 9,092,659 Euros (Feb 2016 value in Sterling is £6,455,787)
<b>Possible sources of match funding</b>	Private Sector, Higher Education and Funding Council, University of Gloucestershire
<b>Delivery channels</b>	Growth Hub, Business Support Providers

## Thematic Objective 4: Low Carbon

### National and European context

- 4.65 In order to meet its international legal commitments to reduce greenhouse gas emissions, the UK Government introduced the Climate Change act in 2008 which sets legally binding targets to cut greenhouse gas emissions by at least 34% by 2020 and at least 80% by 2050 against a 1990 baseline. These are ambitious targets which have generated a number of Government initiatives to incentivise progress.
- 4.66 Renewable energy will play a major part in meeting these targets. Article 4 of the European Renewable Energy Directive (2009/28/EC) sets a target for the UK to meet 15% of total energy consumption from renewable sources by 2020 (compared to current level of 3%). To achieve this at least 20% of electricity will need to be generated from renewable sources. In response the government published the 'UK National Renewable Energy Action Plan' in 2010 to show how the UK intends to meet this target.
- 4.67 Besides the legal framework outlined above, the Government has recently launched a number of initiatives to help achieve the UK targets of reducing greenhouse gas emissions and increasing the proportion of energy consumption from renewable energy. These include:
- **The Feed in Tariff (FIT)** – aimed at boosting the market for micro generation of renewable electricity;
  - **The Renewable Heat Incentive (RHI) Scheme** – targeted at encouraging £7.5 million of investment in the non-domestic sector in low-carbon heat such as biomass boilers by 2020.
  - **The Green Deal** – an initiative which aims to provide homeowners and businesses with a process and a financial mechanism (in the form of a loan which sits on the property and is repayable through the energy bills) which supports them to implement energy efficiency/renewable energy installations.
- 4.68 Recent feedback from some UK businesses indicated that their energy bills are almost twice their European competitors. In a recent business survey, when businesses were read a list of factors which might be helpful or detrimental to their business and asked to say whether each factor was positive or negative only one in five rated utility and energy prices positive (20%)<sup>53</sup>.
- 4.69 In addition to rising energy costs, large public and private sector organisations are facing further costs under the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme effectively imposes a tax on carbon emissions of large private and public sector organisations. The cost of allowances is set at each Budget, and at the last budget it was announced that the cost will rise from the current £12 per tonne to £16 per tonne in 2014.

### Opportunities and barriers to growth

- 4.70 Gloucestershire has a major contribution to make towards European and national goals for low carbon energy generation and the reduction in carbon emissions. The energy sector has long been a specialism of the area and is expected to grow considerably in the next two decades with a nuclear power station to be built at Oldbury and a new nuclear station being built at Hinkley within an hour's drive of Gloucestershire.
- 4.71 These major infrastructure projects will draw upon local, regional, national and, most likely an international workforce and will require Gloucestershire to respond to unprecedented demand for labour. To meet this demand, Gloucestershire needs to grow its skilled workforce to retain the skills, knowledge and prosperity in the county servicing nuclear, low carbon energy and engineering industries. Investing in the skills infrastructure in the county ensures we are ready to respond and reap the rewards of the huge investment that is presented by the Nuclear, Low Carbon and the production based economy.

53 Buckinghamshire Business Survey 2013, Buckinghamshire County Council and Buckinghamshire Business First

- 4.72 The skills required by companies in this sector are in huge demand as key local engineering companies continue to be unable to fill significant numbers of jobs each year and smaller businesses are understood to be reluctant to recruit apprentices for fear of losing them to larger companies. The expected ambitious civil power projects will be dependent on an effective, well operating and efficient skills system which this proposal will deliver. Significant short, medium and longer term employment opportunities can be generated.
- 4.73 With the evident difficulties of recruitment for local engineering companies there must be a considerable increase in capacity to train new entrants to this labour market and up-skill, retrain or refresh existing skilled workers.
- 4.74 There are some excellent examples of low carbon projects across the county illustrating the growing momentum around low carbon issues in the area, and there are some strong networks. Key projects and programmes include:
- **Link to Energy installer network** - made up of approx. 120 companies who provide energy related services to homes and businesses in Gloucestershire. Severn Wye Energy Agency (SWEA) established the Network six years ago as part of a project run with Stroud District Council called Target 2050 and it has grown steadily ever since.
  - **Warm and well programme** - a 'one stop shop' impartial service for households wishing to improve the energy efficiency of their homes. Over 40,000 local homes improved through the service which offers energy advice, Green Deal assessments, information on available finance and access to local installers through the Installer Network.
  - The innovative **Stroud Target 2050** programme (extended to neighbouring areas after pilot in 2007-9) raised the profile of low carbon retrofit of all kinds of house types in the area and resulted in Stroud being one of just 5 DECC sponsored Pay As You Save pilots in 2009-11, and positioned Gloucestershire as an area that is forward thinking and innovative in this field.

There are therefore considerable opportunities to build on the previous and existing low carbon projects and programmes to further embed low carbon approaches, technology and activities in businesses, organisations and households across the county.

Intervention Logic for Thematic Objective 04 Low Carbon

Our Strategic Objectives	What is the need?	Where is the Evidence?	What is our Intervention Policy?	Indicative Activities (below are examples of planned activities - this is not a definitive list)
<b>Our productivity challenge;</b>	For Gloucestershire to realise the potential productivity improvements to be gained from low carbon initiatives in terms of reduced CO2 emissions and increased demand for energy saving measures	Section 2.88 – 2.91	To invest in targeted advice and guidance focused on energy saving measures to be provided by local business, benefitting the local economy	<b>The Demonstration and deployment of renewable technologies</b> will provide expert energy saving advice to households and businesses resulting in significant reductions in fuel costs, and a boost to local businesses within the energy saving sector. See EUSIF 4.97 – 4.100
<b>Our ambition to support the growth of knowledge-intensive sectors;</b>	For businesses in these sectors to fully exploit forthcoming growth opportunities;	Section 2.35 – 2.39	To invest in the engineering and low carbon skills infrastructure in in the county;	<b>The GREEN skills project</b> will create a supportive, entrepreneurial environment where a range of low carbon industries can combine research, training and innovation to support growth. See EUSIF 4.76 - 4.88, 4.96

<b>The need for innovation to be a stronger driver of productivity;</b>	For businesses to develop innovative products that promote low carbon outputs;	Section 2.43,2.44, 2.88	To ensure that businesses can access the research and development facilities within the GREEN Skills Centre	<b>The Demonstration and deployment of renewable technologies</b> will encourage businesses to innovate and capitalise on the potential for productivity gains. EUSIF 4.97 - 4.107  The GREEN skills project will provide facilities and expertise on one site and bring together the research and training services of local Universities, Colleges and private training providers. It will provide a focal point for innovation, business start-ups and low carbon generation. See EUSIF 4.76-4.88, 4.96
<b>Developing better links between education and business and retaining our talented young people</b>	For business and education to provide training and employment opportunities for our young people;	Section 2.53, 2.55, 2.59 – 2.65	To bring businesses and training for low carbon skills together in one centre, and to promote opportunities to young people, including apprenticeships	<b>The GREEN skills project</b> will provide facilities and expertise on one site and bring together the research and training services of local Universities, Colleges and private training providers. It will provide a focal point for innovation, business start-ups and low carbon generation. See EUSIF 4.76-4.88
Ensuring a ready supply of skilled workforce to support the growth of key sectors;	For individuals to have the necessary skills to enable them to access employment opportunities;  For businesses to have ready access to the skills they need for growth; For businesses to be involved with on-going skills development in line with business needs.	Section 2.56, 2.60, 2.34 – 2.37	To ensure that businesses can access a workforce with the necessary skills (particularly STEM) to meet future employment needs in this sector;  To ensure businesses in key sectors particularly knowledge intensive manufacturing and knowledge intensive service sectors have access to a pool of skilled labour;	<b>The GREEN skills project</b> will help to ensure a continuous supply of adequately trained, skilled and qualified workers to support the delivery of large scale projects and maintain skills requirements of low carbon, construction and engineering industries in the county. See EUSIF 4.76 – 4.88

## Strategic investment areas

4.75 There are two proposed investment areas under this thematic objective:

1. Our flagship GREEN project to support the growth of nuclear and renewable energy;
2. Demonstration and deployment of renewable technologies and approaches to businesses and households.

## GREEN - The proposal to create a Gloucestershire Renewable Energy, Engineering & Nuclear skills centre at the decommissioned Berkeley power station.

- 4.76 Gloucestershire is of national significance to the engineering, low carbon and nuclear industries with many regional, national and international businesses providing intellectual, strategic and operational services from within the county.
- 4.77 Delivered with Further and Higher Education partners, the GREEN Skills Centre will redevelop the largely disused and redundant public sector brownfield site in an innovative and inspiring way to provide a training centre of excellence to respond to the massive growth in demand for STEM skills from the renewable energy, engineering and nuclear sectors. The initial plans for redevelopment will provide the UK's first zero carbon Skills Centre, regenerating the site and providing new employment opportunities in the local area.
- 4.78 The proposed site is a former nuclear research facility at Berkeley which is capable of accommodating a unique and influential Skills Centre to be used for the development of Science, Technology, Engineering & Maths (STEM) skills. These skills are vital to deliver future economic growth and to maximise the return to the UK economy from major infrastructure projects.
- 4.79 The GREEN Skills Centre will be a key enabler for economic growth in Gloucestershire, neighbouring counties and the region as a whole and has the opportunity to lever significant resources from partners working across both the public and private sectors. The Skills Centre is well placed to operate as either a 'hub' or 'spoke' as part of the Government's commitment to provide a 'New Nuclear College'<sup>54</sup>
- 4.80 Agreement for the acquisition of the site at Berkeley has been reached with the site's current owner, the Nuclear Decommissioning Agency (NDA) and will lead the GREEN Skills Centre, delivered in partnership with GFirst LEP and its Further and Higher Education partners.
- 4.81 The project site is ideally located, just 10 minutes from the M5 (& M4 interchange); an hour's drive from Hinkley Point C; 5 miles from Oldbury B; and close to Gloucestershire's energy, nuclear and supply chain employers.
- 4.82 The project will raise publicity and aspirations, attracting young people to STEM careers; provide skilled people to fill the skills drain created by infrastructure projects; provide a focal point for innovation, business start-ups and low carbon energy generation; and provide specialist 'full cost recovery' and commercial training opportunities.
- 4.83 This project is fully supported by West of England LEP; South Gloucestershire Council; and by existing suppliers of engineering training in the region. The following employers have also committed their support:-
- Magnox ;
  - Doosan Babcock;
  - Horizon Nuclear Power;
  - Ecotricity;
  - EDF;
  - Atkins;
  - AMEC.

Partners and stakeholders have been consulted and contributed to the project plan including:-

- Stroud District Council;
- NSAN;
- South Gloucestershire Council;
- Heart of the South West LEP;
- Bridgwater College
- The NDA;
- Berkeley Site Stakeholder Group.

<sup>54</sup> Press Release by Matthew Hancock MP, Business Innovation & Skills, 28th January 2014 entitled: Nuclear college to harness the power of skills training. <https://www.gov.uk/government/news/nuclear-college-to-harness-the-power-of-skills-training>

- 4.84 Our plans include close liaison with other Nuclear Skills Centres and the proposed “New Nuclear College” to ensure appropriate linkages are in place; and our consultation with Heart of the South West LEP will continue in order to ensure appropriate cross-referencing and to avoid duplication.
- 4.85 Stroud District Council, the relevant local planning authority, support the project and plan to encourage further inward investment, thereby unlocking the potential of this site to become the focal point for engineering training within Gloucestershire.
- 4.86 The National Skills Academy for Nuclear (NSAN) have been instrumental in the development of the project and together with Cogent, the sector skills council for process industries, have supported and advised on the future skills needs and potential shortages in the sector.
- 4.87 Gloucestershire has a long established heritage and expertise in the Nuclear, Energy and Manufacturing sector with major employers for this sector located in the county. The South West has a high proportion of nuclear skills employment with 3600 employed in decommissioning and power generation. 65% of the nuclear workforce will retire by 2025. This provides the potential and need to add to the existing technical, construction and scientifically skilled staff with an estimated need of 700 apprenticeships and 150 graduates a year over the next 15 years.
- 4.88 This project will ensure there is a continuous supply of adequately trained, skilled and qualified workforce for the planning, construction and operation of the nuclear projects whilst maintaining the skills need of existing companies in the low-carbon, construction and engineering industries in Gloucestershire. This additional capacity cannot be met by existing providers in the region.
- 4.89 If we do not meet this skills challenge we risk a significant proportion of the uplift from the nuclear industry being lost to the local and UK economy and we will miss the opportunity to grow the skills needed by the emerging STEM industries.
- 4.90 A strong working partnership has been established with Bridgwater College, the Hinkley Point Training Agency (HPTA) and the National Skills Academy for Nuclear (NSAN). The GREEN Skills Centre is well placed to act either as a ‘hub’ or ‘spoke’ of the proposed “New Nuclear College” and there are strong links with the local and regional supply chain with a consequent clear understanding of their pressures and requirements.
- 4.91 Strong and effective links also exist with employers in the nuclear sector and the county already benefits from having one of only two National Skills Academy for Nuclear (NSAN) quality approved providers in the South West, with a long standing track record of delivering skills training to the low carbon and green sectors.

#### Engineering, Manufacturing, Science & Technology

- 4.92 Businesses in engineering, manufacturing and technology across the region already compete for highly qualified and skilled people. Businesses operating in these sectors are at constant risk of losing staff in a skills drain to major infrastructure projects. This problem can only be addressed if a greater number of skilled staff can be made available.
- 4.93 The Green Skills Project has close links with the county’s Further and Higher Education sector which has the capability for delivery of skills from Business and Technology Education Council (BTEC) Level 2 to 7.

#### Low Carbon & Construction & Engineering-Construction

- 4.94 The GREEN skills project will support low carbon initiatives closely working with industry partners e.g. Ecotricity to install a wind turbine ‘rig’ to enable specialist training to take place. This will include rope access and provision to ensure effective syncing to the national grid.
- 4.95 The project will allow partners such as Severn Wye Energy Agency to further grow their delivery of training provision focused on energy reduction. It will provide for University research, exploiting the site’s proximity to the Severn estuary, as an excellent test bed for solar, wind, and tidal energy, and complementing the growth of University of Gloucestershire’s engineering offering.

4.96 EUSIF funding will be used for:

- Provision/development of innovation centres, demonstration and advisory services to support adoption of innovative techniques and processes
- Development and delivery of support for those seeking work in the nuclear and low carbon sector
- Development of skills for low carbon and nuclear
- Support for energy conservation and low carbon generation

## Demonstration and deployment of renewable technologies and approaches to businesses and households

4.97 There is much scope for the development, demonstration and deployment of low carbon technologies and renewable energy in Gloucestershire. Identified opportunities include:

4.98 Businesses seeking advice on reducing costs could be supported by practical advice, demonstration and loan of low carbon technologies and renewable energy schemes/approaches.

4.99 Small scale off grid decentralised power, heat or combined heat and power generation are ideally suited to well-located small rural communities

4.100 Developing products that promote low carbon outputs and improve research and development possibilities through innovation.

<b>Description</b>	GREEN Support for energy conservation and low carbon generation.  Demonstration and deployment of renewable technologies and approaches to businesses and households
<b>Rationale</b>	<ul style="list-style-type: none"> <li>• Contributing to European and national targets to reduce carbon emissions and the need for sustainable forms of energy generation nationally.</li> <li>• Building on the track record locally in energy generation and the opportunity in nuclear and low carbon energy generation.</li> <li>• Addressing information and coordination failures in the labour market and the provision of skills to support the low carbon energy sector.</li> </ul>
<b>Indicative activities</b>	<ul style="list-style-type: none"> <li>• Advising companies on reducing carbon emissions.</li> <li>• Potential Centre of Excellence in wind turbines.</li> </ul>
<b>Funding Allocation</b>	(may be subject to further change) 4, 338,747 Euros (Feb 2016 value in Sterling is £3,080,510)
<b>Sources of match funding</b>	Nuclear Decommissioning Agency, Further Education Colleges, Private Sector
<b>Delivery channels</b>	GREEN, South Gloucestershire and Stroud College, Severn Wye Energy Agency (SWEA), appropriate low carbon networks and agencies operating in the county

## Thematic Objective 5: Climate Change Adaptation

- 4.101 After careful consideration, we have decided not to focus on TO5 Climate Change Adaptation. GFirst LEP is fully committed to the climate change agenda and is focusing funds to address this issue through TO4 Low Carbon and TO6 Environmental protection. Our commitment is also reflected in the cross cutting theme of sustainable development.



## Thematic Objective 6: Environment and Resource Efficiency and Article 36: Tourism in rural areas

### National and European Context

- 4.102 Europe 2020 recognises that “protecting the environment and preventing biodiversity loss” is a key part of sustainable growth. In UK, the Natural Environment White Paper (2011) recognises that a healthy, properly functioning natural environment is the foundation of sustained economic growth, prospering communities and personal wellbeing<sup>55</sup>. Government therefore aims to enhance and protect and natural capital including biodiversity.
- 4.103 In 2013, Eftec prepared a report for Defra/Natural England entitled “Green Infrastructure’s contribution to economic growth; a review” which highlights UK and international case studies and demonstrates how Green Infrastructure has delivered economic gain.<sup>56</sup>

### Opportunities and barriers to growth

- 4.104 The natural capital of Gloucestershire is one of the county’s greatest assets. Not only does it provide us with food and other essential benefits, it acts as a backdrop to where people live and work and provides them amenity and recreational opportunities amongst internationally important habitats and protected landscapes. Such stunning countryside increases our sense of well-being and promotes physical activity, but should also be recognised for its intrinsic value is key to growing a thriving green economy.
- 4.105 Our natural environment is a key reason why businesses choose to locate in Gloucestershire and why visitors are attracted to the county.
- 4.106 The Eftec report focuses on the impact of Green Infrastructure on the economy under the following headings: inward investment; visitor spending; environmental cost savings; health improvement; market sales; employment generation.

Through a similar approach and similar logic chains Gloucestershire’s economy will gain from the proposed strategic investment areas.

- 4.107 GFirst LEP has engaged with Natural England (NE) and Gloucestershire Nature Partnership (GNP) to take part in a facilitated workshop on the links and interactions between the environment and the economy of Gloucestershire. This Local Environment and Economic Development (LEED) toolkit event reinforced information and feedback already provided to the LEP by GNP and provided a clear steer on the opportunities and threats involved.

The LEP and LNP, with consultancy support paid for by Natural England, has commissioned and provided input into the LEED report which was published in May 2014: ‘Opportunities and threats to the local economy from environmental dependencies LEED Toolkit Level 2 Report for GFirst Local Enterprise Partnership’.

Go to <http://www.gfirstlep.com/gfirst-LEP/Our-Priorities/Projects/> and select The Local Environment and Economic Development (LEED) toolkit to view both LEED Toolkit reports prepared for GFirst LEP and Gloucestershire Local Nature Partnership.

55 HMG (2013) Structural and Investment Fund Strategies: Preliminary guidance to LEPs

56 [http://randd.defra.gov.uk/Document.aspx?Document=11406\\_GI\\_Economic\\_Catalyst\\_Final\\_Report\\_July2013.pdf](http://randd.defra.gov.uk/Document.aspx?Document=11406_GI_Economic_Catalyst_Final_Report_July2013.pdf)

4.108 The report has clearly identified 4 key groups of opportunities and 3 key groups of threats:

*LEED Toolkit – Opportunities and Threats	
Opportunities	Threats
The opportunities the environment provides for the economy;	The threat from environmental change that can damage the economy;
The opportunity to take action for the environment in order to protect the economy;	The risk that some of the economic opportunities related to the environment are missed;
The opportunity to use the quality of the environment for economic gain;	The threat from inappropriate development patterns that can damage both the environment and the economy;
The opportunity to use existing strengths to develop exportable environmental goods and services;	

These threats and opportunities fit closely with our proposed strategic investment areas of:-

- (a) Developing quality habitats through green infrastructure;
- (b) Promoting natural capital as a driver of inward investment and tourism;
- (c) Piloting biodiversity offsetting and markets for ecosystem services.

## Strategic Investment Areas

4.109 We have identified four areas for investment in this Environment and Resource Efficiency thematic objective:

- 1) Developing quality habitats through green infrastructure;
- 2) Promoting natural capital as a driver of inward investment and tourism; and
- 3) Piloting biodiversity offsetting and markets for ecosystem services. We have identified a further area for investment under Article 36: Tourism in rural areas: Tourism promotion and support for tourism businesses.
- 4) Developing a largely disused and redundant public sector brownfield site into the UK's first zero carbon Skills Centre, regenerating the site and providing new employment opportunities in the local area. The GREEN Skills centre will support low carbon initiatives such as:-

- Installation of a wind turbine 'rig' to enable specialist training to take place.
- Research into solar, wind, and tidal energy.

Further information about the GREEN Skills Centre can be found under Thematic Objective 4.

4.110 Below is a summary of the interventions proposed under the Environment and resource efficiency thematic objective. The outcomes demonstrate a significant and important impact on the county's environment, which is of national importance. Subsidiary deliverables indicate that the proposed programme of activities align with and support the county's productivity agenda. . Match funding sources have been identified and are under negotiation in order to provide the required 1:1 intervention rate.

Programme	Overview and Evidence	Primary Deliverables	Subsidiary Deliverables	Examples of outcomes
<b>Strand: Rural Ecological Networks</b>				
<b>Enhancing Ecological Networks in the wider countryside</b>	Fragmentation, inappropriate management and neglect have seriously undermined the ecological integrity of wildlife sites in the wider countryside. This programme will target conservation action for priority species and habitats in the county's Nature Improvement Areas in order to develop a coherent and viable ecological network	Long term conservation management of sites of wildlife interest. Targeted habitat creation and strategic linkages to other sites of conservation value. Development of the county ecological network	Economic benefits through increased green tourism	Priority sites of conservation value (SSSIs and KWS), enhanced and linked in to the county's ecological network. Sites enlarged to improve habitat viability. Riparian corridors established. Conservation status of priority species improved.
<b>Strand: Urban Ecological Networks</b>				
<b>Enhancing ecological Networks in the Urban Environment</b>	Urban wildlife habitats can be of extremely high conservation value and represent an important resource for local communities. This programme will conserve and enhance urban wildlife sites, ensure they are dealt with sensitively within new and existing built development and link them strategically beyond urban boundaries into the wider rural ecological networks	Safeguarding of sites which may formerly have been considered to be of low ecological value and incorporating them into a coherent green infrastructure network	Habitat creation and enhancement via the local authority strategic planning and development management processes. Concept plans for major future developments.	Brownfield sites recognised for their ecological value and conserved accordingly
<b>Strand: Ecosystem Services</b>				
<b>Restoring the functional capacity, viability and resilience of target habitats in Gloucestershire</b>	Fragmentation and inappropriate management has eroded the ecological function of key terrestrial and aquatic habitats. The programme will improve the ecological quality of watercourses and restore the capacity of catchments to hold water, attenuate run-off, sequester carbon and thus restore natural process	Healthy functional ecosystems supporting priority habitats and species and at the same time providing key ecosystem services	Economic benefits to local agriculture by improving soil quality and preventing run-off and soil erosion	Demonstrable reduction in downstream flooding, diversified structure of watercourses, improved soil quality, reduced soil erosion through run-off and greater resilience to impacts of climate change.

## **i) Develop quality habitats through Green Infrastructure (GI) as part of integrated actions for sustainable development to support better places for people to live, work and do business**

- 4.111 Creating open green space as part of new residential and commercial developments does not only provide local amenity and a pleasant environment for homeowners and employees, it is also good for wildlife. If planned strategically a new network of open spaces can link existing sites, create new ones and connect urban areas to the wider countryside. Multi-functional Green Infrastructure (GI) can provide considerable benefits within new developments, integrating flood resilience and anticipating the impacts of climate change. Cycleways and footpaths can provide recreation and sustainable transport routes. It can also incorporate sustainable drainage systems and reduce the risks of flooding. Trees can help reduce ambient temperatures in the local environment in hot weather and green roofs and walls can cool buildings. Planned as part of the infrastructure of a new development GI can create sustainable and pleasant places to live and work and can actively contribute to enhancing the natural environment by creating a large network of connected green sites good for wildlife and people.
- 4.112 Within the Gloucestershire countryside Nature Improvement Areas (NIAs) have been identified through a comprehensive review by the Local Nature Partnership (LNP). This review has demonstrated that these are important areas of the county for wildlife which will be targeted for habitat restoration and enhancement and allow significant conservation gains at a landscape scale. This initiative is the rural equivalent of urban GI, linking and expanding important wildlife habitats that have become fragmented by other land use. Green Infrastructure within new developments can provide links to NIAs in rural areas. This not only creates important wildlife corridors it also allows new and existing residents to explore the countryside via a wider green network from where they live and work.
- 4.113 GI within new development in the M5 corridor will link to the open countryside and the developing NIA in the Severn Vale. The area of flood plain between Sharpness and Tewkesbury is a high priority for ecological restoration but also has the potential to be developed at the same time to provide an informal recreational resource for occupiers of the new developments. Restored wetland habitats can provide wildlife-rich areas in close proximity to new developments making them more attractive to potential buyers and investors. Additionally they can help support the objectives of the Water Framework Directive (WFD). The Joint Core Strategy (JCS) has proposed that the Severn Vale should be recognised as a “Regional Park” where ecological enhancement and economic growth can be developed in tandem. The LNP envisages promoting an exemplar development in the M5 corridor where a new development enhances the natural environment, has significant gains for wildlife and creates a place where people will want to live and work. In the Forest of Dean, the proposed regeneration of the Cinderford Northern Quarter poses a considerable challenge in terms of mitigating and compensating for the impacts of development on the ecology of the site. However, the proposals do present an opportunity for a major exemplar development if it can be implemented and at the same time deliver a net gain for biodiversity in the long term. The proposed Gloucestershire College new campus in Cinderford will have an ecological dimension to it and should serve as an important cornerstone for the regeneration activity.

## **ii) Promotion of natural capital to support inward investment and tourism**

- 4.114 Tourism in Gloucestershire is a key part of the local economy, and there is considerable potential to develop an even more compelling year-round offer. Tourism in the county is focused on the Cotswolds and green tourism opportunities also exist outside of this globally renowned tourism honey pot. The Forest of Dean is one of the most ecologically rich parts of the county with many important habitats and key species. Yet this wildlife is a well-kept secret and facilities and information for visitors to allow them to find and enjoy these valuable natural assets are minimal. There is a proposal to create a sustainable ecological network in the central Forest of Dean – a recognised NIA - where enhanced wildlife habitats will exist and expand alongside commercial forestry, traditional grazing and new development. With new and improved visitor facilities such an initiative could provide a new offer for people visiting the Dean and allow them to see and appreciate some of the most important habitats and species in the country.

- 4.115 Similarly, the Severn Vale presents considerable opportunities for green tourism as the NIA is developed. Wetland creation rapidly attracts wildlife and wildlife watchers and helps improve water quality, meeting the obligations of the WFD. The Gloucestershire Wildlife Trust's Coombe Hill Nature Reserve in the floodplain west of Cheltenham near J10 of the M5 is now the second most visited wetland site in the Vale after The Wildlife & Wetlands Trust at Slimbridge and attracts key bird species all year round, yet 15 years ago it was unproductive, flood prone arable land. Investment in the county's natural capital here has benefitted biodiversity and the local economy.

The Cotswold Water Park (CWP) covers an area larger than the Norfolk Broads and has the potential to rival it as a visitor destination. There is potential to increase the wildlife interest of the Park and its potential to attract more visitors. But the visitor infrastructure is not well developed or marketed and over such a large area is ineffective. The provision of visitor "hubs" which sign post visitors to local attractions will help people explore the CWP and improve their experience. There is enormous potential for a premier off-road cycle route.

- 4.116 An important aspect of natural capital investment is being aware of priorities and issues through appropriate monitoring. State of the Environment reporting allows the condition of important natural assets to be determined and threats and trends to be identified. This could be anything from the impacts of invasive, non-native species on native habitats; the effectiveness of agri-environment schemes and other incentives in maintaining and improving the quality of natural capital; condition of protected sites; pollution and ecological status of watercourses and population trends of key species. The LEP will support State of the Environment Reporting in order to track the condition and extent of natural capital as economic growth proceeds.

### iii) Piloting Biodiversity offsetting (BO) and markets for eco-system services

- 4.117 Biodiversity offsetting (BO) is a new initiative which aims to compensate for unavoidable impact or damage to natural capital as a result of new built development - and which cannot be mitigated on site – by creating or enhancing habitat elsewhere. While at an embryonic stage the scheme has potential to ensure that there is no net loss of natural assets as a result of new built development. Furthermore there is potential to target BO in a strategic way such that the cumulative end result is net gain of natural capital. This could be, for example, by targeting compensatory activity to recognised NIAs.
- 4.118 The LEP will support the development of a Biodiversity Offsetting strategy in Gloucestershire which seeks to avoid impact on irreplaceable natural capital but which seeks to achieve a long term net gain in natural capital as economic growth proceeds.
- 4.119 We would like to explore how we can mobilise natural capital to support growth in Gloucestershire through the development of new markets for eco-system services.

## Article 36: Tourism in rural areas

### iv) Tourism promotion and support for tourism businesses

- 4.120 Both our EUSIF Strategy and Strategic Economic Plan identify tourism as key sectors in the county and tourism is also a key 'placemaker' for inward investment. Gloucestershire incorporates two distinct but closely linked tourism destinations, The Cotswolds and Forest of Dean. In turn, these are supported by two different and separate destination management organisations (DMOs) that cover the Cotswolds and Forest of Dean and the Wye Valley. At the time of publication of this EUSIF Strategy, both DMOs are redeveloping their destination management plans so GFirst LEP has been in dialogue with both DMOs to ensure that EUSIF funding will align as closely as possible with the destination management plans and support the tourism sector in the county.

4.121 The LEP is aware of the EAFRD requirements to clearly identify business beneficiaries from this funding source and it will work with the two DMOs to ensure suitable processes are in place that:

- a) meet EAFRD funding requirements, outputs and results
- b) align to the needs of the tourism sector as identified through the destination management plans and confirm which marketing projects could build effectively promote visitor opportunities

GFirst LEP will continue to work with the two DMOs and the tourism industry in the county to:

- further define opportunities to enable growth of the visitor economy
- identify key target markets
- identify how grant funds can be focussed to ensure high quality accommodation and attractions can be established to meet these opportunities

<b>Description</b>	Promote and enhance natural capital to support inward investment. Tourism promotion and support for tourism businesses
<b>Rationale</b>	<ul style="list-style-type: none"> <li>• Public good argument related to the positive externalities of the natural environment.</li> <li>• Need to mitigate and offset negative externalities associated with planned development.</li> <li>• Support for employment creation in rural tourism to address spatial disparities and deprivation in rural areas.</li> </ul>
<b>Indicative activities</b>	<ul style="list-style-type: none"> <li>• Rural Ecological Networks - Target conservation action for priority species and habitats in the county's Nature Improvement Areas in order to develop a coherent and viable ecological network.</li> <li>• Urban Ecological Networks - Conserve and enhance urban wildlife sites, ensure they are dealt with sensitively within new and existing built development and link them strategically beyond urban boundaries into the wider rural ecological networks.</li> <li>• Ecosystem Services - Improve the ecological quality of watercourses and restore the capacity of catchments to hold water, attenuate run-off, sequester carbon and thus restore natural process.</li> <li>• Delivery and dissemination of Biodiversity Offsetting and ecosystem pilots</li> <li>• Green infrastructure projects</li> <li>• Activities to support tourism promotion</li> <li>• Activities to support tourism businesses</li> <li>• Collaborative partnership working between tourism businesses to increase awareness and visitor numbers</li> </ul>
<b>Funding Allocation</b>	(may be subject to further change) 3,877,285 Euros for Environment and Resource Efficiency (Feb 2016 value in Sterling is £2,752,872) 2,252,800 Euros for Rural Tourism (Feb 2016 value in Sterling is £1,600,000)
<b>Possible sources of match funding</b>	Nuclear Decommissioning Agency, Further Education Colleges, Private Sector, Local authorities, VCSE organisations
<b>Delivery channels</b>	Gloucestershire Local Nature Partnership, tourism destination management organisations in the county following DCLG and DEFRA processes.

## Thematic Objective 7: Sustainable Transport

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4.122 Connectivity is one of the three key pillars of our Strategic Economic Plan and part of our strategy for ensuring transport enables economic growth is to encourage a shift to more sustainable forms of transport. However, the indicative EUSIF funding allocation for Gloucestershire is insufficient to make the necessary investment in sustainable transport infrastructure. Other thematic objectives are likely to yield outcomes that are more beneficial to growth in GVA and jobs in Gloucestershire. Moreover, guidance to LEPs from HM Government on the sustainable transport thematic objective states:

“There is already a comprehensive list of actions that the Government is taking forward to address infrastructure issues which includes devolving domestic budgets to local areas. As such it is the Government’s initial view that in more developed regions there is insufficient European Structural and Investment Funding available to make a significant contribution to the funding of major infrastructure investments under this thematic objective.”  
(para A2.16, page 38)

## Thematic Objective 8: Employment

### National and European Context

- 4.123 • Europe 2020 sets an ambition to raise to 75% the employment rate for women and men aged 20-64 including through the greater participation of young people, older workers and low-skilled workers.
- The UK government has implemented a range of policies and strategies aimed at addressing unemployment, particularly in response to the recession, including the Work Programme, Get Britain Working and the Youth Contract.
- The Plan for Growth includes an ambition to create a more educated and flexible workforce.

### Opportunities and barriers to growth

- 4.124 Gloucestershire has a strong labour market as set out in Section 2 with relatively high rates of economic activity, a high employment rate and low rates of unemployment. However, we have identified a number of labour market barriers to future growth:
  - Pockets of persistently high unemployment in urban Gloucester and Cheltenham and some rural communities particularly in the Forest of Dean.
  - Weak links between business and the education sector and some skills gaps and shortages in key sectors.
  - A disconnect between the skills required by businesses from future employees and the skills currently being developed and delivered by the education sector, particularly in the nuclear and renewables sector.
- 4.125 We have also identified a number of particular groups of people in Gloucestershire who face particular difficulties in accessing the labour market.

Intervention Logic for Thematic Objective 08 Employment

Our Strategic Objectives	What is the need?	Where is the Evidence?	What is our Intervention Policy?	Indicative Activities (below are examples of planned activities – this is not a definitive list)
<b>Our productivity challenge;</b>	For non-productive individuals to be supported to become economically active;	Section 2.16-2.21, 2.25 – 2.31, 2.49 – 2.55	To ensure the provision of tailored support to those facing particular barriers to employment to enable them to continue in, enter or re-enter sustainable employment and contribute positively to the labour market	<b>‘Barrier Busting’ programme</b> providing assessment, action planning, personalised support and training to enable individuals to overcome their individual barriers. Followed by support with their transition into work leading to full employment. See EUSIF 4.124 - 4.141



<p><b>Our productivity challenge (cont.);</b></p>	<p>For businesses in knowledge intensive sectors, with high value jobs, to access the skills they need;</p>	<p>Section 2.16-2.21, 2.25 – 2.31, 2.35 – 2.37</p>	<p>To ensure the provision of a range of skills initiatives to meet the anticipated demand in the nuclear sector and associated industries, particularly engineering and construction.</p>	<p>The <b>GREEN</b> project will deliver workforce development skills programmes and develop Green work pathways. See EUSIF 4.142 – 4.145</p> <p>The <b>STEM</b> strategy will create clear progression routes into industry through a number of initiatives and by enabling employers to forge partnerships with schools, colleges and universities</p>
<p><b>Our ambition to support the growth of knowledge-intensive sectors;</b></p>	<p>For individuals to be able to access jobs in knowledge-intensive sectors, particularly in engineering, nuclear and low carbon;</p>	<p>Section 2.22 – 2.35</p>	<p>To drive economic growth through the provision of skills and by ensuring individuals can access support to prepare them for future employment opportunities in knowledge-intensive manufacturing and service sectors;</p>	<p>The <b>GREEN</b> project will provide a campus and range of training opportunities to respond to the massive growth in demand for STEM skills from the renewable, engineering and nuclear sectors. See EUSIF 4.145</p>
<p><b>Developing better links between education and business and retaining our talented young people;</b></p>	<p>To support those people with particular difficulties in accessing and staying in the labour market to gain the skills and capabilities sought by our business community.</p>	<p>Section 2.55 – 2.62</p>	<p>To develop innovative programmes to overcome worklessness challenges and to provide access to a countywide employability programme that facilitates the engagement of employers, students, teachers and parents.</p>	<p><b>‘Barrier Busting’ programme (as above)</b></p>
<p><b>Tackling persistent deprivation in parts of the county;</b></p>	<p>For areas of persistent deprivation, mainly in inner urban areas of Cheltenham and Gloucester, but also in some rural areas (e.g. The Forest of Dean) to be supported</p>	<p>Section 2.69 – 2.72</p>	<p>To ensure employability programmes include targeted and tailored support to those in areas of persistent deprivation</p>	<p><b>‘Barrier Busting’ programme (as above)</b></p>
<p><b>Supporting our rural economy.</b></p>	<p>For a wide range of employment to be available in rural and land based sectors including food products, leisure services, tourism, third sector companies and new ‘green’ businesses - environmental technology and alternative energy.</p>	<p>Section 2.74 – 2.79</p>	<p>To provide innovative solutions to overcome the challenges resulting from the limited range of employment in some rural areas.</p>	<p><b>‘Barrier Busting’ programme (as above)</b></p> <p>The <b>GREEN</b> project will deliver a range of training programmes, and employment opportunities within the low carbon sector. The new ‘GREEN’ businesses tend to be sited in rural areas and thus give a boost to the local economy and employment opportunities. See EUSIF 4.135 – 4.136, 4.142 - 4.145</p>

## Universal credit claimants

- 4.126 DWP estimate that 80% of people affected will manage the transition to Universal Credit with little or no support. But if 20% do require some additional support to help them enter the labour market that would involve around 6,000 people in Gloucestershire. In addition the successful introduction of the new regime should mean that clients are more amenable to accepting job-focused help.

## Carers and people with disabilities and health barriers

- 4.127 Changing welfare rules particularly around rules for claiming Employment and Support Allowance (ESA) and the Incapacity Benefit (IB) re-assessment will mean fewer people being classed as unfit for work. Many of these people who would have claimed sickness benefits now claim Job Seekers Allowance (JSA) and are expected to return to the labour market. Those who do claim ESA will be actively reviewed and many will be found fit for work at some stage.
- 4.128 Engagement with this client group has been difficult. They will need to move into a more positive mental attitude before they start their search for work. Employers may also need persuasion and support to take on people who may be only able to work for limited hours or need some support in the workplace. Subject to an effective engagement policy, we should aim to support 500 people per year (those denied ESA and those who claim ESA but are found fit for work). The current ESA caseload in Gloucestershire is over 17,000.
- 4.129 As well as the ESA client group there are those disabled people who have to change jobs as they are made redundant or those who become less physically able as they get older and will need to take up different occupations.
- 4.130 The needs of this client group are on-going and we plan to put in place support for the whole funding period.

## People with learning disabilities

- 4.131 The employment rate for people with a mental health issue on a care plan is around 9%. These are people with serious and complex mental health issues who are receiving care from Health. For other people with more mild problems there is no rate as mental health affects 1:4 people at any one time. The key element is about sustaining work so there are initiatives delivered through 2Gether Trust (national Improving Access to Psychological Therapy service (IAPT) programme) which is aimed at keeping people in work.

## People with autism

- 4.132 Currently only 10% of people with autism receive employment support. However 53% would welcome this intervention. In Gloucestershire we estimate that only 525 adults with autism are in work which represents around 12% (currently similar to their learning disabled counterparts) and DEAs have an average of 12 people with autism on their caseloads. Adults with autism want to receive support in specific areas particularly around participation in interviews. They feel that there is a lack of understanding by employers about autism. DWP National supported employment programmes have limited capacity to support people with autism yet National Institute for Health and Clinical Excellence NICE guidelines suggest that these programmes can be a cost effective and provide a range of social and economic benefits.
- 4.133 Whilst there are locally commissioned supported employment programmes for people with mental health issues and for people with learning disabilities (LD) there are none specifically for non-LD adults with autism. These supported employment programmes are proving successful for their customer groups in raising awareness among employers and increasing employment rates but this just serves to increase the gap between non-LD autism and other disabled people

## Carers

- 4.134 There are currently over 3600 people acting as carers in Gloucestershire. Many have been absent from the labour market for many years and may need long term support to move them into work at the appropriate time. We envisage a demand from carers for part time work opportunities as a means of keeping employment skills up to date. We should aim to engage 100 carers every year. People become carers or cease to be carers depending on a range of personal and family circumstances which can occur at any time. Provision should be made at the same level every year across the funding period.

## Unemployment in rural areas

- 4.135 Rural Gloucestershire has generally low unemployment but those living in rural areas may face particular barriers to work when first joining the labour market or returning to the labour market. The two particular problems are transport (where an individual does not possess their own vehicle) and the general scarcity of local employment opportunities. This will cause individuals to be unemployed longer than they would be in an urban environment and very often people taking jobs which under employ them.
- 4.136 This problem is immediate, on-going and could be helped by specialist provision and support for the whole of the 2014 - 2020 funding period. With active support for the rural unemployed and a growing economy you may expect that numbers to decline as time moves on which would tend to load the funding more towards the early years.

## NEETs

- 4.137 Around 4% of young people are not engaged in the labour market or not otherwise undertaking education or training. This equals about 580 young people across Gloucestershire. This problem is immediate, but numbers could reduce if active policies and provision are put in place. With an annual on flow of NEETS the problem would need reducing over the spending period. We should aim to engage 100 in the first year. Assuming an even split of funding between rural areas and NEETS match funding could be easily provided from DWP programmes such as the work programme, possibly the Youth Contract.
- 4.138 In April 2014, the Deputy Prime Minister announced a package of measures to help address youth unemployment and homelessness. These include a new Youth Engagement Fund of over £16m over three years to tackle the attainment gap and reduce the number of young people who become NEET using social impact bonds (SIBs).
- 4.139 The intention is that the new Youth Engagement Fund will build on the existing DWP Innovation Fund to bring together 'what works' evidence alongside external social investment to fund innovative preventative interventions that will improve outcomes for young people. The Fund will test the extent to which a payment by results approach involving social investors can drive improved outcomes for young people. It will also engage local stakeholders through local financial contributions to projects; support the development of the social investment market by building the capacity of social enterprises and charities; and contribute to the evidence base for the increased use of social impact bonds.
- 4.140 The Youth Engagement Fund will pay for positive education and employment outcomes achieved by projects that support disadvantaged young people between the ages of 14 and 17 across areas of England.
- 4.141 GFirst LEP is working with Adviza to secure delivery of an appropriate YEF-funded project in Gloucestershire. Decisions about successful bidders are expected to be known in early 2015. If this is secured for Gloucestershire, approx. £32,000 of ESF funding will be required as a 'local contribution' to facilitate the delivery of the project and any wider employment support programme commissioned using ESIF funding will be adjusted accordingly to take account of the YEF project work with NEETS.



## Gloucestershire Renewable Energy, Engineering & Nuclear (GREEN)

- 4.142 Gloucestershire has a long established heritage and expertise in the Nuclear, Energy and Manufacturing sector with major employers for this sector located in the County. The South West has a high proportion of nuclear skills employment with 3600 employed in decommissioning and power generation. 65% of the nuclear workforce will retire by 2025. This provides the potential and need to add to the existing technical, construction and scientifically skilled staff with an estimated need of 700 apprenticeships and 150 graduates a year over the next 15 years to make these projects successful.
- 4.143 The Sector Skills Council for Science industries (COGENT), estimates that there will be 45,000 people/trades/roles involved at the build stage of a power station. To meet the anticipated demand across the sector, additional workforce capacity is needed. There are national shortages in civil engineering and construction e.g. spray concreting, welding, non-destructive testing, engineering construction.
- 4.144 Support will be needed in the county for unemployed people to move to wide-ranging skills sectors including those displaced by new nuclear build and support services required on the new nuclear sites including security, catering and logistics.
- 4.145 Developing low carbon and renewable energy technologies will open up employment opportunities in the county. Work with the GREEN project and other organisations/networks in the county (e.g. SWEA, Vision 21) will enable these employment opportunities to be clearly identified and capitalised on through timely support and interventions.

<b>Description</b>	Innovative programmes to overcome the challenges resulting from the particular problems some groups of people face in moving into employment. GREEN - Development and delivery of support for those seeking work in the nuclear and low carbon sector.
<b>Rationale</b>	<ul style="list-style-type: none"> <li>• Information failures in the labour market related to prospects for growth in energy sector and other growth sectors.</li> <li>• Coordination failures between business and education providers.</li> <li>• Spatial disparities in rural areas.</li> <li>• Intervention to strengthen the labour market and on grounds of social inclusion</li> <li>• Some groups of people face particular difficulties in entering the labour market</li> </ul>
<b>Indicative activities</b>	<ul style="list-style-type: none"> <li>• Support for Universal Credit claimants who require additional assistance into the labour market;</li> <li>• Support for people with disabilities, learning disabilities and other health barriers;</li> <li>• Support for carers;</li> <li>• Support for people out of work in rural areas;</li> <li>• Support for young people (NEETs)</li> <li>• Support for those seeking employment in the nuclear, low carbon and renewable energy sectors</li> </ul> <p>Commissioning and activities will be co-ordinated with the social inclusion (TO9) investment priorities and activities to maximize impact. N.B. All commissioning and proposed activities via ESIF funds will complement/extend existing and emerging employment and employability programmes and we will continue to work with the Department of Work and Pensions (DWP), the Skills Funding Agency (SFA) and other partners to ensure this remains the case.</p>
<b>Funding Allocation</b>	Funding allocation (may be subject to further change) 3,601,276 Euros (Feb 2016 value in Sterling is £2,556,906)
<b>Possible sources of match funding</b>	DWP opt-in
<b>Delivery channels</b>	Commissioning via DWP processes. Employability/employment support providers, disability organisations, carers organisations, GREEN project, FE colleges, low carbon and renewable energy training and support organisations

## Thematic Objective 9: Social Inclusion

### National and European Context

- 4.146 • The Europe 2020 strategy has a target of promoting social inclusion, in particular through the reduction of poverty, by aiming to lift 20 million people out of the risk of poverty and social exclusion.
- The Government's Social Justice: Transforming Lives strategy aims to give individuals and families facing multiple disadvantages the tools and support they need to turn their lives around.
- The Financial Services Authority in 2000 stated that: "research shows that children growing up in lower income families have limited opportunities to learn about the mainstream financial world and so some fail to acquire basic financial knowledge and skills. Without intervention, many of these children will move into adulthood with limited knowledge and understanding of the financial world and the cycle of disadvantage will be perpetuated."

### Opportunities and barriers

- 4.147 Despite being a relatively affluent area, there are some pockets of deprivation and high unemployment in the county, mainly in the inner wards of Cheltenham and Gloucester and in some rural areas. We have identified a particular challenge around young people's financial inclusion. Results from Gloucestershire's Online Pupil Survey (2008) saw money management identified as the second highest area where young people would like further support .
- 4.148 Young people are as prone to becoming financially disadvantaged as adults. Our attitudes and behaviours around money develop early on at home when we are children and young people need to be taught financial education using relevant examples (mobile phone tariffs rather than mortgages, for example). Provided with a grounding in the basic principles at an early age, they will be better equipped to apply that knowledge to other areas as they mature<sup>57</sup>.
- 4.149 Evidence suggests that young people in Gloucestershire in residential areas with socio-economic problems experience a level of financial exclusion not yet tackled. There are an increasing number of parents and grandparents who are either under-employed, have never held full-time employment or who have to rely on their spouse/partner to control their financial planning and therefore it is likely then that this lack of education will impact on children and grandchildren.
- 4.150 There are a number of programmes in Gloucestershire aimed at supporting people with multiple and complex needs into work, many of which are delivered by voluntary and community sector organisations. In most cases, however, they are focused on tightly defined geographical areas and as a result do not provide a viable, sustainable programme of activity. Gloucestershire currently lacks a cohesive, coherent and comprehensive approach to enabling employment opportunities for people with complex and multiple needs.

Intervention Logic for Thematic Objective 09 Social Inclusion

Our Strategic Objectives	What is the need?	Where is the Evidence?	What is our Intervention Policy?	Indicative Activities (below are examples of planned activities – this is not a definitive list)
<b>Tackling persistent deprivation in parts of the county;</b>	For young people in areas of persistent deprivation to have the skills and knowledge to be able to combat high levels of financial exclusion	Section 2.69 – 2.72	To ensure that young people have access to support which enables them to understand how and where to access finance;	Training and support for young people to improve their financial management
<b>Tackling persistent deprivation in parts of the county (cont);</b>	To support people with multiple and complex needs into employment	Section 2.69 – 2.72	To provide targeted support to individuals with multiple and complex needs to overcome their barriers to work	Programme to engage, support and increase the employability of people with multiple and complex needs e.g. through ‘barrier busting’, work placements, training, etc.

## Strategic Investment Areas

### 4.151 Developing young people’s financial inclusion

These have been developed through initial scoping work carried out on behalf of GFirst LEP by Gloucestershire VCS Alliance with several of the county’s VCSE organisations (see Appendix 1).

In response to the challenge of young people’s financial inclusion, we propose to develop six strategic fora, one covering each district, to provide a robust approach to reducing instances of financial exclusion by working with young people across the county.

By establishing this, potential benefits include:

1. Increasing interest in financial management amongst young people
2. Young people and adults addressing issues associated with child poverty locally
3. Increased pool of skilled, younger volunteers to draw down
4. Decrease in use of illegal and doorstep lenders through enhanced interest of different age demographic

### 4.152 Expected outputs include:

- Enhanced skills and competencies leading to increased employability
- Increased money-sense for the individual which feeds into family units
- Increased business sense and entrepreneurial spirit
- Provision of leadership amongst young people for responsible planning and action for financial inclusion
- Local advocates for responsible financial management
- Increased sense of community belonging and social responsibility amongst young people

We are not aware of any similar programme elsewhere in the UK.

## Targeted support for individuals with multiple and complex needs

- 4.153 The work required across Gloucestershire will focus on supporting people with multiple and complex needs into employment, and in increasing the employability of the individual, to promote access to employment by linking employers specifically with VCS organisations, to provide opportunities for VCS organisations to learn from each other and other sectors about good employment practices and for individuals to create opportunities for themselves to become non-reliant on support in accessing employment.
- 4.154 A programme of this type would deliver a major change in the way Gloucestershire supports people who experience feelings of exclusion to employment and change in the way employers view the employability of people with multiple and complex need.

<b>Description</b>	Development of young people's financial inclusion. Targeted support for individuals with multiple complex needs.
<b>Rationale</b>	<ul style="list-style-type: none"> <li>• Evidence that young people in parts of Gloucestershire experience a high level of financial exclusion.</li> <li>• The absence of a comprehensive programme to create employment opportunities for people with complex needs.</li> </ul>
<b>Indicative activities</b>	<ul style="list-style-type: none"> <li>• Strategic approach to young people's financial inclusion based on 6 district fora.</li> <li>• Comprehensive programme to help people with complex needs develop their employability and progress into employment, work placements and training.</li> </ul> <p>Commissioning and activities will be co-ordinated with the employment (TO8) investment priorities and activities to maximize impact.</p> <p>N.B. All commissioning and proposed activities via ESIF funds will complement/extend existing and emerging social inclusion programmes and we will continue to work with Big Lottery, The Cabinet Office and other partners to ensure this remains the case.</p>
<b>Funding Allocation</b>	(may be subject to further change) 3,182,152 Euros (Feb 2016 value in Sterling is £2,259,328)
<b>Possible sources of match funding</b>	Big Lottery
<b>Delivery channels</b>	Via Big Lottery processes. Collaboration with Gloucestershire VCS Alliance and Gloucestershire VCSE organisations

## Thematic Objective 10: Skills and lifelong learning

- 4.155 Understanding and meeting the skills needs of businesses will enable them to prosper, encourage new organisations to relocate to the county and create the environment for new start-ups.

### National and European Context

- 4.156
- The focus of Europe 2020 ambitions in this area are related to educational attainment, reducing school drop out rates and increasing the number of people attaining tertiary level qualifications.
  - One of the four overarching ambitions of the Plan for Growth is to create a more educated workforce that is the most flexible in Europe.
  - ‘Skills for Sustainable Growth’ was launched in 2010, setting out the Government’s vision for the Further Education (FE) and the skills system, closely followed by ‘New Challenges: New Chances’ in 2011. The Government has a broad range of initiatives in this area and the ambition is for the EUSIF programme to complement them, securing a high quality, rigorous and diverse range of provision that responds to the needs of individuals and businesses<sup>58</sup>.

### The opportunities and the challenges

- 4.157 The Employer Skills Survey (ESS), conducted by the UK Commission for Employment and Skills (UKCES) found that around 675 local employers (3% of the total) had at least one vacancy that was hard to fill and 22% of all vacancies locally were hard to fill. The majority of these were hard to fill due to a lack of skilled applicants (77% against the all-England average of 74%). GFirst LEP area had a higher than average proportion of Skill Shortage Vacancies in: skilled trades occupations (23% of SSVs locally compared with 17% nationally) and sales & customer service occupations (15% locally compared with 6% nationally).
- 4.158 Gloucestershire has an employment base of 272,000 people, some 14% of whom are self-employed, which is higher than the national average. Gloucestershire is recognised as having the 2nd highest survival rate of start-up businesses post 3 years in the country. With a well-established self-employment ethic in the County, this can be further supported to encourage young people into enterprise and entrepreneurship.
- 4.159 While OFSTED report generally positive findings about the teaching of enterprise and business skills with some room for improvement, (Economics, business and enterprise education, a summary of inspection evidence: April 2007 to March 2010), the CBI Skills survey 2012 reported that employers want to see development of employability skills for the 14-19 age bracket made the top priority. The report confirmed that 61% of employers said they were not satisfied with self-management skills of young people and 69% were not happy with levels of business and customer awareness.
- 4.160 A recent survey of Gloucestershire employers and schools (November 2013) asked ‘which of the following key areas of skills provision for 14- 19 year olds do you feel needs to be improved?’ The intervention most frequently identified as a priority was ‘Preparing school leavers better for work’. Yet a report for Deloitte stated that too many employers simply ‘don’t know where to start’ when it comes to systematic engagement with schools. Awareness of the National Apprenticeship Service and reported use of its services by employers remains relatively low. Whilst awareness rose from 19% to 24% between 2010 and 2012, only 4% reported using it.



- 4.161 In Gloucestershire, we are making good progress in tackling some of these problems. For example, the University of Gloucestershire has introduced an ambitious “Degreeplus” programme to offer all of its students over time with opportunities for work experience through placements, internships and volunteering, to equip them with the skills and attributes for employability. This work is reflected in good employment outcomes for graduates. The University, Gloucestershire College and South Gloucestershire and Stroud College have formed a Strategic Alliance to expand the range of higher education opportunities available across the county, and to promote progression into higher education for young people and adults living in Gloucestershire. Gloucestershire College has substantially expanded its apprenticeship programme.
- 4.162 However we believe that there are still gaps to be addressed and we propose doing so through the enterprise accelerator programme.

Gloucestershire has seen a significant increase in the recruitment of apprentices over the last three years. The number of youth apprenticeship starts has increased in three of the last four years with figures for 2012/2013 34% higher than in 2008/9. There will be demand for apprentices from both the economic and employment growth sectors - Business Administration, Finance and Law and Health Services and Care have shown the greatest increases in volume between 2008/9 and 2012/13

There is evidence that enterprise education increases the probability of starting a new business (Charney and Libecap). In addition BIS reported evidence that participation in enterprise and entrepreneurship education initiatives leads to the acquisition of knowledge, skills, and competences related to starting a business, managing a business or developing a small business.<sup>59</sup>

Intervention Logic for Thematic Objective 10 Skills and Lifelong Learning

Our Strategic Objectives	What is the need?	Where is the Evidence?	What is our Intervention Policy?	Indicative Activities (below are examples of planned activities – this is not a definitive list)
<b>Our productivity challenge;</b>	For people leaving full time education to have the skills required by employers;	Sections 2.16 - 2.19, 2.56 – 2.68	To ensure that support is provided to enable the current skills gaps and consequent recruitment difficulties to be reduced and ultimately removed; providing the skills required for economic and employment growth in key sectors;	Enterprise Accelerator will support schools and other education providers in delivering the skills needed by employers of the future.  See EUSIF 3.8.  In addition we will develop the Gloucestershire Renewable Energy Engineering and Nuclear Skills Centre (GREEN) which will develop the skills base required by STEM jobs in Gloucestershire. See EUSIF 3.10 – 3.11 and 4.38.

<sup>59</sup> (Department for Business Innovation & Skills, ENTERPRISE EDUCATION IMPACT IN HIGHER EDUCATION AND FURTHER EDUCATION: Final report JUNE 2013).

<p><b>Our ambition to support the growth of knowledge-intensive sectors;</b></p>	<p>For individuals to have the necessary skills to enable them to access employment opportunities;</p>	<p>Section 2.32, 2.35</p>	<p>For businesses in knowledge intensive manufacturing and knowledge intensive service sectors to have access to a pool of skilled labour;</p>	<p>Our STEM Strategy will align STEM education capability with STEM sector industrial growth and demand by:-</p> <ul style="list-style-type: none"> <li>• Providing facilities and resources to present STEM in an interesting, engaging and challenging way;</li> <li>• Creating clear progression routes into industry by enabling employers to forge partnerships with schools, colleges and universities;</li> <li>• Making STEM learning relevant to the workplace.</li> </ul> <p>See EUSIF 4.168.</p>
<p><b>Capitalising on our entrepreneurial culture;</b></p>	<p>For students to be equipped with the entrepreneurial skills to start and grow businesses.</p>	<p>Section 2.45 – 2.47</p>	<p>Improving links between education and business to ensure that students acquire the necessary entrepreneurial skills to start and grow businesses.</p> <p>Provide access to training and support that develop entrepreneurial skills and encourage more individuals to start and grow businesses.</p>	<p>Our Entrepreneur Programme will support the development of entrepreneurs of any age by providing the skills needed to develop and grow a successful business. It will identify people at an early age - still within school, college and universities - so that they can be guided to develop their ideas and employability skills, and be encouraged to start their own business initiatives at the earliest opportunity. See EUSIF 4.165.</p>
<p><b>Developing better links between education and business and retaining our talented young people;</b></p>	<p>For students to develop the skills required by business;</p>	<p>Section 2.53 – 2.55, 2.59, 2.68</p>	<p>Improve the links between education and industry and ensure that students develop valuable employability and business skills.</p> <p>To facilitate the placement of HE and FE students in business, supporting apprenticeships, and equipping students with business skills;</p>	<p>Employment Pathfinder will deliver the tools, knowledge and strategic planning activities to enable schools and colleges to provide students with the level of information advice and guidance they need to make important decisions about their future careers. See EUSIF 4.166</p>

<p><b>Ensuring a ready supply of skilled workforce to support the growth of key sectors;</b></p>	<p>For individuals to have the necessary skills to enable them to access employment opportunities;</p> <p>For businesses to have ready access to the skills they need for growth</p> <p>For businesses to be involved with on-going skills development in line with business needs</p>	<p>Section 2.56, 2.34 – 2.37</p>	<p>To ensure businesses in key sectors particularly knowledge intensive manufacturing and knowledge intensive service sectors have access to a pool of skilled labour;</p> <p>To provide a conduit between individuals and businesses through the Apprenticeship clearing house</p> <p>To provide access to a countywide employability programme that facilitates the engagement of employers, students, teachers and parents.</p>	<p>Enterprise Accelerator will support schools and other education providers in delivering the skills needed by employers of the future. See EUSIF 3.8.</p> <p>Our Apprenticeship Clearing House, based on the UCAS model, will increase the uptake of apprenticeships among employers and young people, raise the profile of SME vacancies, 'recycle' unsuccessful candidates, improve candidate 'readiness', support progression to Higher Apprenticeship programmes and support employer-led apprenticeship deliver. See EUSIF 4.170</p>
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## Strategic investment areas

4.163 To ensure that support is provided to reduce and ultimately remove the current skills gaps and consequent recruitment difficulties we will focus on sectors that:-

- Have current and are forecasting worsening skills shortages;
- Will be key to economic growth and present opportunities for inward investment to the county;
- Are forecasting increasing high employment growth.

4.164 The Growth Hub will include an Enterprise Accelerator delivering significant improvement in STEM (Science, Technology, Engineering and Mathematics) awareness, apprenticeship uptake, graduate retention, and start-up activity in younger entrepreneurs. This will include:

### Entrepreneur Programme

4.165 A cross-county programme to support the development of entrepreneurs of any age by providing the skills needed to develop and grow a successful business. It will identify people at an early age - still within school, college and universities - so that they can be guided to develop their ideas and employability skills, and be encouraged to start their own business initiatives at the earliest opportunity.

### Employment Pathfinder

4.166 The Employment Pathfinder will work with schools, college and universities to provide current and future local labour information that will help to inform young people of employment opportunities within key economic and employment growth sectors in the county. Employment is expected to increase by 11% with Health, Business administration and support services, construction and Accommodation and food services projected to create the largest number of jobs. (Marchmont)

4.167 This service will provide the tools, knowledge and strategic planning activities to enable schools and colleges to provide students with the level of information advice and guidance they need to make important decisions about their future careers.

### The Gloucestershire STEM strategy

- 4.168 Aligning STEM education capability with STEM sector industrial growth and demand. It will provide the facilities and resources to present STEM in an interesting, engaging and challenging manner. It will create clear progression routes into industry by enabling employers to forge partnerships with schools, colleges and universities and in doing so making STEM learning relevant to their workplaces.

### Talent Pool

- 4.169 Accessible through the Growth Hub, employers will be able to discuss recruitment issues and get help to find the staff they need including direct support for work placements, apprenticeships and graduate placements or recruitment. There will also be signposting to other services such as Jobcentre Plus, sector academies or commercial recruitment agents.

### Apprenticeship clearing house

- 4.170 Based on the UCAS model, it will increase the uptake of apprenticeships among employers and young people, raise the profile of SME vacancies, 'recycle' unsuccessful candidates, improve candidate 'readiness', support progression to Higher Apprenticeship programmes and support employer-led apprenticeship delivery.
- 4.171 The Apprenticeship Clearing House (ACH) which will be part of The Growth Hub Enterprise Accelerator programme within our SEP submission. We work closely with the National Apprenticeship service and have offered to host a NAS representative along other national business support provider representatives with the aim of providing a coherent business and skills support offer to employers.
- 4.172 We will ensure that the ACH adds value to the existing national provision and (within our SEP) have asked Government that a NAS relationship manager is provided for the county. The ACH will be enhanced in rural areas through the network of resource centres which will also host partner representatives.
- 4.173 The national reform of the apprenticeship system and the move towards employer led funding could slow the amount of business engagement particularly from small employers however the ACH will be established by the onset of these and perfectly positioned to help employers and providers work through the changes.
- 4.174 The proposal for the clearing house will help to facilitate and support the Future of Apprenticeships in England: Implementation Plan October 2013.
- 4.175 Business Services Industrial Strategy states that the aim is to treble the number of PBS Higher Apprenticeships in the next five years across the PBS sector, in small and medium sized businesses as well as large international firms. Numbers of HA in 2011/2012 were 3390. (BIS PBS strategy 2013)
- 4.176 The 2012 Department of Health strategy, Caring for our future: reforming care and support, set out an ambition for doubling the number of Apprentices in the Care sector to 100,000 over the next five years; engagement activities.
- 4.177 The ACH will also support apprenticeship progression and enable providers and employers to develop Higher Apprenticeship frameworks by facilitating 'cohorts' of students seeking vocational routes to HE.
- 4.178 We are working closely with the SFA to ensure that we are building upon the strengths and successes of the following existing programmes. We will work with SFA and DWP to ensure that any new programmes we commission under our EU SIF Strategy will complement and dovetail with these.
- 'Skills for supporting the workforce', delivered by **SERCO**, is the most successful of their ESF programmes in the county. SERCO are working closely with the LEP delivering training to sectors that have been highlighted by the LEP as priority areas, specifically:-  
Retail and Tourism; Construction and Engineering; Business and Professional Services.
- 4.179 The LEP has regular meetings with SERCO and the 10 local delivery partners to discuss the progress of the programme. The programme is currently averaging 95 learner starts per month and the future pipeline of learners to support through ESF will mean that it will soon exceed the overall cap of 863 starts within 9 months.

- ‘Skills support for Redundancy Programme’ is targeted at up-skilling or re skilling individuals to improve their employment prospects to meet recruitment opportunities resulting, for example, from inward investment growth opportunities. The programme is aimed at those under consultation or notice of redundancy or those recently unemployed. This programme and the programme ‘Skills Support for the unemployed’ is being delivered by **learnirect**.
- ‘The Ascent your Future’ programme – Delivered by Prospect Services is a provision of educational and vocational training for young people 14-19 (up to 25 with LDD). The focus is on young people who are Looked After, Care Leaver’s, young Offenders and those with English as an additional language. Provision is delivered across Gloucestershire with an emphasis on specific deprived wards in Forest of Dean, Gloucester, and Cheltenham.

#### 4.180 The Gloucestershire Renewable Energy, Engineering and Nuclear Skills Centre

The centre will deliver skills development in partnership with South Gloucestershire and Stroud College and major suppliers in the engineering and nuclear sectors of national and European significance.

<b>Description</b>	<b>Programme of activity to ensure that skills needs of businesses are understood and met and that people in Gloucestershire have the skills to take advantage of employment opportunities.</b>
<b>Rationale</b>	<ul style="list-style-type: none"> <li>• Evidence of significant skill gaps, employers facing recruitment difficulties and concerns about employability of people leaving full time education.</li> </ul>
<b>Indicative activities</b>	<ul style="list-style-type: none"> <li>• Entrepreneur programme</li> <li>• Employment pathfinder</li> <li>• STEM strategy</li> <li>• Talent pool</li> <li>• Apprenticeship clearing house</li> <li>• Gloucestershire Renewable Energy, Engineering and Nuclear Skills Centre</li> </ul> <p>N.B. All commissioning and proposed activities via ESIF funds will complement/ extend existing and emerging skills programmes and we will continue to work with the Skills Funding Agency and other partners to ensure this remains the case.</p>
<b>Funding Allocation</b>	(may be subject to further change) 11,756,287 Euros (Feb 2016 value in Sterling is £8,346,964)
<b>Sources of match funding</b>	SFA opt-in, Private Sector
<b>Delivery channels</b>	Growth Hub, local employers offering apprenticeships, local HE & FE providers, local STEM and education business partnerships, GREEN project

**5: Distribution of funds**
**Summary of Indicative EUSIF Allocations by Thematic Objectives**

Thematic Objective	Overall Allocation (Euros millions)
TO1: Innovation	1.91
TO2: ICT / EAFRD Article 21: Broadband	0.36 ERFD and 2.1 EAFRD
TO3: SME Competitiveness	9.09
TO4: Low Carbon	4.34
TO6: Environmental Protection and Resource Efficiency	3.88
TO8: Employment	3.60
TO9: Social Inclusion	3.18
TO10: Skills	11.75
Article 36 Tourism in rural areas	2.25

## 6: Match funding and opt-in model

### Match Funding

- 6.1 GFirst LEP is aware that EU Structural and Investment Funds are not able to meet the full costs of projects and some costs must be met through match funding.

As Gloucestershire is located within a 'more developed' area, the proportion will be 50% match and 50% Structural Funds. Applicant organisations responding to calls and promoting projects will be required to identify and secure match funding.

'Match funding' is a contribution of 'resources' made to the project by the project sponsor, which can come from a variety of sources, including the co-financing; the project sponsors' own resources and/or contributions; contributions from the other partners in the project; and contributions from the project beneficiaries.

GFirst LEP's approach for leveraging match funding into a range of projects will be based on several, inter-related approaches:

- encouraging project bidders to utilise a mix of **national** and **local co-financing funds** (contributions made by local project sponsors);
- **the time of staff involved steering the projects** (utilising people's time in steering projects and suitable probative evidence of their real costs – timesheets, payslips, evidence of salary transfers etc);
- **the time of staff seconded to manage and deliver projects** (utilising seconded staff time involved in managing and delivering the project, together with suitable probative evidence of their real costs – timesheets, payslips, evidence of salary transfers etc);
- **integrated delivery models** (using timesheets for third party services that form part of the beneficiaries' customer journey); and
- **SME contributions** in the form of match funding committed to SME beneficiaries as part of the project they are implementing.

GFirst LEP, partner organisations and applicant organisations will adhere to the 'Guidance on Match Funding' in Annex 6 of the 'European Structural and Investment Fund Programme Development and Update – August 2014' and any subsequent guidance.

### Expected match funding sources (excluding Opt-ins)

#### Public Sector:

- 6.2 Aside from Opt-in contribution, public sector match to the EU SIF programme will come from a number of local and national sources.

Growth Hub activity has already secured **£4.7 million** of funding from a combination of the Higher Education Funding Council for England (£2.7m) and the University of Gloucestershire (£2m). In addition, a sum of **£20.8 million** has been requested through the Single Local Growth Fund.

The GREEN initiative has secured a commitment to land transfer from the Nuclear Decommissioning Agency to the value of **£5 million** and further support from the local further education sector in the region of **£1 million**. In addition, funding of £5 million that can be used as match, has been requested from the Single Local Growth Fund.

#### Private Sector:

Considerable commitment has been made by the private sector in supporting the priorities within our Strategic Economic Plan and the SIF. Substantial private sector match is expected through programme delivery.

The Growth Hub programme has already secured **£1 million** of private sector investment, is in the process of negotiating further private sector investment of up to **£20 million** and is expected to realise substantial contribution in cash and in-kind from SMEs partaking in services.

The GREEN initiative is in advanced negotiations with major private sector partners and expected to realise well in excess of **£20 million** of investment during the programme lifetime.

Environment and resource efficiency proposals will be matched through substantial developer contributions.

Total match funding identified at this stage is therefore in excess of **£75 million** (at least £36 million public sector and at least £41 million private sector).

## 6: Match funding and opt-in model

### Opt-in Options

- 6.3 Having reviewed the opt-in offers/prospectuses have been made available to LEPs, GFirst LEP has made the decisions below. The initial prospectuses from and discussions with opt-in organisations have provided very useful information but several aspects still require further clarification e.g. splits in responsibilities regarding commissioning arrangements; monitoring and reporting to the LEP; minimum contract sizes, etc. and these will be finalised as soon as possible through discussions with the opt-in partner organisations.

Opt-In Organisation or programme	Opt-in decision	Reasoning	What we propose to purchase	Amount of funding allocated
Single Business Advice Service (from Dec 2014 this will incorporate Manufacturing Advisory Service and UK Trade & Investment)	As below, but to be reviewed as further detail becomes available			
Manufacturing Advisory Service (see above)	Yes	Flexible and appropriate support for businesses in Gloucestershire. Would bring additional national-level match funding.	MAS is the national business improvement programme for manufacturers and provides specialist strategic and technical advice to boost competitiveness. This service therefore fits closely with the support required by key growth sectors in the county.	£895,000
Growth Accelerator (see above)	No	Analysis of offer and feedback from Growth Accelerator indicates that support offer doesn't meet the scale and requirements of businesses in Gloucestershire.		
UK Trade and Investment	Part opt-in if service suitable		Particularly, access to the Innovation in Services Fund, to access services that address Gloucestershire's needs.	£540,000
UK Trade and Investment (Inward Investment) (Offer under development by UKTI & DCLG)	Consider match funding offer when published	Offer yet to be developed	Not known	Not known
Innovate UK	Consider match funding offer when published	Offer yet to be developed	Not known	Not known



## 6: Match funding and opt-in model

Big Lottery Fund	Yes	<p>Supports and extends funding for social inclusion priorities. The most supportive and collaborative opt-in proposal of those on offer.</p> <p>Supports and extends funding for skills priorities.</p>	<p>Access to two programme streams that support GFirst LEP's social inclusion work on: young people's financial inclusion; targeted support for people with multiple and complex needs.</p>	£3,279,246
Skills Funding Agency (SFA)	Yes	<p>Will opt-in; support from local Jobcentre Plus and DWP has been excellent.</p> <p>Some issues still to be clarified by DWP nationally e.g. use of providers on the current DWP approved register, minimum size of contracts, etc.</p>	<p>Co-designed programme of activity to address skills and lifelong learning priorities by adding value to mainstream SFA provision.</p> <p>SFA will undertake and support the GFirst LEP with commissioning, procurement, monitoring and compliance on the education, skills and lifelong learning strategic activities.</p>	£7,316,984
Department of Work & Pensions (DWP)	Yes	<p>Will opt-in; support from local Jobcentre Plus and DWP has been excellent.</p> <p>Some issues still to be clarified by DWP nationally e.g. use of providers on the current DWP approved register, minimum size of contracts, etc.</p>	<p>Co-designed programme of activity to address unemployment priorities by adding value to mainstream DWP provision.</p> <p>DWP will undertake and support the GFirst LEP with commissioning, procurement, monitoring and compliance on the employment strategic activities.</p> <p>The final amount will depend whether support for those seeking working the nuclear and renewable sectors will be channeled through SFA or DWP</p>	£5,100,000
European Investment Bank (social housing financial instrument)	No	<p>GFirst LEP low carbon priorities not focused on social housing retrofit proposals so EIB opt-in not appropriate.</p> <p>Min level of investment required by EIB that is greater than our resources. (min £10M ERDF funding).</p>		

## 7: Outputs and results

The tables below show the key outputs and results by each strategic investment activity, and provides an overview of the anticipated achievements.

This will deliver at least:

### ERDF

Thematic Objective	Indicator	Total target value (2023)
Innovation	Number of enterprises receiving support	73 enterprises
Broadband and ICT	Additional businesses with broadband access of at least 30 mbps	185 businesses
SME competitiveness	Number of enterprises receiving support	588 enterprises
Low carbon	Greenhouse Gas Reduction	2,126 tonnes of Co2 eq.
Environment	Surface area of habitats supported to attain a better conservation status	105 hectares

### ESF Investment Priority 8i (1.1)

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	3,540	1,940	1,600
ESF - CO01	Unemployed, including long-term unemployed	2,480		
ESF - CO03	Inactive	890		
O4	Participants over 50 years of age	810		
O5	Participants from ethnic minorities	200		
ESF - CO16	Participants with disabilities	780		
O6	Participants without basic skills	620		
ESF - CO14	Participants who live in a single adult household with dependent children	320		

## Investment Priority 9i (1.4)

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	1,430	790	640
ESF - CO01	Unemployed, including long-term unemployed	750		
ESF - CO03	Inactive	580		
O4	Participants over 50 years of age	300		
O5	Participants from ethnic minorities	80		
ESF - CO16	Participants with disabilities	300		
O7	Participants who are offenders or ex-offendrs	n/a (NOMS only)		

## Investment Priority 10iii (2.1)

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
O1	Participants	6,440	3,160	3,280
O4	Participants over 50 years of age	1,470		
O5	Participants from ethnic minorities	360		
ESF - CO16	Participants with disabilities	420		
O6	Participants without basic skills	1,130		
ESF - CO14	Participants who live in a single adult household with dependent children	230		

## Investment Priority 10iv (2.2)

ID	Indicator	Total Target Value (2023)	Men target value (2023)	Women target value (2023)
CO23	number of supported micro, small and medium-sized enterprises (including cooperative enterprises, enterprises of the social economy)	360		

## 8: Alignment with other European funds

- 8.1 We are aware that within the European funding context there are a broad range of programmes which together support the objectives of Europe's growth strategy, Europe 2020. Europe 2020's key objectives of employment, innovation, education, social inclusion and climate and energy are realised through these complementary funds, of which the Structural Investment Fund is just one.
- 8.2 GFirst LEP and our partners are currently targeting a number of other funds and will continue to do so during the period 2014-2020. These other funds will be targeted to support and complement the activities set out in this strategy document and the Strategic Economic Plan.
- 8.3 Opportunities for synergy exist across a number of different EU programmes as identified in the table below.

<p><b>COSME</b> (€2.3bn) The COSME fund is aimed at supporting SMEs in a number of areas: better access to finance for SMEs; access to markets; supporting entrepreneurs; and more favourable conditions for business creation and growth.</p>
<p><b>Horizon 2020</b> (€80bn) Horizon 2020 couples research and innovation with an emphasis on excellent science, industrial leadership and tackling societal challenges. Through these three strands the fund aims to drive economic growth and job creation.</p>
<p><b>Erasmus +</b> (€14.7bn) Erasmus+ aims at boosting skills and employability, and modernising education, training and youth work. The fund will foster cooperation and bridge the worlds of Education and work in order to tackle the skills gaps being faced in Europe.</p>
<p><b>LIFE</b> (€3.4bn) LIFE addresses a number of issues including: environment and resource efficiency; nature and biodiversity; environmental governance and information; climate change mitigation; climate change adaptation; and climate governance and information.</p>
<p><b>Creative Europe</b> (€1.46bn) Creative Europe will provide a boost specifically for the cultural and creative sectors, which are recognised as a major source of jobs and growth.</p>
<p><b>Employment and Social Innovation</b> (€815m) EaSI will support Member States efforts in the design and implementation of employment and social reforms at European, national as well as regional and local levels by means of policy coordination, the identification, analysis and sharing of best practices.</p>
<p><b>Connecting Europe Facility</b> (€33.2bn) The Connecting Europe Facility will finance projects which fill the missing links in Europe's energy, transport and digital backbone. It will also make Europe's economy greener by promoting cleaner transport modes, high speed broadband connections and facilitating the use of renewable energy in line with the Europe 2020 Strategy.</p>
<p><b>European Territorial Cooperation</b> This fund covers cross-border, transnational and interregional cooperation covering areas of entrepreneurship; urban and rural links; access to transport and communication networks; employment; community interaction; social affairs; strategic responses to joint challenges; urban development; international business and research linkages; and the exchange of experiences on growth, jobs and sustainable development.</p>

## 8: Alignment with other European funds

### New Entrants Reserve 300

NER300 is one of the world's largest funding programmes for innovative low-carbon energy demonstration projects. The programme is conceived as a catalyst for the demonstration of environmentally safe carbon capture and storage (CCS) and innovative renewable energy (RES) technologies on a commercial scale within the European Union.

### Atlantic Strategy

Even though Gloucestershire does not have a coastal area, it does have areas of the county that adjoin the River Severn. If used to its full potential, the Atlantic Strategy could act as an economic stimulus to coastal areas, and create jobs and growth in the countries involved, including the UK.

- 8.4 Throughout the 2014-2020 programming period GFirst LEP, in conjunction with our partners, will seek to exploit the opportunities listed above. This will enable us to make more progress on some of the priority areas identified in this strategy including those areas where SIF funding will be limited.
- 8.5 A key partner in the county is the University of Gloucestershire. The University's European Funding Office is dedicated to drawing down a range of European funds to support the work of the University and its partners. A number of EU funded projects currently being delivered align with this strategy and are set out in the table below.

### Enterprise Hubs (ERDF)

Working with the GFirst LEP and local authorities in Gloucestershire the University is currently delivering a number of business incubation centres across the county.

### PRACTYCEII (Erasmus for Entrepreneurs)

Working with local entrepreneurs (both new and existing) to provide valuable relationships aimed at developing personal and professional skills in new entrepreneurs and injecting new thinking into existing enterprises.

### Employability of Graduates in Sport (Erasmus)

Collaborating with HEIs and SMEs across Europe to develop employer relevant course materials and shared good practice in employability through the creation of employer/HEI networks.

### Graduate Employability in Sport (Leonardo)

Providing graduates with the opportunity of enhancing their employability through short term overseas internships.

### Volunteering in Play Employment Routes (Leonardo)

Working across a number of European partners, this project supports the idea of volunteering as a stepping stone to employment for disadvantaged groups in the labour market.

### University Education for Sustainable Development (Erasmus)

The ultimate objective of this project is to ensure that university educators have the competences and skills to prepare students for addressing sustainability within their professional work and personal lives.

- 8.6 In addition to the projects listed above the University is currently delivering projects through FP7 (now Horizon 2020) and Tempus.
- 8.7 The recent opening of Horizon 2020 and Erasmus+ has started a raft of activities related to the new programmes, with a focus on those which support the priority areas identified within this strategy. We will continue to work closely with the University of Gloucestershire to ensure future opportunities are seized.

## Principles

9.1 GFirst LEP will endeavour to work to the UK Government's eight principles for good commissioning and the guidelines provided in the National Audit Office's 'Successful Commissioning' toolkit. The eight principles are:

1. understanding the needs of users
2. consulting potential providers
3. putting service outcomes at the heart of the process
4. mapping the range of potential providers
5. considering investing in capacity building
6. ensuring contracting processes are transparent and fair
7. ensuring long-term contracts and risk-sharing
8. seeking feedback from service users, communities and providers.

(see Eight principles of good commissioning , Improvement & Development Agency).

9.2 Where working with opt-in partners, these principles will also be upheld and will underpin the specific commissioning arrangements agreed between the opt-in partners and GFirst LEP.

## Methods of delivery

9.3 We expect to adopt several different delivery methods in order to bring strategic level activities to fruition and successful completion. These will include:

### Open Calls for projects and Competitive Bidding Rounds

9.4 Organisations will be invited to submit applications/proposals to deliver projects that fit with the strategic level activities, outputs and results required. GFirst LEP will provide support for these organisations to prepare and submit their applications/proposals. Open bidding rounds will be followed by rigorous selection processes managed by GFirst LEP in conjunction with the Managing Authority.

### Direct Commissioning of Specific Activities

9.5 Organisations will be commissioned to deliver certain activities that fit with the strategic level activities.

### Commissioning with Opt-in Partner Organisations

9.6 We will work closely with the identified opt-in partner organisations to integrate local and national programmes more closely, access match-funding at a national level, minimise risk, and make efficient use of the opt-in partners' commissioning and procurement systems and processes.

## Proposed Financial Instruments

9.7 The previously published version of the ESIF Strategy included further information about a proposed financial instrument for Gloucestershire.

9.8 Given the reduction in the SME competitiveness funding allocation for Gloucestershire since the original ESIF Strategy was written and the existence of the Regional Growth Fund – funded SEED programme, it has been decided not to pursue the development of a financial instrument for Gloucestershire businesses using ESIF ERDF funding.



## What is Community-led Local Development (CLLD)

- 10.1** CLLD is a tool for involving communities at local level in developing responses to the social, environmental and economic challenges we face today. CLLD is an approach that requires time and effort, but for relatively small financial investments, it can have a marked impact on people's lives and generate new and innovative ideas and the shared commitment for putting these into practice. The EU Commission expects CLLD to facilitate implementing integrated approaches among the European Structural and Investment Funds to achieve, at local level, the 11 thematic objectives of the Common Provisions Regulations 2014-2020. The Commission also encourages the use of CLLD as it allows local communities to take ownership of the objectives of the Europe 2020 strategy.
- 10.2** Community-led local development is:
- Focused on defined areas;
  - Led by local action groups (LAG) comprising representatives of public and private sectors driving local socio-economic interests;
  - Carried out through integrated and multi-sector area-based local development strategies (LDS);
  - Designed to take into consideration local needs and potential, including innovative features appropriate to the local context, networking and cooperation.
- 10.3** The fundamental rationale for using CLLD is that these principles improve on the results achieved by traditional top down approaches. CLLD does not compete with or is opposed to top-down approaches but is a tool interacting with them in order to achieve the best results possible.

## CLLD in Rural Areas

- 10.4** CLLD in rural areas has been funded through 4 rounds of LEADER since 1991 through the European Agriculture Fund for Rural Development (EAFRD). These public funds have levered in a significant level of private investment used to support thousands of generally small projects for adding value to local food producers, farm diversification, improved rural services, environmental improvements, small-scale infrastructure and village renewal initiatives. These small projects have contributed to sub-regional thematic initiatives such as rural tourism or branding and marketing of local products which are able to contribute towards the economic development and strengthen communities in a given area. Past evaluations of LEADER have detected significant improvements in rural services and the quality of life, diversification, the environment, the inclusion of women and young people, governance and capacity building. A significant number of jobs have been created and maintained in LEADER (2007-13) even though this was not the main goal of many LAGs which often focussed on broader objectives like improving the quality of life in rural areas, increasing the value added of local products and information technology.
- 10.5** The proposals for 2014-2020 offer rural areas the possibility of deepening and broadening the CLLD approach in rural areas:
- In deepening (or strengthening) the approach both the Common Provisions Regulation and the EAFRD Regulation contain a number of proposals for increasing local capacity, higher financing rates, measures to improve the quality of LDSs, more flexibility in eligibility rules and increased administrative autonomy for LAGs.
  - Broadening (or extending) the approach could result in an increase in the percentage of areas covered by CLLD. At present the UK rural coverage is about 70% with a ministerial aspiration to raise this to 100%. This is unlikely to be achieved but there is potential for 80-90%. Some member states believe that the urban-rural split can cut off rural areas from their natural urban travel to work and service centres and the new programme provides major opportunities for new forms of urban rural cooperation and partnership where this is identified as an issue.

## CLLD in city and urban areas

- 10.6 In the past both ERDF and ESF have supported important but separate initiatives with many similar components to CLLD. The new joint proposal covering both of these funds opens up a major opportunity for closer cooperation at local level within these areas. Between 1994 and 2006 the cohesion policy supported two rounds of the URBAN Community Initiative which focused on mainly deprived urban neighbourhoods and according to the post evaluation of URBAN 11, the key factor underlying successful projects was local ownership. These projects were selected in line with local perceptions of need, with a commitment from local players and delivered in partnership with locals.
- 10.7 The ERDF co-finances the transnational learning and networking programme URBACT. Since 2007 URBACT 11 has involved about 500 cities in about 60 thematic exchange learning networks. Each has set up a broad multi stakeholder local support group which develops a local action plan. These groups are not funded to implement the local action plan but they could be the seeds of CLLD partnerships and strategies. Building on the experience of the URBAN Community Initiative and URBACT, CLLD could take a number of specific forms in city partnerships and strategies including:
- Small neighbourhood based approaches that could involve urban neighbourhoods, industrial areas and brownfield sites;
  - Market towns and their surrounding rural areas;
  - Thematic approaches dealing with a particular urban challenge, such as unemployment and the labour market, social exclusion, urban mobility or local plans for energy efficiency;
  - A target group approach focusing on, for example, young people.

In all of these areas there is scope for coordinating the hard investments supported mainly by ERDF with the soft measures supported mainly by the ESF.

## Options considered for a CLLD focus

- 10.8 The Common Provisions Regulation states the CLLD should provide a balance between the following criteria:
- **Size.** Firstly, the area should be large enough to “offer sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy”, but, secondly “it shall also be sufficiently small in order to allow local interaction”. This has been interpreted to mean that the population is not less than 10,000 and not more than 150,000 inhabitants. In duly justified cases, in particular, where an area is sparsely populated or densely populated, these limits may be lowered or increased respectively.
  - **Coherence.** The area should form a coherent unit in geographical, economic and social terms, taking into account the nature of the LDS. Special attention may be required where an area may be coherent from a physical point of view but not the right shape or size for dealing with economic activity across the LDS area.

These criteria were considered in deciding the area where CLLD could be applied.





## The CLLD case for Gloucestershire

- 10.9 Currently in Gloucestershire CLLD/LEADER coverage equates to approx. 20% of the LEP area against a national average of 70% mentioned earlier. In bidding for the 2007-13 Rural Development Programme (England) the Forest of Dean was the only Gloucestershire programme to be awarded EAFRD investment. While it has been possible to secure other RDPE Axis 1 and 3 investment, it could be argued that Gloucestershire has been disadvantaged against other areas with more than one LAG. The current LAG team have expressed concern that this could translate into the new programme unless the LAG programme can be broadened to a wider area both through the SIF strategy and through making a case for an increased share of EAFRD.
- 10.10 The aspiration for one Local Delivery Strategy across the 4 rural districts within the LEP which would potentially increase a share of EAFRD investment and achieve a pro-rata reduction in operating cost has not received support from Defra. This is fundamentally due to the fact that a LAG of this size would exceed the 150,000 inhabitants upper limit, mentioned in paragraph 4 above, imposed by the EU although UK Government would wish to see the limit abolished. The 4 rural districts have expressed an interest in taking part in a joint venture but as this is now unlikely we are seeking alternatives but this will impact on both the area coverage and the outputs we could deliver across the LEP rural area and the level of potential funding received.
- 10.11 The Forest LAG is amongst the highest performers of the 64 LAGs across the UK. It has fully spent its allocation of £2.2m and secured match funding of £1.5m (33% Public & 34% Private). It underspent its Management and Administration budget by 3% which has been transferred to community projects. It processed 128 applications (valued at £16m) and approved 48 (total invested within the Forest community £3.3M).
- 10.12 The Forest of Dean LAG has received a formal offer letter and terms and conditions from Defra for RDPE Transition Funding of £40,000 for the period 1st January 2014 - 31st December 2014. DEFRA's terms of the offer exclude any resource allocation for options to be developed for a county-wide Local Development Strategy, expansion of the existing geographic boundary beyond the Forest of Dean or capacity building with other rural Gloucestershire Districts/Borough. This is not specific to Gloucestershire but national policy applied for all 64 existing LAGs each of whom has received an allocation.
- 10.13 The (national) EAFRD budget may allow new LAGs to be developed from the LEADER element otherwise there will be insufficient funds to cover a bigger area. The Forest LAG has made representation to Defra about the exceptional circumstances in Gloucestershire given LEADER coverage of, at best, 25% of the LEP area versus a national average of 65%. A decision will be made in February 2014.
- 10.14 Defra has emphasised that Transition Funding for existing LAGs does not mean automatic roll-over into the new programme. Bidding for the new programme will be highly competitive based on the strength of each LDS which could end up with some LEP areas getting higher levels of funding than others and some could get none. The existing LAG areas could be considerably different given this bidding process. Defra has made it very clear that the specification for the new programme will be fundamentally different and solely based on economic growth and job creation.
- 10.15 The Forest LAG expects to be submitting an Expression of Interest for the new programme in April - May 14. Defra has stressed that linkage with the LEP must be sustained throughout the bidding process and beyond and this will be done through regular contact between the Forest LAG and GFirst LEP.

## Conclusion and next steps

Two key factors have influenced our consideration of future support of CLLD/LEADER:

- The limitations of the existing LAG network.
- The limited EU funding available to Gloucestershire and the need to prioritise this funding.

- 10.16 If Gloucestershire included an extensive network of established LAGs that could be called upon to expand or extend their work then this would have given a strong platform for the effective delivery of a number of social, employment and economic outputs. Unfortunately, plans to extend the network and for them to be supported by the Districts have not come to fruition so there remains only one LAG operating in a comparatively small part of the LEP area.
- 10.17 The LEP does not have extensive EU funding to support CLLD/LEADER activity and the expansion of this activity could be considered less cost-effective than some other means to achieve social, employment and economic outputs.
- 10.18 GFirst LEP understands that the primary focus of the next LEADER programme will be on creating jobs and growth, and that the LEP will continue to work with existing and any new LEADER groups to ensure an added value, co-ordinated approach to providing support to rural businesses.
- 10.19 We have therefore decided:
- To continue to work with Defra, the RPA and the existing LAG to seek ways to continue to fund and support this outside the EU Structural & Investment Funds.
  - Support the Forest LAGs submission to Defra/RPA for the new programme in April - May 14.
  - Not to allocate EU Structural & Investment Funds to support CLLD/LEADER activity in the county.

## Introduction

- 11.1 The previously published version of the ESIF Strategy explained more fully how the Gloucestershire Economic Growth Joint Committee and the LEP Board interacted with one another. This section has been removed from this version following the revisions made to the Governance section of the Strategy that were required to meet Managing Authority and European commission requirements in October 2015.
- 11.2 The sections below provide details of the updated Governance arrangements now in place.

The most up-to-date national guidance on the Governance arrangements for ESIF funding and the work of ESIF Committees can be found at <https://www.gov.uk/government/groups/local-enterprise-partnership-area-esif-sub-committees> and the GFirst LEP Area ESIF Committee will operate in line with the national guidance.

11.3 **Section A:  
Overview and governance context**

**This section is taken from the Terms of Reference for the Growth Programme Board's 2014-2020 Local Enterprise partnership (LEP) Area European Structural and Investment (ESI) Funds Sub-Committees, July 2015.**

The LEP area ESI Funds sub-committees will provide advice to the Managing Authorities throughout the cycle of programme implementation. This is described at project level on GOV.UK and the documents that describe the lifecycle of a project.

Local partner advice has played an important role in identifying local development needs set out in LEP area ESI Funds Strategies, which are reflected in Operational Programmes. Partners are close to the practical implementation and understand local needs and so will continue to play an important role in advising the Managing Authorities on local growth conditions throughout the 2014-2020 programme implementation period.

The 2014-2020 European Regional Development Fund (ERDF), European Social Fund (ESF) and part of the European Agricultural Fund for Rural Development (EAFRD) Operational Programmes have been aligned in England in an ESI Funds Growth Programme. The governance structure of the ESI Funds Growth Programme has been established to exploit a multi-fund approach and ensure that the strong territorial basis of EU Cohesion policy is implemented in a way that best capitalises on national arrangements and local strengths. This governance model will therefore ensure that partners are effectively involved at national and local level.

A combined Programme Monitoring Committee (PMC), known as the Growth Programme Board (GPB) has therefore been set up, to maximise the synergies of the separate Funds in the ESI Funds Growth Programme. The GPB will be the PMC for the England ERDF and ESF Operational Programmes and will provide advice to the England PMC for the European Agricultural Fund for Rural Development.

The GPB will be supported by a sub-committee in each Local Enterprise Partnership (LEP) area for the ERDF and ESF Operational Programmes, which will report to the GPB through the Managing Authorities.

The LEP area ESI Funds sub-committees will not be sub-committees of the EAFRD PMC but will assist the EAFRD Managing Authority and the GPB by providing advice as set out in these Terms of Reference where those activities are relevant to EAFRD spend which is part of the ESI Funds Growth Programme. Where there are differences of detail in the arrangements or procedures for the EAFRD Growth Programme, these will be spelled out separately by the Department for Environment, Food & Rural Affairs (Defra) to LEP area ESI Funds sub-committees with a rural interest.

These local sub-committees will be known as LEP area ESI Funds sub-committees.

The LEP area ESI Funds sub-committees will support the GPB's role in considering overall Operational Programme performance by specifically looking at and advising on the local, on-the-ground implementation of it, via project calls, applications and ongoing implementation.

Where local implementation issues require escalation, this will be organised through the Managing Authorities who will submit the advice of affected LEP area ESI Funds sub-committees to the GPB/relevant GPB sub-committee via the GPB Secretariat.

LEP area ESI Funds sub-committees will advise the GPB on Major Projects following which the GPB will review and provide advice to the Managing Authorities on them.

Local promotion of ESI Funds and their impact will be a priority for the LEP area ESI Funds sub-committee, as will local leadership of this amongst partners.

Each LEP area ESI Funds sub-committee will be therefore chaired by a local partner who, along with other members drawn from business, public, environmental, voluntary and civil society sectors, will be advocates for the opportunities and impact of the ESI Funds. Membership will be inclusive and in line with EU regulations and the wide scope of ESI Funds priorities.

The Department for Communities and Local Government (DCLG), as the local lead Managing Authority, will be the Deputy Chair of the local LEP area ESI Funds Committee, except in London where the Greater London Authority (GLA) will be designated as an Intermediate Body for the ERDF and ESF programmes.

#### 11.4 **Section B: Functions of LEP area ESI Funds sub-committees**

**This section is taken from the Terms of Reference for the Growth Programme Board's 2014-2020 Local Enterprise partnership (LEP) Area European Structural and Investment (ESI) Funds Sub-Committees, July 2015.**

The LEP area ESI Funds sub-committees will have the following functions:

Provide advice to the Managing Authorities on local development needs and opportunities to inform any changes to Operational Programmes and ESI Funds Strategies.

Work with sectors and organisations they represent so that they engage with and understand the opportunities provided by the ESI Funds to support Operational Programme objectives and local economic growth.

Promote active participation amongst local economic, environmental and social partners to help bring forward activities which meet local needs in line with the Operational Programmes and local ESI Funds Strategies.

Provide practical advice and information to the Managing Authorities to assist in the preparation of local planning that contributes towards Operational Programmes priorities and targets.

Similarly, provide local intelligence to the Managing Authorities in the development of project calls decided by the Managing Authorities that reflect Operational Programmes and local development needs as well as public and private sector match funding opportunities.

Provide advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local ESI Funds Strategy, as well as complementarity with interventions funded through other public and private sector funding, to aid the Managing Authorities' assessment of applications at outline and full application stage, as set out in Section C.

Contribute advice, local knowledge and understanding to the Managing Authorities to aid good delivery against spend, milestones, cross-cutting themes, outputs and results set out in the Operational Programmes and local ESI Funds strategies.

Having regard to the Managing Authority's statutory duties under the Equalities Act 2010, provide information advice and local knowledge regarding the likely and actual impact of ESI Funds strategies and plans on persons with the protected characteristics and advice on mitigating measures where adverse impacts are identified.

Additionally, the GFirst LEP area ESIF Committee, in conjunction with GFirst LEP staff, will work to:

- Publicise and promote the programme by devising and implementing a Communications Strategy
- Devise and update a Calls Overview/Implementation Plan
- Agree the timing of calls to deliver priorities with Managing Authorities
- Advise the Managing Authorities and opt-in partners on local strategic fit related to project selection
- Ensure that cross-cutting themes are delivered through implementation
- Monitor performance of locally called for projects
- Monitor the external environment to inform implementation steps
- Ensure opportunities with other LEPs are understood and utilised
- Ensure activities are consistent with the Gloucestershire Strategic Economic Plan
- Ensure activities deliver value for money

### 11.5 **Section C: Operating practice of the LEP area ESI Funds sub-committees**

**This section is taken from the Terms of Reference for the Growth Programme Board's 2014-2020 Local Enterprise partnership (LEP) Area European Structural and Investment (ESI) Funds Sub-Committees, July 2015.**

As set out on GOV.UK in documents that describe the lifecycle of a project, there are two routes into the programme, via an open project call or, for the European Social Fund only, through a co-financing organisation, so-called Opt-ins.

The LEP area ESI Funds sub-committee will have a role in each of these routes as detailed below:

Operating practice – open project calls:

For the open call route, Managing Authorities will draw up project call specifications and will be aided with intelligence on local development needs provided by local LEP area ESI Funds sub-committees. This will help to inform which Priority Axes and Investment Priorities calls focus on, the level of financial resources, any geographic focus and the timing of such calls.

Minuted oral advice provided by the LEP area ESI Funds sub-committees on specific local development needs will also be considered by the Managing Authorities and reflected as appropriate as part of the project call information that will be published on GOV.UK. The Managing Authorities will be responsible for developing and finalising the Project Calls and publishing them on GOV.UK.

Minuted oral advice provided by LEP area ESI Funds sub-committees on project calls will be within the context of relevant Operational Programmes, ESI Funds Strategies and other relevant factors, such as applicable policy initiatives and match funding opportunities that are/become available over the programme period.

Operating practice – ESF Opt-in organisations:

LEP area ESI Funds sub-committees will provide minuted oral advice to the ESF Opt-in organisations on local employment, skills and social inclusion needs and opportunities to be considered in the development of the Opt-in organisations' full applications to the Managing Authority for ESF.

The purpose of such advice will be to assist Opt-in organisations in developing proposals for provisions that are locally appropriate, within the context of the ESF Operational Programme and ESI Funds Strategy.

## Outline and full applications

Applications will be received by the Managing Authorities from potential beneficiaries, at outline and full application stages.

The Managing Authorities will assess such applications against the Project Selection Criteria that have been agreed by the respective PMC.

The Managing Authorities will provide an assessment report for each application. This report will provide a synopsis of the project (which will be repeated verbatim from the application) and outputs, results and financial data. Once this report has been completed by the Managing Authority, it will be circulated to the relevant LEP area ESI Funds sub-committee(s).

The LEP area ESI Funds sub-committee will provide minuted oral advice to aid the assessment of the Managing Authorities. The advice provided by partners will be in relation to the extent to which the proposed activity meets local strategic needs.

## Ongoing implementation

EU Regulations state that the Programming Monitoring Committee shall review implementation of the programme to which it relates and progress towards meeting its objectives, and shall examine all issues that affect Operational Programme performance. The LEP area ESI Funds sub-committees will do this at local level and will provide minuted advice, local knowledge and understanding to support the Managing Authorities throughout the implementation of the 2014-2020 ESI Funds Operational Programmes.

Operational Programmes deliver their programme strategies through a series of Priority Axes, Investments Priorities and associated results and outputs, and financial targets. These in turn reflect local development needs set out in ESI Funds Strategies, on which basis financial resources have been targeted, through notional allocations in each LEP area.

Each LEP area therefore has an important role to play in contributing to the implementation of Operational Programmes. The advice of partners on LEP area ESI Funds sub-committees will be important to assist the Managing Authorities in considering progress against spend, milestones, cross-cutting themes, outputs and results set out in Operational Programmes and local ESI Funds Strategies.

The Managing Authorities will provide each LEP area ESI Funds sub-committee with quarterly implementation reports and risk registers that set out progress in its area against Operational Programme and ESI Funds Strategy specific objectives and targets. These reports will be provided in a common format and will also be used to inform reports to the GPB, on national and local implementation.

Specific reports may be provided by the Managing Authorities on particular initiatives or projects as relevant to LEP areas, such as for Community Led Local Development or Financial Instruments. The LEP area ESI Funds sub-committee will provide advice to the Managing Authorities in such cases, including on measures to be considered to support strong performance and effective implementation.

LEP area ESI Funds sub-committees will also provide advice to the Managing Authorities on programme evaluation, including Managing Authority preparations for the conduct of a mid-term review, in line with the national Evaluation Strategy.

To support the objective set out in the Partnership Agreement and Operational Programmes for the ESI Funds to be developed and delivered in complementarity with other each other and with other European programmes, partners will provide advice to the Managing Authorities on approaches which exploit these synergies.

Collaboration is key to driving economic growth regardless of administrative boundaries, so the LEP area ESI Fund sub-committee will also be a forum for members to identify opportunities for delivering activity in collaboration with other areas in England as appropriate and advise the Managing Authority on an ongoing basis.

In all of its activities the role of LEP area ESI Funds sub-committees will not substitute for or take on the tasks and functions of the Managing Authorities,

## 11.6 **Section D: Operating practice of the LEP area ESI Funds sub-committees**

**This section is taken from the Terms of Reference for the Growth Programme Board's 2014-2020 Local Enterprise partnership (LEP) Area European Structural and Investment (ESI) Funds Sub-Committees, July 2015.**

Meetings will be normally held on a quarterly basis.

Full use will be made of smart technology to support meetings and attendance.

Meeting dates for each calendar year will be provided in advance.

Papers will be electronically circulated by the Managing Authorities, normally five working days in advance of a meeting.

Any questions/comments on the agenda, papers or programme implementation should be addressed through the Managing Authority Secretariat.

The Managing Authorities may, where necessary, circulate papers or proposals to members via the Secretariat for advice by written procedures after consultation with the chair, with two weeks allowed for comment, unless exceptional circumstances dictate otherwise. The Secretariat will maintain a record of advice provided under written procedures.

After consulting the chair on draft meeting minutes, these will normally be circulated by the Secretariat within 10 working days of meetings. Final minutes of meetings held once ERDF and ESF Operational Programmes have been adopted will be published on GOV.UK

Members should be able to attend regularly and be able to devote necessary time to any preparatory work.

Members should not send a substitute unless this has been agreed in advance by the Managing Authority in consultation with the chair; it is suggested that all members should nominate a deputy for this purpose. Members missing more than 50% of meetings in a twelve month period or three meetings in a row may be asked to step down by the Managing Authorities in its role as Secretariat, after consultation with the Chair.

The organisation that the member represents shall be responsible for reimbursing any reasonable expenses incurred in attending meetings of the LEP area ESIF sub-committee by that member.

All Members of the GFirst LEP area ESIF Committee should:

- Be empowered to speak on behalf of their sector and its constituencies, providing the agreed position in relation to issues discussed at meetings
- Have an understanding of the economic context in Gloucestershire
- Understand local investment priorities and have knowledge of the local conditions, needs and opportunities to bring forward operations that meet the strategy and objectives set out in the national Operational Programmes;
- Be familiar with the Gloucestershire ESIF including Cross Cutting Themes and the outputs and results sought
- Work collectively to identify solutions or innovative ways to deliver Programme aims within EU Regulations
- Understand the strategic context for investment decisions taken and be able to take part in discussions around project investment
- Offer analytical input to the issues / investments under discussion
- Access a wider network for advice on specific issues.

Managing conflicts of interest

**This section is taken from the Terms of Reference for the Growth Programme Board's 2014-2020 Local Enterprise partnership (LEP) Area European Structural and Investment (ESI) Funds Sub-Committees, July 2015.**

The Managing Authorities will be responsible for ensuring that partner roles and responsibilities are clearly set out at all levels and that conflicts of interest are avoided.

To ensure that this is compliantly managed and that appropriate standards are maintained, LEP area ESI Funds sub-committee members will be required to sign an undertaking to abide by 'Seven Principles of Public Life', known as the 'Nolan Principles' 1

The Managing Authorities will establish a "declarations of interest" register which will be updated at each meeting.

The Managing Authority will be responsible for maintaining and monitoring the register and its application at each meeting.

Members must declare an interest in any agenda items at the start of each meeting and must not participate in discussions about either the development of project call specifications that are limited in scope/relate to a project in which they have an interest; or outline and full project applications that have been submitted by them or organisations for which they work/ by whom they are employed/that they represent.

Similar conditions relating to confidentiality, data protection and compliance with freedom of information requirements will apply to the proceedings of the Committee as to the members of the PMC.

The Secretariat

The Secretariat function will be provided by the Managing Authorities. All matters regarding the setting up of meetings, the drawing up of agendas and papers, membership and attendance should be referred to the local Managing Authorities. The DCLG Growth Delivery Team (GDT) will be the Secretariat in each LEP area.

DCLG as the local lead Managing Authority will provide the Deputy Chair of LEP

area ESI Funds sub-committees and will act as chair in the absence of the nominated partner Chair. The Secretariat will:

Be the Secretariat for LEP area ESI Funds sub-committees.

Schedule and manage meeting dates, venues, minute taking, record advice and collate and circulate papers, working closely with the Committee and the Chair.

Take the minutes of meetings and circulate them within 10 working days of meetings or exceptionally within a longer timescale and publish agreed minutes on GOV.UK.

Provide Management Information reports on behalf of the different Managing Authorities in a standard format that will be used to contribute to GPB reports.

Support the Chair, Committee and DCLG Managing Authority (in its role as Chair or Deputy Chair) in communicating progress and feeding in to national processes as appropriate.

Support communication between the GPB and the LEP Area ESI Funds sub-committees via the GPB Secretariat.



## 11.7 Section E: Membership

The composition of the LEP area ESI Funds sub-committee will reflect the priorities of the Operational Programmes that apply in each LEP area and the supporting local ESIF strategy and reflect as far as possible the breadth of partners specified in Article 5 of the Common Provisions Regulations and the EU Code of Conduct on Partnership.

The Managing Authorities will be responsible for ensuring the membership is compliant with regard to these requirements. In putting together the LEP area ESI Funds sub-committee, Managing Authorities will have due regard to the Public Sector Equality Duty, taking account of the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people with and without a protected characteristic.

- The Committee chair will be selected from members of the Committee.
- The Committee will be drawn from the following:
  - Local Enterprise Partnership Board
  - Local Authority Partners
  - Business and private sector
  - Voluntary & social partners
  - Environmental organisations
  - Trade Unions/employers
  - Education, skills & employment organisations
  - Rural representation
  - Managing Authorities

GFirst LEP area ESIF Committee will be joined by representatives from DCLG, DWP, Dept. BIS and other relevant government departments and their agencies, such as Skills Funding Agency and Rural Payments Agency. The Committee will be able to invite outside experts as observers on particular issues. Given its strategic role, the Committee will usually meet 4 times a year, with the option to meet more frequently if required. It will use written procedures to carry out its functions between meetings to encourage expediency.

Committee members will be bound by a code of conduct when carrying out any duties or responsibilities and this code will follow the Seven Principles of public life, known as the Nolan Principles.

**This section is taken from the Terms of Reference for the Growth Programme Board's 2014-2020 Local Enterprise partnership (LEP) Area European Structural and Investment (ESI) Funds Sub-Committees, July 2015.**

The Managing Authorities will be responsible for ensuring the membership is compliant with regard to the Committee constitution requirements. In putting together the LEP area ESI Funds sub-committee, Managing Authorities will have due regard to the Public Sector Equality Duty, taking account of the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people with and without a protected characteristic. Furthermore, the following factors will be relevant:

Each partner above should ideally be represented with a separate individual to minimise potential conflicts of interest. Members may represent more than one grouping in agreement with the Managing Authority.

Membership should be proportionate and not give undue weight to any one sector. The partner Chair and Managing Authority Deputy Chair will be additional seats on the ESI Funds Committee.

Members need to be clear about who they are representing and how. All partners selected should be representative of their sector and/or relevant stakeholders and able to demonstrate accountability to their constituencies.

Membership will be for a three year term. The Managing Authorities will review LEP area ESI Funds sub-committee membership in 2017 to ensure its composition remains relevant to investments still to come forward through the Programmes. Where members leave before that time, representatives will be sought again by the Managing Authorities from the sector/organisation they are representing. Membership will also be refreshed as needed to reflect any changes in relevant EU and national regulations and policy.

By agreement with the Managing Authority there will be scope to invite expert guidance to specific meetings to assist consideration of a specialist proposal

DCLG as the lead Managing Authority and the Deputy Chair will be responsible for ensuring that the other Managing Authorities are consulted and have agreed papers as appropriate where these affect the administration of the different ESI Funds.

## Review Process

- 11.8 In the past few years we have committed significant resources to leading a major business and wider community engagement programme with the strategic aim of ensuring that our future plans would be shaped and influenced by and meet the needs of the people of Gloucestershire. This programme remains in place and will continue to be a key driver for us in the future.
- 11.9 From GFirst LEP Board level, and throughout our structure, we have as a direct result of this strategy consulted and engaged with partners in the private, public, education, voluntary and community sectors in development of our economic plans, which have been built upon a stated desire by all parties to work collaboratively towards an economic vision for the county.
- 11.10 This has involved direct and regular face to face discussions with in excess of 200 businesses across the county and a further 50 or so voluntary organisations, plus many colleagues in the local authority and education sectors.
- 11.11 In developing our plans we have also consulted with many government departments and agencies; a list of these is provided within Appendix 1.
- 11.12 Key local authority stakeholder partners in Gloucestershire are:
- Gloucestershire County Council
  - Cheltenham Borough Council
  - Cotswold District Council
  - Forest of Dean District Council
  - Gloucester City Council
  - Stroud District Council
  - Tewkesbury Borough Council
- 11.13 Engagement with many organisations has been through our eleven Business Sector Groups representing 75% of employment and 80% of GVA of the Gloucestershire economy.

Business Sector Groups		
Advanced Engineering and Manufacturing	Banking	Business and Professional
Construction and Infrastructure	Creative Industries	Energy
ICT	Land Based	Retail
Tourism	Transport and Logistics	

In addition the quarterly meetings with our Business Membership Group comprising the business organisations referred to below and representing around 16,000 businesses across the county has enabled us to hear feedback from and disseminate information to their members on a regular basis.

Business Membership Group		
Confederation of British Industry	Institute of Directors	Federation of Small Businesses
National Farmers Union	EEF – The Manufacturers Organisation	Vale Business Forum
Cirencester Chamber of Commerce	Cheltenham Chamber of Commerce	Gloucester Chamber of Commerce

## 11: Governance arrangements

- 11.14 The LEP Board comprises cross-sector representation including the County Council, a representative of district councils; a representative of Higher Education and a representative of the Further Education Colleges; the voluntary and community sector; and a majority from a cross-section of the private sector.
- 11.15 The Project Steering Group has included representation from the County Council; District Councils; University of Gloucestershire; and the Local Nature Partnership.
- 11.16 Cross cutting focus groups have been held across the county, with representation from a wide variety of business sectors and sizes.
- 11.17 Task & Finish Groups were formed by us to develop our plan and priorities within it have, in addition to engagement with the organisations referred to earlier, also included consultation with:-

Rural and Environmental representatives	Opt-in partners
Civil Society	Skills Funding Agency
Equalities organisations	Jobcentre Plus
Country Landowners Association	TUC & Trade Unions
Sector Skills Council	

- 11.18 All of the above is supported further by:-
- An inter-active website with quarterly surveys to the business community of the county;
  - LinkedIn business discussion groups, Twitter chats and feeds, and an active presence on Facebook, all used by us to seek views and comment from the business community;
  - Around 400 Gloucestershire Ambassadors committed to promoting the county and utilised by us as sources of knowledge, information and opinion on business matters.
- 11.19 A list of the businesses and other organisations with whom we regularly engage is attached as Appendix 1.

## Sustainable Development

- 12.1 Sustainable development requires us to achieve economic growth without compromising the environment and our quality of life, including that of future generations. This is particularly important to GFirst LEP and its partners given the high quality of our natural environment and the extensive nature of our countryside which need to be balanced with our ambitious targets for growth. We are committed to ensuring that the ESIF promote economically, socially, physically and environmentally sustainable forms of development and growth.
- 12.2 We support the Government's five principles concerning sustainable development as outlined in the table below:

<p><b>Living Within Environmental Limits</b> Respecting the limits of the planet's environment, resources and biodiversity – to improve our environment and ensure that the natural resources needed for life are unimpaired and remain so for future generations.</p>
<p><b>Ensuring a Strong, Healthy and Just Society</b> Meeting the diverse needs of all people in existing and future communities, promoting personal wellbeing, social cohesion and inclusion, and creating equal opportunity for all.</p>
<p><b>Achieving a Sustainable Economy</b> Building a strong, stable and sustainable economy which provides prosperity and opportunities for all, and in which environmental and social costs fall on those who impose them (polluter pays), and efficient resource use is incentivised.</p>
<p><b>Using Sound Science Responsibly</b> Ensuring policy is developed and implemented on the basis of strong scientific evidence, whilst taking into account scientific uncertainty (through the precautionary principle) as well as public attitudes and values.</p>
<p><b>Promoting Good Governance</b> Actively promoting effective, participative systems of governance in all levels of society – engaging people's creativity, energy, and diversity.</p>

- 12.3 All delivery partners and stakeholders of the SIF strategy will be made aware of these five principles and of the real need to protect the environment during the implementation phase of this strategy.
- 12.4 Projects recommended for funding through ESIF will aim to deliver positive environmental impacts and minimise negative effects and all successful bids will be required to set out how they will do so.
- 12.5 The collection of relevant and appropriate data will also be a fundamental part of commissioning/project approval and ultimately contractual conditions so that the impact of interventions in relation to their contribution to sustainable development can be properly identified, monitored and evaluated.
- 12.6 The assessment will be shaped by current Government and European guidelines and will adapt and adopt the Environmental Impact Assessment procedures outlined in previous ESF/ERDF guidance. For example, capital investments would be expected to achieve nationally recognised standards: BREEAM Excellent for new build; BREEAM Very Good for refurbishment; and CEEQUAL Very Good for infrastructure projects.
- 12.7 Previous ESF/ERDF procedures will be adapted and adopted in cooperation with sustainable development leaders in the County including the University of Gloucestershire, Severn Wye Energy Agency, and Gloucestershire Local Nature Partnership. This will ensure that the Government and EU requirements will be met along with locally established need.
- 12.8 Roger Mortlock, Chief Executive of Gloucestershire Wildlife Trust and Chair of Gloucestershire Local Nature Partnership will be responsible for the implementation of sustainability in the delivery of this strategy.

## Equal Opportunities

- 12.9 We recognise that groups and individuals within society face both direct and indirect discrimination and that some individuals face discrimination in more than one respect. As such the LEP promotes equality of opportunity and fully adheres to the Equality Act 2010. This SIF strategy aims to promote equality of opportunity and to ensure that no individual, group or organisation is discriminated against in the implementation of this strategy.
- 12.10 This ESIF Strategy demonstrates our commitment to equality issues by ensuring that proposed programmes and initiatives are accessible to the nine groups with protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, gender and sexual orientation). Delivery programmes will respect the principles of non-discrimination and equal opportunities, and be relevant to all communities in Gloucestershire.
- 12.11 The tables below (taken from the Gloucestershire Equality Profile 2013) compare the nine protected groups as a percentage of the total population of Gloucestershire to that of England. They show that in general Gloucestershire is representative of the wider population of England. There are some notable exceptions:
- Gloucestershire has an older population
  - Gloucestershire has less single people and more married couples
  - Gloucestershire has fewer black and ethnic minorities

This strategy acknowledges these differences and we will consider them when implementing the strategy.

- 12.12 As well as promoting equal opportunities, we will ensure that equality is embedded into the delivery of all projects responsible for the delivery of activities set out in this SIF strategy. All projects, covering all thematic objectives, will undergo an assessment of their equality. The assessment will be shaped by current Government and European guidelines and will adapt and adopt the Equality Impact Assessment procedures outlined in previous ESF/ERDF guidance. All projects will be expected to monitor and report on equal opportunities.
- 12.13 We will work with our partners, the Managing Authorities and the Local Growth team to ensure that all project development, commissioning and tendering procedures support the following principles: advancing equality of opportunity between people in our target groups; ensuring the elimination of unlawful discrimination, harassment and victimisation
- 12.14 We will incorporate equality and anti-discrimination requirements in project specification and commissioning and will ensure any contractual arrangements include appropriate arrangements for identification of issues, baselines, monitoring and evaluation. We will work with our identified opt-in organisations and other partners to ensure barriers to equality are being proactively tackled at delivery level.
- 12.15 Gender balance within the Gloucestershire Investment Board will be effectively managed. Where more than one person is suitable to take up a position on the board an assessment of the current gender balance will be made and the person that brings balance will be selected. As well as gender balance, other equality groups will be assessed prior to appointing board members to ensure balance across under-represented groups.
- 12.16 Communications, as a result of this strategy, will undergo an assessment of their suitability prior to publication to ensure equality issues form part of the design process. Online communications will be designed to AA accessibility standards. Large font and Braille copies of literature will be offered and made available on request. Furthermore, where relevant communications channels will also be assessed to ensure communication reaches under-represented groups.
- 12.17 GFirst LEP Board member, Dr Claire Mould, Chair of the Gloucestershire Voluntary Community Sector Alliance and Chief Executive Officer of the Open House charity, will be responsible for the implementation of equal opportunities in the delivery of this strategy.

## Age

	Population	0-19 years	20-64 years	65+ years
Gloucestershire	596,984	22.9%	58.5%	18.7%
England	53,012,456	24.0%	59.7%	16.3%

## Disability

	With a long term limiting illness or disability	No Long Term Limiting Illness or Disability
Gloucestershire	16.7%	83.3%
England	17.6%	82.4%

## Gender Reassignment

	Population
Gloucestershire	0.6 - 1.0%
England	0.6 - 1.0%

## Marriage and Civil Partnerships

	Single	Married	Same-sex Civil Partnership	Separated	Divorced (formerly same-sex)	Widowed (formerly same-sex)
Gloucestershire	30.5%	50.2%	0.3%	2.3%	9.5%	7.2%
England	34.6%	46.6%	0.2%	2.7%	9.0%	6.9%

## Pregnancy and Maternity

	Births to mothers under 20	Births to mothers aged 20-24	Births to mothers aged 25-34	Births to mothers aged 35-39	Births to mothers aged 45+
Gloucestershire	4%	17%	57%	17%	4%
England	5%	18%	56%	16%	4%

# 12: Cross-cutting Themes

## Race

	White	Black or Ethnic Minority
Gloucestershire	95.4%	4.6%
England	85.4%	14.6%

## Religion

	Christian	Buddhist	Hindu	Jewish	Muslim	Sikh	Other	None	Not Stated
Gloucestershire	63.5%	0.3%	0.4%	0.1%	1.0%	0.1%	0.5%	26.7%	7.5%
England	59.4%	0.5%	1.5%	0.5%	5.0%	0.8%	0.4%	24.7%	7.2%

## Gender

	Male	Female
Gloucestershire	49.0%	51.0%
England	49.2%	50.8%

## Sexual Orientation

Estimate of Lesbian, Gay and Bisexuals	
Gloucestershire	5-7%
England	5-7%





## Specific approaches within the EUSIF Strategy to enhance equal opportunities

### Support network for business women

- 12.18 Official figures from the Global Entrepreneurship Monitor (Kelley et al 2011) show that there remain more male than female entrepreneurs in the UK (men are around twice as likely to be entrepreneurially active as women). In fact, if women were engaged in entrepreneurial activity at the same rate as men, there could be an extra 1 million female entrepreneurs (Women's Business Council, June 2013). However, there are signs in recent years that female entrepreneurs are on the rise. A growing number of women in the UK are setting up on their own, according to figures released by the Office for National Statistics in July 2013. These showed that there were 1.25 million women in self-employment, including business owners, from March to May 2013. This was 19% higher than the same period in 2008, compared with growth of only 4% in the number of self-employed men. It is worth emphasizing that by equalizing the labour force participation rates of men and women, the UK could further increase economic growth by 0.5 percentage points per year, with a potential gain of **10% of GDP by 2030**.
- 12.19 As it is, there are over 2.4 million women who are not working but want to work and over 1.3 million who want to work more hours (Government's response to the Women's Business Council Report, June 2013). The LEP will therefore consider how existing initiatives to encourage more women into business can be supported in the future.
- 12.20 Creating a strong peer group where women across the county can share ideas, trade with each other and act as a valuable support network would enable the county to create a valuable pool of entrepreneurial start-ups which would positively impact GVA.

### Supporting individuals within deprived communities to set up in business

- 12.21 According to recent Office of National Statistics (ONS) figures, 85 per cent of the growth in employment in the first three months of 2012 was due to people starting up in self-employment (FSB, 2012) and with four people competing for every single job in the UK it is important we equip those from deprived communities with the skills, finance and expertise to start up their own business. We will consider including within proposals for the Growth Hub, schemes to provide training, access to finance and business mentoring within deprived communities and for social enterprises.

### Social Innovation

- 12.22 In the context of this strategy social innovation is the development and implementation of new ideas to meet social needs and create new social relationships or collaborations. Innovation can come from individuals, community groups, third sector organisations, local authorities, private enterprise, etc.
- 12.23 Within the strategy the social inclusion strand commits to:
- Supporting the development of young peoples' financial inclusion by providing a strategic approach to reducing instances of financial exclusion by working with young people.
  - Supporting individuals with multiple and complex needs by increasing employment opportunities for socially excluded people.
- 12.24 The two areas above form only part of the social innovation dialogue. Many other activities outlined in this strategy are aimed at entrepreneurship, skills development and business growth are as relevant to social entrepreneurs and social enterprises as they are to their industry counterparts. Enhancing the growth potential of social enterprise has great value, not just in addressing social need but also in the positive economic impact that social enterprise has on the region, and in particular to their locality. A study by Social Enterprise UK, 2013, found that 38% of social enterprises work in the 20% most deprived communities in the UK compared with 12% of traditional SMEs, bringing much needed economic activity and jobs to the poorest areas. 38% of social enterprises saw an increase in turnover compared with 29% of SMEs, in 2012, showing higher growth in social enterprises than SMEs. Additionally, 56% of social enterprises developed a new product or service in the last 12 months compared with 43% of SMEs. New product or service development is often used as a proxy indicator of business innovation.

12.25 Addressing social need and wealth and job creation are not the only positive impacts of supporting social enterprise. Compared to traditional SMEs, social enterprises are 19% more likely to be led by women and are 17% more likely to have leadership teams with Black, Asian and Minority Ethnic community representation, (State of Social Enterprise Survey 2013).

12.26 Specific measures will be implemented to increase third sector participation in the actions for entrepreneurship, skills development and business growth.

### Gloucestershire Gateway Trust

12.27 Within Gloucestershire there is an opportunity for us to work with Mark Gale, Chief Executive of Gloucestershire Gateway Trust and former UK social entrepreneur of the year.

12.28 Gloucestershire Gateway Trust is a social enterprise which aims to generate the maximum long term charitable benefit for residents in their target communities in Gloucestershire, two of which (Podsmead and Matson & Robinswood) are in the most deprived 5% nationally. Working in partnership with Westmorland Limited, Gloucestershire Gateway aim to harness the potential local benefit of a new multi million pound Motorway Services Area, Gloucester Services, located between junctions 11a and 12 of the M5.

12.29 The Motorway Services Area, with its innovative green-roof design, drainage system and habitat creation, will source goods and services from farmers and businesses in Gloucestershire and the South West, and provides an example of a collaborative partnership delivering much needed sustainable regeneration for the local community. The northbound services will open in the summer of 2014 and the southbound services, supported by GFirst LEP through its Growing Places funding, will then follow.

12.30 As part of this collaborative partnership Gloucestershire Gateway will benefit from a percentage of turnover at the MSA which will be utilised to support the following local charities and community partners:-

- **Fair Shares Community Timebank:** To support the development of timebank volunteering in Stonehouse and Stroud.
- **GL Communities:** To setup and recruit residents to local education and training courses to raise residents' confidence, skills levels and help them become work ready - particularly for people who have been out of the labour market for long periods because of ill health, disability, caring responsibilities or unemployment.
- **Play Gloucestershire:** To deliver new or additional play sessions through their roaming Play Ranger teams in the target communities.
- **Nelson Trust:** To support the delivery of drug and alcohol addiction services in the target benefit communities.
- **Gloucestershire Wildlife Trust:** To support the development of awareness amongst residents of nature and wildlife in our target areas. To support and promote the strategic development of the Cotswold, Severn Vale and Forest of Dean 'Wildlife Highways'.
- **Stonehouse Partnership:** To support the development of APT Central on the Park estate as a community hub.

12.31 This £40million project will create 300 jobs, the majority of which will be recruited from within the local community.

12.32 Our future plans include engagement with Mark Gale as a member of Gloucestershire Investment Board and working with Gloucestershire Gateway to:-

- Develop an innovative sustainable social enterprise model capable of being replicated elsewhere within the county;
- Work co-operatively with communities and charities with similar visions, utilising Gloucestershire Gateway as a role model;
- Develop guidelines for creation of ethical business policies;
- Act, in partnership with Gloucestershire Gateway, as incubators for innovative sustainable social enterprises.

- 12.33 GFirst LEP Board member, Dr Claire Mould, Chair of the Gloucestershire Voluntary Community Sector Alliance and Chief Executive Officer of the Open House charity, will be responsible for the implementation of social innovation in the delivery of this strategy.

### Supporting the social innovation cross-cutting theme

- 12.34 Local authority employees in Gloucestershire have direct experience of managing social innovation projects. This experience will be used to inform our approach to embedding social innovation within EU SIF-funded activities 2014-2020.
- 12.35 In particular, The South West Community and Social Enterprise Facilitation Service (CaSE) was established as a facilitation/development support service for existing/potential rural community and social enterprises across the South West and several successful projects were managed under this initiative in the period 2010-13 in Gloucestershire.
- 12.36 Social innovation will also be embedded through:
- The specification and commissioning process which will encourage those responding to calls to develop and present social innovation solutions as part of their responses;
  - The monitoring and reporting process which will highlight examples of social innovation;
  - Dissemination events and activities which will highlight examples of social innovation.

## Appendix 1: Businesses and other organisations

Below is a list of the businesses and other organisations with whom GFirst LEP have regularly engaged and consulted during the course of development of our plans.

### Project Steering Group Members

• Joint Core Strategy representative	• Gloucestershire County Council representative	• Local Nature Partnership representative	• University of Gloucestershire representative
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### Task & Finish Group Members

• GE Aviation	• Allcooper	• Green Gourmet	• Gloucestershire College
• Versarien	• University of Gloucestershire	• Hunter Page	• OPEN House Charity
• Clarkson Evans	• GEL	• Natwest	• Severn Wye Energy Agency
• Gloucester Academy	• Harrison Clark Rickerbys	• Atkins Global	• Jobcentre Plus
• Randall & Payne	• Investec	• ARUP	• South Gloucestershire & Stroud College



Sector Group Members			
• Moog Controls Ltd	• Barclays	• Brunsdon	• Roberts Limbrick
• AGD Systems	• Santander	• Willans LLP	• Kier Group
• Delphi Diesel Systems	• Lloyds	• The Fry Group	• Newland Homes
• Fluid Transfer International Ltd	• Clydesdale	• Cleeve School	• Alder King
• Trackwise Designs Ltd	• Handelsbanken	• Sharpness Dock Ltd	• Barnwood Construction
• GE Aviation Systems	• Fredericks	• Alder King LLP	• EG Carter
• Helipebs Controls Ltd	• Natwest	• Heather Resource Management Ltd	• Quattro Design Architects
• SPP Pumps	• Gilders Transport Ltd	• Achieving the Difference LLP	• Bruton Knowles
• Allcap Ltd	• Harper Sheldon	• HR Champions	• Robert Hitchins
• Omega Engineering	• Atkins	• BookCheck Ltd	• Markey Builders
• Renishaw	• KBW Property	• Gloucester Academy	• Hunter Page
• Spirax Sarco	• Hazlewoods	• Randall & Payne	• Nicholas J Upton and Partners
• Omega Resource Group PLC	• Gloucestershire Education Business Partnership	• Cirencester College	• Two Rivers Housing
• SOHO Coffee Company	• Crowe Clark Whitehill LLP	• Gloucestershire Chamber of Commerce	• BPE Solicitors
• Cheltenham Festivals	• Severn Controls	• Cloud 2020	• Colesbourne Gardens
• Cotswold Style Ltd	• Green Fuels Ltd	• Ecclesiastical Insurance Group	• RAU South West Rural Update
• Cheltenham Design Festival	• SWEA	• Tripod IT	• Gloucestershire Rural Community Council
• JTT Events	• Ecotricity	• Jatech	• Country Land and Business Association
• Creative Network	• Commercial Group	• Lister Communications	• National Farmers
• University of Gloucestershire	• Hermes Energy Services	• Trillium Developments	• Business West Union
• Art Couture Painswick	• Wysenergi	• Tomorrow's Business International Ltd	• Forest of Dean Local Action Group
• Snow Business International	• Action Image Productions	• Paravail	• Strutt & Parker
• Steve Kelly Design	• Hasty Pen Ltd	• Charlton Networks	• Hartpury College

Sector Group Members			
• CEO & Creative Director	• Creative Network	• CCRI	• National Farmers Union
• Moose Marketing & PR	• Prestbury Marketing	• Rodmarton Farms NFU/CLA	• RAU South West Rural Update
• p4films	• Goodrem Nicholson	• Neon Play	• Royal Agricultural College
• Supergroup	• The Cotswold Chef	• Gloucestershire Airport Ltd	• Gloucester Quays
• Beechwood Shopping Centre	• Lansdowne Villa	• Creed Foodservice	• Eastgate Shopping Centre
• Taurus Crafts	• Painswick Rococo Garden	• Stagecoach West	• University of Gloucestershire
• Gloucestershire College	• Cotswolds Finest Hotels	• Royal Logistics Corps	• Cheltenham Task Force
• Abbey Carpets & Flooring	• Gloucester Quays	• Panex	• Lock Stock and Barrel
• Regent Arcade	• Cotswold District Council/Cotswolds Tourism	• J. Sainsburys	• Cheltenham Town Centre Manager
• Cavendish House	• Debenhams	• Laithwaites Wines	• Canal & River Trust

Focus Groups		
• Twynetics/Old Manor Holiday Cottages	• Business Strategy Consultant	• Cirencester Community Development Trust
• iswise	• Omnisca Consultants LTD	• Cotswolds District Council
• Tewkesbury Town Team	• University of Gloucestershire	• Robin Thompson MCIPR
• Emsea	• Ashgreen Business Services	• Chute Design
• Castlehead Investments	• Gloucestershire Enterprise	• Indesosa LTD
• Rowan Dartington	• Roses Theatre	• webNvideo
• Helen's Allsorts	• Global Arts Inc LTD	• Colesbourne Gardens LLP
• Community Works	• UCSM Limited	• Four Pillars Hotel
• Tewkesbury Rugby Football Club LTD	• Aspray Gloucestershire	• Eric Cole & Partners
• Cheltenham Chamber of Commerce	• Gloucestershire Chamber of Commerce	• Media Eden
• Original Books LTD	• Fairford & Lechlade Bus Club	• South West Apprenticeship Company
• HMMH	• HR Business	• KVF
• Witton Recruitment	• MBE Systems LTD	• Federation of Small Businesses
• New Brewery Arts	• Design Print Imagination	• Ladysmith Farming
• Graham Adams Associates	• Skills2Go	

Voluntary Sector		
• Gloucestershire Credit Union	• Forest Talk – blind and visually impaired newspaper	• Cotswold District Council Community Team
• People & Places Cheltenham	• Lives Through Friends	• Gloucestershire County Council Children & Young People's Commissioning Unit
• Gloucestershire Association for Voluntary and Community Action	• Ruardean Church	• Inspiring Families
• Stoke Association	• Young Gloucestershire	• Greensteps
• Gloucestershire Old Peoples Forum	• Ruardean Carnival	• Cheltenham Borough Homes
• Stroud VCA	• Civil Service Retirement Fellowship	• Vision 21
• Gloucestershire Rural Community Council	• Strim and Trim Community Gardening Service	• TCV
• Treasure Seekers Performing Arts	• Kingfisher Church	• Gloucestershire Reintegration Team
• Open House	• Teens In Crisis	• Cheltenham Borough Council
• Together in Matson	• Furniture Recycling Project	• Springbank Friends
• Cotswold Volunteers	• Prior Park Neighbourhood Project	• Star College
• Forest Voluntary Action Forum	• Tewkesbury Borough Council Community Development Team	• Aston Project
• Age Concern Forest of Dean	• Youth & Community Services CIC	• Gloucestershire Association of Parish & Town Councils
• Age UK Gloucestershire	• PATA	• Disabled Responsible Older People, Gloucestershire
• Lydney Community Centre	• The Churn Project	• Barton & Tredworth Community Project
• Cheltenham YMCA	• Meningitis Now (formally Meningitis Trust)	• Forest Youth Workers Network
• Boys Brigade	• Gloucestershire Council for Voluntary Youth Services	• Family Lives
• Scout Association	• Girl Guiding Gloucestershire	• Gloucestershire Young Carers



# Acknowledgements

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