



# Oxfordshire Local Enterprise Partnership

## Oxfordshire LEP

## European Structural and Investment Fund plan

*Final October draft v2*

*04/10/13*

### 1 Introduction

Nowhere is better positioned to deliver Europe 2020's goals of Smart, Sustainable and Inclusive Growth than Oxfordshire. Our economy is truly knowledge based. We possess world class energy research clusters and a thriving environmental innovation sector. Our labour market is hungry for skills at all levels. Our economy is growing. We contribute hugely to the country's output at the same time as being custodians of outstanding natural assets.

Yet we could deliver much more. Our growth potential is inhibited by inadequate infrastructure and poor connectivity. Our key strategic sectors are too isolated from the rest of the county. Business success is held back by lack of skilled workers at the same time as the numbers of long term unemployed people grow, concentrated in particular localities, where school performance is also below standard. Our businesses lack access to adequate sources of finance, our transport system slows us down. Affordable housing is at a premium, our rural areas are poorly served with essential services, our broadband connectivity is inadequate for current let alone future demand.

Oxfordshire has come together to create a vision for the future to realise our potential for ourselves and our country. Our Local Enterprise Partnership has the active involvement of all the most important stakeholders from all sectors, and is well advanced in designing the routes to a successful future, for example by negotiating a City Deal with Government to deliver an Oxfordshire which is innovating, thriving and making its full contribution to jobs and growth.

This European Structural and Investment Fund (ESIF) plan sets out our proposals for the use of the c£17.2m European funds which have been earmarked for Oxfordshire for the 2014-2020 period. It is designed to boost our ability to innovate, support business growth and job creation, and provide opportunities for residents throughout the County to participate in our high skill, high quality labour market.

Our ESIF plans have been drawn up against the backdrop of the much broader strategy for Oxfordshire which is being developed by the LEP, and is but one of many sources of funding and support, with our City Deal proposals being at present the furthest advanced. EU funds do not exist in isolation, and are constrained in both their scale and the activities to which they can be directed. Our proposals have therefore been drawn up in light of the broader, innovation driven growth ambition for Oxfordshire, and are designed to target EU funding to the areas where we believe they can make the most difference.



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Section 2 of this plan gives an overview of the current economic and social position of Oxfordshire, our potential and the inhibitors which hold us back. Section 3 presents in detail our proposed investment priorities for EU funds and the sort of activities we envisage supporting under them. Sections 4 and 5 consider the question of match funding availability for our EU programme, and the potential role of new Financial Instruments. Section 6 looks at possible alignment with other EU programmes and Section 7 our views of the ways to integrate the cross cutting themes of sustainable development and equality of opportunity into our programme. We conclude with our preliminary view of management arrangements for the future programme and of collaboration with neighbouring and other LEPs.

This draft plan has been prepared in light of the guidance provide by BIS up to October 2013. At this point it is clear that many key issues remain to be clarified at central level. From Oxfordshire's point of view, we also wish to make clear that our preliminary proposals made here remain to be tested and refined as part of our planned stakeholder consultation process over the remainder of 2013, and in light of our continuing discussions with other LEPs over possible joint work.



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## 2 The Local Picture

This section presents an overview of Oxfordshire's current economic, labour market, business and social conditions, and concludes with a summary of the broad strategic priorities which Oxfordshire LEP has agreed in response to them. It provides the context for the specific European funding proposals which follow in section 3.

### 2.1 Location

There are five local authorities covered by the Oxfordshire LEP, comprising: Cherwell, Oxford City, South Oxfordshire, Vale of the White Horse, and West Oxfordshire. Together the area contains 660,800 residents and a number of strategically important locations, most notably the Universities of Oxford and Oxford Brookes, their associated research infrastructure, and a number of globally significant business sectors.

The LEP area is well-located around strategic transport links: 40 miles from Heathrow, Europe's premier hub airport, as well its own small airport and easy accessibility to Birmingham airport. It is 50 miles from the centres of London and 80 from Birmingham. Despite its excellent strategic road and rail connectivity, its more local transport infrastructure is congested and lacking both capacity and connectivity.

Oxfordshire is the most rural county in the South East, and includes a number of locally important small market towns in addition to the larger settlements of Oxford and Banbury. Over 50% of the population live in settlements of fewer than 10,000 people, whilst nearly 9,000 work in agriculture related industries.

### 2.2 Economy

Oxfordshire is one of the best-performing and most innovative LEP areas in England and has unique assets to support growth in the national economy.

Oxfordshire is a significant regional economy, contributing £15.5 billion a year to national output<sup>1</sup>. The LEP area has GVA per capita above the national average (£23,600 compared to £21,300). GVA has increased significantly in the last decade or so, and in 2011, the Oxfordshire LEP area had the 6th highest GVA per capita among 39 LEPs.

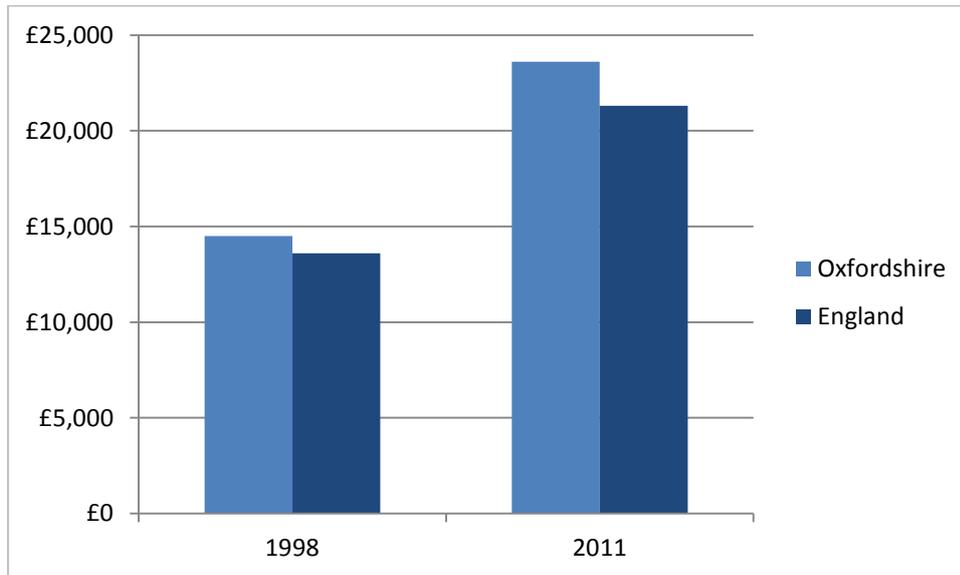
At the same time, the Oxfordshire LEP area has not fully realised its potential, held back by infrastructure limitations, skills shortages and inadequate connectivity. Although economic output per capita is above the national average in the LEP area, a recent study undertaken by SQW on behalf of Oxford University indicated that if Oxford had grown at the same rate as Cambridge over the last decade, £500m more GVA would have been created in the local economy.

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<sup>1</sup> ONS, Regional Gross Value Added, 2011



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## 2.3 Labour market

The Oxfordshire LEP area has a strong and well-functioning labour market, demonstrated by high levels of employment, high resident wages, and low levels of economic inactivity. The LEP area has the highest employment rate among LEPs in England. For the period April 2012 - March 2013, 346,600 Oxfordshire residents were in employment - 77.9% of those aged 16-64<sup>2</sup>. Employment is relatively high across the LEP, although there is variation between districts (from 71.5% of working age people in Oxford, to 84.1% in Cherwell).

For the LEP area as whole, over half of employment (53%) is found in high skilled occupations, considerably above the national average, and a high rate of employment is in the 'knowledge economy' (26.5%), associated with high levels of labour productivity and competitiveness in the global economy. This strength in the labour market is reflected in high median salaries for residents (£27,000 in Oxford - £31,300 in the Vale of the White Horse).

Oxfordshire is home to c29,000 businesses<sup>3</sup>, 90% of which are micro businesses employing fewer than nine staff. Fewer than 3% of our businesses employ more than 250 staff. 12,000 businesses (c40%) operate in the science, technology, engineering and mathematics (STEM) sectors, employing over 60,000 people— c20% of our workforce.

The top 10 employment sectors for Oxfordshire in 2008 are listed below<sup>4</sup>, with the numbers employed in brackets:

- Knowledge Intensive businesses, including banking & finance and research (48,000 including 6,400 in Research & Development)
- High Tech Manufacturing, excluding ICT (43,000)

<sup>2</sup> ONS annual population survey

<sup>3</sup> Oxfordshire Skills Board

<sup>4</sup> Oxfordshire Skills Board



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- Education (41,200)
- Retail (37,700)
- Health, including Social Care (34,000)
- Creative Industries (30,100)
- Tourism & Visitor economy (24,000)
- Military (15,000)
- ICT (11,400)
- Agriculture & Rural (8,900 including 3,900 in agri-food processing)

The dominant employment sectors are public administration, education and health (30% of total employment), which is now Oxfordshire's second largest contributor to the county's economy (as measured by GVA), the recent growth of which has been above other sectors. Other dominant sectors are banking, finance and insurance (22.8%), distribution, hotels and restaurants (22.3%). Additional economically and socially important sectors for Oxfordshire according to previous researchers include telecommunications, life sciences, protective services and the voluntary and community sector.

Fewer than 6,000 of our working age population claim Job Seekers Allowance c.1.3% (Aug 13) - a drop of almost 4,000 from the peak in April 2009. A challenge of virtual full employment is the ability of employers to find and recruit suitably qualified staff, especially in professional (level 4 and above) and technical and associate professional level business sectors (level 3 and above) where over 7,500 vacancies exist with fewer than 600 people seeking those roles. Similar labour shortages exist in skilled trade occupations – with c1,150 vacancies registered against 500 people seeking them.

Only 69,500 Oxfordshire residents – 16.4% of working age people – were economically inactive between April 2012 and March 2013, a far lower proportion than the national average (22.7%). A relatively high share of economic inactivity is accounted for by students and retired people, meaning there is little 'hidden' unemployment compared to other parts of the country. Unsurprisingly, economic inactivity is highest in Oxford City.

## 2.4 Workforce skills

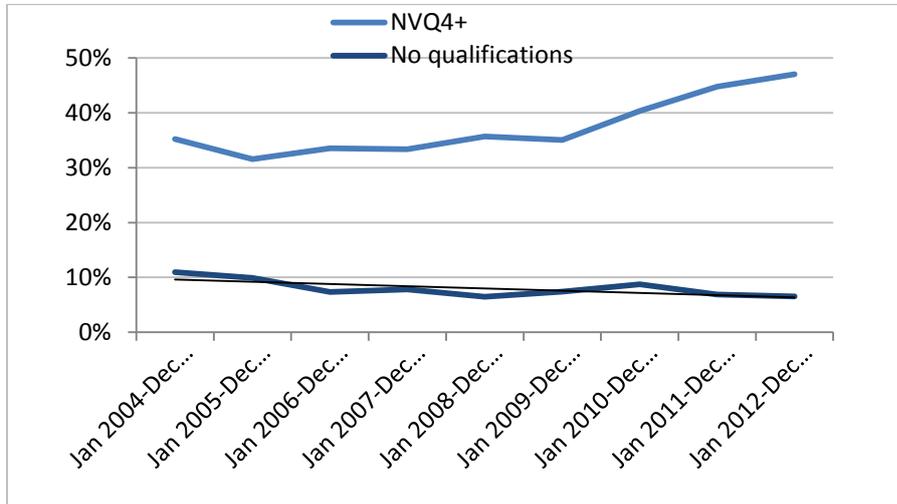
Associated with its strong labour market performance is Oxfordshire's highly skilled resident base. In 2012, 197,900 people were qualified at NVQ4 and above - 47% of residents aged 16-64. This is the second highest rate among 39 LEPs (only the London LEP area showed a stronger performance). The proportion of the local population qualified at NVQ4 and above has grown strongly in recent years: in 2005 only 31.6% of working age residents were qualified at this level.

At the same time, the share of the population without qualifications is low in the Oxfordshire LEP area. 36,300 people – 8.7% of residents – had no qualifications in 2012, a proportion which has fallen over the last decade. This is significantly below the national average (9.5% for England), although only the 13<sup>th</sup> best performance among LEPs. There are however some stark spatial variations: in Blackbird Leys in Oxford, 46% of residents lack any qualifications, with a number of other areas characterised by a combination of low skills levels, high unemployment and worklessness.



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Figure 1: Resident skills (aged 16-64)



Source: ONS annual population survey

According to the Oxfordshire Employer Skills Study in 2010 7% of employers were reporting that their vacancies were hard to fill. The dominant reason for recruitment difficulties was a lack of applicants with the required skills; this issue was more common in Oxfordshire than nationally and in neighbouring areas with similar economies such as Berkshire and Surrey. In 2010, 11% of employers reported that recruitment was becoming more difficult. 1 in 5 of those reporting difficulties were trying to recruit to higher skilled occupations particularly professionals or technical/ skilled support occupations. Recruitment difficulties were more of an issue in the manufacturing sector and among employers engaged in science & technology activities. We lack sufficiently highly skilled people to fulfil all the positions needed now, let alone into the future. This may be evidenced by Culham Centre for Fusion Energy - who report over 70 skilled vacancies:

*'going forward we envisage needing many more engineers and technicians to support our future Fusion technology roadmap which includes developing centres of excellence in remote handling, materials testing and other specialist areas....at present the single greatest risk to CCFE is the lack of skilled technicians'*

For an area rich in science and technology, with huge growth potential it is essential that we broaden the appeal of science based employment and increase the investment into the sector. Currently less than 5% of existing Skills Funding Agency budget invested in the County supports science, technology, engineering and mathematics ( STEM) delivery.

Service roles also play an important role in supporting local economies and providing the services required by businesses and investors – with significant numbers of roles available at entry and lower skilled entry points. The story is not dissimilar in these sectors, including care and hospitality where 900 vacancies exist with 350 people seeking these roles. The planning pipeline shows significant potential employment growth in these sectors, with four developments (retail and logistics led) potentially creating 9,500 jobs alone in the mid-term.



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Analysis by the Oxfordshire Skills Board provides clear evidence of skills supply and gaps in the economy. For the most significant sectors, the pipeline from current learners shows specific for the following sectors:

- Business Administration and Technology: relatively popular with students and adult self-learners but only representing 4.5% and 3.5% of courses offered by sixth forms and colleges, despite being a very large employment sector where employers report significant skills shortages
- Engineering & Manufacturing: although STEM subjects overall have shown increased in take-up in recent years, vocational style qualifications in engineering and manufacturing languish, with falling adult enrolments and only 53 16-18 year olds starting engineering apprenticeships in 2011
- Retail: a large sector reporting continuing skills gaps has only seen a slow increase in college based skills development and qualifications
- Care: rapidly increasing demand, an ageing workforce and increasing skills, competence and safeguarding requirements is not matched by a sufficient increase in qualifications and courses being offered and taken up.

Clearly growth presents significant opportunity, but also significant challenge to an economy struggling to service existing demand. Oxfordshire needs a local skills infrastructure that is aware of and responsive to sectors of labour and skills shortages and planned growth and development well in advance of its arrival.

## 2.5 Research base / universities

Underpinning Oxfordshire's strong economy and labour market is the area's very particular strengths in higher education and research.

The two universities in the area, the University of Oxford and Oxford Brookes University, are well established. Together they educated over 44,000 students in 2011/12, many of whom remained in the area. A significant proportion of students who study at the universities take STEM and medical related subjects<sup>5</sup> which are in high demand. Indeed, universities have a strong role to play in the availability of workforce skills; as well as in collaborative research with businesses, transfer of intellectual properties (via spin-outs and licensing), access to specialist facilities, and raising the profile of the area internationally.

The University of Oxford is particular well renowned. It is rated as the best University in Europe and in the 2013 QS World University Rankings ranked in the top five globally in 18 of the 28 subjects covered, and in 7 out of 13 STEM subjects<sup>6</sup>. In 2010/11 the University secured over £325m in grants for STEM and medical research - almost 9% of the UK total. It has also been successful in securing an ever increasing amount of support from the EU Horizon 2020 programme, reaching £35n in 2011/12. ISIS innovation, the technology transfer company which is a subsidiary of Oxford University, is one of the UK's most prolific and best regarded technology transfer companies..

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<sup>5</sup> 14,000 in 2010/11, The Oxford high technology cluster, Realising the growth potential, SQW (2013)

<sup>6</sup> Quacquarelli Symonds(QS) University World Rankings



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The Oxfordshire LEP area is also home to the Science Vale Enterprise Zone (EZ). The EZ area has a concentration of specialised science and technology that is without parallel in the UK and is globally competitive. The Science Vale area accounts for 13% of research and development employment in the South East and 4% of R&D employment in England<sup>7</sup>. Its major centres include:

- Harwell Science and Innovation Campus, which is being developed as a world-class centre for science, innovation and enterprise. Harwell has more than 4,500 people working in over 140 organisations.
- Milton Park, which is one of Europe's largest multi-use business parks, hosting more than 160 companies which employ around 6,500 people in one of the UK's foremost science communities.
- Culham Science Centre, which is home to the UK's fusion research programme, known as the Culham Centre for Fusion Energy (CCFE) and the world's largest fusion experimental facility, JET (Joint European Torus).

There are also a number of science parks in the Oxfordshire area - at Begbroke and in Oxford - that house a wide range of high-tech businesses.

The county hosts a growing number of environmental and land based bodies and initiatives making important contributions through research and demonstration, such as the Earth Trust's work on ash die-back, and the Trust for Oxfordshire's Environment.

The proximity of major research facilities to the University is unique in Europe and possibly worldwide<sup>8</sup>. These facilities contribute strength of the LEP economy in a number of ways, including:

- Direct use by business. For many experiments it is desirable, and sometimes essential, for the researcher to be on-site
- They transfer knowledge through supply contracts and direct assistance to businesses
- The business space, and associated innovation support, they are providing
- Highly skilled engineers to design, construct, maintain and operate the facilities
- More generally, raising the profile of science as a career, and promotion through extensive outreach programmes
- Further adding to global connectivity. ISIS and Diamond, in particular, attract many foreign scientists from industry and academia.

Research outputs, especially from the University of Oxford, are leading edge and of genuine interest to businesses. As an example of the potential, Oxfordshire has generated over 160 new bioscience businesses in the last seven years<sup>9</sup>.

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<sup>7</sup> <http://www.sciencevale.com/>

<sup>8</sup> The Oxford high technology cluster, Realising the growth potential, SQW (2013)

<sup>9</sup> Oxford & Oxfordshire City Deal "Oxford – where innovation drives world-class business"



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## 2.6 Business base / strategic sectors

Employment in the Oxfordshire LEP area is spread across a number of sectors. Compared with the national and regional averages, a high share of total employment is found in the education sector (14.6%) and the professional, scientific, and technical activities sector (10.9%). Employment in lower-value adding activities like transport and storage and public administration and defence is comparatively low in the Oxfordshire LEP area.

Several world class concentrations of high tech industries are located in the Oxfordshire LEP area. It is estimated that in 2011, high tech manufacturing accounted for around 4,000 employee jobs in Oxfordshire while high tech knowledge intensive services accounted for a further 16,000 jobs. Overall, these high tech sectors provided 6.2% of Oxfordshire's employee jobs; the comparable figure for England as a whole was around 5.1%<sup>10</sup>.

Strategically important sectors prominent in the LEP area are:

- Life science focus underpinned by the renowned University/John Radcliffe Teaching Hospital research excellence.
- Satellite and data communication in partnership with the European Space Agency.
- Energy market security/resilience capitalising upon the Oxford Harwell and Science Vale offer.
- Advanced engineering/automotive capacity working with leading companies such as Williams F1 and the Oxford Brookes Automotive/Advanced Engineering faculty.

Oxfordshire also has a particularly important strong low carbon sector distributed throughout its area, reflecting its position as the most rural county in the South East. Oxfordshire has unique resources to grow innovative practices for rural sustainability and low carbon. Organisations and consortia such as Southern Oxfordshire LEADER (including rural businesses), the Earth Trust and the Oxford Universities are pioneering initiatives that range from enhancing countryside landscapes through economic regeneration, to the development of Negative Emission Technologies to enhance carbon sequestration.

The LEP has a strong business base. There were 29,200 businesses in the Oxfordshire area in 2011, roughly the same as in 2009. At 44.7 businesses per 1,000 people, this is considerably above the national average (38.4 for England).

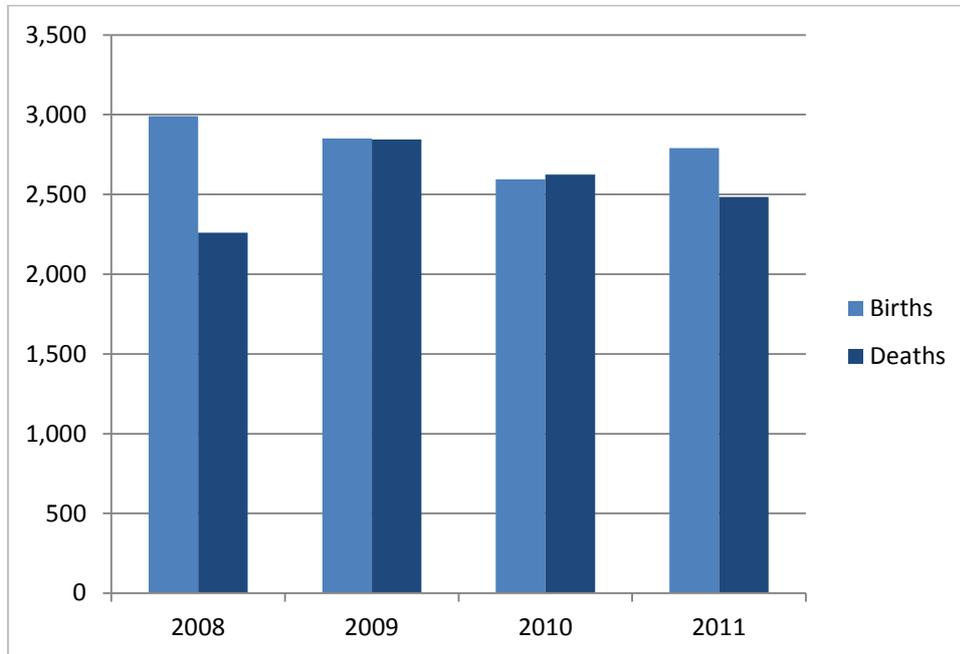
The number of business births per annum fell after the 2008 recession and remains below 2008 levels in 2011. However, the business births increased in 2011, while business deaths have declined in the last three years.

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<sup>10</sup> The Oxford high technology cluster, Realising the growth potential, SQW (2013)



Figure 2: Oxfordshire business births / deaths



Source: ONS business demography (2012)

Major firms such as BMW, Oxford Instruments, Sophos, Oxford BioMedica, Evotec, Prodrive, Williams F1, Nielsen Group, Unipart and Siemens Magnet Technology operate alongside hundreds of start-up and growing technology businesses in the area.

## 2.7 Social conditions

Although Oxfordshire is by any measure a relatively wealthy area, this does not mean there are no significant or serious social and economic issues. There are twelve areas in Oxfordshire that fall into the category of 20% most deprived in the country, mostly in Oxford, Cherwell and the Vale of the White Horse. One area falls into the category of the 6% most deprived in the country for Education, Skills and Training. Over one fifth of Oxford's children (6,000) live in poverty.

A number of rural areas in Oxfordshire fall into the 20% most deprived nationally for Barriers to Access to Housing and Services. Life expectancy in the county varies widely, with a difference of seventeen years between best and worst.

The attainment levels of Oxford pupils are relatively poor compared to other areas in the country. In 2012, 52% of Oxford pupils gained 5 A\*-C grades at GCSE (including English and Maths), compared to an England average of 59%. The quality of publicly provided education has been identified as a particular constraint for Oxfordshire, particularly with regard to STEM subjects.

16% of the population of Oxford has a main language other than English, twice the 8% national average. (2011 census)



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## 2.8 The broad vision for an innovation driven Oxfordshire

The overview of Oxfordshire given above leads us to a number of conclusions:

- Oxford and Oxfordshire has the greatest potential of any location in the UK to deliver world leading technology and business innovation.
- Although the most advanced sectors are currently located in a central belt in the county, the whole county has a contribution to make and its own potential to grow through innovation and application.
- Realising our full potential will require overcoming distinct barriers:
  - insufficient communication and networking between sectors and institutions
  - key skills shortages in both highly advanced sectors and key service areas
  - improving the interaction of supply and demand in the local labour market
  - poor internal transport connectivity
  - restricted housing availability
  - poor integration of rural areas with the wider economy
  - tackling entrenched social and economic disadvantage in particular locations

Figure 3 provides a SWOT analysis to underpin our views.

Our vision for Oxford and Oxfordshire combines transformational growth in our knowledge economy, higher skills attainment, improved inward investment, stronger infrastructure and increased housing delivery. Whilst to date our region has not realised its potential and scale, it has demonstrated the scale of its ambition by becoming the UK's fastest growing location for high-tech employment in services and manufacturing in the last decade. With this engine for growth, we propose to build on our research and enterprise resource, remove the barriers to development and infrastructure, and deliver significant economic growth.

We aim to build on our internationally renowned research capability to benefit the UK economy both domestically and internationally. We will connect the strength of our science and research base with the local economy, throughout the county including rural areas and in so doing accelerate the growth of the knowledge based economy. We will do this by establishing a new collaborative partnership across all levels of government, with our universities, science institutes and industry, and with the NGO sector, using this to deliver an interconnected network of innovation clusters that are underpinned by our science and research facilities.

Our ambitions do not lie simply with support for the leading edge of innovation and research driven growth. We plan to use the success we anticipate – and indeed to contribute to the achievement of that success – through an approach which embraces the needs and potential of the whole county. We will bring much greater integration and connectivity across our whole economy, in our city, towns and villages, to bring all our potential into play. We will tackle the pockets of deprivation and disadvantage, using our innovative ideas and growing businesses to create new opportunities and solutions. We will protect and enhance our natural heritage in ways which themselves are innovative and able to bring out its latent value.

### Figure 3: SWOT analysis for Oxfordshire 2013



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<p><b>Strengths:</b></p> <ul style="list-style-type: none"><li>• Strengths in strategically important growth sectors</li><li>• Strengths in existing knowledge economy and presence of world class HEI institutions</li><li>• Location and environment – including proximity to nearby strong knowledge economies, growth sectors, and London</li><li>• Manageable functional geography, cohesive LEP membership and short lines of communication</li><li>• Innovation, culture and leadership</li><li>• Largest rural county in the South East, rural sector employing 9000</li><li>• Large numbers of domestic and international tourists per year</li></ul>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"><li>• Underperforming economic performance in comparison with similar areas</li><li>• Under developed networking relationships within innovation rich sector</li><li>• Under developed economic relationships between innovation and high potential sectors and wider Oxfordshire economy</li><li>• Skills gaps in growth sectors particularly at higher / technical levels</li><li>• Pockets of deprivation in some urban and rural areas</li><li>• Lack of coherent vision and voice for environment and rural sector</li></ul>
<p><b>Opportunities :</b></p> <ul style="list-style-type: none"><li>• Recognition of networking gaps and collective commitment to improvement</li><li>• Established innovation corridor proposals</li><li>• Excess of supply of ideas ripe for development and exploitation over investment resources</li><li>• Ability to link innovation drive with locally developed low carbon and community based initiatives</li><li>• Ability to link innovation drive with locally developed environmental science initiatives</li></ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"><li>• Relocation away from the area of priority businesses if barriers not overcome – footloose businesses</li><li>• Competition for other global competitors</li><li>• Challenge to coordinate diversity of stakeholders to achieve overall goals</li><li>• Failure to communicate benefits to business of Oxfordshire’s natural capital assets (location and environment)</li></ul>



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European funds are but one, relatively small but important, contribution. Our broad strategy will be mobilising hundreds of millions of pounds of private and public investment, but key issues such as large scale infrastructure, major transport projects, broadband roll out and increasing housing supply are well beyond the scope of EU funds. So we turn now to our plans to use £17.2m of European investment over the next seven years.



## 3 Activities and Investment Priorities

### 3.1 EU SIF overall strategy

Our use of EU funds is guided overall by Europe 2020: seeking Smart, Sustainable and Inclusive Growth. We are in full support of the interpretation of this goal by the Government as set out in its analysis of the role of the structural funds in Britain and its focus on knowledge economy and skill development investment priorities for the funds.

Oxfordshire's draft EU investment strategy is based on clear principles:

- A rationale based on analysis of prevailing socio economic conditions and opportunities for medium and long term growth and development, blended with the activities possible using EU funds
- Close integration with existing initiatives, programmes and strategies, with the intention of complementing and adding value to those with the strongest growth and employment potential
- Concentration and targeting of funds to those areas and sectors with the greatest potential
- The goal of increasing internal integration of the Oxfordshire economy, strengthening relationships and interactions between local businesses, start ups and knowledge centres
- The goal of contributing to the overcoming of barriers to growth and employment development, in particular by improving communication flows and networking, and by improving the availability and nurturing of the skills base needed
- The goal of tackling social exclusion through interventions integrated so far as possible with the broader growth and innovation strategy, not in isolation
- Contributing to the preservation of the natural and environmental assets of the county, with a focus on identifying and supporting innovation based responses to environmental challenges and opportunities to support transition to a low carbon economy
- Embedding sustainability and equality of opportunity throughout the programme

The overall goal of this plan is to use EU funds to help deliver *innovation driven growth* for Oxfordshire. We have fully embraced the need for our EU programme to be focused and concentrated on a limited set of priority areas where we believe they can achieve the greatest added value. The overall position of Oxfordshire and its opportunities for innovation based growth were covered in detail in the section above. With regard to the integration of EU funds into the wider strategy, and in light of the need for concentration of funds, our proposals concentrate on six of the available thematic objectives and within them carefully selected investment priorities. We will be supporting fewer, larger projects and will avoid spreading our limited resources amongst too many numerous projects which lack capacity to make a strategic difference. This means we have made a number of key choices as to what to include. We are prioritising:



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- support to our most innovative, knowledge based sectors, those with the greatest potential to grow and prosper and be global leaders. This will be achieved through:
  - increased networking and connectivity between research institutions, businesses, SMEs and start-ups: the lack of fertile dialogue and exchange has been identified as a clear constraint on growth potential
  - support to high growth potential entrepreneurs, SMEs, start-ups and researchers to prototype, prove concepts, commercialise and secure finance
  - increasing the supply of the specific skills needed by priority sectors through support for traineeships, apprenticeships and qualifications particularly at higher levels
- using our Low Carbon funds specifically to support innovation driven solutions to the challenges of transition, focused on designing, testing, commercialising and mainstreaming goods, services and processes sustainable in both business and environmental terms. This to include a strong rurally based strand exploiting our green innovation strengths and important NGO sector
- using our skills and employment funds primarily to bring together labour market supply and demand, addressing sectors with the greatest skills shortages and targeting those with the potential to fill them
- specific provision for young people at risk of becoming NEET, focused transitions between different stages in education, training and employment
- a Community Led Local Development (CLLD) <sup>11</sup>strand targeted on communities seeking innovative, integrated solutions to local low carbon and sustainability issues
- a community grants scheme to channel funds through our innovative NGO sector, seeking to experiment with new, locally driven solutions to worklessness and distance from the labour market

Table 1 provides an overall summary of our proposed allocation of ERDF and ESF funds between the different thematic objectives and the initiatives related to specific investment priorities that we are proposing to take (EAFRD is not included in this table since we do not as yet have an indicative allocation).

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<sup>11</sup> CLLD is a methodology for deploying EU funds to support locally generated and led, place-based development initiatives. See section 3.6 for more on Oxfordshire's approach to CLLD and BIS Supplementary Guidance to LEPs Annex 6 for more detail on the model



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<b>Table 1</b>				
<b>Thematic Objective / Priority by fund</b>	<b>Distribution</b>	<b>Investment areas</b>	<b>Allocation within Theme</b>	<b>Annual 7 years (mean)</b>
<b>ERDF</b>	<b>£8,600,000</b>			<b>£1,228,571</b>
TO1 Innovation 45%	£3,870,000	Collaborative networking between institutions 50%	£1,480,000	£276,428
		Commercialisation support 50%	£1,400,000	£276,428
TO1/TO3 Financial instrument		Access to finance fund	TO1 £900,000 TO3 £300,000	
TO3 SME Competitiveness 35%	£3,010,000	Building growth capacity 50%	£1,400,000	£215,000
		Fostering entrepreneurial culture 50%	£1,400,000	£215,000
TO4 Low Carbon 20%	£1,720,000	Building low carbon market 50%	£860,000	£122,857
		Non domestic LC technologies 50%	£860,000	£122,857
<b>ESF</b>	<b>£8,600,000</b>			<b>£1,228,571</b>
Employment / Labour mobility: Access to employment 30%	£2,580,000	Retraining older workers 25%	£645,000	£92,142
		Literacy and numeracy for young people 25%	£645,000	£92,142
		Gender in-balance in technology sectors 25%	£645,000	£92,142
		Enhancing pathways for long term unemployed 25%	£645,000	£92,142
Social inclusion: active inclusion (20% mandated)	£1,720,000	Early intervention to avoid NEET inc work with families 25%	£430,000	£61,428
		Community Grants scheme 25%	£430,000	£61,428
		CLLD 50%	£860,000	£122,857
Education, skills & lifelong learning (50%)	£4,300,000	Collaborative projects for placements 20%	£860,000	£122,857
		SME capacity for higher skills placements 20%	£860,000	£122,857
		Apprenticeships and traineeships in priority sectors 20%	£2,580,000	£368,571

Our proposed allocation reflects the need for Oxfordshire to focus its EU funds on a limited set of top priority areas. With a greater level of funding we would be able to deliver more. We are **not**



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proposing to allocate specific funds at this point to the Thematic Priority areas of ICT, climate change adaptation, environment and resource efficiency, nor sustainable transport work.

With regard to ICT, although access to broadband is a clearly identified constraint in Oxfordshire, we do not believe using our relatively small EU allocation in this area would add sufficient value to such a large issue in comparison with our intended deployment to other areas. Broadband expansion is in any case already subject to an extensive programme in the county, focused on the rural areas, the Enterprise Zone and Oxford City, with district councils also having the opportunity to contribute financially to the recently signed contract between Oxfordshire County Council and BT.

The goals of the environmental and transport Thematic Objective areas may be advanced under our preferred priority EU Low Carbon programme, which we have chosen so as to integrate fully with our innovation driven growth goals. Both wider environmental protection and transport issues are also addressed through other initiatives such as the intended Growth Deal and other local transport policies. We prefer to concentrate our funds on our core strategy of promoting growth through exploiting our area’s unrivalled innovation potential. We anticipate that the 20% of ERDF funds earmarked for low carbon work will enable us to support growth potential in this broad area, but as our plans develop after October it may be that specific opportunities are identified which may need some resources to be channelled through climate change adaptation or resource efficiency measures. These may also be addressed in due course through funds yet to be allocated through EAFRD.

Our assessment of the TOs in relation to Oxfordshire is summarised in table 2. For TO1 to 7 our comments relate primarily to use of ERDF, except where EAFRD is shown when specific relevance to rural issues applies. Similarly for TO8 to 10, our comments apply to ESF except where EAFRD is shown to highlight specific rural ideas. The table summarises the activities we intend to deliver under the programme, which are spelt out in more detail in the text to follow.

**Table 2: Structural Fund Thematic Objectives in the Oxfordshire context**

Thematic Objective	Potential to contribute to Oxfordshire’s priorities	Framework priorities and indicative activities
TO1 Strengthening research, technological development and innovation;	<b>High</b>	Building collaborative research between enterprises across Oxfordshire and research institutions: <ul style="list-style-type: none"> <li>• <i>Innovation / Escalator hubs – actions to support establishment and functioning</i></li> <li>• <i>Networking, collaboration, links between HEIs and businesses, Venturefest model</i></li> </ul> Supporting businesses to commercialise R&D <ul style="list-style-type: none"> <li>• <i>Support to SMEs, research centres and</i></li> </ul>



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		<p><i>start ups across Oxfordshire for moving from demonstrated results to proof of concept, prototyping and commercial testing</i></p> <ul style="list-style-type: none"> <li>• <i>Eg links with Oxford University ISIS innovations</i></li> </ul> <p>Access to Finance</p> <ul style="list-style-type: none"> <li>• <i>Access to finance is a key barrier to growth in Oxfordshire. We plan a joint fund with commercial finance industry loan providers using ERDF to kick start and leverage investment funds to support innovation driven growth. Funded jointly from TO1 (to support commercialisation investment) and TO3 (to support SME growth)</i></li> </ul> <p>EAFDR: support for rural SMEs and micro businesses</p> <ul style="list-style-type: none"> <li>• <i>Linking rural enterprises to innovative developments elsewhere, including advice, networking and supply chain support, and provision of skills training</i></li> </ul>
TO2 Enhancing accessibility to and use and quality of information and communication technologies (ICT);	Medium / low	<p>Support for SME/SE development of ICT services in high growth sectors</p> <ul style="list-style-type: none"> <li>• <i>Only to be included if integral to broader Innovation / SME support goals</i></li> </ul>
TO3 Enhancing the competitiveness of SMEs;	<b>High</b>	<p>Build growth capability of SMEs:</p> <ul style="list-style-type: none"> <li>• <i>Exporting and commercialisation support</i></li> <li>• <i>Strengthening supply chain in particular integration of SMEs Oxfordshire wide (EAFRD in particular to overcome physical and connectivity barriers)</i></li> <li>• <i>Funding readiness and supporting access to finance (NB connects to existing loan funding development but not using ERDF funds)</i></li> </ul> <p>Access to finance – see TO1 section above</p> <ul style="list-style-type: none"> <li>• <i>TO3 funds in instrument to be used for SME growth</i></li> </ul> <p>Foster entrepreneurial culture</p> <ul style="list-style-type: none"> <li>• <i>Support for originators of innovation to develop entrepreneurial skills</i></li> <li>• <i>Investment readiness support</i></li> </ul>



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		<ul style="list-style-type: none"> <li>• <i>Development of innovative social enterprises particularly those with growth potential including identification and exploitation of sustainable markets</i></li> </ul> <p>EAFRD support advice and funding to businesses and entrepreneurs</p> <ul style="list-style-type: none"> <li>• <i>Support to overcome access and networking barriers and reach wider markets</i></li> <li>• <i>Targeted skills development to overcome local gaps</i></li> </ul>
TO4 Supporting the shift towards a low-carbon economy in all sectors;	<b>High (mandated)</b>	<p>Build the low carbon market</p> <ul style="list-style-type: none"> <li>• <i>Support for innovation driven low carbon technology business development across Oxfordshire (EAFRD in particular to identify rural low carbon issues to use as exemplars / test beds)</i></li> </ul> <p>Non domestic low carbon technologies</p> <ul style="list-style-type: none"> <li>• <i>Support for innovation driven low waste and renewables business across Oxfordshire (EAFRD in particular to identify rural low carbon issues to use as exemplars / test beds)</i></li> </ul>
TO5 Promoting climate change adaptation and risk prevention; TO6 Protecting the environment and promoting the sustainable use of resources	Medium / Low	<p>Our priority is to integrate our TO4 Low Carbon programme with growth and innovation opportunities across Oxfordshire. Given the need to concentrate funding to achieve maximum impact, we propose to take forward TO5 and TO6 only where they also integrate with relevant TO4 initiatives</p>
TO7 Sustainable transport	Low	Inappropriate for Oxfordshire
TO8 Promoting employment and labour mobility;	<b>High</b>	<p>Helping older workers re-train or stay engaged in the labour market</p> <ul style="list-style-type: none"> <li>• <i>Particularly to close skills gaps in growth areas</i></li> </ul> <p>Additional literacy and numeracy for young people</p> <ul style="list-style-type: none"> <li>• <i>particularly as part of a pathway to skills shortage areas</i></li> <li>• <i>Opening pathways to training and apprenticeships to young people with few qualifications</i></li> </ul> <p>Specific action to promote gender equality</p> <ul style="list-style-type: none"> <li>• <i>Promotion of STEM subjects and technical / high technology / engineering sectors to</i></li> </ul>



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		<p>women</p> <p>EAFRD support for employment creation connected to priority tourism and leisure projects</p> <ul style="list-style-type: none"> <li>• <i>Particularly where rural enterprises can be linked to identified growth opportunities</i></li> </ul>
TO9 Promoting social inclusion and combating poverty;	<b>High (mandated)</b>	<p>Early intervention with young people at risk of becoming NEET</p> <ul style="list-style-type: none"> <li>• <i>focus on attainment and retention, supporting measures</i></li> </ul> <p>Community Grant scheme</p> <ul style="list-style-type: none"> <li>• <i>Continuation of successful CG scheme, possibly in collaboration with Thames Valley partners (EAFRD including specific targeting of rural areas)</i></li> </ul> <p>Community Led Local Development</p> <ul style="list-style-type: none"> <li>• <i>Place based bottom up community led activity particularly to enable participation in which wider economic developments – subject to appropriate candidate area(s) being identified (EAFRD including continuation / modification of existing or new LEADER opportunities)</i></li> </ul>
TO10 Investing in skills, education and lifelong learning;	<b>High</b> , particularly for priority higher level skills gaps	<p>Collaborative projects for student and graduate placements</p> <ul style="list-style-type: none"> <li>• <i>Level 3 to 4 transition from STEM, into science / technology opportunities</i></li> </ul> <p>SME capacity to offer higher skills placements for growth</p> <ul style="list-style-type: none"> <li>• <i>Support to link pathways towards higher skills with placements, aimed at increasing SME involvement with apprenticeship system particularly at higher levels</i></li> </ul> <p>Support for apprenticeships and traineeships, including Higher Level Apprenticeships in priority sectors</p> <ul style="list-style-type: none"> <li>• <i>Integration with existing higher apprenticeship development</i></li> <li>• <i>Roll out of voucher scheme</i></li> </ul> <p>Support for higher and technical skills for identified growth sectors – integration with other thematic priorities</p> <ul style="list-style-type: none"> <li>• <i>Link to innovation measures in high</i></li> </ul>



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		<p><i>technology and priority sectors</i></p> <p>EAFRD support for business skills development in rural areas</p> <ul style="list-style-type: none"> <li>• <i>Targeted business skills development for rural enterprise experiencing growth inhibitions or with growth potential, particularly where aligned with other TOs eg innovation or low carbon</i></li> </ul>
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The section therefore deals with only those thematic objectives through which we propose to work.

## 3.2 Innovation

**Innovation is our key asset and at the core of our strategy. We propose to allocate 45% (c£3.9m) of our total ERDF allocation to this thematic objective. ESF skills and employment programmes will also support innovation.**

Oxfordshire’s existing strengths in, and potential to develop, world leading innovation based sectors were discussed in detail above. It is therefore obvious that this forms the core of our proposals for deployment of EU investment funds in our area. Existing interventions in support of innovation provide the backdrop to the appropriate use of EU funds, pointing to areas where current programmes are unable to contribute, or would benefit from additional and complimentary resources. We also intend to draw our rural enterprises into innovation led opportunities, through active outreach throughout the county and specific support for their inclusion wherever possible.

Our sectoral focus will be on:

- Life science focus underpinned by the renowned University/John Radcliffe Teaching Hospital research excellence.
- Satellite and data communication in partnership with the European Space Agency.
- Energy market security/resilience capitalising upon the Oxford Harwell and Science Vale offer.
- Advanced engineering/automotive capacity working with leading companies such as Williams F1 and the Oxford Brookes Automotive/advanced Engineering faculty
- Low carbon solutions drawing on innovative research and experimentation throughout the county
- We will also support social innovation by the active encouragement of social enterprises and other sustainable socially / environmentally oriented business models, for example through Low Carbon salutation and community grants / Community Led Local Development (covered in more depth in sections 3.4 Low Carbon and 3.6 Social Inclusion below)

The centrepiece of Oxfordshire’s overall approach to innovation is to resource and interconnect existing networks. As discussed earlier, lack of networking between the different players in the



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innovation space is a key constraint on reaching our potential. The Local Enterprise Partnership is developing a series of projects and resources that bring organisations together to support businesses across the area. Our knowledge economy currently relies on **fragmented and informal collaborative networks**; this is a barrier to growth. Our information and exchange networks and hubs need greater focus, connectivity, scale and reach across the region and need to be better linked with the universities, research centres and incubator accommodation that already exist. High growth Innovative companies need access to a range of services, skills and support to enable them to grow and scale their businesses. We will be using a significant proportion of our European funds to tackle these issues.

This will support our plans, being advanced through our City Deal negotiations, to bring together existing networks and support services across the region to increase the connectivity and improve the effectiveness of the innovation ecosystem. Organisations receiving resources will be obliged to use them to deliver communal outcomes and participate in network activities.

In addition to networking our planned Innovation Skills voucher scheme will address the needs of high growth companies to develop their higher level innovation skills by accessing management, leadership, entrepreneurship and innovation training and skills which will help them to grow and advance their businesses. This scheme would enable companies to access approved training courses which will help them develop their skills to enable growth and development. This will be a pilot scheme, co-ordinated by the LEP, promoted and supported by Network facilitators, and backed by local training providers. European funds will be particularly useful for development of our offer around support for commercialisation, preparation for market and proofing of concepts.

We will also be using European funds to support our new Escalator Hubs. These unique locations hosted by world class institutions and offering 'open source' access, will provide a network located in the growth centres where creative design and a fusion of ideas can spark across sectors. Those planned are the BioEscalator for life sciences at Oxford hospitals campus, the Business Accelerator at Begbroke and 'Big Science' innovation centres at Harwell and Culham. Linking the centres and the sectors will be the Innovation Network and a group of Innovation Catalysts.

Beyond the focus on our main innovation locations we will also be using European funds to support innovation throughout the county where opportunities exist to create enterprises and grow the economy and employment. SMEs, start-ups and entrepreneurs exist throughout Oxfordshire, many with innovative ideas, products and services with great potential. Research bodies, NGOs and others have particular strengths in new approaches to safeguarding and sustainably exploiting the natural heritage and reducing waste and energy consumption. Our innovation networking will be reaching out to our rural and more remote areas, and our skills and business support offer will include expectations of support for the best candidates to deliver innovation driven growth. We will deliver a programme of business support and advice based on the commercialisation of innovative ideas and processes, as well as seeking to link dispersed enterprises into the core innovation zones.



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We are also looking at the viability of using our EU funds to launch a financial instrument, a 'Breakthrough Fund', in collaboration with commercial funders. Oxfordshire LEP is in discussion with significant players in the finance sector including a major bank with a view to the creation of a financial instrument focused on investment in high growth and return potential enterprises, many of which are known to lack access to finance. We are proposing to use some of our ERDF funds to kick start the process and to leverage the much larger funds we believe to be available. Most will come from TO1, specifically to support commercialisation and exploitation of the best ideas and processes. The experience of, for example, Isis Innovations, the commercialisation instrument of Oxford University, shows that there is a significant finance capacity constraint on funds to take the continual flow of leading edge innovations to market. Our financial instrument will help overcome that gap. A significant advantage from using our SIF for this purpose will be the ability to link to the loan assessment and provision process access to the wider innovation and SME support which will be provided by our EU programme. The programme delivered will integrate these features. The financial instrument will also include a contribution from TO3, to provide a means to additionally support SME growth with is more to do with capacity, infrastructure or other inhibitions to growth distinct from the specific issue of commercialisation. Such a vehicle may be most viable in association with other LEPs, with whom we have had preliminary discussions. We are provisionally allocating a proportion of our resources to this route - £900k from TO1 and £300k from TO3.

Output indicators	Volume
Number of enterprises receiving support	1288
No jobs created	256

Result indicators	Yes / No (to be later quantified)
increased number of businesses that are actively innovating to bring new products to the market	
further embedding innovation and building greater value chain connections within and across relevant functional economies, especially with the use of those enabling technologies that transfer across sectors (smart specialisation indicator).	
Increase in SME jobs created	

### 3.3 Support for SMEs

**SMEs are the key link from ideas and prototypes to the creation of new businesses, and to well functioning supply chains. We will allocate 35% of our ERDF to supporting their competitiveness – c£3m, as well as contributions from ESF for skills and employment development**



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Our offer in this area will focus support on the highest growth potential and innovation driven SMEs as discussed above, including in rural areas, with the priorities being those associated with the key sectors.

Our analysis shows the need to strengthen supply chains and networking relationships between SMEs and major companies in our priority sectors. There is a need for reliable component supply relationships and support services for growth aspirations aspirations to be delivered, and businesses in Oxfordshire would benefit from proximity and increased opportunities to jointly innovate and develop. At the same time there are business and start ups in Oxfordshire with the potential to supply growth sectors who are currently restricted by lack of access to business support and finance.

Innovation hubs and other activities are aiming to provide co-location and appropriate spaces for SME start ups and those expanding. Oxfordshire's EU allocation does not provide sufficient funds for significant infrastructure development, therefore SME competitiveness measures are focused on building their growth capacity, and on fostering entrepreneurship.

Our businesses and entrepreneurs need improved access to finance for investment and business support and aftercare to enable them to realise their potential.

We have identified via Isis Innovations substantial unmet demand for start up support, and for ways to commercialise and market proven innovative goods and services. EU funds can contribute and complement this by:

- Increasing capacity to provide support
- Dovetailing with networking (under TO1) to identify candidates and clusters / associations able to jointly benefit
- Enhancing support on offer particularly to finance acquisition of specialist expertise in for example marketing, exporting and finance readiness
- Enabling use of EAFRD to target rural SMEs and entrepreneurs, with flexible measures to improve connectivity and networking; tackle skills gaps; and provide specialist expertise not available routinely in rural areas

As discussed above Oxfordshire LEP has plans in development for creation of an SME investment 'breakthrough' fund in association with a major bank and connected to our regional growth fund proposals. Finance is a key issue for SMEs in the area, even those with innovation based growth potential.

Output indicators	Volume
Number of enterprises receiving support	1342
Number of jobs created	195



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Result indicators	Yes / No (to be later quantified)
Increase in SME productivity	
Increase in SME jobs created	
Increase in business start ups	

### 3.4 Low Carbon

**We will allocate the mandated 20% (c£1.7m) of ERDF to low carbon transition, linked closely to our overall strategy of support for innovation and development of SME competitiveness.**

Although low carbon transition is mandated at a minimum of 20% of ERDF funding, Oxfordshire welcomes this element of the programme since it provides an additional boost to innovative growth sectors already based in the county. Consistent with our overall strategy to focus on the most innovation driven and growth focused sectors, we are proposing to direct our low carbon programme firmly towards growth opportunities.

As a relatively wealthy area experiencing growth pressures, and with well developed, often community organisations seeking to preserve the local environment, we believe there are opportunities for our low carbon work to link together responses to key low carbon and resource efficiency challenges with innovative responses with wider relevance. On the one hand, research centres such as our Universities are creating novel responses to low carbon challenges. On the other hand, Oxfordshire itself possesses locations, businesses and environments where new ideas may be tested, refined and where successful, prepared for market. In recent times, new approaches to photovoltaics, high efficiency electric motors, and ultra smart energy meters have been created and tested by research institutes in Oxfordshire. We are proposing to deploy our low carbon funds to bring together those creating these sorts of innovative responses in the county with others with expertise in manufacture, marketing, testing, and concept proofing. Closely allied with developments in our innovation hubs, the goal will be to draw together wherever possible existing and new businesses throughout the county with the interest and potential to join together in jointly designing, testing and marketing new responses, with an associated aim of tackling local low carbon issues at the same time. What, for example, might the potential for new forms of high efficiency electric motors, combined with high capacity batteries, when applied to machinery driven agricultural techniques in the county? Or could there be a combination of new energy monitoring and management systems into development of new business spaces designed to entirely eliminate waste and generate into the grid?

We believe EU funds offer the opportunity to draw together sectors, organisations, businesses and research centres in new ways, funding networking, brokerage, advice and project management services. In addition to ERDF funds, we would expect our ESF skills focused programme, and EAFRD to be additionally used, particularly in relation to locally based renewable projects. It is conceivable



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that a Community Led Local Development (CLLD)<sup>12</sup> initiative might be a suitable vehicle for designing and testing innovation driven response to local challenges – perhaps modelled on the German locally owned renewables generation idea<sup>13</sup>.

Output indicators	Volume
Number of enterprises supported	582
Number of jobs created	114
Energy/climate change – estimated GHG reduction	TBC

Result indicators	Yes / No (to be later quantified)
Increase in the energy efficiency of companies, buildings and transport	
Increase in companies deploying low carbon practices, processes, services, or products	

### 3.5 Employment and labour mobility

**Unemployment and worklessness in Oxfordshire run at lower levels than most other parts of the country. Our social inclusion proposals will help tackle pockets of entrenched deprivation and distance from the labour market. We propose to use 30% of our ESF funds (c£2.6m) to support employment related actions aimed at improving the articulation of supply and demand in the labour market, targeting particular groups on the one hand, and supporting innovation driven growth sectors on the other.**

We are focused on bringing together high growth areas with potential labour supply, particularly to address skills shortages. We will use the long term nature of EU funds to design intervention programmes able to move participants decisively towards the labour market.

The best return on investment is judged to come from careful selection of participants to join pathways towards available employment, and on overcoming unnecessary barriers to efficient use of available capacity. Will focus on:

- Remedies to deficient numeracy and literacy for younger participants with demonstrated potential who have been held back by adverse circumstances such as a history in care, disruptive family backgrounds or early offending, combined with pathways towards growth sector training opportunities and apprenticeships

<sup>12</sup> CLLD is a methodology for deploying EU funds to support locally generated and led, place based development initiatives. See section 3.6 for more on Oxfordshire’s approach to CLLD and BIS Supplementary Guidance to LEPs Annex 6 for more detail on the model

<sup>13</sup> <http://www.ilsr.org/half-germanys-53000-megawatts-renewable-energy-locally-owned/>



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- Retraining and reorientation of older workers with clear ability in declining sectors towards growth sectors with skills gaps
- Promotion of growth industries and opportunities in gender unbalanced sectors to women with STEM qualifications
- Targeted work with long term unemployed people where opportunities exist to overcome barriers to participation in growth sectors

Output indicators	Volume
Total number of participants	839
Number of unemployed participants	64
Number of inactive participants	65
Number of participants aged 15-24	258

Result indicators	Yes / No (to be later quantified)
Number of inactive participants newly engaged in job searching upon leaving	
Number of participants in education/ training upon leaving	
Number of participants gaining a qualification upon leaving;	
Number of participants in employment upon leaving.	

### 3.6 Social Inclusion

**We will allocate 20% of our ESF resources (c£1.7m) to Social Inclusion measures, with a twin focus on community based work on the one hand, and targeted work with young people at risk of not being in education, employment or training on the other.**

Following the principles of concentration and contributions to innovation driven growth, we are proposing to use of social inclusion activities to test ways to bring together what might at first sight seem opposite ends of the spectrum. Other measures exist to tackle some of the most intractable manifestations of social exclusion, but we are choosing to concentrate our work on young people, and through communities. The window of opportunity to help young people avoid disengaging from learning and employment is narrow. We propose to use some of our ESF social inclusion funds to specifically target young people who are not yet 'NEET', but who, without help, might become so – to their own great expense as well as at a cost to wider society.

We believe the exciting and stimulating opportunities which emerge from an innovation driven growing economy have the potential to engage and motivate at-risk young people – but only if they know about them, and are helped make choices for their own future. We know from our skills board and from other evidence that many young people are not served well by the process of making a transition from one stage of education to the next, of their understanding of the choices of study



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paths and qualifications open to them, of the long term consequences of early decisions. Our intention is to use to the full the opportunity presented by measures to intervene at an early stage with young people at risk of becoming NEET and their families. We will seek innovative ways to work with the 14+ group to understand what the local labour market has to offer, and the support available to get on the path towards a rewarding, interesting career.

This element of our social inclusion work may be suitable for channelling through the Big Lottery Opt-in offer, and we will be working with Big over the coming months to establish the extent to which it can deliver on our expectations in this area.

## **Community grants**

Oxfordshire Community and Voluntary Action is an existing partner in the delivery of a European funded Community Grants programme, making available to small local organisations small sums for innovative work to move disadvantaged people closer to the labour market. Community Grants have proved to be highly successful in mobilising local voluntary efforts and in reaching people unable or unwilling to access more conventional employability support.

We are proposing to operate a new community grants scheme under the new programming period, possibly in collaboration with neighbouring LEPs for efficiency purposes. In conformity with our overall vision of innovation driven growth we expect to encourage applicants for community grants, from anywhere in the county, to come forward with ways to link together the interests and needs of those furthest from the labour market with innovative ways to develop our county and its economy. A particular emphasis will be on sustainable and social enterprise based initiatives, linking wherever possible to our innovation driven growth priority for the whole programme.

Community grants will be fully available in our rural and urban areas.

## **Community Led Local Development**

Oxfordshire has a successful track record of using the Leader programme for the benefit of rural communities, and therefore experience of the benefits available from community driven initiatives. We plan to make available CLLD as an option for furtherance of our broad strategy (innovation and growth focused), where there is community interest in taking a place based and bottom-up initiative.

Our focus will be on CLLD programmes which have the potential to increase the opportunities for local people – particularly young people and those marginalised from the labour market – to contribute to the growth and innovation agenda. We do not wish to be prescriptive at this stage, but CLLD might for example:



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- Help establish social enterprises linked to innovation and growth sectors to act as a transitional stage for those entering or returning to the labour market
- Develop and organise community participation in innovation driven initiatives, such as place based experimentation with low carbon technologies
- Help bring together local people with locally based SMEs and other businesses
- Enable rural communities to jointly identify key issues and mobilise resources to help overcome isolation, lack of access to services, and facilitate participation in a growing economy

Output indicators	Volume
Total number of participants	946
Number of participants aged 15-24	86

Result indicators	Yes / No (to be later quantified)
Number of inactive participants newly engaged in job searching upon leaving	
Number of participants in education/ training upon leaving	
Number of participants gaining a qualification upon leaving;	
Number of participants in employment upon leaving.	

## 3.7 Skills

**Skills gaps and labour shortages are key barriers to our growth potential, particularly at technical skills levels.**

**Broad analysis of our economy suggests a mismatch between the quantum of skills and training provision, especially at vocational level; and the skills and training requirement of some of Oxfordshire's business sectors – particularly in vocational level STEM industries, health and social care, catering and hospitality and retail. We propose to use 50% of our ESF allocation (c£4.3m) to directly address skills barriers to innovation and growth.**

Our strategy needs to be mindful of the potential of significant employment generating development on the short to mid-term horizon and ensure that the benefits of jobs growth are shared by all in our communities, particularly those most marginalised from the workforce, and ensure they have the skills required to become economically active.

In order for Oxfordshire to develop its growth aspirations we require a workforce suitably qualified to support our ambition. Specifically we must look to address the areas of:

- Current skills and labour needs and gaps – particularly in the key sectors identified



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- Our future skills needs for the area
- Ensuring that growth benefits all so that individuals are not 'left behind'- improving employability skills of local people – especially young people – focused primarily on sectors of current labour shortage
- Better matching local skills provision to the needs of our businesses
- Tackling skills gaps and inhibitors to growth in rural areas, and overcoming poor access from some rural areas to a full range of skills and learning opportunities

We are looking to deliver 2,000 additional STEM related outcomes annually – an increase in excess of 100%, and to increase by 50% the amount of retail, hospitality and catering and health and social care outcomes delivered by our main SFA funded providers to 2020. Our EU funding is expected to make a significant contribution to the achievement of these goals.

We will focus on our highest priority sectors and in particular to supporting SMEs in these sectors in their ability to acquire and nurture the skills they need to grow. Our rationale for the use of EU funds exploits their long term nature, giving us the scope to use them to develop pathways for students and learners from one skills level to the next, and to support further development of traineeships and apprenticeships.

In particular we seek to develop the following;

- I. Integrated, seamless co-ordination of services to young people designed to align support to ensure young people are successfully transitioned into appropriate training, further education, or employment opportunities appropriate to their abilities, ambitions and future aspirations.
- II. Promote and broker links between businesses and the education sector, including accredited work experience, traineeships and apprenticeships linked to sector based employer consortia aligned to Government policy objectives.
- III. An expanded Oxfordshire Apprenticeship/Traineeship programme – including the roll out of a LEP wide Apprenticeship/Traineeship Launchpad promoted to SMEs and growing businesses, and for enterprises to be supported in creating and maintaining apprentice programmes tailored to their needs
- IV. Draw on sector wide knowledge for example from larger enterprises assisting (potential) supply chain SMEs train for the skills they will need for a long term relationship
- V. Sustainably rebalance training provision to employment sectors with labour shortages
- VI. Ensure a steady supply of well-informed young people entering training and ultimately the workplace.
- VII. Full availability of learning and skills provision throughout the county, overcoming rural gaps in coverage



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We will be looking to work closely with universities on higher level skills, and seek match funding from HEFCE. On basic skills we will seek match funding from DWP and SFA, subject to discussions on their opt-in prospectus.

Output indicators	Volume
Total number of participants	1562

Result indicators	Yes / No (to be later quantified)
Number of inactive participants newly engaged in job searching upon leaving	
Number of participants in education/ training upon leaving	
Number of participants gaining a qualification upon leaving;	
Number of participants in employment upon leaving.	

### 3.8 The rural programme

As for all LEPs our views as to the best use of EAFRD funds on our local context are somewhat hampered by lack of information as to the likely level of funding and the particular measures able to be supported. However, as might be expected we plan overall to follow the same broad strategy – seeking wherever possible to support innovation led growth sectors, exploiting our area’s potential to be a world leading knowledge based economy. We see no reason why this cannot apply across the whole of Oxfordshire, and as described above we will be seeking greater integration of Oxfordshire’s economy as a strategic goal. This applies every bit as much to our rural as urban and peri-urban areas, and will feature strongly in our eventual rural programme.

In the detailed sections above we have identified many areas where rural issues are of particular concern, and where we see there being particular opportunities to contribute to a growth and innovation agenda.

In the table below we reiterate where we believe at this stage that our overall strategy can be advanced through the thematic objectives and indicative measures presented in the latest BIS guidance to LPEs.

Thematic Objective	Priorities and activities for Oxfordshire
TO1: Innovation TO4: Low Carbon TO10: Skills	Support etc to businesses and entrepreneurs for creation and development of SMEs and Micro Businesses <ul style="list-style-type: none"> <li>• Targeted on innovation driven growth sectors present in or related to</li> </ul>



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	<p><i>rural areas and interests</i></p> <p>Development of general and, potentially, industry specific business skills.</p> <ul style="list-style-type: none"> <li>• <i>Focused on making skills development accessible and relevant to rural businesses</i></li> </ul>
<p>TO3: Competitiveness TO1: Innovation TO8: Employment</p>	<p>Support to businesses and entrepreneurs for creation and development of SMEs and Micro Businesses, including the uptake of new/ improved business processes and technology.</p> <ul style="list-style-type: none"> <li>• <i>Emphasis on developing innovation heavy business development as widely as possible into rural areas, including exploiting networking and communication possibilities to overcome physical barriers</i></li> <li>• <i>Support for SME development for specific tourism and leisure based growth opportunities</i></li> </ul>
<p>TO4: Low carbon economy TO9: Social Inclusion</p>	<p>Provide support for local projects to support renewable energy initiatives.</p> <ul style="list-style-type: none"> <li>• <i>Emphasis on innovation driven initiatives with high level of integration with technologies and methods with export and wider development potential</i></li> <li>• <i>Integration with CLLP / Leader programme for joint commercial / community approach</i></li> </ul>
<p>TO9: Social Inclusion</p>	<p>Community Grants and CLLD</p> <ul style="list-style-type: none"> <li>• <i>Both CG and CLLD are particularly suitable for use in rural areas, exploiting their typically strong community identities and infrastructure of well supported and active community groups and active organisations such as those with environmental interests</i></li> </ul>
<p>TO10: Skills</p>	<p>Promoting access to skills provision and overcoming skills gaps</p> <ul style="list-style-type: none"> <li>• <i>Rural areas commonly experience gaps in provision and access, inhibiting both individual progression and exploitation of potential. Measures to overcome access gaps will be supported</i></li> </ul>

## A note on output assumptions

The output assumptions in this document and as used in our spreadsheet are based on various sources of information. It is obvious that at this stage of development we cannot be precise as to the numerical outputs that will be achieved since we are providing non -specific project proposals but broad indications of types of activities that we expect to commission. Further work will be undertaken during the October to December period to firm up both the basis for our assumptions, and the specific project types we expect to commission.

It should be noted that throughout the assumptions are based on the deployment of EU funds alone, not including any outputs to be generated as a result of the use of additional match funding.

The assumption made are summarised in the table below:



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Investment areas		Cost per enterprise supported	Cost per job created	Basis of calculation
ERDF TO1 Innovation	Collaborative networking between institutions	£2,100	£12,500	UKTI SE generic 500000k ERDF/238 enterprises / 40 jobs created
	Commercialisation support	£2,500	£12,500	UKTI SE generic 500000k ERDF/238 enterprises plus small uplift / 40 jobs created
TO1/3	Financial instrument	£40,000	£35,000	Assumes c£40,000 loan mean / low end DCLG valuing regeneration research
TO3 / TO10 SME Competitiveness	Building growth capacity	£2,100	£15,000	UKTI SE generic 500000k ERDF/238 enterprises / 40 jobs created plus uplift
	Fostering entrepreneurial culture	£2,100	£15,000	UKTI SE generic 500000k ERDF/238 enterprises / 40 jobs created plus uplift
TO4 Low Carbon	Building low carbon market showcases	£5,000	£15,000	Assumes £5k budget for enlisting enterprises
	Non domestic LC technologies	£2,100	£15,000	UKTI SE generic 500000k ERDF/238 enterprises / 40 jobs created
<b>Per participant</b>				
<b>ESF</b>				
TO8 Employment / Labour mobility: Access to employment	Retraining older workers	£5,000		Estimate £5k training/tuition costs experience from providers
	Literacy and numeracy for young people	£2,500		Estimate £2.5k training/tuition costs experience from providers
	Gender imbalance in technology sectors	£2,000		Estimate £2K budget for promotional / support activities per participant
	Enhancing pathways for long term unemployed	£5,000		£5k / participant based on DCLG regeneration valuations of c£15k/employment outcome and 33% success rate
TO9 Social inclusion: active inclusion (20%)	Early intervention to avoid NEET inc work with families	£10,000		£10k based on DCLG estimate of troubled families intervention costs



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mandated)				
	Community Grants scheme	£500		Estimate £500/engaged participant – CG evaluation evidence
	CLLD	£35,000		Estimate £35k/ job outcome, Oxfordshire Leader evaluation
TO10 Education, skills & lifelong learning (50%)	Collaborative projects for placements	£2,000		Assumes £2k allowance per placement support based on provider experience
	SME capacity for higher skills placements	£2,000		Assumes £2k allowance per placement support based on provider experience
	Apprenticeships and traineeships in priority sectors	£5,000		Assumes £1.5k employer incentive + £3.5k continuing apprentice support

The primary sources used were:

- A UKTI document for the South East (including Oxfordshire) which sets out their approach to providing a business support service. This includes a model project using £500k ERDF plus their match, and gives related businesses supported and jobs created figures. It seems reasonable to assume the other business support opt-in providers would charge similar amounts
- A DCLG analysis of various regeneration outcomes including jobs created etc arising from different sorts of intervention, and offers a value for the public sector investment to achieve them
- Evaluations of Community Grants and Leader projects which show participants and jobs from programmes of a given size
- Provider estimates of the costs of providing training and tuition
- DCLGs estimate of the cost of supporting troubled families – used for the NEET prevention interventions
- Some assumptions about the need to uplift some of these items in light of sector complexity etc
- Figures from other EUSIF strategies planning to deliver similar interventions to Oxfordshire



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## 4 Matched funding

### The Opt-in offers

We fully appreciate the need for all EU funds to be matched with appropriate domestic funds to the same (or greater) value. Oxfordshire LEP has entered discussions with various of the Opt-In match providers with a view to identifying the extent to which their services have the potential to deliver on our priorities. Our overall approach to this issue will be to continue with these discussions and negotiations following submission of our draft plans in October and following receipt of feedback on them from BIS and from other Oxfordshire stakeholders. The Opt-In prospectus document provides good information on the areas likely to be covered by the different agencies, but at present is insufficient to enable us to make firm commitments to working with any of them. Questions remain over the exact nature of service offers, consequences of opting out, processes and timetables.

We have of course given careful consideration to the Opt-in offers, and, without prejudice, provide in the table below our preliminary views as to their relevance to Oxfordshire's priorities. These will need to be further refined during the October to December period as our intended programme and project pipeline is developed, and as the Opt-in providers make more details known.

Opt-in provider	Potential relevance to Oxfordshire
Growth Accelerator	High: our focus on SME development in high potential growth sectors implies delivery of services to participants designed to help them plan and execute strategies for growth for themselves and in collaboration with peers and supply chains. We would seek to be satisfied that GA services could offer relevant and high quality expertise in our priority sectors – our SME targets operate in specialist sectors and will require inputs which do not simply offer generic business advice but which are tailored to their particular needs. The Growth through Innovation strand may be particularly relevant, as are Growth Networks. The delivery of current GA services by Oxford Innovation gives us good understanding of the potential for this offer. We will be discussing with our neighbouring LEPs the extent to which a GA offer across relevant sectors may be relevant.
Manufacturing Advisory Service	High: The importance of high technology and specialist manufacturing in Oxfordshire has made clear, along with its priority for us in driving growth in the local economy. MAS services have the potential to make a significant contribution to further development, networking and expansion of relevant businesses in our area, particularly in relation to moving from concepts and prototypes to commercial development, enhancements of supply chains, and legal/commercial issues such as IP and export readiness. We await further clarification of the nature, timing and availability of MAS match for ERDF post 2015, and also need to complete further discussions with our neighbouring LEPs given the statements in the prospectus about pooled approaches. As with GA, we also would seek reassurance that MAS services will be able to



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	provide the sophistication and specialist understanding needed by our priority sectors.
UK Trade and Industry	High: Oxfordshire’s priority sectors for growth and innovation are, or have the potential to be, of global standard. Export potential is therefore very high, and our ambitions are for the area to be in the forefront of Britain’s export led recovery and to demonstrate how a knowledge based economy can epitomise the future for Europe’s economy. Whilst many of our premium enterprises already have thriving export businesses, others, particularly smaller and new companies, as yet do not. UKTI’s expertise may be of considerable value to Oxfordshire – as ever provided services are tailored to the specialism of our companies. As with other Opt-in offers, we will be considering the relevance of UKTI with our neighbouring LEPs, as part of wider discussions over collaboration to advance Oxfordshire’s core goals.
EIB social housing retrofit	Low: Oxfordshire’s approach to low carbon transition is closely aligned with our broader innovation and growth strategy, focusing on identifying and nurturing opportunities for local businesses – including social enterprises – to develop low carbon goods and services. Given this, and our relatively small allocation of funds, we do not intend to participate in the social housing retrofit programme.
Big Lottery	Medium: Oxfordshire understands the Government’s request for half of ESF social inclusion funds (ie 20% of our ESF allocation) to be devoted for the first two years of the programme to the ‘Big’ offer. In this iteration of our plans for EU funding we are minded to agree to this level of commitment, in principle, subject to satisfactory negotiations with Big over its ability to deliver services and programmes consistent with Oxfordshire’s needs. However, our view of local circumstances leads us to be in favour of both a Community Grants type programme for the county, and also to be considering one or more CLLD initiatives. It is conceivable that these elements may not provide us with sufficient resource to also work with Big. We will be looking in more depth at this issue post October, in light of more detail from Big on the one hand, and our local consultation and project pipeline development on the other.
Princes Trust	High/medium: the Prince’s Trust opt in offer makes provision for dialogue between LEPs and the Trust to identify opportunities to advance work with young people locally through engagement with its existing programmes. To the extent that Oxfordshire’s particular interests, as discussed above, can be delivered through this connection we would consider accepting the Trust’s offer, although we recognise it does not have unlimited funds to deploy. This will be subject to discussions following submission of this initial draft plan
Skills Funding Agency	High/medium: Our innovation and high technology / high skills based strategy makes addressing skills shortages of central concern. Given SFA’s key role in part of the skills market it is therefore highly likely that we will be seeing to work with the Agency to provide at least part of the supply side of skills provision.



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	<p>Our City Deal proposals however made clear that we believe insufficient SFA controlled resource has been directed towards priority subjects for our growth strategy. We therefore would expect to use EU funds with SFA to the extent that we are able to agree for provision of the right subjects to the necessary standards, consistent with our sectoral and level needs. We are also clear that skills gaps exists at higher levels than those covered by SFA provision, and we will be seeking ways to address specific high level skills needs through alternative routes such as the HEI sector or through bespoke commissioning where necessary. At present we are not in a position to quantify the proportion of funds likely to be routed via SFA as opposed to other skills and qualification providers.</p> <p>We do see SFA's management of the current Community Grants system has having been successful and effective under the current programme. Given we are expecting to run a new CG programme in the new period, and to the extent that SFA may be able to offer a similar matching and oversight process, we would expect to see this as a likely structure.</p>
DWP	High/ Medium: DWP's opt in offer makes provision for dialogue between LEPs and DWP to identify opportunities to advance local employment priorities through engagement with its existing suite of national programmes. To the extent that Oxfordshire's particular interests, as discussed above, can be delivered through this connection we would expect to accept DWP's offer. This will be subject to discussions following submission of this initial draft plan.

## Alternative / private match

Oxfordshire's EU programme contains elements which are likely to be in a position to leverage alternative match funding, including from private sector sources. We have identified for example possible match for our proposed loan fund well in excess of our likely contribution from a major commercial bank; we have begun discussion with a significant civil society environmental trust in Oxfordshire for our low carbon and rural work. The networks available from within our LEP and more broadly offer realistic possibilities of significant private match, whilst our public sector partners may also be in a position to make match available and we are hopeful of being able to harness Regional Growth Fund resources in due course.

This is however an area of our planning that needs considerably more work to firm up opportunities and sources, and we will be making this aspect – both with regard to the opt-in offers and alternative sources – a top priority for the October to December period.



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## 5 Financial instruments

Overall Oxfordshire does not at this stage have firm plans to make use of the specific new financial instruments possible under the new EU programme. This may change as events unfold, particularly in collaboration with other LEPs in the region and with similar sectoral interests.

We are in the process of exploring an innovation 'Breakthrough' finance fund in partnership with a major bank and to be linked to our Regional Growth Fund proposals. We hope to be able to use EU funds from ERDF TO1 and TO3 to kick start and supplement this initiative. The specific purpose will be to support access to finance for innovation driven enterprises in Oxfordshire, in particular those seeking to commercialise new ideas, products and processes.

We have allocated up to £1.2m of our ERDF for this purpose subject to further development. If this proves not to be viable then funds would be redeployed to other areas, none of which are saturated with resources.



## 6 Alignment of EU funds

Identifying strategic linkages with other sources of European funding has the potential to add significant weight and value to the EU Investment Prospectus. Therefore, alignment with major sources of additional European Funding will be considered, in order to maximise the potential impact of investment through the SIF Strategy.

A number of possible linkages have already been identified with major European funding programmes, which are outlined below. Much further work in this area will take place during the October to December period to identify more specific opportunities.

### Horizon 2020

Horizon 2020 brings together the Framework Programme for Research and Technological Development with other instruments such as LIFE+, IEE, etc. Horizon2020 will deliver Research & Innovation through a proposed budget of €71 Billion across Europe, and this will be done under 3 headings: *Excellent Science*, *Competitive Industries* and *Societal Challenges*.

Oxford University is already one of the largest beneficiaries of Horizon 2020 support anywhere in Europe and has increased its resources from the fund year on year to reach £35m in 2011. This success arises from the excellence of its research and innovation, and from its ability to continually come up with new ideas and projects deemed worthy of support under the conditions of the fund. The University will continue to seek to access Horizon 2020 funds, and it is highly likely that innovations, processes and ideas arising from them will be channelled through the sort of commercialisation and start up support to be supported by Oxfordshire's EU SIF. This will be a priority for Oxfordshire.

However, beyond this, maximising the impact of research and innovation through ERDF investment by aligning it to cutting edge R&I through Horizon 2020 would bring definite added value to wider Oxfordshire initiatives and we will actively pursue these.

### COSME

Horizon 2020 will contain an instrument for SME support in early stage ventures and for innovation. This will be aligned to the Programme for Competitiveness in SMEs, COSME. The COSME Programme will also support SMEs with €2.3 Billion budget, and will help access to finance, encourage entrepreneurship and help access to markets for SMEs. There are clear linkages here with SME competitiveness focused activity in the SIF Strategy, and any proposed Access to Finance Financial Instrument.



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## European Territorial Cooperation (Interreg)

The European Commission has published a draft regulation for Territorial Cooperation (Interreg) 2014-20. The structure of the new programmes is expected to be broadly similar to the existing ones, with each having to choose up to four thematic objectives from those listed in the draft regulations.

Interreg programmes demonstrably contribute to the socio-economic development of the programme area, but it is acknowledged that additional added value lies in promoting European cohesion / integration and contributing to innovation and capacity building on individual and organisational levels. Therefore the complementarity of Interreg with the EU Growth Programme, and the opportunity for increasing added value of European funds through aligned activity must not be underestimated. They all rely on working collaboratively with partner organisations from other European countries.

Organisations in Oxfordshire may be eligible to apply for project funding from the new Interreg V programmes such as Va France/England; Vb North West Europe and the Vc interregional Programme. These programmes are all under various stages of development, and as illustrated by the NW programme are likely to include areas highly relevant to Oxfordshire's priority area:

### Programme preparation: NW Europe

Consultation is under way on the development of what will be the Interreg Vb NW Europe Programme. Currently it has **three** areas of thematic focus.

**Innovation:** enhancing the capacity of the NWE territory to generate innovation, on the basis of its existing potential through a quadruple helix approach; reducing the innovation capacity gaps between regions;

**Low-carbon economy:** investment in climate change mitigation potential; greenhouse gas reduction; investment in energy efficiency and renewable energy sources; and,

**Environmental protection / energy efficiency:** eco-innovation and resource efficiency to decouple the growth curve from the material consumption curve.

Participation in Interreg projects could drive added value to Oxfordshire SIF projects and investments by creating pan-European partnerships and networks, and cross-border innovation corridors.

### Connecting Europe Facility

The proposed budget for the Connecting Europe Facility (CEF) is €29.3 Billion, which will be comprised of the Trans-European Networks for Transport, Energy and ICT (along with an aligned €10 Billion from the Cohesion Fund specifically for transport infrastructure in Convergence regions).



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CEF has a dedicated theme to stimulate investment in fast and very fast broadband networks and pan-European digital services. The proposed budget for ICT works within the CEF envelope is €1 Billion, though this is down from the original €9.2 Billion budget under the original EU Multi-annual Financial Framework.

Increasingly, the European Commission is indicating that infrastructure investment utilising European funding should be targeted at market failure, and where possible should be done through financial instruments unless a solid case can be made for investment through grant funding. Developments concerning products, services, applications and demand-related actions should focus on tackling societal challenges, empowering individuals and strengthening competitiveness. In particular, the mid-term Digital Agenda for Europe review suggested that public digital service infrastructures would be funded through the Connecting Europe Facility (CEF); furthermore, the Commission's 10 steps to deliver broadband as announced by Neelie Kroes in March 2013 pointed to the CEF delivering broadband infrastructure. It should be noted, however, that the Commission expects the majority of CEF investment in broadband to be in the form of financial instruments, rather than grants. Grants will be used for technical assistance and for the development of Digital Services; hence CEF Digital will be managed in close coordination with the Structural Funds, which offer grant support. One avenue for alignment of funds would be utilising the capacity for infrastructure investment in CEF (e.g. in superfast broadband) to align to innovation, SME competitiveness and low carbon economy investment.

## **YES Europe**

The new programme to be called YES Europe (Youth, Education, Sport), has a proposed €19 Billion budget. It will provide a simplified framework under the Education & Training 2020 strategic framework, with the brand names (Erasmus, Comenius, etc.) to be kept. We will explore opportunities to align our work focused on NEETs and on access to traineeships and apprenticeships with this new programme.



## 7 Cross Cutting Themes

All major EU funds require the promotion of sustainable development and equality of opportunity, in both the management of programmes and projects, and in the content of their interventions. Whilst both themes are intrinsic to some interventions, for example ERDF's low carbon and climate change measures or ESF's targeting of excluded and disadvantaged groups, the expectation is that these issues should be addressed throughout all areas irrespective of their underlying thematic objectives. They are not expected to be isolated and stand alone, but to support and enhance LEP and partner agency policies and practices throughout the Oxfordshire programme.

Oxfordshire will develop a process for assessing value for money in relation to programmes and initiatives promoted through the EU SIF and indeed the wider strategic plan, and will include impact on sustainable development and equality as an essential part of the assessment criteria. Throughout the programme we will also ensure the impact of activities on the cross-cutting themes is monitored, reported and where necessary acted upon to improve performance.

In the October to December period, through the development of the final strategy for the use of the EU funds, we will continue to engage with partners and consultees with particular specialisms in these areas as the strategic approaches to the relevant themes are refined and developed.

### **Sustainable Development**

Supporting the shift towards a low carbon economy is a requirement of the programme, with 10% of programme funds for the LEP area allocated to specifically to this objective. As discussed above, Oxfordshire has innovation and demonstration potential in this area and we will be directing funding to sector support, commercialisation and community involvement.

As part of our support for SMEs we will support energy efficiency and waste minimisation to help businesses to reduce costs as well as carbon emissions. These activities will support our ambitions of increasing innovation and raising higher level skills, and also of supporting the wider national objective of reducing greenhouse gas (GHG) emissions.

### **Equality**

As with sustainable development, the programme includes a horizontal and vertical approach to implementation of the equality objective. The evidence base for the strategy has identified pockets of deprivation where residents are suffering from multiple disadvantage. These include areas where through age, gender, race, ethnicity, and disability, residents face specific and additional barriers to inclusion in the labour market.

There is a requirement for 10% of the programme to support social inclusion. This strand of activity will help to address these barriers and tackle disadvantage, in particular through our Community Grants programme to be channelled through local, community based organisations closest to the areas in question. There will also be a particular focus on NEET young people, and those at risk of



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becoming NEET, long-term unemployed, and those facing particular multiple disadvantages to inclusion in the labour market.

In addition, we will expect the project assessment criteria to ensure that no beneficiaries are excluded from participation in the programmes on the grounds of gender, race, ethnicity, belief, disability, age or sexual orientation. The programme will include activities to ensure that economic benefits reach disadvantaged and hard to reach groups, and is responsive to their needs and any under-representation.

We are also planning to address access and equalities issues for two specific groups – the over 50s and women – as part of our business growth and innovation strategy. Our analysis identifies skills gaps at many levels including in skilled technical and higher levels. At the same time women are under-represented in many STEM based sectors, whilst many older workers are at risk in the labour market through lack of access to retraining and reskilling. We will seek to bring these issues together through actions to improve access, make clearer the opportunities available in our innovation areas, and support measures to attract new entrants of any age or sex.

In accordance with the policies of our local authorities, we will conduct an Equality Impact Assessment on the strategy prior to its final agreement and implementation.



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## 8 Programme management and collaboration with other LEPs

Oxfordshire works closely with adjacent areas as well as other places linked by industrial and thematic interests. Our links with LEPS in the Thames Valley and south midlands are strong, and reflect the importance of sub regional sectors such as advanced automotive manufacturing and motor sport. Below we set out a provisional management structure for the Oxfordshire programme along with views of areas joint work with other LEPs, but would wish to make clear that further discussions and agreements will be needed before we can confirm our final proposals.

### Programme Management

Any EUSIF programme will require three core functions:

- **Strategic Oversight of the Programme** (monitoring LEP performance, reviewing strategy etc.);
- **Implementing the Programme** (generating suitable projects, writing specifications, monitoring performance, working with neighbouring LEPs etc.); and
- **Selecting and Appraising Projects** (Selecting projects to invest in, working with neighbouring LEP's etc.)

We are proposing a short term solution to augment the existing work of the LEP Board by creating:

- An **EUSIF Investment Committee**;
- An **EUSIF Programme Implementation Committee**; and
- An **Executive Support Function**;

These arrangements are shown in the diagram below

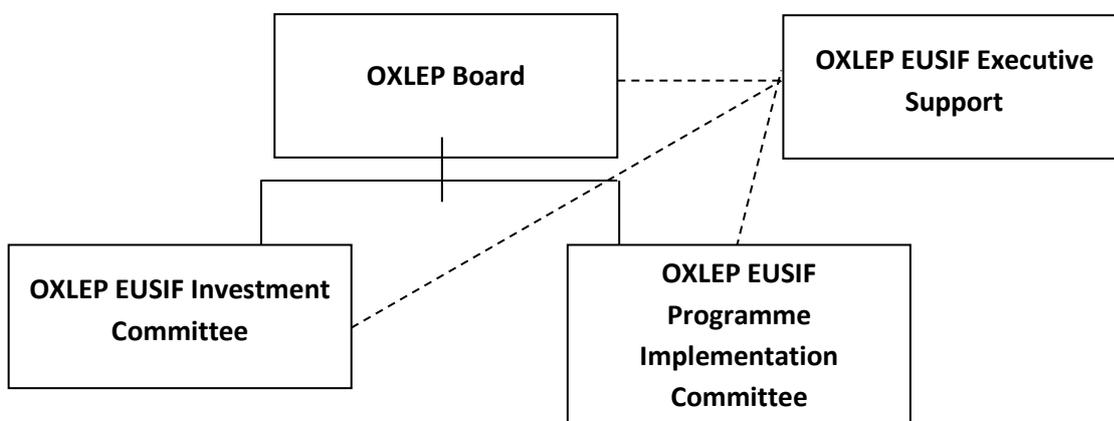


Figure 4: The OXLEP EUSIF Programme Management Structure



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We understand that our proposed Programme Management model is something that will not be tested as part of this strategy process and the process for awarding Technical Assistance will now be a separate process.

That said, in order to test our thinking, we shall now go on to examine what each of these components **might** be required to do.

## **The LEP Board**

The LEP Board will maintain overall responsibility for

- Reviewing progress towards the achievement of programme targets and objectives;
- Receiving and considering consistent, up-to-date management information for the programme;
- Consideration and approval of annual and final reports (if applicable);
- Consideration and approval of programme evaluations (if applicable);
- Consideration and approval of approving amendments to the OXLEP EUSIF Strategy; and
- Ensuring strategic linkages with other structural funds, domestic programmes and wider UK economic policy are maintained;
- Reviewing relevant papers put forward to them by the Investment & Implementation Committees
- The LEP Board will oversee the management of these responsibilities through the course of their regular Board Meetings.

## **The EUSIF Investment Committee**

This Local Investment Committee will maintain overall responsibility for;

- Approving project specifications, prior to their release;
- Agreeing the commissioning model
- Considering and approving the project selection criteria;
- Considering outline bids received in each bidding round, and making recommendations as to which projects can proceed to full application;

This Local Investment Committee will need to draw their membership from a wide range of Stakeholders and local partners including Private Sector Board Members; Local Authorities; Higher and Further education institutions, Environmental bodies; Voluntary Sector Organisations; Business Representative Organisations and Employer Representative Organisations.

Given the in-depth and focussed nature of this Committee's discussions, we would propose to establish the EUSIF Local Investment Committee as a sub-group of the LEP Board. Ideally, we would also look for a Board volunteer to chair the Local Investment Committee.



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We will also invite representatives of the Managing Authorities (which we presume will be a member of the Local Growth Team) to observe the workings of the OXLEP EUSIF Investment Committee, so they can ensure they are discharging their responsibilities appropriately.

## **The EUSIF Programme Implementation Committee**

The Programme Implementation Committee will maintain overall responsibility for;

- Reviewing OXLEP's EUSIF Strategy and making recommendations to the OXLEP board to take account of changes to national/local policy and/or strategic developments;
- Developing a work programme to schedule future calls/tenders;
- Developing specifications for a range of projects to ensure that the different priority areas of the programme may be fulfilled and activity delivered;
- Generating a pipeline of bids against the specifications released; and
- Monitoring the progress of the programme;

This Programme Implementation Committee will need to draw their membership from a wide range of Stakeholders and local partners including Private Sector Board Members; Local Authorities; Higher and Further education institutions, Environmental bodies; Voluntary Sector Organisations; Business Representative Organisations and Employer Representative Organisations.

## **A EUSIF Executive Support Function**

The OXLEP Board, the EUSIF Investment Committee and the EUSIF Programme Implementation Committee will need to be supported in their work by a suitable executive member of staff. This Executive Support Function will maintain overall responsibility for;

- Appraising/Co-ordinating the Appraisal of all project applications;
- Liaising closely with the Managing Authorities and Local Growth Teams to commission the projects;
- Participating on the Steering Groups of approved projects;
- Preparing reports for the OXLEP Board, the Investment Committee and the Programme Implementation Committee;

They will also be responsible for working with neighbouring LEPs to identify linkages between OXLEPs core work programme and other LEPs work programmes.

It is probably worth noting that the processes being designed by the Managing Authorities may require some separation of duties across various tasks (i.e. the person advising the applicant about their project may need to be different from the person who appraises it).



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With this in mind, and recognising that even if we are successful in securing 2% of Technical Assistance this will only secure the LEP circa £30,000 - £35,000 of EUSIF per annum. It is also quite likely that this 2% of EUSIF Technical Assistance funding will need to be match funded by the LEP, using 'clean' English money (whether that comes from local or national resources).

## **Approaches to Commissioning**

Our current perception is that these various components of our proposed programme management structure are likely to be involved in a mix of commissioning activities, ranging from national procurement activities (UKTI, DWP etc.); co-financing (SFA, BIG Lottery etc.); and locally managed (the ERDF 'standard' approach);

In order to ensure any programmes we commission are of sufficient 'scale' for the Managing Authorities to deal with, we will adopt a programme management (rather than project management) approach. This will necessitate us using a range of tools (such as 'bundling' projects, collaborative commissioning etc.) to ensure projects are of sufficient scale to be handled by the Managing Authorities;

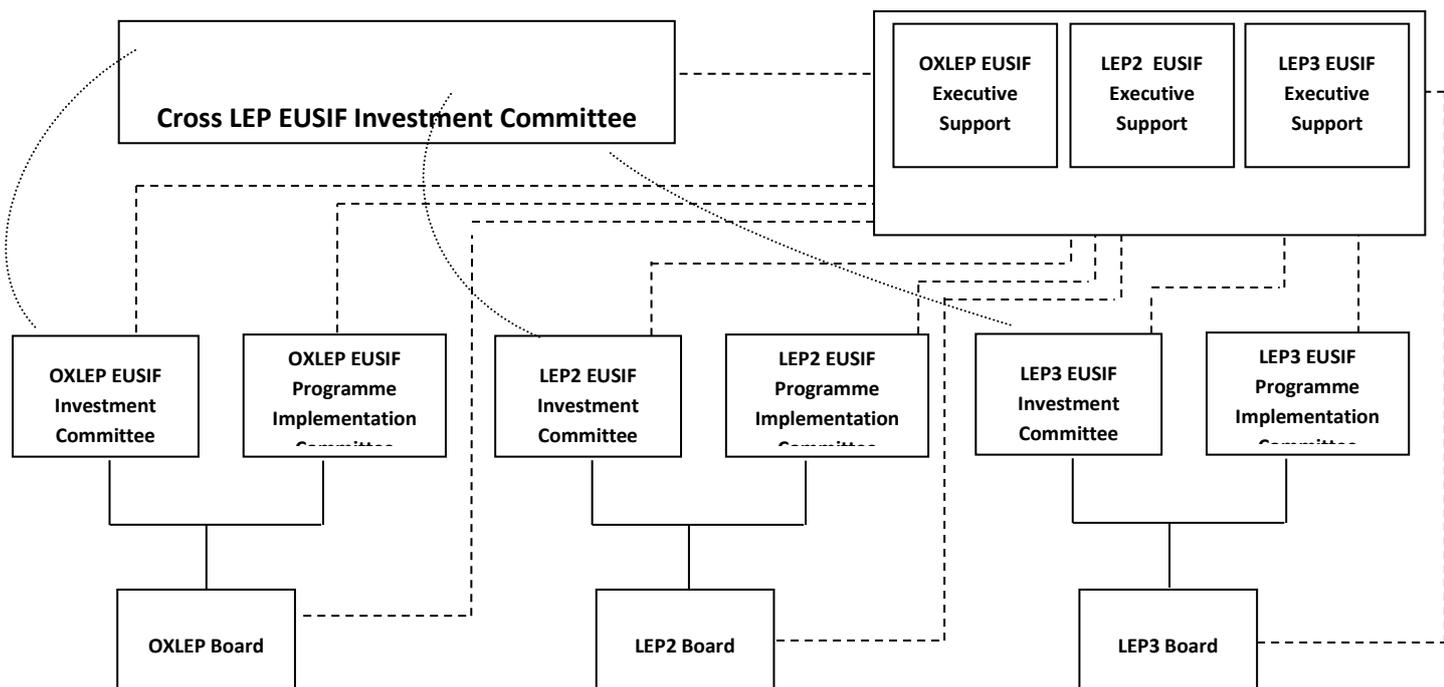
In addition to the above, we will use a variety of approaches to commissioning projects (including commissioning, competitions, procurement etc.), ensuring compliance with EU procurement rules at all times;



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## Arrangements for Collaborative Commissioning

As far as collaborative commissioning across LEPs is concerned, we foresee that the structure set out in Fig.5 will also enable a Cross-LEP Investment Committee and Cross LEP Programme Management Function to be established, to undertake collaborative commissioning and for the Executive Support Function to be shared/co-located;



**Figure 5: Our model for collaborative programme management and commissioning**

Establishing a Cross LEP Investment Committee, comprising the Chairs of the local investment Committee's will enable collaborative commissioning across LEPs.

In addition, this model would enable us to establish a shared Programme Management Function, with LEP Executive staff potentially being co-located and/or managed under a consistent management structure. This approach would have advantages in terms of consistency of process; economies of scale; whilst also ensuring individual LEPs could retain a 'ring-fenced' resource for discharging their EUSIF responsibilities and 'ring-fenced' local allocations. These approaches are something we will seek to test in the next phase of the programme through our collaboration with the GTV<sup>6</sup>LEPs and others.

GTV<sup>6</sup>LEP is a Consortium of six Local Enterprise Partnerships in the South East of England that have come together to develop a common approach to delivering EU Structural Fund Investment



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Priorities. The LEPs represented in the GTV<sup>6</sup>LEP Consortium are Buckinghamshire Thames Valley LEP; Coast to Capital LEP; Enterprise M3 LEP; Hertfordshire LEP; Oxfordshire LEP; and Thames Valley Berkshire LEP.

The six local LEPs in the GTV<sup>6</sup> Consortium have worked together to explore possible areas for collaboration both with regard to industrial and growth strategy, and in relation to operational and delivery methods. Research has confirmed potential for joint or linked actions, and for efficient programme oversight and monitoring.

Through this consortium, we have identified a number of potential opportunities to collaborate on alignment, lobbying and joint commissioning including higher level skills, broadband and access to finance.

However, given the number of LEPs involved and the evolving nature of key priorities and strategic goals, we need to first identify what our respective priorities are, before being able to identify areas for possible collaboration. Given this scenario, our expectation is that the exact areas and initiatives where we will collaborate will become much clearer during the October to December period, as our own and other LEPs plans are refined, and as broader strategic development plans are worked up.

OXLEP is committed to exploring all avenues to obtain best value for money from deployment of EU funds, and will use this as the main criterion for deciding when and how to work across our borders during the 2014-2020 programme.