

# **European Structural and Investment Fund Strategy 2014 – 2020**

**Swindon and Wiltshire Local Enterprise Partnership**

**January 2014  
(Revised May 2014)  
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## Foreword

The publication of this European Structural and Investment Fund (ESIF) Strategy for the Swindon and Wiltshire Local Enterprise Partnership (SWLEP) area is a significant milestone and marks the culmination of an intensive period of activity for SWLEP; it incorporates substantial consultations with partners and stakeholders. This is the first time that the UK Government has made it possible to decide investment priorities for EU Structural Funds at a local economic level and we have been determined to make the very best of the opportunity this presents.

It is very exciting to see ourselves at the start of a seven-year period in which we will have genuinely local determination of over €40m of EU funding, matched by an equivalent level of UK funds. The publication of this ESIF Strategy marks a significant beginning, but much work remains to develop and deliver the programme framework as set out here.

The timetable for the development of the ESIF Strategy coincided with a number of other significant SWLEP initiatives, most importantly, the development of the Strategic Economic Plan (SEP) for the SWLEP area. Building on core strategies developed with Swindon Borough Council and Wiltshire Council, supported by an independent assessment of our local economy and incorporating a transport vision, the SEP provides the overarching rationale for the investment priorities of the SWLEP, and in consequence, the funding deal being sought from Government.

As part of its economic portfolio, SWLEP has also been working on its proposals for City Deal funding to improve access to Higher Education, initially by working with the skilled military Service Leavers. The Strategic Economic Plan, Local Growth Fund, City Deal and ESIF have combined to generate a demanding but exciting bundle of economic opportunities for the SWLEP.

I am particularly grateful for the enormous help, commitment and support from the SWLEP Board and the wide range of partners, organisations and individuals who have engaged with the ESIF process despite the demanding timescales. We are confident that, aligned with our SEP, this ESIF Strategy can produce real, measurable results for our local economy.

Using ESIF investment, by 2020, we plan to be able to look back at a period which has seen a real improvement in the prosperity of individuals living in Swindon and Wiltshire and an improving sustainable performance from new and existing businesses located in our area. These will be stronger, more innovative businesses with higher qualified workforces with higher than average aspirations.

We are confident that we can take this opportunity to show how local determination of funding can be more effective in driving economic growth, and supporting a growing thriving Swindon and Wiltshire community.

**Nicky Alberry, Vice Chair, Swindon & Wiltshire LEP, May 2014**

## Executive Summary

### ***Our vision: what we plan to achieve***

(1) The plan we have submitted is a coherent, ambitious and practical response to the opportunity to invest €88m over the period 2014 – 20 into the local economy in Swindon and Wiltshire. This will result in the creation of over 1,500 jobs and supporting 2,500 businesses innovate and become more competitive and helping more than 9,000 people enter or progress in the workforce. It is the result of a process of consultation and engagement with all the main economic and social partners in the area over nine months, involving over 125 organisations and individuals.

(2) As Swindon and Wiltshire is a relatively small LEP area, SWLEP has decided to focus activities and funds on a small number of important priorities which will add value to the economy and complement the investment and strategies of UK policy, whilst delivering the policy objectives of the Structural Funds.

(3) Our five ESIF Priorities are:

- Priority sectors (“Key Sectors” herein);
- Military-Civilian Integration;
- SME support;
- Low carbon development;
- Social Inclusion.

(4) The result of the extensive consultative and consensus building approach is the proposal for an integrated package which links support for businesses to flourish with a capable and skilled workforce that contributes to innovation and growth in the area and opens up opportunities for local people to benefit from our growing economy. We shall make investments tied to a number of discrete activity areas. These appear at Section 5. The activities are devised to address more than one of the five ESIF priorities which we believe will increase impact and draw competitive and innovative businesses together with a skilled and aspiring workforce. Our activities are grouped into four thematic areas:

- SME Growth;
- Innovation for Sustainable Growth;
- Skills for Growth;
- Skills for Inclusion.

(5) Our plans are influenced by the SWLEPs Key Sectors which are:

- Advanced engineering and High Value Manufacturing;
- Military and Defence;
- Digital industries/ information economy;
- Professional and financial services;
- Health and Life Sciences;
- Environmental technologies (sustainable energy);
- Land-based industries including food;
- Tourism.

(6) In delivering this vision, we will also deepen and extend our local partnerships to create a sustainable mechanism which can continue beyond the funding period covered in this plan.

***ESIF as part of the local strategic investment framework***

SEP Priority Themes	ESIF Priority Themes	ESIF thematic groupings	ESIF Activity interventions (# activity code)
Innovation	SME growth and support	1.SME Growth	<ul style="list-style-type: none"> <li>1.1: Competitiveness support for SMEs - start-up and specialist business support</li> <li>1.2: Rural Tourism</li> <li>1.3: Food &amp; Drink supply chain development</li> </ul>
Competitiveness			
Housing / Place	Key Sectors	2.Innovation for Sustainable Growth	<ul style="list-style-type: none"> <li>2.1: Innovation for Smart Specialisation</li> <li>2.2: Innovation for a Low Carbon Economy</li> <li>2.3: Innovation for Natural Capital – investing in natural capital, landscape and environment</li> </ul>
	Low Carbon		
Skills	Military-Civilian Integration	3. Skills for Growth	<ul style="list-style-type: none"> <li>3.1: Workforce skills - bridging local skills gaps</li> <li>3.2: Raising aspirations and attainment among young people on STEM</li> </ul>
The Military	Social Inclusion	4. Skills for Inclusion	<ul style="list-style-type: none"> <li>4.1: Realising the potential of people in low wage work</li> <li>4.2: Utilising the potential of older workers</li> <li>4.3: Approaches to supporting workless younger people</li> <li>4.4: Promoting Social Inclusion</li> </ul>

**Funding and outputs**

(7) Through our ESIF we plan to invest the following:

- EU sources £37.179m
- ERDF - €21.732m<sup>1</sup>
- ESF - €21.679m
- EAFRD - £3.9m

<sup>1</sup> Both ERDF and ESF will be subject to a exchange rate fluctuation, with rates set by Managing Authority at regular intervals. Figures provided are the full notional financial allocation, including Performance Reserve.

(8) This will deliver:

ERDF		ESF	
Output category	Target Quantity*	Output category	Target Quantity*
Number of enterprises receiving support	936	Total Participants	19,180
Number of enterprises receiving grants	443	<i>of which</i>	
Number of enterprises receiving financial support other than grants	42	Participants under 25 years old	3,230
Number of enterprises receiving non-financial [extended] support	165	Female participants	9,980
Number of new enterprises supported	189	Male participants	9,200
Private investment matching public support to enterprises (grants)	€1.888m	Unemployed, including long-term unemployed	6,770
Private investment matching public support to enterprises (non- grants)	€0.765m	Inactive	2,690
Employment increase in supported enterprises	184	Participants over 50 years of age	3,470
Number of enterprises cooperating with research institutions	137	Participants from ethnic minorities	1,360
Number of enterprises supported to introduce new to the market products	26	Participants with disabilities	2,400
Number of enterprises supported to introduce new to the firm products	92	Participants without basic skills	3,150
Additional capacity of renewable energy production	1 MW	Participants who live in a single adult household with dependent children	1,000
Number of households with improved energy consumption classification	51		
Decrease of annual primary energy consumption of public buildings	48,819 kWh/ annum		
Estimated annual decrease of Greenhouse Gas (GHG)	3,506 Tonnes Co2 equivalent		
Public or commercial buildings built or renovated	572m <sup>2</sup>		
Number of potential entrepreneurs assisted to be enterprise ready	253		

\* Some figures have been rounded. A full list of deliverables appears on SWLEP website

(9) The output allocations summarised above were set by the Managing Authorities in January 2016. Beneath are the performance frameworks for ERDF and ESF which will be reviewed in 2018 in relation to 6% Performance Reserve.

ERDF Performance Framework			
Priority axis	Indicator or key implementation step	Milestone for 2018	Final target (2023)
1	Number of enterprises receiving support	0	253
1	€	€ 4,410,680	€ 17,269,584
1	Number of enterprises receiving support	63	0
3	Number of enterprises receiving support	0	397
3	€	€ 3,183,896	€ 12,466,235
3	Number of enterprises receiving support	103	0
4	Estimated annual decrease of (GHG)	0	3,415
4	€	€ 3,566,719	€ 13,965,140
4	Number of enterprises receiving support	37	0

<b>ESF Performance Framework</b>							
Priority axis	Indicator	Milestone for 2018	Men 2018	Women 2018	Final target (2023)	Men 2023	Women 2023
1	Spend €	€ 4,361,258			€ 23,260,042		
1	Participants	1,876	1,028	848	9,980	4,510	5,470
2	Spend €	€ 3,775,286			€ 20,134,858		
2	Participants	1,730	848	882	9,200	4,510	4,690

### **Governance and delivery**

(10) We are proposing a governance structure which will recognise the role of the Managing Agent (MA) and the specific responsibilities of Department for Communities and Local Government (DCLG) on European Regional Development Fund (ERDF) and Department for Work and Pensions (DWP) on European Social Fund (ESF) working to create a LEP Area Partnership that builds on local governance structures, and complies with management of Structural Funds, and is proportionate to the task of managing and determining interventions.

(11) There is a good deal of local expertise in managing EU-funds held by SWLEP's key Local Authority partners – including delivering project investments from ERDF, ESF and European Agricultural Fund for Rural Development (EAFRD) and European Commission programmes, acting as Accountable Body for EU-funded programmes, and participation and partnership on SW Competitiveness Programme and Interreg 4C Cross-Border programmes. There is expertise and experience of working on project development, handling state aid and compliance with all EU-funds, and with monitoring, performance, auditing and project engagement.

### **Cross-cutting themes**

#### **Commitment to Sustainable Development as a Cross –Cutting theme**

(12) In devising its ESIF Strategy, SWLEP has sought to develop a range of Activities that will bring positive environmental impacts and minimise negative effects whilst primarily delivering positive economic change for the businesses and individuals in the community.

(13) In commitment to the local environment and its ecosystems, SWLEP will endeavour to take due regard in decision-making, commissions and endorsements so that there is no detriment to the natural state.

(14) The commitment to Sustainable Development has led to a number of discrete Activities though all Activities will be subject to approval using an agreed decision-making framework informed by a SWOT and SWLEP partners.

(15) The particular Activities which explicitly promote Sustainable Development are those linked to the Low Carbon priority – and include those under the SME Growth thematic group – SME support activity on resource efficiency (Activities 1.1); in the Innovation for



Sustainable growth thematic group, especially in the Innovation for Low Carbon Economy (Activity 2.2); and the Investing in our Natural Capital (Activity 2.3).

(16) There is recognition that some activities are more amenable to a fully sustainable approach, whilst others, including those which are more skills based, are less obvious to link. However, all activities have scope to both be delivered sustainably, with sustainable outcomes as the goal, and there is an ongoing commitment to ensure that this occurs and acknowledgement of forthcoming national Operational Programme assessments.

(17) Further information on the SWLEP framework and SWOT for Sustainable Development appears at Section 6.

***SWLEP commitment to Equalities and anti-discrimination***

(18) SWLEP is keen to ensure that all its ESIF Activities, investments and interventions are made without prejudice or in discriminatory manner and that they are implemented and operate to reduce disadvantage and promote smart, sustainable and inclusive growth.

(19) In its ESIF, there are a number of Activities devised to directly tackle social exclusion by helping people gain better qualifications and skills to become more employable, retain employment and progress in careers. The Social Inclusion priority promoted by SWLEP informs the Skills for Inclusion thematic group of activities with targeted approach to those with low income (Activity 4.1); older workers (Activity 4.2); younger people (Activity 4.3) and those at most risk of financial exclusion through disadvantage in the labour market (Activity 4.4).

(20) All proposed Activities have been developed by a broad range of over 150 stakeholders (see Appendix 6 for list of participants). This demonstrates the diverse mix of opinions, views, evidence and experience of tackling disadvantage in the area which was drawn upon to inform our ESIF interventions.

(21) SWLEP has a full commitment to Equalities and anti-discrimination. It regards commitment as a material consideration for funding decisions and endorsements under ESIF. It adopts the Wiltshire and Swindon Equality & Human Rights Charter which is also committed to be all statutory services operating in the area, including Police and Fire services, NHS Clinical Commissioning Groups and Local Authorities.

(22) Governance by SWLEP and its subcommittee of ESIF investments will include appropriate membership on the ESIF subcommittee of knowledgeable representatives who have full understanding of Equalities and anti-discrimination and are capable of challenge and raising issues when making decisions.

(23) Further the subcommittee will accept the European Commission's Code of Conduct, and agree to terms of reference proposed by the National Committee/National Growth Board. The role of SWLEP and its subcommittee will be ongoing and there is a commitment to monitor and review performance of investments particular on impact, negative or positive for the nine protected characteristics. (More detail is at Section 6 – Governance)



### ***Commitment to Innovation***

(24) Swindon and Wiltshire companies have a demonstrable track record in investing in innovation, around 3.5 times the national average. Innovation can be research led or through incremental improvements in products and services, or in business processes, which enable companies to maintain or even improve their competitive position. Experience would suggest that much of this activity is undertaken by larger companies. SWLEP activities therefore focus on unlocking innovation potential amongst SME companies through business support, workforce development, improving skills and attainment levels across the area and through investment in key sectors that lack capacity in this area.

### ***SWLEP's Core Principles for ESIF Strategy Development and Delivery***

(25) The LEP is developing a set of principles which will underpin the way in which it works to develop and deliver its ESIF Strategy. These will be:

- **Aligned to EU2020** - a smart, sustainable and inclusive programme with strong regard for cross cutting themes and rurality;
- **Consistent** with, and reflect the spirit of, UK Government arrangements (especially the England Programme Management Committee) and fit in with other relevant UK programmes in the area such as the Strategic Economic Plan (SEP) and the forthcoming City Deal;
- **Innovative and Transformational** – projects will need to show how through social innovation in planning and delivery they will transform economic conditions;
- **Integrative and strategic** – investments will be made so projects complement each other and utilise ESF and ERDF resource for common purpose;
- **Value for money** – to drive-up outputs and impact and at appropriate scale through focus on specific objectives;
- **Continuous Learning** – commissioning and evaluation to drive improvement during the programme period and to add value through its legacy.

## Section 1: Introduction

(26) This document sets out the European Structural Investment Fund Strategy for the period 2014-2020 on behalf of Swindon and Wiltshire Local Enterprise Partnership (SWLEP). It outlines the role of European funding in meeting our strategic ambitions.

(27) By 2026 our vision is for Swindon and Wiltshire to be world-renowned as a hive of innovation and entrepreneurialism that offers a great quality of life. Its blend of vibrant urban centres, busy market towns and outstanding rural landscape make it the best place in Britain to live and work. This vision is the basis of our Strategic Economic Plan (SEP), and our aim is to maximise the potential of investment funds from the Local Growth Fund, the European Structural Investment Fund (ESIF) and from other public and private sources to secure its successful delivery.

### ***The development of the ESIF Strategy***

(28) In developing this strategy we have taken a bottom-up approach to establishing some of the key economic, social and environmental opportunities for Swindon and Wiltshire, based on a thorough understanding of our current strengths and opportunities whilst addressing our weaknesses and threats. A detailed SWOT analysis is set out at the end of Section 4 – this pulls together key strategic issues, supplemented by consultation, and linked to our priority themes especially around Key Sectors, Innovation and SME growth.

(29) The activities set out in Section 5 of the Strategy have emerged from a process of detailed consultation with a wide range of partners and stakeholders who have assisted SWLEP to identify those interventions that will have the greatest impact upon its future economic growth and sustainability. To reflect the discussions, SWLEP has encouraged integrative activities to address the broad issues identified from the five ESIF Priorities.

### ***Key issues***

(30) Detailed analysis of the evidence base used for SEP and ESIF indicates that Swindon and Wiltshire has a number strategic opportunities and threats over the next decade:

- Population growth and change;
- Jobs growth;
- Declining competitiveness;
- Impact of the recession;
- Low rates of firm formation;
- High youth unemployment;
- Low rates of Higher Education participation;
- High investment in innovation but limited Higher Education support.

### ***Key Facts***

(31) A selection of key facts which have influenced the choice of high level priorities are:

- Swindon and Wiltshire has a population of 690,000 (69% live in Wiltshire) and a working age population of 414,800.
- Economic Output: Swindon and Wiltshire generate £14.1bn, measured in terms of Gross Value Added (GVA). Approximately 60% of output is generated in Wiltshire.

- GVA per head in Swindon (£27,900) is among the highest in the country outside London and considerably above the UK average (£21,360), reflecting its concentration of highly productive firms. However, growth has slowed in the last decade and it has fallen behind Milton Keynes, Newbury and Reading and other competitor locations.
- In Wiltshire, GVA per head is considerably lower (£18,300) in line with much of the rural south. However, in Wiltshire many people commute to well-paid jobs outside the area - to Swindon, Bristol, Bath or into London and the south east - where output is assigned for national accounting purposes but spend their earnings locally in Wiltshire.
- Productivity: GVA per hour worked in Swindon is 13.9% above the UK average, and in Wiltshire 3.4% below the UK average.
- Number of businesses: There are approximately 25,400 businesses, 22% are based in Swindon and 78% in Wiltshire.
- Unemployment: the unemployment rate for the SWLEP area is 7.4%, (national rate 8%), with unemployment in Swindon 8.3% and Wiltshire 7%.
- 78.5% of the SWLEP land area is farmed. Land management and food production play a valuable role in direct employment and also through wider economic benefits including the tourism and visitor economy and quality of life.

(32) As the key facts above illustrate, there is considerable variation within the SWLEP area. Unsurprisingly, analysis based on local authority boundaries gives variable outcomes, given the significant differences in economic structure and local demography.

### ***Thematic Objectives***

(33) With a modest allocation of €48.3m (representing £34.3m in January 2016) there was consensus among partners that in order to maximise use of resources, our investments should focus on those Thematic Objectives which align most strongly with the ambitions set out in our SEP and where there is the opportunity to add value and develop an integrated response to the issues we have identified. Accordingly, the most relevant Thematic Objectives are:

- TO1: Innovation;
- TO3: Small and medium sized enterprises – competitiveness;
- TO4: Low Carbon;
- TO8: Employment;
- TO9: Social Inclusion;
- TO10: Skills.

(34) The evidence supporting our choices shows that the LEP comprises of two different but linked economies. Most obviously, 69% of the population in Wiltshire is classed as living in rural areas, albeit a growing number in larger market towns compared with just 14% of Swindon's population. Within each area there are also marked differences in headline economic indicators, and a one-size-fits-all approach for the Swindon and Wiltshire area by either the SEP or to the ESIF is clearly not appropriate.

(35) In developing its SEP, SWLEP has been keen to look beyond artificial administrative boundaries and take an approach that recognises the functional economic geography and economic growth potential of the different urban and rural geographies. ESIF shares this analysis and will work to promote sustainable and inclusive investments that can support the broad strategic aims of SEP.

(36) Bringing together ERDF, ESF and EAFRD funds into the ESIF provides us with a unique opportunity to ensure that funds complement each other, add value and secure growth and job creation across both urban and rural parts Swindon and Wiltshire.

### ***Understanding Swindon and Wiltshire***

(37) Swindon and Wiltshire is strategically located in central southern England with connections east to London and Reading, west to Bristol, Bath, Cardiff and Exeter, north-east to Oxford, north-west to Gloucestershire and the Midlands, and south and east to Southampton, Portsmouth, Bournemouth and the M3 corridor. It is a cost competitive location where house prices and prime commercial rents are lower than many parts of the greater south east within reach of London. As a mixed urban and rural area there is a diverse and rich mixed-economy and a variety of spatial zones.

(38) Wiltshire is a largely rural area, so connectivity is critical to economic performance. The A350 zone in western and northern Wiltshire is a dispersed urban-rural landscape, whilst Swindon is an urban centre linked by the M4 and rail to both London and Bristol, and easily accessible to the Midlands, Wales and the south coast. Much of southern and eastern Wiltshire has dispersed villages with market towns, with Salisbury sitting in the south of the county influenced by the south coast and the A303 to southeast and southwest.

(39) Modern Swindon was established on Brunel's vision, when he chose it as the location of his railway works in the 1840s and a special and significant heritage remains from this Victorian era. The 1950s and 1960s saw considerable migration from the rest of the UK, particularly from London. Swindon has transformed itself from a town dominated by the railway industry into a prosperous economy with a mix of modern industries – particularly in advanced engineering, financial services and information technology. It has attracted considerable inward investment from national and international businesses, including Honda, BMW, Intel, Zurich, and Nationwide. Swindon is a key node between London, Bristol and South Wales along the M4 Corridor, a nationally significant corridor of high tech firms.

(40) North of the M4 junction 17, at Malmesbury Dyson are a leading business and to the south is the A350 corridor, a key north-south route through the west of Wiltshire and a major agglomeration of economic activity equivalent in size and value to Swindon. It connects the settlements of Chippenham, Corsham, Trowbridge, Bradford-on-Avon, Melksham, Westbury and Warminster - towns which have a great industrial heritage and now have diverse range of industries with a continued sense of dynamism, innovation and some specialism Advanced engineering and High Value Manufacturing, ICT and food production.

(41) Wiltshire is home to the Stonehenge and Avebury World Heritage Sites, and the cathedral city of Salisbury. Our tourist attractions are of international significance and generate around 20 million visitors each year. The A303 is another key strategic transport corridor through the county with links down to the south coast via the A36 linking London to the South West. The South West area includes the research triangle, incorporating the important life sciences cluster businesses around Porton, which sees academic institutions (e.g. Southampton University), public health and educational institutions and businesses innovating together to generate new growth.

(42) Swindon and Wiltshire has some of the richest and most varied natural historic and built environments to be found across the country. There are three Areas of Outstanding Natural Beauty (covering one third of the area), including parts of the Cotswolds to the north-west of Wiltshire, Cranborne Chase and West Wiltshire Downs in the south west of Wiltshire, and the North Wessex Downs area in the east which extends into Swindon and across to Berkshire and Hampshire. Parts of the New Forest National Park cover south-west Wiltshire. The quality of the environment is an important competitive advantage, which together with the urban centres offers a lifestyle which appeals to modern businesses and their employees. A key challenge facing Wiltshire is to improve self-containment so more people are able to live and work in the county.

*Map of Swindon & Wiltshire area*



## Section 2: Our Vision and Priorities

(43) This section sets out our vision for Swindon and Wiltshire in 2026. We want to be bold and ambitious in our plans, retaining and capitalising upon the economic assets that are here already and seizing new opportunities.

**Swindon and Wiltshire in 2026** is world-renowned as a hive of innovation and entrepreneurialism that offers a great quality of life. Its blend of vibrant urban centres, busy market Towns and outstanding rural landscape make it the best place in Britain to live and work.

Visitors and shoppers arrive at the revitalised Swindon Town Centre with its bustling shops, cafes and restaurants. The Oasis North Star development, incorporating the fantastic new indoor ski centre is a regional leisure destination of choice. The new Art Gallery showcases one of the best collections of 20th Century British Art in the country and together with the new museum and theatre there is a now a broad range of cultural activities for all to enjoy.

There is a new vibrancy about the Town Centre. 3000 students come to learn and enjoy themselves in the Town Centre at the new Higher Education campus. The new Kimmerfields office development has brought a fresh wave of investment from financial and professional services firms and office workers pack the cafes and restaurants.

Travelling out from the Town Centre, Swindon has grown sustainably through a number of integrated urban expansions, particularly to the east of the Town. 13,000 new homes and 6,000 jobs have been created in the New Eastern Villages, the largest urban extension in England. A range of well-designed, affordable and executive homes for sale and for rent have been provided here and across the sub-region. The expansion of Swindon has seen another new community emerge at Wichelstowe, home to the many senior executives and managers that now choose to live and work in the area. All residential properties in Swindon are powered by low carbon electricity and Swindon is recognised as a UK centre of excellence for hydrogen energy technologies.

Going further west, and linking Swindon and Wiltshire, the M4 Corridor has enhanced its reputation as a high tech corridor and a major contributor to national economic growth. It is one reason why Swindon and Wiltshire is a by-word for innovation and continues to have one of the highest rates of registered patents in the country. Significant collaboration between the two Unitary Authorities on planning issues in this zone and funding for infrastructure at junctions 15, 16, and 17 has unlocked new development and was exemplar in the first years of delivery. The hydrogen highway runs along the motorway and is just one example of how businesses in the region are responding to the opportunities of the low carbon economy.

Heading south into Wiltshire, the Towns along the A350 Corridor, including Malmesbury, Chippenham, Melksham, Trowbridge, Westbury and Warminster create an interlinked series of local employment hubs which, in combination, are a major driver of economic growth. Strategic development of the corridor, which also includes three campuses of Wiltshire College as well as business parks and trading estates, has created a coherent economic zone that has attracted significant inward investment. The Masterplans for Chippenham and Trowbridge have been delivered resulting in vibrant, dynamic centres meeting the needs of businesses and residents in the wider area.

Chippenham has grown through sustainable mixed-use urban extensions. M4 Junction 17 has been improved and the Chippenham Western bypass is a dual-carriageway, making journeys more reliable through this area.



*We are recognised nationally as a key location for digital industries in the M4 Corridor and now famously at the Corsham Institute. The Corsham Institute welcomes 7,000 students through its doors every year, helping to meet the UK's need for data scientists and related creative professionals. Digital Corsham's research park and technology park is home to dozens of thriving companies.*

*As a consequence, fewer people need to travel outside the area to work, reducing pressures on the transport network and the impact on the environment, and there is less congestion, resulting in greater connectivity and improved business performance. Over £1bn of mostly private investment has been unlocked.*

*Linking the Home Counties with the South West, the A303 in the South Wiltshire Zone is still a major arterial route and home to a cluster of innovative sectors. At Porton, the internationally recognised science park goes from strength to strength, driven by a buoyant life sciences cluster linked to a network of Higher Education and research institutions, and our University Technical Colleges (UTCs)*

*The historic Stonehenge and Avebury World Heritage Sites attracts even more international tourists who stay longer and spend more. They also come to visit the historic cathedral city of Salisbury, a key employment centre in its own right particularly for business and professional services firms.*

*Salisbury Plain is now home to the Army's largest Super Garrison, one symbol of the proud military history that continues to shape the area, along with Royal Wootton Bassett, Corsham and Lyneham. Our 'Garrison Towns' remain special places for Armed Forces personnel and their families. Even more now call the area home following implementation of Army 2020, the Rebasing Plan, the Defence College of Technical Training at Lyneham, and MoD Corsham at Basil Hill.*

*Army-rebasing has brought an additional 4,000 personnel to the area and is seen as an exemplar of successful Military-Civilian Integration. Service Leavers now have clear pathways to new skills and flexible learning, ensuring that the experience they have built up is recognised and capitalised upon by local employers. Swindon and Wiltshire is now truly the heart of the British Army.*

*A well-connected, attractive, vibrant place, our population continues to grow at a rate that out-strips many parts of the country, while more people choose to live and work locally. Bold decision-making and strong leadership from the LEP and collaboration between the two Unitary Authorities has been highly influential in enabling this growth, together with support from other key stakeholders. Extensive collaboration with other authorities and LEPs has also supported growth.*

*Our transport network is a resilient, affordable, accessible and efficient system, and is a key enabler of economic growth. Real mode choices are available for people to safely access employment and essential services, and to enable the efficient movement of people and goods within the LEP area and beyond its boundaries.*

*New development and growth has been focused in and around principal settlements, in sustainable locations, reducing the demand for travel, and creating the critical mass to support a more sustainable transport network. The rail network provides improved onward connections to key economic centres, and wider access to rail services. Motorised transport continues to play a key part to play in much of the area, but there has been a rapid transition to low emission vehicles, car clubs and car sharing, reducing transport related greenhouse gas emissions.*

*Across Swindon and Wiltshire, the challenge of safeguarding our high quality environment, a major economic asset, whilst accommodating growth, has been met. We continue to boast of our Areas of*



*Outstanding Natural Beauty, parts of the Cotswolds to the north of the county, Cranborne Chase and West Wiltshire Downs in the south west of Wiltshire, parts of the New Forest National Park in the south and the North Wessex Downs in the east.*

*The rural economy is flourishing, spurred on by the investment made in superfast broadband over the last ten years, which has diversified economic activity and improved resilience. More entrepreneurs than ever are being created in rural areas thanks to the Rural Growth Network. Meanwhile, our land-based industries are thriving, responding to consumer demand for more food to be sourced locally from 'farm to fork.'*

*We have a skilled and competitive workforce, meeting the needs of employers and driving business development and growth. Employers report that they are able to recruit locally and skills gaps have been reduced through closer partnerships between business and skills providers to deliver flexible training.*

*New capital investment in Further Education has delivered dynamic, innovative and responsive vocational skills provision in partnership with employers, with a focus on science, technology, engineering and maths (STEM). The workforce is now appropriately qualified and skilled to meet the needs of our Key Sectors.*

*Three UTCs have contributed to improving the supply of STEM skills by cultivating interest in learning with support from schools, colleges, business, and Higher Education. More of our young people gain good qualifications between 16 and 19, particularly in the core skills in English and Maths, and more progress into Apprenticeships, Higher Education and employment. Innovative approaches to working with young people not in education, employment or training has led to our youth unemployment rate being well below the national average.*

*Young people are optimistic about their future and demonstrate this by staying in the area to make their livelihood here. They have a positive attitude to work and the underpinning knowledge and skills. They aspire to work in the many high tech firms in the area. Information, advice and guidance have improved so they are able to make informed decisions about their futures. By facilitating collaborative education and business partnerships, we have transformed the curriculum which aligns with the needs of local employers and has also instilled an entrepreneurial mindset so more young people aspire to pursue their own business ventures.*

*We have developed a creative approach to working with employers and skills providers to up-skill the current workforce to Level 3 combined with the City Deal model which focuses on Level 4 and above.*

*There is a far stronger Higher Education presence in the area. Students can choose between a number of campuses across the area and a range of courses that equip them to compete in the modern labour market. Participation in Higher Education is now above the national average and demand for degree-level qualified employees is being met.*

*We have married innovation with inclusivity. Our economy offers jobs and opportunities for everyone, with different skills and qualifications, and regardless of age or personal circumstances. Levels of individual and area-based deprivation are low, and we are pushing them down further through the constant creation of new economic opportunities and the promotion of aspiration and enterprise.*

*There is active collaboration between the public and private sectors, with the Third Sector also playing an important role in ensuring that opportunities are open to everyone.*

*Entrepreneurs starting up or looking to expand a small-medium enterprise know the Gateway to Growth is where to go for high-quality business support. Incubation units are available across Swindon and Wiltshire including those provided by The Enterprise Network (TEN). More SMEs are accessing larger contracts locally through the supply chains of larger firms and public sector contracts.*

*In this supportive environment, the list of innovative firms with a long history here - Honda, Intel, Dyson, BMW Mini, Knorr-Bremse, Cooper Tires, Alcatel-Lucent, Johnson Matthey Fuel Cells, Nationwide - continues to grow. Large and small businesses alike know that Swindon and Wiltshire offers fast and reliable access to national and international markets, quality office and industrial accommodation, and a highly skilled and highly motivated pool of labour.*

### **Our Strategic Economic Plan objectives**

(44) In developing our SEP we have recognised the importance of setting SMART objectives to set the scale of ambition and provide a focus for our efforts; by 2026, our:

- Local Plans set targets to create 47,000 additional jobs, provide 297.5 ha of additional employment land (B-use class) and build at least 64,000 homes by 2026;
- SEP aims to accelerate the delivery of these homes and jobs, and identifies some exciting new opportunities. Initial estimates indicate that our SEP investment programme will enable the delivery of: 40,600 jobs, 31,200 homes and 318ha of employment land. Using a standard Government model, we estimate that the programme could add over £3bn in GVA;

(45) In addition, the LEP has set some aspirational objectives to 2026 to:

- Raise the employment rate to its pre-recession level from 74.7% today to 80%;
- Sustain the proportion of businesses applying for patents at twice the national average;
- Increase the proportion of the workforce (resident and non-resident) with a degree level qualification from 33.6% today to 52%, equivalent to 83,000 more people with a Level 4 and above qualification;
- Improve young people's attainment at 16 and 19 including in English and Maths to beyond the national average;
- Ensure 100% superfast broadband coverage across the area including all strategic sites.

### **Our Local Growth Deal priorities**

(46) These are our long-term goals and to meet them SWLEP has used its SEP to set out a bold and ambitious programme for Swindon and Wiltshire to be recognised widely in the UK and overseas for its innovation capability. SWLEP already has considerable strengths; but we want to go further and faster, building on our assets to create the right environment for entrepreneurialism to flourish, for businesses to expand and for exports to grow.

(47) Delivering our vision and objectives will require concerted action by a wide range of public and private sector stakeholders active across the area. SWLEP has a key role to play in co-ordinating the activities of these stakeholders so that investment is directed towards delivering the vision in those areas where it can have the greatest impact. The LEP itself has access to a limited number of funding streams including the Growing Places Investment Fund, the Local Growth Fund and the ESIF. Our aim is to maximise investment from these sources to realise our ambitions for growth.

Local Growth Deal investments will be focused on the Strategic opportunities:

- Innovation;
- Military;
- Town Centres;
- Unlocking urban expansion.

(48) There are 3 spatial zones identified as:

- **Swindon** – where our Local Growth Deal will focus on the town centre, Wichelstowe and the new eastern villages;
- **A350 Corridor** – where our Local Growth Deal will focus on supporting growth around Malmesbury, Corsham, Chippenham, Melksham and Trowbridge;
- **South Wiltshire** – focusing on Porton, Salisbury and our garrison Towns.

(49) Local public and private partners, through the SWLEP, are making significant contributions to each of these zones, and we have identified additional funding from national agencies and the EU. Support on our plans from government, in the form of flexibilities, prioritisation and some funding, would enable us to do even more. SEP recognises economic challenges and opportunities that need to be addressed across of the LEP area identifying three cross-cutting programmes:

- Skills;
- Inward investment, business retention and business support;
- Housing.

(50) Local Growth Deal for education and skills is focused on:

- Creating a network of specialist skills hubs;
- Implementing our City Deal (Creating Growth through Knowledge) proposals to address the higher level skills gap and the education and training challenges arising from Army 2020;
- Capital investment in Further Education colleges with facilities specialising in land-based industries, sustainable construction, and engineering.

(51) These plans for growth underpin our ESIF investments and are closely detailed throughout this ESIF Strategy.

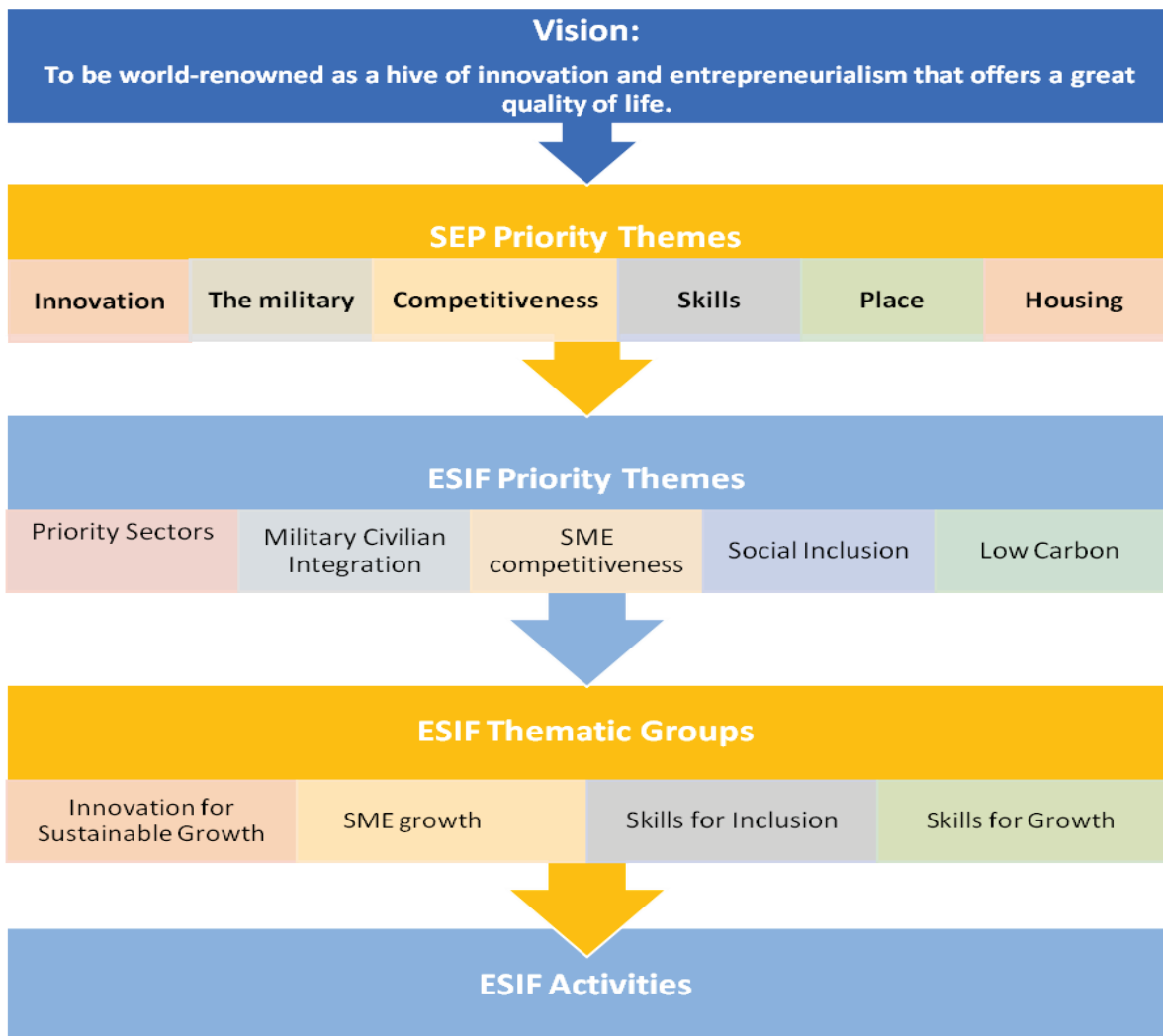
### ***ESIF priorities***

(52) In consideration of the EU2020 common strategic framework for Structural and Investment Fund priorities, we have aimed to concentrate the focus of our investment-making into areas that will contribute to ‘smart, sustainable and inclusive’ growth.

(53) ESIF will help us to deliver some of the key objectives in our SEP. The opportunities outlined in our SEP around the themes of innovation; the Military; competitiveness; skills; spatial zones and housing feed through to the five ESIF Priorities which the SWLEP Board selected for the focus of its ESIF Strategy. In summary, the five ESIF priorities contain the following issues:

- **Military-Civilian Integration:** (MCI): A long-term challenge to realise opportunities from skilled military personnel and their families and the major investments from MoD on Rebasing from its plans for Army 2020;
- **Key Sectors:** Identification of key sectors in order to address demand and supply of skilled labour, and ensuring they are able to compete and innovate for growth;
- **SME growth:** To improve conditions for competitiveness and increase GVA – through resource efficiency, access to finance, support and advice, innovation and internationalisation;
- **Low carbon:** Encouraging our businesses to take up opportunities for growth by support to create and design new and innovative products, driving resource efficiency and bettering our environment;
- **Social inclusion:** To tackle labour market failures through better information and innovative delivery so that job markets can function better and prevent exclusion; by raising aspiration and attainment, supporting enterprise creation, supporting employability and targeting skills for inclusion at groups and individuals to take advantage of business growth.

(54) SWLEP will tailor specific interventions drawing from these broad themes including the provision of high-quality support for existing and start-up business, developing workforce skills, smart specialisation approaches to supporting innovation, targeted social inclusion activity, reducing carbon emissions and ensuring environmental sustainability.



## Section 3: Opportunities and challenges to growth – implications for our ESIF Strategy

### ***Strategic context***

(55) The evidence-base sets the agenda for our SEP, which has identified a number of themes that provide significant opportunities for Swindon and Wiltshire. These are:

***Innovation*** – A defining feature of the local economy; the number of companies applying for patents here is almost double the national average and our businesses invest a higher proportion of turnover in innovation than the national average. We are home to global innovators like Dyson, Honda, BMW and Intel. Military investment is also a key driver of innovation in the area at Porton, Corsham and in due course, Lyneham. But there is a task to broaden out innovation to more SMEs, to either help them specialise, globalise or diversify products and services for a more sustainable economic model.

***Military*** - Government reforms to the British Army – embodied in Army 2020 - will have far-reaching implications for our communities. When these plans are implemented, the area will truly be the heart of the British Army. The MoD is investing over £1bn in infrastructure in the area in the coming years representing a huge investment into the economy.

***Town Centres*** - The quality of life on offer in Swindon and Wiltshire is a major part of our appeal to entrepreneurs and their employees. We are home to protected landscapes and World Heritage sites. However, the retail, leisure and cultural offers in some of our urban areas are identified by businesses as poor and a barrier to growth, with leakage of expenditure to surrounding areas. Investment is needed in our main Town Centres so they become more attractive places to live, work and visit.

***Unlocking urban expansion*** - The new Eastern Villages in Swindon is the single largest urban expansion in England with 8,000 homes planned for 2026 and 40ha of developable employment land. A further 4,500 homes and 12.5ha of employment land are planned at Wichelstowe to the west of Swindon. In Wiltshire along the A350 corridor there is potential for 17,000 new homes and 91ha of employment land including large expansions around Chippenham (2,700) and Trowbridge (2,600) and in South Wiltshire at Churchfields near Salisbury (1100 homes). These urban expansions are also locations for significant new allocations of employment land.

***Skills*** - Developing a highly educated, highly skilled and entrepreneurial workforce will be crucial if we are to deliver our ambitions for innovation-led growth. We need a workforce that meets the current and future skills requirements of local businesses, many of which are operating in globally competitive markets.

***Business competitiveness*** - In order to deliver our economic vision and growth ambitions, we need to attract a greater share of foreign and domestic investment to the area, and provide a supportive environment for our existing businesses to grow. Businesses are attracted to the area for a number of reasons, most fundamentally the strategic connectivity to national and international markets and the quality of life on offer.

Businesses also see the supply chain opportunities of being located near some of the UK's largest, most innovative firms and the commercial opportunities associated with the Military.

**Housing** - The vision is that sufficient affordable homes are provided in communities alongside open market housing; infrastructure and employment opportunities to ensure employees are able to live near their workplace. Swindon and Wiltshire will have a range of housing opportunities to ensure that employees do not have to live and work outside of the area due to the inability to access decent affordable homes near to key employment centres and to ensure that skilled workers are retained within both Swindon and Wiltshire.

### ***Introduction and background to evidence***

(56) SWLEP recognises the critical importance of ensuring its SEP and the ESIF Strategy are built upon a comprehensive, consistent and up-to-date evidence base. It has been working hard with its partners to develop a rigorous understanding of the Swindon and Wiltshire economy today. This includes the functional economic geography, wider regional, national and international economic links and the principal challenges and opportunities.

(57) SWLEP has built on work undertaken by the two Unitary Authorities to develop their Core Strategies. This work brings together housing, transport, skills, and economic data to develop forecasts of economic growth and the implications for employment land and premises; as well as future housing, transport and infrastructure requirements. This has been overlaid with a Local Economic Assessment (LEA), which provides a comprehensive audit of the SWLEP economy across the themes of people, business and place. The LEA is available for review at our <http://www.swlep.biz/docs/1> It benchmarks Swindon and Wiltshire's economic performance against comparator Local Enterprise Partnership areas with similar characteristics as a means of better understanding the challenges and opportunities for the area.

(58) Complementary analysis has assessed the concentration and contributions of key sectors to overall employment (using location quotients), GVA and turnover, using proprietary data sources to provide more comprehensive information. Some information for ESIF was taken from skills, labour market and related information put together for SWLEP or local authority partnerships overseeing commissioning strategy for skills employment education and skills. This includes Adult Learning and Skills mapping meta-reports.

(59) To inform an emerging overarching strategy for innovation, bespoke research has been commissioned into Key Sectors – including High Value Manufacturing<sup>2</sup>, Life Sciences cluster<sup>3</sup>, food and drink supply chain<sup>4</sup> and sustainable energy<sup>5</sup>.

Studies and recommendation for professional and business services, tourism sectors, information economy is still reporting, so only interim information has been used here. As work is planned, business cases from specialists continue to inform SWLEP on

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<sup>2</sup> High Value Manufacturing Project report for SWLEP (April 2014), Institute for Manufacturing - Education and Consultancy Services Limited, University of Cambridge

<sup>3</sup> Porton Science Park, Business Case, 2013 – SWLEP, Wiltshire Council

<sup>4</sup> Food and Drink Supply Chain study in Wiltshire and Swindon (December 2013) for SWLEP, Smart Growth Analytics Ltd,

<sup>5</sup> Swindon Future Cities and Hydrogen Roadmap, (October 2013- ), Swindon Hydrogen group, Swindon Borough Council and Forward Swindon



prioritisation. These aid understanding of the specific opportunities and challenges of these significant sectors. These studies will utilise the wealth of knowledge that rests with the business community and inform the development of ESIF activity to support growth sectors. This information together with aforementioned LEA forms the basis of Sections 3 and 4.

### ***Evidence and Analysis - Key topics***

(60) Our ESIF Strategy aligns closely with the SEP, sharing evidence and analysis. ESIF is key to delivery of the opportunities arising from innovation, Military, skills and business competitiveness identified in the SEP. Each is built on a robust evidence base which has been used to set the strategic context for our ESIF Strategy.

(61) Our analysis showed that Swindon and Wiltshire is a midrange economic performer compared with comparator areas. However, the worrying trend for the area is the relative erosion of its competitiveness in recent years, and its future capacity and capability to grow. This trend is most pronounced in Wiltshire, although both localities are moving in the wrong direction. The reasons for this are necessarily complex, given the macro economic scenarios of recent years and further concentration of high value added economic activity in London and the other large English core cities; and present a particular challenge for an economy such as Swindon and Wiltshire with its mix of both urban and rural economic traits.

(62) However, with a strong private sector presence, the prognosis for growth is good. According to the Working Futures set of economic and labour market projections the economy of Swindon and Wiltshire is forecast to see employment growth of approximately 9% over the period 2010-2020 which is almost double that predicted for the UK as a whole. While the recession has been deeper and longer than that predicted by the Working Futures model, the underlying pattern of stronger predicted employment growth in Swindon and Wiltshire would appear to hold true. This reflects the SWLEP's position as a relatively competitive area with historically high levels of growth and considerable future growth potential.

(63) Action is urgently required to turn around the current decline in competitiveness by positioning the SWLEP area to take advantage of significant opportunities which are becoming available. This will enable Swindon and Wiltshire to build upon its competitiveness and future economic sustainability and reverse the trend of recent years. It is important that the SWLEP area acts promptly to make good use of the opportunities available to it, notably Army rebasing, the tri-service Defence College of Technical Training and potential for growth in employment in areas such as professional services and tourism (food and accommodation). There is also potential to realise the skills being released by those leaving Military Service, the skills and experience of the partners and dependants of military personnel and through up-skilling the current workforce.

### **Topic 1 - Swindon and Wiltshire is a hub for innovation**

(64) Businesses in Swindon and Wiltshire invest heavily in the introduction of new or significantly improved products, services or processes. According to the Community Innovation Survey<sup>6</sup> businesses in the LEP area invested 8.7% of their turnover in such innovation activity in 2011, around 3.5 times the national average and well above levels of investment in comparator LEP areas

*Figure 1: % of business turnover invested in Innovation.*

Area	% turnover invested in innovation
Swindon and Wiltshire	8.7%
Buckinghamshire Thames Valley	3.1%
Heart of the South West	0.7%
Northamptonshire	0.5%
Oxfordshire	3.2%
England	2.6%

*Source: Community Innovation Survey 2011*

(65) The manufacturing sector and professional, scientific and technical services sector are particularly focused on innovation. Manufacturing businesses in Swindon and Wiltshire invested 14.9% of turnover in innovation in 2011, compared with the national average of 4.2%. Businesses in the professional, scientific and technical services sector in Swindon and Wiltshire invested 39.9% of turnover in innovation, compared with 22.9% in England.

(66) Businesses in Swindon and Wiltshire are more likely to protect their innovation with patents. 7.3% of business in Swindon and Wiltshire applied for a patent in 2011, almost double the national average of 4.0%<sup>7</sup>. Swindon and Wiltshire ranked 4th of 39 LEPs in terms of the number of patents granted per head of population in 2009<sup>8</sup>. Among the four comparator LEPs, only Oxfordshire generates more patents.

(67) Although there have been significant fluctuations in the number of patents successfully registered in each year, SWLEP performance is significantly above that of England as a whole. The number of patents registered by Swindon companies has declined steadily since its peak in 2000, while Wiltshire's share of patenting activity has seen a steady increase over the same period. Activity by Dyson accounts for a substantial proportion of this growth – it is currently one of the top 10 companies for patent registration in the UK; and a further 9 companies accounted for nearly 50% of the patents recorded over the past 16 years from 1995 – 2011. However, a further 44 businesses and organisations successfully filed three or

<sup>6</sup> The Community Innovation Survey (CIS) provides the main source of information on business innovation in the UK. It is conducted once every two years, as part of a Europe-wide CIS. A business is defined as being active in innovation if it has recently introduced (within the study period) or is introducing a new or significantly improved product, service or process; if it has engaged in longer term innovation activities such as basic R&D or technology watch; if it has had expenditure relating to innovation; or if it has formally co-operated with other enterprises or institutions on innovation.

<sup>7</sup> Community Innovation Survey 2011.

<sup>8</sup> OECD Patents by Region, cited in LEP Network Annual Review of LEP Area Economies 2013 (<http://www.lepnetwork.org.uk/lep-network-annual-review-of-lep-area-economies-2013.html>)

more patents over this period, suggesting that R&D and innovation activity is widespread across SWLEP.

(68) The spread of technologies covered by this activity is also broad, including manufacturing, microelectronics, mobile telecommunications, life sciences and materials. There is a strong alignment of our businesses' innovation with the government's Industrial strategy.

(69) Our strengths in innovation reside in a number of areas, most visibly in high-tech sectors which develop and deploy key enabling technologies. These are High Value Manufacturing; the digital information economy; Health and Life Sciences. There is also the significant driver of defence-related industries.

(70) Further, the UK Government's Innovation & Research Strategy for Growth (December 2011) provides robust and detailed evidence for national innovation and research priorities and details how ESIF and other EU funds can support research, development and innovation. Importantly, the national strategy emphasises that the UK must strengthen its ability to accelerate the commercialisation of emerging technologies, and to capture the value chains linked to these. The private sector will always be central to innovation but the Strategy notes that government and its agencies can play a key role in ensuring entrepreneurs, financiers and innovators have the best possible environment in which to operate.

**Implications for SWLEP ESIF:**  
Innovation for Sustainable Growth;

The level of patent activity and innovation intensive firms suggests that there is a substantial cohort of individuals within the workforce who have experience of working in business environments where innovation and is the norm. However, SMEs are less able to innovate or see the value and benefits that innovation, research and development can bring.

Sustainable growth means different things in different settings and sectors, but the principles and processes for intervention can be flexed to address our diverse economy. Investment to support high-value and high-reward specialisms should be made, as well as support for business to diversify and innovate to take up opportunities for a low carbon economy by sustainable development.

Key to the future success of the Swindon and Wiltshire economy will be ensuring the partners:

- Identify industrial sectors that are appropriate for smart specialisation and sectors which can diversify and collaborate for a low carbon economy;
- Encourage more SMEs to innovate to grow their businesses and consider looking for new markets and innovation partners overseas;
- Promote the area and attract new inward investors from around the world, for who

innovation is a major business driver;

- Attract entrepreneurs looking for an innovative environment in which to start a new high-value creative business;
- Drive greater commercialisation and exploitation of research and development activity, particularly arising from private and public investment in R&D.

(71) Since this is a major topic for SWLEP, in this revised document, a discrete section on Innovation for Sustainable Growth appears below in Section 4.

### **Topic 2 - The recession has hit hard, particularly in Swindon**

(72) With the UK emerging from its longest and deepest recession in the post-war era there is evidence that the effects have been particularly marked in Swindon where the employment rate fell from 82% in March 2008 to 72% in March 2013. However, there is also evidence that Swindon recovered more rapidly than other parts of the country because of the strength of the private sector.

(73) In Wiltshire, the employment rate fell from 77% to 75% in the same period. Ensuring that the economy is once again operating at, or close to, full employment is a priority so that the local economy operates at capacity and so living standards continue to rise.

(74) While there are good prospects for economic growth in Swindon and Wiltshire, there is evidence that competitiveness over the last decade has been in decline. The 2013 UK Competitiveness Index shows Swindon and Wiltshire ranked 14th out of 39 LEPs in England having slipped from 12th position in 2010.

(75) Economic output over the 10-year period 2001-2011 confirms the analysis. Whereas the national economy saw nominal GVA growth of 48%, Swindon and Wiltshire saw growth of 44%. Over the period 1998-2011 Swindon and Wiltshire fell from having the 8<sup>th</sup> highest GVA per head in England to 11<sup>th</sup>. LEP areas that overtook it during that period were: Greater Cambridgeshire and Greater Peterborough; Oxfordshire and West of England. Local businesses indicate that that the area is losing ground to better performing neighbours and that it is failing to attract its fair share of new investment.

#### **Implications for SWLEP ESIF:**

Innovation for Sustainable Growth; SME Growth;

Action is urgently required to turn around the current decline in competitiveness and return the economy to growth by positioning the SWLEP area to take advantage of significant opportunities which are becoming available. This will enable Swindon and Wiltshire to build upon its competitiveness and future economic sustainability and reverse the trend of recent years.

The SWLEP area must consider how to make good use of ESIF funding to capitalise on the opportunities for economic growth such as the Army rebasing, the new tri-

service Defence College for Technical Training at Lyneham – one of the biggest construction projects in the UK, significant levels of housing development and potential for employment growth in areas such as professional and business services and tourism (food and accommodation) as well as securing the growth and resilience of its rural economy.

These opportunities have the potential to generate advantages for businesses and for individuals through the development of new products and services; access to additional contracts and business opportunities; and access to work and training opportunities. There is also potential to realise the skills being released through redundancies among military staff; the skills and experience of the partners and dependants of incoming military personnel; and to up-skill the current workforce.

### ***Topic 3 - Inward investment is important to the local economy***

(76) The vast majority of businesses in the LEP area are micro enterprises, with 77.5% of all businesses employing fewer than five people. There are slightly more micro businesses in SWLEP area overall than the England average and slightly fewer small and medium sized firms. However, Swindon has almost twice the level of very large companies with 0.8% of its business base employing more than 250 people as compared with 0.4% across England as a whole. These are both UK and overseas owned companies. Enterprises in foreign ownership account for a relatively modest 1% (2011) of total enterprises in SWLEP, but account for 16.6% (2011) of employment amongst the highest quartile of LEPs on this measure.

(77) Overseas ownership and investment are significant drivers of export and innovation performance and SWLEP is in the top 25% of LEPs for its share of employment in export intensive industries. This means that decisions relating to location or further investment are often made elsewhere and local plants will be in competition for internal investments with plants elsewhere in the UK, Europe and globally. Many of these companies are in Key Sectors.

(78) Maintaining good relationships with local managers of foreign and UK-owned companies in order to understand and support the needs of those businesses can be critical to maintaining their presence. SWLEP saw one of the smallest declines in employment in foreign owned enterprises between 2010/2011 and recorded further foreign direct investment activity from existing businesses in 2012 which suggests that in the short term, the area is holding up well. A report by Local Futures (Jan. 2013) indicates that both Wiltshire and Swindon are top five places for business investment in England.

(79) Anecdotally however, there is a sense that the area is losing ground to better performing neighbours like the Thames Valley and that it has failed to attract its fair share of inward investment into urban areas. This is seen particularly to be the case in Swindon where stakeholders have attributed it to the poor performance of the town centre in terms of the office and retail offer; and the poor external perceptions of the area. This may lead to its offer being perceived to be less attractive than other UK towns and cities, particularly

given the renaissance of larger principle cities as drivers of economic growth and business locations.

**Implications for SWLEP ESIF:**

Skills for Growth; SME growth; Innovation for sustainable growth

A key priority for the LEP is to attract new investment not only to offset jobs lost in recent years, but to improve the range of value-added jobs in the area and thereby offset out-commuting amongst higher skilled resident population.

ESIF funds can complement the LEP's ambitions for more inward investment by:

- building strong relationships with the existing business and inward investors to understand the present and future skills demands of these industries;
- raising the external profile of Swindon and Wiltshire and selling our strengths as a business location by being a collaborating and developing policy with business.

**Topic 4 - Low rates of firm formation but good survival rates**

(80) Our Local Economic Assessment tells us in 2011, Swindon and Wiltshire had a below average number of business births (3.9 per 1000 of the population) in comparison with England (4.4). Of those firms that do start up however, business survival rates are strong, consistently above the national average for firms surviving 1, 2 or 3 years.

(81) Work in Swindon supported by SW ERDF competitiveness programme has identified a cohort of younger people, identified as economically disadvantaged, but able to become self-employed or start a small business. This type of support, from Outset, together with Fredericks Foundation and the Rural Growth Network, provides evidence that enterprise can be a route out of difficult circumstances, promoting social and economic inclusion.

**Implications for SWLEP ESIF:**

SME growth; Skills for inclusion;

This is a complex issue. High rates of business start-up are generally regarded as an indicator of high levels of entrepreneurship. Low rates of business death are sometimes viewed as evidence of a lack of competitive pressure within a local economy. Low levels of business starts tend to be correlated with concentrations of larger businesses within local economies. However, there is no doubt that new businesses create significant levels of new job creations. ESIF interventions designed to increase the rate of new businesses created will make a significant contribution to the creation of new jobs in the SWLEP economy and contribute to recovering competitiveness locally.

Local experience has shown that self-employment creates viable opportunities for people in disadvantaged communities. Pilot initiatives in these areas in part of the SWLEP area have produced good outcomes and thought should be given to the potential for rolling out these initiatives more widely.



The implication for ESIF is to build upon the SWLEP vision for more entrepreneurs and new businesses created in rural areas' and an entrepreneurial mindset in young people.

### **Topic 5 - The population is growing rapidly<sup>9</sup>**

(82) Between 2001 and 2012, the LEP population grew by 75,200, an increase of 12.3%. This is well above the national increase of 7.8% and the third highest increase of any LEP. Whereas in some areas population growth reflects the impact of an ageing population, this has not been the case locally and there has been a 10% increase in the working age population over the same period (+37,700) suggesting that people are moving in to the area attracted by employment, relatively competitive house prices and the lifestyle and environment enjoyed.

#### **Implications for SWLEP ESIF:**

SME Growth; Skills of Growth; Skills of Inclusion; Innovation for Sustainable Growth;

Growth on this scale presents very significant opportunities in itself. These include a wide range of business and employment opportunities. ESIF will consider how to maximise the economic and social opportunities including:

- Ensuring that SMEs have the capacity and capability to take up supply chain opportunities and that employment growth and job creation keeps pace with population growth;
- Ensuring that local people have the skills and qualifications necessary to take up new employment opportunities, such as accessing the considerable construction and other opportunities arising from housing and innovation-led developments;
- Driving innovation and contributing to carbon reduction through business-led initiatives to development of new products and services;
- Challenge-led procurement initiatives by public sector and MoD to promote innovation towards a low-carbon economy, enhance our green infrastructure, as contribution to environmental, economic and social sustainability.

(83) At the same time the population structure is changing. The forecast change in different age groups is expected to be markedly different to that for England as a whole, with a smaller increase in the population aged 16-65 and a much greater proportionate increase in the population over 65. This is predicted to grow by 33% in the SWLEP area. This means that of the 61,000 increase in population to 2021, only 7,000 will be in the 16-64 age range. This has significant implications when considering the future skills needs of employers. These will increasingly need to be sourced from people who are already of working age – there will be fewer young people entering the workforce.

(84) SWLEP understands that Britain is in a global economic competition and in order to succeed we must embrace our ageing population and the wealth of skills and experience older workers bring to business.

<sup>9</sup> Mapping Employment & Skills (2012) for SWLEP, EMB Consulting Ltd



(85) Research shows that although older workers are no more likely to become unemployed than other age groups, once out of work, older people tend to remain on benefits longer and are more prone than younger age groups to experience sustained periods of long-term unemployment.

(86) Older people share common barriers to employment with all age groups, such as lack of qualifications and lack of confidence. DWP research with older Job Seekers Allowance (JSA) claimants has shown that jobseekers aged over 50 can have a number of weaknesses in their search for employment stemming from the successes they had in long term work, such as lack of recent interview experience, undervaluing of skills and experience.

(87) The challenges and barriers described will be similar throughout the country; however, recent census data shows the population in Swindon and Wiltshire has a lower population of those aged 16-24 than the national average but higher percentage of those aged 50-64.

*Fig 1: Projected change in the age structure of the working age (16 - 64) population between 2012 and 2021 in SWLEP.*

Age	SWLEP 2012	SWLEP 2021	Change 12-21	% Change 12-21
18-24	53,140	46,822	-6,318	-12.4
25-44	179,990	179,529	-460	-0.3
45-64	184,631	200,395	15,764	8.3

Source: ONS Mid Year Population estimates 2001 – 2012

(88) The over-50s are the worst-hit age group when it comes to long-term unemployment. It is a trend that economists warn will cost the economy dear as the population ages. Almost half of those over-50s who are unemployed have been out of work for more than a year. That compares with a quarter of unemployed 18-24-year-olds. UK employers are expected to need to fill around 13.5 million vacancies in the next 10 years but only 7 million young people will leave education over that period, says the Chartered Institute of Personnel and Development (CIPD)<sup>10</sup>. It argues that immigration alone will not fill the gap and that employers will increasingly need to rely on older workers.

#### **Implications for SWLEP ESIF:** Skills for Growth; Skills for Inclusion

The workforce is ageing. Coupled with the rise in the state pension age this means that it will be essential that employers are well prepared to address the issues arising from the ageing workforce. Although this change will be gradual, in the longer term employers will face greater competition when seeking to recruit young people. At the same time, successive government's long-term pension policies mean that as people live longer they will be expected to work longer.

<sup>10</sup> 'Second Career Labour Markets', European Policy Centre, 2013, [http://www.bertelsmann-stiftung.de/cps/rde/xbcr/SID-59C0F1A6-49A4E3C5/bst\\_engl/xcms\\_bst\\_dms\\_38023\\_38024\\_2.pdf](http://www.bertelsmann-stiftung.de/cps/rde/xbcr/SID-59C0F1A6-49A4E3C5/bst_engl/xcms_bst_dms_38023_38024_2.pdf)

DWP Review of 50+ workers <http://research.dwp.gov.uk/asd/asd5/ihs-index.asp>

A key focus for ESIF action will be the 50 to retirement age group. This has an employment rate almost 20% below the rate for 35-49 year olds; largely as a result of early retirement and a savings culture which has largely disappeared from the UK due to economic, financial planning and social cultures which have changed over recent decades. As longer working lives become a reality with the raising of the pension age, then more of this older age group will seek to continue in their jobs or return to work.

### **Topic 6 - Strong jobs growth is forecast**

(89) There are strong prospects for employment growth in the area according to econometric forecasts<sup>11</sup>. 30,000 additional jobs are forecast between 2010 - 2020 across Swindon and Wiltshire, twice the rate predicted nationally owing to strong representation in sectors predicted to perform well, such as professional services. This forecast is consistent with the rate of growth being planned for in Local Plans.

(90) Nevertheless, 4.8 million Britons (20% of all employees) earn below the Living Wage – an increase from 3.4 million (14 per cent) in 2009. Annual median pay stands at £21,300, £3,300 lower, after inflation adjustments, than before the recession. Those most at risk of low pay include female workers, the young, those in lower skilled occupations, part-time and temporary workers and those employed in hospitality, retail and care<sup>12</sup>.

(91) Resident's pay rates in Wiltshire are 7% lower than the national average and in-work poverty is becoming a real issue. Similarly, workplace pay rates are below the national average, with those working in Wiltshire only earning 89% of the average across England. The gross weekly pay for men has fallen by £21.20 in Wiltshire and £19.70 in Swindon, compared with a rise of £11.10 across England. Swindon has the only economy to record a decline in pay for women, with rates having fallen by £9.40 in contrast with a national rise of £20.90. Overall, total pay has declined by £2.50 per week in Swindon and £7.50 per week in Wiltshire. In England it has risen by £16 per week. Whilst wages in Wiltshire are low, there are challenges for first time buyers and young people to get on the property ladder. In addition high rental prices are also an issue for young people wishing to rent which may prove a barrier to them staying in, or relocating to Wiltshire.

(92) For working universal credit recipients there is an explicit Jobcentre Plus responsibility to support the one million claimants who are earning less than the equivalent of 35 hours at minimum wage. Universal credit claimants who are just above the minimum wage level will be challenged to raise their earnings level. A group estimated to be 4 million people.

(93) Pay progression is especially low in the retail, hospitality and manufacturing sectors and for elementary, sales and customer services and caring occupations, where large numbers of workers appears to be trapped in low pay for long periods of time. Many of these workers only find higher paying roles by changing their industry or occupation<sup>13</sup>.

<sup>11</sup> Working Futures 2010-2020, UKCES

<sup>12</sup> Resolution Foundation (2013) Low Pay Britain 2013 [resolutionfoundation.org/media/media/downloads/Low\\_Pay\\_Britain\\_2013.pdf](http://resolutionfoundation.org/media/media/downloads/Low_Pay_Britain_2013.pdf)

<sup>13</sup> Resolution Foundation (2013) Starting out or getting stuck, an analysis of who gets trapped in low paid work - and who escapes [http://www.resolutionfoundation.org/media/media/downloads/Starting\\_out\\_or\\_getting\\_stuck\\_FINAL\\_1.pdf](http://www.resolutionfoundation.org/media/media/downloads/Starting_out_or_getting_stuck_FINAL_1.pdf)

### Implications for SWLEP ESIF:

#### Skills for Growth; Skills for Inclusion

The SWLEP economy is forecast to generate considerable demand for labour, reportedly, 30,000 jobs by 2020. It will be important to ensure that the needs of employers for staff can be met if businesses across SWLEP are able to remain competitive and are not held back by staff shortages.

It includes building aspirations among the local population and ensuring good access to advice and guidance and training opportunities. It will also require the development of effective local mechanisms for ensuring a good match between the demand for and supply of labour.

It will be important to support all local people to help them realise potential in the jobs markets across all sectors for a fully functioning economy. SWLEP, is keen that particularly those who are disadvantaged from labour market failures such as those under-employed and working part-time; returning to work after having families; moving to area due to partner in military service; trapped by low skills attainment in lower-waged work are supported to attain the skills and qualifications required to meet the increasing needs of employers. Similarly, SWLEP is keen to help business leaders take on motivated people and help upskill existing employees.

This means investing ESIF to help local people and businesses to understand the nature of the opportunities available to them and the skills and qualifications necessary to access jobs. ESIF could help those in low-paid jobs progress on 'learner journeys', and support those on the margins, come into the workforce.

### **Topic 7 - A shift towards higher-level occupations**

(94) The employment projections indicate that occupational profile of the area is predicted to continue to shift towards higher-level occupations.

(95) Of the 30,000 additional jobs generated in the SWLEP area from 2010 - 2020, the main occupational growth is expected to be for managers, professionals and associate professionals. Replacement demand is also forecast to be strongest for these categories, estimated as professionals (38,000), followed by managers (25,000) and then associate professionals (24,000). Demand is likely to be weakest for process, plant and machine operatives and sales and customer service occupations. Detailed projections for changes to the main occupational categories through to 2020 are shown overleaf.

Fig 2: Projections in the change in the numbers of jobs 2010-2020 arising from expansion demand and replacement demand by occupation.

Occupational category	Employment Levels (000's)					
	2010	2015	2020	Net Change (2010-20)	(e) Replacement Demand (2010-20)	Total demand (2010-20)
1. Managers, directors and senior officials	35	40	45	9	16	25
2. Professional occupations	62	67	75	14	24	38
3. Associate professional and technical	42	45	50	8	15	24
4. Administrative and secretarial	41	40	40	-1	19	18
5. Skilled trades occupations	43	42	41	-2	17	15
6. Caring, leisure and other service	31	32	33	2	13	15
7. Sales and customer service	30	29	30	1	11	11
8. Process, plant and machine operatives	20	18	17	-2	8	6
9. Elementary occupations	34	34	35	1	13	14
<b>Total</b>	<b>337</b>	<b>349</b>	<b>367</b>	<b>30</b>	<b>137</b>	<b>167</b>

Source: Working Futures 2010-2020, UKCES

(96) The continuing shift in the occupational profile of the LEP area over the course of the decade towards higher-order occupational groups will have a significant impact on the qualification profile of the workforce required by employers. The impact of both growth and replacement demand on the local economy will mean a requirement for approximately 83,800 extra workers with qualifications to degree level and above, by 2020. In total, 45% of the demand for higher qualifications will arise through growth (expansion demand) and the rest as a result of replacement demand. As a result of these changes the share of graduates in the workforce is predicted to increase from 33.6% in 2010 to 41.1% in 2020.

#### Implications for SWLEP ESIF:

##### Skills for Growth

Not only is there expected to be a considerable number of new workers required but there is also a significant change in the nature of the workforce required. The local economy will be increasingly 'graduate hungry'. Even where jobs openings arise through the need to replace workers leaving the workforce, employers will demand higher qualification levels of the replacement workers.

This evidence of demand for a workforce with rising qualifications directs ESIF interventions to help change aspirations and knowledge about work opportunities.

Local workforce has to have access to training opportunities which matches business demand with a supply of skilled labour.

It is clear that all of this demand cannot be met from new labour entrants alone. Many of these jobs will need to be filled by people already in the workforce. Whilst our proposals in the SEP focus on the capital investment in Higher Education needed to make this happen by improving the availability and range of Higher and Further Education opportunities; ESIF can support these investments by supporting the up-skilling the existing workforce to meet future demands and improving access to these opportunities for those in-work by working with business to plan and broker training packages at individual and workforce levels. ESIF can invest to strengthen the progression through qualification levels to ensure that the future workforce meets the needs to employers.

### **Topic 8 - Youth unemployment remains stubbornly high<sup>14</sup>**

(97) Nationally, young people have been particularly affected by the recession and this is also the case in Swindon and Wiltshire. Around 8,700 people aged 16-24 are unemployed in the area, representing 28.2% of all unemployment.

(98) What Matters to You – Young People survey<sup>15</sup>: The top two issues which the largest proportion of respondents say are most in need of improvement are activities for teenagers (48%) and being able to find a job (40%). Those aged 16-24 account for more than 1 in 4 of the unemployed 28.2%, the highest proportion of any of the LEPs with which it is benchmarked and above the national average share of 25.6%. Youth unemployment accounts for a greater share of unemployment (29.8%) in Wiltshire than in Swindon (26.1%) albeit from an overall smaller percentage of unemployed people.

(99) Those who are NEET are more likely to have low skills, be unemployed in the future, earn less and suffer from poor health and depression, which can have an adverse impact well into adult life. The average lifetime cost of each young person who becomes NEET is estimated to be £97,000 per person (£45k in resource costs and £52k in public service costs). According to the most recent Monthly LA Participation Digest relating to young people of academic age 16 (year-12 age) and 17 (year-13 age). The percentage of NEETs was 3.47% in February 2014, higher than 3.28% in previous month. Of the vulnerable groups participation at academic age 16 & 17 in February 2014 was lowest amongst pregnant teenagers (17.6%) teenage mothers (26.53%), young carers (30.8%) and care leavers (40%).

(100) Working with this group to provide foundations for working life and social inclusion is not resourced, but is highly complex. In Wiltshire, key stage 4 achievement for vulnerable groups particularly those in receipt of free school meals is already a priority to reverse the existing strong correlation with NEET status and poor outcomes long term<sup>16</sup>.

<sup>14</sup> Swindon Adult Community Learning Plan (2013 – 2014)

<sup>15</sup> Wiltshire Council, March 2014

<sup>16</sup> Wiltshire Children's Trust, Commissioning Strategy for Young People (2012- 2015)

(101) The youth labour market is also changing and this is having an adverse impact on young people's access to employment. Although some of this is down to the recession which has had a disproportionate effect on young people, nationally youth unemployment began rising as long ago as 2005 and NEET figures have remained stubbornly high through periods of growth as well as economic downturn suggesting there are structural causes.

(102) Whilst there are strengths in joined-up delivery, and despite a strong start for the apprenticeship service, in 2012/13 there was a decline in the number of apprentices aged 16-18 (978 starts – 6.4% decline) as well as aged 19-24 (1,855 starts – 12.5% decline). As employment rates overall in the UK increase, younger people find it increasingly difficult to get a job.

#### **Implications for SWLEP ESIF:**

##### **Skills for Growth: Skills for Inclusion**

Labour market failures can have a spatial dimension and concentration as well as be socially and economically detrimental, and occur in Swindon, Wiltshire's market towns, and more isolated rural villages. Prolonged economic inactivity, especially amongst young people, can lead to personal and social issues, with associated higher social, health and personal costs. At the business level, there are implications for the ability to recruit enough qualified staff as economic recovery occurs and endangers growth by both labour and skills shortages. This will be made worse by the ageing of the workforce and the need to make maximum use of those young people who are capable of employment. Business formation and survival rates can be lower in some affected areas.

SWLEP will aim to change the persistence of a significant number of young NEET people who may experience long-term upheaval, and the threat to the local economy of businesses not having a skilled workforce by working to tackle the causes of worklessness amongst young people.

- ESIF could provide innovative ways to increase Apprenticeship and Traineeship starts amongst 16-18 year olds. It will work with business to address outdated perceptions of Apprenticeships.
- ESIF support should be channelled towards new skills and training centres detailed in the SEP in Chippenham, Lackham, Salisbury, Swindon and Trowbridge for a range of skills and learning, by working with target groups and promoting social inclusion through employment and employability activities including work experience.
- There is a view amongst some local employers that new young labour market entrants lack the skills needed for employment. There are some of the key competencies expected of young people leaving full time education most frequently reported by local employers. ESIF could work to increase offer of Traineeships from business and training providers.
- ESIF could build bridges to support young people and targeted groups to move along learner journeys to enter the jobs market and will support a Skills Brokerage service



to support business find suitable employees.

### **Topic 9 - Educational attainment at 16 is a concern**

(103) In Swindon 56.4% of young people achieve five GCSEs A\*-C (including English and Maths) below the 59.2% national average. Performance has improved in recent years but this remains a key issue to address. The figure in Wiltshire (61.0%) is slightly above the national average. 1 in 12 young people (8.2%) aged 16-19 had no qualifications at all in 2012. While this better than the national picture it leaves those school and college leavers ill-prepared to meet the rising skills and qualifications needs of employers.

(104) The majority of employers are positive about the employability of young people, but significant minorities had concerns about their work preparedness. Thus, 24% of employers who had recruited 16 year olds, 20% of employers of 17-18 year old school leavers and 19% of employers of 17-18 year old Further Education leavers thought that they were poorly or very poorly prepared for work. Concerns related mainly to a lack of work experience and motivation.

#### **Implications for SWLEP ESIF:**

Skills for Growth; Skills for Inclusion:

While unemployment among young people in the SWLEP area is below average and there are above average employment rates for 16-19 year olds, there are spatial concentrations of low educational attainment and low levels of progression to higher qualification levels both in rural and urban areas.

There is a danger that many young people will subsequently find themselves at risk of unemployment as the demands of employers for more highly qualified staff increases. They may become part of the very substantial proportion of people who are never able to move out of low wage work; and find that entry level jobs are not the first step on the career ladder they had expected they would be.

For the area to be able to meet the future needs of employers set out previously and restore and sustain a competitive position, more young people need to be encouraged to aspire to and attain better and higher qualifications. There are likely to be significant cultural issues associated with the choices that young people are making and it will be necessary to find innovative approaches for ESIF interventions to be effective.

This must be associated by better information and understanding on the nature of the work available; the opportunities and career pathways into local growth sectors on the part of education and training providers and young people and their families.



**Topic 10 - Low rates of Higher Education participation in Swindon, higher rates in Wiltshire**

(105) Local businesses have identified the lack of a ready workforce with higher level skills as a major barrier to future growth. In Swindon, the Higher Education participation rate among 18 year olds is just 25%. Wiltshire has above average participation in Higher Education among young people - 36% of 18 year olds compared with 35% in England, yet evidence shows only a third return to the area after graduating. There are also pockets of low participation in some rural wards. The number of graduate level jobs in the local economy is forecast to increase from 33.6% to 41.1% meaning 83,000 more people with a Level 4 qualification or above will be needed. In the events we held with local businesses, the Higher Education gap was frequently cited as a barrier to growth.

(106) Low level of participation in Higher Education is the outcome of low levels of educational attainment at all levels. This is clearly not a new issue and is reflected in the level of qualifications for 25-29 year olds. It is clearly indicative of low aspirations and may reflect a lack of understanding about the changing nature of work and the rising expectations of employers for higher qualification levels.

**Implications for SWLEP ESIF:**

Skills for Growth; Skills for Inclusion;

Alongside proposals in the City Deal to improve access to Higher Education within the SWLEP area, ESIF interventions will support a Skills Brokerage service and work within and around the full range of educational institutions, from schools, Further Education and the new University Technological Colleges.

ESIF will also be able to support institutions with ambitions to bring Higher Education and specialist skills training into the area – such as the focus on Life Sciences, Engineering and Construction (LEC) at the new facilities at Salisbury and Chippenham colleges, the Sustainable Technologies Centre in Swindon and Regional Centre for excellence in land-based and environmental education planned for Lackham College and where possible, in conjunction with the centres of innovation associated with Porton, Corsham and in Swindon.

To ensure that the future needs of employers are met, work to promote positive aspirations about work, the attainment of skills; and deeper understanding of the opportunities and necessity will help to drive up participation in Higher Education among young people.

This will need to be accompanied by moves to enable people already in the workforce to progress and achieve higher levels of qualifications; and investment to support those who might have missed out on opportunities for higher level of educational attainment.

### **Topic 11 - Social exclusion and employability**

(107) The level of worklessness has increased in recent years with approximately 9.3% of the working age population in Wiltshire being on one or more out of work benefits in February 2013. In Swindon and Wiltshire, there are an estimated 36,000 workless households (16.4%) a slightly lower proportion than nationally (17.5%) but still a significant figure. The main change that has occurred in recent years is that the overall level has increased though the gap between the two local authorities has narrowed. The proportion of workless households in Swindon has risen from 15.7% in 2008 to 16.6% in 2012, whereas the rise in Wiltshire has been steeper from 12.5% to 16.1%

(108) Trend analysis over the past decade shows that although the proportion of out of work claimants in Wiltshire is low by national standards, the increase in claimants since the onset of recession has been almost double the English rate and the gap between them has narrowed. Since the recession, long term unemployment (defined as 6 months or more) has almost doubled in Swindon and Wiltshire where it has risen from 19.9% of the total to 39.4% in August 2013.

(109) In addition, the recession has had a disproportionate effect on women, with female long-term unemployment increasing by over 200% (CESI: Long-term unemployment in 2012).

(110) Finally, although Jobcentre Plus has been much more effective at preventing long-term unemployment in the current recession than it was in the 1990's (1:6 people now become long-term unemployed compare with 1:4 in 1992 CESI op cit) there is still a stock of long-term unemployed people who are in danger of always being passed in the jobs queue by those who are more recently out of work and who have better qualifications and fewer social problems.

### **Barriers to work**

(111) Those wishing to return to work often face a number of barriers over and above their lack of skills or qualifications. The Local Adult Re-offending rates published by the Ministry of Justice in November 2013 show the reoffending rate in Swindon as the highest in the country with Wiltshire not far behind. This is mostly acquisitive crime (shoplifting etc). There is a clear evidence base that being in work has a real impact on reducing offending behaviour, but also having a criminal record is a significant barrier to work<sup>17</sup>.

### **Child Poverty**

(112) According to the Reducing Child Poverty Strategy 2014-20 (consultation draft, April 2014) shows that of the 285 Lower Super Output Areas (LSOAs) in Wiltshire, 14 have numbers of children living in poverty which are more than 2 standard deviations above the Wiltshire average of 11.4%. This means that in certain LSOAs – mainly centred in the larger towns, Trowbridge and Salisbury, but also in Royal Wootton Bassett and Westbury the percentage of children living in poverty ranges from 26.9% to 46.1%. Ten LSOAs have over

<sup>17</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/259557/local-adult-reoffending-jul12-jun13.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/259557/local-adult-reoffending-jul12-jun13.pdf)

30% of children living in poverty, an increase of one extra LSOA in Wiltshire with this high percentage of children living in poverty when compared to 2008.

According to the Reducing Child Poverty Strategy 2014-20 (consultation draft, April 2014) an analysis by HMRC demonstrated that in August 2011 Wiltshire had 11,610 children (0-19yrs) living in poverty, which represents 11.4% of children. This is an increase of 400 children (0.4%) in Wiltshire since 2008.

### **Access to services and rurality**

(113) Transport infrastructure is an issue for very rural places which reduces opportunities, the cost of travel is high and routes for villagers to main towns are being cut and so loss of opportunity to participate in employment, education or training. 68.6% of Wiltshire's population is classed as rural which poses certain challenges to growth particularly because of access and distance to employers and learning providers.

(114) Wiltshire faces some significant childcare limitations including: Some areas lacking before and after school childcare due to the size of the community making it unviable. There is also very little weekend childcare or very late and very early opening childcare to accommodate those in shift work.

### **Implications for SWLEP ESIF:**

#### **Skills for Inclusion;**

ESIF will work with a range of partners, with civil society organisations (VCS, social enterprises) and with both local authorities to promote social inclusion, because of their knowledge and expertise in dealing with the client groups concerned. It will also engage with employers, so that the supply of workers meets existing and future demand. An important part of the employer family are public services, such as local authorities, who have an important leadership role in offering sustainable jobs to those furthest from the labour market. In this sense ESIF should support either type of organisation to deliver parts of the programme where they are best suited to do so. It will support positive outcomes not particularly sectors.

#### **Key activities will include:**

- Keeping those who suffer from long-term disadvantage in contact with the labour market through work experience;
- Improving, upgrading and renewing skills of those who are long-term unemployed for the business base in the area;
- Supporting those who suffer disadvantage into sustainable employment through non-skill based services such as debt advice, health support, services for re-offenders;
- Supporting business to retain individuals who have been long-term unemployed / offenders through specialist advice, key workers;
- Supporting self-employment where appropriate (e.g.; ex-offenders);
- Supporting social enterprises that specialise in recruiting and supporting disadvantaged groups to develop as sustainable businesses themselves through

access to appropriate finance and business services.

A number of disadvantaged groups who will be helped by ESIF will also help in the delivery of the equalities theme. For example, working with single parents will improve both the life chances of children through early intervention and increase female participation rates in the labour market. Working with those who have a physical disability will meet objectives around increasing participation rates for this group.

The activities will be delivered in partnership with:

- The private sector through better targeted employer engagement and support;
- The public sector through its leadership role as a significant employer in many areas (especially entry level jobs);
- Civil Society organisations through their provision of services to disadvantaged areas and individuals and an increasing role in both public service provision and private sector partnerships;
- One of the implications for this focus on social inclusion and on the third sector as a key delivery partner will be the ability to lever in funds through the 'opt-in' process from the BIG Lottery Fund in order to support joint activities.

For clarity, civil society refers to the broadest group of NGOs who deliver services that are both social and economic (usually having charitable status) and who are governed by an independent board or trustees;

Social enterprises are not a sector (or part of a sector) but a business model that seeks to combine the delivery of specific socially useful goods and services with long-term financial sustainability through a combination of revenue (usually 50% or more of income) and grants. They will also be independently governed and have some sort of 'lock' on asset/profit distribution.

### ***Topic 12 - EAFRD – an integrated Rural Local Growth programme within ESIF***

(115) SWLEP has devised a number of integrated Activities to invest the £3.9m notional allocation of EAFRD in this ESIF Strategy.

(116) SWLEP acknowledges the Defra's SWOT, sectoral analysis and guidance on articles and measures for intervention and understands that the use of its EAFRD allocation is limited to activities that contribute to:

- Building knowledge and skills in rural areas;
- Funding new and developing small and micro rural business;
- Funding small scale renewable and broadband Investments in rural areas;
- Support for tourism activities in rural areas.

(117) SWLEP has a robust and deliverable plan for its EAFRD allocation; it will work to fine tune the activities to ensure effective delivery and avoid overlap and duplication with Defra's national programme for Forestry and Farming Productivity scheme, on rural skills, on stewardship and land management scheme and the LEADER local action groups.

(118) It is working with Defra family to achieve integration of rural development programming in the area from local or national sources and avoid gaps in the services available to beneficiaries.

(119) The brigading of funds under Common Strategic Framework has been welcomed by rural stakeholders and partners as it will benefit rural businesses and individuals on the same basis as those in urban locations. Many of the needs of rural businesses are addressed by ERDF or ESF activities set out in the ESIF Strategy. For example, business support and advice are as applicable to rural businesses as well as those based in towns. In commissioning and delivery, regard should be made to ensure that interventions are accessible in all rural areas.

(120) The rural development local growth allocation will support our SME Growth thematic agenda and focus on specific sectors within the rural economy – namely the food and drink supply chain, (including land-based and agricultural businesses looking to diversify); and rural tourism and visitor economy, much of which is land-based and rural.

(121) These sectors are tied to the land and specific locations as part of their offer or ‘unique selling point’. As such, they are unable or unlikely to relocate and provide a degree of stability to the local economy. There are opportunities and challenges which could be tackled to make both sectors more productive and increase their contribution to the overall economy. Both employ large numbers of local people and have a high proportion of small and micro businesses. Both these sectors are key sectors SWLEP’s Strategic Economic Plan.

(122) Furthermore, in pursuit of a low carbon economy, SWLEP has investigated with partners on its rural economy group, innovative ways of deriving economic benefit from the natural capital. It foresees in its Innovation for a Low Carbon economy Activity and opportunity to derive multiple benefits from economic growth. These benefits would reinforce the biodiversity and conservation value of the land, the ecosystems it supports, as well as the social, health and public benefits from green infrastructure. These interventions will support rural industries such as timber and environmental services, and will underpin Sustainable Development.

(123) Our SEP indicates that access to superfast broadband services is a key infrastructure for rural areas. It is essential that employment land has access to superfast broadband. Developments should be made sustainable and viable by fibre to premises where possible, but SWLEP does not consider ESIF funding as the appropriate vehicle. Rather, private investment and further development between telecoms industries, government, BDUK and local authorities to expand superfast broadband rollout and the Swindon 4G network plans are preferred.

(124) The Skills for Growth and Skills for Inclusion themed activities will be available under ESIF in rural areas, and SWLEP will take account of the costs of rural delivery when agreeing interventions with the managing authorities and direct Social Inclusion activities to ensure that rural disadvantage, such as young people’s access to training courses, is tackled.

(125) Wherever possible delivery of ESIF activities will use existing structures, namely LEADER and the Rural Growth Network for development and delivery of its rural Local Growth investments.

(126) SWLEP has devised a plan for a non-delegated decision-making rural structure to make decisions and directions on the EAFRD allocation. This shall be based on the existing Rural Growth Network and be informed by Link 2 Nature, Visit Wiltshire and Taste of Wiltshire, as well as being accountable to the SWLEPs rural economy group and the SWLEP sub-committee charged with developing and endorsing investments that implement the ESIF Strategy. The full proposal appears in the Governance section (Section 6).

(127) Defra's decisions on the LEADER programme will not be made until later in 2014. It is understood that up to 5 LEADER groups could be operational in the area from 2015 – namely:

- North Wessex Downs;
- Plain Action;
- Heart of Wessex;
- New Forest;
- Cotswolds.

(128) SWLEP will be supportive of these LEADER groups where their Local Development Strategies are reasonably aligned with the ESIF strategy. It will seek to agree with LEADER groups on threshold for minimum and maximum grants to avoid overlap, and seek to avoid duplication of investment. However, it will work with LEADER closely in recognition of the local distinctiveness which LEADER can bring to investment making, and the innovation allowed in smaller schemes that can drive economic change in rural areas. It understands that first three LEADER groups listed above will be supported by Wiltshire Council as their Accountable Body, ensuring a compliance and technical support for the LEADER groups, as possibility for synergised delivery

(129) SWLEP, through its strategic partner, Wiltshire Council will continue to work to align the LEADER local development strategies more closely with ESIF and the Strategic Economic Plan priorities so that endorsement is a matter of shared values and ambitions.



## Section 4: Key Sectors, Innovation and Smart Specialisation

### ***Policy considerations***

(130) Initiatives to support specific sectors need to go hand-in-hand with 'horizontal' policies that address area-wide challenges and opportunities. SWLEP is keen to support innovation and the creation of entrepreneurial culture in the business community no matter what sector.

(131) For ESIF, the delivery of interventions will be integrated wherever possible, but in terms of describing the various facets of the ESIF Strategy, the thematic group of activities for SME Growth will address the competitiveness agenda relating to the broad business support needs of SMEs, start-up, exporting, resource efficiency/process innovation, leadership and management with support for particular sectors where possible due to eligibility and with a target for social inclusion through enterprise.

(132) The innovation agenda will be covered by the thematic group of activities for Innovation for Sustainable Growth. SWLEP has identified a number of key sectors and industries where there are good prospects for sustainable and long-term growth through innovation. While our SEP includes investments that will directly support some of these key sectors, we are not attempting to 'pick winners', recognising the risks of a sector-based approach when planning future investment.

(133) Instead, ESIF Strategy works to support Innovation for Smart Specialisation – to focus on the high-value sectors using key enabling technologies and also to support Innovation for a Low Carbon economy to support business diversify and take advantage of the opportunities from environmental and social pressures on the economy.

### ***Our Approach - Key Sectors***

(134) In our broad approach, the importance of identifying sectors where there are historical strengths on which to build, links to centres of innovation and potential for market growth have driven selection. We have identified the following sectors where there are existing strengths and evidence suggests there are good prospects for growth:

- Advance engineering and High Value Manufacturing;
- Military and Defence;
- Digital industries/ information economy;
- Professional and financial services;
- Health and Life Sciences;
- Environmental technologies (sustainable energy);
- Land-based industries including food;
- Tourism.

(135) ESIF investments will have a direct impact on all these sectors but indirectly all these sectors, and many others, will benefit from the proposed improvements in SEP. It is important to recognise the role of logistics and distribution, retail and leisure, construction and personal, health and care services activities that provide significant employment but

perhaps do not get the attention they deserve as they are often associated with lower value employment. However, these are all vital to the functioning of an efficient economy and labour market, offering a range of employment opportunities that increasingly require higher level skills.

(136) Detailed reports, research, business plans and strategies, from a mixed perspective from business, objective, technical and public sector viewpoints together with business networks and delivery experience are starting to pull together a comprehensive picture of key sectors and the role of innovation and how it applies.

(137) Work that has informed ESIF includes that set out here and summarised at the start of Section 3. It is also informed by the Military-Civilian Integration board and SWLEP rural economy groups, together with task and finish groups have developed and refined relevant sectors strategies for ESIF. The considerable local intelligence gathered by SWLEP and its partners also informs the shape and form interventions are proposed.

(138) As an emerging SWLEP strategy for innovation these factors allow ESIF to fully support innovation in alignment with Thematic Objective 1.

(139) A more detailed analysis of key sectors follows further down in this section.

### ***Smart specialisation***

(140) In keeping with the Government's approach to sectors embodied in the UK Industrial Strategy, we see the value of identifying sectors for the purposes of understanding the dynamics of the economy, and the need in some cases to plan proactively to support their growth where there are opportunities to capitalise upon or market failures to address. SWLEP is also keen to find ways to support innovation locally for key sectors involved with key enabling technologies. SMART specialisation - the 'entrepreneurial process of discovery' - is addressed in our ESIF. SWLEP has an emerging innovation strategy which will continue to inform ESIF investment developments and decisions.

(141) Our SEP sets out a package of measures to capitalise on our strengths and ESIF funding should add value to these priorities. ESIF will prioritise in reflection of local, national and global contexts, and attempt to realise the full growth potential from innovation by creating the right business environment and infrastructure.

(142) The aforementioned UK Innovation Strategy (from 2011) sets out three key areas where public money makes an impact:

- Funding blue skies research as well as new discoveries and inventions;
- Improving the interface between Higher Education Institutions and Business;
- Delivering a better environment for commercialising research.

(143) Five key sectors innovating with enabling technologies and with mutually beneficial competencies would be promoted through a range of Innovation support for Smart Specialisation. These are:

- Health and Life Sciences;
- Digital – ‘information economy’;
- Advanced engineering and High Value Manufacturing;
- Environmental technologies (in particular sustainable energy);
- Military and Defence.

(144) There is a good degree of synergy between these sectors and the UK industrial Strategy, in which the Department of Business, Innovation and Skills (BIS)<sup>18</sup> identifies groups of sectors that offer the greatest potential for growth where intervention can add most value.

(145) **The Defence sector** is critical to our economic infrastructure, both as a driver of business innovation through a supply chain, and with many skilled leavers from the military choosing to live in the area. Close links with partners and MoD are key, and demonstrated in many facets of the local economic, social and environmental landscape overseen by the Military-Civilian Integration partnership. There are numerous private companies such as QinetiQ, Chemring Countermeasures, Tetricus, Aspire, Serco and Landmarc which operate within the defence sector. These companies work in a variety of different areas, including cyber security, defence logistics and rocketry.

(146) The military and its personnel can commercialise knowledge, technologies and techniques, in advanced engineering, remote/ artificial intelligence – eg; UAVs, bio-tech, security and other specialisms, which become wider opportunities.

(147) The Defence College for Technology at RAF Lyneham will bring 5000 defence industry students to the area, with both training and educational specialists serving the institution, the opportunity for businesses to thrive on the expertise at this centre. The military’s outward supply of skills and expertise is part of the innovation ecosystem which SWLEP is keen to build upon and is applicable across many key sector businesses.

(148) **Swindon** is the LEP’s major urban agglomeration with strong High Value Manufacturing and engineering industry. It is home to a number of innovative global leaders such as BMW, Honda and Johnson Matthey. Forward Swindon, with industry partners and SWLEP foresee in the Future Cities report, innovation and collaborations across sectors to bring sustainable energy and in particular hydrogen and fuel cell technologies to the mix of our local strengths. Investment could encourage growth and benefits from environmental technologies and in particular sustainable energy linked to the hydrogen cluster activity emergent in Swindon.

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<sup>18</sup> Industrial strategy, op. cit.

(149) **A350 corridor** – Our High Value Manufacturing heat mapping research indicates a significant agglomeration at least commensurate with Swindon along the A350 from Chippenham near to the M4 down to Warminster along the western, West of England facing part of Wiltshire. Businesses such as Cooper Tires, Knorr-Bremse, DTRVMS, Apetito and Combe Castle International are innovators and exporters utilising technology and a range of competencies to maintain competitiveness. Evidence suggests developing and retaining skilled workers in the advanced engineering and high-value manufacturing sectors and support innovation through nodes of innovation and growth. There are also clear links for the sector to utilise energy and waste – with sustainable energy being part of the innovative mix of technologies that could enable better industry outcomes. Manufacturing links with bio-science and agri-tech are also possible.

(150) **Porton Science Park** is situated within the South Wiltshire Research Triangle to the north east of Salisbury, and comprises a 7.96 hectare site adjacent to the Defence Science & Technology Laboratory (dstl) facility and the Public Health England (PHE) Porton Down site. Outline planning permission has been granted for 355,502 sq ft of research and development accommodation with first phase of development comprising a 45,000 sq ft (GIA) innovation building and 'grow-on' space. Close links are already established with Porton Health Life Science (HLS) cluster (including PHE and dstl), Southampton University and Salisbury NHS Foundation Trust. There is academic and commercial partnership through Wessex Academic Health Network and Wiltshire Council.

(151) The development of the **Corsham Institute** represents an additional private sector investment of over £275m over the next five years developing a world renowned university campus specialising in digital technologies. The Institute will develop academic facilities, student residential accommodation and related facilities for up to 5,000 undergraduate and 2,000 post-graduate students, together with a research park, Technology Park, secure data centres and a knowledge exchange platform to support over 20 companies. The utilisation of the infrastructure for both skills and innovation platforms from Corsham and the established digital communities nearby, along the M4 corridor towards in Swindon focused amongst other things on mobile technology.

(152) ESIF will be flexible to meet the needs of the growth nodes to which it will be centred around:

- Porton Science Park – Life Sciences Cluster;
- Corsham Institute – and digital communities;
- Swindon Future Cities – combining existing strengths in high value manufacturing, technology, advanced engineering – and sustainable energy;
- West and North Wiltshire - A350 corridor – innovation synergies;
- Private sector OEM – e.g.; hydrogen highway cluster.

(153) These centres of innovation and others which develop in the course of time, together with opportunity from sustainable energy and defence form the foundations of the innovation strategy.

(154) ESIF should support better interface Higher Education Institutions and Business and deliver a better environment for commercialising research. It will link to Technology Strategy Board and Horizon 2020 to support research funding for business. It should support incubation and support to businesses to innovate. ESIF will invest in smart specialisation by supporting business benefit from knowledge, advice, access, research and will provide incubation space.

### **Low Carbon Economy**

(155) The transition to a low carbon economy is a SWLEP ESIF Priority theme and creates many new business opportunities across many aspects of the economy. ESIF foresees the largescale housing and capital investments from Army 2020 rebasing, mainstream and military educational institutions as drivers for local SMEs to change focus.

(156) ESIF will also promote innovation for a low carbon economy. In line with UK Industrial Strategy it will support the enabling sectors such as energy and construction. ESIF will invest in sustainable development by supporting business innovating in products and services for a low carbon economy and work with Skills Brokerage to ensure these emergent and new industries have the skilled workforce demanded.

(157) For SWLEP the main key sectors which could be promoted through a range of Innovation support for Low Carbon economy are:

- Military and Defence;
- Digital industries/ information economy;
- Environmental technologies and in relation to Construction (in particular sustainable energy);
- Land-based industries – (in particular Natural Capital);

(158) Our SEP articulates ambitions to develop the offer of Swindon Town Centre as the LEPs major city-scale business centre, including a Higher Education campus that focuses on advanced engineering and manufacturing and sustainable construction research and development.

(159) This is in addition to the **Swindon University Technical College** and the **Centre for Excellence in Sustainable Technologies**, due to be delivered in 2015. Working collaboratively with employers and businesses this agglomeration of research and learning creates a significant node of innovation specialism within the SWLEP area with a focus on advanced engineering and High Value Manufacturing.

(160) **Wiltshire College** will also expand at Chippenham, Lackham, Trowbridge and Salisbury, with much focus on construction and engineering skills that will support skills into the workforce and labour market supply for innovating businesses. These will establish strong links with the **University Technical Colleges** opening in Salisbury and Swindon.

(161) The **HIVE Research Centre**, specialising in low carbon construction materials and ground breaking industry specific research and development is also located in Swindon.

(162) Our **Natural Capital** is the natural environment and landscape, underpinning everything that we produce and consume. ESIF activity could support sustainable interventions which provide jobs and business growth, as well as providing wider benefits through better management of land and natural resources, underpinning our ecosystems and securing the services that they provide for current and future generations. On this basis it would fit well alongside other support on the Activity theme of Innovation for a Low Carbon economy.

(163) ESIF will be flexible to meet the needs of the growth nodes to which it will be centred around:

- The HIVE centre at Wroughton;
- Swindon College Sustainable Technologies Centre;
- University Technical Colleges;
- Wiltshire College Construction skills academy and engineering skills provision
- New College Swindon Higher Education;
- Lackham Regional Centre of Excellence for Land-based industries;
- Natural Capital – (rural areas).

(164) These nodes are the centres of innovation for Low Carbon. As others develop in the course of time these form the foundations of our innovation strategy for an innovation ecosystem.

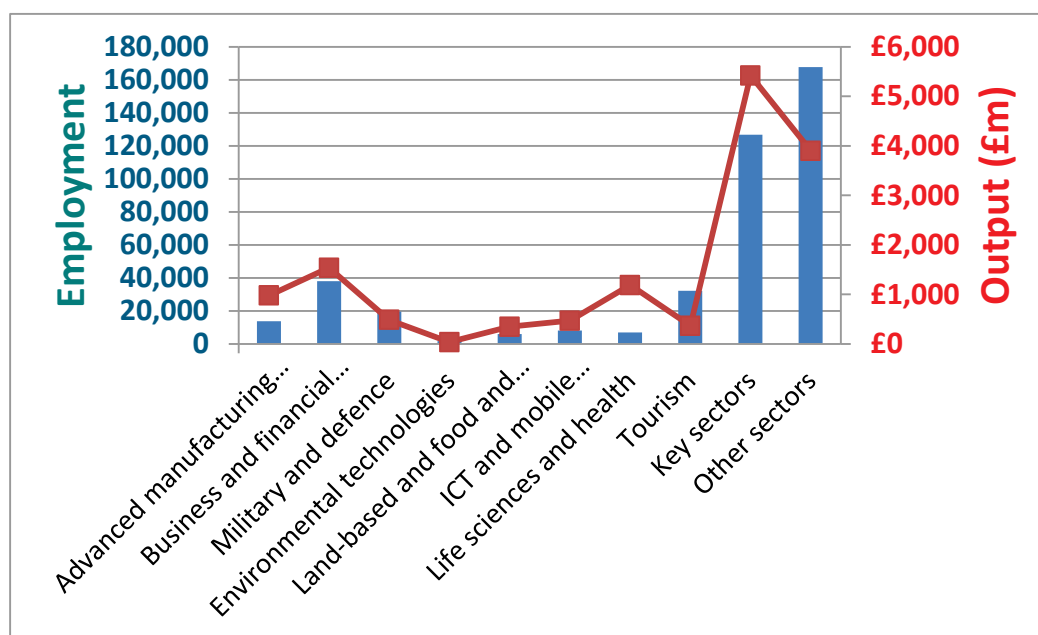
(165) ESIF should support development of an innovation ecosystem to allow for closeness between educational and Higher Education institutions and business to deliver a better environment for commercialising research. It will link to Technology Strategy Board and Horizon 2020 and others such as Construction Industry Training Board (CITB) and will support dynamic networks to support further funding for commercial and blue skies research. It should support incubation where this allows for business growth and support businesses to innovate. ESIF will invest in diversification to a low carbon economy by supporting business benefit from knowledge, advice, access, research and will provide incubation space.

## **Detailed analysis of Key Sectors**

### ***Output and employment in key sectors***

(166) Looking at the data on key sectors, they represent less than half of current employment in Swindon and Wiltshire but contribute significantly more in output, reflecting high levels of productivity and their importance for generating high value-added jobs.





Source: Trends Business Research (TBR), BRES

(167) Further insight is provided in the table below, which presents the absolute numbers and percentages of total employment in each sector and their contribution to economic output.

(168) The final column relates to the concentration of employment in Swindon and Wiltshire relative to England. A Location Quotient (LQ) above 1 implies a higher concentration than would be expected nationally, i.e. 1.25 means there is 25% more employment than would be anticipated.

Figure 3: Output, Employment and Location Quotients in Key Sectors - Source: TBR, BRES

Sector	Total Employment	% Employment	Output (£m)	% Output	Empl. LQ
Advanced engineering and High Value Manufacturing	13,800	5%	979	11%	2.29
Business and financial services	38,000	13%	1539	17%	1.29
Military and Defence	19,530	7%	488	5%	n/a
Environmental technologies	1,700	1%	38	<1%	1.75
Land-based and food and drink	6,100	2%	347	4%	1.57
ICT and mobile	8,250	3%	471	5%	1.24
Health and Life Sciences	7,000	2%	1190	13%	4.10
Tourism	32,300	11%	368	4%	1.47
Key sectors	12,6680	43%	5420	58%	-

(169) Business and financial services are important as they provide 13% of all jobs. High Value Manufacturing, while employing a smaller proportion of the workforce delivers 11% of output and has an LQ of 2.29 denoting a significant concentration. This compares to tourism, which delivers many jobs but comparatively little output.

(170) A summary of why these sectors are important and some of the support activities currently provided is set out below.

### ***Advanced Engineering and High Value Manufacturing***

(171) Swindon and Wiltshire is home to a number of world class engineering and manufacturing companies including: Honda, Dyson, BMW Group, Cooper Tires, Fairchild Semiconductors, Tyco Electronics, Knorr-Bremse and Johnson Matthey Fuel Cells. These are all businesses which rely on innovation to maintain and enhance their competitive position within global markets. The presence of major Original Equipment Manufacturers (OEMs) means that we are an attractive location for suppliers and support organisations.

(172) The significance of the sector is reflected in the Location Quotient for employment of 2.29. Our companies have close working relationships with a number of leading universities which specialise in engineering including the universities of Bath, Bath Spa, Bristol, Southampton, West of England and Bournemouth. Other centres of excellence include Dyson's Research, Design and Development Centre, the South West Composites Gateway and the Advanced Composites Centre for Innovation and Science. These organisations form an integral part of the local innovation eco-system.

(173) Both the Swindon and Salisbury UTCs will specialise partly in engineering, alongside business and enterprise and have secured a range of private sector partners. The Engineering Innovation Network South West is an important project led by Wiltshire College along with partners Swindon College, the University of Bath and Bridgwater College to support engineering SMEs<sup>19</sup>.

(174) A review of the high value manufacturing sector in the SWLEP area was undertaken by the Institute for Manufacturing (IfM) and University of Cambridge. Five workshops and a mix of interviews engaged over 50 companies in the sector including many of the largest local employers. Businesses identified product and service opportunities across the value chain with local competencies in food, biotechnology, defence, automotive, rail, energy, the built environment and the digital economy.

(175) The three most important things for supporting growth of the sector were identified as: education (with an emphasis on STEM skills); infrastructure - both physical and digital to support sustainable growth; and collaboration between companies to exploit new opportunities.

### ***Military and Defence***

(176) We are home to 11,000 Army personnel and an additional 4,530 MoD civilian personnel<sup>20</sup>. Army 2020<sup>21</sup> is one of the key drivers of change in the SWLEP area.

(177) In terms of the defence-related business activity, Porton Down, with the Defence Science and Technology Laboratory (dstl) and Public Health England (PHE), is a particular focus.

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<sup>19</sup> <http://www.einsw.org.uk/>

<sup>20</sup> Military population in Wiltshire and the South West region, Maggie Rae, October 2012

<sup>21</sup> Transforming the British Army, MOD, 2012 (known as Army 2020)

(178) There are numerous private companies such as QinetiQ, Chemring Countermeasures, Tetricus, Aspire and Serco that operate within the defence sector. These companies work in a variety of different areas, including cyber security, defence logistics and rocketry.

(179) Nearly all these businesses are linked by a need to innovate and respond to the changing environment in which the Armed Services operate. The growing Military presence and scale of planned MoD investment creates huge economic opportunities we are aiming to capitalise on.

### ***Digital industries / Information Economy***

(180) Information and communications technologies are now embedded in the modern economy and key enablers of growth as identified in the Government's Information Economy Strategy. There were an estimated 1,800 firms locally in the Information and Communications Technology sector in 2011, or 8% of all firms. This represents a higher concentration of businesses compared with England (LQ = 1.24). Alcatel-Lucent, Plantronics and Intel all have a significant presence in the area. The M4 corridor forms the backbone of the UK's ICT cluster and Swindon and Wiltshire is a key part of that.

(181) The Military has made significant investment in the communications infrastructure in the area over the years especially at MoD Corsham, which houses the MoD's Communications Centre and Intelligence Unit. The cluster, which includes Ark Data Centres, is a centre for big data' with 2% of global internet traffic passing through servers in Corsham. It is also has one of the most secure power supplies in the country with its own dedicated substation, generating enough power for a city the size of Glasgow. There are huge economic opportunities from this infrastructure and major private sector investor interest.

### ***Health and Life Sciences***

(182) Life Sciences are recognised for their national significance in the UK Life Sciences Strategy<sup>22</sup> and have been described as the 'jewel in the crown' by the Prime Minister. Locally, there were an estimated 7,000 jobs (including working proprietors) in 2012 in the life sciences sector in Swindon and Wiltshire. This is nearly four times the concentration of employment (LQ = 4.1) relative to national averages and higher than many high performing comparator LEPS.

(183) The influence of the Life Sciences Sector in south Wiltshire extends from Porton Down which is home to the Defence Science and Technology Laboratory (dstl) and Public Health England (PHE), southwards where it is centred Salisbury NHS Foundation Trust. This is a specialist regional centre in genetics and other medical fields, and closely associated with the University of Southampton through the Wessex Regional Genetics Laboratory.

(184) Dstl and businesses around the area have forged links with Southampton University and the Wessex Academic Health Science Network is creating a business plan for growing the sector due in May 2014. 50% of Wiltshire's life sciences companies are located around Salisbury including the Inspire Foundation, Nanosight, Odstock Biomedical – an NHS spin-

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<sup>22</sup> BIS (2011) 'UK Life Sciences Strategy'

out company, and QinetiQ, the major defence science and technology contracting company, which seeks to offer services to partners in the life science sector.

(185) As a consequence, Salisbury finds itself at the centre of an extended cluster of life science activities totalling 140 companies and more than 30 public sector organisations. The area also has one of the largest concentrations of high-level containment facilities in Europe which provides a unique resource to support growth and innovation in the sector. These capabilities are complemented by activities in Swindon, home to a variety of pharmaceutical companies, such as Canada's Patheon and the US-based Cardinal Health, and further north to the Oxford bioscience community.

(186) Immunology and vaccinology have been identified as a particular strength in the area, with the Universities of Oxford, Southampton and Surrey, linking up with Porton Down (PHE and dstl) and the Pirbright Institute to create a world-class network of capabilities.

(187) SWLEP has commissioned the Wessex Academic Health Science Network (WASHN) to prepare a business plan by the end of May 2014 to support the growth of the sector. Baseline analysis already undertaken by WAHSN has clearly demonstrated and evidenced the particular strengths in the Health Life Sciences in the South of Wiltshire, based around the excellence of PHE Porton and dstl. There is a major economic opportunity to build on existing innovation and expertise, which we want to support through Local Growth Fund investment by providing new laboratory incubator space and infrastructure to unlock private sector development at Porton Science Park.

### ***Environmental Technologies***

(188) Johnson Matthey is a world leader in the provision of catalytic materials for use in propulsion systems including fuel cells. Plans from Future Swindon<sup>23</sup> and the hydrogen group of businesses in and around Swindon which combine key technologies from OEM businesses into supply chain show there may be growth opportunities for innovative entrepreneurs by linking the commercialisation of technologies to OEMs in High Value Manufacturing and advanced engineering sectors.

(189) Other notable firms include: BPV Solar and Good Energy along with a host of small firms generating energy from renewable sources. An estimated 1,700 people worked in environmental technologies in 2012 (including working proprietors). This was a significant increase (118%) since 2009. Nationally, employment in environmental technologies rose by 21% over the same period. Official estimates suggest that while we had fewer than 100 firms in the environmental technologies sector in 2011, the sector is slightly over-represented compared with England (firm LQ = 1.15).

(190) The generation of energy from renewable sources is predicated on an adequate supply of skilled labour. Employers have reported shortages across a range of manual and professional occupations. Development of courses and training to facilitate skilled staff to transition from other sectors into the renewable energy sector represents an opportunity for

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<sup>23</sup> Future Swindon - Technology Strategy Board Future Cities Demonstrator, 2012, Swindon Borough Council

growth. The suitability of ex-Service personnel to the renewable energy sector has been identified and demonstrated in The Enterprise Network scheme.

### ***Professional and Business Services***

(191) Professional and business services activities form a key part of the local economy, and are recognised for their national significance by BIS in the Professional and Business Services Strategy<sup>24</sup>, part of the UK industrial strategy. An estimated 38,000 people in Swindon and Wiltshire worked in the business and financial services sector in 2012, around 13% of all employment in the area. While the financial services subsector accounted for only 7% of firms in the wider sector it provided 36% of the jobs and 31% of the output. Thus its relatively small share of firms belies its true impact in terms of jobs and output and highlights the importance of large firms in the area.

(192) In Swindon, Nationwide's Head Office employs 4,000 permanent staff and around 2,000 temporary staff. Likewise Zurich's major town centre operation has around 1,500 employees. Pension services are particularly important in Salisbury where key firms include Friends Life, Rowanmoor, and James Hay, employing over 1000 people between them. Proximity to London is an important factor and this will be improved by forthcoming electrification of the main railway line from Swindon into London, which in conjunction with cross rail will cut journey times.

(193) Forecasts undertaken for the Local Economic Assessment estimate that nearly 30,000 people will be needed in professional and financial services over the period to 2020 to cover both growth and replacement demand. This highlights the requirement for training and skills development. A detailed review of the financial services sector in Swindon and Wiltshire was recently undertaken to assess the local offer and to identify the actions needed to attract new inward investors and to maintain the existing firm base, building on the historical track record <sup>25</sup>. Opportunities were identified to attract other headquarters or processing centres to take advantage of the established pool of experienced staff.

### ***Land-based industries including food***

(194) According to the BIS data for LEPs, there were an estimated 2,100 firms in the agriculture, food and drink sector in 2011, 9% of all businesses. Key employers in the area include Apetito, Lyons Seafoods, Nutricia, Wadworth and Westbury Dairies. We have a higher concentration of food and drink firms compared with England (firm LQ = 1.57). An estimated 9,500 people (including working proprietors), of whom over 6,000 were farmers and farm operatives, worked in the sector in 2010. Almost half of the agricultural workforce in the sector is predicted to retire in the next 7-10 years. There are therefore training and labour supply issues to be addressed from an ageing workforce.

(195) However, local research using a wider criteria, estimates the entire size of the local sector as even more significant in terms of employment at 14% of SWLEP's total employment (48,000). This figure includes retail and logistics/ distribution employment. In Wiltshire area 17% of the working population is employed in the food and drink supply chain,

<sup>24</sup> BIS (2013) 'Growth is our business: a strategy for professional and business services'

<sup>25</sup> The review is not in the public domain and will be taken forward by the LEP in 2014.

a marked proportion higher than the national average of 12.8% and reflecting the importance of the land-based linked sector within the rural and urban areas.

(196) Some 4,780 businesses in SWLEP area are engaged in food and drink sector, 15.9% of the area's total businesses with a majority in Wiltshire (3,920) forming 17.1% of all businesses. Within the LEP area there are differences - Wiltshire is focussed on Farms/ Producers/ Distributors whilst Swindon is Distributor led with a smaller number of farm-producer businesses by comparison. The sector produces 7.5% of the LEP's total GVA of £15.6bn – around £1.17bn, slightly lower than the England average of 8.2% of output. Within the LEP area 14.2% of Wiltshire's GVA is generated by the Food & Drink Supply Chain, significantly higher than nationally.

(197) Elsewhere, land-based industries play an important part in the local economy, from the tangible outputs of farming to produce food for consumption, processing and export, to the intangible benefits of rural resilience and aesthetic quality of landscape and semi-natural environments. The SWLEP rural landscape contains three main river catchments running east, south and west to surrounding through to more urbanised areas and 11 Landscape Biodiversity Areas. It contains the largest uninterrupted expanse of chalk grassland in northern Europe on Salisbury Plain, rare chalk river systems and more than 1500km<sup>2</sup> of protected landscapes in three AONBs and National Park (44% of the LEP area). There are also internationally-renowned heritage sites at Stonehenge and Avebury.

(198) Importantly, the land-based sector industries are in many respects responsible as guardians for our environment and the ecosystems it supports. The competitiveness nature of this key sector is therefore constrained by natural and regulatory systems, which only through innovation over long-term can produce sustainable business models for economic gain. The evidence in this area shows threats to the sustainable development, but SWLEP believes that adapting to climate change and building a low carbon economy whilst innovating for economic gain is mutually achievable.

(199) The Wiltshire and Swindon State of the Environment reports 2012 and 2013<sup>26</sup> provide evidence of how our lives, our society and our economy are dependent on the services provided by a healthy natural environment. The reports show why we need to value and invest in our natural capital in order to secure those services for current and future generations. There has been progress in many areas in recent decades, such as increased recycling and composting of waste, and greater investment in rivers and agri-environment schemes. However, many challenges remain and the Sustainable Development SWOT analysis in Section 6 provides further detail.

(200) There are some key drivers of change:

- Farming accounts for 80% of the total land area. There are significant opportunities to improve the environmental and economic sustainability of farming practices, to stimulate local markets and enterprises, and to manage farmland as part of wider landscapes and river catchments, alongside the business of producing food;

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<sup>26</sup> Wiltshire and Swindon State of the Environment reports 2012 and 2013, Wiltshire Wildlife Trust, Natural England, Wiltshire Council and Public Health Wiltshire



- Population is growing rapidly – 40% in Swindon Borough and 28% in Wiltshire from 1991-2021 – and military presence is increasing, creating much greater pressure on natural resources including energy, water, food, land and building materials;
- The need to adapt to and mitigate climate change is generating a huge increase in our capacity to generate renewable energy and increase energy efficiency; this presents opportunities to increase economic growth and security while also reducing carbon emissions.

(201) Lastly, access to green infrastructure helps to improve public health, preventing and treating some of the most common health conditions, including heart disease, obesity and depression. Research suggests that when people have good access to green space (perceived or actual) they are 24% more likely to be physically active.<sup>27</sup> Green infrastructure encourages walking and cycling to work which improves employee performance, reduces road congestion and carbon emissions, and improves air quality. It is estimated that physical inactivity costs the NHS in Wiltshire more than £6m per year. In England, the costs to the economy in terms of lost productivity have been estimated at £5.5bn per year from sickness absence and £1bn per year from the premature death of people of working age.

### **Tourism**

(202) An estimated 32,300 people worked in tourism and hospitality, equivalent to 11% of total employment. This is a higher concentration of employment in the sector than England as a whole (LQ = 1.10). Wiltshire is home to a number of national treasures including the Stonehenge and Avebury World Heritage Sites, eight White Horses, the Kennet and Avon Canal, Salisbury Cathedral and the Magna Carta. We are also blessed with stunning (and actively managed countryside) countryside and a myriad of picturesque market towns and villages. Together these generated 20 million visitors and spending of just under £1bn in the last year, a rise of 3%.

(203) The role of Visit Wiltshire is of critical importance in terms of support for the sector and it leads on the development of the Destination Management Plan for the area. Recent research commissioned by Visit Wiltshire estimates that there were as many as 19.7 million visitors to the area in 2012 with total income generated by visitor expenditure estimated to be £1.4bn. Preserving and enhancing the unique tourism offer will be critical going forward. For further information, see Visit Wiltshire (2014) 'Economic Impact of Wiltshire's Visitor Economy 2012'.

(204) Tourism is a key sector, representing 8.9% of national economy and a leading export product. Tourism has been identified by the government as an important sector with untapped potential. Deloitte forecast that the UK visitor economy will be one of the country's best performing sectors, with well above average growth of 3.5% per year until 2020.

(205) Visit England has set out an ambitious strategy to grow tourism by 5% year-on-year over the next decade, which will lead to an additional £50bn in expenditure and the creation of 225,000 jobs. The growth forecast is based on a number of factors, including the relative low value of sterling; the continued attractiveness of the England tourism product; growth in GDP

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<sup>27</sup> [An estimate of the economic and health value and cost effectiveness of the expanded WHI scheme 2009](#), Natural England Technical Information Note TIN055, 2009

at national level; forecast increases in consumer spending and further investment in the sector.

(206) Tourism has been one of the UK's great success stories over the last five years. While the UK economy as a whole has languished since the start of the global financial crisis in 2008, the UK tourism industry has continued to grow strongly. Revenue from inbound tourism has increased by almost 30% since 2008 – meaning that the tourism industry is now the UK's fifth largest export earner, generating £24bn per annum for the UK economy. Domestic tourism has also grown significantly, with revenue increasing by 11% to £78bn over the last three years alone.

(207) The exceptional performance of the UK tourism industry has been highlighted by the ONS recently reporting that tourism businesses had provided almost a third of all additional jobs created in the UK economy between 2010 and 2013. Research by VisitBritain concludes tourism-related employment now accounts for 3.1m jobs in the UK, almost 10% of the UK workforce. A new Full Time Equivalent tourism job is created with every £54,000 increase in tourism revenue<sup>28</sup>. Since 2010, 900,000 jobs have been created in the UK, almost 300,000 were in Tourism<sup>29</sup>. Inbound tourism to the UK is due to grow from over £21bn in 2013 to £57bn by 2025<sup>30</sup>.

(208) Tourism's impact is amplified through the economy, so its impact is much wider than just the direct spending levels. Deloitte estimates the tourism GVA multiplier to be 2.8 – meaning that for every £1,000 generated in direct tourism GVA there is a further £1,800 that is supported elsewhere in the economy through the supply chain and consumer spending. Tourism is a significant incubator for entrepreneurs offering good opportunities for start-up businesses across the county<sup>31</sup>.

### **Skills in Key Sectors**

(209) A full labour market analysis on the Key Sectors appears in Appendix 3 of this ESIF Strategy.

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<sup>28</sup> Source: Tourism: jobs and growth, VisitBritain / Deloitte, 2013

<sup>29</sup> Source: ONS Est. Workforce Jobs, 2014

<sup>30</sup> Source: Deloitte's, Tourism Jobs & Growth 2013

<sup>31</sup> Source: ONS 2012

## SWLEP Economic and Social SWOT

Strengths	Opportunities
<ul style="list-style-type: none"> <li>• Innovative, globally significant firms in UK priority sectors.</li> <li>• Largest military presence in the UK and large innovative Defence sector.</li> <li>• Internationally significant tourist attractions.</li> <li>• High quality natural environment / AONBs.</li> <li>• Good strategic rail and road connectivity.</li> <li>• High productivity in Swindon.</li> <li>• High proportion of workers employed in the knowledge economy, especially business and professional services.</li> <li>• Innovation - high patent registrations per capita / high % of business turnover invested in innovation.</li> <li>• Large high tech manufacturing/engineering sector.</li> <li>• Good business survival rates.</li> <li>• Cost competitive location (commercial rents and house prices) relative to competing Greater South East locations.</li> <li>• Strong track record attracting FDI.</li> <li>• High and rising number of Apprenticeship starts.</li> <li>• Employment rate above UK average.</li> <li>• Unemployment rates below UK average.</li> <li>• Relatively low rates of long-term unemployment.</li> <li>• Large rural economy.</li> </ul>	<ul style="list-style-type: none"> <li>• Military – planned ‘Super Garrison’ at Salisbury Plain. Basil Hill at Corsham, Defence College of Technical Training at Lyneham.</li> <li>• Army-rebasing – 4,000 additional personnel.</li> <li>• Growing Life sciences cluster at Porton Down/Porton Science Park.</li> <li>• ‘Big data’/ICT at Corsham.</li> <li>• Expansion of advanced manufacturing in M4 Corridor.</li> <li>• Large urban expansions planned in Swindon.</li> <li>• Low carbon economy – a focus for the planned Bath University research park.</li> <li>• Major expansion of Dyson.</li> <li>• Growth Hub proposals to simplify business support.</li> <li>• Strong employment growth forecast, especially in professional services.</li> <li>• Leisure sector in Swindon Town Centre.</li> <li>• Proposed multi-campus university model.</li> <li>• Planned University Technology Colleges.</li> <li>• Population growth above national average since 2001.</li> <li>• Major construction projects, e.g. Defence Technical College and Swindon town centre regeneration plans.</li> <li>• SME supply chain opportunities related to large firms and Defence sector.</li> </ul>
Weaknesses	Threats
<ul style="list-style-type: none"> <li>• Low productivity in Wiltshire.</li> <li>• Low proportion of population in Swindon with higher level skills.</li> <li>• Low rates of participation in Higher Education in Swindon.</li> <li>• No university presence.</li> <li>• Below average attainment levels at GCSE.</li> <li>• High % of firms reporting skills gaps.</li> <li>• High % of firms reporting young people poorly prepared for work.</li> <li>• Average business start-up rate.</li> <li>• Fragmented business support offer.</li> <li>• Image of Swindon town centre.</li> <li>• North-South transport links.</li> <li>• High levels of out-commuting in Wiltshire.</li> <li>• Pockets of deprivation.</li> <li>• Broadband coverage in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Declining competitiveness.</li> <li>• Provision of housing, employment and learning opportunities for Army Service Leavers and their dependants.</li> <li>• Congestion and capacity issues on the strategic road network.</li> <li>• High proportion of employment in the public sector in Wiltshire.</li> <li>• Growing demand for graduates/skilled labour but low Higher Education participation rates in some areas.</li> <li>• Connectivity improvements to London (e.g. CrossRail, HS2) at competitor locations.</li> <li>• Ageing population, especially in rural areas.</li> <li>• Forecast decline in young people Increase in youth unemployment post-recession.</li> <li>• Decline in employment rate since the recession, particularly in Swindon.</li> <li>• Decline in FDI enquiries.</li> </ul>

## Section 5: Detailed ESIF Activities

### Introduction

(210) This section sets out the Activities identified from the five ESIF headings to address the opportunities, challenges and market failures described in Sections 2 – 4 above and reflect the investment priorities the SWLEP Board selects for the focus of its ESIF. The activities set out in the strategy have emerged from a process of detailed consultation with a wide range of partners and stakeholders who have assisted SWLEP to identify those interventions that will have the greatest impact upon its future economic growth and sustainability.

(211) Each is described as a distinct Activity and listed with technical information related to eligibility and deliverability of structural funds (as revised in May 2014). These Activity pro formas should inform all decisions taken on investments to deliver SWLEP's allocation of ESIF in the area from 2014-2020. The pro formas are written as drafts of information for the subcommittee and decision-making structures to refer to when developing, deciding, appraising, evaluating and monitoring investments. They will need to be updated to be remain relevant at the time of investment.

(212) The Activities refer to the revised (May 2014) ESIF spreadsheet which shows budget, match funding, outputs and results for each and in addition to the 12 Activity pro formas that follow form the basis of the delivering the SWLEP ESIF Strategy. The Activities attempt to be a coordinated set of activities with synergies and overlap of interest so that the overall effective is a programme. They will combine with local public and private investment opportunities, and align with and provide additional value to SEP investments.

(213) The diagram below sets out 12 Activities and refers to the diagram in the Executive Summary.

ESIF thematic groupings	ESIF Activity interventions (# activity code)
1.SME Growth	1.1 Competitiveness support for SMEs - <i>provision of start-up support, and specialist business support services</i> 1.2 Rural Tourism 1.3 Food & Drink supply chain development
2.Innovation for Sustainable Growth	2.1 Innovation for Smart Specialisation 2.2 Innovation for a Low Carbon Economy 2.3 Innovation for Natural Capital – <i>investing in natural capital, landscape and environment</i>
3. Skills for Growth	3.1: Workforce skills - <i>bridging the local skills gaps</i> 3.2: Raising aspirations and attainment among young people
4. Skills for Inclusion	4.1: Realising the potential of people in low wage work 4.2: Utilising the potential of older workers 4.3: Approaches to supporting workless younger people 4.4: Promoting Social Inclusion

### **Opt-ins**

(214) in 2013 and 2014 SWLEP held discussions with all the potential opt-in partners – DWP, SFA, Big Lottery (BLF), Prince's Trust, Growth Accelerator, MAS, UKTI. Each was invited to its Task and Finish Group meeting and met in preparation of this strategy. We have reached the position described below with opt-in partners, but there will be further discussions over the summer.

(215) The Activities which will have Opt-in Organisation delivery as an option to the SWLEP ESIF Sub-committee are:

- 3.1: Workforce skills
- 3.2: Raising aspirations and attainment among young people
- 4.1: Realising the potential of people in low wage work
- 4.2: Utilising the potential of older workers
- 4.3: Approaches to supporting workless younger people

**DWP and SFA** Both DWP and Skills Funding Agency (SFA) have outlined an 'in principle' mechanism for co-financing through an Opt-In Organisation arrangements. The SWLEP ESIF subcommittee will design the specification for activities, including the location of programmes/ projects, price and the outcomes expected. This will then be taken by DWP/SFA to tender for award contracts. They will agree with the subcommittee the conditions under which contracts will be reviewed/ removed and provide appropriate monitoring information on performance.

and

- 4.4: Promoting Social Inclusion

**Big Lottery** SWLEP will work with Building Big Opportunities (BBO) Lottery endowment in order to:

- Agree the activities and target groups;
- Support the development phase to define the activities and outcomes in more detail, and
- Help identify a lead agency or consortium approach for development phase

SWLEP ESIF subcommittee will work with BBO on all aspects of the selection process, including:

- Outline call;
- Proposal submission;
- BLF proposal assessment(s)
- Award of funding.

## THEMATIC GROUP 1

### SME Growth

(216) The Government has a national policy to achieve strong and sustainable economic growth. A range of measures have been identified in pursuit of this including support for export, inward investment, simplifying business regulation and business growth<sup>32</sup>. It looks to achieve this locally through the Local Enterprise Partnerships and the development of their local Strategic Economic Plan (SEP) to 2021.

(217) The SEP clearly sets out its aspirations for business support which in turn are reflected in the ESIF. The SEP focuses on business support, business retention and inward investment activity. The business support element looks to maximise the potential of the Swindon and Wiltshire business base and to provide a unified service across the area and unlock growth.

(218) The SEP looks to the ESIF to deliver:

- Provision of general business support and start-up services;
- Responsive business support building on the Gateway for Growth pilot;
- Rural tourism support;
- Food and drink supply chain development.

#### Activity 1.1

#### **Competitiveness support for SMEs - *provision of start-up support and specialist business support services***

##### **Rationale**

(219) This activity proposes a single business support service across Swindon and Wiltshire to address weaknesses in the local economy particularly for SMEs. It will address declining competitiveness, improve start-up rates and address low productivity through access to general advice and start-up support as well as specialist services. It will create a business culture of more capable of sustained growth and support entrepreneurialism.

(220) Activity proposed here also aims to support exporting, resource efficiency, process innovation and entrepreneurial activity. It will support growth and unlock investment across the wider business base. Support will empower businesses and leaders and give them the tools and knowledge to better compete. This stream of activity will therefore support the SEP vision for innovation-led growth and responds to national policy aspirations to 'rebalance' the UK economy.

(221) In addition, start-up and self-employment can offer an alternative solution for individuals who face barriers to work and it can open up opportunities for entrepreneurial activity and contribute to offsetting declining employment rates; and promote economic inclusion.

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<sup>32</sup> <https://www.gov.uk/government/policies/achieving-strong-and-sustainable-economic-growth>



(222) The service will build upon local provision put in place when ‘face-to-face’ Business Link services ended in 2011. Experience of the value added by locally driven, locally delivered services will be incorporated into the design of a new Swindon and Wiltshire wide service.

(223) This will be further enhanced by the understanding gained through delivering The Enterprise Network (TEN) which provides incubation space for small businesses in enterprise centres across the area, alongside a package of business support and grants available for tenant businesses and the wider business community. This has had a focus on businesses led by women and on the military community (service leavers and military spouses and dependants). It provides valuable evidence of the particular needs of such businesses within a wider support service and understanding of the delivery of business support services in rural areas. Further incubation workspace for SMEs could be developed if a market failure is deemed to continue.

(224) The activity will also draw on the short term and very successful, small scale business enterprise service delivered by Outset targeted at disadvantaged areas in Swindon and also pilot delivery in Wiltshire to the wider business community.

(225) All advice should be facilitated through a single hub in order to simplify the business support offer and customer journey. However the interventions shall fall into two interlocking service areas.

#### **Provision of general business support and start-up service**

(226) The area benefits from high business survival rates and access to good advice at the right time is an important factor for sustained survival – information at pre-start is invaluable for individuals to assess if enterprise is the right course. This activity will address the low rates of firm formation in the area by creating a stronger entrepreneurial culture through an easily accessible hub of business support. The provision of this service will also identify new businesses with high growth potential which would benefit from the provision of intensive specialist support.

(227) There is scope for this service to support specific beneficiary groups for example start-up support for recently ex-military personnel and for those economically excluded in some way, as a route to social inclusion.

#### **Provision of specialist advice to support growth and resource efficiency**

(228) This activity is aimed at businesses capable of innovation-led growth which have the ambition to commercialise new products and processes, including addressing business resource efficiency, entering international markets and supporting business growth through better leadership and management skills to contribute to creating a more competitive local economy.

(229) This area of delivery will build on the Gateway for Growth (G4G) pilot currently in operation. It will deliver intensive support to SME’s by building long term account management relationships to ensure that the right intervention is delivered at the right time

through brokering access to a wide range of specialist public and private business support providers.

(230) For example resource efficiency activity aims to provide an integrated set of specialist advice and support on resource requirements, energy efficiency, water and resource inputs, collaborations on waste, natural resource inputs with the aim of improving competitiveness, resilience and GVA as well as adapting to climate change where necessary. Through this approach, SMEs will be able to implement sustainable business practices and generate growth through innovation and refocusing activity.

(231) A web-based portal has been developed by the G4G pilot to signpost businesses to the national and local schemes that are available to support business growth. This portal will be extended throughout the programme responding to the priorities identified by the business community and its beneficiary client groups.

(232) The intervention shall also build upon and utilise TEN which is integral to existing support for economic development. This scheme, part-funded by Rural Growth Network will end in 2015 but this Activity should build on its legacy using the centres as focal points for service delivery, including:

- A network of 7 business incubation sites in public and private sector;
- Grant making – (committed £700,000 of rural economy grants in 2013/14 to micro-businesses and SMEs – including for start-up businesses);
- Small business advice grants.

### **Key objectives**

(233) The aim of the activity is to accelerate growth and create new jobs by:

- supporting the development of new enterprises including the promotion of social inclusion (linked to Activity 4.4 – Social Inclusion);
- Instilling an entrepreneurial mindset in young people;
- identifying start-up and young businesses with growth potential for more intensive support;
- ensuring the on-going competitiveness of established businesses;
- supporting growth through international trade;
- supporting growth through new product development and process innovation;
- supporting the development of leadership and management skills;
- supporting resource efficiency for competitiveness and to encourage a shift to a low carbon economy.

(234) Complementary activity will be delivered by supplementary ESIF activity by:

- Supporting employers to identify workforce skills needs and access skills provision supporting supply chain development – by delivery integrating with Skills for Growth activities – and in particular a Skills Brokerage;
- Identifying business which can benefit from specialist innovation support and proximity with other businesses in the Innovation for Sustainable Growth.

## Thematic Objectives

(235) This activity relates to EU2020 Thematic Objectives:

- TO3 Enhancing the Competitiveness of Small and Medium Enterprises:
  - Build the growth capability of SMEs, including Leadership and management training to help management identify and resolve problems in setting direction and strategy, including internationalisation;
  - Foster a more entrepreneurial culture by reducing barriers to entrepreneurship and supporting entrepreneurs. (This also relates to the Social Inclusion priority).
- TO4 Supporting a shift to a low carbon economy:
  - Energy efficiency in enterprises including industrial processes, designing out waste, recovery of 'waste' heat energy and CHP;
  - Actions aligned to the Government's Waste Prevention Programme which drive low carbon innovation in relation to waste and re-use.
- TO10 - Investing in Education, Skills and Lifelong Learning:
  - Level 3 and 4 Leadership and Managerial / supervisory skills needs across sectors.

## Evidence supporting this proposed intervention

(236) Between 2001 and 2011, total GVA growth for Swindon and Wiltshire was 4% less than the national average. The overall competitiveness of the area has deteriorated and action is required to offset this trend. In 2011, SWLEP had below average business births (3.9 per 1000 of the population) in comparison with England (4.4).

(237) Throughout 2012/13, around 200 new businesses were incorporated each month across SWLEP but the level of businesses births (shown by VAT registrations) has not returned to pre-recession levels. The two pilot programmes delivered in Swindon and Wiltshire combined have supported 924 pre-start and start-up individuals and have supported an further 285 existing businesses to improve their performance (Jan 2013-March 2014). This clearly suggests a need for an effective business support service encourage businesses to start up and grow.

(238) Of those firms that do start up, business survival rates are strong, consistently above the national average for firms surviving 1, 2 or 3 years. Business death rates are also relatively low resulting in a low 'churn' rate. Low level of business starts is regarded as an indicator of low levels of entrepreneurship. Equally, low rates of business death are sometimes viewed as evidence of a lack of competitive pressure within a local economy. However, there is no doubt that new businesses create significant levels of new job creations and SWLEP is near the bottom of the league table of LEPs for jobs created through new business starts. The work of Outset in Swindon also indicates that enterprise as a route to social inclusion can be greatly beneficial to some individuals. ESIF interventions designed to increase the rate of new businesses created will make a significant contribution to the creation of new jobs in the SWLEP economy and contribute to recovering competitiveness.

(239) The LEA suggests that GVA growth might be improved by supporting companies to convert low/medium value adding activities into more productive activities. As many businesses in the SWLEP area are very small, employing fewer than five people, a broad based business support offer is most likely to be the most appropriate means of intervention, by providing bite sized advice and support over an extended period.

(240) Resource efficiency objectives outlined in this activity are in line with local, national and European policy recommendations. Rising input costs, particularly energy, impact on the viability and competitiveness of businesses and it has been estimated that 2% of UK business profits are lost annually through inefficient use of resources. The potential for UK is £23bn of savings per annum through no or low cost resource efficiency improvements. The carbon savings associated with implementing such resource efficiency measures are estimated at about 90MtCO<sub>2</sub>, which represents around 13% of the UK's annual greenhouse gas emissions.

### **Expected result of intervention**

(241) Delivery will contribute to Swindon and Wiltshire's ambition to raise GVA per head in line with that of Oxford and to increase the employment rate to 80% as set out the SEP.

(242) For this intervention, an outputs table is included.

<b>Indicator</b>	<b>Number</b>
Number of enterprises supported	399
Number of grants made	266
Number of enterprises receiving financial support other than grants (Loan, equity or similar investment by the project)	30
Number of new enterprises supported	162
Number of jobs created	164
Number of entrants into new markets	6
Number of enterprises supported to introduce new to the firm product	72
Number of potential entrepreneurs assisted to be enterprise ready	253

(243) The outcomes of this activity will be:

- Improving the competitiveness of the Swindon and Wiltshire area;
- Improving the impact of national policy by signposting or brokering business support services; and
- Better integrated business support service across Swindon and Wiltshire based on the outcomes of the two pilot programmes, underpinned by protocol with the Unitary Authorities on how businesses are supported in partnership.

### **Beneficiaries**

- SMEs based in Swindon and Wiltshire;.
- Individuals accessing support for new enterprises.
- Individuals accessing support for leadership and management and related workforce skills related to strategic direction of the business.
- Partnerships working to support end-beneficiary SMEs or individuals.

### **Decision route**

(245) Co-ordination of these services will need to be by a single operator to simplify the customer journey for beneficiaries, reduce marketing costs of the scheme, minimise double-handling of information and encourage supportive relationships.

(246) The service will need to draw of a range of specialist support providers operating locally and nationally as well as drawing on the experience and best practice gathered through the business support pilots. Regard will also be made to the desire to bring forward investments tied to Activity 4.4 (Promoting Social Inclusion) to support people to start business or become self-employed, as a way of tackling social exclusion.

(247) As a result, it is recommended that a combined approach to commissioning is undertaken with potential providers recommending in a market-testing approach how services can deliver the business support effectively, combine different specialisms funded by this and other ESIF interventions, as well as meeting the overall innovation-led growth approach of SWLEP. Commissioning should draw upon experience and best practice gained through the two pilot programmes: The Enterprise Network; G4G, Outset Swindon and the Wiltshire Business Support Service.

### **Delivery mechanisms**

(248) Delivery of this activity will take place across Swindon and Wiltshire through:

- Pre-start and start up support seminars, workshops and 1:2:1 support;
- General Information, diagnostic and brokerage services for existing businesses;
- Developing an integrated system of client manager led business support with a 'one-stop shop' solution for growth businesses and brokerage to specialist programmes;
- Expanding the specialist provider network to meet the growth needs of individual businesses;
- A specific package of support to enter new overseas markets beyond the current national offer (UKTI+);
- Support for process innovation and product development through specialist providers such as SW Manufacturing Advisory Service;
- Support to achieve resource efficiency savings in energy efficiency, lean production, waste reduction and recycling and water efficiency; and for legal compliance, risk management and CSR;
- Leadership and management training;
- The identification of workforce skills through the client management relationship built with businesses and the development of leadership and management skills;
- Engagement and support targeted at disadvantaged and target groups to support entrepreneurialism to address social inclusion. This will be complementary and additional to any support under New Enterprise Allowance;
- Support all business regardless of sector, but be able to signpost key sector businesses to specialist support afforded by other ESIF interventions.

### **What is innovative?**

(249) Research has been undertaken into the business support landscape in Swindon and Wiltshire to understand where there are gaps and to avoid the duplication of service provision. The key to delivery is in aligning a dispersed range of specialist and generic advice across area. This service will underpin a comprehensive system of business support activity across the SWLEP area able to respond to a wide range of needs from pre-start individuals to strategic investors with a 'one-stop shop' principle. It will interface with existing providers across Swindon and Wiltshire, including providers of physical space and

engage with the tenants of enterprise centres and complement the capital investment in incubator space proposed by the SEP.

(250) As a broad based service very few restrictions will be set in place although specialist activity will be aimed at SMEs. National research by NESTA showed that at any time, a small minority of businesses (the vital 6%) are responsible for most growth. This programme will therefore include support when businesses are most likely to be entering growth phases and thus maximising the value of the interventions. Interventions will be delivered when they best meet the needs of the businesses, not according to the needs to the providers.

(251) Delivery will include provision for a centralised contact service available to all SWLEP businesses to: support start-up and address general business issues, identify those SME which would most benefit from intensive support to unlock innovation-led growth and to guide them through the best route for support. Business support delivery of this kind has been trialled in through the Wiltshire Business Support Service, Outset Swindon, TEN, G4G and a number of employment projects. The new service will build on best practice developed through these streams of work to deliver a single integrated service across the whole SWLEP.

(252) The SWLEP is also very keen to ensure that young entrepreneurs are well supported and will consider how the needs of this group can best be met and adding value to existing support mechanisms such as the New Enterprise Allowance. Activity will therefore be complemented by engagement and outreach programmes, delivered within communities by specialists able to engage people experiencing barriers to starting a business. Client group characteristics will be monitored to ensure that the service meets equality and diversity standards and is also delivered across the whole area, ie; ensuring that services are not focussed in the largest towns where provision is easiest to deliver.

(253) The service will include a web portal and telephone advice service to offer information and diagnostic services and broker access to specialist support. Each business will have a dedicated Business Manager to explore the business support requirement and maintain a relationship as the business develops and provide access to grants to support the initial access to specialist provides where necessary.



## Activity 1.2 Rural Tourism

### Rationale

(254) Tourism is a key sector locally and there are opportunities to support growth of the sector in rural areas that will also help to diversify the rural economy. Tourism can provide a sustainable and viable business opportunity that contributes to rural economic growth and there is evidence to suggest it is not fully exploited. The ESIF proposes to support work in this area through EAFRD funding in fulfilment of the desire in the SEP to increase overall numbers of rural entrepreneurs.

(255) Rural Wiltshire is home to a number of national treasures including the Stonehenge and Avebury World Heritage Sites, eight White Horses, the Kennet and Avon Canal, the expanses of Salisbury Plain, Marlborough Downs and Pewsey Vale with more than 40% of land is covered by AONBs and the New Forest National Park. There are also a number of national-level attractions such as at Longleat, Stourhead and Bowood and the Cotswold Water Park.

(256) Many tourism operators are rurally based and their products and services are often closely tied to the landscape. The rural heritage, the tranquillity and remoteness available in the SWLEP area is attractive, especially given its relatively close proximity to many urban populations and centres for overseas tourism, notably London.

(257) The main issues identified are:

- Lack of clear identity and confidence often overshadowed or overlooked because of its near neighbours or its own iconic attractions;
- Visitors often pass through the area on the way to somewhere else;
- Wiltshire and Swindon is not seen as a 'must visit now' destination, and more is needed to promote immediacy of travel;
- Opportunities from World Heritage sites, the new Stonehenge visitor centre, relocation of military museums and investments in tourism from English Heritage as well as support from LEADER, AONB Sense of Place arts and culture, festivals and events, and the cultural attractions offer such as new prehistoric galleries in Devizes;
- Extend tourism season by promoting outdoor activity and soft adventure including walking, cycling, equestrian, fishing, shooting, adventure sports, countryside, short breaks;
- Product development – A report by Hotel Solutions published in June 2014 identifies a number of opportunities and priorities for growth in the accommodation sector. These include: a pub accommodation development programme, a glamping development initiative, an outdoor activity accommodation development programme, holiday cottage development.

(258) The objectives and priorities for the Activity will be based upon evidence and recommendation made in SWLEP commissioned reports including:

- Visit Wiltshire Destination Management & Development Plan (expected publication July 2014);
- Wiltshire & Swindon Accommodation Futures study (June 2014);
- Brand Positioning work (July 2014).

(259) Each is a formal study with broad consultation that will give specific actions related to imperatives for growing the economy, extending stay, etc.

(260) This approach is consistent with Defra's sectoral analysis which cites Deloitte's 2008 economic case and suggests that DMOs are better placed to identify and join-up value adding interventions that businesses can make in localities which tackle market failure and are barriers to growth.

(261) The rationale is further supported by evidence such as the estimated £27 in short-term additional spend that is generated for each marketing pound spent by VisitWiltshire. ROI can be estimated using these figures<sup>33</sup>.

### Key Objectives

(262) Visit Wiltshire - the destination management organisation covering the SWLEP area has worked with tourism businesses to identify objectives for the sector (which are set out in its 2012-2015 business plan). The main focus of this activity will be on the business plan recommendations for product development which are:

- Increasing tourism visits and spend, growing the visitor economy;
- Extending the season and motivating visitors to extend their stay further;
- Improving the offer;
- Joining up the offer;
- Raising awareness of the destination;
- Integrated approach with infrastructure (ecosystem, environment, settlements, etc);
- Removing disincentives – by broadening and improving accommodation;
- Maximise the immediate opportunity provided by the new Stonehenge visitor centre encouraging visitors to extend length of stay in Wiltshire.

### Link to Thematic Objective

(263) This activity relates to EU2020 Thematic Objectives:

- TO3 - Enhancing the Competitiveness of Small and Medium Enterprises:
  - Build the growth capability of SMEs.
- TO4 - Supporting a shift to a low carbon economy:
  - Actions aligned to the Government's Waste Prevention Programme which drive low carbon innovation in relation to waste and re-use.
- Rural Development programme:
  - Tourism;
  - Knowledge Transfer and skills;
  - Support for small and micro-businesses.

<sup>33</sup> Source: South West Research Company, Evaluation of VisitWiltshire Activity, Feb 2014

## Evidence

(264) VisitWiltshire has recently undertaken research on the economic impact of tourism in Wiltshire, the results of which are set out below. This has estimated that there are some 27,500 tourism related jobs within the county, which is around 8.2% of total employment. There are significant differences in the nature of the tourism sector across the SWLEP area. Wiltshire has natural and heritage assets, which attracts visitors from home and abroad, while Swindon's strategic location makes it important destination for business tourism. While definitions make it difficult to state the total number of tourism businesses in the SWLEP area, there are around 1,900 businesses in the accommodation and food sub-sector with 25% of these in Swindon and 75% in Wiltshire. The total workforce in the accommodation and food sub-sector was estimated to be 22,000 in 2011, 1,000 of whom are self employed.

(265) A summary of key findings from the Wiltshire & Swindon Economic Impact of Tourism Report (Tourism South East)

	<b>2011</b>	<b>2012</b>
Total Staying Visitor Trips (UK and overseas)	1.6 million	1.7 million
Total Staying Visitor Nights (UK and overseas)	5.9 million	5.6 million
Total Staying Visitor Spend (UK and overseas)	£269 million	£321 million
Total Day Visits	18 million	18 million
Total Day Visitor Spend	£549 million	£638 million
Total Visitor Related Spend	£859 million	£959 million
Total Tourism Supported Business Turnover	£1,130 million	£1,422 million
*Number of jobs sustained / created	20,917	27,583
% Of All Wiltshire Employment	7%	8%

- Wiltshire and Swindon's visitor economy was worth £1.4bn in 2012.
- Wiltshire attracted a record 19.7 million visitors, which generated a total visitor-related spend value of £949m, supporting an estimated 27,500 tourism related jobs.
- Total visitor spend increased by 17% from £859m in 2011 to £959m in 2012.
- Wiltshire received 1.7 million staying trips (+10%) and £321m staying visitor spend (+19%). Inbound visitors increased by +6%.
- Wiltshire's 18 million day visits (0%) generated £638m in day visitor expenditure.
- Using government's ratio of 1 tourism job being sustained/created by £54,000 in tourism spend, Wiltshire's visitor economy supports over 27,000 jobs, 8.2% of all employment.
- The multiplier effect arising from the increase in staying visitors (+19%) resulted in a 26% increase in total visitor economy related turnover from £1,130m to £1,422m.

(266) The growth created by the tourism industry has provides other employment-related benefits across the whole Wiltshire & Swindon rural area. Tourism-related employment is demonstrably better than other industries at providing employment for groups that have been the most affected by the recession.

(267) For example, while the UK unemployment rate is currently 7.2%, the youth unemployment rate stands at almost 20%. Yet, while other industries have just 19% of their staff under the age of 30, almost 40% of the staff in tourism businesses are under 30. Tourism offers a significant source of employment for local groups, eg military spouses. Almost 48% work part-time compared with the UK average of 18%.

(268) After a period of contraction in 2010, Wiltshire visitor economy is now growing at 3% pa<sup>34</sup>. A focus on developing rural tourism will help us to accelerate the rate of growth, and win back more of the significant market share lost between in the years to 2010. Additional funding will grow the visitor economy by 5% a year.

(269) Research undertaken by ERC - 'Localisation of Industrial Activity across England's LEPs' published in 2013 shows that the subsector 'Hotels and other accommodation' has now entered SWLEP's top 20 employment sectors, having not featured in 2008. It joins 'Public housing' and 'Event catering' which form three of SWLEP's key sectors of employment. Whilst the subsector 'Operation of historical sites and buildings and similar visitor attractions' is less significant in terms of employment it has a location quotient of 4.5 in SWLEP underlining the strategic national importance of Swindon and Wiltshire's tourism sector to the national economy.

(270) This evidence together with initial findings from the forthcoming Visitor Accommodation study suggests that the tourism sector offers real growth potential for the SWLEP area and the SWLEP and partners propose to work with a range of partners, agencies and the private sector to achieve the full potential of the tourism sector to improve competitiveness and drive up productivity.

### **Expected result of intervention**

(271) Delivery of this activity will be led by VisitWiltshire and based on the three aforementioned studies due to reporting summer 2014. Initial ideas based on current business planning and understanding of the barriers to growth in the local sector are:

- Campaigns – to establish new sector and product groups to fund, develop and support new marketing initiatives, new campaign partnerships that improve the tourism offer, generating additional visits and spend. To include support for collaborative partnerships that promoted rural and 'soft adventure' product such as countryside, walking, cycling, equestrian, trekking, fishing, shooting, culture trails, food & drink, creating new itineraries etc.;
- Business support to promote the offer – targeted business development, training and skills initiatives for tourism businesses to enable them to improve their products and services and grow their businesses, eg; training to enable tourism businesses to produce the right welcome for visitors and supporting businesses to make more use of a range of tourism-focused online functionality and promotion. (This should be designed to work alongside Activity 1.1 Competitiveness support for SMEs);
- Accommodation and product improvements - this would promote quality and sustainable businesses to increase supply in areas identified by VisitWiltshire's

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Destination Management & Development Plan and the Accommodation Futures study. It may be linked to finance and grants;

- Infrastructure - including measures to improve signage, online information and is closely related to new rights of way, circular walks and permissive paths, which could be established through campaigns and engagement in partnerships. This could include work with local museums to improve knowledge of the offer and encourage collaboration with other operators.

(272) Interface with other ESIF activities:

- There a number of workforce skills issues in the sector which may be applicable for support from Skills for Growth and in particularly from Skills for Inclusion activities, given the workforce profile discussed above;
- Generic business support would be available to SMEs under Activity 1.1 – this support is more widely available as not limited to rural areas;
- Tourism investments may also be promoted through Activity 2.3 for Innovation for Natural Capital particularly where there is a requirement for a number of land-based businesses to work together over a sustained period. The interventions proposed here may benefit from prior investment that underpins or opens up the tourism opportunity;
- LEADER will be able to made small grant to tourism businesses to improve their competitiveness, so this activity will focus on larger investments.

### **Beneficiaries**

- All rural SMEs involved in tourism and visitor economy based in Swindon and Wiltshire.
- Partnerships working to support end-beneficiary SMEs or individuals.
- Business based in larger rural Hub towns where they can show the intervention will have wider benefits will be eligible.
- Individuals accessing support for new enterprises in the sector.
- Food and drink business in the SWLEP area will benefit from the improved offer in the visitor economy.

### **Funding**

(273) As this activity is wholly supported by EAFRD, match-funding is not secured. However, given the nature of the objectives, both private business and public bodies will be aligned in their aims to make use of ESIF investments. It is likely that some projects will have multiple partners including non-governmental public bodies, public sector and charities.

### **Decision route**

(274) The LEP seeks a mechanism for making decisions through a non-delegated panel that oversees the EAFRD funding allocation. This will be based on existing structures working under the SWLEP umbrella, such as the Rural Growth Network, which operates as The Enterprise Network.

### **Delivery mechanism**

(275) Destination Management Organisation for the SWLEP area, Visit Wiltshire will play a key role in the delivery of investments. This shall be by working with SWLEP to set out and implement eligibility and developing pipeline for potential projects, but also itself taking a lead role as partnership and representative organisation for many SMEs in delivering the

investment. It is likely to prove that Visit Wiltshire is best placed to deliver the investment, though end-beneficiaries will be SMEs and individual – either entrepreneurs or in the workforce.

**What is innovative?**

(276) VisitWiltshire have adopted a nationally accepted methodology for evaluating the impact of activity on job creation. For example, as set out by Visit Britain, Visit England, Tourism Alliance, for £54,000 of additional visitor spend, one job is created or sustained. VisitWiltshire's impact evaluation is therefore able to estimate direct impact on GVA and jobs from this expenditure once targets and expenditure is confirmed.



### **Activity 1.3: Food & Drink supply chain development**

#### **Rationale**

(277) The food and drink sector is one of Swindon and Wiltshire's largest business sectors with large numbers of employees and a diverse range of businesses along the chain from farm to plate. SWLEP and partners have a body of evidence which, at the direction of the Taste of Wiltshire steering group, has investigated both market failures and potential growth opportunities for this SWLEP key sector classed as 'Land-based industries including food.'

(278) The linkage between this priority and the large extent of productive land in the county, through to the food-making traditions and culture of the area, and the modern dilemmas of food provenance, short supply chains and food miles, food costs, public health and a renaissance in food appreciation, makes this a key economic topic that demands continued efforts to maintain and improve sustainability.

(279) Despite the high GVA there remain market failures within the sector and a large number of relatively small businesses make for a fragmented industry. The rurality of many businesses and consumers inhibits communication and co-operation; this results in knowledge and information gaps which undermines business potential and slows growth and job creation. Opportunities for expanding markets through exporting, collaboration and developing new products, technologies, distribution activity and processing are further impacted by the fragmented nature.

(280) The sector faces further challenges. It is predicted that in the next -10 years almost half of the land-based workforce in Swindon & Wiltshire is likely to retire. Younger people must be trained and recruited to fill their places and ensure that the labour supply is sufficient for the sector to grow.

#### **Link to the SEP**

(281) One of the objectives of the SEP is to 'support the growth of key sectors one of which is land based industries which includes food and drink. The food and drink supply chain initiative will help to meet the aims of the SEP by:

- Improving the productivity and competitiveness of the sector and encouraging job creation;
- Creating new jobs in the sector that will help to increase the employment rate to help to get it back to pre – recession levels;
- Raise workforce skill levels;
- Support growth and resilience of the rural economy.

#### **Key Objectives**

(282) The aims are to encourage and develop a successful food and drink sector in Swindon and Wiltshire that increases its contribution towards the economy.

(283) The best way to achieve this is thought to be through a trade initiative which will provide specialist support and advice to food and drink businesses and will extend across the whole supply chain taking in producers, processors, manufacturers as well as the wholesalers, retailers and service businesses. Activities will integrate vertically and horizontally, providing opportunities for networking, collaboration and investment. A better connected food and drink supply chain will lead to job creation and encourage business to work together on joint initiatives and to encourage innovative.

### **Link to Thematic Objective**

(284) This activity relates to EU2020 Thematic Objectives

- TO3 - Enhancing the Competitiveness of Small and Medium Enterprises:
  - Build the growth capability of SMEs, including Leadership and management training to help management identify and resolve problems in setting direction and strategy, including internationalisation.
- TO4 - Supporting a shift to a low carbon economy:
  - Actions aligned to the Government's Waste Prevention Programme which drive low carbon innovation in relation to waste and re-use.
- Rural Development programme:
  - Knowledge Transfer and skills;
  - Support for small and micro-businesses – (including Measure 4 Agri-food investments).

### **Evidence**

(285) The main source of evidence is the Food & Drink Supply Chain Report (December 2013) an independent study commissioned by SWLEP. It focuses attention on what could be done to support the sector and a body of evidence now exists to provide a better understanding of interventions that can be taken and provides a basis for the recommendations that inform this Activity. Issues such as 'traceability', 'sustainability management practices', 'purchasing' and 'consumer choices and preferences' have all become increasingly important 'drivers' of competitive advantage and business growth in the sector.

(286) A survey of businesses in the supply chain showed that:

- 84% of supply chain enterprises have local markets, 42% have national markets and only one in 10 has foreign markets;
- Producers have a small customer base making them vulnerable and exposed to general economic conditions;
- Only 5% of enterprises are selling through the Internet;
- Supply chain businesses report that they have difficulty sourcing locally due to lack of availability, high cost, capacity to be able to supply & quality;
- 9 out of 10 supply chain enterprises would use the services of a food and drink supply chain initiative.

(287) Barriers to growth were reported as being compliance with regulation and legislation, access to finance, competition and finding skilled staff. Further evidence comes from a variety of sources, but key in SWLEP's approach is the Taste of Wiltshire Meet the Buyer

Event (September 2013). Feedback from producers and buyers was very positive for both supply and demand.

(288) Furthermore, in April 2011, the Developing Sustainable Food Chains project – a Local Food for the Army project report recommended:

- Developing a directory of local food suppliers & Army catering contracts;
- Running a programme of supply chain awareness & communication events;
- Use the findings for developing other soft infrastructure and catering contracts in the public sector in a similar way.

### **Expected result of intervention**

(289) The 2013 report suggested solutions to overcome the barriers above as follows:

- Support with marketing and promotion especially around online and international markets;
- Guidance on legislation;
- Making recycling easier;
- Consumer education on the benefits of local produce;
- Improve sector skills;
- Better access to finance;
- The development of a membership based initiative.

(290) The result of interventions will be to increase employment and innovation in the sector and support businesses across the whole supply chain to improve productivity and growth. SWLEP has identified food and farming businesses amongst its priority sectors. The work will improve knowledge and skills, stimulate investment and growth in the sector, and ultimately create further jobs, whilst safeguarding existing jobs and driving up productivity.

(291) Many businesses will benefit from business support activities in areas such as exporting, innovation, leadership and management and workforce development, provided by through other SME Growth interventions.

(293) A trade initiative will be developed that is focused across the whole of the food and drink supply chain and will improve delivery in the following areas:

- Specialist business support:
  - Advice and guidance for food and drink businesses;
  - Key business skills for sector;
  - Support on broadening traded products and services locally, online and internationally;
  - Initiatives that provide businesses with information on best practice in the sector and assist them with improving quality.
- Supporting clusters of food and drink businesses to cooperate where this promotes competitiveness – including ‘meet the buyer’ events:
  - Develop cooperative power of a group of businesses for marketing and promotion initiatives –Initiatives to support food tourism into Swindon & Wiltshire;
  - Development of a Swindon / Wiltshire brand – work with businesses towards Taste of Wiltshire becoming an nationally and internationally recognised brand;
  - Creation of an online interactive directory of the local offer;

- Demystify procurement regulations, enable procurement opportunities, gain access to wider markets;
- Linking local producers to local consumers via food fairs and events.

(294) The initiative would encourage businesses to access other ESIF services. Some examples of the complementarity with the other proposed ESIF activities include:

- Complementary to the provision of general business support, exporting, resource efficiency, start-up support and leadership and management for new and existing businesses (at Activities 1.1 and 1.2);
- Opportunities for public sector procurement and new investments linked to Activity 2.2. In particular there is an opportunity to take advantage of the growth in military presence to look into the use of local food by the military;
- Working with Rural Tourism projects under Activity 1.4 - such as creating food and drink trails;
- Routes into the industry from Activities 7 and 8 will be possible by working with groups of businesses to bridge skills gaps and raising aspirations and attainment of young people;
- The creation of viable and competitive land-based food and drink businesses leads to good environment practices through good resource management. A more competitive food and drink supply chain will contribute to this aspiration linking to Activity 2.3.

### **Beneficiaries**

- All small and micro rural food and drink businesses in Swindon and Wiltshire will have the opportunity to take part and benefit.
- Business based in larger rural Hub towns where they can show the intervention will have wider benefits will be eligible.
- Individuals accessing support for new enterprises in the sector.
- End user customers living in Wiltshire would benefit through more informed food choices, access to greater suppliers and more local food.
- Visitor economy business in the SWLEP area will benefit from the improved offer and range of local food.

### **Funding**

(295) The overall costs would be over £1.9 million over the 2014-2020 programming period.

- Of this, around £0.9 million is expected to be invested in knowledge transfer and skills. This will be the core funding of the trade initiative activity and will invest in improving competitiveness of businesses as a group. It will also be the main resource for specialist business support and advice.
- Around £1,000,000 is expected to be invested in a direct capital grants scheme for individual businesses. It is anticipated that around £200,000 per annum to support businesses attached to the trade initiative modernise, innovate, expand, grow, and deploy technology, including agri-tech where applicable and eligible.
- As this activity is wholly supported by EAFRD, match-funding is not secured. However, given the nature of the objectives, both private business and public bodies will be aligned in their aims to make use of ESIF investments. It is likely that some projects will have multiple partners including non-governmental public bodies, public sector and charities.

### **Decision route**

(296) The LEP seeks a mechanism for making decisions through a non-delegated panel that oversees the EAFRD funding allocation. This will be based on existing structures working under the SWLEP umbrella. The Rural Growth Network, which operates as The Enterprise Network advisory group could become this body.

### **Delivery mechanism**

(297) A food and drink sector steering group, Taste of Wiltshire, has been set up to develop a business plan and identify priority activities. They will take a place on the non-delegated panel that will be set up to make investment decisions. The group has representatives from the private, public and third sectors including VisitWiltshire and the Wiltshire Business Support Service as well as industry representatives.

(298) The full proposal is contained at Section 6 of the ESIF below.

### **What is innovative?**

(299) The innovation is not so much in what is being directly provided under this activity, but about the way it will support businesses in the sector to be innovative – introducing a new type of business support service to the area that has not been present previously.

(300) The trade initiative will become self-funding by the end of the intervention period. By inviting businesses in the food and drink supply chain to become paying members of a marketing and support initiative the initiative could become a long-term vehicle for promoting this key local sector.

(301) Developmental steps to create an effective vehicle are as follows:

- Following a commission or competitive process to select a development body for the initiative, seed funds from knowledge transfer investment could be made available to the development body to enable it to fully develop the initiative and propose an offer that brings about greater cooperation between rural food and drink businesses;
- The development body will develop and offer services and once direct support has ended moves towards a self-financing model by charging network membership subscriptions;
- Since the proposal is for the network to become self-financing, it will be critical for the cluster of businesses to cooperate and lead much of the work itself, albeit with initial support from EAFRD. Rating and reviews on the interactive online site would promote the cluster and membership;
- Providing networking opportunities for businesses will give them a forum to meet and generate ideas to do things in a different way. This could include joint marketing and exporting ventures as well as other collaboration initiatives.

**THEMATIC GROUP 2**  
**Innovation for Sustainable Growth**

**Activity 2.1**  
**Innovation for Smart specialisation**

**Rationale**

(302) This activity aims to build on SWLEP's considerable reputation for innovation by encouraging even more businesses to develop new products and services in order to grow their businesses.

(303) There is a particular focus on the exploitation and commercialisation of health and life science, defence, digital, low carbon and advanced engineering and High Value Manufacturing technologies. The activity will relate to a series of initiatives combining physical space and business support and grants aimed at increasing the amount, benefit and value of innovation, research, discovery, knowledge acquisition and collaboration undertaken by SMEs to benefit commercialisation competitiveness and growth. As well as supporting the innovation activities of SMEs, these initiatives will provide opportunities for SMEs, large companies, public authorities, innovation and academic networks, higher education institutions and research agencies to work together.

(304) Activity will focus on a series of entrepreneur-led opportunities across Swindon and Wiltshire and at the needs of priority sectors. Further work is underway to enable SWLEP to better understand the precise nature of the provision which will have the greatest impact in each case working with key local partners. There is also a spatial dimension introduced by SEP propositions; but interventions are likely focus upon and include the capital and revenue investments associated with:

- Porton Science Park – Life Sciences Cluster and A303 corridor
- Corsham Institute – and digital communities
- Swindon Future Cities – combining existing strengths in high value manufacturing, technology , advanced engineering – with sustainable energy
- West and North Wiltshire - A350 corridor – innovation ecosystem
- Private sector OEM, Industry networks / partnerships

(305) Activity will primarily reflect the spatial concentration of those key sectors which are most likely to provide the high level of impact and economic benefit across the area, regionally and nationally, and which are most receptive and engaged to innovate. The local spatial concentrations add a dimension to the planning of the interventions. The key sectors are:

- Health and Life Sciences;
- Digital – 'information economy';
- Advanced engineering and High Value Manufacturing;
- Environmental technologies (in particular sustainable energy);
- Military and Defence.



(306) There are additional opportunities to support innovation in land-based and food and drink sectors, including increased use of agri-tech. There is also opportunity for growth in Professional and business services, which may also benefit from ESIF.

(307) Analysis of the key sectors indicates that there is a tremendous opportunity for the areas, since the leading businesses in these leading sectors are comfortable with innovation, patenting, protecting and exploiting knowledge for growth.

(308) A weakness is being the only LEP without a public university or research institute in our area. This works against a regular, normal, familial approach by smaller businesses to access and engage with research, discovery and innovation support due to cost and proximity. This activity has traditionally gone on in other places such as in Bristol or Bath or further afield, or more locally but inside our larger private businesses and largely 'behind the wire' defence and health related research institutions and bodies. Entrepreneurial-led vision combined with SWLEP and partners strategy, and the many innovation-minded business people and their staff in the area, will provide for physical manifestations and virtual nodes of growth, to which ESIF shall support. These centres of innovation will improve our innovation ecosystem and counter the barriers to SMEs whilst contributing to the local and wider economy.

(309) The plans for investment will be consistent with SEP and Local Growth Deal. ESIF will allow smaller, dynamic businesses, become competent in combining and blending key enabling technologies for products and services. It will provide this within incubated, collaborative and creative settings, such as at Porton. It will work to allow the businesses in OEM supply chains based locally to access the full support they need to specialise and grow from the emerging innovation ecosystem.

### **Key Objectives**

- To build the SME innovation ecosystem in Swindon and Wiltshire.
- To support SMEs engagement with entrepreneurial-led innovation schemes.
- To support SMEs gain access to expertise in innovation, research, discovery and commercialisation.
- To link to SEP and Local Growth Deal opportunities to extend benefits of innovation to SMEs.

### **Link to Thematic Objective**

(310) TO1 - Strengthening Research, Technological Development & Innovation:

- Bringing new products and business processes to the market, including those linked to 'key enabling', the 'eight great' and health science technologies;
- Supporting businesses including social enterprises to commercialise Research & Development;
- Building collaborative research between enterprises, research institutions & public institutions;
- Physical infrastructure - Incubation space and other equipment.

TO4 – Supporting a shift to a low carbon economy:

- Innovation and adoption of low carbon technologies.

### **Evidence supporting this proposed investment**

(311) Swindon and Wiltshire companies have a demonstrable track record in investing in innovation – the development of new products and new markets to grow their businesses. Businesses in the SWLEP area invested 8.7% of their turnover in innovation in 2011, around 3.5 times the national average.

(312) Innovation performance is even stronger in the manufacturing sector where business invested 14.9% of their turnover in innovation in 2011, compared to 4.2% nationally; and the professional, scientific technical services sector where the figure was 39.9%, against 22.9% in England. SWLEP businesses are more likely to protect their innovation with patents than average and SWLEP ranked 4th of 39 LEPs in terms of the number of patents granted per head of population in 2009, although investment in research and development (R&D) across the area is close to the national average.

(313) Innovation is not always led by R&D. This can generate new technical and scientific knowledge resulting in new products and services. However, much innovation happens without the need for technical R&D and is more often associated with incremental improvements in products and services, or in business processes, which enable companies to maintain or even improve their competitive position. Experience would suggest that much of this activity is undertaken by larger companies and an examination of the companies responsible for patent registration shows a good spread, but a concentration of activity among larger firms.

### **Expected result of intervention**

(314) Past experience and evaluation of previous ERDF investments clearly demonstrates that the best outcomes/results in terms of economic growth through new jobs and business created, new and improved products and services coming to market, increased collaborations between businesses and research centres occur when a range of activities are aligned. In order to achieve a significant return on the ESIF investment in these areas, delivery will be through a mix of carefully coordinated activity which might include:

- Incubation workspace for hi-tech companies – both new starts and larger businesses (including inward investors);
- Specialist innovation support (Innovation Technology Counsellors) or similar able to provide specific advice to growing tech businesses;
- SMEs accessing national and EU funding;
- Technology translators, able to explain importance of emerging technologies to SMEs;
- Grants enabling SMEs to access specialist technical equipment advice;
- Grants assisting tech start-ups with early stage (Proof of Concept) work;
- Research and development grants;
- Support SMEs to access national / EU funding for R&D and innovation.

### **Beneficiaries**

- SMEs – gains in knowledge, competitiveness and growth.
- As intermediaries:
  - Educative, public and research institutions (working with SMEs on skills and knowledge initiatives);
  - Larger business and industry networks through R&D / commercialisation related support;
  - Public sponsors and investors in innovation ecosystem.

### **Funding**

(315) Some match funding is outlined in detailed plans for SEP where there are public interventions planned under Local Growth Deal. These will focus upon physical centres of innovation, and match ESIF with a mix of private and public funding sources, including where appropriate, GPIF funding.

(316) State Aid for investments is planned by SEP State Aid group, with acknowledgement of Article 55 and Altmark spirited rules being applied – though end-beneficiary should normally be SMEs. Elsewhere, SMEs will be able to utilise support with private contributions under de minimis or relevant exemption under General Block Exemption Regulation (GBER).

### **Decision route**

(317) Investments will be prioritised in alignment with SEP and Local Growth Deal. Projects and initiatives should be based on priorities as set out in SEP and the emerging SWLEP Strategy for innovation. For this Activity, it is likely that a number of projects will be delivered.

### **Delivery mechanisms**

(318) Support will be focused on physical and virtual centres of innovation aligned to wider local and government policy. Our body of evidence on innovation is still reporting on plans and recommendations to develop innovation ecosystems. Investment proposals will be subject to further iteration informed by SEP and ESIF annual implementation plans. Funding commitment, timing and governance making investments possible will also play a role in the type of mechanisms delivered by ESIF.

(319) The activity will be delivered through a portfolio of activity including:

- Investment in high-specification incubation space related to key sectors (initially Health and Life Sciences and Defence);
- Brokerage / account management for diagnosis of needs and accessing the right support within the innovation ecosystem – this could be sector or cluster focused;
- Innovation grants to enable SMEs to:
  - Access external support and advice for technical support and design;
  - Purchase new equipment necessary to innovate;
  - Meet the specific costs of entering into a strategic alliance or joint venture;
  - Specialist support (innovation technology counsellors) to assist hi-tech businesses;
  - Support to access wider funding for research, discovery, innovation or commercialisation – eg; – Horizon 2020, TSB, Higher Education, etc.

(320) There should also be scope for support for annual events will be held (eg Festival of Innovation, Venturefest Swindon and Wiltshire) to highlight innovative companies, raise aspirations among businesses owners/managers, encourage networking and the development of partnerships and collaborations.

(321) As set out in Section 4 (above) there is already a significant cohort of high performer businesses in key sectors. The activity will be targeted at SMEs who have a high 'turnover per employee' or who have the capacity to achieve this – recognising the business and financial services sector where there is opportunity for growth. Whilst it will be available to all key sector and high growth businesses across Swindon and Wiltshire, the centres of innovation will be the focus of support. In turn the centres will be focused on translating benefits from an industrial base working within and across key enabling technologies.

(322) The investments made as part of this activity will be integrated with wider work on business support (Activity 1.1 above) to avoid any duplication and ensure that there is no conflict with the overall principle of establishing a coherent and cohesive business support offer.

(323) In the next ESIF Activity (2.2), the support for innovation to create a low carbon economy is set out. The two Activities will deliver a number of discrete projects, but which should create overlap in technologies, sectors, locations, knowledge to synergise impact and utilise best practice.

### **What is innovative?**

(324) Anecdotal evidence suggests that many businesses are put off by the word 'innovation' and activities need to be framed in language that chimes with business thinking (particularly that of SMEs) rather than that of policy makers. Delivery will be relevant and accessible.

(325) There is an increased awareness of the importance of innovation to the local economy among local policy makers and planners; and this is leading to an increased focus of investment on support for innovation at a local level. Much of the activity is therefore additional to what has been in place previously

(326) In addition to the volume of activity, the ESIF is introducing new mechanisms – notably the use of challenge led procurement. Novel mechanisms to encourage innovation also appear in Activity 2.2 (below) on work on the development of local supply chains and in proposals for responsive business support.

## Activity 2.2 Innovation for a low carbon economy

### Rationale

(327) This activity aims to extend Swindon and Wiltshire businesses' considerable reputation for innovation by encouraging more businesses to develop new products and services in order to grow their businesses. There are close links to Innovation for Smart Specialisation (Activity 2.1) but the focus of this intervention is to enable SMEs to diversify their offer, change their business models and build a low carbon economy – with products and services for the local and national and global economy.

(328) In particular, the intervention will encourage building on local growth and opportunities in environmental technologies, construction and energy sectors. It will be to utilise the individual, academic and corporate expertise which is developing in these areas, and to access both innovative growth and higher-level research.

(329) There are 4 main drivers for this activity, which, taken together create a fertile platform for future growth in this sector:

1. *High Growth*: High level of development growth planned in the SWLEP area, accentuated by army rebasing proposals and Local Plans;
2. *Growing Expertise*: Depth of expertise in the area of sustainable construction and new energy formats, - there is a growing knowledge and skills base supported by research;
3. *Increasingly stringent standards and targets*: The 2020 targets for energy and 2016 zero carbon construction targets for homes, and non-residential development by 2019, are creating demand for modern methods of construction and smarter, more efficient energy systems;
4. *Supporting local supply chains*: in construction, sustainable energy and environmental technologies.

### High growth

(330) Between now and 2020 considerable investment is planned for the SWLEP area. This includes 59,000 new homes and 297ha of new employment land. Proposals for the largest urban extension in the UK are also moving forward at Swindon's new Eastern Villages.

(331) Army 2020 is a also key driver of change through which the area will become home to all three of the Army's Armoured Infantry brigades. 20th Armoured Infantry Brigade with 4,000 service personnel and 4,000 dependants will relocate from Germany to Salisbury Plain in Wiltshire in 2018-19. Military specialist units bring new challenges for local businesses, but also a pool of skilled labour which opens up SMEs' ability to diversify and innovate.

(332) The size of the Military presence in the area generates a large number of service leavers in addition to any redundancies through restructuring. Many of these people seek to remain in the area (with their families) and whilst having good transferable skills

including work ethic, many lack the qualifications, experience or connections to enable them to access the opportunities created by the construction programme.

#### *Growing expertise*

(333) In terms of construction research, Bath University are currently constructing a facility based at the Science Museum in Wroughton near Swindon that will allow researchers and construction companies to develop and to explore innovative building materials. The first project being developed at the research park is a £1m building called the HIVE, funded by the Engineering and Physical Sciences Research Council (EPSRC). This building will allow researchers to study low carbon, low impact construction materials which could be used to make a real difference to the future of construction both in the UK and worldwide.

(334) Construction skills are also the focus of a range of courses run by both Swindon and Wiltshire Colleges. A skills capital bid within the SEP proposes the creation of a Centre for Excellence in Sustainable Technologies for Swindon at Swindon College and across the Wiltshire College's Construction Skills Academy. This proposal aims to create a Sustainable Technologies Centre to deliver an innovative curriculum to meet the needs of the Construction and Advanced Engineering Industry, which will be planned and delivered in partnership with employers, learning providers and other partners.

(335) The Sustainable Technologies Centre for Excellence proposition will function as a single physical hub which:

- Links to local research and development projects
- Disseminates knowledge, focused on technical, commercial and management skills.
- Facilitates incubation space for business ideas
- Dynamically links to skills and innovation requirements of local businesses.
- Delivers the skills training required to support business growth

(336) The Centre of Excellence proposal also includes flexible incubation space which provides a focus for the commercialisation of ideas, with key links to the research programme at Bath University's "HIVE" facility in Wroughton. The link from research through to skills and commercialisation. The facility will also offer an 'Innovation Centre' for partners to share and develop expertise in new and emerging technologies, ensure ideas and knowledge is shared, inspire creativity in the evolution of new business models and link with higher education.

(337) Furthermore, University Technical Colleges planned in Swindon and Salisbury, as well as new Life Science, Engineering and Construction (LEC) centres planned at various expanding Wiltshire College campuses at Salisbury, Trowbridge, and Chippenham will come on line to provide the skilled workforce that is required to meet demand.

(338) The activity also links to a further intervention (detailed in the SEP) on deployment of hydrogen based energy storage technologies within new development. As set out in Activity 2.1 Innovation for Smart Specialisation (above), identifying opportunities in using hydrogen as a low carbon / clean fuel option for powering buildings as well as cars is ongoing amongst the hydrogen cluster partners. The future opportunities for hydrogen fuel cell energy centres



and other environmental technologies for district heating and cooling networks are likely and the SWLEP area has an opportunity to take a leading role in these new industries.

(339) This activity could provide the Skills for Growth activities to identify and develop opportunities which can be accessed by service leavers and local workers using the Skills Brokerage and City Deal services. Relevant experience in these industries can be key to getting a graduate scheme place in civil and structural engineering, construction or surveying, where competition is fierce, so industry-related work experience provided locally boosts chances of success for local beneficiaries.

#### *Standards and targets*

(340) Climate change and energy related targets are acting as catalysts not only for the low carbon economy, but also as drivers for innovation across the priority sectors. Targets for zero-carbon homes by 2016 and zero-carbon non-commercial development by 2019 have given rise to innovative new forms of construction, and the development of smart energy systems providing secure and sustainable supplies of heat and electricity. The HIVE is an example of such facilities generating new ideas – some of which would find deployment within the local area, such as a hydrogen CHP cooling for Porton Science park.

(341) Both Swindon and Wiltshire Councils have won support for the development of heat networks from the Department of Energy and Climate Change (DECC). The recently formed Heat Networks Delivery Unit has been set up to assist local authorities deliver heat networks servicing local residents and businesses. Not only is this an opportunity to provide affordable heat to local communities and businesses, but it also represents an economic opportunity in the design, management and maintenance of such systems. A significant part of this funding from DECC is to allow the feasibility studies to explore innovative low carbon solutions for heating and cooling networks. The rurality of Wiltshire offers an opportunity to think beyond a business as usual approach, and utilise solutions such as biomass or hydrogen fuel cells, away from a reliance on fossil fuels. This area of activity has a potential overlap with Activity 2.3 Innovation for Natural Capital (below). Furthermore, Wiltshire Council have formed an innovative international partnership with the International Energy Association and a Finnish district energy company to trial the development of low-temperature district heating systems which could be deployed with major benefit in the rural areas, which form a major element of the SWLEP geography.

#### *Supporting local supply chains – a local opportunity*

(342) The construction supply chain is perceived to be difficult to access. Delivery is through multiple levels of sub-contracts and agencies. Many construction companies source employees from out of the area as skills needs cannot be met locally. The bulk of the UK construction industry comprises contractors working on one-off projects for individual clients. There is an increasing trend towards providing a complete service from design and build to management after completion. This is increasing the size of projects and attracting greater international competition with a knock-on effect to smaller UK companies. Clients and contractors are beginning to rationalise their supply chain and work more closely with fewer specialists. It is important to develop an approach to boost procurement from local supply chains which can result in job creation and high levels of growth

(343) This activity will also support the development of stronger local supply chains, enabling local companies to better compete for the opportunities which arise through private and public contracts for supply of goods and services.

(344) The potential of sustainable energy and in particular hydrogen energy could potentially open up new supply chains of SMEs to the benefit of local workers.

### **Key Objectives**

- To secure the economic benefits of the move to lower carbon forms of construction and energy generation.

### **Link to Thematic Objective**

(345) This activity relates to EU2020 Thematic Objectives:

TO4 – Supporting a shift to a low carbon economy:

- Innovation and adoption of low carbon technologies;
- Build the market in low carbon environmental technologies, goods and services;
- Whole place low carbon solutions;
- Non domestic low carbon technologies and energy efficiency.

TO1 - Strengthening Research, Technological Development & Innovation:

- Supporting businesses including social enterprises to commercialise Research & Development & Physical Infrastructure.

TO10 - Support for intermediate, technical and higher level skills for specific industries for industries and sectors identified as driving growth in local economies in support of other relevant thematic objectives. In particular, with reference to TO4 - skills for low carbon new build and alternative construction methods.

### **Evidence**

(346) The MoD and other government departments will spend around £850m across Wiltshire but focused on the Salisbury Plain Training Area and garrison towns by 2019 to provide the local supporting infrastructure for Rebasing. This will result in a number of major construction programmes around Wiltshire. There is also the major development of a new tri-service Defence College of Technology Training College at RAF Lyneham in Wiltshire, which will be one of the largest construction projects in the south of England.

(347) The Defence College is due to open in 2016 with 2,000 staff and students initially, rising to 5,500 by 2019. The construction contract for the 1<sup>st</sup> stage of work, with a value of £121m, was awarded to Hercules – a joint venture of Keir and Balfour Beatty in December 2013.

(348) Bath University are developing a construction research park, based at the Science Museum in Wroughton, the first phase being a £1m ground-breaking building called the HIVE, funded by the Engineering and Physical Sciences Research Council (EPSRC).

(349) Both Swindon Borough Council and Wiltshire Council have secured support and funding from the Department of Energy and Climate Change to fund feasibility and design studies for district energy systems across the SWLEP area.

(350) The Construction Industry Training Board (CITB) has outlined the planned investment in housing construction, public planned non-housing construction, commercial construction and infrastructure across the SWLEP area.

(351) They estimate this amounts to:

- £486m current construction investment with £3,094m planned
- £347m in new housing planned
- £396m in public non housing construction planned
- £1,097m in commercial construction planned
- £1,254m in new infrastructure projects planned, including trunk road upgrading.

(352) As well as these public investment drivers, industry changes include the move towards off site manufacturing with the construction site increasingly becoming a base for assembly and fabrication operations. There is a shortage of skills throughout the industry; craft and skilled trades, technicians, professionals and other non-manual workers. One of the most significant skills shortage challenges faced by UK industries as a whole and construction in particular, is that of intermediate skill levels (those above routine but below professional). Employers report that skill shortages in construction often lead to a loss of business. New products and processes developed by manufacturers are resulting in new 'specialist' and 'multi-skilled' occupations and changes to existing occupations. Generic skills such as communication, customer handling and team working skills are areas of growing demand.

(353) Beyond the construction industry, many service jobs in SWLEP are 'defence dependent' and the spending power of military personnel is worth over £450m per year. The MoD also makes a significant contribution towards conservation and environmental protection in Wiltshire, creating considerable additional opportunities for local supply chains.

#### **Expected result of intervention**

- SMEs better able to innovate, collaborate, utilise and apply researched methods that improve their competitiveness in low carbon and construction industries.
- Increases in local supplier capability and capacity equipped for low carbon economy – upgrading business capability, accreditations, use of technology, workforce skills and capacity as they step up to win more contracts related to public investments.
- Education and research institutions integrated to serve businesses for the purpose of supporting SMEs' ability to exploit the opportunity of a low-carbon economy with enabling technologies and innovative techniques.
- Public investments delivered by innovative and skilled SMEs utilising the benefits of enabling technologies and techniques.
- Newly skilled and re-skilled individuals able to take up employment with innovative and growing SMEs.

(354) Primarily interventions would be made in or around the centres of innovation at;

- Wichelstowe and Eastern Villages, DTCC and other major build projects including involving district or whole place solutions.
- The HIVE centre at Wroughton.
- Swindon College Sustainable Technologies Centre.
- University Technical Colleges.
- Wiltshire College Construction skills academy and engineering skills provision.
- New College Swindon Higher Education.
- Lackham Regional Centre of Excellence for Land-based industries.
- Entrepreneurial-led opportunity.

### **Beneficiaries**

- SMEs – gains in knowledge, competitiveness and growth.
- Education and research institutions (working with SMEs on skills and knowledge initiatives).
- Individuals – will benefit from an uplift in skills, education and training by there being a set of institutions fully integrated with business, SMEs and entrepreneurial-led innovations.

### **Funding**

(355) The SEP makes reference to sustainable energy and technologies and these could be routes to providing match funding for additional enabling interventions, such as matching the capital expenditure on a new facility with ERDF support that enables SMEs to participate in an initiative which provides opportunities for them to diversify their products and services for a low carbon economy through innovation or research. It would also require private business contributions and bodies with vested interests such as Engineering Construction Industry Training Board, universities and larger businesses.

(356) State Aid will follow in similar fashion to Activity 2.1 (above), with attention to the educational and research institutions involved when applying GBER rules for exemption.

### **Decision route**

(357) Projects and initiatives should be based on priorities as set out in SEP and the emerging SWLEP Strategy for innovation. For this Activity, it is likely that a small number of projects will be delivered. Investments will be aligned with SEP.

(358) These could be taken in a variety of ways, with one idea being of a challenge fund set up by SWLEP to encourage innovative responses and solutions related to aforementioned investments construction, energy or environmental technologies. This could be in the guise of Small Business Research Initiative or similar challenge fund.

### **Delivery mechanism**

(359) The intervention will look at some successfully developed initiatives delivered elsewhere notably the supply chain management on London's Olympic Park and in West Somerset around Hinkley-C nuclear power station. SWLEP would be looking for similar or better impacts from this initiative into construction, sustainable energy and environmental technologies and focus could be on the Eastern Villages and A350 corridors where there is

focus on house building and related developments in employment land. This proposal will draw on good practice accumulated during to develop supply chains able to secure contracts for construction and servicing of new investments. Focus will be on building capability of companies to bid for contracts by innovative and relevant products and services aimed at the opportunities down to 3rd and 4th tier suppliers.

(360) SWLEP will also explore the possibilities of supporting challenge led procurement (possibly through Technology Strategy Board's Small Business Research Initiative (SBRI) to bring forward new technology for low carbon construction technologies and novel approaches to service delivery. SBRI provides a tried and tested method for enabling SMEs to develop and demonstrate new technologies to public sector organisations; and for government agencies and public sector bodies to tap into new ideas and technologies that would not be available to them through normal channels and speeds up the adoption of new technology. SBRI is used by the MoD to find and develop new technologies which improve their operations in the field. There is also potential for local authorities and other bodies to use SBRI as part of the Transforming Public Service programme.

(361) This activity will also seek to benefit those seeking employment including service leavers and their dependants. There will be close alignment of this activity with other related work funded elsewhere to ensure additionality and complementarity. This will include:

- Careers Transition Partnership (CTP) provides resettlement services for those leaving the military providing flexible support before and after discharge;
- The Engineering Construction Industry Training Board provides professional advice, information, skills development and qualifications to help individuals within engineering construction succeed in their chosen careers.

(362) Delivery of this intervention will be through range of activities:

- Initiatives linked to centres of innovation which provide SMEs with opportunities to innovate, become more competitive by providing goods and services for a low carbon economy;
- Facilities for SMEs to incubate and develop innovative products and services;
- Facilitating links to TSB Catalyst, SBRI, Horizon 2020, larger business investment and other research institutions to promote innovation and diversification for low carbon economy;
- Development of Wiltshire College-backed 'Construction Skills Academy' could work with employers and SWLEP partners to identify skills needs / gaps and support workforce development and succession planning;
- Link with City Deal and Skills Brokerage model, ensuring Service Leavers and other residents can access construction skills training;
- Deliver a flexible construction skills training offer which meets needs of SMEs with innovative low carbon products and services;
- Raise the profile of the lesser known construction careers, particularly at technician and graduate level;
- Widen participation in construction skills training for those under represented in the industry.

**What is innovative?**

(363) No attempt has previously been made to approach these opportunities in this kind of targeted fashion and the work is both innovative in its approach and additional to anything currently underway. There is currently a wide range of construction and sustainable development investment, but no strategic approach to developing activities to meet demand for increased skills, up-skill current employees, identify new potential entrants, and develop flexible skills development training so that local people including service leavers are directly prepared to fill the increase in local jobs.

(364) By working with SMEs who have the motivation to be innovative and inventive and seek diversity and potential benefit from a low carbon economy, the local economy will benefit from smart growth and better higher skilled jobs.

(365) The supply chain development will import good practice from elsewhere to develop response to new opportunities including Public Service Transformation.



## Activity 2.3

### **Innovation for Natural Capital - *Investing in our natural capital, environment and landscape***

#### **Rationale**

(366) The SWLEP sees sustainable development underpinning future economic growth and is keen to provide ongoing and future benefits for people and communities living locally. Discussions with SWLEP's Rural Economy Group and Local Nature Partnership on priorities for the rural economy demonstrate there is intent to develop innovative Activity that will derive tangible and sustainable economic and social benefits from our rich natural capital.

(367) Natural Capital is the natural environment and landscape, underpinning everything that we produce and consume.<sup>35</sup> "It provides our food and energy, cleans air, catches water, produces minerals and materials, has aesthetic value and holds green spaces in and around our towns and villages." It is essential to the Swindon and Wiltshire economy and for the health and wellbeing of the population. Defra's sectoral analysis indicates the value of land by stating "the landscape of the UK underpins our national identity, cultural heritage and mental wellbeing." SWLEP understands that there are commercial opportunities that can be derived from natural capital. SWLEP also understands the long-term needs to protect and enhance the natural environment and the common goods it provides, both to local businesses and communities and beyond our borders to much of southern England.

(368) Land-based industries play an important part in the local economy, from the tangible outputs of farming to produce food for consumption, processing and export, to the intangible benefits of rural resilience and aesthetic quality of landscape and semi-natural environments.

(369) Importantly, the land-based sector industries act as guardians for our environment and the ecosystems it supports. The sector is constrained by natural and regulatory systems, but which through innovation over long-term can produce sustainable business models for economic gain. The evidence in this area shows threats to the sustainable development, but SWLEP believes that adapting to climate change and building a low carbon economy whilst innovating for economic gain is mutually achievable.

(370) This Activity is primarily concerned with innovative and value-adding interventions that support opportunities in rural sectors and is largely focused on, but not limited to, land-based rural industries such as forestry, businesses operating in tourism and food & drink sectors, nurseries, horticulture, specialist and scientific services, management of landscape, raw materials and biomass-energy related industries such as woodfuel supplies.

(371) The Activity will look to support sustainable interventions which provide jobs and business growth, as well as providing wider benefits through better management of land and natural resources, underpinning our ecosystems and securing the services that they provide for current and future generations.

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<sup>35</sup> The State of Natural Capital Report, Natural Capital Committee (independent advisory body to Government), April 2013

(372) The activity sits conceptually between the rural Activities such as for Rural Tourism, Food & Drink and other key sector support for innovation and competitiveness, and the Defra national programme for stewardship and environmental land management.

(373) There are four areas of innovation which could be capitalised upon:

- Natural environment – assets for forestry, timber production and biomass sector;
- Natural environment – opportunity of increased interventions to improve public health and employability through natural capital and green infrastructure assets;
- Natural environment – specialist and scientific services sectors;
- Natural environment - landscape linked to visitor economy and other opportunities in tourism, food and drink.

(374) This Activity will seek to address market failures which are barriers to economic growth and benefit from natural capital. Businesses, land managers and entrepreneurs cannot always realise the potential of natural capital due to the need for long-term, sensitive and sustainable investments required. Often investments require stakeholders to agree or permit, such as with opening up sites for visitors. Elsewhere, there are growing market opportunities, but a lack of knowledge on how to capitalise the full opportunity – such as in forestry and woodland management. Economic benefit and added value can lead to other and multiple economic, social and environmental beneficial externalities which cannot be determined purely by profit, but as ecosystem services. SWLEP understands longer-term investments are required and using better knowledge and innovation techniques in the natural capital sphere.

(375) The Activity will seek to address market failures in land-based derived goods and services. For example in forestry while woodland management is well understood there is a lack of landowner knowledge concerning the opportunities to add value to existing operations and the ability of this to conserve habitats. The regulated nature of land management can lead to investor reluctance. This is compounded by the slow return on investment where there are significant land management and conservation costs to activity. For example encouraging more visitors to sensitive sites needs careful planning and local stakeholder consensus and creates a natural tendency towards long-term investment, or otherwise poor investment decisions. Viable and competitive land-based businesses tend to introduce sustainable business models, strong environmental identities and practices through positive resource management, increased technology uptake and skills awareness.

### **Key Objectives**

(376) The Activity will work to deliver the following objectives, though it is unlikely for all objectives to be delivered in any single project investment.

(377) The mandatory objective of all investments will be to achieve sustainable economic growth (measured by GVA) and the creation of new jobs by business oriented projects.

Investments would achieve multiple objectives including:

- improved management and sustainability of natural environment and landscape;
- opportunity for improved public health outcomes;
- underpinning of wider commercial opportunities through investment – such as improving the rural tourism offer or forestry supply chain;

- opportunities to enable employability and schemes which promote social inclusion;
- drive up biodiversity offsetting and develop formats for costed ecosystem services;
- combined investments that strengthen the economy at landscape scale.

### **Link to Thematic Objective**

(378) This activity relates to EU2020 Thematic Objectives:

- TO4 – Supporting a shift to a low carbon economy:
  - Innovation and adoption of low carbon technologies;
  - Build the market in low carbon environmental technologies, goods and services.
- Rural Development programme:
  - Knowledge Transfer and skills – especially in advice and networks (either sector based or by proximity at landscape level);
  - Support for small and micro-businesses – especially on enabling business to reduce environmental footprint, reduce overheads and promote growth;
  - Renewable energy initiatives (including capital investment in low carbon economy, farmer cooperative and facilities that reduce environmental impact);
  - Tourism – where there is demand for better collaboration and when connected to Natural Capital.

### **Evidence**

(379) The logic for such an intervention comes from a number of sources including a comprehensive the Sustainable Development SWOT Analysis for ESIF documented at Section 6 (below). The Wiltshire & Swindon State of the Environment reports of 2012 and 2013 and evidence in Key Sector section (at Section 4) indicate that innovative and value-adding interventions that tackle drivers of change of how investment in the Natural Capital under objectives promoting economic benefit can help new SMEs grow and create jobs whilst promoting social inclusion and public wellbeing as well as the natural environment.

### **Expected result of intervention**

(380) The primary result expected is for new business start-ups and existing business growth in rural areas that will in turn create jobs. This would be enabled through a mix of knowledge transfer and advice with direct grant aid to land-based and related SMEs and micro-businesses from the Rural Development programme. Overlap of businesses accessing services focused on the centres of innovation set out in Activities 2.1 and 2.2 above will be expected and evidence of the innovation ecosystem at work.

(381) Second, by supporting sustainable business models, the innovative investments will underpin and protect the natural environmental capital that the business model relies upon.

(382) Third, by doing this, there are wider benefits that promote and improve opportunity for public health, improved environmental management, and opportunities for individuals to tackle social exclusion by becoming more employable.

(383) Lastly, there would be longer-term natural resource and ecosystem service benefits which extend beyond the LEP boundary into southern Britain

### Tourism

(384) Activity 1.2 identifies that the tourism offer is underdeveloped, and there are opportunities for linking landscape more closely to the visitor economy. There is scope to develop innovative business opportunities which improve the offer and benefit actively managed and conserved landscape along with improving biodiversity. There are strong examples such as the long-term development of the Kennet & Avon Canal and now at Stonehenge, which can be drivers for jobs – but also many unrealised business opportunities such as long-distance walking, circular walking, linear marketing drives, linking heritage sites, specialist wildlife/heritage tours, re-invigorating canals and disused railways and improving sites where the natural environment is the focus itself, such as around wildlife sites and reserves.

### SMEs

(385) The segment of the rural business economy would include those businesses land-based such as nurseries, horticulture, specialist and scientific services, landscape, raw materials and woodland management and biomass-energy related industries and further to equestrian businesses/stables and other country activity, maintenance and improvement of traditional buildings, including energy efficiency. This would also include farm diversification. Support for primarily commercial investments can complement the investments in landscape and conservation under the Environmental Land Management scheme and stewardship, as well as support for Protected Landscapes and individual sites. Any support would require delineation from other aspects of the rural development programme.

### Ecosystems

(386) SWLEP believes that by supporting commercial ventures it will bring forward the emergence of ecosystem services frameworks for environmental common goods, as well as finding smarter and more local solutions for existing and innovative market functions such as off-setting, and controlling waste, water supply sectors, or energy utilities. It foresees that specialist and scientific services to manage landscape as an emerging sector locally, such as demonstrated by the work of Landmarc on Salisbury Plain.

### Forestry Enterprise and woodland management

(387) Further, the landscape provides opportunities for the growing timber and forestry sector which exists in and around the county. Although the market in Wiltshire is well-established, with the majority of woodland in some form of management, there are market failures, particularly bringing timber feedstock to market, with a timber study in 2014 making a conservative estimate of 10,000m<sup>3</sup> per annum of sustainable standing timber available in Wiltshire. Further there are opportunities for new businesses to realise benefits from this growing sector including, but not limited to, management roles and brokerage apprenticeships and specific specialist skill-sets associated to ancient woodland management and woodchip production. These and opportunities like them will create economic prosperity while improving biodiversity and associated natural environment the North Devon NIA, through a Trees and Land CIC provide an example where forestry enterprise and natural capital outputs have been achieved, including:

- Increasing the uptake of woodland access grants;

- Improved the forestry operations where woodland creation is subject to financial constraints, especially where re-stocking may be hampered by high populations of red and roe deer and young trees are bark stripped by grey squirrels; and
- Instigated a programme to connect habitats across the landscape, through the creation of new native woodland on appropriate sites to meet Forestry Commission national objectives.

(388) The latter in particular not only increases the current cover of important habitat but also provides opportunities for landowners to become more self sufficient in providing for their energy needs, while assisting to reduce the effects of nutrient run off in nutrient sensitive areas along with flood alleviation. Tree disease is also identified as of time-limited commercial prospect as is Forestry Commission policy concerning the removal of non-native species, although the latter is not universally welcomed across the industry.

### Green Infrastructure

(389) Both unitary authorities have produced green infrastructure strategies (GIS). Both strategies have multiple objectives linked to the economy, environment, communities and public health. Two national government reviews of evidence in 2012 and 2013 concluded that high-quality green infrastructure increases economic growth and competitiveness by attracting inward investment, attracting and retaining employees, increasing visitor spending, reducing damage costs (e.g. through flooding), improving health and therefore productivity, increasing food production and generating jobs in the green infrastructure sector (which accounts for 5% of all jobs in England).<sup>36</sup> Green infrastructure investments create both high- and low-skilled jobs, such as in planning, engineering and building its elements as well as in restoring and maintaining urban and rural ecosystems.<sup>37</sup>

(390) The 2012 national review also finds strong evidence for the role of green infrastructure in increasing economic security, including through climate change adaptation and mitigation, and providing value for money in public investment. Value for money is secured as GI provides extremely cost-effective and long-term ways of reducing flood risk, filtering water, improving air quality, regulating the temperature of indoor and outdoor spaces, and improving physical and mental health (section 2, pp.6-10). There appears to be numerous innovations to land management by land-based industries that can both provide an economic return and make for multiple benefits.

### Skills for inclusion

(391) From some typical investments that are likely to come forward, there will be benefits for individuals seeking to improve their employability, confidence and resilience. Wiltshire has proved itself as a place where conservation can provide useful work experience and job roles for those marginalised in the labour market – such as with Future Jobs Fund. Rural businesses including social enterprises and environmental charities can support work-placement schemes, work experience, volunteers and apprenticeships in their range of

<sup>36</sup> [Microeconomic Evidence for the Benefits of Investment in the Environment – review](#), Natural England Research Report NERR033, Natural England, March 2012; [Green Infrastructure's contribution to economic growth: a review](#), A Final Report for Defra and Natural England, July 2013, EFTEC and the Centre for Regional Economic and Social Research, Sheffield Hallam University

<sup>37</sup> [Building a Green Infrastructure for Europe](#), European Commission, 2013

employment opportunities, and this may lend itself to supporting the desired outcomes of ESIF Activities aimed at providing individual beneficiaries with Skills for Inclusion.

### Scale

(392) Working at a landscape level may derive shared benefit to many businesses with potential for larger impact projects, such as linear access linking sites and places of interest, but the activity would also consider individual and interventions which work on a smaller and more local scale. Where there is a shared sense for the commercial opportunity by businesses and land managers which might benefit from longer term and sustained effort, the creation of Nature Improvement Areas or similar landscape scale initiatives will be encouraged where this would be a value-adding delivery model.

(393) In conclusion by focusing on landscape and the natural environment as a driver and opportunity for economic growth, and using the strengths of our agricultural and land-based sector the aim is to support business growth and opportunity in rural areas using our Natural Capital assets, and in turn derive multiple benefits for people and the environment.

(394) Some examples of types of interventions are:

- Develop and deliver a programme focussed on landscape areas to realise the shared investment aims of a group of local businesses and stakeholders – this could be an informal network, or more formally as a Nature Improvement Area (NIA) or similar. Commercial ventures utilising the natural environment could deliver employment and growth, but also host skills for inclusion delivery, training for employability, promotion of personal wellbeing and opportunities for volunteering. The Marlborough Downs NIA is a good local example of what can be achieved at a landscape scale by a partnership of stakeholders;
- A linear zone could be focused upon for the particular heritage, natural capital or commercial potential that it possesses. The Activity could provide the long-term and orchestrated approach that brings together stakeholders, communities and businesses requisite in making a significant economic impact, such as would be required for long-distance footpaths linking recognised sites of global heritage. An example of the long-term nature is seen in the Kennet & Avon Canal venture which started in Wiltshire in the 1990s now has an impact from Reading to Bristol and many towns and villages along its route;
- Single site projects which are able to provide a commercially viable business outcome, and which can also meet other objectives for multiple benefits to individuals or in feedback to natural capital could be supported. Examples might include life science sector working with local farmers, or specialist environmental services utilising innovative business practices in the area, the development of enhanced facilities for visitors to a natural capital site such as a café facility or start-up support for a new native tree nursery/woodfuel enterprise;
- Localised woodfuel market interventions which deliver RHI compliant biomass fuel;
- Public sector support for the government backed *Grown in Britain* campaign encouraging greater utilisation of forestry and wood products, providing local economic resilience and habitat resilience.
  - Other associated project ideas – local low carbon fuel supply –
  - RHI for businesses, climate change level and CRC avoidance etc.



- The use of energy crops and managed woodland to improve natural capital while delivering rural economic growth, and sectoral skills and knowledge base.

### **Beneficiaries**

(395) The beneficiaries will be rurally-based SMEs, not limited to land-based businesses, but highly likely to have business models reliant on Natural Capital. There will be no geographical restriction, but SWLEP and partners may as a precursor to making investments decide to focus on spatial zones which would benefit most from this type of intervention.

(396) Investments are likely to be classed as State Aid but exempted using de minimis rules.

(397) At a secondary level, there should be individual beneficiaries, though these are likely to be counted as such under other aspects of ESF interventions promoted by the SWLEP. These people will be the target groups identified in Activities for Skills for Inclusion

(398) In more general terms, Link2Nature, the Local Nature Partnership has identified in its Investment Prospectus “Investing in Nature” landscape scale opportunities to benefit people, wildlife and the environment through delivery of a programme with the broad strategic aims and priorities outlined above. Locations of investments could include farms, estates, land managed by the public sector and government bodies including military areas, and conservation and wildlife trusts land.

### **Funding**

(399) As this activity is wholly supported by EAFRD, match-funding is not secured. However, given the nature of the objectives, both private business and public bodies will be aligned in their aims to make use of ESIF investments. It is likely that some projects will have multiple partners including non-governmental public bodies, environmental and heritage charities and public sector.

### **Decision Route**

(400) The LEP seeks a mechanism for making decisions through a non-delegated panel that oversees the EAFRD funding allocation. This will be based on existing structures working under the SWLEP umbrella. The Rural Growth Network, which operates as The Enterprise Network advisory group could become this body. Projects seeking investment would be assessed against a number of agreed criteria to ensure the best fit, in terms of delivering the above objectives. The Sustainable Development framework would be a material consideration.

### **Delivery mechanism**

(401) Link 2 Nature will take a place on the non-delegated panel that will be set up to make investment decisions. The group has representatives from the private, public and third sectors including VisitWiltshire and the Wiltshire Business Support Service as well as industry representatives and in turn will be linked to SWLEP’s Rural Economy Group.

(402) The full proposal is contained at Section 6 of the ESIF below.

**What is innovative?**

(403) The opportunity to develop a “joined up” approach to realising the natural capital value of an area that involves a wide range of stakeholders, with integrated benefits to the environment, economy and society together partnerships from different backgrounds such as commercial business, farming, conservation and local authorities will bring about benefits of cross-competences and overlaps for ideas and innovation. Where improvements to environment from farming and land management practices at a landscape scale lead to tourism and other business opportunities, these will be innovative by driving both economic benefit and environmental benefit.

(404) The Activity also has the ability to deliver related outcomes for employability, workplace skills, apprenticeships, well-being training, volunteering and public engagement with green infrastructure.

(405) It is likely that there will be a delivery interface with Lackham Regional Centre of Excellence for Land-based industries which will align Activity set out above at 2.2.

### **THEMATIC GROUP 3**

#### **Skills for Growth**

(406) The Strategic Economic Plan outlines a key objective to increase the proportion of the workforce with a degree level qualification and create opportunities for everyone to develop new skills. The activity will provide the pipeline of workers with Level 2 and 3 skills to enable progression and will help build the qualification base. It will approach from a demand-side business-led closing of labour market failures which affect competitiveness.

(407) SWLEP has one of the highest proportions of employers experiencing skills gaps of any LEP area with 26% indicating skills gaps (Perception Survey 2012). It is clear that in order to achieve our ambitions for growth an innovative approach to ensuring the workforce has the skills needed now and for the future is required. This was made clear by task & finish groups when looking at the Key Sectors priority

#### **Activity 3.1**

##### **Workforce skills - *bridging the local skills gaps***

##### **Rationale**

(408) This activity aims to support skill development of the whole workforce and to meet the skills needs of key sectors as identified by SWLEP and will work to identify skills needs and gaps now and in the future by sector. It will work to meet the skills needs of employers in the sectors through innovative and flexible approaches with skills and employment providers and to improve sector-led vocational training and progression. The focus will be on skills delivery from Level 2 to Level 3. It will adopt a flexible model from full Apprenticeships to specific modules of training, upgrading skills and competencies tailored to meet needs, with an emphasis on engaging the workforce in lifelong learning, career progression and developing a culture of learning.

(409) Progression across the skill levels and ongoing skills improvement is key. The City Deal, 'Creating Growth through knowledge' addresses the need for innovative and customised higher level skills development (level 4+) with a 'brokerage model' which involve employers co-designing provision to meet needs. This work will initially focus on the personnel leaving the Military but there is a common approach needed across all skill levels. Extension of the City Deal in subsequent years will encourage progression from Level 3 to Level 4 and grow higher level skills across the whole working age population particularly Level 4 and above.

(410) Carrying out some targeted activity on those key sectors where there are good prospects for growth will enable SWLEP to ensure we maximise opportunities for growth and to proactively plan skills solutions. This requires an approach to identifying skills needs and gaps with SMEs and other employers and agreeing innovative solutions. Some initial research has been carried out on a number of sectors but further work needs to be done as part of this activity.

(411) Experience of delivery of a Swindon pilot project and the Interreg Project IMPRESS indicate that there are multiple benefits to individual beneficiaries and smaller employers on the skills and training support and a brokerage model should be broadened out.

### **Key objectives**

- Increase the percentage of the workforce with Level 3 skills.
- Meet the skills needs of priority sectors as identified by SWLEP.
- Identify skills needs and gaps in the local economy now and in the future by sector.
- Develop innovative and flexible approaches to working with skills and employment providers so that skills needs can be met through Apprenticeships, other full qualifications, modules of training, up skilling specific competencies.
- Develop sector-led vocational training and progression.
- Engage the workforce in lifelong learning and develop a culture of learning.

### **Link to Thematic Objective**

(412) This activity relates to EU2020 Thematic Objectives:

- TO10 - Investing in Education, Skills and Lifelong Learning.

### **Evidence supporting this proposed investment**

(413) The 2013 SWLEP Local Economic Assessment, Supplementary Key Sector Analysis and comprehensive evidence base on the potential demand for Higher Education to support the City Deal proposal have all identified the need to improve higher level skills across the workforce and also to focus skills development on priority sectors including those high growth sectors.

(414) Flowing from the Vision, the SWLEP has identified a number of strategic priorities including one around raising the skill levels of the workforce, focusing on:

- Higher Education provision;
- Improving skills in specified sectors;
- Supporting vocational pathways to employment.

(415) Skills are one of the main drivers of competitiveness and productivity and on this measure Swindon and Wiltshire LEP occupies a middle-ranking position. Latest data shows that 18.5% of its resident working age population is qualified to level 3 and 34.1% of its working age population is qualified to degree level and above (Level 4+) compared to a national figure of 17.4% and 34.1% respectively. Trends show that there has been some progress in improving the skills and qualifications of the workforce in recent years, either through up skilling or inward migration with a larger than average improvement in the proportion of the population attaining Level 3 and Level 4 qualifications – up 2.7% and 7.1% respectively between 2008 and 2012 compared with national rises of 1.7% and 5.9%. However, despite some local progress, rates of progress in other LEP areas (including Thames Valley Buckinghamshire and Oxfordshire) have been faster, thereby widening the gap between SWLEP and some of the higher skilled competitors.

(416) There are also stark intra-LEP differences in workforce qualifications by local authority, with Wiltshire having a relatively well qualified workforce compared to Swindon. As can be seen in the table below, Wiltshire currently has a higher proportion of graduates

than the national average and lower proportions of people qualified to below Level 2. Swindon tends to have a population clustered around Levels 2 and 3, reflecting the structure of its local economic base.

(417) As may be expected, workforce qualifications vary widely by age and the peak age for high qualifications is among people aged 30-39, with lowest qualifications among the youngest and oldest sections of the workforce. It also appears that locally, many young people aged 25-29 fail to progress beyond Level 3 qualifications with relatively low percentages going on to gain higher qualifications. Indeed, the most striking difference from the national picture is in relation to graduates; locally, the proportion of 25-29 year olds with degrees is 33.0% compared with 42.2% in England.

2012	Swindon	%	Wiltshire	%	SWLEP	%	England
NVQ4+	39,600	29.3	101,500	36.5	141,100	34.1	34.2
NVQ3	24,600	18.2	51,700	18.6	76,300	18.5	17.3
Trade Apprenticeships	5,400	4.0	10,300	3.7	15,700	3.8	3.4
NVQ2	27,000	20.0	52,800	19.0	79,800	19.3	16.9
NVQ1	17,900	13.2	35,500	12.8	53,400	12.9	12.4
Other misc.	8,500	6.3	10,100	3.6	18,600	4.5	6.3
<b>No qualifications</b>	<b>12,300</b>	<b>9.1</b>	<b>16,400</b>	<b>5.9</b>	<b>28,700</b>	<b>6.9</b>	<b>9.5</b>

Qualifications of the resident working age population by geography. Source, ONS APS Jan 2012-Dec 2012

### Expected result of intervention

(418) The outcome of this activity will be:

- Skills needs across the key sectors identified;
- Skills needs at Level 3 identified and 'pipeline' skills to achieve Level 4 ambitions;
- Flexible, customised provision to meet needs in place;
- Improvement in the skills of the workforce at Level 3;
- Reduction in skills gaps reported;
- Progression by individual workers along 'Learner Journeys'.

### Beneficiaries

(419) Beneficiaries will be mainly employed individuals in the workforce but without a Level 3 qualification and employed in SWLEP priority sectors or in SMEs with potential for growth – as identified by the services outlined in Thematic Activity for SME Growth.

## **Funding**

(420) Funding will be made primarily from SWLEP ESF funds matched with SFA Opt-in with some support from DWP Opt-in via Jobcentre Plus. The Activity will be complementary and additional to the SFA core offer and relevant DWP initiatives.

## **Decision Route**

(421) The Activity is suitable for commissioning – but would require the following issues to be covered:

- Up to date labour market and skills gaps and needs information to maintain focus on SME demand;
- Aligned SFA Adult Skills Budget funding and other flexibilities to ensure no duplication with core offer – and so that additional and complementary activities are delivered;
- Partnership with local education, further education and training providers to ensure that services required can be developed and be offered locally. Local providers linked to plans for SEP include:
  - UTCs at Swindon and Salisbury;
  - Wiltshire College – at various locations including expanding campuses at Salisbury, Trowbridge, and Chippenham;
  - New College and Swindon College;
  - Lackham College regional centre of excellence (part of Wiltshire College.)

## **Delivery mechanisms**

(422) The Activity will aim to deliver this activity through:

- Skills brokerage - an improved approach to employers and skills providers - working together to develop 'fit for purpose' training solutions to meet needs;
- Development of City Deal brokerage model for Level 2 - 3 skills;
- Up-skilling and training for new and changing disciplines;
- Digital, software and computing skills needs across sectors;
- Low Carbon / sustainability principles and methodologies across sectors;
- Vocational training which meets needs of employers;
- Links with City Deal skills development at level 4 – funding for this through City Deal
- Responsive, flexible approach to delivery of skills training;
- Identify 'pipeline' Level 3 skills required to achieve higher Level 4+ skills needs.

(423) There are significant opportunities for ESIF investments to be complementary and interface with other significant activities including:

- This activity will align with the 'City Deal – Creating Growth through Knowledge programme, which initially focuses on military leavers but has a common approach to using co-designing innovative and customised provision. The Military-focused City Deal bid to deliver 18,000 Higher Education places (around 2,000 equivalent places per annum) will also increase opportunities for skills and qualification development locally as well as fostering the growth of employer-based student places and the potential for research spin-offs;
- Link to DWP programmes for those unemployed;
- Current sector based training and development;



- Opportunities to interface with the new tri-service Defence College for Technical Training being constructed at RAF Lyneham in Wiltshire.

**What is innovative?**

(424) Real job opportunities for the current and future workforce are in the pipeline if skills development can be more directly linked to the needs of the key sectors and spatial propositions locally. This should include flexible delivery e.g. delivery in the workplace, providing programmes across a range of employers, taking account of prior learning etc. The consideration of skills required in supply chain skills needs to be integrated with larger employers.

### **Activity 3.2**

#### **Raising aspirations and attainment among young people - *driving up STEM skills and qualifications to close skills gaps***

##### **Rationale**

(425) This activity aims to raise aspiration and attainment amongst young people to improve skills levels amongst the future workforce of the SWLEP area longer term and increase participation rates. SWLEP is working in its Strategic Economic Plan to ensure qualifications are appropriate to intended career path and curricular relevance to the workplace and desires to work closely with employers to identify skills needs and promote these to young people. This appears to be particularly apparent in Science, Technology, Engineering and Mathematics (STEM) skills.

(426) It is intended to increase participation rates in Higher Education – particular for those studying for STEM skills - providing more opportunities to study nearer to home. In doing so, allowing local talented people who in the past have had to leave the area to pursue Higher Education courses. Primarily it will aim to generate a new group of learners across the 15–19 age range that could be inspired to progress in their education and understand the career opportunities that can result from achieving higher qualifications in STEM-related subjects. The intention is to encourage people to progress who might not previously have considered Higher Education learning as an option or are discouraged by educational, social, cultural, economic or practical barriers. This will contribute to increased social mobility since a good education is the key to improving young people's life chances. For this reason, though the focus will be on the younger age range up to 19, support will be extended for people up to 24 years old.

(427) This Activity has been identified via a comprehensive SWOT Analysis of Education, Employment and Skills in the SWLEP area. The recent SWLEP area Local Economic Assessment, Supplementary Key Sector Analysis and comprehensive evidence base on the potential demand for Higher Education to support the City Deal proposal have all fed into the SWOT Analysis. Flowing from the Vision, the SWLEP has identified a number of strategic priorities including one around raising the skill levels of the workforce, focusing on:

- Higher Education provision;
- Improving attainment at ages 15 and 19;
- Supporting vocational pathways to employment.

(428) 16-24 year olds account for 28.2% of the unemployed, the highest proportion of any of the LEPs with which SWLEP is benchmarked and above the national average. By tailoring support for intermediate, technical and higher level skills for specific industries and sectors identified as driving growth in local economies in support of other relevant thematic objectives, the Activity will support individuals into the workplace of growth businesses, and support those businesses by providing the right type of skilled individuals demanded by business.

(429) It will establish better links between business and educators and further education institutions. The further use of higher level Apprenticeships is an important way of ensuring

a pipeline of technicians equipped to meet the needs of the SWLEP's key sectors – such as Health and Life Sciences, advanced engineering and High Value Manufacturing.

(430) The Activity will support collaborative projects, placements, internships or other activities with SMEs that enable students and graduates to gain industry relevant experience and skills.

(431) There is a need for smart pathways to employment, particularly in sectors with major skills gaps and a need to understand those skills gaps. Education providers including the further education providers based in the SWLEP area, such as New College, Swindon College and Wiltshire College and including the new UTCs will support the development of STEM skills in the area for residents up to 19. The development of STEM skills will be promoted beyond 19. Part of the activity will also be to ensure businesses are aware of the range of skills provision and funding models.

### **Key objectives**

- Promote the uptake of Science, Technology, Engineering and Mathematics (STEM) and related qualifications linked to our sectors such as life sciences, food and drink, advanced manufacturing and construction by improving the image and understanding of the sectors.
- Improve the quality and impact of information, advice and guidance for young people 13-19
- Increase the percentage of the workforce with Level 3 STEM skills.
- Meet the STEM skills needs of key sectors as identified by SWLEP.
- Identify STEM skills needs and gaps in the local economy now and in the future for key sectors and growth businesses, including construction.
- Develop sector-led vocational training and progression – particularly on STEM skills attainment.

### **Link to Thematic Objective**

(432) This activity relates to EU2020 Thematic Objectives:

- TO 8 - Promoting Employment and Supporting Labour Mobility;
- TO10 - Investing in Education, Skills and Lifelong Learning.

### **Evidence supporting this proposed investment**

(433) By 2020 employers in Wiltshire will demand that approximately 1 in 3 of the workers they recruit have Level 4 qualifications and above. Skills requirements by 2020 (including replacement demand) are forecast as:

- 38,300 jobs requiring Level 4 qualifications;
- 24,700 jobs requiring Level 3 qualifications;
- 31,000 jobs requiring Level 2 qualifications;
- 9,000 jobs requiring Level 1 qualifications.

(434) Attainment at 16 is below average in SWLEP. 59.3% of young people attain five GCSEs A\*-C including English and Maths in Wiltshire (broadly in line with national performance), but this falls to 52.7% in Swindon. While Level 2 attainment has been improving it is at a lower rate than seen nationally.

(434) Wiltshire has a lower percentage of GCSE age pupils from disadvantaged backgrounds than the England average; 14% compared to 25%. However, only 33% of these pupils achieved 5+ A\*-C GCSE or equivalent including English and Maths (which is lower than the England figure of 39%).

(435) Data shows that during the compulsory education years, in Wiltshire, attainment levels by Wiltshire pupils from disadvantaged backgrounds have been significantly lower than those from non disadvantaged backgrounds (as well as lower than the England averages). Attainment gaps persist throughout a child's compulsory education, and have a direct bearing on access to Higher Education and the best jobs.

(436) At 'A' Level, there is a stark difference between performance within the SWLEP area. Swindon students are performing at well below the national levels, with only 43% of its students achieving three or more 'A' levels, against a national average of 52% and average points score per student of 650 against the national figure of 755. Wiltshire students show much stronger performance, with 58% of students achieving three or more 'A' levels, which above the national figure, with the point score at 776. Wiltshire scores have fallen since 2010, but Wiltshire students are still more likely to achieve the grades necessary to to secure their first choice university placements.

(437) Highly selective universities often require grades in specific subjects, including English and Maths, History, Sciences and Languages. These subjects are studied far more commonly by pupils educated in the private and selective sectors. The University Challenge report found that, 'State-educated students we spoke to were often unaware that their subject choices were closing down options, and were provided with poor advice by their schools on the impact of their decisions.' In Swindon, fewer than half of pupils obtain passes in one or more of these subjects compared with 55% in Wiltshire and 50% nationally.

(438) In 22 wards (13% of the total) SWLEP have some of the lowest levels of young people's participation in Higher Education in the country. Despite Wiltshire's relatively high rates of participation, more than half the wards with low participation are in Wiltshire, including those with a high military presence. This analysis shows broad and deep divisions of participation chances: the 20% of young people living in the most advantaged areas are five to six times more likely to enter Higher Education than the 20% living in the least advantaged areas.

(439) One-in-12 young people (8.2%) aged 16-19 had no qualifications at all in 2012. While this better than the national picture it leaves those school and college leavers ill-prepared to meet the rising skills and qualifications needs of employers. Locally many young people aged 25-29 fail to progress beyond Level 3 qualifications with relatively low percentages going on to gain higher qualifications. Indeed, the most striking difference from the national picture is in relation to graduates, locally, the proportion of 25-29 year olds with degrees is 33.0% compared with 42.2% in England.

(440) SWLEP's key sectors are identifying skills needs that provide further evidence to support this activity area as a priority.

(441) Defence industries, High Value Manufacturing sector, and food and drink supply chain are all identifying increased need for STEM skills, often at high levels, whilst the life science sector has a need to increase the vocational training including Apprenticeships, amounting to a minimum of 10% more staff within the next 10 years. Higher levels of flexibility, agility and a broader range of soft skills across the whole workforce are considered key attributes in the future advanced manufacturing workforce.

### **Funding**

(442) Funding will be made primarily from SWLEP ESF funds matched with SFA Opt-in with some support from DWP Opt-in via Jobcentre Plus. The Activity will be complementary and additional to the SFA core offer and relevant DWP initiatives

### **Expected result of intervention**

(443) The outcome of this activity will be:

- More entrants to workforce at Level 3 with ability to reach Level 4+ in workplace;
- More entrants to workforce at Level 3 with STEM skills

(444) The results for this activity will include:

- Increase in progression from learning to work/Higher Education or reduce NEET at 18/19;
- Increase in attainment by age 16 and age 19 (Level 2 and Level 3);
- Narrow attainment gap at age 16 and age 19;
- Increase the percentage of young people progressing to Higher Education level qualification at 18+;
- Improvement in employability skills as defined by employers (*measurement to be determined*);
- Increase in STEM skills (GCSE/A level/vocational qualifications);
- Increase in Apprenticeship and Traineeship starts for 16-18 year olds.

### **Beneficiaries**

(445) Beneficiaries will be in employment, education or training aged 15–19 (and in some circumstances up to age 24) but without a Level 2 or 3 STEM qualification, or and individuals seeking to join the workforce but requiring STEM skills for career progression. Evidence suggests work should commence at age 13 or younger and working in schools is essential. This will be discussed with the Managing Authority in due course.

### **Decision Route**

(446) The Activity is suitable for commissioning – but would require the following issues to be covered:

- Up to date labour market and skills gaps and needs information to maintain focus on SME demand – especially around STEM skills and local key sectors;
- Aligned SFA Adult Skills Budget funding and other flexibilities to ensure no duplication with core offer – and so that additional and complementary activities are delivered;
- Partnership with local education, further education and training providers to ensure that services required can be developed and be offered locally. Local providers linked to plans for SEP include:
  - UTCs at Swindon and Salisbury;

- Wiltshire College – at various locations including expanding campuses at Salisbury, Trowbridge, and Chippenham;
- New College and Swindon College (including Swindon College Sustainable Technologies Centre);
- Lackham College regional centre of excellence (part of Wiltshire College).

### **Delivery mechanisms**

(447) A new University Technical College (UTC) is being established which will be based in Salisbury. It will be supported by the University of Southampton, the Army and leading local science and engineering employers. It is intended to teach skills needed for the defence and protective science industries and prepare learners for the appropriate courses, either at university or for Apprenticeships; The Swindon UTC is sponsored by Johnson Matthey Fuel Cells and Oxford Brookes University, will open in September 2014 and will specialise in Engineering. The University Technical Colleges (UTCs) in Swindon and Wiltshire, will do much to encourage a new approach to an interest in STEM skills.

(448) There are significant opportunities for ESIF activity to interface with work, including:

- Industry led development of STEM skills;
- Swindon Skills and Employment Board; and Wiltshire Education, Employment and Skills Board;
- Wiltshire Skills 4 Success;
- Defence College for Technical Training – RAF Lyneham;
- City Deal – Skills Brokerage model;
- Development of Higher Apprenticeships;
- New 15 - 19 Study Programmes, including traineeships and supported internships;
- Complementary to Jobcentre Plus / DWP programmes;
- Single Adult Skills Budget - Progression to Adult Skills activity (19+).

(449) This Activity will demand a range of actions which might include:

- Develop a SWLEP wide approach to innovative delivery of Careers Education Information Advice and Guidance (CEIAG) to increase quality, reach and relevance to the current labour market. It would work with local employers, build upon Wiltshire's 'Your Choices' campaign and its Skills 4 Success initiatives, address the work experience gap, and ensure qualifications are appropriate to intended career path;
- Elevate the image of STEM type careers to young people, their parents/guardians and other key influences and work closely with key sector businesses as a Skills Brokerage.

### **What is innovative?**

(450) This is an attempt to tie together a number of related strands. It will improve options for younger people coming into the workforce and provide them with a full insight into many of the dynamic, innovative and modernising businesses in the area. SWLEP understands from its task and finish groups amongst other information, that many of those dynamic businesses are starting to struggle to retain older staff and upskill existing workers. There is also stubborn youth unemployment and too many young people becoming NEET at ages 16–17. This Activity will draw these findings together to tackle a local economic issue by working with young people as early as possible (within the eligibility rules) for transformative outcomes.



## **THEMATIC GROUP 4**

### **Skills for Inclusion**

(451) In this section four linked Activities based on SWLEPs findings for its Social Inclusion priority are set out. Each Activity is based on tackling disadvantage through exclusion or marginalisation from the workforce and labour market.

(452) The analysis of Social Inclusion and related issues affecting the local skills agenda, at Section 3, Topics 5 to 11 outlines local labour market failure and some of the complex causes. The Skills for Inclusion Activities are the resulting interventions proposed in our ESIF. Taken together they will promote social inclusion by supporting employability through learner journeys and complementary initiatives, information, advice and guidance. Whereas the Skills for Growth thematic group Activities (3.1 and 3.2) are business demand-led, these Activities will be approached from a supply-side perspective which focuses on individual progression. However, there is clear intention to link interventions to key sectors and relate Activity to the evidence of labour market and workforce requirements.

(453) The targeting is based on evidence, SWOT and local views from stakeholders involved with commissioning and delivery of local services in this area at ESIF task and finish groups. It reflects the need to integrate specific employability support for groups and individuals with other Activities and economic drivers and emerging opportunities.

(454) The targeted Activities for Skills for Inclusion are:

Activity 4.1: Realising the potential of people in low wage work;

Activity 4.2: Utilising the potential of older workers;

Activity 4.3: Approaches to supporting younger people (workless or at risk);

Activity 4.4: Promoting Social Inclusion.

#### **Activity Theme Rationale**

(455) The Strategic Economic Plan (SEP) outlines the vision for 2026, where 'We have a skilled and competitive workforce, meeting the needs of employers and driving business development and growth' and 'We have married innovation with inclusivity. Our economy offers jobs and opportunities for everyone, with different skills and qualifications, and regardless of age or personal circumstances. Levels of individual and area-based deprivation are low, and we are pushing them down further through the constant creation of new economic opportunities and the promotion of aspiration and enterprise.

(456) In order to achieve the vision, our SEP outlines a key objective to increase the proportion of the workforce with a degree level qualification and the need to create opportunities for everyone to develop new skills. In its work for the Local Economic Assessment, UKES Working Futures 2010 – 2020 predicts that demand for a number of roles requiring low skill levels, for example trades and machine operatives will decline in the next ten years and the workforce will need to increase its skill levels to compete for jobs and contribute to the economy. We also have an increasing number of families in poverty living in a working family.

(457) The Local Economic Assessment showed that SWLEP has one of the highest proportions of employers experiencing skills gaps of any SWLEP area; indicating a real need for workforce development and up skilling. Demographic change means that employers will not be able to meet their recruitment needs from young people as readily as in the past. This issue will specifically affect certain sectors such as hospitality and retail which are heavily dependent on a young labour force to meet their recruitment needs. Coupled with the rise in the state pension age and the reality of longer working lives, older workers will remain at work or even seek to return to work.

## **Activity 4.1**

### **Realising the potential of people in low wage work**

#### **Rationale**

(458) This Activity area aims to support adult workers in low paid part-time or full-time work who aspire to improving their potential earning and work prospects. It has been identified via a comprehensive SWOT analysis of Education, Employment and Skills in the SWLEP area

(459) A programme that seeks to support adults to broaden their horizons and to aspire to roles that seem beyond their reach could have a powerful impact on families and communities and could redress some of the issues surrounding lack of social mobility in our disadvantaged communities.

(460) Good quality and intensive information, advice and guidance which raises aspiration and provides a framework for progression in learning and employment is seen as key to the success of adults raising their employment aspirations. This sits alongside a key role for employers in the development and implementation of a range of opportunities for pre-work experiences for adults.

#### **Key Objectives**

- Reduce the percentage of the workforce with no formal qualifications.
- Support low paid, under-employed workers into higher paid more productive employment.
- Reduce poverty levels of the in work, low paid workforce.
- Provide opportunities for the low paid, low skilled workforce to retrain and up skill.
- Provide support, advice and guidance to raise the aspirations of low waged workers.
- Support the recruitment needs of employers, particularly in sectors with large numbers of low wage workers.

#### **Link to Thematic Objective**

(461) This activity relates to EU2020 Thematic Objectives:

- TO 8 - Promoting Employment and Supporting Labour Mobility;
- TO10 - Investing in Education, Skills and Lifelong Learning.

### **Evidence supporting this proposed investment**

(462) Evidence from adult and community learning sector work from both Wiltshire and Swindon local authority commissioners and analysis with disadvantaged adults shows that even where individuals do return to learning and achieve qualifications in English and Maths, this does not in itself lead to meaningful employment or improve job prospects. Frequently the newly enthused and motivated adult finds him or herself, rejected either at or before interview stage due to employers' perceptions of lack of experience and 'too much of a risk'. The problem is acute for women who have gone from school straight into a relationship and motherhood (as is sometimes observed in military garrison towns) resulting in a CV that holds little more than their name and address, with no relevant work experience or qualifications

(463) The Swindon Adult Community Learning Plan Evidence Base (13/14) sites basic IT skills, oral and written communication, literacy skills, technical/practical skills and planning and organisational skills are those that are most required and lacking in the workplace. Also, that those without any qualifications are most likely not to possess these. 9% of the working age population have no qualifications<sup>38</sup>.

(464) Labour market progression is a key factor in supporting social mobility and the alleviation of poverty but there is little evidence that entry level jobs provide first steps up the career ladder and few people in low paid jobs seem able to progress. A more effective route to progress can be to change career completely. For this to happen adults need access to relevant learning opportunities that are fit for purpose, manageable and fit around their existing commitments. This applies equally in both rural and urban parts of Swindon and Wiltshire.

(465) It is difficult for adults in low paid, often part-time work to acquire sufficient work experience and skills to move into aspirational job roles. Quality training opportunities and work experience placements alongside good information, advice and guidance play a key role in supporting transition from low-paid part-time work into better employment. These opportunities need to be supported by other services, which can include assistance with childcare, transport and health to overcome the barriers faced by some adults.

(466) Those most at risk of low pay include female workers, the young, those in lower skilled occupations, part-time and temporary workers and those employed in hospitality, retail and care. In the future, with the introduction of Universal Credit, there will be more emphasis and support for this cohort but the timing and scale is not yet clear. This Activity will work to support this group to improve their access to opportunities and their standard of living; and increase their contribution to the rising skills needs of employers discussed in section 3.

(467) Low wages weaken consumer spending and hence the demand for goods and services. Change in wages since 2008 shows that contrary to national growth, Swindon and Wiltshire have seen a decline in earnings and the local pattern of change differs in key respects from its competitors.

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<sup>38</sup> ONS APA Jan-Dec 2012

(468) This is against a background where pay rates in parts of the SWLEP are already below average. Residents' pay rates in Wiltshire are 7% lower than the national average and workplace pay rates are also below the national average, with those working in Wiltshire only earning 89% of the average across England. There are also many skills attainment contrasts within the SWLEP area, as the 2011 Census data shows - 37.9% of the Swindon resident population aged 16+ are qualified to below level 2. There are also some stark variations across the area with 1 in 4 of the population in Penhill (Swindon) having no qualifications and 61% of residents qualified to below NVQ2.

### **Expected result of intervention**

(469) Activity will work with people "trapped" in low wage work, provide information, advice and guidance and specific training and support to remove barriers to progression so that they are either able to progress in their existing role or apply for other opportunities.

### **Beneficiaries**

(470) This activity will be focused on the workforce on low wages including those earning below the living wage and working families identified as being in poverty. The beneficiaries will include full time, part time and temporary staff.

(471) From an employer perspective, it will focus on sectors where there are large numbers of low skilled workers, for example, hospitality, retail and health and social care.

### **Funding**

(472) Funding will be made primarily from SWLEP ESF funds matched with SFA Opt-in with some support from DWP Opt-in via Jobcentre Plus where appropriate. The Activity will be complementary and additional to the SFA core offer and relevant DWP initiatives dependent to some extent on fully detailed roll-out of Universal Credit.

### **Decision Route**

(473) The Activity is suitable for commissioning – but would require the following issues to be covered:

- Up to date unemployment, claimant and labour market / skills gaps and needs data to inform local and contemporary targeting;
- Aligned SFA Adult Skills Budget funding and other flexibilities to ensure no duplication with core offer – and so that additional and complementary activities are delivered;
- Full understanding of DWP and JCP approach and interventions for Universal Credit;
- Partnership with local education, further education and training providers to ensure that services required can developed and be offered locally. Local providers linked to plans for SEP include:
  - UTCs at Swindon and Salisbury;
  - Wiltshire College – at various locations including expanding campuses at Salisbury, Trowbridge, and Chippenham;
  - New College and Swindon College;
  - Lackham College regional centre of excellence (part of Wiltshire College);
- A complete analysis of the key and other relevant sectors and roles where people are trapped in low wage work.

### **Delivery mechanisms**

(474) It has the capability of combining with potential providers delivering interventions under the Skills for Inclusion Thematic Activity group.

(475) The proposed delivery mechanisms for this activity could include:

- Provision of high quality Information, Advice and Guidance for adults in low paid employment who aspire to progress;
- Provision of training, re-skilling and up-skilling opportunities to adults in low paid work who aspire to progress;
- Basic skills training – literacy, numeracy, digital technology;
- One-to-one mentoring and coaching; Confidence building; Support networks;
- Job skills support for CV's, interview, job readiness and job hunting;
- Provision of an intervention fund to support individual needs not supportable through existing programmes;
- Involve employers and local businesses to offer work experience placements on a 'try it' basis;
- Support for childcare, travel, fee remission to enable participation in the activity.

(476) In planning this service we will draw from the experience of pilot services testing the most effective ways to help Jobcentre Plus claimants on low incomes increase their work hours and earnings and reduce their dependency on benefits. There will need to be strong links to employers. This includes looking at different ways to provide adviser support, the role of developing skills and working directly with employers. We will also draw from the experience of in work support and welfare to work providers such as Shaw Trust in Swindon and Wiltshire.

### **What is innovative?**

(477) This activity has been developed in response to a gap in current provision and will be designed to be complementary to existing schemes and not duplicate what already exists. It will build on current basic skills provision and integrate it into a wider skills offer. It will provide the one to one support and advice needed to ensure individuals can progress, improve skill levels and wage levels. It will develop a programme which is both beneficial to individuals and to employers.

## **Activity 4.2: Utilising the potential of older workers**

### **Rationale**

(478) Increased life expectancy, reduced income from saving and investments and higher eligibility ages for State Pension means that people may need and want to work for longer. But this age group is more likely to experience long-term unemployment and outmoded prejudices, with older workers often feel they are not given equal access to promotion and training opportunities and are discriminated against.

(479) The aim of this activity is to ensure that our residents over 50 are able to contribute to the economy and remain in work or return to work with specific support available for those who wish to do so. At the same time, demographic change means that the number of younger people and new labour market entrants is decreasing and employers will increasingly need to look to older workers to meet their recruitment needs. This age range also often has a range of skills and experience that employers can benefit from.

(480) The economic case for intervention:

- Reduced outcomes from investments and private pensions and higher eligibility ages of State Pension means that people may need to work for longer, and should be supported to do so;
- Government wanting to reduce potential future pensioner poverty through early exits from the labour force;
- Skills shortages;
- Demographic change producing a fall in the working age population and a sharp drop in the proportion of younger workers entering the labour market;
- Older workers are likely to play an important part in delivering future economic growth.

### **Key objectives**

- Support older workers back into employment and training, by identifying the barriers that they are facing and tailoring support and training to meet needs.
- To ensure older workers are able to promote their skills and experience to employers.
- To ensure employers are able to benefit from the skills and experience of older workers
- To prevent 'pensioner poverty'.

### **Link to Thematic Objective**

(481) This activity relates to EU2020 Thematic Objectives:

- TO10 - Investing in Education, Skills and Lifelong Learning.

### **Evidence supporting this proposed investment**

(482) This activity area has been identified via a comprehensive SWOT analysis of Education, Employment and Skills in the SWLEP area.

(483) Although older workers are more likely to become unemployed; once out of work, older people remain on benefits longer and more likely to experience long-term unemployment. Older people share common barriers to employment with all age groups, for example lack of qualifications and lack of confidence, but also additional age specific barriers to returning to the work.



(484) DWP research with older JSA claimants has shown jobseekers aged over 50 can have weaknesses in their search for employment that stem from previous successes in long term work and lack basic levels of skills and competence when seeking employment.

(485) Challenges and barriers will be similar at a national level, but 2011 Census data shows SWLEP having a higher proportion of 50-64 and over 65 year olds. The working age population is older than the national average, with greater proportions aged over 45 and lower proportions in the 20-29 age groups.

(486) Looking ahead to 2021, population growth will be solely in the 45-64 age bracket. This is the only group of workers expected to increase in the SWLEP area, contrasting with a sharp downturn in the 18-24 age group. It is therefore important to ensure that older workers can continue to participate in work and will form an increasingly important resource to employers.

(487) Finally, older workers often feel they are not given equal access to promotion and training opportunities and are discriminated against. A recent Third Age Employment Network (TAEN) report provides insights on a segment of the labour market often described as 'booming', but the reality for many is very different.

(488) Although there is now wide recognition that older workers have a wide range of skills and experiences to offer the UK's workplaces, and despite older people in work and working beyond state pension age than ever before, results show that many are still suffering from outmoded prejudices.

### **Expected result of intervention**

(489) Activity will provide specific tailored support and training for older workers who are unemployed or who are 'invisible' in the work place to unlock their potential, to increase their skill levels and to reduce unemployment of older workers.

### **Beneficiaries**

(490) This activity will be focused on individuals and groups of older workers (over 50's) including those who are unemployed.

### **Funding**

(491) Funding will be made primarily from SWLEP ESF funds matched with DWP Opt-in via Jobcentre Plus with some support from SFA Opt-in where appropriate. The Activity will be complementary and additional to the SFA core offer and relevant DWP initiatives.

### **Decision Route**

(492) The Activity is suitable for commissioning within the framework for opt-in arrangements – but would require up to date unemployment, claimant and labour market / skills gaps and needs data to inform local and contemporary targeting for the following issues to be covered:

- Aligned SFA Adult Skills Budget funding and other flexibilities to ensure no duplication with core offer – and so that additional and complementary activities are delivered;
- Full understanding of DWP and JCP approach and interventions for Universal Credit;

- Partnership with local education, further education and training providers to ensure that services required can be developed and be offered locally. Local providers linked to plans for SEP include:
  - Local Authority adult skills commissioners;
  - UTCs at Swindon and Salisbury;
  - Wiltshire College – at various locations including expanding campuses at Salisbury, Trowbridge, and Chippenham;
  - New College and Swindon College;
  - Lackham College regional centre of excellence (part of Wiltshire College);
- A complete analysis of the key and other relevant sectors and roles where people are trapped in low wage work.

### **Delivery mechanism**

(493) This activity will focus on supporting older people to either remain in or return to the labour market, ensuring businesses can maintain and increase their competitiveness with a fully skilled and sustainable workforce.

(494) For the Individual:

- Information, Advice and Guidance for older people – looking at the potential to retrain and re-skill;
- Identifying transferable skills, alternative occupations and referring / signposting to courses to up skill or re-skill;
- One-to-one mentoring and coaching;
- Basic skills screening and training;
- Bespoke delivery to small cohorts of people aged 50+, not mixing with younger age group;
- CV support, interview preparation focused on individuals;
- Intervention fund to support individual needs not supportable through existing programmes;
- Use of local business mentors;
- Support and financial re-imbursement for caring responsibilities;
- Help with entrepreneurship and setting up own business;
- Bespoke work related IT support for older people.

(495) For employers:

- Work placements and work trials;
- Working with organisations making people unemployed;
- Acting as a 'free' recruitment service for employers;
- Sharing of good practice and good news stories from employers who champion older workers;
- Educating employers on the demographic of the future workforce.

**What is innovative?**

(497) Many of this cohort are economically inactive and are not eligible for the support available to benefits claimants. There is no service available to most of them and this will therefore be additional to current provision. The activity will be delivered in a way which ensures the skills and experience of older workers is promoted and enables a range of options including self-employment.

### **Activity 4.3: Approaches to supporting younger workless people (or at risk of worklessness)**

#### **Rationale**

(498) The target would be 16-24 year old NEET/workless or at risk of worklessness including those young people who cannot sustain employment and enter and re-enter states of NEET / worklessness on a cyclical basis. This will include graduates/ university/ college leavers and the hidden workless who do not usually sign on and are often challenging to identify and therefore engage with.

#### **Key objectives**

- Prevent worklessness amongst young people (16-24 year olds).
- Enable the future workforce to have appropriate aspiration and positive attitude with underpinning knowledge and skills, so that they can achieve their potential and adapt and develop to meet the evolving needs of the work environment.
- Ensure young people's employability skills match employers' expectations and requirements.
- Improve learner journeys and routes into employment and training or continued education post 16.

#### **Link to Thematic Objective**

(499) This activity relates to EU2020 Thematic Objectives:

- TO 9 - Promoting Social Inclusion and Combating Poverty;
- TO10 - Investing in Education, Skills and Lifelong Learning.

#### **Evidence supporting this proposed investment**

(500) This activity area has been identified via a comprehensive SWOT Analysis of Education, Employment and Skills. Those aged 16-24 account for more than 1 in 4 of the unemployed. At 28.2%, this is the highest proportion of any of the LEPs with which it is benchmarked and above the national average share of 25.6%. Youth unemployment accounts for a greater share of unemployment (29.8%) in Wiltshire than in Swindon (26.1%).

(501) In June 2013 1,081 16-18 year olds were classed as NEET. This is equivalent to a rate of 7.8% in Swindon and 5.5% in Wiltshire compared with a national average figure of 5.9%. These figures suggest that there is a core of young people who are leaving learning without the skills and qualifications which enable them to fill the jobs on offer. 18 year olds make up the largest proportion of NEET young people.

(502) First destination data of Year 11 pupils (16 year olds) shows that it will be necessary to work with around 10% of young people to encourage them into meaningful employment, learning or training. This is especially the case in Wiltshire (Swindon launched earlier with RPA as a national pilot area).

(503) The youth labour market is changing and this is having an adverse impact on young people's access to employment. Although some of this is down to the recession which has had a disproportionate effect on young people, nationally youth unemployment began rising

as long ago as 2005 and NEET figures have remained stubbornly high through periods of growth as well as economic downturn suggesting there are structural causes.

(504) There were 6,943 Apprenticeship starts in the LEP area in 2012/13, which was a 5% decline on 2011/12. Of these starts, 5,106 were in Wiltshire (-4.2%) and 1,837 in Swindon (-7.3%). This followed the national trend which saw a 2.2% decline. Of this cohort, just 19.1% of the Apprenticeship starts in Wiltshire were aged 16-18 which whilst lower than the Wiltshire rate for 2011/12 it is significantly higher than the England average of 10.5%. 19-24 Apprenticeship starts were also down on the previous year (12.5% decline on 2011/12). This suggests that there remains further room to grow Apprenticeships amongst these age groups in Wiltshire in the future. In Swindon there was a greater decline in the number of apprentices aged 16-18 (406 starts – 14% decline).

(505) Only a small number of establishments have hired 16-18 year olds straight from school or college in the previous 2-3 years. 9% of local employers have recruited a 16 year old school leaver to their first job, 7% a 17-18 year old school leaver, 9% a 17-18 year old college leaver and 10% a university graduate – figures which are broadly in line with the national pattern. There is a view amongst some local employers that new young labour market entrants lack the skills needed for employment.

### **Expected result of intervention**

(506) The results from this activity would include:

- Reduce NEET and youth unemployment (at a faster rate than seen nationally);
- Improve supply and demand of skills in specific sectors, e.g. engineering, construction, ICT (interfacing with Activity 3.2 Raising aspiration – driving up STEM skills);
- Increase Apprenticeship, Traineeship and Supported Internship opportunities;
- Improve employability skills;
- Improve retention of young people in jobs;
- Improve skill development of young people in jobs, including functional skills;
- Providing more placements and work experience trials in these sectors to enable young people and others to gain first-hand experience.

### **Beneficiaries**

(507) The target would be 16-24 year old NEET/workless or at risk of worklessness including those young people who cannot sustain employment and enter and re-enter states of NEET/worklessness on a cyclical basis. This will include graduates/ university/ college leavers and the hidden workless who do not usually sign on and are often challenging to identify and therefore engage with.

### **Funding**

(508) Funding will be made primarily from SWLEP ESF funds matched with DWP Opt-in via Jobcentre Plus with some support from SFA Opt-in where appropriate. The Activity will be complementary and additional to the SFA core offer and relevant DWP initiatives.

## **Delivery mechanisms**

(509) This could be done through a wide range of activity in conjunction with Opt-in providers, including:

- Ensure focus on early intervention / prevention to reduce repeat NEET/Workless episodes and reducing barriers to engagement/preventing disengagement;
- Ensure there is sufficient choice and that provision is high quality and meets the needs of all young people, including those who are most vulnerable to disengagement;
- Focus on innovative activity to prevent the revolving door effect;
- Improve resilience and skills and help employers / providers improve retention;
- Summer months engagement
- Transport is a key barrier to EET – explore scaling up Wheels to Work / Making Tracks –schemes promoted by LEADER linking a travel fund, driving lessons, cycles, car sharing incentives for young people;
- Work with teenage parents;
- Activities to prevent young offenders re-offending.

(510) Develop the young person's capabilities/competencies:

- Support young people's personal development and individual resilience;
- Tailored intervention to support engagement and employability;
- Development of core skills set of employability and informal skills to ensure a successful transition from school into further education/training or work.

(511) Identify a suitable progression route and support the move on:

- Develop a framework of support for young people and other new labour market entrants to attain and sustain their first employment;
- Work with employers who are prepared to combine work with training;
- Ensure a managed transition from school, college, sixth form or university;
- Maximise by joining-up on the opportunities already available through existing provision;
- Improve progression from post 16 learning into work - transition activities with JCP and ASB providers/ Recruitment agencies, sector based approached to improve join up of supply and demand – e.g. Construction Skills Academy to link to recruitment;
- Specific need for tailored 'bridging' projects - Youth Contract and Resolve (1:1 support) into study programmes, traineeships, skills pathway courses, apprenticeships;
- A year 11 programme in schools to prevent NEET offered as a personalised programme of PSD and key work to maintain engagement on learner journey post-16
- The provision of joint Integrated Youth / JCP /Business workshops to promote opportunities to 18 year olds who are NEET;
- Skills brokering with businesses – working with NAS to provide Traineeships and Apprenticeships and education providers' employer ambassadors;
- Scale up across the SWLEP area 'Swindon Ready for Work Academy' and Princes Trust 'Get Into' type provision to switch people on to getting ready for work;
- Link prominent workforce sectors to young people, getting young people into opportunities and providing the 'polished article';
- Build on successful NEET mentoring activity - Wiltshire Skills for Success and Plan 500.



(512) Ensure a dedicated focus on sustaining employment/participation in learning etc.:

- Extend and broaden Project IMPRESS provision to enable support for young recruits across whole area - job retention, transition to work and a focus on career;
- Extend and broaden Swindon's Learning Gateway to support post-16 learning and re-engage those who drop out of post-16 learning;
- Explore targeted support for young people during the first 6-12 weeks of starting in college to improve retention rates.

**What is innovative?**

(513) There is significant activity in this area, but still gaps in provision and opportunities for wider adoption of innovative approaches tested at small scale. Support in this activity could come from social enterprises or other innovative businesses supported with linkage to other ESIF Activities such as Activity 4.4.

#### **Activity 4.4**

#### **Promoting social inclusion - *through sustainable employability and partnership between civil society organisations, the private and public sectors***

##### **Rationale**

(514) Our starting point is that the plan, as a whole, is concerned with market failure and how public funds can identify and address this. In outline, some market failures require intervention through better information so that existing markets can function better, and some require public investment in order to offset risks or costs that the private sector cannot, or will not, undertake. The focus on social inclusion fits into this overall plan because it looks to deal with imperfections in the labour market. A better functioning labour market benefits all businesses and all individuals seeking work.

(514) At the macro-economic level the argument is that if a significant number of individuals are detached from the labour market then there is a loss of production/activity, the danger that recovery will be choked off by labour and skills shortages and the loss of potential downward pressure on wages through competition for employment.

(515) Though government agencies such as Jobcentre Plus (JCP) and government programmes such as the Work Programme have had success in dealing with preventing long-term unemployment and in dealing with those who require a short intervention to get them back into work there remains the issue of those who are part of the stock of long-term unemployed and those who require more complex interventions because of multiple barriers. The experience of many UK programme evaluations by, for example, Glasgow University, Cambridge Policy Consultants and CESI of this problem is that generic programmes are less effective than specialist intervention and that the long-term benefits offset any additional short-term costs.

(516) At the social level there are the impacts on higher public expenditure in terms of benefit costs, health and social services costs to deal with the consequences of long-term unemployment. A number of these issues have a spatial dimension, where concentrations of unemployment / economic inactivity lead to dysfunctional areas in towns with higher social costs and lower levels of economic activity (including business formation and survival rates). At the business level, there are implications for the ability to recruit enough qualified staff as the economic recovery takes off and the danger that it may be choked off by both labour and skills shortages. In terms of equalities, we know that women have been disproportionately affected by long-term unemployment since 2008 (an increase of over 200%).

##### **Key objectives**

(517) The key objectives of this priority will be to engage with long-term unemployed and otherwise disadvantaged individuals who want to return to the labour market who are not currently catered for by mainstream national programmes to;

- Support these individuals in a transition to sustainable employment through working in partnership with those specialist civil society agencies who have expertise and local knowledge and with employers;
- Offer access to skills training and work experience that will improve employability;

- Offer a range of non-employment related support (advice, housing) which will enable this transition to be maintained;
- Reduce the number of workless families;
- Work with employers to build up their capacity to take on long-term unemployed individuals;
- Support people into self-employment and enterprise where it is appropriate
- Support social enterprises to take on disadvantaged individuals as employees or trainees;
- Build the long-term capacity of local social enterprises to be part of the business community in the area and to provide public services.

### **Thematic objectives**

(518) This activity relates to EU2020 Thematic Objectives:

- TO 9 - Promoting Social Inclusion and Combating Poverty;

### **Links to national strategy**

(519) This activity links to the UK Government's aspiration to increase social inclusion in three ways:

- It complements mainstream employability programmes such as Work Choice and the Work Programme by taking on clients who are not dealt with by those programmes;
- It complements current specialist programmes such as the DWP/ESF 'Troubled Families' Programme by working with those who are not covered by this programme;
- It supports the 'Big Society' aspiration of Government by building capacity within civil society organisations.

### **Evidence supporting proposed investment**

(520) The evidence of labour market failure is found in a number of areas:

- The current employment rate for people with a disability is 46.3% (DWP 2012 figures) compared to 76.4% for the working age population - a 30 point gap
- Around 25% of JSA recipients are still unemployed after 6 months (DWP 2014)
- Prince's Trust Macquarrie Youth Index – Research (published in 2014) found that long-term unemployed young people are twice as likely to be prescribed anti-depressants and that 40% (about 160,000 people) have mental health issues

(521) The evidence for social consequences of this is seen in:

- The 120,000 'troubled' families identified by DCLG as the basis for their ESF supported programme cost public agencies an average of £75,000 / year (equating to around £9bn overall). This is about ten times the cost of public services support to an average family.
- Re-offending rates – according to Ministry of Justice, 35% of young people convicted re-offend within 12 months. In some areas this is as high as 59%.

(522) The evidence for the effectiveness of civil society organisations and social enterprises is found in:

- Research by SEUK shows that 38% of social enterprises reported an increase in turnover in 2012 compared with 29% of SMEs;
- Almost 38% of social enterprises work in the most deprived 20% of areas (compared to 12% of SMEs), employ local people and re-invest in those communities;
- Social enterprises can bring significant economic impacts. Research by GHK found that £202m of social investment in 210 social enterprises had contributed £23m each year in GVA and created 3,550 FTE jobs.

### **Expected results of intervention**

(523) The intervention will result in:

- Needs of excluded individuals in relation to employment identified;
- Demands of employers identified;
- A pipeline of organisations created to meet those needs and match those demands;
- The creation of flexible, customised provision;
- Improved skills, work readiness and levels of sustainable employment;
- Reduction in long-term unemployment;
- Increased levels of self-employment;
- Increased capacity and sustainability in civil society organisations and social enterprises;
- Additional resources and funds through the Big Lottery Fund (BLF) opt-in.

### **Decision route**

(524) The activity will be co-financed through the BLF opt in. This means BLF will need to agree the activities and to sign off and approve funding. The process for doing this is still under discussion with BLF but will involve:

- Agreement on the activities and target groups in the priority as eligible for BLF investment;
- Re-aligning existing commissioning structures, such as Action for Wiltshire and local authority Adult Services commissioners to play a key role in the partnership approach with civil society and BLF;
- A development phase between June – October (funded by BLF) to define the activities and outcomes in more detail, to identify either a lead agency or consortium approach and to agree a commissioning process with BLF;
  - Outline call;
  - BLF proposal assessment;
  - Award.

### **Delivery mechanism**

(525) This activity will focus on supporting long-term unemployed and disadvantaged individuals who are not being catered for by existing or mainstream programmes. Because of the co-funding through the BLF opt-in, we expect that the vast majority of the activities will be delivered by local civil society organisations and social enterprises in partnership with local authorities who are likely to be active in delivery of this and the other Skills for Inclusion activities. The delivery will consist of:

(526) For the Individual:

- Information, Advice and Guidance – looking at the potential to retrain and re-skill;
- Identifying transferable skills, alternative occupations and referring / signposting to courses to up skill or re-skill;
- Identifying non-skill related barriers to employment such as offending, health or behavioural issues;
- One-to-one mentoring and coaching;
- Basic skills screening and training;
- Bespoke delivery to small cohorts of people;
- CV support, interview preparation focused on individuals;
- Intervention fund to support individual specialist needs;
- Use of community based mentors;
- Support and financial re-imbursement for caring responsibilities;
- Help with entrepreneurship and setting up own business;

(527) For employers:

- Work placements and work trials;
- Key worker;
- Acting as a 'free' recruitment service for employers;
- Sharing of good practice from other employers;
- Educating employers on the demographics of the future workforce.

(528) For social enterprises:

- Capacity building support;
- Business support;
- Advice on access to finance.

### **What is innovative?**

(529) Many of the clients are economically inactive and are not eligible for the support available to benefits claimants. There is no service available to most of them and this will therefore be additional to current provision.

(530) The activity will be delivered in a way which supports a range of options including self-employment for groups such as ex-offenders who find conventional employment routes difficult.

(531) The activities, though focussed on employability, will deal with a wide range of multiple barriers around finance, health, childcare and lifestyle issues which can prevent sustainable employment. The partnership amongst local civic society organisations to contract with BLF to deliver these outcomes will be the first time this has been done in Swindon and Wiltshire.

## Section 6 – Governance

### **Contents**

- Section A – Strategic background
- Section B – SWLEP ESIF Committee – Governance and Development
- Section C – Formal roles and responsibilities of the Committee
- Section D – Cross-cutting themes

### **Section A – Strategic background**

#### **Introduction**

(532) This section sets out the governance arrangements SWLEP is proposing to put in place for its ESIF programme. Our governance structure will have clear lines of accountability, but will also make sure that responsibility is clear amongst the partners and delivery agencies. We want to establish governance arrangements that not only meet EU/UK requirements, but also provide the opportunity to strengthen local partnership arrangements and leave a legacy of better local partnerships in the longer-term.

#### **Principles**

(533) To achieve this, there will be a set of core principles underpinning governance. Our governance arrangements will:

- Be consistent with EU requirements;
- Be consistent with, and reflect the spirit of UK Government arrangements (especially the England Programme Management Committee) and fit in with other relevant UK programmes in the area such as the Strategic Economic Plan (SEP) and the City Deal;
- Reflect strategic clarity within the ESIF plan over seven years, but have scope for adjustments to reflect changes in the administrative infrastructure over that period;
- Reflect our commitment to focus scarce resources on key priorities that can have an impact rather than fund a broad range of small projects;
- Build on existing partnerships and relationships, especially those with the social partners and private sector;
- Have the flexibility to allow the governance structures to both broaden and deepen over the period of the programme;
- Allow the partnership structure to add value after the current programme has ended because of the beneficial behaviours it has encouraged and supported;
- Find ways to align with the programmes of ‘Opt-in’ partners in a way that adds value rather than adding bureaucracy.

(534) Finally, our governance structure will be proportionate and focussed in terms of its demands on staff time to service it and in terms it makes on projects and partners to commit time to it and provide information for it. Because collecting information takes time (and hence costs money) information needs to be relevant to decisions either at a strategic level (are the programme areas still the right ones) or a practical level (are we delivering the results required). The structure will ensure that we both ‘Do things right’ and ‘Do the right things’.



### ***Our process for getting to our governance model***

(535) In drawing up the proposed governance structure for our ESIF, we have:

- Considered existing SWLEP structures and the governance arrangements in place for other SWLEP activities; and consulted with the two local authorities;
- Taken into account the arrangements put in place for the inclusion of a wide range of economic, social and environmental partners in the development of the SWLEP area ESIF Strategy.
- Referred to and relied upon the Terms of Reference for the Growth Programme Board's 2014-2020 Local Enterprise Partnership (LEP) Area European Structural and Investment (ESI) Funds Sub-Committees published July 2015<sup>39</sup> – known herein as “TOR”
- Where ‘SWLEP ESIF Committee’ or ‘Committee’ is mentioned, this refers to the local name for the ‘LEP area ESI Funds sub-committee’ as it is known as by Growth Programme Board.

### ***Developmental steps for strategy***

(536) We establishment five Task and Finish Groups one for each of the five investment priorities identified by the SWLEP Board, namely:

- Military-Civilian Integration;
- Key Sectors;
- SME Survival and Growth;
- Low Carbon;
- Social Inclusion.

(537) Each group met three times throughout the autumn and winter 2013-14 and played a key role in the development of the ESIF objectives and activities. In addition, groups all met together for a final workshop on the draft ESIF in January 2014. There were also three SWLEP Rural Economy Group meetings which contributed. This has enabled the SWLEP Board to draw upon the practical expertise of organisations and individuals, many of whom had experience of delivery in the SWLEP area.

(538) During the development of its ESIF strategy, several SWLEP Board members were involved alongside the SWLEP Secretariat, (comprising its Director and senior responsible officers from each Local Authority Partners). Each has been closely involved in driving the process of ESIF development. Their involvement has been directive at key developmental stages and has been supported by an officer working group.

(539) In early summer 2013 SWLEP brought together a Rural Economy Group including stakeholders and representative bodies to better articulate the rural realm of the local economy. The group was broadly constituted and membership of the wider group includes a range of rural businesses and entrepreneurs alongside the NFU, CLA, local authority partners, AONBs, the Local Nature Partnership, The Enterprise Network, Visit Wiltshire, the Rural Community Council - Community First, and the three LEADER groups together with

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<sup>39</sup> **LEP Area ESI Funds Sub-Committee TOR** ESIF-GN-2-003, Version 3, Date published 16 July 2015

members of SWLEP Board. The Rural Economy Group has defined priorities for investments from EAFRD funds and worked to understand the alignments with the five priorities for ESIF identified by the SWLEP Board. It has refined the initial five themes into activities to tackle rural disadvantage experienced by rural businesses and its workforce. These activities seek to promote sectors of the rural economy where there are opportunities for growth and where there are benefits to rural people and the rural environment. The Group looked at the wider set of ESIF activities to ensure that these would have the same impact delivered in rural areas as within the larger towns. This exercise continues and an ongoing part of the governance of the programme.

## **Section B - SWLEP ESIF Committee governance and development**

### ***Governance and Programme development***

(540) Programming investments using ESI funds requires formal and national standards which are governed by TOR, to which this document refers to throughout.

(541) At a local level informal protocols and procedures are required in recognition of it being a broad and multi-faceted programme and the need for confidence in the processes. Committee members will be keen for successful programme investments to be made locally. They will also set the policy and developmental direction for the programme's implementation. The requirement for the programme to be open, fair and transparent throughout, and also be responsive to local priorities, means that development of the programme investments is linked to its governance.

### ***Committee structure***

(542) The SWLEP ESIF governance structure will recognise the role of the respective Managing Authorities (MA) for ERDF, ESF and EAFRD, and the specific responsibilities of DCLG as Secretariat for the local Committee.

(543) A single Committee has been set up to provide advice on all MA funding decisions across the entire Swindon and Wiltshire area.

(545) The Committee's role and structure will respond to and reflect the TOR and in particular the following areas are relevant:

- The ability of the Committee to provide advice to Managing Authorities
- The Committee understands that its development and implementation of the ESI Funds Strategy for Swindon and Wiltshire contributes to the delivery of the Operational Programmes for each structural fund.
- Recognition that the contribution from Swindon and Wiltshire to the national ESI Funds Growth Programme will play a part in the delivery of the UK's approach to Cohesion policy.
- The Committee will provide advice on local developments, but it will not act as a sub-committee of the EAFRD Growth Programme.
- The Committee chair will be selected from members of the Committee.
- The Committee will be drawn from the following:
  - Local Enterprise Partnership Board
  - Local Authority Partners

- Business and private sector
- Voluntary & social partners
- Environmental organisations
- Trade Unions
- Equality and diversity representation
- Education, skills & employment organisations
- Higher Education
- Rural representation
- Managing Authorities

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

- Each partner above should ideally be represented with a separate individual to minimise potential conflicts of interest. Members may represent more than one grouping in agreement with the Managing Authority.
- Membership should be proportionate and not give undue weight to any one sector.
- The partner Chair and Managing Authority Deputy Chair will be additional seats on the ESI Funds Committee.
- Members need to be clear about who they are representing and how. All partners selected should be representative of their sector and/or relevant stakeholders and able to demonstrate accountability to their constituencies.
- Membership will be for a three year term. The Managing Authorities will review LEP area ESI Funds sub-committee membership in 2017 to ensure its composition remains relevant to investments still to come forward through the Programmes. Where members leave before that time, representatives will be sought again by the Managing Authorities from the sector/organisation they are representing. Membership will also be refreshed as needed to reflect any changes in relevant EU and national regulations and policy.
- By agreement with the Managing Authority there will be scope to invite expert guidance to specific meetings to assist consideration of a specialist proposal.
- DCLG as the lead Managing Authority and the Deputy Chair will be responsible for ensuring that the other Managing Authorities are consulted and have agreed papers as appropriate where these affect the administration of the different ESI Funds.

#### **SWLEP ESI Funds Committee terms of reference**

(547) SWLEP ESIF Committee will have a membership of between 9 and 12 individuals and will be joined by representatives from DCLG, DWP, Dept. BIS and other relevant government departments and their agencies, such as Skills Funding Agency and Rural Payments Agency. The Committee will be able to invite outside experts as observers on particular issues. Given its strategic role, the Committee will meet only 3 to 4 times a year – though be prepared for more meetings if necessary, and for quarterly meetings to be the norm. It will use written procedures to carry out its functions between meetings to encourage expediency.

(548) In agreeing the TOR, Committee members become bound by a code of conduct when carrying out any duties or responsibilities and this code follows the Seven Principles of public life, known as the Nolan Principles.

(549) Furthermore, to aid the efficiency and effective functioning of the Committee, the Committee will work in conjunction with the Secretariat to:

- Define a way of working where no formal process exists
- Choose a method for selecting a Chair
- Agree the duration of its membership
- Ensure all potential conflicts of interest are identified and dealt with in order to reduce the risk of challenge to an open, fair and transparent process
- Agree ways of working outside of meetings, such as for Written Procedures
- Add new members during the programme period

(550) Finally, this Committee will identify:

- An induction and development programme for members prior to the start of the programme and throughout the programme period;
- The staffing resources required to support the Committee.

### ***Functions and activity of the ESI Funds Committee***

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

- Provide advice to the Managing Authorities on local development needs and opportunities to inform any changes to Operational Programmes and ESI Funds Strategies.
- Work with sectors and organisations they represent so that they engage with and understand the opportunities provided by the ESI Funds to support Operational Programme objectives and local economic growth.
- Promote active participation amongst local economic, environmental and social partners to help bring forward activities which meet local needs in line with the Operational Programmes and local ESI Funds Strategies.
- Provide practical advice and information to the Managing Authorities to assist in the preparation of local planning that contributes towards Operational Programmes priorities and targets.
- Similarly, provide local intelligence to the Managing Authorities in the development of project calls decided by the Managing Authorities that reflect Operational Programmes and local development needs as well as public and private sector match funding opportunities.
- Provide advice on local economic growth conditions and opportunities within the context of Operational Programmes and the local ESI Funds Strategy, as well as complementarity with interventions funded through other public and private sector funding, to aid the Managing Authorities' assessment of applications at outline and full application stage.
- Contribute advice, local knowledge and understanding to the Managing Authorities to aid good delivery against spend, milestones, cross-cutting themes, outputs and results set out in the Operational Programmes and local ESI Funds strategies.
- Having regard to the Managing Authority's statutory duties under the Equalities Act

2010, provide information advice and local knowledge regarding the likely and actual impact of ESI Funds strategies and plans on persons with the protected characteristics and advice on mitigating measures where adverse impacts are identified.

### **Supporting the Committee**

(552) The Committee, in conjunction with officers from Wiltshire Council and Swindon Borough Council, and officers attached to SWLEP, will work to:

- Publicise and promote the programme by devising and implementing a Communications Strategy.
- Devise an Implementation Plan and update it on a rolling basis.
- Agree the timing of calls to deliver priorities with Managing Authorities
- Support Committee when giving its advice on local strategic fit related to project selection by Managing Authorities
- Ensure that cross cutting themes are delivered through implementation
- Monitor performance of locally called for projects
- Monitor the external environment to inform implementation steps
- Ensure opportunities with other LEPs are understood and utilised
- Ensure activities are consistent with the local Strategic Economic Plan
- Ensure activities deliver value for money

(553) In relation to Implementation of this ESI funds strategy, officers from the Local Authority Partners will meet regularly and set up working groups. Officers will work along the following lines:

- Local authority and SWLEP officers will be led by SWLEP Secretariat which acts as the most senior officer grouping in the development of specifications.
- The SWLEP Secretariat acts as a check and balance on behalf of the SWLEP Board which is the 'sponsor' of the SWLEP ESIF Strategy.
- Working closely with the chairperson and Committee members to provide the Committee with a capability and capacity to achieve a successful local element of the Growth Programme.

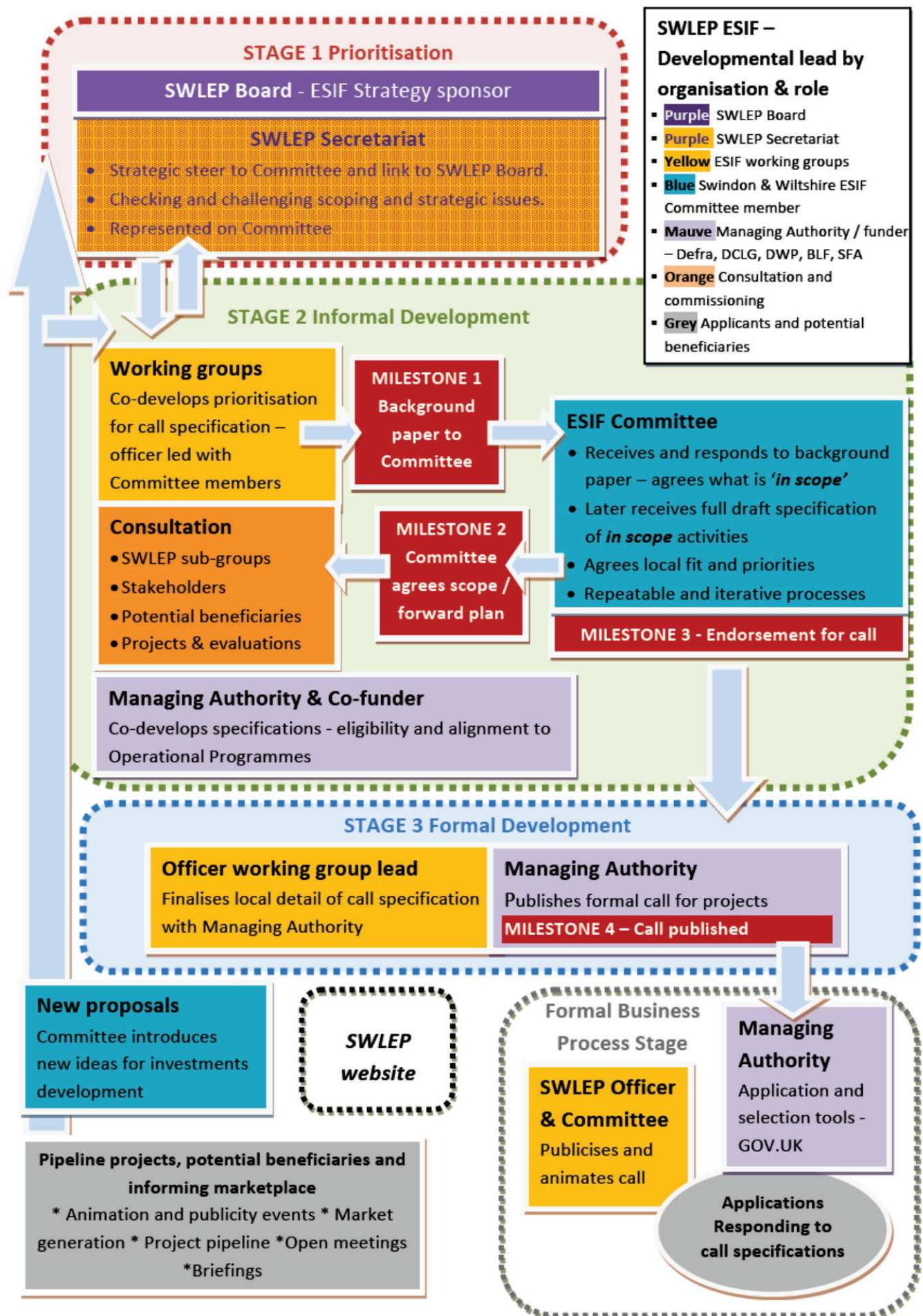
(554) Local authority officers will carry out the regular and frequent tasks that support effective functioning of the Committee, including:

- Responding to tasks as directed by the Committee and its chairperson
- Developing call specifications for ESI funded activities in conjunction with Managing Authorities.
- Providing communications links to SWLEP Board, the Secretariat, local authority partners as well as other relevant organisations operating in Swindon and Wiltshire.
- Working with relevant partnerships and SWLEP sub-groups to ensure Implementation is informed by local stakeholders, who will be listed in the ESIF Communication Plan.
- Consulting with potential beneficiaries – businesses, organisations or individuals to understand demands on the programme, as well as potential delivery organisations, academics, researchers, other practitioners or professionals and any other relevant persons who can contribute and supply services into the ESIF programme

- Providing the Committee with data and information (in the form of background papers and reports), and where appropriate make recommendations in conjunction with Managing Authorities.
- Providing draft proposals for calls in conjunction with Managing Authorities, and where appropriate options and other professionally-made opinions to the Committee, so that it is able to reach agreement and make decisions.
- Officers will work at the direction of the SWLEP ESIF Committee and are not expected to make informal decisions on behalf of the Committee unless explicitly empowered to do so by the Committee – which shall in normal circumstances be minuted. This shall be termed ‘delegation.’

(555) The chart below sets out the informal and more formal developmental steps.





## **Section C – Formal roles and responsibilities of the Committee**

### ***Operating practice of SWLEP ESI Funds Committee***

(556) There are two routes into the programme, via an open project call or, for the European Social Fund only, through a co-financing organisation, so-called Opt-ins. The SWLEP ESI Funds Committee will have a role in each of these routes as detailed below:

#### ***(557) Operating practice – ‘open’ project calls:***

- For the open call route, Managing Authorities will draw up project call specifications and will be aided with intelligence on local development needs provided by local LEP area ESI Funds sub-committees. This will help to inform which Priority Axes and Investment Priorities calls focus on, the level of financial resources, any geographic focus and the timing of such calls.
- Minuted oral advice provided by the LEP area ESI Funds sub-committees on specific local development needs will also be considered by the Managing Authorities and reflected as appropriate as part of the project call information that will be published on GOV.UK. The Managing Authorities will be responsible for developing and finalising the Project Calls and publishing them on GOV.UK.
- Minuted oral advice provided by LEP area ESI Funds sub-committees on project calls will be within the context of relevant Operational Programmes, ESI Funds Strategies and other relevant factors, such as applicable policy initiatives and match funding opportunities that are/become available over the programme period.

#### ***(558) Operating practice – ESF Opt-in organisations:***

- LEP area ESI Funds sub-committees will provide minuted oral advice to the ESF Opt-in organisations on local employment, skills and social inclusion needs and opportunities to be considered in the development of the Opt-in organisations’ full applications to the Managing Authority for ESF
- The purpose of such advice will be to assist Opt-in organisations in developing proposals for provisions that are locally appropriate, within the context of the ESF Operational Programme and ESI Funds Strategy.

#### ***(559) Outline and full applications***

- Applications will be received by the Managing Authorities from potential beneficiaries, at outline and full application stages
- The Managing Authorities will assess such applications against the Project Selection Criteria that have been agreed by the respective PMC.
- The Managing Authorities will provide an assessment report for each application
- This report will provide a synopsis of the project (which will be repeated verbatim from the application) and outputs, results and financial data. Once this report has been completed by the Managing Authority, it will be circulated to the relevant LEP areas ESI Funds sub-committee(s)
- The LEP area ESI Funds sub-committee will provide minuted oral advice to aid the assessment of the Managing Authorities. The advice provided by partners will be in relation to the extent to which the proposed activity meets local strategic needs

#### ***(560) Ongoing implementation***

- EU Regulations state that the Programming Monitoring Committee shall review implementation of the programme to which it relates and progress towards meeting its objectives, and shall examine all issues that affect Operational Programme performance. The LEP area ESI Funds sub-committees will do this at local level and will provide minuted advice, local knowledge and understanding to support the Managing Authorities throughout the implementation of the 2014-2020 ESI Funds Operational Programmes.
- Operational Programmes deliver their programme strategies through a series of Priority Axes, Investments Priorities and associated results and outputs, and financial targets. These in turn reflect local development needs set out in ESI Funds Strategies, on which basis financial resources have been targeted, through notional allocations in each LEP area.
- Each LEP area therefore has an important role to play in contributing to the implementation of Operational Programmes. The advice of partners on LEP area ESI Funds sub-committees will be important to assist the Managing Authorities in considering progress against spend, milestones, cross-cutting themes, outputs and results set out in Operational Programmes and local ESI Funds Strategies.
- The Managing Authorities will provide each LEP area ESI Funds sub-committee with quarterly implementation reports and risk registers that set out progress in its area against Operational Programme and ESI Funds Strategy specific objectives and targets. These reports will be provided in a common format and will also be used to inform reports to the GPB, on national and local implementation.
- Specific reports may be provided by the Managing Authorities on particular initiatives or projects as relevant to LEP areas, such as for Community Led Local Development or Financial Instruments. The LEP area ESI Funds sub-committee will provide advice to the Managing Authorities in such cases, including on measures to be considered to support strong performance and effective implementation.
- LEP area ESI Funds sub-committees will also provide advice to the Managing Authorities on programme evaluation, including Managing Authority preparations for the conduct of a mid-term review, in line with the national Evaluation Strategy.
- To support the objective set out in the Partnership Agreement and Operational Programmes for the ESI Funds to be developed and delivered in complementarity with other each other and with other European programmes, partners will provide advice to the Managing Authorities on approaches which exploit these synergies.
- Collaboration is key to driving economic growth regardless of administrative boundaries, so the LEP area ESI Fund sub-committee will also be a forum for members to identify opportunities for delivering activity in collaboration with other areas in England as appropriate and advise the Managing Authority on an ongoing basis
- In all of its activities the role of LEP area ESI Funds sub-committees will not substitute for or take on the tasks and functions of the Managing Authorities.

#### ***LEP area ESI Funds sub-committee operating protocols***

(561) Meetings:

- Meetings will be normally held on a quarterly basis
- Full use will be made of smart technology to support meetings and attendance.
- Meeting dates for each calendar year will be provided in advance.

- Papers will be electronically circulated by the Managing Authorities, normally five working days in advance of a meeting.
- Any questions/comments on the agenda, papers or programme implementation should be addressed through the Managing Authority Secretariat.
- The Managing Authorities may, where necessary, circulate papers or proposals to members via the Secretariat for advice by written procedures after consultation with the chair, with two weeks allowed for comment, unless exceptional circumstances dictate otherwise. The Secretariat will maintain a record of advice provided under written procedures.
- After consulting the chair on draft meeting minutes, these will normally be circulated by the Secretariat within 10 working days of meetings. Final minutes of meetings held once ERDF and ESF Operational Programmes have been adopted will be published on GOV.UK
- Members should be able to attend regularly and be able to devote necessary time to any preparatory work. Members should not send a substitute unless this has been agreed in advance by the Managing Authority in consultation with the chair; it is suggested that all members should nominate a deputy for this purpose.
- Members missing more than 50% of meetings in a twelve month period or three meetings in a row may be asked to step down by the Managing Authorities in its role as Secretariat, after consultation with the Chair
- The organisation that the member represents shall be responsible for reimbursing any reasonable expenses incurred in attending meetings of the LEP area ESIF sub-committee by that member

(562) Managing conflicts of interest:

- The Managing Authorities will be responsible for ensuring that partner roles and responsibilities are clearly set out at all levels and that conflicts of interest are avoided.
- To ensure that this is compliantly managed and that appropriate standards are maintained, LEP area ESI Funds sub-committee members will be required to sign an undertaking to abide by the Nolan Principles
- The Managing Authorities will establish a “declarations of interest” register which will be updated at each meeting
- The Managing Authority will be responsible for maintaining and monitoring the register and its application at each meeting
- Members must declare an interest in any agenda items at the start of each meeting and must not participate in discussions about either the development of project call specifications that are limited in scope/relate to a project in which they have an interest; or outline and full project applications that have been submitted by them or organisations for which they work/ by whom they are employed/that they represent
- Similar conditions relating to confidentiality, data protection and compliance with freedom of information requirements will apply to the proceedings of the Committee as to the members of the PMC.

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



Delivery Team (GDT) will be the Secretariat in each LEP area. DCLG as the local lead Managing Authority will provide the Deputy Chair of LEP area ESI Funds sub-committees and will act as chair in the absence of the nominated partner Chair. The Secretariat will:

- Be the Secretariat for LEP area ESI Funds sub-committees.
- Schedule and manage meeting dates, venues, minute taking, record advice and collate and circulate papers, working closely with the Committee and the Chair.
- Take the minutes of meetings and circulate them within 10 working days of meetings or exceptionally within a longer timescale and publish agreed minutes on GOV.UK.
- Provide Management Information reports on behalf of the different Managing Authorities in a standard format that will be used to contribute to GPB reports.
- Support the Chair, Committee and DCLG Managing Authority (in its role as Chair or Deputy Chair) in communicating progress and feeding in to national processes as appropriate
- Support communication between the GPB and the LEP Area ESI Funds sub-committees via the GPB Secretariat.

## **Section D - Cross-cutting themes**

### ***Sustainable Development***

(564) SWLEP decisions on ESIF investments will be governed by reference to shared principles for Sustainable Development which is developed from the two unitary authorities' respective Local Plans. Therefore they are consistent at political, technical and community level. Further, for the purpose of ESIF, SWLEP has set about to develop a decision-making framework which itself is informed by a SWOT.

(565) SWLEP has involved the Local Nature Partnership (Link2Nature / L2N) on the development of its ESIF Strategy and expects to have an ongoing relationship with this body; and its partners throughout the delivery of the ESIF Strategy.

(566) It commissioned L2N to review its emerging ESIF Strategy to ensure that the activities and governance arrangements for delivery will effectively promote environmental sustainability. SWLEP has worked with officers conversant with the emerging Local Plans from the unitary authorities – Swindon Borough Council and Wiltshire Council to inform the framework. Furthermore, it is working to ensure that health and wellbeing are also taken account in promoting the environmental sustainability of ESIF investments, particularly where these involve green infrastructure, and this is clear in overall strategy and in activities.

(567) SWLEP has involved the Local Nature Partnership (Link2Nature) on the development of its ESIF Strategy and expects to have a strong relationship with this body; and its partners throughout the delivery of the ESIF Strategy. It commissioned L2N to review its emerging ESIF Strategy to ensure that the activities and also the governance arrangements and delivery structures will effectively promote environmental sustainability.

(568) There remains the opportunity to make use of the knowledge and experience of the Public Health professionals in the local authorities to ensure that health and wellbeing is

also taken account of in promoting the environmental sustainability of SIF investments, particularly where these involve Green Infrastructure.

### ***SWLEP principles on Sustainable Development***

(569) To use ESIF funds for the delivery of Sustainable Development, promoting smart, sustainable and inclusive growth for all communities across Swindon and Wiltshire. The principles that guide all decisions and investments are for projects to:

- Ensure high quality design and build for any capital investments in building and infrastructure, with expectation to achieve the following standards:
  - BREEAM Excellent for new build;
  - BREEAM Very Good for refurbishment;
  - CEEQUAL Very Good 3 for infrastructure projects.
- Promote healthy, safe and inclusive communities in recognition of the better long-term health and well-being outcomes for those engaged in the workforce;
- Protect, respect, conserve and enhance the natural, built and historic environments – with reference pressures identified in the Sustainable Development SWOT;
- Assess and address the impact of climate change through mitigation and / or adaption measures – through direct ESIF funded activity and decisions taken on ESIF investments;
- Ensure that adequate infrastructure is in place to support our communities and which can deliver a thriving economy;
- Contribute to the retention and growth of the local economy and complement town and village regeneration - helping to build resilient communities;
- By promoting activities accessible by walking, cycling and/or public transport;
- Use land and resources (such as water, energy, minerals and waste) in an efficient and effective way that mitigates or adapts to climate change and the pursuit of a low carbon economy.

### ***SWLEP framework to promote Sustainable Development***

(570) SWLEP and partners will work with its ESIF subcommittee during the capacity building stages in 2014 and onwards to renew its understanding of the promotion of Sustainable Development and smart, sustainable and inclusive growth. It will agree a framework to be used for any decision making and endorsements which it will take on investments and interventions. The framework will be based upon the application of the above principles using the information from the Sustainable Development SWOT analysis set out below – and any refresh of this information as at the behest of the subcommittee.

### ***SWLEP environmental SWOT for Sustainable Development***

(571) SWOT analysis for Sustainable Development in Wiltshire and Swindon for SWLEP ESIF Strategy 2014 - 2020

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• 44% of land is within an AONB or NPA;</li> <li>• 11% of land is Salisbury Plain, managed at a landscape scale by the MoD;</li> <li>• Rich and varied geology and soils;</li> <li>• More than 80% of land is agricultural, yielding a</li> </ul>	<ul style="list-style-type: none"> <li>• Much agricultural land is managed intensively in large holdings; half of agri-environment schemes are at Entry Level with minimal environment management required;</li> <li>• Hedgerows and other landscape/wildlife features</li> </ul>



<p>range of farm products;</p> <ul style="list-style-type: none"> <li>• Almost 73% of farmland is within an agri-environment scheme payments £13m / annum;</li> <li>• Air quality is good, except in some urban areas;</li> <li>• Flood risk to properties and infrastructure is alleviated naturally in many areas by green infrastructure;</li> <li>• Clean water is stored and supplied through underground chalk aquifers;</li> <li>• Large areas of woodland are sustainably harvested for timber and woodfuel;</li> <li>• Building materials - extracted locally, including sand, gravel, chalk, clay and stone;</li> <li>• Extensive network of public rights of way and publicly-accessible green spaces;</li> <li>• A rich historic environment including the World Heritage Site of Stonehenge and Avebury, and almost 1,300 listed buildings;</li> <li>• A huge range of wildlife species, including many rare and endangered species;</li> <li>• 14.4% of land is recognised as wildlife-rich sites (SSSI or Local Wildlife Site); the vast majority of these sites are being managed positively for nature conservation;</li> <li>• 55% of Britain's remaining unimproved calcareous grassland, vital wildlife habitat;</li> <li>• 19-26% of Britain's unimproved neutral grassland – traditional wildlife meadows;</li> <li>• Internationally-important chalk river systems;</li> <li>• Important ancient and semi-natural woodland and extensive tree planting elsewhere;</li> <li>• Recycling and composting of household waste has increased dramatically in the last decade, reducing the proportion sent to landfill; new facilities to recover energy from waste are contributing to further improvements.</li> </ul>	<p>removed from farmland have not been replaced;</p> <ul style="list-style-type: none"> <li>• Air quality in some urban areas is of concern in relation to its impact on public health;</li> <li>• 9,300+ homes, other properties, farmland and infrastructure are at risk of flooding;</li> <li>• Local water supply inadequate to meet future demand;</li> <li>• Only 27% of river length in Wiltshire and 4% in Swindon Borough has 'good' ecological status, with major improvements needed to meet EU Water Framework Directive targets;</li> <li>• Unfavourable condition of the Salisbury Avon and Kennet river catchments due to pollution, over-abstraction of water, damage to river banks and invasive non-native species;</li> <li>• Local supply of building materials is declining - needs balance with protection of the environment and landscape character;</li> <li>• Large parts of Salisbury Plain SSSI has 'unfavourable recovering' condition but work is underway to achieve 'favourable' condition;</li> <li>• Long-term declines in wildlife, including farmland birds, butterflies and moths, bees and bats; in the UK, 60% of assessed species have declined in the last 40 years;</li> <li>• Pollinator species have declined significantly, threatening many farm crops and wildflowers;</li> <li>• Wildlife-rich areas are fragmented (apart from Salisbury Plain); this makes it difficult for wildlife to move across the landscape and thrive in the long term;</li> <li>• Data is not collated at local level on the management of commercial and industrial waste, but it is estimated to be around double the quantity of household waste and to include large quantities of biodegradable waste (e.g. food) which emits methane, a powerful greenhouse gas.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Younger generations and new communities can be educated and encouraged to adopt sustainable lifestyles and connect with nature;</li> <li>• Public health, wellbeing and community benefits from high-quality natural and historic environment, including skills and learning;</li> <li>• High-quality historic and natural environment increases tourism and visitor spend, attracts investment, employers and employees;</li> <li>• Active travel and sustainable transport through improved infrastructure and uptake;</li> <li>• Energy efficiency across all sectors to reduce costs and mitigate climate change;</li> </ul>	<ul style="list-style-type: none"> <li>• Rapidly growing population (40% in Swindon and 28% in Wiltshire from 1991 - 2021), increasing demand for water, energy, food, consumer goods, housing, infrastructure, other natural resources and ecosystem services, and producing more waste;</li> <li>• 66,000 new homes planned from 2006 to 2026, with a large proportion on greenfield sites, leading to loss of agricultural and other land and wildlife habitats, and impacting on flood risk, water quality, air quality and other local environmental aspects;</li> <li>• Major new road infrastructure, affecting wildlife-rich areas, and continuing increase in road vehicle numbers and mileage;</li> </ul>

<ul style="list-style-type: none"> <li>• Planning of new homes and other development can build resilient communities and integrate zero-carbon buildings, resource efficiency, renewable energy, biodiversity gain and green infrastructure;</li> <li>• New water supply infrastructure is under construction to cope with future patterns of supply and demand;</li> <li>• Water efficiency and more use of rainwater to reduce costs and adapt to climate change;</li> <li>• New investment is being made in rivers and catchment management to meet EU Water Framework Directive objectives;</li> <li>• Delivery of Green Infrastructure Strategies to contribute towards plans for economic growth, housing, transport, air quality, public health, biodiversity and flood alleviation;</li> <li>• Better recycling and waste management facilities for all sectors;</li> <li>• Business opportunities in sectors including renewable energy, energy efficiency, green infrastructure, waste management, sustainable procurement, resource efficiency;</li> <li>• Increased local procurement of raw materials, goods and services, stimulating the local economy and reducing transport needs;</li> <li>• New farming techniques can increase efficiency and improve environmental management, while maintaining productivity;</li> <li>• New Environmental Land Management Scheme being introduced as a result of CAP Reform could help improve farm sustainability;</li> <li>• New business opportunities - on-farm diversification and new routes to market;</li> <li>• Renewable energy installations, including community-owned projects, reducing energy costs and increasing energy security.</li> </ul>	<ul style="list-style-type: none"> <li>• A changing climate - increasingly frequent extreme weather events such as flooding, heat-waves and drought, as well as milder, wetter winters and hotter, drier summers;</li> <li>• More erratic rainfall patterns will affect water availability and increase flood risk;</li> <li>• Unsustainable lifestyles, travel and business practices with CO2 emissions and ecological footprint significantly above sustainable levels;</li> <li>• Pressure on farmers to maximise productivity and trade through global markets;</li> <li>• Disconnection from and under-valuing of nature by many people, with widespread impacts on behaviour, policy and practice;</li> <li>• Lack of knowledge about the status and trends of natural environment due to lack of resources to collect and analyse data, e.g. soil quality, pollination, climate regulation; this makes it difficult to track impacts of drivers of change and could lead to irreversible loss of biodiversity, ecosystems and their services;</li> <li>• Pollution of water from sewage works and agriculture is widespread;</li> <li>• Invasive species affecting wildlife and ecosystems including rivers, woodland and farmland;</li> <li>• Pests and diseases affecting wildlife, ecosystems and farm animals, including Ash Dieback and bovine TB;</li> <li>• Culling of badgers;</li> <li>• Impact of land-based solar arrays and other renewable energy installations on landscape character and local amenity value;</li> <li>• Future potential for fracking for shale gas.</li> </ul>
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### ***Equal Opportunities and anti-discrimination***

(572) In devising its ESIF, SWLEP has had due regard to issues on Equality, inclusion/exclusion and how to support all local people to benefit from economic growth. It has worked and will continue to work with stakeholders from a broad and diverse range of organisations, businesses and public bodies to:

- eliminate unlawful discrimination;
- advance equality of opportunity;
- foster good relations.

(573) The Activities it has devised, especially for Skills of Inclusion are the result of the discussions on the five priority themes. In our ESIF evidence (Section 3) and Activities (Section 5) we have shown where there are gaps, differences, barriers and under-

representation. For example, there are identified gaps in provision for older workers; there are differences in employment status and educational/ skills attainment for different groups in Swindon and Wiltshire – such as for people trapped in low wage work who could benefit from skills support to upskill and obtain better reward for work, but also acknowledgement of intra-SWLEP differences and the need for a targeted approach to tackle these inequalities.

(574) Our evidence base includes Wiltshire's Adult and Community Strategy, and Swindon's Adult Community Learning Plan, both of which provide comprehensive information on barriers to social inclusion. Various Topics (at Section 3) address:

- population growth and its affect on different socio-economic groups;
- the need to ensure that growth opportunities benefit all individuals and that workers are able to personally gain from growth;
- the stubbornness of youth unemployment in the area;
- how poor educational attainment affects economic choices and career opportunity;
- social inclusion in the context of labour market failures, and sections on barriers to work, child poverty and access to services.

(575) Our Skills for Inclusion thematic group of activities lead with targeted approach to tackle social exclusion as set out in detail at Section 4 (Thematic group 4).

(576) In Activities 4.4 and 1.1 we have identified under-representation of the some protected groups in ownership and management of local businesses – such as disadvantaged and marginalised people suffering or at threat of long-term worklessness who may wish to start enterprises.

(577) Overall ESIF is clear that without all local people participating or supported to be capable to participate as skilled members of the workforce, our local economy will struggle to grow and innovate, and the area risks losing inward and new investment because of the labour market failures.

### ***Our Commitment to Equality***

(578) By committing to the Wiltshire and Swindon Equality & Human Rights Charter, SWLEP will ensure that the ESIF subcommittee is duty bound not to make investments which discriminate against any group of people or individuals.

(579) Further, SWLEP has actively worked to 'rural proof' its ESIF. It accepts that in making investment decisions, the subcommittee will need to have due regard to the costs and complexities of making ESIF funded services available to all regardless of remoteness.

(580) Given its commitment to Equality as a cross-cutting theme, SWLEP is keen to continue building a framework that allows its ESIF subcommittee to take due regard of the commitment in any decision it takes on ESIF investments. This will continue with knowledgeable and dedicated Equalities officers at both Wiltshire Council and Swindon Borough Council working with the subcommittee during the capacity building period from June – November 2014. In this work it is proposed that the following takes place:

- SWLEP subcommittee members have sessions to fully understand the commitment made on Equalities and anti-discrimination by SWLEP, and in particular on current and

emerging equalities issues in the locality, the subcommittee's duty of due regard in decision making and the role it can take in promoting this to partners.

- Develop a monitoring framework that puts into action the Equalities legislation and the SWLEP commitment for the purpose of making ESIF investments.
- A review (carried out by Local Authority Equalities officers) of the final ESIF submission, with ability to make recommendations to the subcommittee on any Equalities and related issues which may need specific attention when making investment decisions, directions and endorsements.

### ***Social Innovation***

(581) SWLEP is committed to seeking innovative approaches to tackling social and other specific local issues. Its partners have a strong track record of testing new approaches (e.g. Project Impress and Project Inspire). SWLEP expects to draw on this capability during the delivery of the ESIF Strategy.

### ***SWLEP Rural Economy Group***

#### ***(582) Oversight***

- SWLEP Rural Economy Group will oversee entire delivery of Rural development local growth.
- SWLEP Rural Economy Group will maintain links with Defra on delivery of other aspects of delivery of rural development such as its new Environmental Land Management Scheme, stewardship, farming and forestry productivity scheme and other investments it makes. This group will also by being a SWLEP sub-group inform the SWLEP Board on performance, etc.
- Furthermore a smaller technical group including Wiltshire Council, SWLEP, English Nature, Forestry Commission and Defra has and could continue to meet to discuss delivery and its relationship and alignment with national strategy and policy. Other stakeholders will be brought into the group as required – this will include any successful LEADER groups in the area and perhaps NFU.
- The LEADER groups working with Wiltshire Council as their Accountable Body will have a close knowledge of activity through both above groups. An investment aid threshold will be established with LEADER groups to ensure no overlap or competition for funding.
- Wiltshire Council will work with Defra where any local Accountable Body is required.

### ***Alignment with other European funds***

(583) SWLEP recognises its innovation ecosystem would be suitable for some strategic investment from Horizon 2020. There will be significant benefits for the UK and Europe in using our centres of innovation cluster to support our businesses play a leading role in growing the economy through commercialisation of enabling technologies. Our Innovation activities will be set up to enable and facilitate this. Our own strategic leadership for innovation may itself be complemented by Horizon 2020 investment, and SWLEP will pursue as necessary.

(584) The opportunity in Swindon and surrounding areas for a Hydrogen cluster could be crucial as a nationally recognised location of activity that enables another great technology –

energy storage. The attributes of an emerging cluster that brings research, development, trials and manufacturing together with markets could involve Horizon 2020 funding.

(585) It could also benefit from the established links which Wiltshire Council has in 2 Seas, France-Channel-England or North West Europe transnational / interreg V programmes. The global reach of these investments involves working across borders with other member state entities to reach wider markets.

(586) Wiltshire Council is a representative partner of the France-Channel-England (FCE) and 2 Seas cross-border programmes under EC Cohesion policy. It has worked with both groups on the preparation for the 2014-20 programme and will continue its regional representative on PMC and PSC of the FCE. From 2014 programmes will be extended to Swindon Borough area, so that the SWLEP area is covered by this programme.

(587) In the 2007-13 programme two far-reaching projects – namely SEACS and Project IMPRESS, operated in the area with partners in northern France and in the UK. IMPRESS established a model for supporting beneficiaries in work who have faced multiple barriers to finding work and contributed policy to the skills brokerage and long-term support needs around employability which appear in the ESIF.

(588) It is aimed at preventing repeated periods of worklessness and has been considered by DWP in its continued search for best practice and solutions. SWLEP will continue to provide strategic support for useful and aligned projects that local partners can co-fund.

(589) SEACS has worked with communities on sustainable energy and the work planned with IEA and Finnish business on energy solutions for rural areas is informed by this innovative project.

(590) SWLEP may in conjunction with local authorities consider the ELENA programme to support any largescale mapping and preparation of low-carbon infrastructure, and this is reflected somewhat in the activities planned for ESIF, but where they may need to be extended due to national funding opportunities from government departments, such as DECC and the MoD. SWLEP will also consider supporting through strategic direction partners looking to fund economic growth projects using LIFE or intelligent energy, CULTURE programmes, etc.





## **Section 7 Appendices**

1. The UK Competitiveness Index for Swindon and Wiltshire
2. Methods for counting and profiling for ESIF spreadsheet
3. Skills issues and changes for Key Sectors
4. Consultation: Task and Finish Groups
5. Consultation: Task and Finish Groups Representation

## Appendix 1: UK Competitiveness Index for Swindon and Wiltshire UK

### **Competitiveness Index**

In preparing the strategy for the ESIF for Swindon and Wiltshire, we have looked at the economic competitiveness of the Swindon and Wiltshire LEP area drawing mainly on data published in the 2013 edition of the UK Competitiveness Index (UKCI), developed by Cardiff University. This provides us with an integrated measure of competitiveness focusing on both the development and sustainability of businesses and the economic welfare of individuals. It uses a model based on 3-Factors, (1) input; (2) output; and (3) outcome factors, each given equal weighting as each is interrelated and economically bound by the other. UKCI has developed a LEP area competitiveness index for 2013 and also backtracked to 2010 and 2012 as a means of providing recent time series analysis.

We looked at other LEP areas with similar socio-economic and/or demographic characteristics, to see what the differences between our area and others can tell us about the nature of the interventions which will have an impact upon our area; but have also looked across the whole of England to better understand the particular strengths, weaknesses, challenges and opportunities might be for the Swindon and Wiltshire LEP area.

In 2013 Swindon and Wiltshire ranked 14th out of the 39 English LEP areas. It has an overall index score of 98.8, which is below the UK average score of 100. An immediate concern for Swindon and Wiltshire is that its competitiveness score fell by 4 points between the 2010 and 2013 indices. This is the largest drop for any LEP area. Only five LEPs have reductions in their Index scores of 2 or more and SWLEP's fall resulted in its ranking dropping from 12th position overall in 2010 to 14th in 2013. Table 1 below shows the UKCI for the English LEP areas, with Swindon and Wiltshire highlighted.

The UKCI index is also prepared for local authority areas in England. This data shows that competitiveness varies considerably across the Swindon and Wiltshire LEP area. If the data is calculated for localities in the South West of England region, Swindon emerges as the 7th most competitive locality overall, with a score of 102.7 in 2013, ranking it 91st out of 378 localities; while Wiltshire ranked in 159th position overall, with an index score of 97.1.

When we looked at the UKCI for the Swindon and Wiltshire localities between 2010 and 2013, we found that the scores for both areas had dropped over the period, indicating an erosion of competitiveness, but that this is more marked in Wiltshire, which suggests that the competitiveness disparities within the LEP area are increasing. However, both the Swindon and Wiltshire localities have seen a worrying fall in their comparative competitiveness in recent years, which is reflected in the trend for the LEP area

Table 1: UKCI by English Local Enterprise Partnership Areas (UK=100)

Rank 2013	Local Enterprise Partnership Area	2013	2010	Rank 2010	Change UKCI	2010-13 Rank
1	Thames Valley Berkshire	117.7	118.9	1	-1.3	0
2	London	114.5	114.9	2	-0.5	0
3	Enterprise M3	112.0	111.3	4	0.7	1
<b>4</b>	<b>Buckinghamshire Thames Valley</b>	<b>111.2</b>	<b>114.1</b>	<b>3</b>	<b>-2.8</b>	<b>-1</b>
5	Hertfordshire	108.4	110.4	5	-2.0	0
<b>6</b>	<b>Oxfordshire LEP</b>	<b>107.5</b>	<b>108.4</b>	<b>6</b>	<b>-1.0</b>	<b>0</b>
7	Coast to Capital	103.9	104.7	7	-0.8	0
8	West of England	103.3	104.3	8	-1.0	0
9	Cheshire and Warrington	103.2	103.3	9	-0.2	0
10	Greater Cambridge & Greater Peterborough	101.8	103.2	10	-1.4	0
11	Gloucestershire	101.3	102.5	13	-1.3	2
12	South East Midlands	100.7	102.9	11	-2.2	-1
13	Solent	99.5	98.4	16	1.1	3
<b>14</b>	<b>Swindon and Wiltshire</b>	<b>98.8</b>	<b>102.8</b>	<b>12</b>	<b>-4.0</b>	<b>-2</b>
15	Coventry and Warwickshire	97.8	101.2	14	-3.4	-1
<b>16</b>	<b>Northamptonshire</b>	<b>97.8</b>	<b>99.5</b>	<b>15</b>	<b>-1.7</b>	<b>-1</b>
17	Dorset	96.2	97.6	18	-1.4	1
18	Cumbria	95.7	94.1	23	1.7	5
19	Leicester and Leicestershire	95.3	96.2	20	-0.9	1
20	South East	95.1	96.4	19	-1.3	-1
21	York and North Yorkshire	94.6	97.8	17	-3.2	-4
22	Worcestershire	93.8	96.0	21	-2.1	-1
23	New Anglia	93.2	94.0	24	-0.8	1
<b>24</b>	<b>Heart of the South West</b>	<b>93.0</b>	<b>93.3</b>	<b>26</b>	<b>-0.3</b>	<b>2</b>
25	Greater Birmingham and Solihull	92.7	91.9	29	0.8	4
26	Leeds City Region	92.4	93.0	27	-0.6	1
27	Greater Manchester	92.2	92.9	28	-0.6	1
28	D2 - N2,	92.1	93.7	25	-1.6	-3
29	The Marches	91.6	94.3	22	-2.7	-7
30	Lancashire	90.4	90.2	31	0.2	1
31	Greater Lincolnshire	89.0	89.1	33	0.0	2
32	Stoke-on-Trent and Staffordshire	88.5	90.5	30	-2.0	-2
33	Humber	88.4	89.5	32	-1.1	-1
34	Cornwall and the Isles of Scilly	88.0	88.7	34	-0.7	0
35	Sheffield City Region	87.5	88.1	35	-0.6	0
36	Tees Valley	87.1	85.9	37	1.2	1
37	North Eastern	86.6	87.5	36	-0.9	-1
38	Liverpool City Region	85.8	85.5	38	0.3	0
39	Black Country	84.1	84.9	39	-0.8	0

Source: Huggins, R. and Thompson, P. (2013) UK Competitiveness Index 2013, School of Planning and Geography, Cardiff University: Cardiff

## **Input, output and income factors**

In looking more closely at the data that makes up the UKCI, we can see the following trends:

### ***Competitiveness Inputs***

UKCI input data includes data on the number and types of businesses, economic activity rates and the skill levels of the working age population. These economic inputs provide the means to achieve outputs and long-term outcomes and have a significant influence in determining the competitiveness and the future economic sustainability of the Swindon and Wiltshire LEP area. This data shows that the performance of Swindon and Wiltshire has declined and remains below the best performing areas it has benchmarked itself against. The difference in overall economic activity rates is marginal across the benchmarked LEP areas, but there is considerably more variation in the skills levels across these areas, particularly higher level skills (NVQ4+) where the SWLEP area sits in the midrange at 31.4%, lagging behind higher performing areas. There is little difference in the density of firms between the LEP areas we looked at; and the level of new business starts is also very similar. However, there is a significant variation in share of employment in knowledge economy and technology-related economic organisations across the five areas. SWLEP's position is strong, but still behind higher performing areas.

### ***Competitiveness Outputs***

The outputs measures in the UKCI tell us more about how we are making use of the inputs described above, by looking specifically at productivity and employment levels. The UKCI data for 2010-2013 for all of the five benchmarked LEP areas shows a downward trend over this period. Gross Value Added (GVA) per capita is perhaps the most important measure of the economic activity of an area, indicating the historical impact of competitiveness and the UKCI enables us to look examine GVA per capita at three time points over an eleven year period (1998-2009). This shows that the gap between SWLEP and the leading areas has widened, indicating that Swindon and Wiltshire's economic growth rate has been slower over this period than other areas. This is unsurprising given the trends emerging from other indicators covered by the UKCI.

### ***Competitiveness outcomes***

Productivity and competitiveness measures can show an increase, while employment levels are falling. For sustainable increases in competitiveness it is also necessary that a population enjoys increasing standards of living and the UKCI also measures wages and unemployment levels. In looking at the benchmarked areas, we find that all five have similar scores for 2010 and 2013 periods. SWLEP's outcome is more stable across the three periods, although its overall trajectory is slightly downward. Swindon and Wiltshire has relatively low unemployment and claimant rates compared with the other benchmarked economies. However, it does have a relatively high proportion of youth unemployment. Jobs growth has not kept pace with population growth leading to unemployment, under-employment or commuting to other centres. The employment rate has declined significantly since the recession, especially in Swindon. The SWLEP figure disguises local disparities, with above average unemployment rates in Swindon, where unemployment amongst young people is a key issue.

### ***Patent registration and knowledge economy employment***

Although not formally part of the UKCI index, we have also looked at patent registration and at the proportion of knowledge economy workers in the SWLEP area as proxies for innovation. In 2009, SWLEP had the 3rd highest level of all of the English LEPs for patent registration per 000 resident population, suggesting a highly innovative economy. Its proportion of knowledge economy workers is close to the national average (known to be skewed by the performance of London); above average for high/medium technology manufacturing and appears to be holding up well.

### ***Changes in the demand and supply for skills in the SWLEP economy***

We have drawn from the extensive work undertaken by the University of Coventry and Warwickshire to better understand the changes in the supply and demand for skills in the SWLEP economy. We have used this to examine skills demand arising from two directions:

- Expansion demand – arising from economic growth and the demand for goods and services sometimes referred to as 'structural demand';
- Replacement demand – arising from the need for employers to replace many of their workers who leave due to mortality, retirement, career moves, or other reasons. (Replacement demand is almost 8 times larger than the net changes projected over the decade to 2020.)

According to the Working Futures set of economic and labour market projections the economy of Swindon and Wiltshire is forecast to see employment growth of approximately 9% over the period 2010-2020 which is almost double that predicted for the UK as a whole. While the recession has been deeper and longer than that predicted by the Working Futures model, the underlying pattern of stronger predicted employment growth in Swindon and Wiltshire would appear to hold true. This reflects the SWLEP's position as a relatively competitive area with historically high levels of growth and considerable future growth potential.

In 2010 there were 337,000 workplace jobs in SWLEP area. By 2020 this total is expected to have risen to 367,000 jobs – an increase of 30,000, well above the national average for growth in jobs. Replacement demand is estimated to generate 137,000 additional job openings over the decade. Taken together, therefore, there are expected to be 167,000 job openings in Swindon and Wiltshire between 2010 and 2020.

This expansion demand will largely affect demand for Managers, Professionals and Associate Professionals, with the greatest demand will be for Professionals. These skills needs will results in significant increase in the level of qualifications demanded:

- the impact of growth and replacement demand indicates that the local economy will need 83,794 workers with qualifications to degree level and above by 2020;
- 45% of the demand for higher qualifications will arise through growth (expansion demand) and the rest as a result of replacement demand;
- as a result of these changes the share of graduates in the workforce will increase from 33.6% in 2010 to 41.1% in 2020.

These changes show that the economy of Swindon and Wiltshire will be increasingly 'graduate hungry'. Not all of these jobs can be filled by new graduates; some will be filled by people already in the workforce who will be moving up the skills ladder.





## **Appendix 2: Skills issues and Changes by Key Sector<sup>40</sup>**

### ***Skills issues***

More evidence of the specific needs for each of the Key Sectors is still emerging. However, high level evidence has come from the SWLEP Local Economic Assessment and supplementary sector analysis and work on the City Deal proposal.

### ***Sector changes***

We have compared the distribution of employment across broad sectors in the Swindon and Wiltshire LEP area with that across England as a whole. In most sectors the distribution across the LEP is broadly similar to that found across the country as a whole. Sectors where there is an above average share of employment in the LEP area include: Other Services; Rest of Manufacturing (e.g. without engineering); Agriculture and Electricity and Gas. Sectors where the LEP area appears to have a below average share of employment include: Health and Social Work; Construction; Education and Transport and Storage.

The employment fortunes of individual sectors are variable. Significant overall growth is predicted in two sectors: Professional Services; and Accommodation and Food (a large component of the tourism sector). Professional services are expected to account for the major share of the employment increase in terms of expansion demand – up by 12,000 jobs, 40% of the total net increase. This category is very broad comprising estate agents, law firms, accountants, financial managers, architects, engineering consultants, R&D, advertising and vets. More modest growth in the total volume of jobs is predicted in sectors such as: Construction; Real Estate; Arts and Entertainment; Support Services; Wholesale and Retail; Other Services and Finance and Insurance. Wholesale and retail has the highest level of replacement demand.

Some of the predicted gains in employment in the SWLEP area are expected to be cancelled out by reductions in sectors, including: Rest of Manufacturing; Public Admin and Defence (which excludes members of the armed forces); Engineering; Health and Social Work.

### ***Advanced Manufacturing & High Value Manufacturing***

#### ***Skills Issues***

A total workforce in manufacturing sector of approximately 30,000 with 5,000 of these in engineering. The main challenges are responding to the rapid pace of technological developments, which has workforce/skills implications. The continual shift of mass production to developing economies is accompanied by a shift to higher level occupations and higher skills for domestic operations. There will be a decline in employment, impacting less in skilled occupations but possibly leading to greater investment in capital, R&D and high value products.

The ageing workforce, particularly of highly skilled engineers is creating a short fall in the supply of technicians and engineers trained to level, 3 and 4 and above which may lead to a variety of highly specific skills shortages across the sector including mechanical engineers, chemical engineers, design and development engineers, production and process engineers, buyers and purchasing officers. Higher levels of flexibility, agility, and broader range of soft skills across the whole workforce are considered important in the future workforce.

This will be accompanied by a continued shift to higher order occupations: more managers, professionals, associate professionals and a contraction in skilled trades and plant and machine operative roles. The sector will be competing for smaller pool of new STEM skills/graduates, which will become of more importance to SMEs.

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<sup>40</sup> Refers to Section 4 above

Approaches to up-skilling current workforce will be important. There is some worrying evidence that major parts of this sector are not convinced by the business case for investing in the human capital development of the workforce, especially SMEs which make up approximately two thirds of the industry. Overall, the sector needs to attract and develop talent and to do more to address some of the negative stereotypes it has to show the breadth of opportunities it can offer.

#### *Sector changes*

There is no universally accepted definition of advanced manufacturing and it is difficult to map the industries such as automotive, computing and aerospace (and their supply chains) using SIC codes. At this stage, we are using data for both the manufacturing sector and the smaller engineering sub-sector where possible. This will be complemented by local work currently underway to better understand the nature and needs of the High Value Manufacturing sector in the SWLEP area.

There are approximately 1,700 manufacturing businesses in the area with 22% in Swindon and the remaining 78% located in Wiltshire. These currently employ 30,000 in the SWLEP area, with around 5,000 of these in the narrower engineering sector. These include world-leading manufacturers such as including Honda, BMW Group, Tyco Electronics and Johnson Matthey.

With the continued move of mass production to lower cost economics, domestic manufacturing will see a further shift to higher-level occupations and higher skills and a concomitant decline in employment among less skilled occupations. It may also lead to greater investment in capital, R&D and higher-value added product market positions, in order to keep pace with global technological developments. Companies will have to respond to these developments to maintain their competitive position and deliver products and services that meet the needs of increasingly demanding consumers.

The ageing workforce, particularly of highly-skilled engineers, is creating a short-fall in the supply of technicians and engineers trained to NQF Level 3/4, which is likely to result in specific skills shortages across the sector, including mechanical engineers, chemical engineers, design and development engineers, production and process engineers and buyers and purchasing officers. There will also be a need for higher levels of flexibility, agility and a broader range of soft skills across the whole workforce

SMEs need to acquire the strategic management skills to support innovation, introduce new processes, develop new products and services and enter new markets. This includes the need for core business skills in areas such HRM, marketing and finance.

While evidence points to a strong relationship between companies that invest in training and development and long-term business survival, there remain many manufacturers which appear unconvinced of the business case for investing in the human capital development of their workforce. SMEs make up approximately two-thirds of the manufacturing business base.

### ***Military - Defence***

#### *Skills Issues*

Some 1,600 personnel (mainly Army) leave the Armed Forces military services in Wiltshire each year (although these numbers do fluctuate with redundancy programmes). Wiltshire and Hampshire are the top 2 preferred resettlement locations for Army leavers and those wishing to remain in the area providing a significant addition to the local labour market. This population gives rise to specific opportunities including:

- Accreditation/conversion of military skills;
- Matching skills to growth potential elsewhere in the economy;
- Business start ups through commercialisation of military know how.

The Defence Industry itself requires STEM graduates which are in short supply. The UTC will help with supply but other skills providers will need to provide a pipeline of skills.

#### *Sector changes*

The defence industry comprises government and commercial industry, involved in research, development, production and service of military material, equipment and facilities. It includes defence contractors, arms producers and private military contractors and forms a significant component of the SWLEP economy. There is a significant presence from the defence industry. Porton Down, with the Defence Science and Technology Laboratory (dstl), is located in Wiltshire, as well as private companies such as QinetiQ, Chemring, Countermeasures, Tetricus, Aspire and Serco. These companies work in a variety of different area, including cyber security, defence logistics and munitions. Swindon is also home to BAE Global Combat Munitions Systems.

There are currently 39,000 armed forces personnel stationed in the South West region, with the majority being army and navy personnel. The highest total numbers of military personnel are stationed in Wiltshire. The estimated 'total military presence' in terms of spouses and children increases the military population in Wiltshire to between 29,400–30,600. Just over 30% of the 55,490 MoD civilian personnel based in the UK are located in the south west region. Wiltshire, especially Salisbury Plain, is presently an important part of the British Military, including the Defence training estate which is used by the Royal School of Artillery, which is based at Larkhill, Wiltshire. Wiltshire is also home to MoD Boscombe Down,

Army 2020 is a key driver of change in the SWLEP area. As a result of the plan, the area will be the 'home' for 3 Armoured Infantry brigade. In Wiltshire, £850m will be spent to develop new army bases, for the Armoured Infantry Brigades, by 2019. The main plan is to grow a new Super Garrison at Salisbury Plain to accommodate personnel returning to the UK from British Forces Germany. By 2018 25% of all UK Army resources will be located in the area, equating to some 22,000 military personnel as well as their families. The Army will be the largest employer in the SWLEP area. This will lead to an additional 4,000 military personnel being on Salisbury Plain. However, as part of the plan, 5,000 existing personnel are expected to come into the civilian job market over the next two years. These will generally be skilled workers, including: engineers, technicians, administrators, drivers, chefs and nurses.

The defence industry requires STEM graduates. To help meet future skills needs, a new University Technical College (UTC) is being established in Salisbury. Supported by the University of Southampton, the Army and leading local science and engineering employers, it will teach skills needed for the defence and protective science industries and prepare students for relevant courses, either at university or for Apprenticeships.

#### ***Professional and business (including financial) services***

##### *Skills issues*

This sector has 615 businesses across Wiltshire and Swindon, 71% in Wiltshire and 29% in Swindon where it accounts for 7% of all employment. The sector has been hit hard by the recession but Working Futures forecasts anticipate strong potential for employment growth of 1,500 jobs by 2020.

Some parts of the sector, particularly banking, are experiencing unprecedented change with tighter regulation, greater scrutiny, funding pressures and a more competitive environment. In addition, technology, demographics and outsourcing will bring additional changes in the workforce.

There is a need for high level customer service/sales skills and managerial skills to maintain high levels of service and an ongoing need for more professional and associate professional staff and for existing staff to continually develop their specialist and technical skills. Risk and management skills, legal, analytical, statistical and IT skills are key technical skills for the future.

Availability of skilled workers is seen as the most important factor in business location decisions. An effective mechanism to work with Further Education skills providers and Higher Education Institutions in relation to City Deal will be essential.

#### *Sector changes*

Financial services encompasses a broad range of organisations that manage money, including credit unions, banks, credit card companies, insurance companies, accountancy companies, consumer finance companies, stock brokerage, investment funds and some government sponsored enterprises. There are approximately 615 businesses in the Finance and Insurance sector operating in SWLEP area, employing around 12,000 people. The financial sector is a major economic driver and one of the largest contributors to economic output in Wiltshire and Swindon. Large companies tend to dominate the sector, as is general with the banking industry.

The main driver for change in the sector is the continuing impact of the 2008 recession and changes in the regulatory regime. There are new demands on management skills, particularly risk management to ensure that the high risk policies of the previous recession do not occur again, and can ensure that government regulation is followed. Changes to the regulatory regime require that staff have higher skills levels, but retail banking and insurance services are currently less attractive to new entrants. There is unlikely to be a return to pre-2008 levels of employment in the financial services sector until after 2020. To improve efficiency, banks will continue to reduce the size of their workforce, making the banking industry more competitive and requiring a broader range of skills. Whilst many in the sector are trained to NQF level 4 or above, there are still skills gaps in relation to retail banking and this is the main area that needs to be developed. Insurance is also lacking sufficient highly skilled applicants.

### **Tourism**

#### *Skills Issues*

Data on the overall sector is limited – though emerging from Visit Wiltshire business plan due in Summer 2014. However, we do know that the total workforce in accommodation and food sector was estimated at 22,000 in 2011. The SWLEP visitor economy is growing by 3% pa. This is creating additional jobs, particularly in accommodation and food and particularly for Managers, Directors and senior officials.

#### *Sector changes*

VisitWiltshire has recently undertaken research on the economic impact of tourism in Wiltshire, the results of which are set out in the below. This has estimated that there are some 21,000 tourism related jobs within the county, which is around 7% of total employment. Visitor spend is increasing – there has been a drop in visit numbers but visitors are staying longer and spending more. There are significant differences in the nature of the tourism sector across the SWLEP area. Wiltshire has natural and heritage assets, which attracts visitors from home and abroad, while Swindon's strategic location makes it important destination for business tourism. While definitions make it difficult to state the total number of Tourism businesses in the SWLEP area, there are around 1900 businesses in the Accommodation and Food sub-sector with 25% of these in Swindon and 75% in Wiltshire. The total workforce in the accommodation and food sub-sector was estimated to be 22,000 in 2011, 1,000 of whom are self employed.

### ***Land-based industries including Food***

#### ***Skills Issues***

With 2,200 agricultural enterprises across the SWLEP area, 94% of which are in Wiltshire, agriculture accounts for approximately 2.5% of the workforce. The sector workforce is characterised by high levels of self-employment, seasonal working, temporary foreign migrant labour and individuals with second jobs.

There is an increasing need for STEM skills for aspects such as biotechnology and GM crops. Skills will need to change and adapt given the need for diversification and compliance with legislative, technological and climate change needs. High priority skills include environmental management, risk management, scientific knowledge and technology transfer and better ICT skills. There is also a need for skills in marketing, planning and project management, woodland management and pest and disease management within the sector.

The sector suffers from image problems which make it difficult to attract the right skilled people. Yet with an estimated 50% of workforce retiring in the next 6-10 years, there is an urgent need to ensure there are sufficient numbers of replace these.

#### ***Sector changes***

There are approximately 2,220 agricultural enterprises operating within the SWLEP area. There is an average of only 2 workers at each agricultural business, reflecting the high efficiency of the agricultural sector and the many family owned agricultural businesses in the area. This has implications for succession planning for meeting future skills requirements. Increases in efficiencies are linked with decreasing numbers of agricultural staff. Those who remain in the sector will increasingly have to develop STEM skills for aspects such as biotechnology and GM crops.

Key challenges for the sector include food security (the ability to ensure all citizens have access to affordable, nutritious food), rising demand for food due to population growth, changing consumer preferences (including the reduction in demand for organic food following the recession) and compliance with regulations. Additional challenges from come from increasing energy prices, international pressures and market competition and climate change.

Although the absolute proportion in the agricultural sector is expected to decline by 0.3% in SWLEP area by 2020, there will be a need to replace almost half of the existing staff, due to the increasingly aging population in the agricultural sector. If these staff are not replaced effectively, there is a potential for skill losses across the industry. This issue is likely to be compounded by the poor perceptions of the agriculture industry, as well as barriers to entry to the sector. This will make it increasingly important to ensure there are sufficient replacements.

There is also a need to ensure that there are sufficient STEM skilled staffs for the agricultural sector, in order to fully utilise new biotechnologies, such as GM crops. Already, 24% of the agricultural workforce in the UK is trained to NQF Level 4 or above.

Managers are the most likely to require these higher level skills. It is also important that managers are able to manage the processes of any government regulation that affects the sector, which may lead to additional training requirements in terms of understanding the regulation and their impact on businesses, alongside a general decline in competitiveness.

## ***Environmental Technologies***

### ***Skills issues***

In the SWLEP area, there are more than 700 businesses employing approx. 2,300 people linked to environmental and low carbon technologies. The sector is expected to grow and is just one of a number which will need to compete for high quality STEM graduates over the next few decades. The number of STEM graduates has risen but it has not kept pace with the increase in demand. Work undertaken by SBC identified four sectors likely to benefit most from additional jobs and a lower carbon economy, Automotive, Logistics/Distribution, ICT and Construction.

Leadership and management skills needed to deliver a low carbon future have been identified by Pro Enviro Ltd as key and include Strategic Business Planning with low carbon principles in mind, managing change and financial investment modelling. At an operational level, project management skills have also been identified by a number of low carbon industries as skills in short supply and are vital.

The demand for generic low carbon skills is likely to increase alongside the development of the sector. These skills include sustainable procurement, carbon accounting, performance reporting, environmental management systems, risk management, whole life costing, cost benefit analysis and commercialisation skills.

While the rapid development of a low carbon economy and industrial base will create a range of specific, new roles which have not existed previously, there is much emerging evidence that low carbon activities will need to be carried out by existing worker adding new 'green skills' to their existing activities. This will require 'top up' training to gain an understanding of new concepts and practices.

### ***Sector changes***

This sector can be defined as the development of economic activities focused on reducing carbon emissions and sustaining the environment, through the implementation of existing and developing technologies. These include: carbon capture and storage technologies, renewable energy generation, low carbon vehicles, fuel cells, low carbon building technologies and energy management. It is difficult to isolate data on low carbon businesses and employment from traditional information sources. However, within the energy sector (a key component of the low carbon sector) there are an estimated 2,400 current employees across Swindon and Wiltshire. There are believed to be between 50-60 energy utility companies in the Swindon and Wiltshire area.

SWLEP has an array of low carbon and environmental technology companies, including those providing practical solutions. Renewable energy companies, such as BPV Solar, are providing low-carbon energy sources to homeowners, Good Energy, a 100% renewable electricity supplier, supports almost 2,000 independent generators spread across the country and new renewable power stations including a 0.6MW bio-digester in Warminster, a 120kW solar array, and also plans for a new biomass fuel plant at Cheney Manor Industrial Estate in Swindon.

There also significant projects for the development of new low carbon technologies including a new Honda solar powered hydrogen fuel cell refuelling plant in Swindon, which is the only plant like it in the UK. The company is working to develop a commercial hydrogen fuel cell vehicle. There is significant R&D in low carbon technology in the SWLEP area, notably the new £1 m research facility for low-carbon construction materials being built, as the first stage of a Bath University research park in Wroughton; and Johnson Matthey, world leader in the production of catalysed products for hydrogen fuel cells, with the largest facility in the world based in Swindon, investing £6m/pa in R&D and predicted revenues of over £200m/ pa. in the long term.



The UK is committed to reducing carbon emissions to 'halve greenhouse gas emissions on 1990 levels, by the mid-2020s,' and an 80% reduction by 2050. To meet this target, there is a need to develop new technologies and to mass produce existing ones. The Government is investing to support this through programmes such as £1bn support for carbon, capture and support (CCS). Both Swindon and Wiltshire's local authorities are signatories of the Nottingham Declaration; stating that the local authority will work with central government for the delivery of the UK Climate Change programme, the Kyoto Protocol and the reduction of carbon dioxide.

In addition, there is a new emphasis nationally (and internationally) on measures to improve the security of future sources of energy. Key threats to energy security include: the political instability of several energy producing countries; the potential for manipulation of energy supplies, competition over energy sources, attacks on supply infrastructure, as well as accidents and natural disasters.

Diversification of the UK's power generation base and the push towards much greater use of low carbon sources of energy are, in part, a response to concerns around energy security as well as the need to reduce the level of harmful greenhouse-gas emissions.

The low carbon sector is just one of a number which will need to compete for high-quality STEM graduate over the next few decades, and while the number of STEM graduates has risen it has not kept pace with the increases in demand. Effective and far-sighted management among employers involved in developing low-carbon industries is vital if the sector is to meet its potential as a source of significant wealth and jobs for the UK economy in the future. A recent review by Pro Enviro Ltd [1] determined that the key leadership and management skills needed to deliver a low-carbon future were: an ability to effectively communicate the low-carbon message within organisations; strategic business planning with low-carbon principles in mind; lifecycle analysis; managing change; and financial investment modelling with low carbon understanding.

At an operational level, project management skills have also been identified by a number of low-carbon industries as skills in short supply which are absolutely vital to the successful implementation and creation of a low carbon industrial base. These skills are particularly important during this start-up and infrastructure development phase.

The demand for generic skills associated with the move to a low carbon economy include: sustainable procurement; carbon accounting; performance reporting; environmental management systems; risk management; whole life costing; cost benefit analysis and commercialisation skills. Wider adoption of core business management techniques such as lean manufacturing and Business Improvement Techniques (BIT) can play a significant part in helping both emerging low carbon industries as well as traditional industries adapt to low-carbon thinking and operating.

While the rapid development of a low-carbon economy and industrial base will create a range of specific, new roles which have not existed previously, there is also much emerging evidence that low-carbon activities will need to be carried out by existing workers adding new "green" skills to their existing activities. Such a situation will require individuals to undertake additional "top up" training to familiarise themselves with new concepts and practices which will enable them to operate in low-carbon industries.

Many low carbon industries are inter-related and inter-dependent and they therefore need to develop in unison in order to succeed. Understanding these supply chain linkages and providing effective support across the supply chain is essential for the development of a strong and vibrant low carbon sector.

## **Health and Life Sciences**

### *Skills Issues*

The global life sciences sector is facing significant changes. Increasing supply and demand pressures are being generated by lifestyle choices, longevity and a rise in chronic conditions such as diabetes, obesity and dementia. There will need to be a significant restructuring of the present research methods to meet cost effective needs of NHS and others. There is a need to increase the vocational training available for the health and life science industry as well as ensuring academic institutions are working with the sector. This includes entry at technical level and more Apprenticeships where there is a need for a minimum of 10% more staff to be trained in the next 10 years.

### *Sector changes*

The Government's Industrial Strategy for the Life Sciences Sector shows that SWLEP area has an estimated 35-80 health and life science businesses with total employment ranging between 660 - 4800 across the two local authority areas. This includes pharmaceutical companies, such as Patheon and Cardinal Health, who have their UK divisions headquartered in Swindon; dstl and QinetiQ facilities and Public Health England (PHE) at Porton Down near Salisbury. These are linked to Tetricus Porton Bioscience and Ploughshares Innovation, which uses research from Porton Down for commercial purposes. Tetricus Bioscience is a 'business incubator' for new bio-science companies and is looking to develop a new £70m science park, which is expected to create 2,000 jobs over the next 10 years, including a new innovation centre.

The global health and life sciences sector is facing significant changes. There are increasing supply and demand pressures, such as lifestyle choices, longevity and a rise in chronic conditions, such as diabetes, obesity and dementia. In order to deal with these conditions, there will need to be a significant restructuring of the present method of research, in order to meet the cost-effective needs of the NHS and the slow regulatory approval process for new treatments. The traditional models of research and development, based around large scale establishments are becoming unsustainable. Whilst the costs of genomic development are increasing, the opportunities for 'tailored medicines' will be the focus of life sciences in the next decade.

There is a need to increase the vocational training available for the health and life science industry, as well as ensuring that academic institutions are working with the industry so that graduates are entering the labour force with the appropriate skills. There have been recent reductions in the number of workers in the life sciences sector in Swindon, with redundancies at several companies. This may result in skilled workers leaving the area to seek specialised work elsewhere.

The health and life sciences sector has a demand for more qualified workers. The UKCES, working with employers, has identified the need for more vocational training, including Apprenticeships, to prepare people for the industry. They believe there is a need for a minimum of 10% more staff to be trained within the next 10 years. There will also need to be more co-operation between academic institutions and businesses, to ensure that graduates are being trained with the skills life science employers actually require.

The health and life sciences sector in Swindon needs to be supported to continue to grow and prevent further rounds of redundancies. The loss of headquarters of large pharmaceutical companies may make the area less attractive for other life science companies. In Wiltshire, it is likely that the sector will remain stable as long as the Military science park remains in the area. The new bio-sciences park should be supported, in order to encourage more, new established bio-science companies to develop in the area.

**Construction**

This is not considered as a key sector but is a very significant part of the local economy and has strong links to low carbon. Working Futures workforce projections predicts that the construction workforce in SWLEP will increase by nearly 3,000 during the period 2010-2020. The majority of this growth will be amongst Skilled Trades Occupations although there will also be modest growth in the number of both Managers and Professionals.

## **Appendix 3: Task and Finish Groups - Terms of reference**

### ***Background to the work of the SWLEP ESIF Strategy Task and Finish Groups***

Local Economic Partnerships are key to the new arrangements for the delivery of European funding programmes for 2014-2020. They have been asked to drive the development of local strategies for the new European Structural and Investment Funds (ESIF). Each ESIF Strategy needs to demonstrate how EU funding will be used to achieve economic growth in the SWLEP area, in close alignment with other funding programmes, notable the Government's Local Growth Fund, City Deals and Regional Infrastructure Frameworks.

ESIF brings together a number of EU funding streams which were previously considered separately, giving the opportunity for greater alignment of funding. And for the first time, local areas will have the opportunity to develop plans for how they want to use this funding and make a cohesive set of investments in areas they consider priorities for growth, within the overall framework set for the funds at European and UK levels. Both the EU and UK Government have made it clear that they expect the funding to be used to support a limited number of large projects. Central Government would like to see LEPs working with each other to exploit synergies, increase impact and achieve economies of scale where possible. This can include collaborations between LEPs which are geographically distant but share common economic interests, in a particular sector for example. There is also the possibility of 'opting-in' to national programmes which will be offered to LEPs with match funding in place.

The timeframe for this work is tight. It needs to progress rapidly to ensure that the Swindon and Wiltshire area is well placed to make best use of the funding opportunities now available. The allocations to each LEP area have now been announced and SWLEP have a notional allocation of €43.6 of EU funding which needs to be matched by an equivalent of funding from other sources.

ESIF Strategies are to be developed and delivered through a partnership process, involving a broad range of economic, social and environmental partners drawn from businesses (including social enterprises), rural interests and networks, trades unions, local authorities, civil society interests, equality and on-discrimination bodies, Jobcentre Plus, higher and further education. The Task and Finish Groups are being established to support the development of SWLEP area ESIF Strategy. During the process of ESIF Strategy development, consideration will be given to the longer term governance structures which need to be put in place to support the delivery of the programme. Further information will emerge in due course on the involvement of partners and stakeholders in these governance and decision making structures.

Of course, this work does not start with a blank sheet of paper. SWLEP has been working from the beginning to engage with partners and stakeholders who are critical to the successful delivery of its Business Plan. The SWLEP includes the local authorities who have undertaken extensive consultation to develop their own economic strategies and policies and have generated a significant base of evidence to support these. The SWLEP anticipates that the ESIF Strategy process will build on the understanding that already exists, and on existing relationships and a history of collective working to take this opportunity to further drive economic growth across the LEP area.

The SWLEP Board has identified five strategic priority areas which are to be the focus of the SWLEP ESIF Strategy and has established a Task and Finish group for each priority. These are:

- **Military-Civilian Integration (MCI)** programme e.g. skills and business start-ups;
- **Key Sectors** e.g. innovation/enterprise support for SMEs, higher level skills, access to Higher Education, vocational education pathways and lifetime learning;
- **SME growth** (scale-up and start up) eg improving GVA, resource efficiency, access to finance, risk management and internationalisation;
- **Low carbon** e.g. including innovative products for resource efficiency and climate change adaptation, community energy and B2B energy security;
- **Social inclusion** e.g. raising aspiration/attainment, enterprise creation (including social enterprises), employability skills among young people.

#### *Practical arrangements*

The activities of all of the Task and Finish groups will be supported by technical experts with specialist knowledge of relevant EU funding, of the new ESIF process and of the strategic priority area. Each group will also have practical support to ensure that meetings are arranged properly and run smoothly to maximise the value of the time being contributed by the chairs and members of the Task and Finish groups.

Each group will meet three times, at approximately six week intervals between September and December 2013. There will also be the opportunity to respond to drafts documents circulated electronically. We anticipate that all Task and Finish group members will do their best to attend all of the meetings to ensure maximum continuity through the process (although we realise that may not always be possible.)

In order to ensure that this process is as inclusive as possible, we have made funding available to meet travel and other reasonable expenses for attendees.

#### *The role of the Task and Finish groups*

The Task and Finish groups will come together to provide collective input to the process of developing a programme of activity to deliver real economic change in the priority areas. The aim of this process is to win collective agreement for a relatively small number of priorities.

Each Task and Finish group will:

- Describe what 'good outcomes' would be for their priority;
- Building on their understanding of what works well to draw up a set of activities to be commissioned once funding is available;
- Consider the 'opting-in' opportunities for each priority and consider how these can form part of a portfolio of activity which will maximise the outputs
- Consider how to deliver the objectives of the cross cutting themes in everything that they do.

Group members should take into account the external framework within which the SWLEP ESIF Strategy operates, notably the regulations applied by the EU; and the guidelines issued by the UK Government.

Group members should try to take a wider view, looking beyond the confines of their own organisation to consider how EU funding can be used alongside other funding streams to generate the greatest level of economic growth.

The group process should help in identifying a pipeline of investments, encouraging potential delivery partners to begin to consider possible project and winning collective agreement for a relatively small number of priorities. Done well, it will make a valuable contribution to the effective delivery of EU funded activities and enable spend in project to begin quickly once the funding is approved in mid-2014.



#### **Appendix 4: Consultation: Task and Finish Group – local engagement**

<b>Name</b>	<b>Organisation</b>
Rolf Stein	App-Uk
Simon Barfoot	Blackmore IT
Caroline Wheatley-Hubbard	Boynton Farm
Geraldine McKibbin	Business in The Community
Nicky Alberry	Business West
Andy Bates	Business West
Mike Godfrey	Business West
Ian Larrard	Business West
John Mathews	CLA
John Mortimer	CLA
Charlotte Sealey	CLA
James Miles-Hobbs	CLA
Philippa Read	Community First
Alan Truscott	Community First, Plain Action LEADER
Lorelei Hunt	Concept2reality
Ian Cambrook	Consultant – MCI Manager
David Blake	Cranborne Chase AONB
Andy Rumming	Defra, SW RDT
Jill Annal	Department for Work and Pensions
Jackie Tuckett	Department of Work and Pensions
Janice Fortune	DEVELOP
Haydn Earl	EIN-SW
Steve Stone	Enterprise Wiltshire Board
James Phipps	Excalibur
Peter Davis	Forward Swindon
Lawrence Murphy	Forward Swindon
Clive Parkinson	Forward Swindon
Phil Young	Forward Swindon
Alison Herbert	FSB
Ken Teal	FSB
Julia Falaki	Gloucestershire and Wiltshire Partnership
Juliet Davenport	Good Energy
Tori Read	Good Energy
Julia Falaki	GSW funding network
Jeremy Sanders	Hartham Park
Jeff Thomas	Hartham Park
Peter Jones	HCA
Graham Dean	Herman Miller
Julian Bliss	Honda
Mat Roberts	Landmarc
Bill Blumsom	Link2Nature
Thomas Minter	Malaby Biogas
Cllr. Toby Sturgis	Member Wiltshire Council, farmer
Steve Jenkins	National Apprenticeships Service

Sally Timmins	National Apprenticeships Service
Andrea (Andi) Witcombe	National Farmers Union
Hannah Lyons	National Railway Museum
Matt Moore	National Science Museum
Robert Angus	Nationwide
Julie Collier	Nationwide
Claire Jones	Nationwide
Graham Taylor	New College
Henry Oliver	North Wessex Downs AONB
Dawn Hamblin	North Wessex Downs LEADER
Lee Hughes	Outset Swindon
Faith Graham	Red Box Research
Merlin Hyman	Regen SW
Rowena Cox	Rural Heat / Manton Estate
Tony Gibb	Sowing SEEDS LAG
Sarah Dyke-Bracher	Sowing SEEDS LEADER
Andrew Phillips	SW MAS
Phil Townsend	SW MAS
Claire Alexander	Swindon and Wiltshire LEP
Isobel Brown	Swindon and Wiltshire LEP
David Ashmore	Swindon and Wiltshire LEP – Board
Mark Barnett	Swindon and Wiltshire LEP - Board
Claire Andrews	Swindon Borough Council
Sally Burnett	Swindon Borough Council
Stephen Cains	Swindon Borough Council
James Graham	Swindon Borough Council
Gill Llic	Swindon Borough Council
Jonathan Wilshaw	Swindon Borough Council
Alan Wylde	Swindon Borough Council
Cllr Andrew Bennett	Swindon Borough Council
Haydar Faramarzi	Swindon Chamber of Commerce
Evelyn Little	Swindon College
Andrew Miller	Swindon College
Oliver Collard	The 'Princes Trust
Kate Forrest	The Enterprise Network
Andrew Almond	The Prince's Trust
Brid Odwyer	The Princes Trust
M. Tatters	Thrings
Elaine Dobson	TUC/ Union Learn
Ros Etheridge	TUC/ Union Learn
Rob Harvey	UKTI
Mike Lawrence	University of Bath
Eve Walkden	University of Bath
David Andrews	Visit Wiltshire
Peter Wragg	Visit Wiltshire
David Wray	Voluntary Action Swindon
Michael Mounde	Warminster & Villages Development Trust

Rob Perks	Wessex Chamber
Chris Simpson	Wessex Chamber
Peter Beech-Allen	Wessex Forum
Sharon Cloude	Wilts & Swindon Care Partnership
Jon Yates	Wiltshire & Swindon Community Foundation
Ben Allen	Wiltshire College
Sheena Awdry	Wiltshire College
Julian Head	Wiltshire College
Sara Withers	Wiltshire College
Pete Manley	Wiltshire Council
Vincent Albano	Wiltshire Council
Haylea Asadi	Wiltshire Council
Emma Cooper	Wiltshire Council
Cllr Fleur de Rhé-Philipe	Wiltshire Council
Kate Forrest	Wiltshire Council
James Fortune	Wiltshire Council
Kevin Ladner	Wiltshire Council
Clare Langdon	Wiltshire Council
Tim Martienssen	Wiltshire Council
Dr. Tina Pagett	Wiltshire Council
Debby Skellern	Wiltshire Council
Jon Taylor	Wiltshire Council
Tina West	Wiltshire Council
Cllr Christopher Williams	Wiltshire Council
Cllr Graham Wright	Wiltshire Council
Ken Oliver	Wiltshire Council
Jay Gascoigne	Wiltshire Council
Tim Martienssen	Wiltshire Council
Debby Skellern	Wiltshire Council
David Murley	Wiltshire Enterprise / Wilts College
Ged Murphy	Wiltshire Enterprise / Wilts College
Stephen Davis	Wiltshire Wildlife
Jenny Hawley	Wiltshire Wildlife Trust
Andy Jackson	Your Boardroom