

SEMLEP ECONOMIC PLAN Executive Summary

The SEMLEP Strategic Economic Plan (SEP) is about investing in potential to accelerate growth in an area with a strong track record of delivering new jobs and homes.¹ The Plan aims to return the South East Midlands to the high level of growth that was being delivered prior to the recession and to establish a new phase of resilience and competitiveness built on ambition and innovation.

By 2020 the South East Midlands has the potential to deliver:

- **111,200 new jobs**; with
- **86,700 new homes** accommodating an **increase in population of 151,400**; and
- As a result **GVA is estimated to increase by £10.8bn** above the current level of £38.6bn for the area.

To achieve this potential SEMLEP requires Government to complement the significant planned levels of local investment.

At the heart of the Strategic Economic Plan are the strong economic prospects for the area to generate 111,200 new jobs and increase GVA by £10.8bn. Unlocking growth requires targeted investment to bring forward major sites for development, enhance local connectivity, enable job and market access as well as improving workforce skills.

Greater economic prosperity can be realised through a combination of improved connectivity between the key growth centres within and beyond the triangle of London, Cambridge and Oxford and the exceptional connections to the rest of the UK and internationally. Providing enhanced transport capacity and resilience in the local network remains an imperative.

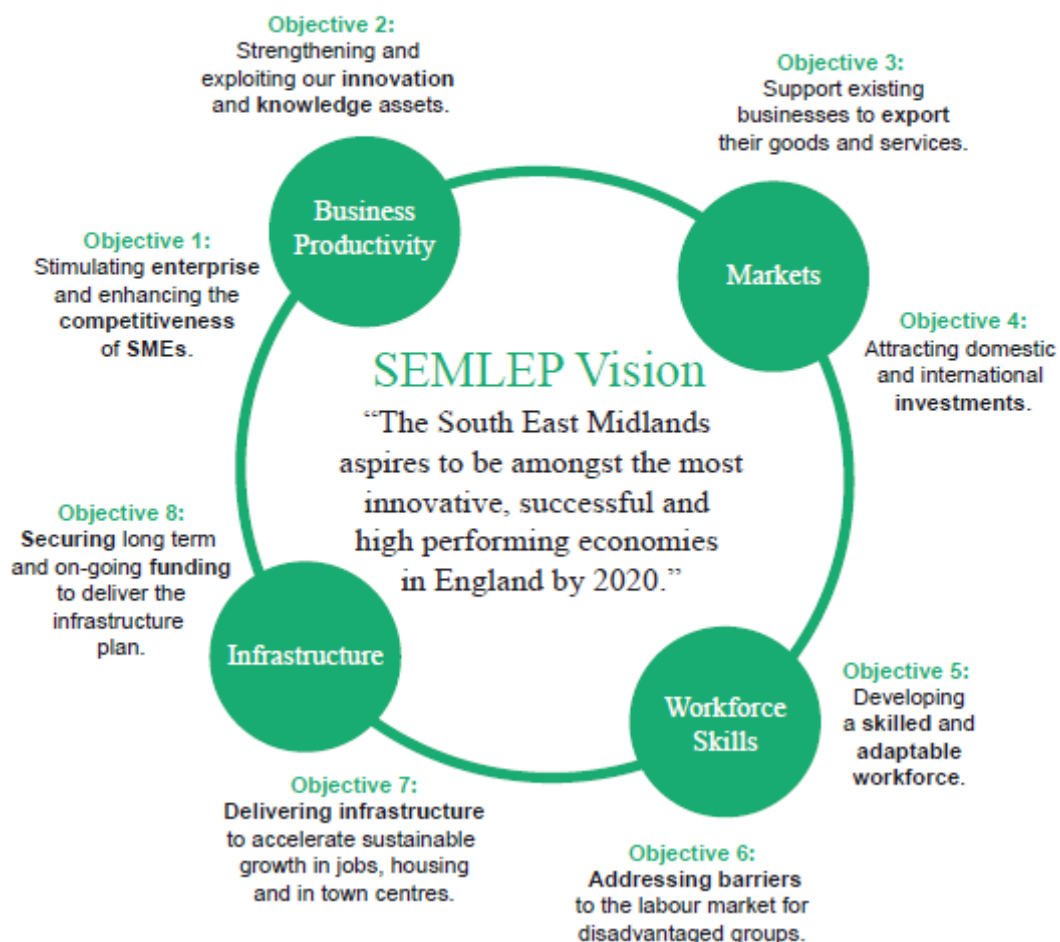
The principal challenge is the attraction of investment in infrastructure. The independent strong forecast of economic and employment growth for the South East Midlands is based on planned delivery of new homes by local authorities. To deliver the collective plans of our partnership of 86,700 new homes by 2020, the most significant infrastructure pinch points must be addressed.

Through pump priming and an integrated place-based approach, accelerated growth can be catalysed across a number of locations. The SEP's project pipeline identifies a range of ready to implement projects for 2015/16, such as the Abthorpe Roundabout improvement that requires investment of around £4.5m to unlock the growth potential outlined in the Silverstone Masterplan, which will deliver up to 8,400 jobs.

Supporting the needs of a population forecast to grow by 151,400 requires existing resources to be used both efficiently and effectively. The realisation of higher levels of growth is contingent upon funding the main investment pillars of business productivity, access to markets, workforce skills and infrastructure.

Figure 1: Strategic Economic Plan – Investment Pillars and Objectives

Accelerating Growth across the South East Midlands:



The SEP defines the key interventions under each pillar that will deliver sustainable growth in a cost effective way and are deliverable in the short and medium term. The link between the investment pipeline and evidence base is outlined in Sections 6 to 11 of the Plan.

The SEP's evidence base, which supports the proposed activities under the four investment pillars is distilled in the strategic narrative and detailed in Appendix I.

The SEMLEP SEP is the result of extensive consultation with businesses, local authority partners, education institutions, the voluntary and community sector and other stakeholders. We have a strong culture of working in partnership across local authority boundaries in an open, transparent and inclusive manner to deliver economic development.

SEMLEP continues to work collaboratively with our overlapping LEP areas of Oxfordshire, Northamptonshire and Bucks Thames Valley, in line with existing MoUs, to ensure that the Strategic Economic Plans are aligned.

Securing Investment to Accelerate Economic Growth

The project investment pipeline has been distilled from a long list assembled from local authorities and other partnership stakeholders including Further Education Colleges. These were assessed and grouped under the four pillars and placed into one of two phases: Phase 1, which are scheduled to start delivery by 2015/16 and Phase 2 for beyond.

The total investment pipeline for Phase 1 is £531.6 million with a Local Growth Fund 'ask' of £226 million. This comprises total investment costs across the four strategic investment pillars as set out in the figure below.

Figure 2: Investment Costs and Phase One Pipeline

| Pillar | Strategic Intervention | Total Cost £m | LGF ask £m |
|---------------|-------------------------------|----------------------|-------------------|
| 1 | Business Productivity | £180.9 | £38.1 |
| 2 | Markets | £29.5 | £16.0 |
| 3 | Workforce Skills | £70.3 | £45.1 |
| 4 | Infrastructure | £250.9 | £126.8 |
| | Total | £531.6 | £226.00 |

Project managers were asked to identify a total cost for each project and the 'ask' from the Local Growth Fund. The difference between these sums would be funded by private sector developers and/or local authorities. Further prioritisation assessment and project planning will take place in conjunction with our partners in early 2014 with the intention of identifying a definitive list of projects to start in April 2015 and in the two years thereafter.

Phase 2 projects to be delivered beyond 2015/16 currently total around £595.2m with a Local Growth Fund 'ask' of £376.2m. Clearly projects in Phase 2 are less developed than those ready for prospective delivery from 2015/16. There will be a period of intensive development of projects throughout 2014 and 2015. These will be rigorously appraised as the Plan progresses and assessed according to their strategic fit with the SEP, value for money and deliverability.

The South East Midlands would also welcome the prospect of additional funds to be used to forward fund infrastructure. These could be added to the Growing Places Fund (GPF) resources. SEMLEP had £18.7m of GPF, which have been invested in infrastructure to unlock growth, such as £3.85m in the Corby Northern Orbital Road to open up access to employment sites and £4.4m to enhance electricity capacity at Silverstone. Appendix V describes how this fund has been administered and lists the projects that have been supported.

Alongside the local impacts in terms of employment, housing and GVA, the growth opportunities in the South East Midlands will help generate long term benefits to the Exchequer, including additional tax receipts and cost savings. For example we estimate that that there will be an up-front fiscal benefit of around £24k for each house built with an additional annual long term fiscal benefit of over £4k per house or round £360m per annum by 2020.

SEMLEP partners are committed to the pursuit of growth and are keen to enter into a dialogue with Government about how to use greater freedoms and flexibility at a local level and develop a range of innovative funding and finance mechanisms. Each will enable investment to be achieved locally through allowing SEMLEP and its partners to capture part of the national benefits of additional economic growth.

The Strategic Opportunity

The South East Midlands is a functional economic area that has grown significantly in the last 20 years (population growth of 18.6% between 1991 and 2011). With the targeted investment identified in this plan, it has the potential to continue to grow above existing trends in terms of new jobs and jobs during the Plan period 2015/16 to 2020/21.

In line with the BIS industrial strategy the plan aims to support growth and competitiveness across the South East Midlands. This will shape the development of strategic partnerships with industry, support emerging technologies, improve access to finance for businesses and influence how universities, colleges and the public sector engage with business. It will also help develop the skills that businesses will need to be competitive.

The South East Midlands Strategic Economic Plan offers the opportunity to invest in the area and accelerate growth, as well as creating critical mass and alignment within a real economy.