

CABINET– 16 SEPTEMBER 2014

The Strategic Economic Plan and the Local Growth Deal - update

Report by Director for Environment & Economy

Introduction

1. Government has set a clear path for greater devolution of decision-making to a local level, enabling those who know what works best in their localities to deliver jobs and drive growth, with the 39 English Local Enterprise Partnerships (LEPs) at the heart of this approach.
2. LEPs and their partners were encouraged by government to produce Strategic Economic Plans (SEP) for their areas, with the strength and ambition of the SEP determining the area's allocation from the competitive £2bn Local Growth Fund (LGF) through Growth Deals.
3. Growth Deals represent a paradigm shift in how government funds localities – with funding streams previously awarded direct to local authorities now rolled into the competitive LGF pot. The Growth fund is not new money; it is the bringing together of a number of existing funds, initially transport and skills capital streams.
4. Strategic Economic Plans should set out:
 - Vision for the local area to 2030
 - Strategic objectives required to deliver the vision
 - Opportunities for growth – diagnosis, evidence and support (based on local understanding of the area's competitive advantage, and unique combination of strengths and challenges)
 - Area barriers to growth – (market failures) – diagnosis, evidence and support required
 - Evidence – that proposed interventions are appropriate to address market failure based on a clear evidence base and logical chain
 - Explanation – of why the proposed solutions are optimal; consideration of alternatives
5. Cabinet approved the Oxfordshire SEP submission in March, which articulated a growth ambition totalling c£2bn to 2030 (including match) across 56 projects within the four SEP themes of;
 - Innovative Enterprise - Innovation led growth is at the heart of our strategy, underpinned by the strength of our University research and development capacity, business collaboration and supply chain potential
 - Innovative Place - providing both the quality environment and choice of homes needed to support growth whilst capitalising upon the

exceptional quality of life, vibrant economy and the dynamic urban and rural communities of our county

- Innovative People - delivering and attracting specialist and flexible skills at all levels, across all sectors, as required by our businesses, with full, inclusive employment and fulfilling jobs
- Innovative Connectivity - allowing people to move freely, connect easily and providing the services, environment and facilities needed by a dynamic, growing and dispersed economy

6. Post submission the SEP core team including the County's Director of Environment & Economy and Service Manager Economy & Skills were tasked by our 'growth team', (civil servants from BIS, Cabinet Office and Treasury aligned to LEPs) with reviewing the long list against the government's key criteria of:

- a. availability of match funding
- b. deliverability in 15/16
- c. value for money
- d. jobs created/safeguarded
- e. strategic fit

before arriving at a 'top priority' list of schemes to be taken forward for further negotiation for 15/16 LGF consideration.

The Oxfordshire Growth Deal

7. On 07 July 2014, the Government announced that the Oxfordshire LEP had secured £108.5m from the Government's Local Growth Fund to support economic growth in the area – with £9.2m of new funding confirmed for 2015/16 and £53.7m for 2016/17 to 2021. This includes:

- As part of the Government's on-going commitment to the Oxfordshire LEP a provisional award of a further £35.0m of funding for projects starting in 2016 and beyond; and
- £10.6m of funding which the Government has previously committed as part of Local Growth Deal funding to the area.

LGF breakdown			
OxLEP LGF	2015/16	2016 onwards	Total
LGF award	9.2m	53.7m	62.9m
Previously committed funding	6.5m	4.1m	10.6m
Provisional allocation to projects starting in 2016/17 and beyond	-	35.0m	35.0m
Total	15.7m	92.8m	108.5m

8. This investment from Government will bring forward at least £100m of additional investment from local partners and the private sector. Combined

together this will create a total new investment package of £208.5m for the Oxfordshire LEP. By 2021, the Deal will facilitate the creation of at least 6,000 jobs and allow 4,000 homes to be built.

9. Our £108.5m Growth Deal alongside Oxfordshire's recently agreed £55.5m City Deal and our c£20m European Structural Investment Funds allocation sees a total of £184m being invested locally to 20/21 to support our growth ambition. Our full LGF agreement can be found at annex A.
10. OxLEP and the Government have agreed to co-invest in the following jointly-agreed priorities to start in 2015:
 - **Headington Phase 1 and Eastern Arc Transport Improvements** – a package of junction and local road improvements to support growth in Headington which is a centre for medical research and the location of the bio-escalator at Oxford University Old Road campus, which was part funded by the Oxford City Deal.
Lead: Oxfordshire County Council
Total project value: £12.5m
Total LGF allocation: £8.2m
2015/16 LGF budget allocation: £0.96m
Source/value of match: Private -CIL/S106/£4.3m
 - **Oxfordshire Flood Risk Management Scheme and Upstream Flood Storage at Northway** – a comprehensive package of measures to mitigate the risk of damage to homes, businesses and transport connections caused by excessive flooding such as that experienced in the county earlier in 2014.
Lead: Environment Agency
Total project value: £126.9m
Total LGF allocation: £26.15m
 - **Centre for Applied Superconductivity** – a new centre of innovation to coordinate the interaction between key industry players, Oxford University, cryogenics companies, and the end users (including SMEs) on the Harwell campus and at the Culham Centre for Fusion Research Campus.
Lead: Oxford University
Total project value: £6.5m
Total LGF allocation: £4.49m
2015/16 budget allocation: £0.88m
Source/value of match: Private/£2.01m
 - **Science Vale Cycle Network Improvements** - a sustainable transport scheme providing greater connectivity between Science Vale and the newly improved Didcot train station by bicycle.
Lead: Oxfordshire County Council
Total project value: £4.9m
Total allocation: £4.52m
2015/16 budget Allocation: £0.84m
Source/value of match: Public – LGF/LSTB/£0.4m

- **Oxford Centre for Technology and Innovation** – development of a centre in Oxford to address skills shortages across engineering, electrical, design and emerging technologies
Lead: City of Oxford College
Total project value: £7.9m
Total allocation: £4.5m
2015/16 allocation: £3.5m
Source/value of match: City of Oxford College/£3.4m
 - **Didcot Station Car Park Expansion (Foxhall Road)** – packages of measures for car park expansion including construction of a deck access car park on the existing Foxhall Road car park. Part of the expansion and improvement of Didcot station as a key gateway to Science Vale high technology cluster and the Enterprise Zone.
Lead: Network Rail
Total project value: £23m
Total allocation: £9.5m
2015/16 allocation: £0.62m
Source/value of match: Private/13.35m
Oxfordshire County Council/£0.15m
 - **Bicester London Road – Level Crossing** – a pedestrian/cycle crossing to provide sustainable access into Bicester town centre, required for the more intensive train service as part of the East West Rail project.
Lead: Oxfordshire County Council
Total project value: £3.6m
Total LGF allocation: £ 1.3m
2015/16 LGF allocation: £0.83m
Source/value of match: Oxfordshire County Council – LTB / £2.3m
11. Government has agreed provisional allocations for the following projects starting in 2016/17 and beyond:
- **Advanced Engineering and Technology Skills Centre** – a collaboration with Abingdon & Witney College, the centre will address local, regional and national skills shortages in science, technology, engineering and maths (STEM) subject areas.
Lead: Abingdon & Witney College
Total project value: £5.9m
Total provisional allocation: £4m
Provisional 16/17 allocation: £2m
Source/value of match: Abingdon & Witney college/£1.9m
 - **Oxford Science Transit Scheme** – Local Growth Fund support will be used to expand the integrated public transport system along the Knowledge Spine, delivering major enhancements to the A40 strategic route between Oxford, Northern Gateway and Witney and connecting centres of innovation and economic growth with Oxfordshire's universities.
Lead: Oxfordshire County Council

Total project value: £40m

Total provisional allocation: £35m

Provisional 2017/18 allocation: £1.75m (to pick up where City Deal funding ends)

Source/value of match: Private – CIL/S106 /£5m

12. Funding for projects starting in 2016/17 will be subject to conditions that Government will discuss with OxLEP, along with establishing the best timetable for the projects, taking into account practicalities and affordability.
13. It should be noted that local development decisions for specific proposals will be required to go through the normal planning process and be guided by Local Plans taking into account all material considerations.

Financial, Staff Implications and Risk

14. At £678.4m our total LGF ask to 2021 was the third largest highlighting Oxfordshire’s economic ambition. Our overall 15/16 settlement figure of £15.7m represented 10% of the total 15/16 ask – the lowest in England, however our overall £108.5m settlement to 2021 was the 8th largest per capita at £163.
15. LGF awards were made to the LEPs, which as the accountable body for OxLEP means that the funding agreement will be between government and the county council, on behalf of OxLEP. Whilst the agreement has yet to be finalised it has been confirmed that Growth Deal funds will be received quarterly in advance to maximise delivery.
16. Government has set the following indicative funding profile to 2021. While the annual funding profile is fixed there is flexibility to transfer allocations between schemes in year, allowing us flexibility to accelerate delivery where practical.

15/16	16/17	17/18	18/19	19/20	20/21
9.23m	17.75m	13.28m	11.25m	37.70m	8.75m

17. Environment & Economy is already responding to pressures arising from the City Deal and the current growth activity across the county. The Growth Deal represents a great opportunity but one which needs to be mapped against appropriate resource. The directorate is currently reviewing resource capacity and has identified the need to increase capacity in areas such as transport planning to ensure the directorate has the correct level of skills and experience to deliver against the priorities. In addition to this it is working closely with its commercial partners to ensure there is capacity within the market to deliver the schemes. It’s envisaged that these pressures will be managed within the directorate and will be incorporated in its business strategy 2015/16 onwards.
18. Oversight of LGF and City Deal programme delivery and risk management will be the responsibility of the emerging Oxfordshire Growth Board, with risk being managed using well established local authority processes. Firstly, a risk

register will be established, identifying and categorising risks in different parts of the programme, and setting out mitigations which will be built into programme design. This will be established in detail as part of the final LGF agreement with government, and will be regularly reviewed and updated as the programme progresses.

The second key component will be strategic oversight of programme risks and responses by the LEP board, which will receive at a minimum a detailed annual risk report, setting out the extent to which identified risks have come to pass and responses, along with identification of emerging threats and evolving responses. Key risks include the impact of non-delivery on future OCC capital programme and any shortfall of other funding sources e.g. projected Enterprise Zone business rate funding.

Future LGF/Growth Deal allocations

19. Negotiations for the 16/17 LGF round are expected to commence in September 2014 with the focus being on further developing schemes from the existing long list. It is envisaged that negotiations will continue through to early January with 16/17 LGF awards being announced in early 2015, pre- election.
20. Whilst new schemes and priorities will undoubtedly emerge it is not envisaged that schemes outside of the previously agreed long list will be negotiated for the 16/17 LGF round, unless a highly credible and persuasive case is made. Opportunities to reflect new priorities will emerge in later LGF rounds (c17/18 onwards) - not least as new Government departmental funding streams are potentially included in the LGF process moving forward.

Equalities Implications

21. Facilitating the provision of around 6,000 new jobs will provide opportunities for local people both through the construction of new buildings and employment at end user stage in a variety of jobs at all levels. The new facilities delivered through LGF will provide jobs not only for highly skilled staff in the science and technology sectors, but also for those with lower level skills and for whom service sector roles may appeal.
22. Facilitating the development of 4,000 new homes will provide a proportion of affordable homes for social rent and other tenures such as shared ownership, helping to ease the housing affordability issue currently faced by many households in Oxfordshire and will provide local people with construction job and training opportunities.
23. To ensure that local people are aware of, and have access to, these training and job opportunities, the Economy & Skills Team will be issuing regular Labour Market Intelligence (LMI) bulletins for use by career advisors and other practitioners engaged in supporting Oxfordshire's residents.
24. To maximise the opportunities arising from growth for all residents the team is also working through the Growth Board to encourage local planning

authorities to embed the requirement for employment and skills plans (ESP) in strategic development sites. ESPs set out how the developer will work with local partners to ensure local people have access to the training and job opportunities presented by their development and be enforceable through planning agreements.

RECOMMENDATION

25. The Cabinet is **Recommended** to agree that County Council lead schemes noted in paragraphs 10 and 11 of this report are brought forward as part of the 2015/16 capital programme to ensure proper revenue and resource planning can be undertaken.

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