



European Structural and Investment Funds Strategy 2014-2020

December 2015

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Foreword

The Cheshire and Warrington LEP Board and its partners are pleased to present this European Structural and Investment Fund (ESIF) Strategy, which will be important in delivering our overall ambition to become one of the strongest performing economies, nationally and internationally. The devolution of Structural and Investment Funds to the LEP geography is very much welcomed as it provides us with the opportunity to directly align funding with the specific needs of Cheshire and Warrington's economy.

This strategy provides an important opportunity to drive forward our economic vision in a way that recognises existing strengths and opportunities as well as addressing those issues that are constraining growth. In developing our ESIF strategy, we have been clear that it should be consistent with the vision outlined within our Strategic Economic Plan; to ensure that Structural and Investment Funds play a full part in achieving our overarching goal of improved productivity, by harnessing smart specialisation opportunities, supporting growth across our SME base and providing employment opportunities for all by creating a workforce which meets the current and future needs of business.

Our strategy has been developed in collaboration with all of our key partners to make sure that it is grounded in 'place' and framed by a strong understanding of our economy to ensure that investment is used in the most appropriate way for Cheshire and Warrington. It is rightly ambitious, recognising the relative strengths of our economy, whilst also looking to address the challenges that we face in terms of slowing growth rates and market restructuring within certain sectors and individual places within our economy. The delivery of this strategy will allow us to build upon these recognised strengths and create new opportunities to drive forward growth in a way that is sustainable and inclusive, thereby generating economic, social and environmental benefits.

This document aims to guide European Structural and Investment Funds investment in Cheshire and Warrington over the full seven year period from 2014 to 2020 inclusive. Over this period, changes will inevitably occur in the economy, presenting both opportunities and challenges for Cheshire and Warrington. However, it is anticipated that the themes of this document will remain consistent, allowing Cheshire and Warrington to exploit its strengths and address weaknesses, creating a stronger economy that excels not only in a northern context but also across the national LEP peer group and provides opportunities for all.

Finally, I would like to take this opportunity to thank all of our partners and my LEP Board colleagues for the significant contribution that they have made to the development of Cheshire and Warrington's European Structural and Investment Fund Strategy. It has been an excellent example of collaborative leadership and partnership working, resulting in a document that has been shaped by all of those with an interest in driving forward our economy.



Christine Gaskell, MBE
Chair, Cheshire and Warrington LEP

Executive Summary

Introduction to the Strategy and Our Vision

This Strategy sets out Cheshire and Warrington Local Enterprise Partnership's (LEP) aims and aspirations for the 2014-2020 European Structural and Investment Funds. The Funds will play an important role in achieving our ambition to become one of the strongest performing economies, nationally and internationally – driving forward economic growth and boosting productivity in Cheshire and Warrington in a way that builds upon existing strengths and opportunities and addresses those issues that are constraining growth.

Our ESIF has been developed alongside our Strategic Economic Plan to ensure that clear priorities for growth have been identified and coordinated programmes of activity prepared in response. By 2021, our vision is to be a £26.6bn economy, employing 465,000 people and to be recognised nationally and internationally as a modern, strong, sophisticated and attractive location to live, work, invest and visit.

The Context for Intervention

Cheshire and Warrington is already a strong economy, regularly ranking within the top LEPs in the country, but our ambition is to continue to build on our strengths and overcome challenges to deliver to our full potential. Some of the features of our economy that have informed our programme are summarised below.

Cheshire and Warrington ESIF: Context for Intervention – Key Factors	
Strengths/Opportunities	Weaknesses/Threats
<ul style="list-style-type: none"> • A large private sector employment base, including world class companies • Identified areas of smart specialisation • Strong innovation potential/assets • Above average levels of business start ups • High proportion of residents qualified to Level 4 and above • Good school and FE provision • A well connected strategic location • A strong natural and heritage environment • An attractive place to live and work • Availability of sites for development 	<ul style="list-style-type: none"> • Low levels of productivity in parts of the economy • Limited innovation/product development beyond large companies • Constraints on key development sites • An ageing population • Recognised skills gaps and limited connection between provision and need • Persistent pockets of deprivation and exclusion • Poor perceptions of parts of the area • Costly legacy of brownfield land and industry

Further details of the context in which the programme has been developed and will be delivered are provided in Section 2.

Our ESIF Allocation

Over a seven year programme, we have received a total allocation of £103.1m to be invested across ERDF, ESF and EAFRD. Within our ERDF and ESF allocation of £100.6m we will invest 55% in ERDF activities and 45% in ESF activities. This decision reflects below average levels of deprivation, inactivity and low level skills in the LEP area and our ambitious programme of capital investments requiring ERDF support. A pipeline of high quality, deliverable projects is in development to ensure that we can spend and achieve our ambitions across the programme period.

Our £103.1m investment will attract high levels of public and private sector match funding and leverage, maximising the impact of our activities. We will secure at least £1 of other funding as match for every £1 of European funding invested over the course of the programme, with further private sector investment to be levered as a result of activities. We propose to work with a number of organisations (both on an opt-in basis and as strategic partners) to allow this

investment package to be realised. Details of our anticipated funding package and expenditure profile are provided in Section 6.

Our Programme

Our ESIF programme has been prepared in collaboration with all key partners to ensure it is grounded in Cheshire and Warrington, the place, and is based on a real and detailed understanding of local challenges and opportunities. The table below summarises the focus of our programme by Priority Axis (PA), describing the case for intervening, the types of activity we will support and the funding allocated to each.

Cheshire and Warrington ESIF: Programme Summary		
Rationale	Example Eligible Activities	Allocation
PA1: Strengthening Research, Technological Development and Innovation		
There is a need to innovate in systems, processes, products and services in order to gain and maintain competitive advantage. Cheshire and Warrington is home to a number of innovation-intensive clusters making this requirement particularly important.	<p>We will:</p> <ul style="list-style-type: none"> • support smart specialisation collaborative research between enterprises, universities/research institutions and public institutions; • support the commercialisation of new products and process; • invest in new innovation space, facilities and equipment (including any supporting requirements, e.g. green infrastructure, transport or digital connectivity); and • make investments through the North West Fund and Evergreen. 	£17.8m ERDF
PA2: Enhancing Access to, and Use and Quality of, Information and Communications Technologies		
Partners in Cheshire and Warrington believe that investment in ICT is necessary to support continued economic growth, and is the cornerstone of technology led innovation.	<p>We will:</p> <ul style="list-style-type: none"> • support packages that allow SMEs and social enterprises to increase their awareness of the local ICT offer (specifically the latest technologies on offer) and how it can benefit their operations and ambitions to grow; • support SMEs and social enterprises to build improved ICT connections into their day to day business to improve efficiency/productivity and explore new markets; • work with SMEs and social enterprises to explore opportunities for new product and service offers using enhanced ICT networks or exploiting ICT products, knowledge and skills, and • invest in ICT infrastructure where it can be demonstrated to be required to both address a gap in private sector provision and currently serves as a barrier to SME growth. 	£5.12m ERDF

PA3: Enhancing the Competitiveness of Small and Medium Enterprises		
Cheshire and Warrington has a strong SME base but there is a need to support businesses to respond to challenges and exploit opportunities for growth, enabling them to start up, grow and prosper in a competitive market place.	<p>We will:</p> <ul style="list-style-type: none"> offer key sector support packages; provide first class business support, ensure awareness of funding opportunities and investment readiness; invest in incubation and grow on space (including any supporting requirements, e.g. green infrastructure, transport or digital connectivity); and invest in businesses and physical infrastructure through the North West Fund, Evergreen and Local Impact Fund. 	£19.5m ERDF
PA4: Supporting the Shift towards a Low Carbon Economy in All Sectors		
There is a need to move to a low carbon economy both to address climate change issues and promote sustainable economic growth by responding to opportunities for low carbon goods and services which are expected to experience growth.	<p>We will:</p> <ul style="list-style-type: none"> support businesses to explore and develop low carbon markets and technologies; support SMEs to improve their energy and resource efficiency; invest in low carbon capital developments through Evergreen. 	£12.9m ERDF
PA8: Promoting Employment and Supporting Labour Mobility		
If Cheshire and Warrington is to achieve its economic potential, all working age residents need to make a positive contribution. This is particularly important in the context of an ageing population and a need to respond to changing economic structures.	<p>We will:</p> <ul style="list-style-type: none"> support young people to secure the skills and opportunities to succeed in the labour market; and support adults to progress towards and return to work, including through re-training/skills development, enterprise and gaining work experience. 	£18.4m ESF
PA9: Promoting Social Inclusion and Combating Poverty		
Too many individuals and families in Cheshire and Warrington continue to face disadvantage. Action is needed to ensure that every resident is socially included and can access the support they need to move out of poverty.	<p>We will:</p> <ul style="list-style-type: none"> support disadvantaged groups to address the barriers they face to inclusion, including by building the skills and confidence they need to re-engage, through tailored activity programmes; and make investments through the Local Impact Fund. 	£7.7m ESF
PA10: Investing in Education, Skills and Lifelong Learning		
The need for employers to continuously invest in their workforce, and for individuals to update their skills through lifelong learning, is more evident now than ever before. Skills needs in the workplace change at a rapid pace and people no longer have jobs for life, emphasising the need for flexibility.	<p>We will:</p> <ul style="list-style-type: none"> support employers to actively engage in the skills agenda; target training on current and anticipated future skills gaps; encourage a culture of workforce development and lifelong learning; support the development of higher level skills; and tailor provision to satisfy the needs of different groups. 	£19.2m ESF

Investing in the Rural Economy		
The rural economy is an important element of Cheshire and Warrington. There is however a need for intervention to ensure the economy continues to diversify and grow in response to new and changing market opportunities. Activity here will add value to the core ERDF and ESF activities.	We will: <ul style="list-style-type: none"> • offer specialist business support for priority sectors; • support broadband infrastructure, beyond market provision; • deliver small scale tourism infrastructure; and • ensure all business support activities address the needs of rural businesses. 	£2.5m EAFRD

Within these allocations, we have made allowance for the continuation of the North West's JESSICA (Evergreen) and JEREMIE (North West Fund) funds, allowing us to improve the efficiency and value gained from European funds. We also propose to introduce a Local Impact Fund and are exploring opportunities to support Community Led Local Development type activities through our opt-in arrangements with Big Lottery. Whilst funds are required to be spent within the LEP boundary, we are exploring opportunities for cross-LEP working (both with our neighbours in other English LEPs and across the border into Wales and areas with similar sectoral strengths), where mutual benefits can be achieved.

Whilst Priority Axes 5 (Promoting Climate Change Adaptation, Risk Prevention and Management), 6 (Protecting the Environment and Promoting Resource Efficiency) and 7 (Promoting Sustainable Transport and Removing Bottlenecks in Key Network Infrastructures) have not been identified as stand alone elements of our programme, such activities have been embedded in our programme to ensure sustainable economic development. For example, activities to promote resource efficiency within businesses will be supported under Priority Axes 4 and transport and blue and green infrastructure will be built into the strategic design and delivery of capital development investments, under Priority Axes 1, 3 and 4.

Further details of our Priority Axes rationale for investment, objectives of support, eligible activities, beneficiaries and a breakdown of finance and outputs are provided in Section 4 of this document.

Our Targets

Delivery of the ESIF will have a substantial and lasting impact on the Cheshire and Warrington economy and its residents. The programme above will allow us to deliver a considerable scale of activities to support businesses in many sectors of our economy and allow our residents to access and progress in employment. It is estimated that the programme will allow:

- 2,261 businesses to receive support regarding innovation, business competitiveness and low carbon;
- 426 new enterprises to be supported to establish their business;
- 3,122m² of floorspace to be created or improved;
- 20,710 residents to benefit from social inclusion, skills and employment activities.

All targets have been calculated to reflect previous delivery experience, providing us with confidence that they can be achieved.

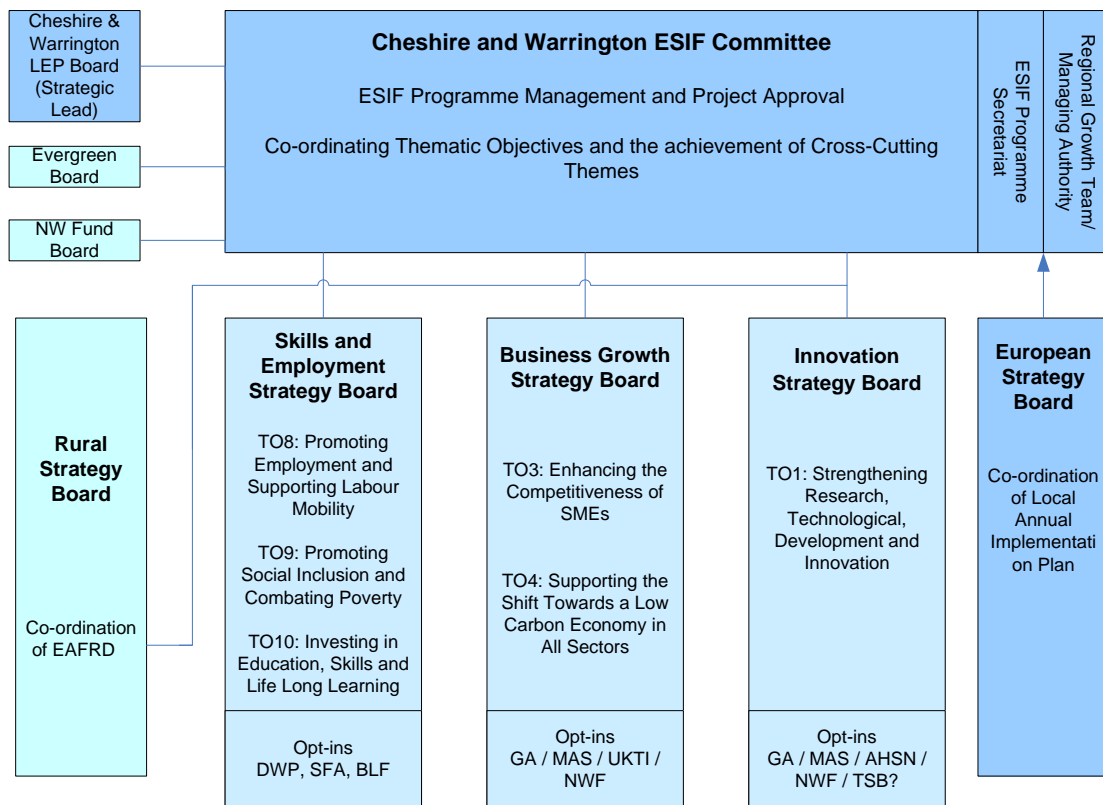
Results to be generated by ERDF and ESF investment have been calculated where possible. Remaining results for both ERDF and EARFD activity will be calculated once indicator definitions are clarified. Once calculated, these will allow the true impact of our activities to be seen.

Taking the Programme Forward: Delivery and Governance

The LEP Board made a strong public commitment to developing its strategies in a highly inclusive manner. Our partners have played an important role in developing this strategy (including to develop an understanding of the case for intervention, required types of activity and agreeing the financial allocations) and will continue to play a leading role in its delivery.

We have already taken steps to establish our programme delivery and governance arrangements to ensure we have both the capacity and skills required to succeed. Our proposals build on team members' experience of working on previous European programmes to ensure we learn from these experiences to deliver the strongest possible programme. We will continue to liaise with relevant partners (e.g. the Managing Authority) to ensure that our structures satisfy requirements, based on the structure summarised overleaf.

European Structural and Investment Programme Cheshire and Warrington LEP Operational Delivery



1 Introduction

Introduction to the Strategy

This Strategy sets out Cheshire and Warrington Local Enterprise Partnership's (LEP) aims and aspirations for the 2014-2020 European Structural and Investment Funds. The Funds represent an important opportunity to drive forward economic growth and boost productivity in Cheshire and Warrington in a way that builds upon existing strengths and opportunities and addresses those issues that are constraining growth.

This strategy has been developed in collaboration with all key partners, to ensure that it is grounded in Cheshire and Warrington, the place, and is based on a real and detailed understanding of its challenges and opportunities. The approach to its development has included:

- Desk based review of economic conditions, including relative strengths and areas for improvement, and working in partnership to develop a range of proposed interventions in response to these;
- One to one consultations with stakeholders representing a wide range of local interests, including LEP Board members, business representatives and local authority staff;
- A major stakeholder event to launch the initial thinking on the strategy, followed by a later strategy development workshop to provide all partners with the opportunity to contribute to finalising the document;
- Four rounds of thematic Working Group sessions to develop and secure buy-in to the strategy and the delivery of this; and
- Sign off by the Cheshire and Warrington LEP Board.

Further details of the role of partners in the development process are provided in Section 10 and lists of organisations and individuals engaged in Annex 1.

The Strategy is rightly ambitious, recognising that Cheshire and Warrington is a more developed region and is a strong performing economy in relative terms, and therefore has real potential to accelerate growth. However, there are also challenges related to a decline in overall productivity and significant economic re-structuring in areas such as Ellesmere Port, which has recently been confirmed to have Assisted Area status for the 2014-2020 programme period. This strategy therefore looks to exploit strengths and opportunities and address structural weaknesses within our economy in a way that is sustainable and inclusive, thereby generating economic, social and environmental benefits.

This strategy is intended to guide the investment of Funds in Cheshire and Warrington over a seven year period from 2014 to 2020 inclusive. Over this period, the economy will inevitably change, creating both opportunities and challenges, which partners will need to respond to. However, the themes will remain consistent, as they reflect the fundamental nature of the Cheshire and Warrington economy and provide the platform for strengthening the economy so that it excels not only in a Northern context, but nationally and internationally.

Document Content and Supporting Documentation

This strategy sets out in detail:

- Characteristics of the Cheshire and Warrington economy (see Section 2);
- Cheshire and Warrington's economic vision and the strategic imperatives that need to be addressed to deliver growth (see Section 3);
- The investment priorities identified for the programme, including proposals by Priority Axis (see Section 4);
- How the cross-cutting themes of sustainable development and equality and anti-discrimination will be considered across all elements of the programme as well as proposals for Social Innovation (Section 5);
- The Strategy's financial plan, including the allocation of funds between Priority Axis and the annual profiling of expenditure over the life of the programme (Section 6);
- The outputs and results to be achieved as a consequence of the programme's investments (Section 7);
- Alignment with other European funds, national and local policy priorities (Section 8);
- Delivery mechanisms, including the role of financial instruments and our proposals for cross-LEP working (Section 9); and
- Proposed programme governance arrangements to ensure the funds are effectively and independently administered (Section 10).

This strategy should be read in conjunction with the spreadsheet submission, setting out the quantified proposals for the strategy. Once the programme is operational, applicants will consider this strategy in parallel with Structural Fund guidelines, including eligibility guidance, State Aid regulations and other relevant guidance, in preparing and delivering individual investment proposals.

2 The Context for Intervention

This section sets out an overview of Cheshire and Warrington, including:

- consideration of its characteristics, both as a place and economically;
- the area's current economic performance;
- the rationale for EU intervention; and
- the strengths, weaknesses, opportunities and threats presented by the area's population, business base, places and environment.

This analysis has informed the focus of activity within the Priority Axis, outlined in Section 4.

Why Cheshire and Warrington Matters

The quality, scale, growth potential and outward-facing nature of Cheshire and Warrington's economy, coupled with its strategic spatial positioning, mean our sub-region really matters. Cheshire and Warrington is, evidentially:

- **One of the strongest and best performing economies in England**, and the strongest in the North of England, with workforce productivity levels rivalling those generated anywhere in England outside of the capital. The economy of Cheshire and Warrington is characterised by a highly active resident population, a strong in-built enterprise culture, and a highly skilled workforce. This economic strength provides employment opportunities beyond our boundaries, with the area being a net importer of labour.
- **A major economy with a large cohort of world-leading firms**, with an annual Gross Value Added (GVA) of over £20bn, and 430,000 work-based employees. Our economy is equivalent in scale to cities such as Birmingham and Leeds. Our key firms include Bentley Motors, Tata, Vauxhall and Barclays, and we have distinctive sectoral specialisms in advanced, high-value engineering, energy, and professional and business services as well as growth potential in food (focusing on niches to move up the value chain), agri-tech and biological engineering. To grow, we intend to focus on our specialisms to support us to be competitive in growing markets and where we already have a competitive advantage.
- **A diversified and internationally-oriented economy**, with around one-fifth of employment in Cheshire and Warrington in export-intensive industries, the third highest of any LEP area across England. Cheshire and Warrington has a consistently strong record in attracting new inward investment compared to the national average¹, with the area offering a diverse range of investment locations for investors: in urban centres, in and around attractive market towns, and in high-quality, yet accessible, rural spaces.
- **A private sector-led and knowledge-rich economy**, with a high density of private sector jobs relative to its population, one of the highest outside of the capital. The area boasts a large private sector business base, with business density rates well above the national average; the business base contains a well-defined mix of high profile international companies, well-established and substantial medium-sized companies, and a dynamic and growing small business base.

¹ A recent report for BIS identified that the LEP has a location quotient of 1.269 based on employment in foreign-owned businesses.

- **A well-connected economy**, with long established linkages to Manchester and Liverpool and their city centres, higher education, and innovation assets, as well as strong economic links to North Staffordshire and the 'Potteries', and across the border to North Wales. Our people and businesses benefit from a high quality strategic transport infrastructure – the West Coast Main Line, the national motorway network, the M6, M62, and M56 axes – and proximity to international transport linkages at Manchester and Liverpool airports, and the Port of Liverpool.
- **An attractive place where people want to live, work and visit**, with the natural environment and excellent location, combined with factors such as high educational attainment and employment opportunities in quality occupations, ensuring that Cheshire and Warrington is a place offering a very high quality of life to its residents and is an attractive place to visit and do business.

Despite all of these strengths, there remains room for improvement to ensure Cheshire and Warrington exploits local, national and international opportunities and makes its full contribution to the national economy. As outlined later in this document, there are pockets of deprivation, unemployment, low skills and job losses that are harming our overall economic performance. Without intervention, Cheshire and Warrington will lose its competitive position, both against other LEPs and internationally, and fail to build on its economic assets. Detail of the need for intervention is provided on page 13.

Cheshire and Warrington – The Place

Localised and Urban Economies

Cheshire was traditionally, and remains in many places, a rural area, with agriculture and land-based industries, a network of generally affluent and prosperous villages, mid-sized market towns, and one historic city (Chester), serving as important service and functional centres. Alongside their roles as retail, commercial, educational and leisure focal points, these places developed specific sectoral specialisms, including extractive industries and chemicals across the Weaver Valley, and silk manufacturing in Macclesfield. These rural areas are now increasingly home to a wide range of non-land based businesses that appreciate the rural setting, including the visitor economy.

Alongside this rural dimension, significant urban economies are also present. With manufacturing and industrial strengths underpinning their development, these urban locations, notably Warrington (initially steel/wire, and then growing rapidly in the post-war period following its designation as a new town), Crewe (the railways and later automotive), and Ellesmere Port (energy, advanced manufacturing), have provided a complementary economic offer. With increasingly diversified offers, these major 'urbanisation economies' contribute substantially to the overall economy of the sub-region, and also serve as important retail, leisure and service centres.

The diversity of spatial offer is a real strength for Cheshire and Warrington, providing a wide housing and employment offer to residents, a diversified mix of business sectors to employees, and a range of sites and premises to investors. However, it also confers challenges, including having no immediately recognisable economic 'core' to drive agglomeration, meaning that the poly-centric nature of the geography can hamper optimal labour market and supply-chain connectivity.

A Strategic Location

Cheshire and Warrington is a major economy in its own right but it also shares important economic linkages with its neighbours, and the wider national and international economy. Crucially, the sub-region is bounded by the Liverpool and Manchester City Regions as well as Shropshire and North Wales. These links fundamentally matter to the area; for example Manchester and Liverpool are – on any measure – cities of international stature, and – with a major port and two international airports, universities of international repute, and strong cultural identities – both are global economic nodes that the residents and businesses of Cheshire and Warrington can exploit.

Just outside the sub-region’s administrative area, but core to its functional economic area, is Daresbury Science and Innovation Campus, with its rapidly developing Enterprise Zone and which forms part of the Cheshire Science Corridor. The West of the area also adjoins North Wales, which provides unique opportunities for cross-border collaboration on the growth agenda. Taken together, Cheshire and Warrington is at the heart of one of the largest concentrations of people, businesses and growth assets in England, and at the apex of the national transport infrastructure including the motorway network, West Coast Main Line rail link and trans-Pennine routes.

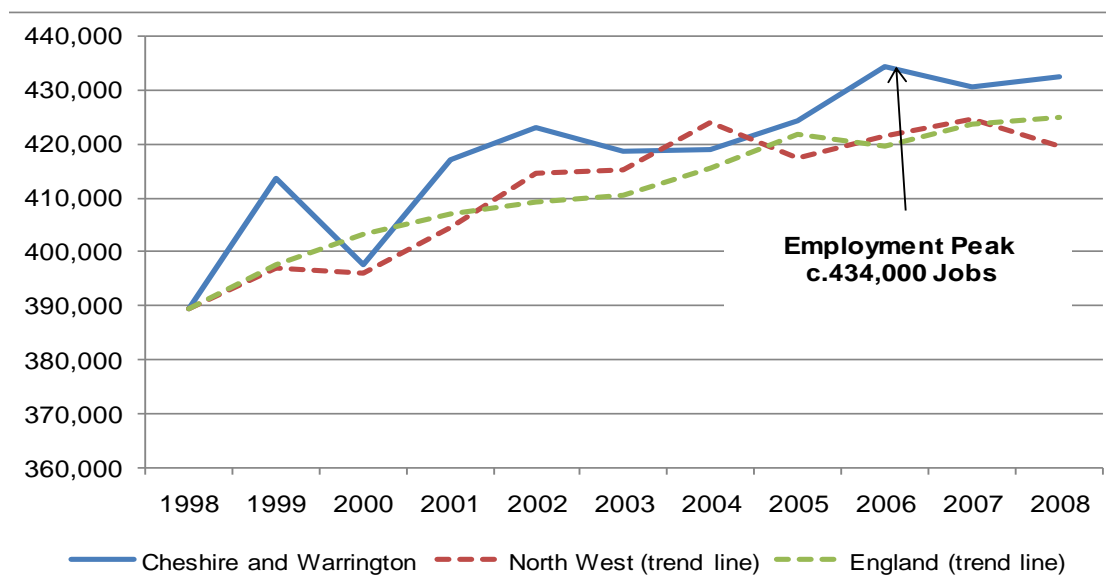
Given its spatial location, Cheshire and Warrington is also key to the successful delivery of two of the most significant economic and regeneration interventions to be taken forward in England over the next two decades, namely **Atlantic Gateway**, which has the potential to generate major new investment and employment opportunities for the north of England, and the proposed **High Speed 2** route that will run through the heart of the sub-region.

A Strong Performing Economy

Performance in the Last Growth Cycle

Cheshire and Warrington is one of the strongest economies in England. During the last growth cycle, pre-2008, employment growth in Cheshire and Warrington was stronger than most of the core city regions and in line with that experienced in London and competitor locations such as Cambridge/Peterborough. The number of net additional jobs created in this period in Cheshire and Warrington was significant – some 42,000, with a peak employment of over 430,000 prior to the downturn.

Figure 2.1: Employment growth in Cheshire and Warrington over the last growth cycle



Source: Annual Business Inquiry (taken from Cheshire and Warrington Economic Synthesis Report, July 2013)

This net employment growth was achieved at the same time as jobs were lost in manufacturing. However, Cheshire and Warrington retains a significant and increasingly high-value manufacturing sector on which to build, with well-established employment specialisms in areas such as automotive, chemicals and pharmaceuticals.

A Top Ten Economy

Cheshire and Warrington is competing with other leading economies across England, for investment, for jobs and for residents. However, across a range of indicators, the area is well-established as a top-performing economy, in a national context outperforming many of the leading economies in the Greater South East in a set of key indicators.

Table 2.1: Cheshire and Warrington – a top-10 economy (rank descending 1=top)

Employment Density	Private and other service employment	Employment in export intensive industries	Economic Resilience
Thames Valley	London	Gloucestershire	Enterprise M3
London	Thames Valley Berkshire	Northamptonshire	Bucks Thames Valley
West of England	Hertfordshire	Cheshire & Warrington	Thames Valley
Oxfordshire	Bucks Thames Valley	Cumbria	Hertfordshire
Cheshire & Warrington	Enterprise M3	Black County	Coast to Capital
Coventry and Warwickshire	Cheshire & Warrington	Leicester & Leicestershire	Cheshire & Warrington
Hertfordshire	South East Midlands	Swindon and Wiltshire	London
Northamptonshire	Coast to Capital	Thames Valley Berkshire	Oxfordshire
Enterprise M3	Swindon and Wiltshire	London	Gloucestershire
South East Midlands	West of England	Lancashire	Swindon and Wiltshire

Source: BRES, LEP Network Report – Creating Successful Local Economies

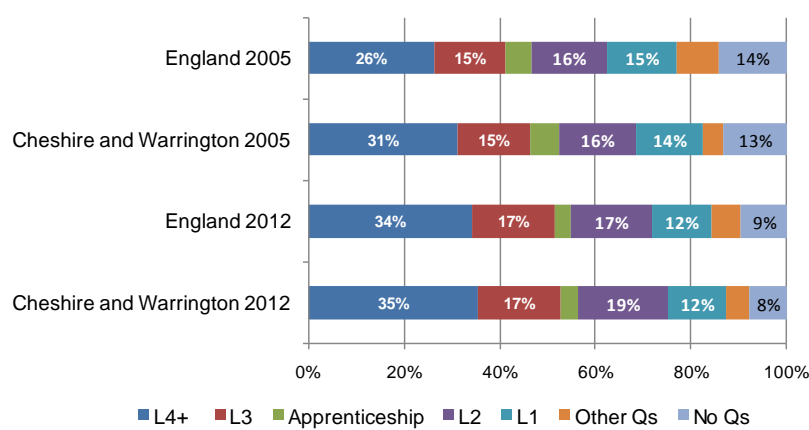
Overall the area performs well. However, productivity has not kept pace with national performance, seeing gradual erosion in comparative terms. Furthermore, the area faces clear demographic challenges, with a smaller, and in relative terms declining, working age population.

Highly Skilled Employees and Residents

The Cheshire and Warrington economy benefits from a highly skilled labour market. The skills profile of the working age population has improved over the past decade as national and local initiatives to encourage upskilling have taken effect.

Over time, the LEP area has typically had a slightly higher than average proportion of working age residents holding qualifications at Level 4 or above, while the proportion with no qualifications has remained low. There are, however, signs that too many people are completing training activity that does not align with local employment opportunities (see Table 2.2 for details of key sectors) and that providers are not always able to respond quickly enough to employer needs. For example, there is anecdotal evidence that there are too many people seeking sales and customer service roles and not enough with the skills required by the area's engineering sector. The recently produced Employment and Skills Strategy further explores current and anticipated future skills gaps.

Figure 2.2: Qualification Profile of Working Age Population, 2012



Source: Annual Population Survey²

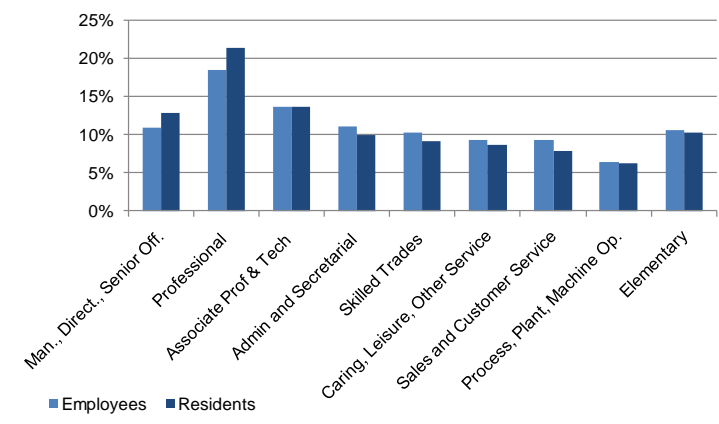
Both the skills profile and availability of jobs, following significant employment growth, are two of the factors which contribute to the area having one of the highest employment rates. When the level of highly skilled residents is compared with other strong performing LEP areas, Cheshire and Warrington outperforms the likes of Manchester, Leeds, Birmingham and Liverpool and is most similar to the Greater Cambridgeshire and Greater Peterborough LEP area.

In terms of future aspirations, in order to close the gap with the top performing areas, including Bristol and Oxfordshire, between 17,000 and 63,000 additional residents would need to be qualified at Level 4 or above. This reflects long term trends of employers demanding higher level skills and growth trends in sectors and occupations that require high skills, e.g. professional services. Replacement demand trends suggest that managers/senior officials, professional and associate professional and technical occupations will generate significant demands in the period to 2025. The 2011 Cheshire and Warrington Business Needs Survey also identified strong demand for soft skills including communication, team working, customer care and marketing across a range of sectors.

Occupational Profile

The occupational profile of both those who live in Cheshire and Warrington, and those who work in the area highlights the diversity and quality of the job opportunities available. These profiles are both broadly in line with the national average, including that for the level of highly skilled occupations (43% compared to 44% nationally).

Figure 2.3: Resident and Workplace Based Occupational Profile, 2012



² It is recognised that the Annual Population Survey and other survey based data (such as the Business Register and Employment Survey) is subject to survey sampling error which increase as geographical areas get smaller and the detail explored greater.

Source: Annual Population Survey

It is likely that the sources of growth will differ in the coming years, and this may have implications for future changes in the profile and the associated labour market requirements. The ongoing decline of process, plant and machine operative occupations is likely to continue and whilst there will be replacement demand, given the local demographics, there will be a requirement for individuals to re-train for new advanced manufacturing sectors (e.g. low carbon or environmental technologies) or opportunities in the service sector. Cheshire and Warrington's ageing population will create significant replacement demand, particularly amongst managerial professionals, which is also forecast to be one of the fastest growing occupational areas, as a result of expansion demand.

Working Age Population Outside Employment

Although Cheshire and Warrington's employment rate is high relative to other parts of the north of England, in the year to March 2013 115,200 16-64 year olds were inactive. Pockets of worklessness are evident in the area, for example in parts of Winsford, Ellesmere Port and Crewe (i.e. deprived urban areas) as well as smaller pockets in rural areas, and at least half of those that are inactive do not have at least a Level 2 qualification, which is an increasing prerequisite for employers. Challenges of low skills and high worklessness are now being compounded by limited employment opportunities in parts of the LEP area. This is accompanied by a trend for under-employment as more people enter or re-enter the labour market through part-time work.

Reducing worklessness is a high priority to allow all residents to make an economic contribution, and, in the context of an ageing population and growing productivity gap, important if the economy is to deliver to its maximum potential. Increasing the proportion of the population in employment will help to raise the sub-region's productivity, raise disposable income levels and reduce the welfare burden.

DWP data for November 2012 shows that 45,000 people aged between 24 and 64 in Cheshire and Warrington experience specific barriers to employment and may therefore require more intensive forms of support to become active members of the workforce. Long term unemployment amongst young people is also a growing challenge and approximately 1,800 young people were not in education, employment or training in 2012, up from 1,500 in 2010.

A Diverse Economic Base: Key Sectors

The current LEP Business Plan identifies four key sectors as having the potential to grow further, faster: advanced engineering; financial and professional services; life sciences and chemicals; and energy and environment. Each of these sectors is covered in detail in the 2012 Mickledore Sector Research Report, which highlights important sub-sectors and strategic employers. These sectors have an important role to play in terms of wealth generation, increasing exports, research and development and innovation.

	Employment	Companies
Advanced Engineering	23,600	1,613
Life Science and Chemicals	8,800	689
Energy and Environment	30,600	7,422
Financial and Professional Services	45,000	7,178
Total	108,000	16,902

Source: Mickledore 2012 based upon BRES

Although there are a very large number of companies in these key sectors, this number reduces to some 1,900 when micro companies (less than 10 employees) are removed. The number of medium sized companies is considerable, and many of these are major local employers, with in excess of 200 employees.

	Small 10-49	Medium 50-249	Large 250+
Advanced Engineering	280	67	21
Life Science and Chemicals	122	47	11
Energy and Environment	510	113	27
Financial and Professional Services	588	107	33
Total	1,500	334	92

Source: Experian

Further detail of these sub-sectors is provided in Annex 2 along with details of ‘high point’ industries³ in the Cheshire and Warrington economy.

Analysis of Cheshire and Warrington’s sectoral strengths has also been enhanced through smart specialisation research, prepared to accompany this submission. The Witty Review (published in 2013) and a subsequent report issued by BIS⁴ also highlighted the diverse nature of the Cheshire and Warrington economy as of 2012, including strengths in automotive (Location Quotient (LQ) 3-4), aerospace (LQ 3-4), nuclear (LQ 2-3), life sciences (LQ 1-2), agritech (LQ 1-2), professional and business services (LQ 1-2), oil and gas (LQ 1-2) and construction (LQ 1-2).

An Economic Driver for Neighbouring Places

The balanced economy operating across Cheshire and Warrington, as indicated in the earnings data, draws in part from the level of self-containment of the economy. The latest data available on commuting patterns indicates that over three-quarters (77%) of the employed residents of Cheshire and Warrington work within the sub-region. Viewed from the opposite perspective, 70% of employment in Cheshire and Warrington is accounted for by residents of the area. Despite the important economic linkages to neighbouring economies, including the presence of two major urban centres in Manchester and Liverpool city-regions, Cheshire and Warrington as a whole acts as a net importer of labour, i.e. more people travel into the sub-region to work than travel out of it on a daily basis.

Table 2.4: Inflows and outflows from Cheshire and Warrington

Type	Number
Self-containment – residents of Cheshire and Warrington working in Cheshire and Warrington	325,250
Outflow – residents of Cheshire and Warrington working elsewhere	98,150
Inflow – residents elsewhere working in Cheshire and Warrington	137,300
Net inflow to Cheshire and Warrington	39,150

Source: Commute APS, ONS

This role as a net importer of labour, more traditionally associated with large urban cores, reflects both the strength of the economy of Cheshire and Warrington itself, and to a degree the relative weakness of some of those areas that surround it. In both cases, Cheshire and Warrington plays a key role as a source of employment for the residents of other places. The locations of where Cheshire and Warrington residents work (outflow), and where employees in Cheshire and Warrington live (inflow) are shown in Table 2.5.

³ Sectors (based on 3-digit SIC codes) with a higher proportion of employment than the England average (a location quotient of over 1.25) and at least 0.25% of employment.

⁴ Localisation of Industrial Activity across England’s LEPs: 2008 and 2012.

Table 2.5: Key locations for outflows and inflows

Key locations - outflow		Key locations - inflow	
Local Authority	Movements	Local Authority	Movements
Manchester	18,450	Flintshire	16,350
Halton	8,400	Wirral	9,800
Stockport	8,150	Stockport	9,200
Liverpool	7,250	St. Helens	7,950
Stoke-on-Trent	6,000	Halton	7,750
Trafford	5,750	Wigan	6,700
Wirral	5,100	Trafford	6,600
Wrexham	4,250	Liverpool	6,350
Flintshire	4,150	Manchester	5,850
Salford	3,100	Newcastle-under-Lyme	5,650

Source: Commute APS, ONS

Opportunities for Growth

On top of strong existing performance, the area has the growth assets and opportunities to perform even better and to drive sustainable growth over the next two decades at a national as well as local level. Specifically, Cheshire and Warrington has the **locations for growth**, the **knowledge assets**, and a range of **diversified technology and market specialisms** that provide significant economic opportunities.

Locations for Growth

The area has a number of important investment locations with potential to attract new inward investment and take forward nationally significant development opportunities. Some of the key 'locations for growth' in Cheshire and Warrington are summarised below.

Cheshire and Warrington: key locations for growth

Warrington: one of the fastest growing employment centres in England, and recently ranked as one of the top places to do business nationally, Warrington has emerged as a premier investment location for high-value and knowledge-based activities, as well as retaining a significant manufacturing base. Warrington is home to a wide range of leading companies and has a number of strategically important existing and emerging development sites, e.g. Birchwood Park, Lingley Mere, and Omega. At Birchwood, Warrington hosts one of the largest clusters of nuclear research and technology firms in the UK employing an estimated 4,000 people, and supports major clusters of firms in sectors as diverse as distribution and logistics, precision engineering, energy, telecoms and software, and business services. Now with a population of around 200,000, Warrington is one of the largest urban centres in the North of England.





Crewe: situated in the heart of Cheshire, Crewe is recognised as the ‘gateway to the North’ given the quality of the town’s strategic transport connections both in terms of road and rail providing connectivity to the rest of the UK. Growing as a ‘railway’ town in the 19th Century, Crewe retains industrial expertise in transport and

automotive industries, and is home to the international HQ of Bentley Motors, providing over 3,500 jobs and exporting to numerous markets around the world. Crewe is the largest economic driver in the sub-region outside Warrington, to which it is linked on the West Coast Main Line (WCML). Crewe supports around 60,000 work-based employees, and contains around 5,000 businesses. Crewe will play a key role in the delivery of HS2, offering wider sub-regional benefits from the enhanced connectivity. Crewe benefits from a substantial bank of development land, which offers significant potential for future economic growth, employment and wealth creation. Major economic development proposals are currently being progressed across the locality, including the High Growth City concept, the 150ha Basford East and West strategic employment site opportunities to the south of the town and the Cheshire Science Corridor.

Ellesmere Port: sits at the heart of an industrial, science and technology corridor, cutting across the Atlantic Gateway, which encompasses a diverse range of high value sectors ranging from aerospace and defence, automotive, petrochemicals and energy, and applied R&D (at Daresbury Science and Innovation Campus just minutes from the sub-region as well as the presence of the University of Chester and Thornton Science Park, building on the legacy of Shell). Ellesmere Port’s heritage as an industrial powerhouse remains significant today, with around a fifth of local jobs in manufacturing, well above national levels; the area also offers



considerable available employment land in and around the town. Ellesmere Port is also home to Cheshire Oaks Designer Outlet, the biggest shopping centre of its type in Europe, strategically located close to the M53/M56 motorway intersection.

Chester: Cheshire's historic administrative centre, Chester continues to play a major role in the sub-regional economy, with important retail, commercial and academic assets, as well as a growing cultural and visitor economy offer.



Ambitious plans are in place to regenerate the city centre and improve access to the Central Business District to further prompt growth. Chester supports a strong financial and professional service sector, including leading names such as MBNA, M&S Financial Services and Santander. Plans for a new business district will

complement investment in transport and other investments, building on a strong leisure, tourism and higher education offer to support new investment in key service sectors.

Macclesfield: The town grew out of the production of silk during the 19th Century, with the development of housing, transport infrastructure and a local service economy to support the industry. The town is now home to flourishing banking, finance and insurance and other service sectors. It is also working positively with AstraZeneca and partners to retain a fully functioning biotechnology centre, offering state of the art laboratory and research facilities. Plans to revitalise Macclesfield town centre with a new £90m retail and leisure scheme are progressing, with a planning application approved by Cheshire East Council in mid-2013.

Knowledge Assets

Cheshire and Warrington hosts an exceptional private sector research and industrial base, supported by world class brands and companies, taking advantage of globalisation and smart specialisation. Key assets in the private sector and industrial research base include the Waters Corporation's new Mass Spectrometry (MS) Facility near Wilmslow, the National Nuclear Laboratories and AMEC Laboratories in Warrington, Birchwood Park Nuclear Cluster, Bentley Motors in Crewe, and the collection of firms forming the Cheshire Science Corridor.

However, the knowledge and research excellence across the region is not confined to these major sites, with a high proportion of businesses across Cheshire and Warrington engaged in knowledge-based and high-technology activity. The area is in the top 10 in England in terms of the proportion of employment in high and medium technology production and the knowledge economy⁵, well above major urban centres such as Greater Manchester, Leeds and Birmingham.

Further to the industrial base, the area is home to two major teaching universities, the University of Chester and Manchester Metropolitan University (at Crewe), and hosts key sites for two leading research-oriented Russell Group Universities, with the Jodrell Bank Centre for Astrophysics of the University of Manchester, and University of Liverpool Veterinary School. The local universities and research sites are important employers and further expansion plans

⁵ LEP Network, Review of Local Enterprise Partnership area economies in 2012

will increase their economic contribution, including through the development of the University of Chester’s Thornton Research Centre, a high quality international technology campus focused on advanced engineering, including the University of Chester’s engineering faculty.

The LEP area is also home to a strong Further Education base, with eight colleges catering for almost 50,000 students. This provision allows for the development of technical and generic skills required by employers, including specialisms for example through Reaseheath College’s expertise in animal husbandry and agri-tech.

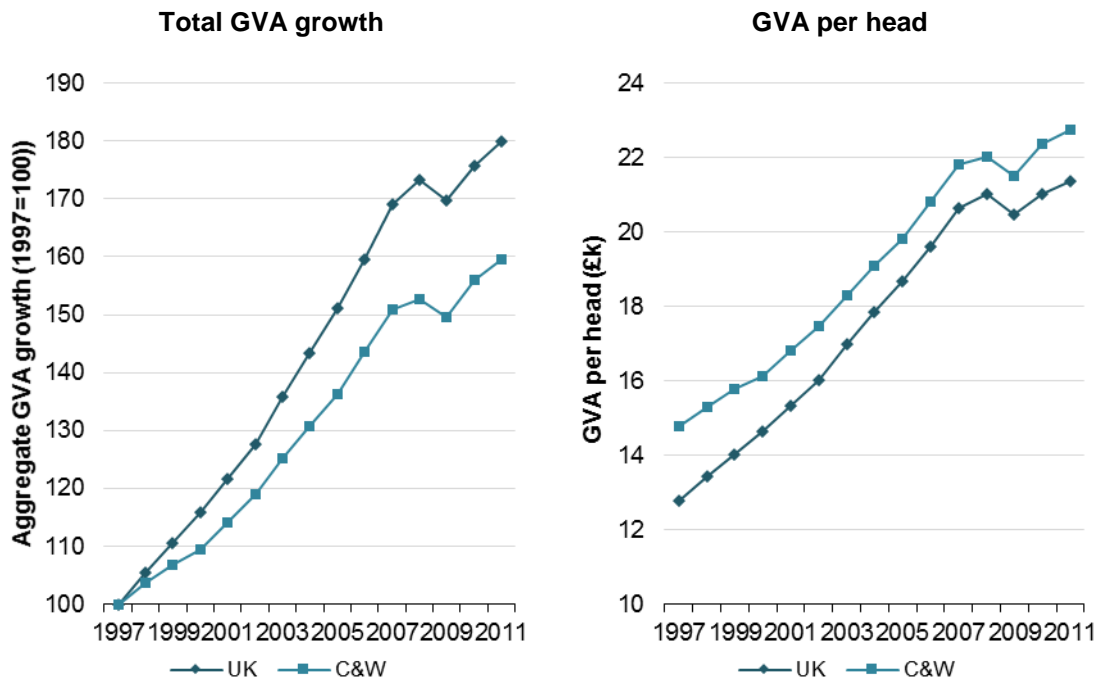
The Need for Intervention

Despite its strengths, Cheshire and Warrington faces some major challenges which emphasise the need for intervention to allow the LEP area to satisfy its economic potential. Four key challenges have been identified through the data analysis and wide consultation process to inform the development of the LEP’s Strategic Economic Plan and this ESIF.

Maximising our Potential and the Productivity Imperative

Headline statistics indicate that Cheshire and Warrington performs strongly on the key economic measure of GVA per head. The latest data from ONS for 2011 show that GVA per head in Cheshire and Warrington was c.£22,750, compared to c.£21,350 in the UK, i.e. sub-regional GVA per head was 106% of the national level. However, despite this positive ‘current’ position, sub-regional growth in nominal terms has not kept pace with the national trend over the past decade and a half, in total GVA or GVA per head, as shown in Figure 2.4 below.

Figure 2.4: GVA growth and GVA per head trends 1997-2011



Source: ONS

These trends are reflected in annual GVA growth rates over the long-term (1997-2011), medium term (2003-2011), and short-term (2007-11), the last period accounting for the effects of the recession and subsequent sustained downturn on the sub-region, as shown in the table below.

Period	Cheshire and Warrington	UK
1997-2011	3.4%	4.3%
2003-2011	3.1%	3.6%
2007-2011	1.4%	1.6%

Source: ONS

Taken together, the data indicate that Cheshire and Warrington performs well, but that GVA performance in the sub-region is not fully meeting its potential, with growth in recent years consistently below the national level. Put simply, GVA performance in Cheshire and Warrington could be higher.

Understanding the GVA 'missed opportunity' ...

What explains this missed opportunity? At a very headline level, GVA performance is dependent upon a number of key factors:

- how many people are available to work;
- how many of those are in work;
- how many hours they work; and
- how productive they are in what they do.

Table 2.7 shows Cheshire and Warrington's performance against each of these indicators, indexed to the UK average. In terms of the employment rate the sub-region outperforms the national level, and the hours worked in the sub-region is the same as nationally. However, productivity is below the UK level (based on Cambridge Econometrics data) and the proportion of the population who are of working age is also below the national level.

	Prosperity (indexed to UK)	Components of GVA (indexed to the UK = 100)			
		How many people are available to work (i.e. productive potential)	How many people work	How much people work	How productive workers are
	GVA per head	WAP as % of total population	Employment rate	Hours per worker	GVA/ employment
Cheshire and Warrington	106%	97.6%	105%	100%	98.6%

Source: SQW analysis of ONS, NOMIS, ASHE and APS data, and data produced by Cambridge Econometrics. Note that the data for population, employment and hours per worker are on a residential basis; the data for productivity are on a workplace basis

From an economic development and sub-regional public policy perspective, addressing the proportion of the population who are of working age is challenging; although policy decisions and investment can have an effect – ensuring that the area provides the employment, housing and lifestyle offer required to retain and attract people of working age – long-term demographic and structural economic factors will be the driving factors. The inference therefore is that the primary issue in responding to the GVA 'missed opportunity' in Cheshire and Warrington is to address the underperformance (albeit modest) in workforce productivity.

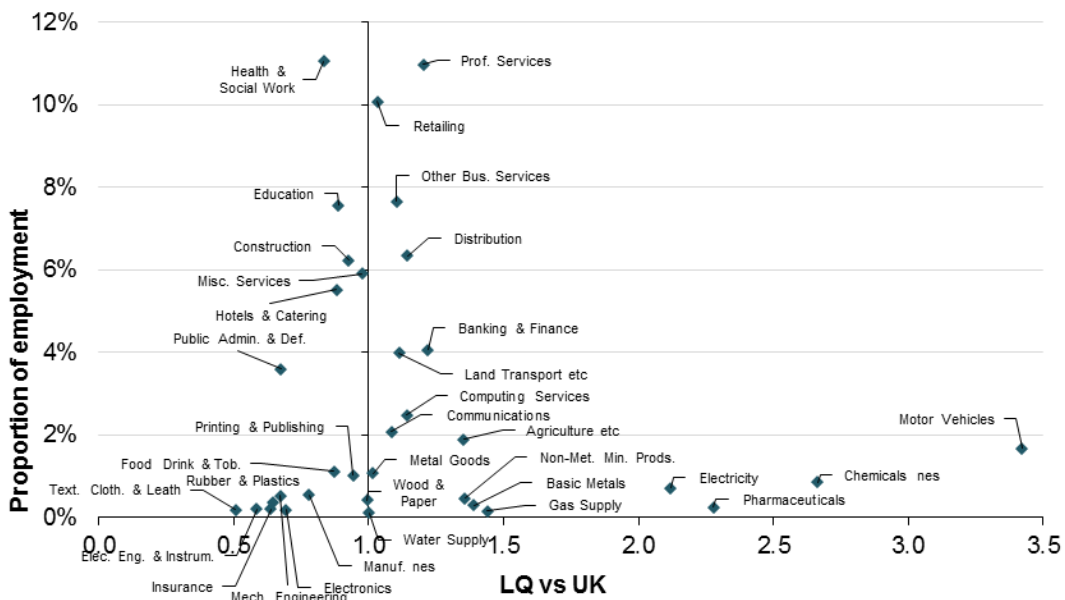
... and the productivity deficit

The evidence above suggests that productivity performance is acting as a drag on economic growth across Cheshire and Warrington. Given that the sub-region is home to some global innovation assets, especially in the manufacturing and engineering sector, the high skills of the population, and the strong employment and business base, we might expect productivity performance to be higher, at the level of, or potentially above, the UK. A wide range of factors influence overall productivity performance, however, at a sub-regional level the sectoral mix of the business base, and the level of productivity within each sector is crucial.

In terms of the sectoral mix, over time, the sub-region has seen a structural shift away from manufacturing towards service jobs, both those driven by population, and business-related services: in 1981 manufacturing accounted for 26% of employment in Cheshire and Warrington, by 2011, just 9%. This shift in the sectoral mix of the economy has been experienced across the UK, however, it matters fundamentally for productivity in Cheshire and Warrington given the scale of the manufacturing base in the area where productivity has been consistently above other sectors over the past decade and a half, even as (and to a degree because of increasing automation) employment in the sector was reducing.

Figure 2.5 below shows the current share of employees in Cheshire and Warrington in detailed sectors (the vertical y axis, shows the scale of the sector in the area), and the location quotient of employment compared to the UK average (the horizontal x axis, UK = 1, shows in relative terms how the area compares to the national picture). It is evident that Cheshire and Warrington is over-represented in a number of typically lower productivity sectors such as retailing, distribution, agriculture and basic metal, and underrepresented in some high productivity sectors such as electrical engineering/instruments and insurance. However, the sub-region also has an over-representation of employment in generally more productive sectors in both services (professional services, banking and finance), and production sectors (electricity, chemicals), and importantly a lower representation in public administration, education and health and social work.

Figure 2.5: Share of employment in Cheshire and Warrington and relative concentration against the UK

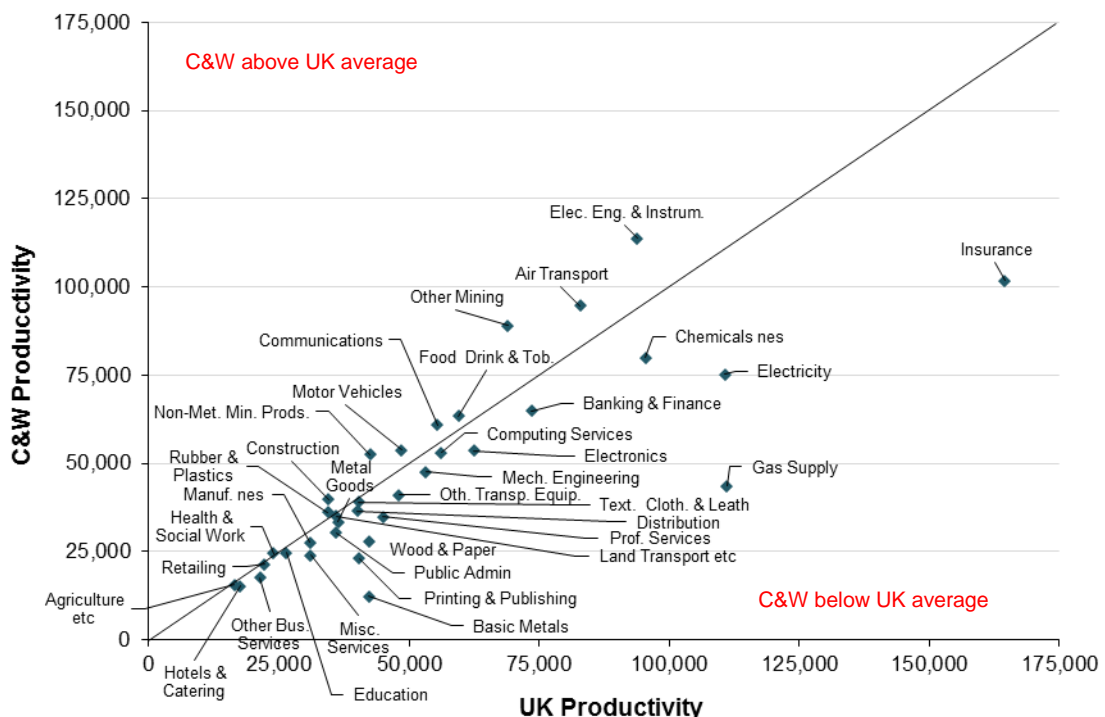


Source: SQW analysis based on Cambridge Econometrics. Note: GVA in 2005 prices

Overall, the data suggest that the sectoral composition of the economy is generally conducive to strong productivity performance. As such, it is the levels of productivity within individual sectors that is likely to be key to the (modest) productivity deficit, and addressing sectoral productivity is key to addressing the 'missed opportunity' in terms of GVA. Figure 2.6 therefore shows current (2011) productivity in Cheshire and Warrington and the UK.

The data indicate that some sectors are more productive in Cheshire and Warrington than the UK, such as motor vehicles, electrical engineering/instrumentation, and communications. However, the analysis also suggests that Cheshire and Warrington's productivity is lower than average in a number of important (largely service-based) sectors such as professional services, banking and finance, and insurance, as well as chemicals, mechanical engineering and distribution.

Figure 2.6: Sectoral productivity in Cheshire and Warrington and the UK



Source: SQW analysis based on Cambridge Econometrics. Note: GVA in 2005 prices

If productivity in all the sectors that the sub-region underperforms matched the UK level (and the scale of employment and productivity in other sectors remained constant), the economy of Cheshire and Warrington would generate an additional £2bn per annum (at 2005 prices).

However, based on the scale of the sectors (in a number of areas, a deficit is evident, but the scale of the sector in the area is small, for example, electronics), the data suggest that productivity enhancement in a number of key (well defined) sectors will be crucial to closing the productivity deficit. These sectors include:

- professional services
- banking and finance
- other business services
- distribution
- chemicals.

Manufacturing – Decline and Renaissance

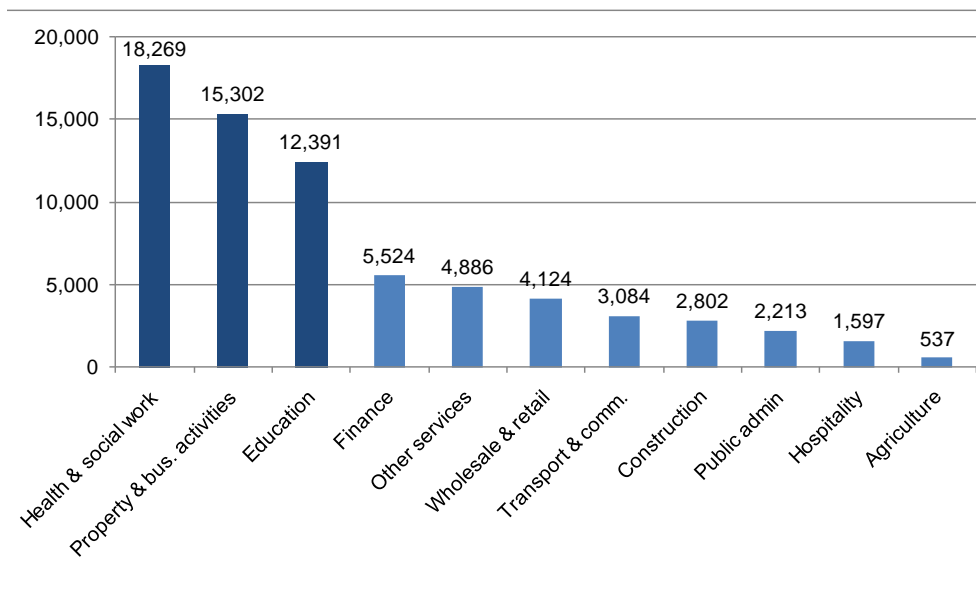
Cheshire and Warrington's place in the top division of LEP areas has been based in part on a very strong, high end manufacturing base. The manufacturing base remains important to the economy, with production responsible for 21% of sub-regional GVA in 2010, compared to 14% across the UK.⁶ However, the traditional manufacturing base in the area is slowly eroding: both in terms of GVA (the equivalent proportion of GVA in 2000 was 29%), and in employment terms, with the area losing around one third of its manufacturing jobs in a ten year period (some 25,000 jobs) to 2008. This loss of often high-productivity manufacturing activity is impacting upon sub-regional GVA performance.

The renaissance of manufacturing in Cheshire and Warrington, capitalising on the skills and industrial legacy in the sub-region, is therefore critical to maintaining Cheshire and Warrington's position in the leading group of LEPs. Realistically, given shifts in global economic patterns, the re-thinking of where goods can be manufactured, and smart specialisation based on local/regional strengths, delivering employment growth in the manufacturing base is not realistic. However, as the manufacturing base concentrates on advanced manufacturing, there is an opportunity to stabilise employment in the sector through new investment, innovation, supply chain development and global trade, thereby driving up productivity and generating additional GVA.

Public Sector Employment

Despite the large cohort of businesses and high level of employment in the private sector in Cheshire and Warrington outlined above, public sector employment accounted for almost half (32,000 jobs, 46%) of total employment growth in the last growth cycle. This growth of public sector jobs, whilst helping to maintain employment levels, contributed to the productivity deficit that emerged in the sub-region.

Figure 2.7: Employment Change 1998-2008



Source: Annual Business Inquiry

This scale of employment growth in the public sector will not be repeated in the next growth cycle, and nor would this be a preferred option. Employment growth will need to be private sector-led, capitalising on the enterprise culture and key growth assets in the sub-region.

⁶ ONS, Headline1 GVA2,3 by 10 industries at current basic prices, September 2012

Ensuring Opportunities for All

Not all of Cheshire and Warrington's residents make a full contribution to or fully benefit from the area's success. The 2010 Index of Multiple Deprivation shows that there are pockets of deprivation across the area, for example 8.8% of Warrington's Super Output Areas fall within the 10% most deprived parts of the country.

In the year to March 2013, 115,200 16-64 year olds in the LEP area were classified as economically inactive (21% of the total). We recognise that there are groups within our society that face barriers to economic engagement for a variety of reasons including physical disabilities, caring responsibilities and a lack of qualifications. Whilst it will not be appropriate for all of these people to be engaged, we need to help remove the barriers for those residents who do wish to engage in training activities and employment.

Unemployment is therefore a challenge to be overcome if Cheshire and Warrington is to deliver to its potential. In August 2013, claimant count unemployment in the LEP area stood at almost 15,000 (2.6% of 16-64 year olds). There are persistent pockets of unemployment within the LEP area that must be overcome if all residents are to make a contribution to growth. Department for Work and Pensions Benefits Data (as reported in the Cheshire and Warrington Employment and Skills Strategy) shows high concentrations of out of work benefit claimants in the urban areas of Warrington, Ellesmere Port and Crewe where some Lower Super Output Areas have over 30% of working age residents claiming out of work benefits.

Rationale for EU Investment

There are a number of core market opportunities which are influencing how EU funds will be invested in Cheshire and Warrington. These include:

- Changing technologies, which are allowing regions to capitalise on technical enterprise and their company bases to develop new areas of competitive advantage.
- Growing global markets, with the increasing purchasing power of the developing economies opening up new markets in areas such as healthcare.
- Opportunities to develop the low carbon economy, for example through new technologies and products such as renewable energy.
- Building on the exceptional SME base, its breadth and depth, particularly with regard to advanced manufacturing.
- Taking advantage of location and the ability to accommodate significant investment in locations such as Warrington and Crewe and through concepts such as Atlantic Gateway.
- The economic value of the natural environment as an underpinning contributor to sustainable development, with a greater recognition of the value of the environment to realising ambitions.

While these factors provide opportunities for Cheshire and Warrington, there are a number of well documented constraints which need to be addressed in order to remove barriers to growth. These include:

- The risks and development costs of undertaking innovation and commercialisation, a key strand in improving productivity.
- The resources and expertise available to SMEs to develop growth and business improvement plans, another key strand in improving productivity.
- The uncertainty over exporting, particularly with regard to new markets, a key strand in maintaining manufacturing competitiveness and employment. This is resulting in a focus on near place exporting.

- Infrastructure costs and uncertainty over commercial returns in terms of unlocking sites and providing premises such as grow on space and incubation facilities. Many bottlenecks are too costly to be addressed by the private sector and too small to become a strategic transport priority.
- Skills shortages, particularly for technical skills, with many employers reluctant to invest as the successful trainee is likely to leave⁷.
- Market failure with regard to sustainable development objectives, with a number of outputs and outcomes regarded as social goods, rather than commercial activities which the private sector could undertake.
- Company relevance to undertake and/or support training, including apprenticeships.
- The need to actively engage all groups in society to contribute to the area's success.
- The employability of young people, where poor information, advice and guidance leads to uninformed choices and limit job opportunities.

Strategic rationale and market failure will be assessed as the Programme is implemented and individual projects/investments seek financial support.

⁷ The poaching of skilled staff was identified by stakeholders surveyed as part of the Cheshire and Warrington Employment and Skills Strategy's development and is frequently cited in national research.

Cheshire and Warrington's Strengths, Weaknesses, Opportunities and Threats

Drawing on the analysis above and wider findings of the programme development process, the tables below present strengths, weaknesses, opportunities and threats evident in Cheshire and Warrington. The analysis has been presented under the headings of people, business, place and environment to provide a rounded assessment.

Business	
Strengths	Weaknesses
<ul style="list-style-type: none"> • A number of leading world class companies in key manufacturing sectors • Large private sector employment base • Growing business and professional services base • Exceptionally large number of businesses • Above average levels of business start ups • Good superfast broadband • Close to major markets in Liverpool and Manchester City Regions • National and international connectivity for business travel and logistics/freight • Robust and diverse rural economy 	<ul style="list-style-type: none"> • Low levels of productivity in parts of the manufacturing base • Low levels of productivity in many parts of the service sector • Uneven spread of employment opportunities • Variable export record amongst the small business base, with many focused on local markets • Innovation and product development focussed on a narrow group of large companies • Limited business network due to the size of the Cheshire and Warrington economy • Constraints on key sites limiting the development of new commercial space for companies
Opportunities	Threats
<ul style="list-style-type: none"> • Forecast increase in global trade over the next ten and twenty years. • New markets as developing economies move from producers to producers/consumers • Increasing demand for low carbon goods and services • Increased use of ICT connections to improve and expand product/service ranges and client reach • Major cities becoming expensive, increasing demand in value for money locations • Logistics, as increases in global trade and e-shopping increase demand for the movement of goods • Over-crowded South East, more accessible North West 	<ul style="list-style-type: none"> • Continued slow growth in the national and international economies, particularly the Eurozone • Increased competition from developing economies, including in medium skilled manufacturing production • Investment in key enabling technologies by advanced economies such as Germany and the USA • Critical mass of Manchester in developing growth in key financial and professional services sector • Rationalisation of and out-sourcing by key major employers.

People	
Strengths	Weaknesses
<ul style="list-style-type: none"> • High and growing proportion of residents employed at Level 4 or above • Lower than average unemployment rates • Diverse occupational profile, including a strong professional and managerial workforce • A large number of entrepreneurs and business managers • Two Universities offering a range of under-graduate degrees in both technical and academic subjects • Strong Further Education provision, across eight colleges with nearly 50,000 students, plus strong community learning • High quality school provision plus new school and college facilities 	<ul style="list-style-type: none"> • Low skills levels amongst some parts of the population, including poor basic skills and poor educational attainment • Persistence of pockets of deprivation and social exclusion within the area • Low employment rates amongst certain groups, including those with disabilities • Recognised skills gaps, including sector specific skills and skills required across a range of occupations (e.g. ICT, leadership and management and communication skills) • Limited connection between current education and training provision and employer skills requirements
Opportunities	Threats
<ul style="list-style-type: none"> • Increasing demand for well qualified young people in key sectors such as creative and digital. • Identified growth sectors/smart specialisations offering a range of occupational opportunities, including business services and logistics • Increase in home working enabled by ICT infrastructure and flexible work arrangements • Two Universities offering local employers new graduates in a range of disciplines • Increasing levels of graduate retention from the area's universities • Development of new training and education facilities (e.g. Studio Schools and University Technical Colleges) that reflect local sectoral specialisms • High paid/high skilled employment opportunities boosted by proximity to Manchester and Liverpool City Regions • Local employers able to access personnel from wider labour market due to good transport links 	<ul style="list-style-type: none"> • Ageing population, many continuing to work, reducing employment opportunities for young people • Key workers attracted to larger centres, including London and the South East • Companies unable or unwilling to recruit apprentices and new graduates • Companies unable to recruit key experienced technical skilled workers e.g. engineers • Increasing demand for better skilled candidates at all levels of the workforce • Increasing demand for good STEM knowledge for school and college leavers • Fewer employment opportunities to help reduce deprivation and worklessness • Lack of connection between education and training provision and employer needs plus reform of career guidance system

Place	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Outstanding historic city in Chester • Fast growing, dynamic, major new town with significant employment land at Warrington • Crewe central location and potential HS2 connection • Very attractive rural villages and significant market towns • Ellesmere Port waterfront • Quality and attractiveness of the housing offer and neighbourhoods in many parts of the geography • Strong strategic location, including connections to Manchester, Liverpool and North Wales • Two Universities providing a large student population, attracted from elsewhere in the UK and internationally • Strong rail connectivity to London through frequent, fast services plus strong infrastructure connections to Manchester, including Manchester Airport 	<ul style="list-style-type: none"> • Many housing and employment sites constrained by lack of infrastructure and road access • Local congestion which inhibits new investment at key locations • Negative perceptions of Ellesmere Port, despite offering a strong economic location • Low levels of house building and affordability constrains population growth and retention of young people • High house prices and perceptions of house prices • Lack of recent speculative office, industrial and warehouse development limits opportunities for existing businesses to expand and therefore for the area to retain jobs • Differential in residential and commercial land values hampers the ability to promote sites for employment use
Opportunities	Threats
<ul style="list-style-type: none"> • Strategic investment sites available to meet demand for new and continued development to help retain existing and attract new businesses • Long term development of HS2 providing opportunities for early investment to help prepare to maximise potential positive and minimise potential negative impacts • A number of science park type developments with capacity for growth to meet demand • Investing in our cultural and media assets to grow leisure and tourist visitors and increase spend in rural areas and key locations such as Chester • Attractive locations for live work initiatives, particularly in rural areas 	<ul style="list-style-type: none"> • Transport network may not be able to cope with increased demands to be placed on it by new development • Intense competition from other areas to capture new development and inward investment • Low levels of house building and affordability continues to constraint population growth • Internet shopping could lead to reduction in retail units and undermine town centres • Too few quality jobs leads to an exodus of young people • Younger families find many towns and villages unaffordable

Environment	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Chester's outstanding heritage environment • Manchester Ship Canal • Ellesmere Port waterfront • Weaver Valley rural landscape • Cheshire Peak District • Attractive market towns and villages • Upper Mersey Valley Forest Park • An extensive and high quality network of green infrastructure • Reaseheath College (including the Food and Product Development Centre and Food Engineering Centre) and the University of Chester's forthcoming Food Innovation Centre 	<ul style="list-style-type: none"> • Presence of some high energy use businesses and 'dirty' sectors • Legacy of brownfield land and industrial activities • Under-acknowledged scale and scope of the rural economy • Road congestion • Limited understanding of the economic value of green infrastructure and the natural environment more widely
Opportunities	Threats
<ul style="list-style-type: none"> • Increasing demand for quality leisure activities in a rural setting • Support for bio-diversity • Renewable energy, expansion of the low carbon economy and demand for new technologies and products such as micro-generation • Locally sourced food plus opportunities for sustainable intensification of food production and improved competitiveness in food production and processing • Demand for agri-skills • Opportunities to build on the quality brand of the rural economy • The potential for green infrastructure to support economic growth • Waste management and re-cycling • Business cost savings and improved productivity through greater resource efficiency 	<ul style="list-style-type: none"> • Climate change and the potential for key development locations to be affected • Changes to agricultural policy • Flood and the costs on managing risk • Costs of bringing brownfield land back in to use • Cheap food imports • Increasing costs of land management • Highways capacity • Security of environmental resources, including materials, energy and water

3 Cheshire and Warrington's Vision and Objectives

The Cheshire and Warrington Vision ...

The Vision and Strategic Framework set out in the Strategic Economic Plan (SEP) represents a new bold, ambitious and agreed economic growth agenda for Cheshire and Warrington. It responds to the key strategic challenges and recognises that Cheshire and Warrington is an area of considerable growth potential. The SEP's Vision and Strategic Framework have been endorsed formally by partners across Cheshire and Warrington's places, sectors and communities and builds logically on the LEP's own Growth Plan, '*Building for Success*'.

Specifically, the Vision sets the goal that by 2021 Cheshire and Warrington will:

- be a £26.6bn economy, making progress towards an aim of being a £35bn economy by 2030, with prosperity for residents (GVA per head) of at least 115% of the UK average;
- support employment of 465,000 in the sub-region, an increase of over 30,000 on current employment levels, with employment opportunities for all those that want to work; and
- be recognised nationally, and internationally, as a modern, strong, sophisticated and attractive location, combining an excellent environment, a network of dynamic economic centres, and a high quality offer for residents, workers, investors, and visitors.

... and Strategic Imperatives

The SEP identifies six key strategic imperatives that Cheshire and Warrington will need to address if we are to deliver on our ambitious Vision. These imperatives are complementary and mutually re-enforcing. A combination of physical and people development investments will be required to satisfy the imperatives, in the case of this strategy, through a mix of ERDF, ESF and EAFRD investments and more widely through a diverse funding package to be assembled to deliver the SEP. Importantly, though emphases will vary as the implementation of the SEP progresses, all interventions and investments delivered should look to contribute to each of them.

The Strategic Imperatives are as follows:

- **Specialised and differentiated sectorally, and delivering a manufacturing renaissance**, exploiting the key science and technology strengths as identified by our research that will enable us to access new and high value markets, and modernise and exploit new/emerging economic activities, in a way that is increasingly advanced, content-rich and internationally competitive to help raise productivity.
- **Attracting and retaining talent**, ensuring that we provide the housing offer, employment opportunities and quality of life that will attract and keep talented and economically active people and families in Cheshire and Warrington, including recent graduates from our universities, and attract those from outside. This imperative will be key in mitigating the economic effects of the forecasted decline in the working age population going forward.
- **Equipped for market and technology change** – as the forecast data show, the economy is changing nationally and internationally with implications for the sub-region. Ensuring we are equipped to operate in the increasingly complex world of markets and technologies, and that our businesses, investors and decision makers allow, and plan, for these, will be key going forward. Notably, this imperative is concerned with ensuring that we are best placed to capitalise on the opportunities of the future.

- **Maximising our growth assets – property and place** – as a polycentric economy, we must make the most of our significant endowment of sites, premises and development opportunities, including through the development of a fit-for-purpose transport and infrastructure platform.
- **Restoring our worker productivity premium** – moving progressively to a position where all of our main sectors generate productivity in line with, or above, the UK average, and where our workers and businesses compete effectively on content and quality in the global economy. The economic forecasts indicate that over the next decade, we will continue to perform broadly in line with the national average; if we are to deliver our broader vision, productivity will need to be increased consistently.
- **Internationally connected and engaged**, to ensure Cheshire and Warrington has access to all those factors, including sources of R&D, innovation, business expertise, knowledge networks and specialist labour, which will allow the economy to develop its long-term growth potential. This imperative is less about responding to a challenge, and more about seizing an opportunity going forward.



The ESIF and SEP submissions have been developed in parallel, ensuring that priorities for Cheshire and Warrington are clearly acknowledged in both documents. Delivery of the two strategies will also occur in tandem, ensuring that the greatest possible value is secured from available resources to achieve the LEP area’s goals.

This EU Investment Plan will contribute to the strategic objectives of the Cheshire and Warrington Strategic Economic Plan, notably through the Accelerating Smart Growth elements of the illustration above, i.e. supporting the Innovation and SME Competitiveness themes and investment in skills development, which will make important contributions to economic growth and employment. There is a close alignment between the EU emphasis on smart specialisation and the Cheshire and Warrington Strategic Economic Plan. In contrast, the Local Growth Fund is expected to lead on investments in transport infrastructure while the SEP also provides the context for housing investments to support economic growth aspirations.

The ESIF Strategy and the Strategic Economic Plan have a strong intervention logic based on opportunity and market failure. The Thematic Priorities have been selected to address specific market failures, particularly with regard to new investment.

4 Investment Priorities

Introduction

This section outlines Cheshire and Warrington's strategic focus for investment under the Strategy followed by detailed propositions for each of the Priority Axis that form part of our programme, a Technical Assistance proposal and our priorities for EAFRD investment. These demonstrate how the programme's vision and objectives will be achieved through a diverse programme of activities to support sustainable and inclusive economic growth. All funds will be focused on activities that are additional to those planned through public spending and would therefore not proceed in the absence of EU funding.

Vision to Investment

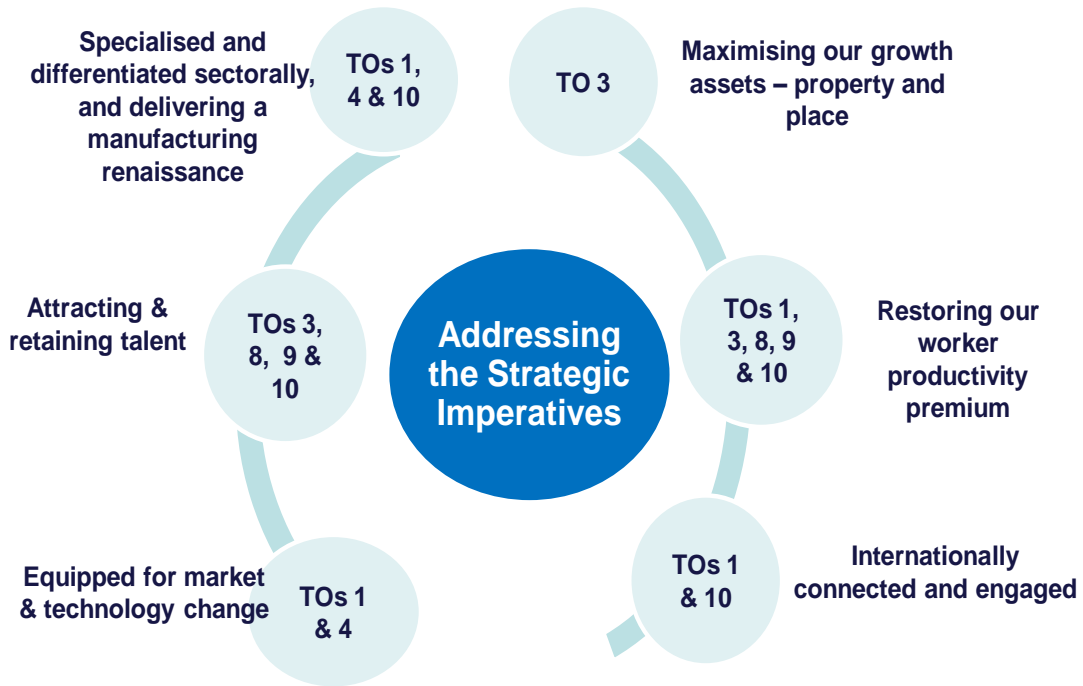
The ESIF Strategy is key to delivering sustainable economic growth in Cheshire and Warrington, providing an opportunity to increase GVA per head, by responding to the strategic imperatives identified within the Cheshire and Warrington 2021 Vision and addressing needs and opportunities to make this happen. The diagram overleaf illustrates how the programme has been structured to ensure that EU funding is being used most effectively to deliver Cheshire and Warrington's growth ambitions.

Vision to Investment

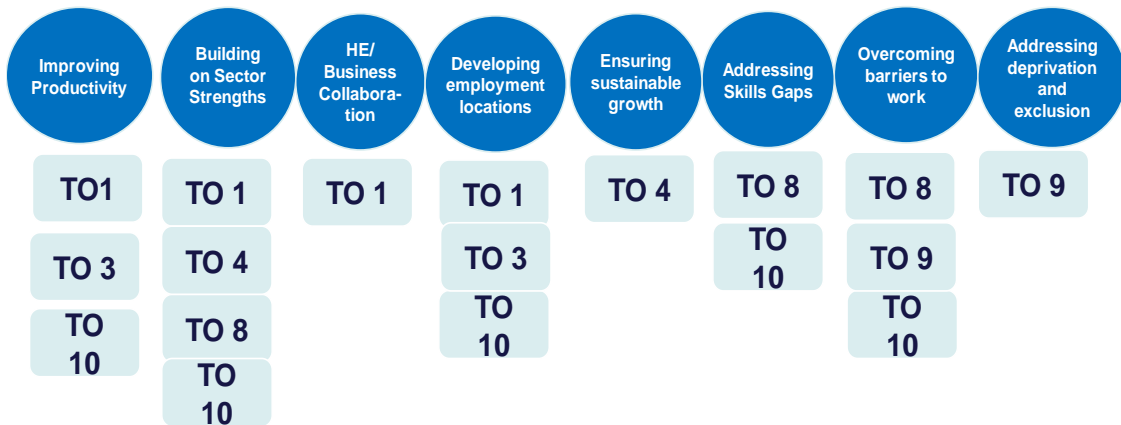
Primary Objective – Increased GVA per head

delivered by focusing on:

- Securing innovation in our business base in the development of both products and processes, including through a focus on our smart specialisations;
- Supporting our SMEs to perform to their full potential, including through supply chain development; and
- Ensuring our local workforce has the skills and competencies required by business to deliver the agendas above, and that as many people as possible are in work.



Delivered via Structural Fund contribution to following opportunity and needs:



Allocations by Priority Axes and Investment Priority

The financial allocations have been developed to deliver this economic vision, with a 55% ERDF and 45% ESF split of resources⁸ proposed, plus investment of EAFRD resources. The allocations have been developed to meet EU and UK national guidelines on programme priorities and the relative level of investment in these, resulting in the following Priority Axes allocations⁹:

Allocations by Priority Axes, 2014-2020		
ERDF	Investment Priorities	£m ¹⁰
1. Innovation	1. SMART Specialisation Research	2.5
	2. Commercialisation and Enterprise	3.9
	3. Innovation Space	5.3
	North West Fund	3.6
	Evergreen	2.5
	Total	17.8
2. ICT Broadband	4. Helping Businesses Benefit from ICT	5.12
3. SME Competitiveness ¹	5. Key Sector Support	2.9
	6. Helping Business Grow (Opt Ins+)	4.7
	7. Incubation and Grow On Space for Growth	5.1
	North West Fund	3.5
	Evergreen	2.5
	Local Impact Fund	0.8
	Total	19.5
4. Low Carbon	8. Low Carbon Markets and Technologies	4.6
	9. Energy and Resource Efficiency for SMEs	5.4
	Evergreen	2.8
	Total	12.9
ERDF total		55.3
ESF		
8. Employment ^{2, 4}	10. Young People	3.7
	11. Helping People back Into Work	14.7
	Total	18.4
9. Social inclusion ^{2 3 4}	12. Supporting Disadvantaged Groups	7.7
	Total	7.7
10. Skills ²	13. Addressing Higher Levels Skills, Skills Shortages and Enterprise	19.2
ESF total		45.3
EAFRD	14. Investing in the Rural Economy	2.1
Programme total		102.9
¹ Includes Growth Accelerator, MAS and UKTI Opt In ² SFA Opt In ³ Big Lottery Opt In ⁴ DWP opt in		

⁸ Further detail of the reasons underpinning this request are set out in Section 6.

⁹ Please note, all figures are shown in current prices with no allowance made in this document for any inflationary increases that may be permitted. All such arrangements will be confirmed at the programme's outset to ensure resources are appropriately awarded and managed.

¹⁰ Totals may not add due to rounding.

Priority Axis 5 (Promoting Climate Change Adaptation, Risk Prevention and Management), 6 (Protecting the Environment and Promoting Resource Efficiency) and 7 (Promoting Sustainable Transport and Removing Bottlenecks in Key Network Infrastructures) are not identified as stand alone elements of our programme. Instead, such activities are expected to be mainstreamed in our delivery. For example, activities to improve resource efficiency within businesses will be supported under Priority Axis 4 and the development of innovative new technologies under Priority Axis 1, whilst green and blue infrastructure, flood mitigation works, digital connectivity and transport improvements are expected to be built into the strategic design of our capital development investments, under Priority Axes 1, 3 and 4.

Developing the Project Pipeline

Our partners are working together to develop potential investment proposals for support under the 2014-2020 programme. The LEP is providing strategic direction to partners to ensure that the package of proposals brought forward offers an integrated approach to deliver the area's objectives. Guidance is reflecting both specific ESIF priorities and wider opportunities for the area (for example opportunities for support through the Local Growth Fund).

All investment decisions will be subject to a call for projects and appraisal against programme requirements, as outlined later in this document (see Section 10). We are however keen to ensure that a strong pipeline of potential activity is in place and can be considered promptly following the programme's approval. We will be in a position to issue our first calls for projects shortly after approval, focusing on those areas of intervention where there is a strong need for intervention and known opportunities for investment.

Staff within the LEP and partner organisations are gathering details of potential projects on a thematic basis to ensure partners are aware of the opportunities presented by the programme and that a wide range of investment options are available for all elements of the programme. A standard project template is being used to collect information on a consistent basis. By working with partners at an early stage, we are ensuring that they will have sufficient detail available to support submissions when calls begin to be issued.

All supported project proposals will add value to national programmes. We will work with the Local Growth Team to ensure that the potential for unintended duplication of activity is avoided across all elements of the programme, ensuring that funds are focused where they can add greatest value.

Our Programme Structure and Priorities

The remainder of this section provides the framework within which potential project applicants can develop their proposals. Each of the Priority Axis outlines the aims of intervention, the broad type of activities that can be supported, finance available to support propositions and the nature and scale of outputs and results that are anticipated to be achieved in return.

While the programme's Priority Axis have been set out in order, partners and project sponsors will be encouraged at the programme and project development stage to integrate ERDF and ESF, and where relevant EAFRD, activities to provide comprehensive support to SMEs and beneficiaries.

Priority Axis 1: Strengthening Research, Technological Development and Innovation

Rationale

In advanced economies, the principal source of competitive advantage in globalised markets is innovation – of systems, processes, products, or services. In increasingly dynamic markets, continuous innovation is key to the maintenance of competitive advantage. As a nation, the UK, despite the standing of its innovation system in international indices, has sought to address low R&D investment intensity, obstacles in the translation of University science to commercial application, and weaknesses in the financial support of technological exploitation and commercialisation.

The relationship between innovation and growth is particularly marked in Cheshire and Warrington, where several innovation-intensive industry clusters are critical to the economy. They include (as noted in Section 2): ‘Advanced Engineering’, ‘Life Science and Chemicals’, ‘Energy and Environment’, and ‘Financial and Professional Services’.

In these sectors, each locked in a ‘race to the top’, competitiveness is directly linked to innovativeness, and a failure to innovate can lead to business failure. The drive for Cheshire and Warrington to raise its productivity premium (as outlined earlier in this document) emphasises a desire to build on existing strengths as well as identifying new opportunities for more productive working. In this context, the role of intervention is to support businesses to overcome failures of coordination and information that heighten the risks of innovation and inhibit investment.

Innovation is dependent on systemic, ‘ecosystem’ behaviours that are slow to develop organically

Innovation performance depends not only on how specific actors (e.g. enterprises, research institutes, universities) perform, but on how they interact with one another in an innovation system. Local stakeholders, seeking to derive prosperity from a competitive business-base, have sought to enhance the capacity and capability of their local innovation system – coordinating the production, transfer, and exploitation of knowledge through businesses, institutions, and communities.

Innovation systems that are successful in enabling their participants to secure a differentiated competitive advantage flourish as drivers of indigenous growth and attractors of inward investment. Again, the rationale for intervention centres on failures of coordination and information that typically stifle the development of productive relationships through value chains: particularly those between businesses, and between businesses and research institutions (i.e. Universities).

Cheshire & Warrington has a significant innovation potential and opportunity

Alongside the defensive aspects of the rationale for intervention to strengthen research, technological development, and innovation in Cheshire and Warrington discussed above, there is a clear opportunity to maximise and multiply the benefit of existing innovation assets to drive economic growth.

Previous sections have highlighted the presence of innovative sectors in the area. In addition, the area boasts significant institutional innovation potential in the form of the knowledge production and diffusion capabilities of an indigenous University and Colleges, the presence of Manchester and Liverpool University activities in the area, and the proximity of the Sci-Tech Daresbury innovation platform. As businesses and society increasingly become reliant on technology and the internet, there are opportunities to drive innovation through planned improvements in digital connectivity and ICT infrastructure, and software. The digital economy

within the UK is argued to have been significantly underestimated, with more modern measures indicating the size to be more than double existing estimates¹¹.

The University of Chester's acquisition of the Shell Technology Centre at Thornton and the forthcoming Food Innovation Centre investment, together with the developing BioHub at Alderley Park and the presence of the Square Kilometre Array (SKA) Headquarters at the Jodrell Bank Observatory (where there are also plans to develop a leading International Astrophysics Science and Innovation Park), are each illustrative of the development trajectory of this institutional innovation capability. Ambitions for further growth are also illustrated by the Cheshire Science Corridor which will link centres of excellence.

Fig 1. Cheshire & Warrington's Innovation Potential – 'Jewels in the Crown'

Institutional	Industrial
<ul style="list-style-type: none"> • Chester Zoo • Jodrell Bank Centre for Astrophysics • Manchester Metropolitan University Crewe Campus • Reaseheath College • Thornton Campus • University of Chester • University of Liverpool Leahurst Campus • Liverpool John Moores University* • Manchester Metropolitan University* • University of Keele* • University of Liverpool* • University of Manchester* 	<ul style="list-style-type: none"> • AMEC Nuclear R&D Centre • Atlantic Gateway Innovation Corridor/Ellesmere Port • Autoliv R&D Centre • Barclays Bank UK Technology Centre • Bentley Motors Manufacturing Plant • BioHub: Alderley Park • Birchwood Park Nuclear Cluster • C-Tech Innovation • GM Motors • Martin Dawes Communications R&D Centre • National Nuclear Laboratory • Encirc (formerly Quinn Glass) • Sci-Tech Daresbury* • Siemens Global Variable Speed Drive Manufacturing Hub • The Energy Innovation Centre • URENCO at Capenhurst • Waters Corporation Mass Spectrometry (MS) Facility

** denotes assets located outside Cheshire and Warrington that function within the area's innovation system*

With this asset base, the Cheshire and Warrington economy is presented with an opportunity to drive economic growth. However, the full value of this innovation potential, institutional and commercial, will remain untapped until deep connectivity and system behaviours are firmly instilled in the area.

High quality facilities are also required to support innovative growth. There is anecdotal evidence that there is a shortage of supply which will impede on growth and this will continue to be tested through calls for projects. There is a market failure to providing such accommodation due to the often specialist and relatively high cost nature of provision required to support innovation which may not generate the scale of return possible on more standard forms of employment accommodation. There are also recognised challenges to creating the conditions to support new development on a number of our priority sites, including addressing flood risk and required digital connectivity and transport connections. New provision can build on existing success stories within and on the boundary of the LEP area, for example the provision of high quality office, laboratory and technical space at Sci-Tech Daresbury which has secured over 100 high-tech companies in areas such as advanced manufacturing, digital technologies/ICT, biomedicine and environmental technologies.

¹¹ National Institute of Economic and Social Research "Measuring the UK's Digital Economy with Big Data" report available at: http://niesr.ac.uk/sites/default/files/publications/SI024_GI_NIESR_Google_Report12.pdf

Smart Specialisation Agenda

When developing proposals for strengthening research, technological development, and innovation, LEPs are urged by UK Government to ensure their plans align with the thinking on Smart Specialisation, as set out in the RIS3 agenda. Smart Specialisation emphasises that strategies for innovation build on places' evidenced sectoral/technological 'embeddedness', 'connectedness', and 'relatedness', so that innovation activity drives out of the skills and capabilities of places, rather than simply copying what is being done by others. By so doing, Smart Specialisation is intended to enable:

- (Tough) Choices and Critical mass: i.e. ensuing focus on a limited number of sectoral/technological priorities on the basis of own strengths and international competition, so avoiding undue duplication and fragmentation in the European Research Area, and concentrating funding sources to ensure budget efficiency.
- Competitive Advantage: i.e. mobilising local talent by matching research, technology development and innovation (RTD+I) capacities and business needs with one another
- Connectivity and Clusters: i.e. developing best of class clusters and agglomerations (through 'embeddedness' and 'connectedness') and identifying opportunities for related variety/cross-sector links (through 'relatedness') within the region and to wider places
- Collaborative Leadership: which delivers and ensures the operation of an effective ecosystem within which innovation can develop and flourish.

As such, detailed analyses of the potential for 'smart' differentiated innovation, developed and owned by capable local leadership, and set in the context of a wider functioning innovation ecosystem are core emphases within RIS3. Smart specialisation has been described as an '*entrepreneurial process of discovery*', with the identification of smart specialisation in any given spatial area, such as Cheshire and Warrington, requiring significant engagement with businesses, research centres and universities and others; the aim is to engage firms, individuals and other organisations who have 'entrepreneurial knowledge'.

This engagement work is currently underway in Cheshire and Warrington to inform future innovation investment and prioritisation. Engagement has continued to be built through the development of the SEP and ESIF, ensuring that innovation partners in both the private and HEI sectors informed our thinking and are aware of the vision that we will pursue. They are also now working with the LEP to work up potential project proposals for support through the programme.

A desk based exercise has also been completed to secure a detailed understanding of key sectors of the economy¹². This work included an economic SWOT analysis, a study of Cheshire and Warrington's localised and urban economies, the performance in the last growth cycle, a comparative analysis with national and local economies, opportunities for growth, skills needs and knowledge assets and a productivity assessment, much of which aligns with the RIS3¹³ approach and has synergies with H2020¹⁴ priorities.

Through a quantitative desk-based review of the current **scale and shape** of the business base and employment Location Quotients against the national level, alongside a headline review of the **quality** (relative to other places) of the business base we have identified a number of areas of potential smart specialisation for Cheshire and Warrington. These include:

¹² Sectors Analysis and Moving Towards Smart Specialisation, January 2014

¹³ Guide to Research and Innovation Strategies for Smart Specialisation

¹⁴ Horizon 2020, the largest EU Research and Innovation programme, with nearly €80 billion of funding available over the next seven years.

- **Research and development in natural sciences, advanced materials and engineering:** encompassing a diversified and nationally-significant industrial base, with a range of key research institutes and operational centres.
- **Engineering and technical consultancy:** with key strengths in nuclear and energy-related industries, alongside a wide range of other technical engineering activities, with consultancy (including management consultancy) supporting manufacturing, production and service industries nationally, and internationally.
- **Automotive:** with particular strengths in high-value research, engineering, and expertise in both niche and mass production (in particular in the automotive industries, and the associated supply chains).
- **Chemicals, energy and waste:** drawing on the sub-region's long-standing legacy in chemical extraction and production, with the clear potential of a hydrogen fuel cluster in Runcorn (outside the LEP area but with strong connections to it), and emerging assets such as the Shell Technology Campus.
- **Financial services support and back-office functions:** building on the critical mass of nationally and internationally recognised financial services firms already based in the area, providing expert support functions (ICT, legal, financial, operations etc.).
- **Agri-tech and the food and drink sector:** reflecting Cheshire's traditions in agriculture, dairy and food production as well as the presence of research assets and opportunities to progress along the value chain to increase the sector's economic contribution.

There is a strong fit between Cheshire and Warrington's priority sectors and those identified at a national level. UK sector analysis completed to inform Industrial Strategy recognised the important role of sectors including advanced manufacturing, knowledge intensive traded services (including business and professional services) and enabling sectors (such as energy) in driving forward growth. Each of these sectors will play an important role in the future of the Cheshire and Warrington economy.

Objectives

The headline aim of this Priority Axis is to:

Drive diversification and enhanced competitiveness in the Cheshire and Warrington economy through investment in pervasive innovation, engaging organisations, workforces, and communities, spanning the private, public, and third sectors, in the exploitation of new technologies and knowledge.

Specific objectives are:

- Building collaborative research between enterprises, research institutions, and public institutions.
- Supporting businesses, including social enterprises, to commercialise research and development.
- Investing in facilities and equipment supporting the collaboration and commercialisation activity sought under this Priority Axis.
- Innovating through advances and proliferation in Information, Communications and Technology.

Eligible activities by Investment Priority area

- **Investment Priority 1:** Support for **smart specialisation collaborative research** between enterprises, universities/research institutions, and public institutions, including:
 - Initiatives stimulating and facilitating productive innovation partnerships between enterprises and research institutions.
 - Initiatives specifically targeted to aid commercialisation of innovation in the 'Key Enabling'¹⁵, 'Great Eight'¹⁶, and 'Health-Science' technology fields, particularly in areas of smart specialisation.
- **Investment Priority 2:** Support for the **commercialisation and enterprise** of new products and business processes, including:
 - Initiatives enhancing the demand for new or improved services, processes and products (including 'pro-innovation' procurement policies in public and private sectors and innovations in relation to climate change risk, resilience and mitigation).
 - Support for the involvement of SMEs in networks of innovative value chains and associated innovation partners.
 - Schemes which improve SME access to science and technology assets, services and expertise.
 - Schemes providing practical, financial, and material support for the innovation process within businesses (including support for access to finance and access to markets, including through digital technologies).
 - Schemes stimulating and enabling graduate start-up and spin-out from Universities, Colleges, and research institutions as well as commercial spin-outs¹⁷.
- **Investment Priority 3:** Investment in the development, connectivity and upgrading of **innovation space, facilities, and equipment** with capability to serve as a platform or host for innovation and innovative relationships. This includes investing in associated green infrastructure, flood mitigation, digital connectivity, and transport improvements etc where this is integral to the development of innovation space and facilities and the delivery of wider strategic sites.

In addition to the Investment Priority outlined above, support will be available under Priority Axis 1 through the North West Fund and Evergreen to support businesses to take proposals forward.

¹⁵ The 'Key Enabling Technologies' are: 'Advanced Materials', 'Biosciences', 'Electronics, Sensors and Photonics', and 'Information and Communication Technology (ICT)'. See: TSB. 2012. 'Enabling Technologies Strategy'. www.innovateuk.org/documents/1524978/2139688/Enabling+technologies+-+Strategy+2012-2015/c11ba6fd-435c-4230-a3ed-4b6c29f2582a

¹⁶ The 'Great Eight' are: 'Big Data', 'Space', 'Robotics and Autonomous Systems', 'Synthetic Biology', 'Regenerative Medicine', 'Agri-Science', 'Advanced Materials', and 'Energy'. See: 'Eight Great Technologies' – www.gov.uk/government/speeches/eight-great-technologies

¹⁷ All schemes will build on successful projects supported through the 2007-2013 programme, for example the use of voucher schemes and KTPs.

Target beneficiaries

The principal target beneficiaries for this Priority Axes are:

- Organisations, principally SMEs, seeking enhanced competitiveness through innovation¹⁸;
- Research institutions seeking to commercialise new technologies and knowledge;
- Entrepreneurs seeking to commercialise new technologies and knowledge; and
- Clients and consumers seeking the benefits of improved products and services.

We anticipate that the HE sector will play an important role in delivering this Priority Axes.

Finance

This Priority Axis has an allocation of £17.8m (ERDF) available for investment.

Activities will be supported up to a maximum 50% intervention rate with match funding sources to include:

- Research Councils, HEFCE, universities and further education providers
- Academic Health Science Networks
- Innovate UK (through an expected opt-in proposition)
- BDUK (in relation to digital/broadband investment)
- Private Sector
- Local authorities.

PA1: Strengthening Research, Technological Development and Innovation – Finance	
	£m
ERDF	£17.8
Public match	£13.2
Private match	£11.9
Total	£42.9

PA1: Strengthening Research, Technological Development and Innovation – Finance – Split by Investment Priority¹⁹					
	IP1	IP2	IP3	North West Fund	Evergreen
ERDF	2.5	3.9	5.3	3.6	2.5
Public match ²⁰	2.9	4.3	6.0	0	0
Private match	0.8	1.2	1.5	5.0	3.5
Total	6.2	9.4	12.8	8.6	6.0

¹⁸ Given the large mid size business base evident in Cheshire and Warrington and the priority to develop supply chains, a degree of flexibility is requested to allow some large companies to be supported through the programme, where they engage SMEs through their supply chains.

¹⁹ Totals may not add due to rounding

²⁰ The match source for both the Evergreen and North West Fund is the European Investment Bank.

Targets

Activities supported under Priority Axis 1 are expected to contribute to the following targets:

PA1: Strengthening Research, Technological Development and Innovation – Targets							
Target Type	Indicator	IP1 Target	IP2 Target	IP3 Target	Evergreen	North West Fund	Total Target
Output C1	Number of enterprises receiving support. ²¹	tbc	tbc	0	0	tbc ²²	708
Output C26	Number of enterprises cooperating with research entities.	tbc	0	0	0	0	385
Output C28	Number of enterprises supported to introduce new-to-the-market products. ²³	tbc	tbc	0	0	0	57
Output C29	Number of enterprises supported to introduce new-to-the-firm products. ²⁴	tbc	tbc	0	0	0	113
Output	Private investment matching public support to enterprises.	£1.0m	£1.0m	£1.5m	£7.0m	£10.0m	£20.5m
Output P2	Public or commercial buildings built or renovated	0	0	tbc	tbc ²⁵	0	305m ²
Output	Infrastructure site development including green infrastructure (hectares)	0	0	9	7	0	16
Result	Increased number of businesses that are actively innovating to bring new products to the market.	58	91	0	0	0	149
Result	Further embedding innovation and building greater value chain connections within and across relevant functional economies, especially with the use of those enabling technologies that transfer across sectors (smart specialisation indicator). ²⁶	TBC	TBC	TBC	TBC	TBC	TBC
Result	Improving the economic viability of the area through	0	0	TBC	TBC	0	TBC

²¹ Assumes 60% of the PA allocation is spent on business support.

²² Based on an expected average investment of £250,000.

²³ Assumes 20% of supported businesses.

²⁴ Assumes 25% of supported businesses.

²⁵ Assumes 80% of Evergreen expenditure results in the creation of new floorspace.

²⁶ Further guidance is requested regarding this results indicator

	infrastructure investments including green infrastructure. ²⁷						
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Although outside the scope of guidance provided by Government, we also anticipate applying local indicators for new jobs created and GVA uplift to PA1.

²⁷ Further guidance is requested regarding this results indicator

Priority Axis 2: Enhancing Access to, and use and quality of, Information and Communications Technologies

Rationale

Partners in Cheshire and Warrington believe that investment in ICT is necessary to support continued economic growth, and is the cornerstone of technology led innovation. To grow, we need all parts of our area to have access to high quality infrastructure and an understanding of how ICT can make a difference to business performance and customer engagement. The rationale for intervention in enhancing access to, and use and quality of, ICT is summarised below.

Delivering the UK and EU priorities

Commitments are in place at both a UK and EU level to allow ambitions for businesses to get the most out of digital technologies, including through improving the broadband infrastructure, raising eSkills and encouraging investment in information technology. Recognising the importance of broadband to growth, the Europe 2020 target is to deliver 100 per cent coverage for superfast broadband at 30Mbps and ensure that 50 per cent or more of European households subscribe to ultrafast broadband above 100Mbps by 2020.

While the private sector is rolling out investment programmes (in some cases supported by public subsidy), these will not offer 100% coverage, with particular gaps evident in areas of low population and business density, including rural areas. Targeted intervention is required to unlock the growth potential of businesses being held back by a lack of high speed broadband. This will create future proof networks that will present new ICT opportunities and equip businesses with the knowledge and skills they need to get the most out of the ever increasing pace of technology change.

Current Levels of Superfast Broadband, September 2015		
Local Authority	% Superfast Coverage	% Superfast Take Up
Cheshire East	92.0%	28%
Cheshire West and Chester	91.2%	28.5%
Warrington	95.9%	19%

The Connecting Cheshire (<http://www.connectingcheshire.org.uk/home>) programme (supported through the 2007-2013 European programme) is making important steps to improve broadband provision and take up. Any interventions supported through the 2014-2020 programme will need to add value to these interventions to allow improved speeds to continue to be achieved and greater benefits to be secured by SMEs as a result. Improved connectivity to targeted areas and investment in ICT systems is therefore expected to play a role in supporting SMEs in Cheshire and Warrington to improve their performance (including through increased online trade) and reduce the productivity gap.

ICT as a driver of growth

Access and take up of broadband availability plays an important role in increasing economic growth – through, for example, supporting the creation of start-ups, making it easier for SMEs to outsource processes and information, enabling increased international trade and facilitating collaborative innovation. The adoption of faster broadband by businesses stimulates further investment in wider ICT systems and applications and results in more informed decision making and productivity gains.

Supporting SMEs in enhancing their access to superfast broadband and increasing the demand for services and products, along with emerging ICT and digital technologies, will play

a key role in equipping businesses and investors to improve their competitiveness. It may help business to drive innovation through the eight great technologies; generate sustainable development benefits by further reducing the need for business travel; and support the development of Smart Cities and Smart Communities, for example through the use of smart apps that can support advancements in the transport network more widely and utilities as examples.

ICT will also play a significant role in supporting and delivering other elements of the programme. For example, ultrafast infrastructure targeted at business and industrial parks, key employment sites and science parks; innovation in the use and application of ICT and digital technologies; and supporting an improvement in our digital skills.

Supporting growth at a local level and targeting our resources at the areas with greatest growth potential will ensure we deliver maximum impact. Cheshire has some of the most significant science based assets in the north of England, some of which are of global importance in advanced scientific analysis and research, pharmaceuticals R&D and manufacturing, chemical engineering, energy and nuclear engineering, radio-astronomy and astronomy. Collectively these assets form the Cheshire Science Corridor which complements and helps link our unique placed based opportunities and high growth businesses.

Whilst the current focus is on superfast and ultrafast broadband, it is recognised that technological cycles tend to be short term. This element of the programme will therefore be flexible in the form of ICT connection it promotes to ensure that Cheshire and Warrington benefits from leading edge digital connectivity in whatever form it takes throughout the programme period.

We therefore see ICT investment as an opportunity to unlock and drive economic growth, supporting our businesses and communities to become more productive and access new opportunities both within and outside Cheshire and Warrington.

Objectives

The objectives of intervention under PA2 are to deliver:

- *Targeted investment to unlock the growth potential of businesses in Cheshire and Warrington with access to leading edge digital connectivity through superfast and ultrafast broadband (both by geographical coverage and speed) that the market would not otherwise provide;*
- *Support SMEs and social enterprises to increase their use and effectiveness of ICT services, access to leading edge ICT and digital technology and digital marketing to broaden their product/service offer directly and through digital infrastructure;*
- *Support all businesses, including SMEs and social enterprises, to integrate digital technologies between housing and workspaces to increase efficiency; and*
- *Support for business to increase demand for and exploitation of digital technologies, processes and services.*

Eligible activities by strategic activity area

The following activities will be supported under this thematic objective and **Investment Priority 4: Helping Businesses Benefit from ICT:**

- Support packages that allow SMEs and social enterprises to increase their awareness of the local ICT offer (specifically the latest technologies on offer) and how it can benefit their operations and ambitions to grow;
- Support to help SMEs and social enterprises to build improved ICT connections into their day to day business to improve efficiency/productivity and explore new markets;

- Work with SMEs and social enterprises to explore opportunities for new product and service offers using enhanced ICT networks or exploiting ICT products, knowledge and skills, including internationalisation of product offers for international markets and the visitor economy through enhanced town centre broadband capability; and
- Investment in ICT infrastructure where it can be demonstrated to be required to both address a gap in private sector provision and currently serves as a barrier to SME growth.

Delivery of this priority is also expected to have strong linkages with other elements of the programme, for example supporting innovation under Priority Axis 2, SME competitiveness under Priority Axis 3, social inclusion under Priority Axis 9 and rural business support through the EAFRD.

Target beneficiaries

This thematic objective is expected to closely align with improving SME competitiveness. Target beneficiary groups are therefore SMEs and social enterprises. Particular priority will be given to investments that support high growth sectors, including areas of identified smart specialisation and innovation.

Finance

An ERDF allocation of £5.3m has been identified for Priority Axis 2. It is anticipated that ERDF funds will be offered to a maximum of 50% of total project costs with match funding to be provided by sources including local authorities, BDUK, Innovate UK and the private sector.

PA2: Enhancing access to, and use and quality of, Information and Communication Technologies – Finance	
	£m
ERDF	5.1
Public match	5.1
Private match	2.7
Total	12.9

Targets

Targets to be delivered by projects supported under this thematic objective are outlined below.

PA2: Enhancing access to, and use and quality of, Information and Communication Technologies– Targets		
Target Type	Indicator	Target
Output	2a - Extending broadband deployment and the roll-out of high-speed networks and supporting the adoption of emerging technologies and networks for the digital economy	
Output C1	Productive investment: Number of enterprises receiving support	350
Output P3	Additional businesses with broadband access of at least 30mbps	75
Output	2b - Developing ICT products and services, e-commerce and enhancing demand for ICT	
Output C1	Productive investment: Number of enterprises receiving support	43
Output C5	Productive investment: Number of new enterprises supported	105
Output C29	Research, Innovation: Number of enterprises supported to introduce new to the firm products	7
Output P4	Additional businesses taking up broadband with speeds of at least 30Mbps	166

Priority Axis 3: Enhancing the Competitiveness of Small and Medium Enterprises

Rationale

A strong SME business base

As outlined in Section 2, Cheshire and Warrington has a large, diverse and successful business base. With around 37,000 firms, we have more businesses per head than the national average (68 per 1,000 adults versus a national figure of 62), a well-developed and intrinsic entrepreneurial culture leading to high business start-up rates – in 2011 alone over 4,000 new enterprises were started-up in Cheshire and Warrington²⁸ – and relatively, low levels of business closures. Our broad-based economy contains a mix of well-embedded and substantial medium sized firms, as well as a large cohort of innovative small businesses, operating across a range of sectors.

Given our strong business performance, Cheshire and Warrington's economy relies far less on the public sector as a source of employment and growth than other economies across England. We have a higher density of private service sector jobs than most other places, and major growth assets on which to build. Cheshire and Warrington is a great place to start, grow and develop a competitive small or medium-sized business. There is however a continued need for investment to allow Cheshire and Warrington to retain its competitive position and support businesses to raise their productivity.

A need to respond to challenges

As with other successful sub-regions of the UK and Europe, our SME base faces a number of serious challenges. Externally, the forces of globalisation in services and manufacturing are providing an increasingly competitive trading environment for our businesses, and for the place in attracting high quality investment. We are competing both with low cost economies overseas and increasingly sophisticated competitor locations at home. If our SMEs are to grow in size, become more resilient and move up the value chain to compete effectively, they must become progressively more specialised and technologically advanced, focusing on those products, service and process areas where they have a genuine competitive edge – and where they can compete most effectively.

This imperative applies right across our SME business base. The evidence is unambiguous. It shows that our micro businesses, many of which are family owned, and mid-market companies are crucial in terms of driving wealth creation and employment opportunities. Looking forward, our continued economic success is increasingly likely to be shaped by the growth aspirations and commitment to innovation amongst these dynamic SMEs.

As a place, we too must prioritise those innovative industries, processes, technologies, areas of expertise, high-level skills and supply chain excellence, as well as natural assets, where we have a clear comparative advantage and crucially, where the latest foresight work suggests that going forward, there is likely to be serious business growth potential. This will include planning with local employers to consider how benefits can be captured and exploited in the local area, as just one example exploring supply chain and upskilling opportunities associated with Bentley Motors' £800m investment to develop and manufacture a new SUV at their Crewe plant. In this instance, plans are already in place to develop an Automotive Research, Development and Supply Hub to build on the industrial heritage and skills base to facilitate further innovation in the transport manufacturing sector, including through an accompanying rail centre of excellence.

²⁸ Business Demography data, ONS

Guided by the evidence, we must adopt a smart approach to specialisation and support our SMEs to diversify into those adjacent areas, so they can accelerate their growth, and make an increasingly significant contribution to our continued economic success – focusing specifically on our productivity imperative (see below for further details).

... And access to finance must improve so we can invest now for long-term growth

Additionally, access to suitable finance on the right terms, to support SME growth and competitiveness, has been a key challenge for many years, and the financial crisis, new regulation and stricter criteria has resulted in tightened credit conditions for SMEs and social enterprises.

Breaking down some of the barriers to borrowing for local businesses will be a key feature of our future success. This will involve developing innovative financial products to make best use of available resources, including exploration of new models of shared risk. It will also include more effectively promoting existing funds that are available. We must ensure that funds reach those SMEs with the greatest potential to contribute disproportionately to GVA growth, and where key gaps in the supply of funding are identified (and evidenced), innovative solutions are brought forward effectively. Often the investment process is constrained by distance, and having local funding mechanisms and indigenous sources of start-up and early stage finance is important. Additionally, there is a large number of high net worth individuals based in the sub-region and more work is required to strengthen local business angel and investor networks.

The added value of social enterprises should also be recognised, in particular their ability to deliver local social and environmental benefits alongside growth. Going forward, social enterprises are likely to make a growing contribution to our urban and rural economies, tackling market failures and enhancing key service provision. Support is required to ensure that social enterprises, as well as mainstream private sector businesses, are well placed to take advantage of local opportunities.

Addressing market failures and challenges

Taking these challenges and emerging opportunities together, we need to enhance the competitiveness of our SME base. We must retain, develop and grow existing SMEs, stimulate new company formation, foster new external relationships designed to help attract quality SME investment and drive R&D excellence - with an overarching goal of building a more resilient and competitive SME cohort, with serious growth potential. Against this backdrop, the key market failures and challenges that we need to address include:

- Our SME base is large and diverse, spatially, sectorally, technologically, and in terms of core markets; as a result, the business support landscape has often been locally focused, providing a spatially bespoke but fragmented offer and opportunities for improved business-to-business linkages, shared learning/good practice, and delivery efficiencies have not been maximised.
- Our economic success has been based on a very strong, high end manufacturing base in areas such as automotive, pharmaceuticals and chemicals. Given global market, technology and innovation trends, this is slowly eroding, impacting on our economic performance and productivity. Alongside growing other sectors and industries in which we have specialisms, revitalising our manufacturing base – moving increasingly up the value chain – is critical to our overall economic success and in order to do that, we need to support a new generation of SMEs that can strengthen local supply chains.

- Supporting SME growth plans through better promotion and marketing of live funding opportunities. Information failures and asymmetries mean that some SMEs locally are not aware of funding sources available to help them grow their businesses. Better promotion and easier access to funds are essential in order to overcome barriers and maximise the impact of the many existing funding sources/financial instruments available in the sub-region.
- There is an overarching requirement for Cheshire and Warrington to deliver a step-change in its productivity performance across the economy; productivity levels in the sub-region have been slipping, and in many of our key sectors we currently underperform against the national level (see Figure 2.6).
- Market failure has been determined regarding the availability of digital connectivity and ICT infrastructure to businesses in Cheshire and Warrington. Furthermore the awareness, adoption and propensity of understanding of both the use and benefits of digital connectivity and infrastructure are markedly varied across the SME business base.

Objectives

The 'Enhancing the Competitiveness of Small and Medium Enterprises' theme for Cheshire and Warrington sets out the following objectives for the 2014 to 2020 period:

- Build the growth capability of Cheshire and Warrington SMEs.
- Foster a more entrepreneurial culture across Cheshire and Warrington by reducing barriers to entrepreneurship and supporting entrepreneurs.
- Boost levels of business formation and survival in our rural and urban areas.
- Support higher levels of SME exports and international business activity.
- Assist SMEs to innovate, make best use of digital technologies, and invest in R&D.
- Increase the contribution to the economy of SMEs within specialist industries, supply chains and technologies with high growth potential where Cheshire and Warrington has clearly embedded existing strengths and capacity.

We see there being strong potential to link beneficiaries between Priority Axes 3 and 1, supporting businesses to both innovate and grow through an escalator approach.

Eligible activities by Investment Priority area

Indicative activities under this theme are as follows:

- **Investment Priority 5: Key Sector Support** including design and development of a targeted entrepreneurship programme, aligned with the sub-region's smart specialisation agenda and leadership and management skills development programme for SMEs in key sectors.
- **Investment Priority 6: Helping Business Grow:**
 - Consistent first rate SME business support infrastructure in Cheshire and Warrington including support for firms to develop a focused growth business strategy, entering new domestic and international markets, understanding of the opportunities presented by digital technologies and implementing productivity improvement and resource efficiency activities to increase GVA and generate jobs;
 - Develop a programme of activity designed to enhance the supply and take-up of different funding opportunities for SMEs and social enterprises²⁹, in response to identified business needs;
 - Investment readiness programme for SMEs.

²⁹ Throughout this document the term 'social enterprise' is taken to include all elements of the voluntary, community and social sector.

- **Investment Priority 7: Incubation and Grow On Space for Growth** ensure there is an adequate supply and quality of incubation and grow on space, at key locations, especially for high growth potential firms and community businesses/social enterprises, and support services where there is market failure or lack of sector support. This includes refurbishing, modernising and investing in new incubation centres or the development of drop in zones where SMEs can co-operate and have access to equipment for shorter periods. Support will also be available for associated green infrastructure, flood mitigation, digital connectivity and transport improvements where this is integral to the development of incubation and grow on space and the wider delivery of strategic sites.

Businesses will also be able to access support through the North West Fund, Evergreen and the Local Impact Fund under Priority Axis 3.

Target beneficiaries

The main target beneficiaries for support under this theme across are as follows:

- Owner-managers of SMEs
- Managers of social, voluntary and community based enterprises
- Entrepreneurs

Finance

The following funding package is anticipated under Priority Axis 3. Match funding sources will include:

- Growth Accelerator
- Manufacturing Advisory Service
- UK Trade and Investment
- Private sector

PA3: Enhancing the Competitiveness of Small and Medium Enterprises – Finance	
	£m
ERDF	19.5
Public match	14.7
Private match	12.7
Total	46.9

PA3: Enhancing the Competitiveness of Small and Medium Enterprises – Finance – Split by Investment Priority ³⁰						
	IP5	IP6	IP7	Evergreen	North West Fund	Local Impact Fund
ERDF	2.9	4.7	5.1	2.5	3.5	0.8
Public match	3.8	5.5	5.5	0	0	0
Private match	0.5	1.0	1.8	3.5	5.0	1.0 ³¹
Total	8.4	13.0	14.4	7.0	10.0	2.0

³⁰ Totals may not add due to rounding.

³¹ Civil Society match

Targets

Activities supported under Priority Axes 3 will contribute to the following output targets and results indicators.

PA3: Enhancing the Competitiveness of Small and Medium Enterprises– Targets								
Target Type	Indicator	IP5 Target	IP6 Target	IP7 Target	Evergreen	North West Fund	Local Impact Fund	Total Target
Output C1	Number of enterprises receiving support. ³²							1,734
Output C5	Number of new enterprises supported. ³³							736
Output C8	Employment increase in supported enterprises.							732
Output C28	Number of enterprises supported to introduce new-to-the-market products. ³⁴							29
Output C29	Number of enterprises supported to introduce new-to-the-firm products. ³⁵							221
Output	Number of companies supported with business resource efficiency	16 ³⁶	24	0	0	0	0	40
Output C7 (non-grants & grants)	Private investment matching public support to enterprises						0	£10.7 m
Output P2	Public or commercial buildings built or renovated (m ²) ³⁷	0	0	tbc	tbc ³⁸	0	0	219 m ²
Output	Infrastructure site development	0	0	7	7	0	0	14

³² Assumes 70% of the TO allocation is spent on business support.

³³ Accounts for approximately 25% of the total enterprises supported under SA4 and 10% of assists under the North West Fund.

³⁴ Assumes 5% of supported enterprises.

³⁵ Assumes 15% of supported enterprises.

³⁶ This output is not included in the spreadsheet submission due to limitations in the number of indicators that can be shown.

³⁷ This indicator has not been captured in the spreadsheet submission due to the limitations of the template document.

³⁸ Assumes 80% of Evergreen spend results in new floorspace being created.

	including green infrastructure (hectares)							
Result ³⁹	Increase in SME productivity	£6.8m	£10.4m	0	0	£8.0m	£1.6m	£26.8m
Result	Increase in SME jobs created	177	271	0	0	208	42	698
Result	Increase in business start ups. ⁴⁰	220	0	0	0	0	4	TBC
Result	Improving the economic viability of the area through infrastructure investments including green infrastructure. ⁴¹	0	0	TBC	TBC	0	0	TBC

³⁹ Further guidance required of how results targets will apply to capital investments

⁴⁰ Estimates as per forecast outputs

⁴¹ Further guidance is required to define this indicator.

Priority Axis 4: Supporting the Shift towards a Low Carbon Economy in All Sectors

Rationale

Supporting the shift to a low carbon economy is vital, both to promote sustainable economic growth through building the market in low carbon environmental goods and services and associated low carbon innovation, and in order to address the issue of climate change⁴².

There are five key drivers underpinning the Low Carbon Economy Objective:

- The need to reduce Green House Gas (GHG) emissions;
- The need to increase the share of renewable energy;
- The need to increase energy efficiency;
- The need to ensure resource efficiency (including waste management) and climate change resilience;
- The need to reduce the carbon intensity of goods and services.

The sub-region has made progress towards these goals over the last five years. In terms of emissions, per capita local CO₂ emissions in Cheshire (Cheshire East and Cheshire West and Chester) fell from 13.8 tons in 2005 to 11.9 tons in 2011. In Warrington, emissions fell from 9.8 tons to 7.7 over the same period. Nationally, however, emissions per capita were 6.7 tons per person in 2011, indicating that there is still further progress to be made.

There is a growing drive to deliver whole place low carbon initiatives such as smart cities. In this context, a range of considerations need to be planned including low carbon energy, smart meter/smart grid programmes, waste infrastructure, ICT infrastructure (which can minimise the need to travel by allowing flexible working) and low carbon transport. These multi-faceted requirements highlight the need for low carbon considerations to be identified across the 2014-2020 programme as well as through activities supported by other funding sources.

The need to maximise the opportunities and minimise the cost of the transition to a green economy also makes this a pressing issue for all businesses across Cheshire and Warrington. This is particularly true in an area with a number of high energy use businesses that have a greater impetus to invest in low carbon solutions to support their future activities.

Building on our existing strengths ...

The growth of the Low Carbon Environmental Goods and Services (LCEGS) sector is core to promoting the low carbon economy – the sector facilitates the transition to a green economy and provides innovative low carbon solutions to new problems. The sub-region is well placed to maximise the opportunity. The LCEGS sector in Cheshire and Warrington is well established, with over 800 companies, producing an estimated £1,888 million in sales and supporting 18,000 employees. The sector has performed strongly in Cheshire and Warrington even during the recession, maintaining growth rates of 4.6%.

Cheshire and Warrington has comparative strengths in energy efficiency: building technologies and energy management; renewable energy: geothermal, photovoltaic and biomass; waste and recycling: recycling and recovery and waste management sub-sectors. There are a high number of professional technical services companies spread out across the technical sub-sectors. Nuclear power and water supply and waste water treatment are also significant sectors. Geothermal energy sources are due to be explored in the Cheshire Basin

⁴² An initial study to assess climate risks and opportunities associated with strategic development areas in Cheshire and Warrington (Assessing Climate Risks and Opportunities for Strategic Growth Sites – Phase 1 Final Report, Cheshire and Warrington LEP, April 2013) shows the imperative to intervene. Of 41 strategic sites identified, 10 were at risk of flooding/had low adaptive capacity, 8 faced the risk of electricity sub-stations being flooded and 8 the risk of roads being flooded. These risks impact on a number of sectors that play an important role in Cheshire and Warrington's economy, including oil refining, automotive, distribution/logistics and financial services.

to assess the viability of a deep geothermal drilling site and associated district heating network due to the area's identified potential as only one of six places in the UK to supply heat and electricity from geothermal sources. Wider opportunities are expected to flow from these investigations, potentially across a larger part of the LEP area.

Cheshire and Warrington also benefits from the innovation provided by higher education, including the University of Chester, and proximate research institutions such as the University of Manchester and the University of Liverpool. Specifically, the University of Chester hosts academics who work on a number of low carbon issues, including sustainability, community carbon reduction and community energy schemes. Facilities such as the Energy Innovation Centre in Ellesmere Port and the Thornton Research Centre further add to the expertise base.

Other opportunities in the low carbon sector (both within and outside the scope of the European programme) include:

- The three Crown Estate wind farms in the Irish Sea could potentially be served from Ellesmere Port, creating a concentration of low carbon activity.
- There are opportunities in the rural economy sector, with significant anaerobic digestion and biomass potential.
- Low carbon vehicles, specifically the 'componentry' supply chain may be an opportunity in the area, through automotive firms in Ellesmere Port and Bentley Motors in Crewe.
- District heating and the 'soft energy path' have potential for future growth, particularly with the emphasis given to the waste to energy theme in a number of policies.
- 'Decoupling growth from resource use' is an issue both at an individual business level and throughout the economy.
- Large scale decarbonisation of the housing stock will provide opportunities for construction firms, social enterprises and skills development.
- Competitive advantage for manufacturing and engineering firms presented by resource efficiency, waste management and regulatory compliance will be a further area of opportunity.

... and responding to market failures

However, a range of market failures are holding back the growth of the low carbon economy in Cheshire and Warrington. These include:

- Environmental costs, especially the total carbon footprint that are not included in the price of goods and services.
- Lack of awareness and understanding of costs and benefits of energy, waste management and resource efficiency amongst the business base⁴³.
- Risk aversion in the investment behaviour of businesses.
- Lack of capacity in the environmental services sector to support uptake.
- The lack of a recognised network across the industry, such networking is a key success factor in high performing clusters.

There is also a wider drive to ensure the security of energy and resources moving forward.

⁴³ For example, research by ENWORKS (Making an Impact in Cheshire and Warrington, ENWORKS), associated with their Cheshire and Warrington Resource Efficiency Programme, found that without support most local businesses will fail to take effective action, even if they know they should.

Objectives

The headline objective of this Priority Axis is to:

'build the market in low carbon environmental technologies, goods and services, delivering sustainable economic growth, contributing to mitigating the effects of climate change and embedding resource efficiency in the SME base.'

Specific objectives underpinning this include:

- Supporting the non-domestic sector to deploy low carbon technologies and focus on energy efficiency.
- The development of whole place low carbon solutions.
- Accelerating the development, innovation, adoption and deployment of low carbon technologies and related supply chains/ infrastructure.
- The development of behavioural change initiatives to integrate technological solutions with user preferences to ensure better use patterns.
- The development of business focused resource efficiency initiatives, including in waste management.

Eligible activities by Investment Priority area

Activities in this theme are designed to support low carbon targets at a European and National level, as well as addressing local issues and opportunities.

Eligible activities under **Investment Priority 8: Low Carbon Markets and Technologies** include:

- Assisting the market to develop, design and manufacture materials, goods and services with embedded low carbon technologies.
- Deployment of localised Carbon Capture and Utilisation, Energy Storage and Waste to Energy projects and infrastructure.
- Support business to engage in knowledge transfer with HEIs and FEIs to encourage commercialisation of Low Carbon technologies, including R&D, innovation and supply chain development for low carbon technologies and materials (including small scale pilot programmes that test the market with new low carbon solutions).
- Actions aligned to the Government's Waste Prevention Programme which drive low carbon innovation in relation to waste and re-use.
- Development of technology centres of excellence, manufacturing clusters and the development of appropriate test facilities and deployment infrastructure.
- Demonstration and deployment of renewable technologies in the UK renewable energy roadmap (onshore wind, offshore wind, marine energy, geothermal, biomass electricity and heat, ground and air source heat pumps and renewable transport) or signposting to examples elsewhere.
- Decentralised and off grid renewable energy schemes.
- Whole place low carbon solutions, such as smart cities initiatives, decentralised/off grid renewable energy schemes and resilient energy infrastructure as well green/blue infrastructure to provide cooling and reduce energy use.
- Support for low carbon transport solutions where they can be clearly linked to realising economic growth opportunities.

Eligible activities under **Investment Priority 9: Energy and Resource Efficiency for SMEs** include:

- Voucher schemes to support SMEs to research and implement practical resource use planning/energy efficiency improvements.
- Energy efficiency in enterprises including industrial processes, designing out waste, recovery of 'waste' heat energy and CHP.

- Helping SMEs to move to renewable and low carbon fuels to generate heat and power.
- Initiatives to increase resource efficiency and waste management techniques in the SME base.
- Building retrofit and energy efficiency, especially whole building solutions exemplifying next phase technologies which are near to market.
- Adoption of domestic energy efficiency and low carbon construction techniques, including ultra-low carbon exemplar demonstrator buildings.

Businesses will also be able to access support through Evergreen under Priority Axis 4.

Target beneficiaries

The main targets for this priority are as follows:

- Businesses in the LCEGS sector
- Construction businesses
- Businesses in the energy sector
- Public, Further and Higher Education Institutions, where working in partnership with businesses or social enterprises
- SMEs operating in the LEP area (i.e. demand beneficiaries)

Finance

An ERDF allocation of £12.9m is available for investment under this Priority Axis. Activities will be supported up to a maximum 50% intervention rate. A wide range of match funding sources are in place including:

- Green Deal;
- Local Authorities;
- Higher and Further Education Institutions
- Private sector
- UK Green Investment Bank
- Innovate UK
- Research Councils
- UK Government Departments (e.g. DECC, BIS etc)

PA4: Supporting the Shift towards a Low Carbon Economy in All Sectors – Finance	
	£m
ERDF	12.9
Public match	9.1
Private match	4.7
Total	26.7

TO4: Supporting the Shift towards a Low Carbon Economy in All Sectors – Finance – Split by Investment Priority ⁴⁴			
	IP8	IP9	Evergreen
ERDF	4.6	5.4	2.8
Public match	4.0	5.1	0
Private match	1.0	0.7	3.0
Total	9.6	11.2	5.8

⁴⁴ Totals may not add due to rounding.

Targets

Activities supported under Priority Axis 4 will contribute to the following output targets and results indicators.

PA4: Supporting the Shift towards a Low Carbon Economy in All Sectors– Targets					
Target Type	Indicator	IP8 Target	IP9 Target	Evergreen	Total Target
Output C1	Number of enterprises receiving support.	tbc	tbc	0	870
Output C5	Number of new enterprises supported. ⁴⁵	tbc	0	0	17
Output	Employment increase in supported enterprises.	244	286	0	530
Output C26	Number of enterprises cooperating with research entities.	tbc	0	0	6
Output	Number of enterprises supported to introduce new-to-the-market products. ⁴⁶	37 ⁴⁷	43	0	80
Output C29	Number of enterprises supported to introduce new-to-the-firm products. ⁴⁸	tbc	tbc	0	9
Output	Private investment matching public support to enterprises.	£3.0m	£1.0m	£6.0m	£10.0m
Output	Estimated GHG reductions ⁴⁹	TBC	TBC	TBC	TBC
Output	M ² floorspace created or improved. ⁵⁰	0	0	466 ⁵¹	466
Output	Number of businesses supported with business resource efficiency	0	40	0	40
Result	An increase in the energy efficiency of companies, buildings and transport. ⁵²	TBC	TBC	TBC	TBC
Result	An increase in companies deploying low carbon practices, processes, service or products. ⁵³	TBC	TBC	TBC	TBC

Although not specified in Government guidance, we also propose to use local indicators to capture new jobs created and GVA uplift under this element of the programme.

⁴⁵ Assumes 25% of all enterprises supported.

⁴⁶ Assumes 10% of supported enterprises.

⁴⁷ This target is not captured in the spreadsheet submission due to limitations in the number of indicators that can be collected.

⁴⁸ Assumes 15% of supported enterprises.

⁴⁹ Further guidance regarding this output would be welcomed to support quantification.

⁵⁰ This output is not included in the spreadsheet submission as this indicator is not available for selection.

⁵¹ Assumes 80% of Evergreen spend results in the creation of floorspace.

⁵² Indicator guidance required

⁵³ Indicator guidance required

Priority Axes 5, 6 and 7

Following feedback from the UK Government of our first draft ESIF Strategy, we have reviewed our proposals for these three objectives and have decided to mainstream the proposed Investment Priority. This is in line with our approach to sustainable economic development (see pages 70-72) and will enable us to commission integrated projects from partners. In particular, we have made explicit that we will embed green infrastructure, flood risk, climate change mitigation and sustainable transport considerations into all physical development projects within Priority Axis 1 (Investment Priority 3) and Priority Axis 3 (Investment Priority 6).

We have also augmented our proposals under Priority Axis 4 to include specific activities related to the wider resource efficiency and waste management for the SME base as we see this as an integral part of moving towards a low carbon economy. This will also allow a more holistic approach to commissioning, where projects related to energy, waste and general resource efficiency sits within the same Priority Axes. Low carbon sustainable transport initiatives may also be supported under this element of the programme.

We have allocated resource relevant to Priority Axes 5, 6 and 7 to the following Investment Priority: 1, 2, 3, 6 and 8. In addition, we expect that the green infrastructure and low carbon sectors will access ESF as appropriate to capitalise on the opportunities for skills development in these emerging sectors in Cheshire and Warrington.

Priority Axis 8: Promoting Employment and Supporting Labour Mobility

Rationale

The rationale for intervention to promote employment and support labour mobility in Cheshire and Warrington is multi-faceted. Some of the key factors driving the need for intervention are summarised below.

A Declining Working Age Population

If Cheshire and Warrington is to achieve its economic potential, it requires all members of working age to make a positive contribution. This requirement is particularly pressing in the context of an ageing population (2011 ONS population projections suggest the retirement age population will increase by 27% between 2011 and 2021) which presents the prospect of a declining working age population over the next decade, for the first time in recent history. Levels of economic activity and employment will need to increase to allow Cheshire and Warrington to maintain its economic contribution and support the growth aspirations of our business base.

Retaining our Graduate Population

Cheshire and Warrington is home to two universities providing a large student population attracted from across the UK and overseas. At present, we do not have a strong reputation for either retaining graduates produced by our local universities or attracting back Cheshire and Warrington residents once they have completed higher education outside the area. There is a need to take steps to retain our graduate population to support growth aspirations, including to respond to the needs of our priority sectors, including engineering and agri-tech. Some early innovation projects have been developed in this area (e.g. a Manchester Metropolitan University and Virgin Rail scheme to improve the work readiness skills of graduates), but there are opportunities to expand our approach.

Tackling Unemployment

Although Cheshire and Warrington has not faced the scale of worklessness challenges reported in some other parts of the country, and particularly in other northern LEP areas, pockets of worklessness are present. In total, claimant unemployment stands at almost 18,000 people (February 2013).

There are persistent pockets of worklessness in the sub-region including high concentrations of unemployment in parts of Warrington, Ellesmere Port and Crewe, where some Super Output Areas have more than 30% of working age residents in receipt of out of work benefits. Rates are most pronounced amongst young people (14% of 18-24 year olds were unemployed in 2012 compared to less than 5% of 25-49 year olds) and lower skilled adults (nearly 40,000 inactive 24-64 year olds are qualified below Level 2). Such trends are restricting the LEP area's overall economic performance and the contribution that individuals can make to success.

Raising Self Employment Levels

Self employment levels in parts of the area are also below the national average. In Cheshire West and Chester, 7.2% of 16-64 year olds are self employed compared to a national rate of 9.7%. Rates in Warrington are also lagging behind at 8.5%.

Helping the Workforce Respond to Economic Change

Between 1998 and 2008 there were almost 28,000 job losses in the Cheshire and Warrington economy (during a period of economic growth and prosperity) with further losses reported post this period. The need to equip people affected by redundancy with the skills needed by employers is therefore pressing.

There has been a marked change in the occupational profile of employment in Cheshire and Warrington between 2005 and 2012, including significant losses in process, plant and machine operative and administrative and secretarial occupations but growth in caring, leisure and other service and associate professional and technical occupations. In some instances, workers will be required to seek work in new sectors as well as new occupations reflecting changes in the overall economic base. Such changes may require workers to either refresh their existing or develop new skills sets to meet employer requirements. Delivering this element of the programme will require oversight to be maintained of other activities supported through the programme as well as wider economic change.

Reducing Economic Inactivity

In the year to March 2013, 115,200 of Cheshire and Warrington's residents aged 16-64 were economically inactive (21% of the total). Many of these people will be inactive for valid reasons but there are opportunities to support a proportion of this group who are willing and able to work to access employment. As is the case with the unemployed, low skills levels may present a barrier to employment within this group as around half do not hold at least a Level 2 qualification, which is increasingly a pre-requisite for employers.

When the inactive are coupled with unemployment levels in early 2013, 133,000 adults in the sub-region were experiencing some form of worklessness, impacting on both their individual circumstances and the economic well-being of Cheshire and Warrington as a whole. This is in addition to disengagement of young people, with approximately 1,800 young people not in education, employment or training in 2012.

A package of interventions is therefore required to support those who are out of work, for a variety of reasons, to assess the support they need to either access employment for the first time or access a new role.

Objectives

The primary objective of this Priority Axis is to:

Support people who are outside employment to make progress towards and access work, including self employment.

Eligible activities by Investment Priority area

Activities under this Priority Axes are designed to complement mainstream support services and are expected to fall under the following categories:

The following eligible activities will be supported under **Investment Priority 10: Young People**:

- Brokering opportunities between young people and local employers to encourage work placements, apprenticeships and direct employment in growth, emerging and high employment sectors (e.g. food and drink and waste);
- Promoting opportunities for apprenticeships, traineeships and other specialist and general vocational training for young people, particularly those linked to priority growth sectors/smart specialisations (including advanced manufacturing) to both young people, adults and employers and ensuring high quality information, advice and guidance is offered in this area;
- Innovative activities to support disengaged young people to enter and progress in the labour market, including those with poor literacy and numeracy skills and with no or few qualifications; and
- Activities that focus on increasing participation in subjects in most demand by employers, alerting young people to employment opportunities and skill needs, for example in STEM subjects, and go on to equip people with these skills.

The following eligible activities will be supported under **Investment Priority 11: Helping People Back Into Work**:

- Providing more intensive support (including through multi-agency approaches) than available through mainstream sources to help people in greatest need to move towards, enter and progress in work;
- Promoting self employment, entrepreneurship and enterprise as routes out of worklessness and supporting people to take the steps forward to achieve this;
- Offering new approaches to work experience and training to support people to move towards and enter employment in growth, emerging and existing high employment sectors;
- Supporting people to re-skill and re-train in response to local employment opportunities, particularly for those facing redundancy and older workers;
- Support for local and/or community based approaches to skills development where they can help to increase levels of engagement;
- Support for people to physically access employment opportunities through sustainable transport initiatives;
- Activities that support greater equality in the labour market;
- Supporting graduate access to employment initiatives that support access to appropriate skilled roles or self employment.

Target beneficiaries

Target groups for this Priority Axis are Cheshire and Warrington residents who are:

- Job seekers;
- Economically inactive (i.e. not actively seeking to engage in economic activities);
- Disengaged young people, e.g. young males;
- The under-employed (including people on zero hours contracts and the underutilisation of skills);
- Out of work graduates;
- Groups facing particular barriers to accessing work, including:
 - People from households with multi-generational worklessness
 - Older people
 - People affected by redundancy
 - People with disabilities
 - People with caring responsibilities
 - Women
 - Ethnic minorities
 - Lone parents
 - Ex-offenders
 - Ex-forces

Finance

An ESF allocation of £18.4 million is available for investment under this Priority Axis. Activities will be supported up to a maximum 50% intervention rate with match funding sources to include the SFA and DWP opt-in offers.

PA8: Promoting Employment and Supporting Labour Mobility – Finance	
	£m
ESF	18.4
Public match	18.4
Private match	0
Total	36.8

PA8: Promoting Employment and Supporting Labour Mobility – Finance – Split by Investment Priority⁵⁴		
	IP10	IP11
ESF	3.7	14.7
Public match	3.7	14.7
Private match	0	0
Total	7.4	29.4

Targets

Activities supported under Priority Axis 8 are expected to contribute to the following output targets and results indicators:

PA8: Promoting Employment and Supporting Labour Mobility – Targets				
Target Type	Indicator	IP10 Target	IP11 Target	Total Target
Output	Total number of participants (a. + b. + c.)	5,240	20,300	25,540
Output	a. Number of unemployed (including long-term unemployed) participants.	3,670	14,210	17,880
Output	b. Number of inactive participants.	1,310	5,080	6,390
Output	c. Number of employed (including self-employed) participants.	260	1,010	1,270
Output	Number of participants aged 15-24.	5,240	0	5,240
Result	Number of inactive participants newly engaged in job searching upon leaving.	1,085	2,754	3,839
Result	Number of participants in education/training upon leaving.	121	306	427
Result	Number of participants in employment upon leaving.	530	1,346	1,876

⁵⁴ Totals may not add due to rounding.

Priority Axis 9: Promoting Social Inclusion and Combating Poverty

Rationale

Too many individuals and families in Cheshire and Warrington continue to face disadvantage. Action is needed to ensure that every individual and family is socially included and can access support to help them out of poverty. Access to employment is recognised to be the primary route to achieving this. There are four broad issues requiring consideration and action under this Priority Axis:

Tackling Poverty Hotspots

The Income Domain of the Index of Multiple Deprivation 2010 shows that 4% of Cheshire and Warrington's Super Output Areas (SOAs) fall within the top 10% deprived in the country and 11% fall within the top 20%. These SOAs are found across the three local authority areas.

Data published by End Child Poverty in February 2013 shows that 27,685 children across the three Cheshire and Warrington local authority areas lived in poverty during 2012. The proportion of children in poverty stood at 13% in Cheshire East, 16% in Cheshire West and 15% in Warrington.

Working with Troubled Families

Helping troubled families can generate multiple benefits including supporting adults to access/return to work, reducing benefit dependency and creating social capital such as reduced anti-social behaviour and supporting children back into education. Department for Communities and Local Government data for March 2013 showed there were 1,455 troubled families across the three Cheshire and Warrington local authority areas.

Overcoming Barriers to Employment

As highlighted under Priority Axes 8, 133,000 adults in the sub-region are experiencing some form of worklessness. DWP benefits data for November 2012 shows there are 45,000 people aged 25-64 in Cheshire and Warrington facing significant barriers to employment. This includes over 28,000 people claiming Employment Support Allowance/Incapacity Benefit.

Groups such as these are likely to require intensive support to help them to first access and then retain work. The characteristics of people in this group are diverse but may include older people, lone parents, people with disabilities and ex-offenders facing both personal barriers to work and wider discrimination in the labour market. Tackling barriers alone can seem daunting, with support needed to help people move towards employment.

Supporting the transition to Universal Credit

Simplification of the benefits system to provide individuals and families with a single payment (the Universal Credit) marks a significant shift in the UK benefits package. The introduction of a cap on payments is also designed to support movement towards work by ensuring that work pays. Many benefit claimants will require support to ensure they understand the implications of the move and can take necessary steps to move towards employment.

Objectives

The objectives of support under this Priority Axis are to:

- Address barriers to work to allow all residents to play an active role in the labour market;
- Overcome persistent pockets of poverty; and
- Support active inclusion through the use of local initiatives.

Eligible activities by Investment Priority area

The following eligible activities will be supported under **Investment Priority 12: Supporting Disadvantaged Groups** and will add value to existing mainstream support activities and will include:

- Activities that develop skills and confidence as steps towards gaining qualifications and/or employment, e.g. work experience placements;
- Tackling barriers to accessing training and/or work across a range of communities, including ex-offenders, people with mental health issues, areas experiencing high levels of deprivation and/or poverty, troubled families, people with low levels of basic skills, people transferring onto Universal Credit and more isolated rural areas, and in an integrated and tailored manner, including (but not limited to) addressing a combination of caring responsibilities, access to transport, literacy, numeracy and ICT skills, health issues and digital inclusion;
- Initiatives that support enterprise and social enterprise as a route to economic activity and inclusion; and
- Support to develop the capacity of social enterprises, voluntary and community groups to address local support needs as well as support for the delivery of other bottom up active inclusion measures.

We anticipate that Social Innovation activities and the Local Impact Fund will make an important contribution to delivery under this Priority Axis.

Target beneficiaries

Priority groups for support under this Priority Axis include:

- Residents of areas within Cheshire and Warrington reporting the highest levels of poverty and social exclusion;
- Young people and adults facing multiple barriers to employment, including care leavers;
- Troubled families;
- Groups requiring additional support to transfer to Universal Credit;
- Social enterprises, voluntary and community groups.

Finance

An ESF allocation of £7.7 million has been identified under this Priority Axis. Projects will be supported up to a 50% intervention rate. The primary sources of match funding are anticipated to be the Big Lottery Fund, SFA and DWP opt ins. The voluntary and community sector is also expected to play an important role in delivering this element of the programme.

PA9: Promoting Social Inclusion and Combating Poverty – Finance	
	£m
ESF	7.7
Public match	7.7
Private match	0
Total	15.4

PA9: Promoting Social Inclusion and Combating Poverty – Finance – Split by Investment Priority⁵⁵		
	IP12	Local Impact Fund
ESF	7.7	0.6
Public match	7.7	
Private match	0	0.6
Total	15.4	1.2

Targets

Activities under this Priority Axes will deliver against the following outputs and results indicators.

TO9: Promoting Social Inclusion and Combating Poverty – Targets				
Target Type	Indicator	IP12	Local Impact Fund	Total Target
Output	Number of enterprises receiving support.	0	18	18 ⁵⁶
Output	Total number of participants (a. + b. + c.)	4,620	0	4,620
Output	a. Number of unemployed (including long-term unemployed) participants.	2,490	0	2,490
Output	b. Number of inactive participants.	1,790	0	1,790
Output	c. Number of employed (including self-employed) participants.	340	0	340
Output	Number of participants aged 15-24.	1,248	0	1,248
Result	Number of inactive participants newly engaged in job searching upon leaving.	1,872	N/A	1,872
Result	Number of participants in education/training upon leaving.	208	N/A	208
Result	Number of participants in employment upon leaving.	915	N/A	915
Result	Number of participants engaged in positive activities that address barriers to work or widen participation in training.	*	N/A	*

* expected to apply with results captured through a combination of the indicators above.

⁵⁵ Totals may not add due to rounding.

⁵⁶ Shown as an ERDF output in the spreadsheet submission due to restrictions placed on the spreadsheet.

Priority Axis 10: Investing in Education, Skills and Lifelong Learning

Rationale

The need for employers to continuously invest in their workforce, and for individuals to update their skills through lifelong learning, is more evident now than ever before. Skills needs within the workplace change at a rapid pace and people no longer have jobs for life, with many people changing career as well as individual employers during their working life. Investing in the skills of the workforce and ensuring individuals stay informed of employer skills requirements to have the best possible chance of accessing and progressing in employment is therefore a high priority. The rationale for change can be grouped under three headings.

Growing demand for skills

Over the next ten years demand for skills is forecast to rise significantly, particularly at Level 3 and above, driven by economic growth, the delivery of major projects and replacement demand. Despite strong skills performance (36% of the population is qualified to at least Level 4), Cheshire and Warrington cannot be complacent. People with low skills levels report the highest levels of inactivity (around half are qualified below Level 2) demonstrating the impetus to invest in skills to support economic engagement.

Acquisition of skills is not just about the level but also the relevance to the labour market with Cheshire and Warrington having a number of key sectors. Although Cheshire and Warrington already reports high skills levels, going forward skills priorities need to be more closely aligned to economic priorities to allow the economy to strengthen its contribution and generate the greatest opportunities and benefits for businesses and residents. This includes the need to develop sector specific skills (for example to support the area's engineering sector, including the need for skills in automotive, nuclear and professional support engineering sub-sectors) as well as skills required across a range of economic sectors (e.g. strong communication, ICT and managerial skills) and that will play an important role in catering for replacement demand. Strengthening these linkages and remaining alert to evolving business needs will play a role in helping to reduce the current productivity gap and ensuring that the workforce delivers to its potential.

An employer-led skills agenda

Employers need to drive skills provision to ensure that it is demand-led and therefore supports the delivery of economic growth. This represents a shift in context and one where employers are anticipated to require support in the short term to understand the benefits of increased investment and drive responsive skills provision.

Helping employers navigate and influence the skills system is vital, as well as ensuring local education and training providers are equipped to respond to and support this change. This is likely to require initiatives (both within and outside European investment programmes) to create new mechanisms to engage with and support employers, and new facilities and training provision that directly respond to employer needs, including the requirements of forecast growth sectors, including areas of smart specialisation (such as natural sciences and the automotive sector), growing demands of the low carbon economy and the needs of the rural economy. Examples include proposals for University Technical Colleges specialising in advanced engineering in Cheshire East and engineering and nuclear technology in Warrington along with proposals for Studio Schools specialising in ICT and creative digital skills. Such actions will ensure that both young people and adults gain a greater understanding of local employment opportunities and the skills and qualifications needed to access them. Vocational training is expected to increase, including apprenticeship changes as a result of the Richard's Review recommendations and in response to Higher Education loans.

Addressing Current and Future Skills Gaps

There are already recognised skills gaps in the Cheshire and Warrington economy. The 2011 Cheshire and Warrington Business Needs Survey found that 66% of respondents reported skills gaps. The most common gaps in existing employees were sales and marketing skills (34%), IT skills (28%), customer care skills (25%) and specialist or other job specific skills (25%). Such gaps are anticipated to grow as the structure of the economy continues to evolve. Local (CHWEM) forecasts suggest that the greatest growth will be reported in the professional, financial and business services sector, driving demand for Level 3 and graduate level skills. Technical skills gaps are regularly reported in the engineering sector, reflecting the presence of a strong sector both within the LEP area (e.g. Bentley Motors and AMEC Group) and in adjoining areas (e.g. Airbus in North Wales) that form part of the local travel to work area.

Cheshire and Warrington's ageing population is also forecast to contribute to high levels of replacement demand. Replacement of older workers is forecast to dwarf skills demand presented by economic growth. CHWEM forecasts suggest that 230,000 positions will be created through replacement demand between 2011 and 2025, accounting for 90% of the total increase, although these estimates are thought to be high. Replacement demand is forecast to be highest within managerial, professional and associate professional/technical, representing a further requirement for upskilling.

Each of these three rationale headings emphasises the need for investment in higher level skills in Cheshire and Warrington, if our economy is to perform to its potential and our residents are to be equipped with the skills required by growing businesses, particularly those in our identified growth areas/areas of specialisation. Whilst published data is limited, we have secured strong anecdotal evidence through our discussions with partners to make the case for support in this area. This includes:

- A need to equip the whole workforce with the skills required by employers to address replacement demand, driven by an ageing workforce (as identified through the Cheshire and Warrington Employment and Skills Strategy);
- Evidence that SMEs (and particularly the smallest SMEs) are less likely to take on apprentices than larger companies⁵⁷;
- While levels of apprenticeship starts in Cheshire and Warrington is slightly higher than the area's share of population, the proportion of starts in our key sectors⁵⁸ is marginally lower than the national average (11% to 13%), suggesting a need for further engagement of high skilled employers;
- Challenges to graduates accessing employment and in cases where they do find work, often at a lower level than would be anticipated, given their skills set⁵⁹.

⁵⁷ The UKCES National Employer Skills Survey 2009 found a strong correlation between business size and take up of apprenticeships. Businesses with 500 or more employees were most likely to offer apprenticeships (30%) compared to just 5% of businesses with 2-4 employees and 10% of businesses employing between 5 and 24 people.

⁵⁸ Based on the apprenticeship sector classifications of Engineering and Manufacturing Technologies, and Science and Mathematics.

⁵⁹ Nationally, the Higher Education Careers Services Unit What do Graduates Do? Survey found that 8.5% of graduates were unemployed six months following graduation while the latest ONS statistics (from 2011) show that 47% of recent graduates are working in non-graduate roles (up from 37% in 2001). Over a fifth (22%) were in lower middle or lower skilled jobs requiring a competency level equivalent to that achieved through compulsory education at most.

Securing the policy flexibility to respond to these requirements, including through variable funding rates, changes to the eligibility of activities (where they can be justified and agreed with funding partners in advance) and increasing the ability to stimulate employer demand and support supply side responses (focusing on our key sectors and particularly the needs of SMEs operating within these), is therefore a high priority for our area.

Objectives

The primary objectives of support under this Priority Axis are to:

- *Ensure education and training systems reflect employer requirements;*
- *Engage new start businesses and SMEs in the education and skills agenda; and*
- *Equip the workforce with the skills and competences required by local employers, both at present and in the future, including in response to growing demand for higher level skills.*

Eligible activities by Investment Priority area

Activities to be supported under Priority Axis 10 through **Investment Priority 13: Addressing Higher Levels Skills, Skills Shortages and Enterprise** include:

- Support to start and grow a business, including increasing awareness of enterprise and social enterprise opportunities and providing support needed to launch and manage an organisation;
- Investment to address identified skills gaps, including for higher level skills and transferable skills such as leadership and management, particularly where they reflect the requirements of growth sectors, including areas of smart specialisation (as outlined elsewhere in this document), sectors forecast to require substantial levels of replacement demand and emerging sectors such as the skills required to grow the low carbon economy and support greater resource efficiency;
- Support for residents to develop higher level skills, including through vocational learning routes (including sector specific Higher Apprenticeships) and active employer engagement in such initiatives with ESF support to facilitate this where necessary;
- Support for internship and placement programmes to encourage the engagement of graduates and post graduates by local employers working in growth and emerging sectors (including smart specialisations) and those experiencing technical skills shortages;
- Working with education providers and businesses to ensure employer led provision. This will include ensuring that businesses are alert to the benefits of investing in training and can articulate their training needs and that providers can recognise and respond to changing business needs over time, including through the development of innovative intermediate and higher level vocational training;
- Actions to support a culture of workforce development and lifelong learning amongst both employers and learners, including taking steps to engage employers, increasing activity to upgrade skills and investment in work-based learning to develop both job-specific and transferable skills;
- Tailored solutions for target groups, for example the low skilled, people affected by redundancy and the unemployed, to provide a supportive learning environment, including through community based learning; and
- Support for graduates employed in growth and emerging sectors without a work related qualification.

Target beneficiaries

This Priority Axis will support the following target groups:

- Members of the current and future workforce, including graduates
- SMEs with a need to engage more effectively in the skills agenda;
- People considering entrepreneurship and social enterprise;
- Marginalised individuals and groups.

Finance

An ESF allocation of £19.2 million has been identified against this Priority Axis. Match funds are anticipated to come from the Skills Funding Agency opt-in and the Adult Skills Budget through the Local Growth Fund.

PA10: Investing in Education, Skills and Lifelong Learning – Finance	
	£m
ESF	19.2
Public match	19.2
Private match	0
Total	38.4

Targets

Activities supported under Priority Axis 10 are required to contribute to the following indicators.

PA10: Investing in Education, Skills and Lifelong Learning– Targets		
Target Type	Indicator	Target
Output	Total number of participants (a. + b. + c.)	8,020
Output	a. Number of unemployed (including long-term unemployed) participants.	1,604
Output	b. Number of inactive participants.	1,604
Output	c. Number of employed (including self-employed) participants.	4,812
Output	Number of participants aged 15-24.	2,406
Result	Number of participants gaining a qualification upon leaving.	3,288

Technical Assistance

Further guidance has been requested from DCLG/BIS regarding Technical Assistance. Information is required regarding the responsibilities to be placed at a LEP level, the scale of funding available and timescales for receipt before proposals can be finalised. It is understood that approximately 2% of the ERDF/ESF allocation has been top-sliced at the national level to be made available to LEPs and local partners. We believe this will be required to support the programme's delivery, alongside the core allocation, and would welcome surety of this resource as soon as possible, as well as confirmation of the end to end role of the Managing Authority to ensure local arrangements are fit for purpose and comprehensive.

We are working to the assumption that an approved plan will be in place by the end of 2014 which will allow full access to Technical Assistance expenditure from this date. Significant work is already underway within the LEP to prepare for the programme's launch and it is important that these resources become available as early as possible to support these efforts.

EAFRD Proposals

Rationale

The economy in rural areas plays an important role in Cheshire and Warrington. Traditional land based businesses form an important part of the 'Cheshire' brand and there are also significant high value businesses operating in a wide range of economic sectors located in our rural areas. The LEP is also alert to the significant value that natural capital has in the sub-region. Partners are therefore keen to ensure that all EAFRD resources play a positive role in supporting the LEP area to deliver its vision and objectives.

The rationale for investment can be grouped around two primary headings outlined below which also allow us to ensure appropriate linkages to other EAFRD funding such as LEADER, national rural development programmes and agri-environment schemes, including forestry and green infrastructure. Our understanding of issues and the subsequent development of proposals have been informed by a recent study of the rural economy⁶⁰, commissioned to inform our ESIF and SEP submissions and partners' long standing working relationships in the LEP area.

Growing and diversifying the economic base

There is a need to support both our existing businesses to grow and new businesses to establish if our rural areas are to reach their potential. Across Cheshire and Warrington, the proportion of VAT-registered micro-businesses is higher in the rural areas (73%) compared to urban areas (62%) and one-third of all those who are self-employed across Cheshire and Warrington live in rural areas. It will be important to provide targeted interventions for our businesses that go beyond core ERDF activities to support growth.

Whilst we recognise that our rural areas have established sectoral strengths, there needs to be a push to both build on these and explore opportunities for diversification to grow our economy and ensure it is sustainable. This reflects changing market trends and local opportunities, for example to grow dairy processing, equine and tourism activities, where we already have strengths but have identified greater potential for growth.

Improving rural infrastructure

There are a number of elements of our rural infrastructure that require investment if we are to achieve our growth ambitions. For example, the Visitor Economy is currently worth circa £2.57bn (around 10% of the total sub-regional economy) and supports nearly 36,000 full time equivalent jobs. It is therefore recognised as one of the largest economic sectors for Cheshire and Warrington and one that is forecast to grow. The rural offer is a very important component of our visitor economy and there are opportunities to improve destination management, increase the availability of self-catering accommodation and specialist sector based experiences to allow the sector's contribution to increase and maintain a competitive position.

Similarly, bringing improved broadband connections to our rural areas would play an important role in supporting economic growth, in this case across a number of sectors. Whilst the Connecting Cheshire Superfast Broadband programme is aiming to achieve 96% coverage through fibre technology, there will be opportunities and the need for business and community focused broadband improvement projects, both to increase the availability of high quality broadband in areas where the market will not provide and to ensure the benefits of being online are fully exploited.

⁶⁰ The Rural Economy within Cheshire and Warrington: The Evidence Report and The Rural Economy within Cheshire and Warrington: Vital Themes for Rural Growth, both September 2013 by Neil Cumberlidge Associates.

Objectives

The primary objective of support under the EAFRD programme is to:

Enhance the economic performance of Cheshire and Warrington's rural areas by investing in connectivity, diversification, resilience and business development, beyond the scope of the ERDF and ESF Priority Axes.

Eligible activities by Investment Priority area

Activities to be supported through EAFRD investment under **Investment Priority 14: Investing in the rural economy** include:

- Specialist and bespoke rural business support activities that go beyond the ERDF Priority Axes to support the growth and innovation of new and existing businesses in our priority rural economy sectors, including primary dairy production, equine and tourism (Article 15 and 16 and linked to PA1 and PA3).
- Supporting the development of skills and knowledge transfer among rural businesses, supporting the development of rural growth clusters, building on proven success in supporting business clusters and sectors in Cheshire and Warrington.
- Supporting investment in economic infrastructure, including the development of incubator space and grow on space for SMEs. This will also include supporting the provision of key infrastructure related to the development of business premises and embedding green infrastructure, risk management etc.
- Delivering capital investment for agri-food processing and farming businesses and for SMEs. This will predominantly be investment to improve economic performance and productivity.
- Rural broadband infrastructure investments that go beyond market provision to improve connections for rural communities and businesses in the final 5%. This will include using alternative technologies where the current network will not provide a viable commercial alternative.
- Small scale tourism investments that help to attract visitors to Cheshire and Warrington and increase their dwell time and spend once here. These investments will link to opportunities to exploit growth sectors and clustering opportunities, including food and drink and equine, in support of destination management plans.

We expect EAFRD investment to dovetail with other investments made through ERDF and ESF (for example, we will require all relevant projects to address the rural dimension and collect relevant delivery data for rural businesses and individuals supported). Other activities of importance to the growth of the rural economy will be supported through the ERDF and ESF funding streams, including investment in the agri-tech sector (PA1), green infrastructure (PA1 and PA3), renewable energy (PA4), support for those currently out of work to access employment (PA8 and PA9) and ensure rural residents are equipped with the skills needed by Cheshire and Warrington's growth sectors (PA10). We are keen to ensure that there is a demonstrable difference between what EAFRD, LEADER and ERDF/ESF funds. In particular, we see the Rural Growth Allocation focusing on larger rural SMEs to exploit their inherent growth and employment potential.

Target beneficiaries

The primary beneficiaries of EAFRD investment will be:

- New start businesses looking to establish in rural areas;
- Existing SMEs located in rural areas that can demonstrate growth potential;
- Residents of rural areas.

Finance

An EAFRD allocation of £2.1m has been identified for investment in Cheshire and Warrington. This investment is anticipated to secure a combination of public and private match funding.

EAFRD Programme – Finance	
	£m
EAFRD	2.1
Public match ⁶¹	1.05
Private match ⁶²	1.05
Total	4.2

It should be noted that rural areas and businesses are also anticipated to benefit from significant ERDF and ESF investment. No differentiation of activities is proposed between rural and urban parts of the LEP area under these funds, recognising that all parts of the LEP area have an important role to play in driving growth. EAFRD investment is intended to supplement ERDF and ESF activities and allow new areas of activity to be supported, where there are specific needs identified within our rural areas.

Targets

Activities supported by EAFRD investment are anticipated to contribute to the following targets.

EAFRD Programme – Targets		
Target Type	Indicator	Target
Output	Jobs created	56
Result	Access to IT	1,000 ⁶³
Result ⁶⁴	SME competitiveness	TBC

In addition to the targets above, we intend to monitor business and resident engagement in rural areas through the core ERDF and ESF activities outlined earlier in this document.

Fit with wider investment opportunities

Our priorities for EAFRD investment have been prepared alongside wider proposals for investment in the rural areas. We have ambitious plans to support the growth of our rural areas and anticipate a range of funding sources contributing to our vision. In each case, our programmes will be designed to align, ensuring that a diverse range of activities can be supported that comply with funder requirements and reduce the potential for duplication.

The following table, as developed through the LEP Rural Economy commission⁶⁵, shows Cheshire and Warrington's priority rural sectors that are forecast to experience economic growth. Work is currently underway to develop programmes that will ensure delivery under these priorities, including in part through ESIF investment (e.g. in agri-tech through PA1, renewable energy through PA4 and broadband investments through EAFRD) but also through other funding streams available to our rural businesses.

⁶¹ EAFRD match funds are not shown in the spreadsheet submission due to limitations in the data that can be entered.

⁶² EAFRD match funds are not shown in the spreadsheet submission due to limitations in the data that can be entered.

⁶³ Estimate based on local delivery experience.

⁶⁴ Further guidance on EAFRD results measures is required to support quantification.

⁶⁵ *ibid*

Rural Priority	Potential Activity
Support Rural SME's	Ensure that SMEs in rural areas have access to business support and infrastructure
Broadband	Delivery of infrastructure to support rural communities and businesses
Primary Dairy Production	Reaseheath College working to support dairy farmers to intensify their businesses sustainably
Green Infrastructure	Capitalising on the Natural Capital in Cheshire to support the natural environment and Green Infrastructure that delivers economic growth
Agri Tech/Food	Agricultural and food technology sector under development with Reaseheath College, Chester University and the Private Sector
Equine	Development theme to support the development of the equine cluster in Cheshire and Warrington
Renewable Energy	University of Chester and Reaseheath to encourage rural communities and land-based businesses to invest in renewable energy.

In continuing to develop proposals, we will liaise with a wide range of partners with an interest in our rural areas. This will include links to LEADER (as outlined below) and DEFRA's wider land management activity, through the Local Nature Partnership.

LEADER

There is a strong appetite in Cheshire and Warrington to secure a bigger rural LEADER programme that can build on partners' delivery experience to date. We are reviewing the recently published LEADER Development Programme and will continue to liaise with DEFRA to ensure a coordinated programme of activities can be established across all funding streams available to our rural areas. Proposals for all funding streams will build on the rural economy evidence base recently prepared for Cheshire and Warrington and lessons from delivery to date, including the current LEADER programme.

The development of the programme is currently underway in conjunction with the existing Local Action Group (LAG), the LEP and other local organisations. This work will ensure all available funding is targeted in the most beneficial and cost efficient manner. The development of the Local Development Strategies is underway and will be submitted to DEFRA before the 5th September 2014. Emerging ideas for the LEADER programme include:

- Working with SMEs and micro businesses in rural areas to evaluate barriers to growth and to create conditions which increase economic activity and improve GVA whilst also supporting resilience and diversity in existing rural businesses;
- Developing small scale projects in high value tourism, including supporting the development of self-catering accommodation;
- Opening up exporting possibilities and addressing the knowledge weakness through transnational cooperation. Improve knowledge of export requirements and build confidence through cooperation;
- Identifying locally distinctive/specific products and raise awareness/promote within foreign markets;
- Inspiring Cheshire to acquire a genuine 'territorial competitiveness' by bringing businesses together with a joint goal of, and an ability to, improve social, environmental, economic and knowledge transfer;

- Overcoming income deprivation by developing community support actions to improve and enhance the quality of life and to develop the capacity of communities to strengthen community resilience;
- Supporting improvements to the Natural and Historic environment particularly when related to the visitor economy/tourism activity which supports employment; and
- Supporting the development of social enterprises that support the delivery of basic services in our rural communities.

In all cases we will ensure that our emerging project pipeline aligns with the six themes identified in the LEADER Development Programme. We will work closely with the DEFRA family to develop our dialogue around the Cheshire and Warrington Rural economy so that the use of agri-environment schemes in the next programme aligns with our rural priorities.

5 Integration of the Cross Cutting Themes and Social Innovation

Introduction

Partners in Cheshire and Warrington are keen to ensure that economic growth is achieved in a way that is sustainable and inclusive, and are therefore supportive of the cross-cutting themes identified for the 2014-2020 programme. They recognise the European identification of the following two cross-cutting themes:

- **Sustainable development** – to ensure that positive impacts of intervention can be enhanced and negative impacts can be minimised; and
- **Equality and anti-discrimination** – to eliminate examples of unlawful discrimination and support equality of opportunity across the population.

This section should be read in conjunction with any national guidelines to be prepared regarding the requirement to satisfy cross-cutting theme requirements.

Approaches to date and planned under the two themes are outlined below, followed by early proposals for social innovation activities.

Promoting Sustainable Development

Consideration of Sustainable Development in Strategy Development

The LEP has actively considered how sustainable development will be ensured through both its activities to date and in the preparation and later delivery of the 2014-2020 ESIF programme. A significant level of activity has been undertaken as part of the Environmental Sustainability Technical Advice (ESTA) project to:

- collate the sustainable development evidence base in Cheshire and Warrington;
- address identified gaps in the existing evidence base; and
- consider how sustainable development should/could be applicable across a wide range of intervention types.

This information has informed the development of this ESIF strategy, including proposals for implementation of the Sustainable Development cross cutting theme across all elements of the programme.

Commitment to UK and European Policy

In developing and subsequently delivering our programme, we recognise the need to comply with UK and European policy. We are committed to delivering to both UK and European standards to ensure that our programme is sustainable and can effectively combine protecting the environment with delivering our growth objectives.

The Coalition Government's refreshed vision and commitments for sustainable development states: "The goal of living within environmental limits and a just society will be achieved by means of a sustainable economy, good governance and sound science." Development of the Cheshire and Warrington ESIF recognises a need to comply with the five guiding principles for sustainable development set out by government, specifically:

1. Living with environmental limits – with activities to help improve our environment and ensure that natural resources are not undermined.
2. Ensuring a strong, healthy and just society – by ensuring the programme is open to all by promoting social inclusion and supporting equal opportunities for all.
3. Achieving a sustainable economy – by applying Polluter Pays principles and supporting businesses to improve their efficient use of resources.

4. Using sound science responsibly – to drive activity supported through the programme.
5. Promoting good governance – through the involvement of a wide range of partners in the programme’s development and ongoing delivery.

Investments will similarly comply with European environmental policy including the EU Sustainable Development Strategy and the Resource Efficiency Roadmap.

In summary, Cheshire and Warrington is committed to promoting sustainable development in line with UK and European policy.

Promotion of Sustainable Development Principles

Through all strands of the ESIF’s delivery we will be striving towards enhancing positive environmental impacts and minimising negative impacts wherever possible. A high quality environment is one of the area’s key assets, and retaining this will be central to delivering our overarching vision for the area.

We have already taken important steps to embed sustainable development principles by engaging a wide range of sustainable development experts in the programme’s development (details are provided later in this section) to ensure that environmental protection measures have been considered as part of the identification of our strategy priorities. We also envisage that such inputs will continue as we move to the delivery phase in order to assess the sustainable development credentials of investment proposals and the impacts of activity over time. We will work closely with the Local Growth Teams to ensure that applicants adhere to guidance issued by the Managing Authority.

We have aimed to demonstrate our commitment to sustainable development throughout our strategy document and the requirement to comply with sustainable development principles will continue to be emphasised to applicants and other programme partners over time. Examples include through our commitment to supporting measures including those to:

- Support eco-innovation and the wider development of the low carbon and environmental goods and services sector;
- Improve resource efficiency and explore new energy solutions;
- Resilience planning for climate change;
- Invest in green and blue infrastructure where it supports the achievement of economic objectives; and
- Develop the skills needed to support the growth of low carbon and environmental sectors and the application of sustainable development principles more widely.

Such commitments will be addressed across the programme’s Priority Axes.

The LEP recognises and supports the Polluter Pays principle and will apply it to all activities. We understand that funds cannot be used to rectify environmental damage where a polluter can be identified or where remediation is required by legislation.

Recognising Government guidance, the following standards will be required in the delivery of buildings and infrastructure to support sustainable development principles:

- BREEAM Excellent for new build facilities;
- BREEAM Very Good for refurbished facilities; and
- CEEQUAL Very Good for infrastructure projects.

Schemes that do not satisfy these standards will only be considered on an exceptions basis with a strong justification of why the required standards cannot be achieved.

Assessment of Environmental Impacts

Based on the responsibilities outlined to date, we anticipate that the primary responsibility for assessing the environmental impacts of investments in Cheshire and Warrington will sit with the Local Growth Teams, forming part of their monitoring responsibilities. The LEP may however consider commissioning specific evaluations to assess delivery and achievements under the two cross-cutting themes, as part of our Technical Assistance activities.

Partner Involvement

A wide range of partners with expertise in sustainable development principles have supported the ESIF's development. Organisations involved include:

- Environmental Sustainability Technical Assistance (sustainability advisors to the current North West ERDF programme);
- Cheshire Region Local Nature Partnership;
- The Mersey Forest;
- Environment Agency;
- DEFRA;
- Country Landowners Association; and
- National Farmers Union.

These inputs have been secured through a variety of routes, including membership of Working Groups, expert input into drafting this element of the submission, and reviewing the emerging draft Priority Axes to identify opportunities to ensure sustainable development principles are embedded throughout. These partners will also continue to play an active role in the ESIF programme's implementation to ensure sustainable development principles are applied and effectively monitored.

Promoting Equality and Combating Discrimination

Commitment to UK and European Policy

The Cheshire and Warrington LEP Secretariat team and Board members are committed to ensuring equality across all of their supported activities. We recognise the need to comply with UK and European policy directives to ensure that discrimination is combated wherever possible and equality of opportunity is offered. All of our activities will comply with the Public Sector Equality Duty and the three elements within it:

- Eliminate unlawful discrimination;
- Advance equality of opportunity; and
- Foster good relations.

Equality requirements will be shared with our delivery staff and members of our governance structures.

Current Position

Cheshire and Warrington is home to a diverse population. Within our boundaries:

- 19% of the population is aged over 65 years, compared to 17% England wide;
- 6.2% of the population identify themselves as belonging to BME groups⁶⁶ with the largest group being of Asian/Asian British origin;
- Overall, approximately 3.7% of our population aged 16-64 is unemployed but this figure rises to 4.7% amongst BME groups;
- 17.8% of people have health problems or disabilities which limit their day to day activities;
- There is evidence of a gender pay gap, with male average weekly earnings across the three local authority areas ranging from £492.30 to £541.50 against a range of £308.10 to £331.90 for females; and
- We have pockets of persistent deprivation where many residents face multiple barriers to work.

These are some of the characteristics that we have been alert to when developing our programme and will continue to consider as we move to delivery.

We are aware that not all groups in Cheshire and Warrington have equal access to opportunities. This position is holding back the potential of our residents and our economy as a whole. Consultations with special interest groups in the area reveal that there are persistent challenges facing some groups in our society, which need to be overcome to ensure that everyone can make their contribution to Cheshire and Warrington's success. For some people there is a concern that active discrimination is evident, while others believe that their personal circumstances may be indirectly impacting on their engagement.

Promotion of Equality and Anti-Discrimination

It is the intention for the 2014-2020 programme to actively encourage equality and thereby reduce the potential for discrimination to occur. A strong theme in the ESIF is to ensure that all groups in society (including the nine groups with protected characteristics under the Public Sector Equality Duty) can play an active role in driving economic growth. This will include the contribution of the ESF requirement to promote social inclusion, as set out under Priority Axes 9, but will also be encouraged across all elements of the programme.

We have already taken steps to create a website which is fully accessible to ensure that information can be accessed by all groups. Our partners have responsibility for cascading information about LEP activity through their networks (including those in the private, public and voluntary and community sectors) to raise awareness and thereby ensure equality of opportunity. The LEP recognises that all individuals can play an active role in economic growth and we will support a cross-section of our society to contribute to achieving our objectives.

Through the programme's delivery we will aim to:

- Promote equality of opportunity and outcomes and combat discrimination against any groups in our society;
- Recognise the diversity of the population and workforce, the vibrancy this brings to local economic development and its potential contribution to economic participation and growth;

⁶⁶ Defined as all residents not identifying themselves as White: British.

- Address organisational and social barriers to economic and labour market participation faced by disadvantaged groups (including gender equality, rural and social inclusion);
- Encourage engagement and participation from local communities to ensure representation and leadership from all sections of society through, for instance, CLLD;
- Promote social innovation by supporting positive inclusion models for economic and employment participation by disadvantaged individuals and communities; and
- Compile local intelligence to build a picture of issues, existing activity and gaps.

At the strategic level, we have sought to embed these requirements in our priority objectives, particularly those relating to SMEs, employment, social inclusion and education, skills and lifelong learning. Activities proposed under Priority Axis 9 in particular will help us to develop locally inclusive approaches.

At the project level, as part of the project application and approval process, we will ask that projects consider how equality of opportunity will be promoted and the potential for discrimination overcome. We will expect active steps to be taken wherever possible to achieve these goals. Once projects are live, we will require project sponsors to keep an oversight of their contribution to this cross-cutting theme. This will include monitoring:

- The characteristics of project participants;
- Steps taken to promote equality; and
- Any areas of discrimination identified and how these have been addressed.

This information will be aggregated at a programme level and lessons identified over time to allow equality and anti-discrimination practices to improve.

We will also consider how we can ensure equality of opportunity in the way that the programme is delivered. For example in the tendering of project opportunities and management of the programme to ensure a range of interests and expertise are represented.

Partner Involvement

In developing this ESIF submission, we have worked with a number of partners with expertise in this field who have helped us to ensure that the ESIF itself is not discriminatory and that its implementation will further promote equality of opportunity. Partners involved in this process include:

- Disability Information Bureau;
- Members of faith communities;
- Cheshire and Warrington Social Enterprise Partnership; and
- Members of the voluntary and community sector alongside public and private sector representatives.

As with the sustainable development cross-cutting theme, these partners have played an active role from a variety of angles including inputting to the ESIF's development and reviewing draft content to ensure equality and anti-discrimination measures are embedded.

As the programme moves to the delivery stage, we will continue to draw on the expertise of partners who contributed to the programme's development. This will ensure steps are taken to actively promote inclusion and overcome the potential for both intentional and unintentional discrimination through the programme's activities.

Supporting Social Innovation

Early proposals for Social Innovation solutions have started to be developed by members of the area's voluntary and community sector which is focused on developing solutions and new ways of directly involving local groups and communities in planning the scope of such initiatives and the best form that such actions can take in the local context to achieve the greatest benefits. This could include active leadership and the involvement of local people in all stages of the project lifecycle, plus developing new ways of working and exchanging information to secure better social outcomes. Proposals remain in development but opportunities to test a Social Innovation approach are anticipated to include the following areas:

- **Supporting the needs of an ageing population** – by ensuring solutions are user driven, co-designed and co-created with older people to ensure they are fit for purpose and responsive.
- **Improving the skills base and employability** – by developing innovative solutions that support local needs, for example building the capacity of the voluntary sector to work with vulnerable and marginalised groups and supporting enterprise amongst young people and older adults.
- **Improving opportunities for young people** – by developing new support solutions for young people who are out of the labour market, particularly those in deprived areas. Responses may include developing aspirational and motivational programmes and developing socially beneficial ideas, such as innovations in recycling and the re-use of waste.
- **Innovative approaches to employment and training** – including opportunities to build skills required in emerging sectors such as low carbon and green infrastructure.

We anticipate that Social Innovation approaches will be applied across multiple Priority Axes but will have a particular focus within Priority Axis 9. We will continue to develop our proposals and work with Government as this is an area where we believe local partners have significant experience to share, if such an approach is taken forward at national level.

6 Financial Plan

Introduction

Cheshire and Warrington received a notional ERDF and ESF allocation of €141.7 million⁶⁷ for investment under the 2014-2020 programme. Using the exchange rate provided in the Supplementary Guidance issued by government⁶⁸, this equates to an allocation of £100.9m million.

Our ESIF has been prepared on the basis of 55% ERDF and 45% ESF split of resources identified in Cheshire and Warrington's notional allocation. This proposal has been informed by a number of factors including:

- Levels of deprivation, inactivity and low level skills which are below those reported across much of the country thereby requiring less intensive intervention;
- An ambitious programme of capital developments identified by partners that can be supported through the ERDF but not the ESF funding stream; and
- A desire to release limited funds for investment under the ICT and Transport Priority Axes to support new infrastructure investment where it can support the achievement of wider economic objectives.

In late December 2013, it was confirmed that Cheshire and Warrington also had a notional allocation of €3.1 million of EAFRD resource. This equates to an indicative sterling allocation of £2.5 million⁶⁹.

Our resulting financial proposals are set out in the remainder of this section. This document should be read alongside the ESIF spreadsheet submission which sets out the total ERDF/ESF and EAFRD allocations to the nearest £100,000 and provides further details of the funding package associated with each Investment Priority.

Allocations by Priority Axes

Based on a 55% ERDF and 45% ESF split of resources, plus a £2.5m EAFRD allocation, and the guidelines provided regarding priorities for the 2014-2020 programme, Priority Axes allocations are set out overleaf⁷⁰.

⁶⁷ As advised on December 2015

⁶⁸ €1=£0.71

⁶⁹ Using the exchange rate identified in the allocations letter of €1=£0.71.

⁷⁰ Please note, all figures are shown in current prices with no allowance made in this document to allow for any inflationary increases that may be permitted. All such arrangements will be confirmed at the programme's outset to ensure resources are appropriately awarded and managed.

Allocations by Priority Axes⁷¹, 2014-2020	
ERDF	£m⁷²
1. Innovation	17.8
2. ICT Broadband	5.12
3. SME Competitiveness	19.5
4. Low Carbon	12.9 (23%)
ERDF total	55.3
ESF	
8. Employment	18.4
9. Social inclusion	7.7 (17%)
10. Skills	19.2
ESF total	45.3
EAFRD	
Rural economy	2.1
EAFRD total	2.1
Programme total	102.9

The need to focus ESF investment on four themes under the Priority Axes is recognised. As such, confirmation is given that a minimum of 80% of the ESF allocation will be committed against the following ESF priorities:

- Supporting access to employment for job seekers and the economically inactive;
- The integration of young people into the labour market;
- Active inclusion, particularly to improve employability; and
- Enhancing access to lifelong learning, upgrading workforce skills and increasing the relevance of education and training provision.

Each of these themes has a strong fit with the aims of ESF investment in Cheshire and Warrington and expenditure across the four will be kept under review during the programme period.

Although Priority Axes 5, 6 and 7 are not identified as stand alone elements of the Cheshire and Warrington programme, we expect such activities to be mainstreamed across our programme activities, to be supported under other Priority Axes where appropriate. Details of how such activities have been built into our programme are provided in Section 4.

⁷¹ Financial instrument allocations are built into the Thematic Objective figures shown.

⁷² Totals may not add due to rounding

Annual Expenditure Profile

The proposed annual profile of ERDF, ESF and EAFRD expenditure is set out below. The profile reflects:

- Work undertaken to identify early schemes to receive support, working with our partners to ensure that a strong early project pipeline is available and sufficient activities are identified for delivery throughout the programme period;
- An assumed programme approval in late 2014, allowing a start to expenditure (following calls for projects etc) in Summer/early Autumn 2015;
- The 7% performance reserve to be released in 2019;
- The forecast sources and associated timing of match funding; and
- Experience of delivery under previous programme periods.

Annual Expenditure Profile ⁷³ , 2014-2022 (£m) TO BE UPDATED				
	ERDF	ESF	EAFRD	Total
2014	0	0	0	0
2015	1.4	4.8	0.1	6.3
2016	8.1	10.0	0.3	18.4
2017	11.0	10.0	0.4	21.4
2018	11.0	10.0	0.5	21.5
2019	12.0	10.0	0.5	22.5
2020	13.5	7.0	0.3	20.8
2021	6.7	2.0	0.2	8.9
2022	2.7	1.0	0.2	3.9
Total	66.4	54.8	2.5	123.7

Opt-in Proposals

The national opt-in offers show a strong fit with Cheshire and Warrington's priorities for intervention to support growth, including the need to increase SME competitiveness and ensure that our residents have the skills to access and progress in work. In principle opt-in commitments identified by the Cheshire and Warrington LEP are outlined overleaf.

⁷³ Annual expenditure profiles are indicative until programme terms are agreed. Work continues to develop a high quality pipeline of deliverable projects that will deliver across the programme period.

Summary Opt-in Proposals		
Opt-in source	Programme Fit	Funding Requirement
ERDF		
Growth Accelerator	PA3 – SME Competitiveness	£1m
The Manufacturing Advisory Service	PA3 – SME Competitiveness	£1.5m
UK Trade and Investment	PA3 – SME Competitiveness	£3.5m
ESF		
The Big Lottery Fund	PA9 – Social Inclusion	£5.5m
The Skills Funding Agency	PA8 – Employment and Labour Mobility PA9 – Social Inclusion PA10 – Education, Skills and Lifelong Learning	£39.7 m
DWP	PA8 – Employment and Labour Mobility PA9 – Social Inclusion	£3.5m
Total		£54.7m

Negotiations are continuing with each of the opt-in providers to allow further details of the offer, LEP strategic control, working arrangements, measures of performance and financial proposals to be finalised, beyond our formal ESIF submission. Going forward, it would be helpful if opt-in partners could operate common processes and information requirements to support the negotiation process and later performance management. Clarification of management costs is also still required.

We will also remain alert to new opt-in opportunities that may emerge over time. This includes (but is not limited to) an interest in exploring possible wider opt-in arrangements that may arise through cooperation with the Technology Strategy Board (TSB) to support greater strategic collaboration on innovation activities across Cheshire and Warrington. This may include enhanced cooperation with Catapult Centres (including opportunities to develop new provision such as an energy centre at Thornton or bioscience centre at Alderley Park) and TSB initiatives focused on SMEs, Launchpads, SMART, SBRI, KTN, Innovation Vouchers, Automotive Supply Chain and Digital Innovation and export opportunities that may not be addressed through other opt-in arrangements. In all cases, we will be conscious to ensure that opt-in opportunities generate true additionality and secure value for money for our resources.

Our opt-in proposals are predicated on a 3 + 3 model with a review of performance proposed in year 3. We reserve the right not to continue with a particular opt-in organisation based on the outcomes of this review process. We will finalise our negotiations with each opt-in organisation based on a written agreement in the form of either a Memorandum of Understanding or Service Level Agreement, which will include clarity on local input and oversight. We will also expect close collaboration between opt-in organisations, the Cheshire and Warrington Secretariat and other ERDF/ESF/EAFRD supported projects throughout the delivery period.

We are also conscious of opportunities available to work with other organisations outside the opt-in model. For example, whilst The Princes Trust is not an opt-in arrangement for delivery, the LEP recognises the strong quality of provision they deliver. Therefore continued dialogue will take place over the coming months to look at mechanisms for working together to meet common objectives. Similarly, we will explore opportunities to work with other partners that have expressed an interest in playing a role in the Cheshire and Warrington programme, including the Arts Council and Heritage Lottery Fund.

Match Funding

All projects will receive up to a maximum 50% ERDF or ESF contribution towards their total project costs. Outside of the opt-in proposals, applicants will be responsible for assembling the remainder of their funding package, using eligible contributions only. The anticipated sources and scale of contributions, based on discussions with our partners during the development of this programme document, are outlined below.

Anticipated Sources of Match Funding (£m) TO BE CONFIRMED				
	ERDF	ESF	EAFRD	Total
Public sector – opt ins	6.0	48.7	0	54.7
Other public sector	31.0 ⁷⁴	5.5	1.25	37.75 ⁷⁵
Civil Society	1.0	0.6	0	1.6
Private sector ⁷⁶	28.4	0	1.25	29.65 ⁷⁷
Total	66.4	54.8	2.5	123.7

Our work to date has identified a strong pipeline of potential investment proposals with associated match funding and a wider appetite from our partners to support the programme. A diverse range of match funding sources is anticipated, as outlined in our Priority Axes sections. We will continue to work with partners to ensure match funding is available to support all elements of our programme.

⁷⁴ Includes £20m match to be provided through the European Investment Bank for the North West Fund and Evergreen Fund.

⁷⁵ The spreadsheet submission excludes public match funds against EAFRD, due to limitations in the spreadsheet's design.

⁷⁶ Includes leverage

⁷⁷ The spreadsheet submission excludes private match funds against EAFRD due to limitations in the spreadsheet's design.

7 Programme Targets

Introduction

Delivery of the Priority Axis outlined in Section 4 will allow Cheshire and Warrington to generate substantial benefits through investment. Targets have been prepared to reflect:

- the nature of activities to be supported;
- Government guidance regarding the indicators expected to be delivered under each Priority Axis and the definitions of each; and
- the scale of Cheshire and Warrington's ambitions balanced with the need for realism on what can be delivered.

The figures presented in this section are our best estimates. In addition to monitoring against agreed national indicators, the LEP and its partners may determine a small number of locally specific indicators to capture the full impact of our activities. For example, as calls for projects begin to be prepared, we expect to include indicators that government has not identified for that specific Priority Axis (for example to capture business start ups supported and jobs created under Priority Axis 1) as well as potentially including wider measures that contribute to the achievement of local objectives. These steps will support us to further ensure that value for money is secured through our investments.

Outputs

The ESIF's implementation is forecast to generate significant direct benefits through supported activities. The table below shows our programme forecasts, which are underpinned by experience of delivery under the 2007-2013 programme period. Where outputs are associated with opt-in offers, we are working with opt-in partners to ensure our forecasts align with their expectations, are deliverable and can be clearly monitored.

Output Targets⁷⁸, 2014-2020 TO BE UPDATED	
ERDF Indicators	Target
Number of enterprises receiving support.	2,261
Number of new enterprises supported.	426
Employment increase in supported enterprises.	2,485
Number of enterprises cooperating with research entities.	180
Number of enterprises supported to introduce new-to-the-market products.	210 ⁷⁹
Number of enterprises supported to introduce new-to-the-firm products.	340
Additional enterprises accessing ICT products and services including broadband.	148 ⁸⁰
Private investment matching public support to enterprises.	£52.5m
Number of companies supported with business resource efficiency.	80 ⁸¹
Estimated GHG reductions. ⁸²	TBC
Infrastructure site development including green infrastructure (hectares)	30
Floorspace created or improved (m ²). ⁸³	3,122

⁷⁸ Targets for activities associated with both opt-ins and Funds will be confirmed on completion of negotiations with partners. Please note, some outputs in this table appear higher than in the spreadsheet submission due to restrictions on the number of indicators that can be selected per Investment Priority in the spreadsheet.

⁷⁹ Differs to spreadsheet submission due to limitations on the number of indicators that can be included in the spreadsheet.

⁸⁰ Differs to spreadsheet submission due to limitations on the number of indicators that can be included in the spreadsheet.

⁸¹ Differs to spreadsheet submission due to limitations on the number of indicators that can be included in the spreadsheet.

⁸² Further guidance on the measurement of this indicator and any recent evidence of expected achievement levels would be appreciated to allow a target to be prepared.

⁸³ This indicator is not currently captured in the spreadsheet submission due to entry restrictions.

ESF Indicators	Target
Number of enterprises receiving support.	0
Total number of participants (a. + b. + c.)	38,180
a. Number of unemployed (including long-term unemployed) participants.	21,974
b. Number of inactive participants.	9,784
c. Number of employed (including self-employed) participants.	6,422
Number of participants aged 15-24.	5,240
EAFRD Indicators	Target
Jobs created	56

All individual project proposals will be assessed to determine their ability to contribute to the identified targets. Value for money will begin to be assessed on this basis over time, allowing the typical costs per different forms of intervention to be determined, and funding decisions to be informed by this as part of a wider assessment process (see overview in Section 10).

Results

ERDF, ESF and EAFRD supported activities are also expected to generate a series of results above and beyond the direct outputs forecast above. The indicators expected to be satisfied are outlined below. The ESF Operational Programme that is currently out for consultation provided clarity over ESF results to be quantified and those that will be assessed on an unquantified basis. Estimates have been included against indicators where appropriate to reflect this guidance, using estimated costs and evidence of performance under the 2007-2013 programme. ERDF results have been calculated where possible to reflect our understanding of the indicators, guidance of fit by TO issued in July 2013⁸⁴ and experience from the North West programme. There are however a number of indicators where further guidance is required to allow targets to be prepared.

Results Targets, 2014-2020	
ERDF Indicators	Target
Increased number of businesses that are actively innovating to bring new products to the market.	149
Further embedding innovation and building greater value chain connections within and across relevant functional economies, especially with the use of those enabling technologies that transfer across sectors (smart specialisation indicator).	TBC [^]
Support enterprises in their development of ICT products and services including broadband.	TBC [^]
Increase in SME productivity.	£26.8m
Increase in SME jobs created.	698
Increase in business start ups.	224
An increase in the energy efficiency of companies, buildings and transport.	TBC [^]
An increase in companies deploying low carbon practices, processes, service or products.	TBC [^]
Improving the economic viability of area through infrastructure investments including green infrastructure.	TBC [^]
ESF Indicators	Target
Number of inactive participants newly engaged in job searching upon leaving.	5,711
Number of participants in employment upon leaving.	2,792
Number of participants gaining a qualification upon leaving.	3,288
Number of participants in education or training upon leaving.	635
Number of participants engaged in positive activities that address barriers to work or widen participation in training.	*

⁸⁴ As noted elsewhere in this document, we also anticipate selecting local indicators in a number of cases, for example to capture increases in SME productivity, jobs created and business start ups under TO1 which are not currently forecast in the numbers above.

EAFRD Indicators	Target
Access to IT	1,000^
SME competitiveness	TBC^
* benefits captured through the indicators above. ^ guidance required	

8 Programme Alignment

Introduction

The ESIF has been prepared to ensure fit with a range of local, national and European policy priorities. Partners in Cheshire and Warrington are committed to achieving strategic fit wherever possible and ensuring that policy drivers and associated funding streams can work together to achieve the greatest benefits for our economy. This section considers some of the main areas of alignment ensured when developing this strategy.

European Alignment

Delivery of the Cheshire and Warrington ESIF in 2014-2020 will ensure that synergies are exploited with other European funds. The table below summarises the primary areas of shared interest.

ESIF and other European Fund Synergies		
Funding Programme	Summary	Support for European Structural and Investment Funds
Horizon 2020	<p>A flagship Europe 2020 initiative aimed at securing Europe's global competitiveness, Horizon 2020 will run from 2014 to 2020 with an €80bn budget. The programme will support and accelerate research and innovation as part of the drive to create new jobs and growth in Europe. The programme includes:</p> <ul style="list-style-type: none"> • Strengthening top-level research in science to improve the EU's global standing in the field. This will involve a dedicated budget of €24.6bn and a 77% increase in funding for the European Research Council. • Improving industrial leadership in innovation through investment in key technologies, greater access to capital and support for SMEs. This activity will have a budget of €17.9bn. • Providing €31.7bn to help address major concerns including: climate change; sustainable transport and mobility; making renewable energy more affordable; ensuring food safety and security; and coping with the challenge of an ageing population. 	<ul style="list-style-type: none"> • A core aspect of the Horizon 2020 programme is €24.6bn investment to strengthen research, technological development and innovation. These investments will strongly align activities delivered under Priority Axis 1. • There is also an investment of €17.9bn, which will in part give support to SMEs and help them to gain access to capital and improve their competitiveness, thereby supporting our objectives under Priority Axis 3. • Horizon 2020 will also invest in making renewable energy more affordable, a key issue in the shift to a low carbon economy across Europe, and invest in the adaptation and management of the effects of climate change that are set to occur. Alongside this, the programme will advocate and support resource efficiency and protecting the environment. There is therefore fit with our proposals under Priority Axis 4. • Part of the programme's €31.7bn investment in major concerns will consider the challenge of Europe's ageing population, to promote social inclusion and battle poverty. This investment will align with projects supported under Priority Axis 9.

<p>Programme for the Competitiveness of Enterprises and SMEs</p>	<p>COSME is a new funding programme for the 2014-2020 phase. It has a planned budget of €2.3bn and will aim to:</p> <ul style="list-style-type: none"> Facilitate access to finance for SMEs; Create an environment favourable to business creation and growth; Encourage an entrepreneurial culture in Europe; Increase the sustainable competitiveness of EU companies; Help small businesses operate outside their home countries and improve their access to markets. <p>The Programme is expected to contribute €1.1bn annually to the EU's GDP, through assisting 40,000 companies, resulting in 1,200 new business products, services or processes and €400m in additional turnover annually. Through improving access to finance, COSME is also expected to increase lending and/or investment for EU companies by €3.5bn per annum.</p>	<ul style="list-style-type: none"> The main focus of COSME is to increase the competitiveness of SMEs, which form the backbone of Europe's economy, and aligns with the work to be undertaken as part of Priority Axis 3 in the upcoming funding cycle. The package of measures implemented by this programme will aim to make the outputs of Europe's SMEs attractive and affordable on the global market, which will drive growth in the EU's economy for years to come. COSME advocates resource efficiency to increase competitiveness and sustainability of businesses, showing alignment with projects to potentially be supported under Priority Axis 3.
<p>LIFE</p>	<p>As the EU's financial instrument to support environmental and nature conservation, LIFE has co-financed 3954 projects since 1992, contributing approximately €3.1bn to the protection of the environment. Of these, 208 have been in the UK, with 149 focusing on environmental innovation, 53 on nature conservation and six on information and communication. These projects represent a total investment of €407.5m, of which €181m has been contributed by the EU.</p>	<ul style="list-style-type: none"> Many of LIFE's projects have the explicit goal of promoting climate change adaptation, risk prevention and management, and of protecting the environment and promoting resource efficiency, forging strong ties with proposed integrated investments under Priority Axes 1 and 3.
<p>ERASMUS For All</p>	<p>ERASMUS+ is the new EU programme for education, training, youth and sport, which will consolidate seven existing programmes into one. It will start in 2014 and will give up to five million people the opportunity to study and train abroad, with its system of grants. Nearly three million will be higher education and vocational students. Erasmus+ is based on the premise that investing in education and training is the key to unlocking people's potential, regardless of their age or background. It helps them to increase their personal development, gain new skills and boost their job prospects.</p>	<ul style="list-style-type: none"> The ERASMUS+ programme invests in education, skills and lifelong learning, by offering grants to people in all EU Member States to study abroad, regardless of age. This presents strong alignment with projects to be supported under Priority Axis 10 and potentially wider elements of ESF activity.

<p>Programme for Social Change and Innovation</p>	<p>This EU Programme will have a budget of €815m for the 2014-20 period and will support Member States' efforts in the design and implementation of employment and social reforms at European, national, regional and local levels by means of policy coordination, the identification, analysis and sharing of best practices. Together with the European Social Fund, the Fund for the European Aid for the Most Deprived, and the European Globalisation Adjustment Fund, EaSI forms the fourth pillar of the EU Initiative for Employment and Social Inclusion 2014-2020.</p>	<ul style="list-style-type: none"> • The programme aims to provide assistance to Member States who are undergoing employment and labour market reforms. This strongly links to our proposals under Priority Axis 8, which promotes employment and support labour mobility throughout the EU. • The programme will also aid reforms across the EU that promote social inclusion and combat poverty, as with projects to be supported under Priority Axis 9.
<p>Connecting Europe Facility</p>	<p>The CEF is a key initiative within the European Commission's plan to invest €50bn in Europe's transport, energy and digital networks. It will focus on high EU value-added projects, which will primarily cover the following three areas:</p> <ul style="list-style-type: none"> • Reducing pollution from transport and increasing the sustainability of, and consumer choice within, Europe's transport systems; • Creating better energy connections between Member States to increase the security of supply and transport renewable energy in a cost-effective manner across the EU; • Funding the building of infrastructure needed to roll out e-ID, eProcurement, electronic health records, Europeana, eJustice and customs-related services. 	<ul style="list-style-type: none"> • As part of the improvement of the EU's digital networks, there will be continued large scale investment in broadband coverage across Member States, which will support our digital connectivity aims under Priority Axis 2. As well as investing in other information and communication technologies, the CEF will also see major investment in emerging electronic technologies, which will advance the EU's economy and may link to the innovation element of our programme. • Improving energy connections to allow the cost-effective trading of renewable energy between Member States will be a cornerstone of the transition to a low carbon economy, as are many projects to be supported under Priority Axis 4. • A significant part of the CEF is investment in the sustainability of, and choice within, Europe's transport systems, which will be a key aspect of growing the EU's economy in the long term. This will have to closely ally itself with transport investments supported under Priority Axes 1, 3 and 4 in order to ensure Europe's transport networks work together in the most efficient manner.
<p>European Territorial Cooperation Programmes</p>	<p>Cohesion policy encourages regions and cities from different Member States to work together and learn from each other through joint programmes, projects and networks. The ETCP covers:</p> <ul style="list-style-type: none"> • Cross-border co-operation programmes along internal EU borders; • Transnational co-operation programmes covering larger areas of co-operation such as the Baltic Sea, Alpine and Mediterranean regions; • Providing framework for exchanging experience between regional and local bodies across EU. 	<ul style="list-style-type: none"> • The ETCP aims to make all policy and delivery across the EU more effective through enhancing institutional capacity and an efficient public administration. This will align to our approach for delivering the 2014-2020 programme.

Contribution to National Policy Objectives

The LEP remains alert to Government policy drivers and will continue to be so throughout the implementation of the ESIF. Key areas of alignment when preparing this ESIF include:

- Driving economic growth to support economic recovery and help reduce the north-south divide in terms of economic performance;
- A focus on private sector job creation and associated GVA uplift;
- Promoting higher level skills, including through vocational routes; and
- Reducing benefit dependency by supporting people into employment.

Wherever possible, ERDF and ESF investment is intended to add value to existing initiatives in these areas with any areas of variation from Government priorities to be clearly justified before any investments are made (for example if conflicting skills priorities were identified).

Synergies between national policy priorities and the ESIF are summarised below.

National Policy and ESIF Synergies		
Policy	Summary	Support for European Structural and Investment Funds
Plan for Growth	<p>There are four key ambitions of the 2011 Plan for Growth, these are:</p> <ul style="list-style-type: none"> • To create the most competitive tax system in the G20; • To make the UK one of the best places in Europe to start, finance and grow a business; • To encourage investment and exports as a route to a more balanced economy; • To create a more educated and flexible workforce. 	<ul style="list-style-type: none"> • The Plan for Growth identifies SMEs as a key driver in the long-term growth of the UK economy. Its resultant pledge to help start, finance and grow businesses as well as encourage firms to export will work in partnership with Priority Axis 3 of improving SME competitiveness. • In order to do this, the Plan acknowledges the importance of improving the flexibility of the UK's workforce through investing in education, skills and lifelong learning, which will support projects to be taken forward under Priority Axis 10.
No Stone Unturned in Pursuit of Growth	<p>A major aspect of Michael Heseltine's report to the Prime Minister is the importance of linking available public funds with the bodies that can use them most effectively and efficiently to drive sustainable growth. Within this, the importance of Local Enterprise Partnerships as bodies to access EU and Government funds and linking the UK's most innovative institutions (particularly universities and research centres) with these sources of funding are key themes.</p>	<ul style="list-style-type: none"> • This report highlights the importance of investment under all Priority Axes of ESIF. Its emphasis is most strongly placed on reassessing how public funds are spent in order to maximise the growth potential of each investment.
Innovation and Research Strategy for Growth	<p>The strategy seeks to ensure that government policies stimulate, rather than hinder, UK innovation through:</p> <ul style="list-style-type: none"> • Greater use of public procurement, helping Government to take the lead customer role, increasing investment in the Small Business Research Initiative. 	<ul style="list-style-type: none"> • The strategy outlines how innovation and research can drive long-term sustainable growth in the UK economy. This is a core aspect of Priority Axis 1 and will strongly support projects operating under that Priority Axes. • This document emphasises the importance of improving the effectiveness of public procurement which we will seek to secure across our programme's delivery.

	<ul style="list-style-type: none"> Increasing access to public data or to knowledge created as a result of publicly funded research; and Accepting all the recommendations in the review of intellectual property by Professor Ian Hargreaves. 	
Bigger, Better Business	<p>The report by the Department for Business, Innovation and Skills highlights that business growth is its main priority, in particular improving small business performance and growth. It aims to withdraw barriers to enterprise, including:</p> <ul style="list-style-type: none"> Helping the unemployed to become self-employed; Providing advice from experienced business people to small businesses. <p>A main principle of the report is to only intervene where there is evident market failure and for the Government to not duplicate private sector activity.</p>	<ul style="list-style-type: none"> Creating connections between experienced business people will strongly support projects under Priority Axis 3, as will increasing the number of self-employed people under our ESF activities. Helping the unemployed to become self-employed will: promote employment and social inclusion, support labour mobility and combat poverty, strongly aligning with projects working toward Priority Axes 8 and 9.
Industrial Strategy	<p>The industrial strategy aims to support UK businesses to compete and grow in light of both competition and opportunities in the international marketplace. Government recognises the need to:</p> <ul style="list-style-type: none"> Develop strategic partnerships with industry Support emerging technologies Improve access to finance Work with business to develop the skills they need 	<ul style="list-style-type: none"> Activities under Priority Axis 1 will support innovation across a number of sectors that are recognised national priorities (e.g. engineering) and support the exploitation of the Eight Great Technologies. The competitive position of Cheshire and Warrington's businesses will also be enhanced through our activities under Priority Axis 3. Links are also apparent with innovation to be supported under Priority Axis 4, building a responsive skills base under Priority Axis 10 and support for businesses to access finance through continuation of The North West Fund.
Local Growth: Realising Every Place's Potential	<p>This strategy document highlights that to set the conditions for private sector growth, the Government must:</p> <ul style="list-style-type: none"> Create macroeconomic stability; Help markets work more effectively; Ensure that it is efficient and focused on its own activities; and Ensure that everyone in the UK has access to opportunities. <p>To achieve these conditions, the strategy sets out the need to tackle barriers and bottlenecks, including: encouraging healthy business competition; providing frameworks to facilitate and encourage investment;</p>	<ul style="list-style-type: none"> Local Growth highlights the need to invest in infrastructure projects to drive growth in every geographic area in the UK. This covers improvements to digital connectivity and transport improvements, to be supported under Priority Axes 1, 2 and 3 of our programme.

	<p>promoting stability to ensure UK businesses can thrive in international markets; and increasing the UK's skills base. The need is also outlined for the Government to invest in areas that require it, such as high quality transport to enable investment and innovation.</p>	
Skills for Sustainable Growth	<p>This document highlights that the UK's working age population is less skilled – and subsequently at least 15% less productive – than France, Germany and the US. In particular, there is a significant gap in intermediate technical skills in the UK. Skills for Sustainable Growth sets out how the UK can ensure there is the suitable supply of labour as technological change accelerates, using a skills programme based on fairness, responsibility and freedom.</p>	<ul style="list-style-type: none"> • The main focus of this report supports work undertaken as part of Priority Axis 10 – investing in education, skills and lifelong learning.
Review of Vocational Education	<p>The Review highlights the continued importance of vocational education as part of the training profile in England. It emphasises that it is vital to ensure that all education is tailored toward the job market to ensure that businesses are provided with the labour they will require, and that people have the skills and qualifications to make sure they can succeed in securing gainful employment.</p>	<ul style="list-style-type: none"> • The main focus of this report supports work undertaken as part of Priority Axis 10 – investing in education, skills and lifelong learning.
The Richard Review of Apprenticeships	<p>The Review outlines a ten-point plan to produce an apprenticeship system which meets the needs, and maximises the potential opportunities of the UK economy, its learners and its approach to government and regulation. Amongst these are:</p> <ul style="list-style-type: none"> • Focusing apprenticeship on their outcome; • Encouraging diversity and innovation amongst programmes; • Creating the right incentives to trainees; and • Actively boosting awareness of the new model. 	<ul style="list-style-type: none"> • The main focus of this report supports work undertaken as part of Priority Axis 10 – investing in education, skills and lifelong learning.
Investing in Britain's Future	<p>This strategy document outlines how the Government pledged £100bn between 2010 and 2020 for investment in infrastructure, will transform the way public projects are financed and has pledged to stabilise macroeconomic policy to encourage private investors.</p>	<ul style="list-style-type: none"> • The infrastructure projects that the Government are investing in between 2010 and 2020 largely cover the roll-out of broadband (supporting the digital connectivity elements of Priority Axis 2) and investment in transport (incorporated into Priority Axes 1, 3 and 4).

Alignment with Local Priorities

The Cheshire and Warrington LEP has strong ambitions to build on its current economic performance levels, ensuring that it not only retains its status as one of the strongest performing LEPs in the north, but builds upon this to become one of the best performing in the country.

The ESIF has been developed in parallel with the Cheshire and Warrington Strategic Economic Plan. This approach has ensured that a high level economic growth strategy has been established for the area as a whole, with European funds playing a key role in supporting the delivery of this. The relationship between, and alignment of, these two strategies is outlined in Section 3 of this document. The Strategic Economic Plan also provides the framework to ensure that all growth related funding is brought together to respond to local priorities, as identified with our partners.

Partners with a range of interests and varied geographical foci have played an active role in developing the ESIF. Active engagement has ensured that the private, public, voluntary and community and education sectors have been able to share their views on current conditions and their experiences and aspirations for the future, to ensure that the strategy is locally grounded, supported and deliverable. For example, consultations with the three local authorities have ensured the strategy reflects local economic development objectives; whilst consultations with private sector partners have ensured that business priorities are also recognised. Further details of partner engagement to date and ongoing arrangements are provided in Section 10.

9 Delivery Arrangements

Introduction

This section sets out the delivery approaches to be adopted to ensure that the Cheshire and Warrington LEP area gains the greatest value from its 2014-2020 allocation. Through the development process, opportunities have been identified to:

- Allow resources to go further through the use of Financial Instruments;
- Actively involve the voluntary and community sector in the development and delivery of activities to address local issues;
- Work with other LEPs where there are opportunities to gain advantage through scale and/or where cross-boundary partnerships can be established around common areas of expertise and interests; and
- Build on our partners' experiences of delivering previous European programmes to learn lessons wherever possible.

Following a detailed explanation of our delivery arrangements, the remainder of this section sets out proposals in these areas, plus the lessons we have taken from the development and delivery of previous programmes.

Programme Delivery Arrangements

Overview

Comprehensive arrangements are being put in place to ensure the delivery of all aspects of the European Structural and Investment Funds Strategy, as well as the wider growth agenda. The LEP will act as a strategic, commissioning and performance management body, with delivery activity led and owned by Opt-In Organisations and Financial Instrument Fund holders (which collectively represent 60% of the total ESIF Programme); alongside Local Authority and wider public and private service partners.

The arrangements being developed recognise that LEPs are to remain lean, strategic bodies, responsible for making growth happen, rather than delivering it themselves. It has been agreed with Local Authorities that the LEP will lead on strategic co-ordination of the accelerating growth functions (i.e. business growth, innovation and employment and skills), overall programme management for the ESIF and SEP, and managing and developing the sub-region's economic intelligence. The Local Authorities will lead the enabling functions of housing, planning, transport and infrastructure, which are predominantly SEP facing activities.

The LEP's new organisational structure is predicated on European skills and expertise being mainstreamed throughout the organisation. The accelerating growth functions are inherently ESIF facing and as such all posts within the structure will spend time on ESIF activity, with many spending up to 80% of their time doing so. Should the team need to be strengthened during the programme period, to provide additional assistance to partners in Cheshire and Warrington with limited experience of EU programmes and to raise awareness. This will be achieved by engaging additional experts on a consultancy basis and strategic partners to promote the ESIF and its activities as and when required, through Technical Assistance.

Effective delivery will be dependent on close collaboration with strategic partners and TA activities supporting the promotion of ERDF, ESF and EAFRD opportunities, best practice and partnership working to avoid duplication and to add value to initiatives. This will include building on the skills and expertise of our business community, FE and HE institutions and the voluntary and community sector to ensure our programme responds to local conditions and adds value to existing programmes. As further examples, we will highlight opportunities to support new and existing rural businesses that will make a sustainable contribution to national

growth and engage directly with rural partners and LAGs to identify and address local priorities.

We are in the process of strengthening communications, website development and project promotion to secure the effective delivery of available financial instruments, opt-in arrangements and to promote new EU high-growth activities in and across clusters, value chains, and knowledge transfer networks in Cheshire and Warrington. This is particularly important as regional projects within the 2007-2013 programme have been largely dependent on local promotion and awareness, with less emphasis on delivery in areas outside major conurbations.

Further detail of proposed operational processes, including project bidding, procurement and consideration of state aids, will be developed to reflect forthcoming government guidance.

Delivery Resources

The Cheshire and Warrington LEP has agreed the following organisational structure to deliver the ESIF and wider growth activity. All posts within this structure will be occupied before the start of the programme, subject to receipt of Technical Assistance funding. This management and delivery resource will be monitored on a regular basis to ensure it remains appropriate to satisfy new and emerging ESIF priorities, as well as our wider growth ambitions.



The EU Programme Secretariat will be appropriately resourced to deliver on its role in supporting the LEP and Managing Authority in the strategic appraisal of projects and support for the programme management structure. The LEP EU Programme Secretariat will also function as the day to day contact for the Managing Authority and will provide co-ordination between the programme and Cheshire and Warrington’s approach to Interreg, H2020 and Smart Specialisation. The Cheshire and Warrington LEP will incorporate the existing expertise of the Cheshire and Warrington TA team to provide a clear link between the existing EU programmes and capacity in the North West and the new programme.

The three Local Authorities have a significant number of personnel involved in developing and managing projects and programmes. This includes staff involved in economic development more widely, as well as a number dedicated to ERDF, ESF and rural projects and programmes. In addition, staff in the enabling growth functions, such as planning, are available to support economic development activities.

Significant delivery resources are also available in Universities, colleges and the community and voluntary sectors. All of these organisations have successfully delivered ERDF, ESF and rural investments in the 2007-2013 Programmes, and have expressed a willingness to continue their involvement in the new Programme period, as demonstrated by their active engagement in the development of the ESIF and in the leadership and membership of the Strategy Boards that will assist in the management of the ESIF.

Financial Instruments

The use of financial instruments will allow Cheshire and Warrington to improve the efficiency and value gained from European funds by enabling resources to be recycled over time. The proposed approaches to financial instruments look to build on experience and learn from good practice gained during the 2007-2013 programming period. Partners have agreed to route resources through three arrangements – continuation of the North West Fund; Evergreen; and a new Local Impact Fund, as outlined below.

The North West Fund

The North West Fund is the North West's JEREMIE financial instrument, developed under the 2007-13 programme. The fund brings together six funds in the form of debt, equity and quasi equity to provide debt and equity finance to SMEs based in or locating to the North West to help them to start, develop and grow their business.

The partnership sees value in continuing to invest in such an arrangement through the 2014-2020 programme and will work with other LEPs in the region to achieve this. The LEP proposes to invest a minimum of £10m of Cheshire and Warrington's allocation through the Fund, subject to satisfactory negotiations, the detail of which continues to be worked through. Resources will be drawn from Priority Axes 1 and 3 to support SMEs to innovate and grow.

Evergreen

Evergreen is the North West's JESSICA fund, established through the 2007-2013 programme. The LEP proposes to invest up to £10m of its ERDF allocation in the fund, subject to appropriate terms being agreed with other partners in the region, including the ability to offer grant support. The allocation will allow investments to be made in infrastructure that supports growth, including assumed investment in low carbon construction (subject to ongoing discussions and the outcome of the ex-ante evaluation). Funds will be drawn from Priority Axes 1, 3 and 4.

Local Impact Fund

In consultation with our local and North West social enterprise support organisations and relevant national partners, it is proposed that Cheshire and Warrington Social Enterprise Partnership with SENW and the Social Investment Group will design a Local Impact Fund to provide a joined up financial offer to social enterprises and charities in the LEP area. It will support organisations from the point of start-up through growth and sustainability thereby contributing to sustainable economic growth and the attainment of positive social outcomes in deprived communities. The Local Impact Fund will work with the broader social and charitable sector to ensure it is aligned to the needs of the local area and becomes a long term piece of infrastructure for creating positive social impact.

We anticipate that the fund will offer loan finance and have a package of support alongside to help social enterprise and charities grow and expand. The loans will be invested at realistic market rates. Our notional ERDF/ESF allocation for the fund is £1.6m, of which £1m is to be funded from Priority Axis 3 and £0.6m from Priority Axis 9. It is estimated that the fund will allow 36 social enterprises to receive business support along their growth journey with investments to be made to enable social enterprises to develop and scale up their services.

The approach will continue to be developed, including in response to further guidance expected from Government.

Community Led Local Development

Further consideration of opportunities for Community Led Local Development (CLLD) activity has raised concerns about the ability to introduce such arrangements within reasonable timescales⁸⁵ as many of the requirements are still under negotiation with the European Commission. Discussions with our opt-in partner the Big Lottery are currently ongoing to consider how this element of the programme will recognise the needs of the local area and where community initiated projects can help to improve economic inclusion, both in rural and urban areas not covered by Local Action Groups thereby supporting CLLD type activities.

Proposals through this route will be developed early in the programme to recognise needs and opportunities specific to local areas and to determine what activities cannot be addressed through an alternative route within the rest of the Cheshire and Warrington ESIF Strategy. We therefore propose to review the arrangements and discuss the strengths and weaknesses of the CLLD approach with other LEP areas which have taken forward CLLD to determine whether it should be introduced in Cheshire and Warrington during the second call for proposals in 2017. During this period, the Cheshire and Warrington European Board will also explore alternative options such as delegated grant mechanisms which may offer a less complex solution, if it can be shown that such an approach does not have any significant drawbacks in comparison with the CLLD approach and that this will address a gap in the provision set out in the ESIF Strategy.

Cross-LEP Working

The primary area of direct cross-LEP working in the preparation of this submission is in the development and use of financial instruments, as outlined earlier. In this instance, the need to generate a sufficient scale of activity to unlock match funding support and cover set up and administration costs presented drivers for the approach. They also allow Cheshire and Warrington to continue to engage in funds that have been successfully applied with North West partners during the 2007-2013 programme period.

Wider proposals for cross-LEP working with the Manchester and Liverpool LEPs are also being explored, allowing us to work with neighbouring economies to build on shared opportunities. For example, the Atlantic Gateway is a transformatory proposition which provides an important opportunity for cross-LEP working. The approach ensures opportunities are explored and exploited in a way that generates the greatest benefits for the north of England. This recognises the potential for the scheme to act as a driver of economic growth across the north and Government's existing recognition of the significant opportunity presented by the scheme. Three areas of collaboration have been agreed:

- **Connectivity** – Cheshire and Warrington LEP led – consideration of the current connectivity arrangements and potential priorities for the future to ensure that major economies in the north remain well connected to each other and to the South East of England, including potential long term opportunities associated with HS2.
- **Big science** – Manchester LEP led – designed to support the three LEPs to work together to exploit big science opportunities by building on existing assets, including the presence of high profile, strong performing universities and major employers.
- **Low carbon** – Liverpool LEP led – exploring opportunities to develop and grow a low carbon economy that supports economic growth whilst minimising potential harmful impacts. This will include identifying niches for businesses across the three LEPs to take a leading role nationally.

These areas have been identified to recognise existing strengths and common areas of interest across the three LEPs. Arrangements are currently being developed to allow these

⁸⁵ We believe that it could take over two and a half years to establish and roll out a CLLD approach and believe there are quicker and therefore more appropriate opportunities to explore at this stage to deliver comparable activities.

areas of cross-LEP working to progress and ensure that the areas can work together to achieve mutual benefits, generating benefits both for the LEP areas individually and across the region.

We will also remain alert to any further, mutually beneficial opportunities for joint working as the programme's implementation progresses. This may include further joint working with partners in Manchester and Liverpool (e.g. to support transformational investment opportunities such as Airport City, Sci-Tech Daresbury and other joint areas of interest) as well as opportunities to work with other neighbouring areas (e.g. North Staffordshire and North Wales) and other LEP areas (for example those in the south of England) that display similar characteristics to Cheshire and Warrington and may provide opportunities for knowledge sharing and joint working.

Both national and European collaborative working opportunities are expected to focus on the LEP area's sectoral strengths (e.g. in engineering and life sciences) to help specialisms to be further enhanced. Some early thoughts on where such arrangements may be prioritised are outlined below, based on common areas of specialism identified through draft ESIF submissions and the outcomes of the Witty Review:

- Automotive – Liverpool City Region LEP, Coventry and Warwickshire LEP and North East LEP;
- Life Sciences – Oxfordshire LEP and Hertfordshire LEP;
- Agritech – The Marches LEP and Greater Lincolnshire LEP;
- Chemicals – Tees Valley LEP and Humber LEP; and
- Energy (including unconventional oil and gas, geothermal and nuclear) – Lancashire LEP, Cumbria LEP and Humber LEP.

We will also explore opportunities to continue to build on existing sectoral relationships. For example, Cheshire and Warrington is already working as part of the European Chemical Regions Network which supports collaborative work to strengthen expertise across the EU. Such approaches will allow us to further build on our smart specialisations over time.

Project specific cross-LEP collaboration opportunities also continue to be explored, for example Cheshire and Warrington is bidding with Stoke on Trent and Newcastle under Lyme to access the Department for the Environment and Climate Change's Local Authority Green Deal Fund.

Learning from Previous Programmes

Learning from Experience in Cheshire and Warrington

We have an experienced team of staff and partners who have gained detailed knowledge of European funding requirements through the 2007-2013 and previous programme period. The ESIF strategy has been developed with this experience in mind to shape the 2014-2020 proposals. It will also continue to play a role in delivery. This approach has allowed us to take account of and learn from experiences of delivering previous European programmes and is invaluable in supporting us to ensure that we secure the greatest possible value from our 2014-2020 resource.

As a result, we have focused on three core areas that underpin the development of our proposals and how we will deliver the programme once live.

Ensuring Strong Programme Governance

A wide body of expertise has been brought together across Cheshire and Warrington through the development of the Cheshire and Warrington European Structural and Investment Fund Strategy and Strategic Economic Plan. Cheshire and Warrington LEP will continue to engage this wide body of sector expertise to focus activities on projects that make economic sense and are efficient and effective. Positive engagement with private and voluntary sector expertise will therefore form one of the key set of principles that will define our approach to governance and processes whilst utilising existing structures where possible.

The proposed governance model is outlined in Section 10. We have carefully considered how the LEP will establish responsibility for commissioning activity, project selection, strategic fit and final endorsement, performance management, alignment and stakeholder engagement. Arrangements ensure we will maintain both strategic and operational oversight.

Effectively Managing European Programmes

In developing the Strategic Economic Plan for Cheshire and Warrington and the EU Structural and Investment Funds Strategy, the Cheshire and Warrington LEP undertook a formal review of sub-regional governance arrangements to ensure that they are fit for purpose to facilitate effective delivery, minimise risk and maximise accountability to local and national funders.

Following extensive consultation, the LEP Board decided that the time was right to create one over-arching governance structure which would discharge Cheshire and Warrington's twin strategic priorities of growth and public service transformation. This new single governance structure will oversee the growth agenda within the LEP geography and public service transformation, within the wider geography including Halton and Wirral. Further details of the resulting governance structure and our proposed staffing structure are provided in Section 10. We believe these arrangements will allow us to effectively manage ESIF investment and build on our existing expertise.

Providing Operational Capacity

Cheshire and Warrington is not starting from scratch in the management of the 2014-2020 EU Programmes. Although historically only Ellesmere Port benefitted from an Objective 2 EU Programme, under the 2007-2013 North West Competitiveness and Employment Programme there has been full coverage for Cheshire and Warrington. This has required the sub-region to invest in a small Technical Assistance Secretariat to support the programme and projects in Cheshire and Warrington and to work with the Management Authority (CLG) in the delivery of the EU Programme across the North West. ESF has more recently been managed through a national programme with no input from Cheshire and Warrington.

Technical assistance will therefore need to be a substantial component in developing and expanding capacity further into a Secretariat for the management of the ESIF and EU opt-ins in Cheshire and Warrington and to continue the close relationship that currently exists with the Managing Authority and the team. This will help to support the LEP governance arrangements and the development of successful, strategically appropriate and eligible projects within Cheshire and Warrington and will ensure that we have the right balance across all thematic, spatial, innovative and sectoral areas.

Details of our proposed delivery arrangements are provided in Section 10, which build on these points.

Learning from National Experience

The DCLG commissioned research studies 'What Works in Local Economic Policy' and 'Meeting the Priorities of Localism' draw together helpful lessons from the national delivery of the 2007-13 European Programmes. These draft documents present lessons that will inform the delivery of the 2014-2020 programme in Cheshire and Warrington, as well as those being developed across the country.

The core lessons we have drawn out by theme are outlined below, to be applied as appropriate to the scope of our 2014-2020 programme.

Type of support	Lessons from National Experience
Enterprise development and support	<ul style="list-style-type: none"> • Selective and targeted support to local businesses can be more cost effective and efficient • Grant based schemes are preferable for riskier investment, such as R&D • Locally provided services benefit from local expertise and the ability to tap into local business networks • Enterprise support measures work best when delivered in tandem with other capital and revenue support, such as access to finance
Business finance	<ul style="list-style-type: none"> • The benefits of local expertise need to be balanced with the need for consistent standards and co-ordinated delivery • There is a need to balance the costs of setting-up and managing funds with future returns , the deal flow and the rate of market absorption that can be secured • There is a need for large scale funds , to reduce the fragmentation of provision and generate economies of scale in terms of operating costs and risks to investors • Promotion and marketing of business finance is best delivered locally through existing business support networks
Innovation and R&D	<ul style="list-style-type: none"> • There are advantages to nationally driven approaches in the efficient use of resources and securing the benefits of scale for high cost interventions • Support for innovation credits and other measures to encourage knowledge transfer between academics and SMEs have proven more cost effective than more intensive forms of business support • There is little evidence that interventions aimed at creating clusters are effective
Land and property	<ul style="list-style-type: none"> • These types of impacts often have high levels of displacement and deadweight; local interventions must be appropriately co-ordinated to avoid this • Land and property interventions have a role in removing contamination and blight, enhancing environmental amenity and contributing to targeted physical regeneration initiatives
Transport infrastructure	<ul style="list-style-type: none"> • The public goods rationale plays a key part in justifying transport infrastructure interventions, applying to both the use of infrastructure and environmental benefits • Transport infrastructure plays a facilitating role in business growth and inward investment, and enables more efficient and effective movement of goods and labour
Digital infrastructure	<ul style="list-style-type: none"> • Intervention models should be based on ownership and operation of broadband networks by the private sector, using public funds to overcome initial investment uncertainty, in order to reduce risk to the public sector • Public investment in digital infrastructure should be accompanied by demand stimulation initiatives • There are practical benefits to a local delivery role in ICT infrastructure, such as access to local suppliers
Low Carbon and the Environment	<ul style="list-style-type: none"> • There is a need to encourage innovation and a degree of risk-taking in supporting the development of new low carbon technology and in creating mechanisms to support its adoption • The uncertainties about the commercial risks and rewards of low carbon development requires substantial and sustained public sector investment

10 Governance and Programme Management

Introduction

Partners in Cheshire and Warrington are committed to taking this strategy forward in a way that is transparent, inclusive and effective. The LEP has taken steps to ensure that a high number and cross-section of partners have shaped this document and will play an ongoing role in its implementation, post approval. This section sets out proposed governance arrangements and delivery arrangements to guide the programme.

Partner Involvement in Strategy Development

The LEP Board made a strong public commitment to developing its strategies in a highly inclusive manner, with full and active contribution from all partner agencies, and the ESIF has been developed in line with this. All interventions within this strategy have been developed to respond to local priorities and make the most effective use of funds. A wide selection of partners (including those from the private, public and voluntary and community sectors) with varied areas of interest (including business, education and social inclusion) have been involved to ensure it acknowledges both challenges and opportunities that are being experienced across the LEP area and the breadth of socio-economic issues.

Approaches have included:

- LEP Board members and partners being involved in the selection of a consultant to prepare the ESIF;
- Establishing themed working groups that bring together representatives of the public, private and voluntary and community sectors to discuss specific elements of the programme and secure ownership of proposals. These groups have met four times to guide the development of thematic proposals;
- Completing one to one consultations with approximately 20 stakeholders representing a range of interest groups;
- Holding two ESIF events – one to launch the process and one to share the draft document – providing the opportunity for up to 100 stakeholders representing a range of local interests to be involved each time;
- Actively involving local groups in the development of proposals, for example commissioning members of the voluntary and community sector to develop proposals for Community Led Local Development under the new programme and to comment on the development of the ESIF as a whole;
- Inviting government departments and agencies nationally and within the region (e.g. DCLG, BIS, Defra, DWP and the SFA) to comment on our emerging proposals to help us to strengthen our submission and planned investments;
- Board members receiving progress updates and reviewing draft documentation prior to signing off each of our submitted documents, aligned with deadlines in October 2013, January 2014 and May 2014; and
- Establishing inclusive Strategy Boards to enable a full partnership approach both at a senior and technical level to inform the development and delivery of a partnership led ESIF programme.

Lists of all those involved in these exercises are provided at Annex 1.

This process of partner involvement has considered:

- The need and opportunities for intervention;
- The programme's structure, including priority activity areas, financial allocations, match funding sources and the deliverability of proposed output targets; and
- Partner roles in delivering the programme, including potential investment opportunities and match funding contribution sources and levels.

This approach has helped ensure strong local ownership of the strategy, and that partners stand ready to deliver this, once approved. It has also identified potential investment proposals and match funding sources, once projects are identified, from across the public, private and voluntary and community sectors.

We have also invited senior specialist strategic advisors to support the activities of our Working Groups. They have brought an independent perspective to the development and review of the emerging ESIF, to challenge and enhance content where necessary. Their views have captured experiences of delivering previous European programmes and also an understanding of the thematic issues and opportunities to be explored and addressed.

Programme Governance Arrangements

A work stream has been progressed by the LEP to ensure that strong governance arrangements and clear accountability are established ahead of national and EU funding being devolved. An overview of arrangements proposed to govern EU funding and the remit of the LEP more widely is provided below.

We believe that our proposed arrangements perform strongly against the key areas that Government will wish to explore, namely:

Criterion	Our Response
Delivering collective decisions	The Combined Leadership Board provides one collective decision-making body for the growth agenda within the Cheshire and Warrington LEP geography. Summary assessment: Strong fit
Are aligned with the LEP area	The Combined Leadership Board consists of the three Local Authority Leaders and LEP Chair, and therefore directly relates to the LEP geography. The LEP geography is also reflected in the delivery structure that sits below this level. Summary assessment: Strong fit
Build a strong relationship with business	Private sector/LEP representation has been built into all aspects of the governance structure. A wide range of partners will continue to play an active role in overseeing and guiding programme activities. Summary assessment: Strong fit
Provide a co-ordinated approach to economic development & regeneration	The governance arrangements will be supported by functional and geographical delivery teams across the LEP geography, which will co-ordinate economic development activity. Summary assessment: Strong fit
Demonstrate financial commitment	The governance and delivery structure require a strong financial commitment to align and pool Local Authority and public service resource to support the growth agenda and strong evidence is in place to demonstrate this commitment. Summary assessment: Strong fit

Governance Overview

As noted in Section 9, the decision to co-ordinate EU and national government funding at LEP area level, provided the Cheshire and Warrington leadership team with the opportunity to review the over-arching governance arrangements to ensure that they remain fit for purpose. In partnership with the LEP Chair, the Local Authority Leaders decided to create one over-arching governance structure to discharge the region’s twin strategic priorities of growth and public service transformation. This new single governance structure will oversee the growth agenda within the LEP geography⁸⁶ and public service transformation, within the wider geography including Halton and Wirral. This single structure (summarised below) will ensure that oversight is maintained of all activities that fall within the LEP’s remit. It will allow joined up decisions to be made that reflect both fund specific requirements and the area’s overall circumstances and priorities, which may change over time due to external factors.

The successful delivery and alignment of European Structural and Investment Funds will depend on close working between the LEP, the Managing Authority and local partners. The European Board will provide oversight of the ESIF Strategy and its implementation, working in tandem with the Managing Authority and Strategy Boards, which will support the development of the Local Annual Implementation Plan, commissioning frameworks, strategic fit of opt-ins, and inform proposed calls for projects, alongside supporting the monitoring of delivery within their specialist area. These groups are now in place and their immediate priorities have been to support the finalisation of the ESIF submission whilst also being to consider priorities and projects for the programme as it moves to the operational phase.

The structure is summarised in the diagram below, with structures of relevance to the ESIF and wider growth agenda found on the left of the diagram.



⁸⁶ Cheshire East; Cheshire West and Chester; and Warrington.

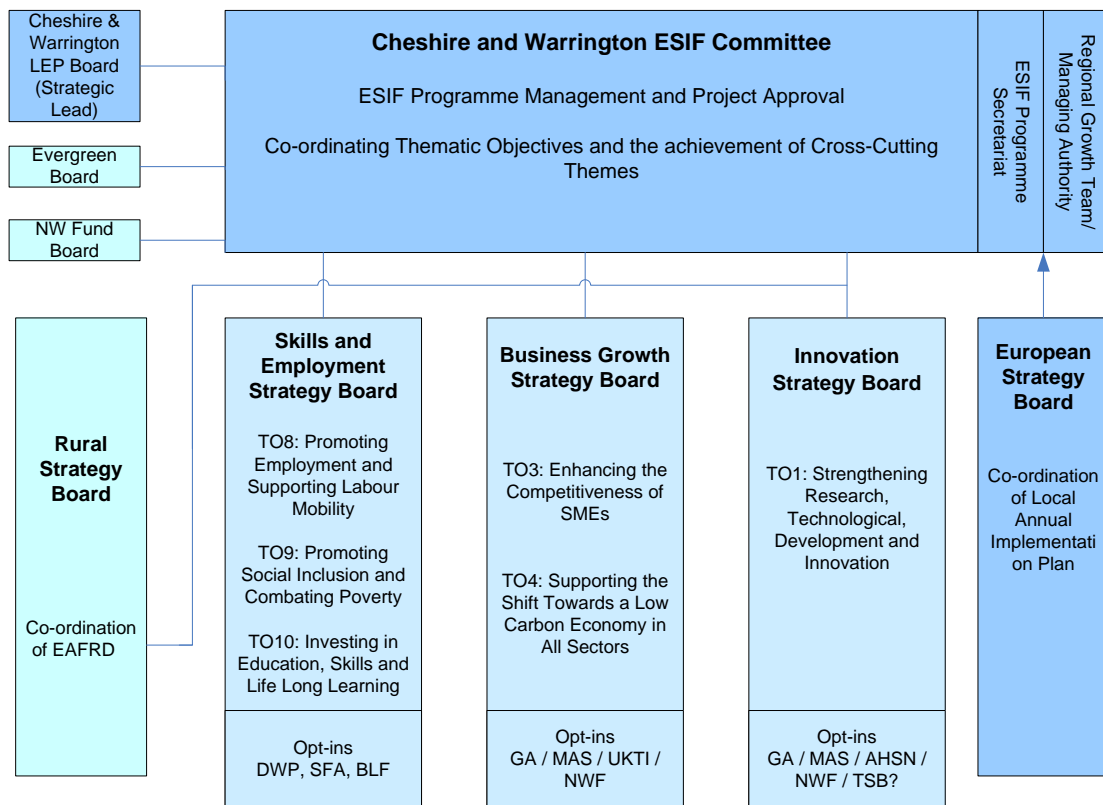
The governance and management arrangements for the ESIF are set out in more detail below, outlining the role of each body within the structure. While this structure reflects our latest thinking, we will continue to review proposals ahead of the programme going live to ensure they are fit for purpose and provide clear lines of accountability. Arrangements will be confirmed once Government has agreed our ESIF submission and the national Operational Programmes have been finalised.

Purpose of Governance Bodies – Growth Agenda	
Body	Purpose
LEP Board	Leadership and strategic responsibility for the EU programme.
Growth Implementation Group	Operational arm of the LEP Board responsible for ensuring that strategies are kept up to date, economic intelligence and research is maintained and developed, delivery activity is aligned with strategic priorities and risk is effectively managed for both ESIF and SEP.
European Board	<p>To provide direction and review the delivery of the ESIF Strategy, ensuring strategic fit with the Operational Programmes and monitoring progress against spend, milestones, outputs and results. Publicise and promote the programmes and develop calls in partnership with the Managing Authority. It will also support the development of commissioning frameworks, assess and agree funding bids, monitor overall programme performance and provide technical oversight (financial tables, compliance etc.).</p> <p>The European Board will include representatives of Local Government, the private sector, voluntary and social partners, the environment, trade unions, education, skills and employment, rural representation and the Managing Authority, who will undertake a deputy chair function.</p>
Strategy Boards	<p>Oversee implementation of the LEP's strategies at the thematic level. Four groups are key to ESIF implementation:</p> <ul style="list-style-type: none"> • Business Growth (ERDF) • Innovation (ERDF) • Skills and Employment (ESF) • Rural Strategy Board/LAGs (EAFRD) <p>These groups will develop thematic implementation plans, stimulate the project pipeline, advise the European Board on project assessment, identify delivery gaps, ensure that ESIF activity complements activity funded from other sources, and scrutinise the delivery of Opt-in organisations within their thematic area.</p>

Terms of Reference for the Growth Implementation Group, the European Board, the Business Growth Strategy Board, the Skills Strategy Board and the Rural Strategy Board have been prepared and can be provided on request.

The diagram overleaf focuses specifically on European programme management arrangements within the overall structure.

**European Structural and Investment Programme
Cheshire and Warrington LEP Operational Delivery**



Cheshire East Council will continue to act as the LEP's Accountable Body where required. Detailed operational arrangements will be confirmed once government has outlined its expectations of the role vis-à-vis Managing Authority responsibilities.

Ongoing Partner Engagement

It is the LEP's intention that a representative group of partners continue to play an active role in overseeing the ESIF's implementation. This will include through membership of the LEP Board and the European Strategy Board outlined in the governance overview section above. Membership will be carefully considered, and will remain under review over time, including to ensure consideration of the interests of:

- the private, public and voluntary and community sectors, including education establishments;
- rural and urban areas;
- a cross section of interest areas including skills development, SME growth and innovation; and
- groups with expertise associated with the cross-cutting themes.

Nominations for membership of the thematic Strategy Boards will be invited. In some cases, memberships will mirror those of the Working Groups established to oversee the development of the ESIF and Strategic Economic Plan while in other cases, changes will be made to ensure representation appropriate to the Boards' focus and individual skills and experience to meet the programme's requirements as it moves into the delivery stage.

Such arrangements will ensure that the LEP remains informed of wider local priorities and can continue to work with partners to ensure that European resources are put to the best possible use, within the context of restrictions placed on the funds.

Managing Conflicts of Interest

It is recognised that there may be occasions during the ESIF's implementation when conflicts of interest arise. In such instances, it is important that they are identified at an early stage and that appropriate actions can be taken to ensure they do not influence decisions.

Conflicts of interest may take a variety of forms including direct involvement in an investment proposal, a friend or family member having an interest in an activity or having no direct involvement but a vested interest in an activity either progressing or not being supported. A written policy will be prepared in accordance with the European Code of Conduct for Partnerships, a copy of which will be retained for inspection. This will ensure that the varied forms of potential conflicts of interest are understood and appropriate responses can be developed by those involved in the programme's governance. Ultimately, if a satisfactory agreement cannot be reached with all partners, including the LEP and the Managing Authority, the matter will be raised at the appropriate Growth Programme Board Sub Committee.

Establishing and Maintaining a Robust Project Pipeline

Early Development Activity

The 2014-2020 European Programme provides an important opportunity for the Cheshire and Warrington economy. Our partners recognise that we need to use resources in the most effective way possible to secure value from the funding allocation, draw down match funding and make a real and sustained difference to our economy.

We have already identified strong opportunities for intervention through the development of both our ESIF and SEP submission. Each of these opportunities will make an important contribution to programme objectives (subject to eligibility checks) as well as Cheshire and Warrington's overall economic ambitions. Examples include:

- Redevelopment of the Alderley Park site in Alderley Edge to create a Human Health Sciences Hub;
- Developing a centre for smart specialisation in agri-tech at Reaseheath College;
- Development of Warrington Waters as part of the Atlantic Gateway initiative;
- Creating a new Faculty of Science and Engineering for the University of Chester and an associated High Growth Centre; and
- Creating the foundations to support Crewe to develop the High Growth City initiative, linked to the HS2 investment proposals.

Activities are underway to continue to strengthen the project pipeline under each Priority Axes (see Section 4 for details of the current project development process). For example, there are plans to commission skills delivery research to inform the final approaches to commissioning ESF activities which are anticipated to occur through the Skills Strategy Board. In all cases, we are working with partners to ensure that projects comply with individual project requirements, as outlined below, including the availability of match funding and partner ability to comply with European funding regulations and monitoring requirements. This early development activity will be important in the development of the Annual Implementation Plan.

The Process for Project Identification and Appraisal

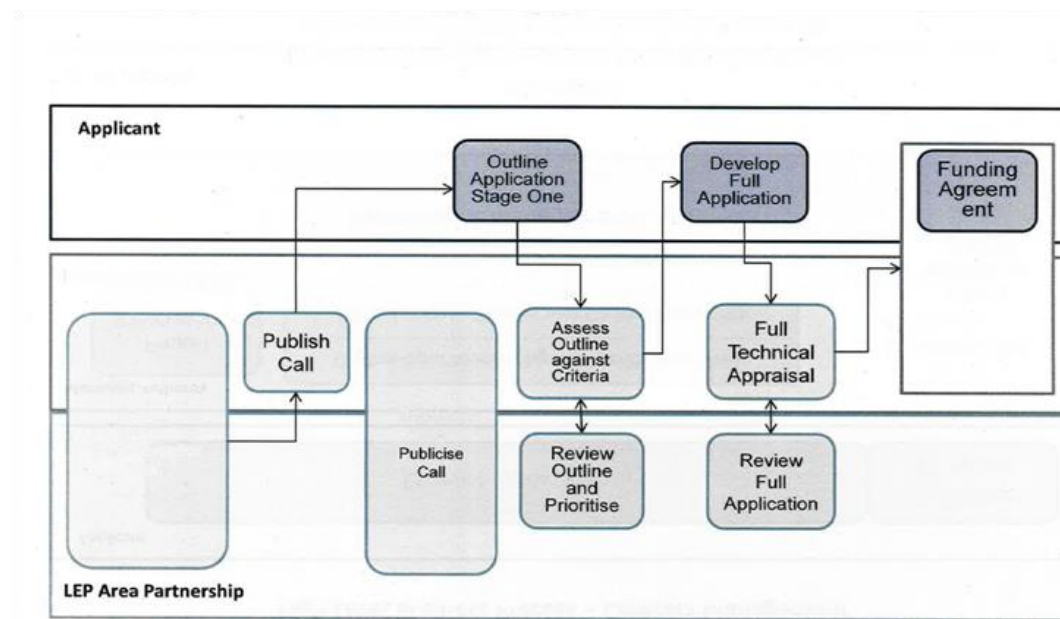
The LEP's EU Programme Secretariat will co-ordinate the European Strategy Board which will be responsible for the development of the Annual Implementation Plan and will discuss projects and concepts in their development stage and technical issues related to the programme with the Managing Authority. The European Strategy Board will be chaired by a Member of the LEP Board and will include the Managing Authority and wider strategic

partners. It will report to the Growth Implementation Group/LEP Board as required to ensure wider alignment and delivery of the Strategic Economic Plan objectives.

Projects brought forward for support through the programme will be appraised in partnership with the Managing Authority and will be informed by the technical expertise of the Strategy Boards on innovation, business growth, skills and employment and cross-cutting themes on rural, climate change and environmental protection issues. Projects' ability to contribute to sustainable transport and ICT objectives will also be assessed. The Strategy Boards will play an important role in informing project calls and the selection of projects, to ensure they effectively deliver the ESIF in Cheshire and Warrington and that local partners are involved at all stages.

The Cheshire and Warrington LEP will work with the Managing Authority in the development of each call, will lead the strategic prioritisation of all projects and with the Managing Authority will have a lead role in the selection of all projects and the monitoring of progress against the delivery of the ESIF. The final selection of projects will be achieved in partnership with the Managing Authority who will oversee programme performance, compliance and technical appraisal. The European Board will seek to deliver a programme of activity through the support and advice of Strategy Boards that will deliver the requirements of the Operational Programme and ESIF whilst securing value for money, strategic impact, added value and full partner engagement.

The overall process is summarised below.



To ensure an effective and timely pipeline of quality projects, investments and a wider understanding of EU Programmes in parts of Cheshire and Warrington (where EU funds have been less frequently deployed), additional Technical Assistance will also be required specifically for the promotion of EU Programmes, partnerships and events between research, education and innovation actors such as the Technology Strategy Board (TSB) and Academic Health Science Networks (AHSNs) and activities that contribute to, and progress, the Smart Specialisation agenda in Cheshire and Warrington

Demonstrating the Contribution of Individual Proposals

Although a substantial pot of funding will enable a wide range of activities to be taken forward, it is important to ensure that all resources are put to the best possible use. All investments proposed through the programme will need to demonstrate that they are responding to an evidenced local need, are deliverable and offer value for money. The assessment of

individual propositions brought forward under the Priority Axes will therefore include consideration of:

- Eligibility under European regulations;
- Evidence of market value and contribution to local economic needs and/or opportunities;
- Contribution to overall programme objectives and fit with Priority Axes and the cross-cutting themes;
- Alternative options considered and how the identified scheme content and funding package has been determined as the preferred option;
- Readiness to proceed, including the availability of match funding and whether required permissions are in place;
- Overall deliverability, including an assessment of risks to delivering within the budget and timescales specified;
- Value for money, based on the nature of works to be delivered and the level of outputs and results to be generated; and
- The additionality of proposed activity and forecast benefits.

Over time, the LEP also intends to work with the Managing Authority to ensure that the programme is evaluated, to assess progress against our overall objectives, track achievements against targets and identify any lessons required to inform the remainder of activity.

All investment proposals will be assessed on a competitive basis (working with the Managing Authority) and only the strongest propositions will secure support. The processes for local project commissioning and bidding will be discussed and agreed with the Local European Structural and Investment Fund Team and Managing Authority, as appropriate.

Risk Management

The Cheshire and Warrington ESIF will have a dedicated Risk Management Plan, overseen by the European Board with the LEP's Chief Operating Officer acting as Senior Responsible Officer for this. The European Board will escalate risks to the Managing Authority where they cannot be readily resolved and/or present a significant risk to the programme. The LEP will work closely with the Managing Authority to ensure that information is shared as appropriate.

Priorities for the assessment of risk and the identification of appropriate mitigation measures are anticipated to include:

- Generating a strong pipeline of eligible and deliverable projects that respond to Cheshire and Warrington's priorities for intervention and European funding regulations;
- Ensuring sufficient match funding is available to support the programme, including contributions during early years of activity;
- Building delivery capacity and capability both to oversee the programme centrally and within our partner organisations who will take forward activities;
- Continuing to actively engage a cross-section of partners who can build on the momentum established when developing this ESIF Strategy, and ensure that our delivery arrangements and investment decisions respond to local needs through the Strategy Boards and other mechanisms;
- Setting out clear delivery arrangements and performance requirements for our opt-in partners to ensure we can effectively manage these elements to secure additionality through our European programme investments;
- Delivering strongly from an early stage to allow progress to be made against our aspirations and targets; and
- Creating commissioning and procurement processes that comply with regulations but do not prove cumbersome.

We have already started to develop our thoughts in these areas to minimise the potential for risks to be realised and will continue to refine proposals as the start of the programme period approaches.

Our delivery structures will allow us to work with individual project sponsors where risks are evident at a project level. In instances where substantive programme level risks to delivery are identified, they will be considered through our governance structures. This will ensure that those structures with responsibility for overseeing the programme's delivery have an understanding of issues being encountered and can play an active role in developing solutions to ensure that the programme continues to deliver to its objectives and agreed expenditure profile.

Annex 1: Stakeholders Involved in Strategy Development

Working Group Members

Access to Finance Working Group Members	
Name	Organisation
Cllr Russ Bowden	Warrington Borough Council
Paul Breen	Business Finance Solutions
Richard Fair	National Farmers Union
Dave Furnival	National Westminster Bank Plc
Mary Gillie	Mary Gillie Associates
Andrew Hague	Howard Worth
Kevin Janes	Cheshire and Warrington Social Enterprise Partnership
Cllr Kevin Musgrave	Cheshire West and Chester
Caroline O'Brien	Cheshire East CVS
Cllr Terry O'Neill (Chair)	LEP Board member and Warrington Borough council
Cllr Peter Raynes	Cheshire East Council
Gordon Richardson	Make It Macclesfield
Anton Stirrett	Hillyer McKeown LLP

Skilled and Productive Workforce Working Group Members	
Name	Organisation
Chris Baker	Learning Together Cheshire and Warrington and LEP Board Member (Deputy Chair)
Cathy Whiteside	NOCN
Colin Brew	West Cheshire and North Wales Chamber of Commerce
Cllr David Brown	Cheshire East Council
Debbie Corcoran	Skills Funding Agency
Meredydd David	Reaseheath College and LEP Board Member (Chair)
Jacky Forster	Warrington Borough Council
Paul Hafren	Warrington Collegiate
Gareth Hopkins	Warrington Borough Council
Sharon Inch	Oliver Valves Limited
Ian Knowlson	Selling Success
Annette McDonald	Reaseheath College
Janet O'Connor	Job Centre Plus
Phil Orford	Forum of Private Business
Suzanne Ogden	Skills Funding Agency representing Debbie Corcoran
Cllr Tom Parry	Cheshire West and Chester Council
Laura Smith	Disability Information Bureau
Susan Spibey	Birchwood Forum
Justine Watkinson	Hillyer McKeown LLB
Janice Wooley	Total People
Diane Wright	Manchester Metropolitan University

Transformation and Innovation Working Group Members	
Name	Organisation
Dr Martin Ashcroft	Deputy Chair, Tata Chemicals and LEP Board Member
Lawrence Bellamy	University of Chester
Professor Malcolm Bennett	University of Liverpool
Steve Bennet	Transition Plus
Alison Cullen	Warrington Voluntary Action
Cllr Andrew Dawson	Cheshire West and Chester Council
Andy Duxbury	Aaron and Partners
Andy Farrall	Warrington Borough Council
Kate Gamble	Environment Agency
Lynne Jones	Make It Macclesfield
Mike Rance	Make It Macclesfield
Helen Seagrave	ENWORKS
Charlie Seward	Cheshire West and Chester Council
Joanne Shelley	Hillyer McKeown LLP
Andy Smith	Federation of Small Businesses
Professor Tim Wheeler	Chair, University of Chester and LEP Board Member

Building our Business Base Working Group Members	
Name	Organisation
Caroline Bedell	Country Land and Business Association
Colin Brew	West Cheshire and North Wales Chamber of Commerce
Robert Davis	Chair, LEP Board Member and EA Technology
Richard Goodwin	Country Landowners Association
Cllr Peter Groves	Cheshire East Council
Cllr Don Hammond	Cheshire West and Chester Council
Jeff Hardman	Barnhill Marketing and Institute of Directors
Steve Harvey	Hillyer McKeown LLP
Kevin Janes	Cheshire and Warrington Social Enterprise Partnership
Matthew Morris	Bolesworth Estate and Rural Regeneration Board
Phil Orford	Forum of Private Business
Steve Park	Warrington & Co
David Pollak	Chess Telecom
Cllr Dan Price	Warrington Borough Council
Nigel Schofield	Deputy Chair, LEP Board Member and Northenden Diamond Travel
Susan Spibey	Birchwood Forum
Martin Wood	BIS

European Single Programme Working Group Members	
Name	Organisation
Colin Billingsley	DWP
The Venerable Ian Bishop	Faith Communities
Cllr Ken Butler	ChALC
Frank Collins	Learning Together and The Hope Centre
Lyn Collins	TUC
Liz Demaison	On behalf of Warrington & Co
Ola Dykes	DCLG – GDT
Andy Farrall	Warrington Borough Council
Peter Henderson	Bank of America
David Hunter	DeFRA
Cllr Mike Jones	LEP Member Board member and Cheshire West and Chester Council
Revd Stephen Kingsnorth	Faith Communities
Nicola Lavin	DCLG-GDT
Cllr Herbet Manley	Cheshire West and Chester Council
Paul Nolan	The Mersey Forest
Cllr Terry O'Neill	LEP Board Member and Borough Council (Co-Chair)
Krista Patrick	ENWORKS
Paul Radcliffe	Environment Agency
Mike Rance	Make It Macclesfield CIC
David Rowlands	Country Land and Business Association
Caroline Simpson	Cheshire East Council
Charlie Woodcock	University of Chester

Infrastructure and Connectivity Working Group Members	
Name	Organisation
Delise Bayley	Homes and Communities Agency
Henry Brooks	Tatton Estate Management
Mark Chadwick	Environment Agency
Cllr Linda Dirir	Warrington Borough Council
Gary Collins	Cheshire and Warrington LEP
Jeannie Gardiner	Cheshire Voluntary Action
Philip Jackson	ChALC
Cllr Kay Loch	Cheshire West and Chester Council
Louise Morrissey	LEP Board Member and Peel Holdings (Deputy Chair)
Cllr Michael Jones	LEP Board Member and Cheshire East Council (Chair)
Gordon Richardson	Make It Macclesfield
Paul Molloy	Paul Molloy Associates
David Smyth	Swansway Garages
Mark Waite	Bloor Homes and House Builders Federation
Pete Waterman	LEP Board Member (Deputy Chair)

Promoting Cheshire and Warrington Working Group Members	
Name	Organisation
Cllr Gareth Anderson	Cheshire West and Chester Council
Carol Berry	Chester Voluntary Action
Ian Cotton	Essar
Elaine Dunn	EPN AOVC
Sarah Flannery	Dimension Creative Limited
Paul Gallon	Park Royal Hotel
Howard Hopwood	LEP Board member (Chair) and Harman Technology LTD
Tony Jones	Make It Macclesfield and Orbit Developments
Chris Koral	Cheshire Region Local Nature Partnership (Chair)
Katrina Michel	Marketing Cheshire
Graham Ramsbottom	(Deputy Chair) LEP Board Member and W heatsheaf Investments LTD

Working Group Advisers	
Name	Organisation
Lizzie Aldridge	Warrington Borough Council
Alison Amesbury	Cheshire West and Chester Council
Roz Atherton	Cheshire and Warrington LEP
Jane Baker	Cheshire West and Chester Council
Lesley Bassett	Cheshire West and Chester Council
Steve Bellairs	Cheshire East Council
Lesley Brown	Cheshire and Warrington LEP
Chris Capes	Cheshire West and Chester Council
Karen Carsberg	Cheshire East Council
Peter Cavanagh	Cheshire East Council
Julian Cobley	Cheshire East Council
Gary Collins	Cheshire and Warrington LEP
Karl Connolly	Cheshire West and Chester Council
Lisa Conway	Cheshire West and Chester Council
Dave Cowley	Warrington Borough Council
Brendan Flanagan	Cheshire East Council
Jim Gill	Specialist Advisor
Jez Goodman	Cheshire East Council
Lynton Green	Warrington Borough Council
Paul Holme	Specialist Advisor
Andy Hulme	Cheshire and Warrington LEP
Steve Hunter	Warrington BC
Barrie Kelly	Marketing Cheshire
Alison Knight	Cheshire West and Chester Council
Pernille Kousgaard	Specialist Adviser
Jo Lappin	Cheshire and Warrington LEP
Francis Lee	Cheshire West and Chester Council
Garry Legg	Warrington Borough Council
Aidan Manley	Cheshire and Warrington LEP
Danny Mather	Warrington Borough Council
Richard Milkins	Cheshire East Council
Andy Seddon	Cheshire West and Chester Council

Event Attendees

Initial Stakeholder Workshop Event Attendees	
Elizabeth Aldridge , Warrington Borough Council	Kevin Janes, Cheshire & Warrington Social Enterprise Partnership
Alison Amesbury, Cheshire West & Chester Council	Victoria Jones, Hillyer Mckeown LLP
Dr Martin Andrews, Northwest Automotive Alliance	Barrie Kelly, Marketing Cheshire
Jane Baker, Cheshire West & Chester Council	Paul Kirkbright, University of Chester
Alan Barton, Square One Lifestyle Homes	Chris Koral, Mersey Dee Alliance
Lesley Bassett, Cheshire West & Chester Council	Sarah Lalieu, Canal & River Trust
Brian Birtwistle, Birtwistle Property Consultants	Jo Lappin, Cheshire & Warrington Local Enterprise Partnership
Colin Brew, West Cheshire & North Wales Chamber of Commerce	Francis Lee, Cheshire West & Chester Council
Mark Briegal, Aaron & Partners LLP	Andrew Lord, ekosgen
Lesley Brown, Programme Office - Cheshire & Warrington	Aidan Manley, Cheshire and Warrington LEP
Nigel Bruce, Nigel Bruce development consultant	John McCreadie, ekosgen
Chris Capes, CW&C	Paul Molley, Paul Molley Associates Ltd
Elaine Chadwick, West Cheshire College	Ciaran Murphy, Cheshire East Council
Mark Chadwick, Environment Agency	Phil Orford, Forum of Private Business
Frank Collins, Cheshire East Council	Steve Park, Warrington & Co
Gary Collins, Cheshire and Warrington LEP	Melissa Parsons, Cheshire West and Chester Council
Karl Connelly, Cheshire West & Chester Council	Iain Paton, Cheshire West & Chester Council
Lisa Conway, Cheshire West & Chester Council	Krista Patrick, ENWORKS
Peter Crompton, BE GROUP	Jane Pearson, University of Chester
Colin Daniels, Warrington Chamber of Commerce & Industry	Simon Pringle, Cheshire West & Chester Council
Robert Davis, LEP Board Member	Joanna Pugh, National Trust
Mike Dowse, Square One Lifestyle Homes	Mike Rance, Make it Macclesfield
Ola Dykes, DCLG	Andrew Ross, Cheshire East Council
Laura Evans, Marketing Cheshire	David Rowlands, European Single Programme Working Group
Brendan Flanagan, Cheshire East Council	Ian Ruff, Cheshire & Warrington Employment, Skills and Learning Commission
Dave Furnival, Nat West Bank	Nigel Schofield, Northenden Diamond Travel
Christine Gaskell MBE, Cheshire & Warrington Local Enterprise Partnership	Andy Seddon, Cheshire West & Chester Council
Edward Greenhalgh, E.E.G. Consultants	Susan Spibey, Birchwood Forum
Paul Hafren, Warrington Collegiate	Peter Swift, South Cheshire College
Donald Hammond, CW&C	Paul Taylor, Taylor Estates
Mike Hawes, Bentley Motors	Alan Tranter, Baker Tilly
Heather Hayes, Blue Orchid	Mark Waite, Bloor Homes
Michael Holligan, Barclays Bank	David Watson, East Cheshire Chamber of Commerce
Hayley Hulme, Plus Dane Housing	Martin Wood, Department for Business, Innovation & Skills
David Hunter, DEFRA	Charlie Woodcock, University of Chester
Diane Ireland, Cheshire East Lifelong Learning; Cheshire East Borough Council	Janice Woolley, Total People Limited

Diane Wright, Manchester Metropolitan University	Laura Young, Marketing Cheshire
Carol Young, Cheshire East Council	

Emerging Strategy Stakeholder Workshop Event Attendees	
Delyse Bailey, HCA	Jonathan Horlock, WorkBiz Academy Ltd
Jane Baker, Cheshire West and Chester BC	Chris Jackson, Cheshire East Council
Chris Baker, LEP Board Member/Learning TOgether Cheshire & Warrington	Kevin Janes, Cheshire & Warrington Social Enterprise Partnership
Ged Barlow, LEP Board Member/C-Tech Innovation Ltd	Steven Jardine, Jardine Consultancy Services
Simon Berry, The North West Fund for Loans Plus	Cllr Mike Jones, LEP Board Member/Cheshire West & Chester Council
Anne Boyd, Sport Cheshire Ltd	Myles Kitcher, Peel Environmental Limited
Peter Bulmer, Cheshire West and Chester	Chris Koral, Cheshire region LNP
Richard Burnett, Hillyer McKeown Solicitors LLP	Sarah Lalieu, Canal & River Trust
Chris Capes, CW&C	Jo Lappin, Cheshire and Warrington LEP
Peter Cavanagh, Cheshire East Local Authority	Nasar Malik, Atkins
Paul Chapman, Schneider Electric	Aidan Manley, Cheshire & Warrington LEP
Neil Clatworthy, Northwest Universities European Unit	Marlene Mason, Save the Family Ltd
Ben Clay, Plus Dane Group	Paul Mooney, Blue Orchid
Julian Cogley, Cheshire East Council	Peter Newnham, The Edge Regeneration Ltd
Gary Collins, Cheshire and Warrington Local Enterprise Partnership	Bob Nicholson, Pochin Development
Lisa Conway, Cheshire West and Chester Council	Paul Nolan, The Mersey Forest
Debbie Corcoran, Skills Funding Agency	Cllr Terry O'Neill, LEP Board Member/Warrington Borough Council
Karl Creaser, English Heritage	Peter Owen, Energy Projects Plus
Meredydd David, LEP Board Member/Reaseheath College	Krista Patrick, ENWORKS
Robert Davis, EA Technology	Jane Pearson, University of Chester
Charlie Denman, Intraining	Kevin Peel, Sustrans
Kevin Donnelly, Pentra Services Ltd	Mike Rance, Make it Macclesfield CIC
Andy Duxbury, Aaron & Partners LLP	Stuart Richards, Schneider Electric
Ola Dykes, DCLG	Tony Saunders, Unionlearn/TUC
David Eva, Unionlearn	Stuart Scott-Goldstone, Aaron & Partners LLP
NEIL FAGAN, URENCO UK Limited	Andy Seddon, Cheshire West & Chester Council
Karen Fisher, Save the Family Ltd	Brug Seena, DCLG
Sarah Flannery, Dimension Projects	Andrew P Smith, Federation of Small Businesses
Andy Gatcliffe, Warrington Wolves	Nick Smith, Canal & River Trust
Karen Gould, WorkBiz Academy Ltd	Susan Spibey, Birchwood Forum
Lynton Green, Warrington Borough Council	Steven Harvey, Hillyer McKeown LLP
Edward Greenhalgh, E.E.G. Consultants	Kirsten Hedland, ekosgen
David Gregson, Lancaster University	Vince Hollender, Cheshire West and Chester Council
John Hacking, Network for Europe	Howard Hopwood, HARMAN technology Limited

Annex 2: Key Sectors: Sub-Sector Profiles

Advanced Engineering

There are 23,600 employees in the advanced engineering sector, just over half of whom are based within Cheshire East (12,300, 52%), while the remainder are split equally between Cheshire West & Chester (5,900, 25%) and Warrington (5,500, 23%).

The sector comprises five sub-sectors, which cut across manufacturing activities and the supporting professional services and research activities. The largest sub-sectors also represent employment specialisms for the area.

The automotive sector is very strong, with employers such as Bentley Motors, General Motors, Jaguar Land Rover and Airbags International.

The area also has strengths in consulting engineering, which provides a professional service linked to core infrastructure activities including nuclear energy, electricity distribution and water management. Key employers in this regard include AMEC Group, RSK Plc and Atkins Global.

The advanced engineering business profile mirrors that of the manufacturing base, with lower levels of micro businesses, and a slightly higher proportion of medium, large and particularly small companies.

Employer Size Band, 2012			
	Advanced Engineering		C&W Base
	No.	%	%
Micro	1,245	78%	83%
Small	280	17%	14%
Medium	67	4%	3%
Large	21	1%	0%

Source: Experian and ONS

At the regional level, companies within the sector typically spend two thirds of their turnover on supplies, a proportion of which will support employment in local supply chain companies, and in particular, niche suppliers which are likely to have clustered near large strategic purchasers.

Advanced Engineering Business Dynamics		
	Advanced Engineering	NW Business Base
Expenditure on Supply Chain - % total turnover	64%	64%
Expenditure on Employment - % total turnover	25%	17%

Source: Annual Business Survey

Examples of the niche supply chain companies which are based in Cheshire and Warrington include K&N Filters, Baldwin Filters, Nitrac Ltd and Genotec, which provide specialist filters, brake and electrical equipment to the automotive sector.

Life Sciences and Chemicals

The life sciences and chemicals sector accounts for approximately 8,800 jobs in Cheshire and Warrington. The manufacture of chemicals and pharmaceuticals represent two key employment specialisms, which are concentrated in specific locations across the LEP area.

Employment in the LEP area's pharmaceuticals sector is almost three times the national average, and is particularly high in Cheshire East due to the presence of AstraZeneca. Other significant employers in this sector include Advanced Medical Solutions Group, Sanofi, Life Technologies, Peckforton Pharmaceuticals and Sinclair Pharmaceuticals. The downsizing of AstraZeneca's operations in the area will have implications for the scale of the sector and the workforce, including the need for employees to explore new employment opportunities either within or outside the LEP area.

The chemical sector comprises chemicals manufacturing, petrochemicals and non-metallic mineral products manufacturing. The petroleum refining activity is based in Ellesmere Port at the Stanlow Refinery which is operated by Essar Energy. Chemicals manufacturing employment is primarily based in Cheshire West and Chester, with Tata Chemicals based in Northwich and Henkel Consumer Adhesives in Winsford. Other leading chemicals companies include United Phosphorous in Warrington and GrowHow at Ellesmere Port.

The number of strategic employers is reflected in the profile of the business base, which has a higher number of small, medium and large employers compared to the overall business base.

Employer Size Band, 2012 Life Sciences & Chemicals			
	Companies	Company Expenditure	
Micro	509		% turnover
Small	122	Supply Chain	61%
Medium	47	Wages	13%
Large	11		

Source: Experian, ONS and Annual Business Survey

Energy and Environment

The energy and environment sector employs 30,600 people. Although not captured fully by SIC codes, the nuclear industry is particularly prominent in the LEP area, with companies including Sellafield Ltd., National Nuclear Laboratory, Rolls Royce Nuclear, AMEC Nuclear and Urenco. Electricity generation is also an important activity due to the presence of organisations such as Electricity North West, as well as supply chain companies including manufacturers of electrical equipment (Schneider Electric), electrical systems engineering (The Boulting Group) and technical equipment supply and consultancy (EA Technologies).

The sector spends slightly less than the Cheshire and Warrington average on its supplies (58% compared with 64%) and a broadly similar amount on employment costs (20% compared with 17%).

Employer Size Band, 2012 Energy and Environment			
	Companies	Company Expenditure	
Micro	6,772		% turnover
Small	510	Supply Chain	58%
Medium	113	Wages	20%
Large	27		

Source: Experian, ONS and Annual Business Survey

Financial and Professional Services

The financial and professional services sector is the largest of the key sectors with 45,000 employees. This is concentrated in Cheshire West and Chester and Cheshire East, which are the operating locations for 43% and 41% of the sector's employment respectively, compared to just 16% in Warrington.

The key sub-sectors are financial services and head office activities, which collectively account for half of employment in the sector (24,000, 53%). Several major financial companies are located in the LEP area including Bank of America, M&S Money and Lloyds Banking Group.

The area is also home to UK and foreign owned business HQs, including holding companies for electrical (Marlow Holdings) and agricultural (NWF Group) product distribution, as well as retail, leisure and travel holding companies. This includes operators of recognised brands including Pets At Home, BetFred and Eurocamp.

In terms of the business base, the sector is characterised by micro businesses, with lower levels of small and medium businesses when compared to the overall business base. Regional data on company turnover and expenditure patterns confirms that the proportion of turnover which financial and professional business services typically spend on the supply chain (48%) is lower than resource intensive sectors and the average for the overall business base (64%). In contrast, employment costs are higher.

Employer Size Band, 2012 Financial & Prof. Services			
	Companies	Company Expenditure	
Micro	6,450		% turnover
Small	588	Supply Chain	48%
Medium	107	Wages	24%
Large	33		

Source: Experian, ONS and Annual Business Survey

Other Key Sectors

Cheshire and Warrington has a number of other key sectors, some of which also have considerable growth potential. These include transport and storage, particularly relating to logistics, and ICT and digital, which currently employs some 17,000 people, and where the growth forecasts nationally are very positive.

Another sector likely to experience employment growth is health and care, although a significant element of employment growth will relate to care jobs, many of them supported through individuals self funding and managing personal budgets, and involving a limited number of hours per week. Many of these jobs will be outside the National Health Service and Local Authority provision, and can be classed as private sector jobs.

Other Key Sectors, C&W 2011		
	Employment	Companies*
Other manufacturing	21,800	3,500
ICT and Digital	17,300	4,000
Other businesses activities	39,900	8,200
Transport and storage	19,000	2,400
Health (care)	49,000	3,200
Other public services	48,700	2,600
Tourism and retail	110,400	16,400
Total	306,100	40,300

Source: BRES *Experian

High point industries

Looking in more detail at the sectoral composition of the economy, 'high point' industries in Cheshire and Warrington have been identified, defined as those sectors (based on 3-digit SIC codes) with:

- a higher proportion of employment than the national (England) level (i.e. a Location Quotient above 1.25)
- at least 0.25% of employment, which practically equates to at least 1,000 employees.

These industries are listed in the table below, including the number of enterprises in the sub-region.

Cheshire and Warrington's High Point Industries	
Sub-Sector	LQ
211 : Manufacture of basic pharmaceutical products	24.0
291 : Manufacture of motor vehicles	5.4
205 : Manufacture of other chemical products	4.4
201 : Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms	3.6
351 : Electric power generation, transmission and distribution	2.8
721 : Research and experimental development on natural sciences and engineering	2.8
421 : Construction of roads and railways	2.2
382 : Waste treatment and disposal	2.0
107 : Manufacture of bakery and farinaceous products	2.0
811 : Combined facilities support activities	1.9
461 : Wholesale on a fee or contract basis	1.9
465 : Wholesale of information and communication equipment	1.8
521 : Warehousing and storage	1.7
711 : Architectural and engineering activities and related technical consultancy	1.7
773 : Renting and leasing of other machinery, equipment and tangible goods	1.7
641 : Monetary intermediation	1.7
702 : Management consultancy activities	1.6
531 : Postal activities under universal service obligation	1.5
731 : Advertising	1.5
451 : Sale of motor vehicles	1.4
619 : Other telecommunications activities	1.4
782 : Temporary employment agency activities	1.4
822 : Activities of call centres	1.4
331 : Repair of fabricated metal products, machinery and equipment	1.4
256 : Treatment and coating of metals; machining	1.3
432 : Electrical, plumbing and other construction installation activities	1.3
433 : Building completion and finishing	1.3
661 : Activities auxiliary to financial services, except insurance and pension funding	1.3
494 : Freight transport by road and removal services	1.3

Source: BRES and UK Business Counts - Enterprises

Consistent with the higher-level sectors identified above, the data indicate the range of sectors where the sub-region contains a critical mass of activity. Key clusters of high-point industries include business and financial services (e.g. management consultancy, monetary intermediation), advanced manufacturing, engineering and related research and development and consultancy activities. However, the data also identify niche areas – for example, treatment and coating of metals, advertising and building completion and finishing – where the sub-region has a concentration of employees and business with the potential for future growth.