

Dorset Local Enterprise Partnership

Dorset European Structural and Investment Funds Strategy 2014-2020

May 2014



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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.

Executive Summary

A Vision for Growth

The Dorset LEP has already set out a Vision for Dorset based on four objectives.

Competitive Dorset – Dorset businesses are increasingly operating in a competitive trading and investment environment, both with low cost economies overseas and increasingly competitive and sophisticated businesses in the UK. Moving businesses up the value chain to enable them to be more productive and competitive is a key challenge. The objective of the Competitive Dorset theme is to “unleash the potential of existing businesses, encourage the creation of new ones and attract investment”.

Talented Dorset – focussing on both the supply and demand of skills, as well as the retention of talent within the area. The objective of the Talented Dorset theme is to “enhance the skills of our current and future workforce”.

Connected Dorset – Dorset needs high quality, efficient infrastructure if it is to deliver to its economic potential and meet sustainable development objectives. Ensuring that Dorset is well connected to elsewhere in the UK and its business markets is a key priority for the LEP. The objective of the Connected Dorset theme is to “improve electronic and physical connectivity throughout Dorset, particularly through high speed broadband.”

Responsive Dorset – The LEP is committed to creating the right conditions for businesses to flourish, addressing the barriers to growth facing existing and future businesses within Dorset. The objective of Responsive Dorset is to “create the conditions for enterprise to flourish including a responsive planning and development system and a dynamic housing market.”

European support, including ESF, ERDF and EAFRD, will contribute to the Dorset LEP vision and the Strategic Economic Plan. The ESIF will impact upon each of the four objectives above, but major on the Competitive Dorset and Talented Dorset themes through:

Building on Dorset’s strengths and opportunities to increase the competitiveness of SMEs and the skills and employability of the workforce and those entering/returning to the labour force.

The Dorset LEP Vision is set in the context of the many unique demographic and geographic challenges and opportunities which emphasise the need for intervention to allow the area to meet its economic potential. A number of key challenges have been identified through the analysis and wide consultation process to inform the development of the LEPs Strategic Economic Plan and this ESIF. In summary, these are:

- **Increasing employment opportunities in a new growth context:** Reducing and removing the barriers to growth that SMEs face and attracting inward investment and re-investment will have an important part to play in supporting private sector growth.
- **Stabilising manufacturing employment and focus on high value added sectors:** as the manufacturing base concentrates on advanced manufacturing and companies take advantage of new markets, there is an opportunity to stimulate investment, supply chain development, research and development and innovation will be of particular importance to manufacturing companies.
- **Increasing productivity and total GVA:** an increased pivot toward knowledge based employment sectors, such as financial and business services, and securing higher skilled, higher paid jobs. A range of activities will be required to support this, including innovation, research and development and workforce development.
- **Addressing skills gaps and shortages:** Removing barriers to investment in training, particularly amongst the SME base, ensuring that training and workforce development is responsive to employers needs, will be needed to ensure that a suitably qualified workforce is available to meet both expansion and replacement demand.

- **Increasing employability in the labour market:** a long term issue, particularly in relation to young people. Actions to improve the work readiness of specific groups will be important to meeting expansion and replacement demand.
- **Managing demographic changes:** The challenge around skills and employability are magnified when the ageing of the population is factored in. Managing demographic change is a national challenge, although it is particularly acute in Dorset due to the large and growing concentration of residents who have retired.

Dorset needs to create new jobs and more jobs in highly skilled occupations to increase GVA. The EU Investment Strategy is expected to make a significant contribution to employment and GVA ambitions.

Dorset's Investment Priority

Dorset has three key investment priorities:

- Supporting Business Growth and Innovation
- Reducing the Carbon Footprint of Dorset
- Supporting and Improving the Labour Market and Workforce

The propositions demonstrate how the overall programme's vision and objectives will be achieved through a diverse programme of activities to support sustainable and inclusive economic growth. The focus upon three priorities ensures that the funds available to Dorset will not be spread too thinly and that the economic and social impact of the investment is maximised.

Allocations by Investment Priority

Based on a 50%/50% split between ERDF/ESF and the guidelines provided regarding priorities for the 2014-2020 programme, the allocations for Dorset's three investment priorities are as follows:

Dorset Allocations 2014-2020		
ERDF	Allocation	
1. Driving Business Growth and Innovation	£13.8m	
2. Reducing the Carbon Footprint of Dorset	£6.3m	
ERDF total	£20.2m	
ESF		
3. Supporting and improving the labour market and workforce	£20.2m	
ESF total	£20.2m	
EAFRD total	£3.0m	
Programme total	£43.3m	

The annual profile of expenditure

Account has been taken of the likelihood of the national programme being agreed mid way through 2014 and the timing of a number of the Opt Ins.

Annual Profile of ERDF and ESF Expenditure £m								
	2014	2015	2016	2017	2018	2019	2020	Total
ERDF		£1.8m	£3.7m	£3.7m	£3.7m	£3.7m	£3.7m	£20.2m
ESF		£1.8m	£3.7m	£3.7m	£3.7m	£3.7m	£3.7m	£20.2m
Total ERDF/ESF		£3.7m	£7.3m	£7.3m	£7.3m	£7.3m	£7.3m	£40.3m
Expenditure profile of EAFRD to be confirmed								

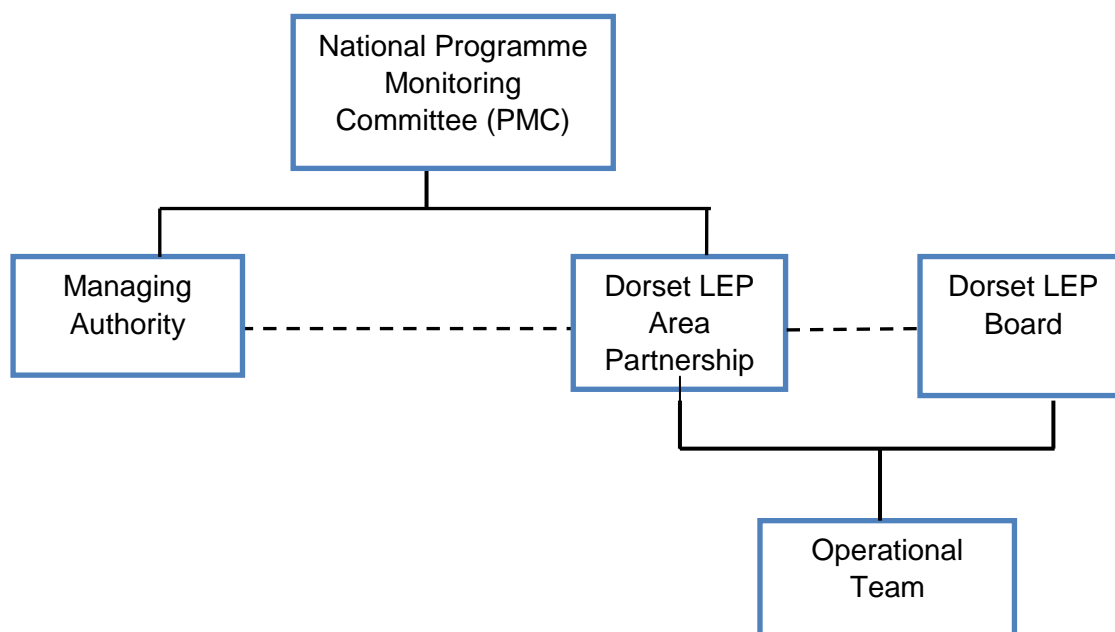
Proposed use of opt in models

The Dorset LEP has agreed in principle to several Opt In offers, subject to contractual discussions on the scale of activity, likely outputs and value for money. These arrangements will be monitored and reviewed on a regular basis. Consideration of other Opt Ins offers will take place as they become available.

Opt In Models: Estimated Costs (Over the programme life)	
ERDF	
UKTI Export Support	Amount to be confirmed
Manufacturing Advisory Service	Amount to be confirmed
ESF	
Skills Funding Agency	Amount to be confirmed
Big Lottery	Amount to be confirmed
DWP	Amount to be confirmed

Programme Governance Arrangements

The ESIF allocation will form only one part of new governance responsibilities in Dorset. A decision has therefore been taken to develop a simplified governance structure to oversee the ESIF. The structure is summarised in the following diagram and table:



Purpose of Governance Bodies	
Body	Purpose
Strategic Management	
National Programme Monitoring Committee	National-level Programme monitoring committee (PMC) for both ERDF and ESF responsible for ensuring that all applications comply to EU stipulations and State Aid Regulations, carrying out a full technical appraisal of all applications, and monitoring performance.
Dorset LEP Area	LEP-Level subcommittee of the national PMC representing a variety of groups. Supported by an Operational Team (see below). The Managing Authority will act

Partnership	<p>as vice-Chair. The role of Chair will be selected from amongst members of the LEP Area Partnership by mutual consent and organised through the Local Enterprise Partnership.</p> <p>Responsible amongst others, for:</p> <ul style="list-style-type: none"> - Agreeing with the Managing Authority an Annual Implementation plan – an annual rolling plan setting out how the local ESIF strategy will be delivered and how it will contribute to the Operational Programme. - Agreeing with the MA entry routes into the Programme, including type of calls for operations, timing of calls, scope and fit with local priorities as identified in Dorset LEP Area ESIF. - Agreeing with the MA local promotion and publicity for the opportunities that the funds provide for economic growth. The MA will also promote calls for investment as part of its MA function. - Developing a pipeline of operations that meet the local needs in line with the Dorset LEP Area ESIF, and the Operational Programme. Propose a prioritisation of local operations for discussion and agreement with the MA. To include arrangements for Opt-in local delivery. - Assessing potential operations against the Dorset LEP Area ESIF for their strategic fit, value for money, fit with overall ESIF objectives and complementarity with interventions funded through local private and public sector sources - Using expertise and local knowledge and the MA Technical Appraisal to make recommendations and agree with the MA: the selection of operations, especially in regard to prioritisation, additional opportunities, the fit with local needs and potential decommissioning - Agreeing oversight of delivery of operations and outputs, including working with Opt-in organisations to ensure alignment of procured provision with local priorities and leading discussions with the Managing Authority where performance of operations at a local level is falling behind. - Agreeing with the MA the level and detail of information required to monitor the progress of ESIF implementation against spend, milestones and results agreed in the Dorset LEP Area ESIF strategy, recommending remedial actions where necessary. <p>Helping design and oversee programme evaluation which will be carried out on its behalf by the MA.</p>
Managing Authority	<p>The Managing Authority will act as the Secretariat for the Dorset LEP Area Partnership, including:</p> <ul style="list-style-type: none"> - Promote call for investment - Technical appraisal - Monitoring the progress of the ESIF implementation - Programme Evaluation
Dorset LEP Board	<p>Leadership and strategic responsibility for all LEP investment plans including EU programme, Strategic Economic Plan and Growth Fund, and discharging private sector accountability.</p> <p>The Dorset LEP is the Lead Partner for developing the investment pipeline and as such will lead the discussion on entry routes into the Programme.</p>
Operational Management	
Operational Team	<p>The operational team will most likely comprise of around 2 people and will support the process by:</p> <ul style="list-style-type: none"> - Assisting investment 'call' process through publicity and networking activity. - Working up the pipeline of project applications - Assessing applications for their ESIF Strategic fit.

	- Monitoring delivery of projects and Opt-ins.
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The implementation timetable will allow for the development of Prospectuses, final agreement on Opt Ins, local partner communication plans, and systems development in terms of value for money, fit with strategy and compliance.

The Borough of Poole Council will perform the LEP's Accountable Body function for the ESIF. Accountable Body arrangements are currently being considered and the final proposal will be advised in due course.

The Dorset ESIF will have a dedicated **Risk Management Plan**, overseen by the LEP Area Partnership. The Risk Management Plan will follow the Government Orange Book in terms of principles, and clearly assess the scale of each risk and consequences, actions to reduce risk, and assign an individual owner for each risk.

Operational Processes and a Prospectus Approach

Dorset LEP has identified a prospectus based commissioning approach as the preferred method of taking forward investment in a strategic manner. The development of each prospectus will take place in an open and transparent manner. Task and Finish Groups will avoid the establishment of a large bureaucracy to take forward the ESIF.

Where appropriate, each Prospectus will set a framework for investment across the various EU Themes. This will include, for example, sectoral plans which draw upon innovation, SME competitiveness, higher levels skills training, graduate programmes and intern placements. The Prospectus approach will ensure that funds are not isolated in silos, and that ERDF and ESF investment are complementary and aligned.

1 Introduction

Introduction to the Strategy

This Strategy sets out Dorset's aims and aspirations for the 2014-2020 European Structural and Investment Funds. The Funds represent an important opportunity to drive forward economic growth in Dorset in a way that recognises existing strengths and opportunities as well as issues that may be constraining growth. It sets out a wide range of intervention areas that reflect both local circumstances and Fund requirements.

The Strategy is grounded in an understanding of local conditions to ensure that investment is used in the most appropriate way for the local area. The Strategy is ambitious but recognises the strong starting point that the Dorset economy presents and the appetite amongst partners to drive further improvements. Its delivery will build on recognised areas of strength as well as new opportunities to drive further growth in a way that is sustainable and inclusive.

In line with national policy, the 2014-2020 European Structural and Investment Funds Strategy supports the Strategic Economic Plan for Dorset and plans being developed for the Local Growth Fund.

Document Content and Supporting Documentation

This document provides the narrative for the Dorset European 2014-2020 programme. It sets out detail of:

- The characteristics of the Dorset economy and the context for intervention (Section 2);
- The LEP area's vision for growth and objectives to be satisfied through delivery (Section 3);
- The investment priorities identified for the programme (Section 4);
- How the cross-cutting themes of sustainable development and equality and anti-discrimination will be considered across all elements of the programme (Section 5);
- The division of funds between strategic interventions and years of the programme (Section 6);
- The programme's output and results targets to be achieved through delivery (Section 7);
- Proposed governance and programme management arrangements to ensure the funds are effectively and independently administered (Section 8).
- How the programme will be delivered (Section 9); and
- The programme's alignment with other European funds (Section 10);

This narrative document should be read in conjunction with the accompanying spreadsheet which sets out the quantified proposals for the strategic activities that provide the focus of the 2014-2020 programme in Dorset.

2 The Context for Intervention

This section sets out an overview of Dorset, including:

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

This analysis draws upon the findings of a number of existing reports, including the Local Economic Assessment for Bournemouth, Dorset and Poole, the Dorset Employment and Skills Strategy Evidence Base Report and the recently published Skills Plan for 2014-2016. Each element of this analysis has informed the programme proposals set out in later sections.

The Dorset LEP Area

The Dorset Local Enterprise Partnership covers nine Local Authority areas – Dorset County Council, comprising West Dorset, North Dorset, East Dorset, Christchurch, Purbeck, and Weymouth and Portland, and Bournemouth and Poole.

Dorset is characterised by its outstanding and highly valued environment, which includes part of the Jurassic Coast World Heritage Site, Poole Harbour, two Areas of Outstanding Natural Beauty and internationally protected heathland and wetland habitats. There are also significant historical and cultural assets which contribute to the character and distinctiveness of the area. As set out in the Local Economic Assessment, the environment is undoubtedly a key asset, but also presents challenges in terms of managing growth.

The LEP area is made up of three distinct geographical areas: coast, countryside and conurbation; each play a key part in the economy.

The south-east Dorset conurbation contains the majority of the area's employment and population and covers Bournemouth, Poole, Christchurch and parts of East Dorset and Purbeck districts and benefits from the presence of Bournemouth Airport, a major port and two universities. The area has a thriving advanced manufacturing economy, a strong business services centre and visitor economy. Equally, the coastal and rural economies make a major contribution to the employment and business base. The coastline between Lyme Regis and Swanage has World Heritage Status, serving as a major attractor of visitors to the area, while the rural area is typified by a diverse range of small and micro businesses in retail, manufacturing, and accommodation and food services. There are also a number of important market and coastal towns, including Blandford Forum, Bridport, Gillingham, Shaftesbury, Sherborne, Swanage and Wareham.



Dorset Facts at a Glance

Area	1,025 square miles
Population	744,000
Employees	298,000
Business Base	30,400
GVA	£13.4bn

Source: ONS datasets

Each of the geographies face key challenges – in coastal areas this focuses on offsetting the decline in tourism, while conurbations face the challenge of maintaining sustainable growth, and rural areas, improving connectivity.

The latest Census provides data by the rural and urban classifications set out in the table below. Just over three quarters of the Dorset's residents live in urban areas, compared to 82% nationally. Residents in the rural areas are concentrated in areas classed as rural town and fringe and rural villages and there is a slightly higher proportion of residents living in rural hamlets and isolated dwellings when compared to the national average.

The profile of the urban area in Dorset is similar to that of the South West and is much less diversified than the national profile.

Rural/Urban Population Split			
Rural/Urban	Dorset LEP	South West	England
Urban city and town	77.3%	68.4%	43.2%
Urban major conurbation	0.0%	0.0%	35.4%
Urban minor conurbation	0.0%	0.0%	3.6%
Urban city and town in a sparse setting	0.0%	0.4%	0.2%
Urban (total)	77.3%	68.4%	82.4%
Rural town and fringe	9.8%	12.6%	8.4%
Rural town and fringe in a sparse setting	0.0%	1.0%	0.4%
Rural village	8.5%	10.0%	5.2%
Rural village in a sparse setting	0.0%	0.8%	0.3%
Rural hamlet and isolated dwelling	4.4%	6.4%	3.1%
Rural hamlet and isolated dwelling in a sparse setting	0.0%	0.9%	0.3%
Rural (total)	22.7%	31.6%	17.6%
Source: Census Data, 2011			

At the district level, the urban-rural profile varies, with densely urban districts, such as Bournemouth Poole and Christchurch, and more rural areas in North and West Dorset and Purbeck. In four of the eight Dorset Districts, a higher proportion of residents live in rural areas than across England as a whole, with up to two thirds of residents in North Dorset living in areas with a rural classification.

Rural/Urban Population Split					
Geographical Area	Urban Population	As % of total	Rural Population	As % of total	Total Population
Predominantly urban areas					
Bournemouth	183,352	99.9%	139	0.1%	183,491
Poole	147,409	99.8%	236	0.2%	147,645
Christchurch	47,083	98.6%	669	1.4%	47,752
Weym. & Port.	51,944	79.7%	13,223	20.3%	65,167
Predominately urban with rural concentrations (urban-rural)					
East Dorset	65,999	75.7%	21,167	24.3%	87,166
Predominately rural areas					
Purbeck	17,786	39.5%	27,187	60.5%	44,973
West Dorset	38,544	38.8%	60,720	61.2%	99,264
North Dorset	22,972	33.5%	45,611	66.5%	68,583
Benchmarks					
Dorset LEP	575,089	77.3%	168,952	22.7%	744,041
South West	3,617,754	68.4%	1,671,181	31.6%	5,288,935
England	43,668,600	82.4%	9,343,856	17.6%	53,012,456
Source: Census Data, 2011					

Employment in Dorset

The Dorset LEP area has over 298,000 employees. Employment in the area is relatively self-contained, with 93% of those employed within the LEP area also living there, and 89% of residents working in Dorset.

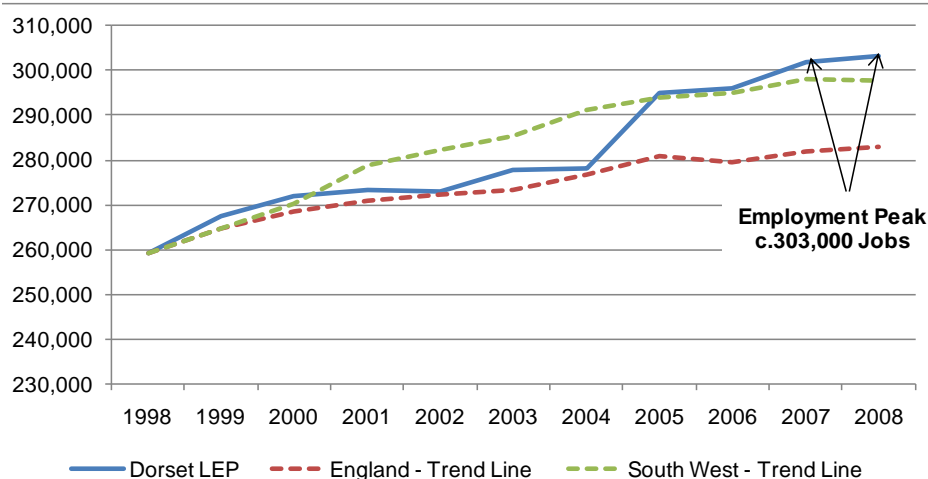
The largest employment centres in Dorset LEP are Bournemouth and Poole, with the two authority areas collectively accounting for 50% of employment across Dorset compared to 45% of residents, highlighting the level of in-commuting, particularly to Poole.

Overall, the predominately urban areas account for 62% of employment, only marginally higher than their share of total residents, reflecting the importance of rural areas in providing employment.

Employees by District				
Geographical Area	Employees	As % of total Employees	% of total residents	Rural / Urban
Predominantly urban areas				
Bournemouth	74,927	25%	25%	<i>Predominantly urban</i>
Poole	74,808	25%	20%	<i>Predominantly urban</i>
Christchurch	17,652	6%	6%	<i>Predominantly urban</i>
Weymouth and Portland	17,608	6%	9%	<i>Predominantly urban</i>
Predominately urban with rural concentrations (urban-rural)				
East Dorset	28,811	10%	12%	<i>Urban-Rural</i>
Predominately rural areas				
West Dorset	46,388	16%	13%	<i>Predominantly rural</i>
North Dorset	22,352	7%	9%	<i>Predominantly rural</i>
Purbeck	15,861	5%	6%	<i>Predominantly rural</i>
Dorset LEP	298,407	100%	100%	
Source: BRES,2012				

During the last growth cycle (1998-2008), the increase in employment was impressive and ranked the fourth highest increase of the 39 LEP areas. The number of net jobs created over this period was also substantial – some 44,000 – demonstrating the ability of the area to generate and accommodate employment opportunities.

Total Employment Growth 1998-2008



Source: Annual Business Inquiry

More recently, the Dorset economy has performed poorly, with employment falling by 5% between 2009 and 2011 compared to a decline of 3% regionally. The latest figures for 2012, do however show that in line with national trends, total employment in Dorset has started to recover and grow with a net increase of over 3,000 jobs, while employment in the South West continued to fall.

Dorset continues to have a shortfall in the number of jobs available relative to the size of its population, with the shortfall concentrated in the private service sector. When compared to the national average, the shortfall in the private service sector equates to almost 3,700 jobs per 100,000 employees, equivalent to 10,900 jobs. With a national policy focus on private sector job creation, narrowing this gap is one of the fundamental challenges facing the LEP and partners over the coming years.

In terms of the sectoral composition, wholesale and retail is the largest sector, followed by health and social work, and manufacturing. Each of these sectors is highly represented when compared to the national average and collectively they account for over a third of total employment. Dorset has an exceptionally strong tourism sector, a reflection of its outstanding coast and countryside, as well as a strong agricultural sector.

Dorset LEP Current Employment by Sector			
Sector	Dorset	Dorset (%)	England (%)
Highly represented sectors			
Wholesale & retail	53,100	17.8%	16.1%
Human health & social work	44,600	15.0%	13.0%
Manufacturing	29,400	9.9%	8.5%
Accommodation & food	28,200	9.5%	6.8%
Financial & insurance	14,700	4.9%	3.9%
Public administration & defence	15,600	5.2%	4.8%
Construction	14,300	4.8%	4.4%
Source: BRES 2012			

Other sectors which are highly represented include manufacturing and accommodation and food, reflecting local employment specialisms. A number of advanced manufacturing companies are located within Dorset, and the LEP area's location makes it a strong tourism destination, with both high profile resorts on the coast and a strong rural tourism economy. Both of these sectors have however experienced decline in recent years, presenting both challenges and opportunities for the area.

The Dorset Local Economic Assessment identified a number of existing economic specialisms and sectoral clusters across Dorset based on employment concentrations, research strengths and the presence of key companies, including:

- Financial services in Bournemouth;
- Manufacturing in Poole, Christchurch, East Dorset and Purbeck;
- Food and drink on the North Dorset Business Park and businesses with related specialisms and/or supply chains on the Brickfields Business Park and in rural locations;
- Granby, Weymouth, the largest industrial area outside of the conurbation, with advanced engineering and defence specialisms;
- Environmental technologies in Purbeck;
- A concentration of marine related leisure businesses at Portland and Poole; and
- A growing cluster of creative and digital businesses (linked to the strengths of the universities).

An overview of each of employment specialisms is provided in the summary profiles overleaf.

Advanced engineering and marine engineering - currently employs around 15,400 people and contributes £800m to Dorset's economy. The UK has the world's second largest aerospace industry and Dorset counts aerospace as one of its leading industries. Many of Dorset's aerospace companies are engaged in R&D, design and/or manufacture of many of the world's most significant civil aerospace and defence projects. Cobham, BAe Systems, Magellan and GA Telesis are examples of those companies based in Dorset and they themselves are supported by a large number of local supply businesses.

Due to its maritime naval history Dorset is still very much at the forefront of companies holding R&D defence related contracts. Some of the companies involved in this particular aspect of work are Universal Engineering, Beagle, BAe Systems, Atlas Elektronik, QinetiQ, AB Precision and Lab Impex Systems. For the past three decades Sunseeker International, the leading leisure boat manufacturer of some of the world's most luxurious motoryachts, has been based in Poole and has now expanded its manufacturing expertise to Osprey Quay, Portland.

The advanced manufacturing and engineering sector employs approximately 10 per cent of the UK's workforce and is a vital source of exports, innovation and R&D spend. It is skill intensive and a source of economic growth but at the same time is facing significant challenges in its current skills levels, recruitment and demographic profile which must be addressed if the UK is to compete in an increasingly competitive global market.

There are significant barriers to offering apprenticeships in this sector that deter many small and medium-sized enterprises (SMEs) from offering an such a scheme. SMEs are a vital part of the sector and are critical to the supply chains of the most successful global companies. Reducing bureaucracy and risk in the apprenticeship process is key to the long-term sustainability of advanced engineering in Dorset.

Creative and digital – already a recognised hot spot, the combination of University research, expertise and undergraduate talent and a strong business base, provides Dorset with the opportunity to develop as a substantive satellite of London's role as a global creative and digital hub. The sector employs around 7,900 people and contributes £349m to Dorset's economy. Dorset is an internationally recognised centre of expertise in animation, production, image manipulation, new media technology and content development. The UK's leading animation school – the National Centre for Computer Animation – is based at Bournemouth University, conducting internationally recognised research and pioneering computer-animated simulation programmes together with the International VFX Hub.

The University has a Centre for Excellence in Media Practice and offers courses in broadcast media, interactive media, marketing, public relations and journalism. The Arts University College, focuses on the disciplines of art, design, media and performance, and is a source of technical and creative talent, as well as providing creative businesses with knowledge transfer and incubation support. Well known creative enterprises based in Dorset include Bright Blue Day, The Emerge Group, White Lantern Film, a P's in a Pod, Adido, 4T2 Multimedia, Framestore, Elvis & Kresse, The Girls and Mollie Regan Textiles.

The creative and digital sector faces a challenge to maximise its competitive advantage by not just keeping pace with technological and other innovations but leading them whilst at the same time meeting consumers' expectations. This means investing in the quality of the consumers' experience, taking advantage of technological change and exploiting the synergies between digital technology and creative content. At the same time businesses will need to protect their copyright and intellectual property rights. Creating sustainable businesses in a world where many expect unlimited access to content without being charged is a major challenge.

Financial and business services currently employ around 37,700 people in Dorset and deliver 35% of Dorset's GVA. There are some 2,200 finance and business enterprises in Dorset and the conurbation of Bournemouth and Poole has the second largest concentration of financial services in the South West. A number of market leaders have chosen Bournemouth and Poole to locate their contact centres or head quarters. These include JPMorgan, whose campus is based in Bournemouth and employs nearly 5,000 people from the local area and other major companies such as Nationwide Building Society, Barclays

International, Bank of New York Mellon, RIAS, Pru Health, Teachers Assurance, Coutts and Co and Liverpool Victoria.

Proximity to London and the continent remain key reasons for many major financial services companies choosing to relocate here, coupled with a growing pool of high skilled labour, an ever growing cluster of high level finance and business service companies, and an unequalled quality of life.

This high value added sector forms a key component of Dorset's high productivity. It is key to the long-term growth of the area that this sector continues to expand sustainably. The effects of the recent financial crisis should serve as a warning against the over-reliance of an economy on any one sector or any one firm. Dorset must also maximise supply chain opportunities for indigenous firms in the financial and business services sector.

The future growth of financial and business services in Dorset is dependent on the area's supply of highly numerically-qualified graduates that are demanded by firms operating in the sector. It is critical that Dorset is able to both produce and attract this labour, through a strong higher education offer and an attractive housing offer for young people.

Environmental goods and services currently employ around 3,500 people and contribute £173m to Dorset's economy. Dorset has key businesses working directly in renewable energy. Dorset offers an ideal environment for renewable energy companies to thrive and there are opportunities for wave and tidal power as well as good levels of solar radiation and an ideal location for wind power development. In terms of biomass, the county has good resources and a favourable climate for growing crops. To meet the UK's tough targets there will be a huge demand for renewable energy. Being well placed on the South coast of England makes Dorset an ideal location for investors.

There is potential for offshore wind energy being developed with the Navitus Bay wind farm. This is a strategic project with the wind farm being operational by 2018 with at least 25 years of operational life. The Port of Poole and Portland Port, with ready access to deep water, can only assist in putting Dorset at the forefront of construction and support of "Navitus Bay" and future wind farm developments.

Waste to energy plants provide combined heat and power either to adjoining premises or into district heating networks. A pyrolysis facility is being developed at Canford by Dorset's New Earth Energy. There is also growing demand for organic waste treatment technologies. This has fuelled significant levels of interest in anaerobic digestion of which the Duchy of Cornwall is leading with its plant at Poundbury, Dorchester which will come online.

Despite strong growth in renewable energy in the UK in recent years, and the capacity and plans in place for this growth to continue, there remains uncertainty surrounding the future of the sector. The ability of renewable energy to form an increased proportion of the UK's energy is reliant on the assumed future development of technology, which is not guaranteed. In addition, the sector requires a significant proportion of highly-qualified engineers amongst its employment profile. The UK is forecast to having a growing shortfall of engineers in the future, and the environmental goods and services sector is set to have its growth curbed if this shortfall is not met. Dorset as an area must be able to train and attract young engineering graduates in order to continue to drive sustainable growth in this sector.

Food and drink employs around 12,500 people and contributes £418m to the Dorset economy. Dorset has a very long and proud tradition of farming and agriculture and the food and drink industry is therefore one of Dorset's most important industrial sectors. There is a wide range of food and drink on offer in Dorset including meat, fish, shellfish, fresh fruit and vegetables, dairy and cheese, wines, cider and beer as well as producers of grocery and delicatessen items and bakeries still baking in original family ownership.

Many of Dorset's products can be found on major supermarket shelves as well as in the foodhalls of such famous stores as Harrods and Selfridges in London and Jenners in Edinburgh. Products made in Dorset such as Organix baby foods, Ryvita, Dorset Cereals, Fudges Bakery, Purbeck Ice Cream, Ashley Chase Cheeses and Olives Et Al generate both national and international sales.

Dorset proudly boasts two breweries still in original family ownership, Hall & Woodhouse at Blandford St

Mary and Palmers in Bridport.

The food and drink sector faces a number of long-term challenges to maintain its sustainability in the face of above-inflation increases in the cost of utilities – one of the sector's main costs – and the effects of climate change on agriculture. Maintaining sustainable growth in the sector's significant SME base will require a reduction in barriers to finance for small, independent and indigenous firms that make up the bulk of Dorset's food and drink sector.

Sectoral Composition – Key issues

While Dorset benefits from an above average proportion of employment in financial and insurance activities, other key private service sectors are underrepresented. This is the case for professional, scientific and technical services, which typically offer higher quality jobs, and administration and support services. Levels of employment in information and communication – a key national growth sector – are also low.

Dorset LEP Current Employment by Sector 2012			
Sector	Dorset	Dorset (%)	England (%)
Average representation			
Education	29,100	9.8%	9.6%
Arts, entertainment & recreation	8,000	2.7%	2.4%
Other service activities	6,000	2.0%	2.0%
Real estate activities	5,400	1.8%	1.6%
Under represented sectors			
Professional, scientific and technical	15,900	5.3%	7.7%
Administrative and support services	15,700	5.3%	8.5%
Transportation and storage	8,300	2.8%	4.6%
Information and communication	6,800	2.3%	4.1%
Source: BRES 2012			

This challenge is also reflected in key statistics on knowledge based employment in Dorset.

Dorset Knowledge Based Employment			
	% total employment in knowledge economy	% employment in knowledge economy & high/med tech manufacturing	% employment in top output growth sectors (excluding public services)
Dorset LEP	16.4%	19.7%	47.7%
England Average	19.0%	22.2%	49.8%
Dorset Rank	18 out of 39 LEPs	19 out of 39 LEPs	23 out of 39 LEPs
Source: Inter Departmental Business Register Analysis, ONS in the LEP Network Review of LEP Economies 2012 Report			

Dorset is only two percentage points behind the national average in terms of the levels of employment in output growth sectors, in spite of some perceptions that it is an agricultural and tourism economy. However, Dorset's GVA growth failed to keep pace with the national level, reflecting challenges associated with lower levels of productivity.

Dorset's share of employment in the knowledge economy is average, although the potential to increase this number, based on some key service sectors, the growth of advanced engineering, and the expertise of the two universities is considerable.

While data on the levels of exporting activity within a LEP area is limited, there is a consensus amongst local partners that there is potential to increase levels of exporting. Data from the LEP network shows that the Dorset LEP area has one of the lowest proportions of employment in export intensive sectors (ranked 33rd out of the 39 LEPs). Further data on exporting levels at the LEP level is limited.

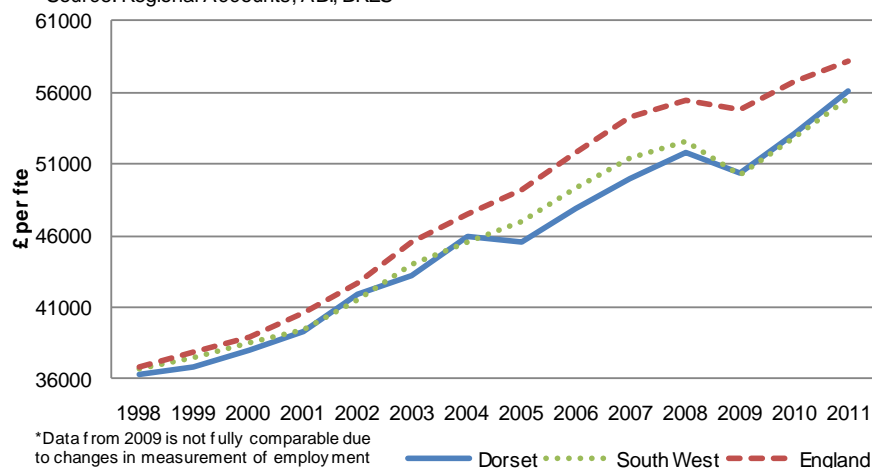
Gross Value Added

In 2011, the Dorset economy generated £13.4bn in Gross Value Added (GVA). This equates to £56,165 of GVA per FTE, equivalent to 97% of the national average. Against this measure, Dorset ranks 15th out of 39 LEPs in England. While this is a reasonably strong performance, the county's productivity levels tend to be above those of LEP areas in the north of England and fall short of the levels of the best performing LEPs in the south of the country.

The gap with the national average has also widened during the last economic growth cycle. In 1998, the gap per full time equivalent was just £500 and this had increased to over £3,500 by 2008, as productivity increased by over 50% nationally compared to 43% in Dorset.

GVA per fte, 1998-2011*

Source: Regional Accounts; ABI; BRES



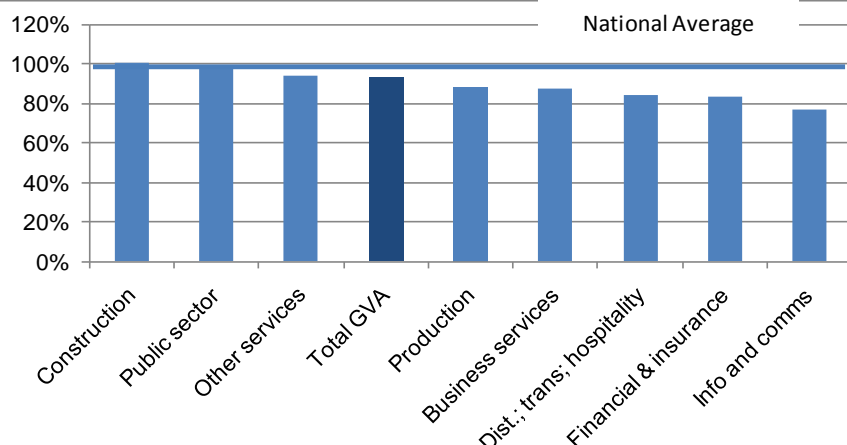
This growing gap reflects the fact that while employment growth exceeded the national average, GVA growth failed to keep pace. An analysis of the ratio of employment to GVA growth shows that if Dorset had kept pace with the national ratio, GVA would have increased by 118% between 1998 and 2008 rather than 66%.

To close the current gap, an additional £484m of GVA is required.

Productivity by Sector

Productivity is an issue across all sectors, and particularly the larger employment sectors, such as production, business services and hospitality, where the levels of GVA generated per FTE are less than 85% of the national average.

GVA per FTE as a % of the national average, 2010



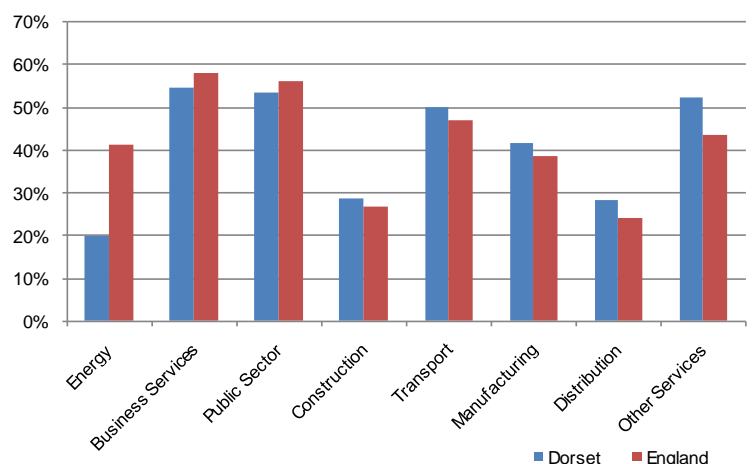
Source: Regional Accounts and Business Register and Employment Survey

Drivers of the Productivity Gap

There are a number of factors which determine the level of output a local economy produces. This includes the scale of the labour market, the employment rate and the average number of hours worked. Both the sectorial structure of the local employment base and the performance of those sectors also have an impact. In the case of sectorial performance, two key determinants are the occupational /skills profile of the workforce and average wages, both of which highlight weaknesses in Dorset's private sector.

Detailed examination of the size profile of broad sectors across the County shows that in three sectors, including the public sector and business services, a much lower proportion of the workforce are in highly skilled occupations.

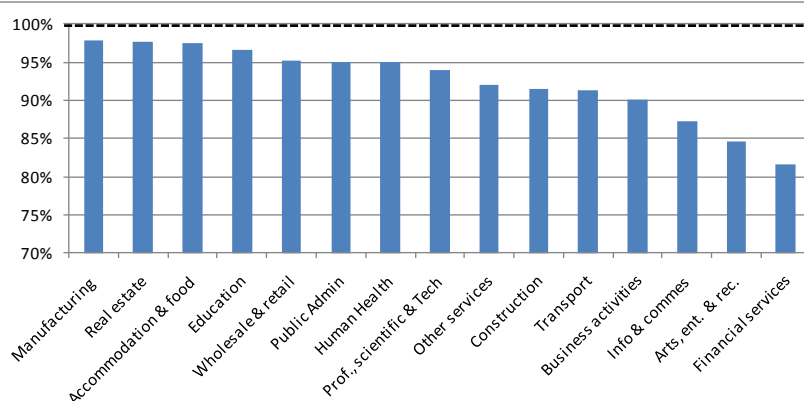
Proportion of the sectoral workforce in highly skilled occupations



Source: Annual Population Survey

While data on average sectorial wages is not available for the LEP area, the regional data shows that average wages are lower across the majority of sectors when compared to the national average. This is particularly true with regards to private sector services, including sectors such as arts, entertainment and recreation which typically offer a high volume of lower paid, lower skilled jobs.

Average sectoral wages as a % of the national average



Source: Annual Survey of Hours and Earnings

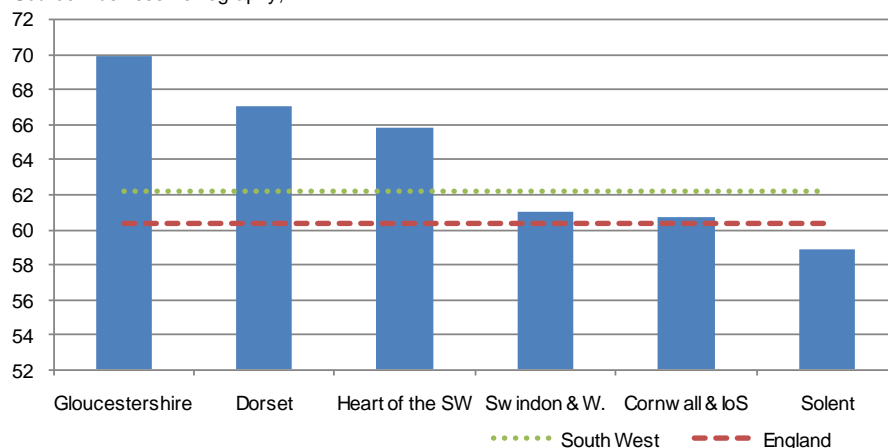
There is a need to address issues with the structure of the current employment base as well as the productivity within key sectors to generate additional GVA.

Business Base

Dorset has a large, diverse and successful business base. With a base of 30,400, Dorset has more businesses per head of the working age population than the national average (67 per 1,000 working age population compared to 60 nationally) and the figure is also considerably higher than the rest South West region.

Business density per 1,000 working age population, 2012

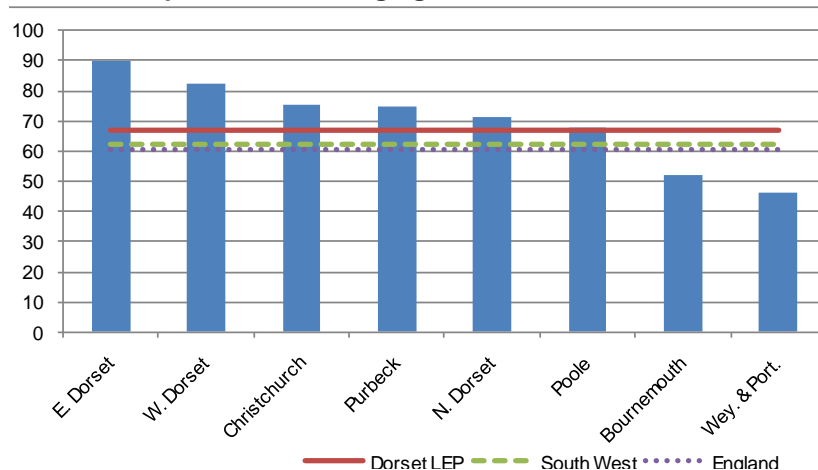
Source: Business Demography, MYPE



The business base is distributed across both the urban and rural parts of the LEP. Almost half of the businesses are based in districts that are predominately rural or with rural concentrations. This means that rural areas have a much higher share of businesses than employment (approximately 38%), reflecting high concentrations of micro businesses.

Business Base, 2012			
Geographical Area	Total Businesses	% of Dorset Businesses	Rural / Urban
Predominantly urban areas – 53% of businesses			
Bournemouth	6,495	21%	<i>Predominantly urban</i>
Poole	6,180	20%	<i>Predominantly urban</i>
Christchurch	1,950	6%	<i>Predominantly urban</i>
Weymouth and Portland	1,860	6%	<i>Predominantly urban</i>
Predominately urban with rural concentrations (urban-rural) – 14% businesses			
East Dorset	4,380	14%	<i>Urban-Rural</i>
Predominantly urban areas – 32% of businesses			
West Dorset	4,650	15%	<i>Predominantly rural</i>
North Dorset	2,935	10%	<i>Predominantly rural</i>
Purbeck	1,980	7%	<i>Predominantly rural</i>
Dorset LEP	30,430	100%	
South West	206,260	-	<i>Predominantly urban</i>
England	2,070,400	-	<i>Predominantly urban</i>
Source: Business Demography, 2013			

This is also reflected in the business density (i.e. number of businesses per 1,000 working age residents), which is typically higher in rural areas, and this is especially true in East and West Dorset.

Businesses per 1,000 working age residents

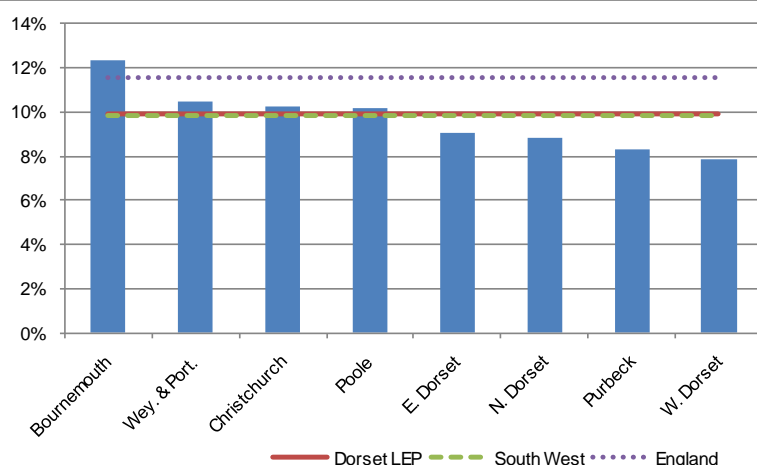
Source: Business Demography, 2013

Across the LEP area, the business start up numbers reflect a strong local enterprise tradition and a well-developed and intrinsic entrepreneurial culture as well as relatively low levels of business closures. However, both the LEP and regional start up rates lag behind the national average. According to the Local Economic Assessment “business formation and survival rates in Dorset LEP remain relatively strong, if below pre-recession levels. At the same time the numbers of people who are self employed has soared and is well above the national rates. Smaller firms and the self employed are also more vulnerable to cash flow crises, particularly in an economic downturn, and are more likely to cut back on investment and training, although they can respond quickly and flexibly to a changing economic climate.

This will require:

- Support to small businesses in bidding to deliver services previously provides by the public sector;
- Support for business development in higher value sectors such as knowledge-intensive industries and specialist sectors for which the sub-region demonstrates certain competitive advantages
- The provision of appropriate business support services to help business start-ups, nurture the growth of small enterprises and to reflect the high level of self-employed people, as well as continuation of existing business support services;
- Develop innovate financing models to provide financing models to provide financing support to small businesses seeking to grow;
- Provision of high-speed broadband and digital connectivity to enable an enterprise culture to grow, particularly in target sectors such as the media;
- Brokered support for skills development, including apprenticeship development.”

There is also a clear divide between urban and rural areas with regards to business start ups. Predominately urban areas, and particularly Bournemouth, have the highest start up rates and contribute towards the overall start up rate for Dorset LEP being in line with the regional average.

Business start-ups as percentage of business base, 2012

Source: Business Demography, 2013

This suggests that while in rural areas there are concentrations of established micro businesses that are operating effectively resulting in high business densities, there is also a lower level of business churn and dynamism.

The most recent figures show that composition of the business base is largely in line with both the national and regional averages. Dorset's broad-based economy contains a mix of well-established and substantial medium sized firms, as well as a significant number of large, international companies, although there is a slightly greater emphasis on micro businesses.

Dorset LEP Businesses by Sizeband 2011

Business size	Dorset		South West	England
	No.	%	%	%
Micro (1-9 employees)	24,845	89.4	89.3	88.9
Small (10-49 employees)	2,460	8.9	9.0	9.1
Medium (50-249 employees)	395	1.4	1.4	1.6
Large (250+ employees)	95	0.3	0.3	0.4

Source: UK Business: Size, Activity, Location

Figures from 2011 showing the proportion of employment by business size, reinforce the importance of SMEs to the local economy. Over 80% of Dorset's total employment is accounted for by SMEs (with less than 250 employees) compared to 72% nationally.

Dorset LEP Businesses and Employment by Sizeband 2011

Business size	Dorset				England	
	No Bus.	% Bus.	No. Empl.	% Empl.	% Bus.	% Empl.
Micro (1-9 employees)	24,850	89.4	60,375	20.4	88.9	16.6
Small (10-49 employees)	2,460	8.9	88,495	30.0	9.1	27.3
Medium (50-249 employees)	390	1.4	89,597	30.3	1.6	28.5
Large (250 plus)	90	0.3	56,837	19.2	0.4	27.6

Source: Business Register and Employment Survey 2011

In a diverse economy such as Dorset both micro businesses and mid-market companies are crucial in terms of driving wealth creation and employment opportunities. Future growth is likely to be determined by the growth ambitions of the most dynamic micro businesses and

SMEs, with the globalisation in services and manufacturing opening up new markets and opportunities. For many manufacturing SMEs, the core challenges include moving up the value chain focusing on those products, service and process areas where they have a genuine competitive edge and can increase market share or enter new markets.

It is important that support is available to help these businesses maximise opportunities and to remove barriers to growth, although providing support to such a large number of very small businesses is challenging.

Dorset also has a number of social enterprises, many of which are in a position to deliver local social and environmental commercial opportunities. As noted in the Local Economic Assessment, the existing and future role of the voluntary and community sector (which includes social enterprises) is difficult to quantify using traditional economic data sources and so relies upon specific surveys of organisations in the sector.

While previous surveys are now dated, they provide an indication of the level of activity of the voluntary and community sector and its importance in the sub-regional economy. Focusing on the Dorset County Council area, the income of these organisations is estimated at £174million, amounting to some 5,000 full time equivalent posts or 3.6% of Dorset's workforce.

The importance of providing support to indigenous businesses is further highlighted by statistics on the number of enterprises which are under foreign ownership. This cohort is much smaller than most other LEP areas with Dorset ranked 36th out of the 39 LEPs. This reflects issues which the area has faced in attracting foreign direct investment. Given the scale of inward investment opportunities that are available to the UK market annually, this is both an important opportunity and challenge for Dorset, particularly when the disproportionate share of employment and turnover which enterprises under foreign ownership account for is taken into consideration.

Dorset LEP – Foreign Ownership			
	% total enterprises under foreign ownership	% total employment in foreign owned enterprises	% total turnover in foreign enterprises
Dorset LEP	0.5%	2.6%	8.7%
England Average	1.3%	14.3%	37.4%
Dorset Rank	36 out of 39 LEPs	39 out of 39 LEPs	37 out of 39 LEPs
Source: Inter Departmental Business Register Analysis, ONS in the LEP Network Review of LEP Economies 2012 Report			

Innovation

What is the innovation challenge facing UK companies?

The UK Innovation Survey, carried out by the Department for Business, Innovation and Skills in 2011, found that the main barriers to innovation for firms between 2008 and 2010 were (in descending order of importance): availability of finance, cost of finance and excessive risk. For all three of these barriers, the smaller the size of a company, the more likely it was to report the barrier to innovation as 'high'. Over a quarter of small firms (10-49 employees) reported the availability of finance to be a high barrier to innovation, with a similar figure reporting this for cost of finance.

Innovative activity has major spill-over effects, and it is estimated that for every £1 invested in research and development through Smart and Grant for R&D, there is £9 in additional gross value added and that this rate of return will continue in the future. The fact that not all of these benefits accrue to the innovating firm can lead to investment below socially optimum levels, creating the need for programmes such as Grant for R&D and Smart. These schemes also remove the three most commonly cited barriers to innovation: availability and cost of finance and excessive risk. It is crucial that innovating firms (particularly SMEs) are given easier, cheaper and lower risk access to finance.

Of businesses that don't innovate, 30% report factors constraining innovation as a reason for not innovating. A 2013 Government report *Small business: GREAT AMBITION* sets out a framework to help small innovating firms access finance to create an engine of growth. These

include changes to banking regulations to help small firms access finance, increasing competition in the banking sector, extending the Small Business Rate Relief to make the tax regime more competitive, and establishing the British Business Bank to unlock up to £10bn of finance for smaller businesses over the next five years.

Government plays an important role in tackling these barriers and unlocking innovative potential. Recent research suggests that government support for innovation reduces the probability of failure for innovative businesses, and this impact is separate to the way in which being innovative improves a business' survival chances. Survival chances are improved both by being innovative and by receiving government support.

In 2011, Dorset and Somerset spent 180.3 euros per inhabitant on R&D expenditure, this is considerably below the UK average of 500.6 (36% of UK and in the lowest spending quartile of NUTS2 areas). However, contrary to the UK trend, Dorset and Somerset saw growth of 5.9% between 2008 and 2011 in spend per head.¹

In 2010, Dorset and Somerset had 24.9 patent applications per million inhabitants. NUTS3 level data suggest the Dorset LEP area had about 20.3 applications per million with DCC Dorset at 26.5 higher than Bournemouth & Poole at 12.5 (Somerset was higher at 29.9). At NUTS2 level, Dorset and Somerset was about average – this suggests the Dorset LEP area was a bit below average. In common with most other areas, Dorset and Somerset saw a fall in patent applications per million residents over the period 2000-2010.

About one in ten of these applications were high tech (below the average). In 2010, Dorset and Somerset had 2.6 high tech patent applications per million inhabitants. NUTS3 level data suggest the Dorset LEP area had about 1.5 applications per million with DCC Dorset at 2.4 higher than Bournemouth & Poole at 0.4.

At NUTS2 level, Dorset and Somerset appears to be below average and this suggests the Dorset LEP area was below that.²

While some of the activities in which Dorset businesses are innovative, such as creative and digital, tend not to require registered patents, and it is therefore likely that this indicator underestimates the level of small scale innovation in the economy, local partners are in agreement that additional investment is required to help companies become more innovative.

Dorset has a considerable number of knowledge assets to support innovation. These include two universities and a number of specialist centres covering a range of industrial and business sectors. The expertise in many of these assets will contribute to both supporting SMEs and innovation, as well as their educational and research function.

Dorset LEP Key Knowledge Assets	
Creative Industries	Bournemouth University and Arts University Bournemouth, including: <ul style="list-style-type: none"> • National School for Animation • Centre of Excellence for Media Practice • Centre for Digital Entertainment • International VFX Hub • Bournemouth Media Academy • AUB Media Academy
Advanced Manufacturing/Engineering	RNLI
Financial, Business and other Services	Bournemouth University: <ul style="list-style-type: none"> • Centre for Entrepreneurship • International Centre for Tourism and Hospitality

¹ Data available for NUTS2 (Dorset and Somerset) only. Source: Eurostat
<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&plugin=0&language=en&pcode=tgs00042>

² Data available for NUTS2 (Dorset and Somerset) and some at NUTS3. Source: Eurostat
http://epp.eurostat.ec.europa.eu/portal/page/portal/product_details/dataset?p_product_code=TGS00041

Energy	Nuclear Decommissioning Authority
Education	International College Sherborne
Agri-food	CEFAS
Environment	Game and Wildlife Conservation Trust Fishery Centre Freshwater Biological Association

Important additional assets are Bournemouth & Poole College, Kingston Maurward (agri-tech), and Weymouth College which provide further expertise in a number of key sectors. There are also a number of manufacturing companies who have a heavy R&D / knowledge focus including Atlas Elektronik, Meggitt, QinetiQ, Westwind, Norco, Cobham and Sunseeker.

The Local Economic Assessment (LEA) notes that “the two universities provide a great asset for the area supporting strong sectors such as creative industries. However there are some notable structural weaknesses, such as relatively weak higher level skills supply, affordable housing and the shortage of business sites, which are important to address. According to the LEA the Dorset LEP needs to:

- Exploit links with the local Universities and ensure that R&D opportunities are fully exploited. Innovation Vouchers could provide funding for businesses to work with external experts from a University or college allowing businesses to access knowledge to help business innovate, develop and grow;
- Support links between the research base and industry, to ensure that knowledge can be translated into business benefits, including Free Patent Assistance;
- Develop a map of research and development facilities which can form the basis of innovation and new business developments;
- Continued work on the development of a “green knowledge” cluster/specialism in the area, focusing on skills needs, transforming existing business activity, such as low carbon practices; Identify the area’s competitive strengths, emerging sectors and those with potential for excellence, using a model of “smart specialisation”, which can be used to attract public and private sector investment to promote innovation;
- Invest in mentoring and coaching support by successful large firms to support new and growing businesses, with a view to improving the innovative capacity of the businesses in the area;
- Access to international knowledge networks is paramount as innovation is increasingly based on internationally distributed systems. Access to global networks can be more important than any local ones and evidence suggests that world class innovation needs to be internationally connected;
- Establish sector-specific incubation hubs for key growth sectors.

Business Connectivity – Superfast Broadband Access

The role of broadband in supporting improved business performance is well recognised. The Federation of Small Business estimates that building a superfast network could add £18 billion to UK GDP and create 60,000 jobs³. They also highlight that six in ten businesses in rural areas suffer with the slow speed of their broadband⁴. European research suggests that for every 10% increase in broadband penetration, the economy grows by between 1% and 1.5%, while research by LSE concludes that half of Europe’s productivity gains in recent years can be attributed to IT investments.

The Coalition Government’s Blueprint for Technology identifies technology enabled innovation as being key to securing private sector led economic growth for the UK, with investment in SFBB infrastructure described as a ‘key business growth enabler’ in their Plan for Growth.

‘Superfast broadband will provide the foundations from which the UK economy will grow and recover from the recession. It will reduce costs for consumers and enhance the capability of businesses to communicate and exchange information with their customers and suppliers. This is fundamental to our future prosperity’.

³ Broadband: Steps for an incoming government, Federation of Small Businesses, 2010

⁴ Voice of Small Business panel survey, April 2012

Increasing productivity and levels of innovation are just two ways in which economic growth can arise from ICT and broadband. There are also benefits linked with increasing levels of enterprise, and developing new products, services and markets. Investment in infrastructure across all geographical areas also has the potential to ensure that rural businesses have access to the same opportunities as urban businesses, which is particularly important given the rurality of large areas across Dorset.

An investment of £32m is currently being made to deliver superfast broadband across Dorset, including funding from the Government and all the Local Authorities in Dorset. The investment will improve access to broadband for over 170,000 business and residential properties across the County, with the aim of achieving 100% broadband coverage, with 95% of properties able to access superfast broadband speeds (>24mbps).

Even with this significant investment to improve the broadband infrastructure across Dorset it is estimated that some 4,500 premises will remain with inadequate provision. These premises are mainly in remote rural areas in North and West Dorset, but also include coastal locations, including areas with significant tourism activity and potential.

Information asymmetry, where the benefits of adopting a specific technology/ICT are not yet fully understood by businesses, will constrain both demand for the service and levels of take up/investment. This market failure largely arises from users not being able to identify the return on their investment, with no experience of the service. There are additional issues linked to businesses not necessarily having the knowledge and the skills to maximise the benefits of the upgraded service when using it for the first time. This is acknowledged as a widespread issue in the e-skills Technology Insight report:

‘There is strong evidence that many firms, individuals and parts of the UK will continue to face difficulties exploiting ICT. Managers and leaders in every sector need to have the ability to fully exploit the strategic potential of technology and all individuals need the IT skills for full participation in employment and society’.

Without a comprehensive programme of support for businesses, which helps to translate ICT and technological capabilities into commercial opportunities or different ways of working, the full potential benefits of the service, in terms of achieving a step change in the Dorset economy, are unlikely to be realised.

The capital investment is accompanied with a broadband business support project to encourage take up amongst eligible businesses. Improved digital connectivity provides an opportunity to support businesses to maintain or improve their competitive advantage as well as supporting social inclusion, particularly in rural areas of Dorset.

Given the sheer number of businesses and the potential for micro businesses to work from home, superfast broadband is expected to have a considerable impact on small business competitiveness.

Locations for Growth

There are a number of major locations for both employment and housing growth in Dorset. The most significant of these is Bournemouth Airport, where new infrastructure will provide employment land with considerable employment and investment potential. Dorset benefits from two major harbours (Portland and Poole), both of which have growth potential. Opportunities in relation to renewable energy and marine engineering highlight the employment potential of these key economic assets.

There is also considerable potential in many rural locations, including major development opportunities in North Dorset and Purbeck, amongst others. These include locations of strategic importance and opportunities based on addressing transport related constraints.

Developing a Low Carbon Economy

The Bournemouth, Dorset and Poole Renewable Energy Strategy to 2020 sets an aspirational target for Bournemouth, Dorset and Poole to collectively generate 7.5% of energy demand from local on-shore renewable sources by 2020. The strategy highlights that achieving this target could help to stimulate and support Dorset's low carbon economy and secure significant investment in the County.

There is evidence of progress towards these targets as well as investment improving the environmental efficiency of key assets across the LEP area. Bournemouth Airport itself has made a major investment in its new £45m terminal and aims to be carbon neutral within one year - it will be the first airport in Europe to achieve this. Dorset Green Technology Park (near Dorchester) also aims to be zero carbon in its regeneration of the de-commissioned former nuclear power station site.

The growth of the 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. Dorset is well placed to maximise this opportunity. It also provides an opportunity for economic growth.

With exceptional natural resources for solar, wind, wave and geothermal energy, Dorset offers an ideal environment for renewable energy companies to thrive and is home to a wealth of innovative environmental and renewable energy companies. The sector currently employs around 3,500 people across the LEP area and contributes £173m to the economy. The area has a particular specialism in renewable energy, including refuse-derived fuels and biomass and marine energy while its coastal location also presents opportunities relating to offshore wind developments.

Specifically, opportunities in the low carbon sector include:

- The Crown Estate wind farm located off the Dorset Coastline to the West of the Isle of Wight. This has been awarded to Navitus Bay Development, which is in the process of applying for planning permission. If approved, this will create supply chain opportunities with the wind park expected to be fully operational by 2020.
- Opportunities in rural areas, with significant anaerobic digestion and biogas potential.
- Decarbonisation and retrofitting of housing stock that will provide opportunities for construction firms.
- Competitive advantage for manufacturing and engineering firms presented by resource efficient and regulatory compliance.
- Rapid growth of companies engaged in wave energy and heat exchanger technologies.

Skills and Education

The recently published Dorset Skills Plan for 2014-2015 reviews the profile of Dorset's current and future workforce and provides a clear framework to achieve the aims of the Talented Dorset strand of the LEP's vision for growth, which focuses on increasing the skills levels of the workforce and raising aspiration, employability and entrepreneurial activity.

The Plan sets out a series of actions that are structured around the six strategic priorities set out below. The priorities are designed to affectively address the skills needs of both Dorset's businesses and residents.



The introduction to the Skills Plan recognises that these priorities will contribute to the wider priorities of the LEPs Strategic Economic Plan and will, in part, be delivered through the skills-related elements of the European Structural Investment Funds for 2014-2020 (and in particular the European Social Fund).

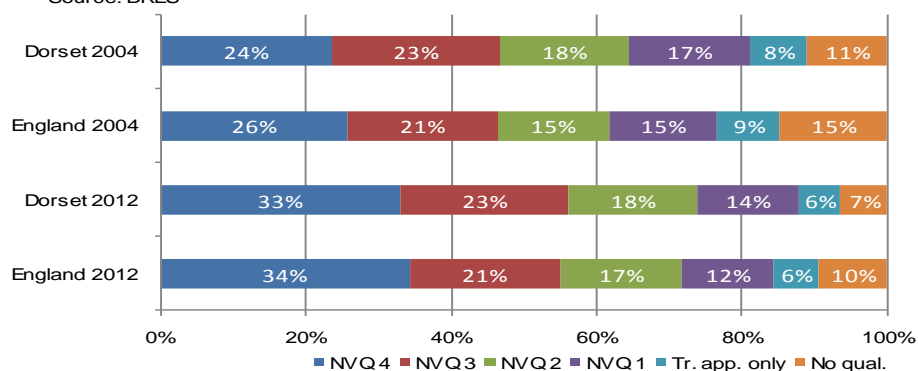
The Skills Profile of Dorset's Residents

There are some key strengths to Dorset's skills profile, with more of the working age population qualified to Level 2 and above (often the minimum requirement for employment) and Level 3 than across England as a whole. Dorset also has a below average proportion of the working age population with no qualifications. There are however fewer of the working age population qualified to Level 4+.

Dorset's skills profile has strengthened over the years with a marked increase in higher skilled residents and a marked decline in those with qualifications at Level 1 or below. This reflects the increasing success of schools and Further Education Colleges and pressure in the labour market for even lower paid jobs to require qualifications.

Skills levels, 2004-2012

Source: BRES



The latest Census data provides a breakdown of the qualification levels of residents⁵ that live within the urban and rural parts of each district. In line with national and regional trends, the rural areas within each district tend to have stronger skills profiles than the urban parts, with regards to both NVQ Level 2 and above and NVQ Level 4 and above. In terms of the latter, this is likely to reflect travel to work patterns with higher skilled workers living in rural areas and often travelling to work for higher paid jobs in urban centres.

Rural/Urban NVQ Level Skills Profile				
Geographical Area	Urban L 2+	Rural L 2+	Urban L 4+	Rural L 4+
Predominantly urban areas				
Bournemouth	61.4%	61.9%	26.4%	19.0%
Poole	59.5%	67.6%	25.5%	32.4%
Christchurch	58.3%	59.9%	25.1%	27.2%
Weymouth and Portland	58.9%	54.8%	23.4%	18.7%
Predominately urban with rural concentrations (urban-rural)				
East Dorset	60.5%	62.2%	26.8%	30.3%
Predominately rural areas				
North Dorset	57.5%	63.4%	23.7%	28.5%
Purbeck	57.5%	61.0%	23.4%	27.2%
West Dorset	60.2%	65.5%	27.1%	33.0%
Benchmarks				
Dorset LEP	60.0%	62.9%	25.7%	29.4%
South West	60.3%	63.2%	26.1%	30.1%
England	57.7%	62.0%	26.9%	29.7%
Source: Census Data, 2011				

⁵ (aged 16 to 74 rather than of working age – 16-64)

This is reinforced by the occupational profile of residents living in each of the districts. In most cases, a higher proportion of rural residents that are employed are working in higher skilled occupations (i.e. managers, directors or senior officials; professional; and associate professional and technical occupations) than in urban areas. Overall, however, the proportion of Dorset's employed residents that work in highly skilled occupations is below the national average, and the disparity is more pronounced in rural areas.

Rural/Urban Higher Level Occupations				
Geographical Area	Urban HLOs	As % of residents in employment	Rural HLOs	As % of residents in employment
Predominantly urban areas				
Bournemouth	35,889	40.3%	28	48.3%
Poole	28,707	40.1%	71	54.2%
Christchurch	8,035	40.3%	162	43.8%
Weymouth and Portland	8,781	36.7%	1,891	31.2%
Predominately urban with rural concentrations (urban-rural)				
East Dorset	12,826	42.9%	4,638	45.7%
Predominately rural areas				
North Dorset	4,028	34.4%	9,033	41.6%
Purbeck	2,848	34.8%	5,420	41.0%
West Dorset	6,891	38.1%	11,783	42.7%
Benchmarks				
Dorset LEP	108,005	39.6%	33,026	41.6%
South West	675,351	38.5%	340,958	42.3%
England	8,339,430	40.5%	2,014,712	44.2%

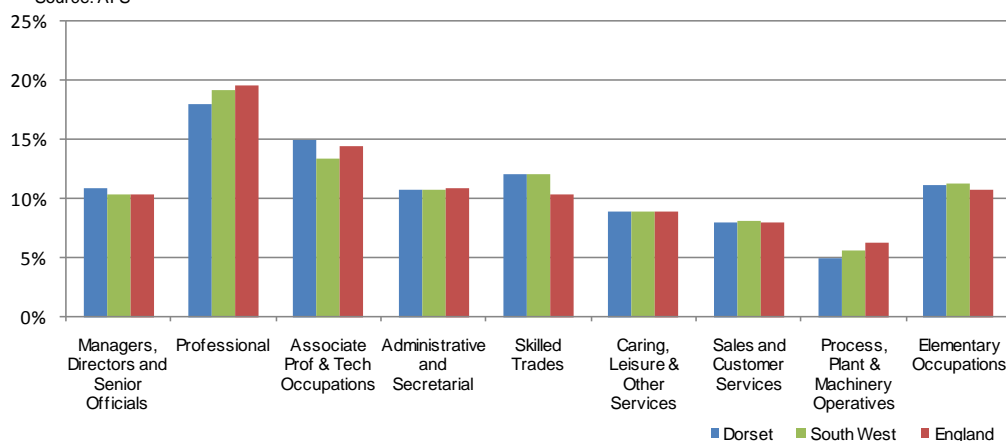
Source: Census Data, 2011

The Occupational Profile of Dorset's Employees

Focusing on the occupational of those that work in Dorset (regardless of where they work), again, the proportion in highly skilled occupations is lower (42%) than the national average (44%). This is due to a shortage of professional occupations, while managers, directors and senior officials; and associate professional and technical occupations and highly represented. Levels of employment in skilled trades and elementary occupations are also high.

Occupational Profile, 2012

Source: APS



Skills Gaps and Shortages

Prior to the production of the Skills Plan, significant work was undertaken by Marchmont Observatory at the University of Exeter to understand the skills issues facing the local area. This highlighted a number of recognised skills gaps and shortages across the occupational profile in Dorset, including that:

- **Skills shortage vacancies:** The National Employment Survey show that there are just over 2,900 skills shortage vacancies across the Dorset LEP area, a slightly

higher intensity of the skills shortage problems than is the case nationally. A significant proportion of skills shortage vacancies (around 70%) are in professional occupations, compared with just 20% for England as a whole, suggesting a particular issue locally for obtaining higher level skills related to professional occupations.

- **Skills gap:** In terms of skills gaps, approximately 4,400 employers reported this as an issue, with around 15,800 employees assessed as not being fully proficient in their job. The greatest concentrations of skills gaps are found in some of the least skilled occupations, such as Elementary occupations, Sales and customer service and machine operatives. Dorset LEP also appears to have a particular issue in skilled trades occupations, where 9.3% of employees were deemed not to be fully proficient (5.6% for England).
- **Job-specific skills:** A lack of job-specific skills appears to be the main issue - almost three-fifths (59%) of skills gaps were associated with a lack of such skills. Skills gaps in team working, customer-handling, planning/organisation and oral communication skills were also an issue in a third of cases. Just under three-fifths of employers with skills gaps felt that they were having an impact on the performance of the organisation (2,600 employers locally). This clearly highlights the needs to address these issues in order to maximise the economic potential of the local business base.
- **STEM subjects:** There are limited levels of interest amongst young people in careers in a range of sectors such as engineering and science-related industries.
- **Work readiness:** Lack of work-readiness in potential recruits is a major barrier for employers, even in areas where no specific skills gaps and shortages have been reported.

The report also states that, at the same time, there are an interconnected set of factors and problems faced in tackling the issue of work-readiness. The significant reduction in public sector funding across local authorities, higher and further education has a direct impact on the capacity of those agencies to resource activity which supports employability.

Unemployment and Economic Inactivity

The employment rate in Dorset exceeds the national average. Correspondingly, unemployment is lower, and whilst a relatively high proportion of the population have retired, the area's economic inactivity rate remains low as a result of there being relatively low proportions of the population looking after the family/home and long term or temporary sick.

Dorset LEP: Economic activity by economically active and inactive groups 2012				
	Dorset Total	Dorset %	South West %	England %
Economically active	331,300	78.8%	78.4%	77.1%
Employed	313,400	74.5%	73.6%	70.9%
Unemployed	17,900	4.3%	4.8%	6.2%
Economically inactive	89,400	21.2%	21.6%	22.9%
Retired	19,100	4.5%	4.3%	3.7%
Student	21,900	5.2%	5.1%	5.8%
Looking after family/home	19,700	4.7%	5.3%	5.9%
Long-term or temporary sick	16,300	3.9%	4.5%	5.2%
Other	9,700	2.3%	2.0%	2.2%
Total	420,600	100%	100%	100%
Source: Annual Population Survey 2012				

As shown by the latest Census (which focuses on those aged up to 74 rather than 65), economic activity levels vary by district and within rural and urban areas. At the LEP level, the urban areas of Dorset have a slightly higher economic activity rate than rural areas, reflecting regional and national trends, although this pattern varies by district. While Dorset's urban economic activity rate is in line with the national average, the rate for rural areas lags behind.

Rural/Urban Economic Activity Profile, aged 16 to 74			
Geographical Area	Urban	Rural	Total
Bournemouth	69.9%	70.2%	69.8%
Christchurch	65.5%	74.8%	65.6%
East Dorset	68.1%	68.3%	68.1%
North Dorset	74.8%	69.1%	71.0%
Poole	71.2%	70.6%	71.2%
Purbeck	67.8%	70.1%	69.2%
West Dorset	69.6%	66.4%	67.6%
Weymouth and Portland	67.4%	65.6%	67.1%
Dorset LEP	69.5%	67.9%	69.2%
South West	70.7%	69.4%	70.3%
England	69.9%	69.8%	69.9%
Source: Census Data, 2011			

Lower levels of economic activity in rural areas are driven by higher proportions of retired residents as shown by the profile of the inactive population.

Economic Inactivity and Reason, residents aged 16 to 74				
Status	Dorset		England	
	Rural	Urban	Rural	Urban
Economically Inactive	32.1%	30.5%	30.2%	30.1%
Retired	20.2%	16.6%	18.1%	12.7%
Student	3.6%	4.8%	3.7%	6.2%
Looking after home/family	3.7%	3.7%	3.7%	4.5%
Long term sick or disabled	2.6%	3.7%	2.8%	4.3%
Other	2.1%	1.6%	1.7%	2.3%
Source: Census Data, 2011				

Although Dorset has not faced the scale of worklessness challenges reported in some other parts of the country, pockets of worklessness are present. In total, unemployment stands at 17,900 people and DWP benefits data for February 2013 shows there are 41,300 people of working age in Dorset claiming benefits (including Job Seekers Allowance, Incapacity Benefits/Employment and Support Allowance, Income Support and Carers allowance). This includes people who are likely to face multiple barriers to employment including the 25,490 people who are claiming Employment Support Allowance/Incapacity Benefit. In addition, approximately 1,300 young people were not in education, employment or training in 2012.

Unemployment is higher in the more urban geographies of Poole (6%) and particularly Bournemouth (7%). Focusing on the latest claimant count, the large majority of wards in Bournemouth have a higher JSA claimant rate than the average rate across Dorset and in almost half of the wards, the rate also exceeds the national average with particular concentrations in Boscombe West and East Cliff and Springbourne. In around 75% of the wards in Poole, the claimant count exceeds the average for Dorset. Across the wider geography there are also high concentrations of claimants in Blandford Old Town (North Dorset) and Melcombe Regis, Underhill and Westham North (Weymouth and Portland).

Deprivation

There is a need to raise awareness of local poverty and the associated issues. The Index of Multiple Deprivation 2010 shows that over 23,900 residents live with the top 15% most deprived areas on the income domain, and this increases to 46,300 on health, 77,500 on living environment and over 100,000 with regards to housing and access to services.

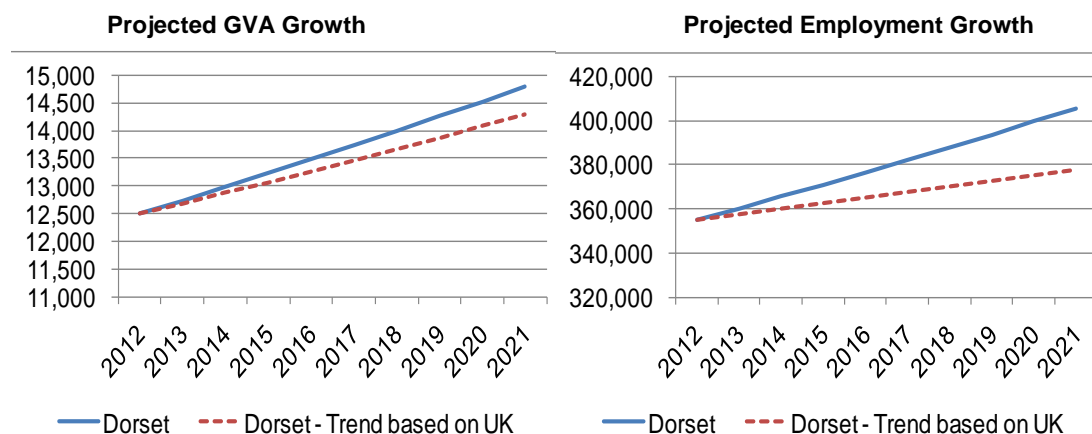
Dorset Population Living in 15% most deprived areas by Domain						
Domain	Worst 5%		Worst 10%		Worst 15%	
	No. of Residents	% Population	No. of Residents	% Population	No. of Residents	% Population
Housing & Services	38,704	5.5%	69,670	9.8%	100,504	14.2%
Living Environment	15,377	2.2%	40,806	5.7%	77,559	10.9%
Health	13,844	2.0%	36,826	5.2%	46,396	6.5%
Education	8,447	1.2%	18,036	2.5%	46,025	6.5%
Employment	7,622	1.1%	27,479	3.9%	37,022	5.2%
Income	1,562	0.2%	16,174	2.3%	23,905	3.4%

Source: Indices of Multiple Deprivation, 2010

Data published by the Department for Communities and Local Government data for March 2013 shows there were 1,200 troubled families across the Dorset LEP area. Further, data published by End Child Poverty in February 2013 shows that 20,319 children across the nine Dorset Local Authority areas lived in poverty during 2012. The issue is particularly concentrated in Bournemouth, Weymouth and Portland, and Poole where between 16% and 19% of children are in poverty. Across the remaining Local Authority areas, the equivalent figures are between 9% (In East Dorset) and 14% (in Christchurch) highlighting that child poverty is evident in all areas.

Growth Projections

Economic forecasts recently produced by Cambridge Econometrics suggest that the Dorset economy will outperform the UK economy in terms of both employment and GVA growth over the next ten years. The scale of employment growth, at some 50,000 jobs (including self employment) indicates a further economic surge over the course of the decade, with GVA increasing by £2bn.



Source: Cambridge Econometrics LEFM 2013

While Dorset will increase employment by 1.9% per annum and GVA by 1.5%, this is a weaker relationship than the UK, where employment growth of 0.7% per annum will be accompanied by a higher rate of GVA growth – 1.5%. There is a need, therefore, for Dorset partners to influence the type of growth and to ensure that GVA growth outpaces employment growth, thereby improving the productivity of the Dorset economy.

To obtain an accurate picture of future demand for employment and therefore skills, it is important to look at both: *expansion demand* - where new jobs are anticipated; and, *replacement demand* - which arises due to retirement. Dorset's ageing population (see below) is forecast to contribute to high levels of replacement demand and Working Futures forecasts estimates that there will be net requirement to recruit 170,000 workers between 2010 and 2020 to meet both replacement and expansion demand.

Net requirements are positive across all occupations, which show that there is a continuing need for relevant skills provision, even in areas where overall employment levels may be falling. The requirement is skewed towards higher-level occupations, i.e. managers and senior officials, professional and associate professional and technical occupations. Almost 60% of the net requirement across all sectors in the Dorset LEP will come from these three occupational groups. This is consistent with national trends and the shift towards a knowledge economy.

In terms of population, the forecasts show that overall growth will be in line the national average, although levels of growth in the working age population will be much lower.

Population Change 2013-2021				
	Dorset		South West	England
	Net	%	%	%
0-15	+18,241	+14.6%	+10.9%	+10.5%
16-64	+2,861	+0.6%	1.7%	+3.1%
65 or over	+25,567	+14.3%	+16.9%	+15.8%
Total	+46,669	+6.2%	+6.5%	+6.7%
Source: ONS Sub-National Population Projections				

This will create further challenges for Dorset, which already has a relatively small working age population (accounting for just 60% of the total population compared to 64% nationally). It is projected that by 2021 just 57% of the population will be of working age in Dorset, and therefore if the County is to achieve its economic potential it requires all members of working age to make a positive contribution.

Population Change 2013-2021						
	Dorset		South West		England	
	2013	2021	2013	2021	2013	2021
0-15	16.5%	17.8%	17.6%	18.3%	18.9%	19.6%
16-64	59.9%	56.8%	61.7%	58.9%	63.9%	61.7%
65 or over	23.6%	25.4%	20.8%	22.8%	17.2%	18.7%
Source: ONS Sub-National Population Projections						

The major challenges facing Dorset are the capacity of conurbation and rural areas to absorb high levels of demand in a sustainable manner. With employment and GVA growth forecast to consistently be above the national average, Dorset has the opportunity to increase its contribution to UK plc. However, while projected employment growth of some 40,000 jobs will result in significant business investment, an ageing workforce likely to stimulate further in migration, places pressure on the residential property markets.

The Drivers and Potential Barriers to Growth and Jobs in the LEP area

There is now considerable research available on the factors which will drive the global and the UK economy over the next ten and twenty years, and this includes a number which are relevant to Dorset.

The Global Trade Forecast Report by HSBC Global Connections points out that the value of global trade in goods is forecast to increase at an average rate of 8% pa in the years to 2030, with China consolidating its position as the main driver of this growth. Amongst the 25 key trading nations considered in the HSBC Trade Forecast, China already accounts for almost a fifth of total merchandise trade and this share is expected to rise to above 30% by 2030.

PwC Global Annual Review 2013 reports that the next decade will see long-term economic rebalancing reach a tipping point, as emerging markets expand their global reach and influence still further. In 2009, the total gross domestic product (GDP) of the E7 – the world's seven leading emerging nations – was about two-thirds that of the G7, their developed counterparts. By 2050 these positions will be reversed, with the E7's aggregate GDP rising to almost double that of the G7. This realignment will see the world's growth economies make the transition from centres of labour and production to consumer-oriented societies. And as they become exporters of capital, talent and innovation, they'll also shift the prevailing direction of global trade and investment – with the long-standing north-south axis swinging to south-south.

The UKTI Inward Investment Report 2012/13 recorded 1,559 investment projects in 2012/13, an 11 per cent increase on 2011/12. These figures reinforce the findings from Ernst & Young and the Financial Times, which independently confirm that the UK remained the number one Foreign Direct Investment (FDI) location in Europe in 2012. The latest estimates from the United Nations Conference on Trade and Development show that during 2012, UK FDI inflow and stock values increased by 22 per cent and 12 per cent respectively.

A study commissioned by Global Action Plan (GAP), an organisation dedicated to changing people's behaviour to help the environment, asked leading businesses including Sainsbury's, Bosch and Siemens where the envisioned new careers emerging:

- Increased use of ICT connections to improve and expand product/service ranges and client reach for local businesses
- Growth in leisure and tourism markets and conference market
- Increasing demand for well qualified young people in key sectors such as creative and digital
- Increase in home working enabled by ICT infrastructure and flexible work arrangements
- Expanding care sector offering a range of new employment opportunities and an increased role for the third sector to support social inclusion and employability activities

Drivers and Market Opportunities

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

- **Changing technologies**, which are allowing regions to capitalise on technical enterprise and the company bases to develop new areas of competitive advantage, relevant to the advanced and marine engineering businesses and digital industries. This reflects national policy from key organisations such as the Technology Strategy Board.
- **Growing global markets**, with the increasing purchasing power of the developing economies opening up new market in areas, such as digital applications and healthcare. This reflects national and international research on global markets and economic growth.
- **Sustainable environment**, with a greater recognition of the value of the environment and the need to respond positively to the challenge of climate change is leading to

new commercial opportunities for a diverse range of business. This reflects EU and national policy on addressing the carbon challenge.

- **Entrepreneurial talent**, building on the strong rural tradition and the management skills of SMEs in the private sector. This reflects national policy on supporting new business starts ups throughout the UK.
- **Graduate Pool**, using the potential of young graduates to establish businesses in sectors, such as creative industries, and demand from SMEs, supported by intern programmes, reflecting in part the Witty Review of the contribution of universities to economic development.
- **Location**, taking advantage of location and the ability to accommodate significant and varied investment in locations such as Gillingham and Winfrith, and some key market towns.
- **Economic Assets**, taking forward the investment potential of Portland and Poole Harbours, and Bournemouth Airport.

These drivers combine external technological and markets trends and forecasts, and Dorset's specific strengths and assets.

Barriers to Growth and Market Failures

While these factors provide opportunities, there are a number of well documented challenges which need to be addressed in order to remove barriers to growth. Fundamental to this is the national economy emerging into a period of sustained economic growth. This will provide the impetus for companies in Dorset to invest and develop growth plans in the coming years.

The barriers to growth and market failures include:

- The uncertainty and development costs of **undertaking innovation and commercialisation**, a key strand in improving productivity, and already recognised as a significant market failure in current EU Programmes.
- Limited resources and expertise available to SMEs to **develop growth and business improvement plans**, another key strand in improving productivity, and exacerbated by the recession and low levels of economic growth of recent years. Specific barriers include:
 - The cost of bespoke support for companies wishing to develop and implement medium and long term business expansion plans.
 - Limited senior manager time and in some case limited experience to progress growth plans.
 - Uncertainty with regard to the commercial benefits of staff training.
 - Lack of critical mass to support business-to-business linkages, shared learning/good practice and business networks.
 - Limited access to finance for some businesses.
- The uncertainty and perceived risk in **exporting**, particularly with regard to new markets, a key strand in maintaining manufacturing competitiveness and employment, and recognised by the work of UKTI.
- Risks associated with **low carbon markets and products**, notably:
 - The costs to SMEs of moving to low carbon solutions that cannot be included in the price of goods and services.
 - Uncertainty over the commercial and business benefits of some low carbon solutions.
 - Lack of awareness and understanding of costs and benefits of energy and resource efficiency amongst the business base.
 - Lack of certainty with regard to regulation and support mechanisms to encourage the up-take of renewable energy.
 - 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.
- **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 undertaken by the private sector and too small to become a strategic transport priority.
- 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, and other key objectives requiring Government support.
- **Company reluctance to undertake and/or support training**, including apprenticeships, often fearing that better trained personnel will leave, and evidenced regularly in company skills surveys.
- **Young people**, where poor IAG leads to poor choices by the young person, reducing job opportunities, exacerbated by changes to the careers advisory system.

There are a number of other barriers to economic growth, some of which relate to transport and the high costs of housing. Many of these matters will be addressed in the Local Growth Fund plan, being developed as part of the wider Strategic Economic Plan

Dorset – Strengths, Weaknesses, Opportunities and Threats Drawing on the analysis above and wider findings of the programme development process, this table presents strengths, weaknesses, opportunities and threats evident in Dorset.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Very strong group of financial service companies and strong manufacturing base – marine, food and drink (and supporting supply chain), advanced manufacturing and engineering • Large business base relative to size of population • Low levels of unemployment and economic inactivity • Relatively self contained labour market and skilled workforce (with room for improvement in relation to NVQ Level 4+) • Diverse occupational profile • Two Universities offering a range of undergraduate degrees in both technical and academic subjects • Investment plans in existing FE colleges • Outstanding coastal towns – Christchurch, Bournemouth, Poole, Weymouth and Portland • Strong tourism offer, including award winning beaches, World Heritage Site, environmental assets, Areas of Outstanding Natural Beauty, and historic sites and buildings • Road and rail connections to some major cities (e.g. Southampton and London) and access to Portsmouth and Southampton ports and international air travel from Bournemouth, Southampton and Exeter airports 	<ul style="list-style-type: none"> • Low productivity levels, low wages and seasonality • Underrepresentation in export related firms and the knowledge economy • Greater dependence on micro businesses than elsewhere • Poor take up of apprenticeships in some sectors – e.g. finance, insurance, tourism and only 8-10% of employers currently engage with apprentices • Demographic change – growing proportion of retired people and declining size of youth cohort to meet new employment opportunities • Skills levels of labour market entrants – GSCE attainment is currently between the regional and national average and there has been low levels of improvement between 2006 and 2011 • Skills gaps and shortages and insufficient interest in careers in a range of sectors, including engineering and science related industries (with additional opportunities arising through replacement demand as the population ages) • Insufficient apprenticeships being provided or taken-up in certain sectors, and not keeping-up with other parts of the country • Reluctance of employers to report skills issues • Issues of remoteness in rural areas, and inadequate broadband provision • Poor mobile phone coverage in many rural areas
Opportunities	Threats
<ul style="list-style-type: none"> • Forecast growth in digital and creative industries • Forecast increase in global trade over the next ten and twenty years • Size of UK inward investment market (c. 100,000 jobs per annum) • New markets as developing economies move from producers to producers/consumers • Increasing demand for low carbon goods and services , including the green economy and renewable energy • Increased use of e-commerce and increase in home working enabled by ICT infrastructure and flexible work arrangements • Increasing demand for care provision. 	<ul style="list-style-type: none"> • Reduced public sector finances • Low cost economies moving into higher value added production • International tourist destinations and UK non traditional destinations expanding • Investment in key enabling technologies and pace of innovation by companies in advanced economies such as Germany and the USA • Perceptions of Dorset as an investment location • Costs of maintaining the coastal environment and heritage assets, including the built environment • Potential threats to economic growth from offshore renewable recognising particularly the implications for the tourism sector from wind park developments

<ul style="list-style-type: none">• Increased competitiveness arising from improved connectivity between farmers, land managers, consumers, tourists and local people• Underused building stock with economic potential, especially in rural areas• Strengthen local supply chains between businesses and to markets, including the visitor economy \cross Dorset• Innovative solutions to increase broadband coverage, including community partnerships and based around commercial operations• Improved co-ordination of heritage and cultural offer to the visitor economy• Improved collaboration between micro enterprises and sole traders to maximise growth potential• Improved management of environmental assets, including woodlands• Engagement of young people to be integral to decision making and resource allocation• Develop visitor payback schemes to improve sustainability	<ul style="list-style-type: none">• Constraints of national conservation agencies on local communities without sufficient consultation and local knowledge• Accessibility in rural areas, especially for young people• Further reductions in public sector support for services, including public transport• Reliance upon volunteers to maintain services and facilities• Land being purchased for investment rather than productive use• Implications of production methods upon fragile habitats, such as nitrates in Poole Harbour.
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3 Dorset's Vision and Objectives

A Vision for Growth

The Dorset LEP has already set out a Vision for Dorset based on four objectives. These are set out below.

Competitive Dorset – Dorset businesses are increasingly operating in a competitive trading and investment environment, both with low cost economies overseas and increasingly competitive and sophisticated businesses in the UK. Whilst Dorset performs well in terms of employment and economic activity, moving businesses up the value chain to enable them to be more productive and competitive is a key challenge. The objective of the Competitive Dorset theme is to *“unleash the potential of existing businesses, encourage the creation of new ones and attract investment”*.

Talented Dorset – The purpose of this theme is to ensure that employment and skills related issues are adequately addressed within the Strategic Economic Plan document, and that the objectives and interventions arising effectively address the needs of Dorset's businesses and people. There will be a focus on both the supply and demand of skills, as well as the retention of talent within the area. The objective of the Talented Dorset theme is to *“enhance the skills of our current and future workforce”*.

Connected Dorset – Dorset needs high quality, efficient infrastructure if it is to deliver to its economic potential and meet sustainable development objectives. Transport in particular is expected to form a core element of the Growth Deal with LEPs due to the high level of transport resource to be allocated nationally to the Local Growth Fund. Ensuring that Dorset is well connected to elsewhere in the UK and its business markets is a key priority for the LEP. The objective of the Connected Dorset theme is to *“improve electronic and physical connectivity throughout Dorset, particularly through high speed broadband.”*

Responsive Dorset – The LEP is committed to creating the right conditions for businesses to flourish, and the key focus of the Strategic Economic Plan will be to address the barriers to growth facing existing and future businesses within Dorset. The objective of Responsive Dorset is to *“create the conditions for enterprise to flourish including a responsive planning and development system and a dynamic housing market.”*

European support, including ESF, ERDF and EAFRD, will contribute to the Dorset LEP vision and the Strategic Economic Plan. The ESIF will impact upon each of the four objectives above, but major on the Competitive Dorset and Talented Dorset themes through:

Building on Dorset's strengths and opportunities to increase the competitiveness of SMEs and the skills and employability of the workforce and those entering/returning to the labour force.

The Dorset LEP Vision is set in the context of the many unique demographic and geographic challenges and opportunities which emphasise the need for intervention to allow the area to meet its economic potential. Six key challenges have been identified through the data analysis and wide consultation process to inform the development of the LEPs Strategic Economic Plan and this EUSIF. In summary, these are:

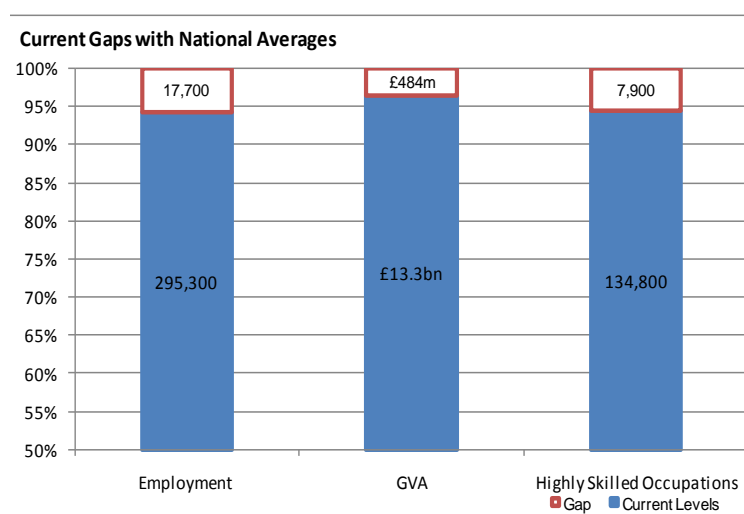
- **Increasing employment opportunities in a new growth context:** The Dorset LEP area has a below average employment density, with the shortfall concentrated in the private service sector. The main challenge going forward will be increasing the total number of jobs available, with much lower levels of public sector employment growth than witnessed in the last growth period and with continued decline forecast for the manufacturing sector. While the area has a strong business base, it is quite heavily dependent upon the SME base as a source of employment. Reducing and removing the barriers to growth that SMEs face and attracting inward investment and re-investment will have an important part to play in supporting private sector growth.
- **Stabilising manufacturing employment and focus on high value added sectors:** Linked to the above, there is a need to stabilise manufacturing employment and boost

the competitiveness of the sector. Realistically, given shifts in global economic patterns and re-thinking of where goods can be manufactured, and smart specialisation based on local/regional strengths, delivering growth in the manufacturing base is very unlikely. However, as the manufacturing base concentrates on advanced manufacturing and companies take advantage of new markets (for example, by increasing exports and/ or linked to the low carbon economy and environmental technologies), there is an opportunity to stabilise employment. Activities to stimulate investment, supply chain development, research and development and innovation will be of particular importance to manufacturing companies.

- **Increasing productivity and total GVA:** While Dorset performs reasonably well in productivity terms in the national context, it tends to outperform northern economies rather than the top performing economies in the south. Increasing the areas productivity levels and total GVA contribution will result largely from employment growth and partly through improving the productivity levels of existing businesses across a number of sectors. An increased pivot toward knowledge based employment sectors, such as financial and business services, and securing higher skilled, higher paid jobs, would further address the gap. A range of activities will be required to support this, including innovation, research and development and workforce development.
- **Addressing skills gaps and shortages:** There are recognised skills gaps and shortages across Dorset resulting from a number of market failures (e.g. a lack of information on the skills priorities of employers, and limited knowledge of the employment opportunities available within the labour market). Removing barriers to investment in training, particularly amongst the SME base, and ensuring that training and workforce development is responsive to employers needs, will be important to address these gaps and shortages and ensure that a suitably qualified workforce is available to meet both expansion and replacement demand.
- **Increasing employability in the labour market:** employability has been a long term issue for many areas across England, particularly in relation to young people. Actions to improve the work readiness of specific groups within the labour market will also be important to fulfilling expansion and replacement demand.
- **Managing demographic changes:** The challenge around skills and employability are magnified when demographic change, and specifically the ageing of the population, is factored in. Managing demographic change is a national challenge, although it is particularly acute in Dorset due to the large and growing concentration of residents who have retired.

In summary, to close the gap with the current national average, as a minimum, Dorset needs to create 17,700 new jobs - 7,900 (44%) of which should be in highly skilled occupations – and generate £484m of additional GVA. The EU Investment Strategy is expected to make a significant contribution to employment and GVA ambitions.

Closing the Gap



Strategic Economic Plan

The Strategic Economic Plan (SEP) sets out a number of investment propositions within the context of the Vision set out by the LEP. This includes proposals with regard to SME development, innovation and skills, drawing on other funds to support new initiatives.

Proposals also cover transport and housing, with a focus on transport investment unlocking the economic potential of key locations and assets. These include locations across the rural areas of Dorset.

The Strategic Economic Plan highlights the importance of making the most of assets such as Bournemouth Airport, the Ports, and the two universities.

The ESIF will contribute to a number of key investment areas, and as such will make a direct contribution to the Vision already set by the LEP. Given the guidance with regard to investment in the EU Themes, the selection of interventions is weighted towards SME Competitiveness and Innovation.

Competitive Dorset –The objective of the Competitive Dorset theme is to *“unleash the potential of existing businesses, encourage the creation of new ones and attract investment”*. The SEP has prioritised Maritime Sector Growth Programme, and various economic regeneration priorities such as Bournemouth Airport, Port of Poole, and various infrastructure investments which complement the business competitive and innovation theme in the ESIF.

Talented Dorset –The objective of the Talented Dorset theme is to *“enhance the skills of our current and future workforce”*. The SEP has prioritised Dorset Business Growth Hub, Silicon South and a Skills and Employability programme which strongly fit with the ESIF priorities.

Contribution to the Dorset Economy

The ESIF will make a major contribution to strengthening the Dorset economy, by

- Providing bespoke, substantive assistance to some 3,600 SMEs,
- Supporting the creation of over 600 new companies and over 1,400 additional jobs; and
- Providing training to over 11,000 local people and businesses, including young people through vocational apprenticeships and graduate placement programmes.

The ESIF investments will complement the Local Growth Fund plans.

4 Investment Priorities

Introduction

This section sets out Dorset's three key investment priorities. The propositions demonstrate how the overall programme's vision and objectives will be achieved through a diverse programme of activities to support sustainable and inclusive economic growth.

The focus upon three priorities ensures that the funds available to Dorset will not be spread too thinly and that the economic and social impact of the investment is maximised.

The content provides a framework within which potential project applicants can develop their proposals. Under each investment priority, guidance is provided regarding 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.

Allocations by Investment Priority

While the national Operational Programme is likely to have a 50/50 split between ERDF and ESF there is variation across England in terms of the appropriate balance between the two Funds. Guidance for ESIF makes clear that the 50/50 split is not compulsory.

Dorset is a low unemployment economy, and has been for many years. It also has very low levels of multiple deprivation when compared to many other LEPs. As such, it does not have many of the major labour market issues facing large parts of the Midlands and the north of England (East Midlands, Black Country, North West, Yorkshire, and the North East).

Dorset does have a number of skills changes, including a need to increase productivity. As such, a major reduction in ESF based on low unemployment and deprivation rates would be inappropriate, although over 50% of ESF is targeted at the unemployed and inactive).

Further consideration of the economic development challenges and resources highlights the significant investment available through DWP and the Skills Funding Agency to address skills and employability matters, while economic development has been affected by the end of the RDAs and Single Programme funding which the Regional Growth Fund has not fully replaced.

Dorset Allocations 2014-2020		
ERDF	Allocation	Requirements
1. Driving Business Growth and Innovation	£13.8m	Within activity two, a minimum of £4m (20% of the total ERDF allocation) will be spent on eligible activities under TO4 (Low Carbon). This will also ensure that a minimum of 80% of ERDF funds are spent on TO1(innovation),3 (SME competitiveness, covered by activity 1) and TO4 (covered by activity 2).
2. Reducing the Carbon Footprint of Dorset	£6.3m	
ERDF total	£20.2m	
ESF		
3. Supporting and improving the labour market and workforce	£20.2m	Within activity three, a minimum of £4m (20% of the ESF allocation) must be spent on activities eligible under TO 9 Promoting Social Inclusion and Combating Poverty.
ESF total	£20.2m	
EAFRD total	£3.0m	Awaiting final confirmation from Defra
Programme total	£43.3m	

Driving Business Growth and Innovation

This investment priority will incorporate funding allocated against the following three Thematic Objectives:

- **Thematic Objective 1: Strengthening Research, Technological Development and Innovation**
- **Thematic Objective 3: Enhancing the Competitiveness of Small and Medium Enterprises**

Objectives

The objectives of this investment priority are to:

- Build collaborative research between enterprises, research institutions, and public institutions
- Support businesses, including social enterprises, to commercialise research and development
- Invest in facilities and equipment supporting the collaboration and commercialisation activity set out in the objectives above
- Support SMEs and social enterprises to increase their use of broadband to broaden their product/service offer
- Support an entrepreneurial culture across Dorset, reduce barriers to entrepreneurship and support new entrepreneurs
- Provide high quality support to allow SME to grow
- Support higher levels of SME exports and international business activity
- Increase the economic contribution of key sectors – advanced and marine engineering and creative and digital, and other key sectors agreed by local partners.

Smart Specialisation Agenda

When developing proposals for strengthening research, technological development, and innovation, LEPs are urged by UK Government to ensure plans abide with the framework for Smart Specialisation (the RIS3 agenda⁶). Strategies for innovation must emphasise 'embeddedness', 'connectedness', and 'relatedness', and follow 'The Four Cs of Smart Specialisation':

- **Choices and Critical Mass:** limited number of priorities on the basis of own strengths and specialisation.
- **Competitive Advantage:** mobilise talent by matching RTD + I capacities and business needs through an entrepreneurial discovery process.
- **Connectivity and Clusters:** develop clusters and provide arenas for related variety/cross-sector links internally in the region and externally, which drive specialised technological diversification.
- **Collaborative Leadership:** efficient innovation systems as a collective endeavour based on public-private partnership.

As such, detailed analyses of the specific potential for 'smart', differentiated innovation, paired with local leadership, are emphasised within the guidance pertaining to proposals for strengthening research, technological development, and innovation.

There are two areas of SMART specialisation relevant to Dorset:

- **Advanced Engineering and Manufacturing**
- **Creative and Digital Industries**

⁶ EC. 2013. 'Smart specialisation'.

http://ec.europa.eu/research/regions/index_en.cfm?pg=specialisation&lg=en

Advanced engineering and manufacturing, including marine engineering is likely to involve cross LEP collaboration to ensure access to academic and scientific expertise and create the critical mass needed to support an innovation eco-system.

Creative and digital benefits considerably from the expertise in the two universities, and there is sufficient expertise and a sizeable business base to drive a Dorset wide SMART specialisation agenda.

There is also an emerging specialism in **health and care** linked to the development of new products and services to deliver personalised care services.

Indicative Activities

Where activities, align with those of current national support programmes and provision, all supported activities will be designed to complement or build upon this offer and will not duplicate activity, maximising the additionality of the ERDF funds. The activity delivered through the Opt In activities provides the opportunity to tailor these services (such as MAS) to the specific needs of Dorset businesses. The indicative under this investment priority are:

Smart Specialisation and Commercialisation

Support for research and development between enterprises, research institutions, and public institutions; and commercialisation and enterprise of new products and business processes, including:

- Initiatives stimulating and facilitating productive innovation partnerships between enterprises and research institutions
- Initiatives enhancing the demand for new or improved services, processes and products (including 'pro-innovation' procurement policies in public and private sectors).
- Schemes providing practical, financial, and material support for the innovation process within businesses (including support for access to markets).
- Schemes stimulating and enabling graduate start-up and spin-out from Universities, Colleges, and research institutions.
- Support for the involvement of SMEs in networks of innovative value chains and associated innovation partners.

Innovation Space

Investment in the development of innovation space, facilities, and equipment with capability to serve as a platform or host for innovation and innovative relationships.

Helping Business Benefit from ICT

This includes:

- 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;
- 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, knowledge and skills;

Helping Businesses Growth (Opt Ins+)

This includes:

- Support for companies developing business growth strategies, entering new domestic and international markets, and implementing productivity improvement (including MAS and UKTI Opt Ins).
- Investment readiness programme for SMEs.

- Leadership and management training for SMEs in key sectors (linked to the ESF activities delivered through the supporting and improving labour the market and workforce investment priority), design and development of a targeted entrepreneurship programme, network and collaborative business activities.

Incubation and Grow on Space

To ensure there is an adequate supply of incubation and grow on space at key locations, especially for high growth potential firms. Dorset LEP expects to take up a number of the Opt In offers, subject to contractual discussions on the scale of activity, likely outputs and value for money. These arrangements will be monitored and reviewed on a regular basis.

Target beneficiaries

The principal target beneficiaries for this investment priority are:

- Enterprises
- Research institutions
- Entrepreneurs seeking
- Owner-managers of SMEs and managers of social enterprises

Finance

This investment priority has an allocation of £13.8m (ERDF) available for investment. Activities will be supported up to a maximum 50% intervention rate with match funding sources to include the National Opt In offers (MAS and UKTI); Research Councils, HEFCE and universities; Academic Health Science Networks; Technology Strategy Board; BIS; Local authorities; and the Private Sector.

Supporting Business Growth and Innovation	
	Total
ERDF	£13.8m
Match	£13.8m
Total	£27.7m

Targets

Activities supported under this investment priority are expected to lead to a more competitive business base and increased innovation capabilities, partly driven through greater levels of collaboration between SMEs and research institutions. The activities funded under this investment priority are expected to contribute to the following target indicators:

Supporting Business Growth and Innovation		
Target Type	Indicator	Target
Result	Increased number of businesses that are actively innovating to bring new products to the market.	TBC
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).	TBC
Result	Support enterprises in their development of ICT products and services including broadband.	TBC
Result	Increase in SME productivity.	TBC
Result	Increase in SME jobs created.	TBC
Result	Increase in business start ups.	TBC
Awaiting national guidance on result definitions		

Supporting Business Growth and Innovation		
Target Type	Indicator	Target
Output	Number of enterprises receiving support.	1,476
Output	Number of new enterprises supported	295
Output	Employment increase in supported enterprises	590
Output	Additional enterprises accessing ICT products and services including broadband.	250
Output	Number of enterprises cooperating with research entities.	100
Output	Number of enterprises supported to introduce new-to-the-market products.	440
Output	Number of enterprises supported to introduce new-to-the-firm products.	440

Reducing the Carbon Footprint of Dorset

This investment priority will incorporate funding allocated against the following three Thematic Objectives:

- **Thematic Objective 4: Supporting the Shift towards a Low Carbon Economy in all Sectors**

Objectives

The objectives of this investment priority are to:

- Build the market in low carbon environmental technologies, goods and services, delivering sustainable economic growth and contributing to mitigating the effects of climate change
- Support the non-domestic sector to deploy low carbon technologies and focus on energy efficiency
- Develop whole place low carbon solutions
- Accelerate the development, innovation, adoption and deployment of low carbon technologies and related supply chains/ infrastructure
- Develop and implement interventions which both protect the environment and support economic growth. Support businesses to achieve resource efficiency improvements that can generate environmental benefits and support improvements in business performance.

Indicative Activities

Activities within this investment priority are designed to support low carbon targets at a European and National level, as well as addressing local issues and opportunities. Where activities, align with those of current national support programmes and provision, all supported activities will be designed to complement or build upon this offer and will not duplicate activity, maximising the additionality of the ERDF funds. The indicative under this investment priority are:

Low Carbon Markets and Technologies

Eligible activities will include:

- Assisting the market to develop, design and manufacture materials, goods and services with embedded low carbon technologies.
- Deploying localised Carbon Capture and Utilisation, Energy Storage and Waste to Energy projects and infrastructure.
- Supporting 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.
- Developing technology centres of excellence, manufacturing clusters and the development of appropriate test facilities and deployment infrastructure.
- Demonstrating and deploying renewable technologies in the UK renewable energy roadmap (onshore wind, offshore wind, marine energy, biomass electricity and heat, ground and air source heat pumps and renewable transport).
- 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.

- Building retrofit and energy efficiency, especially whole building solutions exemplifying next phase technologies which are near to market.
- Adopting domestic energy efficiency and low carbon construction techniques, including ultra-low carbon exemplar demonstrator buildings.

Innovative Technologies

Eligible activities will include:

- Support to improve business understanding and use of resource efficiency measures, including (but not limited to) those associated with the innovative use of waste;
- Activities to assess and implement improvements in resource use planning amongst SMEs to establish innovative approaches;
- Support knowledge transfer both in relation to technical expertise and practical applications in business and communities.

Target beneficiaries

The principal target beneficiaries for this investment priority are:

- Businesses in the LCEGS and energy sectors
- Construction businesses
- SMEs
- Higher and Further Education Institutions

Finance

This investment priority has an allocation of £6.3m (ERDF) available for investment. Activities will be supported up to a maximum 50% intervention rate with match funding sources to include Green Deal; Local Authorities; Higher and Further Education Institutions; Private sector; UK Green Investment Bank; Technology Strategy Board and Research Councils; and UK Government Departments (e.g DECC, BIS etc).

Reducing the Carbon Footprint of Dorset – Finance	
	Total
ERDF ¹	£6.3m
Match	£6.3m
Total	£12.7m
¹ A minimum of £4m (20% of the total ERDF allocation) must be spent on activities eligible under Thematic Objective 4 Supporting the Shift towards a Low Carbon Economy in all Sectors	

Targets

Activities within this investment priority are designed to reduce the carbon footprint of the Dorset economy and maximise the low carbon and resource efficiency opportunities that are available for the local business base. Specifically, activities supported under this investment priority are expected to contribute to the following target indicators:

Reducing the Carbon Footprint of Dorset – Targets		
Target Type	Indicator	Target
Result	Energy efficiency increase of companies, buildings and transport.	TBC
Result	An increase in companies deploying low carbon practices, processes, service or products.	TBC
Result	Increased number of businesses that are actively innovating to bring new products to the market.	TBC
Awaiting national guidance on result indicator definitions		

Reducing the Carbon Footprint of Dorset – Targets		
Target Type	Indicator	Target
Output	Number of enterprises receiving support.	690
Output	Number of new enterprises supported.	138
Output	Employment increase in supported enterprises.	276
Output	Number of enterprises cooperating with research bodies	100
Output	Number of companies supported with business resource efficiency.	175
Output	Enterprises supported to introduce new-to-the-market products.	150
Output	Enterprises supported to introduce new-to-the-firm products.	150

Supporting and Improving the Labour Market and Workforce

This investment priority will incorporate funding allocated against the following three Thematic Objectives:

- **Thematic Objective 8: Promoting Employment and Supporting Labour Mobility**
- **Thematic Objective 9: Promoting Social Inclusion and Combating Poverty**
- **Thematic Objective 10: Investing in Education, Skills and Lifelong Learning**

Objectives

The objectives of this investment priority are to:

- Support people who are outside employment to make progress towards and access work.
- Address barriers to work to allow all adults to play an active role in the labour market;
- Overcome persistent pockets of poverty; and
- Support active inclusion through the use of local initiatives.
- To ensure education and training systems reflect employer requirements;
- To engage new start businesses and SMEs in the education and skills agenda; and
- To equip the workforce with the skills and competences required by local employers, both at present and in the future.

Indicative activities

Where activities, align with those of current national support programmes and provision (including mainstream support providing by a wide range of organisations including higher education and further education providers), all supported activities will be designed to complement or build upon this offer, filling identified gaps and will not duplicate activity, maximising the additionality of the ESF funds. The indicative activities under this investment priority are:

Helping People Into Work

- Providing more intensive support (including through multi-agency approaches) than available through mainstream sources to help people to move towards and enter work.
- Offering new approaches to work experience (including volunteering) and training to support people to move towards and enter employment in both growth and existing high employment sectors;
- Activities that support greater equality in the labour market.
- Support for young people to develop their skills and confidence as steps towards gaining employment;
- Activities that provide people with experience of a working environment to help them build their skills and confidence, e.g. work experience placements;

It is anticipated that this will primarily be delivered through the DWP Opt-in.

Encouraging Social Enterprise and Business Start-Up

- Initiatives that support enterprise and social enterprise as a route to economic activity and inclusion.
- Support to develop the capacity of social enterprises and community groups to address local support needs as well as support for the delivery of other bottom up active inclusion measures;
- 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;

- Innovative entrepreneurship programmes to encourage graduates and post graduates to start a business.
- Promoting self employment as a route out of worklessness and supporting people to take the steps forward to achieve this;

It is anticipated that this will primarily be delivered through the Big Lottery Opt-in.

Supporting Disadvantaged Groups

- Innovative activities to support young people who are not in employment, education or training to enter the labour market, including those with poor literacy and numeracy skills and with no or few qualifications;
- Tackling barriers to work across a range of communities including areas experiencing high levels of deprivation and more isolated rural areas;
- Approaches to tackling barriers to work in an integrated way to include (but not limited to) addressing a combination of caring responsibilities, access to transport, health issues; and digital inclusion;
- Activities to combat discrimination in the labour market and promote equal opportunities;
- Tailored solutions for target groups, for example the low skilled, people affected by redundancy, those living in rural areas with limited access to learning facilities, and the unemployed, to provide a supportive learning environment, including through community based learning;
- Support for community led approaches to skills development where they can help to increase levels of engagement, for example in rural areas, or to individuals facing specific issues (such as low incomes and low skills);
- Developing locally specific inclusion initiatives;
- Tailored support measures to target specific geographies or groups experiencing high rates of social exclusion and poverty (e.g. troubled families and people with low levels of basic skills).
- Providing work mentoring support in the early stages of employment to individuals struggling to settle into environment.

It is anticipated that this will primarily be delivered through the Big Lottery Opt-in.

Addressing the Skills Gap

- 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 and sectors forecast to require substantial levels of replacement demand or support the advancement of other elements of the European agenda (e.g. skills required to grow the low carbon economy and support greater resource efficiency);
- Working with education providers and businesses to ensure businesses are alert to the benefits of investing in training and provision recognises and responds to changing business needs over time;
- Actively engaging employers to support residents and employees to develop their skills;
- Actions to support a culture of lifelong learning amongst both employers and learners, including increasing activity to upgrade skills and investment in work-based learning to develop both job specific and transferable skills;
- Working with the National Careers service to establish innovative training approaches to respond to employer needs, including the potential to offer tailored training and 'pooled' training that can reduce costs;
- Working with the National Careers Service to encourage employer collaboration on the acquisition of training (particularly in new/emerging and growth sectors where there are specific skills needs);
- Innovative approaches to intermediate, vocational and higher level vocational provision, including IAG;
- Removing barriers to employers and employees engaging in higher level apprenticeships programmes;

- Internship and placement programmes to encourage the employment of graduates and post graduates;

It is anticipated that this will primarily be delivered through the SFA Opt-in.

Skills development through employment

- Working with the National Careers Service to broker opportunities between young people and local employers to encourage work placements, apprenticeships, traineeships, graduate placements and direct employment in growth and high employment sectors;
- To increase the take up of Apprenticeships for young people, particularly those linked to priority growth sectors, including advanced manufacturing above that currently being delivered through mainstream initiatives;
- Activities that focus on subjects in most demand by employers to alert young people to employment opportunities and skill needs, as well as activities that go on to equip people with these skills. For example in STEM subjects and/or to meet replacement demand as well as expansion demand; and
- Activities that focus on increasing the employability and work readiness of young people (building upon the current activities in HE and FE institutions).
- Supporting people to re-skill and re-train in response to local employment opportunities, particularly for those facing redundancy and older workers;

It is anticipated that this will primarily be delivered through the SFA Opt-in.

Target beneficiaries

The principal target beneficiaries for this investment priority are:

- Job seekers;
- Economically inactive (i.e. not actively seeking to engage in economic activities);
- Young people who are not in employment, education or training;
- Groups facing particular barriers to accessing work, including:
 - People from households with multi-generational worklessness
 - Older people
 - People affected by redundancy
 - People with disabilities and mental health and wellbeing problems
 - People with caring responsibilities
 - Women
 - Ethnic minorities
 - Lone parents
 - Ex-offenders
- SMEs that need to engage more effectively in the skills agenda
- People considering entrepreneurship and social enterprise
- Graduates and post-graduates
- Employees, including those who are underemployed, in jobs without training and needing to improve their skills levels, as well as those at risk of redundancy and needing to re-train.

Finance

Dorset LEP has agreed in principle to several of the ESF related Opt In offers, subject to contractual discussions on the scale of activity, likely outputs and value for money. These arrangements will be monitored and reviewed on a regular basis.

This investment priority has an allocation of £20.2m (ESF) available for investment. Activities will be supported up to a maximum 50% intervention rate with match funding sources to include the National Opt In Offers (Big Lottery, SFA, DWP), Local Authorities and private contributions.

Supporting and Improving the Labour Market and Workforce - Finance	
	Total
ESF ¹	£20.2m
Match ²	£20.2m
Total	£40.3m
¹ A minimum of £4m (20% of the ESF allocation) must be spent on activities eligible under Thematic Objective 9 Promoting Social Inclusion and Combating Poverty	
² Includes Opt Ins SFA, Big Lottery and DWP	

Targets

Activities under this investment priority will increase the skills levels of the workforce and help a substantial number of residents to move closer to and/or enter employment. Specifically, activities supported under investment priority are expected to contribute to the following target indicators:

Supporting and Improving the Labour Market and Workforce		
Target Type	Indicator	Target
Result	Number of inactive participants newly engaged in job searching upon leaving.	TBC
Result	Number of participants in employment upon leaving.	TBC
Result	Number of participants gaining a qualification upon leaving.	TBC
Result	Number of participants engaged in positive activities that address barriers to work or widen participation in training.	TBC
Awaiting national guidance on result indicator definitions		

Supporting and Improving the Labour Market and Workforce		
Target Type	Indicator	Target
Output	Total number of participants (a. + b. + c.)	12,273
Output	a. Number of unemployed (including long-term unemployed) participants.	2,765
Output	b. Number of inactive participants.	3,360
Output	c. Number of employed (including self-employed) participants.	6,148
Output	Number of participants aged 15-24.	7,765

5 Integration of the Cross Cutting Themes and Social Innovation

Introduction

Partners in Dorset are committed to ensuring that economic growth is achieved in a way that is sustainable and inclusive and that fully supports the cross-cutting themes identified for the 2014-2020 programme:

- **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 activities.

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

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

Promoting Sustainable Development

Commitment to UK and European Policy

In developing and subsequently delivering the Dorset ESIF programme, there is a need to comply with UK and Environmental policy. Dorset partners 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. In planning this approach, account has been taken of a range of policies.

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 Dorset's 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.

The programme will similarly comply with European environmental policy including the EU Sustainable Development Strategy and the Resource Efficiency Roadmap. In summary, Dorset is committed to promoting sustainable development in line with UK and European policy.

Promotion of Sustainable Development Principles

Through all strands of the EUSIF's delivery, Dorset will be seeking 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 the LEP's overarching vision for the area.

In developing delivery arrangements, Dorset will embed sustainable development principles by engaging a wide range of sustainable development experts in the programme's development to ensure that environmental protection measures have been considered as part of the identification of strategy priorities.

The commitment to sustainable development is evident in this strategy document. Examples include the commitment to deliver measures 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;
- 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.

These commitments will be addressed across the programme's investment priorities.

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

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

Once investments are taken forward, Dorset are committed to identifying, measuring and monitoring the environmental impacts of our projects with a view to enhancing positive environmental impacts and minimising negative effects. The LEP will work with experts to develop measures to ensure, as a minimum, that:

- Impacts from climate risk are managed and reduced and developments are future proofed;
- Environmentally sustainable procurement and commissioning is pursued; and
- New green and blue infrastructure is created to protect and enhance ecosystem services/natural capital.

Arrangements to achieve this are being agreed with partners.

Promoting Equality and Combating Discrimination

Commitment to UK and European Policy

Dorset LEP is committed to ensuring equality across all of supported activities, recognising the need to comply with UK and European policy directives to ensure that discrimination is combated wherever possible and equality of opportunity is offered instead.

This approach builds on the equality policies of the Local Authorities in Dorset and other strategic partners.

Promotion of Equality and Anti-Discrimination

The Dorset 2014-2020 programme will actively encourage equality and thereby reduce the potential for discrimination to occur. A strong theme in the EUSIF 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 activities funded through the ESF requirement to promote social inclusion (as set out under Thematic Objective 9) but will also be encouraged across all elements of the programme.

As part of the project application and approval process all projects will have to consider how equality of opportunity will be promoted and the potential for discrimination to be overcome. Once projects are live, project sponsors will be responsible for the oversight of their contribution to this cross-cutting theme. This will include monitoring:

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

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

Supporting Social Innovation

Early proposals for Social Innovation solutions have started to be developed by members of the area's voluntary and community sector. This approach is ensuring that local groups and communities have their say in the scope of initiatives and the best form that such actions can take in the local context to achieve the greatest benefits.

6 Financial Plan

Introduction

Dorset received a notional ERDF and ESF €47.1m million for investment under the 2014-2020 programme. Using the exchange rate provided in the guidance⁷, this equates to an allocation of £40.3 million.

The Dorset ESIF has been prepared on the basis of 50% ERDF and 50% ESF split of resources.

In addition, Dorset has also been allocated €3.8m / £3.0m from the European Agricultural Fund for Rural Development (EAFRD), taking the total European allocation to €50.9m / £43.3m. The prioritisation and profiling for utilisation of the EAFRD is currently being determined by relevant partners.

It is assumed that the total allocation will provide an allowance for operational, management and delivery costs. These are yet to be finalised but could be some 5-8% of the allocation.

Allocations by investment priority

Based on this split of ERDF and ESF resources and the guidelines provided regarding priorities for the 2014-2020 programme, the allocations for Dorset's three investment priorities are as follows:

Dorset Allocations 2014-2020		
ERDF	Allocation	Requirements
1. Driving Business Growth and Innovation	£13.8m	Within activity two, a minimum of £4.3m (20% of the total ERDF allocation) will be spent on eligible activities under TO4 (Low Carbon). This will also ensure that a minimum of 80% of ERDF funds are spent on TO1(innovation),3 (SME competitiveness, covered by activity 1) and TO4 (covered by activity 2).
2. Reducing the Carbon Footprint of Dorset	£6.3m	
ERDF total	£20.2m	
ESF		
3. Supporting and improving the labour market and workforce	£20.2m	Within activity three, a minimum of £4.3m (20% of the ESF allocation) must be spent on activities eligible under TO 9 Promoting Social Inclusion and Combating Poverty.
ESF total	£20.2m	
EAFRD total	£3.0m	Awaiting final confirmation from Defra
Programme total	£43.3m	

The annual profile of expenditure

The accompanying spreadsheets set out the annual expenditure profile for each calendar year. Account has been taken of the likelihood of the national programme being agreed mid way through 2014 and the timing of a number of the Opt Ins. Nevertheless, Dorset partners would like to invest funds at an early opportunity and deliver high levels of expenditure throughout the period, rather than delay expenditure until the final years.

Dorset LEP will put in place robust monitoring arrangements to ensure that projects and programmes are delivered in a timely manner.

Annual Profile of ERDF and ESF Expenditure £m								
	2014	2015	2016	2017	2018	2019	2020	Total
ERDF		£1.8m	£3.7m	£3.7m	£3.7m	£3.7m	£3.7m	£20.2m
ESF		£1.8m	£3.7m	£3.7m	£3.7m	£3.7m	£3.7m	£20.2m
Total ERDF/ESF		£3.7m	£7.3m	£7.3m	£7.3m	£7.3m	£7.3m	£40.3m
Expenditure profile of EAFRD to be confirmed								

⁷ €1=£0.85620

The forecast sources and scale of match funding

It is difficult to forecast match funding contributions over a seven year programme period. Previous experience suggests there will be some re-organisation in some policy areas and successor organisations are expected to contribute to programme investments. The Local Growth Fund will also provide new sources of match funding over the life of the Programme.

The table below sets out the leading sources of match funding, a number of which, such as the SFA, are long term commitments.

Sources of Match Funding			
Theme	Type	Amount £m	Source
Driving Business Growth and Innovation	Public	£7.8m	BIS MAS/UKTI Universities Technology Strategy Board Local Authorities
	Private	£6m	SMEs Developers
Reducing the Carbon Footprint of Dorset	Public	£2.3m	BIS/DECC Green Deal / UK Green Investment Bank Local Authorities Universities
	Private	£4m	SMEs Developers
Supporting and Improving the Labour Market & Workforce	Public	£20.2m	SFA DWP Big Lottery Local Authorities Universities
Match funding sources for EAFRD to be confirmed			

The need to focus ESF investment on four themes under the Thematic Objectives 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 Dorset and expenditure across the four will be kept under review during the programme period.

The profile for expenditure of EAFRD resources will be considered once the allocation figure has been confirmed. It is understood that this element of the funding package is expected to be available from January 2015.

Match Funding

All projects will receive up to a maximum 50% ERDF or ESF contribution towards their total project costs. Outside 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 are outlined below.

Anticipated Sources of Match Funding (£m)			
	ERDF	ESF	Total
Public Sector	£10.2m	£20.2m	£30.5m
Private sector	£10.0m	£0m	£10.0m
Total	£22.3m	£18.2m	£40.5m
Match funding sources for EAFRD to be confirmed			

Proposed use of opt in models

The Dorset LEP has agreed in principle to several Opt In offers, subject to contractual discussions on the scale of activity, likely outputs and value for money. These arrangements will be monitored and reviewed on a regular basis. Consideration of other Opt Ins offers will take place as they become available.

Opt In Models: Estimated Costs (Over the programme life)	
ERDF	
UKTI Export Support	Amount to be confirmed
Manufacturing Advisory Service	Amount to be confirmed
ESF	
	Lead Organisation
Skills Funding Agency	Amount to be confirmed
Big Lottery	Amount to be confirmed
DWP	Amount to be confirmed

Consideration of other Opt Ins offers will take place as they become available.

7 Programme Targets

Delivery of the investment priorities outlined in Section 4 will allow Dorset to generate substantial benefits through investment. Targets are being prepared to reflect:

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

Outputs

The ESIF's implementation is forecast to generate significant direct benefits through supported activities. The table below shows the programme indicators against which targets are being prepared. 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 costs per different forms of intervention, and funding decisions to be informed by this as part of a wider assessment progress (see overview in Section 4).

Output Targets, 2014-2020	
ERDF Indicators	Target
Number of enterprises receiving support.	2,166
Number of new enterprises supported.	433
Employment increase in supported enterprises.	866
Number of enterprises cooperating with research entities.	200
Number of enterprises supported to introduce new-to-the-market products.	590
Number of enterprises supported to introduce new-to-the-firm products.	590
Additional enterprises accessing ICT products and services including broadband.	250
Number of companies supported with business resource efficiency.	175
Estimated GHG reductions.	
Infrastructure site development including green infrastructure (hectares)	
ESF Indicators	Target
Total number of participants (a. + b. + c.)	12,273
<ul style="list-style-type: none"> • Number of unemployed (including long-term unemployed) participants. 	2,765
<ul style="list-style-type: none"> • Number of inactive participants. 	3,360
<ul style="list-style-type: none"> • Number of employed (including self-employed) participants. 	36,148
Number of participants aged 15-24.	7,765
Output targets for EAFRD to be confirmed	

Results

ERDF and ESF 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, against which targets are being developed.

Results Targets, 2014-2020	
ERDF Indicators	Target
Increased number of businesses that are actively innovating to bring new products to the market.	TBC
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.	TBC
Increase in SME jobs created.	TBC
Increase in business start ups.	TBC
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.	TBC
Number of participants in employment upon leaving.	TBC
Number of participants gaining a qualification upon leaving.	TBC
Number of participants in employment upon leaving.	TBC
Number of participants engaged in positive activities that address barriers to work or widen participation in training.	TBC
Awaiting national guidance on results indicator definitions.	

8 Governance and Programme Management

Introduction

Partners in Dorset are committed to taking this ESIF 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 the proposals set out in this document and will continue to play an active role in the programme's implementation post approval. This section sets out proposed governance arrangements and provides an indication of the range of partners involved.

Partner Involvement in Strategy Development

This ESIF has been prepared to reflect current conditions and both the opportunities and need for intervention in Dorset. All interventions need to respond to local priorities if the most effective use of funds is to be secured. It has therefore been important to engage a wide selection of partners to ensure it acknowledges both challenges and opportunities being experienced across the LEP area and by a variety of organisations.

Approaches have included:

- LEP Board members being involved in a strategic planning away day for the Growth Plan and ESIF at an early stage;
- Over 15 one to one consultations with stakeholders, including Leaders, Portfolio Holders, Chief Executives and Senior Economic Development managers;
- Briefing for over 10 separate officer groups meetings, to examine key priorities for the ESIF;
- A number of telephone and face to face consultations with local businesses, and a wider e-survey;
- Two ESIF consultation events on the Draft ESIF – one to launch the process and one to share the draft document – to allow over 40 stakeholders to be involved.
- A dedicated event for the community and voluntary sector and civic organisations.
- Specific consultations with higher education, further education, training providers and the private sector for the Dorset Skill Plan;
- Board members receiving progress updates at two Board meetings, and reviewing draft documentation prior to signing off this submitted document.

The process to date has considered:

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

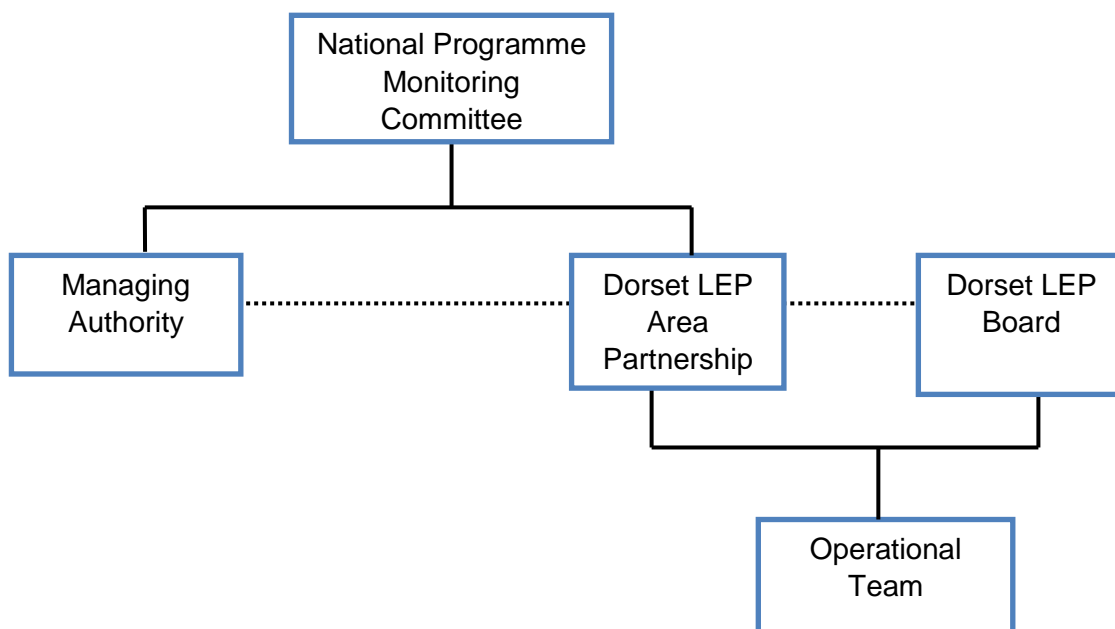
This approach has ensured that there is local ownership of the strategy and that partners are in place to take proposals forward on approval. Discussions have also identified the potential for partners to source and commit match funding to the programme once projects begin to be identified. This includes potential contributions to be provided by the public, private and voluntary and community sectors.

Programme Governance Arrangements

The ESIF allocation will form only one part of new governance responsibilities in Dorset. A decision has therefore been taken to develop a simplified governance structure to oversee the ESIF. The key principles are:

- Making use of existing arrangements, such as the Employment and Skills Board.
- Including environmental and other partners with an important contribution to make to the successful delivery of the ESIF.
- Allowing joined up decisions to be made that reflect both fund specific requirements and the area's overall circumstances and priorities.
- Reducing bureaucracy to a minimum while ensuring adequate management resources are available.
- Clear lines of responsibility and cooperation with the BIS/CLG Local teams.

The structure is summarised in the following diagram and table:



Purpose of Governance Bodies	
Body	Purpose
Strategic Management	
National Programme Monitoring Committee	National-level Programme monitoring committee (PMC) for both ERDF and ESF responsible for ensuring that all applications comply to EU stipulations and State Aid Regulations, carrying out a full technical appraisal of all applications, and monitoring performance.
Dorset LEP Area Partnership	<p>LEP-Level subcommittee of the national PMC representing a variety of groups. Supported by an Operational Team (see below). The Managing Authority will act as vice-Chair. The role of Chair will be selected from amongst members of the LEP Area Partnership by mutual consent and organised through the Local Enterprise Partnership.</p> <p>Responsible amongst others, for:</p> <ul style="list-style-type: none"> - Agreeing with the Managing Authority an Annual Implementation plan – an annual rolling plan setting out how the local ESIF strategy will be delivered and how it will contribute to the Operational Programme.

	<ul style="list-style-type: none"> - Agreeing with the MA entry routes into the Programme, including type of calls for operations, timing of calls, scope and fit with local priorities as identified in Dorset LEP Area ESIF. - Agreeing with the MA local promotion and publicity for the opportunities that the funds provide for economic growth. The MA will also promote calls for investment as part of its MA function. - Developing a pipeline of operations that meet the local needs in line with the Dorset LEP Area ESIF, and the Operational Programme. Propose a prioritisation of local operations for discussion and agreement with the MA. To include arrangements for Opt-in local delivery. - Assessing potential operations against the Dorset LEP Area ESIF for their strategic fit, value for money, fit with overall ESIF objectives and complementarity with interventions funded through local private and public sector sources - Using expertise and local knowledge and the MA Technical Appraisal to make recommendations and agree with the MA: the selection of operations, especially in regard to prioritisation, additional opportunities, the fit with local needs and potential decommissioning - Agreeing oversight of delivery of operations and outputs, including working with Opt-in organisations to ensure alignment of procured provision with local priorities and leading discussions with the Managing Authority where performance of operations at a local level is falling behind. - Agreeing with the MA the level and detail of information required to monitor the progress of ESIF implementation against spend, milestones and results agreed in the Dorset LEP Area ESIF strategy, recommending remedial actions where necessary. <p>Helping design and oversee programme evaluation which will be carried out on its behalf by the MA.</p>
Managing Authority	<p>The Managing Authority will act as the Secretariat for the Dorset LEP Area Partnership, including:</p> <ul style="list-style-type: none"> - Promote call for investment - Technical appraisal - Monitoring the progress of the ESIF implementation <p>Programme Evaluation</p>
Dorset LEP Board	<p>Leadership and strategic responsibility for all LEP investment plans including EU programme, Strategic Economic Plan and Growth Fund, and discharging private sector accountability.</p> <p>The Dorset LEP is the Lead Partner for developing the investment pipeline and as such will lead the discussion on entry routes into the Programme.</p>
Operational Management	
Operational Team	<p>The operational team will most likely comprise of around 2 people and will support the process by:</p> <ul style="list-style-type: none"> - Assisting investment 'call' process through publicity and networking activity. - Working up the pipeline of project applications - Assessing applications for their ESIF Strategic fit. - Monitoring delivery of projects and Opt-ins.

Detailed terms of reference are currently being prepared to reflect this structure. The Dorset LEP Area Partnership will nominate a chair in its first meeting.

The LEP Director will work with the Dorset LEP Area Partnership to set out an **implementation timetable** for the first two years of the Programme and ensure a timely start in 2014. This will cover the 2014 and 2015 period, taking account of the National Programme

being approved in summer 2014, and the need from many of the Opt Ins to become fully operational in 2015.

The implementation timetable will allow for the development of Prospectuses, final agreement on Opt Ins, local partner communication plans, and systems development in terms of value for money, fit with strategy and compliance.

The Borough of Poole Council will perform the LEP's Accountable Body function for the ESIF. Accountable Body arrangements are currently being considered and the final proposal will be advised in due course.

The Dorset ESIF will have a dedicated **Risk Management Plan**, overseen by the Dorset LEP Area Partnership. The Risk Management Plan will follow the Government Orange Book in terms of principles, and clearly assess the scale of each risk and consequences, actions to reduce risk, and assign an individual owner for each risk.

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 involvement through membership of the Dorset LEP Area Partnership and the Business Growth and Employment and Skills Boards. Memberships will be carefully considered and will remain under review over time to ensure that a range of interests is maintained and considered including consideration of the interests of:

- the private, public and voluntary and community sector, including education establishments;
- rural and urban areas;
- groups with expertise associated with the cross cutting themes.

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

There may be occasions during the ESIF's implementation that conflicts of interest may 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. A written policy will be prepared to ensure that the varied forms are understood and appropriate responses can be developed by those involved in the programme's governance.

Proposed conflict of interest procedures include:

- Preparing a log of anticipated conflicts of interest at the start of the programme period for ongoing review and reference;
- Formally declaring conflicts of interest at an early stage as they arrive and outlining the form that they take;
- Not playing an active role in decision making where a conflict of interest exists; and
- Not being involved in any subsequent discussions, for example around performance or amended investment decisions.

These principles will remain under review and will be subject to revision where required to ensure they remain fit for purpose and are effective.

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 demonstrate value for money. The assessment process of individual propositions brought forward under the investment priorities will therefore include consideration of:

- Eligibility under European regulations;
- Contribution to overall programme objectives and fit with investment priorities;
- 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;
- The additionality of proposed activity and forecast benefits.

All investment proposals will be assessed on a competitive basis 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.

9 Delivery Arrangements

Introduction

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

- Actively involve local partners in the development and delivery of activities to address local issues; and
- 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.

The remainder of this section sets out proposals in these areas. Further detail of proposed operational processes, including project bidding, procurement and consideration of state aids, will be developed to reflect forthcoming government guidance.

Operational Processes and a Prospectus Approach

Dorset LEP has identified a prospectus based commissioning approach as the preferred method of taking forward investment in a strategic manner. The development of each prospectus will take place in an open and transparent manner. Task and Finish Groups will avoid the establishment of a large bureaucracy to take forward the ESIF.

Where appropriate, each Prospectus will set a framework for investment across the various EU Themes. This will include, for example, sectoral plans which draw upon innovation, SME competitiveness, higher levels skills training, graduate programmes and intern placements. The Prospectus approach will ensure that funds are not isolated in silos, and that ERDF and ESF investment are complementary and aligned.

The process will be supported by an **Assessment Process** to make final recommendations on project investments, as well as project pipeline support.

Each Prospectus will be monitored through **management information** provided to the Local Executive Committee. The Committee will periodically re-convene Task and Finish groups to review progress at the mid point, explore particular issues, or bring forward new Prospectuses for the later years of the Programme.

Consideration is being given as to how to take forward community and environmental related themes within the ESIF.

Opt Ins

The Dorset LEP has agreed in principle to several Opt In offers, subject to contractual discussions on the scale of activity, likely outputs and value for money. These arrangements will be monitored and reviewed on a regular basis. Consideration of other Opt Ins offers will take place as they become available.

The Opt Ins offered by various national agencies and schemes have an important role to play in the successful delivery of the Dorset ESIF. It is important, however, that the Opt Ins are taken forward in a spirit of co-design and collaboration, and meet the needs of Dorset business and residents. A number of the Opt Ins are still being developed in terms of the level of detail needed for the Dorset LEP to approve them in full.

Dorset LEP will undertake detailed discussions with each Opt In organisation, based on initial contacts, to set out the scale of activity proposed, the targeting of resources, the scale of ERDF and ESF required, key targets and monitoring arrangements. This will allow the Dorset LEP to fully understand the economic benefits of EU investment.

Preferred Opt-Ins ¹	
SFA	DWP
Manufacturing Advisory Service	Big Lottery
UKTI	
¹ Other Opt Ins may be considered over the course of the ESIF	

Indicative EAFRD Proposals

A separate EAFRD funded Rural Development Programme will operate across rural England. This will fund national schemes offering farming and environmental grants and also directly support rural LEADER groups operating at the local level. LEADER Groups will work closely with Local Enterprise Partnerships when developing their local plans. LEPs will also be involved on other growth focussed elements of the Rural Development Programme.

The LEADER approach to rural development has been successfully used in Dorset over the last 14 years. The Dorset LEP supports this approach being available to the entire rural population over the period up to 2020, and sees it complementing EAFRD and other schemes and programmes outlined in the ESIF and SEP.

Following extensive consultation with local partners and communities the preferred approach is to have LAG boundaries co terminus with the Dorset LEP boundary, providing for two LAGs, and the ability to operate in a strategic manner as and when appropriate to maximise effectiveness, efficiency and value for money.

In terms of financial “Best Value” we feel that the two LAG solution for Dorset will provide sufficient critical mass for appropriate levels of M&A support. This will allow us to streamline the processes, paperwork and programme management across the two LAGs to make best use of the skills needed to support both LAGs and provide value for money. Both LAGs and the LEP would also be under one Accountable Body – Dorset County Council. It will allow the programme to be promoted, managed and monitored successfully and enable the coordination of this fund with other European and public funds in the local areas and LEP priorities, which we hope would give the Dorset LEP the confidence to endorse the two Dorset LAGs and their Local Development Strategies.

This would in no way interfere with the delivery of locally led projects in line with the grass roots evidence and specific needs of the individual LAG areas that is at the heart of Leader. All the partners within Dorset are absolutely committed to the bottom up approach and community-led project development, approval and delivery that are key to this programme.

In terms of funding, Defra will be transferring 12% from CAP direct payments to rural development in England. This will give an overall Rural Development Programme of about £3.5bn, of which 5% is being allocated to the Growth Programme. The Growth Programme will be used as a combined source of funding, targeted at growth sectors (in rural areas). EAFRD funding in the Growth Programme will contribute to delivering the Government’s top priority of economic growth through supporting knowledge and skills in rural areas; funding new, and developing micro, small and medium sized rural businesses; funding small scale renewable and broadband investments in rural areas; and supporting tourism activities in rural areas.

Dorset has been allocated €3.8m / £3.0m of EAFRD resources. The rural economy plays an important role in Dorset and partners are therefore keen to ensure that these resources (both those aligned to ERDF and ESF and those available through DEFRA) are used effectively to play a positive role in supporting the LEP area to deliver its vision and objectives. EAFRD resources will be used to ensure rural areas receive significant support for growth and are not disadvantaged by their remoteness, unit cost or other difficulties associated with servicing rural communities.

Proposals are being developed by the Rural Enterprise Group of the LEP that comply with the guidance provided by Government to date regarding the potential uses of EAFRD investment under the 2014-2020 programme. These relate to the following four types of eligible activities:

- Supporting knowledge and skills in rural areas; gaps in provision have been identified through the SEP, and specific rural aspects have been highlighted by the existing and emerging LAGs. These include the need for additional apprenticeships in rural businesses and in agriculture, countryside and food skills, and improved links with work based learning. Improved broadband infrastructure and tailored solutions will assist training delivery and provide the basis for interventions to improve skills across rural Dorset.
- Funding for new and developing micro, small and medium sized rural businesses; this measure will address gaps in provision in rural areas. The recently established Growth Hub will be the main source of business support across Dorset, however, additional interventions and cost may be involved in reaching out to businesses, or relevant sectors in rural areas (including farm diversification, food and drink, tourism and creative industries). Support for the effective utilisation of broadband will be a key intervention as the roll-out programme for Dorset is completed in 2016 (excluding the final hard to reach premises, see below).
- Small scale renewable and broadband investments in rural areas; some 4,500 premises will not be provided with broadband speeds in excess of 24Mbps, on completion of the main investment programme. These are generally located in remote rural parts of North and West Dorset, but also include some coastal locations. EAFRD will be utilised to support standalone broadband projects to address these premises, possibly including community partnership schemes, and solutions based around commercial/tourism enterprises as the core demand/need. Rural renewable energy schemes could feature for support in Dorset, as between 8.2-8.8% of households in rural districts are classified as fuel poor; further work is required to evaluate appropriate interventions.
- Support for tourism activities in rural areas; tourism is a significant sector in rural Dorset, and has the potential to increase productivity and job numbers through the development of new activities exploiting the local natural and cultural assets. Co-ordination and collaboration of the offer to the visitor economy, the development of supply chains to areas of critical mass such as Bournemouth and Poole, and development of the destination through better utilisation of broadband will feature under this measure.

It is appreciated that the Dorset EAFRD allocation is modest, and will need to be focused in order to achieve significant change. It is envisaged that support for micro and small businesses through grant schemes, similar to those piloted in Rural Growth Networks, will be a key delivery mechanism, as will the enabling of collaboration between businesses addressing the priorities identified above. More precise details of interventions and profiles for investment will be provided through the Annual Implementation Plan, and following confirmation of measures, eligibility and output criteria from Defra.

As emphasised above, whilst the Dorset LEP will provide in economic growth and prosperity across Dorset, it will seek to do so in collaboration with appropriate delivery partnerships, including LAGs, to ensure that limited resources are utilised to achieve maximum benefit. It will be important for the LEP to continue to work closely with the Dorset Local Nature Partnership. The two partnerships have committed to ensure effective collaboration in support of sustainable growth through the investment of National and EU resources. The natural environment is not thought of as a constraint to be overcome, rather it is the basis upon which growth and development can be sustained. Dorset's environment contributes to and benefits from development of a low-carbon, resource efficient and socially inclusive economy in which greener business practises are widely adopted.

Cross LEP Working

The Dorset LEP is committed to working closely with neighbouring LEPs to ensure:

- Cross border synergies are identified and exploited;
- To improve value for money of interventions funded through ESIF;

We believe it is essential that LEPs work closely together to achieve this alignment and in this respect we have undertaken a dialogue with the following LEPs:

Heart of the South West LEP, Enterprise M3, Solent and Swindon and Wiltshire.

All are supportive of strong, consistent and meaningful cross LEP working with Dorset and we will continue to be proactive in ensuring that these links are maintained and enhanced as the Local Growth Deal is rolled out. Through our dialogue and in the preparation of our Strategic Economic Plan we have sought to identify those issues where we have common interest and there is mutual support for defined interventions or policy areas.

We share many features with our neighbouring LEPs. In terms of EM3 and Solent we have close proximity to London, provide gateways in terms of ports and airports, have a strong network of universities and companies wishing to grow and expand. Connectivity and space to grow is a common feature but so too is a capacity to grow. With those to the north and west again there are critical connectivity linkages and a joint interest in the health of our rural economies. We have shared sectoral links across all of these. We see joint LEP collaboration as key to success and we will continue to work closely in the months and years ahead.

Rural Issues

The border areas between Dorset, Em3, Heart of the South West LEP and Swindon and Wiltshire LEP are rural hinterlands. Dorset LEP has a strong policy towards supporting its rural areas and market towns and this is a key area of common concern. All are considering how to effectively deploy ESIF funding and will work closely together to ensure cross border synergies in the use of EAFRD. Rural businesses tended to have differing needs, not least because they tend to have a higher proportion of SMEs. We are interested in working with colleagues in the Heart of the South West to explore the Rural Growth Network pilot work and better understand possible synergies there. All are committed to supporting the growth and resilience of the rural economy and ensuring broadband access.

Digital connectivity

Broadband is fundamental to supporting local growth in a global economy. Heart of the South West, Swindon and Wiltshire and EM3 have all identified a common goal of improving digital connectivity by extending Superfast Broadband to those predominantly rural areas currently not covered. These LEPs would support a co-ordinated approach to tackling this issue to support business growth particularly in our rural hinterlands.

Visitor Economy

The New Forest National Park provides one of the major locations for tourism related employment and is visited by 13.5 million visitors each year who generate nearly £400 million in tourism expenditure. Many will also visit Dorset. The Visitor economy is critical in the plans of Heart of the South West, Em3 and the Solent LEP. We would see the benefits in promoting the visitor economy in the wider economy. Solent LEP is proposing a Visit Solent campaign. We have indicated the desire to work jointly with Solent to ensure that there is a joined up approach across these coastal economies. We would welcome further joint work on this issue.

Marine and maritime

Marine is a key sector of interest within the Dorset LEP economy and we see many benefits to linkages with Heart of the South West and Solent LEP in taking forward an aligned marine and maritime approach. The Solent LEP has developed a Marine Supplement which proposed a number of significant port related developments, developments in terms of skills and significant developments in terms of research, development and innovation, building on their significant University presence. Plymouth too has a significant marine capability and with significant Port capacity and an established research and innovation base. We have had

initial discussions on the potential benefits of better alignment, particularly in terms of R and D, which might bring benefits to the Dorset marine sector and will continue this as we roll out our Strategic Economic Plan.

Creative and Digital

The particular interests of our HE sector is in the creative industries and this is shared with Portsmouth University in particular. Developing closer working between our universities will also be important going forward and through our collaboration with Solent LEP, we will seek to maximize the synergies of our planned investments.

Orthopaedics

Dorset LEP has a strong interest in orthopaedics, in terms of technologies and techniques. Our planned initiatives potentially link well with developments within Swindon and Wiltshire LEPs Porton Science Centre plans.

Food and Drink

The food and drink sector is a priority for Dorset and is also a critical sector for the Heart of the South West and Swindon and Wiltshire. We would see great opportunities in developing strong sectoral linkages in this regard.

Care sector issue

This sector is of great importance in the Dorset area but there are clear links with others, particularly coastal LEPs which also share high levels of elder care facilities. We would like to build on growing innovation in the field and note in particular some of the innovative developments in Heart of the South West LEP and the presence of the health cluster in Torbay.

Farming sector innovation / technology

Agri tech is a smart specialization sector for heart of the South West and farming is an important feature of Dorset economy. Again we would see opportunities for close co-operation allowing Dorset to benefit from technological developments and developments in farming techniques. Heart of the South West has indicated a desire to work closely on these issues.

10 Programme Alignment

Introduction

The ESIF has been prepared to ensure fit with a range of local, national and European policy priorities. Partners in Dorset 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 Dorset ESIF in 2014-2020 will ensure that synergies are exploited with a range of wider European funds. The table below summarises some of the main areas of shared interest.

EUSIF 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 with and support projects undertaken as part of Theme 1: innovation. 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, working alongside projects that support Theme 3: SME competitiveness. 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 occur. Alongside this, the programme will advocate and support resource efficiency and protecting the environment. These activities will support projects under Theme 4: low carbon, Theme 5: climate change adaptation and Theme 6: environmental protection. Theme 7 – Part of the programme's €31.7bn investment in major concerns will address the sustainability Europe's transport networks and face up to the challenge of Europe's ageing population, to promote social inclusion and battle poverty. This investment will aid the work done by projects supporting Theme 9: social inclusion.
Programme for the Competitiveness of Enterprises and SMEs	<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 	<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 with this support the bulk of work being undertaken as part of Theme 3: SME competitiveness in the upcoming funding cycle. This is not a straightforward task, but the package of measures implemented by this programme will aim to make the

	<p>entrepreneurial culture in Europe;</p> <ul style="list-style-type: none"> • Increase the sustainable competitiveness of EU companies; • Help small businesses operate outside their home countries and improving their access to markets. <p>The Programme is expected to contribute an annual increase of €1.1bn in 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>	<p>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.</p> <ul style="list-style-type: none"> • COSME advocates resource efficiency to increase competitiveness and sustainability of businesses, working closely with projects under Theme 6: environmental protection.
European Agricultural Fund for Rural Development (EAFRD)	<p>The EAFRD contributes to improving the competitiveness of agriculture and forestry, the environment and the countryside, and the quality of life and management of economic activity in rural areas. This will be delivered through a national programme, LEADER, and the Growth Programme with allocations to each LEP.</p>	<ul style="list-style-type: none"> • The Dorset allocation from the EARD Growth Programme is £3,020,337 for the period 2015-2022, and will be used to support mutual national and local priorities, including building knowledge and skills in rural areas, supporting new and developing businesses, small-scale renewable and broadband investments, and tourism activities.
LEADER	<p>The LEADER (Liaisons entre actions de développement de l'économie rurale) is designed to aid the development of sustainable rural communities. It utilises local action groups (LAGs) to initiate and deliver schemes in line with the overall themes of economic and community vibrancy.</p>	<ul style="list-style-type: none"> • The LEADER approach to rural development has been successfully used in Dorset over the last 14 years. The Dorset LEP supports this approach being available to the rural population over the period up to 2020, and see it complementing other schemes and programmes outlined in the EU SIF and SEP. • The preferred approach would be to have LAG boundaries co terminus with the Dorset LEP boundary, providing for 2 LAGs, and the ability to operate in a strategic manner as and when appropriate to maximise effectiveness, efficiency and value for money.
LIFE	<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, forging strong ties with other projects that receive investment under the auspices of Theme 5: climate change adaptation. • Many other of LIFE's projects work alongside those that support Theme 6: environmental protection and aim to protect the environment and promote resource efficiency, which is not included in the Dorset ESIF Strategy.
ERASMUS For All	<p>ERASMUS+ is the new EU programme for education, training, youth and sport, which will</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

	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.	Member States to study abroad, regardless of age. This creates strong links between projects operating under Theme 10: skills and the work undertaken as part of the ERASMUS+ programme.
Programme for Social Change and Innovation	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.	<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 projects under Theme 8: employment, which promote employment and support labour mobility throughout the EU. The programme will also aid reforms across the EU that promotes social inclusion and combat poverty, as with projects that support Theme 9: social inclusion.
Connecting Europe Facility	<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 is a major aspect of many projects that support Theme 2: ICT. 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. 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 which support Theme 4: low carbon. Improving the EU's networks, and therefore the ability of its Member States to share information and resources will play a major role in protecting the environment and promoting resource efficiency, supporting other Theme 6: environmental protection projects, which aim to make growth in Europe's economy sustainable in the long-term. 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 projects under Theme 7: sustainable transport in order to ensure Europe's transport networks work together in the most efficient manner.
European Territorial Cooperation Programmes	<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 a framework for exchanging experience between regional and local bodies across all Member States. 	
	<p>Cross-border co-operation programmes in Dorset (INTERREG V)</p> <p>The Dorset LEP area has extensive experience in accessing INTERREG Funding over the previous programming periods, in particular INTERREG France (Channel) England and INTERREG 2 Seas. Although details of the new INTERREG V individual Operational Programmes are currently being finalised, the traditional aim of these programmes is to strengthen economic, social and territorial cohesion throughout the European Union, by fostering the balanced development of the continent through cross-border, transnational and interregional cooperation.</p> <p>Each INTERREG programme has a different emphasis and covers a different geographical area.</p> <p>INTERREG 2 Seas covers parts of Southern England, Northern France and Flemish-speaking Belgium. The operational programme is currently being finalised but the focus is likely to include Technological and social innovation, Low Carbon technologies, Adaption to climate change and Resource-efficient economy. These priorities either reflect or complete thematic objectives 1, 2,3,4 and 5.</p> <p>INTERREG 2 Seas project examples in Dorset:</p> <ul style="list-style-type: none"> • C-SCOPE, Combining Sea and Coastal Planning in Europe. Dorset Coast Forum worked in partnership with the Province of West Flanders and the Coordination Centre for Integrated Coastal Zone Management (Belgium) with the aims to improve the integration of terrestrial and marine managements, achieve sustainable coastal economies and environments and facilitate the commitment of stakeholders in an Integrated Coastal Zone Management. • Dignity in Care, enhancing ethical practice and critical reflection by the sTimul experience. Partners in Care, an association of Care businesses and support bodies in Dorset, is working on a collaboration project with organisations in Belgium, the Netherlands and France. The project aims to improve the quality of life for people who are cared for, an exceptionally timely and relevant topic in all participant countries. <p>INTERREG France (Channel) England covers parts of Southern England and Northern France: the budget and operational programme are currently being</p>	

	<p>finalised. The focus is likely to include Strengthening research, technological development and innovation, Supporting the shift towards a Low Carbon Economy, Protecting the Environment and Promoting Resource Efficiency ; and Promoting Social Inclusion and combating Poverty, reflected in thematic objectives 1,4,5 and 9.</p> <p>INTERREG France (Channel) England project examples in Dorset:</p> <ul style="list-style-type: none"> • VALMER, Valuing ecosystem services in the Western Channel. Dorset County Council are working in partnership with 10 partners in France and the South West of England to develop, test and refine methodologies used to quantify the economic, social and environmental values of coastal and marine ecosystem services in the Western Channel. • Licco, Living with a Changing Coast. The Environment Agency South West is working with 8 partners in France and the South West of England to improve cross border cooperation in efforts to manage the changing coastal environment, develop communication tools and common methodologies and in-depth analyses of nine case study sites in Dorset, Devon and Normandy. • SEACS, Sustainable Energy Across the Common Space. Dorset County Council is currently working with 4 partners in France and South West of England to support sustainable energy activities in schools, public buildings and communities. • The Cycle West Project, cycling promotion. Dorset County Council is working with 16 partners in France and South West England. <p>Interreg North-West Europe: covers Belgium, France, Germany, Ireland, Luxembourg, Netherlands, UK and Switzerland. The budget and operational programme are currently being finalised (previous budget: £137m).</p> <p>Southern England has benefited from this funding for a range of innovation initiatives in Renewable Energy, Port efficiency, the Silver Economy, and tourism and construction sectors. These topics will either complete or reflect the Dorset LEP EU SIF investment priorities presented in this strategy.</p> <p>Interreg Europe: covers all EU countries. With a budget of £296m, Interreg Europe will cover inter-regional cooperation projects and policy learning platforms on four thematic priorities:</p> <ul style="list-style-type: none"> - Strengthening research, technological development and innovation - Enhancing the competitiveness of SMEs - Supporting the shift towards a low-carbon economy in all sectors - Protecting the environment and promoting resource efficiency
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Contribution to National Policy Objectives

The LEP remains alert to Government policy drivers and will continue to do so throughout the implementation of the ESIF. Key areas where alignment has been ensured in preparing this document include:

- Driving economic growth to support economic recovery and help reduce the north-south divide in 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).

The table below highlights synergies between current national policy priorities and the content of the EUSIF.

National Policy and EUSIF Synergies		
Funding Programme	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 workforce that is the most flexible workforce. 	<p>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 Theme 3: SME competitiveness of improving SME competitiveness.</p> <p>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 undertaken under Theme 10: skills.</p>
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>	<p>This report highlights the importance of investment under all eleven thematic objectives of EUSIF. Its emphasis is most strongly placed on reassessing how public funds are spent in order to maximise the growth potential of each investment.</p>
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.</p> <p>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 Theme 1: innovation will support innovation across a number of sectors that are recognised national priorities (e.g. engineering) and support the exploitation. • The competitive position of Dorset's businesses will also be enhanced through activities under Theme 3: SME competitiveness. • Links are also apparent with innovation to be supported

		under Theme 4: low carbon , building a responsive skills base under Theme 10: skills .
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. • 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. 	<p>The strategy outlines how innovation and research can drive long-term sustainable growth in the UK economy. This is a core aspect of Theme 1: innovation and will strongly support projects operating under that thematic objective.</p> <p>This document emphasises the importance of improving the effectiveness of public procurement.</p>
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>	<p>Creating connections between experienced business people will strongly support projects under Theme 3: SME competitiveness, as will increasing the number of self-employed people.</p> <p>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 Theme 8: employment and Theme 9: social inclusion.</p>
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; • 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; 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>	<p>Local Growth highlights the need to invest in infrastructure projects to drive growth in every geographic area in the UK. This covers broadband projects (supporting Theme 2: ICT) and investment in transport (supporting Theme 7: sustainable transport).</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>	<p>The main focus of this report supports work undertaken as part of Theme 10: skills – investing in education, skills and lifelong learning.</p>
Review of Vocational Education	<p>The Review highlights the continued importance of vocational education as part of the training profile in England. It emphasises</p>	<p>The main focus of this report supports work undertaken as part of Theme 10: skills – investing in</p>

	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.	education, skills and lifelong learning.
The Richard Review of Apprenticeships	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: <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. 	The main focus of this report supports work undertaken as part of Theme 10: skills – investing in education, skills and lifelong learning.
Investing in Britain's Future	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.	The infrastructure projects that the Government are investing in between 2010 and 2020 largely cover the roll-out of broadband (supporting Theme 2: ICT) and investment in transport (supporting Theme 7: sustainable transport).

Alignment with Local Priorities

The Dorset LEP has strong ambitions to build on its current economic performance levels and the ESIF has been developed in tandem with the Local Authorities economic development plans. This approach has ensured that a high level strategy has been established for the area as a whole with European funds to play a role (alongside other funding streams) to satisfying objectives. The Strategic Economic Plan framework being prepared for submission to Government will ensure that all other strands of funding are brought together to respond to local priorities, identified in consultation with partners.

Partners with a range of interests and varied geographical focus have played an active role in developing the ESIF. Active engagement has ensured that the private, public and voluntary and community sectors have been able to share their views on current conditions, their experiences and aspirations for the future to ensure that the strategy is locally grounded, supported and deliverable.