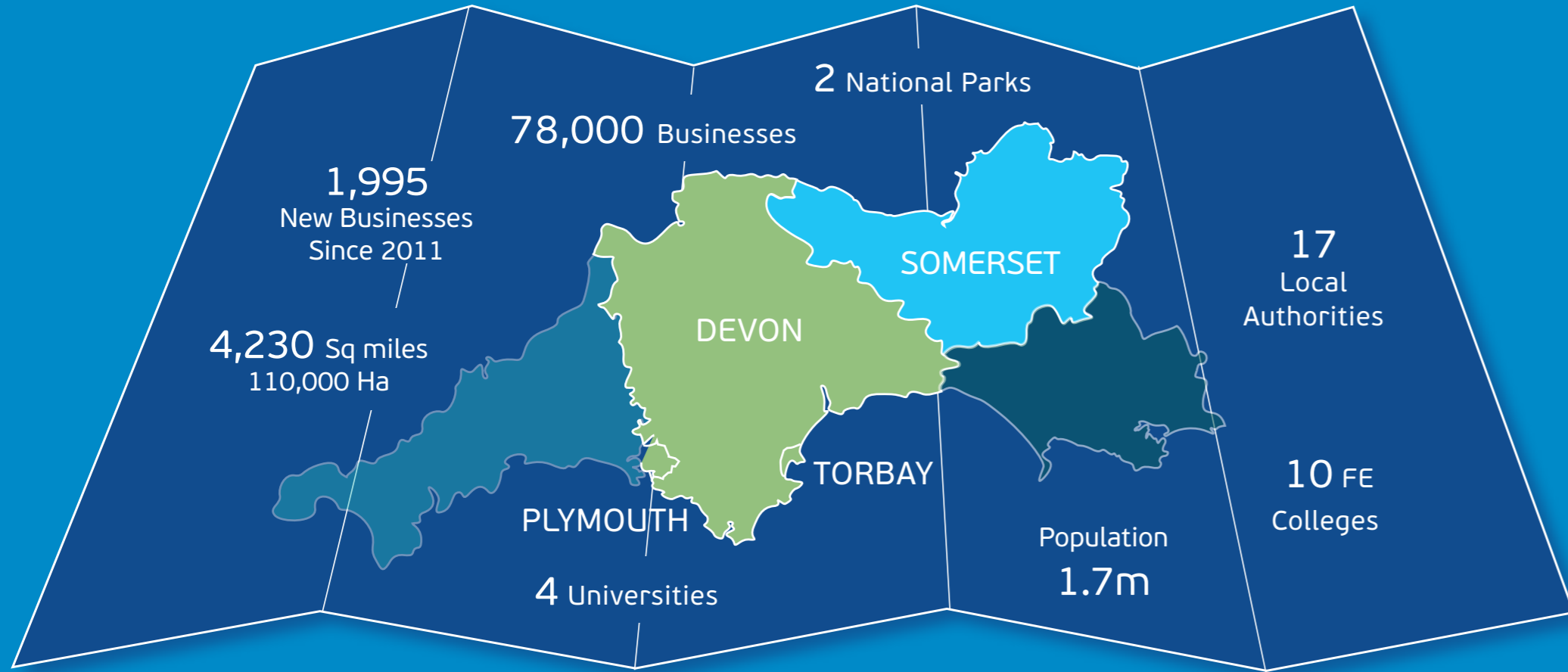


Annual Report

2016



Introduction



The Heart of the South West Local Enterprise Partnership is a strong and dynamic partnership between the private sector, local authorities, universities and further education across Devon, Plymouth, Somerset and Torbay. The LEP board consists of members from across the partnership, with a majority from the private sector.

The area has a population of 1.7m and is home to 78,000 businesses. We are a strategic partnership between councils, the education sector and businesses and our aim is to support the generation of better growth, employment and prosperity across the area, securing investment and influencing government policy.

Forward *by Chris Garcia*

“ 2015/16 has been another busy year for the LEP! We started the year by engaging with the new Government as well as newly elected MPs to promote the transformational opportunities for the Heart of the SW to contribute to UK plc. To this end, we have increasingly worked more closely with our neighbouring LEPs on shared issues and opportunities to achieve strategic impact, forming alliances in relation to opportunities in new nuclear, aerospace, marine and transport.

We are now managing a £500m investment portfolio which covers some amazing projects which all help strengthen the foundations for economic growth.

We have continued to work closely with our Local Authorities and this year a significant area of focus has been to support the development of Devolution proposals for the area – something which continues into 2016/17.

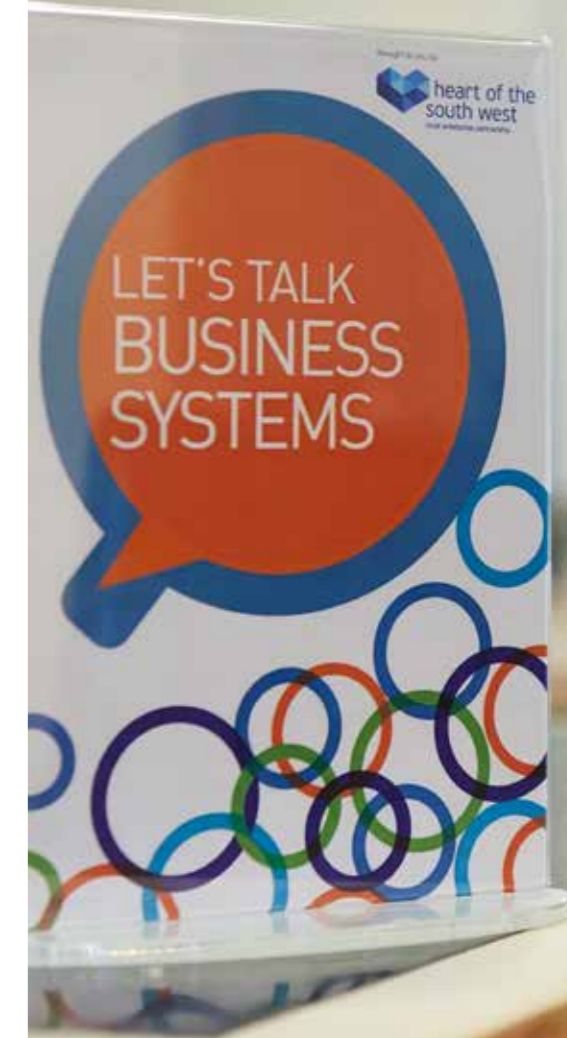
The launch of the Heart of the South West Growth Hub at the end of the year was also a significant accomplishment and means that all 78,000 businesses across the area can now access free, impartial business advice and sign posting to relevant business support services. To find out more visit: www.heartofswgrowthhub.co.uk/

Internally, our focus has been on consolidating our delivery systems and processes to ensure we continue to achieve the levels of accountability and transparency necessary for managing public funds. These systems, led by our programme management office have helped to ensure that Growth Deal 1 and 2 projects have got off to a good start.

We have also supported research and evidence gathering with partners on key policy issues such as construction skills, affordable housing, social enterprise, sector mapping, environmental assets and spatial development to ensure our investment plans are evidence based.

We were pleased to hear at the end of the year, that South West England and South East Wales was selected by Government to participate in the first wave of Science and Innovation Audits – designed to improve our understanding of our innovation assets and the unique opportunities our area offers. We are increasingly working with our neighbouring LEPs on wider ‘regional’ initiatives – a trend we expect to develop in coming years. The next few pages highlight our achievements during 2015/16 as well as our key priorities for 2016/17. ”

Pop Up Business Cafés initiative



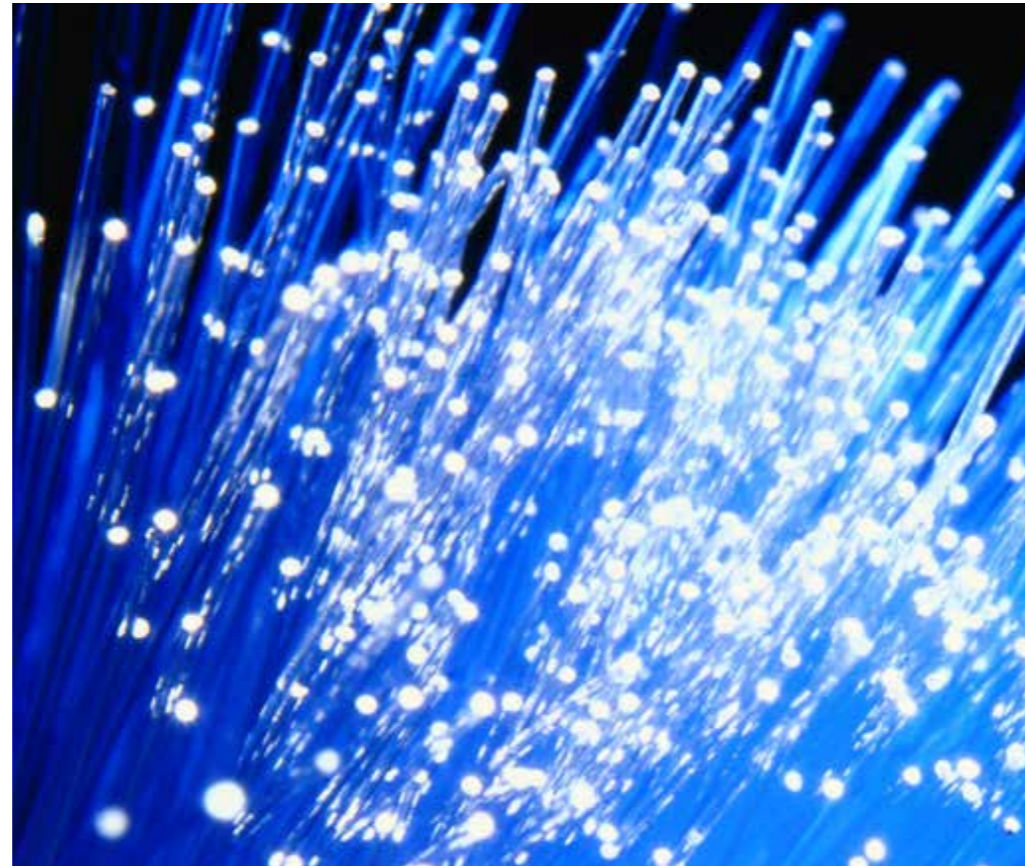
Achievements 2015/16

One of the primary aims of the LEP is to secure public and private sector investment in the area. Our successful bids for Growth Deal 1 and 2 in previous financial years are examples of 'direct investment'. These are funds which we have secured from Government to spend on projects in our area. Working with our Local Authority partners we manage the programme of investment, ensuring that all the projects deliver to plan and the money is spent and properly accounted for. In other cases, our role is more strategic and other partners are responsible for delivery and management of the funds or implementing the policy (such as the Rural Growth Network and Enterprise Zones). And finally, one of the most important roles is to influence direct investment by Government and the private sector in national projects such as rail and road infrastructure which have the potential to make a significant difference to the productivity and competitiveness of the area.



Direct Investment

Having secured significant investment through the Growth Deals 1 and 2, the Heart of the South West area became responsible for managing a programme of investment worth almost £500m. Therefore a major area of focus for 2015/16 was ensuring successful delivery and programme management in accordance with best practice standards. Our 'annual conversation' with the team at the Department for Business Innovation and Skills¹ confirmed that we are running our capital programme efficiently and effectively. Government's Cities and Local Government team recently endorsed our approach highlighting at a national conference that we were 'being transparent and informative beyond our remit'.



	GD1	GD2	GD3	Growing Places Fund
Programme	£294m programme, including £111m secured from Government for 29 projects, the 8th highest allocation of Growth Deal of 39 LEPs	£141m programme including £61m secured from Government for 11 projects, highest allocation of Growth Deal of 39 LEPs	£413m programme of investment including: £109m Local Growth Fund, £50m Brexit Opportunities and £2.5m Local Transport Majors. Awaiting outcome from Government	£47.92m programme of investment, including £22.5m of loan funding – all £22.5m fully committed
Progress	<ul style="list-style-type: none"> • 23 funding agreements signed • 19 projects started • 1 project complete • £40.3m spent 	<ul style="list-style-type: none"> • Offer letter received from Government • Offer letters, subject to business case approval sent out to majority of GD2 projects 	<ul style="list-style-type: none"> • Pipeline developed for submission to Government in 16/17 	<ul style="list-style-type: none"> • 7 live projects totalling £22.5m investment
Expected outputs	<ul style="list-style-type: none"> • Up to 22,000 jobs created • 11,000 new homes built • 5,100m² commercial floorspace 		<ul style="list-style-type: none"> • 21,500 jobs created or safeguarded • Development of 21,500 homes unlocked • 450,000m² new commercial floorspace • 224 new businesses created and 25,000 assisted to grow • 400 new training places 	<ul style="list-style-type: none"> • 126 housing units unlocked • 630 jobs created

¹ Now re-named the Department for Business, Energy and Industrial Strategy

Case Studies

Somerset Levels River Widening – This £13.1m project started in July 2015 and is Phase 2 of the Somerset Levels and Moors 20 Year Flood Action Plan. It consists of a package of measures to reduce the duration, depth and frequency of flooding on the Somerset Levels and Moors, safeguarding houses, commercial premises, communities and infrastructure and increase business confidence, contributing to the creation of new jobs and new houses.



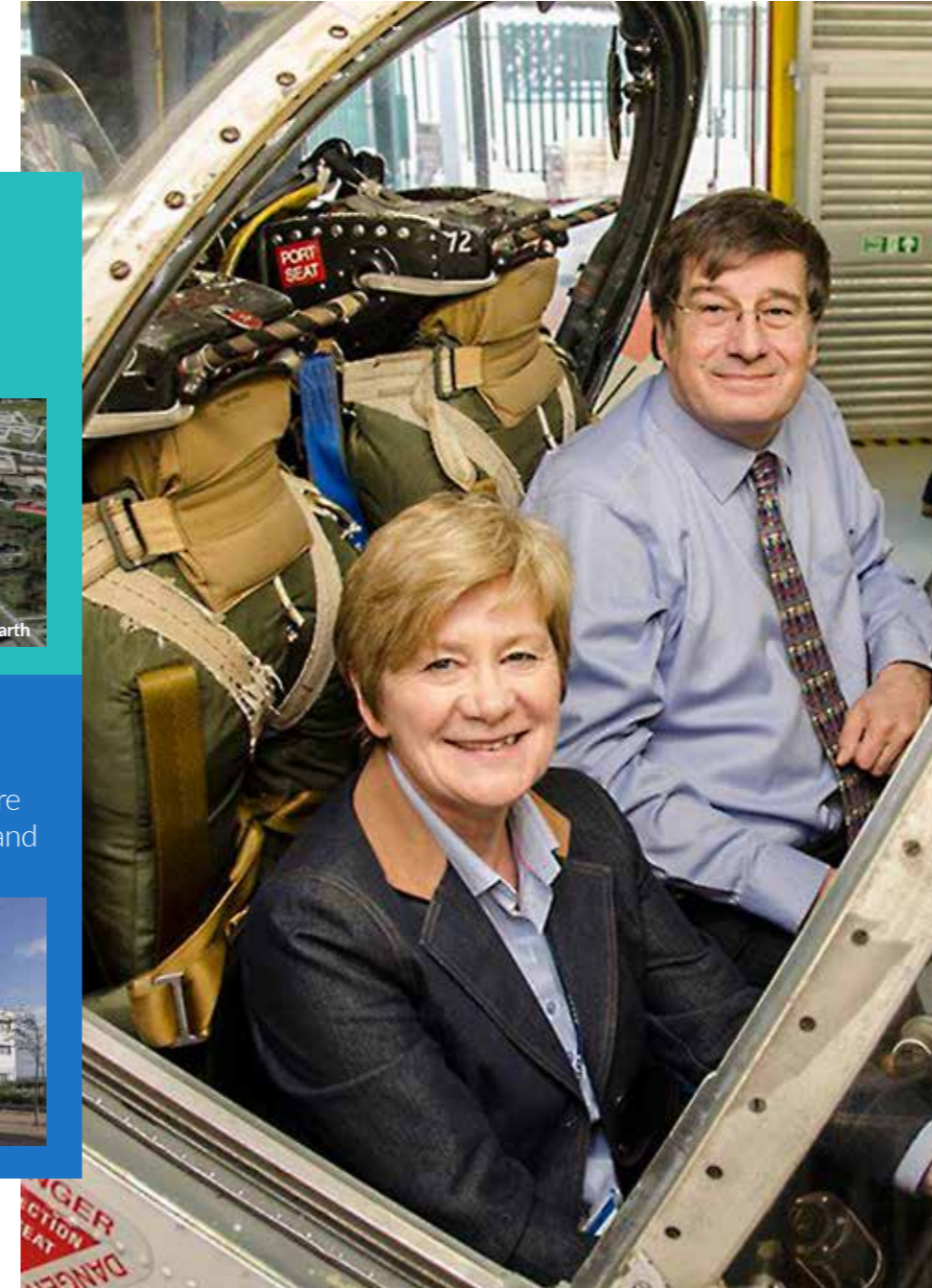
Derriford Transport Scheme – Started on site in March 2016, this project is a major congestion easing project which also unlocks new development sites and housing, enabling sustainable growth by minimising the impact of additional trips generated from new development sites in the area. Walking, cycling and public transport facilities are also improved. It will support the delivery of 2,250 jobs, 750 houses and commercial floorspace by 2021.



Three Torbay road projects – These maximise the benefits of the Department for Transport funded South Devon Link Road: Western Corridor, Torbay Gateway & Torquay Town Centre Access. These schemes are interrelated to provide strategic and local access to unlock growth opportunities in Torbay, which is also one of the UK's leading tourism destinations and has been very much in need of improved road access. The Western Corridor scheme also unlocks development sites for 1,700 new homes. These schemes have all started on site and are progressing well.



Exeter Science Park Environmental Futures Campus This project utilised £2.5m of Growth Deal grant to fund site infrastructure on Phase 2 of Exeter Science Park. This infrastructure was preparation for a Global Environmental Futures Campus site and facilitated the adjoining Met Office new £100m super computer facility, which will be the anchor occupier for the campus. Started in May 2015 and completed in March 2016, the project will deliver 374 new jobs and brought in £15m of match funding.



Bridgwater and Taunton College Advanced Centre for Engineering

Photo: Chris Garcia, LEP Chief Executive and Rachel Davies, Principal and CEO of Somerset College aboard a Jet Provost MK 5 aeroplane which was delivered to the College earlier this year following Growth Deal funding received from the LEP to develop Advanced Engineering provision.

Chris Garcia said, "I started in this role three years ago, and this was one of the first projects to be approved. I am delighted to come to Somerset College and see the fruition of all the hard work and take real pleasure in seeing for myself that through collaboration, we are able to deliver projects that meet local employer needs and ensure that our young people are trained and industry ready."

Ben Hawkes, Level 3 Aeronautical Engineering student said, "It's really exciting to have a plane on site that we can work on. To be able to transfer our learning from one environment to another so quickly enables our learning to be meaningful. One minute we are learning the theory and the next we are putting it into practice on an aeroplane."

Rachel Davies Principal who was at the time the CEO of Somerset College said, "It is wonderful to see this project culminate in the delivery of the aircraft. Without the funding from the HoSW LEP, this project would not have been possible. The students have gained so much from being able to work both in the classroom on the theory and put it into practice. I am looking forward to watching these students flourish in their future careers."

A361 Portmore to Landkey Stage 1

– Starting on site in February 2016, the Portmore Roundabout is located east of Barnstaple at the junction of the A361 North Devon Link with the A39 Eastern Avenue. It is the main eastern access for Barnstaple and it is a key junction on the A361/A39 strategic corridor linking the M5 and national road network to North Devon and Torridge. Improvements are needed in order to allow the junction to cope with proposed development in the North Devon and Torridge area. The junction improvement will unlock 2.8ha of employment space and 170 of the planned 250 houses at Mount Sandford Green whilst providing future junction capacity to cater for traffic growth in the wider area.

As well as delivering the planned expenditure and outputs, the complementary nature of our investment programme means that successive rounds of projects add value to one another as we create the building blocks for economic growth at key strategic locations. For example, Growth Deal 2 included an investment to create the Environmental Futures Campus within Exeter Science Park, building on the Growth Deal 1 project which provided the infrastructure for the site.

To find out more about our Growth Deal projects, visit the LEP's new website:

www.heartofswlep.co.uk



Influencing and shaping: working with partners locally and in Government

In 2015/16, the LEP has strategic input to a number of programmes delivered by other organisations. These included:

- European Strategic Investment Funds (ESIF);
- Rural Growth Network and
- Plymouth and South West Peninsula City Deal.

Highlights for 2015/16 include:

Rural Growth Network (RGN)

The Heart of the South West LEP was awarded £2.9m from DEFRA to develop a Rural Growth Network (RGN) across rural Devon and Somerset. The aim of the RGN was to create a sustainable rural economy by developing a network of rural enterprise hubs. The programme concluded in December 2015, delivering:

- 350 jobs created;
- 2,000 businesses receiving extended support;
- 8 business centres created and 21.5 acres of business land developed;
- 1,500 pupils benefited from enterprise in schools;
- 890 women led enterprises benefitting and
- Highest return on DEFRA Investment of all RGN pilots.



ESIF

The Heart of the South West 2014-2020 European Structural Investment Funds (ESIF) Strategy sets out how our area will use ESIF to promote smart, sustainable and inclusive growth. It has been developed with a wide range of partners in the context of the Strategic Economic Plan to ensure that European Funded activities directly contribute to our wider plans for growth. The programmes have a notional value of €137,184,144 (currently equivalent to approx. £114m) and are managed by Government departments. The LEP is a local partner in the process, providing advice and support to the Managing Authorities to ensure investments meet local needs.

In 2015/16, the LEP supported Managing Authorities to develop an annual

implementation plan for the funds and advised the Managing Authority in the development of ESIF calls for applications. 2015/16 saw the first calls for projects launched and as a result, the first projects are now starting to deliver activity for businesses and people across the area.

The recent Brexit vote will have implications for delivery of the programme and the LEP continues to work with Government to maximise the opportunity for utilising ESIF funds. Government has recently made the commitment that all ESIF projects with signed contracts or funding agreements in place before the Autumn statement will be funded to 2020, even if Britain is no longer in the EU at that time.



Plymouth and South West Peninsula City Deal

The Plymouth and South West Peninsula City Deal is a pioneering programme covering Cornwall, Devon, Plymouth, Torbay and Somerset. Designed to bring significant and long-lasting economic growth to the far south west, the City Deal aims to create over 9,000 jobs over the next fifteen years.

The City Deal had three distinct elements - the Marine Industries Production Campus, the Growth Hub and the Youth Deal. Recognising that the economic challenges facing the peninsula need to be tackled locally, each has been created to address specific needs- to better exploit our marine assets, support business and tackle youth unemployment. All these elements progressed well in 2015/2016.

How we have influenced policy and investment of others

As well as securing direct investment, a key role for the LEP is to lobby and influence representatives from Government and the private sector to secure investment, policy changes or direct delivery. 2015/16 has seen us stepping up our cross LEP activity to present a strategic, united front, with greater impact and influence. Key areas of activity are highlighted opposite.



Policy Areas	LEP activity in 15/16	Outcome
Devolution	<ul style="list-style-type: none"> ✓ Supported HoTSW Local Authorities to develop the Devolution Prospectus 	<ul style="list-style-type: none"> ✓ Negotiations progressing
New Nuclear	<ul style="list-style-type: none"> ✓ Lobbying Government to announce final investment decision on HPC ✓ Working with neighbouring LEPs to form 'Nuclear South West' ✓ Supply chain research undertaken ✓ New nuclear co-ordinator appointed 	<ul style="list-style-type: none"> ✓ Final investment decision announced Sept 16 ✓ Nuclear SW established to build business legacy on the back of £50bn of nuclear opportunities. Launch at Westminster and World Nuclear event
Road Improvements	A303/A30/A358 <ul style="list-style-type: none"> ✓ Support provided to A303 partnership ✓ Lobbying for investment through Highways Agency 	<ul style="list-style-type: none"> ✓ Autumn statement commitment for widening A303/358 ✓ March 16 budget launched local majors fund, so local areas can bid for large local transport schemes such as the North Devon Link Road
Rail Improvements	<ul style="list-style-type: none"> ✓ Support provided to Peninsula Rail Task Force ✓ Support with development of 20 year plan 	<ul style="list-style-type: none"> ✓ March 16 budget announced Government will support interim report of the PRTF by investing £5m in developing options to improve resilience of line between Newton Abbot and Exeter
Enterprise Zones	<ul style="list-style-type: none"> ✓ Supported application for Enterprise Zone for South Yard in Plymouth ✓ Supported application for Food Enterprise Zone at Royal Bath and West Showground ✓ Bid for new enterprise zone 'multi-site enterprise zone' covering Huntspill Energy Park and Exeter and East Devon Growth Point 	<ul style="list-style-type: none"> ✓ Enterprise Zones' bid successful and being established in 2016/17
Broadband	<ul style="list-style-type: none"> ✓ Direct funding for broadband and mobile infrastructure through Growth Deal and ESIF ✓ Lobbying Government on importance of rural broadband 	<ul style="list-style-type: none"> ✓ March 16 budget announced £14.5 m in grants to extend ultrafast broadband coverage in the SW. ✓ National infrastructure commission to use SW as case study in 5G ✓ Fixed wireless solutions delivered across Dartmoor and Exmoor – the largest wireless project in England
Housing	<ul style="list-style-type: none"> ✓ Report into affordable housing and policy position established 	<ul style="list-style-type: none"> ✓ March 16 budget announced £19m funding for community led housing in areas most affected by holiday homes
Careers	<ul style="list-style-type: none"> ✓ Working with local and national partners to develop an Enterprise Advisor Service 	<ul style="list-style-type: none"> ✓ Service launched in March 2016 to help young people make choices about their future careers
Environment	<ul style="list-style-type: none"> ✓ Lobbying for improved electricity grid capacity ✓ Supported National Parks to develop economic growth priorities ✓ Supported environmental task and finish group 	

What next?

Key priorities for 2016/17 will be:

- ✓ Securing Growth Deal 3 investment from Government – in July 2016 we submitted our proposals for a further investment of £109m through Growth Deal 3, £50m for Brexit opportunities as well as a bid for Transport Majors investment to ring fence up to £150m of funding for the North Devon Link Road and improve rail infrastructure. We await an announcement from Government this autumn;
- ✓ Continuing to deliver our portfolio of projects funded through Growth Deal 1 and 2;
- ✓ Working with government to maximise investment through existing European funds;
- ✓ Working with the business community to maximise opportunities and mitigate risks associated with Brexit;
- ✓ Working closely with local government colleagues to progress plans for the Devolution bid for the Heart of the South West;
- ✓ Working with private and public sector partners to exploit the opportunities for our businesses from our Enterprise Zones and golden opportunities such as marine and new nuclear and
- ✓ Working with our neighbouring and other LEPs on wider regional agendas that will bring better jobs, growth and prosperity to the Heart of the SW.



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