

Heart of the South West Local Enterprise Partnership Delivery Plan 2020-21

1. Introduction & Summary

**£35 billion economy – as big as
Birmingham or Liverpool**



Heart of the South West is a special place with enormous potential in its businesses, its people and its places. With an economy of £35 billion per year, 72,000 enterprises and a population close to 1.8 million, Heart of the South West is the size of a major UK city and covers the local authority areas of Devon, Somerset, Plymouth and Torbay.

The LEP is a business-led organisation whose mission is to raise productivity and ensure prosperity for all¹. The LEP seeks to do this in two fundamental ways: by securing investment in the LEP area and by influencing Government policy to benefit the LEP area. In doing this the LEP works with a range of partners in the business, voluntary, education and local government sectors.

This delivery plan outlines the work the LEP will undertake in 2020/21.

¹ For more information on the LEP see <https://heartofswlep.co.uk/about-the-lep/>

Executive Summary

The context for 2020-21 will be heavily shaped by Covid-19 and its aftermath, by the implementation of EU exit and, underlying these the long-standing challenge of raising productivity in the LEP area. The LEP's delivery work is structured accordingly and will focus on three key priorities.

Priority 1: Response to Covid-19

The LEP's approach will be continually reviewed and the LEP is working alongside Local Authorities and other key partners as part of the coordinated response team for the area. The approach includes

- The LEP's Growth Hub the primary channel to support businesses in accessing the range of support on offer; the LEP has brought the operation in-house and is committed to fund the Growth Hub to at least March 23.
- The Skills Launch Pad will launch in 20/21 and will likewise be the channel for individuals to access support in mitigating the impacts of business closures.
- The LEP will develop a comprehensive economic recovery plan for the LEP area which complements the recovery planning of local partners. The Covid-19 induced shock to the local, national and global economies means businesses and individuals will need a wide range of support and advice to return to something resembling normality. The recovery plan will therefore encompass immediate support to priority areas as well as longer term investment to continue strengthen the economy overall. The recovery plan will be published in summer 2020.

Clean and inclusive growth driven by higher productivity is the fundamental growth opportunity for the area; this remains the case even with the impact of Covid and will improve prosperity of the area and resilience to withstand future economic shocks. Building back better is a fundamental part of the recovery and many of the foundations have been laid through the Local Growth Fund and other investments but there remains much to be done. The LEP has set out how, how a broad series of actions will be undertaken to drive productivity and ensure the area contributes fully to renewed national prosperity.

2020-21 will see the LEP focussing on unlocking clean and inclusive growth by concentrating on:

- Key opportunities in Energy, Engineering and Digital: transformational opportunities exist around development of the civil and defence nuclear sectors, floating offshore wind, aerospace, marine (especially marine autonomy), defence, photonics and digital and data analytics. Each of these areas requires a different blend of innovation support, skills development, action to access supply chains and access to employment land and premises to realise their potential. The LEP is pursuing multiple streams of work across these in 2020-21
- Closely linked to this is working across the foundations of Business Environment, Ideas, People, Infrastructure and Places
- Broader productivity work will drive growth in key sectors such as farming, food and fishing and tourism, for example supporting increased use of digital technology in these bedrock sectors.
- Embedding inclusive growth as a fundamental way of working for the LEP and partners

Priority 2: building foundations for recovery by delivering the remaining Local Growth Fund

Delivering the remaining Local Growth Fund portfolio investing in skills, infrastructure, workspace and digital connectivity. Government guidance remains that LGF must complete spend by end March 2021, with monitoring continuing thereafter.

Projects under the current EU programme must contract by end 2020 and spend by end 2023. UK Government has announced the UK Shared Prosperity Fund will replace ESIF post-EU exit and the LEP will work to shape this to meet the needs of Heart of the South West.

Priority 3: strengthening effectiveness of the LEP's strategic activity and operations

As well as shaping and delivering funded activity, the LEP has a key role to ensure the area's priorities are met by Government policy and that the LEP's operations are effective and transparent. 2020-21 will focus on

- strengthening the profile and impact the LEP has with Government, MPs and officials
- improving the effectiveness of the LEP Board and team's operations
- further strengthening governance and transparency.

2. Heart of the South West Economy

	2014	Now	Change	UK
Economy Real GVA 2015 prices	£33.3bn	£34.7bn	+4.3%	+6.1%
Population	1.7m	1.8m	+3.1%	+2.8%

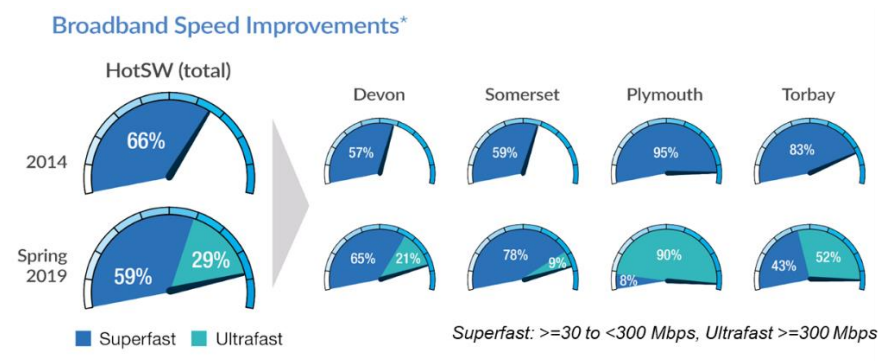
Change since 2014

	<u>Heart of the SW</u>	<u>UK</u>
Employment <i>Jobs full time equivalent</i>	+6.7%	+5.6%
Productivity <i>Nominal GVA per hour worked</i>	+7.7%	+6.6%
Wages <i>Average earnings per week</i>	+7.2%	+9.8%

The HotSW economy has grown since 2014 though at a lower rate than the overall UK economy. Employment growth has been stronger than the UK as has the rate of productivity growth, but, with wage growth at a lower level than UK average, it means that many of the jobs created have been in lower value employment.

Transforming the quality of employment and therefore levels of income, i.e. overall productivity is the fundamental challenge of the future.

In 2014 the LEP set out its Strategic Economic Plan (SEP) which established a vision for the area's economy for 2030 and milestones to that by 2020. The SEP has guided LEP activity since 2014, not least in investment of Government funding through three Growth Deals and the table below shows progress against those.

	SEP Objective	Change 2014-2019
Employment	+50,000 jobs created by 2020	+53,200
Business start ups	By 2020, be one of the best places to start and grow a business	+6,490 enterprises +9.9% vs 2014 UK +20.1% vs 2014
Skills	By 2020 <ul style="list-style-type: none"> 60% of adults qualified to Level 3+ 40% to Level 4+ 	60.0% at level 3+ (+4.7pts vs 2014) 35.9% at L4+ (+2.4pts vs 2014)
Broadband	By 2020 100% superfast broadband (>24Mbps)	<p>Broadband Speed Improvements*</p>  <p>HotSW (total) 2014: 66% Superfast, 0% Ultrafast HotSW (total) Spring 2019: 59% Superfast, 29% Ultrafast Devon 2014: 57% Superfast, 0% Ultrafast Devon Spring 2019: 65% Superfast, 21% Ultrafast Somerset 2014: 59% Superfast, 0% Ultrafast Somerset Spring 2019: 78% Superfast, 9% Ultrafast Plymouth 2014: 95% Superfast, 0% Ultrafast Plymouth Spring 2019: 90% Superfast, 8% Ultrafast Torbay 2014: 83% Superfast, 0% Ultrafast Torbay Spring 2019: 43% Superfast, 52% Ultrafast</p> <p>Legend: Superfast (blue), Ultrafast (teal) Superfast: >=30 to <300 Mbps, Ultrafast >=300 Mbps</p> <p>* Based on number of premises connected. Source: Ofcom Connected Nations Report, Spring 2019</p>
Housing	170,000 new homes by 2030	+25,530

Impact of Covid-19

The crisis has been fast moving and the impacts are still being understood, though some things are becoming very clear.

- Hard hit sectors: some sectors have been especially hard hit, with tourism and hospitality facing a period of extended uncertainty just as the peak time of the year would normally be starting. For these sectors and many other businesses, social distancing either means being unable to operate at all or running at such a reduced capacity that the business is unviable. Data is just starting to come through but there has been a significant reduction in the number of vacancies and the aerospace sector has announced large scale redundancies given the reduced demand expected in the next few years.
- Hard hit places: places heavily reliant on these more vulnerable sectors, especially coastal and rural areas, face a longer period of recovery
- Hard hit groups: concern is mounting on the longer term impact on key groups, especially younger workers; 40% of jobs performed by 16- to 19-year-olds are at risk with 20-24 year olds next most vulnerable group; experience from the last recession shows that disengagement at this age can lead to long-term economic consequences for this group.
- Impact on key drivers of local economies: universities face significant challenges with the drop off in students from overseas and the crisis is putting a severe strain on the finances of local authorities. Both are key drivers of the local economy
- Businesses are adapting: many businesses have found inspirational ways to adapt, some have even thrived, and some have been highlighted on the LEP website. The LEP's Growth Hub has been a key channel to direct businesses to the help available and we have been working hard with local partners to identify and feed back to Government the impact of and gaps in that support.
- There is much uncertainty about the future: the trajectory of the recovery is highly uncertain; the Bank of England has presented a "scenario", rather than a forecast, of an extremely sharp but relatively swift V-shaped downturn and recovery. However, there is much uncertainty about the pace of that recovery - the capacity of the economy and businesses to rebound having been artificially switched off against things like the impact of a prolonged or repeat surge in cases, international discord as countries and supply chains adjust and so on. Whatever the eventual shape the short and even medium-term impact on our businesses and people will be significant.
- A rapid acceleration of pre-Covid trends seems highly likely: for example digital working and generation of large data sets is accelerating. This will require acceleration in the development of digital skills and in the ability of people and businesses to re-skill as the pace of change accelerates. Institutions will seek to recover income lost through e.g. overseas students, through new channels such as by moving to on-line provision.

Longer Term Trends

Jobs growth over the past 5 years means pre-Covid employment levels have historically been amongst the highest in Europe but levels of business growth are behind other parts of the UK. Some of the fundamentals are increasingly in place – development of higher level skills and better broadband connectivity – but there is more to do in these vital areas which underpin a higher productivity economy and so higher levels of prosperity.

Compared with other parts of the UK, long term productivity – output per hour or per worker – is lower in Heart of the South West. Some of this is structural – the economy has a higher mix of agricultural and tourism businesses which traditionally have lower productivity levels than other sectors – but key drivers of productivity such as levels of business start-ups, business innovation, skills levels, connectivity are all lower than elsewhere. Addressing these issues will benefit existing businesses in all sectors and there are areas offering the opportunity of transformational change in new and growing global markets. The

LEP has previously set out how these opportunities can be maximised, delivering clean and inclusive growth for the area².

Integrating immediate support alongside continued long term investment to drive clean and inclusive growth is the focus of the LEP's recovery work.

3. The LEP's Approach

Partnership working is essential and is integral to everything the LEP does. The LEP works very closely with business, voluntary, education, local authorities and other partners to develop and implement activity, drawing heavily on their expertise and capacity. Economic boundaries are highly porous and do not follow administrative boundaries. In recognition of this the LEP already works across multiple geographies and will continue to do so.

4. 2020-21 Delivery

In 2020-21, the LEP will focus on three key priorities

- Priority 1: working closely with partners to develop an Covid-19 economic recovery plan for the area combining immediate support for hardest hit sectors and places alongside longer term investment for prosperity built around clean and inclusive growth. This will align with key themes in the Productivity Strategy and the as yet unpublished draft Local Industrial Strategy, submitted to Government in autumn 2019.
- Priority 2: building foundations for recovery by delivering the remaining Local Growth Fund portfolio which must complete spend by end March 2021, with monitoring continuing thereafter
- Priority 3: strengthening effectiveness of the LEP's strategic activity and operations which will include
 - the profile and impact the LEP has with Government, MPs and officials
 - effectiveness of the LEP Board and team's operations
 - further strengthening governance and transparency

Priority 1: Covid-19 Response

The impact of the pandemic has been significant and continues to evolve quickly, whilst the future trajectory of recovery is highly uncertain with potential further waves of outbreaks globally, nationally or locally. Places, sectors and people are all affected differently. Delivery actions will be

- i) Publish an initial route map to recovery by end June 2021
- ii) Develop a programme for investment to support hardest hit people, hardest hit places and the hardest hit sectors as well as continued investment to build long term resilience
- iii) The above to be centred around the key principles of clean and inclusive growth (see below)

Lead implementation of clean & inclusive growth

In autumn 2019 the LEP submitted to Government a draft Local Industrial Strategy which evidenced areas of comparative advantage on which to build prosperity for all through raising productivity economy. The key vision for this was driving clean and inclusive growth, an ambition shared by partners across the area.

² <https://heartofswlep.co.uk/about-the-lep/strategies-and-priorities/local-industrial-strategy/>

² <https://heartofswlep.co.uk/wp-content/uploads/2018/04/HeartoftheSouthWestProductivityStrategy.pdf>

The status of LISs remains unclear but the LEP and partners are united in that clean and inclusive growth remains the ambition for the area. Despite the impact of Covid, the areas of comparative advantage remain, though some will be affected more than others, e.g. aerospace. A core part of the recovery work will be working to develop these advantages as part of the post-Covid world and delivering the shared vision.

In 2020-21 this will involve the below – each of these will be calibrated through the Covid-recovery planning and may evolve over time:

- A.** Overall, develop the underpinning clean and inclusive approach to economic growth with the wider partners. This is an essential piece of work for the partnership and includes developing an approach to natural capital (see below). Activity on specific opportunities is set out below
- B.** Energy:
 - i) Exploiting supply chain opportunity: work with WoE, GFirst, Welsh DA, New Anglia to secure funding by mid-2020 to continue the nuclear supply chain programme
 - ii) Exploiting supply chain opportunity: investigate opportunity for a MEH Innovation Factory which would give SMEs access to facilities to develop products which can respond to the significant mechanical, electrical and heating opportunities from the next stage of the Hinkley build
 - iii) inward investment & trade: continue momentum on inward investment
 - iv) finalise Hinkley transformational legacy plan by mid-2020, including exploiting the high-value skills opportunities which can be used in other sectors
 - v) develop a HotSW work plan and expert group linked to place theme to progress agenda. Ensure that key stakeholders including National Grid and WPD are actively engaged with this. Represent LEP in South West Energy Hub partnership and ensure through close working links with its operational team that HOSW benefits from resources and capacity available via the Hub. Work with neighbouring Cornwall/IoS and Dorset LEPs on shared energy priorities. Place group to lead (see below)
- C.** Engineering
 - i) aerospace: work with West of England partners to develop Made Smarter bid and develop the Smart Aviation proposition for HotSW by mid-2020
 - ii) aerospace: develop SW aerospace strategy to shape policy
 - iii) marine: secure national recognition of Plymouth as a centre for marine autonomy by end 20/21
 - iv) marine: exploit MUK SW membership to develop profile of HotSW as a leading area for innovation in the sector, focussed on marine autonomy, floating offshore wind and aquaculture and delivering to Maritime 2050 goals
- D.** Digital (also see Digital Skills Partnership under People below)
 - i) Develop proposition for a digitally-led Tourism Zone across Dorset, Cornwall & Isles of Scilly and Heart of the SW by autumn; a key part of recovery for this sector
 - ii) Develop digital proposal to exploit the local food supply chain opportunity from major public sector procurement. To be complete by autumn
 - iii) Continue to exploit High Potential Opportunity work with DIT to attract photonics investors to the area
- E.** Inclusive Growth

Ensuring all parts of the area and everyone in Heart of the South West has the opportunity to contribute to and benefit from the proceeds of growth is a fundamental priority. The Skills Advisory Panel will work with partners to establish an inclusive growth taskforce to ensure decisions and investments fully deliver against inclusive growth. The taskforce will

- i) oversee detailed mapping of deprived areas (SAP monies)
- ii) draw together existing good practice
- iii) develop a range of practical steps for partners and investments
- iv) report on progress via the LEP website.

F. Business Environment & Ideas

Ideas: develop LEP's approach to innovation which includes

- i) Establishment of an Innovation Board to coordinate partners' approaches. By autumn
- ii) Working with BEIS and a team of local stakeholders, deliver the MIT REAP Lite³ pilot by autumn
- iii) Work with SW Academic Health Science Network to explore the potential for a programme around greening the NHS and so open up innovation opportunities to local businesses. By summer

Business support: a key priority for the Business Environment foundation will be scoping the business support needs from the post-EU funding regime, including understanding challenges and opportunities around access to finance for SMEs. The Business Leadership Group (BLG) will take on a more active and strategic role in the delivery of HotSW business support schemes. This will include

- establishing the Business Leadership Group as Programme Management Board for the ERDF Inward Investment programme (below)
- working towards the Business Leadership Group becoming the Programme Management Board for the HotSW ERDF Growth Support Programme.
- playing a more active role in the delivery of ERDF funded business support programmes, e.g. through representation on Programme Boards

Other Business work will cover:

- i) Develop a revised business support proposition to deliver the clean and inclusive growth ambition (BLG to lead):
 - The Growth Hub transferred 'in-house' at the end of 19/20. Priority is to bed in the new arrangements and ensure annual targets continue to be achieved
 - Continue second year delivery of the scale-up programme targeting 55 businesses supported by autumn
 - Project closure of the BEIS-funded Awareness programme
 - Identify needs for future business support will, using existing and emerging intelligence (e.g. from the MIT REAP Lite programme) and commissioning additional intelligence where needed
- ii) Inward investment; with the BLG acting as the programme board, actions will cover:
 - Launch the ERDF soft landing package from July 2020, working with local partners
 - Develop round 2 High Potential Opportunities propositions by 17th April
 - Work with partners to identify strategically important companies and develop a programme of activity to engage with and support them as needed
 - Revise and refresh inward investment comms by end July 2020

³ <https://reap.mit.edu/>

- iii) The LEP has established individual opportunity leads tasked with delivering work programmes across key sectors. The Business theme lead will work with the leads as follows:
- Designing a programme of activity following from the recommendations from the Defence research commissioned but HotSW
 - Working with the Marine lead to support the SW Marine cluster.
 - Drawing on other opportunity leads as necessary, to understand their priorities
- iv) Implement a programme of engagement events with FSB & Chambers to strengthen LEP's direct engagement with business and understand requirements of business in trade: Partnership Manager to lead, supported by BLG
- v) Explore potential for joint IUK/LEP event focussing on accessing IUK funding for business: Partnership Manager to lead, supported by BLG

G. People (Skills Advisory Panel)

Inclusive Growth: leading the development of the LEP area's approach to inclusive growth

Skills Advisory Panel: the HotSW SAP was established in May 2019, building upon the LEP's People Leadership Group, incorporating representation from across the public, private and training / education sector. Work now ongoing on collation of the area's labour market intelligence, working with University of Exeter, providing the foundation for the development of the HotSW Skills Action Plan.

Priorities will focus upon continuing to refine the HotSW's evidence base, seeking to then finalise the HotSW Skills Action Plan by March 2021. Initial scoping work to be completed over summer 2020.

HotSW Careers Hub: Acceleration of delivery across the year, expanding the Enterprise Advisor Network (including 60 'Hub Schools') in September 2019, and with steady progress made against all Gatsby Benchmarks. Working ongoing on further extending provision to balance of secondary schools, as well as harder to reach students.

Priorities will focus on securing additional match funding from partners to extend network to cover all secondary schools by March 2021 (circa 120), including additional coverage for PRU Units and SEN Students.

Digital Skills Partnership: Ongoing implementation of the Digital Skills Partnership approach, working with DCMS. Successfully secured one of four Digital Skills Innovation Pilots in March 2019, supporting over 200 individuals to enhance their digital ability. Further DCMS pilot secured in January 2020 to work with schools and the Careers Hub to promote digital skills within education.

Priorities will focus on delivery of the DSP Core programme, including completion of the Digital Skills Innovation Fund Programme, and the implementation of the Digital Careers Pilot. DSP also seeking to support DCMS in developing its case for the 2020 Spending Review

Careers Learning Pilot / National Retraining Scheme: £1.8m HotSW Careers Learning Pilot completed in July 2019, supporting 600 individuals from harder to reach groups to achieve Level 2 and 3 high need skills. HotSW confirmed as Wave 2 pilot for DFE's National Retraining Scheme in summer 2019, with soft launch in November 2019.

Priorities will cover the ongoing roll out and testing of National Retraining Scheme through to autumn 2020, with a focus on then informing the development of wider aspects of the Department's adult retraining approach and related funding into 2021. Includes responding to the Government's consultation on the National Retraining Fund in Spring / Summer 2020.

Institutes of Technology: Two successful Institute of Technology bids secured in early 2019 within area (South West IoT and West of England IoT). Work undertaken to support business plan

development, and then capital build processes, as well as further expand business engagement. Initial course delivery began in September 2019.

Priorities will cover ongoing support for implementation and roll out of the IoT's agenda, including feed into relevant national funding and policy initiatives. Ongoing discussion with IoT partners about potential to build upon the existing partnership and add both new project and partner activity.

Support for Apprenticeships and T Level Implementation: In year work with ESFA and wider partners to raise profile and awareness of apprenticeships and T Levels, with a focus upon business preparedness and engagement. Activity included two events in year and ongoing support for dedicated apprenticeship advisor resources through Careers Hub.

Priorities will cover acceleration in T Level roll out which will be complemented by additional focus on business engagement and intermediary activity.

FE Capital Investment / Skills Funding: Construction activity of the £60m FE capital Investment Programme secured through Local Growth Fund completed during 2019, with delivery now ongoing. 1,300 apprenticeships and 12,600 learning places delivered to date.

Priorities will cover ongoing monitoring and management of funded skills projects, including delivery of FE and training provider apprenticeship and learning opportunities. Support for FE and wider partners as details of next round of funding opportunities and programmes unveiled, with early discussion undertaken with Association of Colleges and DfE to understand next steps.

H. Infrastructure & Places

The place work programme of activity is being directed by the Place Leadership Group oversees this work with representative from the private sector, business representative bodies, Local Authorities, and Government agencies. During 20/21 work will continue to improve measuring the impact of activities and ensure continued integration with the business and people themes, and the emerging programmes to support the identified opportunity sectors. Specific activities to be undertaken are:

Enterprise Zones and Innovation Zones - updating of implementation plans agreed with partners, including in context of strategic outcomes envisaged in LIS. Develop visibility and ownership of HoSW Enterprise Zone portfolio with LEP Board and opportunities to grow this work in support of the LIS. Co-ordinate work with stakeholders to develop thinking about innovation zones concept from LIS. Work with Government to develop solutions to Oceansgate funding requirements

Employment land and business premises - develop and implement action plan from 2019 HoSW employment land study. Convene workshop with Planning leads from HotSW local authorities about study recommendations, develop employment land monitoring system and convene expert panel

Rural productivity - develop HotSW rural productivity proposition, including a stakeholder workshop in May 2020 to identify ambitions and priorities for future rural funding. Work closely with relevant stakeholders in HotSW area and with regional partners in Great South West. Engage with and influence development of Government proposals for policy and funding regime post CAP

Natural capital – following LEP Board sign off of HotSW natural capital framework in January 2020 develop next steps plan for this agenda. Aspects of this potentially include incorporating natural capital priorities in the LEP's investment pipeline and natural capital principles into business case assessment for future LEP investment, convening a symposium of thought leaders linked to natural capital agenda in HoSW area and identifying resources to commission innovative demonstration activities

Place shaping - co-ordinate work with stakeholders to develop think piece re potential of small towns in HoSW area in delivery of LIS objectives

Priority 2: Deliver remaining Local Growth Fund portfolio

2020-21 is the final year of Growth Deal delivery. More details on the LEP's investment portfolio targets and achievements are set out in the annex. Key tasks are

- i) ensure Growth Deal monies are spent by end March 2021 deadline and outputs are delivered. Includes delivery of digital call contracting by end April, which may facilitate 5G and full fibre
- ii) oversee completion of Local Transport Board's work under Growth Deal and transfer of any legacy activity to appropriate local body
- iii) ensure continued adherence to Branding and Communications guidelines for all projects
- iv) complete impact analysis started in 19/20 and set out lessons learned for future investment funding. Complete by end July 2020.

The LEP has also helped to shape investment of £122m of EU funding from the European Regional Development Fund, European Social Fund and European Agricultural Fund for Rural Development. Investment decisions are made by the relevant Government department across the three funds and the LEPs role has included shaping the priorities in funding calls, promoting the calls and advising the relevant Government department on which applications best fit with local priorities. The Heart of the SW's notional EU fund allocation was largely committed through the calls at end 2019/early 2020 and any future calls for remaining monies will be run nationally whilst there will be opportunities to extend individual projects to the end of 2023 and the LEP will work with projects and Government departments on these.

Priority 3: strengthening effectiveness of the LEP's strategic activity and operations which will include

A. Strategy & Government engagement

2019-20 saw strong progress in developing the Great South West proposition across Cornwall & Isles of Scilly, Dorset and Heart of the SW, offering transformational opportunities at a scale which allows the far south west to compete with other parts of the country and which aligns to Local Industrial Strategies.

Priorities are

- i) Continue to work with MPs, the GSW All Party Parliamentary Group, Government and local stakeholders to develop the Great South West opportunities
- ii) Develop HotSW messaging for MPs ahead of Comprehensive Spending Review mid-2020, shaping post-Growth Deal and EU-funding policy.
- iii) Work with Department for Business, Energy & Industrial Strategy to shape design of UK Shared Prosperity Fund – the planned replacement for European Structural & Investment Funds – to ensure this meets the areas' requirements
- iv) Work with Department for Education to support DfE's roll out of T-levels and additional apprenticeship activity
- v) Work with Department for Culture, Media & Sport on implementation of the Digital Skills Partnership work and addressing the area's broadband and mobile connectivity challenges
- vi) Work with Department for Transport and local partners to address the area's strategic infrastructure challenges

B. Governance and Operations

The LEP will build on the existing strong governance and transparency, ensuring continued compliance with the National Assurance Framework through:

- Boards are recommended to review their effectiveness annually⁴; the LEP will undertake such a review and as appropriate implement recommendations by end July. To include ensuring the Board continues to meet the national minimums of 2/3rd private sector and 1/3rd female and the wider requirements against protected characteristics
- Accountable body to conduct audit of LEP operations July – Sept
- The LEP worked with local authority partners to strengthen its democratic accountability through establishing a Scrutiny Panel in 2019/20. This will be evolved further during 2020/21.

Strengthening the LEP's operations to underpin the above work by the following

- The full LEP team is a mix of those working 100% on LEP business and those working on both LEP and other (mainly local authority) portfolios; altogether with the redesign of the operating model in 2019/20, over 60 people are working on one form or another in this team – see Annex. A key priority is therefore to bed the team in and ensure effective ways of working and development of a shared LEP culture. To be achieved through the following by end July:
 - re-working how the wider LEP team is led and integrated with those working 100% on LEP businesses
 - establish effective feedback on team members' engagement with and delivery of LEP priorities
- Comms & partnership: strengthen through
 - Develop new social media approach by end April focussed on radically strengthening the LEP's digital profile growing social media presence
 - launch revised LEP website by end April: cleaner presentation of information, better ability to find economic intelligence
 - strengthen LEP Board member engagement with key sub-regional groups by end July
 - improve business engagement by working with key business groups to develop programme of activity to be rolled out through 2020-21
- Thought leadership: establish Observatory function & join up with SAP, ensuring provision of accessible intelligence to shape economic development of LEP and partners. Complete by end June.

⁴ Code of Corporate Governance Section 1 Principle A <https://www.frc.org.uk/getattachment/88bd8c45-50ea-4841-95b0-d2f4f48069a2/2018-UK-Corporate-Governance-Code-FINAL.pdf>

Annex – Local Growth Fund

The LEP set out its aims and plans from 2014-2021 in the Strategic Economic Plan⁵; the LEP’s investment portfolio is targeted at these aims. The SEP set out a vision to transform the reputation and positioning of our area nationally and globally by 2030. In pursuit of the SEP aims, since 2014 the LEP has secured funding through three main routes; 3 Growth Deals which accessed Government’s Local Growth Fund, a Growing Places award and funding from the Rural Growth Network, split as below:

- £239.1 million of Growth Deal investment
- £22.6 million of Growing Places (loan) investment
- £2.9 million Rural Growth Network pilot investment

With match funding the total investment in SEP priorities is now over £750 million across 67 projects. More details on project’s delivery and progress can be seen here <https://heartofswlep.co.uk/projects/>

Our investments cover schemes to unlock housing and create jobs and training opportunities with some key themes. The key themes of our Growth Deal investment programmes are split as follows: Transport £118.51m, Innovation space £40.23, Digital – broadband and mobile infrastructure - £18.07 and Skills capital projects at £27.1m. The transport projects which make up the bulk of the funding focus on unlocking housing and workspace, alleviating congestion, enabling growth and improving public facilities, and include 3 rail projects. Growing Places loans are similarly focussed on these priorities whilst the Rural Growth Network award funded a range of pilot activity in 2014-15.

The table below shows the performance of the wider economy since 2014 and the contribution the LEP’s investment portfolio has made to date and will make in 2020/21:

	HotSW Economy		LEP Investment Portfolio ⁶				
	SEP Objective	Change 2014-2019	Achieved to Mar 19	2019-20 F’cast	2020-21 F’cast	2021-25 F’cast	Total
Employment	+50,000 jobs created by 2020	+53,200	2,141 jobs	3,547	2,528	11,334	18,911
Skills	By 2020 <ul style="list-style-type: none"> • 60% of adults qualified to Level 3+ • 40% to Level 4+ 	60.0% at level 3+ (+4.7pts vs 2014) 35.9% at L4+ (+2.4pts vs 2014)	10,687 learners assisted	6,182	6,036	33,884	56,789
Housing	170,000 new homes by 2030	+25,530	4,345 new homes	4,429	1,158	8,979	17,090

Annex – European Structural & Investment Funds

⁵ <https://heartofswlep.co.uk/wp-content/uploads/2016/09/SEP-Final-draft-31-03-14-website-1.pdf>

⁶ Data to end Q3 2019-20

In addition to Local Growth Fund, the LEP works with Government to influence investment of £122 million European funds in the area. The monies are split across three individual European funds

- European Regional Development Fund (ERDF) - £62 million providing support for business growth and employment. The projects in the LEP area are collectively called the ERDF Growth Support Programme and are themed around innovation, information communications & technology, business support and support for low carbon innovation
- European Social Fund (ESF) - £44 million providing support for skills development. Monies are concentrated on widening participation in Further & Higher education; improving employer engagement in skills development and supporting apprenticeships; supporting more young people into employment education & training; supporting development of higher level skills
- European Agricultural Fund for Rural Development (EAFRD) - £15.5 million supporting sustainable rural development.

Details on the funds and which projects have been supported can be found at <https://heartofswlep.co.uk/doing-business-in-our-area/european-structural-and-investment-funds/>.

Government awards and manages contracts with the LEP's role to shape calls and advise Government on ensuring the projects funded deliver to local priorities. The programmes require contracts for projects to be in place by end December 2020 and projects to have completed by end December 2023.

The table shows the allocation across the three European funds and the progress towards contracting; note that at time of writing EAFRD calls were still live, closing February 2020, and the Under Consideration total is therefore expected to grow.

Stage in the business process (January 2020)	ERDF	ESF	EAFRD
Total notional allocation £	£62,097,723	£44,381,182	£15,540,333
Contracted to date £ (funding agreement signed)	£43,957,457	£30,747,984	£12,397,345
Under Consideration £ (projects at assessment, appraisal or contracting)	£15,453,517	£12,637,730	£1,972,912
Total in the business process	£59,410,974	£43,385,714	£14,370,257

European projects are required to report on an extensive range of outputs; the table below shows some of the key ones that the current ERDF projects will deliver as at January 2020.

Output	Total Forecast
Enterprises supported (C1)	6,092
Employment increases (jobs – C8)	1,207
New to firm products (C29)	597
Additional businesses with broadband access of at least 30mbs	2,230

Annex – Enterprise Zones

Heart of the SW has three Enterprise Zone sites with details shown below

Gravity (<http://www.thisisgravity.co.uk/>)

Located at J23 of the M5 providing 635 acres of employment land with proximity to Bristol deep sea port, Bristol and Exeter Airports and the Hinkley Point C new nuclear build, Gravity will be an intelligent, sustainable, connected and immersive innovation campus at the heart of the South West. With an offer of resilient energy solutions through an on-site provider, on-site rail connectivity, dark fibre and water abstraction licences, the site will welcome the world's most innovative businesses. Underpinned by a vision focused on Clean Growth, Gravity will target high value businesses in low carbon, high tech sectors such as advanced manufacturing, electric vehicles, robotics and AI, R&D and associated activities such as data centres and assembly and distribution. Given the size of the site and access to a local and regional workforce from Bristol, Bath and Exeter with strengths in Clean Growth, Gravity is capable of leading the UK's sustainable economic growth. It also has the potential to offer off site manufacturing and support services to Bath/ Bristol facilitated by the M5 Growth Corridor. Gravity is a future home to 50-150 businesses with around 4,000 employees on site and is a catalyst for regional change and innovation.

Exeter & East Devon Enterprise Zone www.exeterandeastdevon.com

The Zone covers 4 sites to the east of Exeter. The Zone has excellent connectivity with domestic and international markets with good road (J29 of the M5 & A30), rail (London Waterloo) links and is located on the doorstep of Exeter Airport, with direct flights to major UK and European cities. The sites covered in the Zone are Exeter Science Park, Skypark business park, the new community of Cranbrook and Air Park. The total site area is 75 hectares which will support the creation of 10,500 new jobs. The sites provide opportunities for all types of business, from incubator space for start-ups, grow on space for R&D companies, to flagship office space.

Oceansgate (<http://www.oceansgateplymouth.com/>)

Located on the waterfront in Plymouth with direct access to the Sound and the English Channel beyond, Oceansgate is a 35ha site focussing exclusively on the marine sector which will create 1200 jobs. The site forms part of Heart of the SW's contribution to the wider South Coast Marine Cluster which stretches from Cornwall & the Isles of Scilly to Southampton. Oceansgate's development is divided into three phases; phase one is being actively marketed and phase two is under way with completion summer 2020. Phase 3, consisting of docks, jetties, land, office and industrial space with access to deep water requires significant investment and securing this remains a key priority. The Zone is underpinned by the Marine Business Technology Centre which brings together the world-class research expertise in Heart of the SW with the businesses on site, creating links which enable development of new products and services.

Annex – HotSW LEP Team

HotSW Extended Team

Core team
SLA resource - role
SLA resource - function

