





Foreword *by Steve Hindley CBE DL, Chair*



Since our last annual conference in October 2016, it's been an action-packed year for the LEP and its partners.

We've now got an investment programme approaching three-quarters of a billion pounds and of the 57 capital and revenue projects, 11 are already completed, 27 are underway and a further 19 are in the pipeline and due to start soon.

Following the last round of the Growth Deal when we secured the largest allocation in the country, we were given to understand that the third round – known to us as Growth Deal 3 – would be a much smaller amount compared to what we were bidding for. However through effective advocacy from the LEP, HotSW MPs, local authority and business partners, we eventually received more than double what was initially on the table.

This success is testament both to the confidence that the government has in our area's potential, and the LEP's ability to deliver. It's a step in the right direction after decades of under investment in our infrastructure. Along with our partners in

the Local Authorities, other LEPs and organisations such as the Peninsula Rail Task Force, we've made some progress in reversing this under investment but we recognise much still remains to be done.

Our partnership has gathered momentum this year with the recruitment of seven new private sector board members, bringing expertise from a diverse spectrum of disciplines including nuclear, rural economy and international marketing. I would like to thank those board members who came to the end of their terms of office this summer. Their insight and commitment has helped the LEP develop into a highly successful partnership over the last six years, and our achievements have been very much dependent on their diligence and dedication on a voluntary basis whilst running their own businesses.

Another milestone on the governance front is that the Department for Business, Energy and Industrial Strategy has praised our transparency, which shows our stakeholders that we're providing value for money and that our partners' interests are paramount.

Whilst it's important for a publicly funded body to show transparency and due diligence, it's equally important to deliver on a higher strategic level and leverage economic benefits that would not have existed without our intervention.

HotSW LEP is delivering on all fronts this year, with significant progress being made in our cross-LEP partnerships where we bring together partners from different LEP areas to create opportunities that are greater than the sum of the parts. One such initiative is the Nuclear South West partnership, which has just had some encouraging meetings with Government on a proposed Nuclear Sector Deal that aligns with the national Industrial Strategy and will bring direct investment in infrastructure and skills.

Also, in the aerospace industry, the i-Aero consortium is gathering momentum to present to Government a proposal for high value design and thereby harness the benefits of the aerospace industry which is of global significance here in HotSW and the wider south west.

We're working with our partners towards delivering a Productivity Plan for the Heart of the South West. A key part of this will be realising the ways in which HotSW has real world-class potential, and using these as a springboard for wider growth.

Otherwise known as our "Golden Opportunities", these areas are: the aforementioned nuclear and aerospace sectors, plus marine, rural productivity, health and social care and data analytics.

Alongside these, it's essential that we support growth in all sectors, and the area has significant employment opportunities in service industries and tourism, amongst many others. However, our Golden Opportunities are those which we believe offer the most potential for improvement in wider productivity and prosperity in clusters that will generate high value jobs and rewarding careers. This is what we were set up to do back in 2011 when we were first established.

How far we've come since then; we've helped thousands of businesses become more profitable, and helped thousands of

people gain new skills and take up new jobs; we've developed thousands of square metres of new workspaces and hundreds of miles of new roads. Take a look at this year's annual report which focusses on the immense progress of our delivery programme, along with some real examples of our achievements and an outlook to the future priorities.

We've had Ministerial assurance that LEPs are an essential part of the Government's plan for driving local growth and the Industrial Strategy. The Government values the way LEPs bring local business leaders into growing local economies and because we're critical for the country's future economic success, there are plans to put us on a more consistent legal footing. The Government is expected to set their ideas out further through the autumn and we await these with interest.

So with this in mind I look forward to another year of achievements towards delivering prosperity for all in the Heart of the South West.



Heart of the South West in numbers



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.

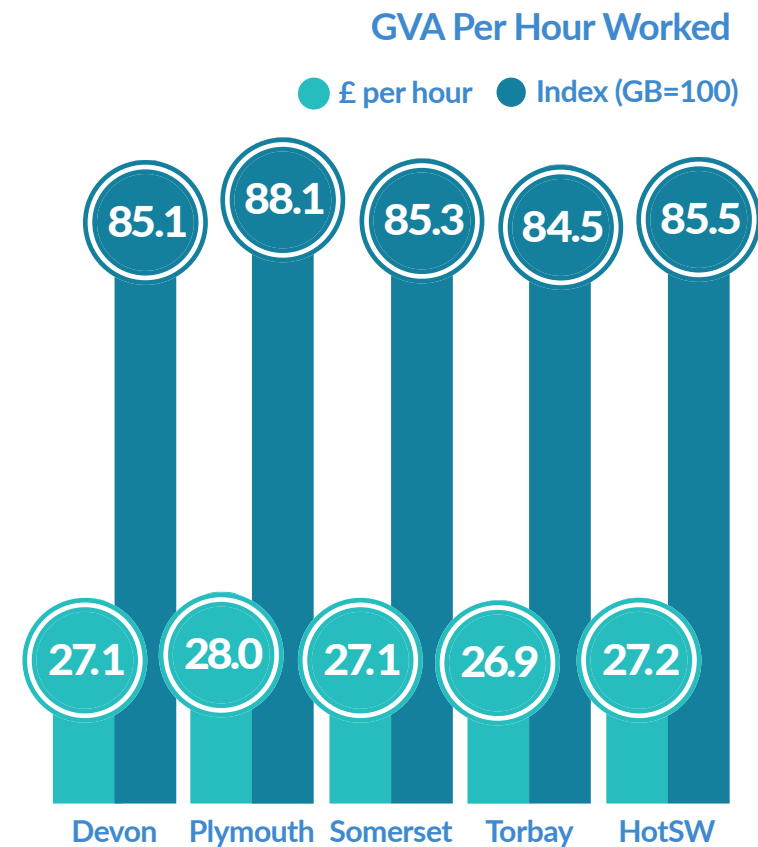
The area has a population of 1.7m and is home to 83,000 businesses. We are a strategic partnership between councils, the education sector and businesses and our aim is to support the generation of better growth, employment and prosperity across the area, securing investment and influencing government policy.

Of the circa 83,000 businesses across HotSW, 84% are microbusinesses employing between 0-9 people. Every local authority within the HotSW LEP has seen a modest net business growth, with the majority of growth from the micro-business category.

Employment & Earnings

Source: ONS

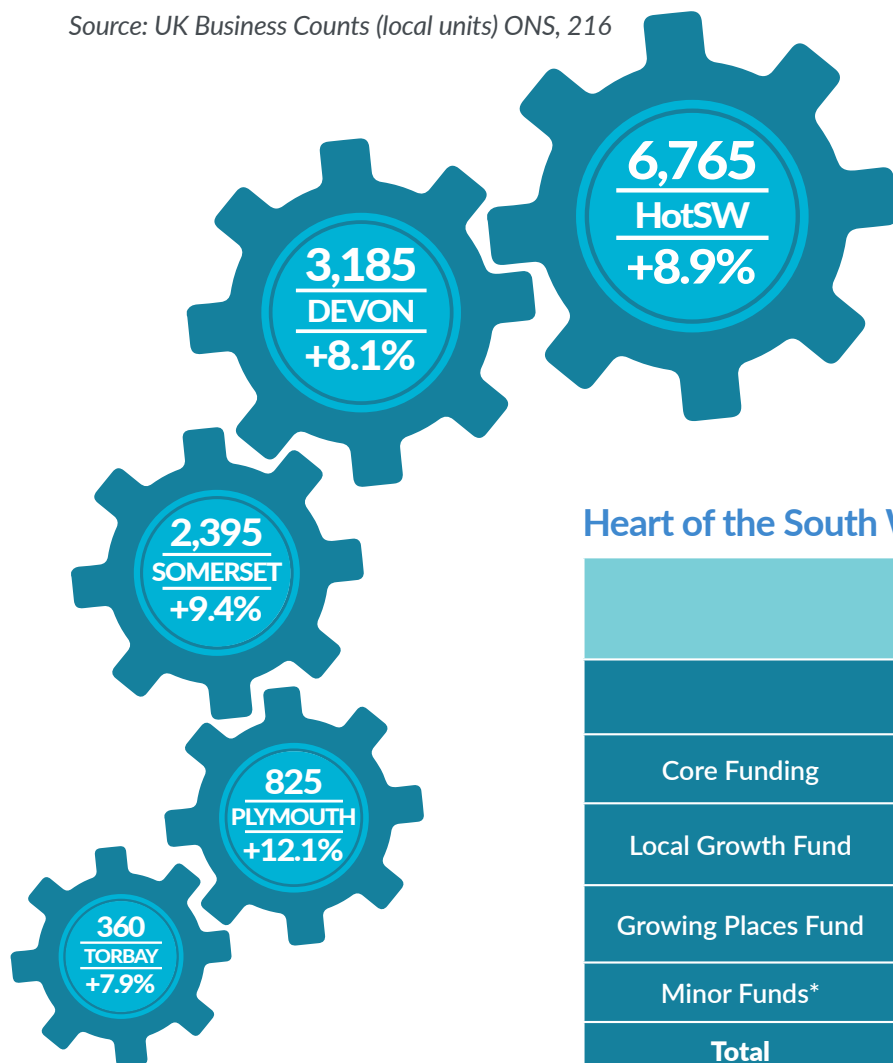
	Employment rate (Dec 2016)	Total Employees in 2015	Gross weekly earnings (2016)
Devon	73.6%	310,500	£477.1
Plymouth	73.8%	107,800	£519.8
Somerset	75.9%	217,000	£467.7
Torbay	74.7%	46,900	£421.8
HotSW	74.4%	682,200	£479.1



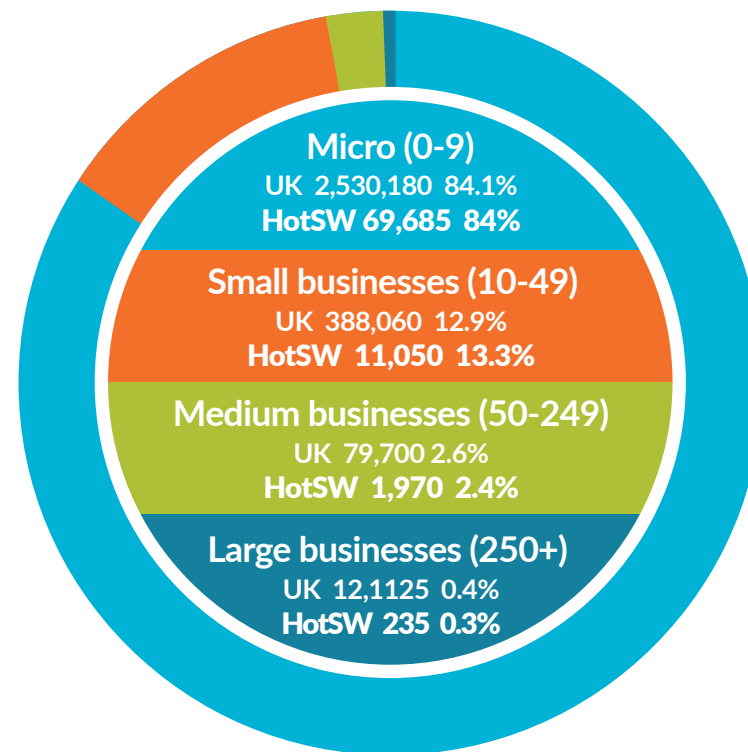
Heart of the South West in numbers

Net Business Growth since 2011

Source: UK Business Counts (local units) ONS, 216



Size of Businesses in HotSW vs UK (2016)



Heart of the South West LEP Financial Statement 2016/17

	Bal. b/fwd @ 1st Apr 2016	Funds In	Sub total	Funds Out	Bal. c/fwd @ 31st Mar 2017	Committed in 2017/18
	£'m	£'m	£'m	£'m	£'m	£'m
Core Funding	1.24	1.99	3.23	1.22	2.01	0.28
Local Growth Fund	75.90	36.13	112.03	33.22	78.81	26.19
Growing Places Fund	13.52	0.12	13.63	0.67	12.96	8.92
Minor Funds*	0.23	0.00	0.23	0.04	0.19	0.09
Total	90.89	38.24	129.12	35.14	93.98	35.47

* Local Transport Board Grant and Rural Growth Network Grant

The Board

The LEP Board is made up of high calibre leaders from the private, public and education sectors who invest their time and expertise on a voluntary basis to increase prosperity in the Heart of the South West.



Stuart Barker
Devon County Council
Cabinet Member for
Economy, Skills and Training



David Bird
Regional Director,
Santander Commercial
and Corporate Banking



Ian Bowyer
Leader,
Plymouth City Council



Stuart Brocklehurst
Chief Executive,
Applegate



Martin Brown
Entrepreneur



Stephen Criddle
Principal & CEO,
South Devon College



Paul Diviani
Leader, East Devon
District Council



David Hall
Deputy Leader,
Somerset County Council



Steve Hindley
Chair,
Midas Group Ltd



Jackie Jacobs
Finance Director,
EIC Group



Helen Lacey
Managing Director, Red
Berry Recruitment Ltd



Fiona McMillan
Non-Executive Director,
EDF Energy New Build
Gen Co Ltd



Judith Petts
Vice-Chancellor,
Plymouth University



Gordon Oliver
Mayor, Torbay Council



Barbara Shaw
Chief Executive,
Westward Housing



Harvey Siggs
Leader,
Mendip District Council



Sir Steve Smith
Vice-Chancellor and
Chief Executive,
University of Exeter



Mel Squires
South West Regional
Director, NFU



Richard Stevens
Managing Director,
Plymouth Citybus



Karl Tucker
Managing Director,
Yeo Valley



Martha Wilkinson
Chief Executive, Devon
Community Foundation

Achievements *Chris Garcia, Chief Executive*



“ Looking back to the last Annual Report, I’m pleased to say that we’ve made major step-changes in achieving the priorities that were set out for 2016 and 2017.

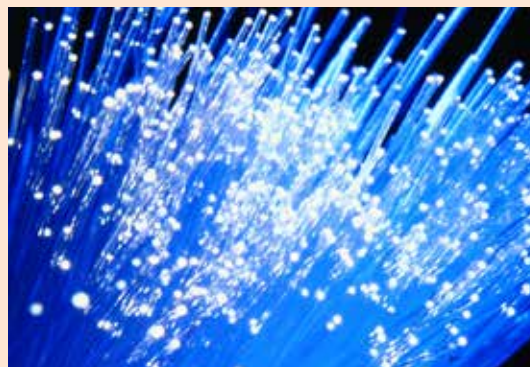
Last year we were still waiting to secure our third Growth Deal from Government, we set out to explore the opportunities and threats presented by leaving the EU, and we put in a bid to reserve funding for the North Devon link road and improved rail infrastructure.

Our ambition paid off – we got a higher proportion of funding from central government pro-rata based on population than most other parts of the UK, and the highest proportion than anywhere else in the south west.

This latest Growth Deal package is for ten strategic projects that have LEP wide

benefits. And we continue to see more and more Growth Deal projects start on site or take shape on the ground as the programme to 2020 rolls out.

Connecting Devon and Somerset



Phase 3 and 4G Mobile Package

Providing Superfast broadband to premises within the ‘final 5%’ not served via the private sector, and furthering our aim to increase superfast coverage in the HotSW to 100% by 2020.

The three projects shown here are examples of the exciting projects that inspired the Government to award us this third round of Growth Deal funding in February this year.

In total our full programme of Growth Deal packages are worth almost £600m of investment, including the match funding from the local public and private sector to the £239.07m from Treasury. When you add to that the Growing Places Fund, the Rural Growth Pilot and the European Funds being invested in our area, our current capital programme is worth £735 million, and we aim to make the most of it by delivering the benefits of investment to the local business community.

Communities Secretary Sajid Javid: “As part of efforts to deliver an economy that works for everyone, the Government is equipping local people with the resources they need to drive forward local growth. That’s why we’re giving £43.57 million of new money to Heart of the South West to give businesses the support and opportunities they need to achieve their potential – on top of the £195.5 million already awarded”.

Somerset Energy Innovation Centre



An additional 200sqm workspace at SEIC – delivered by SWMAS, Business West and Somerset Chamber of Commerce – a national hub for innovation and collaboration, where tenants can access business support, engage with Hinkley supply chain and develop low carbon opportunities and new partnerships.

These case studies are just some examples of our many projects. Details of all our projects are on our website at **www.heartofswlep.co.uk** where you can sign up to our newsletter and social media streams.

We continue to support the local authorities on their plans for a Joint Committee, which will give them enhanced mechanisms for partnership on key decision making. Our fundamental challenge remains improving productivity; i.e. the amount produced per worker or per hour worked. We’ve successfully grown employment in the last five years but Heart of the South West lags behind other areas on productivity, so we’re working with the local authorities and our national parks to create a robust Productivity Plan to address this; the Plan is due to go out for consultation in the autumn and be published early in 2018. ”

Construction Futures



Delivered by Devon Communities Together, Construction Futures will enable construction students and people from disadvantaged backgrounds to gain on-site work experience by renovating properties to be resold at a profit, which is then re-invested in future projects.



Aerospace &
Advanced Engineering



Rural Productivity



Marine



Health and
Social Care



Data Analytics



Nuclear

Direct Investment

The LEP's programme of investment is approaching three quarters of a billion pounds.

Three Growth Deals, the Growing Places Fund and the Rural Growth Network, along with European Funds investment by the EU Government in the HotSW area, have already helped deliver 1500 new jobs, over 500 new homes; trained nearly 800 people and supported 2,500 businesses. We continually review our expected outputs against performance and are already ahead of schedule on the number of businesses supported and the number of new homes expected to be built by 2021 has increased by over 7,000.

Our investment programme, matched by local public and private sector funding, is contributing towards the overall aim of the LEP's strategic economic plan to increase productivity and deliver prosperity for all.

	Government Award	EU Funds Contracted	Match Funding	Total
Growth Deal 1&2	195.5		236.7	432.2
Growth Deal 3	43.6		114.4	158.0
Total Growth Deal Funding	239.1	0.0	351.1	590.2
Growing Places Fund	22.6		48.4	71.0
European Structural & Investment Funds		32.1	26.8	58.9
Rural Growth Network Pilot	2.9		15.1	18.0
	264.6	32.1	441.4	738.1

✓ Actual statistics (2017)



1,423
New jobs created to date



764
People trained to date



3,955
Businesses supported to date



507
New homes to date



£43m
Private Sector leverage to date



67
Infrastructure spend to date

Statistics forecast (2021)



26,930
New jobs created



59,005
People trained



30,103
Businesses supported



18,342
New homes



162
Private Sector leverage



641
Infrastructure spend

	GD1	GD2	GD3	Growing Places Fund
Programme	£297m programme, including £111m secured from Government for 29 projects, the 8th highest allocation of Growth Deal in the UK	£141m programme including £65m secured from Government for 11 projects, the highest allocation of Growth Deal in the UK	£160m programme including £43.6m secured from Government for 10 projects, the highest allocation of Growth Deal per capita in the South West.	£47.92m programme of investment, including £22.5m of loan funding – all £22.5m fully committed to 7 projects
Progress	<ul style="list-style-type: none"> • 25 funding agreements signed • 18 projects in delivery • 7 projects complete • £55m spent 	<ul style="list-style-type: none"> • 6 funding agreements signed • 6 projects in delivery • £1m spent 	<ul style="list-style-type: none"> • Offer letter received from Government • 1 project started • Offer letters, subject to business case approval, sent out to GD3 projects 	<ul style="list-style-type: none"> • 6 funding agreements signed • 2 projects in delivery • 4 projects complete (3 of these at repayment stage)
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"> • Up to 4300 jobs created • 5400 homes built • 206,000m² commercial floorspace • 4900 learners assisted 	<ul style="list-style-type: none"> • 126 housing units unlocked • 630 jobs created

Case Studies

57 projects: 27 underway – 19 planned



Wild Beer – Growth through Rural Enterprise Grants

The LEP aims to generate economic prosperity in the long term, and a lasting legacy of benefits can best be seen over time. One of our earliest schemes was the Rural Enterprise Grant (REG) overseen for the LEP by our partners in Devon County Council, which is still generating growth three years down the line. With £60,000 from the REG in 2014, plus £89,000 of its own match funding, The Wild Beer Co in Westcombe, Somerset purchased extra brewing capacity and a new bottling line. The brewery is now exporting to over a dozen countries with growing demand in the US, southern Europe and Scandinavia.

Oceansgate

The new home of marine enterprise in Britain's Ocean City, Oceansgate occupies 35 hectares at one of Europe's largest dockyards at Devonport, providing a unique complex of office buildings, industrial units and docks for commercial use.

It has direct deep water access to the English Channel and is an unrivalled location for a wide range of marine businesses, offering the largest marine and maritime commercial opportunity site currently available in the UK.

The success of the Oceansgate development is through a variety of funding and partnerships that the LEP has been involved in; from the Plymouth and Peninsula City Deal in 2011 through to Growth Deal and Growing Places packages, and latterly the designation of Oceansgate as one of the Heart of the South West's multi-site Enterprise Zones. These partnerships are helping to bring about the transformation of a run-down dockyard into a world-class marine industries location that will be ready for occupation in January 2018.





Exeter Science Park

Exeter Science Park is a success story having come about through multiple investments including funding from the former Regional Development Agency, Local Authorities, the European Regional Development Fund and the LEP's Growing Places Fund and Growth Deal Funds. It continues to attract confidence from the private sector, inward investors and local and national public sector strategies.

The Science Park demonstrates how growth is achieved by a sustained effort over many years, utilising funds from multiple sources and is part of a wider growth corridor which includes other sites in the Exeter and East Devon Enterprise Zone – part of the HotSW multi-site package, and the award-winning new community of Cranbrook.

The Exeter Science Park Centre building is now 82% occupied by small knowledge-based companies, which are only accepted according to criteria targeting Science/Tech focus.

As for the wider Science Park, the Met Office has built its new £97m super-computer - one of the most powerful in the world - which is a further catalyst for growth and collaboration between science, business and academia. It's part of the long term commitment to create a technology cluster and improve science & innovation, as recognised by the Science and Innovation Audit, piloted in the south west of England and south east Wales.

Electronic & Photonics Innovation Centre (EPIC)

EPIC is an £8M, 3,834m² purpose built state of the art facility driving innovation in microelectronics and photonics at White Rock Business Park in Torbay. As well as being partially paid for by the LEP's Growth Deal, the centre also draws in funding from Torbay Council, the European Regional Development Fund and Coastal Communities, making it another example of effective partnership funding.

It will create 220 new jobs, support 70 hi-tech businesses and 14 collaborations between industry and academia. EPIC also complements the development of South Devon College's new Hi-tech and Digital Skills Centre.

Due to be operational in early 2019, the centre will provide open-market access to laboratory and clean room facilities; accommodating specialist equipment to support R&D, prototyping, innovation and collaboration; as well as specialist sector support, office and meeting rooms, collaboration space and incubation facilities to support start-up and spin-off tech companies.

EPIC will be a centre of excellence in supporting technological innovation and will help the Heart of the South West contribute to raising national productivity by enabling the UK to remain internationally competitive in the technologies sector.



Case Studies

57 projects: 27 underway – 19 planned



heart of the
south west
local enterprise partnership



Department for
Business, Energy
& Industrial Strategy



Heart of the South West Growth Hub

Getting the right advice and support is an important factor for many businesses looking to invest in an area, and the Heart of the South West Growth Hub provides an added incentive for investment from new start-ups, those looking to relocate here, and companies already established in the area that are looking to grow.

Since being set up early in 2016, the Heart of the South West Growth Hub has dealt with 2,500 businesses, that's including 551 being referred to

specialist service and 237 having received intensive support from the Growth Hub's business advisors.

The Growth Hub is only half way through its three year contract and has already exceeded its projected targets, and the LEP is looking forward to developing the service as the market for business support and the Government's focus on the importance of business support increases.

"The support we received has really allowed us to move in the right direction and ensure our business plan and cash-flow forecast was in good shape."

L. WALKER, NEW OAKS FARM



heart of the south west
Growth Hub

Inward Investment

The LEP works in partnership with Local Authorities and the Department for International Trade to market an attractive package of investment opportunities, enabling the area to compete effectively on a global stage. The Heart of the South West Enterprise Zones covering multiple sites at Exeter and East Devon, Huntspill Energy Park and Oceansgate are major selling points in the marketing of HotSW as a business location.

Figures for the number of companies setting up businesses here from abroad have been on a steady increase since 2011. In 2016/17 there were 22 successful Foreign Direct Investment projects, an increase of 57% on the previous year. Through these investments 688 new jobs have been created and 1009 jobs safeguarded. The LEP continues to work with partners to attract new investors and will be increasingly responsive to opportunities and challenges presented by the post-Brexit market.



Enterprise Advisor Network

The Enterprise Adviser Network encourages businesses and schools to work together to support young people in making choices about their future careers. It provides information to schools about the skills needs for business, so they can develop career-focused activities.

Initially 36 schools were funded on the project, with funding for a further 27 schools being secured in 2016. This means that 60% of schools in the area have an Enterprise Adviser. Six special schools have also been invited to take part.

The CSW Group delivers the service, which is being funded by the Careers and Enterprise Company, Devon County Council, Somerset County Council, Plymouth City Council and Torbay Development Agency.

Influencing and shaping: *working with partners locally and in Government*

In 2016/17, the LEP has strategic input to a number of programmes delivered in partnership with HotSW or by other organisations, including:

- European Structural and Investment Funds (ESIF)
- Great South West
- Nuclear South West
- Science and Innovation Audit
- i Aero
- Rural Productivity
- Energy Strategy
- Innovate UK



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. The ESIF Strategy was 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 ESIF programmes have a notional value of £109m for the Heart of the South West and are managed by Government departments. Funding comprises:

- C. £53.6 million of European Regional Development Fund (ERDF) monies with key priorities of innovation, business support, ICT and the low carbon economy;
- C. £39.7 million of European Social Fund (ESF) monies with priorities of employment, skills and social inclusion; and
- C. £15.5 million of European Agricultural Fund for Rural Development (EAFRD) monies to support growth and jobs in rural areas, with a particular focus on grants for food processing, tourism and micro and small businesses.

The LEP is a local partner in the ESIF process, providing advice and support to the Managing Authorities to ensure investments meet local needs. In 2016/17, the LEP continued to advise the Managing Authorities in the development of ESIF calls for applications and, through the ESIF-funded Technical Assistance Project, hosted workshops to publicise the funding opportunities.

As a result, the first projects are now starting to deliver activity for businesses and people across the area and calls continue to be launched to commit remaining funds. Despite the Brexit vote the LEP continues to work with Government to maximise



the opportunity for utilising ESIF funds and on shaping what replacement funds could look like. Government has made the commitment that for all ESIF projects with signed contracts or funding agreements in place prior to the UK's exit from the EU, funding will be guaranteed by Her Majesty's Treasury even if projects continue beyond the UK's departure from the EU.

For ERDF and ESF monies, the Heart of the SW LEP area has both transition and more developed status as defined by the European Commission, with Plymouth, Torbay and Devon being 'transition' areas, Somerset being 'more developed'. EAFRD monies are spatially targeted at rural areas of Devon and Somerset. Below is HotSW's notional ESIF allocation, and page 18 has a list of contracted projects at the time of publication of this Annual Report.

Fund	Notional Allocation (£m)	Contracted (£m)	In the business process (£m)	Total Contracted & under application (£m)	% of Notional Allocation	Live Calls (£m)	Balance to be applied for (future calls) (£m)
ERDF Transition	40.2	11.6	26.6	38.2	95%	2.5	-0.5
ERDF More Developed	13.4	2.8	7.5	10.3	77%	2.5	0.7
	53.6	14.4	34.1	48.5	90%	5.0	0.1
ESF Transition	26.9	11.5	2.0	13.5	50%		13.5
ESF More Developed	12.7	6.0	1.3	7.3	57%		5.4
	39.7	17.5	3.2	20.7	52%	0.0	18.9
EAFRD	15.5	0.2	2.2	2.4	15%	12.4	0.7
ESIF Total	108.8	32.1	39.5	71.6	66%	17.4	19.8

ESIF Contracted Projects Annual Report (30th August 2017 data)

		More Developed	Transition		
		Somerset	Devon, Torbay & Plymouth	Total ESIF £m	
ERDF	Innovate2 Succeed	Y	Y	0.5	
	Electronics and Photonics Innovation Centre	Y	Y	1.4	
	Plymouth Materials Characterisation Project		Y	1.0	
	Innovation in Healthy Ageing		Y	0.7	
	Superfast Extension Programme	Y	Y	4.6	
	Local Manufacturing Advisory Programme	Y	Y	0.7	
	Export for Growth	Y	Y	1.3	
	Start Ups	Y	Y	0.7	
	Growth Hub	Y	Y	0.9	
	HotSW Social Enterprise Programme	Y	Y	1.0	
	ZEB CAT		Y	1.5	
ESF	Big Lottery opt-in, including sub-contracted activities of: Employability/Enterprise for Young People; Employment support for 18-24 year olds (Devon, Plymouth and Torbay); Employment support for over 24s (Devon, Plymouth and Torbay); and Employment support 18+ (Somerset).	Y	Y	7.8	
	Employment and Skills Funding Agency opt-in, including sub-contracted activities of: Business start up; Support for NEETs; Apprenticeship services; Skills support for the workforce – Basic level; and Skills support for the workforce – Higher level	Y	Y	9.7	
EAFRD	Brean Down Way	Y		0.2	
	Hestercombe Gardens Trust: Heritage Interpretation Signage	Y		0.0	
			Total ESIF contracted	32.1	



Influencing and shaping: *working with partners locally and in Government*



With partners in Dorset and Cornwall and the Isles of Scilly, we've launched a new collaboration to promote our joint interests. Using as a working title, Great South West – this helps compete with other cross-LEP partnerships such as the Northern Powerhouse and the Midlands Engine. It aims to develop our propositions that tackle barriers to productivity and prosperity, and aligns with the private sector led #backthesouthwest campaign which launched the South West Growth Charter at the inaugural Growth Summit last October.

With over £100bn businesses opportunities, a dynamic and progressive South West can promote our propositions that will contribute to a successful national economy.

In this new process, the public and private sector work flexibly on a regional basis – with no set geographical limit – with different partners for different projects that are relevant to particular opportunities. For example, the Nuclear South West partnership extends from Cornwall to Gloucester, the Marine Cluster stretches as far as Portsmouth, and iAero partnership harnesses the globally significant aerospace strengths in the whole of the south west.



Nuclear South West (NSW) is a partnership between the nuclear industry network and the stakeholder alliance of the Heart of the South West, West of England and GFirst LEPs, the academic and skills sector and business support agencies.

Its role is to capitalise on the circa £50billion worth of contracts available to south west companies across 15 projects over the next 20 years in new build, decommissioning and defence. The South West has unparalleled strength and potential in the global nuclear industry; and Nuclear South West is working with Cumbria LEP on a Nuclear Sector Deal in response to the Government's Industrial Strategy, to generate transformational economic benefits for the UK and establish the national nuclear industry as a global leader.

Influencing and shaping: *working with partners locally and in Government*



Building better energy together

The Hinkley Point Training Agency (HPTA) is a Nuclear South West partnership of LEPs, Local Authorities, FE Colleges and independent training providers; bringing an innovative approach to recruiting local labour for the 25,000 new jobs generated by Hinkley Point C. HPTA aims to create 1,000+ apprenticeships; ensure that 34% of those working on-site are within a 90 minute travel zone; and leave a legacy of a highly skilled sustainable workforce for the future.

Science and Innovation Audit

A consortium of major businesses, Local Enterprise Partnerships and higher education institutions found that the south west England and south east Wales region can lead the UK and compete with the world in the areas of advanced engineering and digital innovation, through one of the first Science and Innovation Audits in the country.

It identified the area as home to the largest aerospace sector in the UK and pioneering automotive, nuclear, marine and marine renewables and microelectronics industries, and through collaborations and sector deals can maximise on these opportunities to raise productivity.



iAero is a collaboration of the aerospace industry – which has a cluster of global prominence in the south west – between the West of England, Heart of the South West and Cornwall and the Isles of Scilly LEPs, the West of England Aerospace Forum, HE, FE and training providers and business support agencies.

The region's aerospace cluster has global prominence and is essential to driving up the UK's industrial productivity and excellence, so the consortium has made a response to the Government's Industrial Strategy to harness the economic opportunities and retain competitiveness when Britain leaves the EU. iAero is a cost-effective mechanism for enabling technological innovation, and is currently working on high-value design as a way of raising productivity and creating a unique proposition for the south west aerospace industry.



Innovate UK

Knowledge Transfer Network

Evidence shows that productivity is closely linked to levels of innovation – the development of new products and services – within an area's business community. On this measure the Heart of the South West area has scope for improvement, strengthening links between businesses, our world-class research institutions and sources of funding. To drive innovation, as well as investing in key assets such as Exeter Science Park, the LEP is working with Innovate UK on a HotSW event for businesses to explore our wider challenges and opportunities and test new partnerships between businesses and our research base to address these.

South West Energy Strategy

The Heart of the South West, Cornwall and the Isles of Scilly and Dorset LEPs have secured £100,000 from Government to develop an Energy Strategy by the end of this financial year to help develop a low carbon economy; delivering affordable energy, supporting businesses to grow and enabling clean growth.



Rural Productivity

The South West Rural Productivity Commission was established this year between the Heart of the South West, Dorset, Swindon & Wiltshire and Cornwall & the Isles of Scilly LEPs to explore the challenges and opportunities around rural productivity and growth. The commission consisted of experts from all four LEP areas who heard over 37 hours of testimony from witnesses across the region and reviewed over 200 items of evidence. The commission is now working with LEPs and Government to finalise recommendations and an action plan across a number of policy areas, and the report will be published this autumn.

How we have supported the policies of others

As well as securing direct investment, we are supporting and endorsing a number of policies and bids with partner organisations to secure funding and strategic backing for transformational projects. Key areas of activity are highlighted:



Policy Areas	LEP activity in 2016/17
Industrial Strategy Response	✓ Developing HotSW Productivity Plan with Local Authorities and sector deals with other LEPs.
Localism	✓ Supporting the Local Authorities to set up governance structure and do deals related to sectors for important challenges and opportunities presented by increased localism
Road Improvements	✓ Transport Infrastructure Fund – we endorse bids by Highways Authorities such as the business case for the improvement of the North Devon Link Road
Rail Improvements	✓ Supported Peninsula Rail Task Force in their 20 year plan to improve resilience and reliability; journey times and capacity & comfort to the south west rail network
Enterprise Zones	✓ Established Heart of the South West multi-site Enterprise Zones at Oceansgate, Huntspill Energy Park, Exeter and East Devon.
Housing	✓ Continue to prioritise housing as a key output for Growth Deal and Growing Places funding.
Broadband	✓ Direct funding for broadband and mobile infrastructure through Growth Deal, Growing Places and ESIF, as well as making the case to Government on the importance of rural broadband
Environment	✓ Supported National Parks to develop economic growth priorities Supported environmental task and finish group.
Careers	✓ Worked with national partners to expand Enterprise Advisor Network Successful bid for Growth Deal including 3 skills projects European Social Fund skills projects in the pipeline and being mobilised

Outcome

- ✓ Productivity Plan out for consultation in the Autumn.
Nuclear Sector Deal with Nuclear South West partners and Cumbria LEP receiving positive responses from Govt departments.
- ✓ Joint oversight of the forthcoming Productivity Plan between the LEP, Local Authorities and the National Parks
- ✓ A303 /358 partnership for highways England made progress and out for consultation.
- ✓ Supported PRTF in finalising the 20 year plan.
Reiterated our case to south west MPs and to ministers the need to reverse decades of under-investment in the rail service to enable the economy to reach its full potential for higher productivity.
- ✓ Exeter & East Devon now open for business with Oceansgate and Huntspill following in 2018.
- ✓ Growth Deal outputs on Housing increased from anticipated 11,000 to 18,000 this year.
Supporting Local Authorities on bids for the Housing Infrastructure Fund
- ✓ Work started to connect the first 21 communities to ultrafast broadband.
Connecting Devon and Somerset programme already provided superfast broadband to 278,000 homes and businesses and improved broadband to 320,000 premises.
- ✓ Natural capital is a key opportunity within the forthcoming Productivity Plan.
The distinctive assets of the region are a major USP in the Great South West campaign.
- ✓ 60% of schools now have an Enterprise Adviser
HPTA on track for 34% of Hinkley workforce being from local catchment.
More Growth Deal funded FE projects in programme.

What next?

Key priorities for 2017/18 will be:

- ✓ Reacting to the post-Brexit economy by maximising on the opportunities and mitigating risks.
- ✓ Ensuring the ESIF and Growth Deal projects are delivered within programme.
- ✓ Developing Great South West and future cross LEP working
- ✓ Supporting Local Authorities to progress a Combined Authority or Joint Committee covering the Heart of the South West
- ✓ Continuing to deliver our pipeline of capital investments on budget - on target - on time
- ✓ Identifying and successfully bidding for future funding streams
- ✓ Delivering the Heart of the South West Productivity Plan

We will need to support businesses across the whole HotSW area to raise their levels of innovation and new product development, developing new, more efficient ways of working, and to help them access new markets in the UK and overseas. We need to help our communities unlock the enormous potential of the digital economy and other growing areas like nuclear, marine and aerospace, and to ensure the workforce has the skills to prosper in the economy of the future.

The LEP remains strategically connected with our partners in Government and is confident that they will increasingly see our potential for growth and our aspirations to contribute more to the UK economy. We're encouraged by the early responses to the Nuclear Sector Deal and we know that the Government is keen to see more cross-LEP working to create economies of scale and meaningful economic areas to rival those of the north and the midlands.

Therefore we're confident about our ability to attract more money and more strategic backing for our initiatives in the years to come, and as we look forward we see our main role as being at the forefront of identifying opportunities in the new post-Brexit economy.

We've been working on creating the conditions for growth, maximising on the opportunities for growth and as we lead into the next phase we'll be looking at building on our distinctive assets to increase productivity and therefore prosperity.

