

Chief Executive's Report – 17 May 2019

1. Introduction

This meeting asks the Board to review the recruitment policy and process for the Chair and (2) new private sector Board Members appointments in accordance with the revised articles and recruitment policy recommended through F&R.

As it's the start of a new Delivery Plan – agreed by the Board at the last meeting – we are also providing position reports and updates on the following:

- A summary work plan for each of the Leadership groups
- Business Updates – we have agreed a new Business Quarterly bulletin – details set out in CEO report. In addition, there will be a verbal update on a number of business closures etc across the HotSW area and the future delivery of the Growth Hub
- Public Accounts Committee – following the publication of the LEP review, there is a public accounts committee hearing on 13 May 2019 and their report was published on 7th May 2019.
- Update on the development of the LIS – including feedback on the stakeholder workshop being held on 16th May 2019. A further workshop is being held on 14th June.
- A presentation on Transport including updates on the A303 and Dawlish Sea Wall and the priority schemes being proposed by the Peninsular Sub-national transport body
- Feedback from the Great South West APPG launch on 3rd May 2019
- A presentation on the defence sectors

Decisions/Action Required for this Board in this report

Agree the Board Recruitment Policy recommended by F&R and next steps for Board recruitment in the summer 2019

Headline Events since last Board meeting

- **Recent Local election results** may result in some changes to Local Authority Board representation on the LEP – details to be confirmed
- **Institute of Technology successful bid** – the IOT proposals led by Exeter University was one of 12 successful IOT proposals announced earlier this month. There was also a successful in West of England supported by Yeovil College.
- **Environmental Technologies accelerator - submitted** a successful expression of interest –clearing the way for a detailed (£30m) business case to be developed. However, other endorsed bids were not successful although some may choose to resubmit in Round 2 which has now been declared open
- **Digital Skills pilot** - secured £255k for Digital Momentum

- **South-west Exeter secured £53m HIF funding** - to support housing growth in the wider Exeter area
- **Coastal Communities Fund** – Torridge (£1.2m), North Devon £1.5m and the Onion Collective (£5m) West Somerset – all secured Coastal communities funding
- **FDI - HOTSW** continues to buck the trend (30% down nationally) with the second highest in the South-west – 22 successful investments
- **GSW APPG** - relaunch was held at the House of Commons on 2nd May 2019
- **Skills Advisory Panel** - £75k received
- **Core Funding and offer letter** – both the core funding and LGF offer letter have been received

Summary - What's going well and what isn't

i. LEP Review - Articles of Association and PAC Hearing

Following the last Board meeting, written agreement was received by more than 75% of Board Members and therefore were forwarded as appropriate to Companies House. Once we receive their confirmation the new Articles will be published on our website.

The PAC report was published on 7th May, summarised as follows:

Background to the report

Local Enterprise Partnerships (LEPs) are private sector led partnerships between businesses and local public sector bodies. They were established in 2011 to drive economic growth in local areas. There are 38 LEPs in England, each operating across more than one local authority. The government has committed £12 billion to local areas in England between 2015-16 and 2020-21. Of this, £9.1 billion has already been allocated through Growth Deals negotiated between central government and individual LEPs.

This report has been prepared to update the Committee of Public Accounts (the Committee) on the work of LEPs and the Ministry of Housing, Communities & Local Government (the Department) to address previous National Audit Office (NAO) report recommendations that focused on value-for-money issues; and the Committee's recommendations on governance and transparency issues. It will also update the Committee on progress to meet the recommendations set out in the Mary Ney's Review of Local Enterprise Partnership governance and transparency.

Content and scope of the report

This report sets out:

changes to the role and remit of LEPs since we last reported in 2016 (Part One);

the Department's and LEPs' progress with strengthening governance, assurance and transparency (Part Two); and funding spent through LEPs to date and future funding arrangements (Part Three).

We have not evaluated the effectiveness of the Department's work or the value for money of local growth funding spent through LEPs.

Report conclusions

With the significant amount of public funding now delivered through LEPs and the recent failure of the GCGP LEP, there is a clear rationale for more demonstrable good governance in LEPs and better oversight by the Department. We recognise the inherent tension the Department faces in developing a system of governance over a delivery model based on the devolution of funding and responsibilities to ad hoc, business-led partnerships. The Department has responded by implementing the recommendations of the Ney Review and some of those made by the Committee. While the assurance framework is stronger, backed up by checks on compliance, it is not proven yet whether these measures will be effective in detecting and responding to governance failures over significant sums of public money.

The Department's accounting officer is accountable for the Local Growth Fund delivered through LEPs. However, the Department has made no effort to evaluate the value for money of nearly £12 billion in public funding, nor does it have robust plans to do so. The Department needs a grip on how effectively these funds are used. It needs to act if it wants to have any hope of learning the lessons of what works locally for future interventions in local growth, including the new UK Shared Prosperity Fund.

A further verbal update will be supplied at the meeting

We will provide an update of the hearing (13 May 2019)

ii. Recent Business Closures/announcements

At each recent Board meeting, we have updated Board Members on actions in response to a number of significant business announcements/challenges relating to local companies – e.g. Wolf Minerals, Appledore Shipyard, Flybe and Barden. Most of these discussions are ongoing with the LEP directly involved or through the relevant Local Authority.

Flybe – a local task force, including the LEP, is working with and recently met the owners of Exeter airport – (Rigby Group) and the new owners of Flybe – (Connect Air). A verbal update will be supplied at the meeting.

Appledore Shipyard – the local task force, chaired by SWBC is working on the sale of the ship yard to new owners.

Barden – significant progress.

Staff were briefed this morning on the sale of the company to HQW followed by a press release that will be issued directly by Schaeffler.

Schaeffler ensures the future of Barden in Plymouth

Schaeffler Group has agreed to sell The Barden Corporation (UK) Ltd, Plymouth

- Barden UK will remain a supplier to the Schaeffler Group as well as to third-party customers
- The Plymouth plant will continue its operation without significant changes for customers, suppliers and employees alike
- HQW will complete on the sale on May 29th

British Ceramic Tiles – a local task force has been established to support the current work force and progress sale

Wolf Minerals – discussion with interested parties remain ongoing (with a complicated set of issues).

A number of food processing companies including Premier Foods are reviewing their business priorities. This may be worthy of further discussion

iii. Brexit Resilience and Opportunities

BROG continues to meet regularly – including Government as well as local representation although the risks inherent in immediate no deal exit seems to have rescinded at least for the time being. The BROG group has developed a series of key asks as follows which are under direct discussion with Government.

Housing 1. Capacity funding 2. A major infrastructure delivery fund 3. A small schemes liquidity fund

HotSW Housing Task Force – Letter from Chair to Minister

Strategic Connectivity 1. Confirmation of Sub National Transport Body/ (ies) 2. Funding commitment for A303 improvements 3. Peninsular Rail priorities – e.g. commitment for funding Dawlish 4. Superfast Broadband and 5G trials 5. A38/M5 Growth Corridor study by National Infrastructure Commission** (also in Housing Asks long list)

5G trial on Penzance to Paddington announced Autumn 2019 Announcement in Autumn statement

Rural - Taking forward our pioneering work on rural productivity through the South West Rural Productivity Commission – to codesign a cross-departmental rural deal to unlock this potential at a regional scale – focusing on digital, tourism and food and drink.

Sector Deals - Ensure that the South West is reflected fully in emerging sector deals including Nuclear, Tourism, Marine, Creative and the Defence review.

Led by the LEP and specific theme groups/partnerships Update needed on where we are with each Deal and which ones we want to push.

Energy - To be defined (SMART grids?)

Led by the LEP Place Group To be defined

Skills - Led by the LEP People Group Progress on SAP and funding for LMI secured.

Develop the IoT model

Fully operational SAP with updated LMI by end of 2019. Establish the IoT model by 2020/1 with integrated business support

iv. Transport programmes

As normal an update is provided. However, we thought it would be useful to have a fuller presentation and more detailed discussion about transport priorities at this meeting following the publication of the DfT SW Investment Plan

v. European Structural Funds

An update is provided as a separate report. There will be further calls in June.

vi. Nuclear Sector Deal

The Supply Chain bid submitted in March with AMRC, New Anglia and Cumbria LEPs has not been endorsed by BEIS and there are conversations on what to do next. Part of the challenge is the uncertainty about nuclear energy policy at this time – e.g. cost challenges to new nuclear, lack of clarity on next steps re AMR etc. However, BEIS also felt that the added value of the bid wasn't clear together with the degree of business support although they are largely supportive of the 'places' proposition.

vii. Growth Hub

A summary of Growth Hub evaluation will be provided at the meeting alongside progress on future delivery.

viii. Rural Productivity Plan

A position report was presented to the Great South West Partnership and Cornwall, Dorset and HOTSW met last week with DEFRA to look at how implementing the Rural Productivity Plan might be progressed on the context of the LIS and the recommendations of the House of Lord Rural Select Committee report which was published earlier in the month.

ix. The LEP Review

We have received our funding and offer letter for 2019/20. An update on the PAC hearing will be given to the meeting.

x. Local Industrial Strategy – Wave 2

Progress on a draft LIS is being developed and will be reported to a joint meeting of the LEP and joint committee on the 7th June (at Sandy Park).

In addition, workshops are being held with local stakeholders on the 16th May 2019 and 14th June 2019 particularly looking at the context of the Local Industrial Strategy and the Grand Challenges – specifically Clean Growth. The latter will include other LEPs

In addition, we have held engagement meetings with Government departments on Data and AI, Clean Growth and High value Engineering.

The trailblazer LIS (Greater Manchester and West Midlands) are due to be published later this month. We would appear to be on a similar timescale to other Wave 2 LIS partnerships with initial submission to Government planned immediately following the July LEP Board.

xi. Scrutiny

The next Scrutiny Panel is due in mid-June looking at the APR recommendations and potentially a workshop on the circular economy

xii. Business Engagement and Communications

The Annual Conference and AGM will take place on the 4th November 2019 in Torbay.

We have decided not to continue with the economic dashboard reports in their current form. Through the observatory, we will be providing a new dashboard from the September meeting and have been working closely with the Business Representative Organisations to build a stronger and more coherent business voice through a quarterly business monitor.

Xiii Great South West and APPG

The GSW Partnership met at the end of April receiving an update report on rural productivity and agreed to appoint additional support to develop the GSW business case for Ministerial review over the summer, Cornwall Council are providing secretariat support to the partnership in the run-up to CSR.

Xiv Stronger Towns Fund and UKSPF

We are still awaiting further announcements on the consultation for UKSPF and the prospectus for Stronger Town Fund.