



local enterprise partnership

ANNUAL REPORT 2019

Making a difference



Foreword by Steve Hindley CBE DL, HotSW LEP Chair

In the 6 years I've been Chair of the LEP I have been privileged to be part of a major transformation in the role of LEPs, and of Heart of the South West in particular, and this has continued over the last 12 months.

Government's review into LEPs – Strengthened Local Enterprise Partnerships – was published which confirmed the role of LEPs as leading on the development of a Local Industrial Strategy for their area. This has been a major part of our work this year.

Delivery of our key projects and programmes continues apace. From having no revenue at all, the LEP is now managing a portfolio of over three-quarters of a billion pounds that we're investing into 67 infrastructure, business support and skills packages. 31 are completed, 32 are underway and a further 4 are in the pipeline and on target for creating 22,500 jobs by 2025.

It almost goes without saying that the uncertainty around Brexit has been a major challenge; the Growth Hub is a key part of this area's response to help businesses manage this uncertainty.

“ But one thing underpins all these areas, and that is partnership.









The LEP relies on and works with a wide range of partners in business, the third sector, education and local government. The strengthened cooperation of this wider partnership is a growing and notable feature of this area and I fundamentally believe that it underpins much of the success of the last 12 months.

This has not only delivered a strong industrial strategy, strengthened the area's preparations for Brexit and ensured delivery of the LEP's investments, but it also means the area now has a new Careers Hub which aims to raise the skills of the workforce to meet the needs of

business and enable people to pursue higher value careers. The Digital Skills Partnership will improve the productivity of business and increase opportunities for individuals through strengthening digital skills. The Nuclear South West partnership continues to build on the opportunities of the industry in this area and work with Government to implement the Nuclear Sector Deal. The cross-LEP area Great South West partnership is raising our profile and visibility of the opportunities of the area with MPs and Government.

I would like to thank all our partners for their invaluable support this year. Working together, presenting one voice to Government and other investors, is bearing fruit and is the basis of our future success.

LEP Impact to 2019

	2,906 New jobs created to date
	1,588 Apprenticeships
	12,134 People trained to date
	8,386 Businesses supported to date
	4,431 New homes to date
	£152m Private Sector leverage to date
	£161m Infrastructure spend to date
	4,738 by 2021 Businesses connected to superfast broadband

Planning & progressing

Introduction from David Ralph – HotSW LEP Chief Executive Officer

Since the publication of the LEP review in 2018 the primary purpose of LEPs has been to lead the development of a Local Industrial Strategy that will set out the major priorities and opportunities for business and economic growth.

This has been a major priority for the last year and with our partners, we have set out an ambitious and challenging vision for our area. This represents a clear policy shift focusing on Low Carbon (Clean), Inclusive Growth and Productivity as the major pillars of our economic strategy.

“ No longer are we saying growth alone is important; but our strategy places, our people and our planet, alongside our economy.

There are significant opportunities for businesses, new and growing markets, that do not result in increased emissions and impact on the environment, there are better ways that we can make use of the resources we have and we can and must be better at ensuring all have the opportunity to contribute to and benefit from the proceeds of growth.

However, implementing it will be difficult and will require us to do things differently. We will need to continue building trusted partnerships across the LEP area and beyond our boundaries to be ready to deliver effective interventions that will have a real impact; and our places will need to be clear on how they might best exploit these opportunities.

Whilst no one is certain about what a post-Brexit economy will bring, it's our collective responsibility to ensure that businesses get the support they need and that central government gives us the right backing to take up any new opportunities and mitigate any threats. We continue to invest in our transport and broadband infrastructure and with the Skills Advisory Panel will provide an increased focus on skills training, especially in the digital sector.

We're pleased to report on our progress so far in this year's Annual Report, and we look forward to building on these successes to increase productivity and prosperity for all.

Forecast of LEP Impact to 2025



22,504

New jobs created



55,381

People trained



39,325

Businesses supported



16,815

New homes



£191m

Private Sector leverage



£641m

Infrastructure spend



25,000

Businesses connected to superfast broadband



heart of the
south west
local enterprise partnership

67 projects
31 complete
32 underway
4 planned

Heart of the South West in numbers

The Heart of the South West's £35bn economy and 1.8m population is equivalent to that of a major UK city.

Employment is amongst the highest in Europe and our challenge now is to harness this potential and our area's natural and economic assets to raise productivity and prosperity for all. Building on the Productivity Strategy published in 2018, we're working with Government to create our Local Industrial Strategy that will develop our opportunities in key sectors with an over-arching theme of Clean Growth.

An area rich in potential

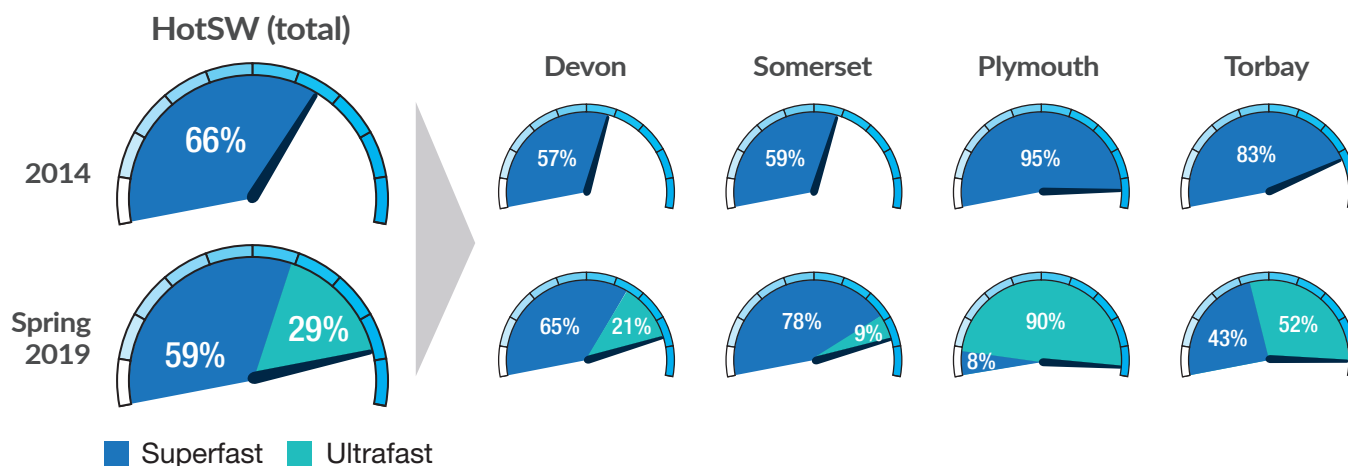
£35 BILLION ECONOMY
as big as Birmingham or Liverpool



Changes since 2014...

	Heart of the SW	UK
Economy Real GVA 2015 prices	+4.4%	+6.1%
Population	+3.1%	+2.8%
Employment Jobs full time equivalent	+6.7%	+5.6%
Productivity Nominal GVA per hour worked	+7.7%	+6.6%
Wages Average earnings per week	+7.2%	+9.8%

Broadband Speed Improvements*



* Based on number of premises connected. Source: Ofcom Connected Nations Report, Spring 2019

Heart of the South West Investment Programme

With an investment fund of over three-quarters of a billion pounds, the LEP manages a programme of 67 capital and revenue projects that are improving infrastructure, business growth and skills across the Heart of the South West.

Our Growth Deal with Government is amongst the most successful bids in the country, with 31 schemes already complete and 36 on target for delivery in 2025.

Fund	Government Award	Match Funding	Total	Progress	Expected outputs
Growth Deal	£239.1m	£351.1m	£590.2m	31 projects complete 32 projects in delivery 4 projects in the pipeline 2,906 new jobs 4,431 homes built 12,134 people trained 8,386 businesses supported	67 projects completed 22,504 new jobs 16,815 new homes 55,381 people trained 39,325 businesses supported
Growing Places	£22.6m	£48.4m	£71.0m		
Rural Growth Network Pilot	£2.9m	£15.1m	£18m		
ESIF	£58.77m	£45.70m	£104.47m		
TOTAL	£323.37m	£460.30m	£783.67m		

Case Studies

The LEP invests funding secured from Government in a range of projects across the area, supporting job creation and business growth.

Plymouth Station

Plymouth Station is the third busiest railway station in the South West peninsula, after Bristol Temple Meads and Bath Spa, and is one of the key gateways into Plymouth and Cornwall that requires regeneration and modernisation; future passenger growth is predicted to double over the next 20 years.

Plymouth City Council as the lead stakeholder, is working closely with Network Rail, Great Western Railway and the University of Plymouth, to drive forward the masterplan for the regeneration of the station. The Heart of the South West has committed £4.79m as part of a wider £31m funding package. It is anticipated that this will lever in an additional £45m of inward investment over the course of the next 5-7 years.

The project will ultimately culminate in the refurbishment of Intercity House by the University of Plymouth; provide a modern 469 space multistorey car park; provide modern train driver simulator training facilities and station staff accommodation; improve public realm connectivity and potentially free up a number of development sites for a new hotel, further educational facilities and commercial business space.

North Devon Enterprise Centre

The development of a c.2000m² Enterprise Centre in Barnstaple to serve the whole of northern Devon is aimed at supporting entrepreneurs and the start up and growth of small businesses. The Centre will provide high quality workspace, collaboration and networking opportunities and delivery of business support to tenants and on an outreach basis. It is expected to host 25-35 tenant businesses at any one time and support 100 jobs at full occupancy. Devon County Council is leading the project, which has £2.15m investment from the LEP along with European Regional Development Fund support, and is procuring an expert operator to run the Centre. Work is expected to start on site later in 2019, with the Centre opening in autumn 2020.



Unlocking Growth Fund

This is a £5m programme which provides workspace for SMEs across the area to start up and grow. Some examples of projects supported by the Fund are:

i) Somerset Enterprise Centre Network

Work has now begun on the latest additions to the Somerset Enterprise Centre Network. Enterprise Centres provide modern flexible space alongside an on-site business support offer to internal and external businesses.

The Wells Technology Enterprise Centre in Cathedral Park provides a new purpose-built 491m² office and light industrial facility.

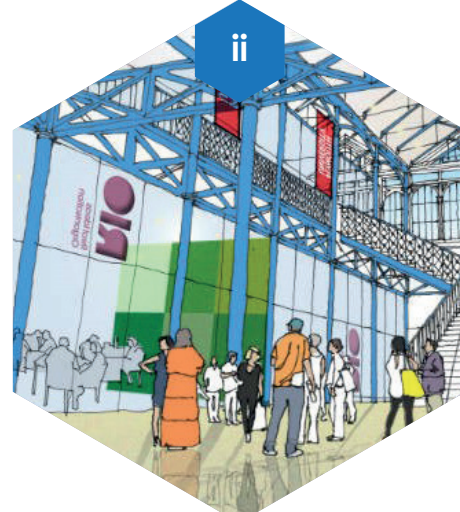
The Wiveliscombe Enterprise Centre is being built on the old Karro Food Group site at Sandys Moor, providing a new purpose-built 491m² office and light industrial facility.

Work for both Centres is due to complete in March 2020.



ii) Devonport Market Hall

The Market Hall is a brand new digital hub in Devonport, Plymouth. It is an ultra-modern, world class development providing a centre for digital arts and technology research enterprise, education and engagement. The project will see the creation of Europe's first immersive dome, allowing audiences to fully engage with video and performance media. It will also support the development of workspace within the Devonport Market Hall and creates 3,000ft² of bespoke, quality office, and co-working space for a range of digital technology companies, with a particular focus on immersive, Virtual Reality and Mixed Reality technologies.



iii) Caddsdow Blue

This project will provide 310m² of high quality office space in Bideford that will add value to the limited estate across the area. A total of 5 units of office accommodation will be provided to meet demand for business grow-on space, providing workspace for around 50 people and contributing positively to the development of the area's aspirations for productivity growth. The project will support the development of the knowledge based industry in Torridge and is intended to provide a supportive and managed working environment, within which high growth potential businesses can unlock productivity and flourish.



South Devon College Hi Tech & Digital Centre

Since spring 2018 construction progressed well on the South Devon Hi Tech & Digital Centre which is now complete and open to students. It was supported by £8.13m from the Growth Deal to deliver the skills that employers need to support growth in a range of important hi tech businesses across Torbay, South Devon and the HotSW area.

The £17m Hi Tech & Digital Centre is the latest development in the College's wider higher education and skills masterplan, working towards future university status. It complements the LEP's Growth Deal investment in the new Electronics and Photonics Innovation Centre (EPIC) on a neighbouring site, which provides innovation space for growing hi tech businesses.



Junction 25 M5

The M5 Junction 25 Highway Improvement Scheme is a £19m highway construction project that will significantly increase the capacity of the junction to enable local growth to take place in Taunton.

The LEP is contributing £12.19m to the work which includes widening and elongating the existing roundabout, the creation of a new link road from A358 near to the Gateway Park and Ride site to provide a new route to the J25 roundabout, a new local access roundabout which will form the main entrance for the Nexus25 employment area and improved pedestrian and cycle routes.

The main construction works started in spring 2019 and the programme is expected to take 2 years to complete. Updates on the progress of the works can be found online at <https://www.travelsomerset.co.uk/j25/>



Leadership Groups

The LEP has three Board-led thematic Leadership Groups, each of which oversees a wide portfolio of LEP work. An update on each Group is given below.

People

During the last 12 months a Skills Advisory Panel (SAP) has been established and work is progressing to establish a labour market intelligence framework to support identifying key priorities and investments.

Government has asked LEP areas to establish SAPs to help better understand current and future skills needs and labour market challenges. SAPs are partnerships between public and private sector employers, local authorities, colleges and universities.

The People group has been working with partners on the successful bid for a South West Institute of Technology which will result in £15.2m from the Department of Education to establish the IoT and provide higher level digital and engineering skills to over 2,500 people. The Institute is an ambitious collaboration between Bridgwater & Taunton College, City College Plymouth, Exeter College, Petroc, Truro & Penwith College, the University of Exeter, and the University of Plymouth with industrial partners from Oxygen House, the Met Office, Babcock, TDK Lambda and Watson-Marlow Fluid Technology Group. Yeovil College is also part of the complimentary IoT which will focus on the aerospace sector.

Additional priorities and calls have been launched to secure further European Social Funding to support workforce development and technical skills provision; applications for £9m ESF were received with further calls planned for 2019/20. The Careers Hub continues to deliver support to secondary schools across the Heart of the South West and improve connections with businesses to achieve the nationally set Gatesby Benchmarks. The Digital Skills Partnership has been successful in securing £260,000 under the Digital Skills Innovation Fund to enhance the use and take up of digital capabilities. A national Career Learning Pilot has delivered 350 Level 3 and 150 Level 2 qualifications and the area has been nominated to deliver a national adult retraining programme on the back of the successful work undertaken.

The extensive range of capital programmes has continued to be supported and monitored with the FE sector and work on identifying future schemes matching demand with supply is in progress. Sector skills activity has been supported, with a particular focus on the Nuclear Sector Deal and work within the marine sector.



Place

The Place Leadership Group's work over the last year has included major work around development of the Local Industrial Strategy, understanding the area's energy challenges that underpin successful growth and working on how growth can respect and enhance this area's outstanding natural capital.

Place is a key pillar of the Industrial Strategy and the group has worked extensively with a wide set of partners to shape this crucial part of the strategy. A fundamental part of this is ensuring the energy grid can support business growth and growth in generation of renewable energy. The HotSW LEP, together with Cornwall and Isles of Scilly and Dorset LEPs, has developed and adopted a new South West Energy Strategy with a common vision to create an energy future that is low carbon and more affordable, maximising and retaining benefits in the region. The ambitious strategy has the potential to significantly reduce fuel poverty in the South West, generate 80% low carbon electricity, attract more than £100 billion of investment, create up to 192,000 jobs and contribute up to £10bn of GVA by 2030. Taking forward the opportunities from this will be a key part of the LEP's work in the coming years.

The Group has also been considering how natural capital forms part of the Local Industrial Strategy and wider LEP work. The Heart of the South West area is renowned for its natural capital which not only substantially contributes to quality of life and wellbeing, but is a vital part of sectors such as agriculture or the visitor economy. The natural capital concept considers economic development's effect on renewable and non-renewable assets in the environment. The LEP has been working with the Local Nature Partnerships on learning from the exemplars already happening and developing guidance on what this means in practice for future economic development. When complete the guidance will be available on the LEP website.

Alongside this work, the Group considered fourteen bids for the Future High Streets Fund which were then endorsed by the LEP before submission. Very positively, seven towns have been approved through to the next stage.

Business

It has been a busy 12 months for the LEP Business Group. With projects at Plymouth Science Park, Somerset Energy Innovation Centre, and Exeter Science Park already completed and occupied, development continued during the year across a number of other programmes, including SEIC Phase 2, ESP Grow-on Buildings, and the Electronics and Photonics Innovation Centre (EPIC) in Torbay.

The group continued to oversee the performance and direction of the Growth Hub, with the commissioning of an evaluation into its effectiveness, impact and value for money. The report was positive and offered a number of recommendations for further consideration.

The last 12 months has also seen the appointment of Inspire to deliver a pilot programme of support for scaling businesses across the HotSW area. Launch events took place in Somerset and Devon, selling out, with a number of businesses now engaged.

Over the coming 12 months the Business Group will be working on the business support package needed to realise our productivity ambition, and support businesses in this area to continue to grow.





Working in partnership

Digital Skills Partnership

The Heart of the South West Digital Skills Partnership was launched in June 2018, and brings together the public, private and third sector to tackle the digital skills divide in local communities. It forms part of a pilot of six Local Digital Skills Partnerships, announced by the Department for Digital, Culture, Media and Sport.

The Partnership has conducted in-depth research to understand the local challenges and has developed a detailed action plan. This will see workshops delivered by Lloyds Digital Knowhow, Google and Buzz Start Academy to approximately 1,000 sole traders, SMEs, students and start-ups. With further digital support for individuals and businesses through Digital Readiness talks, a Data Analytics conference and a series of regional digital skills roundtables. The Digital

Momentum project will also upskill 150 people in digital productivity tools, Cyber Security, Networks and Data Analytics. The Partnership has raised awareness of the concept of Digital in schools and colleges through whole assembly Digital Skills presentations, held regional hack days with Microsoft and NESTA and is curating a wide range of learning resources, competitions and initiatives into one place so it's easier for teachers and lecturers to navigate. A #SparkDigitalSkills campaign has also been launched, encouraging organisations with tech teams to volunteer in digital initiatives for young people. With a wide range of activity underway the next priority will be to look at how the Digital Skills Partnership can raise digital inclusion across the region.



Careers Hub

The HotSW Careers Hub has been created to strengthen links between education and employers so that together they can inspire and prepare young people for the fast-changing world of work.

The Hub is one of 33 across the country, established in collaboration with the Careers and Enterprise Company to help transform careers education for young people by providing them with high quality and impartial careers information, advice and guidance. The HotSW Careers Hub and Enterprise Advisor Network works with 123 schools, colleges and FE institutes across the Heart of the South West area. As a result of expansion this year, HotSW is one of the largest Careers Hubs in the country.

Employers are key to the success of the Hub which works with businesses of all sizes to ensure they find the right future talent for their organisation. Encounters with employers bring the world of work to life for young people – research shows that a young person who has four or more encounters with an employer is 86% less likely to be unemployed or not in education or training, and can earn up to 18% more during their career.

The long-term aim of the HotSW Careers Hub is to match every state funded secondary school, college and FE institute in the Heart of the South West area to a dedicated business volunteer or Enterprise Adviser by the end of 2020. There are currently over 80 Enterprise Advisers across Devon and Somerset who help support local state funded secondary schools and colleges to develop and implement a strategic Careers Plan, driving the aspiration and skills needed for the future workforce.

European Structural and Investment Funds continue to be a major tool despite uncertainty around Brexit so the LEP welcomed Government's guarantee, in July 2018, that meant Departments could utilise the full funds available in the 2014-20 programme, even in the event of a no-deal Brexit. This has enabled the LEP to continue to push investment of these monies in Heart of the South West.

Allocations are in Euros so subject to exchange rate fluctuations; currently a total of £122m is available over the period, split across the European Regional Development Fund, the European Social Fund and the European Agricultural Fund for Rural Development. Each Fund is managed by a separate Government department and the LEP works with Government and local partners to ensure these are invested in local priorities. Projects must be contracted by end December 2020 and monies spent by end December 2023 at the latest. So far, £108.9m has either been contracted or provisionally allocated to projects under appraisal which compares with £61.3m at the end of March 2018. We will be working closely with the relevant Government departments to ensure the remaining funds are contracted before the end December 2020 deadline. More details are set out in the Financial Statement.

European Funding

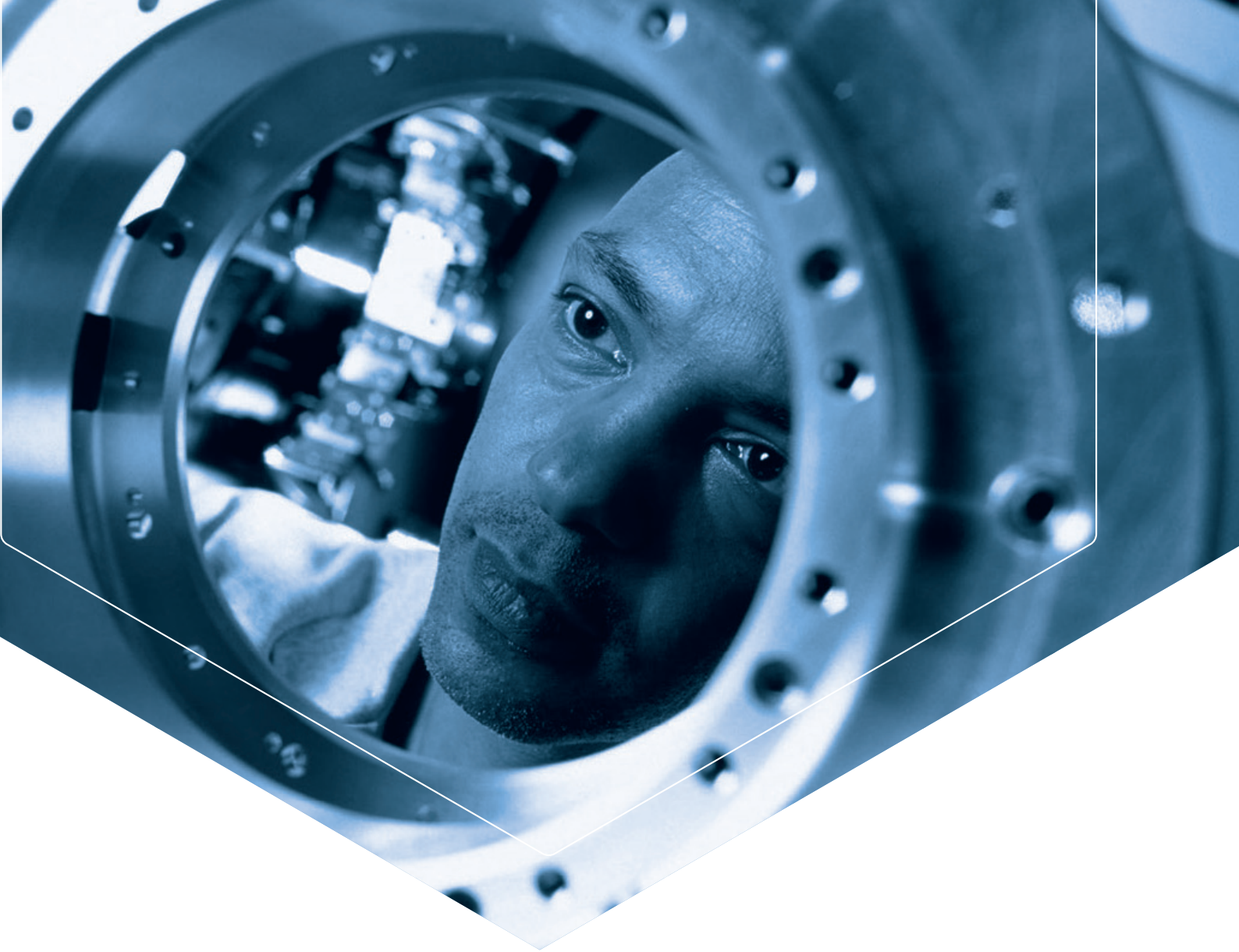




local enterprise partnership

ANNUAL FINANCIAL
STATEMENT 2019

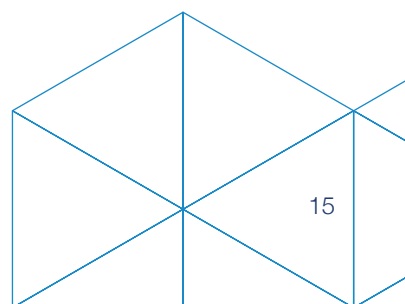




ANNUAL FINANCIAL STATEMENT 2019

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2018/19 Financial Report

The following table shows the income and expenditure for the year on the core operational budget held by the HotSW LEP.

HOTSW LEP Core Operational budget					
	2017-18		2018-19		Notes
	£m	£m	£m	£m	
Income					
Grant from Government	0.500		0.700		1
Local area match funding	0.241		0.135		2
Additional local area contributions	0.585		1.000		3
Cashflow interest	0.401		0.337		4
		<u>1.727</u>		<u>2.172</u>	
Expenditure					
Salaries & expenses	0.389		0.522		5
Admin & office costs	0.103		0.119		
Service level agreements	0.531		0.540		6
Operational delivery	0.149		0.264		7
		<u>1.172</u>		<u>1.445</u>	
Surplus of (Deficit) for the year		<u>0.555</u>		<u>0.727</u>	

Notes to the accounts

- 1) As part of the Strengthened LEPs report (July 2019) Government announced additional capacity funding of £200,000 per LEP to support implementation of the report, including development of a Local Industrial Strategy. These funds will be deployed in 2019/20.
- 2) As part of the grant offer from central government, there is a requirement for local authorities and other partners within the LEP area to provide contributions known as match funding. This match funding in 2018/19 was £135,000; note the LEP also receives support from local authority partners across the three main themes of LEP activity and back office functions – see note 6.
- 3) A funding exchange was transacted with Plymouth City Council resulting in a one-off £1million of revenue contributions to the LEP in support of the revenue operational budget.
- 4) Interest earned on Growth Deal project funds held by the LEP.

- 5) a. Salaries increase through i) recruitment of Inward Investment Manager post, ii) recruitment into the Chief Operating Officer post – this had previously been provided on secondment with no salary cost to the LEP, iii) recruitment of new Chief Executive whereby the previous Chief Executive remained in post during the first two months of tenure to ensure an effective handover.
b. The salary banding for the Chief Executive's remuneration is £115,000 to £120,000.
c. Within the Salaries and Expenses line there is £0.012m of payment for the Chair's expenses, these are made in the form of donations to charities. In 2018/19 the nominated charities paid were; £0.006m Somerset Community Foundation and £0.006m Devon Community Foundation.
- 6) Local Authority Service Level Agreements (SLA) to deliver back office and project support of £540,070. Some support is delivered as in-kind match funding.
- 7) Additional costs from previous year relate to progressing work undertaken to explore cluster opportunities and developing the future Local Industrial Strategy.

The following table details the movement in the core operational reserve. The General reserve is held to fund the future running costs of the LEP (as detailed in the forward budget scenarios on page 22 – see 'Use of reserves' line). Earmarked reserves are held against already committed spend.

HOTSW LEP Operational Reserve		
	2017-18 £m	2018-19 £m
General reserves		
As at 1 st April	0.926	1.343
In year draw from reserve	(0.068)	(0.010)
Transfer between reserves	(0.070)	0.000
Surplus/Deficit for the year	0.555	0.463
As at 31st March	1.343	1.796
Earmarked reserves		
As at 1 st April	0.209	0.347
In year draw from reserve	0.000	(0.124)
Transfer between reserves	0.070	0.000
Surplus/Deficit for the year	0.068	0.296
As at 31st March	0.347	0.519
Total reserve as at 31st March	1.690	2.315

2018/19 Detail

A. Growth Deal

This statement shows the movement in the year on the Growth Deal budget held by the HotSW LEP. More details on individual projects are available at <https://heartofswlep.co.uk/projects/>

HOTSW LEP Growth Deal Budget			
	2015-17	2017-18	2018-19
	£m	£m	£m
Income			
Grant from Gov't	100.110	36.132	9.986
Expenditure			
LGF	49.465	30.062	26.405
Surplus of (Deficit) for the year	50.645	6.070	(16.419)

HOTSW LEP Growth Deal Budget			
	2015-17	2017-18	2018-19
	£m	£m	£m
Expenditure			
GD01 Yeovil Western Corridor capacity upgrade	0.471	1.619	3.863
GD02 Torbay Western Corridor	2.496	4.018	1.735
GD03 Bridge Road, Exeter	5.300	0.000	0.000
GD04 Derriford Transport Scheme	3.329	6.830	0.079
GD05 A382 widening, Newton Abbot	0.503	1.438	0.894
GD06 Torquay Gateway	0.941	0.068	0.014
GD07 Huntworth Roundabout Bridgwater	1.910	0.000	0.000
GD08 A361 Portmore to Landkey Stage 1	0.332	0.428	(0.003)
GD09 Derriford Hospital Interchange	1.400	0.000	(0.079)
GD10 Taunton Rail Station Enhancements	0.049	0.000	0.000
GD11 Torquay town centre access	0.224	0.000	0.068
GD12 Roundswell Phase 2, Barnstaple	0.293	1.344	(0.005)
GD13 A38 Deep Lane junction, Sherford	2.000	(0.016)	(0.073)

GD14	A379 Newcourt junction, Exeter	0.886	(0.061)	(0.007)
GD16	Marsh Barton, Exeter, New Railway Station	2.294	0.741	0.024
GD18	Plymouth Northern Corridor traffic signals	1.050	0.020	0.970
GD19	Plymouth Eastern Corridor cycle network	0.393	0.701	0.800
GD20	Plymouth Charles Cross and Exeter Road	0.000	0.000	1.082
GD21	Bridgwater College Hinkley Skills Capital	5.146	0.000	0.000
GD22	Plymouth College Stem Centre (city college)	5.430	0.000	0.000
GD23A	HPTA - Bicton	0.300	0.000	0.000
GD23B	HPTA - South Devon	0.211	0.000	0.000
GD23C	HPTA - Petroc	0.291	0.000	0.000
GD23D	HPTA – Exeter College	0.961	0.000	1.038
GD23E	HPTA – National College for Nuclear	0.000	2.102	0.855
GD23F	HPTA – Yeovil College	0.384	0.252	0.000
GD24A	Somerset Energy Innovation Centre Pt 1 (1b)	1.343	0.000	0.000
GD24B	Somerset Energy Innovation Centre Phase 3	0.000	2.239	2.865
GD25	Exeter Science Park Environmental Futures Campus	2.498	0.000	0.000
GD26	Somerset College Centre for Engineering	0.596	0.000	0.000
GD27	Plymouth Science Park Phase 5	3.000	0.000	0.000
GD29	Somerset Flooding	5.423	1.056	1.687
GD31	Broadband	0.000	0.686	0.000
GD33	Oceansgate/South Yard Phase 1	1.470	0.000	0.000
GD34A	UGF - YIC2	0.000	0.289	0.152
GD34B	UGF - Highbridge	0.000	0.233	0.000
GD34C	UGF - Wiveliscombe	0.000	0.045	0.007
GD34D	UGF - Devonport	0.000	0.000	0.130
GD34G	UGF - Wells	0.000	0.000	0.132
GD34H	UGF - Pathfields	0.000	0.000	0.070
GD37	Exeter Science Park - SPC Phase 2	0.000	1.761	2.647
GD38	J25 M5 at Henlade	0.000	0.471	0.000
GD40	Tiverton Eastern Urban Extension	0.000	0.356	0.807
GD43	Youth Construction Skills Project	0.000	0.562	0.000
GD44	South Devon College Hi Tech Centre	0.000	0.295	7.675
		49.465	30.062	26.405

B. HotSW Capacity Projects

Capacity projects are funded from the LEP's core operational budget; this statement shows the movement in the year on those capacity projects' budgets. Remaining funds will be invested in subsequent years.

HOTSW LEP capacity projects budgets			
	Income £	Expenditure £	Surplus £
Project			
Enterprise Zones	107,000	66,707	40,293
GSW and Rural Productivity Commission	107,825	117,657	(9,832)
Transport Excellence Grant	85,500	65,135	20,365
Energy Strategy	100,000	68,398	31,602
Nuclear South West/Inward Investment	1,781,596	1,614,241	167,355
South Coast Marine Cluster	106,662	82,006	24,656
Technical Assistance for ESIF	18,722	38,492	(19,770)
Growth Hub	3,045,388	2,617,811	427,527
Local Transport Board	131,579	131,579	0
Digital Skills Partnership	75,000	75,000	0
Rural Growth Network	2,962,000	2,843,289	118,711
Careers Hub/Enterprise Advisor Network	477,988	453,958	24,030
Career Learning Pilot	343,837	186,556	157,281

C. European Structural and Investment Funds

The LEP, along with other local partners, advises Government on investment of £122m of European Structural and Investment Funds. Investment decisions and project management are conducted by the Government departments responsible for each of the three funds. Monies are to be contracted by end December 2020 and spent by end December 2023.

In July 2018, Government announced that HM Treasury will underwrite the UK's allocation, and by extension the Heart of the South West's notional allocation, for European Structural and Investment Fund projects under this EU Budget period to 2020, even in the event of no-deal UK exit from the EU.

Further calls will be held in 2019/20 to continue investment of remaining funds.

	European Regional Development Fund	European Social Fund	European Agricultural Fund for Rural Development
Total HotSW notional allocation ¹	£62,097,723	£44,381,182	£15,540,333
Contracted	£28,972,901 (47%)	£19,112,680 (43%)	£10,684,357 (69%)
Projects at assessment, appraisal or contracting stage	£22,275,593	£13,919,456	£14,069,407
Total contracted + assessment/appraisal/contracting	£51,248,494 (83%)	£33,032,136 (74%)	£24,753,764 (159%)
Headroom remaining ²	£10,849,229 (of which performance reserve: £3,725,864)	£11,349,046 (of which performance reserve: £2,380,098)	£0

¹ ESIF monies are allocated in Euros so the £Sterling equivalent can alter with exchange rate changes.

² Note that 6% of ERDF and ESF allocation is held in a Performance Reserve. Access to this reserve is dependent on performance of the two funds at a national level.

Future Funding

In line with Local Authority budget setting, the LEP have set out a 3 year forward budget. Given that Government funding is only confirmed until March 2020, two possible scenarios are presented below:

HOTSW LEP Core Operational budget						
	2019-20		2020-21		2021-22	
	£m	£m	£m	£m	£m	£m
Expenditure						
For operations						
Salaries & expenses	0.504		0.494		0.484	
Admin & office costs	0.247		0.142		0.139	
LEP Review implementation	0.200		0.000		0.000	
Enabling Fund	0.150		0.000		0.000	
	1.101		0.636		0.623	
For delivery						
Thought Leadership	0.064		0.064		0.064	
Opportunities delivery	0.250		0.250		0.250	
Inward Investment delivery	0.025		0.025		0.025	
Business, People & Place delivery – capacity	0.340		0.340		0.299	
Business, People & Place delivery – activity	0.040		0.040		0.040	
Transparency & governance	0.287		0.287		0.287	
	1.006		1.006		0.965	
Total planned expenditure	2.107		1.642		1.588	
Funding						
2a. Funding - assuming no further core funding from Gov't						
Operating core grant	0.500		0.000		0.000	
LEP Review implementation one-off grant	0.200		0.000		0.000	
Area annual contributions	0.165		0.165		0.165	
Interest	0.100		0.050		0.100	
	0.965		0.215		0.265	
Additional area contributions	0.312		0.769		0.000	
Use of reserves	0.830		0.658		0.324	
	1.142		1.427		0.324	
Funding shortfall (surplus)	0.000		0.000		0.999	
2b. Funding - assuming continued core funding from Gov't to end of Parliament (GE May 2022)						
Operating core grant	0.500		0.500		0.500	
LEP Review implementation one-off grant	0.200		0.000		0.000	
Area annual contributions	0.165		0.165		0.165	
Interest	0.100		0.050		0.100	
	0.965		0.715		0.765	
Additional area contributions	0.312		0.769		0.000	
Use of reserves	0.830		0.158		0.823	
	1.142		0.927		0.823	
Funding shortfall (surplus)	0.000		0.000		0.000	



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