

Chief Executive's Report – 15 May 2020

1. Introduction

The last 2 months have been dominated by Covid-19 – initially by Response and more recently Recovery. So far, the SW has had low levels of the condition but has been hit hard on economic impact – initially through Flybe and the immediate closedown of the visitor economy and the changing food supply and its impact on food production.

Our response across the region has been reasonably joined-up. The BROG group (now HEROG) was quickly able to provide a degree of oversight across many stakeholders with input from both business groups and Local Authorities. We have engaged in a number of sector-based discussions, LEP Network thinking and also had a number of Board level conversations initially on key messaging and more recently on recovery including direct participation by both HE and FE.

We identified quickly the role of the Growth Hub in signposting business advice across the whole HotSW area and have increased its resources to meet demand. We have successfully ensured Growth Hub capacity – including the weekly return to Government – has matched demand.

Devon was identified early on by BEIS as vulnerable and has engaged directly through the LEAP structure to look at needs and response – although it remains unclear as to whether this will lead to direct intervention.

CLG have established a new ERG (Economic Recovery Group) which had its first meeting last week and chaired by Simon Clarke MP, it includes 4 Mayors, 4 LGA Reps and 2 Lep reps.

Moreover, operationally the F&R and SIP committees have continued to meet providing ongoing decisions including reviewing end of year accounts, recommending funding of the Digital programme and additional funding for the Growth Hub and reviewing our capital (LGF) programme.

We have also put in place some LEP staffing support – equipment checks – we had already committed to Microsoft Teams before the outbreak for both team meetings and management team; some additional training, additional staff KIT meetings and we are trialling a new staff feedback tool.

The Leadership groups have not held their recent meetings, so no update is included, and the spring business bulletin is already rather out of date, so it hasn't been published. There have however been recent Chamber Covid and FSB business surveys and a SWMMAS Manufacturing barometer.

This meeting is reviewing 3 things:

The Board Effectiveness Review – (see agenda item 7)

The Covid-19 recovery plan – updated slides to be circulated separately

A CEO update of 'business as usual' activity and summary update reports including 3 appendices;

- a) Annual Performance Report
- b) Comms update
- c) LEP Network – issues and asks.

2. **Decisions/Action Required for this Board in this report**

Recommendations in this report are as follows:

- a) Board Effectiveness – for decision
- b) Recovery Plan – for discussion
- c) CEO update – for noting

Headline Events since last Board meeting

- **Budget 2020** – a briefing was circulated to all Board Members shortly after the Budget announcement. A CSR (and further Budget) is due in the Autumn although dates and whether it will be 1 or 3 years is still to be confirmed.
- **Covid-19 and lockdown** – almost immediately after the Budget, specific response to the Covid-19 outbreak including lockdown
- **GSW APPG** – the April meeting did not take place and most recently the Government has highlighted a call for greater response across the region and The Western Gateway have commissioned Deloitte to carry out a Governance Review
- **Local Industrial Strategy** – this has not been published
- **A303 DCO – announcement deferred to mid-July**
- **Growth Hub funding** - received for 20/21 (£328k) plus an additional £208k for Covid response and a further £80k for the GSW cluster
- **Inward Investment** – the south west (along with the Midlands Engine and Northern Powerhouse) is to receive some additional DIT funding for trade and investment in 2 tranches to pay for additional capacity in advisors.

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

i. Annual Performance Review

Appendix A provides confirmation of the Annual Performance Assessment. The LEP scored Governance – Good; Delivery – good; Strategy - met.

We have now received our core funding for 2020/21 but not yet our LGF (although it is imminent). 20/21 is the last year of the existing LGF programme although some further LGF 'down payment' funding (£387m) was announced in the Budget has yet to be confirmed.

ii. Business Closures/announcements

Flybe – Board Members will be aware that the airline went into liquidation with significant impact immediately prior to the Covid lockdown. Local partners are still meeting regularly to try to support the airport.

Appledore Shipyard – whilst the prospective new owners have identified additional investor funding the project is now being directly reviewed within BEIS including consolidation for direct funding.

Covid-19 - In total some £540m of emergency business grant (administered through the 14 Unitary and District Councils) is available and at the time of writing about 70% had been distributed (according to Government figures).

Although, not entirely consistent across the whole area, some 15% of this funding is likely to be undistributed and Local Authorities and the LEP have called that this funding should be retained locally and distributed under agreed but more flexible arrangements – i.e. greater consistency and filling some of the identified gaps not yet addresses but impacting locally. The overall goal must be to get this funding out to those business that need it most as soon as possible.

In addition, the Government has agreed a 5% top-up funding (of some £600m) although details are still to be announced.

CBils data is not available locally (or regionally) and there have been criticisms (and gaps) in making this funding available not least at a time when future revenues remain uncertain as and when the economy starts to open-up.

The Bounce-back programme went live on 4th May 2020 which provides a simpler programme for smaller loans - £2k to £50k

CJRS - the Furlough scheme has been extended to the end of June and there is a push for this to be extended further and whilst there is some additional flexibility, there is a shared call that 'partial furlough' to be part of the recovery plan.

As discussed, whilst there remain gaps increasingly in recent days focus is transferring to recovery and the Government has recently set out indicative arrangements on how types of business might reopen. A PM briefing is expected shortly but any restart is likely to be phased and the region will need to be clear what it wants, particularly in the context of the health first approach.

Unions, large firms and business groups have been consulted on seven areas:

- Outdoor work - including agriculture, construction and energy
- Non-food retail - high street
- Transport and logistics
- Manufacturing - including food processing and engineering
- Indoor work - offices, laboratories, call centres
- Work in the home - plumbers, painters and decorators, carers
- Hospitality and leisure - pubs clubs restaurants cinemas theatres

There have been a range of other immediate responses and elsewhere on the agenda is a review of the updated recovery plan slide -deck to be circulated separately – including initial sector led suggestions.

iii. Brexit Resilience and Opportunities

Whilst the narrative is that EU exit continues, there has been no further discussions at a local level of next steps. The LEP received some (Growth Hub cluster) additional funding for Brexit preparedness which was reported at the last meeting and a full reconciliation will be provided to the June SIP meeting.

v. European Structural Funds

An update is provided further down.

vi. Nuclear Sector Deal

It is now intended that the resubmitted the Nuclear Sector Deal Supply Chain programme will be reviewed by the IDAB independent appraisal in June alongside the National UK Winning Business programme.

SIP have agreed some additional transition funding (£108k) to support the supply chain until this funding kicks in. To support the application (contributions have also come from Wales and WECA) an evaluation of the current programme has been completed with recommendations either implemented or actioned. A fuller report is further down.

vii. Growth Hub

A Growth Hub update is provided elsewhere in the report.

viii. Rural Productivity Plan

This is still highlighted as a priority and Government has indicated that 'some further thinking is currently been done' although we have yet to hear anything directly

ix. Board Effectiveness

A separate paper has been prepared with recommendations to improve Board effectiveness (see agenda item 7)

xii) LEP Network

A separate appendix C has been provided setting out an update of the asks/offers of the LEP Network.

Xiv). Freeports

The Freeports consultation has been extended mid-July. Local partners are working together on a shared response.

xv) West Somerset Opportunity Area – Fiona stood down as Chair at the end of Jan and I was asked and agreed to act as interim Chair which has included a Ministerial briefing

xvi) CDS update – future funding was ring fenced at the end of the financial year – as agreed by the Board. Although still on track, clearly the Covid-19 has increased the risk of delivery being procured this financial year so a verbal update may be helpful.