

**Heart of the South West Local Enterprise Partnership
LEP Board Paper agenda item 5**

Report title: Chief Executive Update

Date: 17th July 2020

Purpose: This paper is for **information and decision**

(overwhelming papers should be for decision)

Link to LIS: Indicate by **bolding** which area the paper links to.

Inclusive Growth			Clean growth	
Energy		Engineering		Digital
Ideas	People	Infrastructure	Bus. Environment	Places

Non- LIS purpose: Chief Executive - summary report

Timing: (when will the recommendations, if agreed, take effect)

Financial Impact: (cost or cost saving)

The Government has indicated £35.4m of funding to the LEP – on projects to be completed by December 2022 and be fully spent by January 2023.

The Board are being asked to ratify the decision on which priority projects will be put forward to Government.

Decisions requested:

Confirm the Proposed Priority Projects agreed in response to the award of £35.4m Getting Britain Building.

To agree proposal and next steps for Business Leadership Group restructure

Sign off HotSW LEP CIC Annual Accounts

Agree Terms of Reference for Nominations Committee

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Summary

In addition to publishing the Covid-19 Route Map to Recovery, the last 2 months have been dominated by Covid-19 Recovery Planning and in addition 3 specific responses to Government

- Preparing a prioritised list of shovel-ready projects following the letter from SoS MHCLG as part of Government's push to 'Get Britain Building'
- Review of LGF programme and project delivery – now in its final year
- Growth Hub – offer letter, next steps and GSW Growth Hub cluster development

So far, the SW has had low levels of the virus but has been hit hard on economic impact – initially through Flybe and the immediate closedown of the visitor economy and hospitality sector 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 submissions into Government 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 key 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 particularly hard-hit and has engaged directly through the LEAP structure to look at both its needs and response. In recent days both Devon and Somerset have published recovery plans.

MHCLG have established a new ERG (Economic Recovery Group) which is meeting weekly and chaired by Simon Clarke MP - it includes 4 Mayors, 4 LGA Reps and 2 LEP reps.

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

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

The Leadership groups have started meeting again, and we have a revised MI dashboard. There have also been recent Chamber Covid and FSB business surveys and a SWMMAS Manufacturing barometer.

This meeting is starting to implement the actions of the Board Effectiveness Review through:

Changes to the Agendas with items led by Board Members and specifically our sub-Committees and Leadership Groups through (hopefully) shorter more succinct reports

A deep dive into an issue – at this meeting we are getting an update on the work of the Skills Advisory Group in the development of its Skills Strategy

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

Recommendations in this report are as follows:

Confirm the Proposed Priority Projects agreed in response to the award of £35.4m Getting Britain Building.

Sign off HotSW LEP CIC Annual Accounts – see agenda item 8.

Agree Terms of Reference for Nominations Committee – see agenda item 9

Note the submission of the response on the Freeports Consultation

Headline Events since last Board meeting

- **PM announcement and Mini-Budget**– on June 30th, the PM announced a ‘New Deal’ programme of economic stimulus in response to the Covid-19 pandemic. This included £900m for ‘shovel ready projects- - Get Britain Building, accelerating delivery of Towns Fund etc and highlighted the importance of green investment and levelling-up as integral priorities. Our local list of shovel-ready projects - <https://heartofswlep.co.uk/news/building-back-better-hotsw-lep-identifies-121m-programme-of-shovel-ready-projects/> was forwarded to Government of the 17th June. Our share of this funding was £35.4m and we are required to agree our list of interventions with Government by 17th July 2020. All capital, projects must be completed by December 2021. Due to limited time, priority projects were agreed by the Board on the 10 July 2020 (following a discussion at SIP) and the Board is asked to confirm that decision.
- **We are expecting a further mini budget** from the Chancellor on July 7th or 8th which is likely to include a local tourism fund (delivered at least in part through Growth Hubs). The Government has also announced a £1.57bn support package to the cultural sector and we await other interventions in the announcements.
- **Covid-19 Route Map to Recovery**– we published our Route Map to Recovery - <https://heartofswlep.co.uk/wp-content/uploads/2020/06/Heart-of-the-SW-C-19-Route-Map-to-Recovery-June-2020.pdf> on June 3rd 2020 which set out our challenges, our priorities and next steps: As well as working with our Local Recovery Plans, the LKEP has identified 2 specific pieces of work:
 - To develop our pipeline into a series of prioritised interventions (to feed into the CSR)
 - To bring together the actions from the Productivity Plan, LIS and Recovery Plans into a single work programme.
- **Great South West APPG** – the APPG met at the end of June and confirmed their 5 priorities and agreed 3 actions:
 - v. To write to the Prime Ministers ahead of the Mini-Budget to seek recognition of the Great South West
 - vi. LEPs to send MPs the ‘shovel-ready project pipeline
 - vii. LEP Chairs to meet with APPG Chairs to agree lobbying plans

- **Growth Hub** – we have received and completed the offer letter for the Growth Hub service which is revised from previous years by requiring a more joined-up eco-system of business support received for 20/21 (£328k) plus an additional £208k for Covid response and a further £80k for the GSW cluster.
- **Inward Investment** – The Freeports Consultation response was submitted this week (and is available on request). In addition, 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. LGF Project Performance Review

In May, we were advised that MHLGU were only going to release 2/3 of our LGF funding and the final 1/3 would be subject to a review process to be completed by the end of July.

The first stage of review took place in May and HOTSWE LEP were given an amber rating as one project Toneway – which SCC Cabinet have now agreed to defer delivery by 12 months – could not confirm defrayment and delivery by March 2021.

We were requested by SCC to lobby Government that this funding should be retained which we have done, and SIP reviewed a proposal to use our freedoms and flexibilities within the enactment of Section 31 funding. If agreed by SIP, this will be proposed to Government thus confirming our ability to defray all our expenditure on contracted capital projects by March 2021.

ii. Business Closures/announcements

Economic Impact – SW Councils have commissioned an economic impact report into Covid – the headlines were reported to the Board informal discussion at the end of June.

Appledore Shipyard – discussions are still ongoing between the owners, potential operators and BEIS. There are no longer any funding commitments to the LEP

Covid-19 - In total some £580m of emergency business grant (administered through the 14 Unitary and District Councils) has been made available across the HOTSWE area. At the time of writing about 84% had been distributed (varies in different places). Some of the surplus was redistributed through the discretionary grants programme and both the joint-committee and SW Councils have agreed to write to the Secretary of State asking that this funding be retained locally and distributed to business. Most discretionary bids applications are now closed.

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 - there is a shared call that 'partial furlough' to be part of the recovery plan.

Significant types of business were able to reopen from July 4th, 2020 – it may be worth reviewing gaps/challenges etc. following re-opening. 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.

In addition to significant increases in universal credit claimants, we are receiving regular updates of business closures - most recently the loss of up to 600 jobs at Relyon and Swallowfield in Wellington although neither is solely Covid-19 related.

iii. Brexit Resilience and Opportunities

The Government has confirmed that there will be no extended transition period and as a result the HEROG group has started to revisit some of the opportunities/challenges including a potential no deal.

iv. European Structural Funds

An update is provided further down. Broadly, Government is repurposing ESIF funding to support response packages including High Street signage and the new Tourism fund.

v. Nuclear Sector Deal

The business case for the Nuclear Sector Deal Supply Chain programme is now considered by officials to meet the requirements for submission to the IDAB independent appraisal. However, officials have now come to a view that whilst they are comfortable with recommending it, it should be progressed in partnership with the Energy White Paper due in the Autumn. As a consequence, this funding and therefore the future operating model of the local supply chain service remains at real risk.

vi. Growth Hub

A Growth Hub update is provided elsewhere in the report.

vii. 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

viii. Board Effectiveness

A meeting of Delivery Group Chairs took place a fortnight ago to progress the increased effectiveness of Leadership Groups working on behalf of the Board. Also the Nominations Group has met separately ahead of a recruitment process kicking off in the summer.

ix) LEP Network

The LEP Network has been seeking to increase its influence with Government and Business Representative Organisations including for example its participation on the ERG. The Management group of the Network is overseen through a regional model – Great South West is represented by the Char of Dorset LEP.

X) Freeports Consultation

Local partners have been working together on a shared response which was forwarded this week.

xi) West Somerset Opportunity Area

DfE has awarded additional (Year 4) funding to continue support to address poor social mobility. Final amounts are still to be confirmed but this will allow the Partnership to continue to support local delivery – much of which has had to be suspended due to Covid-19 and particularly develop a real legacy alongside other Opportunity Areas.

xii) CDS update

Future funding was ring fenced at the end of the last financial year in agreement with BDUK and the Treasury – as agreed by the Board. The procurement process remains on schedule although clearly the Covid-19 has increased the risk of delivery.