

Heart of the South West Local Enterprise Partnership

LEP Board Paper agenda – item 5

Report title: Chief Executive Report

Date: 18th September 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

Financial Impact: (cost or cost saving)

None directly relating to this report.

Decisions requested:

Review the update on Covid-19 response

Agree (subject to S151 approval) to delegate funding decisions on Getting Building Fund projects to SIP

Agree the publication of the LIS – (copy supplied but not attached) and recommend to the to the HotSW Joint Committee as a shared (HotSW) document.

Agree the response to the CSR consultation. Summary of Building Back Better document available next week, to follow for circulation.

Agree the recommendations from the Nominations Committee including the appointments process for new/replacement Board Members

Note the mid-year review by HMG starting later this month.

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Summary

The LEP is currently primarily focused on three issues

- **Business challenges** - including Covid-19 recovery and supporting businesses managing the risks and opportunities through the conclusion to the Brexit transition period at the end of the calendar year.
- **Completing the current LGF programmes** – including agreeing and contracting the business cases for Getting Building Fund to ensure their delivery by December 2021.
- **Developing our response to recovery** in the context of CSR, the Budget and emerging White Papers particularly on Devolution, Energy but also Planning.

Directly after this meeting we are holding our AGM (as an open webinar) reporting on our Annual Report which was published last month

Business Challenges - including Response to Covid-19

The incidence of the disease remains low but the economic impact extremely damaging. Moreover, with initial support mechanisms such as furlough and support for self-employed - where the region is disproportionately affected – this could deliver significant additional challenges over the coming weeks. Allied to the departure from the EU and the weaker state of the business base to manage uncertain impacts we expect to see significant further hits to our economy over the Autumn and potentially an increase in the disease.

Through the HEROG group, the HotSW area has produced a regular updated evidence base and emerging recovery plans across the HotSW area. Specifically, we have significantly increased the support to businesses through our Growth Hub, most recently launching and closing (after 48 hours) the Kickstart grants programme. We published our Route Map to Recovery back in June.

We have agreed to publish a number of (hardest hit) sector plans; recommending the publication of our Local Industrial Strategy to illustrate our commitment to clean and inclusive growth and alongside our response to CSR looking to publish our (12) Build Back Better Priorities.

A HotSW Recovery plan is due to be published later in the Autumn.

On the 1st September, HMG announced a DWP Kickstart programme to support young people with an expectation that LEPs would help co-ordinate delivery. Further details of this are covered in the People/Skills Update.

As expected, the Kickstart Grants programme has been hugely oversubscribed and was closed down after 48 hours. HMG has also given itself powers (until 2025) to put in place lorry parking/border facilities citing Devon as a specific area.

We also have a meeting with MPS at GSW and HotSW level in the coming days.

Completing our current programmes

Government have issued the final 1/3 of this year's grant funding for LGF and first quarter spend targets were on profile. We have a mid-year review with Government later this month and our delivery targets will be reviewed at the end of the 2nd quarter.

SIP reviewed the GBF programme in the light of submissions. Submissions were made on all projects and the Board can be updated at the meeting. We have increased our appraisal capacity to get projects through the Assurance process as quickly as possible. The Board is asked to delegate project approvals to SIP for Getting Building Fund to avoid unnecessary delays.

Looking Forward – to CSR

With CSR and the Budget and a series of White Papers scheduled for the Autumn, the next few months will be an important time for Local Growth and the future role of LEPs. The Devolution White Paper might provide some steer on future structures and possibly UKSPF (priorities) although amounts of funding are unlikely until to be clear until the CSR. Our responses to the CSR are provided and if agreed will be recommended to the HotSW Joint Committee for joint Leaders signing.

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

Recommendations in this report are as follows:

Agree the response to CSR

Agree to publish the LIS and recommend to the Joint- Committee

Agree to delegate Getting Building Fund project approvals to SIP (to avoid delays)

Headline Events since last Board meeting

- **A Plan for Jobs 2020** – following its publication in early July, a number of schemes have been launched by Government including most recently the DWP sponsored Kickstart programme. LEPs have a role in bringing together local representatives with the SAP alongside JCP making sure that we are maximising delivery. This is being done through a working group of intermediary bodies.
- **Great South West** – the GSW APPG met in early September to review Covid-19 response and on the same day the Minister of State met (remotely) with the Chairs of Western Gateway and Great South West to brief them on his thoughts on pan-regional Partnerships. The readout of these meetings can be shared at the Board meeting
- **Growth Hub** – the Growth Hub launched the Kickstart business support programme on 1 September, but it had to be closed due to oversubscription within 48 hours. We have also been successful in a bid to lead peer networks. Additional information is covered in their report as part of the Business Leadership Group.
- **Inward Investment** – the HotSW Soft landing inward investment package was also launched on September 1st, 2020 providing some £900,000 of grants to business. In addition, the DIT sponsored High Potential Opportunities for Future Flight and Marine were both agreed (to be worked up). We have also been successful as a partner to a Future Flight programme sponsored by Innovate UK.

- **Science and Innovation** - The government's Research and Development (R&D) Roadmap sets out the UK's vision and ambition for science, research and innovation was published in early July with strong emphasis on Place.

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

i. LGF Project Performance Review

Our mid -year review with Government is due to take place at the end of September. Last month, we received the final 1/3 of our LGF funding following the review process completed at the end of July.

ii. Business Closures/announcements

Appledore Shipyard – this has been bought (without public investment) 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 HotSW area. At the time of writing about 90% had been distributed (varies in different places). Some of the surplus was redistributed through the discretionary grants programme.

Further letters have gone to the Secretary of State asking that this funding be retained locally and distributed to business.

CBills data is now available regionally showing a disproportionate reliance across the area with a similar issue on the furlough numbers and in addition to significant increases in universal credit claimants.

iii. Brexit Resilience and Opportunities

The HEROG group revisited some of the opportunities/challenges at its September meeting. Firstly, there is a lot of evidence illustrating that many HotSW businesses are in a much weaker starting point than they were a year ago. There are specific HotSW concerns about port infrastructure; import and exporting particularly of food; labour availability and fishing.

iv. European Structural Funds

An update is provided with some ESIF Reserve funding repurposed to support local response packages including Kickstart funding. We have written to the Managing Authority asking that we repurpose some of the unallocated HotSW funding but have not yet had a response.

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 but has not been presented. The HotSW Councils and the LEP have written to officials asking for clarity on how this will be determined.

vi. Growth Hub

A Growth Hub update is provided within the Business update report.

vii. Rural Productivity Plan

No update.

viii. Board Effectiveness

Recommendation elsewhere in the report to initiate the recruitment process. The AGM is being held after this meeting.

ix) LEP Network

The LEP Network has been seeking to increase its influence with Government and Business Representative Organisations including its own response to CSR.

x) West Somerset Opportunity Area

Nothing further to update although a new Chair has been confirmed.

xi) CDS update

We are currently carrying out our annual 1:1 review with District Councils with a number identifying Digital connectivity as front and centre of their plans. CDS are currently going through a re-procurement programme and have agreed to provide updates on both a parliamentary and district council constituency.

LEP Outlook & LEP Capabilities Assessment Study for information only, annex i)

LEP Board Paper

5. Chief Executive Report appendix i)

Report title: LEP Outlook & LEP Capabilities Assessment Study

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

Non- LIS purpose: this paper outlines recent studies covering a) economic performance across LEP areas and b) LEP capabilities

Timing: current now

Financial Impact: (cost or cost saving): nil

Decisions requested: none

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Summary

In August Government published two sets of reports into LEPs, one covering an economic overview of LEP areas and the other an assessment of LEPs' size, staffing numbers and so on. The reports are attached and this paper provides an overview of the key points.

Outlook Report & Quarterly Business Bulletin

The Outlook report contains 83 economic indicators grouped into the five foundations of the Industrial Strategy; Ideas, People, Infrastructure, Business environment and Place and sets out the rationale for these and data for all LEP areas. Pages 95-97 of the Appendix show a dashboard-type report for the HotSW area.

Key points to note:

- The data presents a picture consistent with the evidence base behind the Local Industrial Strategy (LIS). For HotSW this is of an economy performing at a lower level than national benchmarks around productivity, higher level skills, business start-ups, digital connectivity etc. As such the report does not present information that is particularly new, though the range of indicators is very wide
- In addition, compared with the size of local economies LEPs have relatively limited resources, a situation Regional Development Agencies and other historic economic development organisations were also in. Therefore indicators such as these are a useful comparator of economies but not necessarily of performance of LEPs
- With Government's approach towards the Industrial Strategy being unclear, and joint ownership of the LIS looking like it's receding, it is uncertain if this data will be updated regularly or how it will relate to Government's overall economic policy.

The indicators are a useful place from which to start and the LEP's Observatory function will be drawing on these and other data to produce a dashboard of economic indicators to be shared with the Board at the November or January meeting.

The reports can be found at the below

LEP Outlook report

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/912139/LEP-Outlook-Report-2019.pdf

LEP-specific appendix

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904110/lep-outlook-report-2019-appendix-a-lep-profiles.pdf

The latest Quarterly Business Bulletin will also be published on the LEP website at the same time as the September Board meeting and AGM.

LEP Capabilities Assessment

Also attached is a report on a Government study of the institutional capability (roles, functions, and resources) of all LEPs (LEPs) in England to successfully deliver place-based policies such as the Industrial Strategy and following on from 2018's Strengthened LEPs report. The assessment is based on field work conducted July-August 2019 and as the report states, does not reflect any progress made in institutional capability since the work concluded in October 2019.

Although somewhat historical the reports does make some potentially helpful recommendations to Government, namely

- that dialogue between LEPs and government becomes more focused on the capacity they will need to deliver their future role in local policy making (at the time this meant LIS) and less on how LEPs should administer themselves day-to-day.
- a slight increase in LEP revenue funding especially around strategy setting activity, programme delivery and management activity.
- that the government provides LEPs with a guarantee of longer-term, multi-annual revenue funding with 3-5 years recommended to support recruitment of staff and enable LEPs to support longer-term, transformational projects within their local economies.
- that the government investigates whether 'back office' functions (e.g. legal and procurement teams) could be made available to LEPs who don't have these resources in house.
- that regular meetings/updates need to be put in place outside of the LEP annual review process to give LEPs access to senior policy makers.

In addition the report contains some comparators of how LEPs are structured; the average LEP operating budget is £1.6m with 16 FTEs and this ranges from Mayoral Combined Authority LEPs with around 35 FTE to an average of 9 FTE in non-MCA areas. HotSW has a slightly higher than average budget of £1.9m pa, 6 directly employed FTEs and a wide range of part-time support provided through Service Level Agreements.

The report was not published with any specific response to these points. It is available at <https://www.gov.uk/government/publications/local-enterprise-partnerships-leps-assessment-of-capacity-and-capabilities>