

Heart of the South West Local Enterprise Partnership
LEP Board Paper agenda – Item 5

Report title: Chief Executive Officer - Update

Date: 27th November 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 – update report

Financial Impact: (cost or cost saving)

None directly relating to this report.

Decisions requested:

Confirm the Appointment of New Private Sector Board Members recommended by the Nominations Committee – *Appendix 1 (confidential)*

Agree the draft Build Back Better including the Framework for Future Intervention and Investment – *Appendix 2*

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Summary

In recent months, the LEP is currently primarily focused on three issues.

- **Immediate business challenges**– this includes Covid-19 response with local partners including working with MPs and Ministers; directly supporting businesses through the Growth Hub services; managing the risks and opportunities through the conclusion to the Brexit transition period at the end of the calendar year; managing individual business challenges/closures.
- **Completing the current LGF and assessing and contracting new GBF projects** including an update on Connecting Devon and Somerset broadband re-procurement.
- **Preparing a Recovery Plan to Grow Back Better by delivering prosperity through clean and inclusive growth** – developed through the Leadership groups and local recovery plans to provide a medium term/longer term recovery/investment plan and investment pipeline.

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

Recommendations in this report are as follows:

Confirm the Appointment of New Private Sector Board Members recommended by the Nominations Committee – *Appendix 1 (confidential)*

Agree to publish the draft Build Back Better including the Framework for Future Intervention and Investment – *Appendix 2*

Headline Events since last Board meeting

- **HotSW Retraining Pilot confirmed** – the HotSW area has secured £1.7m for retraining pilot to support Retraining bootcamps. In addition, the **Future Skills Centre** (formerly the Flybe Academy) has re-opened – a Partnership between DCC and Exeter College.
- **Great South West** – the APPG is meeting on November 24th, 2020 looking at Transport issues and an update on Covid crisis and any updates from the new Minister for local growth, Luke Hall MP.
- **Growth Hub** – reported elsewhere but includes an additional £81k to support EU exit.
- **Inward Investment** – three new International Trade Advisors are being recruited by DIT – to work across the HotSW area. A collaboration agreement on the Future Flight programme has been signed. DIT have also launched their new Export Growth Plan.
- **Infrastructure Resilience** – Positive news in recent weeks with the Development Consent Order for Stonehenge approved, Podimore dualling moving forward and the North Devon link road funded but following public consultation Network Rail are thinking again about the long-term solution at Dawlish.
- **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. More recently the National Council for Universities and Business have published a new report – **Research and Recovery** (ncub.co.uk) particularly focused on recovery and what new and more needs to be done in terms of research and innovation. In addition, the SW Regional Defence and Security Cluster was launched last month.

- **Town Deals and High Streets Funding** – Torquay Town Deal received confirmation of £21.9m funding as part of the 1st wave. Town Investment Plan submissions from both Bridgwater and Glastonbury are being prepared and there have been no announcements yet on High Street Funding.
- Decisions on **Broadband re-procurement** have been made by the CDS Board – although in standstill phase. A confidential update will be provided at the meeting.

Summary Updates

1. Business Challenges - including Response to Covid-19 and further Lockdown

We published our Route Map to Recovery in June and have most recently gone into Lockdown 2.0 and are moving closer to the end of EU transition with its specific implications to particular sectors across the HotSW area.

In response to these recent fast-moving events, we are updating both our impact and forecasting models based on the new lockdown and acted upon the changing national responses to support businesses announced by the Chancellor on November 5th, 2020. This included changes/extensions to national measures includes 2 new grant funds to be administered by Local Authorities – one for businesses that have had to close, and another scheme for further business support as a, helping support people's jobs and livelihoods and protect communities - value approx. £36m. Money was being transferred to Councils on 13 November and businesses expected to receive money covering the 4-week period of national restrictions and advised to check their council's website for details. We are also waiting the Government's 10-point plan for green recovery and a single year CSR on 25 November 2020. These can be reported at the meeting.

Kick start grants - value £0.75m have been distributed through the Growth Hub (but were hugely (and predictably) over-subscribed. This funding was sourced from ERDF underspends and we have repeatedly asked for any further ERDF underspends to be distributed locally to support local recovery. We have held some useful discussions with local MPs particularly on the Tourism sector although the additional lockdown and response falls short of meeting their needs, and more recently through the LEP Network on the Planning White Paper and Green Recovery. We have also provided additional briefing notes to MPs and the Great South West APPG met last week.

Local partners have also been developing (and refreshing) their local recovery plans and we have started to publish our (hardest hit) sector factsheets (on the website). The LEP Network has also published their Rebuild and Recovery Plan – <https://www.lepnetwork.net/news-and-events/2020/october/leps-pitch-30bn-recovery-and-rebuild-deal-to-government/>

We remain committed to building on local recovery plans to produce a HotSW recovery plan to help provide a clear focus for possible future Government funding. By sharing our Building Back Better framework (of priorities) alongside our Innovation Plan (and emerging skills plan) we are starting to set out our key priorities to drive future sustainable growth. This includes updating our 'shovel-ready' pipeline following the GBF decisions and contracting. Whilst nothing is confirmed, we probably do need to be ready for a quick 'GBF 2' turnaround should it arise.

Moreover, the exit from the EU will create both challenges and opportunities for our businesses However, the further lockdown has without doubt pushed our actions back into response mode rather than recovery, but we can specifically point to specific initiatives delivered locally as follows:

Place

£35.4m Getting Building Fund
£21m Funding award of Town Deal funding to Torquay; Further Town Deals for Bridgwater and Glastonbury and High Street Funding
Completing LGF programmes including CDS Digital re-procurement

Skills

Skills Launchpad live
HOTSW Retraining Pilot - £1.7m approved
Bounce back Digital and other Digital Skills support
Coursera programme
Outstanding ESF funded projects – to decision
Kickstart

Business Support

Local Authority Emergency Grants
Growth Hub – additional funding peer to peer support, Brexit transition etc
Better Business for All - Factsheets
Nuclear Supply Chain programme – not yet agreed
Kickstart grants and reallocation of ERDF funding
MP/Ministerial Lobbying events e.g. Tourism, Green Recovery, GSW APPG

2. Completing and delivering our current programmes

Local Growth Fund - the Q2 submission for LGF – spend £22.7m indicates that we remain on trajectory to deliver the completion of the Growth Deal programmes by March 2021. This will continue to be a challenge for the rest of the year further added to by the requirement to deliver 50% of the GBF spend this year.

SIP met and recommended to the Board, approval of the £1.5m reserve funding which as agreed was confirmed by the Board (through written procedures) in the past couple of weeks. This means that £35.3m of GBF has been committed and our aim is to have all these projects contracted by the end of the calendar year. Any outstanding issues will be reported at the Board meeting.

Enterprise Zones – we are working with each Enterprise Zone on updated investment plans. This has led to East Devon agreeing in principle to increase borrowing against future business rate income to up to £20m. The intention is to invest in projects that will overcome barriers to delivery or act as catalysts for wider investment.

This has enabled local partners to confirm a support package for the Airport – which saw a 99.5% reduction in passenger numbers in the first quarter of the financial year and has been the epicentre for over 1,000 job losses – including business rate relief and increased investment in the Long Lane enhancement scheme. As well as improving the gateway to the Airport the latter will also unlock the Airpark employment site and improve access to the Future Skills Centre.

Moreover, we have responded to the Freeports consultation. This week central Government has invited proposals to be submitted by the end of February 2021 - this could impact Gravity as well as Exeter/Plymouth.

Growth Hubs – this together with other Leadership groups responses are reported elsewhere.

3. Looking Forward – Recovery

With a single year CSR and the Devolution White Paper deferred (until after May local elections), it is still difficult to establish the framework and resources for delivery post March 2021 including LEP core funding.

Board Effectiveness – we have been recruiting new Board Members to fill current private sector vacancies – recommendations and actions are set out (*Appendix 1 – confidential*).

Staff Restructuring – to ensure we have in place the Executive support to deliver recovery and the key propositions to Build Back Better, we are currently implementing a staff re-structure within the core staff team. This has meant that core LEP staff have transferred to UoP and both the Head of Partnerships and Head of Communications have left the LEP through voluntary redundancy - we are providing interim cover.

We are interviewing this week for the new management level Head of Delivery role, who will have a specific responsibility in turning our Clean Growth ambitions into delivery; we have recruited additional support for rural issues (at Somerset CC) and have gone out to advert for the new Head of Partnership and Comms. We are in the process of procuring support for the innovation board and our observatory function.

Recovery Planning – we have agreed that our recovery planning should be informed by local recovery plans and our thinking led by our Leadership groups. We need to clearly set out to Government our key priorities and what tools we need to do the job and build back better.

We have indicated through its publication that both the evidence and conclusions of our Local Industrial Strategy are an important starting point and I am sharing today a draft of an **Intervention and Investment Framework for Building Back Better** – 15 programmes/interventions that should/could be prioritised over the next few years - including possible UK Shared Prosperity Fund to deliver our mission to increase prosperity through clean and inclusive growth (*Appendix 2*). It would be helpful for the Board to affirm, whether they recognise these as the priorities of the LEP in the medium-term recognising the short-term priorities must be about business survival and response to possible unemployment and increased take-up of universal credit.

We have discussed before about the need for programmes rather than projects, it is important that we identify the tools to facilitate recovery e.g. Somerset Recovery Plan talks about an Investment Fund to gap fund infrastructure; the Innovation Plan talks to the need to provide start-up funding for tech companies; we consistently have calls from business to part-fund (state-aid compliant) expansion plans but we also need to understand what has worked/and what hasn't under existing programmes.

Therefore separately, I have also circulated, in confidence, a draft external evaluation of the LGF programme delivery to date (*Appendix 3 – confidential*). It is important to recognise that this was done prior to the completion of the programme and its purpose is to inform future delivery/interventions do not provide a critique of the past.

We have already provided some evaluation of the Growth Hub provision which lead us to bring the service in-house.

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

i. Internal Audit and Scrutiny

A recent audit has been completed and reviewed by F&R – there were no red flags and other non-urgent actions are being addressed. The HotSW joint-committee scrutiny panel met in early November in part to

review (and endorse) the Local Industrial Strategy which has now been published (following a discussion with CLGU officials).

ii. Business Closures/announcements

Appledore Shipyard – the new owners Infrastrada are engaging directly with Maritime SW.

Oscar Meyer – owned by Kraft/Heinz, possible impact/closure on three sites in Chard over the next 12 months have been announced. Local partners have brought together a local task force to support affected employees many of whom are Spanish/Portuguese in origin.

iii. Brexit Resilience and Opportunities

Through the HEROG group, we are updating our impact and forecasting information based on the 2nd Lockdown – which suggests an additional hit on the economy as well as a 2% impact by Brexit. The Bank of England published their quarterly report at the beginning of the month – which indicates a 1% hit at the end of transition.

We are increasing business support and awareness of business of the need to prepare for Brexit although it is recognised that businesses are feeling further challenged this year. Clearly both fishing and the ‘level playing field’ as well as port infrastructure - Felixstowe this week has reported major problems (delays of up to 10 days - in freight forwarding are unresolved as yet).

iv. European Structural Funds

An update is provided with some success in securing decisions on outstanding projects. We have been advised that we should hear further regarding ESIF underspends (by w/c November 13th) but are still waiting.

v. Nuclear Sector Deal

The Government is due imminently to publish its 10 point plan for green recovery, and Rolls Royce have trailed this with suggestions of significant job growth through delivery of (up to 18) Small Modular Reactors. Nuclear South West has recently published its prospectus on Nuclear Fusion – circulated for information. We are still waiting however for any news on the Sector Deal supply chain (places) programme – BEIS officials suggested that the publication of the Energy White Paper might be an opportunity for Ministers to consider it.

vi. Growth Hub

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

vii. Rural Productivity Plan

No further updates or meetings with Defra. The Agriculture Bill has passed into law.

viii. Board Effectiveness

Appendix 1 – confidential sets out the recommendations from the Nominations Committee - elsewhere in the report to initiate the recruitment process.

ix) LEP Network

The LEP Network has also published their Rebuild and Recovery Plan – <https://www.lepnetwork.net/news-and-events/2020/october/leps-pitch-30bn-recovery-and-rebuild-deal-to-government/>

x) West Somerset Opportunity Area

The new chair is holding a workshop on Legacy – whilst no longer chairing the group we continue to be involved as Members of the Board (through the CEO).

xi) CDS update

An update is being provided as part of the Place Group feedback.