

Report title	Place delivery theme update agenda item 6c)				
Purpose	This paper is for Decision				
Link to LIS^b	Inclusive Growth			Clean growth ✓	
	Energy ✓		Engineering		Digital ✓
	Ideas	People	Infrastructure ✓	Bus. Environment	Places ✓
Non-LIS purpose	N/A				
Timing	Report covers infrastructure and place related activity in period to end November 2020				
Financial impact	Proposal relating to Natural Capital (Appendix A)				
Decisions requested	Endorsement of proposals in Appendix A – Potential investment for Natural Capital pilot project				
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1.0 Summary

1.1 This report is an update about delivery against the LEP's infrastructure and place theme.

2.0 Place Leadership working arrangements

2.1 Scope of the LEP's infrastructure and place related activity.

The Place Leadership Group has overview and delivery responsibility for the infrastructure and place priorities of the Heart of the South West (HotSW) Local Industrial Strategy. This includes energy, natural capital, employment land and premises (including the portfolio of Enterprise Zones in the HotSW area), rural productivity and coastal and market town matters.

The Place Group is keen to secure further Board Member involvement and as part of this we are linking with Professor Lisa Roberts, our Board member from Exeter University about her future involvement with the group.

2.2 Place Theme Updates

A - Rural Productivity

A Heart of the South West Rural (HotSW) Productivity Opportunities Lead (Chrissie Ingle) has now been appointed and a Rural Productivity Steering Group has now been established under the chairmanship of Alex Stevens of the NFU. as a task and finish subgroup of the place leadership group. The first meeting was held in early November and a review of past rural productivity activities will be done to identify what has or hasn't worked in the past.

This will provide us with the capacity to progress the rural productivity opportunities theme from the HotSW Productivity Strategy. The starting point for this has been to review the report of the South West Rural Productivity Commission (2017) in light of Covid-19 and Brexit. As a starting point the Steering Group identified the need for local level intervention for the rural economy. There was a strong view that there should be a Community Led Economic Development programme, similar to the LEADER Programme, in the Heart of the South West area and that the LEP and our partners should advocate this approach as part of our positioning about the Government's proposed UK Shared Prosperity Fund. This was endorsed at the Place Group meeting in November 2020.

B - Energy

The LIS states our aspiration for the HotSW to become a net exporter of clean energy by 2030. To achieve this aim we need to move from a siloed, centralised system to one which is localised, flexible, smart and integrated. This transition is expected to create potential opportunities for businesses in the area, creating high value jobs in the region. As we emerge from the Covid-19 pandemic these aims will help to build back a stronger and more sustainable economy.

To move this agenda forward, the LEP has commissioned two retrofit programmes under the Getting Building Fund – Green Homes in Plymouth and Zero Energy Buildings Catalyst, Phase 2 (ZEBCat 2) in Devon. Plymouth will be working with households in fuel poverty to cover the short fall that often exists between the amount of Energy Company Obligation (ECO) funding available and the full cost of the measure to be installed. This will include making the retrofit measure free to those vulnerable, fuel poor households. ZEBCat2 will retrofit 30 domestic and 5 non-domestic to be NetZero carbon part financed by long-term energy and maintenance savings. The LEP is also working with the South West Energy Hub to facilitate its engagement with local authorities, stakeholder groups and local communities through the Rural Community Energy Fund and the Local Authority Delivery Scheme where £500m of funding is being made available to improve the energy efficiency of homes and low-income households, helping to reduce fuel poverty and working towards the net zero commitment by 2050.

The South West Energy Hub is currently assisting with GIS plotting of local authority owned sites suitable for renewable energy installations. If these are utilised this will help towards the zero carbon targets as well as providing potential revenue generation for the councils. Somerset County Council's sites have already been outlined and this document is to be used to encourage other councils to bring forward information so that they can start to develop business cases for submission to the emerging Government energy programmes. A single subject Deep Dive meeting is planned for the Place Group meeting in January 2021 in anticipation of the Energy White Paper being published and key findings will be subsequently reported to the LEP Board.

C - Natural Capital

A Natural Capital Steering Group has now been established as a task and finish sub-group of the place leadership group and Sarah Bryan of Exmoor National Park Authority has been invited to act as chair. The task and finish group has worked with stakeholders to identify potential natural capital investments that could play a part in post Covid recovery for the HotSW area and inform the LEP's project pipeline. Many of the projects were around protecting and restoring the current Natural Capital and many also had tourism benefits.

As part of the Getting Building Fund contracts we have developed an advisory document to help projects to consider Natural Capital within their projects and report on results and impacts as part of their project monitoring. This is intended to become part of the Business Case outline for future applications. Informed by the work of the task and finish group to date the place leadership group recommends to the LEP Board the proposal of developing a natural capital demonstration fund to pilot on a loan basis investment in schemes that combine natural capital principles and the LEP's economic objectives. A suggested sum for the fund would be £1 million – possibly secured via the LEP's growing places fund budget -with approaches made to other bodies e.g. utility companies to co-finance this fund. A more detailed outline is set out in Appendix A of this report.

D - Digital

All three projects resulting from the Growth Deal digital call in the second quarter of 2020/21– Boosting Mobile Connectivity, 5G Smart Sound Plymouth and Further Education Digital Accelerator Programme – are now contracted and being implemented. The Connecting Devon and Somerset partnership is at an advanced stage in the procurement of a number of lots relating to its superfast extension project which is funded by Growth Deal, the Government Agency BDUK and local authorities. We will be working with Connecting Devon and Somerset partnership to bring forward the Business Case in 2021 for remaining funds under Growth Deal 3 for digital infrastructure.

E - Getting Building Fund

Investment from the Getting Building Fund is funding a new programme of work around retrofit/carbon reduction. The three projects are currently going through the contracting process. Two are focused on retrofit and the third around a carbon reduction advice and loans for SMEs in North Devon. Other Getting Building Fund projects relating to Place include Plymouth Station Concourse and Exeter City Bus Station; these are also currently in the contracting phase.

F - Place Shaping

Planning White Paper - The Place Group meeting in November held a “deep dive” session into the Planning White Paper, led by a presentation by Professor Chris Balch of Plymouth University (slides attached in appendix B of this report). The white paper is proposing a package for reform of the planning system in England, aiming to streamline and modernise the planning process, improve outcomes on design and sustainability, reform developer contributions and ensure more land is available for development where it is needed.

The presentation highlighted that there are 3 pillars proposed by the white paper:

1. Planning for Development – Shift from discretionary to rules-based system of planning
2. Planning for beautiful and sustainable places – A framework for quality
3. Planning for infrastructure and connected places – Abolition of s106 and CIL to be replaced with a single national infrastructure levy

Issues identified in the session included the future direction of strategic planning (included concerns about the proposed removal of the duty to co-operate between planning authorities) reservations about the rationale for centrally established targets for local housing growth, the deliverability of the changes to developer contributions and the absence of minerals and waste planning matters from the white paper.

Enterprise Zones – The LEP is working with the local authority leads from the three Enterprise Zones in the HotSW area – Oceansgate in Plymouth, the Exeter and East Devon Growth Point and Gravity in Somerset – to review and update their implementation plans. In November the strategic investment panel received and endorsed a presentation about progress with Oceansgate as the basis of the updated implementation plan and will review likewise the position with the other Enterprise Zones at future meetings. The Government has recently launched its Freeports Bidding prospectus - <https://www.gov.uk/government/news/freeports-bidding-process-opens-for-applications> and the LEP is engaged with stakeholders to consider options for bids which need to be submitted by 5 February 2021.

Future of our Market Towns - A market towns study is being commissioned by the LEP to look at the role and economic function of market towns in the HotSW area in the context of the LIS and against the backdrop of Covid-19 recovery. The intention is to complete this study by the end of March 2021.

Employment land – work is ongoing following the HotSW Employment Land Study published in early 2020. The recommendations of the report will be reviewed in the context of the planning white paper and a work programme developed for taking this forward with partners.

G Transport

A303/A358 corridor

On 12th November the Secretary of State for Transport announced two key decisions. For the Amesbury to Berwick Down scheme, including Stonehenge Tunnel, he has approved the Development Consent Order application, which conveys the statutory powers for the scheme to proceed. Highways England have recently appointed archaeological specialists and a contractor for advance works.

For the Sparkford to Ilchester dualling the Secretary of State has again deferred a decision on the Development Consent Order, extended the deadline to 29 January 2021. This is to enable further information to be provided by Highways England and the Defence Infrastructure Organisation regarding outstanding concerns about bird strike. This issue reflects the risk that birds attracted to the balancing ponds required in the scheme design could prejudice safety of aircraft taking off from the adjacent airfield RAF Yeovilton. Whilst the further delay on the DCO decision is disappointing, it appears to reflect an improvement from the earlier stance, that the Secretary of State was minded to refuse the DCO application.

The A358 dualling from the M5 at Taunton to Ilminster had a preferred route announced last year and is in the design development stage.

Highways England is expected to seek views on which should be the next stages of the A303/ A358 corridor upgrade to be progressed. The feedback we have given to date is that elimination of the remaining single carriageway sections of the A303 should be the highest priority.

A361/A39 North Devon Link Road

On 10th November the Secretary of State for Transport confirmed funding of some £60m towards the £70m upgrade of the A361 North Devon Link Road. Three sections of the route between South Molton and Barnstaple will be widened to three lanes, providing improved overtaking facilities, and there will be upgrades to eight junctions between South Molton and Bideford. There will also be improved crossing facilities for pedestrians and cyclists at key junctions. A contractor has been appointed by Devon County Council, with construction starting on site in 2021.

Dawlish – Teignmouth Sea Wall

The first stage of the new raised sea wall at Dawlish was opened in July. Work has now commenced on the second section of this £80m upgrade, from Dawlish station to the Coastguards breakwater. This will be completed by late 2021, with the final stage of works at Dawlish to follow later.

Earlier in the year Network Rail conducted extensive public consultation on proposals for realigning the railway between Parson's Tunnel and Teignmouth, in order to move the railway away from the cliffs which can be unstable after periods of prolonged rain.

Significant local concerns were raised about the likely loss of beach which the scheme would entail. In light of the consultation response, Network Rail have announced that they will be reviewing their proposals and bringing forward a revised scheme for further public consultation in 2021.

Rail Franchising

As a consequence of the Covid 19 pandemic and government advice to avoid travel on public transport if possible, all of the rail franchises have moved onto Emergency Measures Agreements under which government underwrites the cost of rail services.

In March the government also entered into a further Direct Award franchise with Great Western Railway running to March 2023, and in October they entered a Direct Award with Cross Country Trains running to October 2023.

Shadow Sub National Transport Body funding

Government has made a grant of £425,000 to Peninsula Transport, the sub-national transport body covering the areas of HotSW LEP and Cornwall IOS LEP, to support the ongoing work of preparing a transport strategy. A similar award has been made to the Western Gateway shadow STB.

Appendix i) – Proposal for a Natural Capital Demonstrator Fund

Definition

The definition of Natural capital is the stock of natural resources which includes geology, soils, air, water and all living organisms that provide benefits to people. All these underpin economy and society. In the South West clean air and water, productive seas, and fertile soil are paramount, underpinning industries such as agriculture, forestry, fisheries and tourism. It is an extension of the economic notion of capital (resources which enable the production of more resources) to goods and services provided by the natural environment. Changes in the current and future performance of natural capital assets will impact on people's well-being and the economy.

Strategic Context

The Productivity Strategy and Local Industrial Strategy sets out a key strategic objective of protecting and enhancing the natural capital assets and facilitate a new model of natural capital led growth. This has a firm link to the Clean and Inclusive Growth Agenda as set out in the Local Industrial Strategy.

The document, 'Investing in Natural Capital for the Heart of the South West', was adopted in January 2020 by the LEP board having been developed by the LEP Place Group with the support of the LNP partners on the group. This recognises that Growth in the Heart of the South West economy is underpinned by its outstanding natural environment, providing and underpinning a significant value, not just financial but in health and wellbeing to the economy and society.

As we move forward there is a need to progress from the emerging consensus around the principles of natural capital and its relationship to economic prosperity to developing approaches to the role of the LEP in investing in natural capital and how our programmes can support investment natural capital objectives.

Next Steps

To embrace the natural capital agenda in the Heart of the South West we need to consider how we as a LEP can facilitate investment which combines natural capital and economic growth outcomes. There is enthusiasm and passion from stakeholders to be harnessed to move this agenda forward and produce exemplar projects for the Heart of the South West area, establishing it as a leader in this area of work. The Place Leadership Group has established a stakeholder group to assist in this work and as a result two initial approaches are proposed for this:

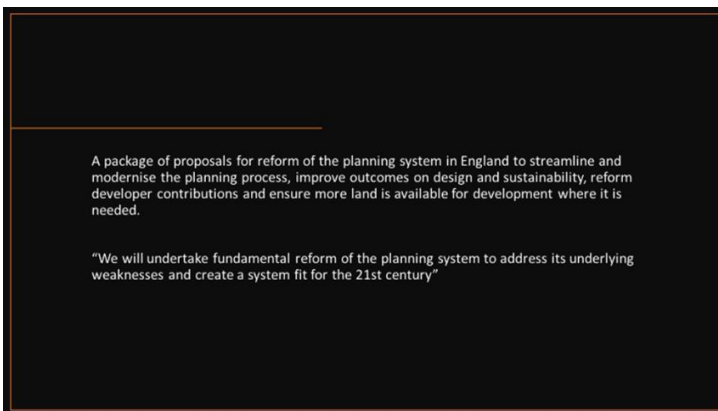
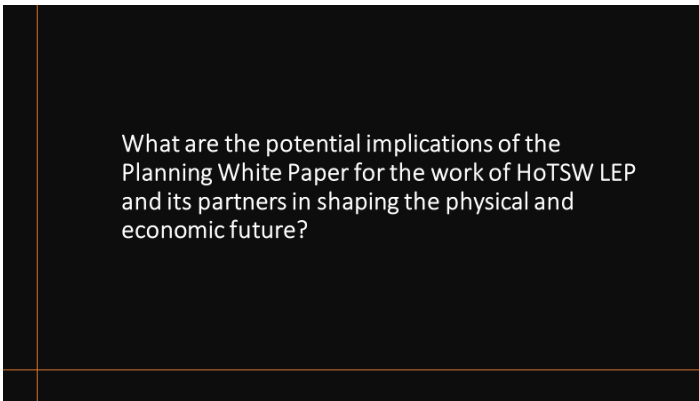
- **Capturing the natural capital impacts and outcomes of existing planned LEP investments** – the LEP's portfolio of Getting Building Fund schemes provides an early opportunity to do this. While we are not proposing to apply formal conditions relating to natural capital will request that project sponsors identify and where possible measure relevant impacts of schemes funded through the Getting Building Fund. An advisory note is being developed for this purpose so that all Heart of the South West recipients of Getting Building Fund are requested to report on the natural capital impacts resulting

from the delivery of their schemes.

- **Natural capital pilot demonstration fund** – the creation as part of our Covid 19 recovery actions of a pilot investment/loan fund to invest in natural capital schemes and test their ability to deliver clean growth and wider economic benefits. While some natural capital investments are likely to generate direct financial returns to project sponsors that can be used to repay borrowings, other categories of natural capital investment are more likely to generate a wider economic return not captured by sponsors (e.g. tourism benefits) or create “system” savings or benefits which a financial value can be placed on but not monetised as a financial return (e.g. carbon capture and nature recovery). It is suggested that the pilot demonstration fund looks to support a combination of these categories of natural capital investment and that as a result of a commissioning call the LEP seeks to support 3 - 5 pilot schemes for this purpose.

It is proposed that the LEP seeks to identify £1 million of its own resources for this demonstrator fund and that the LEP issues a call for co-investors, such as utility companies serving the Heart of the South West area, to seek their interest in co-investing in the fund. This approach will build on an initial informal “expressions of interest” exercise undertaken with stakeholders which demonstrated both the appetite for this activity and the likely challenge in developing suitable business cases for this activity. For this reason, it is suggested that a facilitation resource is created for a fixed period (e.g. six months) to support the pilot demonstration fund.

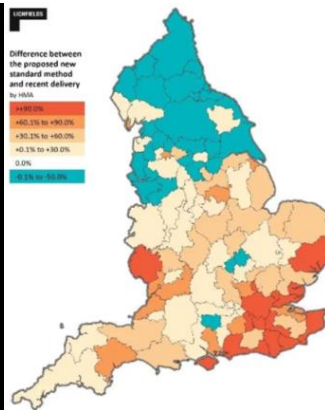
Appendix ii) – Planning White Paper Presentation



Last 10 years planning policy journey

- Deregulation
- Prioritisation of housing growth
 - Demand side measures – Help to Buy, Stamp Duty
 - Supply side measures – Funding for Infrastructure, MMC
- NPPF presumption in favour, Housing Delivery Test

Proposal for centrally determined local housing targets



Pillar 1 Planning for Development

- Shift from discretionary to rules based system of planning
 - Growth areas – development approved at plan making stage subject to local design standards
 - Renewal areas – fast track approval for high quality development which meets predetermined rules
 - Protected areas – where development will be restricted to protect acknowledged assets
- Streamlined Local Plans – to be largely map based prepared in 30 months subject to sustainability test and less onerous but more focused environmental assessment
- Front loaded public consultation at plan making stage with much reduced opportunity for engagement in finalising consents

Pillar 2 Planning for beautiful and sustainable places

- A Framework for Quality – National Design Guide, National Model Design Code, revised Manual for Streets
- Local and Neighbourhood Plan design guidance and codes
- Chief Officers for Design and Place Making
- Increased focus on biodiversity gain and improvements in energy standards in new build (Future Homes Standards)

Pillar 3 Planning for infrastructure and connected places

- Abolition of s106 and CIL to be replaced with Infrastructure Levy based on nationally set rate or rates as fixed proportion of completed development value
- Subject to minimum threshold values payment will be made on occupation and local authorities will be able to borrow against anticipated receipts to deliver physical and social infrastructure alongside development
- Aim is to extract at least as much if not more funding from land development process

Key drivers for change

Digitalisation, open data and PropTech



Skills in public engagement and design



Potential Challenges

- Making a rules based system work under English law
- Securing effective engagement with detail at the plan making stage
- Ensuring sufficient focus on job and wealth creation
- Securing infrastructure funding in areas of low/weak demand
- Delivering effective strategic planning

Conservative Tory MPs rage at housing 'concrete' over the shires

The ultimate
challenge?

