

Heart of the South West Local Enterprise Partnership

LEP Board Paper agenda – item 5

Report title: Chief Executive – Update Report

Date: 22 January 2021

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

Update the Board on the key issues since the last meeting including

Sharing the draft **Annual Performance Report** ahead of the meeting with Government officials – *Appendix 1 (confidential)*

Update the Board on the **new Skills Strategy** being developed by the Skills Advisory Panel – a separate report

Feedback from **the Growth Hub incl Covid response** and Brexit support – included as part of business group update

Discussion on Covid 19 response including initial feedback on Build Back Better plan and Framework for Future Intervention and Investment

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 required:

Confirm the appointment of Fiona Macmillan as vice-chair for a further year and John Laramy as FE representative (to complete a full 3-year term)

Confirm the next steps on the outstanding Matters Arising

Agree on next steps on Covid-19 response including plans to Build Back Better and the emerging pipeline

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Summary

Now into 3rd Lockdown, we are proposing dedicated time immediately following the Board meeting for a full Board discussion on Covid response and recovery. As well as delivering the Route Map to Recovery, we now re-consulting on the Build Back Better Plan. The agenda for this discussion is suggested as follows.

1. Response

Impact Update – following on from the Oxford Economics analysis last year, to set out the next steps on monitoring the ongoing economic impact of the pandemic.

Grants Support– asking the Districts and Unitaries to give feedback on distribution of the various grants available to business

Growth Hub Update – feedback and insight from the GH

Any insights **into business testing** regimes etc

Agree on any next steps relating to Response and actions through lockdown

Revitalise and Grow

Update on Local Recovery Plans – status and next steps.

Update on Route Map to Recovery and Initial Feedback on Building Back Better

- a) Initial feedback on the Consultation document
- b) Progress on Getting Building Fund
- c) Pipeline Development

Agree to Next Steps

We also have a ‘deep dive’ Board session on Tourism in February.

Headline Events since the last Board meeting

- **HotSW Retraining Pilot goes live** – the HotSW Train4Tomorrow (Retraining pilot) went live at the start of the year with take-up at the time of writing at some 75% (this can be updated at the time of the meeting). The programme is being led by the Digital Skills Partnership and a 2nd National Retraining pilot is now proposed
- **High Streets Fund** – CLGU have confirmed funding for 15 High Street programmes. The schemes for Paignton, Plymouth, Newton Abbot, Barnstaple, Yeovil and Taunton have all been ‘provisionally agreed’ (at approx. 66% of their asks) but remain subject to revised business cases (due to be completed by end of February).
- The **Energy White Paper** was published just before the Christmas break with significant opportunities for Nuclear (Fusion and Fission), Hydrogen. Nuclear South West is working with local partners on a proposal to locate the Fusion prototype in the south-west – a short briefing on the White Paper has been provided (Appendix 1)
- **CDS Programme** – the re-procured CDS programme for full-fibre compliant superfast roll-out has been re-procured (to 3 infrastructure providers) for delivery by 2024 – total superfast coverage should be at 96% on completion. As part of the implementation of the HotSW Digital Strategy, we intend, by March, to set out the next steps on further broadband infrastructure provision. The Digital Skills Partnership has been funded for a further 12 months and as part of the HotSW Technopole, we are

discussing with the universities proposals for a Health Tec cluster and re-presenting the Industrial Digital Technology Centre.

- **Peer to Peer Delivery** – we are trying to deliver 12 cohorts (through 8 providers) of Peer to Peer support across 12 sectors. Take up, challenged by lockdown and virtual delivery is at about 80%.
- **DWP Restart** – DWP has announced a regional led restart programme to support UC claimants (over 12 months) – a successor to the work programme?
- **Great South West** – the GSW Steering Group is meeting on January 20th ahead of the APPG on February 2nd.) With any further recognition of regional powerhouses seemingly in abeyance until after the publication of the (Devolution) White Paper after the local elections, the main discussion was regarding a GSW Tourism Zone and opportunities around energy.

Summary Updates

1. Matters Arising

There are essentially 5 outstanding matters from previous meetings as follows:

C/f HotSW Brexit meeting with the Rt Hon Michael Gove. David Warburton MP agreed to pick this up directly with the Minister and report back. With a Brexit Deal now in place, the original drivers for such a session have been superceded. However, it is certainly appropriate to maintain a watching brief on specific issues relating to food and provide briefings as required.

C/f Rural Productivity Plan. Mel Stride, MP offered to try and progress this further with the Secretary of State. **DR to provide a briefing for him** to broker a conversation with George Eustice, MP to develop a deal based on the plan as this remains a key priority for the LEP. I have written to Mel Stride MP asking for his support to progress this approach. Any feedback can be provided but meanwhile, our rural group continues to review and update the recommendations.

C/f Action: Follow up note from last Board meeting from discussion with S 151 officers from Somerset County Council around declarations of interest– note re dispensations to follow. Through the chair, we have reviewed the paper and it has been circulated to Board Members. The Chair has invited Local Authority leaders to discuss whether in the light of its advice any dispensations are appropriate.

From Nov board - Action: To go back to Gov't, highlighting the importance and priority broadband capability with the support of local MP representation.

As part of the Build Back Better Plan consultation, we have met with MPs and agreed that the provision and increased use of mobile technology should be absolutely at the forefront of our asks – alongside tourism/rural productivity and delivering low carbon energy.

For agenda for LEP Board 22 January from November Action: Critical concerns over grid capacity and railway resilience to be discussed at the next Board meeting, to highlight to local MPs and elevate its urgency to Gov't.

We are still reviewing the grid capacity constraints and will bring forward a paper to the next LEP Board – the transport update includes a direct reference to rail resilience and has asked for this to be reviewed at the next Sub National Transport Board

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

i. Scrutiny and Annual Performance Review

A HotSW Scrutiny meeting is due to take place next month when we intend to discuss our emerging priorities to deliver Clean Growth, which will come to the Board in April.

The Annual Performance Review is being held at the end of the month and a summary of the key evidence is provided in Appendix 3 (*commercially confidential*). We also have a LEP Peer Review meeting with Lancashire LEP.

ii. Business Closures/announcements

Oscar Meyer – the local Task Force group continues to meet in response to the closure on three sites in Chard.

Debenhams -a further task force has been established in response to the liquidation of Debenhams particularly concerning the call centre presence in Taunton.

iii) Brexit Resilience and Opportunities

We have been given a small amount of funding into the Growth Hub to support transition – how this is being applied is picked up on behalf of the Business Leadership group.

The Government has also announced a Fishing Fund – not much detail yet – which we may wish to discuss. Letter to SOS from Councillor Evans attached in Appendix 2.

iv. European Structural Funds

We have been invited to submit advice on how best to use any unallocated ESIF Reserve funding – this is addressed in the ESIF report.

v. Nuclear Sector Deal

An HSDF meeting was held with BEIS and local representatives last week including an update from the site; key issues including feedback from the Hinkley Place, People and Business sub-groups and any progress on the Sector Deal supply chain programme. Proposals to host the UK's first fusion prototype have also been invited.

vi. Growth Hub

A Growth Hub update is provided within the Business update report. Some additional funding has been given to the Growth Hub to help with both Covid-19 and Brexit transition as well as the peer to peer support.

vii. Rural Productivity Plan

As highlighted in matters arising and on the back of both Brexit and the Ag Bill, I have recently written to Mel Stride MP to try to garner his support for a rural productivity deal with DEFRA.

viii. Board Effectiveness

We have separately supplied advice from the Monitoring Officer regarding Conflicts of Interests – it is proposed to have a meeting with LA representatives re any dispensations. Through the chair, we are setting out an action plan for increasing diversity which we can update the Board as required.

There is a recommendation in this paper to confirm 2 appointments and we will look to carry out the 2021 Board Effectiveness review ahead of the next Board meeting.

ix) CDS update

CDS have reprocured their local Broadband delivery (which includes significant funding from the LEP). As highlighted elsewhere, we will be working with them directly on next steps including re-presenting the GD3 Digital programme which will be delivered (through our Freedoms and Flexibilities in 2021-2023).

x) Access to Finance

We have agreed to a grant of £75k to SW Mutual to proceed to licensing.

xi) Great South West

The GSW Steering Group is meeting on January 20th (ahead of the APPG on February 2nd.) With any further recognition of regional powerhouses seemingly in abeyance until after the publication of the (Devolution) White Paper after the local elections, the main discussion was regarding a GSW Tourism Zone and opportunities around energy.

Appendix 1 - Energy White Paper – Briefing

The White Paper builds on the Prime Minister's Ten Point Plan for a Green Industrial Revolution and the National Infrastructure Strategy (NIS) in outlining how the nation plans to transform its power and heating systems to support the net-zero emissions target for 2050.

FIVE key policies have been championed by the Government that will drive the nation towards net-zero.

1) National Emissions Trading Scheme

As part of the most recent Budget announcement, the Government confirmed that the Carbon Price Support will continue to operate at £18 per tonne of CO₂ up to 2022. After the Brexit transition period, the UK will aim to apply an "ambitious carbon price" that could be linked to the EU ETS.

The ETS works by setting a cap on the total amount of greenhouse gases that can be emitted by energy-intensive industries, including aviation, power generation and steel manufacturing. The cap is then reduced over time so that overall emissions from each sector fall. UK factories can purchase carbon allowances to cover emissions, which can be purchased at auction or traded. Currently, around one-third of UK emissions and 1,000 factories and plants are covered by the EU ETS and will be covered under the new UK variant.

On aviation, Innovate UKs £30M Future Flight Programme to develop integrated aviation systems and vehicle technologies that enable new classes of electric or autonomous air vehicles will be funding several projects based in the South West, three of which have partners from the LEP area.

2) Nuclear

The White Paper confirms that the Government will enter negotiations with EDF over the Sizewell C nuclear project in Suffolk. The Government wants to explore new funding options to enable investment in at least one nuclear power station by the end of this Parliament. **This is good news for the SW Nuclear Supply Chain who can now also potentially access fresh contracts at SZC, as well as capitalising on knowledge transfer. The White Paper also references the National Supply Chain & Business Competitiveness Programme, with local delivery which featured in the Nuclear Sector Deal. This raises again the hope that the LEP will be able to draw down funding to support the continuation of the Hinkley Supply Chain Programme.**

In addition, there is the creation of an Advanced Nuclear Fund of up to £385m to support the development of Small Modular Reactors and to support research and development into more advanced nuclear technologies, such as advanced modular reactors and nuclear fusion to help them reach commercialisation. The White Paper also outlines that a range of financing options for nuclear will be explored, including the Regulated Asset Base (RAB) funding model, which could help secure private investment and cost consumers less in the long run.

3) Carbon capture at the heart of a levelling up agenda

As part of the Prime Minister's Ten Point Plan, more than £1bn has been earmarked for state-of-the-art carbon capture storage technologies to be introduced at four industrial clusters by 2030. These clusters will be set up in the 2030s with at least one of them to become fully net-zero by 2040.

The White Paper notes that this ambition will play a key role in a levelling up agenda that aims to equip different regions with the means to reach net-zero. Clusters are located in the North West, Teesside, Humberside, Grangemouth, South Wales and Southampton. BP, Eni, Equinor, Shell and Total have all signed up to spearhead the development of the Net-Zero Teesside project, which focuses heavily on the use of carbon capture, utilisation and storage technology (CCUS). **The South West is not identified as a potential cluster, which might support our argument for having the STEP fusion Test Reactor sited here, to help level up that part of the UK.**

4) Diversifying the clean energy mix

Much like nuclear, there are concerns that hydrogen isn't in alignment with the requirements of the net-zero transition. Research suggests that around 500TWh of hydrogen-generated power could be consumed annually in the UK by 2050 - equivalent to 50% of national demand – while generating £18bn for the UK economy and support more than 75,000 jobs over the next 15 years. Currently, however, around 95% of global hydrogen production comes from fossil fuel feedstocks. As such, the White Paper commits to “kickstarting the hydrogen economy” by working with the industry to create 5GW of production. This was announced in the Ten Point Plan, but a new £240m net-zero Hydrogen Fund will be established.

It creates the picture that the UK is diversifying its clean energy mix, with the Government increasing the number of technologies supported by the Contracts for Difference scheme in the latest round, with offshore wind, onshore wind, solar, tidal and floating offshore wind projects all eligible to bid. It marks the first time that floating offshore has been eligible for the scheme and the first time since 2015 that onshore wind and solar have been included. **The commitment to 40GW of offshore wind is also repeated in the White Paper. The West of England Aerospace Forum is holding a Hydrogen Summit in February which aims to kick start the SW's strategic approach to hydrogen production and supporting sectors to transition.**

5) Those reliant on fossil fuels will be supported in the transition

Families living in fuel-poor buildings, for example, will have access to grants to save money on energy bills. It does include a £6.7bn support system for fuel poor households that will run for six years. The package is designed to save families in old inefficient homes up to £400. In addition, the Warm Home Discount Scheme will run to 2026 and will cover 750,000 UK householders by giving them £150 off of electricity bills each winter. The White Paper also confirms that the £2bn Green Homes Grant announced in the summer will be extended by a further year, as envisioned in the Ten Point Plan. Also, installations of electric heat pumps are scheduled to grow from 30,000 per year to 600,000 by 2038, which is expected to benefit households.

Appendix 2 – Letter to SOS from Councillor Evans re Fisheries Fund

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11 January 2021

Dear Secretary of State

Fisheries: Reappraising and development opportunities

There is understandable intense disappointment among the fishing industry about the EU-UK Trade and Co-operation Agreement. It has been a blow to them and they feel with justification severely let down. Government promises have not been met, hopes raised by Ministers in the run up to Brexit were dashed when the deal was done, and coastal communities have been left to pick up the pieces.

In the south west, the changes to quota over the five and half year adjustment period are marginal and in some cases non-existent. Foreign fishing boats are to continue to have access to the 6nm to 12nm mile zone of UK territorial waters off our coast. Local fishermen will carry on experiencing the frustration of having to watch foreign vessels fish in our waters whilst local boats are denied the opportunity. Already problems have arisen with fish exports to the EU, making a difficult situation worse. This has come on top of trying to keep fragile businesses solvent during the Covid-19 pandemic.

Plymouth is one of the three major fishing ports in England. The industry makes a highly valued contribution to the local economy and we want to see it prosper. The people in it are part of our community and they are important to us. We ask, therefore, that the Government acts to assist these family businesses that have been the losers in the deal struck with the EU. We propose a platform of measures:

A substantial and effectively targeted funding package

Ministers have announced that £100m will be made available for ‘modernising trawlers and fish processing’. The new funding package needs to have much greater clarity of purpose and tuned to the realism of the terms of the Agreement.

It is assumed that the funding package announced is the domestic replacement for EMFF. If so, £100m would be totally insufficient to enable the industry to rebuild and modernise. More

Plymouth
Britain's Ocean City

substantial funds are required. Over 75% of the English fleet is over 20 years old, about 30% is over 40

years old. In many places the port infrastructure needs updating and modernising. In Plymouth, we are working with the industry and the port authority to develop proposals to create a modern market and fish quay fit for the 21st Century, but this will require commensurate investment. When the UK was in the EU funds were available for this kind of project. It is reasonable to expect that a domestic grant scheme can better this, to help an industry that is the heritage of coastal communities.

There were serious shortcomings with the EMFF scheme. It was cumbersome, complex and inefficient. Those that needed the most assistance often found the process daunting. There is considerable scope to simplify. A particular difficulty was that money had to be spent before grant was released. This meant that institutions and those with deep pockets were advantaged over small businesses and individuals. The aim should be to provide the most help where help is most needed. With this in mind, consideration also needs to be given to the gearing of funds, so that support is available where it will make the most difference. Consideration should be given to intervention rates of up to 100% for single family businesses with small turnover. The new scheme should also be much more transparent and operated accordingly.

A decommissioning scheme

Many of the smaller operators will have been hanging on in the hope that they would be able to enjoy a fairer share of fishing opportunities, and that territorial waters would be protected for British fishermen. That has not happened. Instead, they report that they are facing greater complexity and more bureaucracy at levels unsustainable for small businesses. The Government has also signalled its intention to expand its marine protected area programme. Whilst we fully support measures that will do more to protect the marine environment, the impact on the fishermen whose traditional grounds are closed to them should be recognised. Reducing the size of the fleet would create an opportunity to avoid displacement problems and gear conflicts, improve the profitability of the remaining businesses and assist the Government to deliver its objective of a modern, sustainable and profitable fleet.

Distribution of quota

The marginal increases in UK quota and inability to preserve the UK territorial waters for British fishing vessels will inhibit the government's choices when deciding how to distribute any additional quota. However, we hold to the view that there are some general principles that should be applied. The quota system should be considerably more transparent than it is now. It should support a diverse fleet and allocations should take into account the effects on the entire supply chain. There should be a linear link between quota allocation and benefits to coastal communities. Given the hardships that have been experienced by the industry in the south west, we ask that priority is given to assisting the local industry.

The landing obligation continues to present challenges, despite the use of selective gear such as modified trawls. Although the way in which the pool is managed in the south west seems to have improved, the availability of stocks last year within the pool added to the difficulties of under 10m vessels. Where possible additional quota should be used to alleviate the problem of choke species, for all vessels.

Safety and wellbeing of fishermen

The excellent report, *Fishing for the Future*, by Seafarers UK which you endorsed, identified a number of practical measures that could be taken to improve safety and wellbeing. Among these were improved rest and social facilities for fishermen, greater hands-on business support, and various

means of enhancing the earnings of fishermen. Defra has a key enabling role and we believe that priority should be given to improving the safety and wellbeing of fishermen.

A new model of community engagement

We welcome Defra's recognition that it needs to break from the one size fits all approach to fisheries management. The UK's departure from the CFP creates the opportunity to start afresh. We would welcome a genuine collaborative approach that saw Defra and its agencies working in partnership with the City Council and the LEP alongside the local fishing industry. If there was need for a reminder, Covid-19 has pointed up the importance and value of genuine community involvement.

Improve the operation of regulatory processes

There is an urgent need for more effective liaison and communication on the regulatory systems governing exports to the EU. Problems have arisen already with the catch certificate and export health certificate (EHC) systems, which go beyond expected teething difficulties. There have been three changes to the guidance on EHCs to local authorities and exporters since shortly before Christmas and the arrangements remain unsatisfactory. This is creating extra work for local authorities, not covered by the new burdens doctrine, and causing difficulties across the fishing industry.

I look forward to your response.

Yours sincerely



Councillor Tudor Evans OBE

Leader, Plymouth City Council

cc.
The Rt Hon Robert Jenrick, Secretary of State for Housing, Communities and Local Government
Luke Pollard MP, Shadow Secretary of State for Environment, Food and Rural Affairs
Johnny Mercer MP, Parliamentary Under-Secretary of State (Minister for Defence People and Veterans)
Sir Gary Streeter MP
David Ralph, Chief Executive Heart of the South West Local Enterprise Partnership
Karl Tucker, Chair Heart of the South West Local Enterprise Partnership
Cllr Steve Darling, Leader Torbay Council
Cllr Julian German, Leader Cornwall County Council Cllr John Hart, Leader Devon County Council

