

**Heart of the South West Local Enterprise Partnership**

**LEP Board Paper agenda – item 5**

**Report title: Chief Executive – Update**

**Date:** 23 April 2021

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

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

- Update on the actions following the Budget and specifically the TOR of the LEP Review – Appendix 1
- Sharing the Annual Delivery Plan and Budget for 2021/22
- Update on developing increased Board diversity

Elsewhere on the Agenda, we review:

Priorities for Clean Growth including discussing energy and the constraints on energy supply

Leadership Group Updates including Digital Strategy progress, sign-off of the Local Skills Review and Innovation update, and end of year summaries on programme performance.

**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:**

**Agree to the working arrangements and next steps in response to the LEP review**

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## Summary

The main change since the last meeting is the Budget in March in the context of the Covid-19 roadmap and Government Plan for Growth.

The Budget set out significant implications for local growth and the future role and purpose of LEPs, essentially firing a starting gun on (another) LEP review. A briefing on the Budget was shared with all Board Members.

The HotSW Build Back Better Plan – setting out the key transformational opportunities - was endorsed by all the Local Authorities at the Joint Committee and is now published.

### **Headlines since the last meeting**

**HotSW Build Back Better Plan** – published.

**Great South West** – UK's natural Powerhouse flyer updated [GSW\\_E-Flyer-pr2.pdf \(greatsouthwest.co.uk\)](#)

### **Budget announcements including -**

**Launch of new 'local growth' programmes** - Levelling-up Fund, Community Renewal Fund and Community Opportunities Fund alongside the Government's Plan for Growth

**LEP review** – to be completed by summer recess

**Freeport** - for Plymouth and South Devon but not for Port of Bristol/Gravity

### **STEP submission**

**Growth Hub funding** - confirmed for 21/22 and Peer to Peer funding

**Subsidy Control consultation** – Our response was made as part of the LEP Network and is available on request

**FE Capital** – funding for Strode and Yeovil colleges

## **Summary**

### **1. Plan for Growth**

The Chancellor and Business Secretary have [written](#) an open letter to businesses detailing the Government's [Plan for Growth](#). The letter sets out the **key pillars of investment that the Government will focus on** to make 2021 the 'year of economic recovery.'

"The Plan for Growth looks ahead, "*building on the best of the Industrial Strategy set out in 2017*" and refreshing the Government's long term strategy for growth in a new economic landscape, including the pandemic, its net-zero target, and new place on the world stage as an independent nation outside the EU." The letter is available [here](#) and key points are summarised below:

- **The transition from Industrial Strategy to Plan for Growth** – We have legislated to end our contribution to climate change by 2050, we are forging a new path outside of the EU and we continue to fight the pandemic. Creating and supporting jobs and helping to drive growth in existing, new, and emerging industries is the government's central economic focus. That is why we are transitioning the Industrial Strategy into our plan for growth. We are still taking forward the best elements of the Industrial Strategy, including the continuation of existing Sector Deals and reviewing the Grand Challenges and missions through the upcoming Innovation Strategy.
- **Three pillars of investment** – Backed by three pillars of investment as the foundation of our economic recovery – infrastructure, skills, and innovation – we can put the UK at the forefront of opportunities and give businesses the confidence they need to invest:

- *Infrastructure* – Investing in infrastructure drives long-term productivity, and in the short term stimulates economic activity. The UK has historically under-invested in infrastructure, but we are fixing that, as set out in our [National Infrastructure Strategy](#). The Government has already announced record investment in roads, rail, broadband, flood defences, and cities as part of our plans to spend £100bn on capital next year and more than £600bn on gross public sector investment over the next 5 years.
- *Skills* – The best way to improve people’s life chances is to give them the skills to succeed. The UK has a strong foundation of advanced skills but lags behind international comparators on technical and basic adult skills. The Government is transforming Further Education, encouraging lifelong learning through the Lifetime Skills Guarantee, and building an apprenticeship revolution.
- *Innovation* – Innovation drives economic growth and creates jobs. The UK has a world-leading research base, which will be boosted by the Government’s uplift in R&D investment and the creation of the Advanced Research and Invention Agency to fund high-risk, high-reward research. However, too few businesses can access the tools they need to translate new ideas into new products and services. We will make the UK the best place in the world to start and grow a business. That means having access to capital, skills and ideas, and a smart regulatory framework.
- The Government has also set out **three priority objectives**:
  - **Unite and level up the country**, tackling geographic disparities; supporting struggling towns to regenerate; ensuring every region and nation of the UK has at least one globally competitive city; and strengthening the Union.
  - **Enable our transition to net-zero**, driving growth that is green by delivering our Ten Point Plan for a Green Industrial Revolution and taking action to fulfill our commitment to being the first generation to leave the natural environment in a better condition than we found it.
  - **Support our vision for Global Britain**, welcoming international investment to create new jobs, role modelling free and fair trade, and taking advantage of the opportunities available to us now we have left the European Union.
- ***Upcoming strategies for innovation, net-zero, hydrogen, and space*** – Over the next 12 months we will follow up the plan for growth with an Innovation Strategy, as well as strategies for net-zero, hydrogen, and space. We will also develop a vision for high-growth sectors and technologies, putting the UK at the forefront of opportunities and giving businesses the confidence to invest, boost productivity and enable our net-zero transition.
- ***Partnership with business*** – We will work closely and collaboratively with key stakeholders to ensure that our plans address challenges faced by businesses and grasp opportunities for future growth. That is why we have convened the Build Back Better Business Council, to draw on the expertise of industry and government to ensure that the plan for growth is delivered successfully.

## 2. LEP Review

The Budget fired the starting gun on a LEP review – ‘to be completed before summer recess’ as a direct result of:

- a) Capital ‘local growth’ programmes delivered through Local Authorities (in consultation with MPs rather than vis LEPs)
- b) A new way of working and revised objectives by Government
  - a. Post Brexit – a Global Britain

## b. Post pandemic – Build Back Better

Officials have been keen to emphasise that this is not about the abolition of LEPs but evolution and the Terms of Reference of the review have been set out below. 4 workstreams with officials are proposed:

- a) Objectives and Functions
- b) Geographies and Accountabilities
- c) Representation and Interaction with Local Government
- d) Implementation and Funding

Regardless of the final recommendations, the change in delivery mechanism for capital programme delivery will mean a different role for LEPs going forward and the impact on funding the operational model will mean a significantly different operating model post-March 2022. Broadly it is proposed to review this with the Board to the following timeline.

- April 2021 – Set out Terms of Reference, starting points, and LEP core proposition
- July meeting – The Government’s perspective; local options/implications
- September meeting – setting out the proposition post-April 2022
- Christmas meeting – new operating model. Budget and Delivery Plan

How we work/communicate between meetings will require some discussion at this meeting and we will look to consult with Board Members, the wider stakeholder group, and MPs over the next few weeks

### What might LEP Evolution mean/look like?

- **Evolution of What We Are** - Would we change our relationship, accountabilities, and Governance with key stakeholders (Business, LAs, HE, FE, VCS)
- **Evolution of What We Do** - Would we focus on specific agendas leaving others e.g places to others
- **Evolution of Where We Do It** - Would we change our geography, perhaps operating over a larger area
- **Evolution of How We Do It** - We will need a new operating model – income generation, CIC status, trading?

### What Might an Evolved LEP look like?

- **Supercharged Growth Hub** – post-pandemic, single business gateway supporting our 80,000 businesses through targeted business support and skills
- **Delivering Transformational Opportunities** – the champions of clean and inclusive growth, developing the key transformational opportunities set out in the HotSW Build Back Better plan directly contributing to the Government’s Plan for Growth
- **Inward Investment and Trade** – providing a visible shopfront to the southwest to support Global Britain
- **The leadership of Clean Growth** – delivering our Clean Growth priorities to support Net Zero

## 3. Delivering Greater Diversity

Following on from the Board recruitment process, we confirmed our commitment and leadership to delivering greater diversity not only to the LEP Board but also across our business community.

In recent weeks, we have met twice with our Business Representative Organisations and agreed on a 3 point plan:

- a) **A campaign** - to highlight good practice and attract greater diversity at the Board level including existing leaders targeting particular networks

- b) **A programme of delivery** - to develop greater diversity into Boards – particularly women. This could potentially piggyback (rather than duplicate) on work already going on through the BROs
- c) **Identifying 6-8 potential** - future LEP Board reps and supporting them through shadowing, mentoring, etc

We will update the Board at future meetings and the AGM.

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

### i. Scrutiny and Annual Performance Review

The Annual Business Plan and Plan for increasing Board diversity are both on the agenda. The LEP Peer Review meeting with Lancashire LEP took place in February and end-of-year delivery targets were as expected. Delivery of Getting Building Fund Projects by close 21/22 remains a significant risk/challenge.

### ii. Business Closures/announcements

**Oscar Meyer** – the local Task Force group continues to meet in response to the closure on three sites in Chard. This directly impacts some 750 local employees.

**Debenhams Taskforce** – has concluded with most staff either retiring or have found other work. This impacts directly (largely in the Taunton call centre) on some 150 staff.

Due to the support measures through the pandemic, business closure numbers over the past 12 months have been lower than you would normally expect. However, as these measures begin to expire, the numbers of closures are likely to rise significantly.

### iii) Brexit Resilience and Opportunities

HEROG has continued to meet fortnightly through Lockdown 3. Most recently there has been work on reopening beaches, open spaces, etc – eg Welcome Back Fund and sharing good practice over the delivery of the LA administered business support grants.

We are still awaiting the criteria for the £100m 'Fishing Fund' but have local schemes in development for both Plymouth and Torbay. However, DEFRA's pressing concern is to be seen to responding to the crisis around fisheries exports - this will have broader implications for all products of animal origin so we will need to consider a wider stakeholder group in due course.

### iv. European Structural Funds

Final spending of any unallocated ESIF Reserve funding remains at best opaque – much seems to have been wrapped into the Welcome Back Fund. We have reviewed all existing delivery and where extensions in delivery may be appropriate. More detail is addressed in the ESIF report.

### v. Nuclear Sector Deal

A further HSDf meeting was held with BEIS and local representatives this month including an update from the site; feedback from the Hinkley Place, People and Business sub-groups, and further requests to progress the Sector Deal (Places) supply chain programme – it didn't get considered at the April IDaB; May is promised.... Proposals to host the UK's first fusion prototype facility have also been submitted.

### vi. Growth Hub

Funding for 21/22 has been confirmed including cluster funding for GSW. A Growth Hub update is provided within the Business update report. In addition, the Growth Hub has been contracted to deliver 17 cohorts of Peer to Peer support – it delivered 9 in 20/21.

#### vii. Food, Farming, and Fishing

NFU has recently published Levelling Up Rural Britain – pretty much all of the recommendations could read across from our own Rural Productivity Commission report. Brexit seems to have re-energised the need to review local food supply capacity etc and we have agreed to review with the NFU, Devon CC, and the SW Food Hub our food capacity and distribution infrastructure.

#### viii. Board Effectiveness

We are currently completing this year's Board Effectiveness Review, the Chief Executive's end-of-year appraisal has been completed.

#### ix) CDS update

Following the re-procurement of CDS local Broadband delivery (which includes significant funding from the LEP) we have been reviewing both our Digital Strategy and Local Broadband Plan ahead of re-presenting the GD3 Digital programme which will be delivered (through our Freedoms and Flexibilities in 2021-2023).

#### x) Access to Finance

We have commissioned some gap analysis into the availability of finance which should report back to the Business Leadership group next month.

#### xi) Great South West

Neither the GSW Steering Group nor the APPG has met since our last LEP Board meeting – the latter is waiting to hear from the Tourism Minister whether he can update the APPG on a response to our Tourism asks. Hinkley Point is making a presentation in May.