

Report title	Place delivery theme update Agenda item 11c)				
Purpose	This paper is for Noting				
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 of June 2021				
Financial impact					
Decisions requested					
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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 (HoSW) Local Industrial Strategy. This includes energy, natural capital, employment land and premises (including the portfolio of Enterprise Zones in the HoSW area), rural productivity and coastal and market town matters.

2.2 Place Theme Updates

A - Rural Productivity

The Rural Productivity Working Group priorities have now been developed and these will be

worked up into a potential workplan to ensure that these are taken forward. Further work is being done around Food Mapping and Agritech.

South West Food Supply Chain Mapping

Currently, the NFU, the HotSW LEP and Devon County Council have committed funds towards this study – a contribution from Somerset County Council is envisaged. It is hoped that other councils in the South West will also contribute. The work is a result of previous reports, research and strategies that have highlighted that we need more data on the outputs of the region and supply chain resilience. Covid has highlighted the need for more dynamic supply chains. There is optimism in the region as people have had more time to diversify and this has given more sustainability. There is also the upcoming South West procurement pilot – the South West Food Hub working with Crown Commercial services – which is expected to go live in 2022. This will enable farmers and suppliers to be able to access the market through a dynamic platform where previously they may not have had the capacity or capability to fulfil larger contracts. There is a need to investigate processing capacity further also engaging with producers to make sure that the right products are being offered and presented in the right way. This will help to identify gaps and potential opportunities. It will also help to map the impact of improvements in the supply chain against local and national agendas for climate, clean growth and Net Zero. The research brief is currently being prepared and may vary based on partner sponsorship and timescales. Report is scheduled to be presented to the Board in October 2021.

Community Led Local Development Study

This study has been commissioned to help inform views about how arrangements for future funding programmes should be designed. This will help to set an informed baseline to assist with potential development of a programme when more information is released around the Shared Prosperity Fund.

The study on Community Led Economic Development has been prepared by DR Company and was presented at the Place Group Meeting on 1 July 2021. The Place Group and report contents were endorsed.

The study looked at previous programmes to see what worked, what did not and what a future programme may look at. The consultants carried out an extensive literature review, held an online survey (90 respondents) and held 4 workshops as well as holding interviews with key individuals.

It was highlighted that previous programmes had become very bureaucratic and top down which did not enhance the development of community led projects.

Key ingredients for Community Led Development are:

- Flexibility
- Dedication
- Hands on help
- Passion for the area

- Professional knowledge – ie help from individual professionals
- Innovative thinking
- Local knowledge

It was felt that enhancement could be made to what is good such as devising an outline framework to allow communities to develop strategies to fit their area. Existing groups have built experience and trust, they are ready for a new task and would maximise results. The identified opportunity would be to develop a new scheme swiftly.

The interpretation of 'community' appeared to be different for people, eg local community, farming community, business community. Therefore, a successful scheme needs to identify the target audience and develop grants to assist the identified sector or develop a more holistic approach, eg Climate Emergency, Energy etc. It was considered important that any new schemes should include both grants and support. Also to have an application process which is proportionate to the level of grant – not one size fits all.. Support in the application process and ongoing mentoring were considered to be necessary for the overall success of a programme.

Consistency was found to be extremely important, previous programmes had been changed part way through and this creates confusion. Ways of measuring success need to go beyond job creation and numbers of businesses supported, alternative measures need to be considered.

The overall conclusion was that community led programmes offer the help, support and knowledge that centrally run programmes cannot offer. Also that there is a current opportunity for a new programme, following the closure of LEADER, before the knowledge and expertise through the various groups is lost.

B - Energy

The Government announced the Local Authority Delivery (LAD) Scheme in July 2020 to support Local Authorities in England with the aim of helping those most likely to be in fuel poverty. Phase 1 funding was allocated through two Local Authority competitions managed by BEIS and Phase 2 funding has been allocated to the five Local Energy hubs to distribute within their region.

The Local Authority Delivery (LAD) Scheme 2 has just been launched (£14.8m) in the Heart of the South West. The Energy Hub has procured two delivery partners – E-on and Happy Energy Solutions - to work within the area. They will work with local authorities to deliver energy efficiency upgrades by December 2021, which is obviously a very tight delivery timescale to deliver improvements to 1500 to 3000 homes.

LAD is predominantly an insulation and low carbon heating fund for low income households.

- Eligible homes are predominately EPC bands E, F and G although some D rated properties are permitted under Phase 1B and Phase 2.
- Eligible households must be low income – under £30k household or suitable proxy

Concerns have been raised around the ability to deliver as the supply chain is already busy and due to perceived skills shortages – there is a need to increase the supply chain and get more people trained. It does however offer the opportunity for local businesses to become involved and local authorities have been asked to highlight any companies that may wish to become involved. The Energy Hub is looking to work with South West LEPs to assess the labour capacity and skills gap issues associated with the retrofit agenda, possibly involving a regional study.

Launch presentations were made to the local authorities in the Heart of the South West area on 22 June 2021. E-on will be liaising with each authority to send letters to target properties to introduce the scheme. Trading Standards are being made aware of the programme to stop any 'rogue' schemes coming through as tenants should not pay any money for improvements.

C - Natural Capital

A call for Expressions of Interest for the Natural Capital Demonstrator Loan Fund was issued in March 2021 with a closing date of 8th April 2021. This was circulated through LEP networks and to all potentially interested parties. One Expression of Interest was received from a private company but unfortunately it did not meet the criteria for the loan fund.

Following the disappointing response to the call for submission of EOIs for the Natural Capital Demonstrator Fund, we have spoken with potential applicants to ask why they had not submitted and taken advice from these discussions. The detail of the Loan Fund was also discussed with the Natural Capital Working Group to develop the best way to move this forward.

What has become clear through all these discussions is that we, as a country, are at a very early stage in the development of this type of investment and that is why the Government has made funds available to invest in the preparation of strong business cases to attract private investment and to embed biodiversity and natural capital into all decision making processes. Defra has stated that we are all asset managers and are looking at a significant change to Green Budgeting – moving away from investing in harm and damage to nature.

The demand and appetite are there, however the strong business cases have yet to be developed and it was perhaps too early in this process for the NC Demonstrator Loan Fund. The consultations have given us strong encouragement regarding the future need for funding and have indicated that an amended call, relaunched in the Autumn, would be sense because most potential applicants are awaiting a decision on their applications to the Environment Agency's Investment Readiness Fund or they are currently in the process of working up potential programmes that will require investment. Successful applications to the EA Investment Readiness Fund will

have 12 months+ to develop a programme of work which would then potentially be ready for the Demonstrator Loan Fund.

We await the decisions on the EA's Investment Readiness Fund in July as the Environment Agency is currently unable to share any information on the projects that have applied – there have been around 5 applications in the Heart of the South West. If these applications are successful then this could result in the Investment case that will provide confidence for projects to apply for a loan.

Discussions have taken place with the North Devon Biosphere Foundation Programmes around their aim to move the Natural Capital Marketplace strand of their programme forward. This would be a blended finance model which produces land and marine assets to be used as tradeable natural capital stocks. These stocks can be sold on to customers to produce an income which will support further development of assets and produce an income to enable the repayment of a loan. The Biosphere has applied to the Community Renewal Fund for revenue funding for this.

Getting Building Fund Outputs

Some of the Getting Building Fund projects submitted details of what they hope to achieve in terms of Natural Capital. The Advisory Note provided has now been rewritten and will be recirculated. As many of the projects had already been through planning etc, making them 'shovel ready', it had not been possible to consider Natural Capital from the outset. The Natural Capital Working Group, whilst recognising this difficulty, are keen that projects start thinking about this for future programmes.

The Place Group is keen to see this work supported and embedded in decision making.

D - Digital

CDS is currently managing 8 broadband infrastructure delivery contracts. Build continues across the region with existing contracts with Openreach and Airband continuing to deliver existing contracts and the 2020 contracts moving from mobilisation into detailed survey and design phases. Capacity continues to present a challenge for the industry both regionally and nationally.

Existing delivery

- Openreach is working to deliver full fibre to rural clusters of around 2000 premises using circa £6M under the Government's "Gainshare " agreement. Build is now expected to continue until Summer 2022. When completed this project will deliver full fibre to communities in rural areas of deprivation helping to bridge the digital divide.

- Airband is continuing to build in North/ West Devon (Lot 4) and full fibre continues to be challenging to deploy. Again build is currently expected to continue into summer of 2022.

2020 contracts

- Airband has commenced the detailed design work for the new Lots based in Devon (Central, East and Southern) and Somerset (Somerset West and Sedgemoor).
- Wessex Internet has completed its first detailed design work package after which it expects to move to commence build of backhaul "spine".
- Truespeed has commenced some initial detailed designs.
Build for the 2020 contracts is expected to continue through to end 2024.
- A business case has been submitted to the LEP to support the Community Challenge Extension Programme

E - Place Shaping

Enterprise Zones – The LEP is working with the local authority leads from the three Enterprise Zones in the HoSW area – Oceansgate in Plymouth, the Exeter and East Devon Growth Point and Gravity in Somerset – to review and update their implementation plans. The direction of these updated plans for Oceansgate and Exeter and East Devon has been endorsed by the LEP’s strategic investment panel. Work is ongoing to update the master plan and prepare a local development order for the Gravity site and following this its implementation plan will be updated.

Freeports – The Plymouth and South Devon Freezone was successful in its bid for Freeport status. Following the decision announced in the March 2021 budget the LEP is working with partners to scope out the detailed plan for the Freeport Zone

Future of our Market Towns – The Market Towns Study is nearing completion. This will help to inform ‘next steps’. The Group received the consultant’s presentation on findings and the full report will be circulated to the group for further feedback with the intention of bringing a report to the next meeting of the group with recommendations about responses to its findings.

The study has looked at vulnerability, challenges and opportunities, type of intervention and made several recommendations.

- Lobbying of UK Government
- Strategic planning for town development
- Prioritising towns for support
- Governance of town growth
- Development of town visions and plans
- Support project development – getting projects to ‘shovel ready’ state
- Monitor and evaluate progress

The Place Group considered this to be an important piece of work and will take time to feed back once they have had time to read the full report.

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.

Alongside this we are organising a discussion with partners around Future Workspace and the changing trends post-Covid. Findings will be taken to the Place Group and then brought to the Board.

Coastal Productivity Plan – an update on the Coastal Productivity Plan was given at the last Place Group meeting. Furlough data indicates higher levels of furlough in the Hospitality/Catering Sector and the Arts. This is reflected in our coastal areas across the HotSW. Work started on the plan in 2018, following sign off by the Joint Committee in January 2021, the Coastal Delivery Group (consists of officers from the coastal authorities) and Strategic Group (councillor representatives) were set up in April 2021.

Focus on five key themes:

1. Ideas – role of natural capital and cultural assets in ‘place making’
2. People – key issues impacting coastal towns such as the ‘brain drain’, social mobility and widening pay gaps.
3. Infrastructure – highlights how it is a key enabler for productivity-led growth
4. Business Environment – identifies how the narrow industrial base of our coastal towns contributes to higher levels of low-wage employment.
5. Place – identifies the characteristics which define our coastal towns as being areas of low productivity.

The opportunities were then narrowed down into 5 Strategic Priorities –

- Lobby Government to raise the profile of coastal economies and ensure the UKSPF recognises and prioritises the challenges in coastal areas.
- Pilot a wider coastal business support programme which supports 3 areas:
 - Digital Business Academy supporting businesses to be ‘digitally ready’
 - A small business co-improvement grants – up to £10K
 - A start-up business support programme.
- Seek designation for a Coastal Action Zone (CAZ) in the HotSW.
- Explore sector-specific approaches and centres of excellence for training (hospitality, health and social care, construction, advanced engineering)
- Local partners should continue to work together to articulate the key road, rail and infrastructure challenges

Other priorities include affordable house, poor transport links, VAT relief for hospitality, challenges when furlough ends and Government loans need to be paid back.

Next Steps:

- Identify short, medium and long term priorities for delivery
- Development of business cases for each of the key strategic priorities.
- The CPP is used to proactively lobby Government & others (including LGA) and influence future policy on coastal issues

F - Transport

Williams/ Shapps Review – Rail White Paper

In May the much delayed outcome of the Williams Rail Review (conducted in 2019) was published in the form of a Rail White Paper. The review concluded that the rail industry had lost sight of its customers; that the industry suffered from fragmentation, with no clear accountability and a lack of strategic direction; and that the system of passenger rail franchising was no longer workable.

The White Paper proposes a new industry structure, with the creation of Great British Railways (GBR) – a public sector body which will be the ‘guiding mind’ for the railways. GBR will set a 30 year vision for the industry, own and control the infrastructure, set the timetable for passenger services and set most fares. It will procure train services through concession contracts.

Private sector operators will compete to run the concession contracts. The provision of trains through private sector leasing companies will be unchanged, and the freight sector will also continue as at present.

The White Paper advocates simpler fares structures, and a faster transition from paper-based tickets to electronic purchase and validation. Greater flexibility in season tickets has already been introduced, reflecting the trend away from traditional 5 day commuting; this trend had been apparent for several years and has accelerated as a consequence of the Covid pandemic.

The White Paper will require primary legislation and hence will take some years to implement fully. However, the dramatic reduction in patronage during the pandemic had already resulted in franchises becoming unsustainable, and hence operators have been moved on to operational contracts with the Department for Transport taking the revenue risk.

Train patronage in the South West has been gradually building up towards pre-Covid levels. This re-growth has been somewhat faster than some other parts of the country – partly because of higher levels of education and leisure travel.

Highways England A303/ A358 improvements

The judicial review into the Secretary of State's approval of the A303 Stonehenge Tunnel orders was held on June 23-25 and the outcome is awaited.

The programme for construction of the A303 Sparkford to Ilchester dualling has been outlined. Site clearance will start in September 2021 and completion of the scheme is envisaged by mid 2023.

Development of the design for the A358 dualling is ongoing, and consultation on the proposals is planned for late 2021.

Peninsula Transport Sub National Transport Body

Peninsula Transport has received another round of funding from the Department for Transport to progress the development of a Regional Transport Strategy. They will be consulting of a High Level Vision during Summer 2021, and work is ongoing on a range of work packages including an Economic Corridors Study, a Carbon Transition Strategy and a Rail Strategy.

A presentation on the LEP's Blueprint for Clean Growth was given at the recent Peninsula Transport Board meeting.