

**Heart of the South West Local Enterprise Partnership
LEP Board Paper agenda item 9 ii)**

Report title: Build Back Better Update

Date: 22 October 2021

Purpose: This paper is for **noting**.

Link to LIS: Indicate by **bolding** which area the paper links to.

Inclusive Growth		Clean growth		
Energy		Engineering		Digital
Ideas/ Innovation	People/Skills	Infrastructure	Bus. Environment	Places

Timing: Ongoing

Financial Impact: None

Decisions requested: None

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Summary

This second Build Back Better Board update paper focusses primarily on the enabling programmes of People, Business Environment, Ideas, and Places and Infrastructure whilst also providing a short update on four transformational programmes – Aerospace, Energy, Marine and Health.

1) Background

- 1.1 In April of this year, we published the Heart of the South West’s Build Back Better plan following consultation with business and the 16 local authority, four university and 10 FE college partners.
- 1.2 Build Back Better is not on its own a recovery plan but is rooted in the ambitious vision of our agreed Local Industrial Strategy (LIS) which identifies Energy, High Value Engineering and Digital as the dynamic heart of our local economy with opportunities to drive clean and inclusive growth across multiple sectors. Build Back Better focuses on accelerating these opportunities through the delivery of seven transformational programmes. Realising the

potential of these transformational opportunities will enable us to rebalance and repurpose our economy, supporting the green revolution and responding to global imperatives where we have unique capabilities such as in renewable energy.

2) Enabling Programmes

2.1 Transformational change has to be built on the right skills and business support, along with the creation of new ideas, products and services, all of which must be grounded in the places where we live and work. The Build Back Better plan is therefore underpinned by four enabling programmes which are closely aligned with local recovery plans and the need to level-up our economy. These match closely the key drivers of productivity and the economy and are being led by our four Leadership Groups – Business, Innovation, Skills and Place - working closely with local authorities as part of the recovery planning process.

2.2 The following is an update on activity being led by the Leadership Groups to deliver the Build Back Better Enabling Programmes.

People

2.3 The aim of the People programme is to enable transformation by developing and delivering a comprehensive skills strategy.

2.4 The LEP, working through the Skills Advisory Panel, published the Heart of the South West Skills Strategy / Local Skills Report in March 2021. The strategy sets out 33 core actions spread across three priority areas (skills that meet business demand, skills to support individuals to meet their potential, skills investment to drive productivity and individuals' success). Actions are split between a short (1-2 years, 14), medium (2-4 years, 16) and long-term time horizon (3-5 years, 3). At present, the LEP is active or making good progress in 11 of the 14 short term actions involved, and around 8 of the medium-term priorities.

2.5 The three areas that are progressing more slowly, due to national or policy issues, are:

- i. Seek additional resources for curriculum development in Build Back Better sectors: At present, the skills environment is waiting on next steps for national skills funding and the Shared Prosperity Fund. Under normal circumstances, the type of activity outlined would be supported through a mixture of ERDF / ESF and National Programmes for curriculum and sector specific skills funding. However, the next steps for these programmes are not yet clear and there are limited local options for fast-tracking skills development outside of College and Provider internal funds. Colleges continue to invest at risk in a few areas but the systematic and large scale investment involved will, by necessity, require additional national funding.
- ii. Provide relevant skills advice to 500 businesses per year through a joined up service offer: A core action in the Local Skills Report, the lack of any replacement EU funding and no further news on the Shared Prosperity Fund currently means there is no active route forward for supporting the proposed Skills Advisory Service. Work is ongoing to take forward elements of the approach through the Digital Investment Programme presented to the Board for approval, but this will not provide the

quantum of funding required to launch the more comprehensive offer envisaged by the Skills Strategy.

- iii. Secure forward funding for the HotSW Careers Hub: At present, we are awaiting the Comprehensive Spending Review and the next steps on both LEP and Careers & Enterprise Company (CEC) funding, the government company set up to run the Careers Hub nationally. Visibility of this funding will enable us to take forward a more detailed discussion on the next steps for the Careers Hub. However, definitive answers are needed to avoid the risk to delivery.

2.6 The Skills Advisory Panel also continues to work around policy development and project delivery with the DfE and wider partners. This includes updating the Local Skills Report by January 2022 in line with a revised government requirement to support Skills Advisory Panels and the new Local Skills Improvement Plans (LSIPs), feeding into the Skills White Paper consultations on funding usage and accountability / governance frameworks, and ongoing pilot delivery of bootcamp and business / education engagement activity working with DfE and DCMS.

Business Environment

- 2.7 The aim of the Business Environment programme is to enable transformation through effective business support.
- 2.8 The Growth Hub is our primary vehicle for achieving this and the Business Leadership Group continues to manage delivery of the Growth Hub products such as Service for All and the Growth Support Programme. A Growth Hub evaluation and mapping report has recently been completed and was discussed at the last meeting on the 6th October. A further update will be provided at the next Board meeting on how the findings will shape the future Growth Hub service.
- 2.9 Three new business support products have been commissioned for delivery by March 2022 - Back to Business to assist those companies ineligible to receive EU funded support with advice on restarting, Making Net Zero to support businesses on their journey to Net Zero, and Scale-Up support for new business. The final delivery partner for Peer Networks has also now been procured, ensuring that 17 cohorts will be supported by the end of March 2022. This will include a cohort for women led businesses and possibly one for both the hospitality sector and retail businesses.
- 2.10 Working with the British Business Bank and other partners, a September workshop agreed an outline finance for business proposition which includes both signposting for businesses and a potential financial product, which the workshop agreed should focus on growth/ambitious businesses including R&D intensive clean growth companies. The workshop drew on an extensive review of existing finance provision across the area, which the LEP commissioned. Signposting will be delivered through the Growth Hub through to March and the potential future financial product will be progressed when the outcome of the Comprehensive Spending Review is known

Innovation

- 2.11 The aim of the Ideas programme is to enable transformation by establishing a ‘technopole’ innovation ecosystem.
- 2.12 The Innovation Board is now established and has met successfully in its new format. It is moving into delivery mode, focussing on the two priorities established in the MIT-REAP exercises - marine and environmental intelligence as world leading LEP strengths. The Innovation Board has drafted supporting documents for both of these themes and the universities (Plymouth and Exeter) are working with MPs and policymakers to ensure a significant ask/proposal is put to government that could result in a step change in innovation for these themes.
- 2.13 The LEP has also successfully appointed a consultant to lead on the development of the Technopole. This will extend innovation support across the region and help ensure the kind of support available via our excellent Science Parks can be rolled out to geographies not currently able to benefit from this. The Chair of the Board, Stuart Brocklehurst, will outline the Technopole concept at the forthcoming SW Innovation Expo on the 14th October 2021 at Sandy Park in Exeter.
- 2.14 The Board has also successfully built a Panel of Innovation Driven Enterprises (IDEs). This will expand slowly over time but for now has 40 members and is purely voluntary. The Panel will be used to sense-check the Board’s activity and priorities as well as to gather intelligence on needs, ideas and challenges.

Places and Infrastructure

- 2.15 The aim of the Places and Infrastructure programme is to enable transformation by supporting left behind places and ensuring strategic connectivity.
- 2.16 Three pieces of work have been prioritised this year. The Future of Market Towns study considered the role of small and medium-sized towns in the future growth of HotSW, as well as the challenges and opportunities they face. The report sets out a series of recommendations:
- i. Seek national support for town development, including planning reforms and funding.
 - ii. Establish a strategic framework for the future of towns, setting out coordinated and complementary growth plans.
 - iii. Prioritise investment in towns based on vulnerability, challenges and opportunities.
 - iv. Establish a governance structure for the development of towns e.g. a development board.
- 2.17 A facilitated discussion with developers, businesses and other relevant partners is planned around the Future of Workspaces. This will be used to inform what strategic direction should be taken to ensure there is an adequate supply of suitable workspace, both office and industrial.
- 2.18 Finally, an analysis of community led local development has been undertaken with the aim of identifying best practice and lessons learned. The findings will serve to inform potential

future work under the UK Shared Prosperity Fund and they have also been shared with Defra to inform any plans they may have for a replacement LEADER Programme.

- 2.19 In terms of connectivity, Connecting Devon and Somerset continues to manage eight broadband infrastructure delivery contracts. Build continues across the region, with the existing Openreach and Airband contracts continuing to deliver and the 2020 contracts moving from mobilisation into detailed survey and design phases. However, capacity is presenting a challenge for the industry both regionally and nationally.
- 2.20 We have responded to national and regional policy consultation including DCMS's review of digital connectivity to very hard to reach properties, and Peninsula Transport's draft vision and goals for the South West transport network and emerging freight strategy. We have stated support for electrification of the main north-south rail line in the Blueprint for Clean Growth and considering the detailed proposals for the A358 (Taunton to Ilminster), which is now being consulted on by National Highways (the new name for Highways England) prior to publication of the Development Consent Order for the scheme.
- 2.21 The judicial review of the Secretary of State's decision to confirm Orders for the A303 Stonehenge Tunnel was successful on two counts and the Orders have been quashed. There is scope for the Secretary of State to re-determine the Orders in light of further information on the aggregate impact of the scheme on heritage assets, and further consideration of alternatives. DfT have yet to make a decision on which way to proceed, although National Highways have stated that they remain confident the project is the best solution to the ongoing issues. Work on the remainder of this strategic route continues though, with construction of the A303 Sparkford to Ilchester dualling now under way and completion is anticipated by mid 2023.

3) Transformational Programmes

- 3.1 Progress continues to be made on the seven transformational opportunities in the Build Back Better plan. Of particular note:

Aerospace

- The aim of this transformational programme is to deliver a Future of Flight Programme for sustainable aviation technologies and fuels. The programme board has met for a second time and agreed its vision is to position the Heart of the South West to take advantage of the global ambition to decarbonise the aerospace and aviation sector, exploiting our strengths in developing new markets in electrical and hydrogen propulsion and maximising digital innovation leading to smart and sustainable solutions.
- The board has also agreed three key aims:
 - i. To promote and raise the profile of the HotSW smart and sustainable aerospace and aviation opportunity working collaboratively across the region to raise our profile nationally and internationally.

- ii. To secure investment in the HotSW sustainable aviation sector by ensuring we support delivery of the Government's Jet Zero ambitions within the South West.
 - iii. To deliver projects and programmes to unlock economic potential of the HotSW sustainable aerospace and aviation sector and link that to the requirements of other transport sectors and spatial planning for associated infrastructure.
- Other key aerospace activity this quarter includes Ampair's successful electric flight from Exeter to Newquay, the first such flight in England, which is part of the Future Flight Challenge Project 2ZERO that the LEP is a partner in; construction by Somerset County Council of the iAero Innovation Centre at Yeovil, part funded by the LEP, is now complete and a vision statement has been agreed between the key stakeholders including Leonardo Helicopters; and the High Potential Opportunity for Smart and Sustainable Advanced Air Mobility is nearing completion, which has been developed in partnership with DTI and partners in the West of England.
 - The HotSW Comprehensive Spending Review submission specifically asked for the Aerospace Technology Institute's Innovation Programme to be freed up to allow funding for Vertical Take Off and Landing (VTOL) projects to be developed in Somerset, utilising Leonardo's OEM experience coupled with its ground-breaking industrial and academic partners, to bring a wealth of expertise and knowledge from proven aerospace and automotive sectors to deliver innovative hybrid-electric power and novel lift systems.

Energy

- The aim of this transformational programme is to capitalise on the area's nuclear and renewables potential and become the UK's first regional net-exporter of low carbon energy. This is the second programme board that we are establishing and the first meeting is planned for the 18th November. Invitations have been issued to Western Power Distribution, Nuclear SW, EDF, SW Energy Hub, Regen, Universities of Plymouth and Exeter, Gravity Enterprise Zone, Devon and Somerset County Councils, Torbay Council, Sedgemoor District Council, Plymouth Energy Community and the Energy Systems Catapult. We will also extend an invitation to both a floating wind and bioenergy developer as well as a representative from the FE Colleges.
- The first meeting will discuss the terms of reference, membership and priorities over the next 12-18 months. The group will then be responsible for providing clear direction and agreeing priorities, identifying opportunities and helping address any challenges, coordinating activity with multiple partners, monitoring progress and reviewing programme risks.
- It is important that we also find a way to collaborate with the Great South West partnership given our programme aligns well with one of their five priorities, and also with the Western Gateway. Successful delivery of this programme will depend as much on what is happening around us as it does within or area.

Marine

- The aim of this transformational programme is to build a high-tech marine cluster focused on autonomous and digital systems, clean propulsion and cyber-secure smart ports. This month, the Ocean Futures Prospectus was successfully launched as part of London International Shipping Week. The sets out a clear vision to create a global centre of excellence for the testing, development and manufacture of autonomy, digital and clean ocean technologies for the rapidly growing global ocean economy, as a key pillar of the country's ambition to be a science and innovation superpower, with activity focussed on:
 - i. Marine Autonomy – leading the demonstration and integration of marine autonomous systems for applications in defence, offshore renewable energy, aquaculture and emerging ocean economy application, estimated to be a £103bn market by 2030;
 - ii. Digital Oceans – transforming our understanding of the ocean environment and safeguarding future maritime operations with integrated digital marine communications; and
 - iii. Maritime Net Zero – leading the transition to safe and secure maritime operations that will embrace a variety of alternative energy sources bespoke to vessel type and operation.
- A 5 year plan is being developed including a strong governance structure that will take on a similar role to the programme boards, ie. drive delivery of the Ocean Futures programme, provide clear direction to the core team and agree priorities, identify opportunities and help address any challenges, coordinate activity with multiple partners, and monitor progress and review programme risks.
- A £20 million ask to support delivery of Ocean Futures was included in the HotSW Comprehensive Spending Review submission. It is envisaged that this will support new marine innovation and skills programmes, enabling R&D infrastructure and capacity to deliver the overall 5 year plan of work.

Health

- The aim of this transformational programme is to position the Heart of the South West as a health technology pioneer. The University of Plymouth are leading on our behalf and are establishing South West Innovation and Technology in Care and Health (SWITCH). As well as working with the various health institutions across Devon, Plymouth, Somerset and Torbay, it will also reach into Cornwall given the existing collaboration across the Peninsula.
- Other links that are being made are with the South West Academic Health Science Network, Somerset and West Taunton's Innovation District, Royal Devon and Exeter's Business Innovation Hub, and the emerging Technopole.
- The aim is to have the network in place by the end of this year and a coordinator appointed early in 2022, initially funded by the University.