

Heart of the South West Local Enterprise Partnership

LEP Board Paper agenda item 8

Report title: 22/23 Build Back Better, Workplan Update & Risk Register

Date: 21st April 2023

Purpose: This paper is for **information**

(overwhelming papers should be for decision)

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

Non- LIS purpose:

Timing: Ongoing

Financial Impact: (cost or cost saving): n/a

Decisions requested: none

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Summary

The October - March performance report is attached, providing an overview progress against the workplan, available online at [220517-Heart-of-the-SW-LEP-Workplan-22-23.pdf](https://www.heartofswlep.co.uk/220517-Heart-of-the-SW-LEP-Workplan-22-23.pdf) ([heartofswlep.co.uk](https://www.heartofswlep.co.uk)).

KEY RESULTS TOTAL	Q1	Q2	Q3	Q4
Red	0	0	0	0
Amber	9	9	10	8
Green	59	55	52	53
Not Started	8	4	4	2
Completed	0	8	11	16

Overall, progress against the workplan objectives and results has been good through the year; no items are Red risked and in general, items which are Amber relate to the timeframes for LEP transition planning being different from when the plan was written or where other work has started but completion will now be in 23/24, for example options around future GPF. Two items are marked as Not Started which relate to implementation of the Marine & Environmental Accelerator and which are dependent on Government funding to progress.

As part of updating the Board 6-monthly, the risk register is also attached which is reviewed by Operations & Investment Committee monthly. The register includes risks relating to future LEP funding from Government's Budget 2023 announcement on potential support for LEPs from April 24.

Recommendations

That OIC note progress.

1. Background

The 22-23 workplan set out five priorities for the year:

- A. Supporting transition
- B. Delivering against net zero & the transformational opportunities
- C. Delivering Growth Hub, increased innovation and tailored business support
- D. Delivering on the goal of inclusive growth
- E. Delivering the £40m Growth Deal, Getting Building Fund and Growing Places legacy investments

The workplan was developed using the Objective & Key Result methodology (OKRs) with progress is monitored through F&R quarterly and through the Board 6-monthly or by exception. This report and attachments provide the latest update of progress against these with issues highlighted in this covering report.

- Annex A gives a snapshot of progress against the objectives and shows which key results are green (on track or complete), amber (broadly on track though with some delay) or red (significantly delayed or not progressing)
- Annexes B & C are an extract of the results classed as amber or not started

1. Highlights: successes, specific issues and their mitigation

The below highlights salient points by exception.

A. Supporting Transition – outcomes are

- Future roles of broader partnership is clear, aligned to pillars and missions on the white paper & other key policy drivers. Timeline agreed for transition
- Skills and employment supports the area's key opportunities and improved access to jobs and careers
- LEP continues to support partner's activity in other relevant areas
- Highly effective LEP Board
- LEP operations are delivering effectively ahead of and through transition

Transition is one of the 5 priorities in the 23/24 business plan and with the Chancellor's announcement on future LEP funding, will accelerate through the coming year.

Skills & Workforce Planning

A full update is attached as an annex with highlights below:

- work continues across the area to enhance and reinforce provision to core sectors and with key businesses. This includes via the DfE Bootcamp programme, shaping of local LA and other support into core opportunities, and intelligent usages (as available) of residual EU and other funding. However, this position will begin to slow into later 2023 as things stand, with the majority of external / nonmainstream skills funding in the system currently due to end before the new financial year. Discussions are ongoing around replacement / Government intentions around new provision
- in late March, Government confirmed it would not fund Skills Advisory Panels (SAP) past March 2023. At the same time Local Skills Improvement Plans are progressing and a discussion is therefore to be held later in April with partners on how to proceed with the SAP noting DfE's

preference for a transition into LSIP arrangements over the next few months and any needing to avoid any gaps which may emerge

New Amber Items

None

B. Delivering against net zero & the transformational opportunities – outcomes are

HotSW's unique sectoral strengths are harnessed to deliver net zero, higher productivity growth with a particular focus on:

- Exploiting the potential and for HotSW to be recognised as a green energy powerhouse;
- Developing an area proposition in electrical and hydrogen propulsion and maximising digital innovation;
- Establishing a global centre of excellence for marine autonomy, digital ocean and clean maritime;
- Developing a world class reputation for the growing photonics and microelectronics sector;
- Ensuring digital investment in infrastructure, skills, business support and innovation makes a tangible difference for business & communities;
- Recovering and growing the tourism sector, building towards being a data-led, year-round, green and accessible visitor economy;
- Establishing HotSW as a test bed for new food and farming practices and nature based solutions; and
- Supporting and enabling growth across the unique sectoral opportunities with Enterprise Zones and the Freeport.

Update as below.

We are reporting two amber OKRs, which are progressing but at a slightly slower pace than envisaged: development of an energy skills and supply chain programme, and investment of £1 million in natural capital.

New Amber Items

None

Energy

Nuclear - The Hinkley Point C Inward Investment contract has been successfully extended for a further year with match funding from EDF, Sedgemoor District and Somerset West and Taunton Councils, and WECA. Progress continues to be made on the Hinkley Legacy Plan, including a focus on transferrable capabilities both within the nuclear supply chain and workforce for other clean energy opportunities such as floating offshore wind in the Celtic Sea.

FLOW - A set of desired outcomes from the Celtic Sea FLOW opportunity have been identified by the local authority officer group we convene, together with an initial set of priority actions. These will be agreed during April and brought back to the Board at a future meeting.

Hydrogen - Carlton Power's 10MW hydrogen production project at Langage has been shortlisted for funding by the Department for Energy Security and Net Zero, which is a project we have supported and that forms part of the Plymouth and South Devon Freeport. The Hydrogen Sub Group of both the Energy Futures and Sustainable Aviation Programme Boards has recently met to discuss further activity, we continue to explore collaboration opportunities with Hydrogen SW and Western Gateway, and we are supporting an EPSRC research led by GW4.

Skills - The Low Carbon Skills report produced by Gemserv and funded by us jointly with the SW Net Zero Hub has been finalised. This specifically looks at the skills requirements for retrofit and heat pump installation across the South West as well as the HotSW specific skills requirements for solar PV, FLOW and low carbon transport. It will now enable a low carbon skills action plan to be developed, which is one of the amber OKRs.

Energy Futures Programme Board – The programme board has met three times over the last 6 months and discussed the HPC legacy plan, Celtic Sea FLOW strategy, the clean maritime opportunity, Low Carbon Skills Study, Local Area Energy Plans, SW Net Zero Hub activity, and business SWMAS's Make It Net Zero programme that the LEP has helped fund.

Aerospace

iAero - We continue to support the development of the iAero Centre in Yeovil, which includes convening the Officer Advisory Group to advise and monitor activity. Additionally, we have commissioned a marketing and communications company to help shape the market positioning and USPs of the centre and have established an independent website: <https://iaerocentre.co.uk/>

FATZ - Following news that our funding application with Somerset County Council to BEIS's Regulator's Pioneer Fund to undertake the design work for the Future Aerospace Test Zone (FATZ) was unsuccessful, we have focussed efforts on developing an 'in-house' strategy to progress a variety of workstreams. This includes Drone Logistics at Exeter, Atmospheric Drones with the Met Office at Exeter, and Unmanned Air Systems in Yeovil with Leonardo. A workshop session with the CAA to discuss these opportunities further has been scheduled for June 2023. Two additional workstreams are skills and marketing & communications.

Trade and Inward Investment - Following our successful attendance at the Farnborough International Air Show last year, which culminated in 23 warm leads, planning is now underway for the International Paris Air Show in June 2023.

Sustainable Aviation Programme Board – The programme board has met three times in the last 6 months. It continues to be well attended and has three new members – the Met Office, Fraser Nash and GW4. Its main focus is on steering the work to develop the Future Aerospace Test Zone.

Marine

The funding agreement for the Smart Sound Connect Subsurface project was signed in October, awarding the University of Plymouth £1.2m of LGF. Procurement of the main contractor has been successful, and installation is on track for completion by the end of this year.

We are still waiting to hear from Innovate UK whether our expression of interest we submitted in November for the Ocean Futures Launchpad has been successful. This is now time critical as existing marine innovation services are drawing to a close as the ERDF programme ends.

Photonics and Microelectronics

Two new companies have located to the EPIC Centre in the last 6 months - QLM Technology (UK), which has developed some of the world's most sensitive remote gas detectors for environmental monitoring, and VTEC Lasers & Sensors from the Netherlands) who also submitted an application to the ERDF Soft Landings fund.

With support from the LEP, three trade shows have been attended to promote EPIC, the High Tech Cluster and the High Potential Opportunity: European Conference on Optical Communication in Basel, SPIE Photonex in Birmingham and Photonics West in San Francisco.

Torbay Council resubmitted their Levelling Up fund bid to support delivery of growth space for this sector with a Photonics Production Park but unfortunately, the bid was unsuccessful again. This is now a critical issue for the sector in Torbay, as the Board heard during the High Value Manufacturing Deep Dive on the 10th March.

Digital

It is still unclear what the future of the Voucher Top Up scheme is and therefore whether there will be funding that needs to be reallocated. The next quarterly meeting with CDS to review the Superfast Broadband Extension project is on the 26th April.

Funding contracts have now been signed with the Satellite Applications Catapult to deliver the Environmental Living Lab, the University of Plymouth to deliver the Smart Sound Connect Subsurface project, and Destination Plymouth to deliver the Tourism Data Hub.

A further call for expressions of interest for the remaining £1.5m was issued on 14th November and the four shortlisted projects have now submitted business cases - Cyber-Resilience of Offshore Wind led by the University of Plymouth, Digital Reverse Engineering and Metrology led by Plymouth Science Park, Exploiting Cross-Sectoral Opportunities for Innovation Led Growth in High-Value Engineering Design and Manufacturing led by Somerset County Council, and AI-enabled Co-design in Engineering Laboratory led by the University of Exeter. These are being appraised and will be presented to SIP on the 2nd May.

We have also provided support to Somerset Council to develop the vision for Taunton Digital Innovation Centre, which will be a good basis for developing appropriate marketing material.

Tourism

Data Hub - Procurement of the contractor to develop the Tourism Data Hub has been completed by Destination Plymouth and the first phase of work is now underway. The intention is to complete the necessary feasibility work to scope out the Data Hub in June so it can be presented to the LEP in July. All being well, the Data Hub will then be developed and rolled out for use by the tourism sector later in the year.

LVEPs - A study brief is being drafted for a research project to engage and consult with Destination Management Organisations (DMO), local authorities and key stakeholders in the region to establish what the options are for Local Visitor Economy Partnerships (LVEPs) in Devon and Somerset. LVEPs form part of a restructure of the DMO landscape, as announced in the Government's response to the de Bois Review of Destination Management Organisations in England. Those DMOs that meet the criteria will be able to benefit from a nationally recognised official status, receive support in the set-up process and beyond from Visit England as well as expert advice, resources and access to Visit Britain / Visit England's marketing opportunities.

Food, Farming & Natural Capital

Food – The Board agreed the Public Sector Food Procurement Declaration at its meeting in January and three local authorities have agreed to sign up to date. The focus now is on securing additional signatories over the coming months and beginning preparations for an Autumn Food Summit.

Farming – We continue to work with Devon County Council as they deliver the Future Farm Resilience programme, including ensuring the advice provided through the Growth Hub is also made available to the farming sector. We have also continued to work with colleagues across the Great South West to develop a whole farm approach to business support and advice, which Defra has expressed interest in. The Basic Payment Scheme research undertaken by the Countryside and Community Research Institute (CCRI) earlier in the year and part funded by the LEP has gone on to enable CCRI to develop a nationwide toolkit to identify the total lost across all regions.

Agri-Tech – We continue to support the work of the South West Agri-Tech Alliance, including the regional showcase event planned in Exeter on 20th April, and are developing a food proposition working with the Department for Business and Trade to promote trade and inward investment. The Satellite Applications Catapult is making good progress to establish the Environmental Living Lab that the LEP is funding.

Natural Capital – This continues to be reported as amber since the £1m loan fund is still uncommitted. An internal roundtable was held on 8th March and a way forward was agreed. A second roundtable is being arranged for April/May with the intention of recommending a way forward to the Operations & Investment Committee by June.

Phosphates – We have submitted an application to the SW Net Zero Hub for funding towards an anaerobic digestion study, which has been identified by Somerset local authorities as a potential means of mitigating the impact of phosphates in the environment on development in those affected areas. The study will hopefully be commissioned within the next few months.

Food, Farming & Natural Capital Programme Board – The programme board has met twice in the last 6 months and discussed the Environmental Living Lab, the Future Farm Resilience programme, Whole Farm Business Advisory Service, local authority submissions to the Rural England Prosperity Fund, and the Natural Capital Demonstration Fund. It also played an important role in the drafting of the food declaration.

C. Delivering Growth Hub, increased innovation and tailored business support – outcomes are

- Business support in place to support productivity-led growth
- Heart of the SW is recognised internationally as a location for FDI with a year-on-year increase in FDI enquiries and (re)investment
- Increased investment in innovation through:
 - creation of a major new research and innovation capability in the world-leading clusters of Marine & Environmental Intelligence
 - dedicated innovation support across the LEP geography through a Technopole drawing in existing expert provision

Growth Hub funding is underwritten by the LEP to end September; Government has issued a “a letter of comfort” confirming overall funding for 23/24 at a similar level to the current year, though not individual allocations or any conditions.

Access to finance remains a longstanding challenge for businesses and in response the LEP is pursuing two key strands

- With the launch of the £200m British Business Bank SW Fund in the summer, the LEP is developing an online finance platform to better connect businesses, prospective funders and professional advice. The platform was a leading recommendation from a study into the challenges around accessing finance which the LEP commissioned. A solution for the finance platform has been agreed with the steering group overseeing the work and launch is targeted to align with the British Business Bank SW fund. The 23/24 budget contains a provision, endorsed by the steering group, to provide seed funding to the platform to ensure strong engagement with businesses, business organisations, funding providers etc and ensure this is a long term asset for the area
- A second recommendation from the access to finance report was strengthening networks and opportunities for angel investors and the LEP has commissioned a study into existing support, networks etc to identify gaps and identify a prospective programme. The study will report in June and funding for a programme has been included in the 23/24 business plan and some Districts are interested in matching this with UKSPF

The LEP has also been asked for nominations for a Board member to sit on the British Business Bank’s Advisory Panel for the SW Fund.

The Business Leadership Group has agreed priorities for 23/24 which includes a peer network programme, giving businesses the opportunity to learn from other successful businesses. OIC has agreed funding to run 6 cohort through 23/24, each of a minimum of 11 businesses and specification has been agreed with the Business Leadership Group. The programme is aiming for launch by end May.

Innovation

The 17th January Innovation Board welcomed representation from Great SW and embraced the idea of expanding the HotSW LEP’s Innovation Board geography to cover Cornwall and Dorset. The remit is not envisaged to change considerably. The January IB also explored skills issues associated with

driving innovation and the re-licensing of the SWIoT - being a potential opportunity here for the region. The April Board will focus on the Green Renewable Energy survey, discuss the remit, priorities and ways of working for the expanded Board and look at how devolution deals may impact on the delivery of Innovation in the area.

Current Innovation Board priorities remain:

1. To lobby and liaise very closely with Government around our very clear MIT REAP-derived innovation offer - The Marine Testbed and Maritime Accelerator, Environmental Intelligence Accelerator & Technopole. This had made considerable impact on Government prior to the political complications last year. Although this means it is not clear where MESA currently sits, elements may find their way into Devolution Deals. The Innovation Board remains committed to this development as critical to government efforts at levelling-up. Note that the two items remaining "Not Started" in the 22/23 workplan relate to MESA implementation; without Government funding it is not possible to start these at this point
2. To liaise with the emerging Great South West to ensure we support this with a coordinate innovation ask and avoids unnecessary duplication.
3. To liaise with emerging innovation support services (such as the Freeport, Somerset Innovation Services and Gravity) to ensure added-value and that the LEP is closely involved.

The Board's Innovation Driven Enterprises Panel continues to be a useful resource to reach enterprises and gather intelligence and the Innovation Board remain a potential resource to help inform developments of the Devolution Deals, LSIPs and innovation support more broadly.

D. Delivering on the goal of inclusive growth – outcomes are

- the LEP facilitates the ability of everyone to access to and benefit from economic growth

Notable activity over the past period has included

- the Social Mobility Commission has held its first meeting, working on a Great SW footprint. A verbal update will be given at the meeting
- the LEP has commissioned a scoping study on what a potential HotSW area social impact fund could look like, drawing from Growing Places monies and learning from best practice from places such as Greater Cambridge, Bristol and other. The study will report by July.
- the University of Plymouth has secured Phase 1 funding from UKRI to establish a SW Coastal Local Policy Innovation Partnership across Cornwall and the HotSW area and the LEP is supporting the University in this. UKRI are looking to create a network of LPIPs to address social, community, economic and environmental priorities that contribute towards inclusive sustainable economic growth, providing research, evidence, data and expertise to take advantage of opportunities. The SW Coastal LPIP aims to specifically address the complex and interlinked problems facing coastal communities. Phase 1 runs from April 18th to September and will identify a prospective work programme, phase 2 is competitive and offers access to a £20m pot of funding over 4 years.
- the LEP is liaising with SWBC on a potential social mobility event in July, providing the SW Mobility Commission an opportunity to update on progress and for attendees to look at the role business could play in improving social mobility and the tangible actions needed to make this possible

E. Delivering the Growth Deal, Getting Building Fund and Growing Places legacy investments – outcomes are

- LEP investments are supporting transformational change in the economy

Full spend has been achieved on Getting Building Fund and work continues on committing the remaining Growth Deal monies held under freedoms & flexibilities. In the coming months, the PMO

will be working with the projects contributing the largest proportion of remaining outputs to 2025 to understand potential gaps, opportunities for over-achievement etc.

Revising the Growing Places proposition is set out in the 23/24 business plan.

2. Red Rated OKRs

None reported

3. Risk Register




























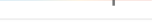

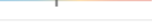










The latest risk register, reviewed by OIC on 3rd April, is attached. OIC have been particularly mindful of the increased reliance of the LEP on interest earned to fund operations and this has been reflected in the register, particularly 2.1 – 2.3.

Annex – SAP Update

Overview

- 1.1 Despite a relative flattening of economic growth over the past year, the labour market remains increasing buoyant / tight across the HotSW. Claimant count across the three months to February remained at 2.4% or 25,000 individuals across the LEP, with a plateauing of the number since September 2023. This was broadly in line with the long-term trend for the area, which had been 2.2% in 2019 directly preceding the COVID crisis, and roughly 1.2% lower than the national average.
- 1.2 Of some concern however, the overall labour market within the Heart of the South West continues to trail the pre COVID level, at 77.9%, with around 25,000 fewer individuals economically active at the end of 2022 then the comparison period in 18/19. Data suggests that many of these remain within the over 50 age group, in line with national trends, with a mass exit of the labour market over the period and only a slow return in the face of the cost-of-living crisis. Data for claimants also suggests that those receiving Universal Credit post COVID pose significant additional complexity, with around half of all claimant having a health or other condition now compared to 25% in 2019, and the percentage who are long term unemployed (over 6 months and a year) having increasing by around 30-40%.
- 1.3 This tightening of the labour market unsurprisingly means that vacancy demand remains high, with employers continuing to report issues around recruitment and skilled staff. As of the 14 March, 22,000 individual vacancies were open across the HotSW per day, a slight decline on the 24,000 sought in 2022. Health, administration and logistics continuing to dominate the most in demand skills / roles, but software development, teaching and teaching support, and legal, engineering and science occupations all featured in the top 20 (provided below). Of particular note, 50% of those roles coming forward were seeking an individual with technical or degree (Level 4 plus) across the area.

Top Posted Occupations

Occupation (SOC)	Total/Unique (Jan 2022 - Feb 2023)	Posting Intensity	Median Posting Duration
 Care Workers and Home Carers	50,642 / 13,997	4 : 1 	34 days
 Nurses	58,180 / 9,583	6 : 1 	34 days
 Other Administrative Occupations n.e.c.	17,106 / 7,172	2 : 1 	32 days
 Customer Service Occupations n.e.c.	17,106 / 6,181	3 : 1 	33 days
 Sales Related Occupations n.e.c.	11,840 / 6,129	2 : 1 	34 days
 Kitchen and Catering Assistants	14,920 / 5,808	3 : 1 	32 days
 Cleaners and Domestic	12,340 / 5,158	2 : 1 	33 days
 Chefs	8,454 / 4,013	2 : 1 	33 days
 Van Drivers	10,402 / 3,846	3 : 1 	34 days
 Elementary Storage Occupations	9,956 / 3,649	3 : 1 	33 days
 Programmers and Software Development Professionals	6,950 / 3,233	2 : 1 	31 days
 Managers and Proprietors in Other Services n.e.c.	6,464 / 3,170	2 : 1 	33 days
 Nursing Auxiliaries and Assistants	15,776 / 3,061	5 : 1 	34 days
 Teaching Assistants	5,162 / 2,982	2 : 1 	32 days
 Sales and Retail Assistants	6,867 / 2,963	2 : 1 	34 days
 Science, Engineering and Production Technicians n.e.c.	6,891 / 2,815	2 : 1 	35 days
 Engineering Technicians	6,693 / 2,748	2 : 1 	33 days
 Teaching and Other Educational Professionals n.e.c.	5,058 / 2,552	2 : 1 	30 days
 Receptionists	5,389 / 2,520	2 : 1 	32 days
 Human Resources and Industrial Relations Officers	4,910 / 2,432	2 : 1 	34 days

- 1.4 In light of the above, work continues across the area between skills colleagues, private sector partners and with the provider community (HE, FE and Training providers) around seeking to enhance and reinforce provision to core sectors and with key businesses. As set out elsewhere, this includes usage of the DfE Bootcamp programme, shaping of local LA and other support into core opportunities, and intelligent usages (as available) of residual EU and other funding. However, this position will begin to slow into later 2023 as things stand, with the majority of external / nonmainstream skills funding in the system currently due to end before the new financial year. Discussions are ongoing around replacement / Government intentions around new provision.

2) SAP / LSIP

2.1 The SAP met on the 21st March to run through a range of emerging issues. This included:

- a brief discussion about how we might take forward next steps around the Social Inclusion / Social Mobility agenda, with members agreeing that an ongoing and strengthened process would be advantageous. This included improving / enhancing our links into the work of the Social Mobility Commission.

- A presentation from the LSIP partnership around the emerging Local Skills Improvement Plan, the core issues being highlighted by business on skills and learning, and likely next steps. The team is currently working to a May timetable.
- A run through the emerging Green Skills Study for the HotSW, taken forward in partnership with the South West Energy Hub. The plan sets out a broad-brush analysis of the future work forward and skills needs from core Green Industrial Sectors.
- A brief run through of the Centre for Cities Analysis of the state of play within our two core cities (Plymouth and Exeter), with performance being relatively mixed in both cases.

2.2 Following the meeting of the SAP, DCC (as accountable body for the Board) received formal notification from the Department of Education of its intention to end SAP funding from 31 March 2023. The note thanked SAPs for their work and highlighted the need to now work with and through emerging LSIP arrangements. Within the HotSW, a discussion is therefore now needed around how to proceed with the SAP and DfE's preference for a transition into LSIP arrangements over the next few months. Partners are meeting later in April to run through the practical implications of this approach.

3) Programme Activity

- 3.1 Alongside the SAP, a range of programme activity continued through the February / March period across the skills and employment piece with links back to the work of the LEP. This included the launch and procurement of the £3m Wave 4 Bootcamp programme across Devon and Cornwall, the ongoing work of the Careers Hub for the spring term (with 5-10 additional schools hitting their 100% Gatsby objective), Ongoing delivery of the Strategic Development Fund across our FE providers, and the launch of a range of smaller scale community provision with an employment and skills aspect across the SPF programme.
- 3.2 In addition to the above, the Government announced in the last week of March its intention to remove the Skills and Employment spending restrictions on the Shared Prosperity Fund in 23/24 as of the 1st April. Whilst welcome, this was somewhat late given most areas had already allocated relevant funding. Partners intend however to discuss how this might now impact on spend programmes for the new financial year.