

Heart of the South West LEP Board

July 14th 2023 - Chief Executive's Update

Agenda item

Lead Officer: David Ralph, Chief Executive, HotSW LEP

Contact Details: 07543 219390 – david.ralph@heartofswlep.co.uk

1. Summary

This report provides updates on:

- Future transition arrangements including any further guidance from Chancellor on future LEP funding and its implications on the 23/24 or subsequent business plans
- Completion of Governance Review includes recommendations to amend the Articles to revise Somerset's representation from the County and District (still in Devon) to 2 representatives from the new unitary authority
- Other key announcements/events (including emerging thinking from the opposition and anything from the last week's LGA conference))
- Transport Update – including the opening of Marsh Barton station at the beginning of July
- Great South West - Update

The meeting will be immediately followed by a Members meeting to agree on the change in Membership of Somerset Council – separate notice, agenda and papers circulated.

Elsewhere the agenda includes updates on the Build Back Better plan, Digital programme delivery and a presentation on the possible scope of a Social Impact Fund.

2. Recommendations – it is recommended that the LEP Board:-

- i) **Agree on any actions regarding transition if the Chancellor has provided any updated guidance.**
- ii) **Agree to review an options paper on transition at the September deep dive session (assuming further guidance issued by Chancellor)**
- iii) **To agree on the amendments to the Articles (to modify Council representation) and hold a Member's meeting (immediately after) to formally confirm the amendments to the Articles – if Directors**

can't attend it is important that their vote is made (through a proxy)

3. Governance Review

Following the recent local elections, we welcome back Councillors David Thomas (Leader, of Torbay Council) and Tudor Evans (Leader, of Plymouth City Council).

Following the amendments agreed at the last meeting to extend the term of private sector Members, we are proposing to revise the Articles to amend Council representation from Somerset. As a result, we welcome Councillors Ros Wyke (who replaces Val Keitch) and the continuation of Councillor David Woan.

F&R and SIP Sub-Committees have been amalgamated into the Operations and Investment Committee – chaired by David Bird. We are continuing this year with SAP – chaired by Vince Flower (supported by DCC) and Business Leadership Group - chaired by Richard Stevens and are looking at where best to deliver the programme boards (at HOTSW and/or GSW geographies).

We have now received and accepted formal offer letters for both LEP core funding and Growth Hub funding and match funding support for the careers hub although this will transition to a Devon and Somerset delivery.

The HOTSW joint committee remains although is not currently meeting. HOTSW scrutiny committee remains. HEROG remains.

4. Transition Arrangements to Devolution

Following the conclusion of the information-gathering exercise and ongoing engagement with officials, the **LEP Network has written (copy attached) to the Chancellor** to highlight the key emerging challenges including the need to acknowledge the challenges faced by those LEPs (or part of) without a clear devo pathway and the need to ensure a greater level of consistency in approach across the country, particularly in terms of protecting the voice of business.

We still expect the forward process to be announced before the House rises for summer recess (now 19th July). *It had been hoped to bring forward an update on possible devolution and initial options to this meeting but it is difficult to predict a clear timetable for any devolution deal at this stage including whether the legislation will be in place for it to even be implemented before the next general election.*

There are different rumours about the appetite (and capacity) of the Government to progress Level 2 Deals and at the LGA conference last week, the SoS confirmed that Level 2+ deals were 'off the table'.

Level 3 Deals are being prioritised. The LEP has scheduled a deep dive session in September and options and time frames may become clearer by then. Local authorities still seem to be hoping for a Deal to be agreed later this summer, with consultation this Autumn perhaps with implementation in summer 24.

In the meantime, we have a clear work plan until at last March 24 and along with local authority partners commissioned legal advice through the S151 Officer on the legal status of assets.

5. Key Events – since the last Board meeting

- **HOTSW APR Update** – Officials have confirmed that “Following confirmation from your s151 Officer, that all Getting Building Fund (GBF) award was spent by the end of Q4 FY 2022-23, I am pleased to confirm that our concerns have been addressed in this area”
- **A Social Mobility Conference**, hosted by SWBC was held at the beginning of July, including publishing the South-West Social Mobility Commission’s first annual report (attached) which further highlights the stark social mobility challenges the region faces and finds:
 - The South-West has the fewest children from disadvantaged backgrounds reaching expected levels in reading, writing and maths at age 11 of any region – just 37%, compared with 53% in London.
 - The region also has the fewest young people from any background going on to level 4 or above education or training (which includes higher education and higher-level apprenticeships) – progression rates amongst those from disadvantaged backgrounds are just 50% in the South-West, compared with 76% in London.
 - Meanwhile, young adults in the South-West peninsula are more likely to be in unskilled work than their peers elsewhere in the country: every parliamentary constituency in the peninsula has a higher proportion of 25 to 34-year-olds in unskilled work than the England average.

The report also sets out the role the Commission aims to play in driving action to address these challenges. Whilst it’s early days for the Commission, it provides updates through its Substack blog – do subscribe to stay in touch: [South-West Social Mobility Commission's Substack | Anne-Marie S. | Substack](#)

- Plymouth City Council have confirmed direct investment in 2 PASD Freeport sites (South Yard and Langedale) - <https://www.plymouth.gov.uk/plymouth-city-council-plans-major-investment-freeport>
- The Government’s **Growth Programme Board met** to review progress on the European funding programmes. Key points to note are:
 - The ERDF programme is 100% committed and 85% of the available funds have been drawn down to date. £2,470bn has been paid to beneficiaries.
 - ESF has got a £2.892 billion commitment and has helped 2,166,233 participants to date.
 - RDPE has awarded £156m to 970 projects.

Several local projects are evaluating local impact but we might want to review/evaluate delivery more widely throughout the HOTSW region based on the objectives identified in the original proposed implementation plan.

- **The Department for Business and Trade (DBT)** have published [inward investment statistics](#) showing results for the scale of FDI projects in the UK for 2022 to 2023, including a **breakdown by LEP area** (p.7). Figures show over 1,600 foreign direct investment (FDI) projects will create nearly 80,000 jobs across every part of the UK, with Northern England seeing big gains - Yorkshire and The Humber landing 103 FDI projects which will create 7,378 new jobs – an increase of 97% on 2021/22 and 423% on 2020/21 - while in the North West and North East, 198 projects are set to create 8,867 jobs - The Midlands also saw an increase of new projects creating thousands of jobs – in 2022/23, 265 FDI projects were landed which are set to create 11,091 jobs.

Across HoTSW, some 16 interventions (with an additional 8 inter-regional) were completed securing 957 jobs.

- **The Open University (OU)** and **British Chambers of Commerce (BCC)** have published their [annual Business Barometer report](#), providing a check on the UK skills landscape, including ongoing shortages across British business. The main findings show:
 - 73% of organisations are currently facing skills shortages. This rises to 86% of large organisations.
 - organisations say they have been prevented from filling roles due to a lack of applicants.
 - 72% of organisations say skills shortages have increased the workload on existing staff.
 - 54% of organisations say they don't have initiatives, skills programmes, or adjustments for specific talent pools, including under-represented groups. This rises to 65% of micro-organisations.
 - 31% of organisations have seen a net change in the number of employees over the age of 50 in the last three years.
 - across all organisations in the UK, the most-cited type of role or skillset they were facing shortages in was Engineers, followed by Sales and Admin.
- **The Education Committee** published a [report on the quality of careers education information advice and guidance](#) delivered in schools and colleges – MPs on the committee make a long list of recommendations including:
 - publishing an updated Careers Strategy, developed in consultation with other Departments and stakeholders, by the end of 2024 to include clear, measurable outcomes and dates by which these should be achieved, including targets for increasing the number of schools achieving the Gatsby benchmarks in full;
 - the Department must set an objective for the Careers and Enterprise Company to ensure that 100% of schools and colleges are part of Careers Hubs by the end of 2024, and must provide the CEC with the appropriate resources and funding to achieve this;
 - the Department should pilot a programme of funding careers advisers directly through the CEC;
 - the Department should work with the Careers and Enterprise Company to develop a toolkit setting out what constitutes meaningful work experience.
- **The Lords Communications and Digital Committee** published the conclusions of their [inquiry into digital exclusion](#). It finds millions across all age groups do not have basic digital skills or adequate internet access and argues the Government has no credible plan to solve this. One of the key recommendations of the report is to provide greater investment in basic skills – the Committee argues that the most basic

digital skills are now as important as maths and literacy. They suggest these should feature more prominently in schools, apprenticeships and adult learning courses, and that the focus should be on basic skills, not coding.

- **Opposition**

- Labour leader Keir Starmer has been setting out the party's policy plans over recent weeks. A brief on Labour's policy is [available here](#) including policy initiatives across business, energy, Industrial Strategy, rural affairs, trade, Levelling-Up, transport, and infrastructure.
- Shadow Business Secretary, Jonathan Reynolds, has written a piece for [the New Statesman](#) proposing a new Industrial Strategy to foster green growth, A Green Prosperity Plan, and a 'New Deal for Working People'.
- **The LGA conference** was held 4-7th July – with speeches from both Ministers and opposition. Any specific highlights can be reported verbally but this might include updates on devolution and Levelling-Up Fund R3
- **I-Aero year on event** – I-Aero hosted their 1 year on event last month reporting a successful year and the securing of further funding to provide additional kit (linked to EPIC)
- Ian Liddell-Grainger hosted a **Westminster Hall debate on Levelling-Up in the SW** on July 6th – mainly highlighting the particular challenges faced by farming communities.
- **FLOW – Celtic Sea** -The Crown Estate has adapted its approach and identified 4 Project Development Areas (closest to the North Devon coast) to help de-risk the delivery of 5GW Celtic Sea Cluster

6. **Great South West – Update**

The next GSW Partnership Board met on 7th July to:

- Confirm the Purpose, Missions and Priorities of the Partnership and actions to be completed in its business plan
- Review the draft Energy Prospectus and associated asks
- Review the GSW Internationalisation Plan
- Confirm the process for the appointment of the Director

In addition at a workshop at the end of June, the Partnership reviewed possible priorities regarding:

- a) Food, Farming, Fishing and Rural
- b) High-Value Manufacturing
- c) Marine and Maritime

7. **Update on Transport Issues**

National Highways – Roads Investment Strategy

In May the Department for Transport and National Highways published for consultation the “National Highways Strategic Road Network Initial Report”. This sets

out an assessment of the current state of the Strategic Road Network (SRN), and the proposed key themes for management of the network during Roads Investment Strategy 3 (RIS3), covering the period from 2025 to 2030. National Highways also published drafts of their Route Strategies for the various elements of their network, to identify the need for interventions to improve safety and optimise capacity.

LEP responses to these consultations will be prepared, in conjunction with Peninsula Transport. The documents published to date do not contain the programme of major capital improvements to be delivered during RIS3, and it already seems clear that some of the schemes in the current RIS2 programme will move into RIS3.

A303/ A358 improvements

Construction of the A303 Sparkford to Ilchester dualling is progressing well and completion of the scheme is envisaged in Spring 2024.

Following the 2021 quashing of the Secretary of State's approval of the Development Consent Orders for the A303 Stonehenge Tunnel, the Secretary of State is to re-determine the application. National Highways have made a further submission in response to issues raised at the judicial review, and the Secretary of State's decision is now awaited. The LEP has confirmed its continuing support for the Stonehenge scheme. If the Development Consent Order is approved the current opening date for the Stonehenge scheme is late 2028.

After extensive consultation, it was anticipated that National Highways would submit the Development Consent Order (DCO) application for dualling the A358 between Taunton and Southfields Roundabout (the end of the A303 Ilminster Bypass) by the end of 2022. However, in December National Highways indicated that they were to review the proposed environmental mitigation before submitting the DCO. The LEP has indicated its continuing support for the scheme. A revised date for the DCO submission is awaited.

National Highways has started development of the project for the next section of the A303, the dualling of Ilminster Bypass. The LEP has taken the opportunity to stress the need to progress this project at pace.

Rail Infrastructure and Services

In February Network Rail submitted its Strategic Business Plan and Regional Business Plans for Control Period 7 (CP7) which runs from 2024 to 2029, and it has recently received the response from the Office of Road and Rail (ORR). The plans are in line with the government's Statement of Funds available; it is clear that within the funds available there will be challenges in maintaining the condition of rail infrastructure and punctuality of services. The LEP and other regional stakeholders have stressed the need to avoid a backlog of infrastructure renewals, the importance of improving resilience, and the need to improve punctuality.

The South West has continued to lead the way nationally in rebuilding rail patronage in the wake of the Covid 19 pandemic. Gateline figures at Exeter Central and Taunton are well above 2019 levels. However, continuing industrial action poses a challenge in building passenger confidence in the ability to plan future rail travel.

The reductions in commuting to London and business travel mean that although overall rail patronage is recovering rail industry income remains significantly below pre-Covid levels. Train operators have responded to Department for Transport instructions to reduce their operating costs with some service rationalisation, and the withdrawal of some train fleets. Great Western Railway has agreed to phase out its former High-Speed Train units, and this means that its train resources will be stretched, reducing their capacity for new initiatives or responding to patronage growth.

Cross Country Trains will also be phasing out their High-Speed Trains; on a more positive note Cross Country has restored some of the services which had been deleted from their timetables since the start of the pandemic.

Train operators have just launched a consultation on proposals to progressively close ticket office windows at stations and move staff to more forward-facing roles.

Growth Deal and Restoring Your Railways Projects

Two major Growth Deal-funded station projects have recently been completed. At Taunton, the Firepool Junction, supported by the Getting Building Fund, was completed. This enabled the bus interchange at Taunton station to be brought into use. The bus interchange is the final element of the Taunton Station enhancement, which included £4.6m from the Growth Deal.

On 3rd July the new station at Marsh Barton, Exeter, was formally opened by the Secretary of State for Transport, Mark Harper. This project was supported by £4.4m from the Growth Deal.

Work continues on the development of new stations at Edginswell, Torbay, with funding from the DfT New Stations Fund, and Okehampton East, with funding from the Levelling Up Fund round 2.

Work to develop the proposals for new stations at Cullompton and Wellington to the point where they are 'construction ready' is proceeding, following the allocation of £5m in the Autumn 2021 budget. The aim is to open the new stations in May 2025. The Strategic Outline Business Cases (SOBC) for a potential new station to serve Somerton and Langport and for re-opening the rail line to Tavistock are with the Department for Transport awaiting decisions.

Development work is proceeding on the preparation of an SOBC for the provision of a scheduled passenger service between Taunton and Bishops Lydeard, to act as both a local access to the national network for residents of West Somerset and enhanced access to the heritage West Somerset Railway.

South West Rail Resilience Programme – Dawlish to Teignmouth

On 3rd July the second phase of the new sea wall at Dawlish was formally opened by the Secretary of State, Mark Harper. At Dawlish station, an accessible footbridge with lifts is under construction.

The third and fourth phases of resilience works, a rockfall shelter at the north portal of Parson's Tunnel, and works to the cliffs between Dawlish and Holcombe, are underway with completion in 2024.

Revised proposals for the fifth and final phase (Parson's Tunnel to Teignmouth) were the subject of community consultation in Autumn 2022 and received a positive response. The proposal is now for extensive cliff management rather than moving the railway onto a new alignment. However, this work is not currently funded.

Peninsula Transport Sub National Transport Body

Peninsula Transport has completed the programme of individual work packages which will provide the context for preparation of a draft Transport Strategy for the Peninsula. The preparation of the draft Transport Strategy is underway, and it is anticipated that this will be the subject of stakeholder consultation in Autumn 2023.

Department for Transport has tasked all sub-national transport bodies to progress work on transport carbon baselining and the rollout of electric vehicle charging facilities during 2023.