

Heart of the South West Local Enterprise Partnership

LEP Board Paper agenda item 9

Report title: Build Back Better Plan and Programme Update

Date: 14th July 2023

Purpose: This paper is for **information**

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: (cost or cost saving): n/a

Decisions requested: none

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Summary

Provides an update across the main priorities of the LEP's work.

1. Background

The 23-24 workplan sets out five priorities for the year:

- A. Continuity: core proposition as required by Government
- B. Clean growth, transformational opportunities & support for business
- C. Growing Places Fund
- D. Inclusive growth
- E. Transition: enabling & supporting orderly evolution: GSW, devo etc

2. Highlights: successes, specific issues and their mitigation

The below highlights salient points by exception.

A. Continuity – outcomes are:

- Support partners in development of place and champion economic growth in the area
- Ensure strong private and public sector participation in the LEP

- Services delivered on behalf of Government:
 - Maintain front door to business support
 - Promote the area's key investment opportunities & secure DBT support & buy-in
 - Ensure delivery of remaining LGF & GBF projects
 - Enable strong business voice into workforce development

Programme Delivery

Delivery of Local Growth Fund continues with final spend by December 2024. The LEP is commissioning a study into the economic impact of the LEP investments to date and up to the early 2030s; the study will help other partners plan future investment and will report in the autumn with headlines to feature in the AGM. Getting Building Fund is fully spent and monitoring of both programmes continues to March 2025. The Growth Hub is fully funded to the end of March 2024 through a combination of LEP and Government money.

Inward Investment

The Dept for Business & Trade (DBT) have confirmed the HotSW area landed 16 successful inward investment projects in 22/23, generating 957 jobs. This compares to 2021/2 where there were 19 projects generating 531 jobs in HotSW. In addition, the HotSW area secured 8 'multi-region' FDI projects – those projects that land in multiple UK locations but where it is not possible to disaggregate the job numbers by LEP.

The SW as a whole saw 91 projects land in 22/23 generating 3,908 jobs. That compares with 96 in 21/22 which generated 2,533 jobs. That means for 22/23, HotSW accounted for 17.5% in inward investment projects in the wider SW and 25.5% of the jobs from those projects. In 21/22 this was 19.9% of SW projects and 21% of SW jobs

DBT promote the area's key opportunities overseas through three High Potential Opportunities covering photonics, marine autonomy and sustainable aviation, and the LEP is working on a fourth for the food & drink sector.

Skills Advisory Panel

Work continued across the skills and employment agenda across the HotSW over the summer, with the launch of the next round of technical bootcamps during May. With over £5m secured across the HotSW, Cornwall and Dorset for delivery by the end of the year, around 70 additional bootcamp programmes are due to support over 1,500 individuals. These include support for those wanting to enter the construction sector, farming, engineering, the health and social sector, and work within the area's rapidly growing digital industries. This latter sector was also bolstered in the quarter by accelerated roll out of the Digital Skills Series programme funded by the LEP, supporting businesses to upskill around digital competencies, as well as seeking to support young people to take up a digital qualification. The Careers Hub has further bolstered this approach, continuing to support around 160 schools to develop and refine their Careers, Advice and Guidance programme.

More widely, activity has continued over the late spring / early summer around the development of the Local Skills Improvement Plan (LSIP), leading to its submission to DfE in late May. With contributions from both the Skills Advisory Panel and the LEP, the submitted plan sets out a wide-ranging updated skills plan for the area, with the intent to influence Government's thinking around investment and funding over the next 3-5 years. The first of these programmes, the Local Skills Improvement Fund, has recently launched, with bids aligned with the LSIP sought over the summer. SAP partners are also working closely with the LSIP around next steps on the formation of the LSIP partnership, which will eventually underpin and lead local engagement around skills with employers.

B. Clean growth, transformational opportunities & support for business – outcomes are:

- Promote the major area's major clean growth opportunities & secure investment
- Provide a universal service
- Leverage national support & maximise access
- Targeted business support to enable growth

Clean Growth and Transformational Opportunities

Aerospace

iAero – The Centre recently held a One Year on Event to celebrate the achievements of the past 12 months plus of operation, over 180 people attended including SMEs, key aerospace organisations and institutions. We have also supported iAero with their marketing and communications, commissioning a video, website and PR support. The new iAero website is now live, and you can view it here: [iAero Centre – Leading aerospace innovation](#)

Future Aviation Test Zone (FATZ) – Our Aerospace Sector Lead has been appointed to the national Future Flight Community Integration Panel. The purpose of the panel is to support Government in accelerating future flight implementation. A Workshop was held in June with the Civil Aviation Authority Innovation Team to outline the concept of FATZ, provide detail of the commercial partners we are working with who require test facilities, and ask for regulatory support. We were supported at this meeting by members of our Sustainable Aviation Programme Board including Exeter Airport, Leonardo, Met Office, Connected Places Catapult, and East Devon District Council. The outcome is that the CAA want to establish a partnership with us. We have also responded to the recent consultation the CAA have issued on test zone requirements.

Trade and Inward Investment – We joined colleagues from the West of England Combined Authority to promote South West Aerospace and our Smart and Sustainable Aviation HPO at the Paris Air show. We had several interesting conversations that hopefully will generate some new leads and projects. We also participated in a webinar for North American posts detailing our FATZ offer. This has led to a proposed site visit from the New York post, who will be visiting iAero at the end of July.

Sustainable Aviation Programme Board – The programme board met in May and focussed primarily on preparations for the CAA workshop including updates on the four business opportunities we are working on. The FATZ route map, stakeholder mapping and a political briefing were also on the agenda.

Digital

There is a separate paper on the Board agenda providing an update on our digital activity.

Energy

Nuclear – The Nuclear South West Inward Investment project continues to manage the pipeline of potential investors to the region. Plans are developing for the World Nuclear Event in the Autumn with discussions happening with DBT and EDF about showcasing the region both within the UK Pavilion and on the EDF Corporate stand (which is usually the biggest one at the show). Some of the proposed FLOW developers are recognising the value of knowledge exchange from Hinkley Point C in terms of infrastructure, supply chain support and work force development interventions. We have volunteered to hold a workshop with one of the developers on this topic.

FLOW – We have agreed the outcomes we would like to achieve with the key LAs – North Devon, Torridge, Devon, Plymouth and Somerset. This includes establishing a Northern Devon Coastal Cluster, ensuring local harbours and ports form an integral part of developers O&M strategies, delivering a supply chain investment plan and skills & workforce development programme, transitioning Hinkley Point C local workforce and supply chain into FLOW, coordinating activity with the Plymouth marine and maritime cluster, establishing a local community benefit scheme, and securing associated clean growth opportunities such as hydrogen and aquaculture. We also recognised the benefit of having one of The Crown Estate's 1GW Project Development Areas located in the nearest area of search to the Devon coast. On the 4th July, the Crown Estate announced that all four of its 1GW Project Development Areas would be in this area of search. This presents a significant

opportunity for HotSW and our discussions are now focussing on providing additional resource, developing a visionary plan for the Northern Devon Coastal Cluster and scoping a community benefit scheme.

Hydrogen – We helped co-design GW4's Great Western Supercluster of Hydrogen Impact for Future Technologies (GW-SHIFT) application for EPSRC Place Based Impact Accelerator Account funding. We have also supported the Tower Group's Zero Emissions Vessels & Infrastructure (ZEVI) bid to Innovate UK, which brings together a consortium that includes the University of Exeter and Harland & Wolff. Both hydrogen research bids have been shortlisted for interview and decisions are expected w/c 3rd July.

Energy Futures Programme Board – The programme board met in May and discussed the government's Powering Up Britain strategy documents, tidal energy, the Great South West energy prospectus, and the Celtic Sea FLOW outcomes.

Food, Farming & Natural Capital

Food & Farming – The LEP's sector lead has been mainly supporting the Great South West over the last few months, organising a questionnaire and workshop to inform the discussion about refreshed priorities within the Rural, Food, Farming & Fishing theme. Work has continued to develop the proposed Whole Farm Business Advisory Service with colleagues in Cornwall and Dorset, and we are starting to plan the Autumn Food Summit.

Natural Capital – At its meeting in June, OIC was provided an update on discussions with potential applicants for the Natural Capital Demonstration Fund and were advised that it remains challenging to see how the LEP's loan fund can be used to deliver the original Board and Build Back Better Plan objective to test innovative finance mechanisms for delivering nature based solutions. There are a number of possible delivery vehicles but all are still in development and therefore present a range of different risks and potential liabilities. They are also complex and taking quite some time to be established such that they are not ready to receive a loan from the LEP. OIC agreed that we should remain committed to helping test innovative finance mechanisms for delivering nature based solutions but that £1 million would no longer be ringfenced within the Growing Places Fund for this purpose. We will continue to track progress of the emerging natural capital interventions and take a report back to OIC as and when an opportunity presents itself.

Phosphates – The SW Net Zero Hub has approved our application for funding towards an anaerobic digestion study, which has been identified by Somerset as a potential means of mitigating the impact of phosphates in the environment on development in those affected areas. The deadline for tenders is the 7th July, an interim report is due by the end of September, and the work should be completed by the end of December.

Marine

Launchpad - We continue to wait for the government to sign off Innovate UK's Launchpad programme and to hear whether our expression of interest submitted in November for an Ocean Futures Launchpad has been successful. This remains time critical as existing marine innovation services funded by the ERDF programme such as MBTC and Marine-i have now closed.

Photonics and Microelectronics

EPIC - The 12th business is expected to relocate into EPIC over the summer, taking the occupancy to circa 92%. Progress is also well underway to reallocate space currently occupied by EFFECT to other businesses within the Torbay Hi Tech Cluster. Following the LEP investment in additional equipment at EPIC, X-Ray Capability is being introduced and cross sectoral collaboration events are also being planned with iAero, which has also received funding from the LEP for digital equipment.

Hi Tech Cluster - Several Torbay Hi Tech Cluster businesses won awards at the inaugural Torbay Naturally Inspiring Business Awards held in June. The Torbay Hi Tech Cluster summer networking event is on the 19th July.

Tourism

Data Hub – Acorn T-Sats have submitted the feasibility report for the Tourism Data Hub, and this was discussed by OIC on the 4th July. The next step is for Destination Plymouth to procure a contractor to develop and operate the data platform. Development is likely to take 6 months, enabling the first year of operation to start in April 2024. We are considering whether we need to extend the LEP grant to

run until March 2025 to ensure the Data Hub can operate for a complete 12 month period to fully test it and prove its value to the sector and key stakeholders. It will then need to be self-funded. The feasibility study has indicated potential future funding sources and we have asked for a business plan to be produced during 2024.

LVEPs – We have appointed Tomorrow's Tourism to undertake the study into Local Visitor Economy Partnerships. As a reminder, 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 VisitEngland, as well as expert advice, resources and access to VisitBritain / VisitEngland's marketing opportunities. The work programme is split into three phases, with several opportunities for stakeholder input:

- 1) Discovery Phase – w/c 26th June to 21st August. This will include in-depth interviews and an online survey with stakeholders and industry.
- 2) Analysis Phase – w/c 21 August to 11th September. Two in-county workshops will be held to discuss the SWOT analysis and feedback from the initial stakeholder engagement.
- 3) Reporting – w/c 18th September to 23rd October. Key stakeholders will be consulted on the proposal for each LVEP.

Support for Business

The business work programme continues with notable highlights below, particularly around supporting businesses to access funding. That is especially relevant given that the BoE are forecasting that business investment is not likely to return to growth until 2025:

- the British Business Bank's £200 million SW Investment Fund launched on 6th July providing a mix of debt and equity finance to SMEs across the SW. The LEP will work with the fund managers to promote the fund and support businesses to access it. As part of that the LEP's Access to finance platform will launch over the summer, providing an online space where businesses, funding providers and funding professionals can meet, exchange best practice, funding opportunities etc. The platform was a specific recommendation from an Isca Ventures report into the challenges facing SMEs in accessing finance and will be a key channel for the British Business Bank and other funders to access SMEs and for SMEs to access the support they need to secure funding. The July/ August period is a soft launch to build content and then activity will step up from September.
- the LEP is assessing the support to develop and grow angel investors across the area with a view to potential programme to develop this in the future, likely spring 2023.
- the Business Leadership Group are considering whether remaining Local Growth Fund be in-part used to provide a small grant programme to SMEs to help investments in productivity and jobs, targeting an August decision with OIC with any programme would run to December 2024. The LEP is also working with local authority partners to look at how Local Growth Fund could also be aligned with Shared Prosperity Fund over the same period, potentially in supporting businesses to work to net zero/ reduce energy costs and usage.
- the LEP is commissioning a peer networks programme for SMEs to learn from other SMEs. Networks will be run by partners such as the business organisations, universities etc and overall 80 SMEs are expected to benefit from this through to March 2024. At the time of writing proposals from Devon Chamber, SW Manufacturing Advisory Service and University of Exeter have been received and discussions are ongoing with other prospective partners such as Somerset Chamber.

C. Growing Places Fund – outcome is:

- Growing Places Fund managed effectively and making a contribution to growing the area's economy

The LEP is funding a study into the potential for a social impact fund for the area using repaid Growing Places Fund monies and a presentation will be given at the Board.

D. Inclusive growth – outcome is:

- Embed inclusive growth into wider work across the area

See GPF above.

E. Transition: enabling & supporting orderly evolution: GSW, devo etc – outcome is:

- Evolve operating model to support/ enable devolution transition and reflect emerging priorities of Great SW, changing priorities across local partners, and cost recovery

A decision from Government on the Budget's "minded to" statement on future funding for LEPs is expected before summer recess. Along with the Accountable Body and local authority partners, the LEP has commissioned advice on potential treatment of assets through transition with the advice expected mid-July and this will shape subsequent work.