

## Heart of the South West Local Enterprise Partnership

### LEP Board Paper agenda item 7

**Report title:** Build Back Better Plan and Programme Update

**Date:** 19<sup>th</sup> January 2024

**Purpose:** This paper is largely for **information** and includes **one 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

**Timing:** Ongoing

**Financial Impact:** (cost or cost saving): £89,000 FY 2024/25

#### Decisions requested:

1. Approval of an additional £89,000 that has been ringfenced in the LEP reserves to cover the cost of running the Growth Hub during Q1 2024/25 (see page 4).

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### Summary

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

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

### Skills

The Skills Advisory Panel met on 11<sup>th</sup> December and received an update on the Local Skills Improvement Plan, Multiply programme, digital skills, skills bootcamps, and the Employment and Skills Review. The next meeting is planned for 21<sup>st</sup> March, and the upper tier local authorities are proposing that this is the last meeting before transition, when each local authority will take forward its own arrangements.

### Programme Delivery

Delivery of Local Growth Fund continues with final spend remaining on track for March 2025; £5.92 million LGF is profiled to spend in 23/24 (14 projects), with a further £5.65 million into 24/25 (15 projects). Of these projects, the largest remaining LGF forecasts over Q4 and next year are:

- CDS at £1.99m, delivered by Devon County Council
- Environmental Living Lab at £1.43m, delivered by the Satellite Applications Catapult
- Digital Skills Series at £1.31m, delivered by Devon County Council
- Smart Sound Connect Subsurface at £898k, delivered by the University of Plymouth
- Cyber-Resilience of Offshore Wind Networks at £650k, delivered by the University of Plymouth

### Strategic Economic Planning and Evidence

The LEP commissioned an independent study to understand the impact of the large-scale LEP capital investments over the period to the mid-2030s. This timescale is a more accurate reflection of the economic impact of these types of investments rather than the March 2025 reporting cutoff required by Government. The full report is included in the Board paper pack, together with a LEP Impact Dashboard to highlight the key findings. The main headlines are as follows:

- LEP funding of £255 million through the Local Growth Fund, Getting Building Fund and Growing Places Fund has enabled a total investment of £582 million into more than 80 projects.
- This total investment has led to the creation of 7,100 jobs by March 2023, which over a ten-year period will generate gross GVA of £2.3 billion.
- The projects are forecast to create a total of 20,700 jobs by March 2025, although it is likely that most of these will be created after this date, which could generate £6.8 billion of GVA. With an economy currently totalling £34 billion, that is a significant impact.
- Using the HM Treasury Green Book method for calculating the benefit to cost ratio (BCR), the projects are generating a BCR of 4.8 : 1 based on jobs created to March 2023, with the potential to increase this to 11.5 : 1. Both figures are well in excess of the UK Government's appraisal metric of a benefit-to-cost ratio of 2 : 1 for good value-for-money from public sector investment.

It is hoped that the report will support other partners in their bids for funds in the future and demonstrate that public investment in this part of the UK represents a very good return.

### Transport

Peninsula Transport has published its draft Transport Strategy for consultation. The strategy will be used to guide regional transport investment decisions and will be the foundation of an investment plan set to transform transport for the peninsula by 2050 and beyond. By 2030 the desired outcomes are:

- Easier journeys: integrating walking and wheeling with the bus and rail network, to make getting around without a car easy.

- Going electric: affordable zero-emission transport through a reliable electric vehicle charging network.
- A connected peninsula: safe, reliable and resilient road and rail travel within the peninsula and beyond.

These outcomes will ultimately lead to the key objective of improved connections within a growing and fully integrated transport network on a path to net zero. The draft transport strategy is available [here](#) and the LEP will be responding by the deadline of 5<sup>th</sup> February 2024.

**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

- Our Aerospace Sector Lead continues to support operations at iAero by helping with networking and partnerships, providing independent advice and helping where capacity from elsewhere is lacking. For example, keeping the iAero website up-to-date, writing and issuing the first newsletter and contributing to social media posts.
- iAero has signed the LEP grant agreement for an additional £144k of LGF funding for an Advanced Manufacturing Research Centre (AMRC) Factory 4.0 demonstrator and associated digital equipment located at iAero. This should help to cement a permanent AMRC presence (part of the High Value Manufacturing Catapult) in the area, which SMEs will be able to access.
- With the help of the Rigby Group, the owners of Exeter Airport, a new prospectus has been developed for our UK Future Flight Innovation Zone (FFIZ). The CAA Innovation Team has also now confirmed they are keen to partner with us to support the acceleration of future flight technology regulation within FFIZ. They have scoped out an overall offer to the industry in the form of a dedicated Sand Box, which is the subject of a separate Board paper on the agenda.
- The chair of the LEP's Sustainable Aviation Programme Board, Judy Groves (Rigby Group Marketing Director), has written to the LEP Chair to say that the LEP demonstrated real foresight when it established the Programme Board, and all the board members are grateful for the crucial support the LEP has provided over the last 2.5 years. She also advised him that the Programme Board is at an important juncture with the work that is underway to turn the test zone concept into reality. Following a wide ranging discussion at the last meeting of the group about how best to continue the work to drive forward FFIZ and, in particular, how to manage and fund the range of activity including the CAA partnership, it was agreed that the Sustainable Aviation Programme Board should continue to provide a multi-stakeholder strategic overview of future activity. It is understood that both Devon County and Somerset Councils are willing to provide the administrative support for the Programme Board when the LEP functions transition to local authorities.

Digital

- We received two applications for Community Digital Triage funding, from Somerset Council and East Devon District Council. We have provided the other Devon districts with an additional two weeks in the hope that further applications will be submitted.
- This means that the majority of the £8 million Digital Investment Programme has now been approved and grant agreements issued, with just £143,442 remaining to spend.

Energy

- As part of the Nuclear South West (NSW) Team, we have worked with the Department for Business & Trade, the Nuclear Industries Association, Nuclear Advanced Manufacturing Research Centre (NAMRC) and Northern Powerhouse to plan the layout and content for the UK pavilion at the World Nuclear Event in Paris (held in November 23). NSW attended the

event with two Somerset SMEs, who subsequently eulogised about the contacts and business connections they made.

- As the funding for the NSW specialist inward investment contract comes to an end (February 2024) the future of the Regional Cluster Organisation, brand and products is very uncertain. This is of particular concern as other UK regions ramp up their activity to embrace the plethora of new nuclear opportunities, with further government announcements on 11<sup>th</sup> January including plans for a third new nuclear power plant. It could be that the legacy activity for Hinkley Point C picks this up.
- Carlton Power, a leading developer of renewable energy projects and owner of Langan Energy Park, has successfully secured funding for its Langan Green Hydrogen Hub, a major project that we have supported and which forms a key part of the Plymouth and South Devon Freeport. The funding as part of Round One of the UK Government's Hydrogen Allocation Round (HAR1) will enable Carlton Power to move forward with the construction of the Hub, which is expected to be operational by 2026. The project was one of 11 new hydrogen production projects supported by approx. £400 million from government.
- We have met the Crown Estate to discuss its Information Memorandum that was published on 7<sup>th</sup> December. This outlines details of the Celtic Sea Floating Offshore Wind Leasing Round opportunity and requirements for the leasing process. Encouragingly, it sets out a requirement for developers to include the following plans in their tender to demonstrate social value: apprenticeships, skills development, NEETs, community impact, community engagement and volunteering. The Crown Estate has also commissioned research to develop a 'Celtic Sea Supply Chain Blueprint', which will provide a view on the opportunity to maximise economic growth and job creation from the initial 4.5 GW, and to capture opportunities associated with the longer term sustainable development of the industry. This is due to be published in Q1 2024. The outcome of the leasing round is expected by Autumn 2025, with the award of three agreements for a seabed lease.
- The Crown Estate has also announced that it is exploring options for a new vehicle to provide matched development expenditure funding to accelerate FLOW supply chain projects, and will be launching a £10m pilot scheme in the first part of 2024 targeted at Celtic Sea supply chain benefits.
- The Energy Futures Programme Board had its final meeting on 4<sup>th</sup> December, transitioning to the Great South West Energy Programme Board which meets for the first time on the 22<sup>nd</sup> January 2024. Judith Petts has successfully chaired this group since its first meeting on behalf of the Board, and she has agreed to chair the Great South West group.

### Food, Farming & Natural Capital

- The feasibility study into Nature South West has been finalised and a workshop held with key stakeholders on 13<sup>th</sup> November to explore next steps. There was strong support for the concept, with many stakeholders feeling there was value in Nature South West taking on the role of Intermediary and Collaborator at a regional scale, connecting actors and aggregating local projects to fill the 'missing middle' and appeal to national/international markets to attract larger scale investment that local suppliers/intermediaries would find difficult to do. The value of acting as a Shop Window was also supported by most of the attendees. A series of actions have been identified and a steering group is being established to progress this initiative. This is being developed to align with the Great South West geography.

### Marine

- Our application to Innovate UK for a £7.5 million Marine & Maritime Launchpad across the Great South West was successful. This is one of eight announced by DSIT on 23<sup>rd</sup> October, and the only one for marine. We have signed a Data Sharing Agreement with Innovate UK alongside Cornwall and Dorset LEPs, so the applications and independent appraisals will be shared with us to enable us to feed into Innovate UK's grant decisions. This will take place in the last week of January. Maritime UK SW have also submitted an application to Innovate UK for £150k to act as the Launchpad Cluster Management Organisation.
- The government has announced that it is extending the tax relief window by five years to September 2031 for businesses wishing to invest in the Plymouth and South Devon Freeport. This extension will give businesses, investors and developers certainty and time to take full advantage of the tax benefits available to them, including enhanced capital allowances, relief

from stamp duty and employer national insurance contributions for additional employees. Plymouth City Council, partnering with the Freeport, have also been successful in securing nearly £20 million Levelling Up Funding. Projects that will benefit include enhancing the Freeport's innovation offer, supporting technological advances in the marine and defence arena, and improving port infrastructure.

### Photonics

- Torbay Council has been successful in securing Levelling Up Funding to build the Electronics and Photonics Production Park, which will accelerate economic growth locally and provide more employment opportunities in this key local and regional sector. This new purpose built 2,040m<sup>2</sup> production centre will accommodate the expansion of a local company, creating 175 new jobs and £18 million GVA. Furthermore, investment in infrastructure will unlock 1.2 hectares of land, enabling the development of 3,700m<sup>2</sup> of much-needed manufacturing and production space. This will create an additional 100 new, high-value jobs in the medium term.

### Tourism

- The Local Visit Economy Partnership (LVEP) study is due to be completed in January 2024. The Discovery Phase is complete, which included strategy research, in depth 1-2-1 consultation interviews and an online survey with stakeholders and industry. The Analysis Phase is also now complete following the delivery of two in-county workshops to feedback on the consultation findings and set out the emerging proposal for two LVEPs - one for Devon, Plymouth and Torbay, and one for Somerset.
- Based on the consultation findings of the LVEP study, the top five priorities for an LVEP have been identified as: encouraging the development of the destination through strategic partnerships that invest in the fabric of place; improving branding, marketing and promotion; encouraging the visitor economy to become more sustainable in environment, social and community; encouraging the visitor economy to become more accessible to benefit all types of visitors; and improving collaboration across public and private sectors.
- The LVEP study has been extended with additional funding from the LEP and Devon County Council to include delivery of an Outline Destination Management Plan and draft LVEP application for both Devon and Somerset.
- Destination Plymouth have concluded the procurement process for the Tourism Data Hub project. The successful contractor is Acorn T-Stats, who have developed other albeit smaller tourism data hubs and who undertook the feasibility work for this project. The Hub is still on track to go live from April 2024 and operate for 12 months with LEP funding.

### Support for Business

- The government announced in the Autumn Statement last year that it intends to fund Growth Hubs during 24/25. ***OIC is therefore recommending to the Board that it now approves the additional £89k that has been ringfenced in the LEP reserves to cover Q1 24/25 cost of running the Growth Hub.*** This will avoid a cliff edge in March 2023. Year to date, the Growth Hub has helped 1,143 businesses find support, advice and guidance and is on track to meet the target of 1,700 by the end of March 2024.
- LEP investment into the finance ecosystem is helping to drive traffic to the £200 million British Business Bank's SW Investment Fund, which launched in July last year. The HotSW Access to Finance platform is now live, with over 220 users registered. A Project Board has been formed to oversee operation of the Access to Finance Platform, and its focus is currently on securing a future for the platform after March 24 when the current LEP funding ends.
- The next Business Leadership Group is planned for 8<sup>th</sup> February. This is expected to be the last meeting before transition to the four upper tier local authority Growth Boards.

### **C. Growing Places Fund – outcome is:**

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

The social impact fund report discussed at the July Board has now been completed and is on the LEP Board agenda.

The Board should note that our ability to achieve the target for existing GPF investment repayments to be made on time has been moved from Green to Amber in the Q3 progress report for OIC.

**D. Inclusive growth** – outcome is:

- Embed inclusive growth into wider work across the area

The Board should note that our ability to achieve the target to publish an outline business case for GPF to support a Social Investment Fund has been moved from Green to Amber in the Q3 progress report for OIC.

**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

The outline Transition Plan was submitted to government on 30<sup>th</sup> November. This was prepared by Somerset's S151 officer and the four upper tier local authorities. At the time of writing, a more detailed plan has not yet been shared with the LEP, however it is due to be circulated for discussion by the Board at the January meeting.

The Board should note that our target to agree the transition plan and associated timeline has been moved from Green to Amber in the Q3 progress report for OIC. This is because the final plan together with the requested accountancy advice, operating model, and implications on future delivery have not yet been shared with the LEP.