

# Heart of the South West Local Enterprise Partnership

## LEP Board Paper agenda item 9

**Report title:** Uncommitted Local Growth Funding

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

**Purpose:** This paper is 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

**Timing:** Immediate

**Financial Impact:** Yes

**Decisions requested:**

- 1) To agree with OIC's recommendation to approve in principle funding for the Future Flight Innovation Zone Fund and Digital Infrastructure Improvements at FE Colleges, to invite business cases and delegate the funding decisions to OIC.
- 2) To approve in principle funding to further develop the Holsworthy Agri-Business Centre Phase 2 proposal, to invite an application and delegate the funding decision to OIC.

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### **Summary**

This paper outlines proposals for spending the remaining uncommitted Local Growth Funding.

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#### **1) Background**

- 1.1 In July 2023, the Board was advised that following a reconciliation of multiple transactions by Somerset Council, just over £1m of unallocated Local Growth Funding (LGF) had been identified, equivalent to 0.5% of the total funding awarded. The funding is held under the freedoms & flexibilities arrangement<sup>1</sup>, is capital and must be spent by March 2025.

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<sup>1</sup> Freedoms & flexibilities are agreed with the Accountable Body and are a standard way of managing capital programmes. In this case, the LGF spend deadline was March 2021 and to meet this Somerset allocate unclaimed LGF to capital projects in Somerset and then make the same amount of funding available to the LEP to invest into LGF projects. Government has agreed that monies held under F&F must be spent by projects by end March 2025.

- 1.2 The Operations & Investment Committee (OIC) had reviewed options for spending this uncommitted LGF and the Board was advised that three calls for applications were being taken forward.
- 1.3 The following has since been approved by OIC:
- £274,015 of the £400,000 allocated to further support SMEs to reduce carbon emissions and increase productivity has been awarded to six of the seven local authorities that applied for funding (unfortunately, one local authority has since been unable to accept their grant award).
  - £305,500 of the £400,000 allocated for the Science Park & Innovation Centre Capital Equipment grant programme has been awarded to three of the four Science Parks and Innovation Centres that applied for funding, which will support the purchase of equipment that promotes business collaboration, the creation of new products and services, and the creation of new jobs.
- 1.4 This means there remains £456,927 LGF that is uncommitted.
- 1.5 In addition, there is potentially up to £143,422 LGF remaining from the £8m Digital Investment Programme largely due to limited applications for our £215,000 Community Digital Triage Fund. We have provided additional time to those local authorities that did not apply and will know how much remains uncommitted by the end of January.

## **2) Proposal**

- 2.1 Three options have been identified to spend the remaining uncommitted LGF funding:
- i. Future Flight Innovation Zone Fund – The CAA Innovation Team has confirmed they are keen to partner with us to support the acceleration of future flight technology regulation within our UK Future Flight Innovation Zone (FFIZ). They have scoped out an overall offer to the industry in the form of a dedicated Sand Box, which would be a USP for the area. There is a cost attached to this and also any future funding bids to support development of the FFIZ. Further details are set out in the attached paper at Annex A.
  - ii. Digital Infrastructure Improvements at FE Colleges – The eight FE Colleges submitted a joint bid for £1m to the LEP's second Digital Build Back Better funding call late last year to further enhance their digital provision. At the time, we decided not to progress this application. However, the South West Institute of Technology is due to submit an application to DfE in February 2024 to extend its licence for a further 5 years and we have invited the Colleges to reapply for funding that could bolster their application. The Expression of Interest is attached at Annex B.
  - iii. Local Authority Enabling Funding – One of the calls we put out after the July Board meeting was to upper tier/unitary authorities to bid for up to £50k from a £200k Enabling Fund to help support the development of outline business cases for key projects. One proposal has been received to support Torridge District Council to progress development of Holsworthy Agri-Business Centre Phase 2. Further information is attached at Annex C.
- 2.2 There is clearly further work to do to develop both proposals and business cases are needed. In particular, the delivery mechanism for the FFIZ Fund needs to be developed given transition of LEP functions to the local authorities. Further information is also needed from the FE Colleges on how their proposal will help deliver the Local Skills Improvement Plan. This will all be addressed over the next six weeks as business cases are developed.

- 2.3 The Board will recall that there is also the possibility of providing additional top up funding for the Mobile Boost scheme in the event there is more demand than can be supported by the LEP's recent grant extension of £437,480. However, the scheme has only gone live this month and so we may not know if there is a case for additional funding for some months. We will keep this under review.

### **3) Recommendation**

- 3.1 At its meeting on 7<sup>th</sup> January, OIC considered the FFIZ Fund and further improvement to digital infrastructure at FE Colleges and agreed to recommend to the Board that it approves funding in principle for these two proposals and invites a business case for each to be considered at the March OIC meeting.
- 3.2 The Board has previously agreed to make available capacity funding for local authorities to develop outline business cases but since a grant to Torridge District Council would now extend into next FY, the Board is also asked to approve funding in principle for the Holsworthy Agri-Business Centre Phase 2 proposal and invite an application to be considered at the February OIC meeting.
- 3.3 It is also recommended that the Board delegates these funding decisions to OIC.