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To: The Chair and Members of the Heart of the  
South West (HotSW) Local Enterprise  
Partnership (LEP) Joint Scrutiny Committee

County Hall  
Topsham Road  
Exeter  
Devon  
EX2 4QD

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Date: 13 October 2021

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**HEART OF THE SOUTH WEST (HOTSW) LOCAL ENTERPRISE PARTNERSHIP  
(LEP) JOINT SCRUTINY COMMITTEE**

Thursday, 21st October, 2021

A meeting of the Heart of the South West (HotSW) Local Enterprise Partnership (LEP) Joint Scrutiny Committee is to be held on the above date at 2.15 pm at Virtual Meeting to consider the following matters.

Phil Norrey  
Chief Executive

**A G E N D A**

- 1 Apologies

**PART I - OPEN COMMITTEE**

- 2 Minutes

Minutes of the meeting held on 17 June 2021 (previously circulated).

- 3 Items Requiring Urgent Attention

Items which in the opinion of the Chair should be considered at the meeting as matters of urgency.

**MATTERS FOR CONSIDERATION OR REVIEW**

4 LEP Update (Pages 1 - 10)

Report of the Chief Executive of the Local Enterprise Partnership, attached.

5 Productivity Strategy Delivery (Pages 11 - 16)

Report of the Chief Executive of the Local Enterprise Partnership, attached.

6 Growth Deal (Pages 17 - 22)

Report of the Chief Executive of the Local Enterprise Partnership, attached.

7 Digital Connectivity (Pages 23 - 32)

Report of the Chief Executive of the Local Enterprise Partnership, attached.

The Digital Strategy can be found here: [Heart of the South West Digital Strategy \(heartofswlep.co.uk\)](http://heartofswlep.co.uk)

**MATTERS FOR INFORMATION**

8 Scrutiny Work Programme (Pages 33 - 34)

In accordance with previous practice, Scrutiny Committees are requested to review the list of forthcoming business and determine which items are to be included in the Work Programme.

The Scrutiny Work Programme is attached.

9 Dates of Future Meetings

10 February 2022, 2.15pm  
16 June 2022, 2.15pm

**PART II - ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF PRESS AND PUBLIC ON THE GROUNDS THAT EXEMPT INFORMATION MAY BE DISCLOSED**

NIL

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## **Heart of the South West - Scrutiny Committee**

### **LEP Update Heart of the South West LEP**

Lead Officer: David Ralph, Chief Executive, HotSW LEP

Contact Details: 07543 21930 – david.ralph@heartofswlep.co.uk

#### **1. Summary**

- 1.1. This report provides an update from the Heart of the South West LEP (HotSW LEP).

#### **2. Recommendations**

- 2.1. **It is recommended that Scrutiny Committee:**
  - (a) **notes the report;**

#### **3. Background**

Covid has accelerated many trends and changes that were already occurring pre-pandemic. The restructuring of retail, transforming town and city centre roles, remote working and virtual meetings, the increasing digitalisation of business, markets, commerce and society – have all taken a big leap in the past 18 months.

Whilst between 1 and 2 million job losses have been forecast between 2019 and 2021, jobs creation is rebounding very quickly, and the labour market is tightening due to the loss of 1.3 million foreign-born residents. There is also significant supply chain disruption to the UK economy and youth unemployment, exclusion and inequality, business indebtedness and continued uncertainties over international trade and investment are some of the main challenges. In summary, recovery is happening faster than expected but is more uneven with a tighter labour market now than before transition hit. Increasing productivity is even more important now than pre-pandemic to drive productivity including increased digitalisation

Policy and institutional change for local economies is going to happen in Autumn. It is unlikely to depart radically from competitive grant funding and a few new areas given modest devolution powers and funding. A “Green Recovery” package could help to accelerate economic recovery and deliver on climate change targets – but implementation of low carbon and sustainable solutions and structural change is slow.

#### **4. Impact of Covid-19**

The immediate and long-term impacts of Covid-19 are significant, and could be far reaching for certain industries and communities. Patterns of investment, employment and how and where people work may change in the future. The main highlights, in terms of the UK economy, are as follows:

**Significant fall in GDP:** UK gross domestic product (GDP) is estimated to have decreased by 1.6% in Quarter 1 (Jan to Mar) 2021, revised from the first estimate of a 1.5% decline.

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The level of GDP in Quarter 1 2021 is now 8.8% below where it was pre-pandemic at Quarter 4 (Oct to Dec) 2019.

**Claimant unemployment peaked at 2.678 million** (6.4% of the working-age population) in February 2021, increasing from 1.256 million (3.0%) in February 2020. Claimant unemployment now stands at 2.268 million (5.4%) in July 2021. **Youth unemployment** is a particular concern, especially for school leavers transitioning to entry-level jobs and Apprenticeships, where the number of openings has fallen.

**Furloughs peaked at 8.9 million** employments in May 2020 – representing one-quarter of all workforce jobs. Furlough and relief schemes have prevented much higher rates of job loss and unemployment.

**Covid-19 has amplified existing inequalities** in communities, and the impacts have been uneven both spatially and according to income group, age, ethnicity and gender.

**In particular, retail, hospitality, and the visitor economy industries** – have been severely affected. Office-based activities that provide jobs and footfall for urban areas have also been curtailed, with many people working from home. Many businesses are looking to certainty and therefore more local supply chains.

**Spatial unevenness of Covid impacts.** Covid has impacted large city centres, coastal and rural areas disproportionately. Some smaller towns have benefitted from buoyant spending and footfall as residents were forced to shop and consume locally during the pandemic.

**Covid has had a huge impact on UK businesses.** The October 2020 Bank of England DMP survey estimated that sales were still 17% lower than they otherwise would have been in 2020 Q3, while employment was 8% lower and investment 24% lower.

**CityUK** suggest that, by the end of March 2021, £35bn of unsustainable debt will be owed by UK businesses from government loan schemes; and £100bn of total unsustainable debt will be owed by UK businesses. This may lead to pressure on financial markets including a credit crunch.

As of June 2021, businesses owed local councils almost £2.5bn in unpaid business rates. Insolvency practitioners Begbies Traynor also provided analysis that shows a record 527,000 businesses are in significant financial distress. In “Supporting Economic Recovery – Recapitalising Businesses post COVID-19”, a detailed report on this issue, banking lobby group

## 5. Actions since last meeting

**Cabinet Reshuffle** – clearly lots of changes particularly at the newly named MLUHC both ministerially and a little in policy lead eg the new Levelling-Up Task Force. Some changes at Treasury, DCMS and obviously Foreign Office and International Trade and the Energy Minister changed at BEIS. In his post reshuffle messaging the BEIS SoS, Kwasi Kwarteng MP highlighted 5 key priorities.

- Supercharging R&D
- Decarbonising our economy
- Revising the spirit of enterprise
- Impacts of past 12 months
- Private finance to create jobs

**LEP Review** – I have circulated 3 briefing notes over the summer on the LEP review to all Leaders, Scrutiny at MPs. Suffice to say that we have as yet little clarity but expect some details in the Spending Review – October 27<sup>th</sup> and publication of the Levelling-Up White Paper when it appears. We held a recent Board session to check they were comfortable with our approach and our F&R have reviewed the risks with the uncertainty but are happy that we have sufficient resources to continue through the current uncertainty. Attached is the latest submission from LEPs into the spending review

**Future Flight** – last month saw the first electric flight in England (from Exeter to Newquay) as part of the Flight2Zero programme

**Hinkley** – recently Hinkley Point C celebrated 5 years since start on site and accelerating delivery at HPC is ongoing. EDF stated that they were about 6 months behind schedule. Bridgwater Bay is on the long list for STEP (Nuclear Fusion). A decision on whether Bridgwater goes forward is expected at or about the spending review as the end of October

**SW Tourism for 2030** - has been published and presented to the Minister (still in place) through the GSW APPG

**Train4Tomorrow** - secured some £1.7m of further delivery funding to support retraining (mostly in technical skills). The tight labour market is making delivery challenging.

**Ocean Futures** – has published its prospectus at International Shipping Week

**HOTSW Technopole** – HotSW contains important tech companies and important Science Park assets and yet our innovation ecosystem is not strong and certainly doesn't reach out throughout the area. The HotSW Technopole, working with our universities, Innovate UK and other stakeholders is looking at how this might be improved.

**Town Deals, CRF and Levelling Up bids** – Town Deals in Torquay, Bridgwater and Glastonbury are starting to prepare business cases for their Town Deal projects. All areas are still waiting to hear on bids relating to Community Renewal Fund and the first phase of Levelling-Up Funds. County Deal EOIs were submitted for Somerset, Devon and Plymouth – Government has now concluded its follow-up meetings nationally and has suggested a small number of County Deals (possibly 6) as a first step.

**Various construction capital projects** funded through Local Growth Fund or Getting Building Fund - including Taunton and Plymouth stations, I-Aero, Burrows Centre, Exeter Bus Station, have either concluded, topped out and a couple of the later ones have started on site. A small amount of underspend has been reallocated (to contribute to delivery of Phase 2 of the North Devon Enterprise Centre.

**The LEP had its mid-year conversation** with Government officials last week – any feedback will be provided verbally

**The Growth Hub** – engaged some 4000 businesses over the past 12 months

**The Digital Vouchers** scheme proposed by CDS has not been approved and later this month the LEP will be reviewing how best to spend this funding. However, although delivery had been weak, the Mobility Boost programme has had agreed a new (technology) solution

# Agenda Item 4

to support improved mobile connectivity in the home (which may also improve access to higher broadband speeds).

**The LEP AGM** will be held on October 22<sup>nd</sup> at midday when we will be publishing:

The LEPs Annual Report

Local Growth Fund Programme Report

Our plans to accelerate digital

## **6. Great South West – The UK's Natural Powerhouse**

The 3 LEP Chairs continue to meet regularly – largely on the LEP review - and a GSW APPG was held in July to present the Tourism 2030 plan to the Tourism Minister. The Western Morning News wrote an open letter to the PM asking to 'Back the Great South West' and we have written to both Mr Gove and the new Minister for Regional and Local Growth, Kemi Badenoch MP to share the Great South West prospectus - [GSW Brochure A4 new colours.indd \(greatsouthwest.co.uk\)](#)

There is some discussion about an Autumn APPG possibly looking at energy or rural issues.

## **7. Next Steps**

The LEP review has without question created uncertainty across LEPs but we still have an extensive agenda to deliver including our plans to Build back Better, legacy local growth and Getting Building Fund projects, Enterprise Zones and the HotSW Growth Hub. In total, we still think there is some £40m investment to oversee as well as supporting Town Deal Boards and local recovery plans.

We are currently carrying out 1:1 meetings with Districts and as soon as we get any insights into the outcomes of the LEP review we will let people know.



# England's LEPs

## A New Deal

lep  
network



## Foreword

The future role of LEPs has been under review since March 2021, with the Government considering what functions they might provide post-pandemic that best supports its policy aims. As business led local partnerships, we are keen to ensure that local businesses continue to have a clear strategic input in driving national priorities and regional economic recovery, as well as providing access to high quality, locally tailored business support services.

This submission sets out the future value that we believe evolved LEPs, through our unique partnership and convening power, will bring to the table, and which strongly supports the Government's priority policy areas in as cost efficient a way as possible. For us that means a big focus on translating national Levelling Up ambitions at the local level, enabling local businesses to transition to Net Zero at pace, building the future talent pool of local skills that business needs, helping local firms exploit international trade opportunities as part of a global facing Britain, investing in the local innovation and R&D that will help bring all this about, and building the infrastructure that will connect areas and visibly level up every region across the country. In order to do this effectively we are seeking a long lasting settlement that secures our core funding and which provides the capital and revenue that our evolved roles will require.



**MARK BRETTON**  
CHAIR  
THE LEP NETWORK

# England's LEPs: A New Deal

England's Local Enterprise Partnerships (LEPs) are evolving to deliver on the Government's Levelling Up ambitions and to implement the Plan for Growth and Net Zero ambitions at a local level. Business leaders are already driving that evolution, looking at the role and responsibilities of LEPs – taking the best of the past and making it fit for the future, but are keen to go further and faster. This will require A New Deal.

## LEPs – A Proud Past and a Focused Future

| WHAT WE BRING   | WHAT WE WILL DELIVER  | WHAT WE NEED   |
|---|---|--|
| Tried and tested collaboration and partnership between businesses, BROs, local government, third sector and education leaders | Focusing on local conditions, we will make Levelling Up a reality all around the country, sharing opportunities and rewards more widely         | An evolved role, with strategic responsibilities matched by a long-term funding settlement and access to new funding streams such as UKSPF   |
| Private sector independence and expertise, challenging local decision-making and delivering funding into vital projects       | Reflecting local intelligence and priorities, we can ensure the local implementation of the Government's Plan for Growth and Net Zero ambitions | Renewed support for LEPs' vital convening role especially around private sector perspectives with clear ownership at Secretary of State level, one champion in the Cabinet   |
| Clear, tailored and ongoing support for SMEs at a local level driven by business boards, who know what business needs         | Based on our local knowledge, we can identify and support local sector strengths, turbocharging their growth                                    | A total of £106 million per annum over the next three years (£76m for LEPs' core costs; £30m for Growth Hub services), as well as funding for the LEP Network. This would fund core running costs and could contain an element of match funding, but importantly would allow LEPs to deliver consistency, collaborative working and to focus wholly on delivering the Plan for Growth. Additional funding, including access to UKPSF, would be required for delivery of defined projects |

LEPs can bring the very best of bottom-up solutions to the Government's top-down ambitions. With more than a decade of understanding and working within local areas, LEPs are ideally placed to help ensure the Plan for Growth and Net Zero are delivered right around the country, including through developing our skills base.

We want to work hand in glove with a strong, supportive Government to use the power and might of the private sector to tackle the issues most important to this country. That necessarily means focusing relentlessly on building back better from the pandemic in a post Brexit world. That necessarily means A New Deal for LEPs.

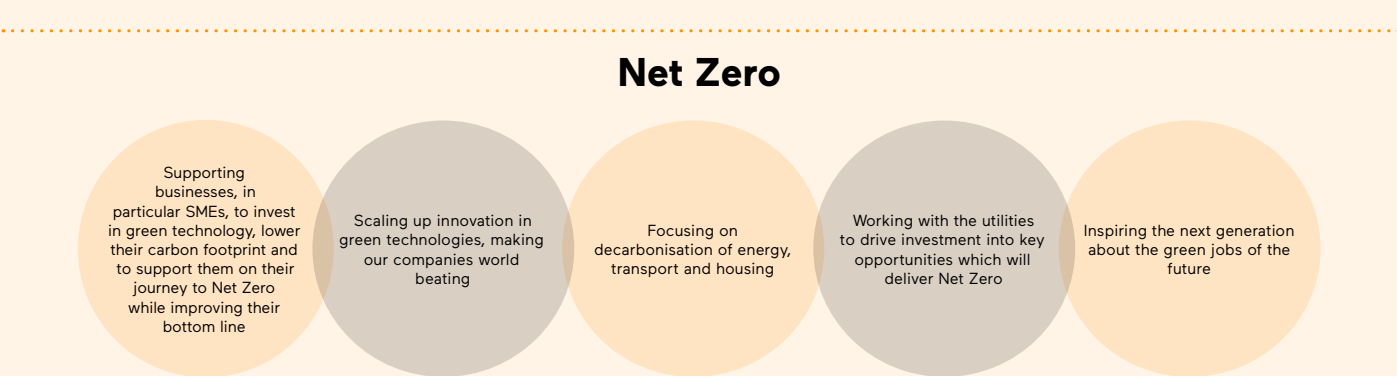


# LEPs and the Plan for Growth

The Government's Plan for Growth set out how its planned investment in infrastructure, skills and innovation would help it pursue growth that levelled up every part of the UK, enabled the shift to Net Zero and supported its Global Britain ambitions. Like every good plan, the Plan for Growth needs to be delivered and that requires bodies which can implement it at a local level. **LEPs are the coalition of the willing that provide the answer to that delivery challenge.**

With well over a decade of working collaboratively with Government on its most significant challenges, of tailoring solutions to local circumstances and of bringing private sector input to help overcome issues, LEPs stand ready to tackle this most pressing of priorities: to build back better. Building on the successful LEP Growth Hub model, we could franchise a model of consistency, providing a one stop shop for business in pursuit of excellence.

The six themes of the Plan for Growth are ones which LEPs have been considering, and working on, for some time. As such, LEPs – with a new mandate and funding settlement – are ready to make progress on each and every one of them.



## Global Britain

- Supporting local businesses, helping them to become investment and export ready
- Collaborating with the Business Representative Organisations to bring a cohesive business voice
- Working with DIT and local partners to promote local areas on the global stage
- Bringing business and academia together to drive thought leadership creating new markets and opportunities
- Identifying and promoting inward investment opportunities to global investors
- Bringing sector interests together across the country to drive innovation, efficiency and create global opportunities
- Developing relationships with markets near and far as part of the UK's global role

## Skills

- Ensuring local skills reflect the needs of local economies helping deliver the Plan for Jobs
- Using Skills Advisory Panels to drive evidence-based change in the local skills system, working closely with business in their current and future needs
- Working with trailblazers and development fund pilot areas to embed business knowledge and experience
- Developing partnerships and networks, such as the Digital Skills Partnership, to drive improvements in local performance
- Leveraging private sector investment into local skills development
- Using our unique convening powers with FE, HE and apprenticeship providers to ensure businesses have the skills they need, shaping courses so that they are relevant and helping local people realise their ambitions

## Innovation

- Driving innovation and adopting new technology among local businesses remote from existing innovation landscape
- Integrated working between the private sector and universities, FE colleges, Catalysts and Catapults
- Driving R&D, with more than 300 collaborations with HE institutions and FE colleges all around the country
- Local sector expertise which supports firms developing new technology in future industries

## Infrastructure

- Unlocking private investment to transform local economies
- Working with Government to deliver gigabit capable broadband to every home and business, providing the connectivity to guarantee competitiveness and inclusivity
- Ensuring local businesses are feeding into infrastructure plans and development
- Ongoing delivery of priority programmes such as Local Growth and Getting Building Funds, Town Boards, Enterprise Zones and Freeports

## Our Infrastructure Pipeline

LEPs have been at the forefront of identifying the infrastructure required at a local level, bidding for funds and delivering projects for more than a decade. We have successfully executed projects worth tens of billions of pounds up and down the country, helping ensure our infrastructure requirements are met and that we are fit to face the future. **For example, the impact and value for money delivered through LEPs central role within the Local Growth Fund has been widely acknowledged and welcomed.**

We continue to oversee the delivery of funds worth hundreds of millions, in the process leveraging £25bn of private sector investment through the Local Growth Fund, the Getting Building Fund, the Growing Places Fund and more schemes besides, closely monitoring delivery and impact.

# LEPs and The Future of Business Support

Over the last ten years, LEPs have operated as the “go to” organisation for business advice at a local level, with support services provided through the Growth Hub network. More than two million businesses a year have been engaged through this network, but it has perhaps never been as vital to the success – or the survival – of British businesses as it was during the pandemic and as we transitioned out of the EU. That engagement provided a vital source of intelligence to government enabling policies to adapt to business needs. Tried and trusted local partners will be key to giving business the confidence to meet the challenges ahead.

Undoubtedly a core part of the Growth Hub network’s offer needs to be consistent nationally, with businesses able to benefit from the same quality of advice and service no matter where they are. But some services need to be tailored to the local area, reflecting the strengths, weaknesses and specific needs of the local economy.

The future of Growth Hubs is one where local businesses benefit from the best of both worlds – a core, consistent offer available nationwide, with some solutions designed and delivered locally, reflecting local requirements. Fresh investment will allow the services available to local SMEs and other businesses to be the very best on offer anywhere in the world, reflecting the Government’s ambition to level up our country and build back better from the pandemic.

## The Evolution of Growth Hubs

| ONGOING                                     | NEW  |
|---|--|
| Joined up, tailored business advice         | New consistent offer across country – with bespoke local programmes and local intelligence driving national response |
| Local solutions to tackle specific problems | Leading recovery by supporting our entrepreneurs   |
| Extensive peer to peer networks             | Working with British Business Bank to widen access to finance  |
| One to one advisory services                | Collaborating with the BROs, respecting we have different but complementary roles                                    |
| Improving leadership and management         | Expansion of peer to peer networking and a resolute focus on skills  |
| Supported over 2 million businesses a year  | Enhanced offer on trade and investment as part of Global Britain   |

## LEPs and the Skills Agenda

Local skills need to reflect the needs of local economies. We have been working hard at the local level for many years to bring business to the forefront of tackling our nation’s skills challenges. We have the record, the relationships and the resolve to help us respond to the shockwaves of the pandemic and to build back better:

10+ years of success on skills, bringing the voice of business to local design

Operated with agility and at pace in response to Covid

Offer unique partnership with schools – focusing on green jobs of the future

Co-funded 3645 Enterprise Advisors working with 3010 schools in partnership with the Careers & Enterprise Company

Proven record of bringing business alongside HEIs and FEIs

Reliable link between training providers and local businesses

Successful at leveraging private investment

Tailoring skills solutions to local areas, relying on collaboration and partnership



# LEPs – Promoting Competitive Advantage

If our country is going to build back better from the pandemic, to spread opportunity and to level up our economy, we need to make sure we are backing the success stories of tomorrow.

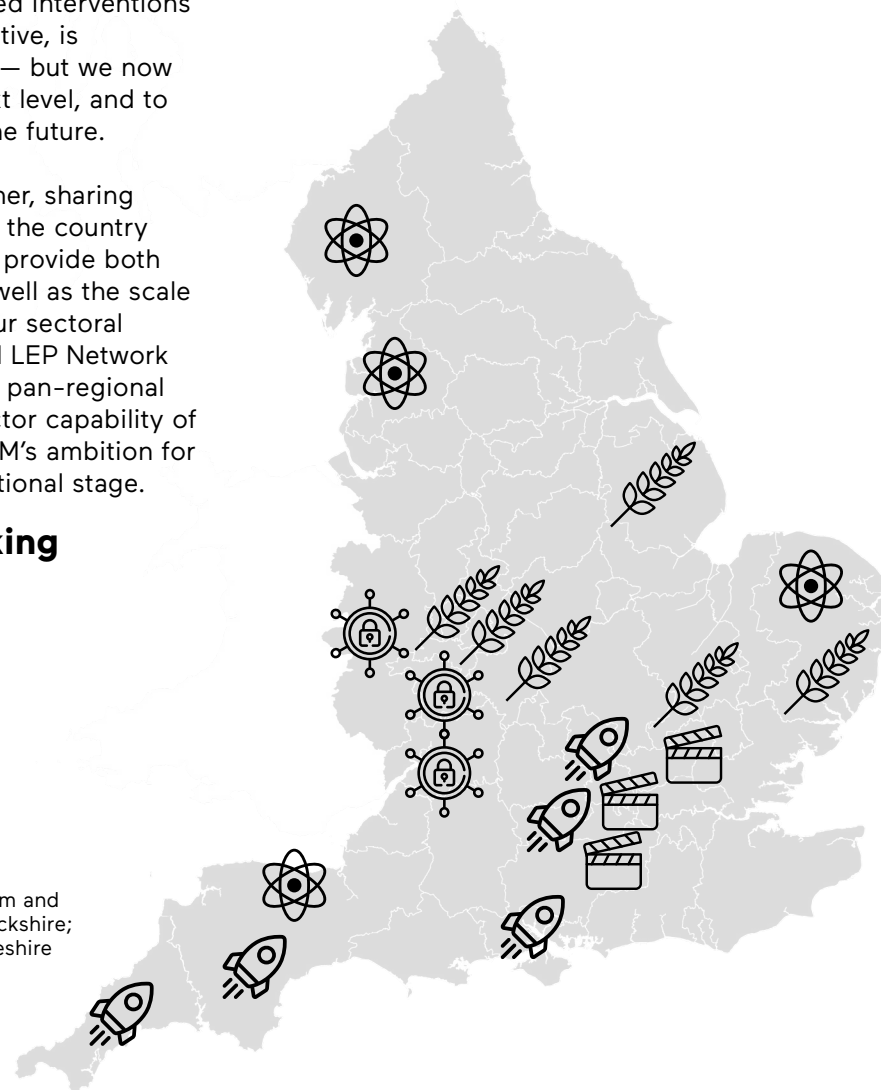
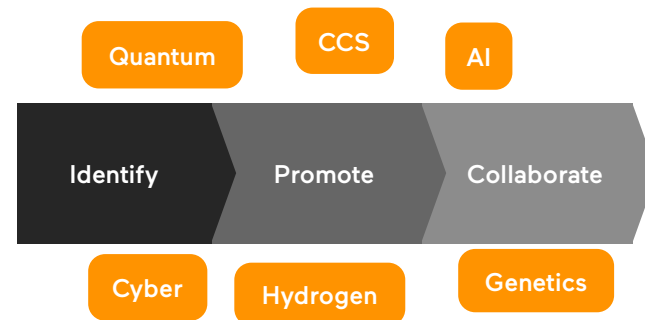
We are already an economic leader in many respects — but the need to maintain existing strengths, or develop new ones, is more pressing than it has ever been. Many of our leading sectors, whether current strengths or industries with future potential, are rooted in local areas and have specific local needs.

That is where LEPs play a vital role — providing support for innovative companies, helping them commercialise new technologies and developing sector clusters. Providing the link between national institutions such as Catapults, Innovate UK and local business. The identification of vital local sectors, followed by the delivery of locally-led interventions which will make these sectors more competitive, is something which LEPs are already pursuing — but we now have a chance to take this activity to the next level, and to make this a central thrust of LEPs' work in the future.

As part of this, LEPs can and do work together, sharing experience and expertise with other parts of the country with similar sector strengths. Only LEPs can provide both the local knowledge and understanding, as well as the scale and partnership working, which can make our sectoral ambitions a reality. Our transformed national LEP Network provides the glue to bring together a unique pan-regional collaboration with our partners to create sector capability of global significance, like helping realise the PM's ambition for the UK to be a science power on the international stage.

## Examples of collaborative working

-  **Space:** Cornwall and Isles of Scilly; Heart of the South West; Oxfordshire; Buckinghamshire; Solent
-  **Nuclear:** Heart of the South West; Cumbria; New Anglia; Lancashire
-  **Cyber & Defence:** The Marches; Worcestershire; GFirst
-  **Food chain development:** Greater Birmingham and Solihull; Black Country; Coventry and Warwickshire; Greater Lincolnshire; New Anglia; Cambridgeshire and Peterborough
-  **Creative Film Media**  
Buckinghamshire; Hertfordshire; Enterprise M3



# LEPs Building Back Better

The pandemic has given us an opportunity to think again about how our country, and our economy, function. As we look to build back better, we have a chance to do things differently. But if this is going to be better – and not just different – then we must retain the best of what came before, as well as making changes. **We must use what was working as a springboard to accelerate growth.**

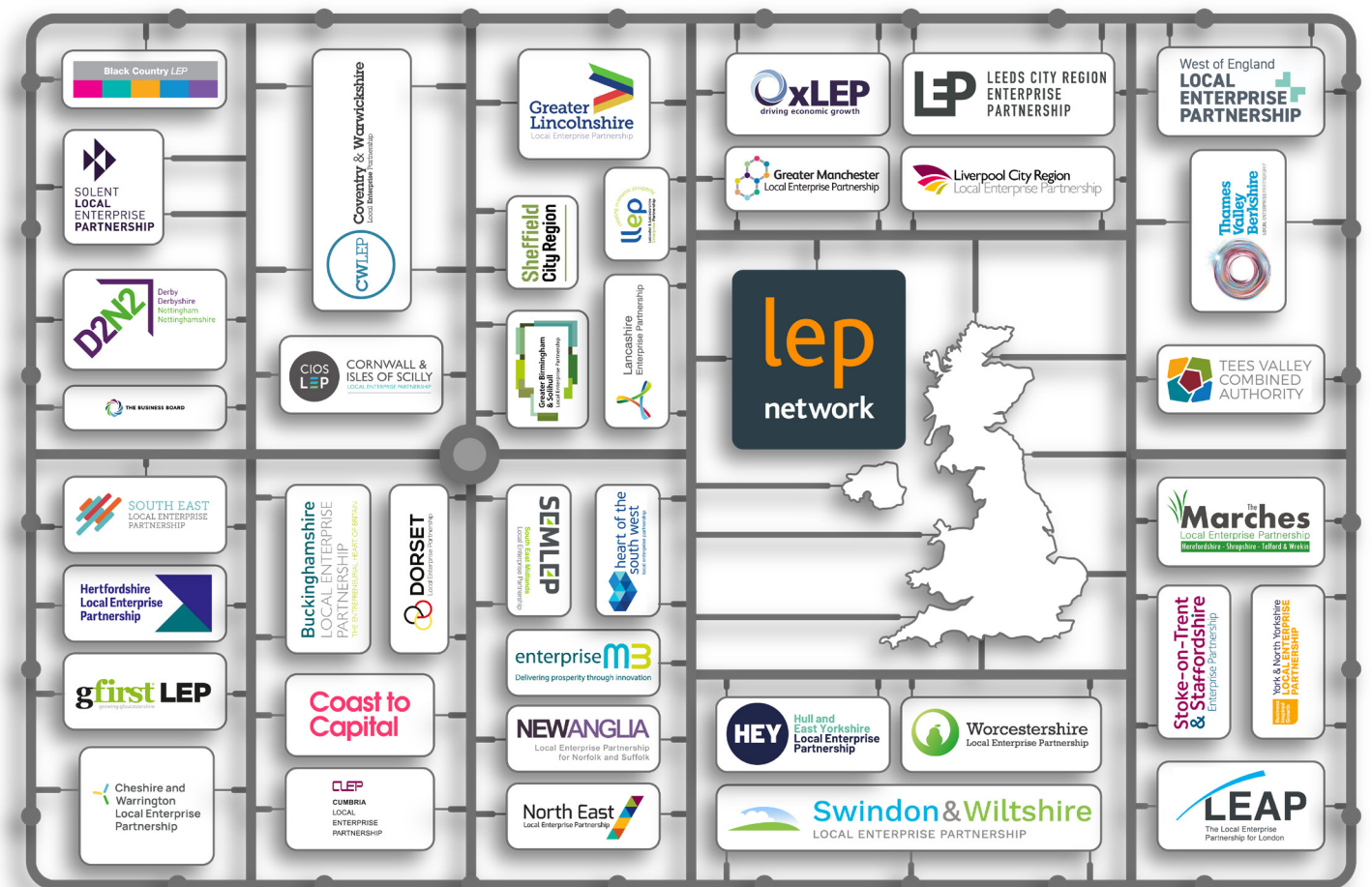
LEPs have more than a decade's experience of promoting local economies and supporting national growth. Over that period LEPs have worked with millions of businesses, developed and overseen projects worth billions of pounds and had an incalculable economic impact on the UK economy. LEPs have offered unrivalled value for money, leveraging £25bn of private sector investment and making sure the right projects are delivered in the right places.

This is not the moment to waste time, ripping up systems and structures. Instead, this is the time to build on what works. Business needs certainty and consistency, which LEPs already offer.

The experience and expertise of LEPs around the country can help us recover from the pandemic, build back better and realise our post Brexit ambitions. With a refreshed mandate from Government and a renewed sense of purpose, LEPs can focus on putting in place tailored solutions which will work at a local level.

By focusing on the local delivery of the Plan for Growth, by looking to support the Government's levelling up and Net Zero ambitions, by providing world class business support and by identifying and promoting local sector strengths, LEPs will help stimulate growth in every part of the country – whilst making our country greener, fairer and stronger.

**All that is required is a New Deal for LEPs.**



# LEPs – A snapshot

|   |  |  |   |  |   |
|---|--|--|---|--|---|
| More than 2,000 business leaders across our Boards and sub-groups | SME and Equality / Diversity Champions on all Boards | A 3 <sup>rd</sup> of LEP Chairs are female | Representation from HE, FE, Social Enterprise, Voluntary and Community groups | 180 Councillors sit as co-decision makers bringing democratic accountability | Over 300 projects being delivered in partnership with HE/FE |
|---|--|--|---|--|---|

## LEPs – Our impact



Leveraging  
**£25 billion**  
of private sector  
investment



Supporting over  
**2 million**  
businesses last year



Creating over  
**180,000**  
jobs



Helping  
**3 million**  
people develop  
new skills



And supporting  
the build of  
**100,000**  
homes



For more information please contact

Mark Livesey  
Chief Executive  
LEP Network

Visit [www.lepnetwork.net](http://www.lepnetwork.net)  
Email [info@lepnetwork.net](mailto:info@lepnetwork.net)  
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## **Productivity Strategy - Delivery Update Report to HOfSW Scrutiny Committee**

Author: David Ralph, HotSW LEP

### **1. Summary**

- 1.1.** This report provides an update on progress on the delivery of the Productivity Strategy and was reported to the HOfSW Joint Committee at the beginning of October and agreed the recommendation

### **2. Recommendations**

- 2.1. It is recommended that HotSW Scrutiny committee consider the progress set out in the report and that the Build Back Better plan will be the route to implement the Strategy over the medium term**

### **3. Background**

- 3.1** The Productivity Strategy is jointly owned by the Joint Committee and the LEP and was published in early 2018, followed by a delivery plan in spring 2019 setting out the key actions. The Strategy and accompanying evidence base is available at [Productivity - Heart of the south west LEP \(heartofswlep.co.uk\)](https://heartofswlep.co.uk/Products/Heart%20of%20the%20South%20West%20LEP%20Productivity%20Strategy%20-%202018-2023) and the delivery plan at [Microsoft Word - 190423 HotSW Partnership Productivity Strategy Delivery Plan \(heartofswlep.co.uk\)](https://heartofswlep.co.uk/Products/Heart%20of%20the%20South%20West%20LEP%20Productivity%20Strategy%20-%202018-2023)
- 3.2** The Strategy sets out how the area will address its long-standing productivity challenges – the fact that people and businesses in Heart of the SW have to work longer than those in other parts of the country to produce the same level of output. This structural challenge means incomes of those working in Heart of the SW are invariably less than the UK average, even if London is excluded. The issues and challenges identified in the strategy have been exacerbated by the pandemic whilst opportunities such as marine of sustainable aviation continue to accelerate.
- 3.3** The Strategy remains the cornerstone of the area's approach, firstly as the foundation first for the Local Industrial Strategy and now the Build Back Better Plan.
- 3.3** This Annex attached to this paper provides a high level update against the delivery plan which was structured around the key themes of Business Leadership & Ideas, Housing Connectivity and Infrastructure and

# Agenda Item 5

Employment Skills & Learning alongside the area's distinctive opportunities. The progress outlined here clearly sits alongside much wider work which all partners have undertaken over last 18 months to mitigate the impact of the pandemic and there will be many other achievements from individual partners which are not shown.

## **4 Next Steps**

- 4.1** A lot has been achieved though as ever, there is much more still to do. The area's Build Back Better plan outlines the key medium-term actions across the partnership, setting out the key programmes and placing a central emphasis on clean and inclusive growth. The Joint Committee will continue to be updated on progress against this in the future



## **Annex - Delivery Plan Progress**

Highlights set out against the key headings in the plan

### **A. Business Leadership & Ideas**

- Growth Hub continues to work with c3,000 SMEs a year, helping them access business support. The service was in high demand during the pandemic.
- £900,000 European Regional Development Fund soft landing programme live, supporting existing and new overseas investors to locate and grow in the area. To date £340k of grants awarded creating over 80 jobs with Torbay and photonics being particularly successful
- Three High Potential Opportunities developed with Dept for International Trade covering photonics, marine and smart aviation. HPOs are actively marketed by DIT overseas to attract new investors to the UK. Photonics & marine are live with Smart Aviation to launched at the Global Investment Summit on the 19<sup>th</sup> October
- HotSW developing proposals for the HOTSW Technopole to provide specific support for research intensive businesses, led by the area's Innovation Board consisting of business, universities, UK Hydrographic Office, local authorities and Innovate UK

### **B. Housing, Connectivity & Infrastructure**

- Digital connectivity: whilst there remains much to do, significant progress has been made in the area's broadband connectivity, for example through Connecting Devon & Somerset
- Housing Task Force agreed four priorities for joint working: Monitoring and Market Awareness, Promotion of Design and Quality, Social Housing Delivery, Energy Efficiency and Retrofit
- On the Strategic Road Network significant progress has been made in development of the A303/A358 corridor to the South-West. Construction of the A303 Sparkford to Ilchester dualling started in August 2021. A preferred route has been announced for the A358 Taunton to Ilminster dualling, and consultation on the detailed plans is due this Autumn. The Secretary of State's confirmation of the Orders for the A303 Stonehenge Tunnel was successfully challenged, but it remains open for the application to be re-determined.
- On the rail network the enhanced service patterns on the Great Western network were successfully introduced in December 2019, and patronage in the South-West is recovering well post Covid-19. The first phase of the new sea wall to protect the rail corridor at Dawlish is complete, and the second phase is under way; construction of a rockfall shelter to protect the railway from cliff falls is now commencing.
- In addition to the Growth Deal projects for major improvements at Taunton and Plymouth railway stations, construction of the new station at Marsh Barton, Exeter is under way. Work to enable re-opening of the railway between Okehampton and Exeter will be complete by the end of 2021. Funding has been secured for another new station at Edginswell, Torbay. A Strategic Outline Business Case has been completed for railway stations at Wellington and Cullompton, and the Department for Transport has allocated funding for their detailed design.
- Peninsula Transport, the Sub-National Transport Body for the South-West has been established, and has secured Department for Transport support for developing the business cases for improvements on the Major Road Network, with the A382 at Newton Abbot and links to Plymouth City Centre from the A38 Parkway being prioritised. Peninsula Transport has published its vision for a Peninsula Transport Strategy, and expects to complete the draft strategy in early 2022.

### **C. Employment, Skills & Learning**

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- Skills Strategy for the area agreed and published [Skills Strategy - for Heart of the South West \(skillslaunchpad.org.uk\)](https://skillslaunchpad.org.uk)
- Skills Launchpad provides information on skills, careers, training and jobs across the area. [Employment, Skills and Training in Devon, Plymouth Somerset and Torbay \(skillslaunchpad.org.uk\)](https://skillslaunchpad.org.uk)
- The HotSW Careers Hub has been expanded to every state-funded school, college and FE institution across the area and is now one of the largest hubs in the country. Working together with employers, universities and career professionals to ensure that careers outcomes are improved for all young people
- SW Institute of Technology established and operational

## D. Distinctive sector opportunities

Sector resource in place through the LEP across each of the key opportunities identified in the Productivity Strategy and now the Build Back Better plan. Key highlights include:

### i) Advanced engineering - marine

- Plymouth and South Devon Freeport awarded and business plan in development
- 5G testbed to improve and enhance connectivity for the marine and maritime sectors accessing and testing technology within Smart Sound Plymouth
- Ocean Futures prospectus has been produced setting out the opportunity to create a global centre of excellence for the testing, development and manufacture of autonomy, digital and clean ocean technologies for the rapidly growing global ocean economy

### ii) Advanced engineering – nuclear

- The existing supply chain project has helped HotSW SMEs secure £55m of contracts from Hinkley with a further potential £75m in the pipeline. Now entering into contractual arrangements with BEIS to give longer term certainty for this programme.
- Innovation: submitted bid to locate STEP fusion reactor in the area and have passed the first hurdle of UKAEA's nomination process.
- Inward investment: Nuclear SW Inward Investment Programme continues to deliver with 20 companies now being actively account managed.
- Refreshing the 2018 Nuclear Sector Deal making it fit for purpose / relevant against the backdrop of Green Industrial Strategy, Energy White Paper and Build Back Better business recovery. Place element recognises that nuclear happens mostly in rural, economically lagging geographies so is an important element of levelling up.

### iii) Advanced engineering – aerospace, aviation & space

- Innovate UK Future Flight funded 2ZERO project secured, developing electric hybrid propulsion for aircraft with test flights between Exeter and Newquay
- Prepared a vision for the iAero Innovation Centre to enable a secure collaborative partnership between Leonardo Helicopters, Somerset CC and the LEP for supporting delivery.
- Submitted a bid to UK Space Agency for funding to recruit a Space Cluster Development Manager for 6 months to take forward work with the Space Applications Catapult.

### iv) Photonics

- Skills programme in place to develop pipeline of future talent

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- Levelling Up bid submitted to expand EPIC, the photonics innovation centre in Torbay

## v) Digital

- Secured an additional £750k for delivery of additional DoE Train4Tomorrow digital and technical bootcamps. This includes delivery across Dorset, Cornwall and the Isles of Scilly, and the West of England as well as HotSW, which our DSP is leading.
- Developing a new digital investment programme to support the roll out of further targeted digital skills programmes, a utilisation and triage service, further infrastructure funding for very hard to reach areas, and the Digital Futures programmes in the Build Back Better plan. Decision paper is going to SIP on the 5<sup>th</sup> October and Board on the 22<sup>nd</sup> October.

## vi) Healthy Ageing & Health Tech

- £1.03m secured from getting Building Fund to develop a Health Tech Incubation Hub delivering state-of-the-art facilities for early stage laboratory-based businesses

## vii) Farming, Food & Fishing

- Developed an agri-tech proposition in consultation with key stakeholders which includes support for a new Agri-Tech forum, a digital farm engagement programme, and an innovation showcase and knowledge hub
- Continuing to press the case for a rural productivity deal for the area.

## viii) Tourism

- Towards 2030 tourism prospectus developed and published by the Great SW Tourism Partnership; opportunities to take forward being explored [Towards-2030-Reimagining-the-Visitor-Economy-in-the-South-West.pdf \(heartofswlep.co.uk\)](https://heartofswlep.co.uk/Towards-2030-Reimagining-the-Visitor-Economy-in-the-South-West.pdf)

## ix) Defence & Security

- Industry-led defence cluster established to develop specific programmes to support the sector further

## E. Inclusion

- Coastal Productivity Plan developed and opportunities to implement being taken forward
- Broad inclusive growth approach for the area being developed – update to be given at the Joint Committee meeting
- Evaluation completed of Community Led Local Development scheme (delivered under EU funding) as a basis for a similar approach when UK Shared Prosperity Fund is launched

## F. Major Funding Secured

This is not a comprehensive list but shows highlights for the area in recent months:

### i) Future High Streets Fund

|                      |        |
|----------------------|--------|
| Yeovil               | £9.7m  |
| Taunton              | £13.9m |
| Plymouth City Centre | £12.0m |

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|              |        |
|--------------|--------|
| Barnstaple   | £6.5m  |
| Newton Abbot | £9.0m  |
| Paignton     | £13.3m |

## ii) Town Deals

|             |        |
|-------------|--------|
| Glastonbury | £23.6m |
| Bridgwater  | £23.2m |
| Torquay     | £21.9m |

## iii) Freeport

Plymouth and south Devon      Share of £175m nationally (c. £22m)

## iv) Getting Building Fund, Deal & EU funds

£35.4m Getting Building Fund secured for 24 projects across HotSW. This was the 7<sup>th</sup> highest award of all LEP areas. Project details on [Projects in our area Archive - Heart of the south west LEP \(heartofswlep.co.uk\)](#) and awards split across the following themes, shown alongside other LEP funding (match excluded)

| <b>£ millions</b><br>(excl match funding) | <u>Growth Deal</u> | <u>Getting Building Fund</u> | <u>Growing Places Fund</u> | <u>Defra Rural Pilot</u> | <u>EU Structural Funds</u> | <b>Totals</b> |
|---|--------------------|------------------------------|----------------------------|--------------------------|----------------------------|---------------|
| Clean growth                              |                    | 4.35                         |                            |                          | 3.95                       | <b>8.30</b>   |
| Innovation                                | 47.05              | 12.90                        | 9.50                       |                          | 20.96                      | <b>90.41</b>  |
| Natural capital                           | 13.04              | 0.62                         |                            |                          |                            | <b>13.66</b>  |
| Skills                                    | 18.25              | 1.34                         |                            |                          | 40.58                      | <b>60.17</b>  |
| Transport & housing                       | 91.92              | 5.50                         | 5.93                       |                          |                            | <b>103.35</b> |
| Workspace                                 | 4.89               | 9.87                         | 2.90                       |                          | 8.56                       | <b>26.22</b>  |
| Business support                          | 2.77               |                              |                            |                          | 12.51                      | <b>15.28</b>  |
| Digital                                   | 17.93              |                              | 4.20                       |                          | 5.01                       | <b>27.14</b>  |
| Rural                                     |                    |                              |                            | 3.79                     | 18.33                      | <b>22.12</b>  |
| Other*                                    | 1.95               | 0.82                         |                            |                          |                            | <b>2.77</b>   |
| <b>Totals</b>                             | <b>197.80</b>      | <b>35.40</b>                 | <b>22.53</b>               | <b>3.79</b>              | <b>109.90</b>              | <b>369.42</b> |

\*includes programme management costs

## Heart of the South West Local Enterprise Partnership Scrutiny Report

**Report theme:** Growth Deal End of Programme Report  
**Author:** Eifion Jones  
**Date:** October 21<sup>st</sup> 2021

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### Summary

The Growth Deal programme completed spend in March 2021 and the attached report has been drafted to capture key lessons learned and to support good governance of the programme.

### Recommendations

This is a draft version with the final report to be designed and then published as part of the AGM pack in October.

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The draft report is attached and please note the gaps highlighted.

## Heart of the SW Local Growth Fund End of Programme Report

### Introduction

Through 2014 – 2021, Heart of the SW LEP secured and deployed funding from each of the three rounds of Growth Deal provided by Government through a competitive bidding process which delivered to three of the priorities outlined in the HotSW Strategic Economic Plan<sup>1</sup>. These were enhancing transport connectivity across the area, building on Hinkley C opportunities and maximising productivity, innovation and employment.

With the LGF programme formally concluding in March 2021, this report provides an overview of what the money has achieved for the area, what remains to be delivered, lessons learned for future programmes and a summary of the remaining LEP investment programme as at August 2021. Where relevant links and references to more detailed information are included.

### A. Funding

#### Total

£197.8m LGF was secured by the LEP across the three Growth Deals<sup>2</sup>, disbursed as shown below across 62 individual projects, details of which can be found at <https://heartofswlep.co.uk/projects/>

| HOTSW LEP Growth Deal budget             |               |               |                |                |                |                |
|--|---------------|---------------|----------------|----------------|----------------|----------------|
|  | 2015-17<br>£m | 2017-18<br>£m | 2018-19<br>£m  | 2019-20<br>£m  | 2020-21<br>£m  | Total<br>£m    |
| <b><u>Income</u></b>                     |               |               |                |                |                |                |
| Grant from Gov't                         | 100.11        | 36.132        | 9.986          | 13.146         | 38.459         | <b>197.833</b> |
| <b><u>Expenditure</u></b>                |               |               |                |                |                |                |
| LGF                                      | 50.924        | 29.041        | 26.425         | 39.960         | 51.483         | <b>197.833</b> |
| <b>Surplus of (Deficit) for the year</b> | <b>49.186</b> | <b>7.091</b>  | <b>-16.439</b> | <b>-26.814</b> | <b>-13.024</b> | <b>0.000</b>   |

The total amount of the Growth Deal grant has been spent by 31<sup>st</sup> March 2021 in line with the grant conditions. £21.8m is being managed through Freedoms and Flexibilities with Somerset County Council as accountable body. This allows agreed projects (namely: Digital & Broadband, Taunton Toneyway and Somerset Flooding) to spend into 2021/22 and 2022/23. Outputs on all projects will continue to be monitored by the LEP's Strategic Investment Panel – see below.

<sup>1</sup> [Strategic Economic Plan - Heart of the south west LEP \(heartofswlep.co.uk\)](https://heartofswlep.co.uk)

<sup>2</sup> To note: House of Commons library states HotSW total Growth Deal award of £239.1m, split £130.3m GD1, £65.2m GD2, £43.6m GD3. However GD1 amount included funding directly awarded to Plymouth City Council for Forder Valley Link Road and funding for loans to housebuilders which did not progress. The total reported by the LEP is therefore £197.8m

## Thematic Distribution

Local Growth Fund has been invested across the area as per the table below. LGF was a capital programme and with the Department for Transport contributing the largest share to the Growth Deal programme it is unsurprising that the largest proportion covered projects which improved local transport connections and which unlocked further development.

Innovation included investments in the area's science parks and Enterprise Zones. LGF also supported a range of workspace across the area, supporting business start-ups and growth.

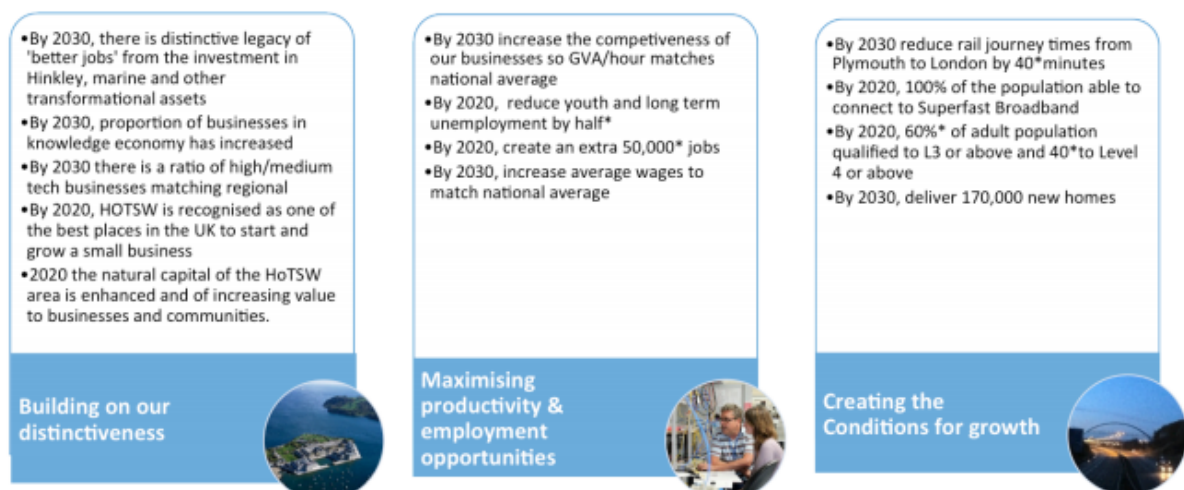
A full range of the projects funded can be seen at [Projects in our area Archive - Heart of the south west LEP \(heartofswlep.co.uk\)](https://www.heartofswlep.co.uk/projects-in-our-area-archive)

| Theme                | LGF £              |
|----------------------|--------------------|
| Transport & Housing  | 91,922,969         |
| Innovation           | 47,053,868         |
| Skills               | 18,257,198         |
| Digital Connectivity | 17,930,000         |
| Natural Capital      | 13,049,000         |
| Workspace            | 4,899,999          |
| Business Support     | 2,770,381          |
| Programme Management | 1,950,001          |
|                      | <b>197,833,416</b> |

## B. Impact

Infographic to be added (will be available post-SIP, based on impact report slides) incl forecast to 2025

The LEP has published annual impact report showing progress towards the SEP objectives with the most recent version available at [add link](#). Agreed in 2014, the SEP set broad goals to 2030 with milestones at 2020 and the impact report tracks progress against these.



The SEP provided the foundation for each of the Growth Deal bids and it is worth noting that each Deal submitted sought a higher level of funding and broader powers on e.g. skills, than was finally agreed. Nevertheless, progress towards the 2020 milestones has been good for jobs and skills, with more to do in areas such as business start-ups. As with all capital

programmes, outputs such as jobs and houses will flow some way after completion of the build project and Growth Deal projects will therefore continue to report through to March 2025.

## C. Lessons for Future Programmes

Internal review of the Growth Deal programme has highlighted several important lessons for the future and these are set out below

### 1. **To achieve the scale of economic change that is needed requires both significantly larger investment over many years and more focus on the activities that will produce lasting improvements.**

Although significant in absolute terms, the scale of Growth Deal investment (£197.8m) is very small compared with the size of the HotSW economy (£35 billion). Therefore many of the structural issues identified in the 2014 SEP remain an issue for the HotSW economy today, e.g. productivity gap vs the rest of the UK. Addressing these challenges requires sustained and significant investment over a long period. Given the relative resources generally available there is merit in ensuring any targets represent small improvements over time – rather than grandiose statements of transformational change.

### 2. **Setting targets around an investment programme should build on previous experience of what is achievable. Consideration should also be given, not just to the absolute numbers, but also the quality and resilience of the outputs**

The SEP was a competitive process which encouraged ambitious targets and aspirations; there is a fine balancing act between setting aspirational targets/objectives and making sure those targets are attainable. Although by some measures the economy has performed well vs the 2014 ambitions, e.g. job creation pre-pandemic, a competitive process to secure funding risks inclusion of targets which may be difficult to achieve. As an example the cost per job of the three Growth Deal submissions from the LEP was £10,900; this compares with benchmarks in other programmes ranging from £25,700 (European Regional Development Fund, 2013) to £39,850 (Homes & Communities Agency, 2015). As a result, timing of delivery of numbers is always under pressure.

This need to be aspirational fed through to individual projects and it has been relatively common for projects

- a) to be over optimistic on outputs at outline business case, only for these to be reduced as the project progresses through appraisal to funding agreement and
- b) to shift the timing of outputs into the future.

Similarly, where Growth Deal has unlocked a future development of e.g. a road which enables a housing site to progress, it can be the case that the subsequent development is delayed for reasons outside the LEP's influence, e.g. delayed planning permission. This means that achievement of outputs is not entirely within the LEP's control

Finally, Growth Deals were conceived at a time of relatively higher unemployment though the HotSW economy soon moved to be one of the tightest labour markets in the country and the priority pre-pandemic shifted to creation of better quality jobs. It is returning to that as the economy recovers from Covid 19. Therefore there needs to be some scope to review and flex priorities as the macro economic conditions change. Key lessons would therefore be



- That programme targets should be based on absolute rather than relative targets – be in control of your destiny – and should be based on evidence of need rather than driven by a competitive process which encourages ambition which may not be based on the evidence
- Any targets should be stretching but attainable, based on achievements through other similar sources of investment
- Targets should represent small improvements over time – rather than grandiose statements of transformational change; especially so given that in general the resources available tend to be too restricted to shift the macro economy in a significant manner
- On occasions, targets/objectives at a lower geography may be useful though consideration needs to be given to the interconnectedness of places through travel to work, travel to learn patterns etc. Given investments have been concentrated in some (mostly urban) areas then there may be a closer association between investments and macro performance.

### **3. The timescale for understanding impact is long term**

There is also the issue of timescale for monitoring; HMT Green Book appraisal recommends a 10 year period for assessing the cost: benefit ratio of capital investments. With final Growth Deal spend continuing into 2020/21 this means full monitoring would only be complete by the early 2030s; at the moment Government reporting is continuing up to 2024/25.

With the majority of outputs being delivered towards the end of this timeframe, although the LEP has conducted an interim evaluation of the programme from which many of the conclusions here are drawn, a full qualitative and quantitative evaluation would be possible around 2023 onwards and this will be part of the LEP's forward plan.

### **4. The toolbox. Given the limited public funds available to the HotSW area for economic development, the strategic influencing role at national level becomes even more important and funding is only one part of the mix.**

Economic development is about a whole range of initiatives and is about much more than supporting business. Very often it is a combination of different activities (e.g. skills initiatives, business support, property development, regeneration, innovation, strategic leadership, business finance, key sectors) that helps create a stronger set of outcomes. As well as direct funding for the area the Growth Deal bids sought additional powers over e.g. skills development or improvements in strategic infrastructure. In the main, these additional 'asks' were not agreed or the timing is significantly later than had been envisaged, e.g. improvements to the A303 are only just starting in 2021.

The LEP has some of the levers but, in many cases, it means working with many other partners to ensure an effective and joined-up approach; capital funding is only one part of the mix and as has been shown, is generally very small compared with the economy as a whole

### **5. Programme overheads were relatively low at 2% of total award and larger programmes offer economies of scale**

For a relatively large capital programme the 2% overhead charge compares favourably with other programmes. For example

- out of €3.6 billion in the 2014-20 European Regional Development Fund, €145 million or 3.97% was available as Technical Assistance, proxy for programme management
- part of the 2014-20 ERDF programme covered Community Led Local Development, enabling smaller projects targeted specifically at more deprived areas with population between 10,000 – 150,000. These were led by Local Action Groups and Government guidance stated that a maximum of 25% of the total public sector funding could be used to support the costs of coordinating the LAG and managing delivery of the strategy.<sup>3</sup> A HotSW LEP review of south west CLLD found that the bigger the programme, the smaller the percentage spent on management and administration as there are economies of scale; a programme of £7.5m had 16% overhead costs, £5m 20% and £2.5m 25%.

- 6. An alternative approach. Potentially allocating funding based on an objective measure of need would be an appropriate alternative to a competitive process. Any funding should be seen as part of a broader approach which includes influencing key investments at a national level as well as considering which powers and decision-making are best made at a local level to influence local outcomes.**

## Case Studies

To include the following from the attached Ash Futures report – can be added at the end or spread through the report if this works better

Oceansgate

Roundswell

City College Plymouth

Wiveliscombe

EPIC

ESP

South Devon College Hi Tech and Digital Centre

Plymouth Science Park



200624 HotSW  
Impact report - Ash

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<sup>3</sup> [Title \(publishing.service.gov.uk\)](http://title.publishing.service.gov.uk)

## Heart of the South West Local Enterprise Partnership

### Paper - HOTSW Scrutiny

**Report title:** Digital Transformation

**Date:** 21 October 2021

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### **Summary**

The LEP Board is currently reviewing its funding support for digital transformation across Devon and Somerset in the context of the national goal of delivering gigabit capable broadband infrastructure to communities not covered in existing commercial or public sector plans for NGA delivery.

A 'deep dive session' took place at the beginning of September Board meeting, the aim of which is to understand the digital journey the HotSW LEP has been on since 2014 and to provide a strong steer on digital investment priorities over the next three years.

This was informed by an information pack which included:

- HotSW Digital Strategy 2021
  - CDS Local Broadband Plan 2020
  - Digital Infrastructure Chronology and Narrative, August 2021 - attached
  - HotSW Digital Skills Review 2018
- 

### **1. Background**

1.1 In 2016, as part of the Local Growth Deal 3 funding, and to assist in the delivery of the strategic economic plan objective of 100% connectivity by 2020, the Board prioritised further investment in digital infrastructure through an outline business case from Connecting Devon and Somerset (CDS) for an investment of £8 million to target premises within the 'final 5%' that were unserved by superfast broadband or unlikely to get superfast broadband via the commercial private sector over the following 4 years. The project objectives were to:

1. Deliver superfast broadband to 100% of premises across the Heart of the South West by the end of 2020 (- in line with the SEP objective)
2. Prioritise business coverage in NGA 'white areas' where the commercial broadband market would not by itself invest.
3. Provide a quality service using appropriate technologies to deliver fast, secure broadband infrastructure which represents good value for money.

4. Provide a sustainable foundation for complementary activities to encourage business take-up of superfast broadband, improve digital skills and facilitate the development of community broadband hubs.
- 1.2 The outputs anticipated at the time were 100% additional superfast coverage and 5,000 business connections, and the match funding identified totalled £77.5 million from CDS partners, BDUK and an eventual private sector broadband supplier.
- 1.3 This was in addition to other significant commitments by the LEP in successive Growth Deals with Government (and through its Growing Places Fund allocation) to support the roll-out of broadband and mobile infrastructure in the Heart of the South West, namely:
  - Growth Deal 1 - £2.5 million for mobile infrastructure
  - Growth Deal 2 - £6 million for broadband infrastructure
  - Growing Places Fund - £4.2 million for broadband infrastructure
  - Growth Deal 3 - £1.57 million for mobile infrastructure
- 1.4 Clearly the SEP target was not reached and Broadband coverage is still approximately 95% rising to slightly over 96% once the current delivery programme completes over the next 2-3 years. Delivery of digital infrastructure in 'hard to reach' areas -ie not delivered through commercial roll-out has had many implementation challenges faced by each of these projects, and is significantly behind the delivery details anticipated during the initial Growth Deal allocations.
- 1.5 The LEP Board reviewed the funding for digital and mobile connectivity in November 2019 and agreed to ringfence the £8m from Growth Deal 3 for CDS to come forward with a broadband infrastructure proposal but reallocated some £4.5million of funding earmarked develop mobile coverage as the commercial position had changed significantly and there was little evidence to support further investment.
- 1.6 The Board agreed to reinvest this funding in Digital to support a broader range of digital delivery – including £1m vouchers to boost mobile connectivity and 5G delivery at Plymouth Smart Sound – the core enabling technology that supports Ocean Futures and Freeport.

## 2. Digital Investment Programme

At its meeting in 2021 the Board agreed the following principles for future funding:

- 1) Full £8 million to be invested in digital.
- 2) Comprehensive approach towards digital challenges and opportunities.
- 3) Investment programme should target delivery of HotSW Digital Strategy.
- 4) Aim for the same connectivity outcome to be achieved in all areas to enable digital inclusion.
- 5) Spend should be within three years (Dec 2024), or earlier if possible.
- 6) Programme should deliver against Growth Deal output targets.

The Board also agreed to invest the funding across the four themes of the Digital Strategy – namely Digital Skills, Digital Utilisation, Digital Infrastructure and the Digital Futures programmes in the Build Back Better plan.

The following investment programme has been developed taking on board these principles and focussed around these four priority areas.

### **A. Digital Skills**

Following feedback from the Board and also the Skills Advisory Panel the Digital Skills strand of the programme will target three areas:

- Extending and expanding the existing digital engagement pilot with 100 mainstream and specialist secondary schools over three academic years from Spring 2022. A provider would need to be procured and an application process established for schools. DCMS have indicated they may be willing to match fund this skills programme, enabling more schools to be supported.
- Investment in digital training support for core sectors. This would include specialist provision for development of those within or entering digital skills roles within the digital sector itself as well as support for aligned digital careers in harder to reach and bedrock sectors such as Tourism, Agri-Tech, Food and Drink, and Health and Care. This would be a competitive programme adopting two delivery models: a bootcamp style approach allowing providers and employers to fast-track individuals into careers, broadly mirroring the approach taken in partnership with DfE over the past year, or a more formally structured qualification-based / supported apprenticeship offer. Delivery could start by April 2022 and would include a considered and targeted marketing and promotion plan to engage businesses. The detailed specification for the programme will seek to draw heavily on the content of recent Digital Skills Partnership mapping and gapping activity, as well as the emerging evidence base from the Local Skills Report around gaps within the digital sector.
- Investment in digital leadership training for 150 SMEs. A provider would need to be procured to deliver a cohort learning programme comprising a mix of workshops and 1-2-1 support to 12-14 business leaders per quarter. Delivery would start in April 2022. Links would be made with the sector focussed training to ensure that those priority sectors could also benefit from this leadership programme.

The LEP Board was particularly keen to make sure we took the opportunity to address digital inclusion with this funding. There are many programmes available on this across the Heart of the South West area and to avoid duplication, and also to deliver the greatest impact, we will instead require digital inclusion to be integrated into each of the three digital skills programmes with the provision of some form of bursaries.

As the LEP's skills lead, it is proposed that the Digital Skills Partnership, working with Devon County Council as its accountable body, be asked to submit a detailed business case by 30<sup>th</sup> November 2021 to deliver this Digital Skills programme.

### **B. Digital Utilisation and Triage**

The current digital business support provision is patchy across the Heart of the South West. The Growth Hub Support Programme enables businesses to access digital advice after an initial 3 hour diagnostic meeting with an experienced business adviser. This forms part of 9 hours of free advice in the form of 1:1 sessions or webinars which also includes finance, HR, innovation, marketing and/or business planning. Plymouth have recently signed a contract to provide digital advice to businesses until March 2022 while in Devon there are a number of support offerings targeting particular geographies or segments of the business community. It is unclear what support if any is provided in Somerset and Torbay.

The proposal is therefore to establish a comprehensive three year programme that increases the technical digital resource available across the Heart of the South West, comprising the following elements:

- Specialist digital diagnostic and support to SMEs. The diagnostic would be comprehensive and include advice on digital connectivity, productivity and skills, with businesses receiving a digital roadmap/ action plan to start them on their digital adoption journey. The Digital Advisers would work closely with the Growth Hub team to signpost businesses to programmes such as the Growth Support Programme and other regional offerings for further in-depth advice, as well as national programmes such as Digital Boost, Enterprise Nation, Digital Garage and Help to Grow. Support from the Digital Advisers would not be time limited and instead be available via check in contacts.
- Sector focussed digital support for Tourism, Retail and Agriculture businesses would be provided by the Digital Advisors.
- Sitting alongside the business support offering would be a community focused service comprising a connectivity triage. The triage service would be a phone number/ contact form on the website where people are able to get advice on services available to them which could include fibre, 4G and Satellite. Where fibre is not currently available to them, they would be signposted to CDS or other local groups looking at community fibre builds using the Gigabit Voucher Programme to get fibre into their local communities.
- Community Digital Champions would be recruited on a voluntary basis primarily to help residents across the Heart of the South West but they could also be used to help SMEs if necessary with basic IT tasks. The Champions would be managed by the Connectivity Adviser and training/ upskilling provided by the Digital Advisers, who would also be able to provide ongoing support to the Champions via an online forum/ portal. The Champions would engage with the community via outreach clinics and public libraries and other public/community sites.
- All of the above would be brought together under the umbrella of a single Information Knowledge Hub managed by a Content Manager/ Curator who would gather relevant digital resources that are publicly available around the web, as well as commissioning specific content from the Digital Advisers and other specialists.

It should be noted that we have not tested the demand for the community triage service. This will need to be carefully monitored as part of an initial pilot phase. Elements of the community offer are also based on the model run by Dorset Council and discussions are ongoing about ways to collaborate with them to deliver the Digital Champions part of this programme since they have a scheme up and running.

The Strategic Investment Panel is asked to note that while the Board was particularly keen to integrate the business support and community triage offer into one service, a delivery mechanism for doing this is still



being explored. It is hoped that the outcome of discussions with the Growth Hub and CDS will be to identify a solution in time to inform the Board paper.

### ***C. Build Back Better – Digital Futures***

The Build Back Better plan includes three digital futures transformational programmes together with plans to support innovation by establishing a Technopole. This strand of the programme would provide a means to deliver some of these opportunities with a targeted call for applications focussed on three priorities:

- Tackling economic and societal challenges through analytics and digital innovation: Of particular interest is the opportunity to grow the environmental intelligence market, support further 5G and even 6G pilots, and accelerate development, commercialisation and dissemination of data analytics and AI technologies within the farming sector.
- Establishing a data-led Tourism Action Zone: Towards 2030 tourism plan identifies the need for a comprehensive data and research programme to support businesses to access better data, provide simple guidance on how to interpret and use data available to them, and ultimately to increase productivity. The recent Destination Management Organisation (DMO) review also identifies this as a priority, especially for their proposed Tier 1 DMOs, or Destination Development Partnerships. The government's Tourism Recovery Plan published in June this year also includes a commitment to explore the benefits of a Tourism Data Hub.
- Enabling transformation by establishing a 'technopole' innovation ecosystem: Work is underway to develop a business support package that will help drive the creation and growth of hi-tech innovative businesses and in turn, establish the Heart of the South West as a Technopole. Activity to support and build the tech ecosystem is an important part of this and an online platform managed by Tech South West would enable support to be provided that nurtured digital engagement across the tech sector and facilitate growth.

### ***D. Digital Infrastructure***

The LEP Board are keen to make sure this was targeted at the right intervention and so propose to wait for a review of the Local Broadband Plan as well as the outcome of the government's consultation on very hard to reach areas.

It is unclear when the government intends to publish the consultation findings, partly due to the recent change in the Ministerial team. CDS have however started an internal review of the Local Broadband Plan and discussions are ongoing to understand whether the scope of this satisfies the Board's requirements or whether additional work is required.





# Connecting **Devon and Somerset**

## Digital Infrastructure – Chronology and Narrative

### Heart of the South West



#### Summary

- **The LEP is investing £10.2m in delivering superfast and gigabit broadband**
- **This investment is leveraging more than £60m additional capital investment from Government, Local Authority partners, ERDF, RDPE and the private sector**
- **The LEP's investment has supported nearly 18,000 homes and businesses receive a superfast broadband service to date and a further 60,000 homes and businesses will be able to connect to a Gigabit capable network by December 2024**
- **The LEP has invested in a Mobile Boost Programme which is on target to support improved mobile phone connectivity to 400 homes and businesses by February 2022.**
- **The LEP is a member of the Connecting Devon and Somerset Programme Board.**

#### Phase One

The Government's Superfast Programme sought to uplift 90% of UK premises to a superfast service over a three year period 2013/14-2016/17. The starting position nationally was on average two-thirds of premises were (or would be) served by investment from the private sector, showing a case of market failure and a need for public intervention for 'the final third of premises'. This picture was largely true for the Heart of the SW area, Bath and North East Somerset and North Somerset, which make up the partners within the Connecting Devon and Somerset Partnership.

Some parts of our area, mostly rural locations, including market and coastal towns however had much lower commercial coverage – less than 50% in many cases and less than 20% in some, with no certainty of improved broadband. The commercial market needed public intervention to incentivise them to deliver more than their stated commercial plans as they saw insufficient revenues to make a case to invest more. The market predicted a 20% take up rate of superfast broadband, and needed the public sector to fill the 'gap' on the required investment to reach an additional 30% of premises to hit the national 90% target.

CDS secured Government investment and was one of four areas that worked with Government to establish a national framework of broadband suppliers and supported the EU state aid approval negotiation to investment public money to extend superfast broadband connectivity. CDS local authority partners co-invested £22m alongside a Government grant of £32m and contracted with BT to deliver a £94m contract which served superfast connections to an additional 300,000 homes and businesses. Superfast coverage for the CDS area rose from 60% to 89% at the end of 2016.

## Phase Two

A second round of investment was launched by Government to extend superfast coverage to 95%. CDS secured a further £18m from Government and sought new suppliers to deliver a new programme of superfast broadband. Airband was contracted to provide a fixed wireless solution across Exmoor and Dartmoor National Parks and a proposal from Openreach for the rest of the area was rejected on grounds of value for money.

A second procurement was run and Airband were awarded a further contract to deliver in north western Devon and Gigaclear appointed to deliver a full fibre network across the rest of the area. These contracts, along with a small declared additional commercial level of investment would take the area to 95% superfast by 2019, with some 40,000 premises receiving a gigabit capable solution.

The LEP invested £10.2m in to these contracts, alongside further capital investment from local authority partners. £6m was from the Growth Deal programme and £4.2m was from the Growing Places Fund. Airband and CDS agreed to add in additional premises to the north west Devon contract, and switch some coverage and the additional coverage to full fibre. Openreach and CDS also invested a further £6m to deliver 2000 very rural clusters to full fibre, reinvesting a dividend paid to CDS by Openreach, on the basis of take up from the phase one contract exceeding the take up rate of 20%.

The Gigaclear contracts were terminated in 2019 due to poor performance of the company and a new procurement was launched by CDS in early 2020. The original investment from Government was re-secured and the LEP was able to agree a freedom and flexibility decision (?) to also carry its investment forward. Six new contracts were entered into at the end of 2020 for a further 56,000 full fibre connections, increasing the original coverage offered by Gigaclear. These contracts were awarded to Airband (3), Truespeed (2) and Wessex Internet (1) and will conclude in 2024.

The estimated superfast coverage for the area, at the end of 2024 will be 96%, which includes commercial investment alongside the publicly subsidised delivery. A proportion of this will be gigabit capable. Many premises in the area, particularly the urban areas will also benefit from commercial investment, upgrading superfast services to gigabit services. Projects such as Openreach's rural exchange programme, and other declared plans from City Fibre and Jurassic Fibre are all benefitting residents and businesses.

Under this phase, CDS has also brought forward a Community Challenge programme, working with Government to maximise the use of its Voucher Schemes. The original national programme provided support for superfast solutions, and there was a dedicated rural voucher scheme and CDS offered top up capital grants for community-led initiatives. This has now broadened into a Gigabit voucher proposal, and a number of suppliers are working on community schemes – Openreach and their Community Fibre Partnership, Airband, Voneus etc. Whilst low numbers of connections are being brought forward, and significant engagement and time is required to support such schemes, this community-led opportunity has been very successful for targeting very hard to reach rural communities which would have waited a long time for alternative solutions and options.

## Filling the gaps

Despite the above, of the 900,000 premises in the HotSW area some 4%, circa 35,000, will not be able to access a superfast service, many of which are in smaller towns, villages and rural locations. CDS and the LEP have both set out responses to Government under the Hardest to

Reach Consultation that more targeted investment under their Project Gigabit programme should be considered to address this digital divide.

Government has now moved its Digital Strategy to deliver nationwide gigabit coverage by 2025, and announced a £5bn investment plan. The first tranche of this has been set aside within this parliament, and Government are running a series of central procurements to roll out gigabit solutions. The new CDS contracts, supported by the LEP's investment will support this objective. CDS is currently in the third tranche of areas to go forward under Project Gigabit and is in conversation with Government to prepare for this and to make a case to go more quickly.

Market appetite and capacity are clear constraints on moving this forward, nationally and locally, and several of the earlier announced areas have moved back in the planned sequencing. Given that CDS is now delivering full fibre technologies under all its live contracts, conversations are also underway with Government about adding to these as part of Project Gigabit as a faster way to extend gigabit capable networks.

CDS has developed its community challenge fund into a business case to extend the reach of the gigabit voucher programme into the more remote and rural parts of the area and specifically to target around 5% of the hardest to reach premises within the remaining 40,000 premises. Whilst necessarily costly, these properties are at risk of becoming unreachable in future without creative subsidised build now. Project Gigabit is likely to address some rural communities, but will also serve speed uplift for other communities already on reasonable speeds, leaving the very hard to reach communities behind.

## **Coverage delivered with LEP support**

The LEP has grant funded the following contracts and supported coverage to nearly 18,000 homes and businesses:

- Moors Contract – delivered by Airband – served 6,230 premises
- North Western Devon – delivering by Airband – served 11,500 premises to date

The latter contract will be delivering full fibre and will serve a further circa 6000 premises within North Western Devon and the six additional contracts awarded at the end of the year will deliver full fibre to a further circa 56,000 premises across Heart of the South West, North Somerset and Bath and North East Somerset.

## **Mobile Boost Programme**

This is a LEP grant-funded programme being delivered by CDS. It's targeting small businesses and households in rural communities who currently have inadequate coverage, or have access to only one provider and are currently struggling with connectivity.

Businesses and households can apply for a voucher of up to £1,200 towards the cost of a mobile signal booster from a registered supplier. The value of the voucher will be dependent on the type of technology most suitable for the premises.

There are now three options of equipment available - these are a 4G booster and two models of "signal repeaters" which repeat the outdoor signal indoors. Suppliers will be able to advise on the most appropriate option.



# LEP Scrutiny Committee Work Programme

The Scrutiny Work Programme details the planned activity to be undertaken over the coming months. The items on the work programme are determined by the Committee.

Before an issue is added to the work programme Members should consider:

- Whether the issue is in the public interest
- Is there a change to National Policy?
- Does it affect people across the South West?
- Are there performance concerns?
- Is it a safety issue?
- Can scrutiny add value by looking at it?
- Is it Active? Has a decision already been taken?

The Work Programme will be submitted to and agreed by the Scrutiny Committee at each meeting and will be published on Devon County Council's website with the agenda for each meeting.

The Timescales/dates are indicative of when the Scrutiny Committee will review the item it is however possible that they may need to be rescheduled and new items added as new circumstances come to light.

| Date                      | Masterclass (Members only)   | Committee (Public Meeting)  |
|---------------------------|--|---|
|                           | <p><b>Purpose:</b> An information sharing and member development session where issues can be presented informally to members to raise awareness and increase knowledge. No formal minutes or notes taken.</p> <p><b>Frequency:</b> before each Committee meeting as required</p> | <p><b>Purpose:</b> A formal public meeting where active items are discussed, and actions taken.</p> <p><b>Frequency:</b> Approx. 3 times a year</p>             |
| 21 <sup>st</sup> Oct 2021 |  | <ul style="list-style-type: none"> <li>- Digital connectivity</li> <li>- Productivity strategy/Build Back better single delivery plan</li> </ul>                |
| 10 <sup>th</sup> Feb 2022 |  | <ul style="list-style-type: none"> <li>- Inclusive growth and the impact of Brexit and Covid-19 on economic equalities</li> <li>- Regional Transport</li> </ul> |
|                           |  |   |
| Future items              |  | <ul style="list-style-type: none"> <li>- further strategic work with the board</li> <li>- LEP Climate plan?</li> </ul>  |