



You can view the agenda on the [website](#)
or use a smart phone camera and scan the code

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

Date: 5 October 2022

Contact: Fred Whitehouse 01392 381362

Email: fred.whitehouse@devon.gov.uk

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

Thursday, 13th October, 2022

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.

Jan Spicer
Interim Chief Executive

A G E N D A

1 Apologies

PART I - OPEN COMMITTEE

2 Minutes

Minutes of the meeting held on 10 February 2022 (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.

4 LEP Performance Update (Pages 1 - 16)

Update by the Chief Executive of the Local Enterprise Partnership

(The Heart of the South West LEP's annual report can be accessed here: [Heart-of-the-SW-LEP-Annual-Report-2021-22-2.pdf \(heartofswlep.co.uk\)](https://heartofswlep.co.uk/Heart-of-the-SW-LEP-Annual-Report-2021-22-2.pdf))

5 Local Enterprise Partnership Next Steps, Including Devolution Deal

Update from Programme Director, Devon, Plymouth and Torbay County Deal and Assistant Director South West, Cities and Local Growth Unit

6 Scrutiny Work Programme (Pages 17 - 18)

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.

7 Dates of Future Meetings

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

NIL

Members are reminded that Part II Reports contain exempt information and should therefore be treated accordingly. They should not be disclosed or passed on to any other person(s). They need to be disposed of carefully and should be returned to the Democratic Services Officer at the conclusion of the meeting for disposal.

MEETINGS INFORMATION AND NOTES FOR VISITORS

Getting to County Hall and Notes for Visitors

For SatNav purposes, the postcode for County Hall is EX2 4QD

[Further information about how to get to County Hall](#) gives information on visitor parking at County Hall and bus routes.

Exeter has an excellent network of dedicated cycle routes. For further information see the [Travel Devon webpages](#).

The nearest mainline railway stations are Exeter Central (5 minutes from the High Street), St David's and St Thomas. All have regular bus services to the High Street.

Visitors to County Hall are asked to report to Main Reception on arrival. If visitors have any specific requirements, please contact reception on 01392 382504 beforehand.

Membership of a Committee

For full details of the Membership of a Committee, please [visit the Committee page](#) on the website and click on the name of the Committee you wish to see.

Committee Terms of Reference

For the terms of reference for any Committee, please [visit the Committee page](#) on the website and click on the name of the Committee. Under purpose of Committee, the terms of reference will be listed. Terms of reference for all Committees are also detailed within Section 3b of [the Council's Constitution](#).

Access to Information

Any person wishing to inspect any minutes, reports or background papers relating to an item on the agenda should contact the Clerk of the Meeting. To find this, [visit the Committee page](#) on the website and find the Committee. Under contact information (at the bottom of the page) the Clerk's name and contact details will be present. All [agenda, reports and minutes of any Committee are published on the Website](#)

Public Participation

The Council operates a Public Participation Scheme where members of the public can interact with various Committee meetings in a number of ways. For full details of whether or how you can participate in a meeting, please [look at the Public Participation Scheme](#) or contact the Clerk for the meeting.

In relation to Highways and Traffic Orders Committees, any member of the District Council or a Town or Parish Councillor for the area covered by the HATOC who is not a member of the Committee, may attend and speak to any item on the Agenda with the consent of the Committee, having given 24 hours' notice.

Webcasting, Recording or Reporting of Meetings and Proceedings

The proceedings of any meeting may be recorded and / or broadcasted live, apart from any confidential items which may need to be considered in the absence of the press and public. For more information [go to our webcasting pages](#)

Anyone wishing to film part or all of the proceedings may do so unless the press and public are excluded for that part of the meeting or there is good reason not to do so, as directed by the Chair. Filming must be done as unobtrusively as possible without additional lighting; focusing only on those actively participating in the meeting and having regard to the wishes of others present who may not wish to be filmed. Anyone wishing to film proceedings is asked to advise the Chair or the Democratic Services Officer in attendance.

Members of the public may also use social media to report on proceedings.

Declarations of Interest for Members of the Council

It is to be noted that Members of the Council must declare any interest they may have in any item to be considered at this meeting, prior to any discussion taking place on that item.

WiFi

An open, publicly available Wi-Fi network (i.e. DCC) is normally available for meetings held in the Committee Suite at County Hall.

Fire

In the event of the fire alarm sounding, leave the building immediately by the nearest available exit following the fire exit signs. If doors fail to unlock press the Green break glass next to the door. Do not stop to collect personal belongings; do not use the lifts; and do not re-enter the building until told to do so. Assemble either on the cobbled car parking area adjacent to the administrative buildings or in the car park behind Bellair.

First Aid

Contact Main Reception (Extension 2504) for a trained first aider.

Mobile Phones

Please switch off all mobile phones before entering the Committee Room or Council Chamber

Alternative Formats

If anyone needs a copy of an Agenda and/or a Report in another format (e.g. large print, audio tape, Braille or other languages), please contact the Customer Service Centre on 0345 155 1015 or email: committee@devon.gov.uk or write to the Democratic and Scrutiny Secretariat in G31, County Hall, Exeter, EX2 4QD.

Induction Loop available



Heart of the South West LEP Board – Scrutiny Committee

October 13th 2022

Chief Executive's Update

Lead Officer: David Ralph, Chief Executive, HotSW LEP

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

Summary

This report provides an update on the LEP including future evolution.

The LEPs AGM is being held on the 14th October - when we will be formally publishing our Annual Report – see attached. You can attend this through [Annual General Meeting - Crowdcast](#)

1. Recommendations

It is recommended that Scrutiny:

- i) **Review the Annual Report and Impact Statement**
- ii) **Review the progress of the Plymouth, Devon, Torbay County Devolution Deal and the future integration of LEPs**

2. State of the Economy

At the beginning of the month, we published our business bulletin – attached. This is a digest of data from Business Representative Organisations, surveys etc including ICAEW, Chamber, MAS barometer etc. This was done prior to the mini-budget and publication of the 2022 Growth Plan but shows business confidence plunging into negative territory, as companies face a cost of doing business crisis, alongside the cost-of-living crisis that consumers face. Input prices and labour costs are rising, and there are also growing challenges with transport, the tax burden and supply chains. That businesses are exhausted is reflected in the lower take-up of support and advice as they hunker down to survive rather than embrace the opportunities.

The Government's 'fiscal event' and 2022 growth plan concentrates on supply-side support including new Investment Zones in Somerset and Plymouth (and Dorset and Cornwall). We will need to work with local partners to shape these Investment Zones but they align with our Ocean Futures and clean growth objectives. As with Enterprise Zones they are potentially useful instruments to drive growth.

The 2022 Growth Plan also references accelerating infrastructure including support for A303 Stonehenge, and a A358, our local majors programmes and local road safety schemes and Project Gigabit.. The Growth Plan 2022 can be accessed here - [The Growth Plan 2022 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

The Government has also confirmed that the **Chancellor will set out a 'Medium-Term Fiscal Plan' on Wednesday 23 November** and following the 'mini-budget', HM Treasury says Cabinet Ministers will announce **further supply side growth measures** in October and early November, including changes to the planning system, business regulations, childcare, immigration, agricultural productivity, and digital infrastructure. Next month, the

Agenda Item 4

Chancellor will, as part of that programme, outline regulatory reforms to ensure the UK's financial services sector remains globally competitive.

The Chancellor has requested that alongside the 23 November medium-term plan, the Office for Budget Responsibility (OBR) sets out a full forecast on the same day.

The Chancellor also confirmed that there will be a **Budget in the Spring**, with a further OBR forecast.

3. What's Going Well and What isn't

The summer has been somewhat of a national hiatus as the PM selection, Ministerial resignations and appointments and a general lack of clarity has led to timetables slipping on devolution etc. However, local delivery continues apace in a challenging economic backdrop.

In line with the new delivery of local growth programmes where funding goes directly to Local Authorities, Local Authorities have been busy drafting business cases for UK SPF and Levelling-Up Funds and via the LEP Network the new Minister of State, Dehenna Davidson has confirmed the **vital and ongoing role for LEP functions going forward "whether they are integrated into local democratic institutions or not"**, as well as **recognising the need for LEPs to have a level of funding certainty**.

Moreover, we have received support from Government for GSW. The business case for funding has been submitted and is currently going through Government appraisal processes. We hope to have confirmation ahead of the next GSW steering group meeting - on October 20th.

We are starting to see funding commitments/bids being confirmed. The HotSW area has been successful in securing Strategic Development Fund for skills – largely passporting funding directly to colleges and other deliverers and the HotSW area is in the next wave of Local Skills Improvement Plans (LSIPs) which will be led by the Devon Chamber as the Employer Reference Body. DCC were successful in securing Future Farm resilience funding (supporting some 1500 businesses across the GSW geography).

Government have announced a new rural England shared prosperity fund (Somerset and Devon) to be administered by local authorities. Little information currently on priorities – support for farmers is exempt - although it looks like Somerset will look to follow a CLLD model. Devon funding goes to Districts.

4. Devolution and Future LEP integration

Leadership elections and the Queen's mourning period have inevitably caused delays to the **progress of the Devon, Plymouth and Torbay Devolution Deal**. The Yorkshire and East Midlands Deals have been signed - they will be enacted in April 2024 - but it is difficult at this time to understand the central appetite for Level 2 deals. However we have started to develop a series of working assumptions including possible changes to the timeline.

The LEP and BROs received a helpful update on the asks relating to the proposed Devo Deal at the end of September but we are awaiting clarity from Government on how they wish to progress non-mayoral (Level 2) Devolution Deals.

The enactment of any new County Combined Authority for Plymouth, Torbay and Devon is consequently slipping back further into 23/24. Therefore, the LEP must continue to operate effectively, delivering its priorities, dovetailing with the important work going on in local

places (and hopefully some successful local bids for funding eg Levelling-Up Funds) and **consequently, we are now developing a LEP business plan to operate for at least 23/24 with some changes in Governance (see below).**

5. Current Summary of Progress

a) Places

Glastonbury Town Deal has had its full £23.6m funding confirmed with all its 11 business cases signed off by Government. All Town Deal Board are increasingly facing the challenges of delivery particularly cost increases and supply chain challenges.

Bridgwater and Torquay Town Deals are on track submitting business cases but all are struggling with delivery challenges most obviously significant cost increases.

Levelling-up Fund Round 2 – bids are currently being appraised centrally. My understanding is that the DLUHC ones are done but DfT, a bit behind.

Investment Zones – Plymouth and Somerset were identified as areas of potential Investment Zones – similar to Enterprise Zones/Freeport financial instruments (without the customs piece). Expression of Interest are expected to be made quickly (by 14 October). The PASD Freeport final business case will hopefully have now been signed off and consultants have been appointed to find a permanent chair and CEO for the PASD Freeport company.

UK Shared Prosperity Fund – Local business cases are still with Government but expected to be announced as part of the November Fiscal statement.

Western Gateway PRP have appointed a new Director – John Wilkinson (form the DLUHC Freeports team).

Discussion continue apace with possible investors and the Office for Investment for development at **the Gravity Enterprise Zone** – any further updates can be made at the meeting.

The Business case to support funding for the **Great South West** has been submitted and we hope to have a positive response by mid-late October. An update briefing is attached in Appendix 1.

b) Business Environment

Growth Hub – following discussions through the business leadership group, future delivery options are being assessed but remain challenging without clarity on future BEIS funding support for 'front door' delivery.

ESIF delivery is now coming towards completion including our soft-landing inward investment package. The transition of business support through the completion of ESIF into SPF/Devo arrangements will mean at least a hiatus in some business support and some stopping completely. For example, peer to peer programmes stopped this year, scale-up support is stopping and support for social enterprises is diminishing.

Future Leaders programme – 13 future leaders completed the courses with all, rating it as good or excellent. We have completed a full evaluation which is available and think there is a

Agenda Item 4

good basis to continue delivery but would need to identify a funding mechanism – about £20k per cohort (up to 16).

c) Infrastructure

Both the A303 and A358 improvements and local majors programmes were highlighted infrastructure projects for acceleration in the 2022 Growth Plan as was **Project Gigabit**

We are still awaiting revised plans from CDS for the delivery of the **Next Generation Broadband scheme** and specifically their draw down of LEP funding. This remains the only red risk project and is being reported to SIP in November for recommendations.

d) People and Skills

With both the SIP and Strategic Development Fund EOIs approved at a HotSW geography we can move onto delivery. Any further news on the **Multiply** programme can be reported verbally.

The Careers Hub have drawn in some extra funding to widen their offer in the settings they work in. With the challenges to Local Authority and LEP Budgets, local match funding for future delivery is going to become extremely difficult. There is a specific ask in the Devo deal and therefore we will review next steps in the New Year when we are a bit clearer about future devolution.

UoE provided an update on the **Social Mobility report** and recommendations including hoping to have the SW Commission established by January and an update event next spring. The report made a recommendation (4) for the area to be a centre of excellence for technical training (particularly in clean growth sectors). With an Institute Of Technology and Strategic Development Fund, this seems like an important opportunity and it would be good for the HotSW SAP to have a look at and report back.

e) Ideas and Innovation

Maritime and Environmental Science Accelerator (MESA) – the outline business case has now been published.

The Environmental Living Lab project led by **Satellite Catapult** has been contracted.

Bids for Future Flight and Marine have been submitted into the **Pioneers Fund**

We expect Innovate UK to shortly be publishing invites for EOIs to host a regional **Launchpad**, providing up to £7.5m of funding to regional SMEs over 3 years. Likely to be focused on marine/ocean futures we will be working with local partners on an EOI.

f) Transport Issues

National Highways - A303/ A358 improvements

National Highways are continuing to develop the detailed proposals for dualling the A358 between Taunton and Southfields Roundabout (the end of the A303 Ilminster Bypass). In response to community concerns expressed during the Autumn 2021 public consultation, National Highways made some amendments to their plans and held a further round of consultation. The LEP has indicated its continuing support for the scheme. It is expected that the application for the Development Consent Order (DCO) will be submitted later this year, and National Highways has initiated a communications campaign on the business and community benefits of the project prior to submission of the DCO

Following the judicial review held in June 2021 which led to the quashing of the Secretary of State's approval of the Development Consent Order for the A303 Stonehenge Tunnel, the Secretary of State is to re-determine the application. National Highways have made a further

submission in response to questions raised at the judicial review, and the proposals have been further reviewed by the World Heritage Centre. The LEP has taken the opportunity to confirm its continuing support for the Stonehenge scheme. If the Development Consent Order is approved the current opening date for the Stonehenge scheme is late 2028.

Construction of the A303 Sparkford to Ilchester dualling is progressing well and completion of the scheme is envisaged in late 2023.

Both the A358 Dualling and the A303 Stonehenge schemes are included in the list of infrastructure projects in the Growth Plan 2022 published by the Chancellor on 23rd September, together with A38 Devon Safer Road Scheme.

Major Route Network

Government has confirmed funding for the A382 widening scheme between the A38 Drumbridges junction and Newton Abbot. This will complete the A382 widening project, the first Phase of which was supported by Growth Deal 1 funding.

The list of infrastructure projects in the Growth Plan 2022 includes A382 Drumbridges to Newton Abbot, and also Phase 1 of the Plymouth A374/A386/A3064 improvement linking Plymouth City Centre with the Parkway; A38 North Somerset (from M5 Junction 22 to Bristol Airport); and A361 Devon Safer Road Scheme (North Devon Link Road).

Bus Service Improvement Plans

In response to Government's "Bus Back Better" strategy published in 2021, Local Transport Authorities submitted Bus Service Improvement Plans. These plans set out ambitions for enhanced service frequencies, greater geographical coverage of regular bus services, Demand Responsive Transport in more remote areas, fares initiatives, etc.

Some 31 of the 79 BSIP bids received a funding allocation, including £14.1m for Devon and £11.9m for Somerset. The allocations made were significantly lower than the scale of each bid, and hence authorities are having to prioritise their ambitions.

In addition, Government is making £60m funding available to enable all bus operators to cap their single fares at £2 for the first 3 months of 2023.

Rail Infrastructure and Services

Patronage figures for the Okehampton to Exeter line, which re-opened in November 2021, continue to run ahead of the business case predictions. The service frequency increased to hourly in May, following the completion of works to increase the line speed.

Work to develop the proposals for new stations at Cullompton and Wellington to the point where they are 'construction ready' is proceeding, following the allocation of £5m in the Autumn 2021 budget. The aim is to open the new stations in May 2025.

The Strategic Outline Business Case (SOBC) for a potential new station to serve Somerton and Langport was submitted in February, and the SOBC for re-opening the rail line to Tavistock will be submitted in October.

The South West has been leading the way nationally in rebuilding rail patronage in the wake of the Covid 19 pandemic. One of the reasons that this re-growth has been faster than in other parts of the country is because of higher levels of education and leisure travel in the region; another is lower dependency on commuting. However, the reductions in commuting to London and business travel leave the rail industry with an income deficit, as those journeys yield higher fare levels than leisure and local travel.

Gateline figures at Exeter Central and Taunton are now well above 2019 levels; in the case of Taunton this partly reflects the impact of the Growth Deal funded enhancement of the station, including the new multi-storey car park.

Agenda Item 4

Construction of the Growth Deal funded station at Marsh Barton, Exeter, is progressing and the station will open in early 2023.

The extended period of dry weather in the summer has created major infrastructure challenges on the Waterloo to Exeter route, owing to the risk of failure of some of the embankments. As a consequence, speed reductions have been imposed which means that a much reduced timetable has had to be introduced. It is likely that this disruption will extend throughout much of the Autumn.

Peninsula Transport Sub National Transport Body

Peninsula Transport has completed work on several of the individual work packages and has published the Freight Strategy and Rural Mobility Strategy. These strategies are jointly owned by Peninsula Transport and Western Gateway, and hence cover the complete geography of the south- west.

Work on the Carbon Transition Strategy will be presented to the next meeting of the Peninsula Transport Board, and work is ongoing on strategies for rail and international gateways. The STB aims to prepare a draft Transport Strategy for the Peninsula in early 2023.

Appendix 1 Great South West – Update Briefing

“I think the South West, of all the areas in the UK, is really at the forefront of the fight against climate change and also the green industrial revolution”

Business Secretary – Rt Hon Kwasi Kwarteng MP, Secretary of State BEIS, June 2021

1. Background

In October 2016, Sajid Javid (then SoS at MHCLG) challenged the area (at a GSW summit) to work more collaboratively, across a wider geography and create a “Powerhouse” of its own. This has now been achieved bringing together a partnership including MPs to deliver an agreed prospectus to be the UK’s Greenest Economy and particularly - but not solely - to support the area’s Green and Blue Economy.

To achieve this, various meetings were held with Ministers, supported by a GSW APPG chaired by Sir Gary Streeter MP. On each occasion, encouragement was given to keep going. Local media backed these efforts with a “Back the Great South West” campaign and included an invitation in November 2019 to No. 10 to meet the (then new) Prime Minister and his Business Advisor Andrew Griffiths (now MP for Arundel) but despite this ‘encouragement’ we were unable to secure Government recognition (similar to Northern Powerhouse, Midlands Engine and Western Gateway). Our GSW Prospectus – Securing Our Future – was published in January 2020 with 5 key priorities.

In February 2022, the Levelling Up White Paper identified the Great South West as “a private sector led initiative the UK Government is engaging with” stating “it would support the development of these clusters across the UK working closely with the Centre for Thriving Regions, a proposal recently put forward by the CBI”.

In Table 2.4 of the White Paper it confirmed “The Great South West (South West England) is a powerhouse brand to promote joint working between Cornwall and the Isles of Scilly, Heart of the South West (Devon and Somerset, including Torbay and Plymouth) and Dorset, with a vision is to become the leading region in the UK for the green and blue economy. This includes the field of photonics – the sensors needed for autonomous vehicles in land, sea and air, which are being researched at the UK’s Electronics and Photonics Innovation Centre (EPIC) in Torbay”.

The **Great South West is therefore** a locally driven collaboration, driven by business, working closely with Local Authorities, FE and HE across the geography to achieve a clear value proposition at scale.

It represents **a population of over 3 ½ million**, some 190,000 businesses larger than both the West Midlands and Greater Manchester Combined Authorities. The region has **31 MPs**, 28 of which are Conservative, 2 Labour 1 and 1 Lib Dem who come together as an APPG under the chairmanship, now, of Simon Jupp MP.

It’s **economy and demography means it faces different challenges** and its natural capital has different opportunities to other pan -regional powerhouses. For example it has:

- Tightest labour market in UK
- Oldest demography in the UK with a huge brain drain of talents
- Some of the highest disparity of earnings to homes affordability
- Rurality and reliance on seasonal working such as tourism and agriculture leading to below the national average productivity and wages
- Poor connectivity and infrastructure resilience e.g., Dawlish and A303 corridor, digital – the Peninsula regularly gets ‘cut-off’

Agenda Item 4

- Includes both rural and urban areas of significant deprivation and under performance particularly in our coastal and rural communities exacerbated by the economic impact of Covid and recent cost of living challenges
- High quality of life satisfaction and Natural Capital – both coast and landscape
- The capability to provide all the green/low carbon energy the country needs eg Hinkley, SMRs, FLOW, solar. Geothermal and carbon capture and sequestration
- Particular research assets including in environmental science, marine, energy provision, aerospace and space, tourism, food and farming.

2. The Great South West Prospectus – Securing Our Future

In early 2020, ahead of the Budget the Partnership worked with its MPs to develop the Great south West prospectus – Securing Our Future - [GSW Brochure A4 new colours.indd \(greatsouthwest.co.uk\)](#)

This prospectus concentrates our efforts and impact on the sectors or opportunities broader than County/LEP boundaries and specifically delivering net zero through our blue and green economies. Consequently, the importance of this work has become even more important in the context of devolution through emerging County Deals, the importance of both energy and food resilience.

Working with our MPs on our ambition to be England's Greenest region, we agreed 5 key priorities as follows:

- A trade and investment hub (with DIT)
- A clean energy powerhouse
- A rural productivity deal (with DEFRA)
- A marine autonomy proving ground
- A regional tourism zone (with DCMS)

Good examples of recent work include the bringing together of the Gravity Enterprise Zone in Somerset, which is currently being considered as a potential location for a Gigafactory, with the emerging Lithium extraction and processing operations in Cornwall so demonstrating the availability of a local tech metal supply chain to add weight to the inward investment proposition.

Additionally, we have recently collaborated with the GSW APPG and local partners on the potential impacts and opportunities for the agricultural sector with the removal of the BFPS and the introduction of the emerging ELMS arrangements securing £2.6m from DEFRA to be delivered across the GSW geography by Devon County Council.

Similarly, Tourism 2030 was developed across the GSW geography and now places us in a good place to respond to the Visit Britain DMO review.

3. Next Steps

The GSW Partnership has operated with limited capacity through a steering group over the past few years largely utilising local goodwill and a little LEP resource to develop our key propositions and support the work of the APPG.

Its recognition allows some capacity to supercharge key regional priorities - Tourism 2030 Plan, highlighted as an exemplar practice in the Visit Britain review; Ocean Futures setting out our regional marine opportunities; the SW Regional Defence cluster also highlighted in

the Levelling-Up White Paper and the recent publication of the Social Mobility in the South West report through the Centre for Social Mobility at Exeter University.

Moreover, the recently published Energy Security Strategy and Levelling-up White Paper, which now sees two significant parts of the South West (Cornwall and Devon) progressing devolution in the first wave, make this cross-region sector-based working even more important.

Going forward maintaining our focus on delivering Net Zero and the levelling up of our blue and green economies, with Government support, we are looking to work with partners to:

- Through a small Executive complete our Governance review with a new constitution and Local Assurance Framework
- Develop our route map to deliver England's Greenest region and our ambition to be a net exporter of green energy, including supporting the consenting and delivery of floating offshore wind. We believe that the availability of green energy is likely to be a key driver in future business location decisions and therefore strengthen our inward investment proposition
- Provide support to the secretariat to deliver the southwest Social Mobility Commission
- Continue to work with our MPs and the GSW APPG
- Work with Government to deliver the Ocean Futures prospectus
- Continue to work constructively with the Western Gateway (and other PRPs) on items of shared endeavours regarding nuclear, aviation, energy and other initiatives centred around the Bristol Channel and transport
- Support our farmers and landowners in delivering effective food production and food security whilst harnessing the potential for carbon sequestration, carbon offset and other environmental benefits.

Our track record demonstrates our ability as a region to work together to accelerate these important priorities; our APPG demonstrates our willingness to work with our MPs and Government in doing so and; our priorities are directly aligned with Government challenges of energy and food security, net-zero and levelling-up. Our natural capital both marine and land-based provides our USP to make this happen hence our reference as the UK's natural Powerhouse.

4. GSW Governance

Through the business case development with Government, the steering group has updated its constitution (available on request) and will be overseen by a Partnership Board (including Local Authorities, LEPs, Universities and Business reps) initially chaired by Karl Tucker with HotSW LEP providing the secretariat. Cornwall Council are to be the Accountable Body. This model may need to evolve if and when Devolution Deals emerge and the Partnership formalises

By letter, Government has indicated its support for the Great South West in the form of £1.5m over 3 years (£250k in 22/23, £500k in 23/24) and £750k (24/25) subject to detailed business case.

This was submitted by officials in mid-September and we hope to have confirmation of support by mid-late October. A House of Commons GSW reception is taking place on November 3rd and an Energy summit (at Plymouth Uni) on November 23rd.

Conclusion

Agenda Item 4

Working closely with Government officials we hope shortly to have funding confirmed and therefore hold the first GSW Partnership Board in late November/early December with representatives in place.

21/22 Overview of Finances



heart of the
south west

local enterprise partnership

Summary

1. Uncertainty over future funding from Government means increased reliance on reserves and Growing Places interest
2. Reduced income matched to reduced expenditure 22/23
3. Reserve position + future Growing Places interest means LEP can fund future operation through 23-24

Income & Expenditure

	2020-21		2021-22	
	£m	£m	£m	£m
Income				
Grant from Government	0.588		0.500	
Local area match funding	0.150		0.150	
Additional local area contributions	1.148		0.162	1
Cashflow interest	0.176		0.038	
Enabling Fund Repayment	-		0.085	3
Draw from reserves	0.469		1.188	2
In-year draw from reserves	-		0.253	
		2.531		2.376
Expenditure				
Salaries & Expenses	0.504		0.506	
Admin & office costs	0.088		0.087	
Service level agreements	0.738		0.738	
Governance	0.020		0.029	
Enabling Fund	0.064		0.087	4
Operational delivery	0.232		0.309	
		1.646		1.756
Surplus of (Deficit) for the year		0.885		0.620

1. Capital programme topslices now largely complete so significant drop in income from this source
2. Corresponding increase in funding from LEP reserves: planned over several years
3. Enabling Fund loans to Enterprise Zones 2019-20 now starting to be repaid.
4. Support to local authorities to help develop Shared Prosperity Fund pipelines. Operational delivery included e.g. inward investment support
5. Surplus transferred to LEP reserves as per previous years – support future operation

Reserves

Page 14

	2020-21 £m	2021-22 £m
General reserves		
as at 1st April	1.629	1.697
Transfer between reserves	(0.750)	(1.258)
Surplus/ Deficit for the year	0.033	(0.305)
As at 31st March	0.785	0.610
	1.697	0.744
Earmarked reserves		
as at 1st April	0.513	0.392
Transfer between reserves	(0.188)	(0.183)
Surplus/ Deficit for the year	(0.033)	0.305
As at 31st March	0.100	0.010
	0.392	0.524
Total reserve as at 31st March	2.089	1.268

=£620k 21/22 surplus

To cover future running costs of the LEP and earmarked projects

- ‘General reserves’ – providing future running costs of the LEP (see next)
- ‘Earmarked reserves’ – specific activity being delivered by funding through the LEP, e.g. IT, redundancy contingency

Future Expenditure

1. Surplus from higher income vs budget through topslice, interest & reserves plus reduced expenditure largely from reduced Service Level Agreements

2. Government grant was not confirmed until end July 2022 therefore not provisioned for in budget

- £375k eventually confirmed

3. With no further topslice, income from reserves and Growing Places loan Fund interest make up difference

Total reserve £1.268m of which £524k for Earmarked reserves, £744k for LEP operations: 22/23 budget requires £883k draw but final Govt grant, reduced requirement for Growth Hub underwriting + GPF interest means LEP meets going concern criteria

Expenditure

For operations

Salaries & Expenses
Admin & office costs
Provision for revenue exchange
Enabling Fund

For delivery

Thought Leadership & Delivery
Opportunities Delivery
Inward Investment Delivery
Business, People & Place delivery capacity
Transparency & governance

Total planned expenditure

Funding

22/23 Funding assuming no core grant from Govt and giving LEP one year forward funding

Operating core grant
Area annual contributions
Enabling fund repayment

Additional area contributions
Cashflow interest
Use of reserves
Growing Places Revenue

Funding surplus/ (shortfall)

	2021-22 original budget		2021-22 Actual		2022-23 Budget	
	£m	£m	£m	£m	£m	£m
Expenditure						
For operations						
Salaries & Expenses	0.568		0.506		0.511	
Admin & office costs	0.094		0.087		0.130	
Provision for revenue exchange	0.017		0.000		0.000	
Enabling Fund	0.120		0.087		0.000	
		0.799		0.680		0.641
For delivery						
Thought Leadership & Delivery	0.053		0.047		0.075	
Opportunities Delivery	0.177		0.237		0.000	
Inward Investment Delivery	0.017		0.025		0.012	
Business, People & Place delivery capacity	0.824		0.738		0.547	
Transparency & governance	0.028		0.029		0.025	
		1.099		1.076		0.659
Total planned expenditure		1.898		1.756		1.300
Funding						
22/23 Funding assuming no core grant from Govt and giving LEP one year forward funding						
Operating core grant	0.500		0.500		0.000	2
Area annual contributions	0.150		0.150		0.145	
Enabling fund repayment	0.060		0.085		0.085	
		0.710		0.735		0.230
Additional area contributions	0.000		0.162		0.000	
Cashflow interest	0.000		0.038		0.000	
Use of reserves	1.188		1.441		0.883	3
Growing Places Revenue	0.000		0.000		0.187	
		1.188		1.641		1.070
Funding surplus/ (shortfall)		0.000		0.620		0.000

Reserve 31st March 2022: £1.268m 4

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>Purpose: 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>Frequency: before each Committee meeting as required</p>	<p>Purpose: A formal public meeting where active items are discussed, and actions taken.</p> <p>Frequency: Approx. 3 times a year</p>
16 th June 2022		
13 th October 2022		<ul style="list-style-type: none"> - LEP Performance Update - Update on the future of the LEP
Future Items		<ul style="list-style-type: none"> - Further strategic work with the board - Educational standards across the area, strategy for pre-apprenticeships? To include social mobility work from Exeter University