

**Heart of the South West Scutiny Committee**  
**June 8th – HOTSW LEP Chief Executive's Update**

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## **1. Summary**

This report provides updates on:

- The Chancellor's Spring Budget and specific reference to future LEP funding and its implications
- Update from Devon, Plymouth and Torbay on the invitation to progress a Level 2 Devolution (verbal)
- Priority Activity by the LEP over the last 3 months
- Strategic Transport Update
- Great South West Update

## **2. Overview**

2.1 Despite a relative flattening of economic growth over the past year, the labour market remains increasing buoyant / tight across the HotSW.

Claimant count across the three months to February remained at 2.4% or 25,000 individuals across the LEP, with a plateauing of the number since September 2023. This was broadly in line with the long-term trend for the area, which had been 2.2% in 2019 directly preceding the COVID crisis, and roughly 1.2% lower than the national average.

2.2 Of some concern however, the overall labour market within the Heart of the South West continues to trail the pre COVID level, at 77.9%, with around 25,000 fewer individuals economically active at the end of 2022 than the comparison period in 18/19. Data suggests that many of these remain within the over 50 age group, in line with national trends, with a mass exit of the labour market over the period and only a slow return in the face of the cost-of-living crisis. Data for claimants also suggests that those receiving Universal Credit post COVID pose significant additional complexity, with around half of all claimants having a health or other condition now compared to 25% in

2019, and the percentage who are long term unemployed (over 6 months and a year) having increasing by around 30-40%.

2.3 This tightening of the labour market unsurprisingly means that vacancy demand remains high, with employers continuing to report issues around recruitment and skilled staff. As of the 14 March, 22,000 individual vacancies were open across the HotSW per day, a slight decline on the 24,000 sought in 2022. Health, administration and logistics continuing to dominate the most in demand skills / roles, but software development, teaching and teaching support, and legal, engineering and science occupations all featured in the top 20 (provided below). Of particular note, 50% of those roles coming forward were seeking an individual with technical or degree (Level 4 plus) across the area.

### 3. Chancellor Spring Budget Statement

*In his spring budget statement with specific reference to LEPs, the Chancellor announced that;*

- a) *he was minded to cease Government support for LEPs from April 2024 and;*
- b) *to undertake a consultation to transfer the role and functions of LEPs to Local Authorities*

*Specifically, the precise text in the red book relating to the transfer of LEP functions to local government reads:*

*'The government is committed to empowering democratically elected local leaders at every opportunity. To this end, the government intends for the functions of Local Enterprise Partnerships (LEPs) to be delivered by local government in the future. Therefore, the government is minded to withdraw central government support for LEPs from April 2024. DLUHC and the Department for Business and Trade will now consult on these proposals, before confirming a decision. The government will publish an updated policy position to confirm the next steps by the summer.'*

Shortly after the Levelling-Up Minister also confirmed that Councils in Devon can submit a business case for a level two devolution deal - which would not involve an elected mayor. The Deal would apply to Devon CC, unitaries Plymouth City Council and Torbay BC and to Devon's districts.

Whilst giving outline approval for the deal, the range of services and money to be devolved is still to be settled but would include the transition of LEP functions. A final business case is now being prepared and will be submitted to the Department for Levelling Up, Housing & Communities in the expectation that a deal can be agreed upon later this year.

*Inevitably, there has been much reflection and commentary on these announcements both locally and nationally - [The LEP is dead, long live the Business Board | TheBusinessDesk.com](#) and [Gloucestershire business leaders slam government over LEP plans - Business Live \(business-live.co.uk\)](#).*

Much of this is a bit premature – no actual decisions have been made yet but confirmation of the direction of travel is becoming clearer although timescales for change less so.

Following the Chancellor's statement, a letter was issued setting out the Government's initial phase of consultation by gathering information from LEPs and other partners through a questionnaire and further Government guidance is, as stated, expected in the summer.

Also LEPs have also been working closely with Government officials and the national LEP Network on the implications under 5 specific themes:

- a) skills
- b) assets and liabilities
- c) Governance and Directors' Responsibilities
- d) Growth Hubs
- e) Other functions eg Careers Hubs etc

This has concluded 3 broad themes:

- a) *LEPs are individually very different and proposed and ongoing Devolution/transition arrangements in places are also very different with some – existing MCAs well on the way; some in train and some areas not even thinking about it yet. HOtSW falls within the complicated group not least because devolution only currently covers part of our area and as an incorporated CIC the asset lock adds complexity about any possible future transfer of assets particularly if the CIC were to close.*
- b) *Due to this complexity, it is difficult for the Government to provide advice that is consistent/relevant to all areas so they are unlikely to provide direct solutions but more likely to provide a broad framework expecting local areas 'to sort it out'*
- c) *To complete the transition in an orderly way we need to understand both the starting point – specifically which staff are likely to be affected, which functions are applicable and which assets are in scope and consequently their subsequent treatment through transition. Secondly we need to understand the destination – ie once the LEP functions have transferred, should the CIC remain as the vehicle to retain assets and if so what else should it/could it do; and finally develop a transition plan and timetable to get from the agreed starting point ie what's in scope to the destination to secure an orderly transition and value to the public purse.*

In summary, I think the transition has four stages:

Stage 1 – current. Agreeing with partners the starting point – setting out what's in scope, what's not, what's relevant and a shared destination

Stage 2 – summer - setting out options/scenarios to get there

Stage 3 – Autumn - agreeing on the preferred option(s)

Stage 4 – Winter/Spring 2024 - implementing the changes. Some of the transition arrangements eg future Careers hub disaggregated delivery may be better to have to happen sooner.

Currently, Government guidance is fairly partial and we set out last year our principles of devolution:

1. LEP & BRO support of any devolution deal would be based on
  - Principle of partnership between LA/Business/Academia
  - The proposal should be Mission-led – we should expect to see distinctiveness and evidence of mission-led purpose, priorities and KPIs delivering real added value

- There should be demonstrable ‘Positive Gain’ for our businesses and communities
- Active and meaningful business representation at the top table
- Business community is able to be represented and heard ‘as one’
- There should be positive acknowledgment, recognition and support that businesses and business sectors are not constrained by geographical areas

Moreover as the future of LEPs was (and is) becoming increasingly uncertain we agreed with the Board some operational principles:

1. LEP operating model must
  - continue to meet requirements of a CIC
  - continue to meet going concern criteria
  - provide certainty to staff (time for any consultations on role etc), Board Members & partners
  - ensure capacity retained to deliver existing work programme
  - continue to meet requirements under Assurance Framework
  - support evolution/ transition e.g. Great SW, even though destination not clear
  
2. Following practice in other areas - integration of LEP ‘functions’ would only start once a deal is in place.

Therefore, whilst LEP functions might be transferred to Local Authorities in the future, we would hope to see stronger options appraisals about how the transition of functions will deliver better measurable outcomes to our businesses, communities and the economy as well as how future functions will operate across both Somerset and Devon.

I am hopeful (but not yet confident) that this update from the Chancellor enables a better Partnership based model of transition more in line with the (previously) stated principles than has so far been experienced and consequently we remain supportive providing it is focused on making things better and engaging the business community in a real and meaningful partnership going forward including recognising the opportunity of the now confirmed Great South West for some of this work.

The specific implications of our current work plan are a greater emphasis (particularly on management time) on delivering transition. Moreover, Local Authority partners have highlighted possibly pulling back from drafted SLAs this year meaning possibly greater input from the LEP core team and we have looked again at key outputs for the year and what’s possible and what’s not.

### 3. Key Events – since the last Scrutiny meeting

**Chancellor’s Statement** – there was little specificity other than the devolution arrangements eg nothing yet on RIS 3;

**Green Day** – although a bit of a damp squib support was confirmed for a business case for the Electrolyser at Langage and for Great British Nuclear. Furthermore, information on Grid upgrades to supporting floating offshore wind is starting to emerge although the report from the Government’s offshore wind champion earlier this month -

<https://www.gov.uk/government/publications/accelerating-deployment-of-offshore-wind-farms-uk-offshore-wind-champion-recommendations>

However, no reference was made at all to the south west highlighting only Wales in the opportunity of the Celtic Sea.

**DfE confirmed** that core funding for SAPs is not to continue - LSIP due in mid-May.

**The SW Social Mobility Commission** held its 2<sup>nd</sup> meeting – an event supported by SWBC scheduled for July.

**Possible announcement** on Gravity redevelopment imminent

**LEP core funding and Growth Hub funding** both confirmed for 23/24

#### **4. Governance Update**

We are still waiting for confirmation from Somerset Council about future representation. Local elections have resulted in some changes – in some Devon Districts, Torbay and Plymouth.

In addition, we have modified our Articles to enable 2 Board Members to continue beyond their initial 6-year term.

#### **5. Progress Update**

The October - March performance report providing an overview progress against the workplan, available online at [220517-Heart-of-the-SW-LEP-Workplan-22-23.pdf \(heartofswlep.co.uk\)](#).

Overall, progress against the workplan objectives and results has been good through the year; no items are Red risked and in general, items which are Amber relate to the timeframes for LEP transition planning being different from when the plan was written or where other work has started but completion will now be in 23/24, for example options around future Growing Places Fund. Two items are marked as Not Started which relate to

implementation of the Marine & Environmental Accelerator and which are dependent on Government funding to progress.

The risk register is also available which is reviewed by Operations & Investment Committee monthly. The register includes risks relating to future LEP funding from Government's Budget 2023 announcement on potential support for LEPs from April 24.

The LEP workplan set out five priorities for the year:

- A. Supporting transition
- B. Delivering against net zero & the transformational opportunities
- C. Delivering Growth Hub, increased innovation and tailored business support
- D. Delivering on the goal of inclusive growth
- E. Delivering the £40m Growth Deal, Getting Building Fund and Growing Places legacy investments

The workplan was developed using the Objective & Key Result methodology (OKRs) with progress is monitored through OIC sub-committee quarterly and through the Board 6-monthly or by exception.

Highlights: successes, specific issues and their mitigation The below highlights salient points by exception.

#### **A. Supporting Transition – outcomes are**

- Future roles of broader partnership is clear, aligned to pillars and missions on the white paper & other key policy drivers.
- Skills and employment supports the area's key opportunities and improved access to jobs and careers
- LEP continues to support partner's activity in other relevant areas
- Highly effective LEP Board
- LEP operations are delivering effectively ahead of and through transition Transition is one of the 5 priorities in the 23/24 business plan and with the Chancellor's announcement on future LEP funding, will accelerate through the coming year.

#### **Skills & Workforce Planning**

Work continues across the area to enhance and reinforce provision to core sectors and with key businesses. This includes via the DfE Bootcamp programme, shaping of local LA and other support into core opportunities, and intelligent usages (as available) of residual EU and other funding. However, this position will begin to slow into later 2023 as things stand, with

the majority of external / nonmainstream skills funding in the system currently due to end before the new financial year.

Discussions are ongoing around replacement / Government intentions around new provision. In late March, Government confirmed it would not fund Skills Advisory Panels (SAP) past March 2023. At the same time Local Skills Improvement Plans are progressing and a discussion is therefore to be held later in April with partners on how to proceed with the SAP noting preference for a transition into LSIP arrangements over the next few months and any needing to avoid any gaps which may emerge

**B. Delivering against net zero & the transformational opportunities – outcomes are HotSW’s unique sectoral strengths are harnessed to deliver net zero, higher productivity growth with a particular focus on:**

- Exploiting the potential and for HotSW to be recognised as a green energy powerhouse;
- Developing an area proposition in electrical and hydrogen propulsion and maximising digital innovation;
- Establishing a global centre of excellence for marine autonomy, digital ocean and clean maritime;
- Developing a world class reputation for the growing photonics and microelectronics sector;
- Ensuring digital investment in infrastructure, skills, business support and innovation makes a tangible difference for business & communities;
- Recovering and growing the tourism sector, building towards being a data-led, year-round, green and accessible visitor economy;
- Establishing HotSW as a test bed for new food and farming practices and nature based solutions; and
- Supporting and enabling growth across the unique sectoral opportunities with Enterprise Zones and the Freeport.

We are reporting two amber OKRs, which are progressing but at a slightly slower pace than envisaged: development of an energy skills and supply chain programme, and investment of £1 million in natural capital.

- Nuclear - The Hinkley Point C Inward Investment contract has been successfully extended for a further year with match funding from EDF, Sedgemoor District and Somerset West and Taunton Councils, and WECA. Progress continues to be made on the Hinkley Legacy Plan, including a focus on transferrable capabilities both within the nuclear supply chain and workforce for other clean energy opportunities such as floating offshore wind in the Celtic Sea.
- FLOW - A set of desired outcomes from the Celtic Sea FLOW opportunity have been identified by the local authority officer group we convene, together with an initial set of priority actions. These will be agreed during April and brought back to the Board at a future meeting. Hydrogen - Carlton Power’s 10MW hydrogen production project at Langage has been shortlisted for funding by the Department for Energy Security and

Net Zero, which is a project we have supported and that forms part of the Plymouth and South Devon Freeport.

- The Hydrogen Sub Group of both the Energy Futures and Sustainable Aviation Programme Boards has recently met to discuss further activity, we continue to explore collaboration opportunities with Hydrogen SW and Western Gateway, and we are supporting an EPSRC research led by GW4.
- Skills - The Low Carbon Skills report produced by Gemserv and funded by us jointly with the SW Net Zero Hub has been finalised. This specifically looks at the skills requirements for retrofit and heat pump installation across the South West as well as the HotSW specific skills requirements for solar PV, FLOW and low carbon transport. It will now enable a low carbon skills action plan to be developed,
- Energy Futures Programme Board – The programme board has met three times over the last 6 months and discussed the HPC legacy plan, Celtic Sea FLOW strategy, the clean maritime opportunity, Low Carbon Skills Study, Local Area Energy Plans, SW Net Zero Hub activity, and business SWMAS's Make It Net Zero programme that the LEP has helped fund.
- Aerospace iAero - we continue to support the development of the iAero Centre in Yeovil, which includes convening the Officer Advisory Group to advise and monitor activity. Additionally, we have commissioned a marketing and communications company to help shape the market positioning and USPs of the centre and have established an independent website: <https://iaerocentre.co.uk/> FATZ - Following news that our funding application with Somerset County Council to BEIS's Regulator's Pioneer Fund to undertake the design work for the Future Aerospace Test Zone (FATZ) was unsuccessful, we have focussed efforts on developing an 'in-house' strategy to progress a variety of workstreams. This includes Drone Logistics at Exeter, Atmospheric Drones with the Met Office at Exeter, and Unmanned Air Systems in Yeovil with Leonardo. A workshop session with the CAA to discuss these opportunities further has been scheduled for June 2023. Two additional workstreams are skills and marketing & communications.
- Trade and Inward Investment - Following our successful attendance at the Farnborough International Air Show last year, which culminated in 23 warm leads, planning is now underway for the International Paris Air Show in June 2023.

**Sustainable Aviation Programme Board** – The programme board has met three times in the last 6 months. It continues to be well attended and has three new members – the Met Office, Fraser Nash and GW4. Its main focus is on steering the work to develop the Future Aerospace Test Zone.

**Marine** - The funding agreement for the Smart Sound Connect Subsurface project was signed in October, awarding the University of Plymouth £1.2m of LGF. Procurement of the main contractor has been successful, and installation is on track for completion by the end of this year. We are still waiting to hear from Innovate UK whether our expression of interest we submitted in November for the Ocean Futures Launchpad has been successful. This is now time critical as existing marine innovation services are drawing to a close as the ERDF programme ends.

**Photonics and Microelectronics** - Two new companies have located to the EPIC Centre in the last 6 months - QLM Technology (UK), which has developed some of the world's most sensitive remote gas detectors for environmental monitoring, and VTEC Lasers & Sensors from the Netherlands) who also submitted an application to the ERDF Soft Landings fund. With support from the LEP, three trade shows have been attended to promote EPIC, the High Tech Cluster and the High Potential Opportunity: European Conference on Optical Communication in Basel, SPIE Photonex in Birmingham and Photonics West in San Francisco. Torbay Council resubmitted their Levelling Up fund bid



to support delivery of growth space for this sector with a Photonics Production Park but unfortunately, the bid was unsuccessful again. This is now a critical issue for the sector in Torbay, as the Board heard during the High Value Manufacturing Deep Dive on the 10th March.D

Digital It is still unclear what the future of the Voucher Top Up scheme is and therefore whether there will be funding that needs to be reallocated. The next quarterly meeting with CDS to review the Superfast Broadband Extension project is on the 26th April.

Funding contracts have now been signed with the Satellite Applications Catapult to deliver the Environmental Living Lab, the University of Plymouth to deliver the Smart Sound Connect Subsurface project, and Destination Plymouth to deliver the Tourism Data Hub.

A further call for expressions of interest for the remaining £1.5m was issued on 14th November and the four shortlisted projects have now submitted business cases - Cyber-Resilience of Offshore Wind led by the University of Plymouth, Digital Reverse Engineering and Metrology led by Plymouth Science Park, Exploiting Cross-Sectoral Opportunities for Innovation Led Growth in High-Value Engineering Design and Manufacturing led by Somerset County Council, and AI-enabled Co-design in Engineering Laboratory led by the University of Exeter.

These have been appraised and 3 projects approved earlier this month. We have also provided support to Somerset Council to develop the vision for Taunton Digital Innovation Centre, which will be a good basis for developing appropriate marketing material.

**Tourism Data Hub** - Procurement of the contractor to develop the Tourism Data Hub has been completed by Destination Plymouth and the first phase of work is now underway. The intention is to complete the necessary feasibility work to scope out the Data Hub in June so it can be presented to the LEP in July. All being well, the Data Hub will then be developed and rolled out for use by the tourism sector later in the year. LVEPs - A study brief is being drafted for a research project to engage and consult with Destination Management Organisations (DMO), local authorities and key stakeholders in the region to establish what the options are for Local Visitor Economy Partnerships (LVEPs) in Devon and Somerset. LVEPs form part of a restructure of the DMO landscape, as announced in the Government's response to the de Bois Review of Destination Management Organisations in England. Those DMOs that meet the criteria will be able to benefit from a nationally recognised official status, receive support in the set-up process and beyond from Visit England as well as expert advice, resources and access to Visit Britain / Visit England's marketing opportunities.

**Food, Farming & Natural Capital Food** – The Board agreed the Public Sector Food Procurement Declaration at its meeting in January and three local authorities have agreed to sign up to date. The focus now is on securing additional signatories over the coming months and beginning preparations for an Autumn Food Summit. Farming – We continue to work with Devon County Council as they deliver the Future Farm Resilience programme, including ensuring the advice provided through the Growth Hub is also made available to the farming sector. We have also continued to work with colleagues across the Great South West to develop a whole farm approach to business support and advice, which Defra has expressed interest in. The Basic Payment Scheme research undertaken by the Countryside and Community Research Institute (CCRI) earlier in the

year and part funded by the LEP has gone on to enable CCRI to develop a nationwide toolkit to identify the total lost across all regions.

**Agri-Tech** – We continue to support the work of the South West Agri-Tech Alliance, including the regional showcase event planned in Exeter on 20th April, and are developing a food proposition working with the Department for Business and Trade to promote trade and inward investment. The Satellite Applications Catapult is making good progress to establish the Environmental Living Lab that the LEP is funding.

**Natural Capital** – This continues to be reported as amber since the £1m loan fund is still uncommitted. An internal roundtable was held on 8th March and a way forward was agreed. A second roundtable is being arranged for April/May with the intention of recommending a way forward to the Operations & Investment Committee by June.

**Phosphates** – We have submitted an application to the SW Net Zero Hub for funding towards an anaerobic digestion study, which has been identified by Somerset local authorities as a potential means of mitigating the impact of phosphates in the environment on development in those affected areas. The study will hopefully be commissioned within the next few months.

**Food, Farming & Natural Capital Programme Board** – The programme board has met twice in the last 6 months and discussed the Environmental Living Lab, the Future Farm Resilience programme, Whole Farm Business Advisory Service, local authority submissions to the Rural England Prosperity Fund, and the Natural Capital Demonstration Fund. It also played an important role in the drafting of the food declaration.

**Delivering Growth Hub, increased innovation and tailored business support –**  
outcomes are

- Business support in place to support productivity-led growth • Heart of the SW is recognised internationally as a location for FDI with a year-on-year increase in FDI enquiries and (re)investment
- Increased investment in innovation through: - creation of a major new research and innovation capability in the world-leading clusters of Marine & Environmental Intelligence - dedicated innovation support across the LEP geography through a Technopole drawing in existing expert provision Growth Hub funding is underwritten by the LEP to end September; Government has issued a “a letter of comfort” confirming overall funding for 23/24 at a similar level to the current year, though not individual allocations or any conditions. Access to finance remains a longstanding challenge for businesses and in response the LEP is pursuing two key strands • With the launch of the £200m British Business Bank SW Fund in the summer, the LEP is developing an online finance platform to better connect businesses, prospective funders and professional advice.

The platform was a leading recommendation from a study into the challenges around accessing finance which the LEP commissioned. A solution for the finance platform has been agreed with the steering group overseeing the work and launch is targeted to align with the British Business Bank SW fund. The 23/24 budget contains a provision, endorsed by the steering group, to provide seed funding to the platform to

ensure strong engagement with businesses, business organisations, funding providers etc and ensure this is a long term asset for the area

A second recommendation from the access to finance report was strengthening networks and opportunities for angel investors and the LEP has commissioned a study into existing support, networks etc to identify gaps and identify a prospective programme. The study will report in June and funding for a programme has been included in the 23/24 business plan and some Districts are interested in matching this with UKSPF. The LEP has also been asked for nominations for a Board member to sit on the British Business Bank's Advisory Panel for the SW Fund.

The Business Leadership Group has agreed priorities for 23/24 which includes a peer network programme, giving businesses the opportunity to learn from other successful businesses. OIC has agreed funding to run 6 cohort through 23/24, each of a minimum of 11 businesses and specification has been agreed with the Business Leadership Group. The programme is aiming for launch by end May.

**Innovation** The Innovation Board welcomed representation from Great SW and embraced the idea of expanding the HotSW LEP's Innovation Board geography to cover Cornwall and Dorset. The remit is not envisaged to change considerably. The January IB also explored skills issues associated with driving innovation and the re-licensing of the SWIoT - being a potential opportunity here for the region. The April Board will focus on the Green Renewable Energy survey, discuss the remit, priorities and ways of working for the expanded Board and look at how devolution deals may impact on the delivery of Innovation in the area.

Current Innovation Board priorities remain:

To lobby and liaise very closely with Government around our very clear MIT REAP-derived innovation offer - The Marine Testbed and Maritime Accelerator, Environmental Intelligence Accelerator & Technopole.

This had made considerable impact on Government prior to the political complications last year. Although this means it is not clear where MESA currently sits, elements may find their way into Devolution Deals. The Innovation Board remains committed to this development as critical to government efforts at levelling-up. Note that the two items remaining "Not Started" in the 22/23 workplan relate to MESA implementation; without Government funding it is not possible to start these at this point

2. To liaise with the emerging Great South West to ensure we support this with a coordinate innovation ask and avoids unnecessary duplication.

3. To liaise with emerging innovation support services (such as the Freeport, Somerset Innovation Services and Gravity) to ensure added-value and that the LEP is closely involved. The Board's Innovation Driven Enterprises Panel continues to be a useful resource to reach enterprises and gather intelligence and the Innovation Board remain a potential resource to help inform developments of the Devolution Deals, LSIPs and innovation support more broadly.

#### **D. Delivering on the goal of inclusive growth – outcomes are**

- the LEP facilitates the ability of everyone to access to and benefit from economic growth. Notable activity over the past period has included - the Social Mobility Commission has held two meetings, working on a Great SW footprint. A verbal update will be given at the meeting.

The LEP has commissioned a scoping study on what a potential HotSW area social impact fund could look like, drawing from Growing Places monies and learning from best practice from places such as Greater Cambridge, Bristol and other. The study will report by July.

The University of Plymouth has secured Phase 1 funding from UKRI to establish a SW Coastal Local Policy Innovation Partnership across Cornwall and the HotSW area and the LEP is supporting the University in this. UKRI are looking to create a network of LPIPs to address social, community, economic and environmental priorities that contribute towards inclusive sustainable economic growth, providing research, evidence, data and expertise to take advantage of opportunities. The SW Coastal LPIP aims to specifically address the complex and interlinked problems facing coastal communities. Phase 1 runs from April 18th to September and will identify a prospective work programme, phase 2 is competitive and offers access to a £20m pot of funding over 4 years.

The LEP is liaising with SWBC on a potential social mobility event in July, providing the SW Mobility Commission an opportunity to update on progress and for attendees to look at the role business could play in improving social mobility and the tangible actions needed to make this possible

#### **E. Delivering the Growth Deal, Getting Building Fund and Growing Places legacy investments – outcomes are**

- LEP investments are supporting transformational change in the economy.

Full spend has been achieved on Getting Building Fund and work continues on committing the remaining Growth Deal. In the coming months, the PMO will be working with the projects contributing the largest proportion of remaining outputs to 2025 to understand potential gaps, opportunities for over-achievement etc.

Revising the Growing Places proposition is set out in the 23/24 business plan.

#### **6. Great South West – Update**

The GSW Partnership Board meets quarterly and was last held on 25<sup>th</sup> April 2023.

Following an open recruitment process, Karl Tucker has been confirmed as the permanent chair (for a term of 2 years). He has three immediate priorities

- a) Working with Government officials to secure sign-off for the Year 2 (23/24) business plan
- b) Agree to a small number of key priorities for the Partnership in line with the 'green and blue' framework
- c) Agree and put in place an Executive to support the implementation of these priorities

To assist the emerging priorities there are currently 5 pieces of work to be reviewed (at a Board workshop in June) and being progressed as follows:

- a) Following the GSW energy summit in the Autumn, Regen is drafting an energy priorities paper
- b) An internationalisation plan for discussion with DBT is being commissioned.
- c) Priorities for rural, food, farming and fishing are being convened through a programme board
- d) Priorities for high-value manufacturing informed by 3 round tables with the HVM catapult

- e) Marine priorities developed through a round table in early May facilitated by the Maritime UK Southwest group.

In addition, we hope that the Innovation Group may look at their opportunities across the GSW area; we hope to have a meeting with LA Leaders immediately after the local elections to discuss match funding, etc and FE Principals have also asked to meet.

Finally, the first local update even was held in Somerset last month. Further events will be held in Devon, Cornwall and Dorset.

## **7. Update on Transport Issues**

### **National Highways - A303/ A358 improvements**

Construction of the A303 Sparkford to Ilchester dualling is progressing well and completion of the scheme is envisaged in Spring 2024.

Following the 2021 quashing of the Secretary of State's approval of the Development Consent Orders 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 issues raised at the judicial review, and the Secretary of State's decision is now awaited. 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.

After extensive consultation, it was anticipated that National Highways would submit the Development Consent Order (DCO) application for dualling the A358 between Taunton and Southfields Roundabout (the end of the A303 Ilminster Bypass) by the end of 2022. However, in late December National Highways indicated that they were to review the proposed environmental mitigation before submitting the DCO. The LEP has indicated its continuing support for the scheme and has participated in a National Highways communications campaign on the business and community benefits of the project. No revised date has been given for the DCO submission.

National Highways has started the development of the project for the next section of the A303, the dualling of Ilminster Bypass. Both online and offline dualling options are being considered at the initial scoping stage. The LEP has taken the opportunity to stress the need to progress this project at pace.

In pre-budget transport announcements, the Secretary of State indicated that the timescales for several major transport projects would be delayed, but there was no specific mention of the A303 corridor schemes in that context. At the time of writing it was anticipated that the draft of Roads Investment Strategy 3, covering 2025 to 2030, would be published shortly.

National Highways have been developing route strategies for the various elements of their network, to identify the need for interventions to improve safety and optimise capacity. It is anticipated that these will be published in Spring 2023.

### **Rail Infrastructure and Services**

The South West has continued to lead the way nationally in rebuilding rail patronage in the wake of the Covid 19 pandemic. Gateline figures at Exeter Central and Taunton are well above 2019 levels. 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 the lower dependency on commuting. Patronage has subsequently been significantly impacted by industrial action.

Nationally 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. As a consequence train operators have responded to Department for Transport instructions to reduce their operating costs. This will result in some service rationalisation and the withdrawal of some train fleets. Great Western Railway has agreed to phase out its former High-Speed Train units, and will also not renew the leases of some other fleets. This will mean that their train resources will be stretched, reducing their capacity for new initiatives or responding to patronage growth. Cross Country Trains will also be phasing out their High-Speed Trains; on a more positive note Cross Country will be restoring some of the services which had been deleted from their timetables since the start of the Covid-19 pandemic.

### **Restoring Your Railways**

Construction of the Growth Deal-funded station at Marsh Barton, Exeter, is now almost complete and it is anticipated that the station will open in May 2023. Construction of a new station at Edginswell, Torbay, is due to start later in 2023.

The Levelling Up Fund round 2 announcements in January included funding for a new railway station and transport hub on the eastern edge of Okehampton, close to the A30 trunk road. The provision of such a station was included as the second stage of the business case for reopening of the Exeter to Okehampton railway, which has exceeded the patronage and income forecasts since the reopening in November 2021.

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 Cases (SOBC) for a potential new station to serve Somerton and Langport and for re-opening the rail line to Tavistock are with the Department for Transport awaiting decisions.

Development work is proceeding on the preparation of an SOBC for the provision of a scheduled passenger service between Taunton and Bishops Lydeard, to act as both a local access to the national network for residents of West Somerset and enhanced access to the heritage West Somerset Railway.

### **South West Rail Resilience Programme – Dawlish to Teignmouth**

The second phase of the new sea wall at Dawlish is now complete. At Dawlish station, an accessible footbridge with lifts is to be constructed during 2023.

The third phase of resilience works, a rockfall shelter at the north portal of Parson's Tunnel, is under construction with the foundations now complete. Construction will begin in Spring 2023 on phase 4 – Dawlish to Holcombe Cliff Resilience – with ground investigations ongoing.

Revised proposals for the fifth and final phase (Parson's Tunnel to Teignmouth) were the subject of community consultation in Autumn 2022 and received a positive response. The proposal is now for extensive cliff management rather than moving the railway onto a new alignment.

### **Peninsula Transport Sub National Transport Body**

Peninsula Transport continues to work on individual work packages which will provide the context for the preparation of a draft Transport Strategy for the Peninsula. The latest work considered at the March Board meeting was a Technology and Zero Emission Vehicle Strategy and a Rail Strategy.

Department for Transport has tasked all sub-national transport bodies to progress work on transport carbon baselining and the rollout of electric vehicle charging facilities during 2023.