

Scrutiny Committee – 4 February 2014

9. The Heart of the South West Local Enterprise Partnership (HotSW LEP)

Executive Portfolio Holder: Jo Roundell Greene, Environment & Economic Development
Strategic Director: Rina Singh, Place and Performance
Assistant Director: Martin Woods, Economy
Service Manager: David Julain, Economic Development Manager
Lead Officer: As above
Contact Details: david.julian@southsomerset.gov.uk or 01935 462279

Purpose of the Report

To provide an update on the current Local Enterprise Partnership (LEP) arrangements and the future LEP priorities.

Action Required

Members are asked to note and comment on the report,

1. Background

On 29th June 2010 the the Department for Business Innovation and Skills (BIS) and the Department for Communities and Local Government (DCLG) wrote to business leaders and the leaders of local authorities across the country inviting them to form Local Enterprise Partnerships. It was suggested that LEP areas should be based on local 'functional economic market areas' (FEMAs). It was envisaged that a FEMA was likely to encompass several local authority areas if it were to enjoy the necessary critical mass required to make an impact on local and regional economies.

As a result, in June 2011 the Heart of the South West Local Enterprise Partnership was formed under the leadership of the private sector supported by the local authorities from Devon, Plymouth, Somerset and Torbay and additionally supported by district councils from across the area. The Heart of the South West LEP became one of 39 partnerships created since the Government's Local Growth White Paper published in October 2010.

HotSW LEP is a partnership managed by a voluntary board consisting of business leaders alongside representatives from local government and educational institutions. They work together to lead and influence the economy of the LEP area (essentially the counties of Devon and Somerset) by improving economic growth and job creation.

2. Report

2.1 LEP Role

The role of the HotSW LEP (condensed from LEP Business Plan) is to:

- **Champion Priorities:** Identify the important challenges and opportunities facing our economy, set out priorities for economic growth and prosperity and promote these priorities to businesses, policy makers and investors.

- **Secure Investment:** Influence investors to support our objectives and help advance our priority initiatives to achieve growth.
- **Lead and Co-ordinate:** Bring partners together to align their activities, policies and investments with our vision and objectives.
- **Share Insight:** Ensure intelligence from and perspectives of our partners are embedded in policy and investment decision-making

The LEP works with four key audiences to achieve this purpose:

- **Businesses:** Without the active involvement and support of the HotSW business community, the LEP cannot achieve its aims and objectives. Formally, through the Business Forum and informally, through open dialogue with the HotSW Executive Group the LEP aims to become a viable sounding board for those who create economic growth.
- **Central Government:** Building upon extensive access to policy makers, the LEP will represent the needs of our economic community. They will lobby Government for improved infrastructure and investment in order to support LEP objectives and those of their partners.
- **Local Government:** The LEP recognises the importance of its relationship with local authority partners. They play a fundamental role in ensuring that the objectives outlined in this plan turn into actions and deliver results. They also recognise that the LEP can support greater collaboration and efficiency, giving greater impact.
- **Investors:** The LEP will be the key interface with potential investors and funders, working actively with others to promote our area locally, nationally and globally. With appropriate partners, The LEP will support businesses in securing increased investment, enabling them to grow

2.2 LEP Structure

The LEP is a strategically focused organisation, which draws extensively on the resources, energy and commitment of its partners. Their primary organisational objective is to lead and influence outcomes for the Heart of the South West economy to improve economic growth and job creation. Whilst the LEP is not a delivery body, it works with partners who can deliver different elements aspects of economic regeneration. A primary function of the LEP is to align projects to Government funding.

The LEP has designed its structure to allow the Board to remain independent, impartial and flexible. At the same time, the Board also supports regular two-way dialogue with partners, businesses and local authorities. The LEP structure is evolving with the structure (pending agreement) from 2014 onwards comprising:

2.2.1 HotSW LEP Board – is the most senior decision-making body within the HotSW LEP and will ensure good governance and clear decision making. It will take responsibility for setting strategic priorities for the economy and the LEP. The Board will oversee progress against objectives.

There are currently 15 Board members of the Partnership made up of:-

- Portfolio Holders for Economic Development from Devon County Council, Somerset County Council and Plymouth City Council, and The Mayor of Torbay (4 local authority members) Chancellery representatives from Plymouth and Exeter Universities (2 HE members)
- A Principal representative of the Colleges in Devon & Somerset (1 FE member)

- 8 business people from the private sector – one of whom will be the Chair.

It should be noted that the Board will be expanded in 2014 to include two District Council representatives. One will represent the Devon District Councils and one will represent the Somerset District Councils.

2.2.2 The HotSW Staff

The LEP has a small team of staff that supports the Board in their decision-making and provides logistical support for partnership working. The members of the team work with the Executive Group and Board members to complement their activities. This team provides a contact point for partners, Government and investors and works closely with the Chair of the Board as the public face of the LEP. The team reports to the Board and has day to day responsibility for managing resources. Current team:

- *Chris Garcia*, Chief Exec
- *Vinita Nawathe*, (Interim) Head of Strategy
- *Emma Buckman*, Interim Strategy Manager
- *Gavin Wonnacott*, Interim Growing Places Fund Manager
- *Janet Powell*, Executive Assistant

Working in support of the Board, the stated responsibilities of the HotSW staff are:

- Promoting and sharing strategic priorities with partners
- Identifying opportunities to align partner priorities to HotSW
- Securing data, insight and intelligence
- Disseminating insight and challenges to partners
- Promote HotSW strategic opportunities to investors
- Prioritising local investments
- Coordinating regional and national funding
- Encouraging local public bodies to operate in line with strategic priorities
- Facilitating joint action among public and private partners
- To coordinate and work with appropriate sector groups e.g. Productive Skills for Devon and Somerset, UKTI Inward Investment Group etc

2.2.3 The Business Forum and the Business Forum Executive Group

This Business Forum provides the LEP with the resource and capacity to progress the priority initiatives. It is resourced by partner organisations and its composition will evolve as the agenda shifts and further resources become available. The Business Forum is open to any business person, established business organisation, charity or social enterprise interested in the work of the LEP.

The Business Forum Executive Group is drawn from a broad spectrum of leaders from the business community who provide advice to the LEP on performance and the effectiveness of the Partnership and support the Board in the delivery of the Business Plan.

The Executive Group in conjunction with the Board will seek to form Special Interest Groups to offer advice and guidance on a range of issues as and when required to support the implementation of the Business Plan. Such groups may include:-

- Transport
- Infrastructure

- Planning
- Rural issues
- Business Support (inc mentoring & access to finance)
- Foreign and Direct Investment
- Skills

Membership of these special interest groups will be selected from the wider Business Forum and will draw on the experience and knowledge of its members as well as other external specialists who can add value to the activity.

Role

- While maintaining a level of independence from the Board, the Business Forum will be a conduit for 2-way communication between the Board and those business people interested in the Partnership's work.
- The Business Forum will support the Board in its implementation of the agreed Business Plan.
- The Business Forum will act as a critical friend of the Board and make recommendations as to how the Partnership might be even more effective.
- The Business Forum, as the representative body for business within the LEP, will assist the Board with policy development by providing a platform to seek opinion from all interested business contacts on the key objectives and priorities of the Partnership.
- The Business Forum will support the Board in the recruitment of private sector Board members. The detail and level of involvement will be agreed by the Board and the Business Forum when the need for recruitment arises.

The terms of reference for the Business Forum are currently being reviewed.

2.3 The LEP 2011-13 – A Retrospective View

The LEP has now been through its initial formative period and its structure, governance, partnership arrangements and staffing levels (albeit modest) have all evolved during this time.

In the early days of the LEP there was a temptation to regard the new LEPs as the successor bodies of the disbanded Regional Development Agencies (RDAs). The RDAs had been the main delivery mechanism for central and regional government economic strategy between 1998 and 2010. The RDAs used teams of paid staff to facilitate the delivery of economic and regeneration schemes on a regional basis and they had their own funding streams. The LEPs deploy a different strategic approach to the former RDAs and neither their form nor function are intended to follow the old RDA model. The LEPs were created to help create and promote the right local conditions for economic regeneration. The LEPs are viewed as enablers rather the delivers of economic regeneration projects and they aim to better involve local business in creating sustainable economic regeneration based on private rather than public sector solutions. This has been referred to as 'rebalancing the economy' around private sector employment and enterprise.

From the onset it was made clear that LEP engagement with local authorities would be at unitary or upper tier level and this was very much reflected in the composition of the LEP Boards. Until recently the composition of the LEP boards tended to be key people from the business communities with representation from the upper tier authorities and education/ training providers. As the composition of the LEP Board was reviewed it was recognised that direct representation from District Local Authorities would be essential

and beneficial (see 2.2.1 above) particularly as District Councils retained statutory planning functions in many counties. District Council representation on the LEP boards should enable the Districts to exert stronger influence in decision making processes and ensure robust levels of consultation at all levels of governance.

SSDC have been involved with the LEP in a number of areas over the last two years and these include:

- Preparing the LEP Business Plan. SSDC officers provided input to the workshops and consultation sessions that underpin the LEP Business Plan. The Plan is not a delivery plan for specific projects but rather an overarching strategy that sets out the generic regeneration aims and objectives for the LEP area.
- Assisting with the formulation of County and LEP Growth Plans. The new Somerset Growth Plan (which replaces the old Local Investment Plan) will include SSDC priority regeneration projects and will provide a strong steer when decisions on where to allocate government streams are made. The LEP will be one of the main decision making bodies for several new government funding streams that are due to come into effect. The acquisition of funding remains a competitive process both regionally and nationally and the LEP will also have to compete for its share of the national funding pot. A robust Growth Plan will be essential in demonstrating that the LEP area has a clear vision and strategy for future economic development and a well prioritised set of projects. However, even a robust Growth Plan cannot guarantee funding when competitive processes are at work and where grant funding is scarce.
- Over the last two years officers from SSDC have worked with private sector partners to try and secure funding for priority projects. Yeovil's Western Corridor is one of SSDCs priority projects seeking funding and applications have been made to the Regional Growth Fund, the Growing Places Fund and Pinch-point Funding. Late in 2013 the HoTSW LEP Local Transport Board awarded £6.49 million [in principle] to the Yeovil Western Corridor project. If the funding for this is confirmed (and crucially, if the S106 arrangements are agreed and the cash-flow issues addressed), one of SSDC's highest priority strategic infrastructure scheme will be unlocked. The project will see improvements to key junctions and roundabouts on the proposed route, unlocking hundreds of new homes and major employment sites.
- Crucially, one successful funding bid for South Somerset was the Agusta Westland RGF award of £47m that will kick-start the Civil Aviation Hub. This was confirmed in Oct, 2012. The bid and the award were made without SSDC involvement and is a strong indicator of the government's intention to deal directly with major business in the private sector.

2.4 The LEP 2014 and forwards

The LEP appointed its first Chief Executive (Chris Garcia) in the summer of 2013 and its new Chairman (Steve Hinley) late in 2013. These are two appointments that are expected help drive an increasingly busy programme of work for the LEP in the coming years.

Public Funding Streams that are being placed under the jurisdiction of the LEP will include Rural Enterprise Grants, Successive rounds of RGF and GPF and the European Agricultural Fund for Rural Development.

It will be essential to ensure that lines of communication between SSDC and the LEP remain strong in the years ahead. This will be done by ensuring representation for the Council at all County forums dealing with LEP matters including the Regeneration Directors Group and the Somerset Economic Development Officers group. As has been indicated, District Council representation on the main LEP Board has now been arranged. There will be two such District Council seats on the LEP with Somerset Districts being represented by Duncan McGinty (Leader of Sedgemoor District Council).

For further details on the work of the LEP and for latest information members are recommended to use the following links:

www.heartofswlep.co.uk

www.heartofswlep.co.uk/funding
