



**Meeting:** Council

**Date:** 27 February 2014

**Wards Affected:** All

**Report Title:** Local Enterprise Partnership Strategic Economic Plan

**Is the decision a key decision?** Yes

**When does the decision need to be implemented?** After the call-in process

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## **1. Purpose and Introduction**

- 1.1 The allocation of national government's economic growth funding has changed markedly over the past two years, with Government devolving responsibility and funds for driving economic development to Local Enterprise Partnerships (LEPs).
- 1.2 Various existing sources of Government funding are being combined into a single local growth fund into which LEPs must bid. As part of this process LEPs must demonstrate how they plan to deliver growth in their area. This needs to be articulated in the form of a Strategic Economic Plan (SEP). The LEP has submitted a draft SEP to Government, with the final plan due for submission at the end of March.
- 1.3 It is likely that the process of bidding for funding by both LEPs to Government and local authorities to LEPs will be highly competitive. Given the geographic spread of the Heart of the SW LEP there will be different demands for the LEP to reconcile and it is therefore important that Torbay engages fully in the process of developing the SEP to ensure its priorities are included.

## **2. Proposed Decision**

The Mayor be recommended:

- 2.1 That the themes and priorities set out in the draft Strategic Economic Plan be endorsed as a sound basis for the final Strategic Economic Plan, establishing Torbay's support for the document and its aims; and
- 2.2 that the Executive Director of Finance and Operations be authorised, in consultation with the Mayor, to approve the final Strategic Economic Plan.

## **3. Reason for Decision**

- 3.1 The Heart of the South West Partnership is a critical partner for the Council and a strong economic plan for the LEP will increase the opportunities to secure funding for

support of the economic strategy and individual projects supporting the economic growth of Torbay.

- 3.2 The SEP is the LEP's overarching strategy which will steer its priorities until 2030 and Torbay has been an active partner throughout the development of the plan with the Mayor with Council and TDA officers working to ensure that relevant intelligence and objectives are included. The SEP complements the LEP's EU strategy, submitted to Government in January 2014 and the recently approved Plymouth & Peninsula City Deal, both of which feed into the overarching SEP.
- 3.3 Significant funds will be distributed to the LEP via the 'deal' with Government which the Strategic Economic Plan represents. Without a consensus of support for the plan from its partners the plan is likely to be weakened which could lead to a lower level of funding being made available to the partnership.

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## Supporting Information

### 4. Position

- 4.1 Following the publication of Michael Heseltine's report in 2012 Government announced the creation of a single local growth fund which will come into effect in 2015/16. This will be distributed to LEPs to deliver Growth Deals in their areas. Through these deals LEPs can seek freedoms, flexibilities and influence over resources from Government. In return, Government will expect evidence of real commitment from LEPs to the growth agenda, including the development of ambitious, multi-year Strategic Economic Plans. The overall pot is valued at £2bn nationally for 2015/16 and around half of the funding will be allocated while the other 50% will be distributed via a competitive process into which LEPs must bid.
- 4.2 The element of funding which will be allocated by formula to LEPs includes Local Transport Majors and some skills funding. New homes bonus will continue to be allocated in the same way as it is currently. The LEP has asked the four HOSW upper tier Councils if they would use some of the NHB funding to support the LEP growth strategy. The remaining portion of funding will be allocated through the Growth Deal process, in a competitive way.
- 4.3 The Strategic Economic Plan will form the LEPs overarching strategy for investing the money available to it through the single local growth fund. Other strategies including the LEP EU Strategic Investment Framework and the Plymouth Deal will feed into this overarching strategy. The draft SEP was submitted to Government for comment on 19<sup>th</sup> December 2013 and will continue to be developed until the final submission deadline of 31<sup>st</sup> March.

### Objectives

- 4.4 The SEP covers the period 2014-2030 meaning it seeks to address strategic, long term issues as well as some of the more pressing priorities. The overarching ambition is to realise the potential of the LEPs distinctive environmental assets, to capitalise on

golden opportunities, and inspire innovation and entrepreneurship to create long term growth.

- 4.5 The plan is structured around three main themes; people, place and business. The delivery of the plan will be broken down into actions within these themes with the actions contributing to the strategy vision:
- Building on the HOSW distinctiveness
  - Maximising productivity and employment opportunities
  - Creating the conditions for growth

## **Delivery**

- 4.6 The SEP sets out the need for a balanced approach to growth, reflecting competing rural and urban priorities. It is complementary of the themes set out in the Torbay Economic Strategy to drive business growth, sustain the core economy, raise skill levels & create opportunities for all and nurturing the knowledge economy. Some Torbay projects which could potentially be funded through the SEP or the European Structural and Investment Fund strategy which feeds into this include:
- Western corridor improvements
  - Innovation Centre phase 3
  - Business support services
- 4.7 The implementation plan within the strategy sets out the actions needed to deliver the objectives. This reflects on current and planned activity both nationally and locally (including the Plymouth City Deal and the emerging Hinkley Deal). The plan sets out:
- HOSW Offer – what is being done and what more can be done locally to achieve growth
  - HOSW asks – what flexibilities or wider support are needed from Government to unblock barriers to growth
  - HOSW Interventions – proposed projects/programmes where appropriate
- 4.8 A number of transformational golden opportunities are identified within the SEP. These include:
- Construction and legacy of Hinkley C
  - Marine sector growth through the Plymouth City Deal
  - Supercomputer investment (Met Office) and the global environmental analytic capabilities
  - Aerospace and advanced manufacturing
- 4.9 More opportunities may develop over the course of the strategy and the scope of the SEP is deliberately wide enough to accommodate this.
- 4.9 The priority actions which will maximise these opportunities are set out in the table on the following page:

<b>Creating the Conditions for Growth</b>		<b>Maximising Productivity and Employment Opportunities</b>	<b>Building on our Distinctiveness</b>
<b>Place</b>	<p>The Enabling Landscape</p> <ul style="list-style-type: none"> <li>○ Transport and Accessibility infrastructure</li> <li>○ Sustainable solutions to flood and water catchment management</li> <li>○ Unlocking delivery of stalled housing sites</li> <li>○ Energy Infrastructure</li> </ul>	<p>The infrastructure and facilities to create more and better employment</p> <ul style="list-style-type: none"> <li>○ Enterprise infrastructure</li> <li>○ Investing in strategic employment sites in our main cities and towns</li> <li>○ Digital infrastructure</li> </ul>	<p>The infrastructure and facilities needed to support transformational change</p> <ul style="list-style-type: none"> <li>○ Opening up specialist sites for marine sector development</li> <li>○ Investing in science park and innovation infrastructure for nuclear, marine, environmental sciences and aerospace</li> <li>○ Maximising our environmental assets</li> </ul>
<b>Business</b>	<p>Creating a favourable business environment – the GAIN Growth Hub</p> <ul style="list-style-type: none"> <li>○ Simpler, more coherent business support</li> <li>○ Improved access to finance platform</li> <li>○ Tailoring national policies to local potential</li> </ul>	<p>Achieving more sustainable and broadly based business growth – the Global Market Growth package</p> <ul style="list-style-type: none"> <li>○ Reaching new markets – including public sector, web-fuelled and supply chain</li> <li>○ Globalisation (exports and inward investment)</li> </ul>	<p>Support related to key opportunities – transformational investment package</p> <ul style="list-style-type: none"> <li>○ Golden opportunities – Catapult-lites and networks</li> <li>○ Horizontal Innovation – Capacity building, grand challenges and Innovation for all</li> </ul>
<b>People</b>	<p>Creating the environment where businesses and individuals can reach their potential:</p> <ul style="list-style-type: none"> <li>○ Skills infrastructure and facilities</li> <li>○ Accessibility to education/employment</li> <li>○ Digital Literacy for inclusion, progression and business growth</li> </ul>	<p>Investing in skills and development to increase job opportunities and move people into the job market:</p> <ul style="list-style-type: none"> <li>○ Moving people into employment - focusing on youth, long term unemployed and economically inactive</li> <li>○ Careers advice and progression</li> <li>○ Improving workforce skills</li> </ul>	<p>Creating a world class workforce building on our distinctiveness and growth sectors:</p> <ul style="list-style-type: none"> <li>○ Entrepreneurship and business skills</li> <li>○ Technical and higher level skills development and retention</li> <li>○ Maximising the skills and employment opportunities from our Golden Opportunities</li> </ul>

## Outputs

- 4.10 The SEP will need to evidence it will make significant difference to the Heart of the South West (HOSW) economy. The process of developing Strategic Economic Plans is competitive and the LEP will be assessed alongside others to see which offer best value for money and growth opportunities. The draft outputs are set out below, however these are currently being tested and are likely to be amended before the final submission:
- 4.11 Building on the HOSW distinctiveness:
- By 2030, there is distinctive legacy of 'better jobs' from the investment in Hinkley, marine and other transformational assets
  - By 2030, proportion of businesses in knowledge economy has increased
  - By 2030 there is a ratio of high/medium tech businesses matching regional
  - By 2020, HOSW is recognised as one of the best places in the UK to start and grow a small business
  - By 2020 the natural capital of the HOSW area is enhanced and of increasing value to businesses and communities.
- 4.12 Maximising productivity & employment opportunities:
- By 2030 increase the competitiveness of our businesses so GVA/hour matches national average
  - By 2020, reduce youth and long term unemployment by half
  - By 2020, create an extra 50,000 jobs
  - By 2030, increase average wages to match national average
- 4.13 Creating the conditions for growth:
- By 2030 reduce rail journey times from Plymouth to London by 40 minutes
  - By 2020, 100% of the population able to connect to Superfast Broadband
  - By 2020, 60% of adult population qualified to L3 or above and 40\*to Level 4 or above
  - By 2030, deliver 170,000 new homes
- 4.14 Although the scale of the targets may alter these objectives fit well with the aim of the Torbay Economic Strategy to create more jobs by improving skill levels, driving business growth, supporting the core economy and nurturing the knowledge economy.

## Governance

- 4.15 The LEP is currently in the process of being registered as a Community Interest Company and the LEP will be accountable to Government for delivery against the actions, objectives and outcomes set out above. Governance of different programmes which sit below the SEP, including the EU Structural & Investment Fund strategy and Plymouth & Peninsula City Deal will vary however the LEP board and management team will play an important role in the governance of all activity. The City Deal governance includes a joint committee which will bind the different public and private sector partners and it is likely that a comparable process will be established for the

SEP however the finalised governance approach will be confirmed before submission of the SEP in March.

## **Conclusion**

- 4.16 The LEP Strategic Economic Plan is its statement of intent over the coming years. The process to secure funding is likely to be extremely competitive and the economic plan must be robust enough to stand up to this.
- 4.17 Support from Torbay in the drafting process has ensured our priorities are represented and it is important that this continues as work is completed on the final strategy for submission.
- 4.18 The SEP is positive for Torbay and the South West as it provides the mechanism to access significant funding from the Local Growth Fund from 2015/16 onwards. The three key themes in the SEP of Place, Business and People will support delivery of the Torbay Economic Strategy.

## **5. Possibilities and Options**

- 5.1 Torbay has to make a decision on whether to endorse and continue to support development of the SEP or to step back from involvement. Endorsing the draft SEP will demonstrate Torbay's agreement on the priorities outlined within it. This is important if Torbay is to continue to influence the strategy development to meet the objectives set out in the economic strategy and potentially benefit from the funding made available through it.
- 5.2 The alternative is to not endorse the strategy which carries the risk of Torbay priorities not being represented and in the worst case the amount of funding secured by the Bay reduced.
- 5.3 It is recommended that the strategy is endorsed to ensure Torbay maintains the best possible chance of influencing its future development and accessing funding and there is continued involvement as the SEP is finalised.

## **6. Fair Decision Making**

- 6.1 The LEP has consulted widely during the development of the SEP and associated EU strategy in a number of ways including:
- Online general stakeholder consultation
  - Through the business forum
  - Through a number of workshops held across the LEP areas (including a workshop held in Torbay and input from Torbay businesses)
  - Business survey
  - Through South West Forum
- 6.2 The SEP will determine the LEPs priorities for investment from 2014/15. This has the potential to have a positive impact on all areas of Torbay if funds can be accessed for

projects locally and if investment is made in LEP wide services such as business support.

## **7. Public Services (Social Value) Act 2012**

- 7.1 Any procurement needed to further develop the strategy will be carried out by the LEP. This will be governed by Somerset County Council's procurement regulations as Somerset has agreed to act for the LEP in procurement.
- 7.2 Developing local procurement and supply chains is an action within the strategy so the LEP will seek to lead by example in procuring locally where possible.

## **8. Risks**

- 8.1 The SEP as set in section 4 is currently in draft form. However, it is clear that the strategy supports the aims of Torbay to deliver jobs and economic growth.
- 8.2 Government has made clear large amounts of money will be channelled via LEPs to deliver their Strategic Economic Plans. There is a risk if Torbay does not support development of the strategy it could affect the strategy competing against others.
- 8.3 Failing to endorse or have further input into the SEP development may result in local priorities not being reflected in the final document. Given the strategy is still being developed it is felt it would be more of a risk not to endorse the draft and continued involvement in development of the strategy.

## **Additional Information**

The full draft LEP strategy is available to download here -

[http://www.heartofswlep.co.uk/sites/default/files/HOTSW\\_SEP\\_draft2\\_submission\\_19-12-13.pdf](http://www.heartofswlep.co.uk/sites/default/files/HOTSW_SEP_draft2_submission_19-12-13.pdf)

The Torbay Economic Strategy can be found here -

<http://www.torbay.gov.uk/index/yourcouncil/electedmayor/economicstrategy.htm>

## **Appendices**

Appendix 1 - Equality Impact Assessment