

HEART OF THE SOUTH WEST LEP GROWTH DEAL

Heart of the South West Local Enterprise Partnership Growth Deal aims to transform the reputation and position of the area nationally and globally by capitalising on the area's significant opportunities, realising the potential for high growth in the knowledge economy and securing more and higher value jobs. The deal will see significant investment in transport infrastructure across Devon, Somerset, Plymouth and Torbay, open up key sites for housing and employment growth and drive investment in skills to both improve productivity in existing bedrock industries like engineering and marine, and for growth areas like new nuclear and environmental science.

The Growth Deal, subject to a satisfactory conclusion of the funding agreement, will bring together local, national and private funding as well as new freedoms and flexibilities to focus on three key priority areas as identified in the LEP's Strategic Economic Plan:

- Enhancing transport connectivity across the area
- Building on Hinkley C opportunities
- Maximising productivity, innovation and employment

Heart of the South West LEP has secured **£130.3m from the Government's Local Growth Fund to support economic growth in the area – with £49.2m of new funding confirmed for 2015/16 and £42.8m for 2016/17 to 2021.** This includes:

- As part of the Government's ongoing commitment to Heart of the South West, a provisional award of a further £6.1m of funding for projects starting in 2016 and beyond; and
- £32.2m of funding which the Government has previously committed as part of Local Growth Deal funding to the area.

This substantial investment from Government will **bring forward at least £140m of additional investment from local partners and the private sector. Combined together this will create a total new investment package of £270.3m for the Heart of the South West LEP.**

By 2021, this Deal will create at least 13,000 jobs and allow 8,000 homes to be built.

Heart of the South West LEP brings together local business leaders along with the administrative areas of Plymouth, Torbay, Somerset and Devon and the areas' District Councils.

Summary of Heart of the South West LEP Growth Deal projects and funding

This Growth Deal brings together different funding streams designed to support local growth, with a share of the new Local Growth Fund, gives local partners the backing to focus on local priorities.

Heart of the South West Local Growth Fund breakdown (£m)			
	2015/6	2016 onwards	Total
Local Growth Fund award	49.2	42.8	92
Previously committed funding	13.8	18.4	32.2
Provisional allocation to projects starting in 2016/17 and beyond	-	6.1	6.1
Total	63	67.3	130.3

These totals exclude match funding for European Social Fund skills activities. The total amount of European Social Fund skills activity LEPs have planned in their draft strategies over the 7 year programme is currently just over 1 billion euros. Actual skills European Social Fund match will be used on the basis of the skills activity which is delivered at LEP level according to their final strategies.

The table above includes the provision of loan funding (subject to due diligence) to 3 developers to accelerate the delivery of homes. Breakdown as follows:

- Southfield Farm – Frome - £2,500,000 loan funding to Hallam Land management to accelerate the delivery of 450 homes.
- Whiterock – Brixham - £2,610,000 loan funding to Galliford Try Homes LTD to accelerate the delivery of 350 homes.
- Tithe Barn/Sandrock Nursery – Exeter - £4,258,496 loan funding to Galliford Try Homes LTD to accelerate the delivery of 412 homes.
- Brue Farm – Highbridge - £4,300,000 loan funding to BDW Trading LTD to accelerate the delivery of 492 homes.

Heart of the South West LEP and Central Government have agreed to co-invest in the following jointly-agreed priorities:

- **Hinkley Point C new nuclear power station** - a range of investments in skills, innovation and vital infrastructure, including working in partnership with West of England and Gloucestershire LEPs on nuclear skills:
 - Bridgwater College and Hinkley Point Training Activities – delivering key skills for new nuclear build
 - Huntworth Transport scheme and Taunton station upgrade
 - Low Carbon Innovation Centre to support supply chain development
- **Maximising productivity, employment and innovation**
 - Growth Hub: building on the city deal and Regional Growth Fund provision, in partnership with Cornwall and Isles of Scilly LEP.
 - Exeter Science Park Environmental Futures campus with the Met Office
 - Plymouth Science Park Phase 5
 - Somerset College STEM skills investment
- **Improved Transport and connectivity**
 - A range of town centre and gateway improvements in Torbay, Plymouth, North Devon, Yeovil and Exeter
 - Improving access to key employment and housing sites in Exeter, Sherford and Plymouth

Local flexibility over Growth Deal programme:

Heart of the South West LEP has demonstrated strong partnership arrangements which deliver collective decisions, has articulated a clear and deliverable vision for growth in the area, and has established strong financial monitoring procedures and cross local authority collaboration. Government will disburse funds to the LEP annually in advance. Heart of the South West LEP will be expected to deliver the projects highlighted in the Deal, but will have flexibility over the management of these projects in order to deliver the greatest economic benefits to the area. Any significant changes to the projects will need to be discussed with the Government in advance.

The Growth Deal does not amount to an endorsement of everything in the submitted SEP. All development decisions for specific proposals must go through the normal planning process and be guided by local plans taking into account all material considerations.

Heart of the South West LEP Growth Deal

The investment secured by the deal will be focused on three key areas to deliver transformative growth:

Enhancing infrastructure and connectivity across the area

A range of transport majors, sustainable transport, pinchpoint and transport interchange schemes across the LEP area that will improve connectivity, open up key housing and employment sites. Investment in 4G mobile solution to improve connectivity in key cold-spot areas. Flood defence and mitigation measures to improve future resilience and enable growth.

Heart of the South West LEP commitments	Central Government commitments
<ul style="list-style-type: none"> • Maintain work with Somerset and Devon Action Plans for flooding to secure best investment options for future flood resilience and growth. • The Local Enterprise Partnership and partners agree for the Local Enterprise Partnership to take a more proactive role in consultation on long-term rail planning and franchise specification and provide a co-ordinating role between constituent local authorities. • The Local Enterprise Partnership agrees to take a more proactive role in consultation on long-term strategic road network planning and provide a co-ordinating role between constituent local authorities. • Progress on the development and delivery of the priority transport schemes identified by Heart of the South West Local Transport Body that are fundable within available pre-allocated Local Growth Fund resources. 	<ul style="list-style-type: none"> • £3.4m investment in widen Bridge Road in Exeter (including £2.4m in 2015/16) • £8.3m investment for a package of transport improvements along the Plymouth Northern Corridor (including £2.5m in 2015/16) • £5.9m investment to upgrade the A382 (including £0.3m in 2015/16) • £3.4m investment in the Torquay Gateway project (including £0.3m in 2015/16) • £1.5m investment for improvements to the A361 (including £0.5m in 2015/16) • £0.4m investment in 2015/16 for Torquay town centre access • £2m investment for Roundswell access in Barnstable (including £0.7m in 2015/16) • £2m investment in A38 Deep Lane Sherford Access (including £1m in 2015/16) • £1m investment in 15/16 in Newcourt Junction on the A379 in Exeter (including £0.4m in 2015/16) • £1m investment in 2015/16 in Heywood Road Junction on the A39 in Bideford • £2.5m investment in Mobile 4G connectivity (including £1.3m in 2015/16) • £13.1m investment to widen the channel of the River Sowy (including £3.6m in 2015/16) • An indicative allocation of £0.6m to invest in Marsh Barton and Edginswell Station in 2016/17 • An indicative allocation of £5.5m to invest in Plymouth Eastern Corridor (Charles Cross and Exeter St improvements and Strategic Cycle Network) in 2016/17 • The Department for Transport and Network Rail commit to more proactive engagement of the Local

Enterprise Partnership in the long-term rail planning process (e.g. Route Studies) and in rail franchise specification through targeted local engagement of the Local Enterprise Partnership as part of an enhanced consultation process. The Department for Transport also commits to encourage bidders for franchises to identify and take into account the priorities of Local Enterprise Partnerships and other key local stakeholders as part of the franchising process, and will also encourage Train Operating Companies to continue with, and enhance where possible, their engagement with Local Enterprise Partnerships as key local stakeholders.

- The Highways Agency commits to developing a more proactive and collaborative approaches to promoting national and local growth and commits to continue building strong relationships and working arrangements with Local Enterprise Partnerships and the Local Enterprise Partnership Network, in the same way as with Local and Combined Authorities and the Local Government Association. Through its Route Strategies, the Highways Agency will engage the Local Enterprise Partnership in better understanding the challenges and opportunities associated with the network and to develop evidence based long-term plans to bring about much needed local economic growth and development, and commits to providing each Local Enterprise Partnership with a named contact, generally the relevant regional director. The Highways Agency commits to forming a Growth and Economic Development Group to support Local Enterprise Partnerships at a national and sub-national level, and a draft licence published on 23rd June 2014 for the new Highway Agency company includes a requirement to co-operate, which will underpin the arrangements described above.
- Infrastructure UK will advise on joint working between Network Rail, the Highways Agency, the Environment Agency and Heart of the South West LEP to design whole problem, holistic solutions to protect people, property and critical rail infrastructure.

Building on Hinkley Point C opportunities

The development of the Hinkley Point C Nuclear Power Station creates significant opportunities for Heart of the South West LEP area and the whole country. The Hinkley nuclear power plant is the first such plant for 20 years. This £16 billion project is expected to create 25,000 jobs overall and opportunities to stimulate the further development of the UK nuclear supply chain. Heart of the South West LEP and Government agreed an early package of support for Hinkley for 2014-15, in June 2014. The Growth Deal builds on this package of support through the inclusion of transport and skills projects to allow the area to benefit from this significant investment.

Heart of the South West LEP commitments	Central Government commitments
<ul style="list-style-type: none"> • 54000 learning outputs • Deliver 500 new homes • Create 2924 new jobs • 20ha of employment space 	<ul style="list-style-type: none"> • £5m investment in Bridgewater College in 2015/16 • £6.5m investment in Hinkley Point Training Activities (including £3m in 2015/16) • £1.9m investment in Huntworth Roundabout in 2015/16 • £4.6m investment in Taunton Station (including £2.2m in 2015/16) • £3.9m investment in the South West Low Carbon Energy Innovation and Collaboration project (including £2m in 2015/16) • Government recognises that the West of England, Heart of the South West and Gloucestershire LEPs are already working together on nuclear skills to support and capitalise on the significant opportunities at Hinkley Point C. With the Nuclear Industrial Strategy providing the national context for this work, Government commits to continuing to engage with the three LEPs on this agenda via the Hinkley Strategic Development Forum. This will include agreement on the right Governance, strategy and delivery models for the agreed priorities. The vision underpinning this work will add value to the interventions that are already in train through the package of support for Hinkley in 14/15

Maximising productivity, innovation and employment

Heart of the South West LEP commitments	Central Government commitments
<ul style="list-style-type: none"> • Provide £400k of public and private funding in 2015/16 to support the delivery of the local growth hub. • Provide a clear model for coordinating and simplifying business support so that it joins up national, local, public and private support and creates a seamless customer experience for businesses, which makes it easy for them to get the right support at the right time • Heart of the South West should work closely with Cornwall to build appropriately on existing Growth Hub model. • The LEP will facilitate stronger linkage between education providers and local businesses. We will also work with relevant local stakeholders to communicate our priorities and align our offer to the National Careers Service (NCS) providers ahead of 	<ul style="list-style-type: none"> • £5.4m investment in Science, Technology, Engineering, Maths and Marine skills in the City of Plymouth (including £1.72m in 2015/16) • £2.5m investment in the Environmental Futures Campus at Exeter Science Park in 2015/16 • £1m investment in Somerset College in 15/16 • £3m investment in Plymouth Science Park – Phase 5 (including £2m in 2015/16) • Provide £400k funding (revenue) in 2015/16 to the LEP for Growth Hub business support coordination, subject to the growth hub meeting minimum conditions that reflect the position agreed by the Government review on business support and services. • UKTI will commit to effectively communicating its strategic priorities to LEPs and where possible help

<p>the new service's roll-out in October 2014 in order to augment the service.</p> <ul style="list-style-type: none"> • The LEP will consider skills implications as part of decision taking on growth strategies. • The LEP will clearly articulate and evidence their skills priorities in the light of strategic national and local growth opportunities and communicate them to the Further Education and skills sector • The LEP will positively engage the Further Education and skills sector in key strategic partnerships eg Skills and Employment Boards • The LEP will recognise where the private sector has a responsibility to invest in skills provision and work with business and the skills system to realise that investment • The LEP will open up new jobs associated with the Local Growth Fund to local unemployed and long-term unemployed people working closely with local and national back to work initiatives. This would be part of a wider expectation that local areas use the Social Value Act, drawing on best practice across local councils and central expertise in maximising social value. • Alongside this Growth Deal, the LEP, as a partner of the Plymouth and South Peninsula City Deal, will deliver against its commitments towards youth employment. 	<p>them access relevant opportunities. UKTI has doubled the number of Partnership Managers to 16. This will ensure that UKTI can work more closely with LEPs and help build their capability to secure more inward investment</p> <ul style="list-style-type: none"> • The Technology Strategy Board recognises the important and valuable role that LEPs are playing in promoting and supporting innovation, and is committed to developing strong and effective relationships with LEPs both individually and collectively to build on this. The Technology Strategy Board is committed to supporting LEPs in developing the emerging Growth Hubs and in exploring how LEPs can help drive up local business awareness and engagement in Technology Strategy Board programmes and initiatives. • Government commits to working with the LEP to help ensure that local employer priorities are fed into the operations of the new National Careers Service providers in the LEP area, • Government, through the Skills Funding Agency, will support the process to ensure that provision meets local priorities and that increasing responsiveness is delivered through a three-pronged approach: <ul style="list-style-type: none"> ○ Procurement of new provision: LEPs will be involved throughout the process and providers' track records against LEP requirements will be considered as part of this assessment ○ Accountability: Providers will be required through their funding agreements with the Agency to explain to LEPs details of their provision and planning and we are testing ways in which they can be most effectively held to account for being responsive to local economic priorities. The Skills Funding Agency is trialling Skills Incentives Pilots from 2014/15 in Stoke and Staffordshire, the North East and West of England, designed to explore the mechanisms through which providers will account to LEPs for delivery. ○ Allocations and Intervention: In future years providers' records in delivering to LEP requirements will be taken into account when setting allocations and triggering interventions. From 2015/16 the Skills Funding Agency will take into account the outcomes of the Skills Incentive Pilots in Stoke and Staffordshire, the North East and West of England, in making allocations to those providers in scope, subject to evaluation of the pilots, these mechanisms
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	<p style="text-align: right;">will be rolled out to other LEPs in future years</p> <ul style="list-style-type: none"> • Government will set out revised information for LEPs on how they can take advantage of this approach and options for seeking advice if provision is not responsive to their needs. The Skills Funding Agency will publish information during summer 2014 on how LEPs can influence the use of all skills budgets in their localities, and the steps they can take if they are dissatisfied with the pattern of delivery. • Government will seek to improve the provision of skills data for LEPs and will develop and publish new reports that will quantify and assess responsiveness to local skills needs. In the summer of 2014 the Skills Funding Agency will provide all LEPs with a data set that updates them on the provision delivered in their areas.
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As part of the deal, the LEP will:

- **Strengthen governance:** the LEP commits to working with its constituent local authorities to review and strengthen the supporting local authority partnership arrangements. The structure and resourcing of the groups below Board level will also be reviewed and where necessary revised to ensure that activities, resources and powers are aligned and focused on delivery of the Strategic Economic Plan, with clear reporting lines to the Board from sub-board groups. Details and dates will be agreed as part of the Monitoring Framework. This will include ensuring that appropriate mechanisms and arrangements are in place to ensure that investment decisions are robust, evidence-based and transparent and represent good value for money. This includes a structured process of considering business cases in line with HM Treasury's 'The Green Book' and an independent appraisal panel.
- **Ensure implementation and demonstrate success,** by accepting the funding agreement, and by tracking progress against milestones and agreed core metrics and outcomes in line with a monitoring and evaluation framework. This will include agreeing monitoring metrics and reporting arrangements with the Government by September 2014. The LEP will also produce an evaluation plan for the projects contained in the Deal before April 2015.
- **Communicate the ongoing outputs and outcomes of the Deal to the local community and stakeholders** by publishing the Growth Deal and reporting regularly, and publically, on their progress to implement the strategy, ensuring that local people understand how Government money is being spent via the Growth Deal, and what the benefits are for them and the area. The Cities and Local Growth Unit will continue to work with the LEPs on communications activities, and help make the links with other Government communications teams.
- **Ensure value for money** by developing robust processes that will guide local decision-making. This will include agreeing an assurance framework with the Government by September 2014, building on existing local and national frameworks.

Funding for projects starting in 2016/17 will be subject to conditions that Government will discuss with the LEP over the next few weeks and months, along with establishing the best timetable for the project, taking into account practicalities and affordability.

The Government commits to opening discussions with the LEP right away on its priorities for the next round of Growth Deals.