

PLYMOUTH CITY COUNCIL

Subject: Heart of the South West Local Enterprise Partnership
Committee: Growth and Prosperity Overview and Scrutiny Panel
Date: 19 September 2012
Cabinet Member: Councillor Evans
CMT Member: Anthony Payne, Director of Place
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Ref:

Key Decision: No

Part:

Purpose of the report:

To provide the Growth and Prosperity Overview and Scrutiny Panel with an overview of the Heart of the South West Local Enterprise Partnership (HotSW LEP). This report covers why the HotSW LEP exists, how it is currently operating, the relationship between the HotSW LEP and Plymouth City Council and the impact that the HotSW LEP has had on Plymouth and the surrounding area.

Corporate Plan 2012 – 2015:

Delivering Growth - The LEP is intended to be a key partnership for the delivery of economic growth across localities and wider geographic areas.

Raising Aspirations - The LEPs Business Plan aims to enhance economic prosperity across wider sections of local communities through the prioritisation of initiatives which create jobs in a number of key sectors.

Providing value for communities - Potentially the LEP can be successful in securing finance for economic development initiatives which either match or alleviate financial contributions at the local level.

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land**

The LEP has made a request for a £20,000 core funding contribution and there is likely to be significant on-going calls on the time of officers and potentially of the Leader through his involvement in the LEP Board.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety, Risk Management and Equality, Diversity and Community Cohesion:

The activities of the LEP primarily have economic implications but there is the potential for social and environmental benefit depending upon the nature of initiatives that the LEP decides to pursue in due course.

Recommendations & Reasons for recommended action:

To decide whether to establish a Task and Finish group to look further at the activities of the HotSW LEP in order to come to a view as to how well it is serving Plymouth, the wider HotSW area and whether the City Council can, or should, further develop its commitment to the Partnership.

Alternative options considered and reasons for recommended action:

1. An alternative option would be to continue to participate within the LEP without evaluating its impact on Plymouth
 2. A second alternative option would be to withdraw from being an active participant in the LEP without evaluating its impact on Plymouth, but that would carry significant risk of Plymouth being perceived as not willing to work proactively with the LEP and indirectly with Government in trying to achieve economic growth. It would also carry a significant risk of not being able to bid into future funding regimes
-

Background papers:

Heart of the South West as at Appendix I

Sign off:

Fin		Leg		HR		Corp Prop		IT		Strat Proc	
Originating SMT Member Anthony Payne											
Have you consulted the Cabinet Member(s) named on the report? Yes – comments pending											

1.0 Introduction

- 1.1 The purpose of this report is to provide the Growth and Prosperity Overview and Scrutiny Panel with an overview of the Heart of the South West Local Enterprise Partnership (HotSW LEP). This report covers why the HotSW LEP exists, how it is currently operating, the relationship between the HotSW LEP and Plymouth City Council and the impact that the HotSW LEP has had on Plymouth and the surrounding area.

2.0 What are Local Enterprise Partnerships?

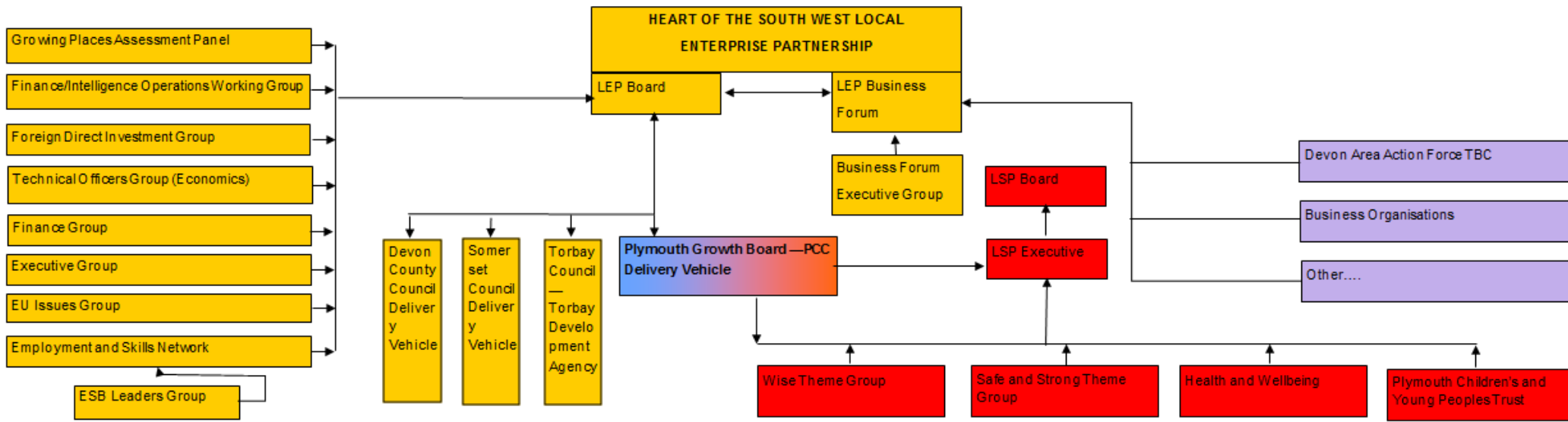
- 2.1 The Government announced in the June 2010 UK budget that Local Enterprise Partnerships (LEPs) would come in to being in lieu of the abolished of Regional Development Agencies (RDA). LEPs were established to drive forward economic development across economic geographies which in theory at least have similar characteristics and/or barriers to economic growth. LEPs, unlike RDA's, do not receive core funding from central Government and are required to source their own funding in order to perform operations and undertake activities.
- 2.2 LEP's are private sector led entities that comprise a partnership of business persons and upper tier local authorities. Many LEPs have also chosen to include higher and further education in their Boards. The Coalition Government decreed that LEPs would be private sector led in the belief that the private sector will be pivotal in unlocking the growth potential of any area as the public sector contracts.
- 2.3 The primary remit of LEPs was defined by the Government as providing a strategic vision for unlocking the growth potential of an area through creating the conditions necessary for the private sector to grow. It envisaged a particular emphasis on more start-up businesses, the expansion of existing businesses and leveraging in inward investment to the area. LEPs are, however, increasingly being used to deliver initiatives and programmes at a local level as well as providing a channel of communication from Central Government to local areas. This expectation is occurring whilst still receiving no substantial funding from Government. This is particularly challenging for LEPs that were created 'from scratch' and did not have the benefit of historic resources transferred from bodies such as development companies, which were often found in cities in the midlands and the north especially.
- 2.4 Each of the 39 LEPs across England is different. The most obvious difference between LEPs is their geographical make up. Some are largely rural, some are very urban based around one city, some cover prosperous and deprived areas, some are very mixed in their economic characteristics. Lack of prescription by the Government was meant to achieve innovation and the ability to form economic partnerships which met the needs of economic geographies; in reality too many LEPs have become a hybrid of interests which are not based around natural

economic geographies. Unfortunately many, although not all, LEPs have had to spend significant time trying to embed the nature of the partnership rather than being able to focus from the start on natural priorities and opportunities to achieve economic growth. Some LEPs are very well resourced and others (including HotSW) are not. This impacts negatively in some parts of the country on the way in which LEPs are able to function towards the goal of creating the right environment for the private sector to grow.

3.0 The Heart of the South West Local Enterprise Partnership

- 3.1 The HotSW LEP was established informally in March 2011 and covers an area of 10,158 square kilometres across the local authority areas of Devon, Plymouth, Somerset and Torbay. It is one of the largest LEPs in terms of geographical size that was given approval to go ahead. The economic output of the area covered by the HotSW LEP is estimated at being £25billion per year and the population of the area is 1.6million which makes it a substantial contributor to the UK economy. The HotSW LEP comprises a number of urban economic hubs which are vital in driving the economy of the wider area forward with Plymouth being by far the largest of these. The HotSW LEP also covers a large rural area. This creates challenges in trying to define the best way for the LEP to boost its area's economy as a whole.

Fig.1 Heart of the South West Local Enterprise Partnership structure and how it fits with local delivery vehicles.



3.2 The HotSW LEP's structure is shown in Fig. 1. It has a Board and Business Forum, the latter made up of businesses from across the area, in order to widen its influence. The Board is supported by a number of specialist sub-groups. In order to have local influence each of the upper tier LAs has an identified body (in the case of Plymouth this is the Plymouth Growth Board) which allows for information to flow to and from the LEP to the local areas; this relationship is still to be fully established.

3.3 The HotSW Board is made up as follows;

Eight Private sector representatives:

- Nicholas Ames, Managing Director, Supacat Ltd
- Simon Barker, Director of Strategy and Alliances UK Government Business, Augusta Westland
- Frances Brennan, SW Regional Director, Working Links (Vice - Chair)
- Adam Chambers, Chief Executive Officer, Peninsula Enterprise
- Nick Engert, Consultant to Clarke Willmott LLP
- Tim Jones, Chartered Surveyor / Commercial Property Developer (Chair)
- Vaughan Lindsay, Chief Executive, Dartington Hall Trust
- Dr Stephen Bird, Operations Director, South West Water

Four upper tier local authority representatives:

- Councillor Tudor Evans, Leader of Plymouth City Council
- Councillor William Mumford, Cabinet Member for Economy, Enterprise and Employment, Devon County Council
- Councillor David Hall, Cabinet Member for Strategic Planning and Economic Development, Somerset County Council
- Gordon Oliver, Mayor and Leader of Torbay Council

Two higher education representatives:

- Professor Wendy Purcell, Vice-Chancellor, University of Plymouth
- David Allen, Registrar and Deputy Chief Executive, University of Exeter

One further education representative:

- Rachel Davies, Principal, Somerset College

The Board is tasked with making the strategic and formal decisions for the HotSW LEP, although formal governance arrangements for the LEP remain under discussion and review. Members of the Board were selected on the basis of an application and interview.

- 3.4 The HotSW LEP Business Plan (see Appendix I) was adopted in April 2012 and outlines the vision as being, “to create more sustainable jobs by supporting and promoting our enterprises and capitalising upon the unique opportunities existing in the Heart of the South West”. Three broad themes have been identified that the HotSW LEP seeks to work toward in order to improve the development of the area, namely around job creation, raising productivity levels and increasing earnings. In order to achieve this, the activities of the HotSW LEP fall into four objectives:
- i. Driving productivity and enterprise
 - ii. Attracting new business and investment
 - iii. Maximising employment opportunities
 - iv. Promoting infrastructure to connect with markets
- 3.5 Alongside these there will be a particular focus on innovation, manufacturing, the green economy, rural productivity, tourism, nuclear and marine as a way of driving forward the HotSW economy. For each of these objectives a number of activities and initiatives have been identified to drive forward delivery of the objectives as outlined in the Business Plan. Targets for measuring the success or otherwise are also outlined.
- 3.6 The Business Plan also seeks to set out milestones by which activities are completed over the period to early 2014.
- 3.7 As there is no core funding available to LEPs from Government, the HotSW LEP applied to and was successful in securing £170k in start-up funding and £43k in capacity funding from Government when this became available on a temporary basis. This money has allowed the HotSW LEP to perform a number of activities that were vital in establishing a functioning partnership and to further increase the HotSW LEPs understanding of the current economic climate of the area. This has also allowed the HotSW LEP to develop and produce its business plan.
- 3.8 The HotSW LEP jointly with Devon and Somerset County Councils was able to secure a potential £31,320,000 through the Broadband Delivery UK programme to ensure that 90% of the rural area has access to and was covered by superfast broadband. Superfast broadband is seen as being extremely important to the businesses within the HotSW area due to the lack of transport infrastructure within the area.
- 3.9 By the summer of 2012 the LEP had reached a position whereby potentially it was going to run out of cash-flow. Endeavours are being undertaken, somewhat belatedly, by the LEP to provide itself with a firmer financial footing by including administrative costs within any funding bids and using any funding creatively. Since its beginning, there have been two calls for funding from the Local Authority partners, Plymouth City Council provided the LEP with an initial £10,000 contribution to aid in the initial start-up and has recently been asked to provide a

further £20,000 to the LEP for running costs. The latter amount has not yet been paid as the Leader wishes to establish on what basis this would be in the interests of the Council and its residents.

- 3.10 In January 2012, the Partnership signed an agreement with UK Trade & Investment (UKTI), making it the official body responsible for coordinating foreign direct investment. HotSW works closely with UKTI to promote the area to potential overseas investors. This should ensure enquiries are sent to the LEP and partners are made aware. To date, Plymouth has seen no uplift in the number of enquiries coming through this route.
- 3.11 A £21.5 million Growing Places Fund was awarded to the LEP in February 2012 to unlock stalled development projects throughout the area. The Fund is designed to enable distribution of loans to capital projects and developments that have already secured planning permission and are ready to commence, but have been postponed for financial reasons. The Government's intention was and is that this Fund should be handled in a speedy, non-bureaucratic way. A number of Plymouth projects are still awaiting LEP decisions on applications in to the Growing Places Fund and accordingly the city has not benefitted from it to date.
- 3.12 The LEP was successful in becoming one of five national pilots for the Rural Growth Network initiative, spearheading a national drive to encourage economic growth and enterprise in rural areas with an award of £2.9m. This initiative does not apply to urban areas such as Plymouth.
- 3.13 The HotSW LEP has also had a number of unsuccessful bids for initiatives and funding. In 2011 LEPs were invited to develop applications to establish Enterprise Zones. The HotSW put forward two applications to Government, one identifying areas in Plymouth as possible sites worthy of Enterprise Zone status and one that focused on sites primarily in Somerset but also in some parts of Devon. Neither of the applications was successful. Most LEP areas submitted single bid into the Government. The HotSW also failed in its own bid for RGF Round 3 monies, the intended use of which was to supply grants / loans to projects to encourage and lever in private sector funding to help to unblock projects that would create jobs and positively impact on the economy of the area. The LEP would have been able to provide such grants to smaller schemes unable of applying to RGF on their own because of the substantial bidding threshold set by the RGF.

4.0 The HotSW LEP and Plymouth

- 4.1 Plymouth City Council (PCC) alongside the other upper tier councils was an active participant in the formation and initial start-up activities of the HotSW LEP, helping to design and write the proposal for the initial approval by Government for the LEP to be formed. PCC has also provided continuing support to the HotSW LEPs through officer membership on many of the groups that have subsequently been set up to aid the functioning of the LEP. The Council's Leader,

Councillor Tudor Evans, sits on the Board and the Head of Economic Development is a member of the Executive Group and newly formed Finance and Resources group. A number of other members of the economic development team also occupy positions on various sub groups of the Board including the Technical Officers Group, which is focused on the Economics of the area. This commitment adds up to a significant impact on Member and officers' time but is considered necessary in order to try to ensure that a Plymouth message is considered by the LEP. The LEP currently has an Interim Chief Executive and an Interim Executive Assistant and no other staff. Proposals are currently being worked up for the potential appointment of a Chief Executive and support officer. It is therefore highly likely that the LEP will continue to rely heavily on councils, universities and other organisations and individuals to carry out its business, due to the paucity of its staffing numbers.

- 4.2 The HotSW LEP has recently indicated support for PCC regarding exploration of a potential City Deal with Government. The HotSW LEP also helped in lobbying activities aimed at getting improved rail connectivity between Plymouth and London. Using its communication channels to Government the LEP has also provided support for a number of Regional Growth Fund bids that were developed by businesses located in and around Plymouth. These bring investment and potential new jobs in to the city.
- 4.3 Although the HotSW LEP has provided support through lobbying activities to certain projects that were initiated by Plymouth, it has not targeted any of its resource or initiatives specifically at Plymouth to date.

5.0 Conclusions

- 5.1 LEPs are very different entities from RDA's; they lack the resource that RDAs had both in terms of funding and capacity. LEPs are private sector led partnerships that cover often quite diverse geographies.
- 5.2 LEPs are seen by Government to be key drivers for the growth agenda despite not receiving funding. The lack of funding creates significant problems for LEPs, such as HotSW, to overcome before implementing strategic decisions that are meant to have a positive impact on the economy of the area. The remit for LEPs is ever increasing without commensurate resources.
- 5.3 There is no clear way in which the HotSW LEP can continue to function and sustain itself in its current format without a substantial amount of support from the local authorities (and others), both in terms of financial and human resources. A group has been set up to address this issue but this is not an issue that is faced solely by the HotSW LEP. The Government must decide whether LEP's have had the impact they hoped for. Certainly in Plymouth, there is to date no evidence that a LEP is more effective than a Regional Development Agency.

- 5.4 Plymouth City Council will continue to engage with the HotSW LEP where it is clear that there is a benefit for Plymouth, Currently this benefit is primarily shown through lobbying support to projects that Plymouth intends to implement and push for of its own accord; the LEP's support is nevertheless very much welcomed and appreciated.
- 5.5 The Panel may wish to consider as a result of this report whether it wishes to establish a Task and Finish group to look further at the activities of the HotSW LEP in order to come to a view as to how well it is serving Plymouth, the wider HotSW area and whether the City Council can, or should, further develop its commitment to the Partnership.

Appendix 1

Heart of the South West Local Enterprise Partnership

Enabling Growth and Prosperity

Business Plan

HEART OF THE SOUTH WEST

Enabling Growth and Prosperity in the Heart of the South West

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1. Executive Summary

This business plan is designed to guide the activities of the Heart of the South West LEP over the next 3 years. It provides a framework to inform activity as well as details of how the LEP is structured and will operate on a day to day basis. The business plan has been developed by the LEP Board.

The Role of the LEP

The LEP is a strategically focused organisation, which draws extensively on the resources, energy and commitment of its partners. Our 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 we are not a delivery body, we will work with those who are and align funding to secure added value. Our roles are to:

- 1) **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.
- 2) **Secure Investment:** Influence investors to support our objectives and help advance our priority initiatives to achieve growth.
- 3) **Lead and Co-ordinate:** Bring partners together to align their activities, policies and investments with our vision and objectives. This will allow us to draw on our existing strengths and distinctiveness and give critical mass.
- 4) **Share Insight:** Ensure intelligence from and perspectives of our partners are embedded in policy and investment decision-making.

Communicating with Key Audiences

There are a significant number of organisations that play a part in the economic growth of our economy. The LEP Board and partners will engage with key stakeholders and be inclusive and open in all communications. There are four key audiences with which we will develop strong and formal relationships:

- **Businesses:** Without the active involvement and support of the HotSW business community, the LEP cannot achieve its aims and objectives. We are committed to providing fast, effective communication for our businesses and social enterprises, whatever their size. Formally, through the Business Forum and informally, through open dialogue with the HotSW Executive Group we aim to become a viable sounding board for those who create economic growth.

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- **Central Government:** Building upon our extensive access to policy makers, we will represent the needs of our economic community. We will lobby Government for improved infrastructure and investment in order to support our objectives and those of our partners.
- **Local Government:** We recognise the importance of our relationship with our local authority partners. They play a fundamental role in ensuring that the objectives outlined in this plan turn into actions and deliver results. We also recognise that our LEP can support greater collaboration and efficiency, giving greater impact.
- **Investors:** We 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, we will support businesses in securing increased investment, enabling them to grow.

2. Our Vision for the Heart of the South West

Vision

*To create more **sustainable** jobs by supporting and promoting our enterprises and capitalising upon the unique opportunities existing in the Heart of the South West.*

We will achieve our vision and goals in partnership with the business community, investors and the public sector. We will commit our energy and influence to four strategic priorities:

- **Drive Productivity and Enterprise:** By stimulating greater innovation and creating an economic environment, we will support the competitiveness of businesses and social enterprises. This will enable them to make better use of their knowledge assets in order to drive forward an enterprise culture and exploitation of new communication technologies. We believe this will provide the best possible platform to encourage new business growth and improve productivity.
- **Attract New Business and Investment:** By supporting businesses to compete both within the South West and outside in the wider global economy, we will help our businesses exploit opportunities to extend their customer and supply base. We will also work with partners to encourage new collaborations and develop exporting opportunities. Finally, we will raise the profile of our area for inward investment and secure additional funding.

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- **Maximise Employment Opportunities:** By ensuring that people living in HotSW areas acquire, maintain and enhance the skills and aspirations needed to secure fulfilling, long-term employment. We will work to stimulate employment growth and encourage the retention of relevant skills within an ageing workforce, while taking advantage of graduate opportunities.
- **Promote Infrastructure to Connect with Markets:** By making the case for critical infrastructure which will allow South West businesses to access opportunities and compete effectively.

Vision and Objectives



Focus

We will support economic prosperity for all our communities and business sectors, taking advantage of growth opportunities to drive productivity and increase average wages. By creating the right economic conditions for growth for our indigenous businesses, we will also attract new investment to the area creating a more diverse economic base and increasing private sector jobs.

When faced with competing priorities, we will support those that will achieve the most in terms of delivering our vision.

How the HotSW LEP will operate

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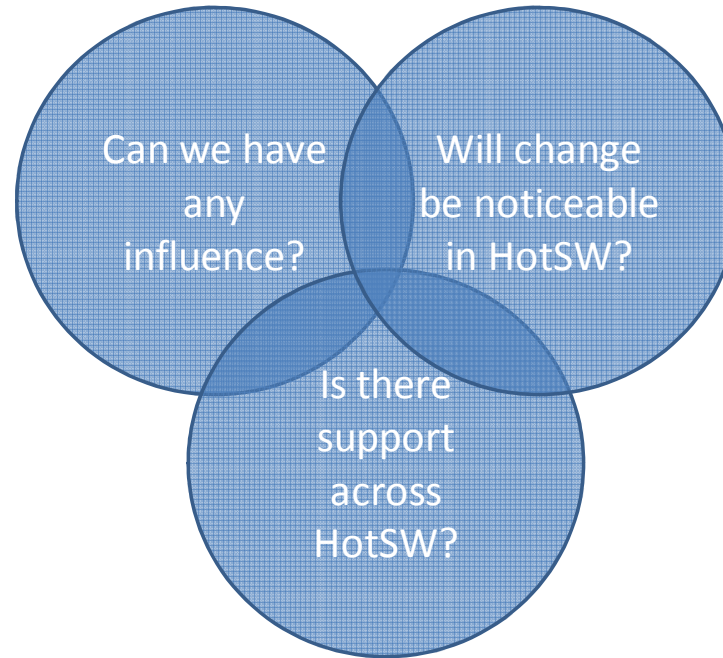
The HotSW LEP's greatest asset will be our ability to exercise influence over investors, delivery organisations and policy makers. The outcomes of this influence will be the best measure of our success.

The LEP will remain strategically focused and our work will be guided by a set of core operating principles:

- **Led by the Private Sector:** The LEP is a broad partnership committed to articulating the economic growth opportunities and challenges faced by business and social enterprises.
- **Dedicated to a strategic and balanced economic growth plan:** We will concentrate efforts on developing an overarching economic policy with our partners. We will be responsive to emergent opportunities, but will concentrate on our four strategic objectives, only supporting those that relate to the long-term growth in jobs and prosperity and joint locally-focussed initiatives.
- **Partnership Working:** We will work to influence stakeholders while remaining open and responsive to the business leaders, grassroots micro businesses and social enterprises that drive the majority of business activity within the LEP. Maintaining dialogue and sharing resources with appropriate organisations, neighbouring LEPs and other external partners will be a fundamental part of our work. We will use the insights, capacity and energy of our partner organisations where we can and only build our own in-house team where no alternative exists.
- **Influencing Funding:** Rather than pursue funding sources on an *ad hoc* basis, we will influence funders to respond to our needs and objectives by developing and maintaining appropriate relationships at local, national and European levels.
- **Shaping Policy Development:** Maintaining, building and influencing dialogue at all levels will ensure that our influence has the greatest impact and reaches the most appropriate stakeholders.

How we make decisions

The LEP has limited resources and needs to make tough choices about where to invest its influence, time and energies. Three test questions have been applied to determine our priorities. These will also form an important part of the board's ongoing decisions making process:



3.Objectives, Opportunities and Initiatives

Objective: Drive Productivity and Enterprise

- We have a skills profile that is geographically variable, with some areas (such as Bideford and Torquay) having very low levels and others(such as Plymouth) particularly high;
- There are specific issues in relation to the skills of younger people, masked in

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statistics by our relative high qualification levels generally,

- We have two world class Universities producing high quality graduates but low levels of graduate retention in the local labour market;
- We are acknowledged as national leaders in the development and support of Social Enterprise
- There is a strong network of local FE colleges with clear links to local sectoral strengths (such as the nuclear skills academy, University Technical College, land based colleges etc).
- Evidence suggests lower levels of apprenticeships available in our rural areas

The LEP will create the conditions to ensure that businesses with exciting and innovative ideas, particularly micro businesses and social enterprises, are given the best opportunity to succeed. It will seek to promote employment, create wealth and stimulate growth.

Opportunity 1: Increasing Productivity and Competitiveness

The LEP has a key role in creating a competitive and productive environment to stimulate business creation and growth, by encouraging and identifying opportunities for enterprise and innovation and supporting local purchasing.

Initiative: Encourage the development of targeted support for local businesses to participate in supply chain opportunities and inter-trading across the area. This will stimulate an environment where wealth is retained within the local economy and will ultimately support job creation.

Opportunity 2: Stimulating Innovation

Support the creation of collaborative networks driving innovation; these will encompass universities, further education colleges and service providers and will specifically encourage entrepreneurs. Concepts of collaboration are central to our enterprise and innovation vision for the Heart of the South West.

Initiative: In conjunction with the Business Forum, we will encourage the development of 'Innovation Platforms' to support local businesses with growth potential. With our partners, we will seek to bring capitalise the existing range of innovation support services, making them more accessible and giving critical mass.

Opportunity 3: Securing Business Investment

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Lack of investment was identified as a key barrier to growth by nearly a third of respondents to our business survey. We will work with our other partners to improve access to finance for businesses, from start-up companies to expanding enterprises, supporting those with growth potential in particular, building on successful initiatives and extending these across the area.

Initiative: We want the HotSW area to be one where no good business idea fails due to lack of support or finance. We will develop a coherent infrastructure that connects early and later stage ventures with the right sources of funding, including loans, grants, venture capital and business support. We will use our influence to drive up both the volume and value of business transactions and to help to secure a dedicated equity, seed fund and micro-finance fund for the area.

Objective: Attract New Business and Investment

- Around two thirds of our businesses do not currently export, and for those that do, values tend to be low (only a fifth of exporting businesses saw export values over £200k in 2010).
- We have excellent academic links with partners in some of the fastest growing global economies: we should capitalise on those.
- Our high quality environment is a principal driver of inward investment, but the expertise and skills of our labour force and wider business conditions are less recognised.
- We have benefited from significant European investment.

In partnership with UK Trade and Investment (UKTI), we will reach out to new markets and explore new opportunities. We will widen our horizons, forging new partnerships whilst also promoting the Heart of the South West as a place to do business; stimulating inward investment and business relocation.

Opportunity 1: Increase both the numbers of businesses exporting and the value of exports

Commit to ensuring all businesses that want to export should be able to do so.

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Initiative: Facilitate a programme of activity to promote export opportunities focused on supporting SMEs that have the potential to export but are not currently doing so. This would include researching options to develop international supply chains.

Opportunities 2: Stimulate inward investment

Address directly any negative perceptions of our area as a place to do business and invest. Build upon high profile recent successes to showcase the HotSW area to potential investors.

Initiative: Take a proactive role in supporting inward investment and marketing, working with local authorities and UKTI to ensure that consistent messages are promoted. We will welcome new investors and liaise with interested companies, communicating the needs of potential investor companies to planning authorities.

Opportunity 3: Secure European Funds

Ensure that the business and structural economic needs of the HotSW LEP are recognised and reflected in future EU fund allocations and focus.

Initiative: Champion the case for additional funds with EU and central government, particularly where this supports key locations as centres of excellence.

Opportunity 4: Capitalise upon being a Gateway Location

Ensure that we capitalise upon our direct and indirect gateways into international markets.

Initiative: Support the expansion of transport hubs and marine assets to create a wide range of new commercial opportunities such as access to international ports and recognition of marine energy assets. We will also build our IT capacity to access world markets and enhance our international tourism opportunities.

Objective: Maximise Employment Opportunities

- We have a diverse geographical area with a range of different workforces, skills challenges and opportunities (some areas have very low levels skills and others significantly higher level skills).
- There are specific issues in relation to the skills of younger people, masked in statistics by our relatively high qualification levels.
- We have two world class universities but low levels of graduate retention in the local labour market.
- There is a strong network of local further education colleges with clear links to local strengths in specific sectors.
- We are acknowledged as national leaders in the development and support of Social Enterprises.
- The demographics of the region include an ageing profile, which we should capitalise on

One of the key drivers of innovation and business growth is the presence of a workforce with the relevant skills that businesses need to innovate and grow, in order to be competitive in a global economy.

Opportunity 1: Develop a high quality workforce to meet business needs

Whilst the immediate response to the recession was to focus on need, supporting economic rebalancing requires that we now focus on opportunities. Evidence suggests that some businesses are having difficulties recruiting, even at a time when unemployment is increasing. We will need to support and develop quality employment opportunities for our young people to help businesses benefit from their talents, as well as retaining existing employees.

Initiative: Within the wider business forum, we will facilitate dialogue to create a broad, linked set of career development initiatives. These should include apprenticeships, graduate retention projects and work placements. We will also encourage local businesses to offer both short-term work tasters and long-

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term work placements to schools, recent graduates and the unemployed. Additionally, we want to inspire people to set up their own enterprises and social enterprises in response to opportunities or needs in their communities.

Opportunity 2: Increase the availability and take up of apprenticeships

An apprenticeship can harness talent while also ensuring an employer's workforce meets the growth needs of the business. It can provide a more appropriate route to employment for many young people than staying in formal education. Evidence suggests that young people in rural areas find it more difficult to find apprenticeships and have to follow more typical educational routes.

Initiative: Facilitate the engagement of appropriate partners and policy makers to enable businesses within our key sectors to share apprentices and support raising the resource to maintain this.

Opportunity 3: Instil a culture of enterprise, life-long learning and career progression across all business sectors

The best businesses invest in their employees, ensuring that they develop a skilled workforce that meets their growth needs. It is important, therefore, that our skills providers work closely with our businesses to secure continuous professional development (CPD). We also have a key role in ensuring that the skills and experience of successful entrepreneurs are drawn upon to benefit those with aspirations to start or grow their own business.

Initiative: Establish a panel of HotSW Business Mentors to support local people in their career development as well as guiding new businesses and social enterprises.

Objective: Promote Infrastructure to Connect with Markets

- We have variable levels of connectivity to international and national markets: the M5 corridor is well connected, but further west and south, lengthy and unreliable travel times are barriers to growth and investment.
- Having supported partners to secure access to over £30 million of Broadband Delivery UK (BDUK) investment to upgrade broadband connectivity to at least

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85% of premises, the next stage will be to address the remaining 10 - 15% and maximise take up amongst businesses to increase productivity.

- There are a number of acknowledged constraints on development of employment land, particularly linked with protected landscape and environmental designations.

One of the key barriers to business growth is the relative distance to major economic centres and markets. Whilst parts of the HotSW area have good transport links, many are less well connected.

Opportunity 1: Address existing and future constraints on business growth

Physical connectivity is a crucial priority for the HotSW. This requires a long term approach and commitment to working with Government to secure improved transport connections.

Initiative: Emphasise the need for ongoing public and private investment to improve connections into and within our area while giving specific focus to locations where current connectivity is impacting on productivity and competitiveness.

Opportunity 2: Maximise the opportunity and benefit that BDUK investment in superfast broadband infrastructure brings

Encourage ambitious aspirations for the roll out of future electronic communication technologies for the region.

Initiative: Work with and support the rural community of the HotSW to help realise the benefits of superfast broadband and encourage take up.

Opportunity 3: Support the development of a variety of housing options to complement our economic growth

It is crucial that future housing development plays a role in maintaining a stable workforce and is a driver of inward investment. This will help differentiate the HotSW as a location to invest. Social infrastructure and appropriate affordable housing are important community outcomes

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Initiative: Work with planners and developers to encourage a joined up approach to future housing development to secure our economic prosperity.

Opportunity 4: Ensure that business growth and enterprise is promoted and supported through the planning system

Whilst we are committed to sustainable economic development and we value the high quality environment that underpins so many of our economic strengths, we also recognise the constraints that the existing planning and regulation framework can place on business growth. Many rural businesses that wish to expand are ultimately forced to relocate, meaning that some locations miss out on the benefits that growing businesses can bring.

Initiative: Ensure an integrated approach to economic development, we will work with with local authorities to secure greater business focus within the planning system.

4. Operational Milestones and Measures of Success

The objectives and initiatives outlined within this plan provide a menu of activities for our board, executive, partners and supporting groups to pursue. This section outlines the milestones that will help us track our progress against them.

These milestones are critical. Crucially, they will remain 'live' on our agenda and progress will be monitored on an on-going basis.

Early - Mid 2012

- Full sign up to the business plan and agreement of priority initiatives.
- Clear mechanisms established to communicate with businesses (large and micro) and social enterprise communities.
- Delivery network mapped.
- Growing Places Fund - launch and manage fund.

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- Research into sector prospects completed.
- Agree mechanism for LEP review of inward investment enquiries.
- Agree specific infrastructure improvements for targeted lobbying.
- Initial dialogue with planning authorities regarding LEP perspective and ambitions regarding planning decisions.

Mid - End 2012

- Completion of brief to support the development of delivery SME export support and home worker network.
- Formal approach to government on agreed infrastructure priorities.
- In conjunction with partners to outline terms of reference for innovation platforms for local delivery.
- Provide an overview of available and future finance sources for LEP.
- Complete development of initial inward investment proposition for key sectors in conjunction with appropriate partners.
- Complete initial scoping of business mentors.

Early - Mid 2013

- In conjunction with partners, source and secure the funding to deliver SME Export Support Project and Innovation Platform.
- Concerted promotion of available finance to HotSW SMEs and social enterprises undertaken.
- Pilot of LEP involvement in planning system complete.
- Engage Business Mentor programme.

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Mid - End 2013

- Innovation Platform, SME Export Support Project and Shared Apprenticeship Programme all fully operational through accountable bodies.
- New mechanisms to allocate equity finance established.
- LEP guidance on planning for growth in HotSW published.

Early - Mid 2014

- Formal review of business plan objectives and LEP structures.

Measuring our Success

Our goal is clearly outlined within our vision: we want to create more sustainable jobs. To do this we know that there are a number of different areas where we will need to influence and bring about change. As such we will track our performance in the following areas:

- Our aim in the period of this business plan is to exceed national averages on employment rates (0.4 pp difference).
- Business formation (0.9 pp difference).
- GVA per employee (£13,000 difference).

This will give us the platform to secure sustainable growth in the longer term.

We recognise that many of these indicators are either infrequently published or difficult to measure. With this in mind, we have allocated a research budget to collect intelligence. We will also compile anecdotal evidence to demonstrate the positive evolution of the HotSW economy.

Refreshing our Perspectives

As we succeed in capitalising on the opportunities before us and tackling the challenges ahead, our focus will shift onto new priority initiatives and, in due course, our strategic objectives will need to be reviewed and updated.

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To ensure we remain agile and focused on changing circumstances, we are committed to:

- **Selecting priority initiatives with a two year shelf-life:** If we cannot progress the agenda and demonstrate some achievement over that time, the challenge exceeds our remit.
- **Reviewing progress on priority initiatives annually:** Each year we will report to our partners on progress in each of our priority initiatives.
- **Taking stock of our achievements every two years:** At this point, we plan to bring forward new priority initiatives or refresh the focus on existing initiatives.
- **Revising strategic priorities every three to five years:** Over the medium-term, we will review and revise our strategic objectives.
- **Maintaining a long term view to identify future growth opportunities.**

Annex A: LEP Roles and Responsibilities

The four roles we are committed to performing are underpinned by a series of tasks that partners and stakeholders can expect us to deliver.

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A: Guide Priorities

1. Agree long-term strategic vision and priorities for HOTSW economy
2. Promote and share strategic priorities with partners
3. Identify opportunities to align partner priorities to HOTSW

B: Share Insight

1. Secure data, insight and intelligence
2. Analyse performance against strategic priorities
3. Disseminate insight to partners on economic challenges and opportunities

C: Secure Investment

1. Promote HOTSW strategic opportunities to investors
2. Prioritise competing local investments where LEP influence is required
3. Coordination of national and regional funding

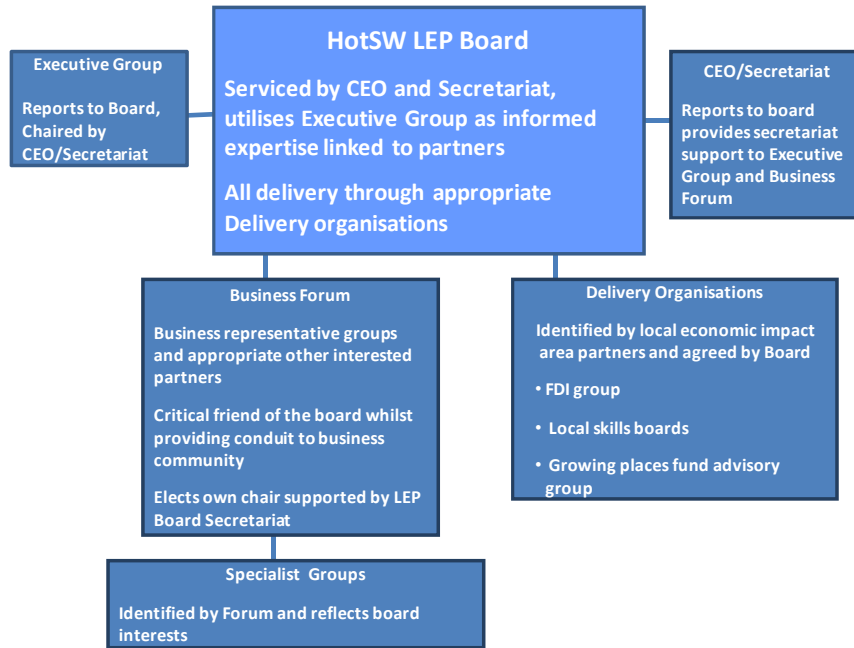
D: Lead & Co-ordinate

1. Encourage local public bodies to set policy, undertake statutory roles and deliver services in line with strategic priorities
2. Facilitate joint action among public and private partners

HotSW Organisational Structure

To perform these roles we have agreed a partnership structure which will allow the board to remain independent, impartial and flexible. At the same time, the board will also support regular two-way dialogue with our most important partners: businesses and local authorities.

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The role of each element of the LEP partnership is outlined in more detail below:

HotSW LEP Board

The Board is the most senior decision-making authority 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 and will oversee progress against objectives.

The Board will provide impartial economic leadership, free from political and local geographical bias, focusing exclusively on the needs and objectives of the LEP. In doing this, Board members will be expected to make tough strategic choices between competing opportunities and challenges.

The members of the Board will represent the LEP within and beyond the HotSW and will be responsible for cultivating positive relationships with partners, acting as representatives and advocates for the area.

The Board will have lead responsibility for:

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A1: Setting strategic vision and priorities for HotSW economy
B3: Disseminating insight and challenges to partners
C1: Promoting HotSW strategic opportunities to investors
C2: Prioritising local investments
D1: Encouraging local public bodies to operate in line with strategic priorities

Attributes for the success of the Board are:

Private sector-led
Sub-regional focus
Influence in policy and investment circles (public and private)
Productive working relationships with partners
Authoritative
Good governance

The HotSW Team

The small dedicated team of staff working for the LEP support the Board in their decision-making and provide logistical support for partnership working. Senior 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.

The HotSW team will have responsibility for:

A2: Promoting and sharing strategic priorities with partners
A3: Identifying opportunities to align partner priorities to HOTSW
B1: Securing data, insight and intelligence
B3: Disseminating insight and challenges to partners
C1: Promote HotSW strategic opportunities to investors
C2: Prioritising local investments
C3: Coordinating regional and national funding
D1: Encouraging local public bodies to operate in line with strategic priorities
D2: Facilitating joint action among public and private partners
D3: To coordinate and work with appropriate sector groups e.g Productive Skills for Devon and Somerset, UKTI Inward Investment Group etc

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Attributes for the success of the HotSW team are:

Agile and modest in size
Able to influence public and private sector
Credible locally, regionally and nationally
Trusted and influential in decision-making circles
Strong research skills and policy knowledge
Highly effective engagement and promotion skills/resources

The HotSW Executive Group

The Executive Group provides the LEP with the resource and capacity to progress our priority initiatives. It is resourced by partner organisations and its composition will evolve as the agenda shifts and further resources become available.

The Executive Group will develop the detail of the LEPs priority initiatives and provide much of the resource needed to initiate new activities and implement opportunities presented to the LEP.

The HotSW Executive Group will have responsibility for:

A3: Identifying opportunities to align partner priorities to HotSW
B1: Securing data, insight and intelligence
B2: Analysing performance against strategic priorities
C2: Prioritising local investments
C3: Coordinating regional and national funding
D1: Encouraging local public bodies to operate in line with strategic priorities
D2: Facilitating joint action among public and private partners
D3: Responsible for working with the accountable bodies to deliver HotSW funding

Attributes for the success of the Executive Group are:

Skills and insight into priority initiatives and policy agenda
Ability to commit time and resource to LEP activities
Seniority to commit to policy change in partner organisations

The Business Forum

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This group of business leaders from around the HotSW provides advice to the LEP on our performance. First and foremost, the Business Forum will act as a critical friend. In addition to this, it will provide the Board, Executive Group and HotSW team with insights into current and future challenges and opportunities facing the area's economy.

Over time, the Business Forum will become advocates for and participants in priority initiatives.

The Business Forum will have responsibility for:
A2: Promoting and sharing strategic priorities with partners
B3: Disseminating insight to partners
Attributes for the success of the Business Forum are:
Broadly representative of key sectors and locations across the HotSW
Senior decision-makers with oversight of wider issues facing the economy
Commitment to the strategic objective and priority initiatives of the HotSW
LEP

Core Resources

Board: Summary of Resources

The LEP Board is limited to 15 members. This includes eight business representatives, one elected member from each of the four upper tier authorities and three senior staff from the tertiary education sector. The LEP Chair and Deputy Chair are drawn from the private sector.

Business representation on the Board reflects the sector and size distribution of businesses within the LEP area.

HotSW Team: Summary of Resources

The HotSW team is deliberately small with a remit to support the Board and supplement the resources of the Executive Group. The core team of three people work closely together and work flexibly to support each other. The team is led by a chief executive supported by an executive officer and administrative support.

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The team has budget available for additional support throughout the year for:

- **Communications:** To support engagement work with partners, raise the profile of the LEP and ensure we communicate effectively with stakeholders, specifically around our achievements.
- **Research:** To ensure we understand issues and challenges as they emerge and to develop the intelligence needed to make our case to investors and partners.
- **Technical Support:** To assist with the implementation of new initiatives and to assess the merits of competing investment options.

The LEP operates across the HotSW but the team is hosted by partner organisations.

Annual Budget

The annual budget for the operation of HotSW LEP is set out below:

Item	Cost
3 x FTE (CEO, Executive Officer and Admin) including on costs	£165,000

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Research (Capacity Fund 2)	£25,000
Technical / Legal Governance	£20,000
Communications (Outsourced)	£25,000
Chair / Board Expenses	£10,000
Business Engagement	£5,000
TOTAL	£250,000