

## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Strategic Economic Plan – Heart of the South West Local Enterprise Partnership
<b>Committee:</b>	Cabinet
<b>Date:</b>	11 <sup>th</sup> February 2014
<b>Cabinet Member:</b>	Councillor Evans
<b>CMT Member:</b>	Anthony Payne (Director for Place)
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<b>Ref:</b>	
<b>Key Decision:</b>	Yes
<b>Part:</b>	I

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### **Purpose of the report:**

The Heart of the South West Local Enterprise Partnership (HotSW LEP) has produced a first draft Strategic Economic Plan (SEP). The SEP is a LEP owned strategy and identifies priorities for investment across the LEP area (which includes Plymouth) between 2014-2030.

The SEP secures a negotiated Growth Deal with Government which unlocks funding from the Local Growth Fund. The funding is predominantly for transport, economic growth and skills.

This report describes the first draft SEP, the suggested investment priorities / high-level projects for the South West, and the implications for Plymouth. The final SEP needs to be submitted to Government by the end of March 2014.

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### **The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:**

**Pioneering Plymouth** – The SEP is the growth strategy for the Heart of the South West, covering Plymouth, Torbay, Somerset and Devon. This joined up and partnership approach, delivered through the LEP, will ensure the long term approach to growth for the region is undertaken in a coordinated and efficient way, including using resources across the LEP area in the most efficient way.

**Growing Plymouth** – The SEP is a key, overarching strategy which outlines a long term approach and commitment to growth for Plymouth and the South West. The SEP will be used to secure funding from the Local Growth Fund. Therefore, by its very nature, it is fundamental for the successful growth of Plymouth and the South West.

**Caring Plymouth** – Residents, businesses and partners have the opportunity to influence the SEP and the projects within in, for example the draft SEP is available for comment on the HotSW LEP website, and the development of the ‘business’ theme of the SEP involved four business led workshops. Many of the projects within the SEP, for example supporting young people into employment, enable young people to feel more confident in themselves.

Confident Plymouth – Underpinning the SEP’s vision is for the document to “build on our distinctiveness,” recognising that the South West has significant natural and heritage assets. The South West is highlighted as an area that people choose to live, work and invest and are proud to do so.

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

The SEP is an overarching strategy identifying, at a high level, specific priorities and projects throughout the LEP area. The SEP will include credible, investment-ready schemes (mainly focused on transport, economic growth and skills).

Any specific projects or investments arising from the SEP which may have a financial or resource implication for the Council will be subject to separate Cabinet reports.

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**Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:**

The SEP will link closely with Plymouth’s Local Economic Strategy (which is currently being reviewed) and the emerging Plymouth Plan. The SEP and the European Union Structural Investment Fund (EUSIF) will also be closely aligned.

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**Equality and Diversity**

Has an Equality Impact Assessment been undertaken? No

The LEP will consider if an Equality and Diversity assessment is required and, if so, the LEP will progress at a later date.

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**Recommendations and Reasons for recommended action:**

The Government’s timelines for the submission of the final Strategic Economic Plan does not follow a cycle which provides a window to report to March’s Cabinet. Therefore, Cabinet is being asked to:

- Note the first draft Strategic Economic Plan (SEP) in its current form as a key document for the Heart of the South West Local Enterprise Partnership (HotSW LEP) and the Plymouth growth agenda.
- Support the first draft SEP as a sound basis for a final SEP, but acknowledge that there are some strategic issues, predominantly around connectivity and transport, that are currently being addressed through on-going dialogue with the LEP.
- Agree that the Leader is delegated authority to approve the final version of the SEP ahead of its submission to Government in March 2014.

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**Alternative options considered and rejected:**

Cabinet approves the final version of the SEP prior to final submission in March 2014. However, due to Cabinet preparation cycles there is insufficient time to get the final SEP to Cabinet between it being approved by the LEP Board and submitted to Government.

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**Published work / information:**

The draft SEP is available on the Heart of South West LEP website:

[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)

**Background papers:**

None.

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	
Strategic Economic Plan – Heart of the South West Local Enterprise Partnership	x									

**Sign off:** comment must be sought from those whose area of responsibility may be affected by the decision, as follows (insert references of Finance, Legal and Monitoring Officer reps, and of HR, Corporate Property, IT and Strat. Proc. as appropriate):

Fin	PlaceF EDC13 14 012	Leg	19349/ DVS	Mon Off	19349/ DVS	HR		Assets		IT		Strat Proc	
Originating SMT Member: David Draffan													
Has the Cabinet Member(s) agreed the contents of the report? Yes													

## **1.0 Introduction**

- 1.1 This report presents the first draft Strategic Economic Plan (SEP), produced by the Heart of the South West Local Enterprise Partnership (HotSW LEP).
- 1.2 In its response to the Heseltine Report, Government announced that it would follow Lord Heseltine's recommendations and devolve more national funds through local mechanisms in order to increase their impact. To achieve this, Government announced the creation of two new funds, the Local Growth Fund (previously Single Pot or Growth Pot) and the EU SIF. Both of these new funds will be distributed through the LEPs, with the Government asking each LEP to produce two strategies:
- Strategic Economic Plan (SEP), which will be used to bid for the Local Growth Fund (particularly for transport, economic growth and skills);
  - EUSIF document, which is an amalgamation of ERDF, ESF and parts of EAFRD.
- 1.3 The Local Growth Fund has a total of £2bn per year, from 2015/16 to 2020/21, available between all LEP's (there are 39 LEP's in total). Funding is likely to be focused on transport, economic growth and skills. In 2015/16, half of the funding is allocated to LEP's by formula (the amounts allocated is still to be finalised), with the other half allocated on a competitive basis based on the quality of the SEP. A higher percentage of the funding could be allocated on a competitive basis in future years.
- 1.4 The SEP highlights the Plymouth and South West Peninsula City Deal as a specific growth opportunity for the South West. The City Deal is therefore a 'golden thread' which flows throughout the whole SEP document.
- 1.5 This Cabinet report is only concerned with the SEP, as the EUSIF has been considered under a separate report, taken to Cabinet in December 2013:  
<http://www.plymouth.gov.uk/mgInternet/documents/s51250/EU%20Structural%20and%20Investment%20Fund%20Strategy.pdf>

## **2.0 Overall aim of Strategic Economic Plan (SEP)**

- 2.1 SEP's seek to deliver three main aims:
- Provide an overall long term approach and commitment to growth for the HotSW, i.e. the economic growth strategy for Devon, Plymouth, Somerset and Torbay;
  - Establish the basis for a 'local growth deal' with Government (including medium term arrangements for governance and performance management of that growth). This is the HotSW LEP's opportunity to ask Government for greater powers, freedoms & flexibilities;
  - Produce a bid (alongside the other 39 LEPs) into a £2bn per year (from 2015/16 to 2020/21) Local Growth Fund (LGF) with credible, investment-ready schemes (mainly focused on transport, economic growth and skills).
- 2.2 The first draft SEP was submitted to Government on 19<sup>th</sup> December 2013. The final SEP needs to be submitted to Government at the end of March 2014.

## **3.0 Plymouth City Council's Involvement**

- 3.1 As part of the development of the SEP, work has been distributed among the four upper tier authorities, with Plymouth City Council (PCC) and Torbay Development Agency (TDA)

leading on formulation of the “Business” Theme; Devon County Council (DCC) on the “People” Theme; and Somerset County Council (SCC) on the “Place” Theme.

3.2 Plymouth City Council is actively engaged in the SEP’s development and influencing the interventions and activities, which has included involvement of officers from Economic Development, Strategic Planning and Infrastructure and Education, Learning and Families. PCC also has representation on the LEP’s Management Team (which is the Executive Group responsible for the strategic decision-making, and reports directly to the LEP Board) and was one of the two upper tier authorities asked to sit on the SEP sign-off Group.

#### 4.0 Summary of Draft SEP

4.1 The HotSW SEP’s overall mission is *“to make our area the place of choice to live, work, learn, visit and invest; we want to achieve sustainable and skilled jobs, improved productivity and economic growth in order to achieve prosperity.”*

4.2 Underpinning this vision is three core aims:

- Building on our distinctiveness.
- Maximising employment opportunities.
- Creating the conditions for growth.

4.3 The LEP has identified three main investment themes which shape the SEP:

- **“Place,” “Business” and “People”**

Each of these investment themes has high-level priorities and projects. In addition, the priorities outlined in the City Deal are integrated throughout each of the investment themes.

4.4 In addition, the HotSW has a number of ‘Golden Opportunities’ which are areas of activity or major projects which have the potential to be a key driver for growth and have the potential for a transformational impact on the South West economy. The Golden Opportunities, highlighted below, are integrated throughout the SEP:

- Construction and legacy of Hinkley C.
- Marine sector growth through the Plymouth and South West Peninsula City Deal and South West Marine Energy Park.
- Supercomputer investment and the global environmental analytic capabilities.
- Aerospace and advanced manufacturing.

#### 5.0 The “Place”, “Business” and “People” Themes

5.1 “Place” – key issues for the South West include a lack of strategic transport connections inhibiting growth and productivity, and there is a concern about the vulnerability of transport infrastructure to extreme weather.

5.2 “Business” – key issues include a lower proportion of employment in growth/high value sectors, lower start-up rates and lower rates of export (compared to national averages).

5.3 “People” – key issues include a lack of higher end skills, lower than average wages and relatively high levels youth and long-term unemployment.

5.4 The draft SEP highlights the following investment priorities for “Place”, “Business” and “People” (figure 1) to address the issues highlighted above.

Figure 1: Emerging Priorities by Theme

	Creating the Conditions for Growth	Maximising Productivity and Employment Opportunities	Building on our Distinctiveness
Place	<p>The Enabling Landscape</p> <ul style="list-style-type: none"> <li>• Transport and Accessibility</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>
Business	<p>Creating a favourable business environment – the GAIN Growth Hub</p> <ul style="list-style-type: none"> <li>• Simpler, more coherent business support                             <ul style="list-style-type: none"> <li>○ Improved access to finance platform</li> <li>○ Tailoring national policies to local potential</li> </ul> </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>
People	<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>

5.5 There are a number of high-level projects which underpin the emerging priorities in figure 1. All projects are fully listed in the draft SEP - [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)

However, some key points to note include:

- The Plymouth and South West Peninsula City Deal is highlighted as a specific transformational opportunity to maximise growth throughout the Heart of the South West, including marine related activities. As a result this is integrated across the “Place”, “Business” and “People” sections.
- Within the “Place” section, high-level objectives / priorities include:
  - By 2030 reduce rail journey times from Plymouth to London by 40 minutes.
  - Improve resilience of strategic road and rail routes to and within the South West so the peninsula remains accessible at all times.
  - Deliver 170,000 new homes by developing transport infrastructure to open up major development opportunities and to support urban growth.
  - Transport schemes to reduce congestion and improve investment potential, including Plymouth, Derriford and William Prance Road junction.
  - Continue roll out of digital connectivity.
  - Deliver plans articulated in the Plymouth City Deal to drive growth of the marine sector, including assisting with the development of the Marine Industries Production Campus.
  - However, currently there are also considered to be key omissions in relation to some of the most important measures needed to support the Plymouth growth agenda, including the Forder Valley Link Road (which is crucial to unlocking the considerable growth potential of the north of Plymouth) and supporting the call for Plymouth to be connected to the Strategic National Corridor (Plymouth is the largest city in England with no direct road or rail connections which are on the network of Strategic National Corridors).
- Within the “Business” section, high-level objectives / priorities include:
  - An enhanced business support programme / Growth Hub, tailored to local circumstances, and building on the innovative Growth Acceleration and Investment Network (GAIN), scaling up the commitment made under the Plymouth City Deal.
  - Through the Growth Hub, simplify and rationalise local public procurement to maximise opportunities for businesses, particularly SME’s.
  - A single access to finance platform, to make it easier for businesses to identify and secure investment to grow.
  - Develop a major international business expo to coincide with Mayflower 2020 – a key UK showcase.
- Within the “People” section, high-level objectives / priorities include:
  - By 2020, reduce youth and long-term unemployment by half.
  - By 2030, increase average wages to match national average.
  - A focus on moving the youth and long-term unemployed into the labour market, including piloting the intensive case worker programme through the Plymouth City Deal.

- Piloting effective and consistent careers advice through the Plymouth City Deal and rolling out LEP wide of successful.
- Linking employers and young people through successful local initiatives such as the 1000 Club.
- Increase availability of intermediate and higher level skills in line with key areas of growth and opportunity.
- Encourage graduate retention to support business development and growth.

## **6.0 Next Steps**

- 6.1 The first draft SEP was submitted to Government on the 19<sup>th</sup> December 2013, with official feedback expected at the end of January 2014. The SEP will be refined until its final submission to Government at the end of March 2014.
- 6.2 Prior to the final submission, PCC will continue to ensure that Plymouth's needs are addressed and opportunities reflected within the final SEP. This will include emphasising the need to enhance productivity and connectivity as key priorities for the City and the sub-region and the importance of the urban areas to the HotSW's economy.
- 6.3 The SEP is positive for Plymouth 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 enable Plymouth to continue delivering on its wider growth agenda, as well as building on the City Deal, which is a golden thread integrated throughout the SEP.