

Somerset County Council  
Scrutiny for Polices and Place Committee  
21 March 2017

---

## Heart of the South West Local Enterprise Partnership Update

Lead Officer: Paul Hickson

Author: Paul Hickson

Contact Details: Email [PHickson@somerset.gov.uk](mailto:PHickson@somerset.gov.uk) Tel (07977) 4008378

Cabinet Member: Councillor David Hall (Cabinet Member for Inward Investment and Policy)

Division and Local Member: All

### 1. Summary

- 1.1. The Scrutiny for Policies and Place Committee has requested an update about the Heart of the South West Local Enterprise Partnership (HoTSW LEP). This report summarises for members the background to the LEP and outlines progress with Growth Deals negotiated between the LEP and Central Government.
- 1.2. The report in particular sets out the process and outcomes of the Growth Deal 3 process recently concluded with Government. The Council is the accountable body on behalf of the LEP for the Growth Deal programme as a whole.

### 2. Issues for consideration / Recommendations

- 2.1. The Committee is asked to consider and comment on the achievements of the Heart of the South West Local Enterprise Partnership.

### 3. Background

- 3.1. Local Enterprise Partnerships (LEPs) were established as part of the 2010 to 2015 Coalition Government's approach to promoting local economic development and growth. LEPs were designed to bring together leaders from the public and private sectors to champion the growth agendas for their local economies. 39 LEPs were created across England. Somerset became part of the Heart of the South West (HoTSW) LEP, an area comprising Devon, Plymouth and Torbay Council areas also. LEPs initially acted in a strategic advisory capacity, making the case to Government about the key economic issues in their areas and advising Government about local priorities for specific Government funding mechanisms. Examples of this in the Heart of the South West have included:
  - **Growing Places Fund** - £22 million received by the LEP from DCLG to act as a revolving loan fund to unlock stalled commercial and residential development; and
  - **Devon and Somerset Rural Growth Network** - £3 million received by the LEP from DEFRA to invest in the development of enterprise hubs in rural Somerset and Devon. This enabled investment in SCC's Highbridge Enterprise Centre and in the creation of "work hubs" in our Dulverton and Minehead Enterprise Centres.

- 3.2.** In 2012 the Government commissioned Lord Heseltine to undertake a review of how to promote future economic growth. His report, “No Stone Unturned: In Pursuit Of Local Growth”, proposed that Central Government should devolve to LEPs the control of a significant proportion of funding managed centrally by Whitehall departments. The Government’s response to Lord Heseltine’s proposals resulted in a requirement for all LEPs to create Strategic Economic Plans for their areas and to the establishment of the Growth Deal process. Through Growth Deals LEPs were given the opportunity to negotiate capital investment funding from Government, linked to the priorities in their Strategic Economic Plans. Two rounds of the Growth Deal process were undertaken before the May 2015 election and the results of the third round of Growth Deal were announced in February 2017. HoTSW LEP received £114 million in Growth Deal 1, £65 million in Growth Deal 2 and £44 million in Growth Deal 3. This £223 million of Growth Deal funds will be received by the LEP from Government under an annual funding profile up to and including the 2020/21 financial year. HoTSW was one of the most successful LEPs in Growth Deals 1 and 2, receiving high proportions of the national allocation in both of these rounds. Funding was geared more to (mainly urban) areas with early devolution agreements in round 3; nevertheless the LEP managed to more than double its allocation compared with an indicative allocation received in Autumn 2016.
- 3.3.** Appendix A contains a summary of the projects relating to Somerset funded through Growth Deals 1, 2 and 3. Growth Deal agreements have enabled a significant number of Somerset priority infrastructure schemes, as identified in the Somerset Growth Plan, to be funded. This includes local transport improvements in Bridgwater, Taunton and Yeovil, Further Education infrastructure at Bridgwater, Taunton and Yeovil and enterprise and innovation space at Bridgwater, Yeovil, Highbridge and Wiveliscombe to be funded. In addition investment covering a wider area through superfast broadband and mobile infrastructure and in the Somerset flood action plan have been secured. Most projects are in the planning and delivery phases given lead in times and the phased allocation of Growth Deal funds from Government. Nevertheless from Growth Deal 1 the Centre for Advanced Engineering at the Taunton campus of Bridgwater and Taunton College, the Huntworth roundabout improvements near Bridgwater and the phase 1 building of the Somerset energy innovation centre have all been completed. The latter building is a good example of successful and effective investment; within one year of being operational the building now has an occupancy rate of 90% and has established itself as a hub within the local business support environment for the Hinkley C project.
- 3.4.** The recent Growth Deal 3 announcement is the outcome of a lengthy process. In autumn 2015 the LEP invited stakeholders across the HoTSW area to submit project proposals for Growth Deal 3. Proposals with an overall requirement of Growth Deal funding of circa £250 million resulted from this. These were then assessed by the LEP using a number of criteria including strategic fit, deliverability, financial leverage against Growth Deal investment and value for money. From this exercise the LEP then developed a prioritised list of projects and a detailed Growth Deal submission to Government. The prioritisation exercise was overseen by the LEP’s thematic leadership groups and signed off by the LEP Board in advance of submission to Government in July 2016.
- 3.5.** For Somerset as a whole the outcome of Growth Deal 3 is positive in that a significant number of our priority schemes have been supported within the funding envelope and we have secured a high proportion of the allocation made

by the Government to HoTSW LEP. The Government's priorities for the process (particularly on schemes closely aligned to the productivity improvement agenda on large scale schemes with demonstrable strategic impact) means that Growth Deal investment, including through Growth Deal 3, has tended to focus upon growth areas and larger economic centres. Because of this, the rural economy has seen less direct investment – nevertheless Growth Deal 3 is ensuring significant additional investment in broadband and mobile infrastructure which will benefit businesses and residents in remoter rural areas.

- 3.6.** The management of Growth Deal funds is devolved from Government to LEPs linked to an assurance framework setting out Government's requirements for how this process is managed. This includes expectations around transparency of processes and compliance with requirements around value for money, procurement and state aid processes. As part of these arrangements the LEP is required to identify a local authority to act as the accountable body for these funds; SCC performs this function in the case of the HoTSW LEP. An annual review mechanism is in place to monitor the performance of the LEP and accountable body in adhering to the Government's expectations. The most recent of these was undertaken in December 2016 and the Government confirmed that in our case all expectations are being met.
- 3.7.** All the £12 billion originally allocated in the Comprehensive Spending Review process for the Growth Deal process for the period until 2020 has now been allocated by Government. There are therefore no plans for any future Growth Deal rounds. The Government issued a Green Paper consultation draft of its proposed Industrial Strategy in January 2017. This sets out the Government's thinking across a broad range of policy areas relating to economic development and growth. It includes the indication that in the future there will be a number of funds for different aspects of the Industrial Strategy, managed by Government departments and agencies and typically involving competitive national calls for bids. Examples include an Industrial Strategy Challenge Funds linked to research, development and innovation and a Housing Infrastructure Fund. The role of LEPs is likely to include providing advice to Government about local priorities during these processes.

#### **4. Consultations undertaken**

- 4.1.** None

#### **5. Implications**

- 5.1. Financial** – (a) The Growth Deal programme managed by the HoTSW LEP is a significant source of capital investment into SCC and Somerset growth priorities (b) SCC acts as accountable body on behalf of the LEP for the Growth Deal programme as a whole. SCC performs this function under a service level agreement with the LEP which enables the operational costs to the authority of these responsibilities to be met.

#### **6. Background papers**

- 6.1.** "No Stone Unturned: In Pursuit Of Local Growth" - Lord Heseltine, 2012
- 6.2.** "Heart of the South West Strategic Economic Plan" – HoTSW LEP, March 2014

- 6.3. “A Growth Deal for Productivity” – HoTSW LEP, July 2016
- 6.4. “Industrial Strategy Green Paper consultation draft” - Central Government, January 2017

**Note** For sight of individual background papers please contact the report author

<b>GROWTH DEAL 1</b>			
<b>Project name</b>	<b>Focus area</b>	<b>Growth Deal 1 award</b>	<b>Project Description</b>
Yeovil Western Corridor capacity upgrade	Somerset	£6.49m	The scheme includes junction improvements on the Western Corridor to reduce congestion and provide additional pedestrian and cycle crossing facilities
Huntworth Roundabout Bridgwater	Somerset	£1.9m	Huntworth Roundabout is a key junction in Bridgwater’s highway network and experiences significant peak-time congestion and queuing, impacting on access to nearby employment and residential areas and causing blocking back towards the M5 Junction 24 roundabout. At present this delay is due, in part, to the interaction with slow traffic on the A38 Taunton Road; however anticipated changes to the road network (including the construction of the Colley Lane Southern Access Road) are expected to relieve this congestion, and the significant levels of future development around the roundabout are instead modelled to cause a significant bottleneck in the future.
Taunton Rail Station Enhancements	Somerset	£4.6m	The existing layout at Taunton station presents a poor passenger environment, with the main access and ticket office being to the north of the station, the opposite side from the town centre and station car park. There has already been significant growth in rail patronage at Taunton over the last decade, and this is set to

			continue as the town expands. This scheme would enhance the station and expand its facilities, to make it a gateway to Taunton, and to complement the regeneration of the town centre and adjacent Firepool development.
Bridgwater College Hinkley Skills Capital	Somerset	£5.15m	This project aims to create facilities to meet the training needs of Hinkley Point C through redeveloping and extending existing facilities, demolition and new build, and investment in equipment, plant and machinery. It will provide state of the art facilities that meet the needs of employers and learners as well as providing a legacy for future training needs of employers and learners as well as providing a legacy for future training needs both regionally and nationally. Extensive work with EDF energy and its supply chain has highlighted specific training needs including steel fixing and form working, plant operations, and engineering as well as wider skills to support the major infrastructure impact of this project in Somerset.
Somerset College Centre for Engineering	Somerset	£0.6m	Advanced Engineering Skills Centre
Pervasive 4G mobile Infrastructure	LEP wide	£2.5m	Investment in mobile 'not spots' across the LEP area.
Somerset Levels river widening (20 year plan)	Somerset	£13.05 m	Capital funding for programme of schemes from plan.
National College for Nuclear	Somerset	£3m	The proposal is to base the National College for Nuclear (NCfN) – Southern Campus on Bridgwater College's newly developed University Centre in Cannington. This application is for gap funding of £3m to secure the NCfN for the region through development of the NCfN Southern hub on Bridgwater College's Cannington campus.
Yeovil College	Somerset	£637,500	Delivering skills training and jobs (including Traineeships, Apprenticeships and Higher Apprenticeships at Levels 2 -4)

			by; upgrading existing facilities, increasing capacity and widening the skills offer through a new build for construction training and an extension to the current hospitality facility to meet skills gaps arising from developments at Hinkley C and its supply chain.
--	--	--	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>GROWTH DEAL 2</b>			
<b>Project name</b>	<b>Focus area</b>	<b>Growth Deal 2 award</b>	<b>Project Description</b>
Somerset Energy Innovation Centre Phase 1 and 2	Somerset	£6.5m* (est)	<p>To provide flexible office space, meeting rooms and a café and networking space for growth businesses in the Hinkley Point C supply chain, companies moving to Somerset to be part of the supply chain cluster, joint ventures and spin-out projects commercialising solutions to challenges identified in the Hinkley Point C build process.</p> <p>Phase 2 builds on Phase 1 of the Somerset Energy Innovation Centre. It provides additional flexible office space and business support to help local businesses to engage in the HPC supply chain.</p>
Broadband		£6.0m	<p>The Connecting Devon and Somerset (CDS) Superfast Extension Programme (SEP) is the Phase 2 programme of capital investment in the physical infrastructure which aims to extend the coverage of Next Generation Access (“NGA”) Broadband (SFB) (30Mbps and above) to an extra approx. 4,500 – 5,000 businesses by 2020. The £10.2M LEP funding will be used to match £10.2M of BDUK funding for the Heart of the South West.</p>
J25, M5 at Henlade	Somerset	£12.9m	<p>The proposed improvement scheme will increase capacity to reduce congestion and give access to the Strategic Employment Site. The main components of the scheme are -</p> <ul style="list-style-type: none"> <li>• New links between the A358, Ruishton Lane, and the Park and Ride site to join an elongated M5 J25 roundabout.</li> <li>• Widening the existing circulatory arms</li> </ul>

			<p>(underneath M5) to accommodate an additional lane</p> <ul style="list-style-type: none"> <li>• Signalisation of the currently unsignalised entries onto the M5 J25 roundabout</li> <li>• New cycle/ pedestrian facilities alongside the new highway links</li> </ul>
Yeovil Innovation Centre2	Somerset	£433,000	Yeovil Innovation Centre Phase 2 (YIC2) will extend and improve the original, successful Yeovil Innovation Centre (YIC) that opened in Yeovil in 2008. YIC2 will be an extension to the existing YIC building. This will effectively be a new 'wing' of the building comprising 1,000 sq. m. of floorspace.
Highbridge Enterprise Centre Phase 2	Somerset	£230,000	Phase 2 is the next stage of an RGN LEP funded scheme, which is building on the success of phase 1 opened in March 2015 delivering 220 sq m of light industrial workspace and 300 sq m of office space and a flexible work hub. Deliver 220 sq m of light industrial space.
Wiveliscombe	Somerset	£500,000	Development of enterprise centre comprising office and light industrial workspace

\*combined GD1 and 2 contributions



<b>GROWTH DEAL 3</b>			
<b>Project name</b>	<b>Focus area</b>	<b>Growth Deal 3 award</b>	<b>Project Description</b>
Somerset Energy Innovation Centre (Phase 3), Bridgwater	Somerset	£2.75m	2000 m sq of office, meeting and additional collaborative innovation work space.
Connecting Devon and Somerset Phase 3 and 4G Mobile Package	LEP – wide	£9.57m	Superfast broadband targeting premises within the ‘final 5%’ not currently served or likely to get served via the private sector, over next 4 years. This will increase superfast coverage in the HotSW to 100% by 2020. Also 4G rollout to additional 10% coverage.
iAero (South) Centre, Yeovil	Somerset	£3.83m	Construction of an aerospace innovation and collaboration space in Yeovil with machinery and equipment donated by Leonardo
Next generation ICT training project “Blue Screen IT – PROJECT X”	LEP – wide	£0.69m	Hub and spoke training for Cyber security, Big Data and Social Media
Taunton Toneway Corridor Capacity Improvements (Phase 1 Creech Castle)	Somerset	£6.41m	Junction capacity enhancement on major link between M5 and Taunton
Huntspill Energy Park	Somerset	£3.94m	New highway link to major brown field employment site which has minded to grant consent for 91 hectares of mixed employment and energy generation uses.