

## Comprehensive Spending Review

Dear Chancellor

### Levelling up to zero: Heart of the South West and the Comprehensive Spending Review

***“I think the South West, of all the areas in the UK, is really at the forefront of the fight against climate change and also the green industrial revolution” – Rt Hon Kwasi Kwarteng MP, Secretary of State BEIS, June 2021***

The Heart of the South West can power Britain to our net zero future. From world leading climate researchers – with expertise unparalleled outside the United States – to renewable power, clean marine technologies, investing in sustainable agri-food supply chains and land use, boosting no-fly tourism; the Heart of the South West is leading a positive environmental transformation and in doing so provides the chance to level up some of England’s most deprived districts.

Our shared endeavour is to go beyond net zero faster than any other region; demonstrating to the country and the world what is possible.

Local authorities, MPs, universities and business leaders have worked in lockstep before, through and as we emerge from the pandemic to develop powerful proposals for the blue-green economy, capitalising on our natural resources and promising greater lives for those who work within it. We are a partnership that can deliver; Local Growth and Getting Building investments are delivering over 21,000 jobs, working alongside Government we have invested directly to ensure that 96% of premises in the area will have superfast capability. With government’s support we will now:

- create new, green jobs through a South West Low Carbon Cluster and delivery of our Clean Growth blueprint;
- accelerate the development of marine autonomy and clean ocean tech;
- increase investment in R&D, and especially in marine and environmental intelligence and delivery of the HotSW Technopole;
- equip people with the skills to deliver the new economy;
- enable our businesses to scale up and reach their potential
- connect the region to opportunity and investment across the nation and the world;
- level up our coastal and rural communities, supporting sustainable economic growth and ensuring they gain most in the change ahead
- supporting strong local partnerships that can deliver the Plan for Growth and levelling up.

The table below sets out in detail how we will achieve this. We look forward to working with you to make our region a shining beacon of the positive future net zero can deliver.

Yours sincerely

Karl Tucker

Chair, Heart of the SW LEP



Val Keitch

Chair, Heart of the SW Joint Committee



cc. Paul Scully, MP, Minister for Small Business, Consumers and Labour Markets

Luke Hall, MP, Minister of State Minister for Regional Growth & Local Government

Devon MPs

Somerset MPs

Forwarded to:- Deborah Fraser, CBI, Director in the South West

Stuart Elford, Devon Chamber, Chief Executive

Alistair Tudor, Somerset Chamber, Operations Manager

Susan Wilkinson, FSB, Development Manager Devon

Ruth Lambert, FSB, Development Manager Somerset & Wiltshire

Beverley Waters, ICAEW, Regional Director South, South West & Wales

Suzanne Bond, Cities and Local Growth Unit - South West, Area Lead – Heart of the South West

HotSW LEP Board

HotSW LEP Management Team

**Heart of the South West Partnership – the CSR 2021 Opportunity**

Delivering the Plan for Growth						The Heart of the South West Opportunity	Finance Ask?	Policy Ask?
Global Britain	Net Zero	Infrastructure	Skills	Innovation	Levelling Up			
✓	✓	✓	✓	✓	✓	<b>1. Accelerating transformational opportunities to drive business growth and new jobs, with a strong focus on developing a SW low carbon cluster. Specifically</b>		
						<p>a. <b>Capitalise on the area’s world leading strengths in marine and environmental intelligence to aid the development of innovation driven businesses across the region, create the opportunity to extend Britain’s lead in addressing net zero whilst levelling up some of the most disadvantaged parts of the country.</b> Includes</p> <ul style="list-style-type: none"> <li>i) <b>Delivering Ocean Futures</b>, a centre of excellence for testing, development and manufacture of marine autonomy, digital ocean and clean maritime technologies for the rapidly growing global ocean economy, as a key pillar of the country’s ambition to be a science and innovation superpower. Includes investing in priority projects such as a new Maritime Skills Academy and a marine innovation programme. This will create a highly visible anchor for high productivity regional employment, supporting the Levelling Up ambition</li> <li>ii) <b>Accelerating development of a multi-billion pound global market for big data</b> by capitalising on the world leading environmental intelligence cluster and leveraging the intellectual power of the Met Office and other leading partners in the area. Creation of a new Net-Zero Innovation Zone in the part of Devon not covered by the Plymouth Freeport, offering incentives similar to those in an Enterprise Zone. At the centre of the Zone will be an Innovation Hub in central Exeter, for which we are seeking £24 million in capital investment. This building will house a start-up hub, business accelerator, university outreach services, and a home for net zero R&amp;D that sits within the community rather than on the university campus</li> <li>iii) <b>Supporting establishment of a Heart of the SW Technopole</b>, working with HotSW partners to join all the key partners in the innovation ecosystem to provide innovation-intensive SMEs with bespoke advice, signposting, relevant partnerships and expertise</li> </ul>	£20m	Y
							£24m	
							£3m	
						b. Enabling continued development of sources of low carbon energy:		

					<ul style="list-style-type: none"> <li>i) <b>Making a UKAEA STEP investment at Hinkley Point</b> the anchor point of a strategically important low carbon cluster delivering to the Energy White Paper &amp; Green Industrial Revolution, acting as a catalyst for ensuring a lasting economic legacy from Hinkley</li> <li>ii) <b>Enabling continuation of the existing nuclear supply chain programme</b>, which is supporting UK businesses to access £Ms of contracts, by committing to 3 years of new nuclear supply chain funding from 22/23 onwards.</li> <li>iii) Work with local partners to <b>ensure the floating offshore wind opportunity in the Celtic Sea can be realised in a way that benefits local communities</b> and taps into the strong local maritime sector supply chain</li> </ul>	£1.5m	Y
					<p>c. Enabling the development of low carbon industry:</p> <ul style="list-style-type: none"> <li>i) <b>Support delivery of key defence assets in the SW such as Devonport and the AW149 mid-sized helicopter</b>, working with the industry-led SW Defence and Security Cluster to establish supply chain programmes which will benefit the area's SMEs based on the successful Hinkley model</li> </ul>		Y
					<ul style="list-style-type: none"> <li>ii) <b>A clean growth package to accelerate development of the strategic employment sites</b> (Enterprise Zones). To include <ul style="list-style-type: none"> <li>a. Gravity Somerset: <b>strategic transport infrastructure investment to accelerate delivery of the 616 acre Gravity Smart Campus in Somerset</b>, to include as a minimum both upgrading M5 Junction 23 (£20m) and restoring the rail link to the site for passenger and freight services (£50m), enabling 7,500 jobs.</li> <li>b. Oceansgate Plymouth: <b>enabling phase 3 of the Oceansgate Enterprise Zone to progress to build out</b>, closing the funding gap in what's possible from borrowing against future business rate income (£50m) and delivering a key part of the wider Ocean Futures opportunity</li> <li>c. <b>Exeter &amp; East Devon: development is hindered by availability of power supply for the Zone and the surrounding area.</b> A clear strategy is needed to ensure grid capacity improvements are aligned with the development programme, especially given the long lead times involved in securing grid capacity. This also needs to be part of a wider energy strategy to underpin the delivery of low carbon development and the transition to a net zero economy including supporting the development of a sustainable aviation cluster centred on Exeter Airport</li> </ul> </li> </ul>	£70m  £50m	Y

						<p>d. Maximising impact from the strategic employment centres through <b>a package to ensure the Enterprise Zones are internationally competitive</b>, including</p> <ul style="list-style-type: none"> <li>• 100% occupier business rates relief will be available to 2025 for FDI.</li> <li>• Employers NIC contributions set at 0% for 3 years for employees earning up to £25k p.a. to encourage recruitment locally and of trainee, apprenticeship and semi-skilled grades.</li> <li>• Capital Allowances to include the enhanced Structures &amp; Buildings Allowance ('SBA') for commercial buildings and structures</li> <li>• Enhanced Capital Allowances on plant and machinery</li> </ul>	£15m	
						<p>iii) <b>Unfreezing the Aerospace Technology Institute Innovation Programme to allow funding for VTOL (Vertical Take Off and Landing) projects</b> to be developed in Somerset, utilising Leonardo's OEM experience coupled with its ground-breaking industrial and academic partners to bring a wealth of expertise and knowledge from proven aerospace and automotive sectors to deliver innovative hybrid-electric power and novel lift systems.</p>		Y
						<p>iv) <b>Approval of the £6m Levelling Up Fund bid to create an electronics and photonics production park in Torbay.</b> This will enable R&amp;D undertaken in the existing Electronic &amp; Photonics Innovation Centre (EPIC) to move into production. In addition £0.6m is required to expand EPIC's R&amp;D facilities to address the growing demand from industry</p>	£6.6m	
						<p>d. <b>Supporting reduction of emissions from existing housing stock</b>, essential for achievement of the net zero ambition, <b>by delivering the full £3.8bn in the Social Housing Decarbonisation Fund.</b> There are opportunities for LEP/ local authority collaboration on R&amp;D, pilots to demonstrate affordable solutions and engagement and collaboration with private business and home owners.</p>		Y
✓	✓	✓	✓		✓	<p><b>2. Creating high value, high skill jobs, supporting the growth of the industries of the future and connecting local people to these opportunities. Specifically</b></p>		
						<p>a. <b>Ensuring long term funding for Careers Hubs</b> which currently depend on LEP/LA financial contributions which will be unsustainable in context of "evolved" LEPs – 3 year ask £200k per year</p>	£0.6m	
						<p>b. <b>Providing additional capacity to work with our business community around their skills and workforce development plans through an enhanced Skills Advisory Service</b> linked to the Growth Hub; specific focus on supporting both our higher value and more vulnerable sectors around recruitment and future workforce planning.</p>	£5m	Y

						<p>c. <b>Supporting business to maximise the use of the apprenticeship levy</b> and other new opportunities such as T Levels and supported internship, providing additional capacity to support young people and adults to access higher value vocational opportunities</p> <p>d. <b>Provide additional support to and expand the membership of the South West Institute of Technology</b>, investing in its capacity to work with our highest value sectors and provide business relevant / critical skills and training.</p> <p>e. <b>Fastrack agreement of further Local Skills Improvement Partnership nationally</b>, which would include proposals from Somerset and Greater Devon providing 100% partnership coverage of the LEP area.</p> <p>f. <b>Support partners in the Heart of the SW area to address labour shortages in key industries</b>, in particular</p> <p>i) building flexibility into future funding streams for skills retraining and redundancy support to allow local authorities to target activity at recruitment shortage sectors</p> <p>ii) widening seasonal workers permits to allow greater flexibility in the system to resolve recruitment issues in care, tourism and hospitality sectors</p> <p>iii) planning: enabling greater flexibility on use of farm buildings to support diversification and recovery in the farming sector</p>	£5m	Y
✓			✓	✓	✓	<b>3. Enabling business innovation and growth of the south west's most scaleable and innovative companies. Specifically:</b>		
						<p>a. <b>Long-term funding settlement for the Growth Hub</b> to continue to provide advice and guidance to SMEs seeking to grow (£0.5m per year) and funding for a locally designed business support programme to replace that formerly delivered under EU funding (£0.5 per year). This would</p> <p>i) continue to ensure SMEs can effectively navigate the array of business support available</p> <p>ii) complement national schemes such as Help to Grow by closing local gaps in provision and need</p> <p>b. <b>Supporting the British Business Bank to address gaps in the provision of finance to SMEs</b> in the area</p>	£6m	Y
✓	✓	✓			✓	<b>4. Connecting the south west to national and international opportunities. Specifically:</b>		
						a. <b>Strategic road connectivity to/ from the area.</b> Specifically		

						<ul style="list-style-type: none"> <li>i) <b>Urgent work to revisit the recent A303 judicial review</b> and deliver on Government's commitment to dual the section around Stonehenge</li> <li>ii) <b>an early decision/confirmation on the A38/Bristol Airport access Major Route Network Scheme</b></li> <li>iii) <b>Delivering Electric Vehicle charging infrastructure on highway routes to and within the South West</b> to enable zero emission travel by visitors and residents. This can be achieved through firstly working with local partners, especially Peninsula Transport, to ensure the forthcoming EV Infrastructure Strategy can accommodate the challenges of developing a charging network in a more rural and dispersed peninsula. This will include a mix of funding and policy actions. Secondly supporting businesses which have already invested to expand their charging capacity will be an important part of ensuring an integrated charging network</li> </ul>		Y
						<ul style="list-style-type: none"> <li>b. <b>Working with Peninsula Transport to complete a sustainable transport strategy and investment programme</b> which includes a low carbon rail network, better rural connectivity for future transport needs, a long term strategy for improved A303/30/358 connectivity and agreed priorities for the major infrastructure programmes</li> </ul>		Y
						<ul style="list-style-type: none"> <li>c. <b>Rolling out enhanced mobile connectivity along south west rail corridors</b> to deliver the 'mobile office on rail' concept through <ul style="list-style-type: none"> <li>i) Funding the proposed Network Rail concept trial on the Exeter to Newton Abbot line for deployment during the 2019-24 Control Period (£6m)</li> <li>ii) Supporting Network Rail and local partners to develop a Strategic Outline Business Case to upgrade connectivity along all rail lines in the peninsula during Control Period 7 (2024-2029)</li> </ul> </li> </ul>	£6m	Y
✓	✓				✓	<b>5. Levelling up: supporting sustainable economic growth in rural areas, working in partnership to address the challenges ahead. Specifically</b>		
						<ul style="list-style-type: none"> <li>a. <b>Establish a Rural Productivity Deal that supports rural enterprises</b> to access emerging markets, adapt their ways of working, realise clean growth opportunities, drive innovation and enhance rural social mobility and wellbeing for rural communities. Deliver the South West public sector food and drink procurement pilot with Crown Commercial Services, allowing direct access for public sector bodies to food producers, suppliers and processors on a dynamic basis.</li> </ul>	£3m	Y

						<p>b. <b>Working with the Great South West Tourism Partnership to deliver the opportunities within “Towards 2030: Reimagining the Visitor Economy in the South West”<sup>1</sup></b> and a minimum of £5m funding to the action plan. This delivers clean and inclusive growth to achieve Net Zero whilst making the area the most accessible and inclusive destination in the UK, addressing seasonality and improving productivity</p>	£5m	Y
						<p>c. Work with Heart of the SW partners to ensure <b>the Coastal Productivity Plan is used to shape future policy</b> on coastal issues particularly in the design of the UK SPF levelling up left behind coastal areas by addressing long standing structural challenges, addressing health and wellbeing inequality and driving up productivity</p>	£3m	Y
						<p>d. <b>Co-working with Government to deliver the Project Gigabit Programme and support to pilot alternative solutions in the Very Hard to Reach</b> areas.</p>		Y
						<p>e. <b>Increase the capacity and capability of planning departments</b> to deliver better outcomes by committing to the implementation of the full uplift in nationally-set planning fees to strengthen the resourcing of this valuable service as set out in letters to local planning authority Chief Executives as far back as February 2017. The government has long recognised the need to ensure planning services are sufficiently resourced to deliver ‘better services, improved performance, and greater capacity to deliver growth’ and in recent times this brief has expanded to include a welcome new focus on high quality design as well as accelerated delivery. However the fundamentals remain that local planning authorities should be empowered via the implementation of this additional 20% uplift in fees to invest more in their planning functions to deliver the outcomes that will be needed to drive recovery and deliver growth</p>		Y
						<p>f. Supporting levelling up by diversifying the lending and banking market, opening access to banking facilities for many currently excluded: use the next tranche of dormant account money – the <b>Expanded Dormant Assets Fund – to create a fund to support capitalisation of emerging banking mutuals across the UK</b>. Cost neutral to HMT</p>		Y
						<p>g. <b>Collaborate with the LEP to test innovative finance mechanisms for natural capital projects</b>, including the establishment of a Natural Capital Readiness Fund as a mechanism to redirect private investment into nature-based projects.</p>	£1m	
✓	✓	✓	✓	✓	✓	<p><b>6. Enabling strong local partnerships to deliver on levelling up, the Plan for Growth and net zero. Specifically</b></p>		

<sup>1</sup> [Towards-2030-Reimagining-the-Visitor-Economy-in-the-South-West.pdf \(heartofswlep.co.uk\)](https://www.heartofswlep.co.uk/Towards-2030-Reimagining-the-Visitor-Economy-in-the-South-West.pdf)



						<ul style="list-style-type: none"> <li>a. <b>Swift completion of the LEP review</b> enabling a meaningful role for business-led LEPs and specific support to deliver key components of our Build Back Better plan</li> <li>b. <b>Working with partners to develop county deal opportunities for the area</b></li> <li>c. <b>Accelerated announcements on the Community Renewal Fund, Levelling Up Fund and UK Shared Prosperity Fund.</b> This will enable local partners to begin relevant delivery and plan for medium term activity</li> </ul>		<p>Y</p> <p>Y</p> <p>Y</p>
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## Annex: Our Area - the size of a major UK city



Heart of the South West covers the local authority areas of Devon, Somerset, Plymouth and Torbay. With a population of 1.8m, 72,000 businesses and a £35 billion a year economy, the economy and population make the area the equivalent of a major UK city. The area has a long-standing productivity gap with the rest of the UK, even excluding London and the south east, and economically was one of the hardest hit parts of the country in the pandemic. However there is a major opportunity for Heart of the South West to make a significant contribution to the Plan for Growth, delivering net zero and the levelling up agenda based around new and growing industries. We have set out just how we can do this, working in partnership with Government.

### About Us – our partnership

HotSW LEP is one of 38 local enterprise partnerships across England and our business-led Board have successfully overseen delivery of the area's Local Growth Fund and Getting Building Fund awards. Heart of the South West Joint Committee brings together Leaders from all the local authorities and national parks in the area and, together with the LEP, have set out the key priorities to transform our economy and prosperity.

### The Opportunity –based on real strengths

Heart of the South West is home to globally competitive industrial assets and strengths which provide a foundation to transform the economy and prosperity of the area, tested and verified through an extensive evidence base. These opportunities are already in the area and the support we are seeking will help nurture them to their full potential. The area will always have a strong tourism, hospitality and food offering and the new industries alongside the higher productivity in these traditional sectors can close the productivity gap and deliver levelling-up. The future opportunities are:

- energy; stemming from the construction, and legacy benefits, of the UK's first nuclear power station in twenty years at Hinkley Point C – and pioneering the development of the next generation of marine renewables;
- engineering: leading on the development and commercialisation of marine autonomy, and supporting the sustainable aviation challenge through development of rotary technologies and electric planes; and
- digital; specifically through environmental intelligence, the marine geospatial innovation market, and health and agri-technologies.