

**TELFORD & WREKIN COUNCIL**

**BUSINESS & FINANCE SCRUTINY COMMITTEE**

**11<sup>TH</sup> FEBRUARY 2020**

**MARCHES LOCAL ENTERPRISE PARTNERSHIP UPDATE**

**REPORT OF THE MARCHES LOCAL ENTERPRISE PARTNERSHIP CHIEF EXECUTIVE**

**1 PURPOSE**

- 1.1** To enable the Business & Finance Scrutiny Committee to consider the progress and performance of the Marches Local Enterprise Partnership (LEP).

**2 RECOMMENDATIONS**

- 2.1** That the Committee consider the report and agree any recommendations or further actions.

**3 INTRODUCTION**

- 3.1** This report provides an update on the achievements of the Marches LEP, its revised governance structure, current board membership and priorities outlined in its Strategic Economic Plan (SEP).
- 3.2** It also provides a briefing on the role and purpose of the Annual Delivery Plan and its priority activities.

**4 KEY INFORMATION**

- 4.1** The Marches LEP, one of 38 LEPs and established in 2011, supports economic growth across Shropshire, Herefordshire and Telford & Wrekin.
- 4.2** Its vision is found at **Appendix 1**.
- 4.3** A new Chair, Mandy Thorn MBE, was selected in September 2019 following an open recruitment exercise to succeed Graham Wynn OBE on completion of his tenure.
- 4.4** The LEP board includes the Leaders of the three local authorities of Shropshire, Herefordshire and Telford & Wrekin as well as the chairs of Herefordshire Business Board, Shropshire Business Board and Telford Business Board.

- 4.5** In April 2019 the Marches LEP became a company limited by guarantee (company number 11822614) in response to recommendations laid out in the 2017 national LEP Review. The LEP Board is the LEP's ultimate decision-making authority and it comprises both public and private sector partners - a full breakdown of current LEP Board Members may be found at **Appendix 2**.
- 4.6** The Marches LEP originally produced a Strategic Economic Plan (SEP) in 2014 which set out the area's priorities and provided the basis for successfully attracting £104 million in Growth Deal funding to the area. Projects within this funding are currently being delivered by partners and the Marches LEP has, this year, been supporting the development of NI-Park (Newport), the Midlands Centre for Cyber Security (Hereford) and NMITE, the new engineering education institute in Hereford. The establishment and continued funding of the Marches Growth Hub to support new and existing businesses is also an important Marches LEP initiative. Projects that have directly benefited Telford & Wrekin including support for skills, broadband and infrastructure programmes are laid out in the report at **Appendix 3**.
- 4.7** Following extensive consultation and research throughout 2018, the SEP was updated in 2019. A copy may be found at [https://www.marcheslep.org.uk/download/economic\\_plans/strategic-economic-plan-update-2019/The-Marches-LEP-Strategic-Economic-Plan-2019.pdf](https://www.marcheslep.org.uk/download/economic_plans/strategic-economic-plan-update-2019/The-Marches-LEP-Strategic-Economic-Plan-2019.pdf).
- 4.8** Officially launched at a House of Commons reception on 8 May 2019 attended by Telford & Wrekin Council representatives and local MPs, the SEP outlines opportunities agreed across the wider partnership for sustainable economic growth, housing expansion, innovation and market town support.
- 4.9** The SEP includes information on the Marches' key sectors which have been classified as:
- Core economic sectors:
    - Advanced manufacturing
    - Business and professional services
    - Food and drink
  - Emerging sectors:
    - Environmental technologies
    - Cyber security and resilience
    - Agri tech
    - Innovative health and social care
  - Enabling sectors:
    - Visitor economy
    - Retail
    - Logistics
    - Construction
    - Health and social care
    - Education
    - Voluntary, community and social enterprise.

- 4.10** These sectors are the foundation of the economic performance of the Marches and the core and emerging sectors provide the biggest opportunities for growth and productivity improvements.
- 4.11** The SEP has underpinned work undertaken to develop a Local Industrial Strategy (LIS). Each LEP is required to agree a LIS with government which builds on its local distinctive strengths and highlights how these can be maximised to support the regional, national and global performance of the UK.
- 4.12** The Marches LEP has drafted a LIS which is based on economic evidence and has been shaped by consultation with businesses in its key sectors. Although not a bidding document, the LIS will help to influence government investment decisions by increasing awareness of our unique strengths in food and drink/agri tech, component manufacture, environmental technologies/renewable energy production and cyber security. The LIS sets out how we plan to boost productivity, support businesses to create good quality jobs and increase opportunities across the Marches through investment in skills, innovation and infrastructure. Our current working draft may be found at [https://www.marcheslep.org.uk/download/marches\\_local\\_industrial\\_strategy/Marches-Local-Industrial-Strategy-Final-draft-20.12.19.pdf](https://www.marcheslep.org.uk/download/marches_local_industrial_strategy/Marches-Local-Industrial-Strategy-Final-draft-20.12.19.pdf)
- 4.13** Local authority partners, including Officers from Telford & Wrekin Council, have contributed to the development of the LIS through business consultation events, leading research activities and formal review of emerging LIS priorities. The LIS process and findings to date were presented at the LEP Board Meeting on 24 September 2019 and an update provided at the 26 November 2019 meeting which Cllr Shaun Davies attended.
- 4.14** In line with government requirements, the Marches LEP developed an Annual Delivery Plan which sets out its workplan for 2019/2020 and outlines its priority actions. A copy may be found here <https://www.marcheslep.org.uk/download/governance/Delivery-Plan-2019-2020-final.pdf>
- 4.15** Progress against the deliverables is reviewed regularly by the LEP team, Deputy Chair and Chair. Formal mid-year and end of year performance reviews are held with government (Department for Business, Energy and Industrial Strategy (BEIS)/ Ministry of Housing, Communities and Local Government (MHCLG)) to review achievements, to consider examples of good practice and identify areas for improvement. Priorities for 2019/2020 have included the recruitment of a new private sector Chair, maximising the delivery and impact of Growth Deal funded projects and developing a Local Industrial Strategy (LIS). A mid-year review was held on 18 September 2019 and the Annual Performance Review was held on 23 January 2020.
- 4.16** The Marches LEP also has oversight of European funding that is allocated to the Marches region. A report detailing the impact of European funding is attached as **Appendix 4**.

## 5 FINANCIAL/VALUE FOR MONEY IMPACT

- 5.1 Work set out in the Report is being undertaken within Marches LEP resources. This includes an annual cash contribution from each of the Local Authorities ( £21,337 from Telford & Wrekin Council) to enable the drawdown of BEIS/MHCLG core funding for the LEP.
- 5.2 **Appendix 3** sets out examples of how Telford & Wrekin has benefitted from project funding drawn down by the Marches LEP. As demonstrated by the success of the 2014 SEP, having a clearly articulated and evidence-based understanding of the economy allows the Marches LEP to make the case to government for funding to support economic growth. Our 2019 SEP and LIS will be used to prioritise opportunities for funding under the UK Shared Prosperity Fund and shape government investment into the area.
- 5.3 Financial risk to Telford & Wrekin Council and other local authority partners is limited through the use of Shropshire Council as the LEP's accountable body and the LEP maintaining adequate reserves to meet all anticipated financial liabilities.

## 6 LEGAL ISSUES

- 6.1 The Marches LEP is now a company limited by guarantee and its articles of association (<https://www.marcheslep.org.uk/download/transparency/Appendix-1-Articles-of-Association.pdf>) set out its membership, obligations and decision-making processes. Specialist legal advice has been commissioned to identify any issues arising as the result of the LEP having become a company limited by guarantee.

## 7 ACTIONS TO ADDRESS

- 7.1 The Marches LEP has committed to ensuring it consults with and is scrutinised by appropriate committees of each of its Local Authority members. The committee's remit is two-fold. Firstly, to review the actions taken by the LEP and then, as a consequence, if there is anything arising which would be the responsibility of Telford & Wrekin Council's executive, to make recommendations.
- 7.2 It should be noted that performance against the Annual Delivery Plan is formally reviewed by government. A performance rating is awarded to each LEP and the process provides an opportunity to highlight examples of good practice to share across the LEP network. The process also enables the identification of areas for improvement. In addition, each LEP has been required to respond to recommendations outlined in the national review of LEPs - failure to do so could result in sanctions, including the restriction of funding, being applied by BEIS/MHCLG. Feedback from MHCLG and BEIS confirms that the Marches LEP is not at risk of this and recent changes to the Marches LEP governance structure met the national requirements.

- 7.3** Feedback from the mid-year review was positive. Attention does, however, still need to be paid to improving the diversity of membership of the LEP Board. This action is being taken forward by the LEP as a priority.
- 7.4** Feedback on the Annual Performance Review and information on the performance ratings awarded will be confirmed by BEIS/MHCLG to follow up the review meeting held on 23 January 2020.

**Appendix 1 - Marches LEP Vision**

**Appendix 2 – Marches LEP Board Membership**

**Appendix 3 - Marches LEP Investment in Telford & Wrekin- Infrastructure, Skills and Innovation**

**Appendix 4 – Marches European Structural and Investment Funds 2014-2020**

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## Appendix 1 - Marches LEP Vision

- A place which is open for business, up for business and pro-growth.
- At the forefront of changes in how people live and work using new technology and improved physical and digital connectivity to enable businesses and people to develop and succeed.
- A growing place, attracting more people to come, stay and build their careers and businesses.
- A destination not a boundary - gateway to markets in the Midlands, Wales, South West, North and Europe. A visitor destination with significant natural and cultural resources that is well known and attracts people looking for a high-quality experience.
- A pioneer in the provision and testing of digitally driven health and social care for dispersed populations supporting healthy ageing and economic participation in later life.
- A global centre of excellence in advanced manufacturing specifically automotive, cyber security, and the next phase of technology development in agriculture, environment and food production.
- An inclusive place that enables residents from all communities to thrive and develop with quality jobs offering good wages, training and progression.
- A collaborative and proactive place with businesses, further education institutions (FEIs), higher education institutions (HEIs) and public organisations working together to agree what needs to happen and getting things done. Known as a good place to start and grow a business.

## Appendix 2 – Marches LEP Board Membership

Sector	Name	Title and Organisation
Private Sector Chair	Mandy Thorn MBE	Business Owner - Chair of Marches Care Ltd
3 Business Board Chairs	Frank Myers MBE	Chair of Herefordshire Business Board
	Paul Bennett	Chair of Shropshire Business Board
	Paul Hinkins	Chair of Telford Business Board and Deputy Chair of the LEP Board
Enterprise Zone	Andrew Manning Cox	Chair of Hereford Enterprise Zone (Skylon Park)
Food and Drink/Agri-Tech	Dr David Llewellyn (until 27 January 2020)  Successor to be announced following open recruitment call for board members	Vice-Chancellor, Harper Adams University
Community and Voluntary Sector	Sonia Roberts	Charity Manager, Landau
16-18 Skills and Workforce Development	James Staniforth	Principal and CEO, Shrewsbury Colleges Group & Chair of Skills Advisory Panel
Higher Education	To be announced following open recruitment call for board members	
Financial/Professional Services	Paul Kalinauckas	Chief Executive, BCRS Business Loans Ltd
Construction	Ruth Shepherd	Founding Director, Results Communication
Manufacturing	Sara Williams	Marketing Manager, Protolabs
3 Local Authority Leaders	Cllr Peter Nutting (Alternate - Cllr Steve Charmley)	Leader of Shropshire Council
	Cllr David Hitchiner (Alternate – Cllr Trish Marsh)	Leader of Herefordshire Council
	Cllr Shaun Davies (Alternate - Cllr Lee Carter)	Leader of Telford and Wrekin Council

## Appendix 3 - Marches LEP Investment in Telford & Wrekin - Infrastructure, Skills and Innovation

### Local Growth Deal Funds 1 & 2

Telford Eastern Gateway	£3.6m
Telford Growth Point Package	£13.9m
Telford Bus Station	£1.3m
Superfast Telford	£1.0m

### Local Growth Deal Fund 3

Newport Innovation and Enterprise Package	£6.36m
Telford College	£0.52m
<b>TOTAL GROWTH DEAL ALLOCATION</b>	<b>£26.7m</b>

## Growth Deal 1,2 and 3 – Capital Infrastructure Projects Overview

### Growth Deal 1:

**Telford Eastern Gateway** - A £5.2m project, including £3.6m from Local Growth Fund, which aimed to maximise opportunities to attract advanced manufacturing investors linked to the I54 site just 12 miles to the east of Telford. The project comprised utility infrastructure works at the Telford 54 (T54) site and network capacity improvements to M54 J4. It opened up the potential of the 31 hectare T54 development site immediately next to junction 4 of the M54 and has brought wider economic benefits to the automotive supply chain. The project aims to deliver 3,438 new jobs, 1,670 new homes and 31ha employment land. The Eastern Gateway project at T54 is now complete in terms of expenditure. Ongoing monitoring of the project is taking place to record and report outputs to Government.

Project funding – Growth Deal funds: £3.6m, private sector leverage: £1.1m, and other public funding: £500k.

**Telford Growth Point Package** - This project concentrated on improving road capacity in Telford adjacent to major employment sites including Hortonwood and Hortonwood West maintaining and enhancing their potential for inward investment, and also on-site infrastructure to open up development sites. The package also included sustainable travel measures to encourage cycling. It aims to create 5,369 jobs and bring forward 2,848 new houses across the Telford & Wrekin Council area.

This project is now complete and all Growth Deal funds have been claimed. Ongoing monitoring of the project is taking place to record and report outputs to Government.

Project funding – Growth Deal funds: £13.9m, local authority funding: £300k, and private sector leverage of £3.175m

**Telford Bus Station** - The replacement of the existing bus station including re-modelling of entrances and footpaths, supporting the regeneration of Telford Town Centre as well as providing an enhanced public transport interchange. The project was a key element of the overall development strategy for Telford Town Centre and

supported the Telford Shopping Centre masterplan. It aims to unlock 8,800 sq m of retail development land and create 365 jobs at the site (from a total of 14,358 across the borough).

This project is now complete and all the Growth Deal funds have been claimed. Ongoing monitoring of the project is taking place to record and report outputs to Government.

Project funding – Growth Deal: £1.3m and private sector leverage of £600k.

### **Growth Deal 2:**

**Superfast Telford** - The aim of the project was for Telford to be one of the first areas in the UK to exceed the UK target for fibre broadband coverage by 2020, to support the town's growth, economic prosperity and digital inclusion. More than 9,323 premises (including 1,398 businesses) that cannot currently access faster fibre broadband have been supported to gain open access to a network of providers. Ongoing monitoring of the project is taking place to record and report outputs to Government.

Project funding – Growth Fund: £1.004m, local authority funding: £989k and other public funding of £1.992m.

### **Growth Deal 3:**

**Newport Innovation and Enterprise Package** - The Newport Innovation and Enterprise package (NI-Park) which started on site in December 2019 will create serviced employment land including an Agri Tech Enterprise and Science Park with direct links to the Harper Adams University's innovation facilities. It will attract investment from high tech businesses, stimulating complementary research and development activities. It will encourage supply chain growth across a wide range of companies engaged in new agricultural technologies and with links to Telford's strong advanced manufacturing sector. The Park has been recognised and promoted by the Department of International Trade as a 'High Potential Opportunity' area to international agritech and agrifood businesses looking to invest in the UK. The package aims to create 954 jobs and 1,070 new houses and should be fully complete by 2020/21.

Project funding – Growth Deal: £6.3m; £1.1m from the Telford Land Deal; £100k from Telford & Wrekin Council and £1.9m from S106 developer contributions

**Telford College** was awarded £520,326 as part of the 'Investing in our Future Workforce' project. This invested in new training facilities across the Marches to improve skills provision in line with local employer needs. Telford College has developed an augmented and virtual reality suite. This interactive learning facility is being used to train students in digital and technical skills vital to the region's economy. Outputs will include additional apprenticeships and learners on full and part time programmes.

## Other Marches LEP Projects

**Marches Investment Fund (MIF)** - MIF is a capital fund derived from an initial £8.1m through Government Growing Places Fund allocation, a proportion of any local profit share from the Telford Land Deal and annual repayments and interest from MIF private-led loan schemes. MIF loans have been awarded in Telford & Wrekin to:

- £720k to Mold-based developer, Dicentra, to bring the former Brintons carpet factory on Halesfield 15 back into economic use – this supported the redevelopment of 6,292 sq.m of industrial floor space and a site totalling 4.04ha.
- £750k to Harper Adams to support the development of the Precision Agriculture and Engineering Innovation Centre with the remaining funding coming from the Higher Education Funding Council for England (HEFCE) and Harper Adams University.

**Telford Land Deal** - This Deal, negotiated by Telford & Wrekin Council, was secured as part of the Marches LEP Growth Deal. Under the Deal Telford & Wrekin Council are responsible for the marketing and disposal of all development land owned by the Homes and Communities Agency (HCA), with receipts generated invested locally into site preparation and with any profit share earned benefitting both Telford & Wrekin and, via a MIF contribution, the wider Marches region. This new model of public land disposal has accelerated the sale of residential and commercial sites and is set to see up to £44.5m of land receipts reinvested in the local area over 10 years.

**Marches Growth Hub – Telford and Wrekin** is based at the Telford Innovation Campus (Priorslee) of the University of Wolverhampton. In addition to support provided through [www.marchesgrowthhub.co.uk](http://www.marchesgrowthhub.co.uk) and 0345 6000 727, partners from Telford & Wrekin Council's Business Support team provide access to face to face business advice, a varied programme of business events and hot desk facilities.

The Marches Growth Hub is carrying out a vital role in supporting businesses in preparing for EU exit. In addition to having developed the Brexit Toolkit, the Marches Growth Hub can signpost businesses to dedicated Brexit readiness events where companies can develop their own action plans. Visit [www.marchesgrowthhub.co.uk/brexit](http://www.marchesgrowthhub.co.uk/brexit) for more information.

The Marches Growth Hub has also launched the £10million Growth Challenge to support businesses in accessing funding and expertise to support their start-up and growth ambitions.

**Careers and Enterprise Company (CEC)** is a national network set up to inspire and prepare young people for work by connecting schools, colleges, employers and careers programme providers across England. CEC supported Enterprise Coordinators are now in place for each of Marches LEP's three local authority areas (Telford's was the first of the three in post) and a programme of school and business engagement activities has been developed. Funding of £25k per year for each Enterprise Co-ordinator is matched by each of the three local authorities.

## **Appendix 4 – Marches European Structural and Investment Funds 2014-2020**

### **1. Background**

European Structural and Investment Funds (ESIF) work together to support economic development across all European Union (EU) countries, in line with the objectives of the Europe 2020 strategy. The Funds are managed through the Member States, which develop Operational Programmes to set out how the funds are to be invested. The funds include:

- **European Regional Development Fund (ERDF)** – supporting regional competitiveness and employment
- **European Social Fund (ESF)** - improving levels of employment, skills and the inclusiveness of the labour market
- **Rural Development Programme England (RDPE)** - rural development, focusing on revitalising rural areas

In the current tranche, the UK Government developed programmes to fit within the Local Enterprise Partnership (LEP) geography. This meant that all LEP areas were allocated an indicative amount of investment across the funds.

The funds are managed by Government departments, i.e. Ministry of Housing, Communities and Local Government (MHCLG), Department of Work and Pensions (DWP) and Department for Environment, Food and Rural Affairs (DEFRA) for ERDF, ESF and RDPE respectively. The departments contract directly with projects that meet the criteria of funds, so therefore there is no delegation of funds to LEP areas. The fund is competitive with open calls and a one or two-stage application process.

There are local ESIF Sub-Committees which assess proposals for local fit, which include representation from LEPs and other stakeholders. The Sub-Committees agreed the details of the local calls with Government but have no decision-making powers in the awarding of funds, so their input is advisory although generally Government follows their advice.

Due to how the EU categorise regions, the Marches has an individual ESIF budget for Herefordshire and a combined one for Shropshire and Telford. This characteristic is shared by a handful of other LEP areas that had Geographies which cut across European sub regions.

Delivery started in early 2016 and activity will continue until June 2023. The UK Government has provided a guaranteed commitment to ESIF for the duration of the programme, irrespective of the country's future arrangement with the EU.

### **2. ERDF**

#### **Current position**

The Marches has an indicative allocation of £59.5m (£46m Shropshire and Telford & Wrekin and £13.5m Herefordshire). This allocation is across five national priority areas, which include Research and Innovation, ICT, Business Competitiveness, Low Carbon and the Environment.

£58m (£44.5m Shropshire and Telford & Wrekin and £13.5m Herefordshire) or 98% of the allocation has been committed to date, which includes projects that have ended, are in delivery, or are still in process of being contracted. To date there are nearly 40 projects in the Marches ERDF programme, which cover business support and grant programmes, incubation space, low carbon infrastructure and environmental improvements. A full list is available upon request.

### **Future Activity**

MHCLG agreed with LEP areas to run a 'final' call window for projects which closed on 30 September 2019. This represented the final opportunity for local partners to bring forward projects. Anything that remains uncommitted after this point will be handled through national calls, where MHCLG is likely to want to support pan-LEP area project as a priority.

## **3. ESF**

### **Current position**

The Marches has an indicative allocation of £42.4m ESF for 2014-2020, £30.1m for Shropshire and Telford and Wrekin and £12.2m for Herefordshire. Funding is allocated over five investment priorities in line with the national programme: skills support for the unemployed; supporting young people aged 15-24 into education, employment or training; active inclusion; skills support for the workforce; improving the relevance of education and training to the labour market.

Approximately £41m (£29m in Shropshire and Telford and Wrekin, £12m in Herefordshire) or 98% of the allocation has been committed up to December 2019, including completed, current and pipeline projects.

To date 17 projects have been funded through the Marches ESF programme (10 in Shropshire and Telford and Wrekin and 7 in Herefordshire) which include support for people with complex or multiple barriers to employment, support for young people not in employment, education or training (NEET) or at risk of becoming NEET, up-skilling and re-skilling employees in micro and SME businesses and support for people affected by redundancy, engaging businesses with education and training systems to make them more responsive to the needs of the local economy and a Community Grants programme to provide grants of £5,000-£20,000 to voluntary and small organisations to help people move towards the labour market. A full list of projects is available on request.

There is a mix of projects co-financed by national organisations (the Education and Skills Funding Agency, National Lottery Community Fund and Department for Work and Pensions) and projects where match funding has been provided by the provider.

### **Future Activity**

The Marches has performed well with a commitment rate of around 98%. There are currently 2 open calls outstanding. A call closed in July 2019 with applications for both areas currently under appraisal. An open call for additional NEET support will close on 12 February 2020 with bids anticipated.

DWP is taking back any uncommitted ESF from LEPs to put into a Reserve Fund for a programme of open calls. Work will be done over the next few months to identify potential projects in the Marches with a view to developing call proposals for ESF from the Reserve Fund.

## **RDPE**

### **Current Position**

The Marches LEP area is receiving RDPE funds from the Growth Programme, LEADER and the Rural Broadband Scheme.

For the **Growth Programme**, the Marches has an indicative allocation of £7.5m. Unlike ERDF and ESF, this is not split between Herefordshire and Shropshire / Telford. The fund is managed through national calls conducted by DEFRA, in which the Marches participated. The calls covered priorities around rural business development, food processing and rural tourism infrastructure, and were open for grant applications directly from businesses and other organisations.

To December 2019, approximately £7.5m has been awarded to over 50 projects, with the vast majority of this already contracted.

Most funding is awarded to Herefordshire and Shropshire projects, because only the food processing priority covers the urban area of Telford (the same also applies to Hereford and Shrewsbury). Based on current projections, Herefordshire and Shropshire will stand to each receive over £3.5m each through the grants awarded to their businesses and other organisations. This includes some very large individual grants to primary food processors.

A key criterion of the fund is job creation. The total investment in the Marches is estimated to help create over 400 hundred jobs. **Grant details cannot be shared**, unlike with ERDF and ESF, because grants go directly to businesses and so the information is commercial in confidence.

**LEADER** funding is available to local businesses, communities, farmers, foresters and land managers. It is managed on a delegated basis by a Local Action Group (LAG), which comprises representatives from the local community and the public and private sectors. In the Marches, there are two LAGs, Herefordshire and South Shropshire, which have allocated £1.7m and £1.6m respectively to specific projects.

### **Rural Broadband**

The Herefordshire and Gloucestershire Broadband Team applied to the fund for £10.46m in collaboration with the Shropshire and Telford Broadband Teams to support communities that are unlikely to benefit from current BDUK delivery.

### **Future Activity**

DEFRA plans to open another call through the RDPE Growth Programme to utilise the funds that remain nationally. This means that the Marches LEP area has the opportunity to benefit over and above what it has been indicatively allocated by Government.