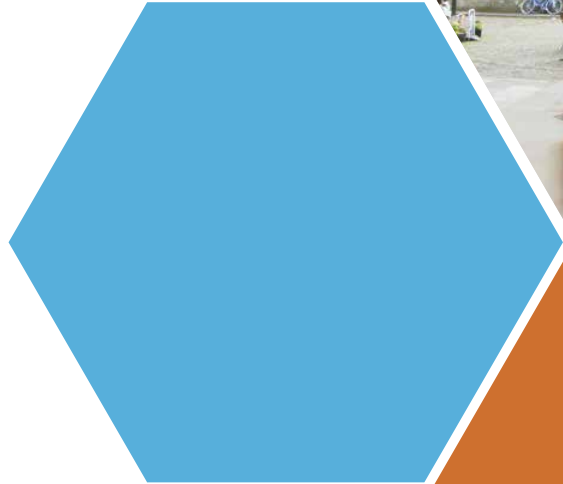




heart of the
south west
local enterprise partnership

Local Growth Fund End of Programme Report 2021



Heart of the South West Local Growth Fund End of Programme Report

Introduction

Through 2014 – 2021, Heart of the SW LEP secured and deployed funding from each of the three rounds of Growth Deal provided by Government through a competitive bidding process which delivered to three of the priorities outlined in the HotSW Strategic Economic Plan¹. These were enhancing transport connectivity across the area, building on Hinkley C opportunities and maximising productivity, innovation and employment.

With spend on the Local Growth Fund (LGF) programme formally concluding in March 2021, this report provides an overview of what the money has achieved for the area, what remains to be delivered, lessons learned for future programmes and a summary of the remaining LEP investment programme as at August 2021. Where relevant links and references to more detailed information are included.



A Funding

Total

£197.8m LGF was secured by the LEP across the three Growth Deals², disbursed as shown below across 62 individual projects, details of which can be found at <https://heartofswlep.co.uk/projects/>

HotSW LEP Growth Deal Budget						
	2015-17	2017-18	2018-19	2019-20	2020-21	Total
	£m	£m	£m	£m	£m	£m
Income						
Grant from Government	100.11	36.132	9.986	13.146	38.459	197.833
Expenditure						
LGF	50.924	29.041	26.425	39.960	51.483	197.833
Surplus of (Deficit) for the year	49.186	7.091	-16.439	-26.814	-13.024	0.000

The total amount of the Growth Deal grant has been spent by 31st March 2021 in line with the grant conditions. £21.8m is being managed through Freedoms and Flexibilities with Somerset County Council as accountable body. This allows agreed projects (namely: Digital & Broadband, Taunton Toneway and Somerset Flooding) to spend into 2021/22 and 2022/23. Outputs on all projects will continue to be monitored by the LEP's Strategic Investment Panel – see below.

Thematic Distribution

Local Growth Fund has been invested across the area as shown in the table. LGF was a capital programme and with the Department for Transport contributing the largest share to the Growth Deal programme it is unsurprising that the largest proportion covered projects which improved local transport connections and which unlocked further development. Innovation included investments in the area's science parks and Enterprise Zones. LGF also supported a range of workspace across the area in turn enabling business start-ups and growth.

Theme	LGF £
Transport & Housing	91,922,969
Innovation	47,053,868
Skills	18,257,198
Digital Connectivity	17,930,000
Natural Capital	13,049,000
Workspace	4,899,999
Business Support	2,770,381
Programme Management	2,770,381
	197,833,416

¹Strategic Economic Plan - Heart of the south west LEP (heartofswlep.co.uk)

²To note: House of Commons library states HotSW total Growth Deal award of £239.1m, split £130.3m GD1, £65.2m GD2, £43.6m GD3. However GD1 amount included funding directly awarded to Plymouth City Council for Forder Valley Link Road and funding for loans to housebuilders which did not progress. The total reported by the LEP is therefore £197.8m.

B Impact



The LEP has published its annual impact report showing progress towards the SEP objectives with the most recent version available at <https://heartofswlep.co.uk/wp-content/uploads/2021/10/210712-HotSW-LEP-Impact-Report-2021.pdf>

Agreed in 2014, the SEP set broad goals to 2030 with milestones at 2020 and the impact report tracks progress against these.

The SEP provided the foundation for each of the Growth Deal bids and it is worth noting that each Deal submitted sought a higher level of funding and broader powers on e.g. skills, than was finally agreed. Nevertheless, progress towards the 2020 milestones has been good for jobs and skills, with more to do in areas such as business start-ups.

As with all capital programmes, outputs such as jobs and houses will flow some way after completion of the build project and Growth Deal projects will therefore continue to report through to March 2025.

Building on our distinctiveness

- By 2030, there is a distinctive legacy of 'better jobs' from the investment in Hinkley, marine and other transformational assets
- By 2030, proportion of business in knowledge economy has increased
- By 2030 there is a ratio of high/medium tech businesses matching regional
- By 2020, HotSW is recognised as one of the best places in the UK to start and grow small business
- By 2020 the natural capital of the HotSW are enhanced and of increasing value to businesses and communities

Maximising productivity and employment opportunities

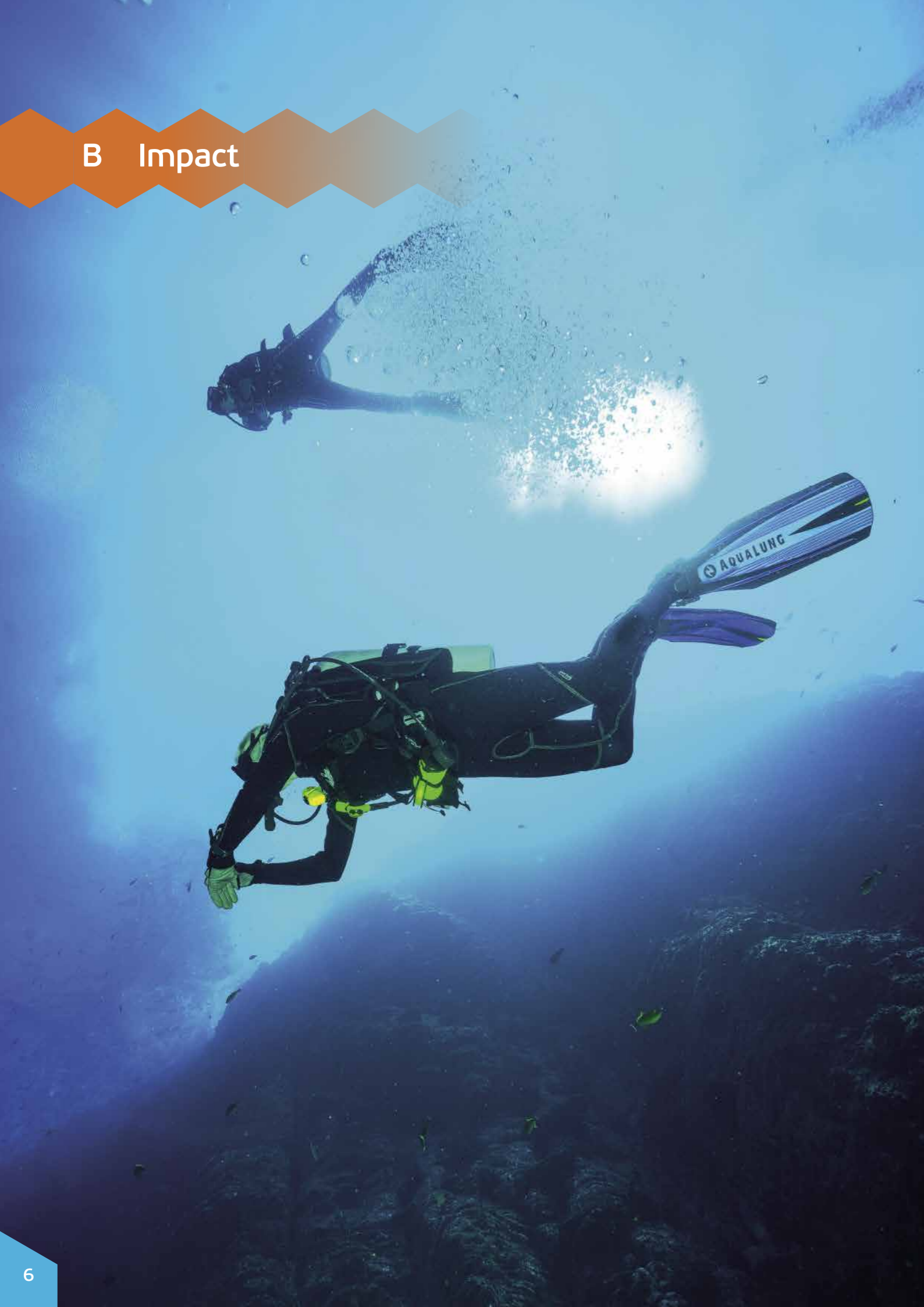
- By 2030 increase the competitiveness of our businesses so GVA/hour matches national average
- By 2020, reduce youth and long term unemployment by half
- By 2020, create and extra 50,000 jobs
- By 2030, increase average wages to match national average

Creating the conditions for growth

- By 2030 reduce rail journey times from Plymouth to London by 40 minutes
- By 2020, 100% of the population able to connect to superfast Broadband
- By 2020, 60% of adult population qualified to L3 or above and 40% to Level 4 or above
- By 2030, deliver 170,000 new homes



B Impact



The impact of the HotSW LEP's funding programmes

Between 2014-2021, through our Growth Deal and Getting Building Fund, the LEP has:

By 2025, through its funding programmes, the LEP will have helped to:

Created **6,169**
new jobs and apprenticeships



Create **21,271**
new jobs and apprenticeships

Trained **20,440** people
The proportion of adults with Level 3 skills is 59.7% - closer to the national average of 61.4% than it was in 2014. The proportion of adults with Level 4 skills has increased to 37.1% - still lower than the UK average of 43.1%.



Train **61,384** people

Connected **9,516**
businesses to superfast broadband



Connect **10,409** businesses
to superfast broadband

Provided start-up support to **11,312** businesses
Supported **10,789** businesses through the Growth Hub



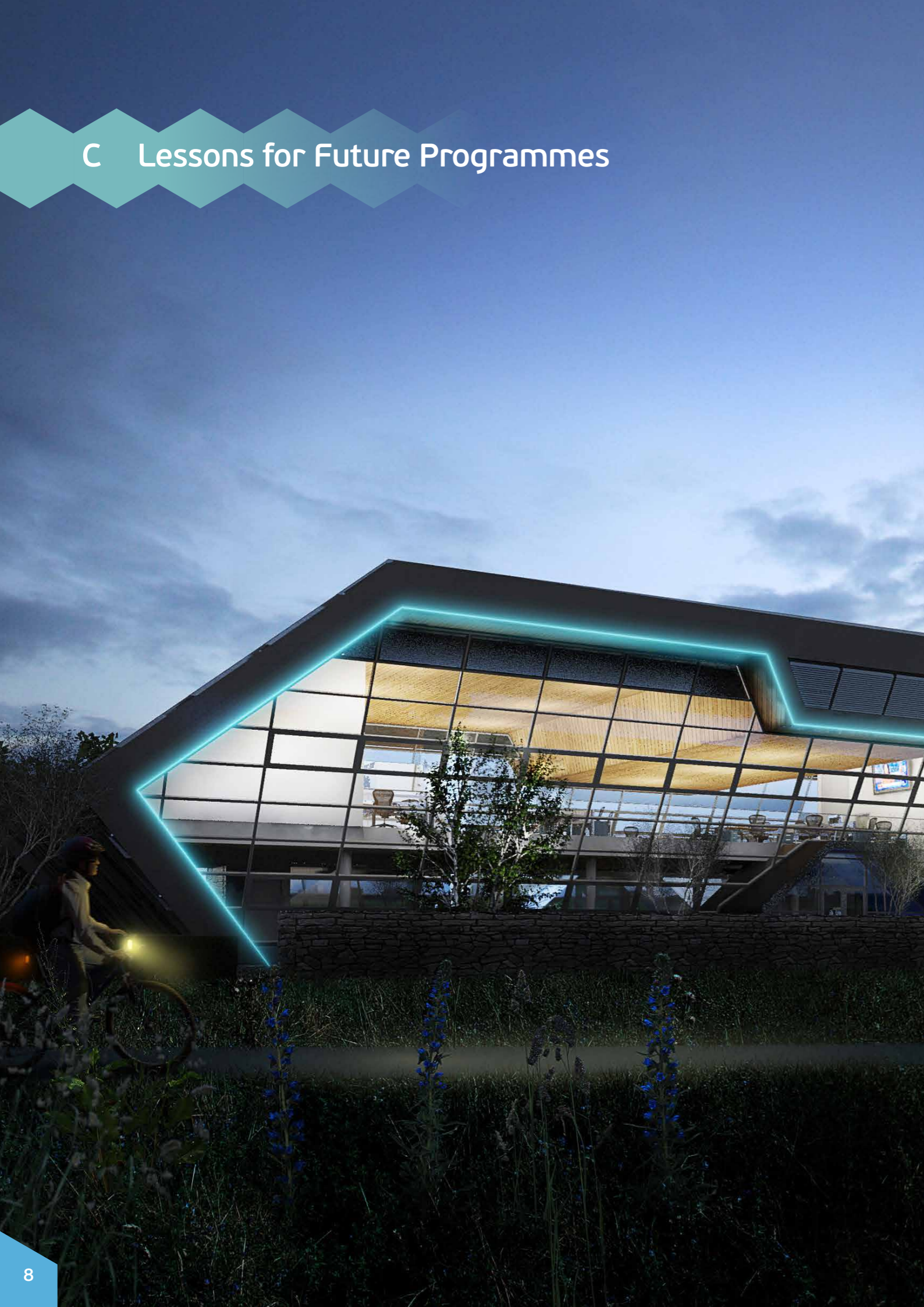
Support **24,703** businesses, start-ups and entrepreneurs

Unlocked the completion of **9,585** new homes



Unlock or complete the building of **24,002** homes

C Lessons for Future Programmes



Internal review of the Growth Deal programme has highlighted several important lessons for the future. These are set out below:

1. **To achieve the scale of economic change that is needed requires both significantly larger investment over many years and more focus on the activities that will produce lasting improvements.**

Although significant in absolute terms, the scale of Growth Deal investment (£197.8m) is very small compared with the size of the HotSW economy (£37 billion). Therefore many of the structural issues identified in the 2014 SEP remain an issue for the HotSW economy today, e.g. productivity gap vs the rest of the UK. Addressing these challenges requires sustained and significant investment over a long period. Given the relative resources generally available there is merit in ensuring any targets represent small improvements over time – rather than grandiose statements of transformational change.

2. **Setting targets around an investment programme should build on previous experience of what is achievable. Consideration should also be given, not just to the absolute numbers, but also the quality and resilience of the outputs.**

The SEP was a competitive process which encouraged ambitious targets and aspirations; there is a fine balancing act between setting aspirational targets/objectives and making sure those targets are attainable. Although by some measures the economy has performed well vs the 2014 ambitions, e.g. job creation pre-pandemic, a competitive process to secure funding risks inclusion of targets which may be difficult to achieve. As an example the cost per job of the three Growth Deal submissions from the LEP was £10,900; this compares with benchmarks in other programmes ranging from £25,700 (European Regional Development Fund, 2013) to £39,850 (Homes & Communities Agency, 2015). As a result, timing of delivery of numbers is always under pressure.

This need to be aspirational fed through to individual projects and it has been relatively common for projects.

- a) to be over optimistic on outputs at outline business case, only for these to be reduced as the project progresses through appraisal to funding agreement and

- b) to shift the timing of outputs into the future.

Similarly, where Growth Deal has unlocked a future development of e.g. a road which enables a housing site to progress, it can be the case that the subsequent development is delayed for reasons outside the LEP's influence, e.g. delayed planning permission. This means that achievement of outputs is not entirely within the LEP's control.

Finally, Growth Deals were conceived at a time of relatively higher unemployment though the HotSW economy soon moved to be one of the tightest labour markets in the country and the priority pre-pandemic shifted to creation of better quality jobs. It is returning to that as the economy recovers from Covid 19. Therefore there needs to be some scope to review and flex priorities as the macro-economic conditions change. Key lessons would therefore be:

- that programme targets should be based on absolute rather than relative targets – be in control of your destiny – and should be based on evidence of need rather than driven by a competitive process which in turn encourages ambition which may not be based on the evidence
- any targets should be stretching but attainable, based on achievements through other similar sources of investment
- targets should represent small improvements over time – rather than grandiose statements of transformational change; especially so given that in general the resources available tend to be too restricted to shift the macro economy in a significant manner
- on occasions, targets/objectives at a lower geography may be useful though consideration needs to be given to the interconnectedness of places through travel to work, travel to learn patterns etc.

C Lessons for Future Programmes

3. The timescale for understanding impact is long term.

There is also the issue of timescale for monitoring; HMT Green Book appraisal recommends a 10 year period for assessing the cost: benefit ratio of capital investments. With final Growth Deal spend continuing into 2020/21 this means full monitoring would only be complete by the early 2030s; at the moment Government reporting is continuing up to 2024/25.

With the majority of outputs being delivered towards the end of this timeframe, although the LEP has conducted an interim evaluation of the programme from which many of the conclusions here are drawn, a full qualitative and quantitative evaluation would be possible around 2023 onwards and this will be part of the LEP's forward plan.

4. The toolbox. Given the limited public funds available to the HotSW area for economic development, the strategic influencing role at national level becomes even more important and funding is only one part of the mix.

Economic development is about a whole range of initiatives and is about much more than supporting business. Very often it is a combination of different activities (e.g. skills initiatives, business support, property development, regeneration, innovation, strategic leadership, business finance, key sectors) that helps create a stronger set of outcomes. As well as direct funding for the area the Growth Deal bids sought additional powers over e.g. skills development or improvements in strategic infrastructure. In the main, these additional 'asks' were not agreed or the timing is significantly later than had been envisaged, e.g. improvements to the A303 are only just starting in 2021.

The LEP has some of the levers but, in many cases, it means working with many other partners to ensure an effective and joined-up approach; capital funding is only one part of the mix and as has been shown, is generally very small compared with the economy as a whole.

5. Programme overheads were relatively low at 2% of total award and larger programmes offer economies of scale.

For a relatively large capital programme the 2% overhead charge compares favourably with other programmes. For example,

- out of €3.6 billion in the 2014-20 European Regional Development Fund, €145 million or 3.97% was available as Technical Assistance, proxy for programme management.
- part of the 2014-20 ERDF programme covered Community Led Local Development, enabling smaller projects targeted specifically at more deprived areas with population between 10,000 – 150,000. These were led by Local Action Groups and Government guidance stated that a maximum of 25% of the total public sector funding could be used to support the costs of coordinating the LAG and managing delivery of the strategy. A HotSW LEP review of south west CLLD found that the bigger the programme, the smaller the percentage spent on management and administration as there are economies of scale; a programme of £7.5m had 16% overhead costs, £5m 20% and £2.5m 25%.

6. An alternative approach. Potentially allocating funding based on an objective measure of need would be an appropriate alternative to a competitive process. Any funding should be seen as part of a broader approach which includes influencing key investments at a national level as well as considering which powers and decision-making are best made at a local level to influence local outcomes.

Case Studies



Project Description

Oceansgate is the UK's first marine-dedicated Enterprise Zone, occupying a 35-hectare site on the southern edge of Devonport Dockyard. It is managed by Plymouth City Council. Oceansgate has been split into three phases. Phase I involved the development of 2,500m² of new office and workshop space and completed in April 2016; phase II involves the development of a further 2,450m² of offices and workshop space and was completed in late 2020. Phase III is a proposed future development, with the expectation that it will add a further 10,000sqm² of commercial space that will include a marine-focused innovation centre that will also provide programmes of support.

The overall objective is for Oceansgate to provide the focal point for the continued development of the growing marine cluster within Plymouth. The project has included the Marine Business Technology Centre which acts as a gateway to access comprehensive research and development support in marine technologies. The MBTC and Oceansgate projects have been supported by capital and revenue from the Local Growth Fund and European Structural & Investment Funds (ESIF).

A second ERDF business support project runs out of Oceansgate known as 'Meet the Expert'. This programme is sector blind so partners nicely with the MBTC which solely focuses on the marine sector.

The Importance of GD Funding and Lessons Learned

Oceansgate was supported through £1.5m under Growth Deal 2, and has also been supported by a further £2.6m through the HotSW ESIF. In addition, the MBTC also received £2.6m towards the purchase of leading-edge capital.

From a property/employment space perspective, Oceansgate highlights the importance of attracting key/cornerstone tenants. It has been successful in attracting 'signature' tenants, which have then attracted further SMEs to locate. The total amount

of jobs created by tenants at the time of writing is 43 with a further 108 to be created when future suites are let. These jobs numbers are based on Phase 1 alone. Phase 1 has also seen inward investment of 4 new businesses to Plymouth.

On wider basis, MBTC and Oceansgate illustrate that once momentum builds then the impact of original investments can be wide-ranging and multi-faceted. Without the investment in MBTC it is unlikely that much of the activity now focused on marine autonomy would have occurred, or certainly occurred more slowly and in a more piecemeal fashion.

However, this impact cannot be fully represented in 'traditional' terms e.g. jobs. It also does not fully illustrate the future impact. Finally, one of the fundamental 'soft outcomes' of the establishment of MBTC was that the partnership of key regional organisations was able to more strongly coalesce. The MBTC partnership has provided the foundation upon which further activity has developed. equipment and an associated business support programme. The Enterprise Zone status also allows businesses to benefit from business rate discounts over a 5-year period and enhanced capital allowances. Business rates can be retained by the City Council, allowing it to re-invest back into the site.



Impact

The impact of the initial investments in Oceansgate and the MBTC should not be viewed solely in terms of employment space. Whilst the project has been successful on this front it has led to range of activities. For example, it has acted as an important focal point for Plymouth's developing expertise in marine autonomous vehicles. It has helped spawn two developing clusters. 'Smart Sound Plymouth' is coordinated through the MBTC partnership and is promoting Plymouth as the key location for developing and testing autonomous systems, environmental sensor technologies, alternative propulsion and other specialisms. 'Future Autonomous at Sea technologies (FAST)' is helping to deliver innovative marine surface and sub-surface autonomous solutions. All of this activity is leveraging the expertise of key organisations within the HotSW, with a partnership which was strengthened through the establishment of the MBTC. The Universities of Exeter and Plymouth, alongside Plymouth Marine Laboratory and Marine Biological Association are all working closely with marine-technology businesses to establish Plymouth as an international leader in these areas.

Oceansgate attracts important innovation-led marine activity. For example, Babcock is locating much of its innovation/technology activity in the development, attracted by the potential to interact and collaborate with leading-edge SMEs. Plymouth City College locate degree-level course activity on-site, part of its offer within the developing SW Institute of Technology. The MBTC continues to offer a programme of support to marine businesses.

The local economic impact should increase further through plans for Phase III. This will utilise the docks/jetty to look at new technologies such as hydrogen-powered marine vehicles. Phase III will also include a prototyping centre which will allow marine businesses to fabricate, develop and test new technologies and materials.



Case Study 2 – Roundswell Transport Scheme – Phase 2

Project Description

Phase 2 of the transport scheme at Roundswell, Barnstaple in North Devon, is part of a wider package of highways infrastructure to improve transport capacity and movement around the west side of Barnstaple and the A39/A361 North Devon Link Road, whilst also supporting the development of significant areas of new housing and employment land development there.

Phase 2 is specifically the construction of a new pedestrian and cycle bridge that links housing and employment areas to the north of the A39 link road, with new employment land sites to the south. This provides a sustainable alternative to car use, to access the employment sites and improve road safety. It had a total cost of £2.7m with £2m coming from Growth Deal 1.

The Importance of GD funding

The Roundswell Transport Scheme was first conceived as one project which combined a major roundabout improvement on the A39, a new junction on the B3232 to access employment areas south of the A39 and a new estate road through one of the employment areas to both unlock development plots on this site and to serve a new park and change facility for the west of Barnstaple.

Funding from the Department of Transport's 'pinchpoint improvements' programme enabled the main roundabout to be redeveloped in 2015, as Phase 1 of the scheme. Phase 1 also made provision for a crossing facility on the A39 to

give pedestrian and cycle access to the new employment areas south of the junction. In advance of development taking place, Devon County Council had been reviewing its plans for this crossing, as it would reduce capacity on the A39 and increase road safety risks for vulnerable road users. Instead it proposed a bridge to provide segregated walking and cycling access to the employment sites as a Phase 2 of development. It was collecting developer contributions to contribute to its funding but was aware that it would take some time to assemble the necessary funding and there was no certainty that sufficient developer contributions could be secured for its delivery. Growth Deal provided the opportunity for significant funding which would enable plans for the bridge to be brought forward and for it to be put in place before employment uses began, making it attractive for local use.



Impact

Employment uses of the allocated employment land at Roundswell are beginning to develop. The new North Devon Enterprise Centre (also a project with ERDF funding, supported by infrastructure investment unlocking wider site) is proving popular with local businesses and also providing road access to open up employment land. Housing development is advancing quite quickly around Roundswell. There are future plans for the Park and Change facility to be developed within the employment site to serve commuting demand from the A39 to the west. The bridge provides the connection from this site to the established employment and housing areas at Roundswell north of the A39 and to Barnstaple's cycle and public transport networks.

The Phase 2 project will provide valuable supporting infrastructure and will come into its own when jobs on the allocated employment sites start to flow. Whilst valuable for local use, the walking/cycle route over the bridge also connects into wider walking/cycle routes into Barnstaple itself and links with the Tarka Trail. This accessibility will help to raise its value in promoting walking and cycling to work opportunities rather than driving.

Lessons Learned

Although conceived as one scheme originally, Devon County Council has and is progressing the Roundswell Transport scheme by dint of taking advantage of different funding opportunities and where Growth Deal has been one important source.

Transport schemes take a long time from initial planning through to delivery. When initially planned, their potential role in helping to open up employment and housing development opportunities is based on expectations about planning development and delivery in Local Plans. However, in practice, developers may not deliver development as quickly as anticipated. Where this happens, there can be delays in when projects like Phase 2 Roundswell will actually deliver what was intended. There can also be issues if developer contributions are a part of a funding package and progress is slower than expected. Awareness of this issue is particularly important when planning schemes and when outputs might be achieved which are not in the direct control of Devon County Council as the transport authority.

Case Study 3 – City College Plymouth

Project Description

City College Plymouth was located on two sites and there had always been the long-term vision to bring all activities together on a single site within the city. The secondary site, the Goschen Centre, was where much of science related teaching was located. There was also a recognition that the facilities needed to be upgraded to allow the College to offer quality learning experienced to its students, and to meet employers' requirements.

The Regional Centre of Excellence for STEM took 12 months to complete and opened in 2017. Since that date, overall student numbers have increased, with a significant uplift in the first 12 months of the new Centre being opened. The STEM Centre allows the College to provide post-16 courses, Apprenticeships and employer-based training.

The Importance of GD funding

The alignment of College activities had been identified for many years – it had been identified as a priority to enable greater efficiencies and improve the quality of its offer. When funding for FE capital projects declined significantly through the Education & Skills Funding Agency (ESFA), the College engaged in early discussions with the HotSW LEP and Plymouth City Council. The College recognised that its aspirations for promoting STEM subjects was closely aligned to regional priorities. Therefore, it was able to secure Local Growth Funding

support of £5.4m alongside other support from the Regional Growth Fund and a loan from Plymouth City Council. This also allowed the College to invest c£1m into capital equipment to provide a high-quality experience for its students. Given the lack of capital funding for skills the LGF support was integral to the development of the STEM Centre.

The successful establishment of the STEM Centre allowed City College Plymouth to be a partner in the successful bid for the South West Institute of Technology, with centres spread across the HotSW. This has leveraged a further £2.1m investment that helped the College deliver an innovative new curriculum of higher-level technical courses within the marine, engineering, manufacturing and digital sectors – all identified as local priorities. The establishment of the STEM Centre demonstrated that the College could deliver high-quality training in these sectors, an important element in the successful IoT bid. And it has worked with important local organisations such as Oxygen House, Goonhilly Earth Station, Met Office, Babcock, TDK Lamda and Watson-Marlow to develop an industry-led curriculum.

Impact

City College Plymouth is currently bucking the national trend, with the number of 16-18-year-old learners having risen in recent years.

Whilst the demand for STEM subjects always remains under pressure, numbers have held up well. The Centre delivers training for a wide range of city employers, including Babcock. The number of Babcock Apprenticeships has doubled in 19/20, and the Centre also supports degree-level training. Therefore, the STEM Centre has allowed the College to continue to meet the growing training needs of local employers, as well as responding to demand from the students themselves.

Lessons Learned

The development of the STEM Centre took several years from the development of the initial concept to the opening of doors. The alignment of the College's own priorities and local economic development partners enabled funding to be accessed, in an environment where skills capital funding had been largely withdrawn. The HotSW FE colleges remain integral for the delivery against local economic objectives, including those emerging through the HotSW Build Back Better plan.



Project Description

Wiveliscombe sits with a wider network of rural Enterprise Centres developed by Somerset County Council (SCC), which has been supported by funding from Growth Deal 2. It received an allocation of £510,000 towards the construction of 10 offices (each of 10 sq.m) and seven light industrial units (each at 50 sq.m). It is on the site of a former business which closed. SCC purchased the land and, through a combination of developing the Enterprise Centre and enabling employment use of the remaining land, has ensured that the land has been kept in employment use. Wiveliscombe was developed on a design and build contract and employed modular construction for the office building, meaning units are developed offsite and then craned into position onsite. This enabled timescales on site to be reduced and made keeping to cost easier, which was important after some initial issues and delay.

The Importance of GD funding

SCC has been developing its network of Enterprise Centres over a number of years. However the pace at which it can achieve this is very dependent on what financial resources are available from the Council itself. The opportunity to draw in further funding from Growth Deal has accelerated the pace of development. Use of Growth Deal 2 funding (which in turn has valuably drawn in some funding from ERDF for the office elements of both Wiveliscombe and Wells) enabled the addition of a second phase of development at Highbridge, as well as construction of Wiveliscombe and Wells as new Enterprise Centres. This considerably expands the availability of workspace for SMEs in Somerset.

Impact

Wiveliscombe opened for business in autumn 2020. It provides workspace for up to 17 small and micro businesses (based on one for each unit available). Wiveliscombe and the surrounding area has a thriving business community, which is encouraged through an active 10 Parish Business Group. There has been anticipation of the Enterprise Centre ever since the plans were announced and demand has been strong.

SCC's aspiration is that businesses who locate in Enterprise Centres will develop and move on to other premises – thus enabling the workspace to continue to be available to other growing businesses. There is no requirement on businesses to move on, but a constant churn in tenants means as many businesses as possible can be supported with workspace.

Overall, the Enterprise Centres across Somerset will provide around 57 light industrial units of varying sizes and over 40 offices, meeting and training rooms in seven locations. Over the course of the last 6 years, the Enterprise Centres have enabled both business start-ups and growth across the network with tenants taking their first step into employment space at affordable rates and favourable terms and conditions such as easy-in, easy-out leases. Not all tenants maintain their occupation, although there have been a number who have moved from office space into light industrial to enable their growth, which is a benefit that the centres offer.

The workspace is managed for SCC by Enterprise South West (ESW, a trading name of Torbay Economic Development Company Ltd). ESW also provides business support services as well as link businesses into the HotSW Enterprise Growth Hub which can signpost businesses to the business services they need. Having the Enterprise

Centre as a focus/ hub does provide an additional benefit in helping to engage local businesses with available business support programmes. There are therefore more indirect and wider impacts to the business community through the Enterprise Centres too. Tenants who have accessed the business support services, have benefitted from flexible advice to support their specific needs and can access the advice as and when they need it. The Business Advisors are on-hand as part of the ESW team. The meeting space within the centres is valuable, as it allows tenants to hold confidential meetings and ESW to provide workshops on site, sometimes joining up with specialist providers for specific advice such as with Avon and Somerset Constabulary to talk about Cyber Security.



Lessons Learned

Key learning points from Somerset County Council's experience at Wiveliscombe and, more broadly, from its other Enterprise Centres are:

- Explore different and newer construction techniques – use of modular construction worked well for Wiveliscombe and helped reduce the construction time taken onsite.
- Don't expect 'full occupancy' of rural workspace to happen quickly – plan for a gradual build up over several years.
- Consider how to obtain feedback from tenants about the value of workspace and business growth and development, as this is important evidence of impact and can support funding applications – but it is also a fine balance between obtaining feedback in return for provision of workspace and knowing that SMEs are very busy and with very limited time to respond to requests for information. Somerset County Council has set up an annual tenant survey – but also knows that this will never obtain a 100% response rate.

Project Description

In 2006, Nortel, the largest employer in Torbay – employing around 5,000 people closed its site in Paignton. A large part of the facility was given to South Devon College for development with the remainder of the land sold for further development. The closure of Nortel had also meant that several separate ventures had been created by ex-Nortel employees and, alongside other high-tech focused development, a high-tech cluster soon began to emerge. However, the lack of suitable premises, and facilities such as high specification clean rooms and laboratories, was soon identified as one of the main barriers to the further development of the emerging cluster. When the Torbay High-Tech Forum was formed in 2012, the development of suitable premises quickly became one of its top priorities. The project concept initially developed over the next couple of years was to develop a 'Catapult Lite' which would provide fit-for-purpose facilities i.e. clean rooms and labs. However, the funding landscape at the time was complex and the concept went through several changes.

Ultimately, reflecting the growing specialism in the Torbay area, a centre for Electronics and Photonics (EPIC) was developed. It was opened in July 2019 and provides 25,000sqft of lettable space, encapsulating up to 30 flexible office units, 14 lab spaces and 1 ISO 'class 7' clean room – one of the only open-access cleanrooms south of Bristol. The overall objective of the project is to remove up-front costs to SMEs and to stimulate innovation.

The Importance of GD funding

In the early stages of the project being developed, the funding landscape was complex and there were few sources of public funding for large-scale capital development. Developing recognition of the photonics expertise in the wider LEP was one of the biggest initial challenges. Once this began to be recognised then Local Growth Fund support was easier to access, combined with ERDF funding. EPIC received £3m of LGF support, combined with further £1.375m of ERDF funding.

Impact

The centre is now open and has developed into an anchor for photonics businesses in the area, providing the specialised facilities required. It has also led to further investment from the Getting Building Fund. This has helped EPIC grow its technical capability, demonstrating how investment builds over time to strengthen what a place has to offer.

The influence of EPIC has been wider than the activity at the centre itself. Photonics/microelectronics has now been recognised by the HotSW LEP as one of its High Potential Opportunities, which is being promoted to potential overseas investors in partnership with the Department of Trade. EPIC is one of the key assets in the HotSW LEP's innovation ecosystem which is being promoted to potential investors.

The centre has well established collaborations and links with the South Devon Hi-Tech & Digital Centre, another project that has been supported by the Local Growth Fund.

Lessons Learned

EPIC illustrates that large-scale capital projects take time to develop from the initial concept stage. During that time, external events change – many beyond the influence of the project. In this case, the availability of the previous AstraZeneca premises in Brixham, and subsequent development of Brixham Laboratory by the University of Plymouth, provided hi-tech businesses an alternative choice in terms of quality premises. This could not be foreseen at the time the EPIC project was being developed and resulted in initial interest in the centre being slightly more muted, before growing. This highlights the difficulty of estimating the potential economic impact of projects when circumstances change – guarding against so-called 'optimism bias'. The construction of the centre took longer than envisaged due to problems with the main contractor; again, this couldn't have been foreseen at the start of the project.



Case Study 6 – Exeter Science Park



Project Description

Exeter Science Park is a 60-acre site which has been supported through various Local Growth Fund investments which have helped establish enabling infrastructure and commercial space to be developed. The Science Park helps Science, Technology, Engineering, Maths and Medicine (STEMM) businesses to deliver innovative growth. From the early establishment of the Centre in 2015, it has grown in recent years with three Grow-on buildings, the establishment of the University of Exeter's Engineering Building that houses industrial focused research, and the Ada Lovelace building. It is also home to the Met Office's Supercomputer and Collaboration Building.

The Park has gained momentum in recent years, with significant floorspace being added and more planned. It is run and managed by Exeter Science Park Ltd which has four key stakeholders – Devon County Council, the University of Exeter, East Devon District Council and Exeter City Council. It forms part of the Exeter and East Devon Enterprise Zone.

The Importance of GD funding

The Local Growth Fund has invested significant funds into various elements of the Park's development. The initial Science Park Centre benefited from £4.5m loan from the Growing Places Fund, alongside a £1m grant from the Regional Growth Fund. In addition, the Grow-on buildings are partly funded by £4.5m of Growth Deal Funding, with a further £2.5m supporting the Environmental Futures Campus and £5.5m towards the Ada Lovelace Building.

In combination, this investment support has been a significant commitment to the development of the Park which is now benefiting from Getting Building Fund monies to continue its expansion. Given the difficulties in bringing forward private sector development, particularly at scale and focused on high-value activities, the underpinning public investment has been fundamental to establishing and maintaining momentum.

Impact

There has been strong demand for space to date. For example, the Grow-on buildings, offering flexible office and laboratory space (opened 2018) was totally pre-let, including some prestigious tenants such as Dell Boomi, who occupy 4,000sqft and employ 40 high-value staff. The Ada Lovelace Building is similarly at capacity.

The number of jobs supported on the Park has increased significantly. This is within the context of the Science Park management and stakeholders maintaining their focus on activities that closely align to its core STEMM focus. There is a critical mass developing with the aim of supporting 2,000 jobs on the Park by 2027/8.

Lessons Learned

As with all large-scale developments, it has taken time for momentum to build at the Park. Therefore, it has taken time for a 'return' to be generated against the significant public investment made through the HotSW. However, the Science Park's own business plan expected the GVA associated with new jobs on site to equate to c£16.5m in 2020. Therefore, that return against investment is taking place.

The inclusion of the Science Park within the wider Enterprise Zone has played a vital role in attracting tenants. In particular, the discounted business rates have been important to many SMEs.



Case Study 7 – South Devon College – Hi Tech and Digital Centre

Project Description

South Devon College Hi-tech and Digital Centre, which opened its doors to its first intake of students in September 2019, was developed in direct response to local employer needs for a workforce with higher level skills, particularly in the opto-electronics sector, a particular specialism in South Devon. The Hi Tech and Digital Centre was developed to grow the talent needed locally so that local employers do not need to source their workers from out of the area. South Devon College was also in a position where some buildings which it rented were to be sold and also needed upgrading and updating. The new Centre has provided the alternative and additional high quality education space needed, and is a significant investment at a total cost of some £17m.

The Centre has a combination of facilities. Half of the top floor is 16 incubation units for businesses. The rest of the Centre is a combination of further and higher education teaching space for use across high-tech, digital, manufacturing and creative sector related courses, a new engineering centre with hi tech equipment, and a 100 seater 'cinema' with surround sound which is proving popular for business presentations. Local businesses can use some of the equipment in the Centre on a bureau service type concept – so far the 3D printing equipment is available for this. Other facilities in the Centre include sound recording booths, a photography studio and a video editing studio.

The Importance of GD funding

Growth Deal funding has been a vital part of the funding package for the Centre. The whole project was kickstarted by funding from the HEFCE (Higher Education Funding Council for England). This was the key to unlocking other funding to create an overall funding package for the Centre which included Growth Deal, South Devon College, EU funding from the European Regional Development Fund (specifically towards the incubation units), Torbay Council, the Garfield Weston Foundation and some private sector investment.

Growth Deal funding was a significant element of this overall funding package, at £8.3m. It is unlikely that the project could have proceeded without this funding as South Devon College could not have covered this amount in addition to the funding it did put into the project. Without the Growth Deal funding the whole project could have stalled.

Impact

Courses focus on Level 3 or above; for example Engineering in Design and Manufacturing Diploma Level 3; or Digital Media Creative Media Production Extended Diploma Level 3. South Devon College has also been awarded the ability to design and accredit its own foundation degrees and has therefore been able to introduce these as part of the mix available through the Centre. These include Foundation Degrees in subjects as diverse as Games and Interactive Design, Electronics and Robotic Control Engineering and Illustration with Graphics and Animation.

The incubation units were opened for tenants in autumn 2019 and have proved popular with businesses, especially those with a tech focus.

Lessons Learned

The project has been developed over a long timescale. Over that period the higher education market changed quite significantly. It is now much more geared towards higher level apprenticeships and degree apprenticeships than toward fully taught courses (because they do not carry the same levels of student debt). South Devon College is therefore finding there is an increasing interest in higher education provision and less in foundation degree level. The facilities they have can accommodate these changes because they still support the development of the higher education skills development needed.



Project Description

Plymouth Science Park has been established for around 20 years. In 2003 it acquired the 25-acre site from Plymouth City Council. This was split into six phases for future development, with four phases already built-out. Phase 5 of the development represented the next stage of the development.

The build-out of Phase 5 was completed in December 2016, with the first tenant moving in during 2017. It has provided a further 20,000sqft of net lettable space – encapsulating 11 lettable units. In addition, the project also involved the redevelopment/refurbishment of another larger building on-site which had been vacant since a large single occupant had moved out. The Science Park had tried to re-let the building on a single occupancy basis but had been unsuccessful. Therefore, it decided to re-develop the building into a number of smaller units, with this better meeting market demand. This provided a further 10,000sqft of lettable space.

The Importance of GD funding

The original expectation was that Phase 5 would be taken forward with a private sector developer. However, market conditions remained difficult. The Science Park has two principle stakeholders – Plymouth City Council and the University of Plymouth. The opportunity of Local Growth Fund support allowed the partners to take forward the development more quickly than would have occurred and, importantly, significantly lowered the risk profile to the Council and University. The £3m LGF support unlocked loan finance from the two partner organisations. Overall, Phase 5 represented a £7m project investment. Given the risk profile if grant funding had not been available, it was unlikely the two Council and/or University would have been able to support the development in such a way. In many respects, this was the fundamental role the LGF support played – helping to leverage other financial support whilst reducing the ‘exposure’ to key partners.



Impact

Occupancy has tended to run at high levels with some natural churn. The initial concept for Phase 5 had been for it to act as a space for high-tech businesses and most of the tenants have been IT-oriented companies. Therefore, this initial focus has been largely maintained. In addition, the redeveloped existing building is largely full.

The project had relatively ambitious targets to support the creation of 190 jobs over 5 years. The Science Park are confident that this target will be met. At the time of writing it has currently helped support 173 jobs and is profiled to increase as more tenants move into the development. This represents a good return against the original LGF investment. Importantly, Phase 5 adds to the ongoing financial sustainability of the Science Park’s operating model – allowing it to continue to be an important location of employment space within the city.



Lessons Learned

Phase 5 highlighted that, whilst grant support is important, its real importance for such can often be to reduce the risk profile for partner organisations. The funding allows these organisations to invest when they may not otherwise have been able to – particularly given it involves other public finance which has more limitations in terms of risk appetite.

The redeveloped building that was undertaken alongside the build-out of Phase 5 has supported a cluster of small medical-technology companies, demonstrating that clusters of like-minded businesses can develop when located near an anchor asset such as Derriford Hospital. The Science Park is working alongside the City Council, Plymouth University and Derriford Hospital to develop the area further as a medical hub.



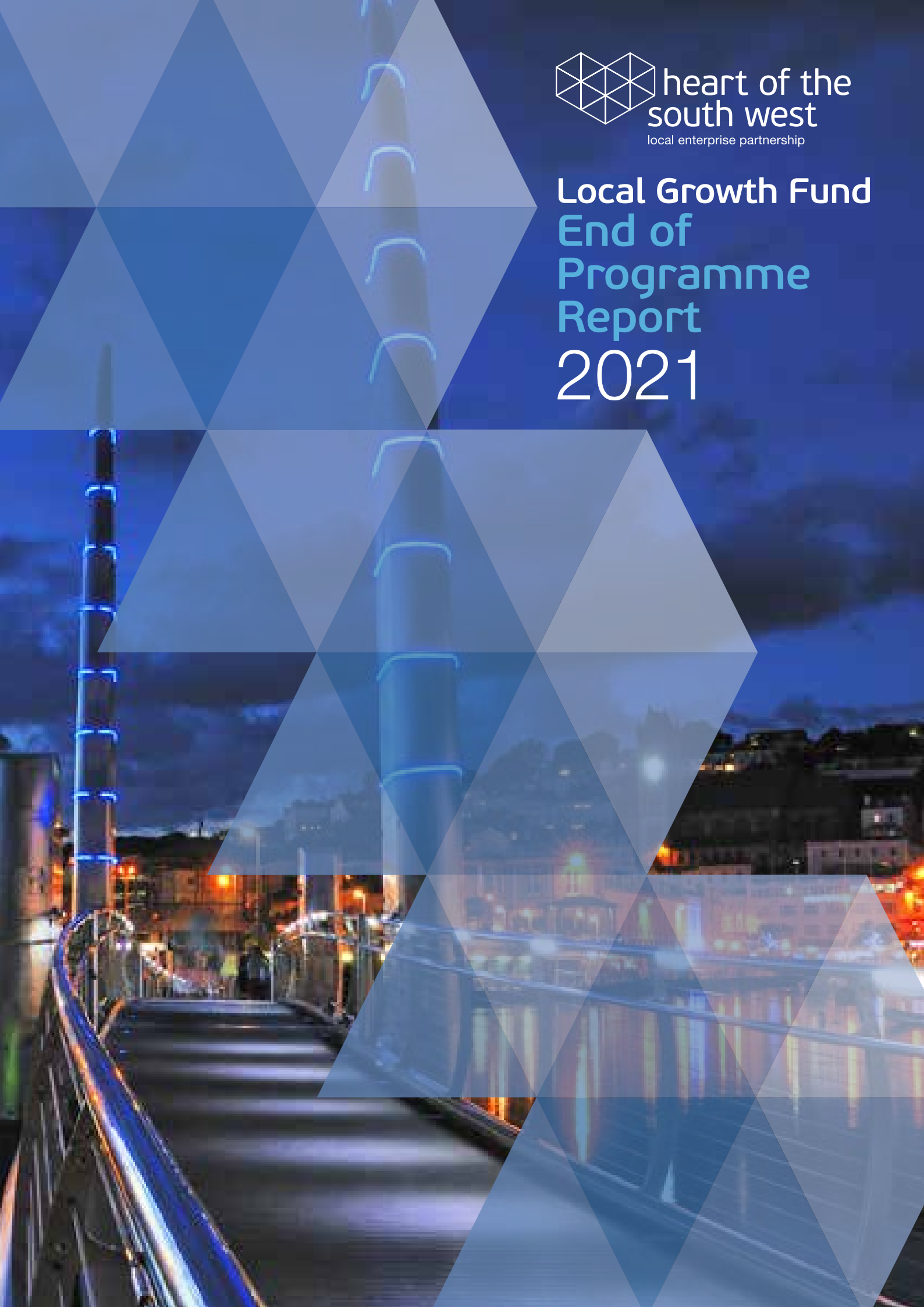


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