



Committee and Date

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Public

Update on the Marches Local Enterprise Partnership (LEP)

Responsible Officer

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1.0 Summary

1.1 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). It also provides a briefing on the role and purpose of the Annual Delivery Plan and its priority activities.

2.0 Recommendations

2.1 To endorse the achievements of the Marches LEP and recent updates to its structure, to receive an update on current board membership and the Marches LEP's Annual Delivery Plan.

3.0 Opportunities and risks

3.1 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.

3.2 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 the Ministry of Housing, Communities and Local Government (MHCLG) and Department for Business, Energy and Industrial Strategy (BEIS). Feedback from MHCLG and BEIS confirms that the Marches LEP is not at risk of this and changes to the Marches LEP governance structure meet the requirements. Attention does, however, still need to be paid to improving the diversity of Board Membership in line with LEP Review recommendations and ensuring that its work is scrutinised by the three Local Authorities in the LEP area.

4.0 Financial assessment

4.1 There are no financial implications. This work is being undertaken within existing Marches LEP resources.

5.0 Report

5.1 The Marches LEP, one of 38 LEPs and established in 2011, supports economic growth across Shropshire, Herefordshire and Telford & Wrekin. Its vision is found at Appendix 1.

5.2 Led by Chair Graham Wynn OBE, the 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](#). In April 2019 the Marches LEP became a company limited by guarantee (company number 11822614) in response to recommendations laid out in the 2017 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.

- 5.3 In line with government requirements, the Marches LEP has 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>. 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 (BEIS /MHCLG) to review achievements, to consider examples of good practice and identify areas for improvement. Priorities for 2019/2020 include 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).
- 5.4 The Marches LEP 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 the new engineering university NMiTE (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 Shropshire, including support for the Flaxmill Maltings, Connecting Shropshire broadband and infrastructure programmes are laid out in the report at Appendix 3.
- 5.5 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. Officially launched at a House of Commons reception on 8 May 2019 attended by Shropshire Council representatives and local MPs, the SEP outlines opportunities agreed across the wider partnership for business growth, housing expansion, innovation and market town support.
- 5.6 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.

These sectors underpin the economic performance of the Marches and the core and emerging sectors provide the biggest opportunities for growth and productivity improvements.

- 5.7 The SEP is also underpinning work currently being 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. The Marches LEP is currently drafting its 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/alternative energy production and defence/cyber security. It will set 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. Local authority partners, including the Economic Growth team at Shropshire 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 will also be presented at the LEP Board Meeting on 24 September 2019 where Board Members, including Cllr Peter Nutting, will be asked to take a decision on these.
- 5.8 More information on the LIS will be available in Autumn 2019. Business engagement events are being held in Shrewsbury and Hereford in October 2019 to outline how the strategy is developing and progress made in agreeing proposed priorities with Government.
- 5.9 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.
- 6.0 Conclusion**
- 6.1 The Marches LEP will continue with the delivery of the priorities outlined in its Annual Delivery Plan, the development of its LIS and to work with partners to deliver the priorities listed in its SEP.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Marches LEP Strategic Economic Plan 2019

https://www.marcheslep.org.uk/download/economic_plans/strategic-economic-plan-update-2019/The-Marches-LEP-Strategic-Economic-Plan-2019.pdf.

Marches LEP Delivery Plan 2019 – 2020

<https://www.marcheslep.org.uk/download/governance/Delivery-Plan-2019-2020-final.pdf>

Cabinet Member (Portfolio Holder)

Cllr Peter Nutting – Leader (Marches LEP Board Member)
Cllr Steve Charmley - Deputy Leader and Portfolio Holder for Assets, Economic Growth and Regeneration (Alternate for Cllr Nutting on LEP Board)

Local Member

All

Appendices

Appendix 1 - Marches LEP Vision
Appendix 2 - LEP Board Membership
Appendix 3 - Marches LEP Investment in Shropshire Infrastructure, Skills and Innovation
Appendix 4 – Marches European Structural and Investment Funds 2014-2020

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	Graham Wynn OBE	Private Business Owner
3 Area 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 Herefordshire Enterprise Zone
Food and Drink/Agri-Tech	Dr David Llewellyn	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 Board
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 Shropshire Infrastructure, Skills and Innovation

Funding awarded to projects in Shropshire since April 2015.

Local Growth Deal Funds (LGF) 1, 2 and 3:

Oxon Link Road	£4.2m
Shrewsbury Integrated Transport Package	£6m
Connecting Shropshire	£5.022m
SBC Training	£50k
Shrewsbury Colleges Group	£483K
Marches Centre for Manufacturing Technology	£1.979k
Shrewsbury Flaxmill Maltings project	£1.92m
North Shropshire College	£424K
Derwen College	£314K
Shrewsbury Colleges Group	£209K

Total Growth Deal awarded to Shropshire = £20,601,000

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

1. Oxon Link Road (OLR)

Part of Growth Deal 1, the Oxon Link road was awarded funding in 2015 for the construction of a new single carriageway link road between Churncote Roundabout and the B4380, with associated infrastructure, including the inclusion of two at-grade junctions along the new single carriageway link road and a new roundabout on the B4380 to accommodate the OLR.

The core objectives included improving resilience in the local road network, delivering Core Strategy housing targets, opening employment land, creating jobs, supporting economic growth and competitiveness, reducing road traffic accidents and allowing the form and function of the Welshpool Road to be altered in favour of more sustainable modes of transport.

The key outcomes for the OLR project over its lifetime include 1,090 Jobs being created, 835 new dwellings delivered, and additional employment land being unlocked. In addition, the project will also have a positive impact on increased pedestrian and cyclist activity on the Welshpool Road, improvements to journey reliability and increased economic output for Shropshire. To date the project has delivered 85 housing units and 23 new jobs

created. The project is also seen as a precursor and an enabling project for the wider North West Relief Road.

2. Shrewsbury Integrated Transport Package (SITP)

The project was awarded funding in 2015 for junction improvements at four strategic junctions on the Shrewsbury inner relief road and on the main links to the town centre from this corridor; including, implementation of further traffic management measures in the historic and commercial town centre; public realm enhancements to the commercial area (with a focus on Pride Hill); enhancements to pedestrian and cycle links; and Improved pedestrian wayfinding within and around the 'river loop'.

The objectives of the project have been to contribute to economic growth, alleviate congestion on the inner relief road, reducing traffic volumes through the historic and commercial centre, encouraging sustainable modes of travel and improving air quality within the town centre.

To date the project has created 60 new jobs and delivered just under 700 new homes. Over the lifetime of the project, and as a result of the funding, we expect the SITP to deliver 2,499 new homes and create 1,663 new jobs, unlocking key employment land and increasing economic output in Shropshire.

3. Shrewsbury Flaxmill Maltings

Part of Growth Deal 3 funding, the Shrewsbury Flaxmill Maltings were awarded £1.92m in 2018 to remediate two hectares of brownfield land adjacent to the Flaxmill Maltings complex. The funding has been used on the construction of a bat house to enable the development to the main mill and is also being used to fund the upgrading of the roundabout on the A5191. The funding will also enable the construction of a new access road for proposed future housing developments.

The aim of the project is to enable the development of the Flaxmill Maltings complex and remediate the adjacent land. As a result of the funding the project is expected to deliver 120 new housing units and the creation of 60 work placements over its lifetime. It will also enable significant infrastructure improvements to be made in and around the site, including new cycleways and various works to decontaminate and mitigate any environmental impact associated with the developments.

4. Connecting Shropshire

Fast, reliable and resilient internet access is vital for a growing economy, with data consumption increasing at around 30% a year. The Connecting Shropshire project is upgrading broadband provision to 64,328 premises through the rollout of superfast broadband and increased connectivity. This project will be fully completed in 2019/20.

5. Skills Capital Investment

Growth Deal funding has been allocated to local further education providers to allow capital investment in their training facilities and infrastructure. This investment is underpinning the development of new training programmes in line with local employer needs, e.g. advanced manufacturing and engineering courses, and improving the providers' IT infrastructure to support digital skills development. The Growth Deal funding will result in additional and improved apprenticeship provision and increased vocational training opportunities for post 16 students and the local workforce.

6. Marches Growth Hub - Business Support

Since April 2015, £1.07 million has been allocated to the set up costs, development and updating of www.marchesgrowthhub.co.uk website and as a contribution to the operating costs of the Marches Growth Hub sites in Shrewsbury, Telford and Herefordshire. The Marches Growth Hub provides access to advice and business support for pre-start, start up and growing businesses, including specialist support services funded through EU programmes. The Marches LEP contribution, from BEIS funding, also supports the coordination, promotion and delivery of a programme of events, including outreach clinics and business seminars held in key market towns across Shropshire.

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 allocated in tranches and 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 S/T and £13.5m H). This allocation is across five national priority areas, which include Research and Innovation, ICT, Business Competitiveness, Low Carbon and the Environment.

£45m (£33m S/T and £12m H) or 76% of the allocation has been committed up to July 2019, 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.

Future Activity

MHCLG agreed with LEP areas to run a 'final' call window for projects which opened in June 2019 and will close on 30 September 2019. This represents 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.

Officers from the three local authorities are working with partners on ensuring that the Marches area can bring forward projects that utilise the area's remaining indicative allocation. To support the development of high quality projects within this final call, the Marches LEP made funding available for feasibility studies and pre-project development work. From discussion with partners, it is anticipated that the Marches areas is likely to reach at least 90% commitment through projects that will come forward in the current call window.

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.

£38m (£27m in Shropshire and Telford and Wrekin, £11.6m for Herefordshire) or 91% of the allocation has been committed up to July 2019, which includes projects that have ended, are in delivery, or are still in process of being contracted.

To date 13 projects have been funded through the Marches ESF programme, which cover 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. Projects have been either match funded by national Co-finance Organisations (Education and Skills Funding Agency (ESFA), National Lottery Community Fund and DWP) or by project applicants.

Future Activity

An ESF open tender is being launched by the ESFA for a Community Grants Body to run community grant schemes to support community, voluntary and small organisations in Herefordshire, Shropshire and Telford and Wrekin. Promotional events are being held in each LA area.

Including current and pipeline commitments ESF in the Marches is 91% committed. Work has been done with DWP on options to commit any remaining ESF allocations through open calls in the autumn. DWP will continue to launch open calls until the end of December 2019. Any unused ESF will be taken back into a national Reserve Fund to

distribute back to LEPs. The process for this is being finalised by DWP and any opportunities for Marches projects to benefit from the Reserve Fund will be explored.

4. 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 June 2019, approximately £6m has been awarded to nearly 50 projects and others are awaiting approval, which will take the Marches to at least its indicative target of £7.5m.

Most funding is being 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 was that it would lead towards 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 with the grants going directly to businesses, 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 of representatives from the local community and the public and private sectors. To date In the Marches, there are two LAGs, Herefordshire and South Shropshire, which have allocations of £1,697,728 and £1,666,240 respectively. All this has now been allocated to specific projects.

Rural Broadband

The Herefordshire and Gloucestershire Broadband Team successfully applied to the fund for £8.9m, which will cover 20 property clusters across the Marches and Gloucestershire which are within the final few areas to be able to access affordable superfast broadband. This includes 5,000 homes and 300 businesses and the funding will enable a wireless solution.

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.