Economy and Tourism Overview and Scrutiny Panel

Report Subject | Growth Deals
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Meeting date | 26 March 2014
Cabinet Portfolio | Councillor John Beesley, Leader of the Council and Resources Portfolio Holder
Corporate Lead | Bill Cotton, Executive Director for Environment and Economy
Service Director | Roger Ball, Service Director for Environment and Regeneration
Status | Public
Classification | For information
Key Decision | No
Impacts on Key Policy Framework | Yes
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Executive summary
Local Growth Deals were introduced by the Government following the recommendations set out in Lord Heseltine’s review of economic growth in the UK, ‘No Stone Unturned’, in 2013. This report provides an update on this policy area and highlights what means for Bournemouth and the Dorset region.

Recommendations
The Panel are asked to consider this report and the draft Strategic Economic Plan with a view to making any recommendations for inclusion in the Plan prior to the 31 March deadline.

Reasons for recommendations
The Strategic Economic Plan provides a framework for business growth and investment across Dorset.

Background detail

**Growth Deals**

1. Growth Deals are negotiated between the Government and Local Enterprise Partnerships (LEPs). LEPs are encouraged to use this process as a means for seeking freedoms, flexibilities and influence over resources from government, and a share of the Local Growth Fund (LGF) to achieve their identified growth priorities. In return, the Government
expects evidence of real commitment from each LEP to the growth agenda, including the development of an ambitious, multi-year Strategic Economic Plan for their area.

2 The Government also expects the local authority members of Local Enterprise Partnerships to take up the challenge of putting economic development at the heart of all they do and work collaboratively across their LEP area.

3 The key principle is that Growth Deals will be a partnership between the Government and LEPs, where the Government will respond to the offers made by LEPs in pursuit of the shared objective of growth. The Government and LEPs will then negotiate Growth Deals on the basis of each LEPs Strategic Economic Plan (SEP).

4 Prior to the introduction of the Growth Deals, Bournemouth and Poole had made a joint submission under wave 2 of the Government’s City Deal Scheme. That submission focussed on the proposed development of two key sites; Bournemouth Airport and the Port of Poole as the primary sites in the conurbation that would help to unlock growth and create significant economic benefit to the area. The drawn out nature of discussions with the Government regarding the proposals meant that they became eclipsed by the introduction of the Growth Deals. As a result, the LEP were advised to integrate the plans for the two sites into the SEP document and move away from the City Deal submission altogether.

Local Enterprise Partnerships

5 Dorset LEP is one of 39 LEPs in England. LEPs were established by the Government in 2010 to replace the Regional Development Agencies. They are partnerships between local authorities and businesses and are responsible for deciding what the priorities should be for investment in transport infrastructure and economic development projects across a defined geographical area.

6 The work of the Dorset LEP is overseen by a Board comprising of 18 members from a mixture of public and private sector organisations in the area. The Leader of the Council represents Bournemouth Borough Council on the Board. Both the Chief Executive and the Executive Director for Environment and Economy attend meetings as advisors to the Board. The LEP has also recently appointed a Director to help drive forward its work.

Local Growth Fund

7 The LGF is a £2bn annual funding pot and is one of the key funding streams available to LEPs. It is allocated on an entirely competitive basis and it is the role of each LEP to make submissions detailing what level of funding they are seeking from the Government and how it will be
allocated. These ‘asks’ of government are made through the production and submission of a Strategic Economic Plan.

In deciding the distribution of Local Growth Funds, the basis for the Government’s assessment will be the area’s whole strategy for local growth and its use of all resources and levers. In doing so, the Government expect LEPs to:

a **Demonstrate a wider commitment to growth** that is sustainable for the whole area
b **Align or pool local authority capital and revenue spend on growth** – particularly on housing, transport, economic development, regeneration, planning and infrastructure.
c **Collaborate on economic development activities** - for example, merging teams and agreeing shared plans where possible to deliver efficiencies and a more joined up approach.
d **Maximise the synergies with wider local growth programmes** delivered in each LEP area, including for example, European Structural and Investment Funds, City Deals, Enterprise Zones, and revolving funds such as the Growing Places Fund.

**Strategic Economic Plans**

Each LEP is required to submit a Strategic Economic Plan (SEP) to the Government by 31 March 2014. Whilst Dorset LEP has produced a draft SEP – please see background papers – it is currently being re-drafted in time for submission following initial feedback from LEP Board members and government representatives. A draft will be considered by the Dorset LEP Board on 24 March 2014 prior to submission.

The initial draft SEP included eight key projects under four headings for the Dorset area. They were:

1. **Major Investments to Accommodate Business Growth**
   a **Bournemouth Airport**: with the potential to provide a strategically important business park of some 59 hectares with the capacity to accommodate 10,000 new jobs. This builds on some £50m of private sector finance already invested in the airport, with plans to create an aerospace centre of excellence.
   b **The Port of Poole and Poole Regeneration Area**: which will provide a mixture of office, retail and housing developments and create 5,000 jobs and 2,000 homes, in addition to 500 new jobs at the Port

2. **The New Economy in Dorset**
   a **Silicon South**: an exciting new business led initiative to accelerate the digital economy in Dorset, building on a number of
outstanding high growth companies and the latent talent in the two Universities.

b **Joint Universities Business Campus**: Bournemouth/Poole is one of the UKs leading creative/digital centres, benefiting from the co-location and expertise of Bournemouth University and the Arts University Bournemouth.

3. **Helping Businesses and People to Flourish In Dorset**
   a **Business Growth Hub (Dorset Growth Hub)**: a new initiative which recently received two year Regional Growth Fund support, and to which Dorset LEP has a long term commitment.
   b **Young Talent Escalator**: an exciting new initiative which works with local schools, colleges and universities to offer young people a range of training and development options which they can take up as they move from school to work, choosing the training support which meets their needs and ambitions.

4. **Strengthening Our Rural Economies**
   a **Modern Market Towns Pilot**: building on a Dorset LEP commitment to work with rural districts, Defra and other local agencies will bring resources from all three European funds and other sources to develop local led plans to re-invigorate market towns in Dorset.
   b **Unlocking Potential Fund**: an investment fund to unlock a number of key sites/locations, many in rural areas, which require initial investment to release significant housing and industrial/commercial development.

**European Structural Investment Fund**

11 Alongside the LGF, every LEP is being given responsibility for drawing up investment plans for over £5 billion of European Structural and Investment Funds (ESIF) for England for the period 2014-2020. This fund replaces the European Regional Development Fund, the European Social Fund and part of the European Agricultural Fund to form one central pot of funding. These Funds sit alongside the LGF, giving Local Enterprise Partnerships flexibility to use their Growth Deal funding on combined or complementary activities.

**Regional Growth Fund**

12 The Regional Growth Fund (RGF) is a £3.2bn fund which was set up in 2011 to help encourage private sector growth and create jobs across the country. Of that total, the Government has created a £1bn programme of funding for small and medium enterprises (SME).

13 As part of this programme, the Government announced in December 2013 that Lancaster University would be responsible for administering a £32m
fund that will provide support for smaller businesses and create jobs. A successful bid was made by Bournemouth Borough Council on behalf of Dorset LEP for the creation of a growth hub in the area.

**Dorset Growth Hub**

Dorset Growth Hub (DGH) is funded by £1.26m of RGF money and will run initially for a year as of April 2014 during which time, it aims to create 130 new jobs in the LEP area. The project will be delivered through Dorset Chamber of Commerce and managed by WSX Enterprises, with Bournemouth named as the accountable body for the funds.

The DGH contains three main platforms:

- a A growth hub operating board reporting to the LEP
- b A one-stop-shop/business hub to help businesses navigate and access business support
- c A business growth programme aimed at helping businesses grow through innovation, internationalisation, investment and inception.

**Background papers**
