

# Prospectus for Further Devolution – North Somerset Council joining the West of England Combined Authority

24 August 2020

## Contents

Introduction & Context .....	1
A Clean & Inclusive Recovery .....	3
Benefits of Further Devolution to the West of England .....	5
Regional Priorities .....	4
Place .....	4
Connectivity .....	4
Business.....	5
Skills .....	5
Summary of Asks.....	6

## Introduction & Context

**We are the best place to invest for growth and sustainability, and we can deliver even more when incorporating North Somerset within our partnership.** The long-term and substantial investment opportunities set out in this prospectus demonstrate the benefits to be gained through a wider expansion of our partnership.

1. The West of England is one of the country's economic success stories. Since 2000, our regional economic growth has outstripped national growth we are the most productive city-region in England outside London.
2. This prospectus sets out our ambition, our ask and our approach to delivering more, faster, and more responsively as we:
  - Deliver on our ambition for clean and inclusive growth
  - Respond to the urgent demands our communities and economies post Covid-19
  - Work towards a Zero Carbon Future
3. Our region is an area where highly-skilled people work, where ideas flourish, and where businesses grow. It's also a place that a diverse population of people call home. Across the towns and cities of our region, there is an independence of spirit and a pride in the diversity, creativity and ingenuity of our local communities.
4. The region presents a sound investment opportunity for Government and businesses. Levels of productivity remain above the national average, rates of international trade are higher than other parts of the UK, and our knowledge driven economy is continuing to diversify. Private investment in our companies is outstripping other places and we are becoming known as a hub for successful business scale-ups.
5. We have a history of successful partnership. Through our Local Enterprise Partnership, the Combined Authority and our long-standing collaboration across our four Unitary Authorities we have successfully programmed out £500m of Economic Development Funding projects and £202m of Local Growth Fund. Through the Local Growth Fund, we're investing in our Enterprise Zones to create jobs and support opportunities for businesses to start, grow and collaborate. This has included £55m at Temple Quarter, £32 million at Bath Quays, £64m at Avonmouth and £12m at Somer Valley.
6. We continue to invest in innovation. The successful delivery of the £9.2M 5G Smart Tourism project culminated in the largest public trial of 5G technology at a major cultural event with a unique 5G experience for visitors to Bristol's Harbour Festival.
7. In delivering the West of England Local Industrial Strategy we are driving investment in high tech R&D capacity, notably across the South Gloucestershire Tec Arc, led by the Bristol & Bath Science Park and National Composites Centre and supporting primes such as Rolls Royce and Airbus, innovation in the green economy and innovative partnership working with the higher education sector to develop new capabilities such as the Institute of Advanced Automotive Propulsion Systems (IAAPS).
8. The West of England Combined Authority is investing millions in bus and train travel, and walking and cycling routes, to tackle congestion and improve air quality. In July 2019, the Joint Committee approved a £350m investment programme to March 2023 spanning the Investment Fund and Transforming Cities Fund. This year, we have made further investment in MetroWest to improve connectivity and increase the frequency of local transport services and kickstarted the development of new walking

and cycling routes across the region including the Bath River Line project.

9. We're supporting businesses to grow and encouraging new businesses to invest in the West of England. This year, our Growth Hub has expanded the support it provides for local businesses and hosted the region's first Scale-Up Summit for high-growth businesses, attended by over 70 local entrepreneurs. The Growth Hub has also been at the forefront of supporting local businesses to prepare for Brexit.
10. The continued success of the region's inward investment team, Invest Bristol & Bath in attracting successful organisations and securing new jobs for the region, has seen over 70 businesses investing here in the past two years as a direct result of our work. These include Bocard, Delaware and the new Channel 4 Creative Hub at Finzels Reach, Bristol. We have a track record of delivery, supporting our diverse communities and regional assets to flourish and making a net contribution to HMT.
11. WECA, the constituent Unitary Authorities and North Somerset Council are all Members of the rapidly developing Western Gateway powerhouse and strengthening West of England devolution now will solidify this

platform for growth of a sub-regional powerhouse.

12. An increased footprint would bring benefits to the whole region and will enable us to work at scale with others in the broader Western Gateway area to deliver against Government ambitions to create strong regions able to contribute to the levelling-up of the UK.

## A Clean & Inclusive Recovery

13. The West of England declared a Climate Change Emergency on 19 July 2019, committing the region to becoming carbon neutral by 2030. To achieve this goal, we are already investing in clean and green transport systems, construction methods, and prioritising support for clean innovation. The priorities set out in this document further support our ambitions for clean and inclusive growth.
14. Our Low Carbon Challenge Fund, launched earlier this year to help small and medium-sized businesses improve their energy efficiency and support community energy projects.
15. The West of England Combined Authority is committed to helping people aged 11 to 60 to make the most of opportunities available here in the region. We're improving careers advice, supporting adults who are in work but on benefits to improve their job prospects, and helping people get technical and digital skills. We have expanded the Careers Hub to all schools in the region, to improve knowledge and understanding of career opportunities and experiences of the workplace for young people.
16. For those already in work, we have extended the successful Future Bright programme to support in-work progression for residents receiving benefits or tax credits.
17. To support our key sectors, we are delivering innovative skills and workforce development programmes to ensure that they have the skills and talent they need to thrive. This includes:
  - The successful delivery of the Women in Digital Jobs, Education and Training Programme (WIDJET), providing funded tech and digital training for women
  - The launch of Creative Workforce for the Future, to help the region's businesses develop a more inclusive workforce with the skills needed to support our region's growth
18. Like the rest of the country, our regional economy and our residents have been severely impacted by Covid19. We have taken swift action to address this – extending employment and skills support to more residents, expanding our business support offer, investing to expand digital skills and refocusing support where needed to ensure innovation remains at the heart of our economy.
19. With the right interventions and investment, the West of England is in a strong position to remain one of our national economic success stories. While we are a strong region, like all other parts of the UK our economy has suffered a severe shock in recent months.
20. WECA has a key role in supporting the region's economic recovery and we are working together with partners across the region on the action needed to support recovery. Our Recovery Principles highlight the following key areas of activity that will support our diverse economy to renew:
  - Get residents back to work – Support training, redeployment and access to jobs
  - Green recovery – Supporting the region's carbon objective and embedding environmental behaviour change
  - Strengthening inclusion – Supporting people in the hardest hit places and communities
  - Rebuild business – Strengthening innovation and trade, and encouraging start-ups and growth in sectors of opportunity
  - Renew places – Ensuring transport and digital access to work, and building resilience and attractiveness in hard-hit places

21. Our recovery principles link to our overarching strategic goals to drive clean and inclusive growth across the region.
22. We are focused on inclusive growth to ensure our region continues to build a diverse workforce, sparking creativity and innovation and contributing to increased productivity. We are taking action to help create strong communities and tackle barriers to community integration.
23. We have set out in the following pages more detail on the benefits an expanded Combined Authority offers both locally and nationally, and the additional interventions and investment that will be required to enable us to deliver against these priorities.

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## Benefits of Further Devolution to the West of England

1. **Expansion of the WECA footprint makes economic sense.** The West of England, incorporating North Somerset, is a functioning economic area. The economic case for North Somerset to work jointly with the other three unitary authorities in the West of England is that together, they work as one regional economy. Residents live, work, and play across the whole region. Strategic economic development and infrastructure interventions are best planned at this level because of the close flows of residents and businesses across the area. Strengthening co-operation will help to overcome the region's challenges to meet its full potential. This will help to maximise the impact that devolution has on the region's economy.
2. Expansion of the WECA footprint and investment in the region will deliver improved economic impact. The current investment fund, with £350m allocated up to 2023, is estimated to deliver at least £845m of GVA, 4,350 new jobs, 12,900 learners gaining new qualifications or skills, and 500,000 new bus journey and 1,450,000 new rail journeys every year.
3. On the same performance, an additional investment fund allocation of £200m could deliver at least £485m of GVA, 2,500 new jobs, 7,400 learners gaining new qualifications or skills, and an additional 285,000 bus and 835,000 rail journeys annually. Expanding the footprint of WECA and strengthening our partnership will enable an uplift in these impacts.
4. **Expansion makes strategic sense, capitalising on the way we work together across our broader footprint.** The West of England has set shared ambitions for the region through a range of strategic plans, including our Local Industrial Strategy. North Somerset has been a partner in these processes. In response to Covid-19, a regional taskforce has been established to support our regional recovery efforts. Again, North Somerset is a partner in this work. Working together, we are committed to driving clean and inclusive growth across our city-region. These priorities also underpin our current recovery planning. Working together, the West of England can play its part in realising the levelling-up ambition Government has set.
5. **Expansion will help deliver efficiencies and further strengthen decision making within the region.** The broader region has continued to work together since the establishment of

WECA, including through the West of England LEP and through a Joint Committee established to work alongside the Combined Authority. While robust partnership processes have been put in place, expansion of the CA to incorporate North Somerset would deliver efficiencies and enable the region to collaborate more effectively.

6. **Expansion will enable us to deliver on our joint priorities for the region.** The following section sets out the key priorities for future action.

**Ask One:** The Investment Fund currently comprises £900m at £30m per year, plus £103m from the Transforming Cities Fund. To maintain the current rate per head of the population for the expanded region would require an uplift of £200m for the remaining 25 years, so £8m per year. The uplift would enable devolved and regional programmes to be extended to North Somerset Council without the risk of diluting the current funding.

## Regional Priorities

### Place

Investment in our places, to ensure that we can protect, recover & grow post Covid-19.

1. **Investment in Temple Quarter** - Focused on major upgrade to Bristol Temple Meads station, the region's main station and principle infrastructure in the new Temple Quarter, which will create a sustainable and flourishing new urban destination in Bristol that will bring homes, jobs, investment and opportunity that benefits the whole region.

**Ask Two:** A capital funding allocation of circa £100m via Homes England's SHIF (Single Housing Infrastructure Fund) would enable: building the Northern and Southern Gateways and the Eastern Entrance, as well as the implementation of much improved bus, cycle and pedestrian facilities within Temple Quarter itself.

2. **High-Street Renewal** - Town centre restructuring & regeneration activities to support Regional Economic Recovery in response to COVID-19: supporting growth and recognising the impact Covid19 has had on high streets and the visitor economy across the region.

**Ask Three:** An investment package to support our existing allocation of £10m as part of our Love Our High Streets programme. This £100m package to support the regeneration of our City and Town Centres and local High Streets as part of the Spending Review and enable accelerated investment in Masterplan sites including Yate, Filton Airfield, Keynsham and Bedminster. Strategic support for our Walking & Cycling Strategy will support active travel access across high streets and town centres

**Ask Four:** A capital funding allocation for our Future High Streets Fund Business Case for Kingswood High Street (£25m)

3. **Investment to develop Strategic Housing sites** - Unlocking sites for new housing across the region would enable the West of England to deliver an uplift in housing supply beyond the normal trajectory. Investment would help unlock sites facing issues such as the need for flood defences, strategic land acquisition, and the need small scale transport schemes, creating an increased number of viable development sites across the region. Opportunities include, but are not necessarily limited to; South West Bristol, North Fringe, Yate, Brislington and North Keynsham.

**Ask Five:** Strategic support for further partnership working with Homes England to establish further strategic locations for housing development.

### Connectivity

Investment in low carbon transport and digital connectivity to provide access to new jobs & homes.

4. The delivery of mass transit schemes will be transformative for trips within the West of England, whilst also having the potential to shape the scale and pattern of employment and housing growth.

**Ask Six:** Official support from the Government for the development of the Mass Transit scheme for the region and broad Government commitment to partner would enable the scheme to move forward confidently and in turn provide confidence to investors in the region (£14m support a joint delivery team to Full Business Case and £26m to support early works and land purchase).

5. **Digital Connectivity** – We recognise that digital connectivity is important in ensuring that our business and communities can access the markets and services of the future.

**Ask Seven:** Official support from the Government for a regional approach to support further improvement in digital connectivity to support our communities and businesses. To enable equality of digital opportunity and to enable provision of efficient regional services.

### Business

Supporting our businesses, driving productivity & move to a sustainable future.

- Additional investment to accelerate **major R&D projects, supporting the achievement of an innovation-led recovery across our region.** Investment would enable integration of existing regional capabilities and alignment of our innovation hubs – increasing capacity to address the critical challenges our hubs are working on: achieving net zero, healthcare, social mobility, low carbon.

**Ask Eight:** Capital funding of £322m from the R&D funding announced at Budget 2020 to support growth in our regional R&D capacity. Investment would support the following:

- Phase 2 of the **Digital Engineering Technology and Innovation (DETI) programme** (£100m), including Extension

of the Urban Multi Wireless Broadband and IoT (Internet of Things) Testing for Local Authority and Industrial Applications (**Umbrella**) **project phase 2 & 3** (£7m) connecting regional Enterprise Areas and strengthening the South Gloucestershire Tec Are, further developing our industrial productivity.

- Our major digital skills and innovation centre: **iSTART** (£20m)
- The new **Temple Quarter Enterprise Campus** (£150m), delivery of which is a key component of the regeneration of this area of Bristol, alongside the upgrade to transport infrastructure detailed in ask 1 of this prospectus
- An **Innovation Centre at the Junction 21 Enterprise Area** (£45m), which would incorporate a regional Modern Methods of Construction and sustainable construction centre

- Freeport for the region** – A freeport will provide an area in the region where normal import duties don't apply allowing it to operate outside the customs territory creating a duty-free bubble. Imports can enter this bubble without being subjected to the tariffs and import duties which are often incurred.

**Ask Nine:** We are well placed to develop a freeport within the region, linked to and strengthening our regional strength in innovation and high-value manufacturing.

We have responded to the Government freeport consultation on and would welcome early dialogue on this opportunity for the region.

### Skills

Supporting our young people, the need to reskill

- Broadening of the West of England Adult Education Budget (AEB) devolution to incorporate North Somerset** - Devolution of AEB has been a success. We have seen a rationalisation of provision and an increasing focus on ensuring AEB funded provision aligns with the needs of the region's residents, employers and economy.

**Ask Ten:** Agreement that the devolved AEB Budget incorporates the North Somerset allocation

- Additional **investment to support reskilling across sectors disproportionately impacted by Covid19**, including retail, hospitality and the broader visitor economy. Building on the positive impact our Adult Education Budget provision is achieving in reaching vulnerable sectors/employees, additional investment would enable a focus on building the foundational skills our economy requires.

**Ask Eleven:** An uplift of £10m per annum in the regional AEB allocation to deliver additional foundational skills provision across the region.

10. **Devolve £100m from funds announced at Budget 2020 to support skills provision across the region:**

- £40m devolved from the FE Capital Fund to enable strategic investment in the growth of the FE sector and provide cutting-edge facilities to give people the technical skills needed for future industry.
- £60m devolved from the National Skills Fund to deliver on the ambition of our regional employment and skills plan and actions identified through our regional recovery planning to get residents back to work and to deliver bespoke support in communities and places disproportionately hit by the impact of Covid19.

**Ask Twelve:** Devolving a regional share of £40m from the £1.5bn FE Capital Fund and a £60m share from the £2.5bn National Skills Fund announced at the March Budget.

## Summary of Asks

Ask	Requirement from Government	Value (£m)	Source
<b>One</b>	The Investment Fund currently comprises £900m at £30m per year, plus £103m from the Transforming Cities Fund. To maintain the current rate per head of the population for the expanded region would require an uplift of £200m for the remaining 25 years, so £8m per year. The uplift would enable devolved and regional programmes to be extended to North Somerset Council without the risk of diluting the current funding.	£200m over 25 years	Expansion of Gain Share
<b>Place</b>			
<b>Two</b>	A capital funding allocation of circa £100m via Homes England's SHIF (Single Housing Infrastructure Fund) would enable: building the Northern and Southern Gateways and the Eastern Entrance, as well as the implementation of much improved bus, cycle and pedestrian facilities within Temple Quarter itself.	Circa £100m	SHIF
<b>Three</b>	Support for our existing allocation of £10m as part of our Love Our High Streets programme. This £100m package to support the regeneration of our City and Town Centres and local High Streets as part of the Spending Review and enable accelerated investment in Masterplan sites. Strategic support for our Walking & Cycling Strategy will support active travel access across high streets and town centres	£100m	CSR
<b>Four</b>	A capital funding allocation for our Future High Streets Fund Business Case for Kingswood High Street (£25m)	£25m	Future High Street Fund Bid
<b>Five</b>	Strategic support for further partnership working with Homes England to establish further strategic locations for housing development.	Strategic Support	

<b>Connectivity</b>			
<b>Six</b>	Official support from the Government for the development of the Mass Transit scheme for the region and broad Government commitment to partner would enable the scheme to move forward confidently and in turn provide confidence to investors in the region. (£14m support a joint delivery team to Full Business Case and £26m to support early works and land purchase).	£40m	Transport Capital Funding
<b>Seven</b>	Official support from the Government for a regional approach to support further improvement in digital connectivity to support our communities and businesses. To enable equality of digital opportunity and to enable provision of efficient regional services.	Strategic Support	
<b>Business</b>			
<b>Eight</b>	<p>Capital funding of £315m from the R&amp;D funding announced at Budget 2020 to accelerate major R&amp;D projects, supporting the achievement of an innovation-led recovery across our region, namely:</p> <ul style="list-style-type: none"> <li>• Phase 2 of the Digital Engineering Technology and Innovation (DETI) programme (£100m). Including Extension of the Umbrella project phases 2 &amp; 3 (£7m).</li> <li>• Our major digital skills and innovation centre: iSTART (£20m)</li> <li>• The new Temple Quarter Enterprise Campus (£150m)</li> <li>• An innovation Centre at the Junction 21 Enterprise Area (£45m)</li> </ul>	£322m	Increased investment in R&D announced at March Budget
<b>Nine</b>	Early dialogue on the potential for a freeport within the region, in line with the Government ambition to create up to 10 new freeports across the UK.	Strategic Support	
<b>Skills</b>			
<b>Ten</b>	Incorporation of the existing North Somerset Adult Education Budget allocation to the devolved West of England AEB fund.	£ Existing allocation	AEB

<b>Eleven</b>	An uplift of £10m per year in regional AEB funding to support reskilling across sectors disproportionately impacted by Covid19	£10m per year	AEB
<b>Twelve</b>	A devolved share of skills funds announced at Budget 2020 (FE Capital and National Skills Fund), enabling strategic investment in the cutting-edge facilities and skills support that will support recovery in our economy and growth in our key sectors.	£40m	FE Capital Fund
		£60m	National Skills Fund

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