



heart of the south west

local enterprise partnership

Local Industrial Strategy Progress Statement



LOCAL INDUSTRIAL STRATEGIES

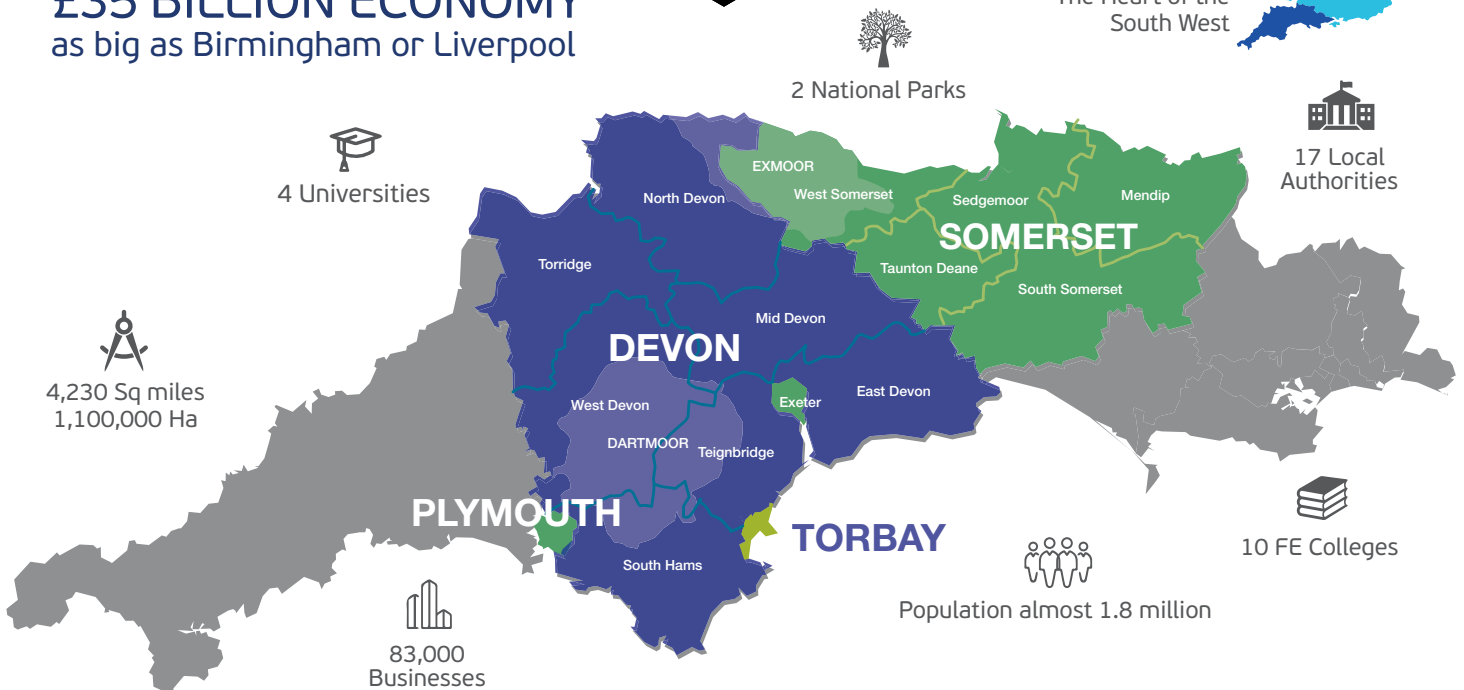
Developing ambitious Local Industrial Strategies is central to delivering the national Industrial Strategy's vision to build an economy fit for the future, with prosperous communities across the United Kingdom, and to drive up productivity. This progress statement sets out plans for delivering a Strategy by summer 2019 and highlights emerging priorities for the Heart of the South West's Local Industrial Strategy.

Local Industrial Strategies are co-owned between Government and local enterprise partnerships. The Heart of the South West's Local Industrial Strategy will build on the area's previous work on productivity; the Strategy will be an important, but not the only channel, through which the LEP and local partners will address the productivity challenges.



The Heart of the South West is a special place with enormous potential in its businesses, its people and its places. With an economy of £35 billion per year, 83,000 businesses and a 1.7 million population, Heart of the South West is the size of a major UK city and covers the local authority areas of Devon, Somerset, Plymouth and Torbay.

£35 BILLION ECONOMY
as big as Birmingham or Liverpool



TRANSFORMATIONAL CHANGE

Transformational change is taking place in the global, national and local economies, driven by new business models and the potential of digital and new industries. These changes will open new opportunities for our businesses and places, opportunities to develop new ideas, products and services and opportunities to develop new businesses.

Our vision is for all parts of the Heart of the South West to become more prosperous, for people to have a better quality of life and higher living standards. To achieve that, we want to create a more vibrant economy where the benefits can be shared by everyone. Improving our productivity will help us achieve that goal.

Our ambition is simple – to double the size of the economy over 20 years. We have ambitious local plans that outline needs and opportunities for housing and economic growth. To accelerate our progress towards our ambition and vision, improving productivity is our collective focus. With this goal, the LEP and the Joint Committee of the local authorities and National Parks set out an ambitious plan – Stepping Up to the Challenge www.heartofswlep.co.uk/about-the-lep/how-we-work/productivity-strategy/ – which was published in March 2018 and set out more detail on the area's opportunities and challenges. The extract below highlights these challenges and opportunities, with more detail set out in the Evidence Review.

There is world class potential across several, high value sectors; these include:

- Advanced manufacturing ranges from aerospace, with specialism in rotorcraft focussed around Yeovil and supply chains running throughout the area, to a high-tech, electronic and photonics cluster around Torbay, and engineering in Plymouth
- The marine cluster within which Plymouth sits is home to a community of world-class businesses, specialist research organisations and the biggest naval base in Western Europe, working right across the South Coast
- The new nuclear power plant being built by EDF Energy at Hinkley in West Somerset is stimulating the development of a nuclear cluster that stretches from Plymouth to Gloucestershire
- Exeter has an exceptionally high concentration of climate and environmental science experts, and Europe's most powerful supercomputer located in the Met Office. It is emerging as a cutting-edge place for enviro-technology, agri-tech and data analytics. The UK Hydrographic Office in Taunton also provides world class maritime data, cartography and navigation expertise
- Expertise and facilities in association genetics, clinical trials and healthcare in Exeter, Plymouth, Torbay and Devon provide the base for a healthcare cluster with real potential in the field of healthy ageing.

A high growth corridor broadly tracks the A38/M5 spine which links the major population centres. The area has a reputation for the best music festivals, amazing coastline, great food and drink, historic market towns and unspoilt moorland.

The 2016 Science & Innovation Audit confirmed the world-class status of the knowledge base which includes three universities, two medical schools, ten FE colleges, a specialist maths school, the UK Met Office and numerous research centres. Science parks at Exeter and Plymouth are building a cohort of innovation-led businesses alongside this.

Despite these strengths, the economy is not as strong as it could be; although employment levels are amongst the highest in Europe, productivity is lower than many areas nationally. There are significant disparities in productivity across the LEP area, lower levels of business start-ups and exports, lower levels of participation in higher education amongst those leaving school, challenges around local and strategic transport links and availability of broadband and mobile connectivity. Skills levels vary across the region, with specific pockets of underachievement and underemployment in rural and coastal communities, and with many inner city and urban areas continuing to struggle with deprivation. As with other places, the ageing population creates challenges for the future in terms of employment levels, but also opportunities in healthy ageing.

From Stepping Up to the Challenge 2018

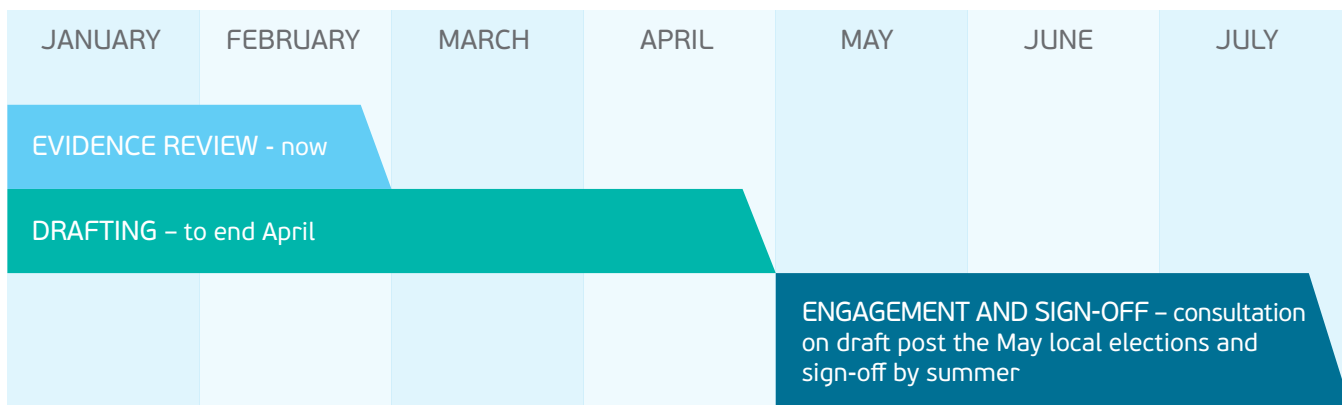
LOCAL INDUSTRY STRATEGY

The Local Industrial Strategy is therefore a strong opportunity to focus on key parts of the local economy – effectively “turbo-charging” them – which can catalyse productivity growth and so raise prosperity. Local Industrial Strategies are an integral part of Government’s national Industrial Strategy which will drive up productivity through tackling five Foundations of Productivity and four Grand Challenges

www.gov.uk/government/topical-events/the-uks-industrial-strategy

The Heart of the SW Local Industrial Strategy will be based on a robust evidence base, it will set out ambitious plans to address the local challenges across the Foundations of Productivity and it will corral local assets to maximise the economic growth opportunity from the Grand Challenges.

Working with Government, there are three broad stages to developing the Strategy



This Progress Statement covers the first of these stages.

EVIDENCE REVIEW

The evidence on Heart of the SW’s challenges and opportunities is extensive and was published in November 2018 <https://heartofswlep.co.uk/about-the-lep/strategies-and-priorities/local-industrial-strategy/>

Building on this, the LEP commissioned an independent review of this evidence to highlight which parts of the economy the Local Industrial Strategy should focus on to demonstrate where the HotSW economy can most closely deliver to the national Industrial Strategy and support the ambition to use productivity growth to double the local economy by 2038.

The review was undertaken by Nigel F Jump, Professor of Regional Economic Development, whose conclusions have been endorsed by the LEP Board and the Heart of the South West’s Joint Committee. The full report can be seen here <https://heartofswlep.co.uk/about-the-lep/strategies-and-priorities/local-industrial-strategy/>

The review considered the historical strengths of the local economy alongside the major growth areas of the future. It concludes there are three areas – the “Dynamic Heart” – where there are significant assets and world-class potential.



THE DYNAMIC HEART: AREAS FOR FUTURE EMPHASIS

“Key findings from the review are shown below”

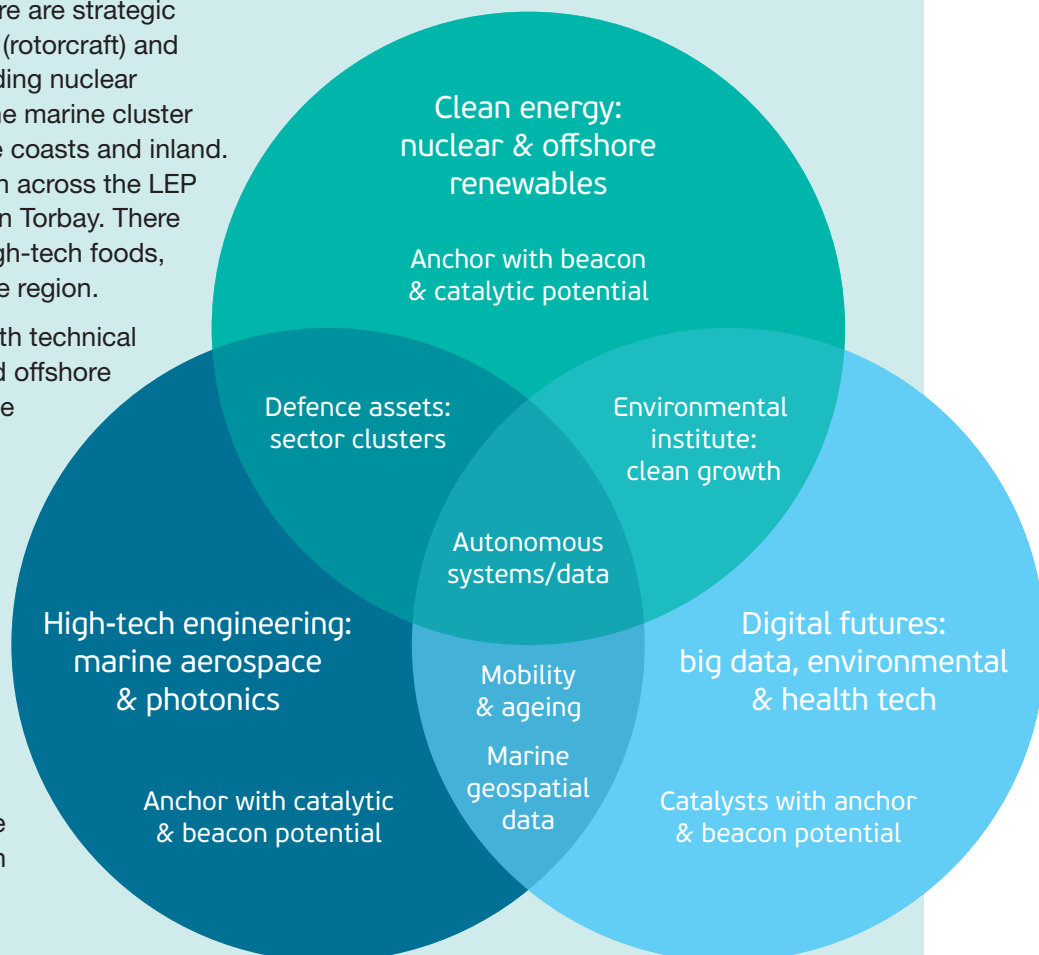
“... that are likely to be innovative, entrepreneurial and competitive and also distinct, long-term and productive.

- Digital futures: big data, environmental and health technologies and services, with key assets, such as the Met Office, the UK Hydrographic Office, the Universities and colleges, and NHS facilities in Exeter, East Devon, Teignbridge, Torbay, Plymouth, Taunton, Bridgwater, Yeovil and their hinterlands.
- High-Tech engineering: mainly advanced marine and aerospace manufacturing, photonics and defence. There are strategic defence assets in Somerset (rotorcraft) and Plymouth (naval base, including nuclear submarine maintenance). The marine cluster covers businesses along the coasts and inland. Aerospace supply chains run across the LEP area. Photonics is centred on Torbay. There are also relevant areas of high-tech foods, such as agri-tech, across the region.
- Clean energy: associated with technical development for nuclear and offshore renewables, with a hub at the power station site in West Somerset but with wider links (such as defence, construction, medicine and decommissioning for skills, technology and potential export services elsewhere) in chains from Bridgwater to Plymouth and Yeovil to Barnstaple. Offshore renewables provide a link to the coastal and other marine activity centres mentioned in the previous paragraph.”

The three broad areas centred on here relate closely to the government’s Grand Challenges of Artificial Intelligence, Clean Growth & Future of Mobility. The demographic challenge within HotSW and the identified strength in digital futures and advanced manufacturing also offers an opportunity to address the Ageing Society Challenge.

The Industrial Strategy identifies five foundations of productivity: Ideas, People, Infrastructure, Business Environment, and Places. Different blends of intervention across these foundations will be needed to realise the potential of the Dynamic Heart.

The Dynamic Heart: Areas for Future Emphasis, February 2019, Professor Nigel F Jump.



Opportunity and challenge: connect other places and sectors to these transformational opportunities to grow total productivity, e.g. better use of enabling technologies by leisure/tourism and agriculture/food and drink and better mobility for ageing residents and rural/coastal communities.

The analysis highlights the potential for this focus to stimulate high skill and value possibilities across sectors and places, with potential for inclusive growth and strong connective benefits to the rural and coastal economies.

NEXT STEPS

The review is only the first stage, the key step is setting out how this potential will be harnessed.

In the short term the LEP will engage with Government to explore the policies and interventions that will deliver local growth in line with the national Industrial Strategy. The LEP will draw this together into a draft Strategy for consultation after the May local elections.





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**INDUSTRIAL
STRATEGY**

HEART OF THE SOUTH WEST

