

Impact Report 2020-21



heart of the
south west

local enterprise partnership

Analysis of the impact of the LEP from 2014

*with thanks to
James Gilgrist & Antonio Tucker, Somerset
County Council*

An area rich in potential...

£35 billion economy – as big as Birmingham or Liverpool

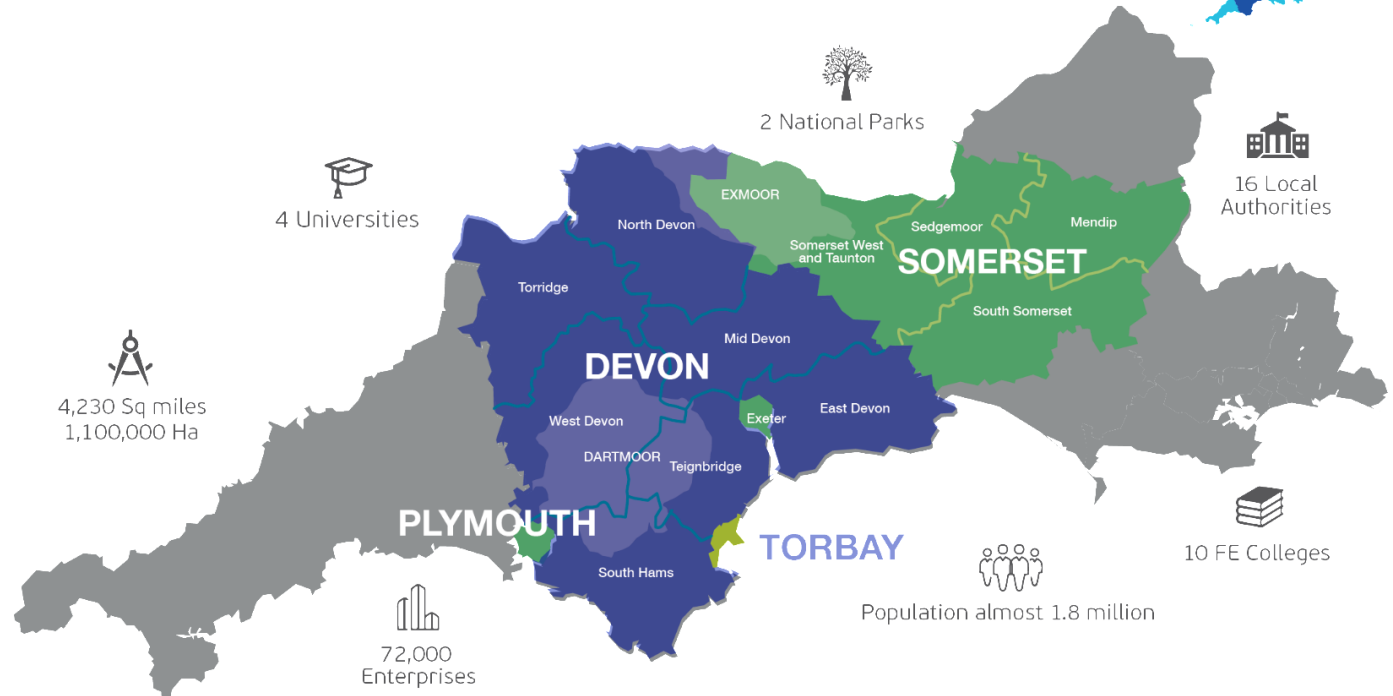
Economy

Real GVA 2018 prices

	<u>2014</u>	<u>Now</u>	<u>Change</u>	<u>UK</u>
Economy	£35.4bn	£37.3bn	+5.4%	+8.6%

Population

	1.7m	1.8m	+3.1%	+3.3%
--	------	------	-------	-------



With good recent progress...

Change since 2014

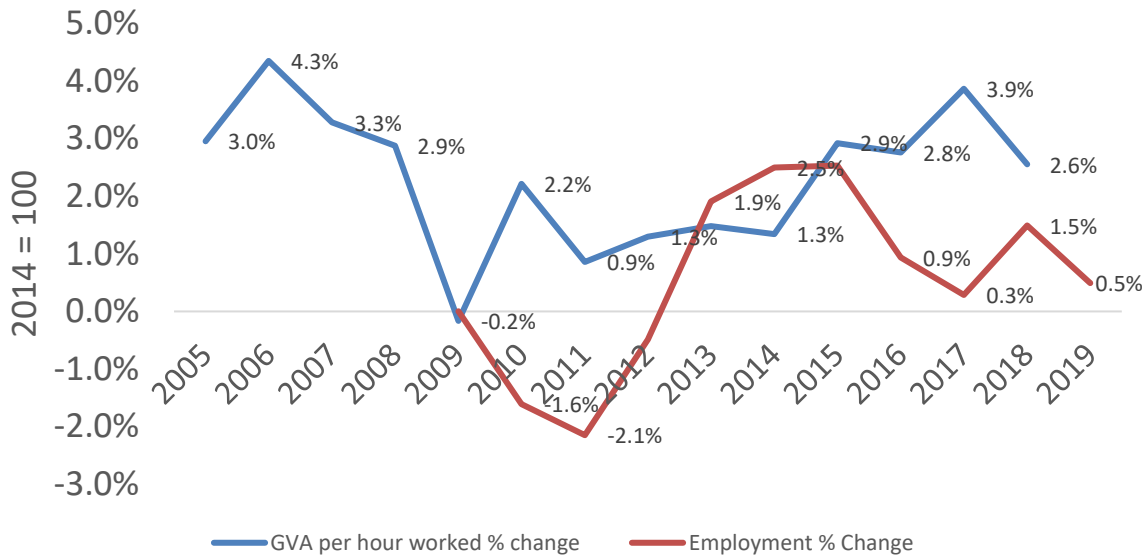
	<u>Heart of the SW</u>	<u>UK</u>
Employment (2014-2020) Increase from 2014-2019	+3.0% +5.75%	+6.0% +6.45%
Productivity Nominal GVA per hour worked	+12%	+9.3%
Wages Average FT workplace earnings per week	+12.3%	+12.7%

- At headline level productivity growth appears positive vs UK average
- But not quite as straightforward!

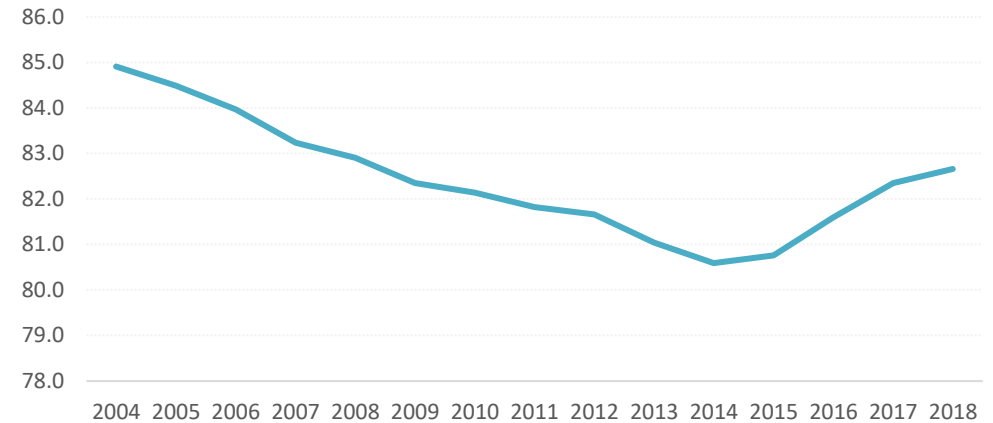
... but underlying structural challenges

Long-standing productivity gap remains

HotSW GVA Productivity & Employment Growth



HotSW Average Productivity - GVA per Hour Index (UK=100)



- Strong employment growth to mid-2010s; plateaued as market tightened
- YoY productivity growth improved as jobs growth slowed from mid-2010s
 - **BUT remains below early 2000s: <2%per yr vs 3-5%per yr**
- Overall productivity gap started to close in recent years
 - **BUT remains below early 2000s level**

... and level is still behind early 2000s

2014 Strategic Economic Plan

- By 2030, there is distinctive legacy of 'better jobs' from the investment in Hinkley, marine and other transformational assets
- By 2030, proportion of businesses 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 a small business
- 2020 the natural capital of the HoTSW area is enhanced and of increasing value to businesses and communities.

Building on our distinctiveness



- 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 an extra 50,000* jobs
- By 2030, increase average wages to match national average

Maximising productivity & employment opportunities



- 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

Creating the Conditions for growth

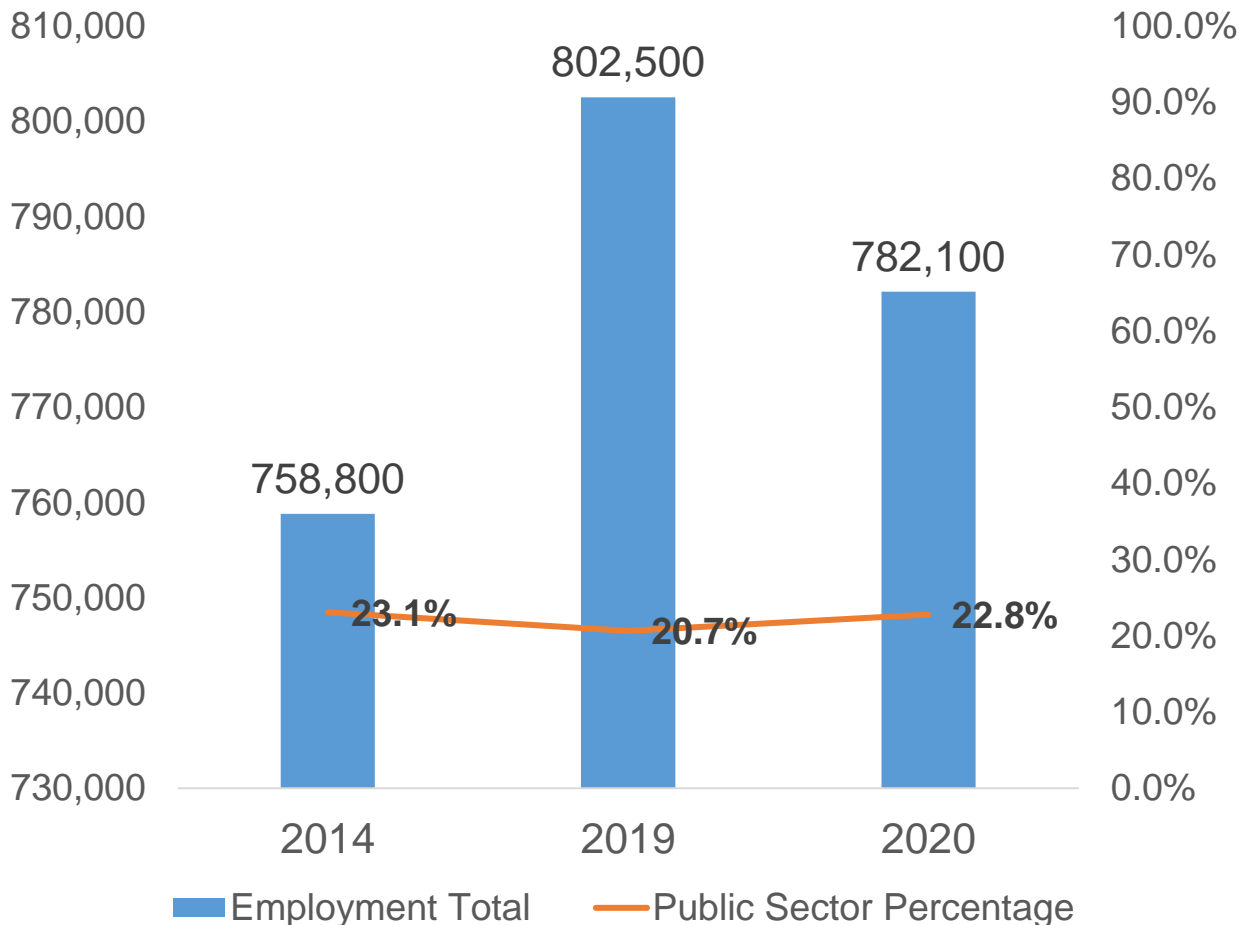


- Set out broad objectives to 2030 with 2020 milestones & the basis for LEP's Growth Deal awards
- Strong emphasis on job creation off the back of financial crisis [Strategic Economic Plan - Heart of the south west LEP \(heartofswlep.co.uk\)](http://heartofswlep.co.uk)
- Impact report provides a snapshot; broader findings set out in 2020 evaluation previously shared with Board. Fuller impact report will be circulated



Jobs: by 2020 create an extra 50,000 jobs

HotSW Employment



- ✓ **Jobs growth +44,500 from 2014-2019, but -20,400 from 2019-2020.**
- **Meanwhile, public sector employment stable/ decreased slightly.**

LEP Programme Contribution Growth Deal

- *2014-21: 4,378 jobs & 1,791 apprenticeships*
- *Total 19,550 jobs & apprenticeships by 2025*

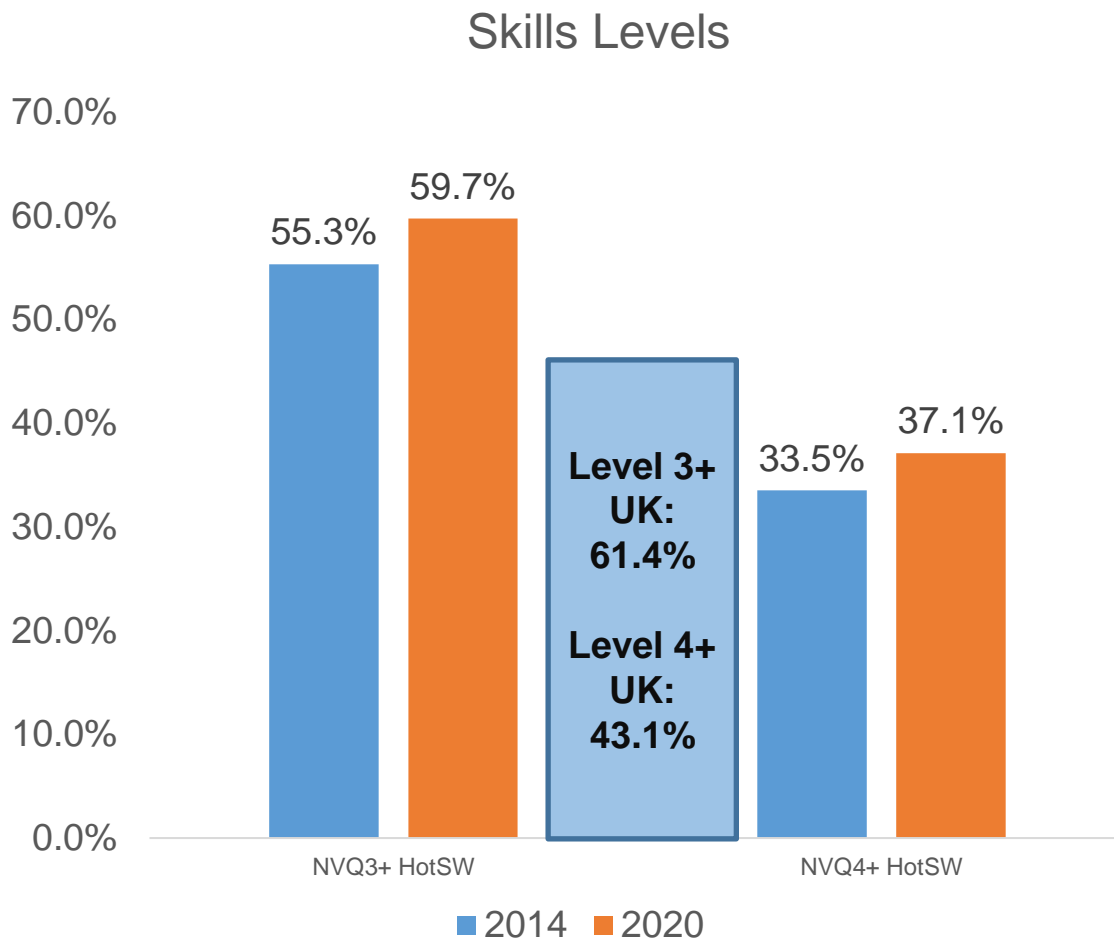
Getting Building Fund

- *2,326 jobs created by 2025*
- European funded projects
- *1,217 jobs by 2023*

Future challenges: jobs growth slowed by pandemic making achievement to 2025 more stretching, though recovery is accelerating



Knowledge: by 2020 60% of adults qualified to Level 3+, 40% to Level 4+



Future challenge: accelerated move to digital, development of skills to underpin high growth opportunities & bedrock sectors, challenges on ageing workforce

- ✓ Close to UK average for Level 3.
- More to do on higher level skills

LEP Programme Contribution Growth Deal

- 2014-21: trained 20,440 people
- Total 56,789 people trained by 2025

Getting Building Fund

- 4,695 people trained by 2025

European funded projects

- By 2023
 - 267 enterprises to introduce new-to-market product
 - 229 enterprises to cooperate with research institutions

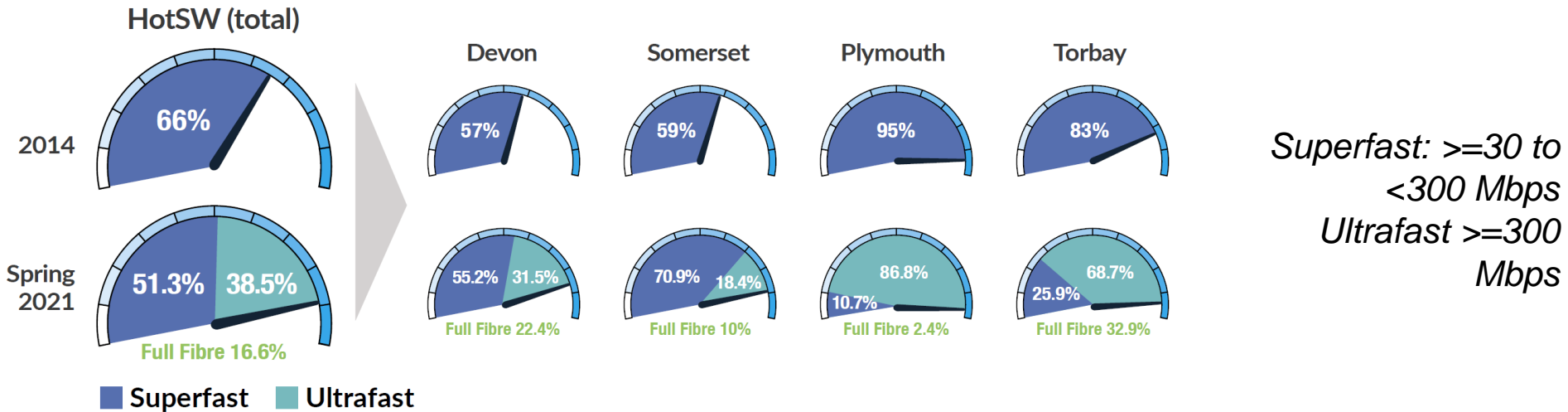


Broadband

By 2020 100% superfast broadband (>24Mbps)



Broadband Speed Improvements*



* Based on number of premises connected. Source: Ofcom Connected Nations Report, Spring 2021

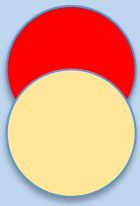
LEP Programme Contribution: 2014-21: £9.9m capital + £3.6m European funds infrastructure + £2.4m skills development

- 9,516 new homes connected to fibre (Growth Deal)
- 893 businesses connected by 2025 (Getting Building Fund)
- 2,230 businesses connected by 2023 (EU funding)
- Digital Skills Partnership: Raising Digital engagement at Key Stage 3: 1000+ pupils benefitted, Train4Tomorrow 890 people complete 12-week digital and technical bootcamps, Skillslab: 50 mature learners supported, Bounce Back Digital May-Oct supporting businesses' transition to digital: 50+ workshops attended by 900 businesses

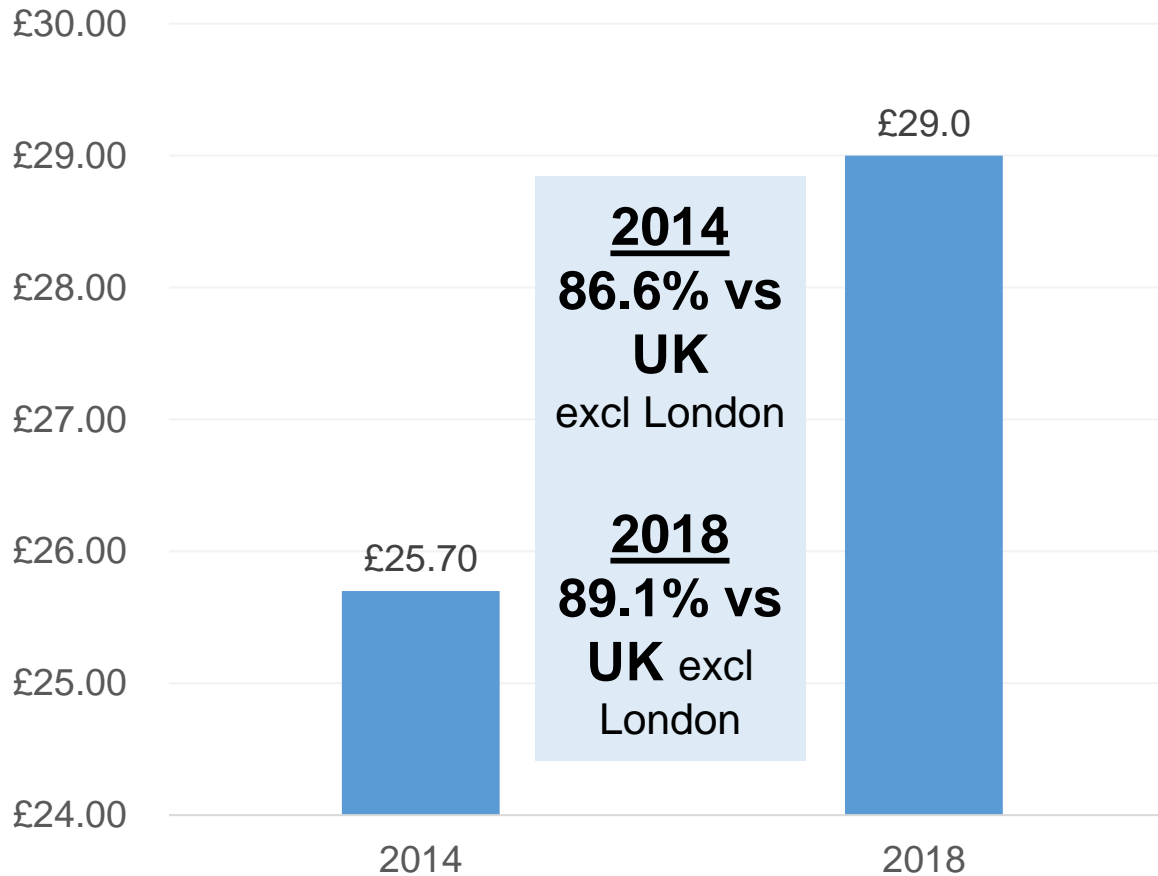
Major challenges: digital connectivity, utilisation & digital skills



Productivity: by 2030, close productivity gap with national average



Productivity - output per hour worked



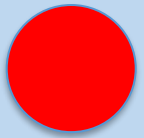
- ✓ **+12.6% vs 9.8% UK (+9.7% UK less London)**
- **Recent growth, but gap remains (note data only to 2018)**

LEP Programme Contribution

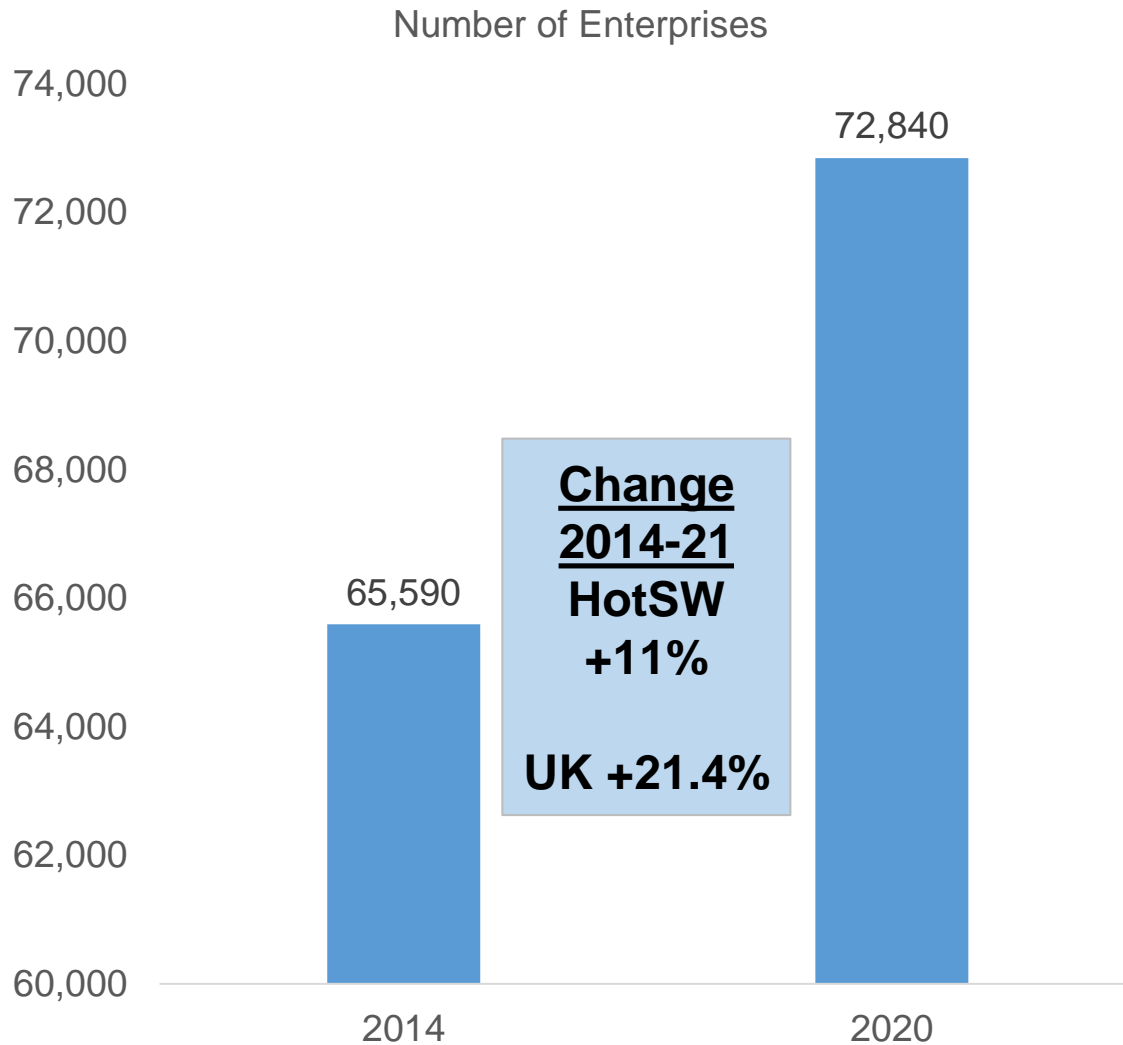
Invested in key drivers of productivity:

- *Local opportunities (nuclear, marine, aerospace, photonics, big data etc.)*
- *Infrastructure (transport and broadband)*
- *Skills*
- *Business support*
- *Innovation*

Major challenge: increased focus through Build Back Better



Businesses: by 2020, be one of the best places to start and grow a business



Future challenges: business start-up rates & scale-ups. Support for R&D intensive businesses

X Business start-ups & growth behind UK average

LEP Programme Contribution

- 2014-21: 11,312 Growth Deal.
- Total to 2025: 13,914 businesses supported
- 2014-21: 10,789 Growth Hub

Getting Building Fund

- 1,447 businesses supported by 2025

European funded projects

- By 2023
 - 1,242 entrepreneurs assisted to be enterprise-ready
 - 946 new enterprises supported



Housing: by 2030, deliver 170,000 new homes



Net Progress

+37,850 permanent new dwellings completed between 2014 and 2020

Future challenges: continuing to unblock development, realise the potential of new communities, e.g. garden villages & sustainable housing

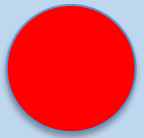
➤ **Housing growth positive though more to do**

LEP Programme Contribution Growth Deal

- *2014-21: 9,585 houses completed*
- *To 2025: 18,911 houses completed*

Getting Building Fund

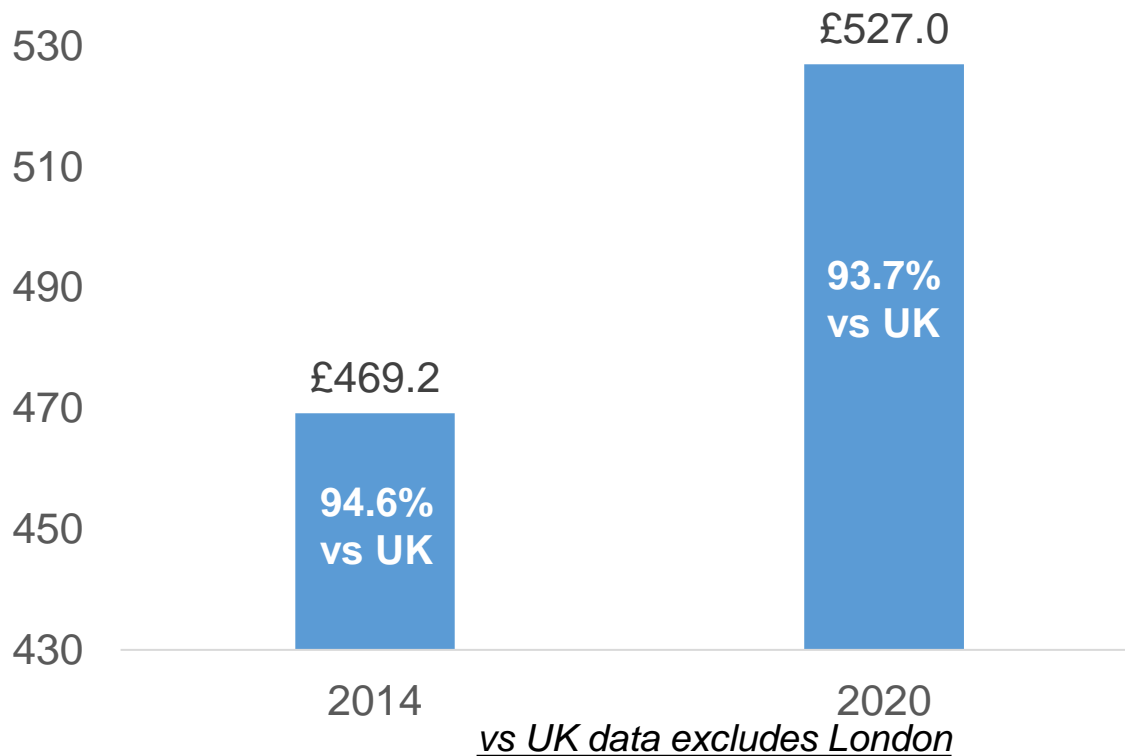
- *698 house builds unlocked by 2025*



Wages

By 2030, increase wages to match national average

Weekly FT Workplace Pay



X Growth in wages but gap remains compared to national average

Wage gap a combination of Productivity gap & type of work

- proportion of public sector employment remains higher in some areas (Devon & Plymouth) than nationally: lower wage growth
- lower proportion in higher productivity sectors
- lower growth in FT work vs. national rate

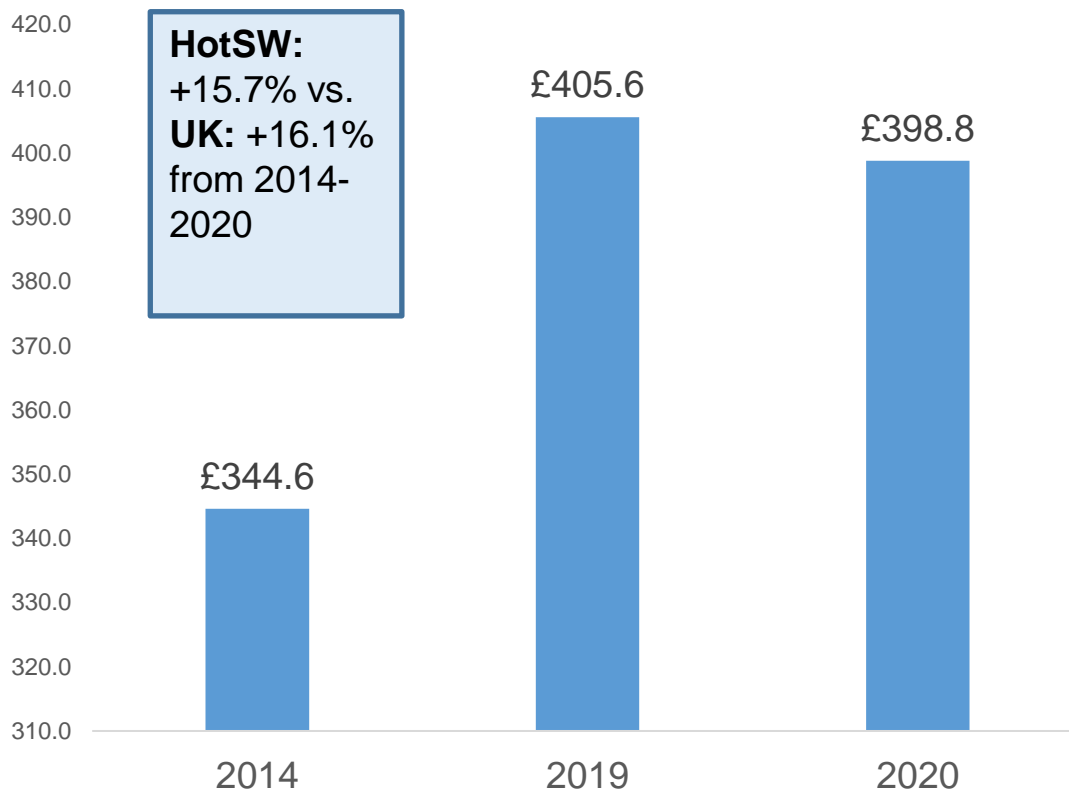
Future challenges: increase the opportunities for and access to better paid jobs



Inclusive Growth



Lowest 25% Median Weekly Resident Pay



- ✓ Lower paid wage growth stronger than national rate until 2020
- Impacts of COVID-19 have suppressed wage growth for lower paid workers

Key focus of Build Back Better

In Summary

Positive

- Employment growth, though pandemic taken its toll.
- Productivity continuing to rise, though gap remains.
- Continued wage growth, but not for lowest earners.
- Housing delivery remains on track.
- Broadband coverage.

Future Focus

Response to Covid-19 based on

- **Hardest hit sectors & places**
 - **Skills for the future**
 - **Building back better through clean & inclusive growth**
-
- **delivery of remaining Growth Deal portfolio**
 - **delivery of £35.4m Getting Building Fund portfolio: completion by March 2022**



heart of the
south west

local enterprise partnership

