Summary - Strategic Economic Plan 2014-2030

Introduction
Welcome to the summary of our Strategic Economic Plan. This plan sets our strategic direction for economic development in the Heart of the South West and outlines how we will maximise economic growth in our area. It describes our understanding of the strengths, weaknesses, threats and opportunities in our economy and draws upon a range of evidence to make a case for investment in key areas.

The Heart of the South West Local Enterprise Partnership (LEP) is a strong and dynamic partnership that covers Devon, Somerset, Plymouth and Torbay. Formed under the leadership of the private sector and supported by local authorities and higher education and further education facilities across the area, our purpose is to lead and influence economic growth, job creation and prosperity across the Heart of the South West.

Our ambition is to maximise our area’s assets and inspire innovation and entrepreneurship to create long-term economic growth. We want to see our urban centres fulfil their capacity for growth whilst ensuring that our rural areas flourish through enterprise and improved competitiveness. Our plan covers the next 16 years - from 2014 to 2030 - and is designed to address our immediate priorities as well as long-term economic growth.
Our Vision for Growth
Working as a cohesive economic geography located at the Heart of the South West, by 2030, we will have transformed the profile, reputation and positioning of our area nationally and globally. Known for its vibrant, mixed economy; fuelled by knowledge, self-starters, dynamic businesses and an outstanding environment, the Heart of the South West will be the place of choice to live, work and invest.

By 2020, both our urban and rural economies will be vibrant and strong. Our international reputation for marine and related industries, our place at the vanguard of next generation nuclear construction and operations, our global leadership in environmental analytics, and our major contribution to the premier UK aerospace cluster, will be key assets of UK plc. Coupled with this, our high quality environment, agri-tech and land-based industries, our social enterprises and our inclusive approach to growth will link and synergise urban and rural economies, continuing to make the area attractive to new and existing residents, tourists and inward investors.

From our starting point in 2014, our people, places and businesses will steadily benefit as the public and private sectors work together to raise our game, widen our horizons and secure long-lasting legacies from investment.

Our Mission Statement
To make our area the place of choice to live, work, learn, visit and invest; we want to achieve sustainable and skilled jobs, improved productivity and economic growth in order to achieve prosperity.
Our Approach to Growth
The priorities outlined in this plan will guide the investment of European Structural Funds in our area and will be used to strike a Growth Deal with Government for a share of the national Local Growth Fund. However, this plan is much more than a bid for funding. It describes the course we will take to achieve prosperity in the Heart of the South West and it has been designed with inbuilt flexibility so that we can take advantage of any future opportunities – funding or otherwise - that may arise.

Central to our strategy is our balanced approach to growth, which recognises:

- the need to address **wider productivity barriers** at the same time as ensuring we maximise the benefit from specific **opportunities for high growth**;
- the need to create **job opportunities** where opportunities are few as well as **better jobs to drive up average wages**;
- the need for economic growth to benefit both **rural and urban people**, businesses and places.

In order to drive growth, we have identified some immediate **Golden Opportunities** that are unique to our area and have the potential to transform its economic prospects.

These are:

1. **The construction of Hinkley Point C**
   - Supply chain development
   - Housing development
   - Improved transport networks
   - Employment sites

2. **The award of the Plymouth and Peninsula City Deal**
   - Development of marine supply chain
   - Commercialisation of R&D in the marine sector
   - Growth Hub to improve business support programmes
   - Deal for Young People

3. **Investment in Supercomputer and data/environmental analysis**
   - Secure Exeter Science Park as the chosen location for Met Office’s supercomputer
   - Catalyse growth of a wider big data/environmental analytic cluster

4. **Development of our strengths in aerospace and advanced manufacturing**
   - Capitalise on our already well developed clusters in these sectors
   - Work with our neighbouring LEPs to support the growth of these industries
These four opportunities will be an immediate boost to achieving our ambitions and have been chosen, in part, for their ability to drive growth and maximise employment opportunities in the short term, whilst creating a lasting legacy of better jobs. However to ensure long-term, sustainable growth, our plan also addresses the need to get the underlying conditions right. We have identified several key areas of activity, which will help us address wider productivity barriers at the same time as supporting specific opportunities for high growth. These include:

a) Better connectivity through a faster, more resilient transport system including improvements to the M5/A303/A30/A38 corridor and reduced rail journey times to London, Bristol and Birmingham.

b) Improved digital connectivity through the Connecting Devon & Somerset programme, which will ensure that everyone in our area will be able to connect to superfast broadband by 2020.

c) Increased business competitiveness through the expansion of our Rural Growth Network pilot and the development of GAIN, the University of Plymouth’s Growth Acceleration and Investment Network, which provides business support and advice.

d) The development of the supply chain for our key opportunities – particularly Hinkley Point C and the Plymouth and Peninsula City Deal – and the simplification of local procurement processes to enable businesses to access public sector markets more easily.

e) Improved workforce skills through the investment of European Structural and Investment Funds into skills training and workforce development. We also plan to work with business and our further and higher education partners to match support and skills supply with areas of skills shortage.
Aims and objectives

Our adoption of a balanced approach to growth has led to the development of three core aims, which are interdependent and will drive each other as we generate increased prosperity and growth across the Heart of the South West.

From these core aims, we have developed a set of ambitious but achievable objectives which target economic drivers and challenge the barriers to growth in our area.
Our Objectives

- 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, HfOTSW is recognised as one of the best places in the UK to start and grow a small business
- By 2020 the natural capital of the HoTSW area is enhanced and of increasing value to businesses and communities.

Our Proposals

Our plan has been formulated, not only to recognise the diversity in our economy, but also to capitalise on it. We need to develop new ways of encouraging growth and increasing productivity without forgetting the bedrock of our economy; tourism, food and farming, and health and social care. To ensure an integrated approach, we have structured our strategy under three themes; place, business and people.

Place looks at what facilities and infrastructure needs to be provided. In business, we outline how we will encourage new business, use our research expertise to create a lasting advantage for the area and ensure existing businesses gain maximum benefit from our golden opportunities. Finally, we look at how we will afford the maximum benefit to the people of our area by encouraging the creation of more, and better quality jobs and helping people develop the right skills to meet the needs of employers.

The table below sets out a more detailed summary of the priorities that we will address:
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Theme 1 - Place

As one the most outlying parts of England, our strategic transport routes are constrained by limited road and rail corridors and are inhibiting growth and productivity; increasing costs and reinforcing insularity among our businesses. Of immediate concern is the vulnerability of our transport infrastructure to extreme weather events so improving our connections to major conurbations, particularly London, is likely to unleash significant economic growth. Within our area, transport infrastructure has the potential to unlock the development of key employment/housing sites, which are vital in achieving our ambitions for growth. Investment in facilities and infrastructure to support our golden opportunities will be of paramount importance to our growth ambition.

Although most of our land is rural, over 40% of our population live in urban areas. Much of our employment/housing growth is expected to be at strategic urban sites that can bring together the ingredients for growth at scale but we are also supporting rural growth through rural growth hubs. Enhancing our environmental assets, which already act as a magnet for visitors, residents and investment has the potential to benefit both urban and rural communities.

Digital connectivity is also critical to the competitiveness of our businesses and to our residents’ ability to access learning and employment opportunities and our area is benefiting from one of the earliest and largest investments in rural connectivity in the UK which will deliver superfast broadband to at least 90% of premises by the end of 2016.

For detailed proposals, go to page 43 of the Strategic Economic Plan.

Our place-based priorities for growth are:

- Creating the Conditions for Growth - The enabling landscape
  - Transport and Accessibility
  - Sustainable solutions to flood and water catchment management
  - Unlocking the delivery of stalled housing sites
  - Energy Infrastructure

- Maximising Employment Opportunities - The infrastructure and facilities to create more and better employment
  - Enterprise Infrastructure
  - Investing in strategic employment sites in our main cities and towns
  - Digital Infrastructure

- Building on our distinctiveness - The infrastructure and facilities needed for transformational change
  - Opening up specialist sites for marine sector development
  - Investing in science park and innovation infrastructure for nuclear, marine, environmental sciences and aerospace
  - Maximising our Environmental assets
Key Proposals - Place

Transport and Accessibility:
- Strategic Rail – Reducing journey times, electrification and improving capacity
- Strategic Road – A303/A358/A30 Corridor to London, improved junctions on M5/A38 corridor, improved driver information
- Airports - Improve local access to airports through direct infrastructure investment and supportive planning policies
- Resilience - Reducing impact of events (extreme weather, accidents) and improve alternative routes
- Transport Infrastructure to Support Growth – unlocking development, reducing congestion
- Sustainable Transport – Bus Priorities, Walking and Cycling Routes and Interchanges

Sustainable solutions to flood and water catchment management:
- With partners, develop a programme of investment and activity to manage flood risks, coastal protection and water catchments in a sustainable way

Unlocking the delivery of stalled housing sites:
- Positive planning frameworks
- Where appropriate, release local authority owned land and property assets
- Establish a ‘kick start’ infrastructure programme to unlock and accelerate delivery of housing through a revolving loan fund, supplemented with infrastructure grants where necessary

Energy infrastructure:
- Initiatives to capitalise on our wider renewable energy resource, benefitting our business community households and environment

Enterprise infrastructure:
- Develop an Enterprise Hub network which targets both rural and urban locations where the market has failed to provide and there is potential demand

Investing in strategic employment sites in our main cities and towns:
- Facilitate the delivery of a rolling programme of high quality employment sites to meet the growth needs of local businesses and accommodate inward investment

Digital infrastructure:
- Continued rollout of superfast broadband
- Ultrafast symmetrical broadband in our strategic employment sites/work hubs
- Pervasive 4G infrastructure

Opening up specialist sites for marine sector development:
- Deliver the ‘spokes’ of the Marine Industries Production Campus as described in the Plymouth and SW Peninsular City deal
Investing in science park and innovation infrastructure for nuclear, marine, environmental sciences and aerospace:

- Development of specialist science park and innovation infrastructure to support our golden opportunities

Maximising our environmental assets:

- Collaborative working with Local Nature Partnerships, national parks, Areas of Outstanding Natural Beauty and other countryside bodies on shared priorities that support economic growth
Theme 2 - Business

The need for transformation is urgent. Whilst we have some strong, dynamic and outward looking businesses, our overall performance is in the bottom quarter of LEP league tables on measures of business competitiveness. On average, our businesses are older, smaller (with fewer than five employees) and less likely to export than other regions. They are also less likely to be developing new products and services or investing in research and development.

We want to make it easier to **start-up and grow a business** and to help businesses find the right **support and finance to grow**. Through better connections with centres of expertise, we want to support businesses to **develop new products and services** and reach new markets by helping them access **supply chains**, the **export market** and **web-fuelled trading** opportunities together with **simpler public sector procurement** processes.

For detailed proposals, go to page 58 of the Strategic Economic Plan.

Our business-based priorities for growth are:

**Key Proposals - Business**

*Simpler, more coherent business support:*
- Development of a ‘growth hub’ for the Heart of the SW, to co-ordinate and improve access to business support services

*Tailoring national policies and programmes to local potential:*
- Working with Government departments and national business support providers to tailor national provision to the needs of our business community

*Improved access to finance platform:*
- Development of a single access to finance system as part of the growth hub;
signposting businesses to the full range of finance available to them

- Helping businesses get ready to apply for investment
- Local grants/loan products where there is market failure

**Reaching new markets (including web fuelled, supply chain and public sector):**

- Simplification and rationalisation of local public procurement processes
- Promoting web-based growth – potentially through a voucher scheme
- Local supply chain development activities

**Globalisation (exports and inward investment):**

- A two-pronged globalisation programme to promote export development and inward investment

**Transformational investment:**

- Commercialisation of research to benefit our golden opportunities
- Supporting collaboration and knowledge exchange
- Helping businesses access support for innovation
- Encouraging all businesses to innovate
Theme 3 - People

People sit at the heart of our economy; it is people that create communities, become entrepreneurs and grow and expand businesses. We are blessed in the Heart of the South West to have enterprising self-reliant people who start businesses, work hard, do voluntary work and participate in society. However, whilst they are hardworking, they are not well paid and many are working below their capabilities. Part-time and self-employment is higher than the national average and there is a lack of full-time, quality job opportunities. Through an approach that integrates action across business and place, our priority is to create an environment where businesses and individuals can reach their full potential.

For detailed proposals, go to page 69 of the Strategic Economic Plan.

Our people-based priorities for growth are:

Key Proposals - People

Skills, infrastructure and facilities:
- A portfolio of investments in 2015/16 aligned to our strategic priorities
- Establishment of an FE/Private Sector Capital fund for future years

Accessibility to education/employment:
- Work with partners to enable support to communities to access training, skills development and employment opportunities

Digital literacy for inclusion, progression and business growth:
- A programme to improve digital skills to maximise the investment in digital infrastructure
Moving into employment – focusing on youth, long-term unemployed and economically inactive:
• Development of programmes targeting the long-term/youth unemployed

Careers advice and progression:
• Piloting effective and consistent careers advice through the Plymouth and Peninsula City Deal to be rolled out if successful

Improving workforce skills:
• Delivery of improved workforce skills to benefit business productivity and individual progression

Entrepreneurship and business management skills:
• Improving the capacity of new and existing businesses to grow through improved leadership and management skills, including those relevant to Social Enterprise

Technical and higher level skills development and retention:
• Develop specific higher employer led solutions to support key growth sectors relating to higher level skills
• Link to our golden opportunities and smart specialisation areas

Maximising the skills and employment opportunities from our golden opportunities:
• Focus on construction skills and creating transferable skills to provide a lasting legacy from major developments in our area
• Develop the example of local employment being built into planning consent by Exeter and East Devon Growth Point
Delivery arrangements and value for money

Our objectives are ambitious but the Heart of the South West has a strong history of working collaboratively to deliver multi-million pound projects with a focus on value for money. Joint projects to support urban, rural and coastal communities that are already underway include:

- Local authority shared service arrangements
- Rural Growth Network
- Connecting Devon & Somerset
- The Plymouth & Peninsula City Deal
- Exeter and East Devon Growth Point
- Plymouth and Torbay Urban Enterprise
- Peninsula Local Integrated Services Trust which involves collaborative working between the authorities of Torbay, Devon, Cornwall and Plymouth
- Major transport infrastructure improvements across the area (e.g. South Devon Link Road)
- Cross border projects such as the Inspiring Open Innovation Team involving both Somerset County Council and the University of Plymouth

The governance structure of the Heart of the South West LEP has been carefully designed to be flexible as well as accountable and enables us to work jointly with other LEPs on the commissioning, investment and project management of a variety of development and infrastructure projects.

Our experience of effective collaborative working will help us drive efficiencies and maximise investment. In addition, we have a solid base on which to build:

- Our 17 local authorities are ambitious and are already implementing their plans for growth.
- We have around £5.8m allocated from Regional Growth Fund to develop a Growth Hub to provide business support and improved competitiveness.
- We have agreed to loan £20m from the Growing Places Fund to free up stalled infrastructure projects and provide hundreds of jobs.
- Our draft EU Structural and Investment fund strategy (SIF), which has been developed in parallel to this Strategic Economic Plan, direct £100m of EU (plus match) funding towards meeting out strategic objectives
- Hinkley Point C will see investment of by EDF of £20m in training, education and skills in the Heart of the South West. By the time the project is completed, we expect to see 25,000 new employment opportunities with 5,600 people and 400 apprentices employed at its peak. Over the lifetime of the project, over £2bn will go into our area’s economy.

Our challenge is to maximise the impact of this committed funding and confirmed activity.

In developing our plan, we have drawn on a broad base of knowledge to identify and target key areas to achieve our vision. Our priorities have been developed in conjunction with range of stakeholders including local authorities, business and academia.