FEEDBACK FROM THE BRGs - BRIEFING FOR BOARD NOVEMBER 18 (DRAFT

This is the second time that we have asked the wider business community - through the key Business Representation groups (BRGs) - to prioritise / rank the current issues for their businesses. The first time; and the pilot, was earlier this summer (June / July) and we have since received an overwhelmingly positive response to our suggested improvements to how we will engage more fully as a LEP and listen to what the business community is saying. We have also had various offers of help in both how we collect this data in the future and around having more joint events together (some of which will have costs implications). Similarly, there have been numerous offers to come and present to the LEP Board - on behalf of their sector / members.

> *"This looks like a great step forward and helps towards the much needed authoritative approach and thank you for recognising we can and do add value in this process."*
>
> *"Count us in!"*
>
> *"A face-to-face meeting is an excellent idea too. So much to discuss, and so much happening on the ground, that meeting up would be very beneficial."*

In order to better inform the Board; and in addition to collecting our own raw data, we are also working towards including the results from some of the key business surveys, such as the Chambers Quarterly Economic Survey (QES), Bank of England's summary, FSB, CBI and SWMAS etc.

For this October / November feedback, there were 23 responses and together they represent around a third of our business stock and again included: LEP Board Directors (private sector); FSB and other business organisations; business support organisations; NFU; Devon & Somerset Chambers; universities / colleges / training providers; Members from the LEP's People, Place and Business Leadership Groups; and individual businesses of various sizes. The location of the respondents covered our geographical area, included rural / urban aspects and was cross sectorial.

The Top Issues

The top three issues / priorities remain in the same order as last time and this ranking is also reflected in a number of other surveys from across our area:

1. **Workforce - labour supply and skills**
   Exacerbated by Brexit and accentuated by the Hinkley affect. This covered the range from schools / careers advice to highly skilled professionals with international expertise.

Very closely followed by

2. **Infrastructure**
   This combined: road, rail, public transport, broadband, housing, development and digital connectivity.

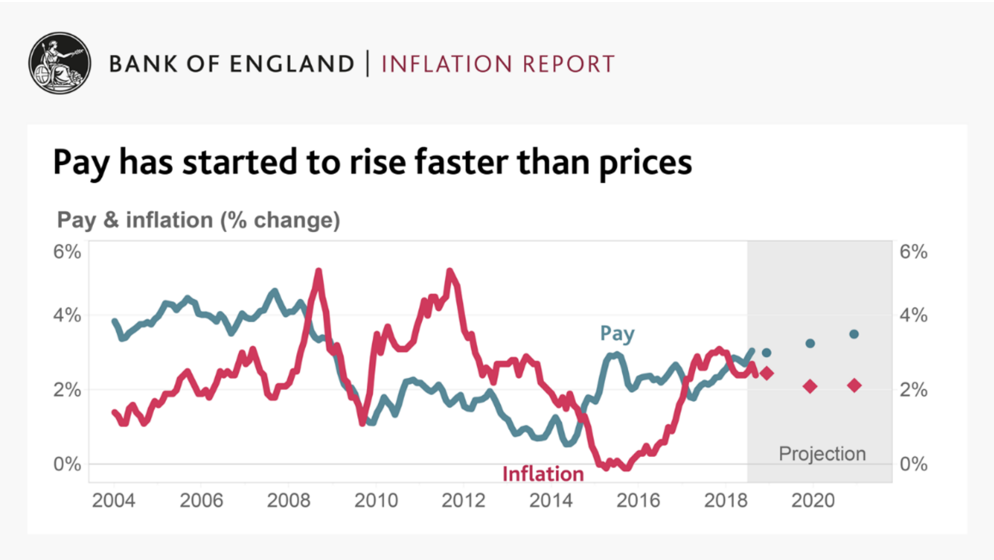
3. **Brexit**
   With the focus on the uncertainty of the final outcome, affects on the labour pool and the agricultural policy.

However, amongst the anecdotal feedback there was much more rhetoric around businesses' interest in exporting e.g. Documentary Compliance & Tariffs, Free Trade Zones and Trusted Trader Accreditation.

Interestingly, the other 2 main areas had swapped places with “Financing for businesses and of the LEP” moving up to fourth position and “The increasing cost / bureaucracy of doing business” moving down to fifth place - perhaps now that the flurry of activity to comply with GDPR has calmed down.

Bank of England: Agents' Summary of Business Conditions

- Unemployment rate projected to fall to 3.9% in Q4
- Pay rising faster than prices
- UK Productivity growth is weaker than most G7.



UK productivity growth is weaker than most of the G7

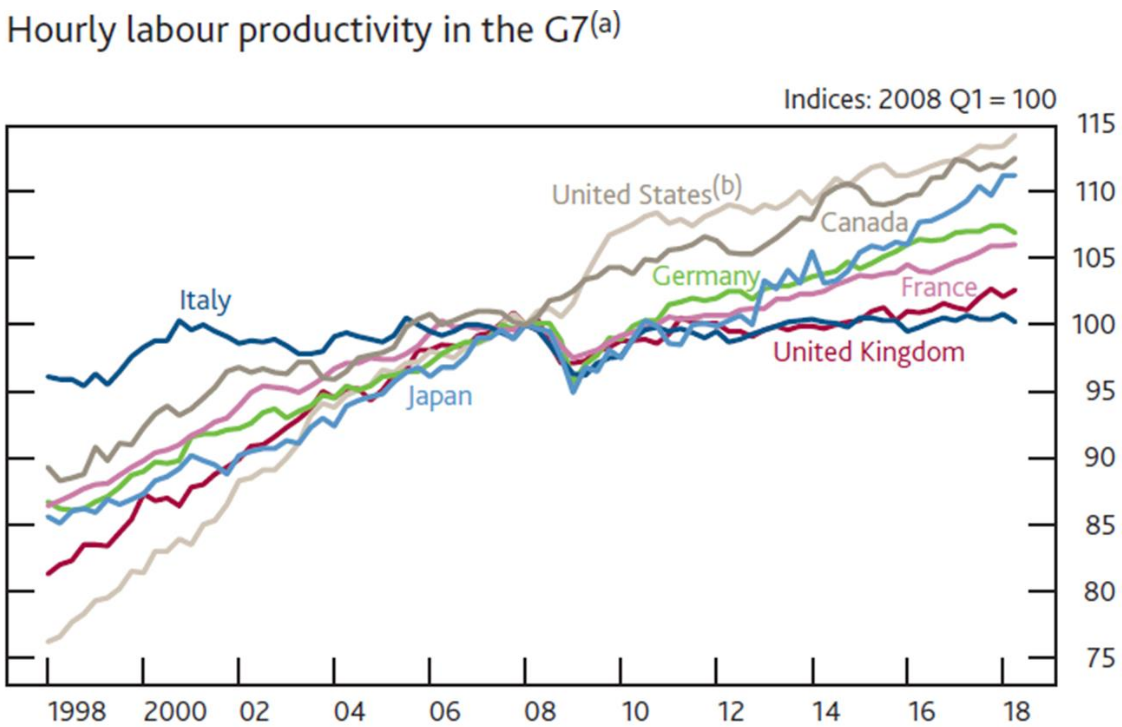


Table 1: Summary of latest headline estimates for regions of the UK, seasonally adjusted, June to August 2018

UK regions

	Employment rate[1] (%) aged 16 to 64 years	Change on March to May 2018	Unemployment rate[2] (%) aged 16 years and over	Change on March to May 2018	Inactivity rate[3] (%) aged 16 to 64 years	Change on March to May 2018
UK	75.5	-0.1	4.0	-0.1	21.2	0.2
Great Britain	75.7	-0.1	4.0	-0.2	21.0	0.2
England	75.8	-0.1	4.1	-0.1	20.9	0.2
North East	71.3	-0.3	4.5	-0.3	25.3	0.6
North West	74.7	0.2	4.2	0.2	22.0	-0.5
Yorkshire and The Humber	74.1	0.2	4.5	0.0	22.3	-0.2
East Midlands	74.8	-0.2	4.3	0.1	21.8	0.0
West Midlands	74.5	-0.1	4.7	-0.1	21.6	0.1
East	78.4	-0.4	3.0	-0.5	19.2	0.8
London	74.8	0.1	4.8	-0.4	21.4	0.3
South East	78.0	-0.8	3.8	0.3	18.8	0.6
South West	79.1	-0.2	2.7	-0.5	18.6	0.6
Wales	75.1	1.1	3.8	-0.7	21.9	-0.6
Scotland	74.9	-0.5	3.9	-0.5	22.0	0.9
Northern Ireland	69.2	-0.6	4.3	0.9	27.5	0.0

Source: Office for National Statistics

Notes:

1. Calculation of headline employment rate: Number of employed people aged from 16 to 64 years divided by the population aged from 16 to 64 years. Population is the sum of employed plus unemployed plus inactive.

2. Calculation of headline unemployment rate: Number of unemployed people aged 16 years and over divided by the sum of employed people aged 16 years and over plus unemployed people aged 16 years and over.

3. Calculation of headline economic inactivity rate: Number of economically inactive people aged from 16 to 64 years divided by the population aged from 16 to 64 years. Population is the sum of employed plus unemployed plus inactive.