



heart of the south west

local enterprise partnership

Local Industrial Strategy Progress Statement 2

August 2019



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. Local Industrial Strategies are co-owned between Government and local enterprise partnerships. The Heart of the South West's Local Industrial

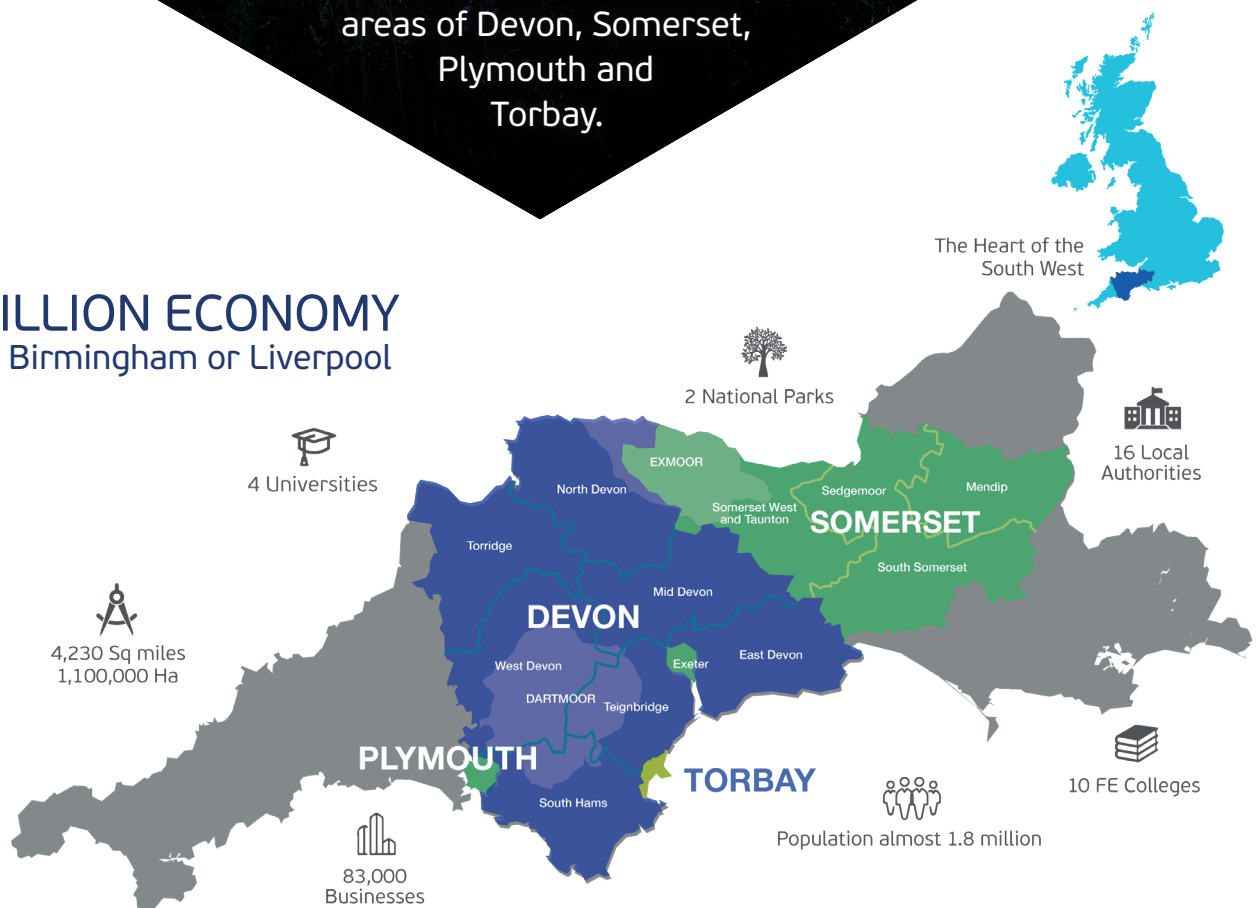
Strategy will build on the area's previous work on productivity; the Strategy will be an important, but not the only channel, through which the LEP and local partners will address the productivity challenges.

This progress statement sets out the work that has been done so far, a summary of the emerging strategy and the next steps.



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 1.8 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.

This change is taking place against an increasingly urgent need to address the challenge of climate change. This means developing a new approach to economic growth.

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, and to do so in a way which enhances our natural environment and responds to the climate change

challenge. 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.

We have ambitious local plans that outline needs and opportunities for housing and economic growth; our goal is simple - to double the size of the economy over 20 years. 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 [here](#) – 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.

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

BUILT ON A ROBUST EVIDENCE BASE

The Heart of the South West Local Industrial Strategy (HotSW LIS) will turbo-charge key parts of the local economy that can drive higher productivity and therefore raise prosperity and living standards. Local Industrial Strategies are co-designed between Government and local areas to set out how different parts of the country will maximise their contribution to the UK's productivity over the next 10-15 years. They build upon the national Industrial Strategy which will drive productivity through tackling five Foundations of productivity and four Grand Challenges.

The Heart of the South West LIS is based on a robust evidence base, published on our website [here](#). The LIS places Clean Growth and Inclusive Growth at the very centre, using our area's key strengths to grow productivity in the economy in a different way and to ensure the benefits of that growth are felt across all our places and communities. This is a hugely ambitious challenge, but one which is essential to the future prosperity of our area.

Government has reviewed our evidence base and found it to be robust, with good linkages from the evidence to the LIS itself.

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



THE DYNAMIC HEART: AREAS FOR FUTURE EMPHASIS

Building on this, the LEP commissioned an independent review of the evidence by Nigel F Jump, Professor of Regional Economic Development. The review examined which parts of the Heart of the SW economy had the strongest potential to accelerate productivity growth and deliver to the National Industrial Strategy.

The review identified three broad areas of high opportunity - the so-called 'Dynamic Heart' of the economy. These were:

- Digital Futures: building on key strengths in big data, environmental and health technologies, supported by, for example, the Met Office, the UK Hydrographic Office, the Universities and Colleges, and NHS facilities:
- High-tech engineering: advanced marine and aerospace manufacturing, photonics and defence. There are strategic defence assets, world-class innovation capability and supply chains in marine and aerospace across the area and specific hotspots of photonics expertise:
- Clean Energy: associated with technical development for offshore renewables and nuclear with the new build nuclear power station at Hinkley.

The evidence base, review and overviews from workshops can be seen on the LEP's LIS website page [here](#).





The Dynamic Heart identified those high potential areas of the economy; these need to be set against the broader trends locally, nationally and globally.

The world of work is changing, undergoing a digital revolution which is already opening new previously undreamed of opportunities. Employment levels across Heart of the South West are generally exceptionally high but annual real growth rates have flat lined in the last five years and too many jobs are poorly paid. Continuing economic growth, and so raising living standards, means a need to drive up productivity across the area – creating better jobs and the support to enable people to re-skill into those jobs. The population is ageing and there is an urgent need to increase social mobility. And the climate change emergency creates an essential imperative to address all this in a different way.

The vision for the Heart of the South West economy is to:

“raise productivity in order to drive prosperity for all”

The Local Industrial Strategy, sets out how the Heart of the South West will enable its businesses and people to capitalise on these new opportunities. This will be achieved whilst driving clean growth and ensuring that the proceeds of that growth are more equitably shared across the area.

The core mission of this Local Industrial Strategy therefore is to:

“transform the economy through Clean and Inclusive Growth”

The Heart of the South West Local Industrial Strategy aims to develop a new approach, one where economic growth is decoupled from emissions and where the proceeds of economic growth are shared across people and communities.

Heart of the South West will be in the vanguard of a new way of growing, becoming a pilot to demonstrate and develop what clean and inclusive growth looks like in a dispersed, rural economy with particular opportunities in data, engineering & energy.

It is a productivity-focussed strategy, meaning these are key areas of priority and connecting these into the traditional bedrock sectors, such as tourism, is a major part of the task. It will require extensive and sustained work locally and with Government across the five Foundations of productivity: ideas, people, business environment, infrastructure and place.

The Heart of the South West is uniquely poised to achieve this; the environment is recognised nationally and internationally as one of the outstanding features of the area. It is also home to world-class businesses and institutions at the cutting edge of the new emerging markets, along with a fabulous balance between 21st century opportunities and a vibrant cultural and outdoor lifestyle.

A fuller working draft of the Strategy has been developed and will be shared with Government as part of the co-design process.

We will raise productivity to drive prosperity for all
to achieve this we choose

CLEAN GROWTH

ENERGY
FUTURES

ENGINEERING
FUTURES

DIGITAL
FUTURES

INCLUSIVE GROWTH

IDEAS

PEOPLE

INFRASTRUCTURE

BUSINESS
ENVIRONMENT

PLACES

this will help us
transform and grow an economy ready for the future



INDUSTRIAL
STRATEGY

HEART OF THE SOUTH WEST

NEXT STEPS

The LEP has worked closely with Government in developing the strategy so far. A working draft of the Heart of the SW LIS has now been agreed by the Joint Committee and LEP Board and is supported by the area's business community. The next step is to submit it to Government in August for review and, ultimately, approval, which is expected by the autumn.

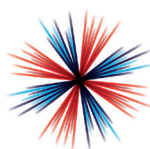


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**INDUSTRIAL
STRATEGY**

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