

Impact Report 2019-20



heart of the
south west

local enterprise partnership

Analysis of the impact of the LEP from 2014

*with thanks to
Adriana Curca, Plymouth City Council
James Gilgrist, Somerset County Council*

OFFICIAL

An area rich in potential...

£35 billion economy – as big as Birmingham or Liverpool

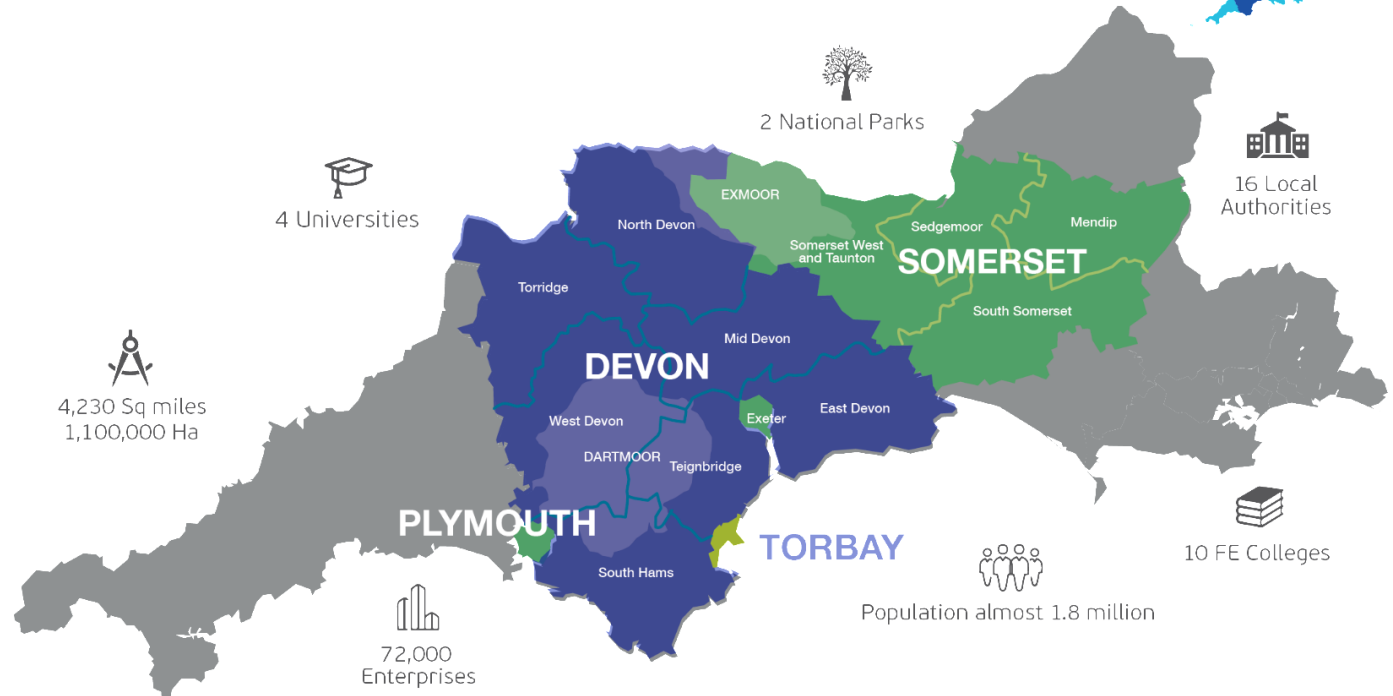
Economy

Real GVA 2016 prices

	<u>2014</u>	<u>Now</u>	<u>Change</u>	<u>UK</u>
Economy	£33.6bn	£35.5bn	+5.5%	+7.6%

Population

	1.7m	1.8m	+3.1%	+2/8%
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With good recent progress...

Change since 2014

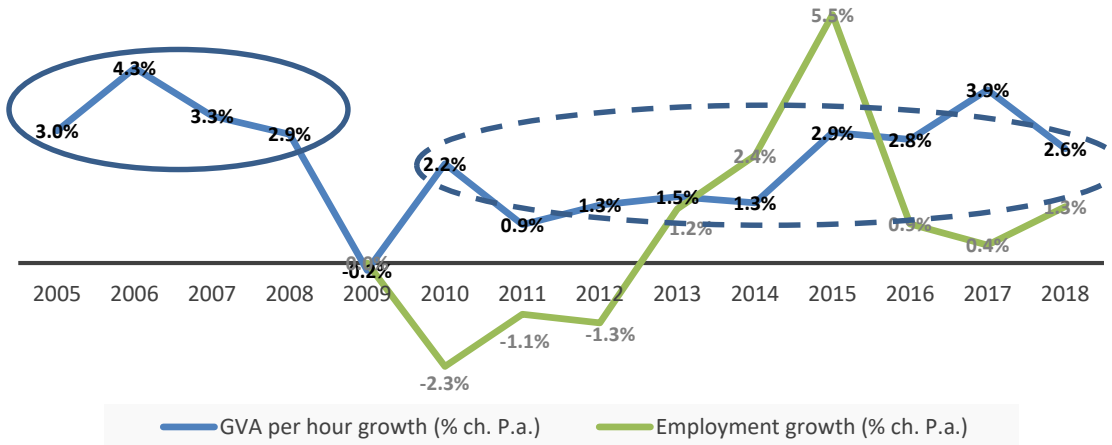
	<u>Heart of the SW</u>	<u>UK</u>
Employment <i>Jobs full time equivalent</i>	+5.8%	+6.5%
Productivity <i>Nominal GVA per hour worked</i>	+12.6%	+9.8%
Wages <i>Average FT workplace earnings per week</i>	+12.2%	+12.8%

- At headline level employment and productivity appear positive vs UK average
- But not quite as straightforward!

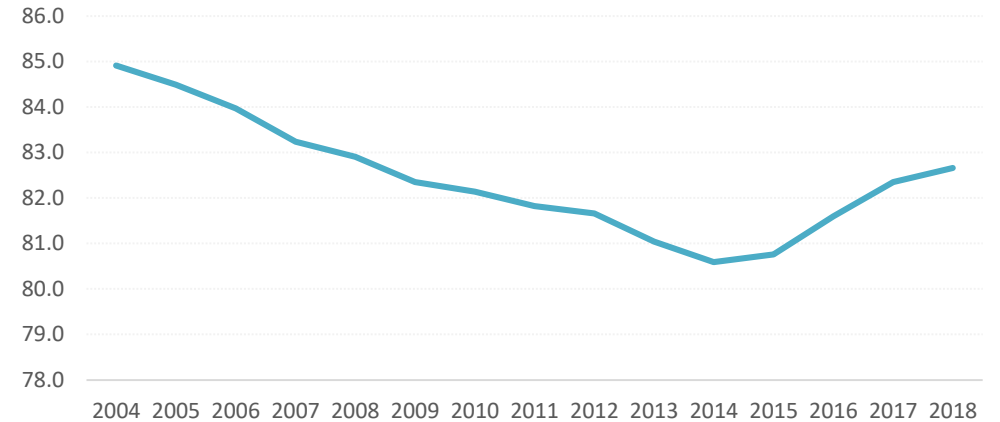
... but underlying structural challenges

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 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, 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

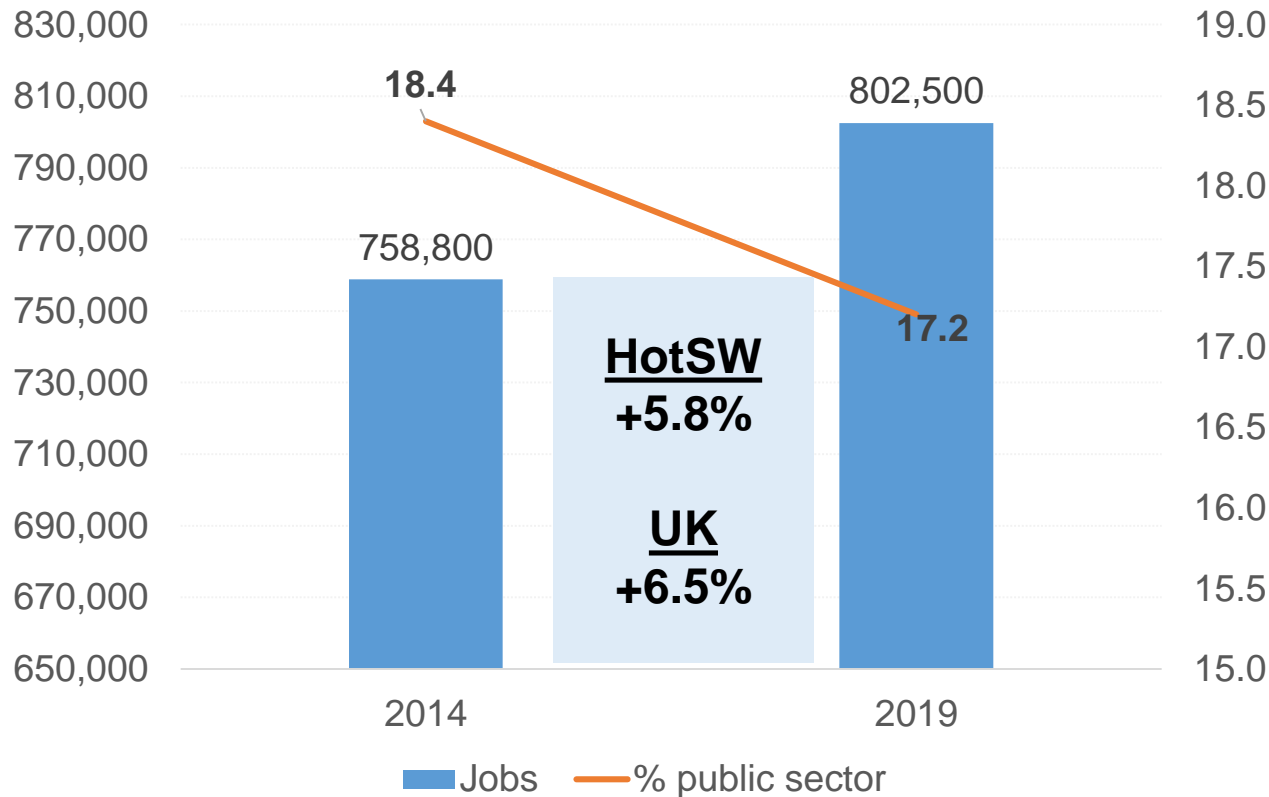
Creating the
Conditions for growth





Jobs: by 2020 create an extra 50,000 jobs

HotSW Employment



✓ **Jobs growth +43,700: on track**

✓ **Private sector employment**

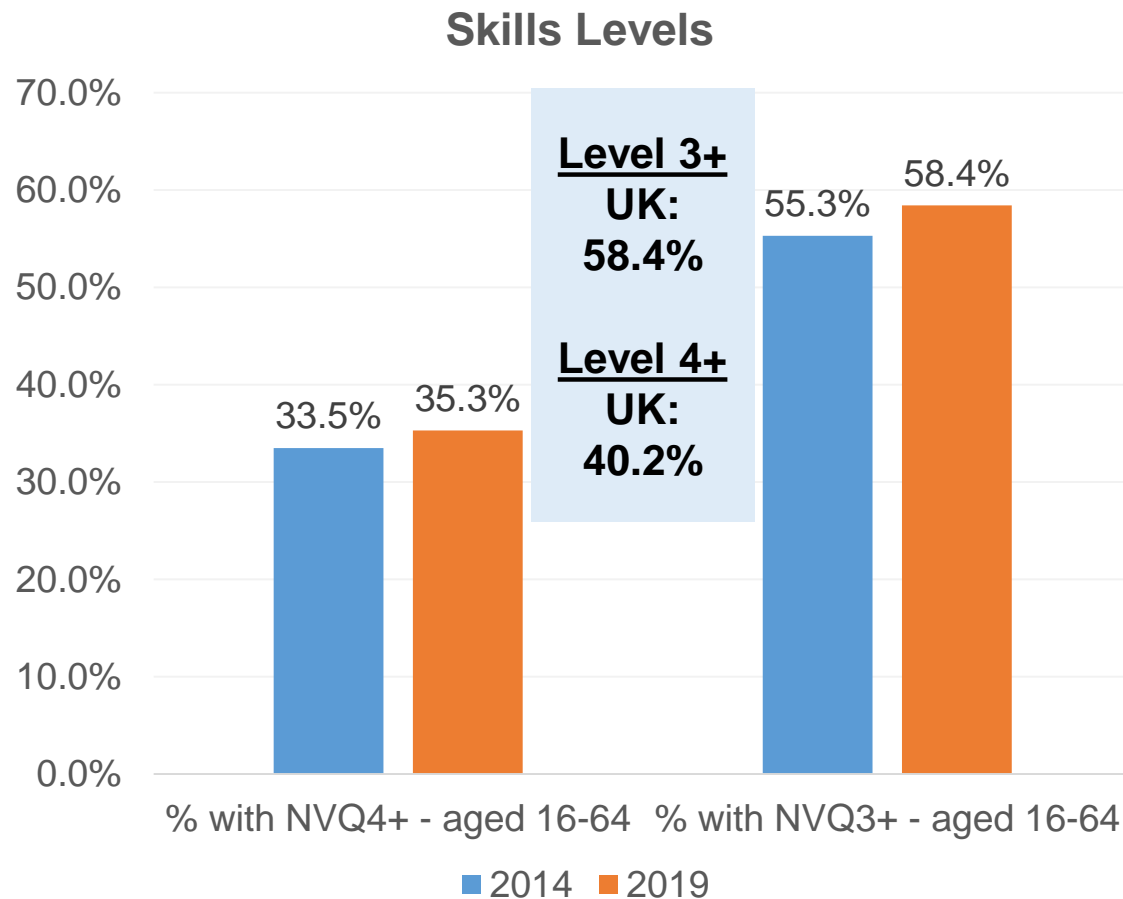
LEP Programme Contribution

- *2014-20: LEP investments supported 3,022 jobs and 1,832 apprenticeships*
- *22,641 jobs & apprenticeships by 2025*
- *European funded projects: 1,223 jobs by 2023*

Future challenge: skills investment - changing economy & ageing population could exacerbate labour & skills shortages



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



- ✓ Level 3 above UK average
- More to do on higher level skills

LEP Programme Contribution

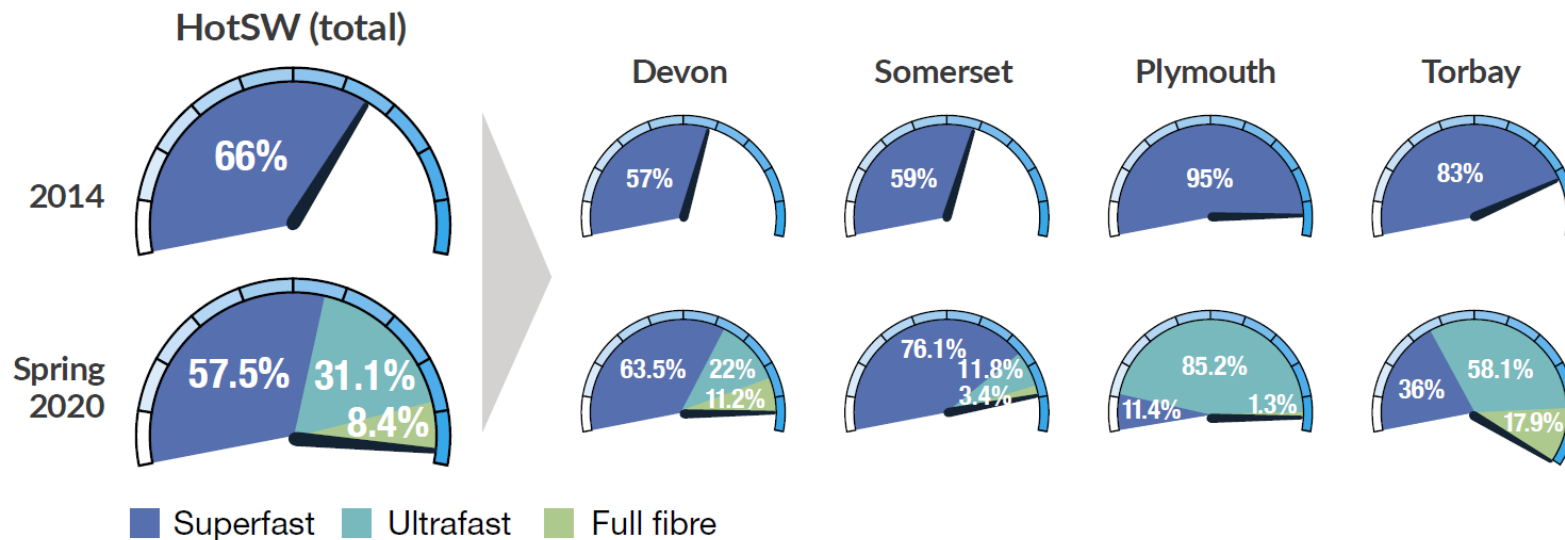
- 2014-20: LEP's investments have trained 17,840 people
- 56,789 people trained by 2025
- European funded projects: by 2023
 - 213 enterprises to introduce new-to-market product
 - 224 enterprises to cooperate with research institutions

Future challenge: growth of high level & digital skills



Broadband

By 2020 100% superfast broadband (>24Mbps)



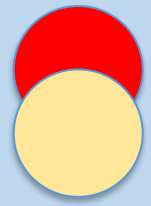
Superfast: ≥ 30 to < 300 Mbps
 Ultrafast ≥ 300 Mbps

* Based on number of premises connected. Source: Ofcom Connected Nations Report, Spring 2020

LEP Programme Contribution

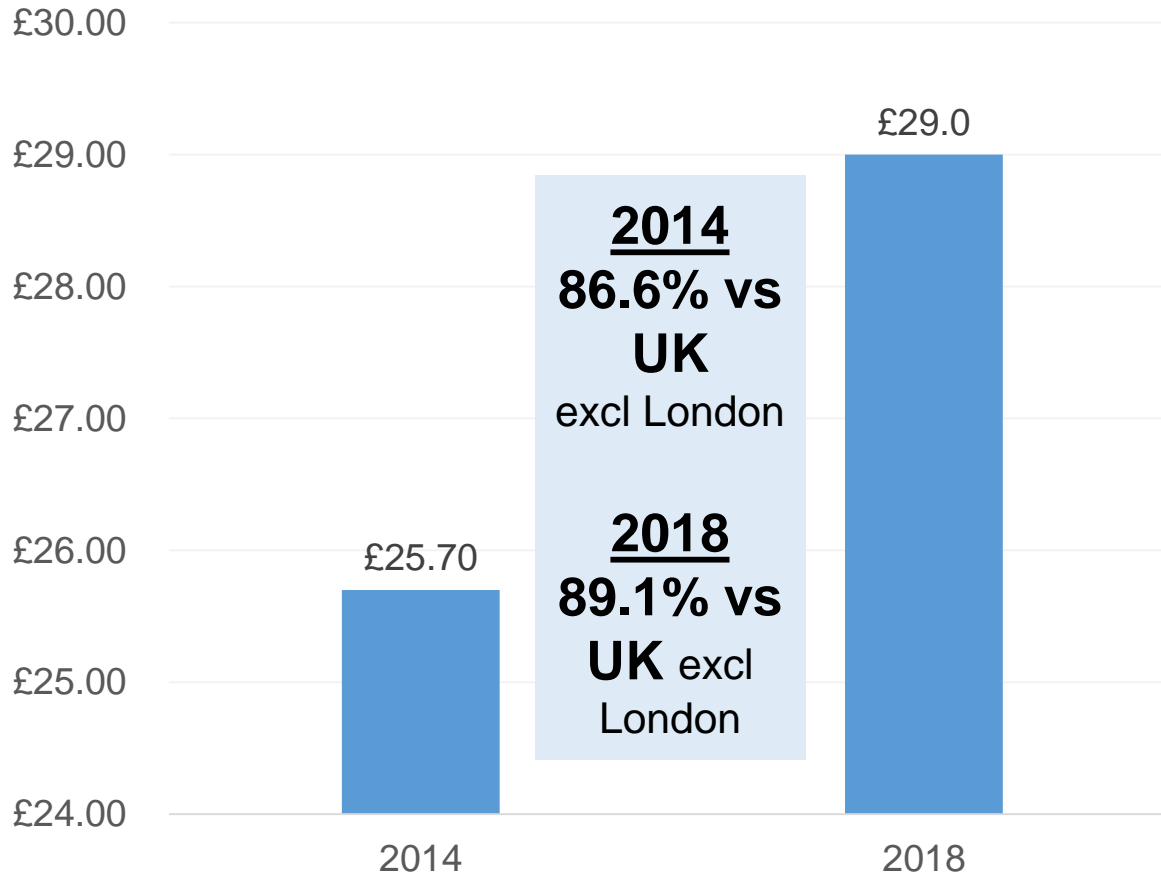
- 2014-20: £22.1m in digital infrastructure + £3.6m European funds in utilisation
- Digital Skills Partnership: drawing down national support
- 4,738 businesses connected by 2021
- 25,000 businesses connected by 2025
- European funded projects: 2,230 businesses connected by 2023

**Major challenges:
 fibre to the premises,
 utilisation & digital skills**



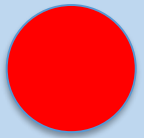
Productivity: by 2030, close productivity gap with national average

Productivity - output per hour worked



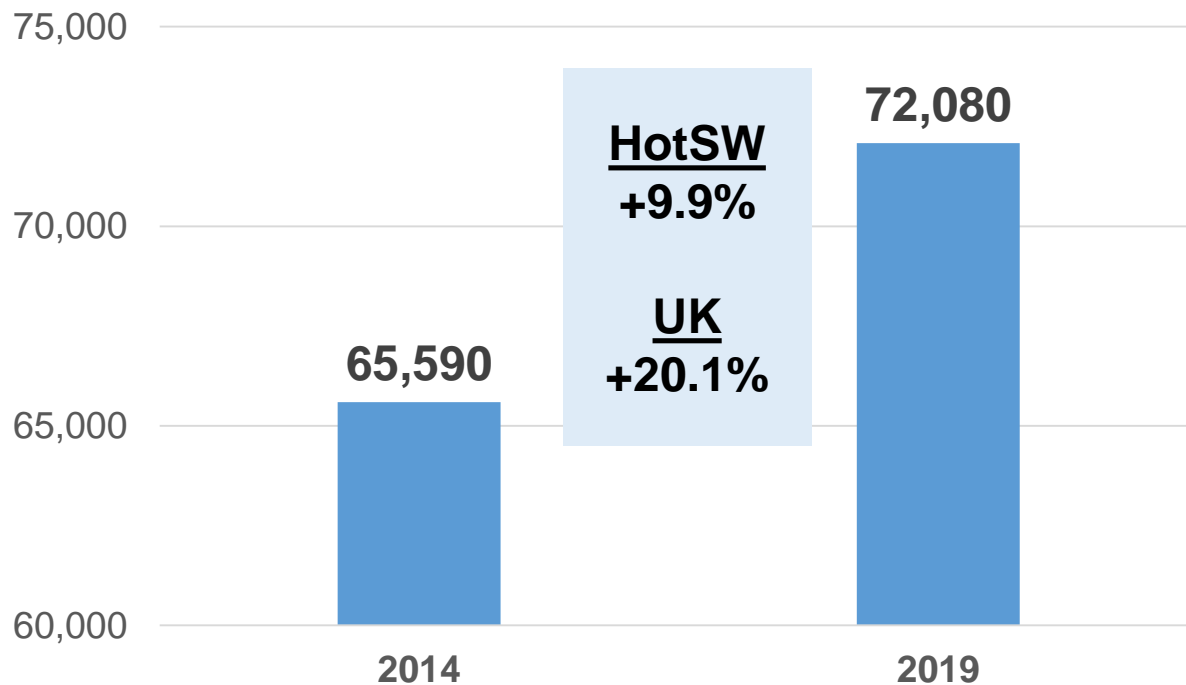
- ✓ **+12.6% vs 9.8% UK (+9.7% UK less London)**
- **Recent growth, but gap remains**
LEP Programme Contribution
 - *Invested in key drivers of productivity:*
 - *Local opportunities (nuclear, marine, aerospace, photonics, big data etc.)*
 - *Infrastructure (transport and broadband)*
 - *Skills*
 - *Business support (incl. exporting)*
 - *Innovation*

Major challenge: increased focus through Building Back Better



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

Number of Enterprises



X Business growth behind UK average

LEP Programme Contribution

- 2014-20: 8,739 Growth Deal. To 2025: 14,596 businesses supported
- 2014-20: 7,537 Growth Hub
- European funded projects: by 2023
 - 1,242 entrepreneurs assisted to be enterprise-ready
 - 946 new enterprises supported

Future challenges: business start-up rates & scale-ups



Housing: by 2030, deliver 170,000 new homes



Net Progress

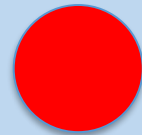
+31,680 permanent new dwellings completed between 2014 and 2019

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

LEP Programme Contribution

- *2014-20: 8,774 houses completed*
- *To 2025: 18,911 houses completed*

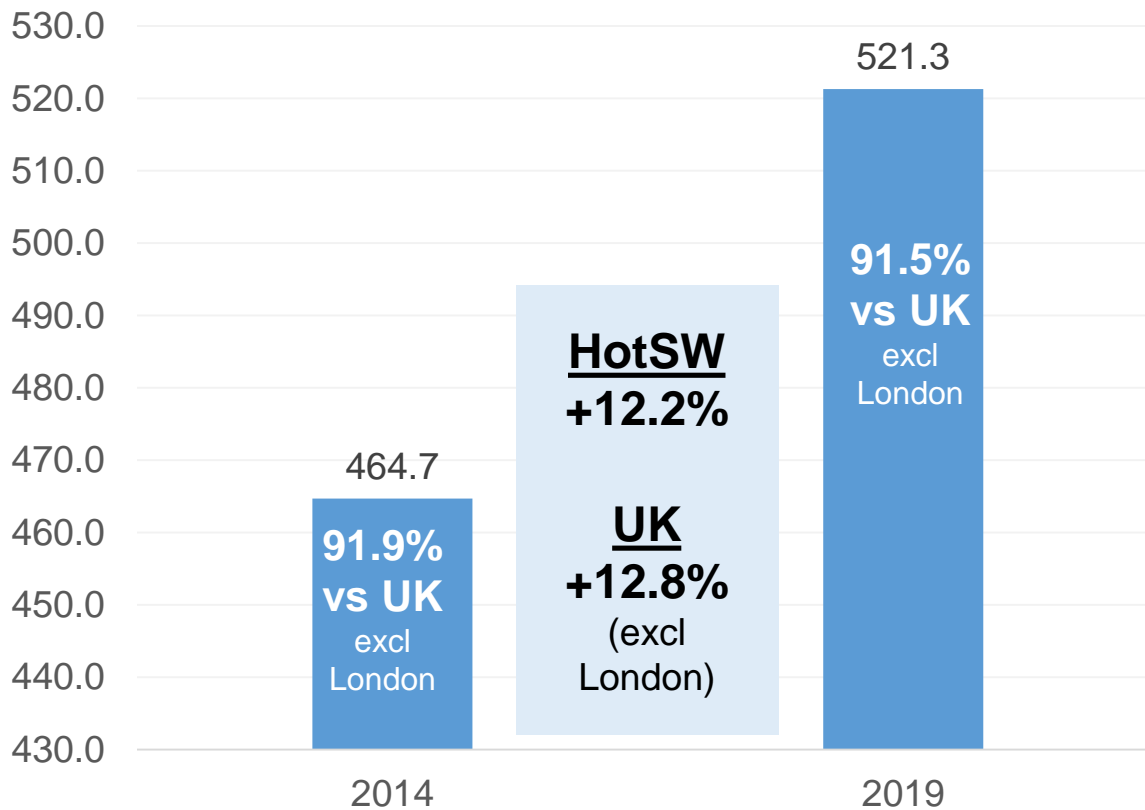
Future challenges: continuing to unblock development, realise the potential of new communities, e.g. garden villages



Wages

By 2030, increase wages to match national average

Weekly FT Workplace Pay



X Growth but gap is widening

Wage gap a combination of

- Productivity gap
- Type of work
 - public sector employment remains higher than nationally (lower wage growth)
 - lower proportion in higher productivity sectors
 - higher proportion of part time work

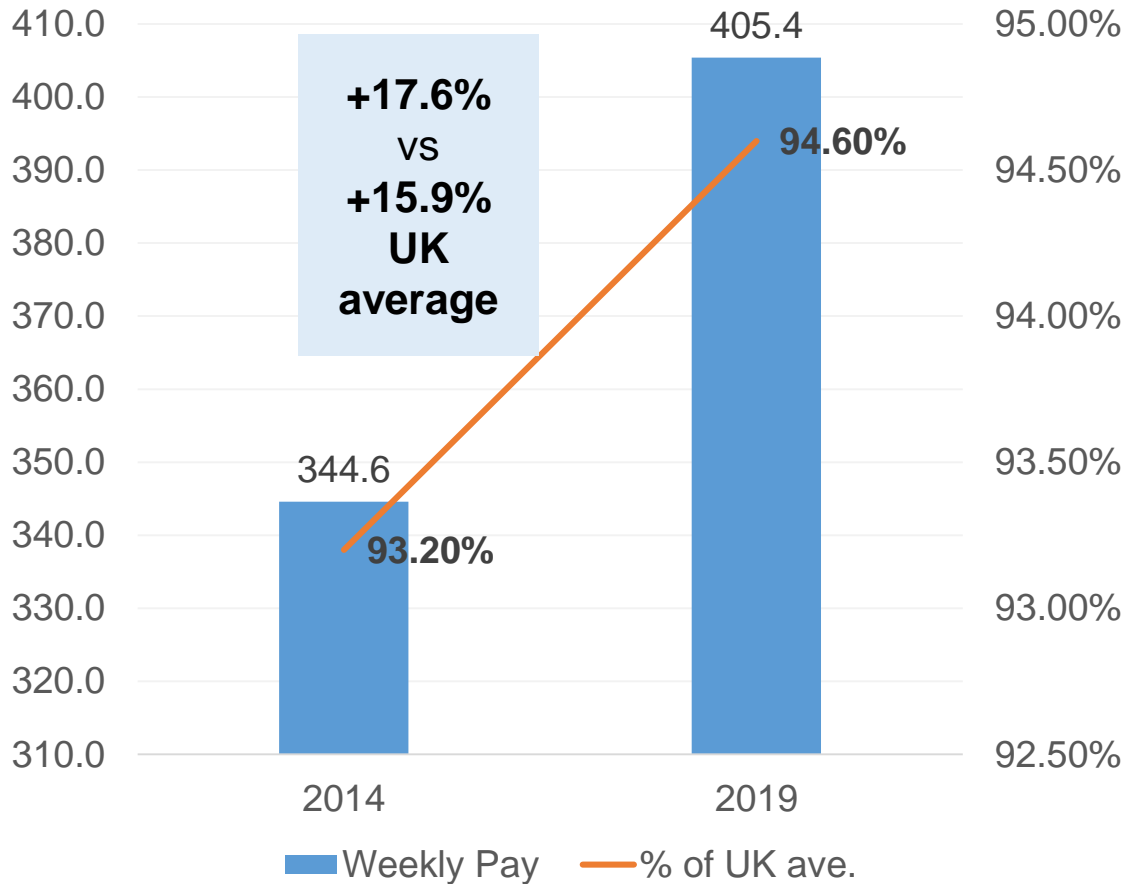
Future challenges: increase opportunities for better paid jobs



Inclusive Growth



Lowest 25% Median Resident Pay



- ✓ Lower paid wage growth has been better than average wage growth
- Growth but slight widening of gap vs UK

Key focus of Building Back Better

In Summary

Positive

- Jobs growth
- Productivity starting to rise
- Raising skills levels
- Broadband coverage
- Housing trajectory

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



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