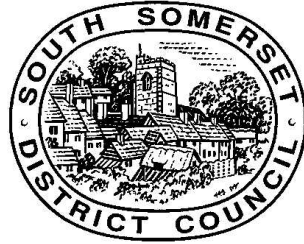


Public Document Pack



District Executive - Thursday 6th December 2018

Please find attached the Draft Economic Development Strategy (2019 – 2028) to accompany Agenda item 9. Please note this document is only produced electronically.

Agenda No	Item
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| 9. | <u>Draft Economic Development Strategy (2019 - 2028) (Pages 2 - 74)</u> |
|----|---|

South Somerset District Council

A Great Place to do Business

Economic Development Strategy

Public Consultation Draft

December 2018

Contents

FOREWORD

1. INTRODUCTION

2. VISION

3. PRIORITY THEMES AND ACTION PLAN

4. KEY OUTCOMES

**APPENDIX A1: DELIVERING THE ACTIONS & PERFORMANCE
MONITORING AND REVIEW**

**APPENDIX A2: CONTEXT I – WIDE ANGLE ECONOMIC
PORTRAIT**

**APPENDIX A3: CONTEXT II – SOUTH SOMERSET
PERFORMANCE, CHALLENGES & ISSUES**

Foreword

South Somerset enjoys a thriving, diverse economy. It is home to world leading, high-tech, aerospace, engineering and manufacturing businesses. A strong agricultural sector drives food and drink production and tourism.

This economy is matched by the quality of life afforded by our outstanding rural environment. The result is a district in which businesses develop and thrive and residents and visitors are never far from our beautiful countryside.

Despite our successful past and strong economic credentials, we cannot afford to be complacent about the challenges ahead. We also need to ensure that we are ready for the opportunities too. International, national, and local economies are all likely to be affected by Brexit. The need for a sound economic strategy has never been greater.

Our Strategy is underpinned by a comprehensive understanding of the local economy. We have worked hard to reflect recent economic data and trends, to give us a clear baseline from which to position ourselves.

We have ensured that our Strategy is aligned with national and regional policies. It supports the aims of our own Council Plan and Local Plan to help maintain a successful, balanced economy.

Encouragingly we start from a strong position. Our regeneration plans for Chard, Wincanton and Yeovil are already under way. Some of our previous priorities, such as the Yeovil Innovation Centre extension, have already been achieved.

I am very pleased to present our Economic Development Strategy, which will guide our work for the next few years and give us the flexibility to react to our changing world.

Jo Roundell Greene
Deputy Leader,
Portfolio Holder - Environment & Economic Development

1 Introduction

Overview

South Somerset District Council (SSDC) has economic development and growth at the heart of its agenda. As such our approach is based on a whole Council, one team approach as set out in our Council Plan, which envisages every part of the organisation contributing to supporting economic growth. This seeks to create a strong, high performing, resilient and adaptable economy with increased productivity through flourishing urban, rural and land-based businesses. This is set within a vision for South Somerset as a place where businesses flourish.

To achieve our corporate aims this Economic Development Strategy (EDS) sets out what we will do, how we will work with our partners and what the outcomes will be. Our focus is to make a difference to the District's economy where it counts.

Our Strategy looks forward over the next ten years and allows us to align the Strategy with our Local Plan. It builds upon current economic information and national and regional economic policies.

Purpose

The purpose of this Strategy is to:

- provide a consistent vision with clear objectives and priorities for our District's economy through our whole Council approach;
- set out how the priorities will be translated into a framework for change together with the actions needed;
- identify mechanisms for delivery, including our own role and responsibilities alongside the responsibilities of our public partners and the business community; and
- establish how we will measure and evaluate outcomes.

Elected Members' Priorities

The Strategy includes the priorities for economic development and growth established by our Elected Members through the District Council's four Area Committees. The priorities set out by Members are to:

- have active, positive partnerships with key businesses to support a resilient business landscape;
- encourage small and artisan businesses;
- bring forward suitable land for small business units;
- promote and develop tourism;
- support local food and drink producers;

- provide employment land and business units of appropriate sizes readily available for uptake by businesses and residents;
- attract tourists and increase spend in and visits to the District; and
- support businesses across all sectors.

The Economic Development Strategy shows a clear route for us to deliver Elected Members' priorities to support and help achieve economic prosperity by working with other public partners, businesses and individuals. The Strategy will be informed by, and build from, our existing evidence base, our work, achievements and successes.

The Strategy means that we will be well positioned to benefit from changing national, South-West regional and local economic priorities. This includes supporting the Government's Industrial Strategy to enhance productivity levels whilst offering better access to skills, careers and economic inclusion for our workforce.

Current Economic Issues and Challenges

The context and background evidence for the Strategy is set out in separate Appendices. These include additional information, policy influences and background evidence. We have summarised below the main economic issues and challenges that we face.

Competition and Competitiveness

- Our economy has existing strengths and specialisms in the manufacturing sector, especially Advanced Engineering and Manufacturing (AEM) and rotorcraft. Whilst there is potential vulnerability if over-reliance is placed on these sectors, they offer major opportunities for growth and strengthening South Somerset's global position.
- There is a high proportion of SMEs and entrepreneurs in South Somerset, which provides an excellent opportunity for growth and innovation.
- There is an over reliance on a few large employers, making us vulnerable if they move operations away or reduce their workforces.
- Business growth and survival rates are positive. There has been a steady growth in the number of new enterprises (although below national levels) with business survival rates being above average over their first three years, although evidence shows the survival rate drops after that time.
- There are good employment growth forecasts for the next 10-15 years, with Health, Wholesale and Retail, Tourism, Food Services and Professional Services likely to see major increases in employment.
- The changing age profile of our District presents challenges, with difficulties in retaining younger people and in attracting returners. The District's distinctive natural and built environment offers an enviable lifestyle but this is often hidden and under-stated when attracting and retaining skilled workers.
- There are a range of allocated employment sites and land available to meet our future employment needs, but development viability remains a major challenge. This is particularly difficult for larger sites that will require more substantial new infrastructure to be provided in order for them to be developed.

- Hinkley Point is having both positive and negative impacts for our District. There could be considerable benefits for our businesses in the nuclear facility's supply chain. However, retaining and attracting a skilled local labour force could become increasingly difficult with the potential for a 'skills drain' from our District's workforce.

Productivity

- We are not as productive a District as we could be. Evidence shows a relative lack of dynamism in our economy with productivity levels below our potential and lower than those of the South-West and national levels.
- Pay levels are generally below average, with growth in pay rates lagging behind regional and national trends.
- We are ranked 230 out of 379 local authorities in the UK Competitiveness Index due, in part, to significant productivity limitations in some of our agricultural, land-based and visitor sectors. This demonstrates that we have plenty of scope for improvement in productivity.

Innovation

- The adoption and integration of new technologies and processes offers a great opportunity to grow our productivity, to do things better and be more efficient. We are not making the best of new technologies in our local businesses at present. One of the main reasons is the limited mobile telecommunications and digital connectivity available for our businesses in the District, especially in more rural areas.

Other Issues

- Skill levels and attainment need to improve, particularly by increasing the number of people qualified at NVQ Level 4 and above. There is a concern that businesses are often unwilling to invest in skills but equally there remains a challenge in providing adequate access to training and support to properly equip our workforce.
- There are many 'lifestyle' businesses in South Somerset, and the extent to which they want to grow will influence overall employment growth and productivity.
- The Agri-Food sectors have not had a high-profile but have the potential to be globally competitive.
- There has been an over-reliance on the continued success of the AEM sector.
- A key issue for South Somerset is to maximise the potential from the sectors in which significant employment growth is expected. Not to do so will limit both employment and productivity benefits.
- In addition, there has been a lack of diversification in our economic base. This diversification is needed to help minimise the impact of potential economic shocks.
- South Somerset is seen as having an under-developed public profile, both with visitors and investors.

2 Vision

Economic Vision

Our vision for the period to 2028 is built on the aims of our Council Plan; our work with businesses, public partners and wider stakeholders; the evidence and context of the District's economic performance.

Our economic Vision is:

South Somerset a great place to do business.

Ideas

an innovative, productive economy

People

skilled and entrepreneurial people with good jobs and greater earnings potential

Business environment

a supportive environment for businesses to establish, grow and thrive

Infrastructure

excellent transport and communications infrastructure

Places

Prosperous and sustainable, towns, villages and more rural areas with strong communities and a high quality of life

Reasons to Invest in South Somerset

We have:

- strong business growth and good survival rates
- a resilient local economy with low unemployment levels, high levels of economic activity and growing levels of skills and training inclusion
- several of the South-west region's most important high-tech aerospace businesses with many other advanced engineering and manufacturing companies

- a planned aerospace innovation and collaboration hub in Yeovil as part of the iAero initiative, to further focus economic growth in this globally significant sector
- allocated employment sites and existing commercial floor space available to suit the needs of a wide range of businesses
- distinctive and diverse Market Towns, with ongoing rejuvenation and regeneration programmes in place
- a high quality of life in our towns, villages and rural areas
- a range of agricultural and rural diversification opportunities
- good access to the West Country's strategic road and rail links and committed future improvements
- a programme that will drive superfast broadband roll-out across our District, particularly focusing on the provision for businesses and improving coverage in more rural areas

Golden Opportunities

- Our District is characterised by stable economic credentials offering potential for high levels of economic participation, low unemployment and will continue to support the highest number of jobs in Somerset. The strong concentration of key sectors in our District (e.g. aerospace and advanced engineering and manufacturing) supported by initiatives such as iAero, offers the potential for further diversification, innovation, collaboration and economic growth with better promotion of our national and global business reputation and competitiveness
- We have a key strength in the food and drink sector which links our agriculture and production industries. This offers strong local and international growth potential with expanding opportunities for existing and new businesses
- Our major employers support a wide ranging local supply network with scope to strengthen and grow their supply chain links
- Our existing schools, further education and skills training providers have well established, positive relationships with many employers and a clear appetite to expand and deepen these links. We place a clear emphasis on the importance of vocational/technical skills development, higher level education and career-long learning
- The tourism sector in South Somerset is long established as part of the wider South-west region's offer. We have a range of unique, nationally and internationally recognised attractions. Our District's visitor accommodation offer, our attractive rural environment and built heritage combine to offer real potential for further growth and value in the visitor economy
- Our more rural areas represent significant economic and environmental assets. They hold great opportunities for the diversification of our economic

base, promotion of our visitor economy and support for rejuvenation of our Market Towns and villages

- We are home to RNAS Yeovilton, one of the largest military bases in the South-west. It is a focus for significant aero-sector investment, employment and supply chain expenditure at the local level
- Committed major infrastructure projects in our District and the wider area, including the A303 and A358 road network and London-Exeter rail improvements, will further enhance strategic access and connectivity and provide major opportunities for inward investment
- The potential of the digital economy for our District is significant. This is especially so for the rural areas where it will help to support business diversification, improve access to customers and markets and will enhance productivity.

3 Priority Themes and Action Plan

Introduction

Our Vision anticipates a sustained, thriving economy for our District.

Our Priority Themes reflect six dimensions or aspects of economic development. These Priority Themes provide a framework for individual projects and actions and will act to guide our efforts, bring together partners, stakeholders and places across our District.

Six Priority Themes

Our approach has six Priority Themes that complement each other and build on our existing strengths while facing our key challenges:

- **PT1: Business Support, Retention, Innovation and Inward Investment**
- **PT2: Transport and Communications Infrastructure**
- **PT3: Economic Inclusion – Skills, Careers and Training**
- **PT4: Land, Sites and Workspaces**
- **PT5: Supporting Urban Economies**
- **PT6: Supporting Rural Economies**

Each Priority Theme is set out in more detail in this section together with the primary and secondary actions/projects that will be the focus of our activity. For each Priority Theme we also show the outcome and output measures of success so that we can clearly judge our achievements and performance.

Primary Actions are those that are considered to be the most critical and which we will to deliver in the shorter term (over the next three years to 2021).

Secondary Actions are those which, while still important, will either need other actions to be completed first, or are activities that will become more important later in the Strategy's lifetime (from 2022 out to 2028).

Area Committee Economic Development Priorities

As part of the Council's work on its new Council Plan, the Elected Members in each of the District's four Area Committees have identified specific economic development priorities and actions.

These are set out in the following table which identifies the Members priorities; which Area Committee originated each priority (the red tick); which Areas the priority would be applicable to; and how each aligns to the wider EDS Priority Themes and actions.

Area Committee Members Priorities	Alignment to EDS Priority Theme(s)	North	East	South	West
Active, positive partnerships with key businesses to support a resilient business landscape	PT1 PT3	✓	✓	✓	✓
Encourage small and artisan businesses	PT1 PT4 PT5 PT6	✓	✓	✓	✓
Bring forward suitable land for small business units	PT4	✓	✓	✓	✓
Promote and develop tourism	PT1 PT5 PT6	✓	✓	✓	✓
Support local food and drink producers	PT1 PT2 PT3 PT4 PT5 PT6	✓	✓	✓	✓
Provide employment land and business units of appropriate sizes readily available for uptake by businesses and residents	PT4 PT5	✓	✓	✓	✓
Attract tourists and increase spend in and visits to the area and wider District	PT5 PT6	✓	✓	✓	✓
Supporting businesses across all sectors	PT1 PT2 PT3 PT4	✓	✓	✓	✓

Priority Theme 1: Business Support, Retention, Innovation and Inward Investment

To help businesses compete locally, nationally, and internationally, it is important we help them to understand what support is available to them, how to access that support and to ensure they can operate in an environment that fosters innovation.

In-depth, ongoing engagement with our businesses and employers is critical for understanding their needs, providing and signposting business support and for long-term business retention. We need a focused approach to business engagement and retention to ensure our resources are direct and effective, enabling businesses to grow to their full potential.

There are advantages to engage in business support networks, where local supply chains can be strengthened and common approaches to challenges developed.

There is also a need to further advance our work with partners on opportunities for research and development, to support start-up and retain grow-on businesses as well as encourage a stronger, more commercialised link between intellectual property, research and innovation in the District.

We are committed to encouraging inward investment to South Somerset including through the (Invest) Into Somerset Partnership.

Primary Action/Project	Rationale	Year One (19/20) Milestones
1.1: Create and maintain a business 'key account' programme	We will work proactively with our priority and high growth businesses, based on regular and direct contact, to ensure we understand business needs and to promote business collaboration and networking. This will assist in ensuring our support for local business is appropriate for business needs and reflects feedback from our business stakeholders who are keen to promote and encourage our regular dialogue with the business community.	Yr 1: Targeted engagement of 100 businesses across key sectors to understand their issues and opportunities to support them as appropriate.
1.2: Map and evaluate existing key sector support plans, and business support networks and initiatives alongside key partners,	Our District supports a number of key growth sectors, including aerospace, advanced engineering and	Yr 1: Prepare key sector propositions and plug in to relevant LEP Productivity Strategy Delivery

<p>including marketing and promotion as a business destination for potential new high growth sectors</p>	<p>manufacturing, healthcare, tourism, and food and drink, which offer strong opportunities for growth, diversification and increased export-based trade. Working closely with our partners, including the HotSW LEP through the Local Industrial Strategy, we will investigate and encourage opportunities for innovation, improved productivity, expansion and new investment based on detailed sector plans, and review existing support networks and initiatives to ensure local and prospective new business explore opportunities for collaboration, diversification and new markets. This will also support higher value job creation and employment opportunities to help retain young talent and attract returners after qualifying from University.</p>	<p>Plans including Aerospace (iAero), Local Industrial Strategy and Defence Strategy opportunity work streams.</p>
<p>1.3: Provide support for a focused Business Support service</p>	<p>Given the various issues and challenges facing businesses at all levels across our District, we will provide a focused service for the local business community that will inform and advise on relevant business support matters and appropriate contacts to ensure advice from our partners, such as the LEP Growth Hub, is made available where appropriate.</p>	<p>Yr 1: Establish a business support service based on signposting to internal and external assistance including Growth Hub, Somerset Business Agency, SWMAS, Innovate UK and DIT.</p>

Secondary Action/Project	Rationale	Year One (19/20) Milestones
1.4: Support work with internal and external partners, hotel, leisure operators and attractions to develop co-ordinated visitor attractor packages	Our District supports a range of tourism and visitor attractions and attractive countryside that is accessible from the A303 strategic corridor. Their attributes support good prospects for increasing and enhancing opportunities for the tourism and leisure sector. As part of a coordinated programme with our partners, we will support, encourage and promote the visitor economy, including maximising the potential of higher value, linked trips with existing facilities and encouraging an expanded offer of support facilities, including accommodation.	Yr 1: Agree action plus delivery plan and support activity with SSDC Tourism lead.
1.5 Continue to work with our partners to facilitate, develop and promote business investment and innovation support for South Somerset	Working with our partners, we will continue to support and promote existing working relationships of established business networks to help evolve and shape support and advice for our business community.	Yr 1: Work in conjunction with the Key Business Accounts programme to prepare an 'Inward Investment Prospectus' for South Somerset.
1.6 Improving local business supply chains purchasing alongside support and advice for local business to bid for public service/works contracts	The local supply chain network is well established amongst key sectors in our District, and opportunities exist to strengthen the local business supply chains. We will work with our partners to evaluate how to improve and promote local supply chains, including use of a local supply chain purchasing	Yr 1: Investigate the current Council supply chain and purchasing charter position. Identify best practice examples from elsewhere in Somerset and beyond. Identify potential areas for support to local businesses through developing a

	<p>charter to maximise opportunities for local business. Advice, guidance and support will be given to encourage local businesses to tender for public service contracts, to help enhance new business opportunities.</p>	<p>procurement aim to source the maximum percentage possible of what we buy from within the District to capture social value and community benefits locally.</p>
<p>Success Measures</p> <ul style="list-style-type: none"> • Establishment of an up-to-date Key Business Account Programme and direct contact with key employers in year 1 (2019-2020) to understand their issues and opportunities to provide appropriate support. (Key Outcome 6) • Creation of a Business Support function to signpost to appropriate assistance (Key Outcome 6) • Expansion and growth of existing key sectors and increase in the proportion of new growth sector representation and inward investment in the District (Key Outcomes 6 and 7) • Increase in the number and per head expenditure of visitors to South Somerset (Key Outcomes 6 and 7) • Enhanced number of local companies benefitting from local SSDC supply chain networks (Key Outcome 6) • Increase in the number of local employers securing public service contracts (Key Outcome 6) 		

Priority Theme 2: Transport and Communications Infrastructure

Key infrastructure needs to be in place to allow business to thrive. We need to ensure the planned road and rail infrastructure upgrade and improvement projects are delivered and the construction process effectively managed.

Businesses also require very high quality, comprehensive digital communications infrastructure in both rural and urban locations. Broadband and next generation (5G) mobile infrastructure is a key enabler and crucial for modern business. Whilst much of Heart of the South West area benefits from good connectivity, there is a need to bring Superfast Broadband and mobile infrastructure to many communities and businesses.

Primary Action/Project	Rationale	Year One (19/20) Key Milestones
2.1: Support delivery of committed road and rail infrastructure projects	Improved transport connectivity, particularly to the strategic road network via the dualling of the A303 and A358 are identified funding commitments. The improvement of road and rail infrastructure and capacity is a key requirement reported by stakeholders, particularly for supporting future growth in the food and drink, healthcare and tourism sectors, and wider inward investment. To maximise these emerging opportunities, we will work together with relevant partners to encourage programme delivery and minimise disruption from construction works for our business community.	Yr 1: Continue to support the A303 dualling proposals through the Development Consent Order (DCO) process. Work with Network Rail and rail operators to encourage/lobby for investment in upgrading the rail infrastructure and the services from and through the district.
2.2: Continue to support and secure delivery of superfast broadband and mobile communications to rural and urban businesses in South Somerset	Digital connectivity is essential for promoting and supporting economic growth across our District. Stakeholders identify the need for high-speed digital	Yr 1: Work with Broadband Delivery (BDUK) and Connecting Devon & Somerset (CDS) and other parties as

	<p>infrastructure and broadband coverage as a priority, particularly for our rural areas. Alongside our partners, we will work together to support and secure programme delivery aims for superfast broadband (over 24Mbps) to all premises in our district by 2020. This will help to support our existing enterprises and attract entrepreneurs and high value workers to the area. It will also encourage enhanced opportunities for rural diversification, self-employment and high potential growth sectors.</p>	<p>necessary to clarify and promote their voucher schemes and any other funding opportunities to maximise Superfast Broadband (SFB) coverage.</p>
Secondary Action/Project	Rationale	Year One (19/20) Key Milestones
<p>2.3: Ensure the District benefits from successive digital fibre technology upgrades in future</p>	<p>Advances in technology and changing business needs require upgrades. To ensure our residents and businesses benefit from a high-quality service that meets future needs, we will investigate and work alongside our partners to maximise the opportunities arising from enhancements in digital fibre technology over time.</p>	<p>Yr 1: Investigate potential future opportunities through HotSW LEP Place Task & Finish Group and explore potential for SSDC to commit funding to 'top up' any SFB Voucher Scheme (within state-aid rules).</p>
<p>Success Measures</p> <ul style="list-style-type: none"> • The District has high speed broadband coverage (Government target 100% by 2022) (Key Outcome 3) • The commitment of funding from Central Government and key partners to deliver key highways and junction improvements at the A303 and A358 in accordance with project timescales (Key Outcome 4) • Improvement in rail infrastructure and services (Key Outcome 4) • Improvement in mobile phone coverage across the District, including delivery of a 5G network (Key Outcome 3) 		

Priority Theme 3: Economic Inclusion – Skills, Careers and Training

The right mix of skills in our workforce attracts investment and enables businesses to innovate and compete on quality. It is a key driver of economic growth. Acquiring the right skills also gives individuals more choices in the labour market, enables them to secure better earnings and income and reduces levels of social deprivation.

Our workforce has been characterised by lower skills, with a high proportion of part-time workers. There is a need to increase and up-skill our workforce in sectors where there is a proven demand to do it.

Further education colleges, training providers and support for a range of job-based learning, including vocational apprenticeships are at the heart of raising aspirations, nurturing talent and supporting workplace learning.

Learning and skills providers are operating in a market environment where there is increasing choice and where the acquisition and maintenance of skills is an investment both for the individual and the employer.

We need to support and respond to local business and community skills needs, so that they can be economically active, build lasting careers and in turn attract and retain businesses in the District.

Primary Action/Project	Rationale	Year One (19/20) Key Milestones
3.1 Support to identify emerging skills needs with business networks	We need to understand the emerging skills needs of local business and will work together with our partners to align our collective intelligence to ensure appropriate training and skills development is communicated to the education and skills providers, to help deliver a skilled workforce.	Yr 1: Work with partners including the Education Business Partnership (EBP) and Yeovil College to clarify and match employment skills and training needs.
3.2 Continue to promote apprenticeship and other business training opportunities	Whilst the level of apprenticeship achievements has increased across Somerset (by 71% between 2008-2014), we will continue to work with our partners to encourage and promote opportunities for apprenticeships amongst our local	Yr 1: Commence a HNC/HND business training programme in partnership with Yeovil College for local businesses and SSDC staff. Support the SCC led bid for EU Employment training funds with local providers.

	employers, in support of improving career opportunities for young people and helping our business community to attract and retain young workers.	
3.3: Support greater engagement with schools and colleges to increase aspirations and improve career choices for young people addressing social mobility issues	The promotion of career opportunities and improvement of skills performance amongst our younger residents is essential for supporting the future skills needs of our economy. Business stakeholders identify concerns of a skills gap which combined with an ageing employment profile in our district necessitate a need to improve aspiration and attainment to maximise employment opportunities across all sectors. We will support and engage with our partners to support initiatives such as HotSW LEP Career Hubs, to promote and support improvements in attainment and career aspiration.	Yr 1: Work with EBP to support employer skills needs and support career opportunities. This will include looking to make links with secondary schools, colleges and employers, increasing the chance of employment and earnings and addressing social mobility issues
3.4: Improve digital skills	To support and promote the full potential and opportunities of the digital economy to support higher productivity and business growth, we will work proactively with our partners to develop, enhance and improve the digital skills of business and the existing and future workforce.	Yr 1: Engage with HotSW LEP Digital Skills Partnership to formulate a detailed plan.

Secondary Action/Project	Rationale	Year One (19/20) Key Milestones
<p>3.5: Continue support for voluntary (third sector) partners and business support networks / representative groups who provide business support</p> <p>(See also Priority Theme 1: Business Support)</p>	<p>We will support and promote our partners who provide wider business support and advice to the business community, particularly as a source of guidance and assistance to local employers.</p>	<p>Yr 1: Ongoing monitoring and input as necessary</p>
<p>3.6: Promotion of self-employment and business start-up</p> <p>(See also Priority Theme 1: Business Support)</p>	<p>Our District currently has the lowest levels of self-employment in Somerset (13.4% compared to 17.5%, at March 2016). The opportunity exists to support economic activity and entrepreneurship to promote self-employment as a source of new and innovative business and to boost levels of self-employment and small business growth. This is particularly important for promoting diversification in the rural economy; to build on the high levels of part time working; and to enhance the resilience of businesses in our District.</p>	<p>Yr 1: Clarify the dynamic between the current low unemployment levels and the opportunities for self-employment and business start-ups.</p>
<p>3.7: Support provision and signposting of access to finance for new and growing businesses</p> <p>(See also Priority Theme 1: Business Support)</p>	<p>A key barrier to new and expanding business is availability of finance. Working together with partners, we will ensure new and expanding local businesses understand the options available for financial support to encourage and support facilitate business growth, particularly given the large micro business sector in our District.</p>	<p>Yr 1: Clarify the situation regarding finance for new and growing businesses and investigate options.</p>

Success Measures

- Increase in the number of new business start-ups (**Key Outcome 6**)
- Average 3-year business survival rates are sustained or increased (**Key Outcome 6**)
- Improvement in the levels of NVQ Level 3 and 4 (**Key Outcome 5**)
- Higher levels of local apprenticeships secured for young people (**Key Outcome 5**)
- Improvement in social mobility (**key outcome 5**)

Priority Theme 4: Land, Sites and Workspaces

Our economy will be better placed to thrive and grow if the right mix and choice of employment land, sites for commercial development and high quality workspaces are created.

To support business innovation, we need to provide space for new and existing businesses to work, foster talent, and grow. We will need to create and support the development of work hubs and co-working spaces across the District to provide a supportive environment for new and existing small businesses.

Growth orientated businesses are found across economic sectors and the right business accommodation in the right locations is critical, linked to high quality transport access and digital communications infrastructure.

Primary Action/Project	Rationale	Year One (19/20) Key Milestones
4.1: Support development of new start-up and grow on incubation managed workspaces	The need for new start up and expansion space extends beyond the innovation sector and the lack of appropriate workspace for SME's, particularly in the rural areas, is reported by stakeholders. Working closely with business partners and the development industry, we will seek to encourage the delivery of supported floor space to encourage the continued growth of the micro business sector, which is of key importance to our district economy.	Yr 1: Identify demand and investigate opportunities whilst supporting on-going SCC initiative in Bruton.
4.2: Support investment in new high quality mix of commercial floor space	Given the changing needs of market requirements for a range, quality and choice of floor space, we will work with the development industry to support investment in new commercial floor space, suitable for a mix of uses. This is important for maximising commercial flexibility and meeting existing business needs	Yr 1: Assess in detail the barriers to provision of high quality commercial floor space and identify actions to help secure delivery. Input into the new Local Plan work stream to promote positive employment land policies and allocations.

	and potential growth sectors, such as food and drink, healthcare and social care, and tourism. It will also help to encourage new office floor space, which historically has been limited across our district.	
4.3: Create and promote a key employment sites portfolio	In order to help support the expansion of existing businesses and attract new investment to our District, it is important we identify and promote available employment sites in South Somerset. Focused on key sites, and in conjunction with the development industry, we will develop a sites portfolio to promote our district as a quality destination for business.	Yr 1: Update (Invest) into Somerset to promote SSDC key employment sites and premises.
Secondary Action/Project	Rationale	Year One (19/20) Key Milestones
4.4 Engage more closely with commercial agents and the development industry	The delivery of employment land requires an understanding of market requirements, availability and viability. To inform this, we will engage closely with local commercial agents and developers to facilitate information to identify current and emerging property needs and potential opportunities for economic growth.	Yr 1: Engage to clarify and create key employment sites and premises portfolio.
Success Measures <ul style="list-style-type: none"> • New employment land supply is supportive of the objectives of the Council's Local Plan and Employment Land Evidence Base (Key Outcome 1) • Occupation of Yeovil Innovation Centre as a hub for business growth and example of good practice (Key Outcome 2) • Development of innovative and flexible workspace at locations across the District (Key Outcome 2) 		

- The Council maintaining an updated and regularly reviewed key sites portfolio for promoting the District (**Key Outcome 1**)
- Increased levels of enquiries for commercial floor space (**Key Outcome 1**)
- Regular meeting of Commercial Agents Forum (**Key Outcome 1**)

Priority Theme 5: Supporting Urban Economies

South Somerset is characterised by a mix of larger urban centres such as Yeovil, market towns such as Chard and Wincanton and a large number of smaller towns and villages.

Together these urban centres offer the key locations for our economy (including the evening economy) to be successful, for our entrepreneurial ethos and culture to thrive and to grow. They must be attractive and desirable places to live, work and visit.

Our Strategy recognises the importance of our larger and smaller urban centres and supports the ongoing and expanding programme of rejuvenation and regeneration both to facilitate economic prosperity but also improve the quality of life for our residents and workforce.

Primary Action/Project	Rationale	Year One (19/20) Key Milestones
5.1: Continue to deliver the Yeovil Refresh programme	We will continue to promote, support and encourage the delivery of the objectives of Yeovil Refresh in conjunction with our partners and stakeholders, to rejuvenate and regenerate Yeovil Town Centre, as the primary economic centre in our District. Our focus will be to maximise the potential to secure developer interest and investment in accordance with the programme delivery plan and Refresh aspirations, and to support Local Plan objectives.	Yr 1: Provide business and inward investment support to Yeovil Refresh. Reach an agreement to establish an entrepreneurial work hub in the centre of Yeovil.
5.2: Continue to deliver the Chard Regeneration Programme	Working alongside our partners and stakeholders, we will promote, support and encourage the realisation of the objectives of the Chard Regeneration Programme for the enhancement of the town.	Yr 1: Provide business and inward investment support to Chard Regeneration.

5.3: Prepare the Wincanton Town Centre Rejuvenation Plan and programme	We will support and promote the enhancement and strengthening of Wincanton Town Centre, working alongside our partners and stakeholders to secure a strategy to guide regeneration proposals.	Yr 1: Confirm Wincanton Town Centre Strategy and Action Plan including a vision, potential development options, delivery plan and budget.
5.4 Supporting new businesses to occupy space in our town centres	We will support new business and entrepreneurs by working with partners to deliver business space in our towns for businesses to establish themselves and grow in the early days	Yr 1: Investigate models and incentives to deliver competitive town centre business space.
Secondary Action/Project	Rationale	Year One (19/20) Key Milestones
5.5: Review potential and requirements for other town and village rejuvenation and regeneration programmes	The smaller centres across our District act as important centres for our local communities and businesses. We will work with our partners and local stakeholders to investigate opportunities for rejuvenation and regeneration that promote and encourage business growth and investment, including support for appropriate commercial uses to address the changing role of centres. The pressures and threats facing town and village centres is identified as a concern by many stakeholders, particularly for our smaller centres.	Yr 1: Work with the Market Towns Investment Group (MTIG) to plan and start to deliver a programme to support rejuvenation of market towns.

Success Measures

- Delivery of investment in accordance with the objectives identified in the Yeovil and Chard regeneration programmes, and a framework for regeneration in Wincanton (**Key Outcome 9**)
- Improvement in occupancy levels in the designated centres of the District, including promotion of mixed uses and business space (**Key Outcome 9**)
- Increased levels of market town health check measures (**Key Outcome 9**)

Priority Theme 6: Supporting Rural Economies

Our rural areas are viewed as an asset rather than a barrier to sustaining a thriving, prosperous economy.

Rural areas require particular attention as much of our District is rural in nature or has a rural-centric economic character. Our Strategy needs to support the interaction between our urban centres and their surrounding rural areas, and help 'showcase' and build the link between rural communities and economic sectors, and our towns.

Our rural areas include significant and sensitive natural environments as well as cultural assets that make South Somerset distinct. These assets underpin much of our economy and support our overall quality of life and attractiveness for businesses and residents to locate here and to remain as well as for visitors to the District.

Primary Action/Project	Rationale	Year One (19/20) Key Milestones
6.1 Continue to promote and safeguard traditional rural businesses and services including artisan businesses, food and drink and tourism which support and contribute to the vitality and viability of rural communities	The historical role and function of our rural communities and surrounding hinterlands has changed although traditional businesses and services including artisan industries, food and drink and tourism contribute significantly to the economic health of our rural areas. We will work with our internal and external partners and stakeholders to investigate opportunities to encourage and safeguard traditional enterprises and services, which have value to local communities to help promote and support economic growth that is compatible with rural areas.	Yr 1: Engage businesses as part of the Key Account Management programme backed by research to identify specific actions and interventions necessary to support productivity, growth and innovation by utilising new technology.
6.2: Assess the potential to support and grow a local, sustainable, circular economy	Alongside our partners, we will investigate the potential to develop opportunities available for rural based businesses and small business activity	Yr 1: Undertake research and action planning to identify actions/interventions necessary.

	based on a circular economy, particularly in the tourism, leisure, agricultural, and food and drink sectors.	
Secondary Action/Project	Rationale	Year One (19/20) Key Milestones
6.3: Assess and encourage targeted business and development support for agricultural and land based industries to make best economic use of assets	The diversification of the rural economy, including improvements in communications infrastructure, offers scope to sustain and enhance appropriate rural based industries. We will encourage and promote our rural businesses through targeted assistance and advice to maximise the opportunities for diversification and business growth balanced alongside protection for the countryside.	Yr 1: Engage businesses as part of the Key Account Management programme backed by research to identify specific actions and interventions necessary to support growth, innovation and increased productivity through the use of new technology.
6.4 Investigate opportunities to improve alternative travel to work methods including public transport services in the rural areas	Poor public transport connectivity in the rural areas of the district impacts on social mobility and threatens accessibility to employment and education, particularly for our younger residents. This is a concern for many stakeholders across our District. We will work with partners and service providers to investigate, encourage and promote opportunities for improvements in public transport services.	Yr 1 – Investigate options to support businesses and staff as part of the Key Account Management programme through travel planning initiatives including car share, minibuses and cycle to work schemes.
Success Measures <ul style="list-style-type: none"> • Levels of new business generation in the rural areas will increase (Key Outcomes 3, 4, and 10) • Increased productivity (Key Outcome 8) 		

- Development of a rural business network to promote a circular economy (**Key Outcomes 6 and 10**)
- Increased levels of tourism in the rural areas, by value and visitor night stays (**Key Outcomes 6 and 10**)
- Enhanced transport services/schemes to serve employment locations in the rural areas (**Key Outcome 4**)

4 Key Outcomes

Outcomes

We will measure the success and achievements of our Strategy by securing the following key outcomes which link to our identified Priority Themes and a range of supporting actions to deliver these priorities, as set out in previously in Section 3.

Key Outcome	Priority Theme
Key Outcome 1: supported the delivery of commercial employment land to help meet our Local Plan objectives. We will have enabled a sufficient range of deliverable sites and premises.	Priority Theme 4 Land, Sites and Workspaces
Key Outcome 2: ensured that a network of managed/supported workspaces have been delivered for more of our businesses (start-up or grow-on) in our towns and smaller centres.	Priority Theme 4 Land, Sites and Workspaces
Key Outcome 3: improved the ability of our businesses to work digitally and to compete globally. We will have secured excellent and comprehensive digital connectivity with widespread broadband provision to rural areas in particular.	Priority Theme 2 Transport and Communications Infrastructure Priority Theme 6 Supporting Rural Economies
Key Outcome 4: enhanced strategic and local connectivity by road, rail and public transport through our support for committed schemes. We will have investigated and advocated further improvements with our partners, especially for more rural areas.	Priority Theme 2 Transport and Communications Infrastructure Priority Theme 6 Supporting Rural Economies
Key Outcome 5: created an environment that enables increased economic inclusion, productivity and opportunities for growth. We will have a strong, well equipped workforce with enhanced skill and career routes including apprenticeships, work-based training and higher education qualifications. This will be supported by active, positive partnerships with education providers and businesses.	Priority Theme 3 Economic Inclusion – Skills, Careers and Training Priority Theme 1 Business Support, Retention, Innovation and Inward Investment
Key Outcome 6: introduced a support programme with our partners for our	Priority Theme 3

businesses with a targeted, 'key account' programme to help productivity and diversification.	Economic Inclusion – Skills, Careers and Training Priority Theme 1 Business Support, Retention, Innovation and Inward Investment
Key Outcome 7: established focused inward investment and business support programmes. This will allow us to work effectively with our high growth/priority sectors, promote collaboration and develop the profile of South Somerset as a place to do business and invest.	Priority Theme 1 Business Support, Retention, Innovation and Inward Investment
Key Outcome 8: stimulated productivity and innovation by working collaboratively with our key public and private partners.	Priority Theme 1 Business Support, Retention, Innovation and Inward Investment
Key Outcome 9: reinvigorated our key towns and smaller centres through a programme of regeneration and investment.	Priority Theme 5 Supporting Urban Economies
Key Outcome 10: enhanced our reputation for a high quality natural and built environment, which contributes greatly to our quality of life and continues to support agriculture, food production and tourism.	Priority Theme 6 Supporting Rural Economies

The Key Outcomes are reflected through our Vision and Priority Themes which in turn drive the programme of actions and projects set out in our Strategy.

Appendix A1

Delivering the Actions & Performance Monitoring and Review

Introduction

We outline below how we will deliver the primary projects and actions that are at the centre of our Economic Development Strategy (EDS) together with our approach to performance monitoring and review.

Key to this is leadership and the clear identification of roles, responsibilities and partnering arrangements that are needed to effectively and efficiently deliver our Strategy. These aspects will be critical to success. A summary table, linking Actions to Roles & Responsibilities, provides more detail on how we will deliver.

Leadership and Strategic Direction

Leadership

We will provide committed and consistent corporate leadership as well as playing our supporting, influencing and lobbying roles with our public and private partners.

We will explore how a local sounding-board forum could assist in supporting delivery, advocating our economic vision and help shape future reviews and refinements of the Strategy.

Partnerships and Joint Working

We need to work directly with a range of organisations and stakeholders, including:

- Somerset County Council
- Parish and Town Councils
- The Heart of the South West Local Enterprise Partnership
- Strategic Tourism partnerships (such as Visit Somerset)
- Education and training providers
- Our business community, established networks and representative groups including the Chambers of Commerce and similar bodies
- Developers and commercial agents

- Voluntary (Third) Sector Representatives (Housing Associations and Voluntary Organisations)
- Government Departments and agencies.

This is not an exhaustive list, but these partners and organisations will have a central role to play in helping the EDS to be delivered and to sustain our economic achievements and success.

South Somerset is not alone in looking for new ways of attracting investment and ensuring that its workforce has the right skills, or of making sure that it has the supporting high quality physical and digital infrastructure.

We have outlined below the expected delivery and partnership arrangements to ensure each of the primary projects and interventions are successfully progressed.

There are risks of duplication and wasted resources if these relationships are not carefully managed. It is worth investing time in developing these links, and in pooling resources where it is sensible to do so.

We will use existing structures to deliver priorities, share expertise, and identify joint approaches with our partners and with neighbouring authorities where there are clear benefits to our economy in doing so.

Primary Actions: Roles and Responsibilities

Primary Actions	Roles & Responsibilities
PT1: Business Support, Retention, Innovation and Inward Investment	
1.1: Create and maintain a business 'key account' programme	South Somerset District Council – Leading, Coordinating and Delivering Partners – Business Community, Third Sector, LEP, Somerset County Council, Parish & Town Councils
1.2: Map and evaluate existing key sector support plans, and business support networks and initiatives alongside key partners, including marketing and promotion as a business destination for potential new high growth sectors	South Somerset District Council – Leading, Coordinating, Supporting and Delivering Partners – Business Community, Third Sector, Developers and Commercial Agents, LEP, Somerset County Council, Parish & Town Councils
1.3: Provide a focused Business Support service	Lead Partner – LEP Growth Hub South Somerset District Council – Coordinating, Supporting and Delivering Partners – Business Community, Third Sector, LEP, Somerset County Council, Parish & Town Councils

PT2: Transport and Communications Infrastructure	
2.1: Support delivery of committed road and rail infrastructure projects	<p>Lead Partners – Government Agencies, LEP, Somerset County Council</p> <p>South Somerset District Council – Influencing, Supporting and Brokering</p> <p>Partners – Business Community</p>
2.2: Continue to support and secure delivery of superfast broadband and mobile communications to rural and urban businesses in South Somerset	<p>Lead Partner – Connecting Devon and Somerset</p> <p>South Somerset District Council – Influencing, Supporting and Brokering</p> <p>Partners – Government Agencies, Business Community, Third Sector, Somerset County Council</p>
PT3: Economic Inclusion – Skills, Careers and Training	
3.1: Support to identify emerging skills needs with business networks	<p>Lead Partner – Somerset County Council</p> <p>South Somerset District Council – Supporting and Coordinating</p> <p>Partners – Government Agencies, Business Community, Third Sector, Education Providers, LEP, Somerset County Council</p>
3.2: Continue to promote apprenticeship and other business training opportunities	<p>Lead Partner – Somerset County Council</p> <p>South Somerset District Council – Influencing, and Coordinating</p> <p>Partners – Business Community, Third Sector, LEP, Government Agencies, Education Providers</p>
3.3: Support greater engagement with schools and colleges to increase aspirations and improve career choices for young people addressing social mobility issues	<p>Lead Partner – Somerset County Council</p> <p>South Somerset District Council – Leading, Supporting and Coordinating</p> <p>Partners – Education Providers, Business Community, Third Sector, LEP</p>
3.4: Improve digital skills	<p>Lead Partner – LEP</p> <p>South Somerset District Council – Influencing, Supporting and Brokering</p> <p>Partners – Government Agencies, Business Community, Third Sector, Education Providers, Somerset County Council</p>

PT4: Land, Sites and Workspaces	
4.1: Support development of new start-up and grow on incubation managed workspaces	<p>Lead Partners - Business Community, Developers, Commercial Agents and public sector</p> <p>South Somerset District Council – Supporting and Brokering</p>
4.2: Support investment in new high quality mix of commercial floor space	<p>Lead Partners - Business Community, Developers and Commercial Agents</p> <p>South Somerset District Council – Influencing, Supporting and Coordinating</p>
4.3: Create and promote a key employment sites portfolio	<p>South Somerset District Council – Leading, Influencing, Supporting and Coordinating</p> <p>Partners – Business Community, Developers and Commercial Agents</p>
PT5: Supporting Urban Economies	
5.1: Continue to deliver the Yeovil Refresh programme	<p>South Somerset District Council – Leading, Coordinating, Commissioning and Delivering</p> <p>Partners – Business Community, Developers and Commercial Agents, Parish and Town Councils, Third Sector Representatives, Government Agencies, Somerset County Council</p>
5.2: Continue to deliver the Chard Regeneration Programme	<p>South Somerset District Council – Leading, Coordinating, Commissioning and Delivering</p> <p>Partners – Business Community, Developers and Commercial Agents, Parish and Town Councils, Third Sector Representatives, Government Agencies, Somerset County Council</p>
5.3: Prepare the Wincanton Town Centre Rejuvenation Plan and Programme	<p>South Somerset District Council – Leading, Coordinating, Commissioning and Delivering</p> <p>Partners – Business Community, Developers and Commercial Agents, Parish and Town Councils, Third Sector Representatives, Government Agencies, Somerset County Council</p>
5.4 Supporting new businesses to occupy space in our town centres	<p>South Somerset District Council – Leading, Coordinating, Commissioning and Delivering</p> <p>Partners – Business Community, Developers and Commercial Agents, Parish and Town Councils, Third Sector Representatives</p>

PT6: Supporting Rural Economies	
6.1: Continue to promote and safeguard traditional rural and services including artisan businesses, food and drink and tourism which support and contribute to the vitality and viability of rural communities	<p>South Somerset District Council – Leading and Influencing</p> <p>Partners – Business Community, Third Sector, Developers and Commercial Agents, Parish and Town Councils, Government Agencies, Somerset County Council</p>
6.2: Assess the potential to support and grow a local, circular economy	<p>South Somerset District Council – Leading, Coordinating, Commissioning and Delivering</p> <p>Partners – Business Community, Third Sector, Education Providers, Parish and Town Councils, LEP, Somerset County Council</p>

SSDC Resources

Economic development is a key responsibility and function and we are committed to ensuring that we deliver this successfully and in an affordable way.

Our One Council, Transformation Agenda enables resourcing to be effectively matched to priority needs and adapted over time to ensure the delivery of our Economic Development Strategy. This will allow us to respond swiftly to emerging issues (using our Foresight, Research & Evidence and Intelligence approach to performance and review of our Strategy) over the lifetime of the Strategy.

Finance and Funding

Our EDS is an important mechanism by which we can support public funding bids. It will help us demonstrate the benefits and returns on investment that can be achieved in South Somerset.

Our EDS offers the opportunity to focus funding and investments from the LEP, as well as to co-ordinate project funding requirements alongside Somerset County Council and appropriate partners for economic development projects. This will include supporting bids to relevant sources, such as Innovate UK and the Science & Technology Facilities Council. Innovate UK is of particular relevance, as it focuses on the Materials & Manufacturing, Emerging & Enabling Technologies, Infrastructure Systems and Health & Life Sciences sectors providing a range of innovation and productivity related funding streams.

Social Capital and Value

An important dimension of our approach for the EDS is further development of Social Capital within the South Somerset economy.

Social Capital revolves around social networks, in which transactions are marked by reciprocity, trust and cooperation. It can be a powerful means of helping to improve the performance of various groups and individuals across society.

Our EDS has, as an embedded thread running across the various Priority Themes, the development and reinforcement of Social Capital Value within our local economy. Our emphasis on drawing out the Social Capital within South Somerset will help us to grow entrepreneurial firms, support improved business managerial performance, enhance supply chain relations, and reinforce the value of our communities.

By Place

Our Strategy sets out a framework for economic growth and prosperity within South Somerset over the next ten years. Delivery of the EDS will be differentiated by place in accordance with our Area+ approach. This will ensure that our work focuses on sustaining and rejuvenating our Market Towns, villages and more rural areas, which in turn forms the basis for a high quality of life and an attractive business retention, investment and expansion environment.

South Somerset has a well identified and long-standing approach to a place-based working and service delivery. The existing Local Plan runs to 2028 and this EDS is aligned to that time period. The Local Plan sets key development projects for employment space, retail and more rural development within an overarching spatial strategy and settlement hierarchy.

Our EDS has been created in conjunction and consultation with planning policy and property colleagues within the District and will, in turn, help further guide and shape the place-based approach to our economy.

Performance Monitoring and Review

Monitoring our performance over time and reviewing our achievements and progress towards our Vision and outcomes is critical. This is based on three inter-linked themes:

- Foresight
- Research & Evidence
- Intelligence.

Foresight

Foresight based on proactive analysis is essential in anticipating any changes to our programme and individual projects/actions. It will help to meet future funding bid spending deadlines and provide a means for future funding of economic development initiatives to be identified (with a clear rationale and evidence base to support funding bids).

Foresight is also critical to ongoing re-profiling of project/action priorities; accommodating 'windfall' projects and actions that may arise over time; and setting resources and funding expenditure. This will be based on the outcomes and outputs of particular projects.

Research & Evidence

Effective research and evidence is a key performance management and review tool. It is necessary and important to help us plan for events including possible economic shocks, or the emergence of new projects/actions ('windfalls') that may not previously have been anticipated.

It is essential that our EDS is reviewed against a reference base of current economic, business sentiment, planning and infrastructure delivery evidence.

Research is needed to collate and update information on:

- key economic development and socio-economic indicators relevant to the District (and suitably benchmarked with Somerset County and the wider HotSW LEP area)
- project development costs (financial and non-financial human resource costs)
- trends in commercial and town centre property market changes for Yeovil, the Market Towns, villages and wider rural areas

Research is also essential to support the selection of other partners or organisations in South Somerset who could commit time resources, finance or in-kind support to the Economic Development Strategy projects.

We will seek to take a more active role in collective research and evidence base development including activity on data and lesson sharing. This may include sustaining involvement with Somerset Intelligence (<http://www.somersetintelligence.org.uk>); joint working on econometric modelling and forward projections with Somerset County and the HotSW LEP; and cross theme working to harness specialist skills and intelligence of partners (such as around visitor economy, rural development and business communications technology).

Research and shared evidence will then be utilised to inform our foresight and intelligence activities and feed into future performance reviews of our Economic Development Strategy.

Intelligence

Intelligence will ensure that the records we keep are up-to-date (particularly in relation to 'key account' relationships with our businesses and investors in the District). It will ensure we are well placed to understand and respond to economic shocks that may occur. It will also support work to obtain external economic development funds that are identified.

Active intelligence is also concerned with ensuring that our Elected Members, Area Committees and wider partners (Chambers of Commerce, Town and Parish Councils and other public partners) are kept fully informed of progress and successes and input to future reviews.

Evaluating Performance

Monitoring project and action performance over time will allow us to assess the ongoing deliverability of the EDS vision and outcomes, to identify additions or

changes to the Strategy as well as implement any contingencies (such as accelerating secondary actions or adjusting timescales for delivery) as may be required.

To do this we will monitor, evaluate and report:

- progress of projects and actions to completion against identified milestones and revenue expenditure. This will review whether activity is happening on the ground (where appropriate) and how the Economic Development Strategy outcomes may be changing as a result
- our time and revenue expenditure aggregated by Priority Theme
- externally sourced (public or private) funding contributions to projects and actions as appropriate
- performance of the Strategy as a whole and particularly measure progress towards our stated outcomes and key economic performance indicators on a yearly basis.

Updating and Refreshing the Economic Development Strategy

Ongoing monitoring and performance review of our Economic Development Strategy over its lifetime is critical, but there may be future events (such as changing economic circumstances, emergence of new 'windfall' projects, national policy or financing shifts for example) that will result in our needing to undertake a more detailed update and refresh of the Strategy.

Our performance monitoring and review approach will mean we are well positioned to undertake lighter touch or more in-depth updates to the Strategy when required.

To give greater structure to the update and refresh of the Economic Development Strategy, we will commit to working with our partners to a five-year update and refresh programme for the overall Strategy. This recognises that over each five-year period there will have been much activity and achievement of projects and actions but also offers sufficient time to allow delivery to occur, as well as making the most efficient use of our (and partners) internal resources.

Appendix A2

Context I – Wide Angle

Introduction

This appendix provides a portrait of South Somerset, with an emphasis on the economic dimension. An overview of key relevant influences on the South Somerset economy, including the economic policy context.

The appendix is structured as follows:

- South Somerset Summary Picture
 - Location and Strategic Context
 - Demography & Population
 - Economic Prosperity
 - Housing
 - Transport and Accessibility
 - Health and Well Being
 - Environmental Quality
- Influences on the Economy and Policy Context
 - National Industrial Strategy
 - Industry for Defence and a Prosperous Britain
 - LEP: Strategic Economic Plan
 - LEP: Productivity Plan
 - LEP: South West Rural Productivity Plan
 - Somerset Growth Plan
 - South Somerset Local Plan

South Somerset Summary Picture

The summary picture has been drawn largely from the South Somerset Local Plan Review Issues and Options Consultation October 2017, Chapter 2.

Location and Strategic Context

South Somerset is located in the south-west of England. It is the largest district in Somerset and covers an area of 370 square miles. It is a largely rural district spread across a number of towns, villages and hamlets, and has a number of settlements of similar size – reflecting their historic market town status and the geographical extent of the District. The rural nature of the area is emphasised by the low population density of 1.7 persons per hectare (the England average is 4.1).

Demography & Population

South Somerset has a population of 167,200 people (2017). Since 2001 it has grown at a relatively consistent rate of around one thousand people per year. Yeovil is the largest town in the District, with a population in 2011 of 45,339.

The reason for population growth in South Somerset has been internal migration from within the UK. This has been mostly in the 65-69 age group, highlighting the attractiveness of the District to retirees. As a result, South Somerset's population is ageing, with a sharp growth in those aged over 60.

Recent data shows significant losses in those aged 30 to 44. It is likely that this trend will continue over the long term, and so the District may face challenges in providing a sufficiently large and competitive labour force in the future.

Economic Prosperity

The South Somerset economy does not operate in isolation, and is influenced by global, national, and regional factors. The way in which the economy and commercial markets operate in a given location can be captured by a Functional Economic Market Area (FEMA). In the case of South Somerset the Local Authority District boundary broadly corresponds to the FEMA. This includes the A303 corridor, which is a strategic transport route connecting Somerset with the wider South West.

The A303 corridor provides a strong 'east-west' axis thorough the District, facilitating business connectivity as well as easy access to markets, labour, goods and materials. Planned infrastructure improvements to the A303 and the A358, by Highways England, present an opportunity to strengthen key elements of the connectivity infrastructure and inward investment underpinning the economy of South Somerset.

Overall, there is a high degree of self-containment in the South Somerset FEMA. Approximately 80% of people living in South Somerset work here, and 81% of all jobs in the District are filled by residents.

Although the population of South Somerset has been growing, the traditional working age population (those aged 16-64) has been falling since 2008. This may create challenges for the District in the future in terms of the potential pool of local labour that can be drawn upon. However, the economic activity rate and employment rate are both higher in South Somerset than the national average, and unemployment is lower than the regional and national benchmarks. Both of these factors suggests a high number of people of working age are working.

Further detail on the economy of South Somerset is provided in Appendix A3.

Yeovil is the largest town centre in South Somerset in terms of physical size and trading ability. It is, however, supported by a number of small market towns, district and local centres that serve a more local catchment area.

Whilst Yeovil remains the most important centre within the District, the town centre has suffered mixed fortunes over recent years. Recessionary impacts associated with the global financial crisis and structural changes at a national level to retailing and leisure have been felt acutely in the town centre. This has led to vacancy rates rising to 16.9% compared to the national average of 11.2%. The town centre also faces competition from out-of-town retail parks including the Peel Centre in West Dorset. The ongoing rejuvenation and regeneration plans for Yeovil, (the Yeovil

Refresh) and other centres, such as Chard and Wincanton, are aimed at addressing these economic and retail challenges.

Housing

Affordability remains an issue across the District, with an average home in South Somerset costing around 7.5 times the average income. This makes it difficult for those people who are not yet in the housing market to buy a home. However, prices in South Somerset are on a par with the County as a whole.

In addition, given the ageing population within the District – the population aged 65+ in South Somerset is set to increase by 57.5% between 2014 and 2039 – there will be a need to consider housing options to meet the needs of older people as well as ensuring a choice and mix of available housing for economically active households as the basis for retaining key workforce skills and attracting new workers to come and live in South Somerset.

Further detail on housing within South Somerset is provided in Appendix A3.

Transport and Accessibility

South Somerset is well linked to other areas by three major railway lines with regular daily services to London, Exeter, Bristol and Weymouth. The A303 Trunk Road and the A30 run east to west through the District and link it with London and the south west peninsula. Highways England has recently consulted on proposals to upgrade the A303 between Sparkford and Ilchester to dual carriageway and also plan improvements to the A358 Taunton to Southfields (Ilminster).

Bus service coverage is poor, reflecting the rural nature of the District, and services are often infrequent except in the largest settlements.

Congestion is an issue of local concern in Yeovil, Crewkerne and Chard. There is a heavy reliance on the car for journeys to work and services. This presents a challenge for the District to move to more carbon friendly modes of travel, as well as in terms of improving the efficiency and growth potential of the local economy.

Health and Wellbeing

The residents of South Somerset are generally in good health, with only 1% of people ranking themselves as having very bad health (as at 2011). However, health issues at the national level, such as increasing levels of obesity, declining physical activity levels and an ageing population, are also likely to present challenges for South Somerset, with associated consequences for the local economy.

The life expectancy at time of birth for South Somerset residents in 2014 was 80.9 years for males and 84.40 years for females. This compares well to the South West life expectancy of 80.2 years for males and 83.2 years for females. The national average is a life expectancy of 79.5 years for males and 83.2 for females.

Despite the overall positive picture for South Somerset, a number of Local Super Output areas in Yeovil and Chard are within the most deprived 20% in England. Conversely both towns have areas within the least deprived 20% in England. In addition, some residents in rural areas suffer inequalities. This includes high house prices making it difficult to enter the housing market, even from a rental perspective, whilst poor public transport can make access to employment and services such as a GP surgery, supermarket or convenience store / post office, and primary school

difficult. This inequality can be compounded by poor mobile and broadband services, making online alternatives inaccessible.

Environmental Quality

South Somerset has a mainly undulating, agricultural landscape with some very fertile belts that have traditionally been farmed for top quality products such as apples and dairy produce.

Topography and agricultural practices have helped secure special status for outstanding landscapes such as the Blackdown Hills Area of Outstanding Natural Beauty (AONB) to the south west, a small part of the Cranborne Chase and West Wilts AONB to the north east, and the Dorset AONB which runs along the southern boundary of the District.

South Somerset is known for areas of high nature conservation value. The European designation of Special Protection Area and RAMSAR site applies to parts of the Somerset Levels and Moors in the north of the District. There are two other National Nature Reserves at Hardington Moor and Barrington Hill, near Ilminster.

South Somerset also has a rich and diverse historic environment. The villages and historic parts of the larger settlements are built with distinctive local stone such as Ham Stone and Blue Lias. The area has a high concentration of Listed Buildings and Conservation Areas as well as Listed Parks and Gardens and estates owned by the National Trust. There are 97 Grade I Listed buildings in South Somerset from a total of 5000 listed buildings and structures. There are also 89 Conservation Areas.

There is a strong link between the environmental quality and productivity of the area and the success of the local economy, through commerce, recreation, tourism and the natural and built environment where people actively choose to live and work. The quality of South Somerset's environment is therefore considered to be a primary driver in future economic success.

Influences on the Economy and Policy Context

Local economies do not operate in isolation, and are influenced by and interact with wider regional, national and international economies. As such, it needs to be recognised that there are limits to the ability of a local authority to determine economic change. Nevertheless, an awareness and understanding of wider economic trends and influences is important in order to help shape the local economy and allow it to build upon such developments and understand its own advantages and distinctiveness.

In that context four broad 'strategic' influences of relevance to the South Somerset economy can be noted. These are:

- **Globalisation and technological change** – the continued globalisation of economic markets, and the increasing role that technology is playing in this;
- **Global recession and introduction of 'austerity measures'** – the longer-term structural impacts of the 2007-8 global recession, and the impacts on the economy and public sector and services of Government austerity measures;
- **Brexit** - the impending exit of the UK from the European Union; and

- **Ageing population** and increased service-sector focus of the UK economy.

These overarching influences will play a key role in how the South Somerset economy will develop. However, a comprehensive and ‘cast-iron’ response to these strategic influences is unrealistic and impractical, as it risks producing an inflexible and unachievable set of actions. Instead, more value can be gained by building from the relevant national, sub-regional and local policy plans.

The following are key reference points in that respect:

- the Government’s National Industrial Strategy – Green Paper (January 2017) and White Paper (November 2017)
- the Local Enterprise Partnerships Strategic Economic Plan, Productivity Plan and South West Rural Productivity Plan
- the Somerset Growth Plan
- the South Somerset Local Plan and Local Plan Review

To help South Somerset to establish and maintain its place in a competitive economy, the South Somerset Economic Development Strategy needs to align with these policy perspectives. This is to ensure that the EDS:

- aligns with relevant economic policies at three levels of Governance: Regional (but reflecting national guidelines), County and Local
- underpins decision making for economic interventions
- meets relevant and prioritised local need
- affords the best opportunities for effective partnership working
- offers the best opportunity of securing external funding to support the aims and objectives of the EDS

A summary review of each of the relevant policy plans is provided below.

National Industrial Strategy – Green Paper (January 2017)

A Green Paper was published by the Government on the UK Industrial Strategy in *Building our Industrial Strategy* (January 2017). The objective of the strategy is “to improve living standards and economic growth by increasing productivity and driving growth across the whole country”. Productivity is a major feature of the Green Paper, which considers both the UK’s productivity gap with other leading industrialised countries and the productivity gaps between the UK’s regions.

The Green Paper set out technologies where Britain has strengths in research and development which could be supported through the government’s Industrial Strategy Challenge Fund. This included: smart energy technologies, robotics and artificial intelligence, and 5G mobile network technology, and builds upon existing approaches in sectors like automotive and aerospace.

The Green Paper also outlined ten ‘strategic pillars’ that formed part of the Industrial Strategy. The *Somerset Growth Plan 2017-30* (June 2017) mapped these pillars and their underlying objectives to the Somerset context, and noted that there was a close relationship with objectives of the Somerset Growth Plan. Table A1.1 summarises the relationship.

Table A1.1: UK Industrial Strategy ‘Ten Pillars’ and Somerset Growth Plan Objectives

UK Industrial Strategy Green Paper	Opportunities for Growth in Somerset (adjusted to South Somerset)
Investing in science, research and education	<p>Development of a university as part of the education infrastructure in Somerset.</p> <p>Developing innovation centres with links to universities and research institutes.</p> <p>Attraction of new (inward) investment, businesses and functions into Somerset.</p> <p>Enhance existing institutions, e.g. Yeovil District Hospital.</p> <p>Investment into Research and Development</p>
Developing skills	<p>Development of a university as part of the education infrastructure in Somerset.</p> <p>Delivering technical education and apprenticeships.</p> <p>Developing a brokerage function for technical education, for the benefit of trainees, employers and providers.</p> <p>Increase the skills base of the existing workforce.</p>
Upgrading infrastructure	<p>Improved road and rail linkages into and within Somerset.</p> <p>Improved broadband coverage and more intensive use of broadband and digital technology.</p> <p>Improved mobile phone coverage.</p> <p>Delivering suitable sites and premises to enable businesses to start-up and grow.</p> <p>Improved flood resilience.</p>

	Delivery of new housing (especially affordable housing).
Supporting businesses to start and grow	Start up and growth support for businesses.
Improving procurement	Not appropriate in the Somerset Growth Plan.
Encouraging trade and inward investment	Business support for exporting and for inward investment. Ensure a supply of appropriate sites and premises to accommodate inward investment of varying scales.
Delivering affordable energy and clean growth	Support the continued development of Low Carbon Energy which is a competitive sector that will support future growth in Somerset.
Cultivating world leading sectors	Support for growth in globally competitive sectors such as Low Carbon Energy (including Nuclear) and Aerospace. Support for sectors with high growth potential such as Agri-Food.
Driving growth across the whole country	Driving growth across the whole of Somerset including the rural and the urban areas, through support for a range of sectors and a series of business support initiatives.
Creating the right institutions to bring together sectors and places	Support for globally competitive sectors, including innovation centres with intensive business support.

Source: Somerset Growth Plan 2017-30. Technical Document. Pg 6

South Somerset District Council responded to the Green Paper in April 2017¹, which was a joint response by South Somerset District Council, Somerset County Council and Dorset County Council. This presented the case for building upon the existing economic strengths of the area in terms of productivity and future potential from the aerospace industry. It also focused on the need to enhance infrastructure, both physical and digital.

In terms of the aerospace industry it was noted in the South Somerset District Council response that South Somerset has 21 times the concentration of

¹ South Somerset District Council (April 2017). Consultation Response to the UK Government's 'Building our Industrial Strategy: Green Paper' – South Somerset District Council.

employment in Aerospace than the national average. Productivity in this sector is also 30% above the national average and underpins the higher than average productivity of South Somerset in this sector compared with the region. In addition, the future opportunities for growth in this highly productive sector are noted as significant, with the UK's aerospace manufacturing sector having a global market opportunity of £3.5 trillion over the next twenty years².

The South Somerset District Council consultation response also relates how the aerospace sector links to the UK Industrial Strategy Pillar on the importance of investing in science, research and innovation. The Green Paper states that “*higher levels of investment in innovation correlate with faster growth and higher income levels*” (p. 25). In that respect the value of high-value design, new technologies and crucially, people with the requisite specialist skills, are recognised as critical to the future of the Aerospace sector in Somerset.

It is also recognised that many in the workforce are approaching retirement age. In order to capitalise on the enormous potential growth opportunities in aerospace and associated activities, it is vital that the next generation of workers are equipped with the skills they need.

National Industrial Strategy – White Paper (November 2017)

The *Industrial Strategy: Building a Britain: Fit for the Future* (November 2017) was the published White Paper building from the ideas detailed in the Green Paper, with a focus on five ‘foundations of productivity’. These five foundations of productivity and some of the relevant initiatives associated with them are as follows:

- Ideas
 - Raise total research and development (R&D) investment to 2.4 per cent of GDP by 2027;
 - Increase the rate of R&D tax credit to 12 per cent; and
 - Invest £725m in new Industrial Strategy Challenge Fund programmes to capture the value of innovation.
- People
 - Establish a technical education system that rivals the best in the world;
 - Invest an additional £406m in maths, digital and technical education, helping to address the shortage of STEM skills; and
 - Create a new National Retraining Scheme that supports people to re-skill, beginning with a £64m investment for digital and construction training.
- Infrastructure
 - Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing and digital infrastructure;
 - Investment in electric vehicle technology; and

² Sustainable Aviation (January 2016) UK Aviation Industry Socio-Economic Report

- Boost digital infrastructure with £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full-fibre networks.
- Business environment
 - Launch and roll-out Sector Deals – partnerships between government and industry aiming to increase sector productivity;
 - Drive £20bn of investment in innovative and high potential businesses, including establishing a new £2.5bn Investment Fund, incubated in the British Business Bank; and
 - Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium-sized businesses.
- Places
 - Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities;
 - Create a new Transforming Cities fund that will provide £1.7bn for intra-city transport; and
 - Provide £42m to pilot a Teacher Development Premium. This will test the impact of a £1,000 budget for high-quality professional development for teachers working in areas that have fallen behind.

The Industrial Strategy White Paper identifies a set of ‘Grand Challenges’ that will put the United Kingdom at the forefront of the industries of the future. This relates to:

- **AI & Data Economy.** Putting the UK at the forefront of the artificial intelligence and data revolution
- **Clean Growth.** Maximising the advantages for UK industry from the global shift to clean growth
- **Future of Mobility.** Becoming a world leader in the way people, goods and services move
- **Ageing Society.** Harnessing the power of innovation to help meet the needs of an ageing society

These Grand Challenges are identified as the first four to be focussed on, with the implication that others will emerge. A set of Policy Papers³ were published in May 2018 providing more detail on the focus of these first four Grand Challenges.

The Industrial Strategy White Paper provides a national backcloth against which the South Somerset EDS needs to be set. The Grand Challenges, as currently specified, are more focussed on leading-edge applications which may only have limited short-term relevance to South Somerset, although the longer-term opportunities may be greater. The overall thrust of the Industrial Strategy is focused on improving

³ UK Government (May 2018). Policy Paper: The Grand Challenges
<https://www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges#artificial-intelligence-and-data>

productivity, which is captured in relevant LEP Plans and in the Somerset Growth Plan. This is a clear direction of travel in terms of economic improvement.

Industry for Defence and a Prosperous Britain: Refreshing Defence Industrial Policy

The Industry for Defence and a Prosperous Britain: Refreshing Defence Industrial Policy was published by the Ministry of Defence in December 2017.

The commitment to refresh the national defence industrial policy was one of the steps to help meet the requirements of the 2015 Strategic Defence and Security Review which introduced a new National Security objective to promote prosperity.

Since 2015, the Government has worked with business of all sizes, both directly and through the Defence Growth Partnership and the Defence Suppliers Forum, to understand how to best support growth and competitiveness in the sector, as well as ensure wider national security objectives are met.

The document identifies three strands to the approach taken:

1. Improving the way defence delivers wider economic and international value, and national security objectives;
2. Helping UK industry in its plans to be internationally competitive, innovative and secure; and
3. Making it easier to do business with defence, particularly for innovators, small and medium-sized enterprises and non-traditional defence suppliers.

Relevant actions and interventions in the document include:

- Reinforcing Government commitment to competition and strategic choice in defence procurement including to support opportunities for SME's and industrial competitiveness;
- Becoming more flexible to a range of different models for working with businesses. This will be informed by an analysis of wider market opportunities and the need to promote competition and strategic choice;
- Maintaining strong support for defence exports and encouraging defence inward investment;
- Support the cross-Government Industrial Strategy to maximise coherence and impact from civil and defence investment and particularly targeting productivity key skills, innovation and investment in science and technology;
- Operating a new supplier portal to signpost new procurement opportunities and processes;
- Engaging potential suppliers;
- Investing in new innovation models through the Defence Innovation Initiative;
- Asking for Supply Chain Plans for competitive contracts with a value of >£100 million; and
- Strengthening local activity clusters to develop local expertise and forging/reinforcing ties with universities, catapult centres and local companies.

The Local Economic Partnerships

The Local Enterprise Partnerships (LEPs) are now well established, with South Somerset sitting within the geography of the Heart of the South West (HotSW) LEP.

The HotSW LEP has produced three Plans of particular relevance to the South Somerset Economic Development Strategy. These are:

- Strategic Economic Plan 2014-2030 (March 2014)
- Productivity Plan 2018-2036 (September 2017)
- South West Rural Productivity Plan (October 2017)

The *Strategic Economic Plan 2014-2030* (March 2014) forms the funding basis for delivery streams in the LEP over the coming years. The Plan focuses on three inter-linked aims:

- **Creating the conditions for growth** - Improving infrastructure and services to underpin growth (transport infrastructure, broadband and mobile connectivity, skills infrastructure)
- **Maximising Productivity and Employment** - Stimulating jobs and growth across the whole economy (including tourism, agriculture and food and drink)
- **Capitalising on our Distinctive Assets** - Utilising our distinctive assets to create opportunities for business growth and better jobs (transformational opportunities, strengthening research, development and innovation, environmental assets)

These aims have been carried through into the Draft Productivity Plan 2018-2036 (September 2017), which aims to deliver productivity improvements across the LEP area. The ambition of the Plan is to improve business productivity and to increase the opportunities for people to contribute to and benefit from economic growth.

It demonstrates to stakeholders, both in the HotSW area and nationally, that it seeks the best for the economies in the LEP area and focuses on objectives that can make a real difference. All members of the HotSW partnership are required to contribute to the delivery of the Productivity Plan its vision, objectives and activities.

The Plan requires sustained investment and focus, working with local partners, government and local businesses. The partnership is united in its desire to close the productivity gap, to secure the resources needed to do this, and improve living standards for everyone in this area.

The Productivity Plan provides a clear framework within which to do this. It places business at the heart of creating prosperity and develops three themes for delivering the vision: Driving Leadership and Knowledge, Connectivity and Infrastructure, and Working and Learning. These are all targeted at enabling businesses to grow, with all key activities aimed at improving productivity.

The three themes are outlined below, with the associated strategic objectives associated with each theme. These provide the basis for the interventions required to deliver the Plan.

Theme: Driving Leadership and Knowledge

Strategic Objectives:

- Management Excellence
- New Markets, New Opportunities
- Remove barriers to expansion
- Attract talent and Investment

Theme: Connectivity and Infrastructure

Strategic Objectives:

- Clean energy infrastructure
- Connectivity and resilience
- Land for business and housing needs
- Natural capital to support productivity

Theme: Working and Learning.

Strategic Objectives:

- Skills for a knowledge-led economy
- Pathways to success
- Access to work and opportunities
- Skills for our 'golden opportunities'

The LEP will take overall responsibility for delivering the Plan but will be working with relevant partners and stakeholders. Once the Productivity Plan is agreed a Delivery Plan will be published setting out in more detail what is to be done up to 2036.

Alongside the above two Plans sits the *South West Rural Productivity Plan* (October 2017). This was based on the findings of the *South West Rural Productivity Commission* established by the four LEPs in the South West, with the aim of exploring and understanding the economy in rural areas in the South West. The findings of the Plan were summarised into ten key themes:

- **Theme 1:** Rural Identity and Sectors
- **Theme 2:** Small and Scale-up Businesses
- **Theme 3:** Workforce and Skills
- **Theme 4:** Brexit
- **Theme 5:** Transport and Accessibility
- **Theme 6:** Broadband and Mobile Connectivity
- **Theme 7:** Housing, Planning, Communities and Workspace
- **Theme 8:** Natural and Cultural Heritage
- **Theme 9:** Geography, Hubs and Spheres of Influence
- **Theme 10:** Science, Technology, Energy and Innovation

In drawing out conclusions and recommendation, the commission noted that there was:

“.. huge potential for economic growth in our rural areas if key opportunities for this growth are seized and challenges addressed ... but also significant challenges that must be overcome for this future to be realised”. (Page 4).

This was distilled into the following conclusions and recommendations, which have particular relevance in the South Somerset District context:

- Digital connectivity presents a ‘game changing’ opportunity which has the potential to re-structure economies in rural areas as well as improve productivity across all rural businesses. This was the single most important issue raised with the commission. The commission therefore called on the Government and LEPs to provide high speed digital connectivity to 100% of all end users in rural businesses and premises. Closing the productivity gap between rural and urban areas would secure a 5% increase in output
- Growth of technologies, big data and technical applications are changing the way the world works globally. These technologies have the potential to create smart solutions to many of the challenges faced by rural businesses and communities
- The Rural South West’s hardworking and entrepreneurial culture coupled with its stunning natural environment provides a platform for the area to become a hothouse of enterprise
- The agri-food economy was highlighted as an existing strength that spans the agri-food-tourism sector and has strong local economic multipliers. As such, the opportunities to build on the high quality produce, innovative producers and distinctive local brands to create a globally recognised proposition, is significant and a real opportunity for growth
- There is a need to raise the profile and visibility of the South West as a destination known for its business success, quality of life and entrepreneurial culture.

Somerset Growth Plan 2017-2030

This Growth Plan has been developed in partnership between the Somerset Local Authorities and key stakeholders. The purpose of the Growth Plan is to promote growth between now and 2030. The Plan sets out its objectives for Somerset under the three broad headings of:

- Businesses and productivity
- Labour force and skills
- Infrastructure.

Inclusive growth cuts across all of these objectives. The overall vision for Somerset is that:

“By 2030 Somerset aims to be a very productive and innovative business community and economy. The labour force will have the skills that businesses need, and the infrastructure will be in place, to achieve higher productivity and innovation. Economic prosperity will be inclusive, to the benefit of all groups within the community”. (Page ii)

The primary focus of the Growth Plan is on increasing the productivity of the economy, primarily because the labour force is constrained (so there is limited scope for further job creation), and productivity is low. This aligns with the National Industrial Strategy, the South West Rural Productivity Plan and also at the HotSW Productivity Plan. Somerset's Growth Plan is therefore intended to inform, and be informed, by these documents.

The Growth Plan also identifies a number of distinctive opportunities in the Somerset economy, most of which are relevant to South Somerset. These include:

- Growth in the Low Carbon Energy, Aerospace and Agri-Food sectors all have the potential to be globally competitive;
- Bolster those sectors where we are already globally competitive, particularly in relation to the Aerospace sector;
- Improved productivity in the Tourism and Health & Care sectors, which are established strengths in Somerset, providing significant employment opportunities;
- Promoting growth through productivity gains across the whole economy;
- The development of a university in Somerset, to complement existing training and education provision;
- Greater provision and use of broadband and digital technology, to help overcome the challenges of accessibility in the rural economy;
- Celebrating and embracing the rural nature of Somerset, including the high quality natural environment and quality of life; and
- Inspiring vibrant, thriving towns and urban areas.

The Growth Plan outlines 18 objectives across the three broad headings. These are listed below as there is a strong resonance between these objectives and the needs of South Somerset, with points highlighted for emphasis.

A productive and innovative business community and economy:

1. Somerset will be a **national exemplar, largely rural, small business economy**, with a strong rate of business start-ups and strong growth. Businesses will be well led and managed
2. **Productivity will outperform other similar areas** in the UK, and workers will be well paid because of the value that they add
3. Businesses (especially small businesses) will engage in **collaboration and networking**
4. Businesses will have **strong digital skills** and digital will be core to their activities
5. More of Somerset's **businesses will invest in R&D and innovation** to drive their growth
6. Our **world class and indigenous businesses will grow their markets** through international trade, and the business community will be boosted by valuable inward investment

A labour force with the skills that businesses need:

7. The workforce will have **high levels of appropriate skills**, to meet the needs of its business community and enable it to achieve its growth potential
8. Somerset will have a **strong future workforce**. Education and business engagement will be effective, and there will be an apprenticeship culture with apprenticeships in large and small businesses
9. **Strong delivery of FE and HE to meet businesses' needs** and enable them to grow, including investments in FE capital infrastructure and a dedicated university which is based in Somerset
10. The **economic activity rate will continue to be above the national average**. All of the residents that want to work will be able to do so
11. **Social mobility and inclusive growth** are taking place

Infrastructure to support productivity and innovation:

12. **Strategic connectivity into Somerset**, including road, rail and public/community transport, will be improved
13. There will be **excellent digital connectivity** across the county to every business location and home, with ultrafast broadband available in key business locations. All businesses will have been offered support to understand the potential and make the best use of digital technologies
14. Somerset will have a **good market supply of employment sites and premises**, including a network of enterprise centres. The Local Plans will ensure a sufficient supply of viable and deliverable sites allocated for development
15. There will be **sufficient housing of all tenures** to meet the needs of the population, in both rural and urban areas
16. Somerset's **communities will be vibrant and sustainable**, providing a range of retail, leisure, cultural and public services throughout the day and evening
17. **Increased flood resilience** will improve the resilience of Somerset's transport infrastructure, and will enable previously marginal sites to be fully developed for housing and employment
18. Somerset will still be **renowned for the high quality of its environment**, and the quality of life that can be achieved

South Somerset Local Plan 2006 - 2028 (March 2015)

The *South Somerset Local Plan (2006 - 2028)* (March 2015) sets out the long term planning framework for the District up to 2028. It represents the starting point for decisions on where development will be located in the District and will be used to reach conclusions on planning applications across South Somerset. The Local Plan sets out the Council's objectives for providing enough *homes*, jobs and services, in an environmentally friendly and sustainable way to make the District prosperous both now and in the future.

The Council adopted the South Somerset Local Plan on the 5th March 2015 and further economic analysis was undertaken in 2017 to refresh the document. The

economic research and analysis that underpins the South Somerset Local Plan review has identified the following issues for consideration and potential action.

Policy considerations include the need for the Council to:

- Continue to plan for employment land on a district wide basis (South Somerset is one functional economic market) ensuring an appropriate supply of employment land but consider how best to capitalise on opportunities around A303 improvements
- Seek to provide employment land allocations across a mix of land ownerships, where possible, to provide additional competition in the land market. Currently landownership is viewed as constraining development
- Take policy approaches which are sufficiently clear to reduce expectation of residential value returns on employment sites
- Consider, as part of a wider economic development strategy, the future economic role and function of Yeovil and the wider district.
(Agents/landowners want greater clarity over the role and function of Yeovil town centre and the overall identity of South Somerset. Whilst not an employment land issue, this has wider implications for the economic role of the area)
- Set a clear economic direction for the area which can be used as a tool to build investor and occupier confidence in the market and direct stakeholder efforts
- Consider ways to tackle site viability challenges, including:
 - Seeking to retain and upgrade existing employment sites.
 - Consider how to deliver infrastructure to open up strategic sites to bring forward employment land.
 - Consider how best to utilise sites where SSSC and other public sector partners have influence.
 - Seek to lobby for, coordinate and direct public sector financial resources in ways which can support the development of employment sites and premises.

The Local Plan Review and South Somerset Economic Development Strategy need to address these issues. It is clear that a strong economic vision, with a role for Yeovil (and its Town Centre) from which all aspects of the Council's work stem will be significant starting point to build commercial confidence.

Appendix A3

Context II – South Somerset Performance, Challenges and Issues

Introduction

An overview of the economic performance of South Somerset, and the challenges and issues that it faces, is provided in this section. The focus has been upon factors and measures of relevance to developing and delivering an appropriate and balanced Economic Development Strategy (EDS) for South Somerset. The picture revealed from the economic evidence has helped frame the focus of the EDS. It also provides one means by which the success of the EDS can be assessed over time.

Performance and Successes

The performance and success of South Somerset on a number of key economic-related factors is summarised below. The key findings are highlighted in bold, and have been used to help shape the South Somerset EDS. The factors covered are:

- Population
- Employment
- Employment structure
- Business demography
- Productivity and pay
- Skills and training
- Housing profile
- Health and prosperity measures.

Population

South Somerset has seen population growth in-line with Somerset as a whole but is expected to see slower growth up to 2039.

- South Somerset has seen population increase by just under 16% between 1991 and 2015. This is **slightly below the population growth** rate for Somerset as a whole over this period, which was 17.1%. (*Source: Population Estimates and Projections, Somerset Intelligence*)

- South Somerset is projected to see a 12% increase in total population between 2014 and 2039, which is the **second lowest future growth rate in Somerset**. Somerset as a whole is expected to see a 15.2% increase in population over this period. South Somerset is **still expected to be the most populous district** in Somerset. (*Source: Population Estimates and Projections, Somerset Intelligence*)

Employment

There has been limited growth in employment in South Somerset in recent years, but relatively high levels of economic participation and low unemployment. Low self-employed levels contrast with relatively high part-time work.

- As at 2016 there were 232,000 jobs in Somerset. This represented 32% of the total jobs in the Heart of South West LEP (HotSW LEP). **South Somerset had the largest number of jobs in Somerset** at 69,000 jobs – approximately 30% of the Somerset total. South Somerset therefore represents approximately 10% of the HotSW LEP job market. (*Source: Employment and Economic Activity – November 2017, Somerset Intelligence*)
- The job density ratio for South Somerset was 0.88 for 2016. This is **in-line with Somerset and the South West job ratio**, but higher than the national (GB) average. This pattern has been in place for most of the last decade. (*Source: South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC; Nomis Local Authority Profile (April 2018). ONS Job Density*)
- Three measures of employment change in South Somerset (ONS Job Density, ONS Annual Population Survey and BRES) all show a **broadly consistent pattern of minor fluctuations in employment numbers since 2010**. (*Source: South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC*)
- The (broadly static) employment change position for South Somerset is similar to that for Somerset as a whole. However, the national (GB) picture shows an overall increase in employment between 2010 and 2015. (*Source: South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC*)
- The **proportion of working age population (16-64, 2016) in South Somerset is broadly in-line with the Somerset level**, which is marginally below the South West level (58.1% compared to 58.7% and 60.9% respectively, 2016). (*Source: Nomis Local Authority Profile (April 2018). ONS Job Density*)
- However, the South West (and South Somerset) proportion of working age population is **below the national (England) level** (60.9% compared to

63.1%). (Source: *Nomis Local Authority Profile (April 2018)*. ONS Job Density)

- The 2011 Census indicated that **South Somerset had a slightly higher overall economic activity rate** than Somerset and England (72%, 70.1%, 69.7% respectively). (Source: *2011 Census and South Somerset Settlement Profiles, October 2017*)
- The ONS Annual Population Survey however indicates a broadly similar level of economic activity between South Somerset, Somerset and the South West for 2010/11 (78.4%, 78.8%, 78.5% respectively). This is higher than the national (GB) economic activity rate, which was 76%. (Source: *Nomis Local Authority Profile (April 2018)*. ONS Annual Population Survey. People 16+)
- The South Somerset economic activity levels for 2016/17 are effectively unchanged from 2010/11 (78.5%). Somerset saw a marginal reduction in economic activity levels over this period, whilst the South West saw an increase (77.8% and 81% respectively). The national (GB) economic activity rate increased to 78.1%. (Source: *Nomis Local Authority Profile (April 2018)*. ONS Annual Population Survey. People 16+)
- Somerset has higher levels of self-employment than the UK (17.5% compared to 14.7%). The proportion of people in the County who are self-employed has increased by 20% since 2009. However, **South Somerset has the lowest level of self-employment** in Somerset, at 13.4% compared to 17.5% for Somerset, which is also below the national level (March, 2015). (Source: *State of the Somerset Economy 2016, Chapter 5: Employment*)
- In contrast, **South Somerset has the highest level of part-time working** in Somerset (33% compared to 27.9% for Somerset, March 2015). Part time working in South Somerset is also higher than national (25.5%) and LEP rates (30.2%). (Source: *State of the Somerset Economy 2016, Chapter 5: Employment*)
- **Unemployment in Somerset and South Somerset has consistently been below the national average** over the recent past, and the unemployment rate for South Somerset is below that of Somerset as a whole (5.2% South Somerset, 5.7% Somerset, 6% South West). (Source: *Employment and Economic Activity – November 2017, Somerset Intelligence; Nomis Local Authority Profile (April 2018)*. ONS Annual Population Survey. People 16+)

Employment Structure

South Somerset has above average employment levels in manufacturing, elements of the retail and wholesale sector, and caring professions (health, social work, education). There is under-representation in more 'office-based' activities. The share of employment in the public sector in South Somerset appears to have grown and is now above the county average.

- South Somerset has **above average employment in the total manufacturing sector** compared to the Somerset, South West and national

(GB) average. (21.2%, 13.5%, 9.3% and 8.1% respectively as at 2016 – Sector C). (Source: *Nomis Local Authority Profile, April 2018. ONS Business Register and Employment Survey*)

- Employment in the **retail sector in South Somerset is slightly above** that of Somerset and the South West, and more noticeably so compared to national (GB) levels. (18.2%, 17.9%, 16.7% and 15.3% respectively as at 2016 – Sector G). There is also a **concentration in the food manufacture sector** compared to national (UK) levels. (Source: *Nomis Local Authority Profile, April 2018. ONS Business Register and Employment Survey; South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC*)
- Employment in the **accommodation and food services sector in South Somerset is below** that of Somerset, the South West, and national (GB) levels. (6.8%, 8.5%, 9% and 7.5% respectively as at 2016 – Sector I). (Source: *Nomis Local Authority Profile, April 2018. ONS Business Register and Employment Survey*)
- Employment in the **finance, property and professional services sectors in South Somerset is below** that of Somerset, the South West and national (GB) levels. (6.1%, 8.4%, 11.8% and 13.8% respectively as at 2016 – Sectors K, L, M). (Source: *Nomis Local Authority Profile, April 2018. ONS Business Register and Employment Survey*)
- The Top 5 sectors by **% jobs in South Somerset** are: Wholesale and Retail Trade (17.4%), Human Health and Social Work (15.3%), Education (8%), Advanced Manufacturing (6.7%), and Aerospace (6.5%). (Source: *State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015*)
- The Top 5 sectors by **% GVA in South Somerset** are: Wholesale and Retail Trade (11.3%), Real Estate (10.4%), Aerospace (10%), Human Health and Social Work (8.3%), and Public Admin & Defence, and Social Security (7.2%). (Source: *State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015*)
- The Top 5 sectors by **productivity (GVA per FTE) in South Somerset** are: Real Estate (£297,517), Mining and Quarrying (£131,630), Electricity, Gas, Steam and Air Conditioning Supply (£89,136), Financial and Insurance (£77,015) and Aerospace (63,814). (Source: *State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015*)
- **South Somerset has the highest proportion of employment in production/manufacturing industries** of all the districts (26.8%), largely due to a strong concentration of aerospace and advanced manufacturing. (Source: *State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015*)

- The **Wholesale and Retail sector is also the most significant sector in GVA terms** in Mendip, Sedgemoor and South Somerset, and also provides the most jobs in these districts. In productivity terms, real estate and utilities are important across all districts, and the highly productive nature of manufacturing industries and the finance and insurance sector is also noted. (Source: *State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015*)
- Based on ONS data **South Somerset has a below average proportion of employment in the public sector**, with 15.1% in the public sector in South Somerset compared to 16.6% in Somerset and 16.3% in the South West (2016). However, Nomis data, as reported from Somerset Intelligence, shows South Somerset with an above average proportion of people in employment in the public sector (24%, compared to 20% in Somerset, as at June 2017). This reflects a marked shift in the public/private sector employment balance in South Somerset, as 2010 data indicates it had 16.1% employed in the public sector compared to a Somerset average of 22.1%. (Source: *Somerset Intelligence, Occupations and Earnings November 2017. March 2018; ONS, BRES Local Authority Business Register and Employment Data, Tables 5 and 6, October 2017*)

Business Demography

South Somerset has seen steady growth in enterprise numbers, but at a below average rate. Business survival rates are above average over the first three years, but are at or below county, regional and national levels after that. There is a large micro business sector (less than 10 employees), but this is in-line with county, regional and national patterns.

- South Somerset saw **below average growth in the number of enterprises** between 2010 and 2016 at 7%. This compares to 14% in the South West and 22% in GB. (Source: *South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC, based on ONS Inter Departmental Business Register. The evidence based on the IDBR indicates a higher growth rate in total enterprises for South Somerset and Somerset than the ONS Business Demography data, which indicates a growth rate for 2010-16 of 2.6% in South Somerset and 4.2% for Somerset*)
- **Business survival rates in South Somerset tend to be higher** than the county, regional or national averages. This tends to be the case over the first three years of a business formation; survival rates of more than three years tend to be at or below County and Regional levels. (Source: *South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC, based on ONS Inter Departmental Business Register; ONS Business Demography 2016*)
- As with Somerset, the South West and nationally, **South Somerset has a very large micro business (0-9 employees) sector**. The rest of the

business sector profile is also similar to county, regional and national averages. (Source: *Nomis Local Authority Profile (April 2018). Inter Departmental Business Register*)

Productivity and Pay

Pay levels in South Somerset are generally below average, with growth in pay rates lagging behind regional and national trends. Whilst overall productivity levels in South Somerset are above that of Somerset as a whole, they are below regional and national levels. The overall competitiveness of South Somerset is therefore below average.

- **Gross weekly pay by place of residence in South Somerset is below the average** for Somerset, the South West and England as at 2017. (£485, £512.70, £527 and £555.80 respectively). This is partly due to lower overall growth in weekly pay in South Somerset over the period 2011-2017 compared to other locations. In 2011 average gross weekly pay in South Somerset was above that of Somerset as a whole, and similar to the South West average. (Source: *Nomis Local Authority Profile (April 2018). ONS Annual Survey Hours and Earnings. Median Earnings*)
- **Gross weekly pay by place of work for South Somerset is above the average** for Somerset. (£502.10 and £484.40 respectively), although it is below the national and South West average. Of particular relevance is the fact that the rate of growth in gross weekly pay by place of work in South Somerset over the period 2011-17 was twice that of gross weekly pay based on place of residence, indicating the impact of higher value employers. (Source: *Nomis Local Authority Profile (April 2018). ONS Annual Survey Hours and Earnings. Median Earnings*)
- As with gross weekly pay, **hourly pay (excluding overtime) by place of residence in South Somerset is below the average** for Somerset, the South West and England as at 2017. (£12.53, £12.73, £13.29, £14.09). However, the difference between South Somerset and Somerset as a whole is less pronounced than for gross weekly pay. (Source: *Nomis Local Authority Profile (April 2018). ONS Annual Survey Hours and Earnings. Median Earnings*)
- As with gross weekly pay, **hourly pay (excluding overtime) by place of work for South Somerset is above the average** for Somerset, but below the national and South West average. (Source: *Nomis Local Authority Profile (April 2018). ONS Annual Survey Hours and Earnings. Median Earnings*)
- The **South Somerset productivity level is above that of Somerset as a whole** and the HotSW LEP (£44,293 compared to £42,787 for Somerset and £42,365 for LEP). West Somerset is the only district that has a higher level of productivity, mainly due to a high proportion of Real Estate activity. (Source: *State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015*)

- However, **productivity levels for all districts in Somerset and the LEP as a whole are below national levels.** (Source: *State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015*)
- Based on the UK Competitiveness Index, **South Somerset is less a competitive location** than the national average. It is ranked 230 out of 379 districts in 2016. The index score for 2016 was 88.1, which was a marginal improvement on 87.9 for 2013. South Somerset is ranked in the middle of Somerset districts in terms of competitiveness. (Source: *South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC, based on UK Competitiveness Index 2016*)

Skills and Training

South Somerset has fewer people with degrees than the regional and national average but has seen significant improvement since 2011 on this measure. However, there are fewer people than average with no qualification in South Somerset. Whilst data is not available at South Somerset level, for Somerset as a whole, apprenticeship achievements have been above the LEP average and school leavers are better prepared for work than the national average.

- **South Somerset has a below average representation of people with qualifications at NVQ4 level,** as at 2016. The difference with Somerset as a whole is relatively small, but more pronounced compared with the South West and national averages. (Source: *Nomis Local Authority Profile (April 2018). ONS Annual Population Survey. % of resident population aged 16-64*)
- However, **South Somerset has seen an above average level of improvement in the proportion of people with NVQ4 and above qualifications** between 2011 and 2016. (Source: *Nomis Local Authority Profile (April 2018). ONS Annual Population Survey. % of resident population aged 16-64*)
- **South Somerset has a lower proportion of people with no qualification** compared to the national average, which is broadly similar to the Somerset and South West level. (Source: *Nomis Local Authority Profile (April 2018). ONS Annual Population Survey. % of resident population aged 16-64*)
- **Higher education provision across Somerset is very limited.** According to HEFCE research, 32% of Somerset's wards have a low HE participation rate (in the 1st or 2nd quartile), a higher proportion than the LEP overall (31.3%). Somerset also has concentrated areas of very low participation. HEFCE research also examined 'participation gaps'; the difference between expected and actual levels of HE participation. It found that Somerset has a higher percentage than the LEP area of wards with lower than expected participation rates (55% vs 53.2%); only 27.8% of Somerset wards have participation rates at the expected level, and Blackdown ward (in South Somerset) has the greatest participation gap of all the LEP wards (16.5 percentage points).

(Source: State of the Somerset Economy 2016, Chapter 7: Skills, education and training)

- The **number of apprenticeship achievements has steadily risen in Somerset** from 2008/9 to 2013/14. There has been a 71% increase in apprenticeship achievements over this period, which compared to 59% for the HotSW LEP as a whole. *(Source: State of the Somerset Economy 2016, Chapter 7: Skills, education and training)*
- However, stakeholder discussions noted that there was difficulty in filling apprenticeships in South Somerset. This was partly associated with the relatively low unemployment rates in the District, but also issues of public transport access to employers.
- Employer surveys indicate that **school leavers are better prepared for work in Somerset than nationally**. 23% of Somerset employers who were surveyed as part of the UK Commission's Employer Skills Survey (UKCESS) had found 16 year-old school leavers to be poorly prepared for work, compared to 27% across the LEP area and 36% nationally. *(Source: State of the Somerset Economy 2016, Chapter 7: Skills, education and training)*

Housing Profile

South Somerset has below average levels of owner occupation in terms of the county pattern, but still above national trends, although owner occupation levels are likely to have increased since 2011. Housing affordability levels in South Somerset are below county and regional levels, although above national levels. Private sector renting is also the least expensive in Somerset. There may be pressure to increase housing delivery given forecast levels of demand relative to the last five years housing completion rates.

- **South Somerset has below average levels of owner occupied housing** compared to Somerset, although above the national average as at 2011. Social rented housing is above the Somerset average, but is below the national average. However, since 2011 private housing completions in South Somerset have out-numbered housing association and social rented completions by over three to one, which will have influenced the tenure pattern in the district. *(Source: 2011 Census and South Somerset Settlement Profiles, October 2017; DCLG, Table 253 Housebuilding: permanent dwellings started and completed, by tenure and district, March 2018)*
- The **South Somerset housing affordability ratio is above the national average** (7.79 compared to 7.16 for England, based on Lower Quartile ratios for 2016), but lower than the Somerset (8.28) and South West (8.57) ratios. However, whilst the last two years have seen an increase in the South Somerset affordability ratio, the general trend from a high-point of 8.8 in 2007 has been downward. This is in contrast to the national trend, which has been broadly stable over the last decade. **The South Somerset affordability ratio is the lowest of all the Somerset districts.** *(Source: ONS, Housing*

affordability in England and Wales: 2016, Ratio of house price to workplace based earnings (lower quartile and median), 1997 to 2016, March 2017)

- The Lower Quartile **private rental levels in South Somerset are also the least expensive of the Somerset districts**, and appreciably lower than the Somerset and national average. (*Source: State of the Somerset Economy 2016, Chapter 8: Housing*)
- The Objectively Assessed Housing Need for **South Somerset indicates that 607 houses per year are needed** over the period 2014-39. (*Source: Strategic Housing Market Assessment for Mendip, Sedgemoor, South Somerset and Taunton Deane, October 2016*)
- The last five years housing completion rates shows **South Somerset delivering 490 houses per year**. Earlier evidence indicates that South Somerset had a housing supply equivalent to 1,070 units per annum, although this is based on the situation in 2014. (*Source: DCLG, Table 253 Housebuilding: permanent dwellings started and completed, by tenure and district, March 2018; South Somerset District Council Five-year Housing Land Supply Paper, June 2014*)

Health and Prosperity

South Somerset as a whole performs relatively well across many health and prosperity measures. However, there are significant localised variations, which helps explain why it is classed as within the 40% most deprived local authority districts in England. Parts of Yeovil in particular are within the most deprived 20% of local neighbourhoods nationally.

- **Life expectancy in South Somerset is slightly above the national average** for both men and women. **General health levels also score reasonably well** across a number of measures: under 75 cardiovascular mortality rates are significantly below the national average (64.2% compared to 74.5% for England); the percentage of physically active adults is above the national average (58.2% compared to 57% for England). (*Source: Fingertips Profile, South Somerset District, Health Profile 2017, July 2017*)
- Broad **prosperity measures are positive for South Somerset**. There are fewer children in low income families in South Somerset than the national average (14.5% compared to 20.1% for England), and violent crime is less (15.5% compared to 17.2% for England). Long-term unemployment in South Somerset is also below the national average (1.1% compared to 3.7% for England). (*Source: Fingertips Profile, South Somerset District, Health Profile 2017, July 2017*)
- **South Somerset is classed as within the 40% most deprived districts in England**. South Somerset is ranked 180 (out of 327) in terms of multiple deprivation. Of the 327 LSOAs in Somerset, 25 are in the least deprived 20% nationally, and 7 of these are in South Somerset. Of the 25 most deprived LSOAs in Somerset, 6 are in Yeovil. (*Source: Somerset Intelligence, Indices of Deprivation 2015, October 2015, English Indices of Deprivation 2015 –*

Current Issues and Challenges

The quantitative data illustrates the broad performance of South Somerset on economic and economic-related factors, and notes areas of particular success. From this can be identified a range of issues and challenges that South Somerset faces, which the EDS needs to address. These are:

- **Sectors: Growth and Potential.** Dealing with below average future employment growth, but with key sectors of growth and areas of potential employment decline.
- **Main Employers.** Maximising the growth potential and local supply-chain opportunities of major employers, and diversifying risk from concentrated sector specialisms. Where possible retaining manufacturing and R&D functions in the aerospace sector.
- **Place-Making and Infrastructure.** Building upon the diverse and distinctive settlement pattern and landscape qualities to reinforce the identity of South Somerset, whilst ensuring delivery of the right amount and type of employment floor space across the District and ensuring full rural digital connectivity.

Sectors: Growth and Potential

- There is **forecast to be an additional 8,500 jobs created in South Somerset between 2014 and 2034**. This is based on a moderated assessment of forecasts from Oxford Economics and Experian⁴, which ranged from 6,000 to 10,700 jobs respectively.
- Whilst there is expected to be an appreciable increase in jobs into the future, the **annual average growth rate in employment over the period 2014 to 2034 is expected to be lower** than over the period 2000-2014 from both forecasting houses. This trend is also carried across in the moderated forecast in order to ensure consistency with future projections.
- In the case of Oxford Economics the average annual employment growth rate for the period 2000-2014 was identified as 0.6% per annum and is forecast to be 0.4% per annum for the period 2014-2034. In the case of Experian the average annual employment growth rate for the period 2000-2014 was identified as 1% per annum and is forecast to be 0.6% per annum for the period 2014-2034. Whilst the Experian future employment growth rate is higher than that forecast by Oxford Economics, the rate of growth compared

⁴ HJA (July 2017) South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises. Final Report. Prepared for South Somerset District Council

to past trends is relatively slower. In other words, there is expected to be a 40% reduction in employment growth rate under the Experian forecasts, compared to a 33% reduction under the Oxford Economics forecasts.

- However, **the average annual Gross Value Added (GVA) growth over the period 2014-2034 is expected to be higher than over the period 2000-2014.** This is the case for both the Oxford Economics and Experian GVA forecasts. This requires an improvement in productivity levels compared to recent trends. This reinforces the need for greater innovation and investment to achieve these productivity increases.
- An analysis of employment change by sector based on the moderated economic assessment is summarised below. This shows the net change in employment over the period 2014-2034. It is important to note that a decline in employment does not automatically translate into the need for less floor space.

Table A2.1: South Somerset Employment Change by Sector 2014-2034

Sector	Employment Change 2014-2034
Primary Industry	-576
Manufacturing	-1,530
Utilities	9
Construction	655
Wholesale & Retail	2,000
Transportation & Storage	447
Accommodation & Food Services	1,132
Information & Communication	275
Financial Services	100
Professional Services	1,552
Business Services	716
Public Services	-302
Education	590
Health	2,671
Other Services	790
Total	8,529

Source: HJA (July 2017) South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises. Figure 3.8 pg 21

- **The largest increases are expected to be in the Health, Wholesale & Retail, Professional Services and Accommodation & Food Services sectors** (highlighted in bold in Table A2.1). Between them, these sectors are **forecast**

to see 7,355 new jobs between 2014 and 2034. The other sectors that are expected to see a net increase in employment may see 3,582 additional jobs generated. In total, therefore, approximately 10,940 new jobs may be generated in South Somerset between 2014 and 2034.

- There is however forecast to be **a net reduction in employment in the Primary Industry, Manufacturing, and Public Services sectors.** This may lead to the loss of **2,408 jobs** over the period 2014-2034. The manufacturing sector potential job losses are the largest, but also more subject to variation.
- In the case of the Experian forecasts, for example, there is forecast to be no loss in manufacturing employment over the period 2014-2034. This partially reflects assumptions about Brexit, with the Experian forecasts assuming a 'soft' Brexit. (The Oxford Economic forecasts were produced before the Brexit referendum and so do not factor this in). In addition, different interpretations on the potential associated with the aerospace industry will have been incorporated into the employment projections, which could alter the overall level of future employment growth across South Somerset.
- A key issue for South Somerset, therefore, is **maximising the potential from the sectors in which significant employment growth is expected.** In addition, dealing with areas of potential employment decline will require careful attention. This is particularly so for the manufacturing sector, where the extent to which overall employment loss actually does occur is by no means certain. A proactive and supportive approach by the Council and other stakeholders will be important to counter-act the effects of any losses on the local economy, or to help ensure vulnerable sectors are supported in terms of growth, innovation and investment programmes.

Main Employers

- The Largest 20 employers in South Somerset District Council are listed in Table A2.2 below. **Approximately 17,455 people are employed by these organisations,** making-up approximately 25% of employment in the District⁵. As such, if there are major changes to the operation of these employers then the impact upon South Somerset could be significant.
- It will be noticed from Table A2.2 that there is **a particular concentration in the manufacturing sector, especially the Advanced Engineering and Manufacturing (AEM) sector.** Businesses in the manufacturing sector on this list employ approximately 7,940 people. This is almost half of the employment in the Largest 20 employers list.
- This reinforces the point noted earlier about **the significant strength and specialism within the South Somerset economy particularly for the AEM sector.** This is **also a potential vulnerability,** of course, as a decline in one

⁵ This is based on the figure of 69,000 jobs as at 2016. This is based on data from *Somerset Intelligence* and relates to data from BRES. Note that there are other estimates of job numbers in South Somerset based upon different sources.

or more of these businesses, such as the aerospace sector, would adversely affect the South Somerset economy.

- One issue this raises for South Somerset is **how best to support the growth and spread the success of existing major employers in the District**. This includes building upon the existing supply-chain links within the local area, as well as expanding opportunities for other local businesses. Supporting, enabling and promoting the agreed growth plans of employers will also be an important mechanism by which economic opportunities can be spread across the District. An example includes the **iAero** initiative promoted by HotSW LEP which seeks to promote collaboration within the South West aerospace cluster to help develop productivity, innovation and skills, with a planned innovation hub in Yeovil.
- In addition, the **diversification of the economic base of South Somerset** would help minimise the impact of potential economic shocks, such as a rationalisation programme within a particular organisation.

Table A2.2: Largest 20 Employers in South Somerset – estimated August 2018

Firm	Sector	Activity	Employees
Royal Naval Air Station	Defence	Defence	4,000
Leonardo (formerly Agusta Westland)	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Manufacture of helicopters	3,500
East Somerset Hospital Trust	Health	Hospitals in Yeovil and Wincanton	2,000
Screwfix Direct	Manufacturing	Building trade fixing products	953
Numatic International Ltd	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Manufacturers of vacuum cleaners	854
Oscar Mayer Ltd	Manufacturing (Food Services)	Chilled and frozen ready meals	766
Thales Naval Division	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Design and manufacture of defence electronics & seismic tools	650
Morrisons	Wholesale & Retail	Supermarket	505
Honeywell Aerospace	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Aerospace systems and components	500
Yeovil College	Education	FE College	500

Tesco Ltd	Wholesale & Retail	Superstore	463
South Somerset District Council	Public Services	Local Government	440
Kings School Bruton	Education	School	384
Yarlington	Public Services	Housing association	320
Asda Stores Ltd	Wholesale & Retail	Supermarket	300
Romford Wholesale Meat	Manufacturing (Food Services)	Food manufacturers	267
Mencap	Public Services	college and community houses	266
Brecknell Willis And Co	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Design and manufacture of electric current collection systems	250
Centaur Services	Other Services	Veterinary products and services	230
BAe Systems	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Software for aerospace industry.	200
Total			17,445

Source: South Somerset District Council. South Somerset Economic Profile.

<https://www.southsomerset.gov.uk/business/the-economic-development-service/economic-profile/major-employers-within-south-somerset/>

Place Making and Infrastructure

- **South Somerset has a number of key place-making advantages.** This includes a distinctive and diverse set of market towns, a range of rural settlements and an important and attractive landscape and environmental character.
- However, **many locations face challenges** in terms of economic vitality and viability and are subject to regeneration initiatives. The successful delivery of these will assist in addressing such challenges. In addition, **clarity over the role of Yeovil in the local economy** is seen as an important means by which economic focus and priorities can be established.
- The **external image or profile of the area is not as prominent as it could be** and would benefit from improved promotion. This also applies to the image and perception of Yeovil.
- In terms of employment land needs, the Local Plan indicates that between **42 to 85 hectares of industrial land and 3 to 8 hectares of office space is required between 2014 and 2034.**

- The **large requirement for the industrial sector stems mostly from replacement stock** as premises are reaching the end of their economic life. However, there continues to be demand for industrial units and particularly smaller, freehold stock (notably in the 1,500 to 3,500 sq.ft range). It is believed that demand in South Somerset will be from local companies growing. Intensification on existing industrial areas (as has happened in the past) may be a challenge as parking and access is an increasing issue.
- The **office market is described as weak** and the District is not perceived as a significant office location. The demand that exists for the office market is primarily small scale as typified by the Yeovil Innovation Centre. The most popular facilities are serviced managed workspaces with highly flexible terms. There is little demand for larger office floorplates.
- Whilst historically Yeovil has been the dominant economic centre in the district and it retains this position, in terms of commercial development in recent years it has struggled to deliver, with **rural sites accounting for the main share of development**. The Council's employment monitoring report clearly illustrates this with sites outside named settlements delivering year-on-year
- However, **viability is the biggest challenge to the development market**, particularly for strategic sites that require substantial infrastructure. This is challenging in an environment where the majority of strategic allocations in the Local Plan require substantial infrastructure provision. As a result, a substantial proportion of recent development has been outside the main towns. Given viability and infrastructure requirements at the present time there is no substantive evidence of major requirements that will lead to the unlocking of strategic sites.
- Given lack of viability, **there has been little speculative development** in South Somerset over last ten years. Design and Build arrangements have also hampered growth.
- The District has **important strategic road and rail connectivity advantages**, and the plans to **upgrade the A303 and A358** in particular are seen as essential in attracting inward investment. However, the **area does suffer from congestion and local public transport provision is seen as poor**, especially in rural areas.
- **South Somerset is less well connected to the internet** than the county, region or nationally. The proportion of South Somerset that is covered by superfast broadband is 88.4%, which compared to 87.3% for Somerset, 92.4% for the South West and 94.8% for England. In terms of ultrafast broadband, 0.96% of South Somerset is covered, which compared to 6.6% for Somerset, 45.3% for the South West and 53.3% for England. (*Source: Labs. Thinkbroadband.com, 2018*)

In summary, the key issues in terms of place-making and infrastructure include the need to reinforce the roles of different parts of South Somerset and promote the

economic position of Yeovil (which regeneration measures should assist) and the other market towns in the District; promoting the image and profile of the area externally; addressing viability issues relating to land development; encouraging and supporting strategic transport measures and proposals and delivering local transport improvements; and improving digital connectivity.

SWOT Summary

The above summary analysis has been drawn together into the following SWOT Analysis for South Somerset. This has been used to inform the development of the South Somerset Economic Development Strategy.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Relatively good employment growth forecasts • Stable business growth • High proportion of SMEs, providing excellent opportunity for growth and innovation • High activity and employment rates • Low unemployment levels • Strong manufacturing representation, particularly in high-tech aerospace businesses and many other aerospace and advanced engineering and manufacturing (AEM) companies • Allocated employment sites available • Workforce self-containment • Access to the West Country’s main East-West road and rail links • Infrastructure improvements continuing • Attractive quality of life • Distinctive and diverse Market Towns • Rich in natural capital 	<ul style="list-style-type: none"> • Limited economic diversification • Productivity levels under-achieving • Challenges regarding rural connectivity • Rural-centric dispersal • Competition from other centres on strategic travel corridors and from Hinkley Point • Time and distance to many potential business markets • Educational attainment and skills levels not as high as regional and national averages, and there remain challenges in terms of graduate recruitment and retention • Underdeveloped public profile, both with visitors and investors • Viability issues relating to strategic land supply, particularly in rural locations

<p>Opportunities</p> <ul style="list-style-type: none"> • Growth in the Aerospace and Agri-food sectors, which have the potential to be globally competitive • Bolster existing competitive sectors, particularly in relation to aerospace • Improved productivity in the Tourism and Health & Care sectors, which are established strengths in South Somerset • Promoting growth through productivity gains across the whole economy • The potential for agricultural and rural diversification • Major national infrastructure investment into the district and the wider area associated with the A303 and A358 dualling and rail improvements, to secure inward investment • Planned innovation and collaboration hub in Yeovil as part of the iAero initiative • Superfast broadband roll-out across rural areas • Potential to exploit new funding regimes 	<p>Threats</p> <ul style="list-style-type: none"> • Reliance on a few large employers (particularly in the AEM sector) makes South Somerset potentially vulnerable • Implications for the Aerospace cluster of global and national politics, especially for the retention of manufacturing and associated research and development • An ageing population and a lack of people in their 20s and 30s creates skills shortage • Inward investment often directed to larger urban conurbations • Businesses are often unwilling to invest in skills
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