

## **Consultation on the ‘Heart of the South West Productivity Strategy: Stepping Up to the Challenge’.**

Lead Officer: Paul Hickson

Author: James Gilgrist

Contact Details: [jgilgrist@somerset.gov.uk](mailto:jgilgrist@somerset.gov.uk) 01823 355339

Cabinet Member: David Hall, Cabinet Member for Resources & Economic Development Division and Local Member: All

### **1. Summary**

- 1.1.** An outcome of discussions on devolution was that SCC along with other partners in the Heart of the South West (HotSW) would jointly commit to developing a plan in 2017 for boosting productivity. The Draft Productivity Strategy is the result of this commitment. It has been prepared in partnership with district, county and unitary authorities, national parks and the HotSW Local Enterprise Partnership (LEP), as well as with Clinical Commissioning Groups (CCGs), private and third sector partners and central government.
- 1.2.** The Productivity Strategy is a successor document to the LEP’s Strategic Economic Plan published in 2014. It is an overarching strategy document that outlines key priorities and objectives for the HotSW. Specifically, it sets out the aim of narrowing the ‘productivity gap’ evident in the HotSW LEP area, driving up prosperity and living standards for all, and securing the resources needed to do so.
- 1.3.** The Productivity Strategy will act as a basis for:
  - Local engagement in the UK Industrial Strategy
  - Securing investment for our area (e.g. via the Government’s proposed Shared Prosperity Fund)
  - Devolution
- 1.4.** At the HotSW level it will:
  - Align local economic delivery plans/strategies (e.g. Somerset Growth Plan 2017-2030)
  - Draw together resources of local partners and stakeholders
- 1.5.** This report sets out the background to the Productivity Strategy, highlights some of its key themes, and explains the consultation process and timeline for adoption of the Strategy.
- 1.6.** The Productivity Strategy will be key to delivering the County Plan and its vision to secure ‘More jobs; more homes; more powers from government; more local co-operation; better health; better education and prospects; better roads, rail, broadband and mobile signal’. Achieving this vision will require SCC to work together with local partners and stakeholders to align priorities and draw together resources, to secure future investment for our area, and to ensure we get the powers that we need from government

## **2. Issues for consideration / Recommendations**

- 2.1. Members are asked to consider and comment on the purpose/importance of the productivity strategy and SCC's engagement in the consultation.
- 2.2. For the meeting members will receive a detailed presentation about the Productivity Strategy, including a review of it in the context of the adopted Somerset Growth Plan. The presentation will identify issues which could form the basis of SCC's response. The views of Scrutiny members on the proposed response will be sought.

## **3. Background**

- 3.1. In March 2014, the HotSW LEP published the area's Strategic Economic Plan, aiming to maximise economic growth across the area. Since its publication, Government has turned its attention to the challenge of productivity and is now developing a national Industrial Strategy to boost UK productivity. The HotSW Productivity Strategy will replace the Strategic Economic Plan. It will set out the contribution the HotSW area can make to close the UK's 'productivity gap' and how we will be an integral part of the forthcoming UK Industrial Strategy. It will form the basis of negotiations with government for investment and devolved powers and it will act as a focal point to draw together local economic delivery plans and strategies as well as local resources.
- 3.2. The draft Productivity Strategy has been put together by a project team over the last few months with input from the LEP and various LAs including SCC. This drafting process followed a Green Paper (*'Driving Productivity in the Heart of the South West'*) consultation which Somerset County Council responded to along with a joint response on behalf of Somerset partners from the Somerset Growth Board. Once it has received final sign off the Productivity Strategy will be owned by both the Joint Committee, representing all local authorities, and the business-led HotSW LEP.
- 3.3. In short, the Productivity Strategy aims to double the net worth of the HotSW economy from approximately £35 billion to £70 billion of GVA by 2036. Its stated vision is 'for all parts of the HotSW to become more prosperous, enabling people to have a better quality of life and higher living standards'. Since the financial crisis levels of employment have risen in the HotSW, yet productivity has slipped against the UK average. The Productivity Strategy argues that closing this so called 'productivity gap' is vital to realising the area's potential and avoiding the future risk of declining communities, reduced living standards, higher levels of poverty and potentially greater pressure on public services.
- 3.4. The document itself identifies numerous challenges facing the HotSW area:
  - Productivity has slipped and varies considerably across the patch
  - Businesses are less likely to export or invest in innovation
  - We have a growing and ageing population
  - We have notable skills shortages
  - We have issues with transport and digital connectivity
  - We have growing infrastructure demands for both housing and employment

- 3.5.** Besides challenges, the Productivity Strategy points out that the HotSW has numerous areas of world class economic strength and potential for increasing productivity. It calls these our 'golden opportunities', many of which are found here in Somerset, including strengths in aerospace and advanced manufacturing, nuclear and agri-tech. Indeed, the challenges, opportunities and priorities identified in the Productivity Strategy closely reflect those faced in Somerset specifically, as identified through the development of the recently adopted Somerset Growth Plan. The latter effectively sits beneath the Productivity Strategy, both informing it and being informed by it, whilst focusing specifically on Somerset's needs. Crucially, the work that was done in developing the Somerset Growth Plan formed the basis for feeding into the draft Productivity Strategy, to ensure the priorities we have agreed for Somerset are addressed.
- 3.6.** The Productivity Strategy is structured around the three strategic objective areas of 'Leadership and Knowledge', 'Connectivity and Infrastructure', and 'Working and Learning'. A number of indicative programmes are set out beneath these strategic objectives. More generally, the Productivity Strategy highlights other important themes, including the importance of ensuring that growth is inclusive, that challenges associated with rurality are addressed, and that we continue to value and capitalise on our natural environmental assets (i.e. our 'natural capital').
- 3.7.** The Productivity Strategy is a high-level strategy document, capturing overarching priorities and objectives for the HotSW. It is not intended to articulate all the specific issues and priorities of partners and stakeholders. Moreover, it focusses specifically on boosting productivity and is not a generalised economic development strategy. Local specificities and other economic development priorities are better captured in local plans and strategies. Subsequent to adoption of the Productivity Strategy a detailed Delivery Plan will be developed outlining how the Strategy will be implemented. At this stage it is suggested that we advocate a focus on strategic level feedback, specifically regarding productivity improvement, in our response. We are simply being asked to consider whether the overarching vision and objectives of the Strategy are fit for purpose, and reflective of the needs and priorities of Somerset.
- 3.8.** The draft Productivity Strategy was approved for wider circulation and consultation by the LEP board and Shadow Joint Committee in September 2017. The Strategy will receive final sign off by the Joint Committee and LEP Board in January 2018. The intention is for SCC's response to be considered by Cabinet on 15<sup>th</sup> November 2017 and the views of the Scrutiny committee will be highly informative in this regard.

#### **4. Consultations undertaken**

- 4.1.** The draft Productivity Strategy has been put together based on extensive consultation with partners and stakeholders, including businesses and individuals across Somerset and the wider HotSW.
- 4.2.** As stated in 3.2 there was a Green Paper consultation early in 2017 to which SCC responded along with a joint response on behalf of Somerset partners from the Somerset Growth Board. The focus of the SCC and Growth Board responses were based themselves on extensive consultation work for the recently adopted Somerset Growth Plan 2017-2030.

- 4.3. Views from the Green Paper consultation informed the drafting of the Strategy by a project team with further input from the LEP and other partners including SCC.
- 4.4. SCC and other partners and stakeholders are now being consulted on the final draft in advance of a 30<sup>th</sup> November 2017 deadline. There is also a series of public consultation events planned across the HotSW including one in Somerset on 22<sup>nd</sup> November 2017.

## **5. Implications**

- 5.1. There are a number of potential strategic implications as a consequence of the adoption of the Productivity Strategy.
  - The Productivity Strategy will form the basis for discussions with government regarding the future devolution of powers to our area.
  - The Productivity Strategy will have strategic financial implications insofar as it will be used to attract future investment from government (incl. the proposed Shared Prosperity Fund), as well for drawing together local resources in support of its vision and objectives.
  - There are potential positive equalities implications insofar as the Productivity Strategy has a stated commitment to 'inclusive growth' to ensure that individuals, groups and communities are not excluded from the benefits of productive economic growth.
  - There are positive sustainability implications insofar as the Productivity Strategy has a stated commitment to both safeguarding and capitalising upon our significant natural assets (i.e. our 'natural capital').
- 5.2. There are no direct implications for SCC as a business in terms of immediate financial implications, HR, or legal implications.

## **6. Background papers**

- 6.1. Heart of the South West Productivity Strategy: Stepping Up to the Challenge [Draft]. The Draft Strategy is being hosted on the Torbay Council website for the purposes of consultation, please see [www.torbay.gov.uk/devolution](http://www.torbay.gov.uk/devolution).
- 6.2. The Somerset Growth Plan 2017-2030. Please see [www.somerset.gov.uk/policies-and-plans/plans/somerset-growth-plan](http://www.somerset.gov.uk/policies-and-plans/plans/somerset-growth-plan).
- 6.3. Driving Productivity in the Heart of the South West [Green Paper].
- 6.4. SCC response to Green Paper.

**Note** For sight of individual background papers please contact the report author