

Rebalancing the UK's economy

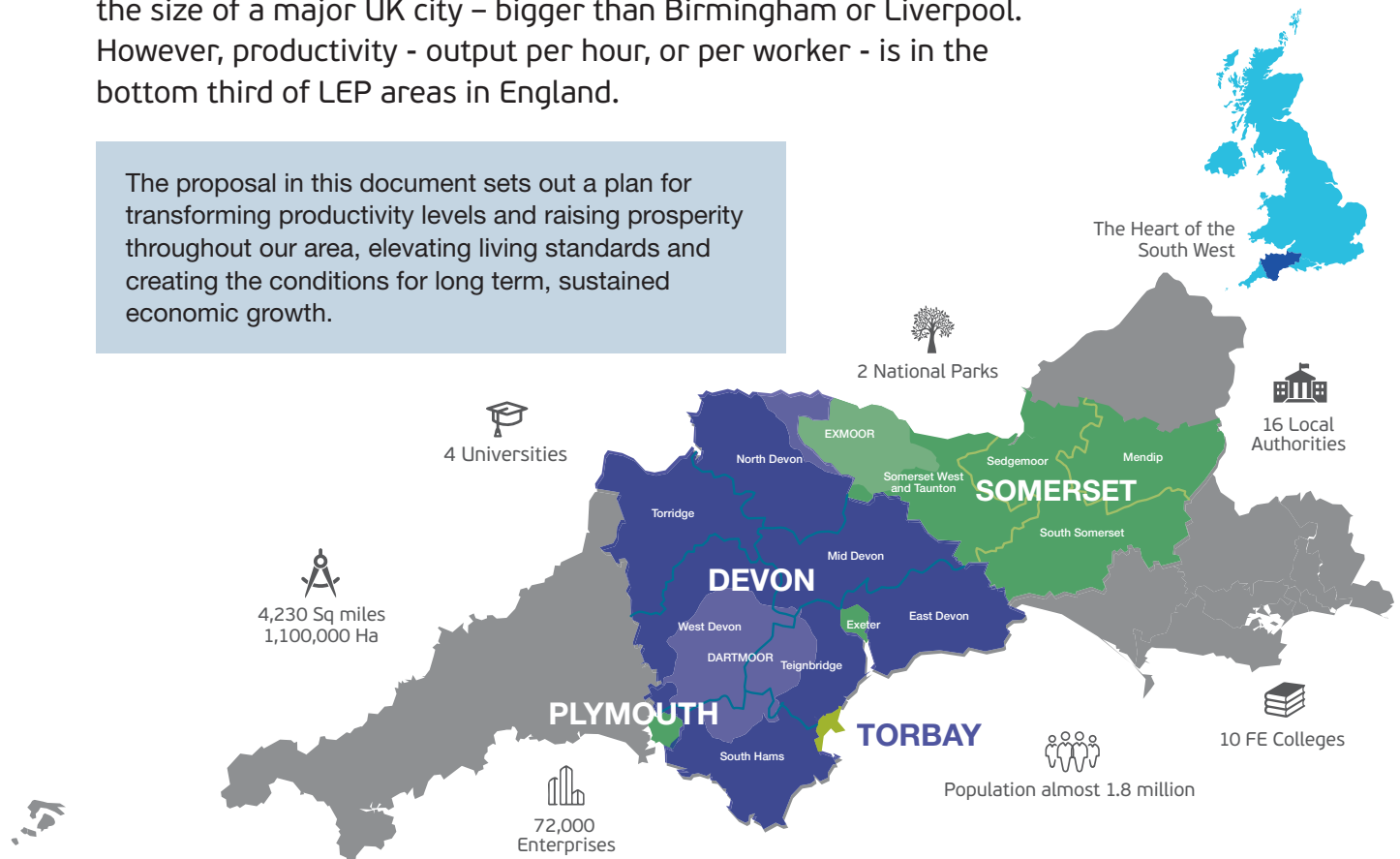
a proposition from the
Heart of the South West

HEART OF THE SOUTH WEST
PARTNERSHIP

The Heart of the South West is a hidden asset for the UK

Renowned for our outstanding natural capital and tourism – yet the area has so much more to offer. An economy of £35 billion, 1.8 million people and 72,000 businesses means our economy is the size of a major UK city – bigger than Birmingham or Liverpool. However, productivity - output per hour, or per worker - is in the bottom third of LEP areas in England.

The proposal in this document sets out a plan for transforming productivity levels and raising prosperity throughout our area, elevating living standards and creating the conditions for long term, sustained economic growth.



Unleashing Our Potential: A Programme for Action

Over the last five years, Council Leaders, the LEP, universities, and businesses across the Heart of the South West have worked together to agree a long-term Productivity Strategy – ‘Stepping up to the Challenge’ and a Local Industrial Strategy focused on our distinctive industrial sector strengths. These confirm our unity of purpose to transform the economy through **Clean and Inclusive Growth** by:

- Creating the UK’s first net zero carbon economy
- Closing the productivity gap with the rest of the UK and growing the economy by £5 billion per year
- Ensuring that inclusive growth is a strategic priority

This will have tangible benefits for our businesses and our residents.

“ Closing the productivity gap could translate into every household in the Heart of the SW being £11,500 better off every year.

The prize is substantial - for families, communities - and for the Exchequer.

We know that by doing this it will change our economic trajectory and create a different type of future for our area. We have world-class businesses aligned to cutting edge innovation and we have identified a set of actions that will help those businesses to flourish; from ensuring they have access to a workforce with the right skills for the future - to transport and digital systems that connect people to opportunities - and innovative ecosystems that help turn ideas into commercial return.

By investing in these things, all of our businesses and communities will benefit.

We have a credible and exciting proposition - and we invite government to join us...

Our **Programme for Action** focusses on driving growth through actions that meet low carbon and inclusive growth objectives, based on these nine key areas:



1. TRANSFORMATIONAL OPPORTUNITIES

Fundamental to delivering our potential is unlocking the area's transformational opportunities in low carbon energy generation, data analytics and high tech engineering.

We will:

- increase the critical mass of businesses operating within or supplying to the energy sector, in order to create a globally recognised cluster by 2038
- pioneer clean growth by harnessing datasets and the application of AI to become a globally recognised centre of excellence by 2038
- increase the value and productivity of the engineering and high value manufacturing sector by 2038 through developing clean technologies and solutions

We need government to support:

- exploitation of the £50 billion opportunity in the civil and defence nuclear sector, building relationships with Tier 1 companies and openings for local supply chain businesses, and enabling development of the necessary skills. Alongside this, developing the potential global market for the rapid growth of floating offshore wind farms where we have a significant supply chain opportunity
- the ability to leverage the opportunities provided through the Met Office in Exeter and the UK Hydrographic Office in Taunton to drive a transformation in the use of data and autonomy across all sectors. Data analytics supports growth of the multi-billion pound global environmental intelligence and marine geospatial data markets, reduces emissions from agriculture, and presents opportunities in markets to promote healthy ageing
- national recognition of our existing strengths in sustainable aviation and industrial digitisation, and investment in these areas to strengthen our position in global markets. Designation as a national centre for excellence in marine autonomy
- the Great South West – 'Energising Our Future' - a 'powerhouse brand' partnership with Cornwall and Dorset to deliver England's net zero carbon region and a net zero clean growth cluster along the M5/A38 corridor



2. CONNECTIVITY AND STRATEGIC INFRASTRUCTURE

We will future-proof our infrastructure to support long-term prosperity and clean and inclusive growth.

We need government to support:

- funding for Peninsula Transport to continue their work in coordinating a high level transport strategy, identifying key investment requirements and championing the decarbonisation of the transport infrastructure
- the accelerated roll out of full fibre broadband; alternative solutions for deeply rural areas; and improved mobile coverage including 4G and 5G
- the prioritisation of upgrades to the energy transmission and distribution grid to be able to capitalise on the area's vast renewable energy resources, particularly given the huge potential market opportunity in offshore renewables, enabling us to become a net exporter of low-carbon energy to transform the UK's own carbon footprint



3. HOUSING

We will deliver a locally led housing programme, focussing on high quality, energy efficient homes that are affordable for local people.

We need government to support:

- a programme that drives and enables housing growth at the right pace and scale across our area
- a focus on building low carbon homes, employing innovative construction techniques and including a programme to retrofit energy efficient measures to existing homes
- resources for a strategic housing delivery team to accelerate delivery across the large opportunity sites within the Heart of the South West
- a major infrastructure delivery fund to unlock growth where large scale capital investment is required
- a small schemes liquidity fund to bring forward stalled sites and reinvest on a recoverable basis; accelerating small and medium-scale sites in parallel with our focus on strategic developments



4. WORKFORCE

We will ensure we develop a skilled workforce through the HotSW Skills Escalator, securing the opportunities for the future, including a focus on digital and skills for clean growth technologies.

We need government to support:

- localised funding and powers to fully implement the Skills Escalator approach
- improved alignment between national and local Careers Information, Advice and Guidance programmes for all ages
- our Inclusive Growth Expert Panel which will undertake a 'deep dive' into the issues around worklessness, social mobility and lack of opportunity, and therefore aspirations



5. PROSPERITY

We will lift economic performance in all areas, including underperforming towns, peripheral areas and coastal communities, to grow the economy and minimise the gap between the best and worst performing areas.

We need government to support:

- the implementation of the recommendations from our emerging Coastal Communities Productivity Plan
- the implementation of the recommendations of the South West Rural Productivity Commission through a negotiated comprehensive rural programme and implementing carbon net gain pilots
- increased targeted investment into our 'left-behind' places, to revitalise our high streets, market towns and smaller communities



6. INNOVATION

We will strengthen the area's capacity for innovation, commercialisation and the application of new ideas by enhancing our innovation ecosystem and achieving the national level of 2.4% of our GDP invested in R&D.

We need government to support:

- our existing partnership with Innovate UK to ensure more businesses can access this funding, and to expand the role our universities play in driving innovation
- our Strength in Places submissions in nuclear energy, floating offshore wind and the Digital Accelerator
- increased collaboration between universities, including the GW4 group



7. ENTERPRISE

We will create an environment that stimulates business investment and competitiveness, making it one of the best areas in the UK to start and grow a business.

We need government to support:

- our aims to create a 'best in class', comprehensive business support service that significantly improves our levels of business start-up and scale-up
- engagement with DIT to broker an agreement to help us promote our area to increase inward investment and boost our export potential



8. EMPLOYMENT SITES

We will promote a place-based approach to growth that ensures we have the necessary infrastructure for our businesses to thrive and to attract new businesses to locate

We need government to support:

- our work on exploring flexible financing and investment models for local areas to overcome development challenges, including reviewing the PWLB loan rate



9. FUNDING

We will seek to deliver this programme through a locally controlled investment programme.

Economic growth has been supported by both UK domestic and EU funding, addressing market failures. With the current EU programmes finishing in December 2020 and UK domestic Growth Deal funding finishing in March 2021, clarity on the future is essential.

Our key messages to government are that the new funding must:

- be based on productivity measures and be allocated on need rather than competitively, which risks the harder hit regions not securing the funding they need
- be set at a level which accounts for historic levels of both EU and domestic funding. EU funds include structural funds, CAP, innovation and research and development
- be administered locally and flexibly by areas, which must demonstrate robust governance and partnership. This will allow both local needs and opportunities to be targeted
- give certainty over the medium term; economic development has long time horizons and longevity of funding is essential to address long-standing structural challenges in the economy