



Heart of the South West Local Industrial Strategy

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1. Summary

1.1. The Heart of the South West was invited to co-develop a Local Industrial Strategy with government in July 2018. Building on the strongly evidence-based HotSW Productivity Strategy, published in March 2018, work commenced to distil local priorities that matched the government's Industrial Strategy criteria. The LEP, councils, universities and businesses worked with central government colleagues to develop the HotSW Local Industrial Strategy, reaching a final draft by the end of 2019.

1.2. Changes at the top of government and a gradual policy shift has meant that the Local Industrial Strategy has not been finally ratified by government, and is unlikely to be published in its originally intended form as a co-owned document. The impact of Covid-19 has been significant but the underlying structural challenges and opportunities within the HotSW economy remain; the latest Oxford Economics work forecasts a 0.6-1.2% per year growth rate across the four upper tier areas to 2025 compared with 1.3% nationally; the challenge of clean and inclusive growth remains.

1.3 The LIS was based on a robust evidence base that was extensively tested by Government. Despite not receiving Ministerial sign-off, officials have consistently praised the HotSW LIS, its rigour, clarity and evidence-based approach. Alongside the vital response work currently under way, the LIS therefore is still highly relevant as a guiding strategy for planning HotSW's recovery, sitting within the wider context of the Productivity Strategy. The intention therefore is to publish it locally and to use it as the basis for developing the recovery work.

2. Recommendation

2.1. It is recommended that:

The Joint Committee endorses the publication of the Heart of the South West Local Industrial Strategy.

3. Reasons for recommendations

- 3.1** The publication of the HotSW Productivity Strategy in March 2018 was a milestone for the HotSW partnership, consolidating the strong working relationship between the Local Enterprise Partnership and the Joint Committee. This achievement, together with the robust evidence base that informed the Productivity Strategy were deemed to be key factors in the Heart of the South West being selected to be in the second wave of working with government on a Local Industrial Strategy. The LIS was co-developed with central government colleagues to a final draft stage and therefore has validity and status, even without final government sign off. It is an important document as part of the suite of plans and strategies that describe the Heart of the South West's future direction and should therefore be published as a locally-owned document. The option to not publish would result in the partnership losing the valuable contributions of a wide range of local partners including universities and businesses, as well as the involvement of central government departments who helped to shape and align the LIS against departmental priorities.

4. Background

- 4.1** The May government published their Industrial Strategy: 'Building a Britain fit for the future' in November 2017. This was intended to reset the UK on the world stage in a post-Brexit era by highlighting sectors and areas with exceptional growth potential that could attract international investment and collaboration. The proposal was that all areas should produce a localised version to showcase their distinctive strengths and opportunities, together with a long-term plan, and commitments for joint working between local partners and government.
- 4.2** In July 2018, the Heart of the South West area was one of six areas selected to be in the second wave of co-developing a Local Industrial Strategy with government. The original publication date was expected to be March 2020.
- 4.3** Following the invitation to work with government on the LIS, a project group was established during the summer of 2018, led by the LEP. Work was commissioned to identify the key themes for the LIS based on the extensive evidence used to develop the Productivity Strategy. In January 2019 the Joint Committee endorsed a Command Paper that identified Clean Energy, Digital Futures and High Tech Engineering as being the areas with the highest potential for accelerated growth.
- 4.4** The Command Paper was further developed, working particularly closely with government colleagues towards the end of 2019, to fine tune the language and commitments to meet government requirements.
- 4.5** Changes in the Prime Minister and Cabinet Ministers in the summer of 2019, followed by the national election in December 2019, the Cabinet reshuffle in February 2020, and then the Covid-19 pandemic, introduced delays and uncertainty in the timing, and even the commitment of the new government to publish any more Local Industrial Strategies.

- 4.6** The impact of the economic damage created by the COVID-19 lockdown and continuing restrictions has been overlaid on the LIS, and it remains a strong indicator of HotSW's future growth areas, albeit from a different baseline. On that basis, there is an imperative to publish it as a local strategy to guide decision-making and investment, alongside other documents such as the Productivity Strategy and the Rural Productivity Commission report etc.
- 4.7** The LEP and the Joint Committee are committed to working together to deliver sustainable economic growth for the HotSW region and have already jointly endorsed the Productivity Strategy, and the early framework for the LIS (The Command Paper). The publication of the LIS was endorsed by the LEP Board at their meeting on 18 September 2020. This is the opportunity for the Joint Committee to add their endorsement so that the LIS can be actively used to drive forward economic recovery and promote investment opportunities.

5. Equalities Implications

- 5.1** There are no specific equalities implications associated with the recommendation.

6. Other Implications

- 6.1** Legal:
Publication of the LIS as a local document is permissible. All references to government commitments that were negotiated in the draft have been removed for the purposes of publication.
- 6.2** Financial:
There are no immediate financial implications. Activities within the LIS implementation plan will require a mix of funding that would be determined as and when it becomes available.
- 6.3** HR
None
- 6.4** Risk
The key risk is that delivery fails to materialise as quickly as hoped due to a lack of government support and funding opportunities. In addition, the severe impact of COVID-19 on the HotSW area needs to be taken into account.
- 6.5** Other Implications: Health and Well-being; Health and Safety; Sustainability; Community Safety; Privacy
No implications.

7. Background papers

- 7.1** Heart of the South West Joint Committee Local Industrial Strategy

