

PAGE ONE – no change but we could include the strapline “Building Back Better by delivering increased prosperity through clean and inclusive growth” to allow more space on p2

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Introduction

Covid-19 is a dislocation as severe as any ever experienced. As well as the personal cost, the economic and societal impact is profound with the crisis extending longer than many had thought. It is exposing a number of our pre-existing structural challenges and there is considerable uncertainty over the longer term effect on parts of our economy such as the high street. At the same time, there has been a positive acceleration of some trends, such as digital growth, with new opportunities opening up.

Huge investment and effort is going into immediate protection from the worst economic impact of the pandemic but it is essential that at the same time, we make similarly strenuous efforts to ensure the area’s economy provides better jobs and better incomes as the recovery gathers pace; future prosperity and resilience demands this. Within this context Building Back Better therefore sets out Heart of the South West’s key transformational opportunities to unlock investment, boost job creation promote Global Britain and deliver Carbon-net zero in response to the climate change emergency declared by many of our local partners.

It should be considered in conjunction with local recovery plans and is particularly focused on medium and longer term revitalising and growing the HotSW economy as opposed to immediate recovery. It is supported by leading figures from the region in business, academia, the social economy and the public sector and is led by the Heart of the SW LEP. It updates key priorities in our agreed Local Industrial Strategy but maintains our commitment to increasing prosperity through increased productivity by clean and inclusive growth.

What Does Building Back Better Mean to Us?

Through the Government’s Plan for Jobs and Local Recovery Plans, extensive efforts are being made by Government and Local authorities to mitigate the impact of the pandemic and through our Route Map to Recovery, we continue to work with and support them on recovery plans for the hardest hit places and sectors.

These collective efforts will help our communities and businesses recover and ensure that national initiatives work for us. But it is also essential to look ahead – to innovate, plan and invest now for the sort of long-term future our area needs and to affirm the key transformational opportunities that will turbo-charge recovery in addition to those local recovery initiatives.

Building Back Better is not on its own a recovery plan but is rooted in the ambitious vision of our Local Industrial Strategy (LIS) which has a distinctive focus to deliver on clean and inclusive growth. The robust evidence base – confirmed through the Covid-19 pandemic - identifies Energy, High Skilled engineering and Digital as the dynamic heart of our local economy with opportunities to drive clean and inclusive growth across multiple sectors.

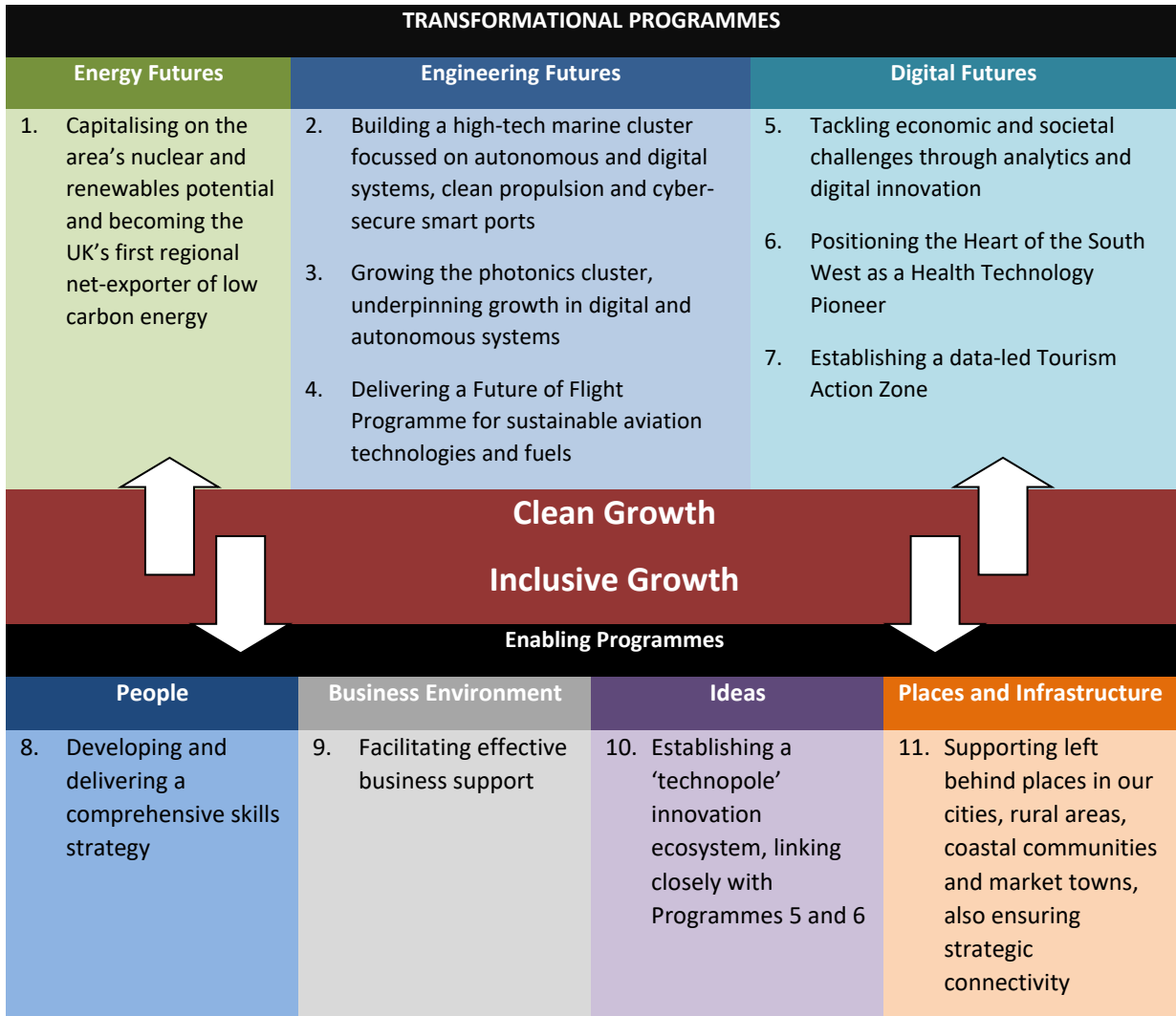
Building Back Better therefore focuses on accelerating those opportunities through the delivery of seven transformational LEP sponsored programmes of activity. Realising the potential of these transformational opportunities will enable us to rebalance and repurpose our economy, supporting the green revolution and responding to global imperatives where we have unique capabilities such as in renewable energy.

Transformational change, however, has to be built on the right skills and business support, along with the creation of new ideas, products and services, all of which must be grounded in the places where we live and work. **Our plan is therefore underpinned by four enabling programmes to provide the right foundations to grow our future economy and which support local recovery plans. The LEP’s leadership groups – Skills, Business, Places and Innovation – will work with Local Authority partners who are leading on bids under the new Levelling Up and Community Renewal programmes to draw much needed investment into the region addressing recovery priorities for communities,**

people and businesses, and support local business-led partnerships taking forward Skills Trail Blazers and the development of Local Skills Improvement Plans.

Through these collective efforts, Building Back Better will contribute to the delivery of a more prosperous, fairer economy, ensuring better standards of living for all the people who live in Heart of the South West and ensuring that the area is better able to weather future storms.

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KEY COVID FACTS - February 2021

The mix of businesses in much of our area is skewed towards those sectors most exposed to the crisis such as tourism, hospitality, retail, manufacturing and construction, with smaller firms in the area continuing to be most adversely affected. This makes the immediate impact more severe and recovery is likely to take longer than elsewhere

Exports in the South West have seen a steeper contraction than seen nationally

Earlier forecasts suggested a return to growth in 2020 but this has been put back following further lockdowns, though the Bank of England believes that a reasonably fast recovery through 2021 is possible

Whilst unemployment has been less severe than expected as a result of the Government’s employment and financial support schemes, it is still likely to peak at a higher level than previously hoped

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What have we already Done?

The Heart of the South West Local Enterprise Partnership published its route-map to recovery in the summer of 2020 (<https://heartofswlep.co.uk/wp-content/uploads/2020/06/Heart-of-the-SW-C-19-Route-Map-to-Recovery-June-2020.pdf>) focusing on three phases to recovery that would enable us to re-start, revitalise and grow. Our £35 million Getting Building Fund award from government marked an important stage in our journey but a step-change is now needed.

What do we Need?

Our programmes – both transformational and enabling - can only be delivered through collective efforts. Strong partnerships will be required between our communities, Government and other stakeholders in the Heart of the South West for us to Build Back Better. Our collective efforts can be strengthened as we take our next steps by:

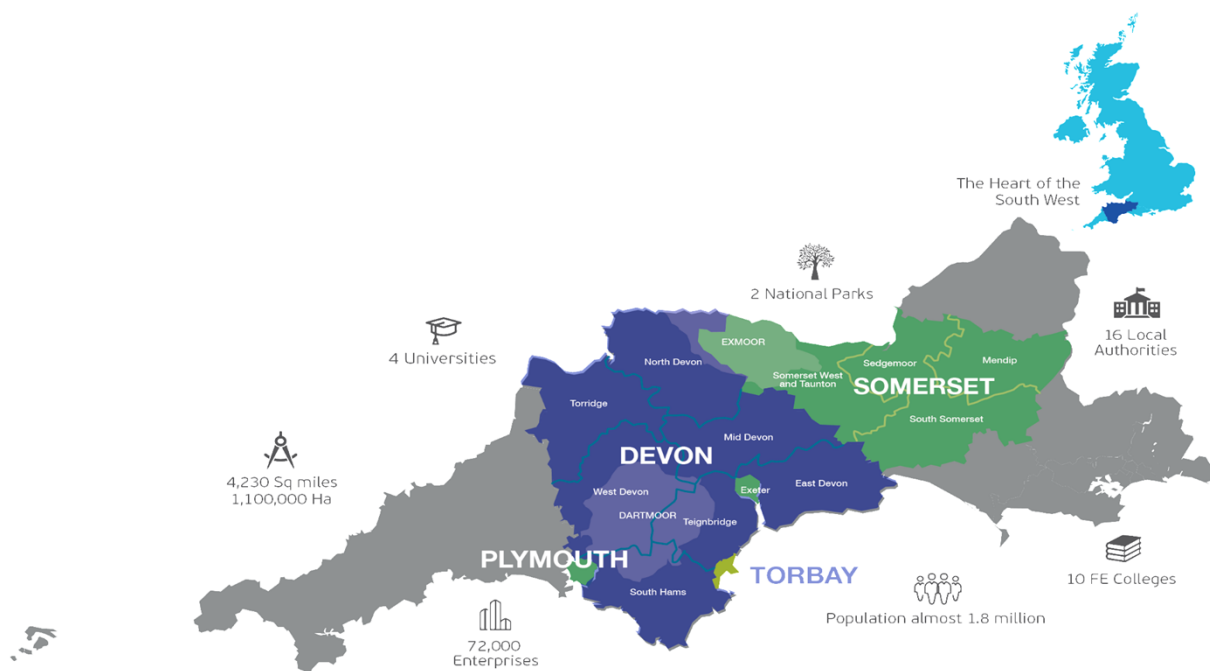
- **Co-design on taking forward key parts of the programmes we have identified**, e.g. scope and implementation of a rural productivity deal;
- **Powering locally-led delivery through locally-designed funding**. The UK Shared Prosperity Fund and Levelling-Up Fund are major opportunities to support local and regional recovery; localities are best-placed to match funding to need and ensure it compliments other activity on the ground. We are advocating a devolved locally led single pot of both capital and revenue funding which as a minimum comprises:
 - Replacement for EU Structural Funds
 - Replacement for historic Local Growth Fund and Regional Growth Fund programmes
 - Devolving ESFA funding to the local level to provide skills programmes tailored to local needs and opportunities, ensuring funds for adult training and re-training can be deployed flexibly as needed by the local area.
- **Local decision-making on innovation and growth**: putting local areas at the centre of setting out how places will reach the UK 2.4% R&D target, working with local partners to develop the right ecosystem to help local businesses generate new products and services including;
- **Supporting business growth**: with scale-up, start-up and Covid-19 support for business by extending and increasing Growth Hub Funding for the duration of Parliament, extending Enterprise Zone benefits to 2030 and supporting a Heart of the South West Freeports programme; and
- **Enabling areas to develop local talent**: a further commitment to Skills Advisory Panels, retraining and further devolution of skills funding. This should also include support for careers hubs and Digital Skills Partnerships alongside the devolved funding above.

Why is this Important?

Covid-19 has had an immense effect on the Heart of the South West economy due its sectoral mix; although the Heart of the South West has had comparatively low levels of coronavirus cases, the pandemic has had a more severe impact here than elsewhere in the country. Modelling by Oxford Economics, and re-confirmed by EY in their regional analysis, shows that the high proportion of businesses and employment in the hospitality and manufacturing sectors and the lower levels of professional services means the economy is projected to be 1.9% smaller in 2025 than pre-Covid, averaging 1% growth per year compared with 1.3% nationally. This will exacerbate pre-Covid structural challenges which were particularly acute in our coastal towns that were already in need of support to boost economic prosperity as part of the Government’s commitment to level up across the country.

Heart of the South West’s economy is the size of Birmingham or Liverpool, some £35 billion a year. There are 72,000 businesses and a population of almost 1.8 million across its urban, rural and coastal areas. It is home to a range of natural assets including two National Parks, a UNESCO geopark and World Heritage sites, alongside unique scientific expertise and research capabilities in sectors that support our growth ambitions. Despite the impact of the pandemic the Heart of the South West still has a number of globally competitive strengths, providing a range of potentially transformational opportunities that we must capitalise on to Build Back Better. Making the recovery work in Heart of the South West is delivering levelling up on a major scale.

Our commitment to Building Back Better is underpinned by our vision to transform the economy through clean and inclusive growth, seizing new opportunities to move the economy towards a greener future. It is unashamedly ambitious, marking a step change in the Heart of the South West’s potential to evolve and grow the local economy in the exciting years that lie ahead.



What is the Clean Growth Opportunity?

The UK was the first major economy to embrace a legal obligation to achieve net zero carbon emissions by 2050, and the Government's Ten Point Plan has laid the foundations for a Green Industrial Revolution to deliver new high value jobs, disruptive businesses ideas and innovative technologies. The Heart of the South West is in a unique position to take a lead on this. As well as its unrivalled set of industrial, academic and research assets aligned with clean growth and the abundance of natural capital, there is a growing political will among the area's constituent local authorities and public sentiment associated with the climate emergency that is stimulating the development of collective processes to achieve net zero carbon emissions.

Clean growth is at the core of our plan to Build Back Better – enabling us to focus on growing the economy whilst protecting the environment, lowering emissions and enhancing natural capital. We will capitalise on the dynamic heart of the economy through the transformational programmes and deliver a low carbon energy powerhouse, drive innovation to make our aerospace and maritime sectors cleaner, and exploit the digital expertise in environmental science, geospatial mapping and agri-food systems. We will also embed our commitment to clean growth in the enabling programmes to stimulate ideas that address environmental challenges and deliver nature based solutions, ensure business and people have the right support and skills to benefit from clean growth, and encourage the sustainable development of our urban, rural and coastal communities.

We intend to be recognised as leaders in clean growth by ensuring the aim of achieving net zero informs future investment decisions, by collaborating with others to deliver shared priorities and added value, and by developing exemplar initiatives that showcase the Heart of the South West's clean growth credentials.

What is the Inclusive Growth Opportunity?

Although the economy was operating at close to full employment before the pandemic there had been significant inequality in economic performance, these being strongly linked to social mobility and life chances for individuals and the situation has been exacerbated by the pandemic. Although the consequences of the pandemic have been significant for the whole area, they will be felt deeper across particular sectors, places and parts of our workforce. It is essential that actions to drive social and economic inclusion are embedded across our short, medium term and longer-term ambitions for Building Back Better, supporting the area's natural capital.

Like clean growth, inclusive growth is at the core of our plan to Build Back Better – enabling us to focus on levelling up and providing the opportunity for everyone to contribute to and benefit from growth.

We will galvanise the work of our Expert Panel which is being created to accelerate and mainstream plans for inclusive growth both socially and spatially across our area. With an initial focus on financial instruments we have already invested in SW Mutual which is a regional bank being set up across Cornwall, Heart of the South West and Dorset, the benefit being that deposits from businesses and individuals are re-invested locally rather than nationally/internationally and could be directed towards developing the economy. Beyond this we will co-create a programme of work to ensure that plans are truly inclusive, drawing on the social economy as an engine for social innovation and dovetailing with local activity.

PAGES 7-9 What are the Transformational Programmes?

PROGRAMME 1 - Proposition: we will capitalise on the area's nuclear and renewable energy potential and be a green energy powerhouse and first net exporter of clean energy

The Opportunity: the Heart of the South West has made substantial strides towards becoming a green energy powerhouse. It will be home to the first new nuclear power station in decades, Hinkley Point C in Somerset, with associated opportunities estimated to be worth over £50 million to the region. The area is also generating 1.2GWs of onshore renewable energy, with ambitions to increase this significantly and realise the addition of offshore renewables. This unique combination is helping to unlock the area's huge potential to become a net exporter of clean energy. There are also opportunities to accelerate the transformation of the energy system with the introduction of local energy markets, distributed systems and energy storage, and to take advantage of the growing enthusiasm and capacity within towns and villages to deliver local community energy initiatives.

Supporting Building Back Better: we will stimulate new thinking and new technologies to accelerate the move to a greener, more prosperous economy and increase the critical mass of businesses operating within or supplying to the energy sector in order to create a globally recognised cluster. Our goal is to anchor the high value engineering sector in the area, facilitating a pipeline of long term opportunities, and encourage the generation of more onshore and offshore renewable energy. This will create a major national and international clean growth opportunity for existing and new businesses and increase the potential for inward investment whilst delivering inclusive growth through lower cost energy and community energy solutions.

Key Actions: we will anchor the nuclear sector by facilitating a pipeline of long term opportunities such as decommissioning, defence and fusion, and open these opportunities to energy and engineering businesses across the South West. The deployment of more large scale onshore and offshore renewable energy will be facilitated whilst also encouraging local community energy solutions. We will explore ways to test and commercialise local energy markets and distributed systems alongside support for upgrades to the existing grid network. Plans for the clean growth Enterprise Zones (Gravity, Exeter & East Devon and Oceansgate) will be accelerated to develop strong clean growth clusters. We will continue to develop the skills infrastructure which includes the National College for Nuclear and two Institutes of Technology.

PROGRAMME 2 - Proposition: we will build a high-tech marine cluster focussed on autonomous and digital systems, clean propulsion and cyber-secure smart ports

The Opportunity: marine autonomy is a growing, disruptive technology that has the potential to transform the marine sector, contributing to the Future of Mobility Grand Challenge and Maritime 2050. The Heart of the South West is well placed to lead the shift to an increasingly digitised low carbon maritime environment in addition to enabling offshore renewables as set out in Government's recent Ten Point Plan for a Green Industrial Revolution. We are home to a range of assets such as the UK Hydrographic Office, alongside extensive research capabilities and innovative coastal testing facilities such as Smart Sound and a strong commercial base with a concentration of defence primes, marine platform manufacturers and supply chain companies stretching from Plymouth and the south coast, through northern Devon and throughout Somerset.

Supporting Building Back Better: we will lead in the development and commercialisation of autonomy, digitisation and other low carbon marine technologies, becoming recognised as a national Centre of Excellence. This will unlock public and private investment in this highly productive clean growth sector, underpinned by our manufacturing base, and delivering inclusive growth by creating jobs across the full range of skills levels. Further impetus will come through our High Potential Opportunity (HPO) in Marine Autonomy, supporting inward investment.

Key Actions: we will focus on developing a national Centre for Excellence for Future Oceans including marine autonomy,

covering defence and civil applications, completion of Oceansgate 3 and Freeport designation. Building on our Marine Business Technology Centre and the Smart Sound concept we will leverage R&D and innovation, supported by our technopole, to place the UK as a world-leader in advanced maritime technology.

PROGRAMME 3 - Proposition: we will grow the photonics cluster, underpinning growth in digital and autonomous systems

The Opportunity: photonics is a £13.5 billion industry nationally and is projected to grow by around 8.5% between 2020 and 2025. There is a strong and established cluster of 174 companies, employing over 3,000 highly skilled people across the Heart of the South West, contributing over £603 million per year. The cluster boasts a broad range of capabilities across the value chain and is a key enabling technology for a range of industries from UK Security and Resilience through to Robotics, with significant opportunity for growth.

Supporting Building Back Better: through our High Potential Opportunity (HPO) in photonics we will attract inward investment, supporting the development of a world class cluster that places us at the forefront of cutting edge innovation with a focus on 5G, Big Data and autonomous vehicles (also supporting delivery of Programme 2). We will also build on this with other actions, such as skills development, to support the continued growth of this cluster.

Key Actions: to follow after photonics workshop on 1st March

PROGRAMME 4 - Proposition: we will deliver a Future of Flight Programme for sustainable aviation technologies and fuels

The Opportunity: the Aerospace Sector Deal looks to position the UK to take advantage of global moves toward cleaner aircraft, as well as to exploit new markets such as electric aircraft, unmanned ariel vehicles and urban air mobility. The Heart of the South West, in partnership with neighbouring LEPs through iAero, the SW Aerospace Cluster and the evolving Heart of the SW Smart Aviation Cluster, is well placed to support this challenge, being host to key industry players including the only industry prime in the UK with a complete end-to-end capability in rotary technology.

Supporting Building Back Better: through the establishment of a High Potential Opportunity (HPO) proposition we will make a specific contribution to the sustainable aviation challenge in rotary technology and electric planes, by attracting high value foreign direct inward investment, as well as growing our own capability. By utilising the associated skills and R&D opportunities, this programme will strengthen both the Yeovil and Exeter & East Devon Aerospace clusters, anchoring this high value sector in the area and delivering inclusive growth through increased supplier capability, jobs and skills.

Key Actions: as a partner within the Innovate UK Future Flight Programme project 2Zero, we will provide demonstration facilities and support the design of new airport infrastructure to accommodate smart aviation technologies and fuels and will broaden that demonstration zone along the A303 / A30 corridor, building the eco-system around Exeter Airport and encompassing Yeovil. Utilising the iAero Centre we will grow the capability of the local supply chain to innovate and adapt to new aviation technologies. Working with key stakeholders within the Smart Aviation Cluster and in the context of our Skills Strategy, we will implement a roadmap of future skills and workforce requirements for this sector that can be delivered locally.

PROGRAMME 5 – Proposition: we will tackle economic and societal challenges through analytics and digital innovation

The Opportunity: the Heart of the South West is home to two national capability government labs with a focus on environmental and geospatial data (the Met Office and the UK Hydrographic Office). Sitting alongside expertise in the universities of Exeter and Plymouth and a growing commercial capability in the application of data and machine learning, they are attracting partnerships with global organisations such as Amazon Web Services, Microsoft, Google, IBM, the World Health Organisation and NASA, as well as talented academics from around the world. We have an ambition to grow this market, catalysing the development of a multi-billion pound global market for big data to deliver a transformative effect.

Supporting Building Back Better: we will harness data analytics and digital solutions to grow the environmental intelligence market and maximise the potential from marine geospatial innovation through clean growth applications. Our capabilities will also be harnessed to reduce emissions from agriculture through the development of clean, sustainable agri-food systems, aligned with Exeter University's circular food economy work. This will support the recovery and future of agriculture, one of our bedrock sectors which has been affected by both the pandemic and departure from the European Union, supporting inclusive growth through expanding the local food economy to address health and inequality.

Key Actions: we will develop key assets including a Geospatial Innovation Centre in partnership with UKHO, an Industrial Digital Technology Hub and Environmental Intelligence Accelerator at Exeter Science Park. We will also collaborate with the UK's Agri-Tech Centres and Satellite Applications Catapult to accelerate development, commercialisation and dissemination of data analytics and AI technologies within the farming sector.

PROGRAMME 6 – Proposition: we will position the Heart of the South West as a health technology pioneer

The Opportunity: by 2046, one in four people in the UK will be aged 65 or over and the Heart of the South West is significantly ahead of the UK's ageing curve, spread across a peripheral-dispersed population. It is also home to a number of exceptional regional assets with investment in hospitals and health technology innovation capabilities, based in our universities and clinical trials units as well as in the wider business and social enterprise ecosystem, presenting us with a range of market opportunities.

Supporting Building Back Better: we will capitalise on the challenges presented by the area's ageing demographic and health research assets to position us as a Health Technology Pioneer, providing a national centre for the development, evaluation and application of solutions to the challenges of an Ageing Society. Digital products and services will enable clean growth and also contribute to inclusive growth objectives by improving the experience of end users within the context of the UK Ageing Society Grand Challenge mission.

Key Actions: we will develop the Plymouth Health Campus to support the user-led design, development, evaluation and adoption of digital health technologies across the region that are not found elsewhere in the UK as part of a regional Demonstrator project.

PROGRAMME 7 – Proposition: we will establish a data-led Tourism Action Zone

The Opportunity: prior to the Covid-19 pandemic, the Heart of the South West had been working on plans to improve the productivity of the visitor economy and generate higher value tourism. Working with neighbouring LEAs, this included development of a skills and data-led proposal for a Tourism Zone aligned with the Tourism Sector Deal. With tourism having been one of the hardest hit sectors by the pandemic, efforts to support this crucial bedrock sector are even more crucial.

Supporting Building Back Better: we will support some of our hardest hit communities which are reliant on the visitor economy through the Tourism Zone which aims to extend the season and diversify the offer. [More to follow after deep dive session](#)

Key Actions: [to follow after deep dive session](#)

What are the Enabling Programmes?

PROGRAMME 8 – enabling transformation by developing and delivering a comprehensive skills strategy

In a modern, innovative and creative economy, an area's most significant asset is its people. Ensuring the Heart of the South West's workforce, and training / education offer, emerges more skilled, more flexible and more economically focused than before is crucial if the area is to achieve its ambition to Build Back Better. Skills development at all levels is essential in addressing the levelling up and inclusive growth agenda.

Led by the Heart of the South West Skills' Advisory Panel, the area's Skills Strategy focusses on maximising our opportunity sectors and rebuilding and reinforcing our skills foundations and wider social inclusion. The strategy creates clear pathways into work, progression and higher earning as well as addressing unemployment, underemployment, low skills low pay and higher level skills. Partners will coordinate funding and communication efforts to reinforce routes to academic and vocational / apprenticeship success; reinforce support into work / progression through work for adults; widen our existing strengths in technical skills and further and higher education alignment; and seek to create a skills and training landscape both better able to drive the recovery and meet the needs of our future economy.

To achieve this, the area will seek to fully harness the tools now at its disposal, including England's largest Careers Hub, our two Institutes of Technology and excellent partner colleges, our world class universities, our nationally recognised pathfinder activity around digital skills and adult retraining, as well as the Government's new universal skills offer for adults, employment and Kickstart programmes, and wider support for employers and learners alike as we emerge.

PROGRAMME 9 – enabling transformation by facilitating effective business support

The Heart of the South West is home to 72,000 businesses across a wide range of sectors and industries. This includes a number of high-profile businesses that exhibit best practice and have transformative potential. It also includes a growing social enterprise sector, providing an important opportunity to support inclusive growth.

With an ambition to be one of the best areas in the UK to start and grow a business, we are developing a strong and joined-up business support infrastructure. Operating as a hub and spoke model over a large geographic and dispersed geography the Growth Hub will contribute to the Building Back Better goal with increased digital delivery to increase its reach. Central to this is a public/private partnership approach to providing business support, advice and guidance alongside support for apprenticeships, shorter supply chains, increased inward investment and exporting.

With a dedicated team of specialists, we will help businesses navigate the support available, promoting the area's strong and emerging sectors as well as supporting entrepreneurship and start-up companies, ensuring businesses at all stages receive the right support at the right time. Throughout our delivery we will promote and encourage good employment practices, alongside environmental support for "cleaner" business. With Covid having accelerated existing trends, it is more likely that digital business practices, including selling on line, future home working will increase meaning that digital will be a greater driver for productivity and clean growth in the future. Additionally, we will develop a financial support package enabling our business to access the finance they need to invest and grow, plugging known gaps around attitudes to risk.

PROGRAMME 10 – enabling transformation by establishing a ‘technopole’ innovation ecosystem

The Heart of the South West has unparalleled place-based opportunities for innovation, commercialisation and the dissemination of ideas that have both commercial and societal value. We also have many of the ingredients necessary to capitalise on these opportunities, including demonstrable research excellence in a range of technologies and sectors, together with a vibrant community of research-intensive businesses. However, the area still exhibits comparatively low levels of innovation activity and businesses face a number of challenges in bringing ideas to market.

To address these challenges, we will lead a partnership in the creation and delivery of a ‘technopole’ to support the growth of research intensive businesses and innovation. This programme will strengthen the local innovation ecosystem and especially support the delivery of the data analytics and health tech programmes by connecting businesses with the area’s knowledge and R&D base, also facilitating multi-disciplinary collaboration, open access platforms, a talent pipeline and effective support for businesses to innovate and engage in R&D. The technopole will enable the Heart of the South West to plug gaps in the diffusion of technology and ideas across key sectors, supporting businesses to innovate and bring ideas to market.

PROGRAMME 11 – enabling transformation by supporting left behind places and ensuring strategic connectivity

It is essential that no communities or places are left behind in our plans to Build Back Better. To ensure this we will work with our Local Authority partners, building on their existing efforts to support cities, rural areas, coastal communities, market towns and parishes right across the patch. Taking into account the need for strategic employment land, this will include a workspace offer, expanding the reach across our diverse network of settlements, designed for a post-Covid world. Linked closely with the technopole this will support both urban and rural enterprise and innovation, including in peripheral areas. We will also consider how best to support the longer term sustainability of these communities and also our high streets along with those places which have a high reliance on the hardest-hit sectors, working with them to develop plans to mitigate the immediate impact and open up opportunities in new growth sectors.

Strategic connectivity will be a key part of this effort, supporting our drive to increase both competitiveness and inclusion. Given that the Heart of the South West suffers significantly through long standing poor infrastructure, securing our economic recovery has to be underpinned by a step-change in improvements. This includes digital connectivity which can also reduce the need to travel, alongside making the case for road improvements (e.g. A303/ A30/ A358 corridor and the A38), electrification of the main rail line and network rail improvements to ensure the resilience of lines into and through the Heart of the South West. Links within the area will also be prioritised, potentially including cycle route development. The strategy will align with our Clean Growth Plan and the work of our Rural Productivity Commission, supporting our goal to secure a Rural Productivity Deal.

What are our Next Steps?

This document sets out our ambitions for delivering a stronger, greener and more inclusive future for the Heart of the South West. We know that there are challenges ahead but we have the vision, energy and commitment to seize the moment and Build Back Better. With the right investment, these opportunities can become reality.

Our plan requires collaboration and partnership both within and beyond our region. But we are confident that by working together with all of our partners across and with government we will achieve a better future.