



### 1. **Overview:**

Somerset County Council (SCC) working with the District Councils has commissioned an analysis to explore future economic scenarios for the County. As part of this work there has been ongoing consultations with civic organisations, community groups, businesses and residents on the kind of place they want the area to become by 2050. This is a broad-ranging exercise that takes in perspectives on the economy, it is intended as a foundational piece of work to support the new unitary Somerset Council as it comes into being in April 2023.

Research has been completed to support this exercise: It covers questions such as what roles does Somerset play within the economy of the wider region and how might these change over time? How might Somerset's vulnerability to climate change affect its future economic development? How might its rural character affect how we promote social mobility? How might Somerset be impacted by social changes such as trends in homeworking?

### 2. **Background & Purpose:**

Now is an important time for Somerset to consider its medium and long-term futures alongside managing current issues and crises. Infants born since the COVID-19 pandemic and will be approaching their early 30's in 2050. Choices made now will impact directly on their life experiences. More broadly, what sort of Somerset should the County's 650,000 residents be living in and calling 'home' in the 2050's. The Somerset Economic Futures work seeks to explore and answer these questions.

'Futures' analyses investigate and discuss long-term alternative futures of a place. Typically utilising a range of tools and techniques, including forecasting and analysing trends, horizon scanning, scenario and contingency planning, and mapping.

The use of this technique has a long history, Government previously published a 'Futures' Toolkit' and this has been used to understand the futures of both cities and rural areas. Local authority-led exercises include Newcastle City Futures which, among a wider range of activities, explored three different scenarios for Newcastle and its city region to 2065 (fifty years from 2015). MK2050 outlines a vision, scenarios and consequential thematic priorities for Milton Keynes to 2050.

The work being undertaken by Somerset Economic Futures will develop scenarios

of alternative futures to illuminate thematic and policy priorities and choices in the short and medium term. It is not intended to be a strategy or a blueprint plan where there is a single solution or 'right' answer. Whilst content and analysis need to be robust, the process of developing and achieving common understandings and buy-in are equally important.

The purpose of the Somerset Economic Futures work and development of alternative economic scenarios is to support future economic strategy development, inform investment planning and assist in policy decision-making.

4. **Evidence Summary to date:**

To date, an extensive review of evidence and analysis on Somerset has been completed including over 30 reports and 50 national and local datasets. This information has been synthesised into a SWOT analysis (strengths, weaknesses, opportunities-threats) and discussed with the Somerset Futures Steering Group comprised of the Somerset local authorities and LEP (results outlined below). A preliminary session has also been held with both SCC Executive Members and a business stakeholder group.

Somerset SWOT Analysis Results:

<b>STRENGTHS</b>
<p><b>Economic geography – Somerset’s place in the wider regional economy</b></p> <ul style="list-style-type: none"> <li>• Bridge between the metro (Cardiff and Bristol) and Peninsula knowledge and technology-based economies</li> <li>• Rural and dispersed population - as a cultural / quality-of-life asset</li> <li>• Strong in Advanced Manufacturing with a leading aerospace cluster centred on Yeovil; Environmental Industries; Agriculture, Food &amp; Drink; Tourism</li> <li>• Hinkley Point C on Somerset's north coast - as anchor for clean growth cluster and supply chains</li> <li>• Higher value knowledge businesses - centred on Taunton and the UK Hydrographic Office</li> </ul> <p><b>Economic resilience</b></p> <ul style="list-style-type: none"> <li>• Slight over-representation in health and social care - less vulnerable to economic shocks than other sectors</li> <li>• Scores relatively well on multiple deprivation scores - In 7th decile for IMD (10 being the least deprived)</li> <li>• Higher than average personal wellbeing (self-reported)</li> <li>• Home to leading examples of town-centre management (e.g. Frome)</li> </ul> <p><b>Environmental quality</b></p> <ul style="list-style-type: none"> <li>• Abundant natural capital</li> <li>• Better-than-average access to high-quality green space</li> </ul>
<b>CONCERNS</b>
<p><b>Economic geography</b></p> <ul style="list-style-type: none"> <li>• No major city anchor - reliance on small-town economies among most vulnerable to future</li> </ul>

pandemics

- Fragmented economic geography - pulling in up to four directions when you look at TTWAs and FEMAs
- Rural and dispersed population: challenges of physical and digital connectivity; long travel times for FE and work

#### **Economic resilience**

- Over-represented in sectors with low home working potential (Accommodation, Food & Drink), under-represented in those with high potential (e.g. Professional Services)

#### **Economic structure / productivity**

- Low wages and productivity - workplace and resident earnings below England average
- Low supply / low skills demand equilibrium - higher-level skills attainment below national average
- Relatively few senior occupational jobs
- Lack of a university anchor or major R&D assets in the administrative county and fragmentation in skills delivery

#### **Social inclusion / mobility**

- Ranks low on social inclusion - barriers to housing and among worst outcomes for disadvantaged young people in England (SW as a whole)

#### **Climate change**

- Vulnerability to climate change pressures - share of geography at high risk of flooding much higher than England average

#### **Demographics**

- High population growth driven by those above working age; low share of residents in 20s and 30s (former West Somerset has oldest age profile in England)

### **OPPORTUNITIES**

- **Leveraging geographic location** - as the link between the Great SW and Western Powerhouse regions
- **Fulfilling potential as the clean growth and energy link on M5 Innovation Highway** - stretching from cyber-security centres of excellence in the north (e.g. GCHQ / NCSC in Cheltenham) to Gravity Smart Campus near Bridgwater
- **Potential for Somerset's sub-regional centres** (Taunton-Wellington, Yeovil and Bridgwater) to play nationally-significant roles and functions (e.g. Taunton and Wellington as largest and leading 21st Century Garden Town; Yeovil as important node in the Bristol-South Coast aerospace corridor; Bridgwater as gateway to and service centre for HPC)
- **Growing the value of clean growth assets** (building on HPC, Gravity Smart Campus etc), space for expansion
- **Maximising the economic value of innovation assets** - through joint initiatives and networks, including: SEIC, iAero Centre, SDIC, Gravity Smart Campus
- **Strengthening key and emerging sectors for innovation**, including: Aerospace / Advanced Engineering and Manufacturing; Digital (e.g Digital Health); Agritech; Creative
- **Diversification in farming incomes / business models** forced by policy - shift to higher productivity land use
- **Soon-to-be single point of strategic leadership for economic development** in Somerset Council

### **THREATS**

- **Immediate challenges to economic welfare, public health and business viability from**

#### **rising energy prices**

- **Climate change** - risks of flooding, sea-level rises and coastal erosion which threaten major settlements
- **Phosphates in the Somerset Levels and Moors** – water quality issues as threat to ecology and habitats, impediment to new housing
- **Ageing population and workforce** - faster demographic ageing than UK from net out migration of young people
- **Changes to scale and nature of public funding frameworks** (e.g. ELMS, UKSPF) - especially for over-represented industries such as Agriculture and Food & Drink
- **Low priority within UK hierarchy of infrastructure investment** (HS2, NPR, electrification from London to Bristol etc)
- Decreasing preference for county's craft / artisan retailers to take up shops as online platforms grow - **threat to town centre renewal**

## 5. Scenario Development:

The SWOT analysis results were then used to initiate four future scenarios which will form the basis of further wider consultation:

Four scenarios:

- A *base case* scenario – ‘Making the most of business as usual’ – assumes existing trends tend to continue and that Somerset responds to them pragmatically as opportunities and challenges arise to try to achieve the best outcomes for the county and its communities
- A *health and wellbeing* scenario focuses on leveraging the rapid aging of the local population and the propensity for commuting and other linkages to opportunities in neighbouring geographies to make Somerset an exemplar in quality of life in general and healthy aging in particular
- A *vitality and dynamism* scenario focuses on attracting, retaining and developing talent, supporting networks and community dynamism, building social capital and a dynamic, enterprising economy
- A *clean and green* scenario focuses on accelerating decarbonisation, nature recovery and building natural capital to make Somerset a sustainable development exemplar

The scenarios are alternative ways of thinking about the future and the policy choices made today. They are not mutually exclusive, in reality changes in Somerset will likely include elements of each scenario. However, decision-makers can choose the balance of emphasis dependent on levels of ambition, vision and values and external influences.

To aid understanding, ten factors have been identified, which applied to each scenario, can assist decision-makers in understanding the impact and describe the long-term outcome:

- *Demographic change* – the size and profile of the resident population
- *Economy* – consequences for areas of economic activity, structure, growth and contraction
- *Wellbeing* – the health, wellbeing and quality of life of different communities

- Net zero and nature recovery – consequences for decarbonisation and ‘green’ agendas
- Social mobility and cohesion – impact and implications for equalities and cohesion issues
- Place-making – issues for different towns, villages and rural areas from each scenario
- Rural vitality and resilience – critical implications for rural areas and issues like flooding, coastal erosion and land use
- Digital and technological – contributions and impacts of digital and technological change
- Local leadership – requirements of each scenario in terms of leadership and management
- National relevance – how each scenario will impact on Somerset’s profile and reputation

## Scenario Dashboard

A proposed dashboard has been developed that can be used to describe each scenario at high and incremental levels of ambition, and could be used to support decision-making:

High ambition, transformational	Where on the continuum?	Making the most of incremental progress	Issues and comments
Leading USPs in SW & Peninsula development		Steady progress against national priorities and metrics	What are the USPs and where is the capacity to lead and manage them?
Radically shifting selected economic bottom line dials		Some convergence of GVA, productivity and employment with regional norms	Which specific metrics and through which major policy shifts?
Shifting demographic dials toward attraction, retention, development of young talent		Managing aging and commuterism well but broadly accepting BAU trends	What is or could be the Somerset USPs for talent attraction and retention?
Green, natural capital, net zero pacesetter of national quality		MTM of Hinkley and playing a strong supportive role in Peninsula green/blue ambitions	Is it clear what the difference is between existing plans and pacesetting?
A distinctive Somerset approach to defining and addressing LU (essentially the social dial)		Following Government lead and funding opportunities	Defining and mainstreaming exclusion and social mobility in public policy
Outward looking, embracing and leveraging connectivity and out-commuting		Focus on indigenous development and local productive capabilities	Should Somerset major on quality of life and embrace out-commuting as a key part of their offer?
Finding deliverable solutions to human, intangible and institutional capital deficits		Increased access, participation and attainment in Education & Skills – esp in priority and future jobs/sectors	Is the long-standing University ambition relevant and deliverable? Certainly not sufficient...
Exemplifying successful future non-metropolitan placemaking		Rebooting and recovering town, district & n'hood centres	Explicit 'priority' places or universal approach?
Rural vitality and stewardship		Managing agricultural transition, coastal erosion and flooding well	The stewardship issue stresses the link between rural and urban areas, residents and businesses
A leading non-metropolitan smart futures region		Delivering national digital agendas well	What are the leadership and delivery assets and capabilities for a 'Smart Somerset' agenda?

Each scenario implies a different position on the dial for each factor, dependent on levels of ambition and contextual issues.

At the same time, major strategies and policies can be analysed in terms of how they shift the dials to the left or right in terms of Somerset’s position as a healthy aging, dynamic and talented, and clean and green county.

### 5.1 Proposed Somerset Future Scenarios

**Scenario 1** - Making the most of business as usual: ‘Making the most of business as usual’ is presented as a base case comparator for other scenarios. It envisages Somerset making the most of the unitary council dividend – perhaps taking the large rural unitary council model beyond the successes achieved by Cornwall and

Wiltshire, giving valued support to enabling local community networks to achieve progress for their respective local communities. It will navigate through the crises and uncertainties of the 2020s effectively, continuing to be a good place to live and visit – founded on its natural capital and environment. It will deliver major progress at Hinkley, Gravity, the manufacturing and engineering cluster around Yeovil, and the Garden Town developments around Taunton.

However, its ambitions for progressing comparative economic performance in areas like productivity, skills, household income, even inequalities will largely recognise Somerset's 'stuck in the lower middle tier' of outcomes compared to national averages – and local policy will largely follow national policies and programmes opportunistically.

It is a balanced approach to supporting businesses, communities, local geographies, and themes/areas of economic activity (AEAs) like skills, infrastructure, enterprise etc. For this reason, the default position of the dashboard will be as in the example above - starting in the middle of each factor. Dials will tend to shift short term in response to specific government initiatives or other external opportunities.

**Scenario 2 - Quality of life-driven health and wellbeing:** In Scenario #2, Somerset explicitly seeks to be known for and a national pacesetter in healthy aging and providing a high quality of life for residents, even if they are commuting for employment opportunities. Somerset will be a leader in health and care integration and reform, and in quality of local places for living and leisure. It will prioritise health and liveability economic activities, digitalisation of services, support for hybrid working, and access for local residents to vibrant towns and the countryside.

It will not necessarily expect convergence with national performance in core economic metrics like GVA, productivity, skills and incomes – although it will continue to support high growth, high value industries, and decarbonisation of energy, homes, transport and infrastructure. Rather, it will be a non-metropolitan exemplar for quality of life – embracing demographic trends and out commuting where it can provide local dividends.

The default starting position for the dashboard may be quite different from the base case and needs considerable development work to evolve over time. Similarly, the explanatory column – Issues and Comments – for each factor will have particular nuances and emphases around the Scenario #2 vision and mission.

*(See page 10 – Appendix 1 – Scenario 2 Dashboard)*

**Scenario 3 - Vitality and Dynamism:** Scenario #3 is radical and explicitly about shifting demographic and economic dials over the next thirty years. Somerset will

set out to be known for attracting, retaining and developing talent in enterprising dynamic communities. It will be a national exemplar for energy and economic transformation, with some nationally leading sectors, especially around energy, engineering, land-based, digital and creative industries.

Both towns and countryside will be attractive for families and businesses focused on talent, creativity, aspiration and delivering change – requiring housing, education and other dimensions of liveability that appeal to both older and younger residents. It will become a major player for both the West of England, Peninsula and regional economies, connecting the Peninsula with national and global economic success. It will command much higher national and global profiles and attention than hitherto.

The default starting position of this dashboard and the explanatory column will be radically different to other scenarios – and particularly changeable over time and factor as Somerset responds creatively and with agility to the challenges and opportunities of the 2020s and 2030s, and to the changing character and expectations of its local population.

*(See page 11 – Appendix 2 - Scenario 3 Dashboard)*

**Scenario 4 - Clean and green nature recovery:** Somerset has already declared climate emergencies and is facing major requirements and commitments to progress towards net zero. However, scenario #4 goes well beyond this. It seeks to position Somerset not only as a net zero pacesetter, a major regional energy role player through (amongst others) Hinkley, but also as a leader in finding flooding and coastal solutions, and in placing biodiversity, nature recovery and net gain at the heart of its economic, social and placemaking vision and values.

Major economic drivers will include energy, but also focus on green infrastructure, biodiversity, renewables, low carbon homes and transport, land-based transition, green economy industries, services and skills. Social capital and community cohesion will be important and include stewardship of the county's approach to nature and behaviour change. Place making will emphasise 15-minute towns and villages across the whole county.

Somerset will be a significant player nationally and a leader regionally for energy and the green component of the blue-oriented Peninsula profile and reputation. This is reflected in the default position of the dashboard which again will be quite distinctive from the other three scenarios.

*(See page 12 – Appendix 3 - Scenario Dashboard 4)*

## 6 Stakeholder engagement & wider consultation process:

Phase 1 – Evidence Review & Initial Scenario Development – this stage has already been undertaken and consultation taken place with Somerset Futures Steering Group, SCC Executive Lead Members and business stakeholder groups

Phase 2 – Wider Consultation & Testing of Scenarios – roundtable and ‘discovery sessions’ to be held with a wider set of stakeholders and public. (details to be finalised and agreed with Somerset Futures Steering Group)

The Somerset Futures Consultation Report will be hosted online on a dedicated [webpage](#) on the SCC website providing opportunity for wider comment.

The following questions and discussions will be covered in the consultation process:

***How far does the summary of the evidence and issues review represent an accurate and recognisable picture of Somerset and the challenges it faces in the longer term?***

***Are there major omissions in the analysis or nuances you would like SF to consider in finalising the evidence review and issues identification section of the exercise?***

***What changes of substance or emphasis would you expect to see included in the ‘Making the most of business as usual’ scenario?***

***What changes of substance or emphasis would you expect to see included in the ‘Quality of life-driven health and wellbeing’ scenario?***

***What changes of substance or emphasis would you expect to see included in the ‘Vitality and dynamism’ scenario?***

***What changes of substance or emphasis would you expect to see included in the ‘Clean and green nature recovery’ scenario?***

***Are there any other suggestions you would make about additional scenarios, changes in factors used to define each scenario, or the transformational and incremental levels of ambition used to describe each of them?***

***Are there any other comments you wish to contribute to the SF process in general or about the future of the county in general?***

Phase 3 – Refinement of Scenarios – following the information and views gathered



during discovery sessions and consultation period the scenarios will be refined and further developed.

Proposed Somerset Futures Launch – end of November 2022

7. **Next Steps:**

Launch of Somerset Futures Consultation period – open now [Somerset Futures](#) – 4 Discovery Sessions available & Consultation Report available on SCC webpage for comment

Refinement and further development – October  
Publish Somerset Futures – end of November 2022

**Appendix 1.** Somerset Economic Futures – Scenario 2 Dashboard ‘Quality of Life Driven’ health & wellbeing

Scenario #2

High ambition, transformational	Where on the continuum?	Making the most of incremental progress	Issues and comments
Leading USPs in SW & Peninsula development		Steady progress against national priorities and metrics	National exemplar for healthy aging and high quality of life
Radically shifting selected economic bottom line dials		Some convergence of GVA, productivity and employment with regional norms	Focus on health and leisure economies rather than convergence with national averages per se
Shifting demographic dials toward attraction, retention, development of young talent		Managing aging and commuterism well but broadly accepting BAU trends	Embraces existing demographic trends rather than seeking to shift them
Green, natural capital, net zero pacesetter of national quality		MTM of Hinkley and playing a strong supportive role in Peninsula green/blue ambitions	Focus on access to natural capital whilst delivering Hinkley and peninsula green/blue ambitions well
A distinctive Somerset approach to defining and addressing LU (essentially the social dial)		Following Government lead and funding opportunities	Majors on health and care reforms, and social capital especially for disadvantaged groups
Outward looking, embracing and leveraging connectivity and out-commuting		Focus on indigenous development and local productive capabilities	Welcomes out-commuting but seeks to benefit from hybridisation
Finding deliverable solutions to human, intangible and institutional capital deficits		Increased access, participation & attainment in Education & Skills – esp in future jobs/sectors	Opportunistic responses as they arise
Exemplifying successful future non-metropolitan placemaking		Rebooting and recovering town, district & n'hood centres	Universal approach to town centre rebooting and quality of place
Rural vitality and stewardship		Managing agricultural transition, coastal erosion and flooding well	Whilst quality of place and access to rural is important, focus on getting the basics right
A leading non-metropolitan smart futures region		Delivering national digital agendas well	Focus especially on digital health, connectivity for hybrid working

**Appendix 2** – Somerset Economic Futures – Scenario 3 Dashboard – ‘Vitality & Dynamism’

Scenario #3

High ambition, transformational	Where on the continuum?	Making the most of incremental progress	Issues and comments
Leading USPs in SW & Peninsula development		Steady progress against national priorities and metrics	Important energy, engineering, & other high value emerging industries
Radically shifting selected economic bottom line dials		Some convergence of GVA, productivity and employment with regional norms	Increasing high value, productivity and skills economy surpassing SW/UK averages
Shifting demographic dials toward attraction, retention, development of young talent		Managing aging and commuterism well but broadly accepting BAU trends	An economy and society attractive to retaining and developing talent
Green, natural capital, net zero pacesetter of national quality		MTM of Hinkley and playing a strong supportive role in Peninsula green/blue ambitions	An important part of the offer where it supports business growth & inward investment
A distinctive Somerset approach to defining and addressing LU (essentially the social dial)		Following Government lead and funding opportunities	Will need to make the most of national policies that redress pressures to increasing inequality from knowledge-based growth
Outward looking, embracing and leveraging connectivity and out-commuting		Focus on indigenous development and local productive capabilities	Quality of life & support for hybrid working – but major focus on local business growth
Finding deliverable solutions to human, intangible and institutional capital deficits		Increased access, participation and attainment in Education & Skills – esp in priority and future jobs/sectors	Build strong innovation infrastructure and institution architecture for growth – resolve university/RD&I deficits
Exemplifying successful future non-metropolitan placemaking		Rebooting and recovering town, district & n’hood centres	Make the most of Taunton, Yeovil & Bridgwater national capabilities, wider town connectivity & agglomeration impacts
Rural vitality and stewardship		Managing agricultural transition, coastal erosion and flooding well	Ensure resilience and make the most of rural enterprise opportunities
A leading non-metropolitan smart futures region		Delivering national digital agendas well	Somerset as a Smart, Futures county-region of global quality & competitiveness

## Scenario #4

High ambition, transformational	Where on the continuum?	Making the most of incremental progress	Issues and comments
Leading USPs in SW & Peninsula development		Steady progress against national priorities and metrics	Somerset as an exemplary rural net zero, biodiversity and nature recovery exemplar
Radically shifting selected economic bottom line dials		Some convergence of GVA, productivity and employment with regional norms	Major shift in green industries and skills metrics rather than across-the-board
Shifting demographic dials toward attraction, retention, development of young talent		Managing aging and commuterism well but broadly accepting BAU trends	Major attraction of talent in priority sectors but overall, not radically shifting demographic dials
Green, natural capital, net zero pacesetter of national quality		MTM of Hinkley and playing a strong supportive role in Peninsula green/blue ambitions	A genuine pacesetter in sustainable living and going beyond national requirements
A distinctive Somerset approach to defining and addressing LU (essentially the social dial)		Following Government lead and funding opportunities	Embedding inclusive growth and innovation in Green Industrial Revolution
Outward looking, embracing and leveraging connectivity and out-commuting		Focus on indigenous development and local productive capabilities	Major focus on indigenous development and offering alternatives to commuterism including hybrid/home working
Finding deliverable solutions to human, intangible and institutional capital deficits		Increased access, participation and attainment in Education & Skills – esp in priority and future jobs/sectors	Some specialist provision of global quality but strong focus on access, participation & tech ed improvements in priority sectors
Exemplifying successful future non-metropolitan placemaking		Rebooting and recovering town, district & n’hood centres	Explicit ‘15 minute’ towns and villages across the county
Rural vitality and stewardship		Managing agricultural transition, coastal erosion and flooding well	Strong focus on resilience, low carbon rural living, and accessible countryside
A leading non-metropolitan smart futures region		Delivering national digital agendas well	Smart Futures digitalisation as integral to the net zero, net gain agendas