

Productivity Strategy - Delivery Update Report to HOtSW Scrutiny Committee

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1. Summary

- 1.1.** This report provides an update on progress on the delivery of the Productivity Strategy and was reported to the HOTSJW Joint Committee at the beginning of October and agreed the recommendation

2. Recommendations

- 2.1.** **It is recommended that HotSW Scrutiny committee consider the progress set out in the report and that the Build Back Better plan will be the route to implement the Strategy over the medium term**

3. Background

- 3.1** The Productivity Strategy is jointly owned by the Joint Committee and the LEP and was published in early 2018, followed by a delivery plan in spring 2019 setting out the key actions. The Strategy and accompanying evidence base is available at [Productivity - Heart of the south west LEP \(heartofswlep.co.uk\)](https://heartofswlep.co.uk) and the delivery plan at [Microsoft Word - 190423 HotSW Partnership Productivity Strategy Delivery Plan \(heartofswlep.co.uk\)](#)
- 3.2** The Strategy sets out how the area will address its long-standing productivity challenges – the fact that people and businesses in Heart of the SW have to work longer than those in other parts of the country to produce the same level of output. This structural challenge means incomes of those working in Heart of the SW are invariably less than the UK average, even if London is excluded. The issues and challenges identified in the strategy have been exacerbated by the pandemic whilst opportunities such as marine of sustainable aviation continue to accelerate.
- 3.3** The Strategy remains the cornerstone of the area's approach, firstly as the foundation first for the Local Industrial Strategy and now the Build Back Better Plan.
- 3.3** This Annex attached to this paper provides a high level update against the delivery plan which was structured around the key themes of Business Leadership & Ideas, Housing Connectivity and Infrastructure and

Employment Skills & Learning alongside the area's distinctive opportunities. The progress outlined here clearly sits alongside much wider work which all partners have undertaken over last 18 months to mitigate the impact of the pandemic and there will be many other achievements from individual partners which are not shown.

4 Next Steps

- 4.1** A lot has been achieved though as ever, there is much more still to do. The area's Build Back Better plan outlines the key medium-term actions across the partnership, setting out the key programmes and placing a central emphasis on clean and inclusive growth. The Joint Committee will continue to be updated on progress against this in the future

Annex - Delivery Plan Progress

Highlights set out against the key headings in the plan

A. Business Leadership & Ideas

- Growth Hub continues to work with c3,000 SMEs a year, helping them access business support. The service was in high demand during the pandemic.
- £900,000 European Regional Development Fund soft landing programme live, supporting existing and new overseas investors to locate and grow in the area. To date £340k of grants awarded creating over 80 jobs with Torbay and photonics being particularly successful
- Three High Potential Opportunities developed with Dept for International Trade covering photonics, marine and smart aviation. HPOs are actively marketed by DIT overseas to attract new investors to the UK. Photonics & marine are live with Smart Aviation to be launched at the Global Investment Summit on the 19th October
- HotSW developing proposals for the HOTSW Technopole to provide specific support for research intensive businesses, led by the area's Innovation Board consisting of business, universities, UK Hydrographic Office, local authorities and Innovate UK

B. Housing, Connectivity & Infrastructure

- Digital connectivity: whilst there remains much to do, significant progress has been made in the area's broadband connectivity, for example through Connecting Devon & Somerset
- Housing Task Force agreed four priorities for joint working: Monitoring and Market Awareness, Promotion of Design and Quality, Social Housing Delivery, Energy Efficiency and Retrofit
- On the Strategic Road Network significant progress has been made in development of the A303/A358 corridor to the South-West. Construction of the A303 Sparkford to Ilchester dualling started in August 2021. A preferred route has been announced for the A358 Taunton to Ilminster dualling, and consultation on the detailed plans is due this Autumn. The Secretary of State's confirmation of the Orders for the A303 Stonehenge Tunnel was successfully challenged, but it remains open for the application to be re-determined.
- On the rail network the enhanced service patterns on the Great Western network were successfully introduced in December 2019, and patronage in the South-West is recovering well post Covid-19. The first phase of the new sea wall to protect the rail corridor at Dawlish is complete, and the second phase is under way; construction of a rockfall shelter to protect the railway from cliff falls is now commencing.
- In addition to the Growth Deal projects for major improvements at Taunton and Plymouth railway stations, construction of the new station at Marsh Barton, Exeter is under way. Work to enable re-opening of the railway between Okehampton and Exeter will be complete by the end of 2021. Funding has been secured for another new station at Edginswell, Torbay. A Strategic Outline Business Case has been completed for railway stations at Wellington and Cullompton, and the Department for Transport has allocated funding for their detailed design.
- Peninsula Transport, the Sub-National Transport Body for the South-West has been established, and has secured Department for Transport support for developing the business cases for improvements on the Major Road Network, with the A382 at Newton Abbot and links to Plymouth City Centre from the A38 Parkway being prioritised. Peninsula Transport has published its vision for a Peninsula Transport Strategy, and expects to complete the draft strategy in early 2022.

C. Employment, Skills & Learning

- Skills Strategy for the area agreed and published [Skills Strategy - for Heart of the South West \(skillslaunchpad.org.uk\)](https://skillslaunchpad.org.uk)
- Skills Launchpad provides information on skills, careers, training and jobs across the area. [Employment, Skills and Training in Devon, Plymouth Somerset and Torbay \(skillslaunchpad.org.uk\)](https://skillslaunchpad.org.uk)
- The HotSW Careers Hub has been expanded to every state-funded school, college and FE institution across the area and is now one of the largest hubs in the country. Working together with employers, universities and career professionals to ensure that careers outcomes are improved for all young people
- SW Institute of Technology established and operational

D. Distinctive sector opportunities

Sector resource in place through the LEP across each of the key opportunities identified in the Productivity Strategy and now the Build Back Better plan. Key highlights include:

i) Advanced engineering - marine

- Plymouth and South Devon Freeport awarded and business plan in development
- 5G testbed to improve and enhance connectivity for the marine and maritime sectors accessing and testing technology within Smart Sound Plymouth
- Ocean Futures prospectus has been produced setting out the opportunity to create a global centre of excellence for the testing, development and manufacture of autonomy, digital and clean ocean technologies for the rapidly growing global ocean economy

ii) Advanced engineering – nuclear

- The existing supply chain project has helped HotSW SMEs secure £55m of contracts from Hinkley with a further potential £75m in the pipeline. Now entering into contractual arrangements with BEIS to give longer term certainty for this programme.
- Innovation: submitted bid to locate STEP fusion reactor in the area and have passed the first hurdle of UKAEA's nomination process.
- Inward investment: Nuclear SW Inward Investment Programme continues to deliver with 20 companies now being actively account managed.
- Refreshing the 2018 Nuclear Sector Deal making it fit for purpose / relevant against the backdrop of Green Industrial Strategy, Energy White Paper and Build Back Better business recovery. Place element recognises that nuclear happens mostly in rural, economically lagging geographies so is an important element of levelling up.

iii) Advanced engineering – aerospace, aviation & space

- Innovate UK Future Flight funded 2ZERO project secured, developing electric hybrid propulsion for aircraft with test flights between Exeter and Newquay
- Prepared a vision for the iAero Innovation Centre to enable a secure collaborative partnership between Leonardo Helicopters, Somerset CC and the LEP for supporting delivery.
- Submitted a bid to UK Space Agency for funding to recruit a Space Cluster Development Manager for 6 months to take forward work with the Space Applications Catapult.

iv) Photonics

- Skills programme in place to develop pipeline of future talent

- Levelling Up bid submitted to expand EPIC, the photonics innovation centre in Torbay

v) Digital

- Secured an additional £750k for delivery of additional DoE Train4Tomorrow digital and technical bootcamps. This includes delivery across Dorset, Cornwall and the Isles of Scilly, and the West of England as well as HotSW, which our DSP is leading.
- Developing a new digital investment programme to support the roll out of further targeted digital skills programmes, a utilisation and triage service, further infrastructure funding for very hard to reach areas, and the Digital Futures programmes in the Build Back Better plan. Decision paper is going to SIP on the 5th October and Board on the 22nd October.

vi) Healthy Ageing & Health Tech

- £1.03m secured from getting Building Fund to develop a Health Tech Incubation Hub delivering state-of-the-art facilities for early stage laboratory-based businesses

vii) Farming, Food & Fishing

- Developed an agri-tech proposition in consultation with key stakeholders which includes support for a new Agri-Tech forum, a digital farm engagement programme, and an innovation showcase and knowledge hub
- Continuing to press the case for a rural productivity deal for the area.

viii) Tourism

- Towards 2030 tourism prospectus developed and published by the Great SW Tourism Partnership; opportunities to take forward being explored [Towards-2030-Reimagining-the-Visitor-Economy-in-the-South-West.pdf \(heartofswlep.co.uk\)](https://heartofswlep.co.uk/Towards-2030-Reimagining-the-Visitor-Economy-in-the-South-West.pdf)

ix) Defence & Security

- Industry-led defence cluster established to develop specific programmes to support the sector further

E. Inclusion

- Coastal Productivity Plan developed and opportunities to implement being taken forward
- Broad inclusive growth approach for the area being developed – update to be given at the Joint Committee meeting
- Evaluation completed of Community Led Local Development scheme (delivered under EU funding) as a basis for a similar approach when UK Shared Prosperity Fund is launched

F. Major Funding Secured

This is not a comprehensive list but shows highlights for the area in recent months:

i) Future High Streets Fund

Yeovil	£9.7m
Taunton	£13.9m
Plymouth City Centre	£12.0m

Barnstaple	£6.5m
Newton Abbot	£9.0m
Paignton	£13.3m

ii) Town Deals

Glastonbury	£23.6m
Bridgwater	£23.2m
Torquay	£21.9m

iii) Freeport

Plymouth and south Devon Share of £175m nationally (c. £22m)

iv) Getting Building Fund, Deal & EU funds

£35.4m Getting Building Fund secured for 24 projects across HotSW. This was the 7th highest award of all LEP areas. Project details on [Projects in our area Archive - Heart of the south west LEP \(heartofswlep.co.uk\)](http://Projects in our area Archive - Heart of the south west LEP (heartofswlep.co.uk)) and awards split across the following themes, shown alongside other LEP funding (match excluded)

£ millions (excl match funding)	<u>Growth Deal</u>	<u>Getting Building Fund</u>	<u>Growing Places Fund</u>	<u>Defra Rural Pilot</u>	<u>EU Structural Funds</u>	Totals
Clean growth		4.35			3.95	8.30
Innovation	47.05	12.90	9.50		20.96	90.41
Natural capital	13.04	0.62				13.66
Skills	18.25	1.34			40.58	60.17
Transport & housing	91.92	5.50	5.93			103.35
Workspace	4.89	9.87	2.90		8.56	26.22
Business support	2.77				12.51	15.28
Digital	17.93		4.20		5.01	27.14
Rural				3.79	18.33	22.12
Other*	1.95	0.82				2.77
Totals	197.80	35.40	22.53	3.79	109.90	369.42

*includes programme management costs