



HEART OF THE
SOUTH WEST

**BUILDING
BACK
BETTER**



BUILDING BACK
BETTER BY DELIVERING
INCREASED PROSPERITY
THROUGH CLEAN AND
INCLUSIVE GROWTH

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; the crisis is extending longer than many had thought, pre-existing trends such as the growth of digital have been accelerating rapidly, new opportunities are opening up and there is considerable uncertainty over the longer term effect on parts of our economy such as the high street.

Transitioning to the post-Covid world will be a challenge, but it is a chance to innovate and Build Back Better. The Heart of the South West has demonstrated time and again that it is a place willing to push the boundaries, take on challenges and seize opportunities. This pioneering spirit is now evident in our vision to create a more resilient, stronger and prosperous area through our focus on clean and inclusive growth but we need support to turn our ideas into reality.

WHAT DOES BUILDING BACK BETTER MEAN TO US?

Building Back Better is an integral part of the Heart of the South West's Covid-19 recovery. It is supported by leading figures from the region in business, academia, the social economy and the public sector. Extensive efforts continue to be made by Government and local partners to mitigate the immediate impact of the pandemic. We have been working with business and Local Authority partners on recovery plans to support the hardest hit places and the hardest hit sectors including Nuclear, Marine, Aerospace, Tourism, Construction, Creative/Cultural, High Streets and Manufacturing. These efforts to help our communities and businesses recover will continue, ensuring that national government initiatives work for us.

But it is also essential to look ahead – to innovate, plan and invest now for the sort of longer-term future our area needs – unfortunately Covid-19 will not be the last crisis our area faces. Pre-crisis structural challenges and opportunities must be addressed; building a more prosperous, fairer economy will ensure that the area is better able to weather future storms and create better standards of living for all the people who live in Heart of the South West.

So Building Back Better recognises the immediate impact of Covid as well as the long-standing challenges and opportunities we face around productivity growth, climate change and levelling up. It is rooted in the ambitious vision

and robust evidence base of our Local Industrial Strategy which focuses on the dynamic heart of our local economy. That means major opportunities around:



Energy Futures - stemming from the construction of the UK's first nuclear power station in twenty years at Hinkley Point C and the development of the next generation of marine renewables;



Engineering Futures - focusing on the development of marine autonomy, photonics and the sustainable aviation challenge; and,

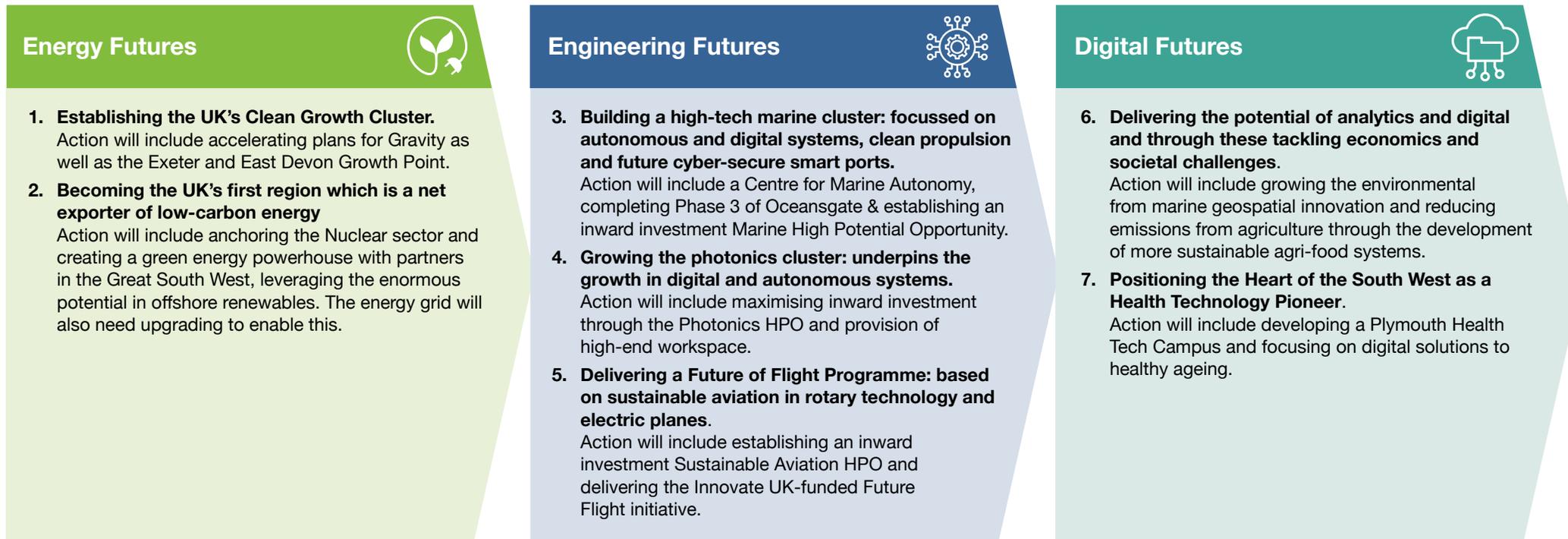


Digital Futures – building on the environmental, geospatial intelligence and sustainable agri-food systems markets whilst also responding to the challenges of healthy ageing.

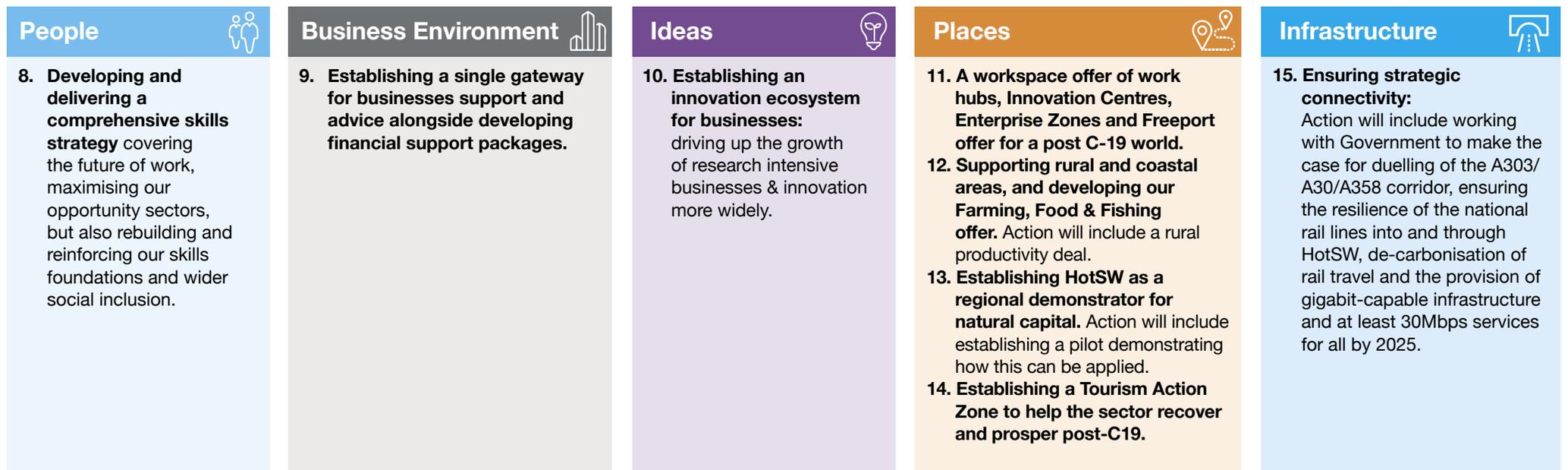
Realising the potential of this dynamic heart will help to build a fairer, more prosperous future. It will enable us to rebalance and repurpose our economy to take account of new opportunities, supporting the green revolution and capitalise on unique capabilities such as offshore wind.

To achieve this potential we have identified 15 transformational programmes which set the direction for specific investments in the coming years:

Figure 1: Our programmes for transforming our economy



The following supporting programmes are integral to delivering these opportunities...





WHAT DO WE NEED?

This potential will not be delivered without a strong partnership between Government and partners in the Heart of the South West. Working in partnership has already paid dividends but our collective efforts can be further strengthened, specifically through:

- ▶ **Co-design; working together with Government 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 meeting the manifesto commitment to develop a UK Shared Prosperity Fund** to support local and regional recovery, re-committing to a devolved locally led single pot of both capital and revenue funding which as a minimum comprises the following:
 - 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
- ▶ **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 including extending Enterprise Zone benefits to 2030 and if appropriate supporting a Freeports programme;
- ▶ **Supporting business growth:** specifically targeting SMEs, scale-up, start-up and Covid-19 support for business by extending and increasing Growth Hub Funding for the duration of Parliament to bring forward the single gateway we envisage; 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, Digital Skills Partnerships and specifically ensuring funds for adult training and re-training can be deployed flexibly as needed by the local area.

WHY IS THIS IMPORTANT?

Covid-19 has had an immense effect on the Heart of the South West economy due to 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 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.

KEY FACTS

- ▶ 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
- ▶ GVA is expected to contract by 8% in Devon and Somerset, 8.2% in Plymouth and 10% in Torbay
- ▶ We are likely to see significant job losses and increased unemployment across the region
- ▶ The effects will be disproportionately felt in rural and coastal areas
- ▶ Recovery is likely to be slower in some sectors (e.g. tourism) and for some areas (e.g. coastal communities)
- ▶ It will affect those furthest from the labour market, the young and the poorest most significantly

References: RSA, Centre for Progressive Policy and Oxford Economics Impact Reports for South West Councils

Heart of the South West remains a significant economy, some £35 billion a year, making it the size of Birmingham or Liverpool.

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.

Historically, the area has been held back by one of the tightest labour markets in the country and an over reliance on low skilled,

low wage and often seasonal employment. It is essential that this pattern is not repeated in the post-Covid recovery. Moreover, whilst many new jobs have been created over the last few years, prosperity benefits have been disparate with significant increases seen in in-work poverty.

Now is the time to think and respond differently. 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.

Figure 2. The Heart of the South West



HOW ARE WE DEVELOPING OUR ROUTE-MAP TO RECOVERY?

In response to these issues the Heart of the South West Local Enterprise Partnership has already published its route-map to recovery (<https://heartofswlep.co.uk/wp-content/uploads/2020/06/Heart-of-the-SW-C-19-Route-Map-to-Recovery-June-2020.pdf>).

As we moved out of the first national lockdown this focused on three phases to recovery that would enable us to re-start, revitalise and grow the economy which will be actively monitored and managed as the situation evolves. Our £35 million Getting Building Fund award from government marked a step on this journey but a step-change is now needed and this document sets out our pathway for the future.

Figure 3. Phases of Recovery





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HOW WILL OUR PLAN SUPPORT INCLUSIVE 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.

There is enormous disparity in economic performance across the Heart of the South West and, building on the Local Authorities' recovery plans, our vision for Building Back Better will support our urban, rural and coastal communities which are likely to recover at differing levels and on differing time frames.

The LEP has already established an Expert Panel to accelerate and mobilise its plans for 'mainstreaming inclusive growth both socially and spatially across all investments in our area. With its inaugural meeting in autumn 2020, the Panel will be tasked with ensuring that all of our communities can benefit from and contribute to increased productivity, addressing inequalities of opportunity. An early priority will be to review the local finance market and, by the end of 2020, make proposals for financial instruments that can work for our people across the Heart of the South West.

WHAT ARE THE BUILDING BACK BETTER PROGRAMMES?

Our aim is to harness 15 transformational programmes under our established energy, engineering and digital themes and ensure the right supporting activities are in place to enable these to happen.

Within these programmes we identify specific actions, investments or projects that will facilitate or accelerate delivery and examples of these are given here.

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PROGRAMME 1

Establishing the UK's First Clean Growth Cluster

The Heart of the South West has made substantial inroads in developing a clean growth cluster, with the Gravity Enterprise Zone located along the M5/A28 corridor as its focal point, extending across the Heart of the South West including the East Devon and Exeter Enterprise Zone.

Gravity is bringing to fruition one of the most sustainable smart campuses in Europe with access to a world-class regional talent pool and expertise in clean growth sectors. Its location along the M5/A38 corridor supports an economic spine that runs through the core of the area from Bridgwater to Plymouth, with arterial roads such as the A30/303 supporting growth and productivity to the East and opening up multiple opportunities across the whole area. With continued investment these developments will enable the Heart of the South West to achieve something truly special that makes a difference socially, economically and environmentally.



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PROGRAMME 2

Becoming the UK's First Region which is a Net Exporter of Low-Carbon Energy

The Heart of the South West 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, HPC is also integral to realising the national strategy for energy and the Nuclear Sector Deal. Through the delivery of specific MEH Factory, Nuclear Fusion and supply chain projects, our goal is to anchor this high value sector in the area, facilitating a pipeline of long-term opportunities. These actions will also help us to unlock the area's huge potential to become the UK's world leader in clean growth. Working with Cornwall and the Isles of Scilly and Dorset LEPs under the Great South West brand and backed by the region's wealth of natural and research assets we will create a green energy powerhouse. Through developments in nuclear, geothermal, marine renewables and especially focusing on our assets in floating wind we will transform our green and blue economy. The Great South West will effectively become a test bed for new thinking and new technologies to accelerate the move to a greener, more prosperous economy, whilst also tackling shared challenges like poor connectivity, an ageing population, poor productivity and climate change. Together, these ambitious actions, along with an upgrading of the energy grid, will enable the region to become the first net-zero carbon economy and a net exporter of clean energy.

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PROGRAMME 3

Building a High-Tech Marine Cluster: Focused on Autonomous and Digital Systems, Clean Propulsion and Future Cyber-Secure Smart Ports

Marine autonomy is a growing, disruptive technology that has the potential to transform the marine sector. The Heart of the South West is 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. Supported by an emerging photonics sector, Heart of the South West also has a strong commercial base to exploit this opportunity with a concentration of defence primes, marine platform manufacturers and supply chain companies for sensors, navigation and communication equipment.

This programme will seek to develop our unique marine autonomy proposition through investment in a Centre for Marine Autonomy, covering defence and civil applications, along with completing Phase 3 of the Oceansgate development in Plymouth and establishing a Marine High Potential Opportunity (HPO) proposition.



PROGRAMME 4

Growing the Photonics Cluster: Underpinning the Growth in Digital and Autonomous Systems

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. As a specific action, the establishment of a Photonics High Potential Opportunity (HPO) proposition will help us to develop our world class cluster, placing us at the forefront of cutting edge innovation with a focus on 5G, Big Data and autonomous vehicles.

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PROGRAMME 5

Delivering a Future of Flight Programme: Based on Sustainable Aviation in rotary and fixed wing technology

The Aerospace Sector Deal looks to position the UK to take advantage of global moves toward cleaner aircraft including electric/hybrid power along with the use of alternative fuels such as hydrogen, as well as to exploit new markets such as drones. The Heart of the South West, in partnership with neighbouring LEPs through i-Aero, 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.

As a key part of our Future of Flight Programme, the establishment of a High Potential Opportunity (HPO) proposition will enable us to make a specific contribution to the sustainable aviation challenge in rotary technology and electric planes. With associated skills and R&D opportunities, this programme will strengthen both the Yeovil and Exeter & East Devon Aerospace clusters.

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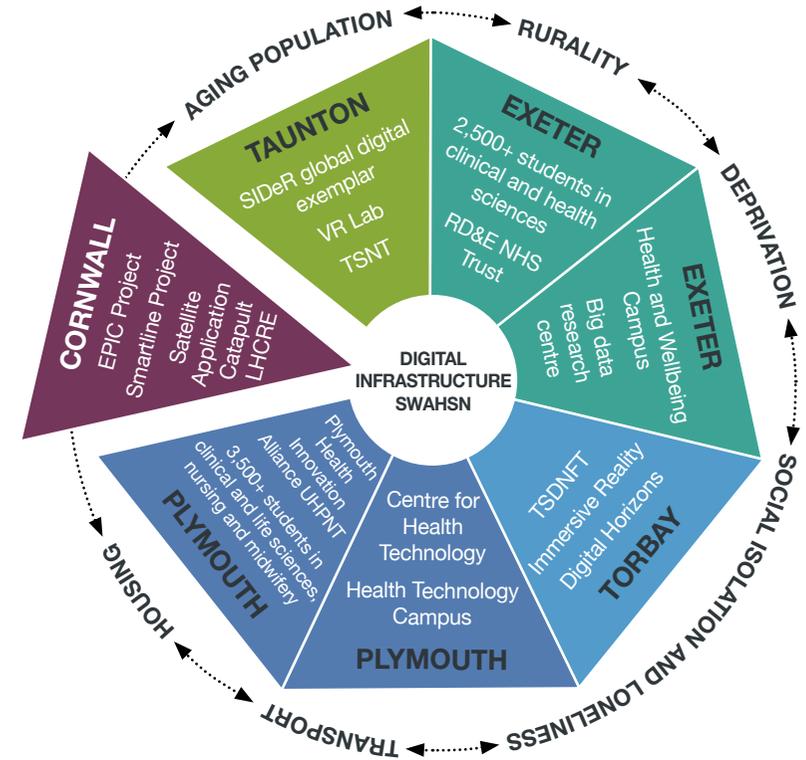
Digital Futures

PROGRAMME 6

Maximising our Data Analytics and Digital Capabilities and using them to Tackle Economic and Societal Challenges

The Heart of the South West is home to two national capability government facilities 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. Specific actions will include harnessing data analytics and digital solutions to grow the environmental intelligence market and maximising the potential from marine geospatial innovation. Our capabilities will also be harnessed to reduce emissions from agriculture through the development of more sustainable agri-food systems, supporting the recovery and future of agriculture.

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PROGRAMME 7

Positioning the Heart of the South West as a Health Technology Pioneer

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 and health technology innovation capabilities, based in our universities and clinical trials units as well as in the wider business ecosystem, presenting us with a range of market opportunities. As a specific action, the Plymouth Health Campus will support the user-led design, development, evaluation and adoption of digital health technologies that are not found elsewhere in the UK. This will support the Heart of the South West in its aim to become a Health Technology Pioneer, providing a national centre for the development, evaluation and application of solutions to the challenges of an Ageing Society.

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People

PROGRAMME 8

Developing and Delivering a Comprehensive Skills Strategy

In a modern, innovative and creative economy, an area's most significant asset is its people. Ensuring that 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. Led by the Heart of the South West Skills' Advisory Panel, partners will work together to finalise the area's Skills Strategy/Local Skills Report, and then accelerate its delivery. With a focus on maximising our opportunity sectors, but also rebuilding and reinforcing our skills foundations and wider social inclusion, the strategy will focus the area's efforts around creating clear pathways into work, progression and higher earning. Starting with additional support for employability, basic skills and educational achievement and aspiration, partners will coral 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.

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Business Environment

PROGRAMME 9

Establishing a Single Gateway for Heart of the South West Businesses to Access a Comprehensive Range of Support and Advice alongside Financial Support for Businesses

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 business support infrastructure. Central to this is a single gateway providing business support, advice and guidance alongside support for apprenticeships, shorter supply chains, increased inward investment and exporting. With a dedicated team of sector specialists we will promote 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. Additionally, we will develop a financial support package enabling our business to access the finance they need to invest and grow.

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These programmes must be supported by underlying work in key areas. These are...



Ideas

PROGRAMME 10

Establishing an Innovation Ecosystem for Businesses: Driving up the Growth of Research Intensive Businesses & Innovation More Widely

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. Heart of the South West will lead a partnership in the creation and delivery of an innovation strategy which addresses this. This will strengthen the local innovation ecosystem by connecting businesses with the area's knowledge and R&D base, facilitate more multi-disciplinary collaboration, open access platforms, a talent pipeline and effective support for businesses to innovate and engage in R&D. They will also 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.

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Places

PROGRAMME 11

A Workspace Offer of Work Hubs, Innovation Centres, Enterprise Zones and Freeport Offer for a Post Covid-19 World

The Heart of the South West has a diverse network of settlements. This includes growing cities such as Exeter and Plymouth, industrial towns such as Bridgwater and Yeovil and market and coastal communities such as Torbay and Barnstaple. These sit alongside a number of smaller towns, villages and settlements, reflecting the rural nature of much of the area. Whilst this diversity can be a strength, it also poses a challenge in terms of securing agglomeration effects. Partners in the area have responded to this challenge by starting to create an exciting network of innovation centres and work hubs, complementing our high profile Enterprise Zones, and providing an opportunity to stimulate enterprise in more rural and peripheral areas. Acceleration of these plans will bring the network fully on line and ensure that the spaces are well-connected, fit for the future and reflect the changing world of work in a post Covid-19 environment. Alongside this we have aligned the marine strengths/port assets of Plymouth with the knowledge economy and airside capabilities of Exeter and East Devon and the aerospace and engineering excellence of Somerset in a Freeport proposal. This would provide an exciting hub with reduced regulations, supporting business growth and enterprise.

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PROGRAMME 12

Supporting Rural and Coastal Areas and Developing our Farming, Food and Fishing Offers

As part of our aim to lift economic performance across the Heart of the South West including underperforming towns, peripheral areas and coastal communities, we will strive to improve the productivity of the farming, food and fishing sectors which are also intrinsically linked to the area's natural capital. Businesses in these sectors will be supported with the adoption and diffusion of technology, including digital technology which can transform how they operate. Alongside this, working with partners in the Great South West we have been getting more rural areas ready for the future, setting ourselves up as a test bed for new thinking - able to trial new ideas at scale and at speed. Our Rural Productivity Commission was established to examine the barriers and opportunities for delivering sustainable growth in our rural areas and identified a fantastic range of ideas, a number of which are already being tested, developed, funded and brought to market. Taking this to the next level we are exploring the establishment of a Great South West Rural Task Force with the ultimate aim of achieving a Rural Productivity Deal.

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PROGRAMME 13

Establishing the Heart of the South West as a Regional Demonstrator for Natural Capital

Text to follow

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Places

PROGRAMME 14

Establishing a Tourism Action Zone to help the Sector Recover and Prosper Post Covid-19

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 LEPs, this included development of a skills and data-led proposal for a Tourism Zone aligned with the Tourism Sector Deal. The aim was to bring together a coherent regional proposal for this important bedrock sector to boost productivity by extending the season, reaching a more diverse market (including accessible tourism) and capitalising on the area's wider digital expertise. With tourism having been one of the hardest hit sectors by the pandemic, efforts to support the sector are even more crucial and they will also support some of our hardest hit places which are reliant on the visitor economy.

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Infrastructure

PROGRAMME 15

Ensuring Strategic Connectivity

In order for our transformational programmes to succeed, our plan also includes a series of enabling investments, 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 of gigabit-capable infrastructure and at least 30Mbps services for all by 2025 which can also reduce the need to travel. In addition we will work with Government to make the case for dualling of the A303/A30/A358 corridor and a smart motorway to support strategic transport connectivity along with rail improvements and decarbonisation of rail travel to ensure the resilience of lines into and through the Heart of the South West.

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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.



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