

HOTSW Productivity Strategy & UK Industrial Strategy

Cabinet Member(s): Cllr Richard Chesterton
Responsible Officer: Stephen Walford, Director for Growth

Reason for Report: To inform members of Mid Devon District Council's response to the Heart of the South West Partnership's Productivity Strategy Consultation, and to note the Government's Industrial Strategy.

RECOMMENDATION: That members note the Council's response.

Relationship to Corporate Plan: It supports the corporate objectives for the economy.

Financial Implications: There are no direct financial implications arising from the report, however, the productivity strategy will determine the focus of funding made available to the Heart of the South West from government. Influencing the strategy to align it with Mid Devon's aims and objectives will put our district in a position of strength to access such funds.

Legal Implications: None

Risk Assessment: None

Equality Impact Assessment: There are no equality issues arising directly from this report. The productivity strategy itself identifies 'inclusive growth' as a key principle behind productivity growth in which everyone has the opportunity to benefit from, and contribute to, our productivity growth, regardless of status or location.

1.0 Introduction

The Heart of the South West Local Economic Partnership (HotSW LEP)¹ published a draft Productivity Strategy for consultation in October 2017. The Strategy was discussed at the last Economy PDG on the 9th November, and a response was collated, reflecting the discussions held at committee and responses from individual Councillors.

2.0 Mid Devon District Council Response

2.1 General Comments

- The Council welcomes the focus on productivity and the emphasis on higher skilled, higher paid employment.
- The strategy overall does not reflect the Council's ambitions for growth around Exeter and the M5 corridor reflected in the work of the Greater Exeter Growth Board and the Greater Exeter Strategic Plan.

¹ The partnership includes all the councils in Devon and Somerset, along with the Local Enterprise Partnership, the two National Park Authorities and the three Clinical Commissioning Groups,

- Although we agree with a targeted approach, there is a delicate balance between targeting specific sectors and geographical areas for growth with the danger of underinvesting (time and resources) in other sectors and areas.
- Therefore, there needs to be a counterbalancing effort to ensure there is the right environment for economic growth in rural areas, to create a vibrant rural economy and keep our villages alive.
- Equally, there needs to be a greater emphasis on how the whole LEP area can benefit from the development of the golden opportunities, i.e. through stimulating the growth of supply chain, spinoff and complementary businesses.

2.2 Does the Strategy set an appropriate balance between an ambitious yet realistic goal – to double the size of our economy by 2036?

The Council believes the partnership target to double the size of the local economy by 2036 is suitably ambitious – ‘stretching but also attainable’. The Council in its own Economic Strategy would like to set an ambitious and aspirational agenda for growth with plans for developments to the East of Tiverton, Culm Garden Village and at J27 in the Local Plan Review.

2.3 Strategic Objectives: Leadership and Knowledge; Connectivity and Infrastructure; and Working and Learning.

While all three objectives are important, the key element for the Council is Connectivity and Infrastructure. Having a good transport infrastructure is vital in unlocking the employment sites necessary for economic growth. However, if we are to attract the new tech and advanced manufacturing businesses we will need to boost local productivity, we also need superlative broadband and mobile connectivity. The rural economy has the most to gain from a step-change in achievable broadband speeds (not just nominal coverage).

2.4 Leadership and Knowledge

This objective received least comment from members. It was felt that leadership and knowledge is an area the businesses should be proactively pursuing of their own accord.

2.5 Connectivity and Infrastructure

The key issues the Council would like to see progressed are:

- Ensuing 100% superfast broadband and 4G coverage – as mentioned above, this seems to be a fundamental issue for the growth of the LEP area, given the sort of businesses we are trying to attract or grow, the area’s rurality and its peripheral position in relation to markets and customers.
- Future proofing new development, with the aim of making ‘all new housing more sustainable and with the latest energy and digital infrastructure built in from the outset.’ – we are particularly keen that new developments proposed East of Cullompton meet the highest standards of sustainability and connectivity.

- Creating new partnerships to deliver smart grid and energy storage – The Council is already working with the Hydro Mills Group, a partnership of local businesses and interested parties, to develop an innovative project to bring back local weirs into productive use with the latest technology in hydro-electrical generation, using smart grids and energy storage systems to capture and use this energy for business and community use.
- The Council is particularly keen to develop clean energy infrastructure and linking energy generation with advances in battery technology and electric vehicles.
- The Council is also keen to create ‘the right transport infrastructure to furnish business growth and new employment sites’.
- (We are unclear what the term ‘pilot schemes for green spaces’ entails)

2.6 Working and Learning

- We welcome the focus on higher skills – but this needs to go hand in hand with raising aspirations of young residents, so that we are training local residents, rather than pulling in expertise from surrounding areas / nationally.

2.7 Golden Opportunities

- While it is appreciated that the majority of activities in the key sectors identified will take place in specific parts of the LEP area, we would like to know how such growth can be shared throughout the region – by equal efforts being put into developing effective supply chain businesses, and the growth of spin off and complementary businesses. Given the focus on inclusive growth we don’t want the LEP area to create dynamic economic hubs that pull in resources and people to the detriment of their rural hinterlands. This just recreates in miniature more economic disparities between different localities of the LEP area.
- It is not clear what the strategy means by the term ‘rural productivity’ and this needs to be clarified. We assume that it means not just farming but focusing on the productivity of micro-businesses in rural areas. Once again a focus on improving connectivity in rural areas is key if we are not to stifle opportunity and investment.
- We would like to see Green Energy included as a potential growth area – particularly in relation to the importance of natural capital.

2.8 Natural Capital

The strategy is still weak on its statements about natural capital. There is a tendency to equate it with leisure activities and life choices, without taking seriously the economic value of the environment in its own right.

- Creating a quality environment for living and enjoying life is a major consideration in attracting the sort of people, entrepreneurs and businesses we need to create growth. It is one of the major selling points of the region to the rest of the UK.
- Not only is the SW’s natural capital a focus for leisure activities and the tourism industry it has an economic value in its own right – through agriculture and the food and drink industry, through micro energy generation linking to energy storage technologies, and electric vehicles, through environmental services and

consultancy, through green construction etc. Many of these opportunities are not yet being fully harnessed.

3.0 Exeter and Heart of Devon Response

The Council's response was submitted by the original consultation deadline of the 30th November. In addition to the individual responses from the four Exeter and Heart of Devon authorities, a joint response was collated to represent the collective view. This can be seen at Appendix A.

Following the consultation the final Productivity Strategy will be amended and agreed by the HOTSW partnership, and a detailed delivery plan produced in the spring of 2018.

4.0 UK Industrial Strategy

On the 14th December 2017, the Government published its Industrial Strategy – Building a Britain Fit for the Future, which can be accessed at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf

Officers at Devon County Council have produced a helpful summary of the main elements of the strategy which can be found at Appendix B. The Committee will have opportunities to discuss the implications of the UK Industrial Strategy for Mid Devon in the discussions around the development of a Mid Devon Economic Strategy,

The HOTSW LEP will develop a LEP-wide Industrial Strategy in response to the government's strategy, which will reflect the priorities for the local LEP area as set out in the Productivity Strategy. The first wave of local Industrial Strategies is due in March 2019.

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List of Background Papers: Appendix A – EHOD Response
Appendix B – DCC summary of UK Industrial Strategy