

REPORT OF THE HEAD OF PLANNING, ECONOMY AND REGNERATION

REPORT ON THE HEART OF THE SOUTH WEST LOCAL INDUSTRIAL STRATEGY

Cabinet Member(s): Cllr Graeme Barnell

Responsible Officer: Mrs Jenny Clifford, Head of Planning, Economy and Regeneration

Reason for Report: To inform members about the Local Industrial Strategy being developed by the Heart of the South West LEP and how it relates to Mid Devon focused activities.

RECOMMENDATION: That the report be noted

Relationship to Corporate Plan: The Local Industrial Strategy identifies regional economic growth priorities and opportunities that Mid Devon could exploit to meet the objectives of the economy theme within the Corporate Plan.

Financial Implications: There are no additional financial implications arising from the report.

Legal Implications: There are no legal implications arising from the report.

Risk Assessment: There are no anticipated risks associated with the report

Equality Impact Assessment: None anticipated

Impact on Climate Change: The LIS has a strong emphasis on the Government's Clean Growth Strategy, which should help to ensure regional support for local activities to address the declared climate emergency.

1.0 Introduction

1.1 Over the last decade, UK productivity has performed relatively poorly compared with its international competitors. Moreover, the Heart of the South West (HotSW) Local Enterprise Partnership (covering the upper tier/unitary areas of Devon, Somerset, Plymouth and Torbay) is low in the league of productivity performance amongst English LEP areas. The local/regional economy's modest performance constrains current and future living standards.

1.2 In 2018, the HotSW LEP developed a Productivity Strategy. Its aim was to analyse the "productivity gap" and to identify broad policies and actions to reverse the gap. Following on from this piece of work, the LEP has since been developing a Local Industrial Strategy (LIS) which goes into further detail, providing a thread to some specific areas for future investment.

1.3 It is based on three givens and / or needs for HotSW:

- Strong priorities that satisfy government that it has something distinct, long-term and productivity-led to support.
- An aim to double its economy over the next two decades, from a position of virtually full employment.
- A choice of priorities that offer a high productivity, high growth LIS for the LEP's ambitious, yet achievable aspirations.

2.0 Wider Context

- 2.1 The Government's Industrial Strategy Policy Prospectus highlights that Government expects Local Industrial Strategies to be long term, based on clear evidence, and aligned to the national Industrial Strategy. Their focus has to be on maximising improvements to productivity, helping areas to realise their potential, while enabling all communities, whether they be cities, towns or rural, to contribute to and benefit from economic prosperity.
- 2.2 Government has stated that the LIS is not a bidding document, rather it will be used by a range of Government departments when developing policy relevant to the HotSW area. Secondary to that, it will link into the anticipated UK Shared Prosperity Fund (UKSPF) which is planned to replace EU structural funds post-exiting the EU. Few details are known of UKSPF at this stage, or how the LIS will feed into this, and a Government consultation is expected in the near future.
- 2.3 Government have signalled that a LIS should focus on a few of an area's key strengths and opportunities. As such the HotSW LIS will draw from the wider Productivity Strategy which sets out the comprehensive range of priorities that need to be addressed to enable productivity growth and a doubling of the LEP area's economy by 2038.

3.0 Key Findings

- 3.1 The draft document derives three leading areas of local activity that are likely to be innovative, entrepreneurial and competitive, and also distinct, long-term and productive. It identifies core areas for special investment across the HotSW.
- 3.2 The key areas of opportunity are:
- Digital Futures: big data, environmental and health technologies and services, with key assets, such as the Met Office, the Universities and colleges, and NHS facilities in Exeter, East Devon, Teignbridge, Torbay, Plymouth, Taunton, Bridgwater, Yeovil and their hinterlands.
 - High-Tech Engineering: mainly advanced marine and aerospace manufacturing, photonics and defence. There are strategic defence assets in South Somerset and Plymouth. The marine cluster covers businesses along the coasts and inland. Aerospace supply chains run across the LEP area. Photonics is centred on Torbay. There are also areas of high-tech foods, such as agri-tech, across the patch.
 - Clean Energy: associated with technical development for nuclear and offshore renewables, with a hub at the power station site in West Somerset but with wider links (such as defence, construction, medicine

and decommissioning for skills, technology and potential export services elsewhere) in chains from Bridgwater to Plymouth and Yeovil to Barnstaple. Offshore renewables provide a link to the coastal and other marine activity centres across South and North Devon.

- 3.3 There is a significant focus on the government's Clean Growth strategy, which underpins activities from all of the identified areas for productivity growth. The document also explores the development of supply chains for the above sectors and recognises that businesses from across the whole HotSW area who are part of their supply chains contribute significantly to the growth of their sectors.

4.0 Relevance to Mid Devon

- 4.1 Despite government assertion that the LIS will not be a bidding document, it clearly demonstrates the sectors which the LEP is minded to promote for government support in order to meet its long term objectives.
- 4.2 It is therefore positive that Mid Devon's local Economic Strategy identifies green-tech, agriculture and food and drink as significant sectors for the district, and that these closely align with two of the LIS priority areas.
- 4.3 The fact that the Clean Growth agenda affects every element of the LIS, also bodes well for Mid Devon, particularly regarding our declared climate emergency. Green initiatives, and efforts to decarbonise industry and various development projects (such as the Culm Garden Village) should be well supported as a result of this strong alignment with the LEP.
- 4.4 Furthermore, the document's focus on supply chain development as a means of boosting productivity could also favour the Mid Devon business community. The aerospace sector, for example, has a supply chain which spans the entire LEP area, and includes businesses such as Heathcoat Fabrics and Graphic Plc.
- 4.5 Once the document has been finalised, MDDC will be able to explore opportunities to work collaboratively with authorities and their business clusters to bring their expertise into local projects. An example of this could be to look at the role that photonics can play in some of our larger development projects such as Culm Garden Village or Eastern Urban Extension.
- 4.6 Below is a link to the draft 'Heart of the South West: Local Industrial Strategy':

<https://heartofswlep.co.uk/wp-content/uploads/2019/07/6.1-HotSW-LIS-Full-draft-17-07-2019-LEP-Board-Jul19.pdf>

Contact for more Information: Chris Shears, Economic Development Officer
01884 244646 cshears@middevon.gov.uk

Circulation of the Report: Cabinet Member
Leadership Team

List of Background Papers: None