

Heart of South West Productivity Strategy

Background

1. There is currently a consultation underway on the Productivity Strategy for the Heart of the South-West. The Strategy has been developed by a partnership including the local enterprise partnership and all the local authorities in Devon and Somerset, plus the three CCGS and two National Parks.
2. Productivity is a major factor affecting the UK's economy and the prosperity of its businesses and residents. The Strategy sets out that the HotSW has "vibrant cities, an amazing coastline, historic market towns and stunning moorland". It also has a wide diversity of dynamic and innovative businesses and institutions across rural and urban areas. However, our economy is not as strong as it could be and not all share its benefits and locally Torbay's economy is alongside those of more rural northern and western Devon challenged because of the sectoral base of the economy and some labour supply issues.
3. The Strategy builds on existing evidence setting out unprecedented opportunities in sectors such as nuclear, marine, rural productivity, health and care, aerospace and advanced engineering, and data analytics. The Strategy articulates that the HotSW area – Devon, Plymouth, Somerset and Torbay – has the potential for transformational growth to reverse this trend and make a significant contribution to the UK economy.
4. Specifically the Partnership's ambition is to double the size of the HotSW economy to £70 billion by 2036 and is seeking the right interventions and Government backing to achieve this.
5. This paper summarises the Productivity Strategy and highlights areas where we are likely to want further improvement in the Strategy post consultation.

Summary of the Productivity Strategy

6. The vision is for all parts of the Heart of the South West to become more prosperous, enabling people to have a better quality of life and higher living standards. To achieve that, there is a need to create a more vibrant and competitive economy where the benefits can be shared by everyone.
7. The productivity gap is well known and addressing this issue is the challenge we now face, not just in the Heart of the South West (HoSW), but across the country. In brief, the Strategy sets some ambitious targets; by 2036 the HoSW will:
 - Double the output of the economy to £70 billion
 - Raise productivity by 53% to £69,000 Gross Value Added (GVE) per full time employee (FTE)

- Support the government’s ambition of increasing prosperity across the UK
8. To deliver this vision, the Strategy focuses on activities that will drive up productivity in the economy and help everyone to benefit. The Strategy recognises the importance in taking advantage of the opportunities within our people, our environment and our businesses.
 9. In order to drive the economy forward and realise the potential of the HoSW, it is important to maximise:
 - Opportunities from our world-class potential or ‘golden opportunities’¹
 - Management capability in our businesses
 - The potential of our knowledge and research assets
 - Our pool of highly skilled people
 - The potential of our communications infrastructure
 - The opportunities provided by our natural capital
 10. The Productivity Strategy will be owned by both the Joint Committee and the Local Enterprise Partnership. This shared approach ensures a stronger commitment than ever before to set the strategy and deliver the priorities. The precise mechanism of scrutiny is to be determined.

Framework for Torbay Council’s Response

11. There is much in the Strategy which works well at a higher geographic level and many of the suggested objectives and actions which are set out can be supported by Torbay however there are some issues within the Strategy which we will want to comment on and where very local issues are not captured.
12. The Strategy is not distinctive enough, while there is an identification of key sector strengths the overlap and interdependencies between the sectors and the actions which have been set out needs to be improved. As a lobbying piece for Government the narrative lacks impact, given that the ultimate aim of the Strategy is to provide the basis of an ask to government for the new Shared Prosperity Fund and to support any further devolution proposals it is not compelling enough. A further issue is that the lack of clarity from Government at both political and official level over the future direction of devolution and the probability of significant freedoms and flexibilities alongside the current focus on Brexit means that there is some mistrust over whether there is likely to be a significant prize at the end of the process.
13. More of a practical issue is that, given the aim expressed in the Strategy of inclusive growth and growth, there is little clarity on how that will be achieved. While the proposal that Torbay has made for promotion of the coastal enterprise zone concept is included in the draft there is no accompanying narrative. Torbay’s needs therefore should reinforce the need for the Productivity Strategy to lobby for the creation of

¹ Aerospace, advanced engineering, high tech marine and marine renewables, nuclear, data analytics, rural productivity, health and care service.

coastal enterprise zone pilots and put in place clearer proposals on how growth will be delivered away from the A38 M5 corridor.

14. There is a lack of reference to the need to develop a higher value tourism economy despite much of the economic context referencing the natural capital, the visitor economy and the close linking of the place with the visitor economy. This is a weakness and the Strategy should be referencing opportunities to improve transport connectivity, the digital skills of businesses, and skill levels within the labour market in support of higher value tourism.
15. Construction needs to be far more prominent within the strategy, and not just in the context of Hinckley. At a Heart of the South West level if partners achieve house building targets with Hinckley in the backdrop, we need to address the skills challenge here. Hinckley is a positive project in stimulating investment and employment but there is a threat to supply of construction skill unless further actions support the creation of pathways for entry into the sector and more work is done to demonstrate to education that construction offers careers.
16. Turning to the digital economy there is a clear reference to the need for improved infrastructure but there is a gap in identifying support for the skills needed to capitalise on this – infrastructure alone won't drive productivity. Digital skills must accompany digital technology and this point needs to be made to underline the productivity improvements that can be created by businesses.

Next steps

17. There is a very clear need to not only accelerate delivery of our economic growth plans but to raise awareness with partners of the role Torbay can play as a larger urban area in driving the growth of the Heart of the SW economy. There is no recognition of the quantum of growth that Torbay is seeking to bring forward over the Strategy period and the response needs to reinforce the commitment that the Council is making to deliver locally. It will also be important to work with partners such as those represented at the Torbay Together meeting, MPs and others to raise awareness more broadly and more effectively lobby the LEP and others on what Torbay needs to provide that pace.

