

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Planning, Housing and Economic Development Policy Development & Scrutiny Panel	
MEETING/ DECISION DATE:	12th March 2019	EXECUTIVE FORWARD PLAN REFERENCE:
TITLE:	West of England Local Industrial Strategy and Evidence Base Consultation	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: West of England Local Industrial Strategy Summary of Evidence, Feb 2019		

1 THE ISSUE

1.1 This is a briefing paper

2 RECOMMENDATION

2.1 As stated this is a briefing paper and does not require a recommendation.

2.2 However the Panel is encouraged to provide feedback to the presenting officers, both in verbal and written format that can be delivered to the WECA as part of the evidence base consultation process.

3 RESOURCE IMPLICATIONS (PEOPLE)

3.1 To date the resource implication has been 1 x Economic Development Officer providing one day per week for two months in the preparation of the evidence base. This input is likely to continue for a further three months in the development of the policy and strategy development of the Local Industrial Strategy (LIS).

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

4.1 It is a requirement from government that all devolved administrations and Local Economic Partnerships will produce a Local Industrial Strategy to deliver the aims and objectives of government set out in the national Industrial Strategy.

5 THE REPORT

5.1 The Industrial Strategy

5.1.1 The aim of the Industrial Strategy is to boost productivity by backing businesses to create good jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure.

5.1.2 Government identifies the five pillars of productivity as being crucial to achieving the aim of increasing productivity in the UK, by focussing on interventions that will generate the following outcomes:

- Ideas: the world's most innovative economy
- People: good jobs and greater earning power for all
- Infrastructure: a major upgrade to the UK's infrastructure
- Business Environment: the best place to start and grow a business
- Places: prosperous communities across the UK.

5.1.3 The **Industrial Strategy** sets out Grand Challenges to put the UK at the forefront of the industries of the future, ensuring that the UK takes advantage of major global changes, improving people's lives and the country's productivity.

5.1.4 The first 4 Grand Challenges are focused on the global trends which will transform our future:

- Artificial Intelligence and data
- ageing society
- clean growth
- future of mobility

5.1.5 Each of these will focus on a specific problem, bringing government, businesses and organisations across the country together to make a real difference to people's lives.

5.2 West of England Local Industrial Strategy

5.2.1 To ensure that the Industrial Strategy is delivered effectively LEPs and Combined Authorities have been invited to develop area specific industrial strategies based on the five pillars of productivity and the four grand challenges.

5.2.2 The Local Industrial Strategy (LIS) will help deliver the region's ambition to be a driving force for sustainable, inclusive growth. The strategy will build on the unique strengths of the West of England, and work;

- to deliver long-term growth that is inclusive and clean
- to accelerate economic growth by strengthening productivity to ensure that the region creates high-quality, well-paid jobs for our residents

5.2.3 To best capture the range of activity and innovation already happening within the area the West of England Combined Authority has structured their information gathering around three strands -

- Grand Challenge Workshops – Four workshops were held, one on each of the grand challenges. Workshops were comprised of SWOT analyses and development of innovation/project ideas. The workshops were open to all working within these fields and workshop attendees included local government officers, central government officers, third sector organisations, academics and business representatives.
- Deep Dives - Industry representatives from key sectors undertook in-depth consultations with businesses and business networks to gain the perspectives and aspirations of different key sectors within the region.
- Evidence Base - Created using statistical research, policy reviews and mapping connectivity/economic flows between WoE and other regions.

5.2.4 This evidence base will then form the basis to develop the policy and strategies necessary to successfully deliver the LIS.

5.2.5 The delivery schedule is as follows

- Sept 2018: Local Industrial Strategy launch in Keynsham
- Oct 2018 – Feb 2019: Research on foundations of productivity and Grand Challenges
- Feb 2019: Release of initial evidence base for discussion
- March – Apr 2019: Strategy development in partnership with key stakeholders and local authority partners
- Summer 2019: Finalisation of West of England Local Industrial Strategy

5.3 Evidence Base Summary

5.3.1 The evidence base is made up of a range reports covering a number of topics and presents the following findings in relation to the foundations of productivity and the grand challenges.

5.3.2 People & Skills

- A growing population; unlike other places that includes growth in working-age cohorts
- 37% growth expected in over-65 population by 2038
- Net inward migration has declined, although this is in line with national trends
- Employment is higher (+3.7 points), and unemployment lower (-1.0 point), than national average – but significant local variations
- 16-17 year olds are more likely than nationally to not be in education, employment or training (+0.8 points)

- High level of skills overall, but again, significant local gaps and mismatches with recruiter needs
- Significant growth in high-skilled jobs and decline in low skilled ones: helps lift incomes, but presents a risk of weakening the ladder to prosperity for some residents

5.3.3 Clean & Inclusive Growth

- Productivity in the region is above average
- Growth has slowed relative to elsewhere
- Not all residents have shared in recent success, and costs are rising
- We have grown our economy whilst reducing greenhouse gas emission, but there is more to do

5.3.4 Innovation

- The region has strong foundations for creating innovation
- A strong research base: universities in the region collaborate more than others, nationally and internationally
- Universities in the West of England have strong working relationships with business, and growing spin-out success
- R&D spending by businesses is average, although the number of research staff is relatively high
- Patent filing is high, partly driven by prominent large businesses, but also with a large number of individual inventors
- Collaboration networks have been key in stimulating innovation across a diverse range of sectors

5.3.5 Infrastructure

- Extensive evidence on the region's transport infrastructure and built environment has been developed in the Joint Local Transport Plan and Joint Spatial Plan. The Local Industrial Strategy complements these plans.
- Infrastructure assets such as the port and airport provide strong international connectivity
- Economic growth has put our infrastructure under increasing pressure, and house prices have risen to 9.3 times average earnings

5.3.6 Business Environment

- The West of England is home to strong industries in aerospace and engineering, financial and professional services, and creative industries and digital services
- Employment in professional services and the public sector has grown in recent years
- The region trades less intensively than the national average, but runs a trade surplus, driven by strong services exports
- Business survival rates and scale-up success seem positive; however, business creations and closures are less dynamic than elsewhere

5.3.7 Place

- The region benefits from strong integration into other centres of economic activity. Investment in the West of England produces high spill-overs for elsewhere
- There are disparities in the distribution of economic outcomes across the region, and among particular groups. This will contribute to understanding and balancing the distributive effects of the policies proposed in the strategy

5.3.8 Grand Challenges

5.3.8.1 The West of England has strengths across each of the four national Grand Challenge areas. There is strong collaboration between academia and industry across Grand Challenge topics, supporting the development of innovation focused on addressing real world challenges. It has a strong and proactive voluntary and community sector with a focus on addressing the challenges of an ageing society and clean growth. The region is good at developing ways of putting new technology into practical use that is accepted by society, which will be important in developing and testing responses to each of the grand challenges. Plus applying regional strengths in AI and Big Data into businesses enables a wide range of innovation across the region rather than being focused on a specific area of work.

5.3.9 Key Issues

5.3.9.1 Early analysis of the evidence base identifies four key issues to consider in raising productivity growth in the region. These are:

- Ensuring that growth is inclusive, with opportunities for employment and progression available for all. There are gaps in educational and training provision compared with future business needs, and the jobs market does not always work well for all residents.
- Creating the right environment for businesses to grow and for residents to progress their careers; there are strong industries in the region but more could be done to support firms to improve their performance, including through the adoption of new technology and improved management practices.
- Fostering innovative businesses from research through to commercialisation and encouraging the diffusion of that innovation across different sectors. The region can build on strong research facilities and innovative businesses to encourage future growth.
- Investing in the right infrastructure and housing for future growth. Transport and digital connections within the region and to other economic centres must flow freely, and we must maintain our attractiveness as a place to live.

6 RATIONALE

6.1 Due to the significance of the LIS in the delivery and successful bidding of funds from both the WECA and Government, it is essential that the supporting evidence base considers as many issues as possible to provide an informed economic and social understanding of the region. To that end consultation and feedback from the Panel is recommended to help ensure that this is achieved.

7 OTHER OPTIONS CONSIDERED

7.1 N/A

8 CONSULTATION

8.1 N/A

9 RISK MANAGEMENT

9.1 N/A

Contact person	<i>John Wilkinson</i>
Background papers	<i>The LIS evidence base is made up a range of very large documents. The best point of access is via this link https://www.westofengland-ca.gov.uk/ourstrategy/</i>
Please contact the report author if you need to access this report in an alternative format	