

Somerset County Council

Somerset Growth Plan – Strategic Framework

Cabinet Member(s): *Mr D Hall – Cabinet Member for Business, Inward Investment and Policy*

Division and Local Member(s): *All*

Lead Officer: *Paul Hickson, Strategic Commissioner for Economy and Planning*

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<p>Summary:</p>	<p>Since August 2013 the Somerset Local Authorities, business representative organisations and other key stakeholders have been working to develop a Somerset Growth Plan. The Growth Plan will set out Somerset’s plans to promote growth between now and 2020. The purpose of the Growth Plan is to attract and guide investment, to overcome barriers and maximise sustainable growth from local opportunities, benefitting Somerset’s communities, businesses and residents.</p> <p>A key purpose of the Growth Plan is to inform the Heart of the South West Local Enterprise Partnership’s (HoSW LEP) strategic economic plan. This will be used during negotiations with Government to agree the allocation of funding from the Local Growth Fund over which the LEP will have control; the LEP will be submitting an outline of its strategic economic plan to Government on 19 December 2013.</p>
<p>Recommendations:</p>	<p>That the Cabinet Member for Business, Inward Investment and Policy:</p> <ol style="list-style-type: none"> 1. endorses the Strategic Framework for the Somerset Growth Plan 2. agrees the next steps for finalising the Somerset Growth Plan
<p>Reasons for Recommendations:</p>	<p>It is imperative that Somerset has a clear understanding of its local priorities to be able to effectively influence the LEP priorities within its Strategic Economic Plan to ensure Somerset receives its fair share of the funding allocation.</p> <p>The LEP will be submitting its outline strategic economic plan to government on 19 December 2013.</p>
<p>Links to Priorities and Impact on</p>	<p>The Somerset Growth Plan will notably support Somerset</p>

Service Plans:	County Council's draft 2014-2017 County Plan priorities to develop a 'thriving local economy attracting jobs and investment' and 'a place where people have every chance to learn, work and enjoy themselves'.
Consultations undertaken:	Over 30 consultations were undertaken with strategic stakeholders including public sector organisations, businesses and business representative organisations throughout Somerset and neighbouring areas. Further details are contained in paragraph 3.1 of the attached report.
Financial Implications:	There are no direct financial implications as a result of this decision.
Legal Implications:	There are no direct legal implications as a result of this decision.
HR Implications:	There are no direct HR implications as a result of this decision.
Risk Implications:	If Somerset does not develop and agree a collaborative set of local priorities it will not be able to effectively influence the LEPs strategic economic plan and will therefore be at risk of not being able to attract its fair share of funding through the Growth Deal negotiations. This also poses a reputational risk to Somerset in that we will not be seen to be working collaboratively across the local area. Further details are contained in paragraph 4.1 of the attached report.
Other Implications (including due regard implications):	There are no other direct implications as a result of this decision. Further details are contained in paragraph 5 of the attached report.
Scrutiny comments / recommendation (if any):	Not applicable.

1. Background

- 1.1. Since August 2013 the Somerset Local Authorities, business representative organisations and other key stakeholders have been working to develop a Somerset Growth Plan. The Growth Plan will set out Somerset's plans to promote growth between now and 2020. The purpose of the Growth Plan is to attract and guide investment, to overcome barriers and maximise sustainable growth from local opportunities, benefitting Somerset's communities, businesses and residents.

- 1.2. A key purpose of the Growth Plan is to inform the Heart of the South West Local Enterprise Partnership's (HoSW LEP) strategic economic plan. This will be used during negotiations with Government to agree the allocation of funding from the Local Growth Fund over which the LEP will have control; the LEP will be submitting an outline of its strategic economic plan to Government on 19 December 2013.
- 1.3. The process of developing and agreeing a Growth Plan for Somerset aims to:
 - Create a shared ambition and vision for growth and progression across enterprises, residents and the public sector
 - Support the delivery of infrastructure to enable growth to take place
 - Increase the scale, quality and sustainability of economic opportunity in Somerset
 - Ensure participation and access to these opportunities for local residents
- 1.4. The Strategic Framework, which underpins the Somerset Growth Plan; sets out the vision, objectives and targets for growth to 2020 and is attached at Appendix A. Each of the Somerset Local Authorities are seeking endorsement of the Strategic Framework through local governance processes early in December to ensure that Somerset can influence the LEPs outline strategic economic plan submission to Government on 19 December. It is recommended that the Cabinet Member for Business, Inward Investment and Policy endorses the Strategic Framework.
- 1.5. We are also seeking agreement to the next steps in developing and endorsing the full version of the Somerset Growth Plan. Discussions are on-going with Regeneration Directors to prioritise projects, in parallel, technical work will be undertaken on the investment details. Key dates include:
 - December 2013 – endorsement of Strategic Framework through local governance processes
 - January 17th 2014 – Chief Executives and Leaders Meeting – draft Somerset Growth Plan
 - February 2014 – endorsement of Somerset Growth Plan through local governance processes

It is recommended that the Cabinet Member for Business, Inward Investment and Policy agrees the next steps for finalising the Somerset Growth Plan.

2. Options considered and reasons for rejecting them

- 2.1. It is imperative that Somerset has a clear understanding of its local priorities to be able to effectively influence the LEP priorities within its Strategic Economic Plan to ensure Somerset receives its fair share of the funding allocation. Not only will the LEP be competing on a national scale for funds, but there will be competition within the HOSW LEP area. Somerset must work together to deliver a consistent and clear message of its priorities. Therefore no alternative options were considered.

3. Consultations undertaken

- 3.1. The process was started in August 2013, with a review of all existing growth and economic development strategies in Somerset. The Growth Plan will build on these. Over 30 consultations were then undertaken with strategic stakeholders (including public sector organisations, businesses and business representative organisations) throughout Somerset and neighbouring areas to identify further opportunities and barriers to growth. The vision and objectives have been developed and agreed by the Regeneration Directors. The attached Strategic Framework for the emerging Growth Plan has been tested through consultation events, with a project coordination group and with the strategic stakeholders involved earlier in the process. Communication with the LEP has been carried out throughout the process to ensure that the Somerset Growth Plan will effectively influence their strategic economic plan.
- 3.2. There are no specific Cabinet Member conflicts.

4. Financial, Legal, HR and Risk Implications

- 4.1. The 'Government's Response to the Heseltine Review', confirmed their commitment to negotiate a Growth Deal with every LEP. Through Growth Deals, LEPs can seek freedoms, flexibilities and influence over resources from government, and a share of the Local Growth Fund to achieve identified growth priorities. In return, the government expects LEPs to demonstrate that they are committed to the growth agenda, including by developing ambitious, multi-year strategic economic plans. They also expect the local authority members of LEPs to prioritise economic development and work collaboratively across the LEP area.

If Somerset does not develop and agree a collaborative set of local priorities it will not be able to effectively influence the LEPs strategic economic plan and will therefore be at risk of not being able to attract its fair share of funding through the Growth Deal negotiations. This also poses a reputational risk to Somerset in that we will not be seen to be working collaboratively across the local area.

- 4.2. There are no direct legal or HR implications as a result of developing and agreeing a Somerset Growth Plan.

5. Other Implications

- 5.1. There are no other direct implications as a result of developing and agreeing the Somerset Growth Plan. One of the aims of the Somerset Growth Plan is to ensure participation and access to growth opportunities for local residents. Due regard, and associated impact assessments, will be considered when individual projects are developed further.
- 5.2. To allow Somerset to have a consistent and coherent voice it is important that all local authorities in Somerset endorse the Somerset Growth Plan.

6. Background papers

6.1. None.

Somerset Growth Plan 2014-2020: Strategic Framework

This document sets out Somerset's plans to promote growth. Between now and 2020 we will enable the delivery of growth, and also lay the foundations for long-term sustainable economic growth in the years after this.

Purpose of the Growth Plan

The purpose of this Growth Plan is to attract and guide investment, to overcome barriers and maximise sustainable growth from local opportunities, benefitting Somerset's communities, businesses and residents.

The Growth Plan will be used to inform the Heart of the South West Local Enterprise Partnership's (HoSW LEP) Strategic Economic Plan (SEP). The SEP will be used during negotiations with Government to agree the allocation of funding from the Local Growth Fund over which the LEP will have control.

The process of developing and agreeing a Growth Plan for Somerset aims to:

- Create a shared ambition and vision for growth and progression across enterprises, residents and the public sector
- Support the delivery of infrastructure and housing to enable growth to take place
- Increase the scale, quality and sustainability of economic opportunity in Somerset
- Ensure participation and access to these opportunities for local residents

Growth is important to Somerset because:

- It improves the quality of life for all residents
- We need to increase our economically active workforce to maintain a sustainable and balanced population as people live longer
- To continue to enable growth and effectively facilitate local services in a time of declining central funding means that growth is important to sustaining the financial basis of Local Authorities
- Standing still whilst other places grow is effectively going backwards

Opportunities for Growth

Achieving growth will be dependent on realising Somerset's opportunities, and overcoming the barriers preventing this. Growth will primarily be created by the private sector. The main opportunities for Somerset's future economic growth are:

- Deriving maximum local benefit from the £16 billion development of the Hinkley Point C nuclear power station, and ensuring a sustainable economic legacy
- Deriving more value from Somerset's advanced manufacturing expertise, particularly its globally linked aerospace sector; and using this expertise to capture growth in the broader low carbon energy sector
- Increasing the quality and value of well established sectors in Somerset, including food & drink processing, land & water management, tourism and logistics

- Seeking value from sectors which could grow in Somerset, including health, construction and business & professional services
- General growth across the economy, linked to national and global economic recovery

The main barriers to growth in Somerset are:

- An ageing population
- Relatively small and dispersed urban areas (i.e. lack of urban agglomeration)
- A lack of higher level skills
- Inadequate infrastructure to support further expansion in the economy
- A lack of a coordinated approach to delivering growth by Somerset's stakeholders

There are strengths to Somerset's connectivity, with good north-south links along the M5 within Somerset and on to Bristol and Exeter, and the mainline rail link to London. However, within the M5 corridor there is poor resilience if there are problems on the motorway network, and beyond the M5 there is more limited connectivity. The links from east to west, in particular from Taunton to Yeovil, are weaker than the main north-south links. Further investment in the rail network will help to support future growth, and ensure that Somerset is well connected to opportunities and planned growth in Bristol to the north and Devon to the south.

To achieve growth we need to attract significant investment into the county. We will need to both build on our existing strengths and strong businesses, and encourage new investors into the county. Somerset will welcome investors from both the private and the public sector, and we will ensure that we are *investor ready*.

The Geography of Somerset's Growth

Plans for population change show growth taking place throughout Somerset. More of the growth will be seen in Somerset's larger towns, with the populations of Taunton, Yeovil and Bridgwater all expected to grow by more than 350 people per year throughout the growth plan period. Employment growth is also planned to take place throughout Somerset, and again, there will larger numbers in the larger towns, with Yeovil and Bridgwater expecting job growth of 250-300 per year and Taunton having plans for more than 550 jobs per year. The type of growth in the major towns, market towns and coastal towns will be complementary, with larger businesses expected to be located in the more accessible parts of Somerset, closer to the main transport networks. Along the M5 Corridor there is complementarity between Bridgwater and Taunton, with the former seeing recent growth in manufacturing and distribution, and the latter concentrating on technology and service sector growth. In the former Regional Spatial Strategy Bridgwater, Taunton and Wellington were considered as a 'Joint Study Area' with a single strategic planning framework, alongside places like Exeter, Gloucester/Cheltenham and Swindon. Yeovil is separate to this M5 cluster, but it has strong transport connections with Dorset and Devon, strong economic connections to the West of England, and plays an important role in the global aerospace industry.

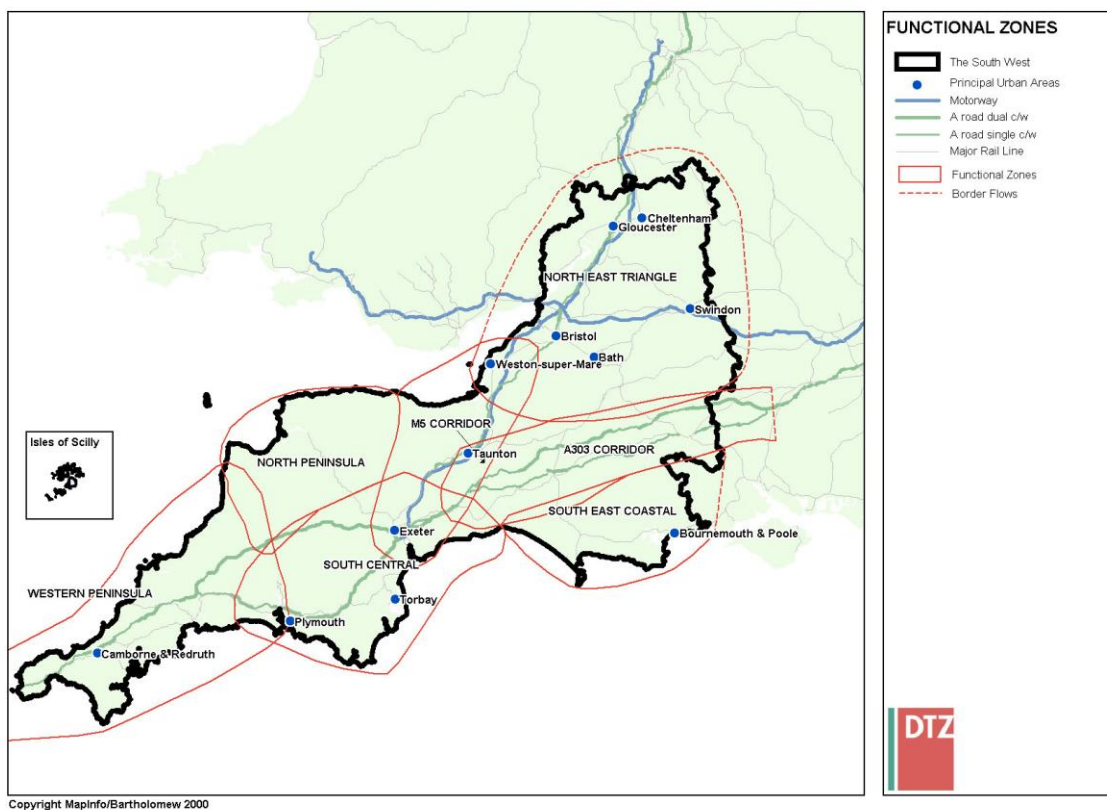
The economy of Somerset is strongly inter-connected with the economies around it, and in functional economic terms different parts of Somerset relate to different economies in adjacent areas. An understanding of the Functional Economic Market Areas (FEMAs) in Somerset and its

surrounding areas is helpful to understand the geography of Somerset's economy and its future growth.

The figure below shows how Somerset's economy is part of four FEMAs, which overlap to a certain extent and are not entirely mutually exclusive:

- central Somerset is part of the *M5 Corridor* – a functional economy that broadly follows the M5 and includes the towns near to it – this area links in to the West of England to the north, and Exeter and Devon to the south
- western Somerset is part of the *North Peninsula* – a functional economy that runs along the north of the South West peninsula, this area links in to northern Devon and on to north Cornwall
- north-eastern Somerset is part of the *North East Triangle* – a functional economy around the cities and large towns of the west, including Bristol, Bath, Cheltenham, Gloucester and Swindon - this part of Somerset is therefore linked in to the West of England LEP area and areas beyond this
- southern Somerset is part of the *A303 Corridor* which runs along the A303 from Exeter in the west to Dorset and Wiltshire in the east - and links this part of Somerset in to Dorset and eastern Devon

Figure 1: Functional Economic Market Areas



This view of how Somerset's economy works has been reinforced in 2013 through the broad range of consultations with local stakeholders undertaken to develop our Growth Plan. The Growth Plan recognises that there are different drivers of growth in these different parts of Somerset.

Somerset in 2020

To develop a deliverable Growth Plan it is necessary to have a vision of what we are trying to achieve. The vision for Somerset in 2020 builds on the county's strengths and opportunities. It comprises:

- An economy with sustained growth faster than the UK
- A global reputation in nuclear, low carbon energy, aerospace & advanced manufacturing, and food & drink (including agri-tech)
- Increased value in the rest of the economy, particularly in land management, tourism, health, logistics, construction and business and professional services
- Strong growth hubs at Bridgwater, Frome, Taunton and Yeovil connected to Somerset's network of vibrant market towns and rural areas
- An aspirational workforce with world class skills, helping to grow the competitiveness of Somerset's businesses
- A connected county with high quality and resilient transport and ICT infrastructure
- A housing stock that meets the needs of Somerset's growing and changing population

Objectives of the Growth Plan

To achieve our vision for Somerset in 2020 our objectives are to:

- Create a more dynamic and growth focused business population with increased value-added and productivity
- Increase levels of education and skills within the workforce to foster growth and enable residents to access employment opportunities
- Tackle significant infrastructure deficits and enhance strategic connectivity
- Enable the delivery of major housing and employment developments that will enable growth

All of these objectives will be achieved whilst maintaining the high quality of the environment, and quality of life in Somerset.

Targets for Somerset's Growth

The objectives help to shape the types of activity that need to take place, but targets are needed to help to determine the nature and scale of activity.

The primary measure will be economic growth. Population growth and housing growth are needed to enable economic growth, and sustainable economic growth is needed to support population growth; thus there is inter-dependence between the two. There also needs to be a focus on the quality of economic growth (i.e. productivity or GVA/worker) as well as the quantity of growth (i.e. GVA, jobs).

Indicative targets for growth in Somerset by 2020 are:

- An additional £3 billion of GVA per year
- Greater productivity growth than the UK economy
- 15,000 - 17,000 additional jobs
- 65% of the adult population qualified to Level 3 or above, and 40% to Level 4 or above
- 20,000 additional homes
- New employment floorspace (tbc) in use classes B1, B2 and B8

Delivering the Growth Plan

Having set objectives and targets for growth in Somerset over the period to 2020, the plan needs to be supported by a set of deliverable investments. To make this Growth Plan effective, we have identified a small number of high priority investment areas that address genuine barriers to growth, are deliverable, and have the greatest impact on Somerset's economy.

The investments areas need to:

Create a more dynamic and growth focused business population

- Raise the level of business starts
- Increase growth aspiration, skills and competence among business leaders
- Improve productivity and competitiveness
- Encourage diversification into new markets (including export)
- Attract sustainable inward investment from the UK and overseas
- Promote supply chain development activity in key sectors

Increase levels of education and skills within the workforce to foster growth and enable residents to access employment opportunities

- Raise proportion of the workforce with NVQ L3+ and 4+ equivalent qualifications
- Develop STEM skills base to support the growth of key sectors
- Improve employability through developing generic and work ready skills aligned to Somerset's future economic opportunities

Tackle significant infrastructure deficits and enhance strategic connectivity

- Improve the speed and reliability of access to strategic locations through road and rail improvements, in particular ensuring good connectivity to Bristol and Exeter airports and ensuring that the rail network can support faster movement of freight and passengers, thus helping to reduce pressure on the road network and improve journey time resilience
- Ensure high quality communications infrastructure to the whole county including superfast broadband and mobile connectivity
- Improve the quality and breadth of Somerset's town centres' offers
- Alleviate flood risks to enable growth

Enable the delivery of major housing and employment developments that will drive growth

- Unlock local infrastructure to bring forward development
- Ensure delivery of sufficient quantity, quality and type of employment floorspace
- Ensure housing supply to accommodate a balanced population

A long-list of potential investments has been identified, to help to support the delivery of growth in Somerset. Some of these are ready to deliver, and others require further development. Funding will be sought to enable the delivery and development of these investments, from a number of sources including private funds, the Heart of the South West LEP's Single Local Growth Fund, the EU's Structural and Investment Funds, and other public funds. Some investments will be place-specific within Somerset, some Somerset-wide and others LEP-wide.

Investment packages

Significant growth will be supported by delivering packages of investments which work together to best exploit Somerset's opportunities. The packages help to make the most of Somerset's opportunities:

Package	Primary Geography	Key Centres for Growth
Hinkley Point C and nuclear supply chain	M5, Western Somerset	Bridgwater, Taunton
Aerospace, advanced manufacturing and low carbon energy	M5, A303, Western Somerset	Yeovil, Bridgwater, Taunton, Frome
Increased value from health, construction and business & professional services	All Somerset	Taunton, Yeovil, Bridgwater
Increased value in food & drink processing, land, minerals & water management, tourism and logistics	All Somerset	Market towns, coastal towns, Bridgwater, Frome
Infrastructure for improving connectivity, flood alleviation and growth	All Somerset	A303/A358 corridor, M5 junction improvements, rail connectivity
Business competitiveness	All Somerset	
Inward investment	Major settlements	Taunton, Bridgwater, Yeovil and Frome
Skills	All Somerset	
Housing	Major settlements	Taunton, Yeovil, Bridgwater and Frome