

Somerset Growth Plan

2017 - 2030

Technical Document

Contents

| | |
|--|----|
| Executive Summary | i |
| 1 Introduction | 1 |
| 2 Somerset's Economy and Context | 5 |
| 3 Vision and Objectives | 14 |
| 4 Frameworks for Growth | 16 |
| 5 Governance | 35 |

Version Number: FINAL 1.6

Date: June 2017

Executive Summary

Background and context

The Growth Plan for Somerset aims to:

- Create a shared ambition and vision for sustainable and productive growth
- 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 will enable us to improve the quality of life for residents and their economic wellbeing
- It will enable us to increase our economically active workforce to maintain a sustainable and balanced population as people live longer
- In a time of declining central funding it is important to sustain the financial basis of Local Authorities to effectively facilitate local services
- Standing still whilst other places grow is effectively going backwards

In this Growth Plan our primary focus is on increasing the productivity of the economy, because the labour force is constrained (so there is limited scope for further job creation), and productivity is low. Productivity is an issue that is being addressed at the national level through the emerging UK Industrial Strategy, and documents such as the DEFRA Rural Productivity Plan, and also at the Heart of the South West level through the emerging Productivity Plan. Somerset's Growth Plan will inform, and be informed, by these documents.

Distinctive opportunities

A number of distinctive opportunities for growth in the Somerset economy have been identified. These include:

- Growth in the Low Carbon Energy, Aerospace and Agri-Food sectors, which all have the potential to be globally competitive
- Bolster and profit in those sectors where we are already globally competitive, particularly in relation to the Aerospace sector
- Improved productivity in the Tourism and Health & Care sectors, which are established strengths in Somerset, providing significant employment opportunities
- Promoting growth through productivity gains across the whole economy
- The development of a university in Somerset, to complement existing training and education provision
- Greater provision and use of broadband and digital technology, to help in overcoming the challenges of accessibility in the rural economy
- Celebrating and embracing the rural nature of Somerset, including the high quality natural environment and quality of life
- Inspiring vibrant, thriving towns and urban areas

Vision

By 2030 Somerset aims to be a very productive and innovative business community and economy. The labour force will have the skills that businesses need, and the infrastructure will be in place, to achieve higher productivity and innovation. Economic prosperity will be inclusive, to the benefit of all groups within the community.

Somerset will:

- Have a nationally competitive economy driven by strong performance in all parts of the economy
- Have a well-established, high value Low Carbon Energy sector, which includes the operation of Hinkley Point and potentially tidal energy projects, and the export of goods and services to nuclear new build projects elsewhere. This should part of a national sector deal for the nuclear sector
- Have a high value Aerospace and Advanced Engineering sector with significant export markets. It will be part of a larger West of England cluster and should be part of a national sector deal for the aerospace sector
- Have an Agri-Food sector, including Food & Drink, that is high value and generates significant exports
- Have a collaborative and well networked SME community
- Have a university, which works alongside the county's higher education provision, further education colleges, schools and businesses, delivering technical education and training and broader economic benefits
- Have a business community that is growing because of its use of digital technology and infrastructure (possibly as part of a national sector deal on industrial digitalisation), particularly to drive productivity and growth in rural areas
- Have vibrant communities in rural and urban areas, with robust physical and ICT infrastructure, a high skilled population, and strong business sectors exploiting their competitive advantages

Objectives

The objectives of the Growth Plan are set out under the broad headings of businesses and productivity; labour force and skills; and infrastructure. Meeting these objectives will help to deliver the vision set out above.

A productive and innovative business community and economy

1. Somerset will be a national exemplar, largely rural, small business economy, with a strong rate of business start-ups and strong growth. Businesses will be well led and managed
2. Productivity will outperform other similar areas in the UK, and workers will be well paid because of the value that they add
3. Businesses (especially small businesses) will engage in collaboration and networking
4. Businesses will have strong digital skills and digital will be core to their activities
5. More of Somerset's businesses will invest in R&D and innovation to drive their growth
6. Our world class and indigenous businesses will grow their markets through international trade, and the business community will be boosted by valuable inward investment

A labour force with the skills that businesses need

7. The workforce will have high levels of appropriate skills, to meet the needs of its business community and enable it to achieve its growth potential

8. Somerset will have a strong future workforce. Education and business engagement will be effective, and there will be an apprenticeship culture with apprenticeships in large and small businesses.
9. There will be strong delivery of FE and HE to meet businesses' needs and enable them to grow, including investments in FE capital infrastructure and a dedicated university which is based in Somerset
10. The economic activity rate will continue to be above the national average. All of the residents that want to work will be able to do so.
11. Social mobility and inclusive growth are taking place

Infrastructure to support productivity and innovation

12. Strategic connectivity into Somerset, including road, rail and public/community transport, will be improved
13. There will be excellent digital connectivity across the county to every business location and home, with ultrafast broadband available in key business locations. All businesses will have been offered support to understand the potential and make the best use of digital technologies
14. Somerset will have a good market supply of employment sites and premises, including a network of enterprise centres. The Local Plans will ensure a sufficient supply of viable and deliverable sites allocated for development
15. There will be sufficient housing of all tenures to meet the needs of the population, in both rural and urban areas
16. Somerset's communities will be vibrant and sustainable, providing a range of retail, leisure, cultural and public services throughout the day and evening
17. Increased flood resilience will improve the resilience of Somerset's transport infrastructure, and will enable previously marginal sites to be fully developed for housing and employment
18. Somerset will still be renowned for the high quality of its environment, and the quality of life that can be achieved

1 Introduction

In this chapter we start by setting out the purpose of the Growth Plan, the objectives of the 2017 refresh, and the methodology for undertaking the review. We then go on to consider the type of growth that is wanted in Somerset over the period to 2030.

1.1 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 inform and be informed by the Heart of the South West productivity plan and the UK Government's Industrial Strategy through an iterative process as these plans are developed. It will be used to prioritise strategic economic development activity in Somerset.

The Growth Plan for Somerset aims to:

- Create a shared ambition and vision for sustainable growth and progression
- 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 will enable us to improve the quality of life for residents and their economic wellbeing
- It will enable us to increase our economically active workforce to maintain a sustainable and balanced population as people live longer
- To effectively facilitate local services in a time of increasing reliance on Business Rates income means that growth is important to sustaining the financial basis of Local Authorities
- Standing still whilst other places grow is effectively going backwards

1.2 Objectives of the refresh

The objectives of the refresh of the Somerset Growth Plan are to:

- Update and extend the current Plan beyond the existing horizon of 2020, to 2030, with some medium-term actions and targets within this period
- Identify and shape *strategically significant* economic development activity. Therefore, the Growth Plan will *not* include all economic development activity in Somerset
- Deliver a document that is used by all stakeholders involved in the delivery of strategic economic development in Somerset. It will have a distinct role within the family of economic growth strategies at the national, Heart of the South West, county and district levels – with a 'golden thread' running through these
- Shape other future plans and resource allocations e.g. shape the LEP's future plans and resource allocations, and the emerging Productivity Plan for the Heart of the South West

At the heart of the refreshed Growth Plan will be a set of frameworks, built around each of the objectives of the plan.

1.3 Methodology

The broad steps undertaken to refresh the Growth Plan are:

- Documentary review
- Review of socio-economic data, mainly from ONS
- Forecast data from LEP forecasts (Oxford Econometrics)
- Stakeholder consultations: both thematic and geographical, with consultations undertaken with 40+ stakeholders
- Dedicated workshops on business & productivity, infrastructure, and labour market & skills
- Analysis and testing
- Reporting

Appendices to this report include:

- Appendix 1: More details on the methodology, including:
 - List of consultees
 - List of documents
 - List of data sources
- Appendix 2: Baseline economic evidence review

1.4 What sort of growth do we want to achieve?

The Somerset Growth Plan is intended to support and encourage the delivery of sustainable economic growth across the whole of Somerset. We aim to increase the size of the economy primarily through improved productivity; higher productivity can lead to higher wages, which supports a better quality of life for Somerset residents. Higher productivity is also an important driver of growth in a time of constrained labour supply, as people work smarter not harder.

The size of the Somerset economy is measured using Gross Value Added (GVA). GVA broadly measures the outputs from the economy less the inputs to the economy from outside i.e. it is a measure of the value of economic activities that take place within Somerset. The GVA of Somerset has grown over the period from 2010 to 2016 but at a lower rate than the growth of total GVA in the UK economy.

Productivity is commonly measured as GVA per worker (or Full-Time Equivalent worker [FTE]), or GVA per hour worked. In 2015, GVA per FTE in Somerset was just over £46,000, compared to the UK average of £54,000. The rate of growth in Somerset's productivity was slightly above the national average over the period from 2010 to 2015, but the gap has only reduced a little.

The total GVA of the Somerset economy can also be measured by multiplying the total number of workers by the GVA per worker. Therefore, GVA growth can be achieved by increasing productivity within the economy, or the number of workers, or both. However, the labour market is constrained in Somerset (i.e. there is little spare capacity or spare labour), so the potential for creating new jobs is limited, unless new working residents can be attracted to the county.

In this Growth Plan our primary focus is on increasing the productivity of the economy, because the labour force is constrained (so there is limited scope for further job creation), and productivity is low. The Hinkley Point project will create a significant amount of temporary jobs and a number of permanent jobs, so there is already a significant amount of job growth taking place. It should also be noted that there is a constant demand for replacement labour in the economy, as people leave Somerset or retire and need to be replaced.

However we need to be aware that increased average productivity will not necessarily benefit all residents, so it will be important to try and raise productivity across all parts of the economy rather than solely focusing on promoting growth in a small number of high productivity sectors. Increased productivity could also lead to fewer jobs, particularly if it is achieved by more use of machinery or more efficient processes. If some people (particularly those with lower skills) lose their jobs, then it will be necessary to deliver targeted training, to provide them with the skills needed to access jobs in those parts of the economy that are still seeking labour. This will help to address the limited supply of labour as well as ensuring that residents are economically active and benefit from the growth that is taking place.

A focus on productivity growth is also seen in the UK and Heart of the South West, so there is a 'golden thread' from the national to the Heart of the South West level to the Somerset and local level, i.e.:

- The Green Paper on the UK Industrial Strategy¹ states: *"The objective of our modern industrial strategy is to improve living standards and economic growth by increasing productivity and driving growth across the whole economy."* (p.9)
- In 2015 the (previous) UK Government published a ten point plan to boost rural productivity² which has set a helpful framework for the Somerset Growth Plan. The aim of this strategy is to *"harness the enormous potential England's rural areas have to offer, both for the prosperity of those living in the rural areas and for the benefit of the UK economy overall."* (p.4)
- The Green Paper on the Heart of the South West Productivity Plan³ states: *"The UK is facing a critical productivity challenge ... The position for the Heart of the South West LEP area is even more stark."* (p.5)
- The County Plan for Somerset
- District Council and local Plans / Strategies

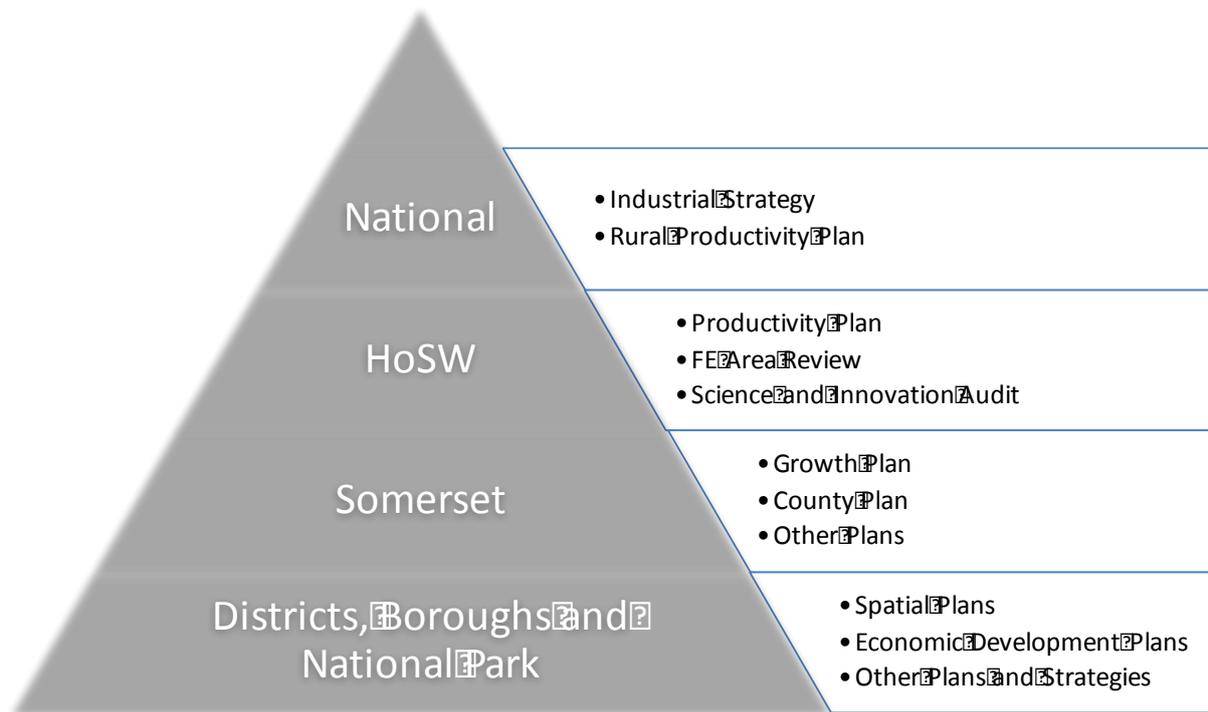
The relationship between the plans and strategies at these various levels is summarised in Figure 1.

¹ HM Government (January 2017) Building Our Industrial Strategy: Green Paper

² Department for Environment, Food & Rural Affairs (August 2015) Towards a One Nation Economy: A 10 Point Plan for Boosting Productivity in Rural Areas

³ Heart of the South West LEP and Heart of the South West Local Authorities (January 2017) Driving Productivity in the Heart of the South West: Consultation Paper (Green Paper) Draft

Figure 1: Plans and Strategies



1.4.1 Productivity and competitiveness

Productivity is an absolute measure of economic performance, whereas competitiveness is relative i.e. relative to those economies that Somerset is competing with. Future growth in the Somerset economy will be achieved by driving up productivity, but also by the economy becoming more competitive and so better able to compete with other economies. Selling goods and services to markets outside Somerset will stimulate growth more quickly and effectively than focusing on the internal market.

Increasing productivity and competitiveness across the whole economy will be achieved by addressing weaknesses in all sectors of the economy, and in rural and urban areas. This needs to be complemented by growing those parts of the economy in which Somerset has an actual or potential global competitive advantage.

2 Somerset's Economy and Context

In this chapter we firstly consider the national and regional drivers of growth i.e. the context within which the growth of Somerset will take place over the period to 2030. We then consider the drivers of growth and identify the distinctive aspects of Somerset's economy in which it has an actual or potential competitive advantage and can compete nationally and globally.

2.1 Cross-boundary working

Somerset is not a single coherent functional economic market area. Different parts of the Somerset economy look to major economic areas outside of its boundary. It will be important to avoid a fragmented approach to growth and economic development across Somerset, and ensure that all areas are working towards a common Growth Plan even if they have strong linkages to areas outside of Somerset.

The Heart of the South West is not a single coherent functional economic market area either, so Somerset needs to make the best possible case that it can to the LEP for support for growth. Somerset needs to focus on its strategic opportunities, particularly those that complement opportunities in other parts of the Heart of the South West.

Somerset also needs to look beyond the county and LEP, with thematic links to other areas such as aerospace in the West of England and nuclear in Gloucestershire, Cumbria and other places.

2.2 Partnership working

As well as the geographical and economic diversity, there are a large number of organisations that can play a role in the future sustainable economic growth of Somerset. Key amongst these are the local authorities, colleges, and the business community. All of these organisations need to collaborate and work together to ensure that their efforts are not being duplicated or leaving gaps in provision. It is important that all of these organisations sign-up to the Growth Plan and support its delivery.

2.3 Somerset in the national and regional context

In this section we consider the national, regional and local context for growth in Somerset and show that there are strong linkages between these levels, and a 'golden thread' joining national to Somerset plans and aspirations.

2.3.1 National Context

UK Industrial Strategy

A Green Paper on the UK Industrial Strategy was published in January 2017¹. The objective of the strategy is *"to improve living standards and economic growth by increasing productivity and driving growth across the whole country"* (p.9). Productivity is a major feature of the Green Paper, which considers both the UK's productivity gap with other leading industrialised countries and the productivity gaps between the UK's regions.

Ten pillars are set out in this Green Paper, and these are relevant context for the Somerset Growth Plan. Most of the pillars in the Green Paper can be mapped to the objectives of the Somerset Growth Plan.

| UK Industrial Strategy Green Paper | Opportunities for Growth in Somerset |
|--|---|
| Investing in science, research and education | <p>Development of a university as part of the education infrastructure in Somerset.</p> <p>Developing innovation centres with links to universities and research institutes.</p> <p>Attraction of new (inward) investment, businesses and functions into Somerset.</p> <p>Enhance existing institutions e.g. Yeovil District and Musgrove Park Hospitals, UK Hydrographic Office.</p> |
| Developing skills | <p>Development of a university as part of the education infrastructure in Somerset (perhaps an <i>institute of technology</i>).</p> <p>Delivering technical education and apprenticeships.</p> <p>Developing a brokerage function for technical education, to the benefit of trainees, employers and providers.</p> <p>Increase the skills base of the existing workforce.</p> |
| Upgrading infrastructure | <p>Improved road and rail linkages into and within Somerset.</p> <p>Improved broadband coverage and more intensive use of broadband and digital technology.</p> <p>Improved mobile phone coverage.</p> <p>Delivering suitable sites and premises to enable businesses to start-up and grow.</p> <p>Improved flood resilience.</p> <p>Delivery of new housing (especially affordable housing).</p> |
| Supporting businesses to start and grow | Start up and growth support for businesses. |
| Improving procurement | Not appropriate in the Somerset Growth Plan. |
| Encouraging trade and inward investment | <p>Business support for exporting and for inward investment.</p> <p>Ensure a supply of appropriate sites and premises to accommodate inward investment of varying scales.</p> |
| Delivering affordable energy and clean growth | Support the continued development of Low Carbon Energy which is a competitive sector that will support future growth in Somerset. |
| Cultivating world leading sectors | <p>Support for growth in globally competitive sectors such as Low Carbon Energy (including Nuclear) and Aerospace.</p> <p>Support for sectors with high growth potential such as Agri-Food.</p> |
| Driving growth across the whole country | Driving growth across the whole of Somerset including the rural and the urban areas, through support for a range of sectors and a series of business support initiatives. |
| Creating the right institutions to bring together sectors and places | Support for globally competitive sectors, including innovation centres with intensive business support. |

A number of potential key sectors are identified in the Green Paper, including:

- Life sciences
- Ultra-low emission vehicles
- Industrial digitisation
- Nuclear
- Creative industries

Government plan to boost productivity in rural areas

In 2015 the (previous) Government published a plan to boost rural productivity². This set out ten points that are relevant to Somerset's economic growth.

| Rural Productivity Plan | Opportunities for Growth in Somerset |
|--|--|
| Extensive, fast and reliable broadband services | Improved broadband coverage and intensive use of broadband and digital technologies. |
| High quality, widely available mobile communications | Improved mobile phone coverage. |
| Modern transport connections | Improved road and rail linkages into and within Somerset. |
| Access to high quality education and training | Development of a university as part of the education infrastructure in Somerset. Delivery of technical education and apprenticeships. Developing a brokerage for technical education, to the benefit of trainees, employers and providers. |
| Expanded apprenticeships in rural areas | Delivery of technical education and apprenticeships. Developing a brokerage for technical education, to the benefit of trainees, employers and providers. |
| Enterprise Zones in rural areas | Delivering suitable sites and premises to enable businesses to start-up and grow, including Enterprise Zones. |
| Better regulation and improved planning for rural businesses | Not a major theme in the Somerset Growth Plan, although growth opportunities need to be enabled by the Local Plans of the local authorities in Somerset . |
| More housing | Delivery of new housing (especially affordable housing). |
| Increased availability of affordable childcare | Providing affordable care to enable Somerset residents to participate in the workforce. |
| Devolution of power | Not a major theme in the Somerset Growth Plan, although Somerset stakeholders will work closely with partners to support the devolution of power and the delivery of local responses to local issues. |

2.3.2 Heart of the South West Productivity Plan

A consultation Green Paper on the Heart of the South West Productivity Plan was published in January 2017³. This paper sets out five drivers of productivity, which are relevant context for the Somerset Growth Plan. These can be mapped across to the Somerset Growth Plan.

| Productivity Plan Green Paper | Opportunities for Growth in Somerset |
|-------------------------------|--|
| Skills | A number of objectives to develop skills and the labour force, including more apprenticeships. |

| Productivity Plan Green Paper | Opportunities for Growth in Somerset |
|-------------------------------|--|
| Innovation | Development of a university (which will develop research capacity over time). Delivery of innovation centres to support growth in the most globally competitive sectors. Attraction of inward investment (to deliver higher value business functions). |
| Enterprise | A range of business support initiatives to help the start-up and growth of businesses in Somerset. Encouraging and supporting SME networks will be an important part of this. |
| Competitiveness | Infrastructure developments to improve access to markets Business support for exporting. Encouraging and supporting SME networks, which will help to drive up business competitiveness. Attraction of inward investment to stimulate competition in the local area. |
| Infrastructure | A number of infrastructure objectives, including the delivery of housing. |

The Green Paper provides evidence that the productivity gap faced by Somerset and the Heart of the South West is caused in part by the industrial structure (i.e. the type of sectors that make up the economy), and partly by the types of activity carried out and worker productivity within each sector.

Work undertaken by the CBI⁴ finds that educational attainment is the single most important driver of productivity.

2.3.3 Somerset Context

Somerset County Council has published a County Plan that covers the period from 2016 to 2020⁵. It sets out a vision for Somerset: *More jobs; more homes; more powers from government; more local co-operation; better health; better education and prospects; better roads, rail, broadband and mobile signal.*

Ambitious growth will help to bring in more funding and resources to the County Council to enable it to provide support to the community. The main growth ambitions set out in the plan are:

- A university for Somerset so that more young people can study in the county
- A new garden town to provide homes (with Taunton now awarded Garden Town status)
- Business parks to help create new jobs
- New energy initiatives
- Devolved powers from Government
- Joining-up of County Council and NHS services to improve their quality and efficiency

⁴ CBI (December 2016) Unlocking Regional Growth: Understanding the Rules of Productivity Across the UK's Regions and Nations

⁵ Somerset County Council (2016) The County Plan 2016-2020: Delivering the Vision

The plan includes a vision of reducing social, economic and health inequalities across the county.

The plan sets a number of targets related to the economy:

- Helping start-up businesses and attracting new businesses into the county
- More jobs, more enterprise centres, more homes, better education and increased productivity
- Enabling businesses and homes to access superfast broadband
- Maintaining highways
- Employing 150 apprentices per year (within the County Council)
- Lobbying Government to deliver strategically significant infrastructure schemes such as improvements to the A303/358 and improvement around the M5 corridor (including improvements at J25)

2.4 Drivers of growth in Somerset

There are three cross-cutting themes that emerge from the contextual review above, from research undertaken to inform this refresh, and from Somerset's previous Growth Plan. These are:

- The need for more businesses, and greater business productivity
- The need for residents to have the skills to meet businesses' needs, ensuring that they are able to access the job opportunities that are created
- Improving Somerset's infrastructure, particularly its digital infrastructure

2.5 Overview of Somerset's challenges and opportunities

The challenges and opportunities faced by the Somerset economy are structured around the three cross-cutting themes set out above. These are summarised in the sections below. More detailed information on the state of Somerset's economy is set out in Appendix 2, and these challenges and opportunities are discussed in more detail in Chapter 4.

2.5.1 Businesses and productivity

Productivity and competitiveness are relatively low in Somerset, and there is an opportunity to improve these in all sectors through investment in a range of supporting factors such as skills, infrastructure and business support. There is also potential to promote growth in high productivity sectors, particularly those with competitive advantage, such as low carbon energy and aerospace. These align with some of the world leading sectors identified in the Industrial Strategy Green Paper which will benefit from sector deals.

Somerset has some large sectors such as Food & Drink and Health & Care (which is largely driven by an increase in demand from an ageing population), and there is scope to increase productivity in these and other parts of the economy as well as the high productivity sectors discussed above. Overall, productivity will be driven up by a combination of these two approaches. This will be particularly important after the construction of Hinkley Point C has been completed. In the meantime those businesses with the potential to engage in the Hinkley Point supply chain will need support to enable them to do this, and other businesses which may suffer negative impacts from the construction of Hinkley Point C will need support to deal with them.

Supporting innovation and research and development (R&D) will help with efforts to push up productivity in Somerset's businesses. Inward investment efforts to attract higher value functions into Somerset will also help to drive up overall productivity.

Earnings in Somerset are relatively low and increased productivity should help to raise earnings, leading to an improvement in the quality of life for Somerset residents.

There are many lifestyle businesses in Somerset with low growth aspirations, and also a relatively low level of new business starts. The provision of targeted support to new-starts and businesses with growth aspirations should help to encourage overall economic growth.

Hinkley Point C is a massive opportunity for business growth in Somerset, but may displace workers from other parts of the economy. Support is needed for business development associated with Hinkley Point, but also support to mitigate negative impacts on other parts of the economy.

Somerset is a predominantly small business economy, although it has some large companies that contribute significantly to the economy. Encouraging SMEs to collaborate and work in networks will enable them to learn from each other and work together to access opportunities that they could not access on their own.

2.5.2 Labour force and skills

Unemployment is low relative to historic levels, and the size of the working age population is declining over time as the population gets older, so there is limited capacity for further expansion of the labour force, unless new residents are attracted to Somerset. The construction of Hinkley Point C, its supply chain, and its subsequent operation will draw in a significant amount of local labour. Concerns have also been raised about the availability of suitable skills needed to enable business expansion. It will be important to maximise the participation of residents in the labour force, to help address this relative shortage of workers. Upskilling the existing workforce at all levels will also help to address any labour shortages, ensuring that workers have the skills that are needed by businesses. There is a noted shortage of workers with skills needed in Health & Care, Food & Drink and other sectors.

It will also be important to improve the skills and boost the aspirations of young people, so that they can play an active role in the labour force and economy. Supporting SMEs to take-on apprentices will be important for improving young people's skills, and also addressing the skills shortages and challenges faced by small businesses. Many small businesses struggle to dedicate the necessary resources to taking on apprentices, and so support with this will be valuable. Somerset's Colleges will need the resources and infrastructure to help to train young people, including the delivery of apprenticeships.

A problem that is widely noted in the more rural parts of Somerset is young people's difficulty travelling from rural areas to training. The rural nature of the county and the limited provision of public transport means that many young people who do not have access to a private car cannot get to colleges and even employment opportunities in a timely way.

Somerset does not have a university, although it has HE provision through its Colleges. Without a university the county does not attract young people in the way that other places do; and some of those who come to study may stay afterwards and work.

2.5.3 Infrastructure

There is relatively good strategic connectivity into the county, but there is potential for improvement. Motorway and mainline rail links to major destinations exist, but suffer reliability issues which need to be addressed. This is particularly important in light of the value of the M5 corridor to the region's economy. Trunk road access to and from the South East, particularly via the A303 and A358 is less reliable and needs to be improved.

Connectivity within and across the county has weaknesses, particularly in rural areas. There is a need to improve connectivity within and across Somerset, including consideration of improvements on our main roads in these areas.

There is generally poor accessibility and public transport coverage in rural areas, so a need to improve accessibility via public and community transport.

Businesses do not think that Somerset has good broadband coverage, particularly outside the main urban areas, but problems have also been identified within Somerset's towns. There is also a need to make better use of the broadband infrastructure that is already there. There is a need to improve broadband coverage and encourage and support businesses with the take-up of broadband and the use of digital technology.

There is a need to improve the provision of high quality, affordable, flexible business premises, especially innovation and enterprise centres. There is a proven market failure in the delivery of innovation and enterprise centres, and the market is delivering only limited grow-on space in Somerset. Without suitable premises, businesses cannot grow.

The delivery of major employment sites has proved difficult.

Housing affordability is a problem for some residents of Somerset, and leads to problems recruiting workers in some sectors, particularly those with lower wages. Housing affordability is affected by both household incomes and the cost of housing. The former will be addressed by efforts to drive up productivity and wages, and the latter needs to be tackled through supporting the delivery of new housing, especially affordable housing and potentially key worker housing.

There is a need to improve coastal and fluvial flood resilience, in particular where this will improve the reliability of transport and communications, and improve the viability of potential development sites.

There is scope to improve the vitality of many of Somerset's town centres, with potential for town centre regeneration and better usages of the town centres.

Concerns have been raised about the capacity of the construction sector to deliver infrastructure, including the development of Hinkley Point C and significant additional housing. Action will need to

be taken to ensure that there is sufficient labour available, with the right skills that are needed in the sector.

Some significant infrastructure nodes that are important to Somerset's residents and businesses are located outside of the county, including Bristol and Exeter airports and the Port of Bristol. Each of these is working to improve their global connectivity by securing routes to major global hubs. Each needs to demonstrate that it has sufficient catchment population, both residential and commercial, to justify its global connectivity. Somerset can help these airports and port to make the best possible case.

2.6 Somerset's distinctive opportunities

There are some specific areas in which Somerset has an actual or potential competitive advantage i.e. Somerset can compete nationally and/or globally in these sectors. It is important to maximise local sustainable employment benefits from these opportunities. The opportunities include:

- **Low Carbon Energy**, particularly nuclear new build and tidal power. The nuclear sector is identified within the Industrial Strategy Green Paper as the potential beneficiary of a national sector deal, and Somerset needs to play a role in this. With Hinkley Point C being built in Somerset over the next decade, the nuclear sector, its supply chain and associated developments will have a huge impact on the Somerset economy in terms of economic growth and high productivity economic activity. This is part of a regional cluster of activity represented by Nuclear South West. This presents the opportunity for businesses and workers in Somerset to develop skills and experience that can then be exported to other nuclear new build projects in the UK and overseas. Tidal power presents a longer-term opportunity, but the sector is gathering momentum in the UK, and Bridgwater Bay offers a significant opportunity for a development of national importance.
- **Aerospace & Advanced Manufacturing**, including a unique UK specialism in rotorcraft. Somerset is part of a globally significant South West aerospace cluster, with key industry players like Leonardo, Honeywell, Thales, Tods Aerospace and BAE Systems, and an extensive supply chain of specialist businesses. Productivity in aerospace in Somerset is nearly 30% higher than productivity across the whole economy, and the industry contributed over £300 million of GVA to the Somerset economy in 2015. Moreover, some 50% of sales from the Somerset aerospace sector are made overseas, making it vital to the UK Government's export agenda. The UK Aviation Industry Report by Sustainable Aviation states that the UK's aerospace manufacturing sector has a global market opportunity of £3.5 trillion over the next twenty years. With the right support and investment in high-value design, new technologies and crucially, people with the requisite specialist skills, the Aerospace sector in Somerset is well placed to capitalise on these future opportunities.
- **Agri-Food**. This covers a number of sectors, including agriculture, food and drink processing, and the potential for the development of more agri-tech research and development at the Royal Bath & West showground. With all of these components, Somerset has the potential to develop a competitive cluster of activities.

There are also some significant industrial sectors in Somerset which play an important role in the county's economy, albeit that they are not necessarily competitive advantages. There is potential to drive up productivity in these sectors, which will contribute to overall economic growth, and also to

delivering inclusive growth. Health & Care and Tourism are important in this respect. It will also be important to support business to retain talent.

Beyond particular sectors, there are a number of specific opportunities in Somerset that will make a significant contribution to promoting growth and raising productivity in Somerset. These are:

- The potential for the development of a new university in Somerset. The county currently has Higher Education (HE) provision through its colleges, but is lacking a dedicated HE institution. Plans are being developed for a university with a strong emphasis on vocational skills, and the longer-term potential to support research and development in the county. Greater support for further education capacity within Somerset will also be required to ensure a good balance of FE and HE provision meeting economic needs
- Recognising and reflecting the importance of the county's four major towns and their role within the economy. Further consideration should be given to the connectivity of these towns given their importance as key population centres (with Taunton, Yeovil, Bridgwater and Frome collectively comprising of approximately 170k people) providing the main sources of the workforce for major activities such as aerospace and advanced engineering at Leonardo, nuclear and its supply chain, the UK Hydrographic Office and other high-tech, creative, scientific and professional services. This manufacturing and business activity also contributes towards these core towns, as reflected in local plans/strategies, as local hubs of economic and social activity in their own right.
- An emphasis on embracing Somerset's rural character, and developing a model of productivity growth that makes the most of the advantages of rural Somerset, such as the quality of the environment and the quality of life. Broadband infrastructure and its use is key to this, along with support that is tailored to the small businesses that are predominant in Somerset. Greater provision and use of broadband and digital technology can help to tackle poor connectivity and low levels of agglomeration in rural areas. Digital infrastructure and technology can help to overcome some of the constraints that are typical of rural areas, such as low population density and lower levels of networking and communications. Industrial digitalisation has been identified as a potential sector deal in the Industrial Strategy Green Paper, and early work is already being carried out on this. It is also recognised though that while digital infrastructure will support some, a significant number of businesses require improved physical infrastructure to deliver improved connectivity for them to grow.

3 Vision and Objectives

In this chapter we set out the vision and objectives for the refresh of the Somerset Growth Plan.

3.1 Vision

By 2030 Somerset aims to be a very productive and innovative business community and economy. The labour force will have the skills that businesses need, and the infrastructure will be in place, to achieve higher productivity and innovation. Economic prosperity will be inclusive, to the benefit of all groups within the community.

Somerset will:

- Have a nationally competitive economy driven by strong performance in all parts of the economy
- Have a well-established, high value Low Carbon Energy sector, which includes the operation of Hinkley Point and tidal energy projects, and the export of goods and services to nuclear new build projects elsewhere. This should part of a national sector deal for the nuclear sector
- Have a high value Aerospace and Advanced Engineering sector with significant export markets. It will be part of a larger West of England cluster and should be part of a national sector deal for the aerospace sector
- Have an Agri-Food, which includes Food & Drink, sector which is high value, and generates significant exports
- Have a collaborative and well networked SME community
- Have a university, which works alongside the county's higher education provision, further education colleges, schools and businesses, delivering technical education and training and broader economic benefits
- Have a business community that is growing because of its use of digital technology and infrastructure (possibly as part of a national sector deal on industrial digitalisation), particularly to drive productivity and growth in rural areas
- Have vibrant communities in rural and urban areas, with robust physical and ICT infrastructure, a high skilled population, and strong business sectors exploiting their competitive advantages

3.2 Objectives

Objectives of the Growth Plan, to help meet the vision, are set out under the three broad headings of businesses and productivity; labour force and skills; and infrastructure. Inclusive growth cuts across all of these objectives.

A productive and innovative business community and economy

1. Somerset will be a national exemplar, largely rural, small business economy, with a strong rate of business start-ups and strong growth. Businesses will be well led and managed
2. Productivity will outperform other similar areas in the UK, and workers will be well paid because of the value that they add
3. Businesses (especially small businesses) will engage in collaboration and networking
4. Businesses will have strong digital skills and digital will be core to their activities
5. More of Somerset's businesses will invest in R&D and innovation to drive their growth

6. Our world class and indigenous businesses will grow their markets through international trade, and the business community will be boosted by valuable inward investment

A labour force with the skills that businesses need

7. The workforce will have high levels of appropriate skills, to meet the needs of its business community and enable it to achieve its growth potential
8. Somerset will have a strong future workforce. Education and business engagement will be effective, and there will be an apprenticeship culture with apprenticeships in large and small businesses.
9. There will be strong delivery of FE and HE to meet businesses' needs and enable them to grow, including investments in FE capital infrastructure and a dedicated university which is based in Somerset
10. The economic activity rate will continue to be above the national average. All of the residents that want to work will be able to do so.
11. Social mobility and inclusive growth are taking place

Infrastructure to support productivity and innovation

12. Strategic connectivity into Somerset, including road, rail and public/community transport, will be improved
13. There will be excellent digital connectivity across the county to every business location and home, with ultrafast broadband available in key business locations. All businesses will have been offered support to understand the potential and make the best use of digital technologies
14. Somerset will have a good market supply of employment sites and premises, including a network of enterprise centres. The Local Plans will ensure a sufficient supply of viable and deliverable sites allocated for development
15. There will be sufficient housing of all tenures to meet the needs of the population, in both rural and urban areas
16. Somerset's communities will be vibrant and sustainable, providing a range of retail, leisure, cultural and public services throughout the day and evening
17. Increased flood resilience will improve the resilience of Somerset's transport infrastructure, and will enable previously marginal sites to be fully developed for housing and employment
18. Somerset will still be renowned for the high quality of its environment, and the quality of life that can be achieved

3.3 Targets

Somerset-wide targets will be developed for levels of GVA and productivity in 2030. These will be based on becoming one of the best performing largely rural areas in the country

Performance indicators for each of the objectives are set out in detail in the next Chapter, and these will be developed into targets in the future.

4 Frameworks for Growth

In this chapter we provide a framework for the delivery of each of the objectives identified above. For each objective, we have set out:

Vision

A vision for the period to 2030, which expands on the vision and objectives set out in the previous chapter

Interventions

A set of potential interventions which have been sorted according to two criteria. On the horizontal axis they have been sorted into those which are ready to deliver in the short-term versus those for which further planning and feasibility work is required. On the vertical axis they have been sorted into those which can be delivered directly by the stakeholders in this Growth Plan versus those which the stakeholders need to influence others to deliver. The stakeholders in the Plan include:

- All of Somerset's local authorities
- Somerset's education community, especially its colleges
- Somerset's business community

Performance indicators

Performance indicators for each objective which will be developed into targets for each objective in the future.

Baseline

The baseline position, including the challenges and opportunities faced in Somerset.

Business and Productivity

4.1 A productive and innovative business community and economy

4.1.1 Vision

In 2030 Somerset aims to be a national exemplar, largely rural with thriving county towns, small business economy. Productivity in Somerset will be in line with the national average. More of Somerset’s businesses will engage in R&D and innovation to drive their growth. Somerset’s workers will be well paid because of the value that they add to the businesses that they work for.

Both rural and urban Somerset will have vibrant business communities. Somerset will have productive businesses in all parts of the economy, and will have globally competitive businesses in its priority sectors of:

- Low carbon energy, including the Hinkley Point C legacy as well as tidal and other technologies
- Aerospace, including helicopters and rotorcraft
- Agri-food, including food & drink

Somerset’s small businesses will work together in collaborative networks, to share experiences and best-practice for growth, and to enable them to access markets and opportunities that they could not on their own.

Inward investment into the county will promote growth by bringing higher value functions with local autonomy into Somerset.

4.1.2 Interventions

| | Ready to deliver | Further planning and feasibility required |
|------------------------------------|---|---|
| Delivered directly | <ul style="list-style-type: none"> • Heart of the South West Growth Hub, delivering low intensity support to a large number of businesses • Hinkley Point Supply Chain support being provided by Somerset Chamber of Commerce and SWMAS • Generic and specific business support provided through Somerset’s Enterprise Centres and Innovation Centres, including the Somerset Energy Innovation Centre at Bridgwater and iAero innovation centre at Yeovil • Exmoor National Park rural productivity network • Enterprise education in schools and colleges • Support for inward investment into Somerset | <ul style="list-style-type: none"> • Delivery of high-intensity (high cost) training to growth potential businesses in the areas of: <ul style="list-style-type: none"> ○ Leadership and management ○ Collaboration and networking, including business-to-business mentoring and network development ○ Digital skills and activities ○ Start-up and scale-up growth • Support for innovation and R&D through a network of innovation centres, linked to research institutes and Universities both within and outside Somerset. |
| Influence others to deliver | <ul style="list-style-type: none"> • Support to businesses for export and international trade (DIT) • Support to inward investment into | |

| | Ready to deliver | Further planning and feasibility required |
|--|---|---|
| | <p>Somerset (DIT)</p> <ul style="list-style-type: none"> • Ensure Somerset sectors are involved in national sector deals (e.g. nuclear and industrial digitalisation), and access support from the National Productivity Investment Fund • National innovation support from <i>Innovate UK</i> • Input into cross-LEP, sector based inward investment activities | |

4.1.3 Performance indicators

Productivity across the whole economy will move closer to the national average

Significant employment and GVA growth in low carbon energy, aerospace and agri-food sectors

Percentage of Somerset businesses involved in R&D

Percentage of Somerset businesses exporting

Business start-up rate at or above the national average rate

Medium and long-term survival of Somerset businesses at or above the national average rate

4.1.4 Baseline

Whilst having an economic activity rate higher than the national average, the economy of Somerset also has low levels of productivity. This is due to both the concentration of employment in low productivity industrial sectors, and the low level of productivity across all of Somerset's industrial sectors. This is also reflected in relatively low levels of earnings across Somerset.

Somerset has a large population of small businesses, and few large businesses. The existing small businesses need support to scale-up, grow and become more productive and profitable. Many businesses in Somerset are 'lifestyle' businesses with limited growth aspirations. More growth businesses are needed in Somerset. Some consultees have identified the lack of an enterprise culture in the population, which is contributing to the low levels of start-up and growth. Introducing enterprise education into school and college curriculums could help to promote more of an enterprise culture in the county.

The rural nature of Somerset and its population of predominantly small businesses means a low level of agglomeration in the economy – particularly when compared to cities and large urban areas. Encouraging businesses to form networks, and communicate with each other could help them to learn from each other, work together, and encourage them to collaborate to access opportunities and market segments that they could not on their own.

The level of new business starts in Somerset is below the national average, and whilst business survival rates are consistently above the national average, there is still room for improvement.

There is scope to support further business starts in Somerset, and to help new businesses to become established and grow. Businesses that are given support in their formative years have a greater survival rate than those which are not given support.

The development and operation of the Hinkley Point C nuclear power station provides an opportunity to drive up the productivity and competitiveness of the Somerset economy. There are several stages to this:

- The construction of the new power station
- The operation of the new power station
- The development of a legacy cluster of businesses that can support the development of other new nuclear build projects after the completion of the Hinkley Point C project.

Of particular interest to this Growth Plan is ensuring a legacy beyond the construction period, and avoiding boom-and-bust in the Somerset economy. In addition, whilst there are many positive opportunities associated with Hinkley Point C, there are also risks to other parts of the Somerset economy, including to businesses that lose labour to the Hinkley Point C project, and those affected by transport congestion. The nuclear sector is likely to be the subject of a national sector deal, and able to bid for support from the National Productivity Investment Fund, and Somerset should play a part in this.

In addition to the nuclear sector, Somerset has a unique position in the UK's industrial capacity in aerospace given the location of helicopter manufacturing in Yeovil and the surrounding supply chain cluster that is linked to it. Sustaining and developing this part of the UK aerospace sector is a local and national level priority and Somerset partners are keen to work with the industry and Government to ensure this. The South West iAero initiative, which seeks to develop skills, productivity and innovation in the region's aerospace sector is important element for maximising the this.

There is currently some delivery of support to businesses in Somerset through various providers that are funded by Local Authorities, banks and others. Some of the support is free and some requires payment. The Heart of the South West Growth Hub provides a first-point of contact for businesses seeking support. It then refers the businesses on to providers of support like those listed above.

Whilst intensive support to businesses (e.g. a diagnostic review, one-to-one support and workshops) is expensive, it is more effective than low intensity support (e.g. provision of a website and generic advice). Future business support will comprise the delivery of low-intensity support to a large number of businesses, and high intensity support which can demonstrate real growth potential (preferably growth in productivity than solely workforce).

There are opportunities to deliver training and support to Somerset's businesses in the areas of:

- Leadership and management
- Collaboration and networking, including business-to-business mentoring
- Digital skills and activities
- Start-up and growth
- Innovation and R&D (linked to local industrial specialisms such as low carbon energy and aerospace)

- Export
- Inward investment
- Employing people with long-term health issues and disabilities

Methods of delivery need to be suitably flexible to cater for the types of businesses (predominantly small, with little capacity to engage in training), and the geography of Somerset's businesses (spread across a large rural area, with often poor connectivity). This may mean delivering training using ICT rather than face-to-face, or taking training out to rural areas rather than expecting businesses to travel to central locations.

Labour Force and Skills

4.2 A current workforce that is meeting businesses' needs, and a strong future workforce

4.2.1 Vision

In 2030 Somerset aims to have a workforce with the appropriate skills to meet the needs of its business community and enable it to achieve its growth potential. There will be a strong inflow of people into the workforce to cover replacement demand, new skills requirements, and growth in the workforce.

Somerset will have a strong future workforce. Education and business engagement will be effective, and there will be an apprenticeship culture with apprenticeships in large and small businesses. Achievement of qualifications in Somerset will be at or above the national average at each skill level.

Training will be delivered in flexible ways, using broadband and digital technology to enable those in rural communities to access training.

4.2.2 Interventions

| | Ready to deliver | Further planning and feasibility required |
|---------------------------|--|---|
| Delivered directly | <ul style="list-style-type: none"> • Delivery of FE, HE and apprenticeships • Education-business partnership | <ul style="list-style-type: none"> • Prepare an Employment & Skills strategy, to map employers' skills requirements and the range of provision in the county, including schools • Up-skilling and retraining of those already in employment and address underemployment • Support SMEs, alone or in groups to take-on apprentices and higher apprentices • Encourage young people to take-up apprentices, including raising awareness of the value of apprentices amongst young people and their parents • Apprenticeship brokerage to raise awareness of young people, training providers and employers, to find a suitable match • Ensure that school and college curriculums are meeting businesses' needs • Improved business and education engagement leading to Improved and better coordinated careers guidance in schools so that young people understand the range of opportunities available in Somerset. Included in this |

| | Ready to deliver | Further planning and feasibility required |
|------------------------------------|------------------|---|
| | | <p>is support for teachers to get experience with local employers</p> <ul style="list-style-type: none"> • Delivery of training remotely using digital means (part, but not all training) • Campaign to attract economically active residents back to Somerset to work, after having left to work elsewhere • Deliver skills for growth sectors, including the construction sector |
| Influence others to deliver | | <ul style="list-style-type: none"> • Support the transfer of skills from declining sectors (e.g. oil and gas) into Somerset's growing sectors, especially low carbon energy |

4.2.3 Performance indicators

Qualifications levels

Low percentage of unfilled vacancies

Apprenticeship numbers

Graduate retention

Delivery of training to remote locations using digital technology

4.2.4 Baseline

Economic activity rates in Somerset are higher than the national average, and although unemployment is relatively low, underemployment remains an issue. However, consultees have stated that businesses in all sectors are struggling to recruit employees with the appropriate skills and experience needed for the jobs that are available. Particular skills shortages and recruitment difficulties have been noted in the Health & Care and Food & Drink sectors, although difficulties are being experienced in most sectors. Concerns have been expressed within some industries that young people are not aware of the career opportunities that they offer, and there is a need for better careers guidance to young people. There are concerns that the Hinkley Point construction project will displace workers from other Somerset businesses, and leave them with skills and recruitment difficulties.

Ensuring that businesses can access the technical skills that they need will be critical to their future growth. If there are insufficient skills in the current labour force, then several responses are required:

- Improving the skills of those already in employment
- Taking on apprenticeships and higher apprenticeships to develop a workforce with the required skills
- Improving the skills of young people in schools and colleges

Skills levels across Somerset are comparable with national averages at Levels 1, 2 and 3, but fall behind at Level 4. Whilst levels of qualifications are increasing, they are not catching up with qualifications at the national level. However, the available data does not identify the subjects in which qualifications are held. As mentioned above, consultees have stated that businesses in all sectors are struggling to recruit employees with the appropriate skills and experience needed for the jobs that are available. A shortage of STEM skills and a response to this has been identified as a national priority in the Industrial Strategy Green Paper.

The delivery of apprenticeships will play a significant role in meeting businesses' future skills needs. Two issues have been identified in Somerset with regard to apprenticeships. The first is that Somerset's Colleges have many apprenticeship places that are unfilled. This may be due to accessibility or awareness issues that are discussed above. The second is that many SMEs cannot dedicate the time and resource needed to host an apprentice. This latter issue could be tackled by helping SMEs to work together to share apprentices.

One of several responses to the lack of suitably skilled workers is to re-train and up-skill those already in employment so that they have the necessary skills to meet businesses' needs.

Consultees have raised concerns about the difficulties that young people living in rural areas have in accessing training and work opportunities. With limited access to their own car, young people are reliant on public transport to access training and work opportunities. Public transport coverage and frequency is often insufficient to enable them to travel to access these opportunities. Whilst improved public or community transport may be one solution to this problem, the delivery of training remotely using high quality ICT infrastructure is another potential solution. Both public/community transport and ICT infrastructure are dealt with under other objectives in this Growth Plan.

Consultees have identified that many young people leave Somerset to attend university elsewhere, stay and start their career, but eventually return to Somerset. This provides a stream of potential workers who have an affinity with Somerset, but which have skills and experience from elsewhere that they can bring to the county, adding to skills pool.

Concerns have been expressed by consultees about the capacity of the construction sector to deliver significant growth across a range of projects, including residential development, in Somerset. Hinkley Point C is likely to attract a significant amount of construction labour, and pay higher wages than other employers. This could leave a shortage of construction labour for other major developments, and for more local developments including residential developments. Delivering skills for the construction sector is important in enabling other growth projects to go ahead.

4.3 Further Education and Higher Education are delivered across the county, through the FE Colleges and a dedicated university

4.3.1 Vision

By 2030 we aim to build upon the existing strong delivery of further education and higher education across Somerset to ensure that the needs of business, to enable them to grow are met. This will include a dedicated university to be based in Somerset.

4.3.2 Interventions

A University of Somerset proposal is being developed by a number of organisations in the county. Bridgwater & Taunton College and Somerset County Council are working towards creating a new higher education institute in Somerset. This forms a key area of action in the County Plan, and has been investigated by a workgroup as part of this process.

Further investment in further education Colleges may be required to enable them to continue to deliver apprenticeship training, further education and higher education.

4.3.3 Performance indicators

Delivery of a dedicated university

Number of HE students in the county

Delivery of HE provision that meets businesses' needs

4.3.4 Baseline

The proportion of Somerset's school leavers going into higher education is below the national average i.e. 37% compared to 48% nationally in 2012/13. Higher education is being delivered through Somerset's Colleges, but the county does not have a dedicated higher education institution or university and is one of the few areas in the UK that does not. The delivery of a dedicated HE institution must deliver education and training that cannot be delivered through the current group of Colleges i.e. it must add something to the range of provision currently in Somerset. If a university can offer a broader and deeper HE curriculum than that already offered in Somerset then it may enable some people to acquire skills that they would not otherwise have acquired, and may allow some people to remain living in Somerset rather than moving elsewhere to study. Offering a broader and deeper curriculum can also help meet businesses' needs if they are taken into account when designing that curriculum.

Many young people leave Somerset each year to study at universities elsewhere. For many of these, moving away from home is part of the reason for going to university. Therefore, it should be assumed that many young people will continue to leave Somerset even if a university is established in the county. However, the opposite is also true – that a university in Somerset could attract some new young people into the county

In addition to delivering training and skills benefits, a university can also help to raise the profile of a place, attract students in from outside who go on to become residents, and attract complementary functions including cultural facilities, retail and leisure facilities. These factors can enhance the vitality of a town, which is discussed under another objective of this Growth Plan.

The UK Industrial Strategy Green Paper suggests that higher education *institutes of technology* could help to improve technical skills in the UK. This may prove a good model for a dedicated university in Somerset.

4.4 High economic activity rate and maximised workforce participation

4.4.1 Vision

By 2030 the economic activity rate in Somerset will continue to be above the national average.

All of the residents of Somerset that want to work will be able to do so.

4.4.2 Interventions

| | Ready to deliver | Further planning and feasibility required |
|------------------------------------|------------------|---|
| Delivered directly | | <ul style="list-style-type: none"> • Affordable and accessible childcare and elderly care, to enable carers to undertake other work • Interventions to support those with long-term health conditions and disabilities into work • Interventions to support SMEs to employ those with long-term health conditions and disabilities (i.e. business support) • Provision of pre-employment and basic skills training to those who are not in work |
| Influence others to deliver | | |

4.4.3 Performance indicators

Economic activity rate above the national average

High economic activity rate for those with disabilities

4.4.4 Baseline

Unemployment is relatively low and the working age population is declining across Somerset, so there is little additional capacity in the labour market to fill any new jobs that are created. However, underemployment remains an issue. The proportion of the working age population claiming Job Seekers Allowance (JSA) is around half of the national average. Those people that are not in work are less likely to have relevant skills, experience and recent work history, so are less likely to be able to fill the employment opportunities that are available.

Support is needed for those who are currently not in work, to enable them to acquire the necessary skills if they want to find work.

A Green Paper has recently been published on work, health and disability. This considers how to help people with long-term health conditions and disabilities into work. A range of suggestions have been made in the Green Paper, including supporting SMEs, and these need to be delivered in Somerset.

4.5 Social mobility and inclusive growth are taking place

4.5.1 Vision

Throughout the period to 2030, growth will be seen in rural as well as urban communities. Training and workforce development will be available to those living in rural communities and in deprived communities in Somerset's towns. Digital infrastructure, where possible, will be used to help to deliver training in places with poorer physical accessibility.

4.5.2 Interventions

West Somerset has been designated as an Opportunity Area by the Department for Education because it is an area that is very challenged in terms of social mobility (i.e. the chance that a child from a disadvantaged background will do well at school and get a good job). A West Somerset Opportunity Area Group has been established to identify interventions to help children to fulfil their full potential.

A number of interventions listed elsewhere will help to promote social mobility and inclusive growth. These include:

- Those interventions intended to support workforce participation
- Delivery of HE across the county, including a University in Somerset, and ensuring that Somerset residents can access these. Access to FE and vocational training is also a problem, particularly for West Somerset residents
- Use of ICT for the remote delivery of training in rural areas
- Support to Somerset businesses to enable them to employ more local residents and offer apprenticeship opportunities
- Delivery of affordable housing, enabling Somerset residents to live and work in the county

4.5.3 Performance indicators

Training take-up up by rural residents as well as urban residents

Job take-up in rural areas as well as urban areas

Training take-up by residents of deprived communities

Jobs take-up by residents of Somerset's deprived communities.

4.5.4 Baseline

Consultees have raised the issue of the need to improve social mobility and ensure that any growth in Somerset is inclusive, and does not exclude any particular communities or groups within the population. Growth in Somerset must be to the benefit of all parts of the population, and should be used to promote social mobility. It will be particularly important to ensure that rural residents benefit from growth as well as urban residents.

Infrastructure

4.6 Improved connectivity to and within Somerset by road, rail and public/community transport

4.6.1 Vision

By 2030 strategic access into Somerset will be reliable via the M5, A303 and the main rail line. Journey times to major destinations (e.g. London, Bristol and Exeter) will be quicker than in 2017, with more frequent, reliable and faster rail services to London. Road and rail access across and within Somerset will be quicker and more reliable than in 2017.

Access from rural areas into Somerset's towns and transport hubs will be improved, through the delivery of public transport, community transport solutions and improved cycling and walking routes.

4.6.2 Interventions

| | Ready to deliver | Further planning and feasibility required |
|------------------------------------|---|--|
| Delivered directly | <ul style="list-style-type: none"> Community transport solutions (alongside public transport) | <ul style="list-style-type: none"> Package of cycling and walking routes, in particular to link new residential developments to town centres and major employment sites Traffic management, especially in urban areas |
| Influence others to deliver | <ul style="list-style-type: none"> Improved rail services within the county on the main lines to Bristol and to London to deliver 90 minute journey time from Taunton to London, and at least 2 trains per hour Improvements to stations Enhancements to trunk roads Motorway Junction improvements Investment in strategic corridors into and within Somerset's towns | <ul style="list-style-type: none"> Dualling of sections of A303 Full upgrade of A303/A358/A30 corridor Improvements on trunk roads and significant A roads, including bypasses around key congestion sites Motorway Junction improvements New railway stations and building the case for train service enhancements |

4.6.3 Performance indicators

Consistent rail journey time to London of less than 90 minutes

Quicker average road journey time to London, and a reliable journey time

Improved rural journey times, and more reliable journey times

Improved connectivity by public/community transport

A303/A358/A30 improvement delivery

M5 corridor improvements including J25

4.6.4 Baseline

There is relatively good access to the core areas of Somerset via the M5 corridor and rail link to London. However there is a need for the A303/A358/A30 corridor to be improved to provide a reliable second strategic route to Somerset and down the peninsula. Stakeholders also express concerns about journey times and journey reliability when travelling across Somerset by car.

Road journey time reliability is likely to become more challenging as car usage increases over the Growth Plan period. The benefits of strategic and local road improvements will be tempered by the forecast increase in road traffic. This could be addressed, in part, by traffic management, which will be easier to implement in urban areas and on the trunk road network. Enabling and encouraging some journeys to be made by other modes of transport will be of significant benefit in the urban areas. Consideration should also be given to implementing further improvements to other significant A-roads across the county, to ensure rural market towns will also be able to accommodate future growth, to mitigate impact of freight traffic, and to ensure connectivity and safety on intra-regional strategic routes north-south and east-west.

Rail can play an important part in supporting economic growth and improving productivity. Fast, frequent, high quality rail services bring businesses 'closer together' and enable businesses to access the labour force and employees to access more opportunities. Rail travel east to west across Somerset is poor, although north south there is a good link from Highbridge to Bridgwater and Taunton.

Connections to the east are key with good access to London an important driver of improved productivity. Reducing journey times to London Paddington to 90 minutes or less from Taunton, and London Waterloo to under 120 minutes from Yeovil will support economic growth. North-south links are equally as important. More frequent services from Taunton and more frequent, faster services from Bridgwater will deliver improved sub-regional connectivity whilst supporting the significant housing and employment growth along the Bristol, Bridgwater, Taunton and Exeter corridor. Passenger growth has consistently exceeded expectations and, where demand justifies it, opportunities for new stations will be considered. The rail network has to be resilient to disruption and significant investment is required to ensure the London Paddington and Waterloo lines are as resilient as possible.

It is also recognised that stations in the East of county give access to routes travelling to the South Coast, Southampton airport and port which, with the right focus, could provide further opportunities to the county.

4.6.5 Support development of nearby ports and airports

This is a subset of the general connectivity of Somerset.

By 2030 Somerset will support nearby airports and ports to make the case for new routes and investment, by providing information on the residential and business populations and markets in Somerset that use these facilities, and show how the growth of the county will increase the demand for these facilities.

The interventions will be to engage with Bristol and Exeter Airports and the Port of Bristol to offer support to them. The performance indicators will be improved connectivity (i.e. number and quality of routes) of Bristol and Exeter Airports and the Port of Bristol

There are major infrastructure facilities near to Somerset – at Bristol and Exeter Airports and the Port of Bristol. The owners of these facilities are planning for their future growth, including improved route coverage to global destinations. As part of the business case for expansion, they need to demonstrate the catchment population of people and businesses that they cover. Somerset can help them to make this case.

4.7 Improve coverage and usage of broadband and digital technologies

4.7.1 Vision

By 2030, Somerset aims to have excellent digital connectivity across the county to every business location and home, with ultrafast broadband available in key business locations. All businesses will have been offered support to understand the potential and make the best use of broadband and digital technologies. The roll-out of broadband infrastructure and training will be complemented by other forms of business support (discussed above).

4.7.2 Interventions

| | Ready to deliver | Further planning and feasibility required |
|------------------------------------|---|---|
| Delivered directly | <ul style="list-style-type: none"> Connecting Devon and Somerset roll-out of broadband (noting that this should not displace market delivery in areas that the market can and will deliver in) | <ul style="list-style-type: none"> Improved mobile phone connectivity (likely to be delivered through the upgrade of the networks for emergency services' use) Roll-out of broadband to all businesses and homes in the county Support to businesses to understand the potential uses of broadband Support to businesses to make use of broadband |
| Influence others to deliver | | <ul style="list-style-type: none"> Making use of the trans-Atlantic cable that comes onshore in Somerset |

4.7.3 Performance indicators

100% coverage of businesses and homes with superfast broadband

Key business locations (town centres and strategic business parks) to have ultrafast broadband

4.7.4 Baseline

A strong message has emerged from consultees about the poor availability of high quality, reliable broadband infrastructure across Somerset. This is the case in Somerset's rural areas, and there are also concerns about the quality of coverage in some parts of Somerset's towns.

Even with broadband infrastructure in place, there is a need to help businesses to make the best use of it. Businesses need help to understand the opportunities associated with digital technologies, and then learn how to use them.

The introduction and more effective use of broadband and digital technology can help to overcome some of the problems associated with the rural nature of Somerset (e.g. lack of agglomeration of population and businesses and poor transport networks) which hinder productivity growth.

Superfast broadband is a minimum requirement for all parts of the county. All businesses will need access to superfast broadband, and all homes should have access too, allowing people to work from home. Some or all key business locations should receive ultrafast broadband, to enable them to host businesses that require the highest standards of connectivity.

4.8 A strong supply of suitable employment property

4.8.1 Vision

By 2030 Somerset will have a good market supply of employment sites and premises with public investment used to overcome any exceptional constraints to their delivery; all necessary steps to assure delivery will be taken if required. The Local Plans will ensure that there is a sufficient supply of viable and deliverable sites allocated for development.

Somerset will have a network of enterprise centres that cover the county. These will provide business support alongside high quality affordable premise for new-start and growing businesses. The enterprise centres will produce a stream of businesses that graduate into other employment space, and continue to grow.

Somerset will have a network of innovation centres, which provide accommodation and support to businesses in the county’s most competitive target business areas (which may be sectors or technologies).

Somerset will have a number of Enterprise Zones, including those already established at Huntspill and the Bath & West Showground.

4.8.2 Interventions

| | Ready to deliver | Further planning and feasibility required |
|---------------------------|---|--|
| Delivered directly | <ul style="list-style-type: none"> Establishment of new innovation centres Extension to existing innovation centres Support for the development of existing Enterprise Zones | <ul style="list-style-type: none"> Investment in key infrastructure (e.g. roads, junctions and site access), to open up employment or mixed-use sites where there are exceptional constraints Planning support to ensure viable and deliverable employment or mixed-use sites are being allocated for development Delivery of new Enterprise Centres to ensure coverage across the county Further extension of existing Innovation Centres and delivery of |

| | Ready to deliver | Further planning and feasibility required |
|------------------------------------|------------------|--|
| | | <p>new Innovation Centres where there is proven demand for them. They will support growth in Somerset’s globally competitive sectors and activities</p> <ul style="list-style-type: none"> • Allocation of new Enterprise Zones where there is a proven business case for them, and they do not detract from existing Enterprise Zones and market delivered employment sites. • Support for delivery of strategic employment sites |
| Influence others to deliver | | |

4.8.3 Performance indicators

Deliver employment land and premises targets in the Local Plans for each District and the National Park

Amount of Enterprise Centre space delivered, with coverage across all areas of Somerset (e.g. each major town, and any rural areas that are not accessible to the major towns)

Amount of Innovation Centre space delivered to support growth in Somerset’s globally competitive sectors and activities

Number and size of Enterprise Zone sites delivered (where a robust business case has been made)

4.8.4 Baseline

The supply of employment sites and premises across the county is variable. Whilst several large sites are at different stages of development (e.g. Huntspill Energy Park, Junction 25 Business Park and the Bath & West Showground), there is a limited available supply of high quality employment premises (both industrial and offices) of all sizes. The speculative development of new employment premises is difficult in most locations in Somerset due to viability challenges and exceptional constraints, so there is very limited availability of new-build premises that are ready for occupiers. The most viable employment developments often form part of a mixed-use developments along with retail or residential development.

There is almost no market supply of high quality premises with flexible lease terms for new-start and growing SMEs in Somerset, other than the Enterprise Centres delivered by the County Council. The market struggles to deliver these premises on lease terms that are attractive to new-start and small businesses, so some sort of public intervention is usually required. The need for additional collaborative workspace for creative and technology firms has been particularly identified in rural market towns, such as Frome, where there is currently leakage of expanding high growth businesses from existing private incubators to larger urban areas such as Bath and Bristol.

Somerset County Council Enterprise Centres also provide some business support to tenants, which helps promote the survival and growth of the tenant businesses. Business support can also be provided to non-tenants. A challenge faced by all enterprise and innovation centres is to ensure the turnover of tenant businesses, making sure that businesses move to grow-on premises once they are able to do so, making room for more businesses that need the help that they can provide.

Somerset currently has two innovation centres, in Yeovil and Bridgwater, with a third (iAero) in development at Yeovil). Innovation centres offer a more comprehensive package of support to tenant businesses, including premises, business support, networking, collaboration, knowledge transfer and linkages to Universities and research institutes. Innovation centres are often themed around particular sectors or specialisms (e.g. low carbon energy at the Somerset Energy Innovation Centre in Bridgwater). This allows them to focus on delivering specialist business support, linkages to research institutes, networking etc.

Somerset has two enterprise zones – an energy enterprise zone at Huntspill and a food enterprise zone at the Bath & West Showground. Both are in their infancy and will be developed over the growth plan period to 2030. There may be scope for more enterprise zones in Somerset, although they will need to avoid competing with each other and other sites in Somerset.

As part of its County Plan process, Somerset County Council has established a workgroup to consider how to increase the provision of business parks and premises. The group is considering ways in which it can stimulate the supply of workspace of all sizes and types across the county. The group has made a number of recommendations, including:

- Delivery of new workspace, particularly that which the market fails to provide e.g. high quality, flexible units for new-start and growing businesses
- Greater branding and marketing of the business space provision within Somerset
- Networking of business space providers, together with business support and training providers
- Potentially some dedicated innovation space for the creative, digital and design sectors

Improving the quality and flexibility of the supply of employment land and premises in Somerset will help to enable the growth of businesses and increase their productivity.

4.9 Delivery of housing of all tenures

4.9.1 Vision

There will be sufficient housing available to meet the needs of the population of Somerset, with housing of all tenures available across the county in both rural and urban areas.

Somerset’s communities will be highly sustainable, particularly the new communities and garden towns. Many residents will have the opportunity to live and work in places with good public transport, cycling and walking connections; recognising that this is harder to achieve in more rural areas with lower densities of population and businesses.

4.9.2 Interventions

| | Ready to deliver | Further planning and feasibility required |
|-----------|--|---|
| Delivered | <ul style="list-style-type: none"> • Hinkley Housing Zone to accelerate | <ul style="list-style-type: none"> • Overcoming exceptional constraints to |

| | | |
|------------------------------------|---|--|
| directly | delivery of housing on brownfield land <ul style="list-style-type: none"> • West Somerset, Taunton Deane and Sedgemoor Starter Home Partnership • Taunton Garden Town (public sector support) | open up housing sites (where possible, in tandem with opening up access to employment sites) <ul style="list-style-type: none"> • Further garden town proposals |
| Influence others to deliver | <ul style="list-style-type: none"> • Taunton Garden Town (housebuilders) | |

4.9.3 Performance indicators

Number of homes being delivered each year

Homes to population ratio

Housing affordability ratio

Sustainability of new communities

4.9.4 Baseline

Housing affordability is poor in Somerset. Government data from 2015 on the ratio of median house price to median earnings shows values of between 7.72 and 9.23 for Somerset's Districts. These compare to a ratio of 7.63 for all of England, so the values are slightly above the national average. The Somerset figures are driven by low wages as well as high house prices, with the former being more of an issue in Somerset than in many other places.

Access to affordable housing is an issue for some Somerset residents. Housing affordability is discouraging key workers from coming to or remaining in Somerset. This is seen as a problem in the Health & Care sector. It has also been mentioned as a problem in the Food & Drink sector. It is notable that both of these are relatively low wage sectors.

The County Plan has an objective of attracting more families to Somerset and encourage more young people to stay in Somerset, and highlights the need for more houses in order to achieve these. This fits well with the UK Government's aspiration for 1 million new homes by 2020.

Taunton has been awarded Garden Town status by Government. The expression of interest bid document includes the delivery of 17,000 new homes by 2028, with 13,000 of these in the town of Taunton. These homes will be delivered alongside 9,500 new jobs, green infrastructure, town centre regeneration, sustainable transport and higher order services.

4.10 Vibrant and sustainable communities

4.10.1 Vision

By 2030 Somerset's communities will be vibrant and sustainable, providing a range of retail, leisure, cultural and public services for the population of each town and its hinterland. Towns centres will be attractive and lively places throughout the day and evening.

4.10.2 Interventions

| | Ready to deliver | Further planning and feasibility required |
|-----------------------------|------------------|---|
| Delivered directly | | <ul style="list-style-type: none"> • A university could help to support the vibrancy of towns where it has a campus by attracting complementary leisure, retail and cultural facilities. • Investment in key town centre regeneration projects. |
| Influence others to deliver | | |

4.10.3 Performance indicators

Number of vacant retail units in town centres

Number of town centre visitors during the day

Number of town centre businesses open during the evening

4.10.4 Baseline

Some of Somerset's town centres are lacking vibrancy i.e. vacant shop units, lack of leisure facilities including cafes and restaurants, and poor usage at night. There are also a number of vacant and derelict potential development opportunity sites in the town centres.

4.11 Improved coastal and fluvial flood resilience

4.11.1 Vision

By 2030, increased flood resilience will improve the reliability of Somerset's transport infrastructure, including key road and rail links.

By 2030, increased flood resilience will enable previously marginal sites to be fully developed for housing and employment.

4.11.2 Interventions

| | Ready to deliver | Further planning and feasibility required |
|-----------------------------|--|---|
| Delivered directly | <ul style="list-style-type: none"> • Somerset Rivers Authority Flood Action Plan • Strategic flood alleviation improvement schemes • Flood barriers • Floodplain and middle/upper catchment management | |
| Influence others to deliver | | |

4.11.3 Performance indicators

Delivery of flood resilience schemes

Area of land now able to be developed for employment and/or housing

4.11.4 Baseline

Low lying parts of Somerset are susceptible to coastal and fluvial flooding, including rail and road connections into and through the county. The latest significant flood event took place in the winter of 2013/14. As well as direct flood damage, widespread publicity about flood events affects the perception of Somerset as a business and visitor destination.

Improving flood resilience in the county will help to improve the reliability of transport connections, and will reduce the flood risks in some parts of the Somerset levels that have suffered badly from flooding in the past. It will also help to reduce flood risk in some large urban areas in Somerset e.g. the town centres of Bridgwater and Taunton.

Improved flood resilience may also enable development to take place on sites that have previously been considered too high a flood risk. This could increase the amount of land available for employment and/or housing development.

A Flood Action Plan was originally published in 2014 then widened to cover all of Somerset in 2015. Actions include: dredging of rivers; River Sowey and King's Sedgemoor Drain enhancements; flood management and infrastructure solutions; Bridgwater tidal barrier; the launch of Somerset Rivers Authority; catchment sensitive farming and natural flood management; urban water management; increasing business and community resilience; and strong local leadership, engaging partners and communities.

Local proposals for managing the middle and upper catchment areas for the Somerset Moors and Levels, and enabling floodplains to perform their natural function of holding water have been set out in proposals from the 'Reimagining the Levels' Group⁶.

4.12 Somerset's natural capital is maintained and enhanced

4.12.1 Vision

Natural Capital is "our 'stock' of waters, land, air, species, minerals and oceans. This stock underpins our economy by producing value for people, both directly and indirectly. Goods provided by natural capital include clean air and water, food, energy, wildlife, recreation and protection from hazards."⁷

In 2030, the successful inclusion of natural capital as a contributor to and driver of sustainable productivity and growth will be a USP for Somerset. The county will still be renowned for the high quality of its environment and the quality of life that can be achieved here.

⁶ Reimagining the Levels: Making the Connections (October 2016) A Prospectus for Revitalising and Safeguarding the Landscapes and Communities in the Catchment of the Somerset Levels and Moors

⁷ Natural Capital Committee: <http://www.naturalcapitalcommittee.org/natural-capital/>

4.12.2 Interventions

The use of the natural capital concept to inform and drive investment decisions is still relatively new and therefore there are no well-developed proposals around natural capital assets in Somerset. However, the potential value of natural capital to the economy and quality of life in the South West is recognised and this will be reflected in the HotSW LEP Productivity Plan. Whilst more work is required to identify and define specific interventions in Somerset, opportunities are anticipated to lie in the following areas:

- Maintenance of the natural environment and catchment services e.g. to protect water clean water supplies, provide areas for food production and support tourism
- Enhancement the natural environment where possible e.g. adjacent to urban areas to support the promotion of health and well-being and quality of life
- Use of land management methods to provide natural flood defences and enhance infrastructure resilience
- Use of a natural capital approach to develop new skills and technologies e.g. renewables and carbon capture

4.12.3 Performance indicators

Performance indicators relating to the environment and natural capital in Somerset will need to be developed. These will need to be defined as part of any work to identify and develop intervention opportunities. This will necessarily include the need to build baseline data to capture the nature and value of the natural assets in the county.

4.12.4 Baseline

Somerset has a very attractive, predominantly rural environment, including Exmoor National Park. Many visitors come to the county for the rural and coastal environment, as well as to established visitor destinations. The attractive environment also helps to draw in new residents looking for a high quality of life in a rural environment, and is used as part of the marketing offer to potential inward investors by *Into Somerset*.

Achieving growth whilst maintaining the high quality of the environment is imperative, as the environment is one of the drivers of growth in Somerset.

Work undertaken by the Reimagining the Levels Group has suggested ways in which flood management, farming and local food supply chains can address the challenges faced from flooding and leaving the EU, and can be improved to the mutual benefit of each other.

5 Governance

The Somerset Growth Board will manage the ongoing delivery of the Somerset Growth Plan through its regular schedule of meetings.

5.1 Monitoring

The Growth Board will monitor the progress being made against each of the objectives in the Plan. This will include an annual review of each objective to identify what is working well and where further work is required. The potential interventions will be assessed, with a view to moving as many of these as possible delivery.

5.2 Future funding of economic development activity

Delivery of the potential interventions will largely be dependent on the availability of funds to support them. The Growth Board will need to continually scan the horizon for new funding streams that are suitable to support the interventions.

The latest Growth Deal will soon be allocated, and there are no plans in place for a fourth round. European Structural Funds will cease when the UK leaves the European Union. Therefore the future funding of economic development activity is highly uncertain.

The Green Paper on the UK Industrial Strategy states that the Government will be more proactive, working together with businesses and people to drive growth and productivity. The ten 'pillars' of the proposed Industrial Strategy (discussed in more detail below) indicate where Government will direct future investment to support economic growth, notably in:

- R&D and innovation
- Infrastructure, including roads and transport
- Works to enable housing development
- Support for trade and inward investment
- Energy infrastructure
- Higher education, including *institutes of technology*
- Business-to-business engagement, particularly using digital technology
- Venture capital
- Sector deals, which encompass many of the above listed areas