

**WEST OF ENGLAND**

Combined Authority

# West of England Strategy

Discussion paper



“Our vision is to be a beacon of growth and innovation; a place where everyone has the opportunity to reach their potential and where prosperity delivers for everybody.”



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# Foreword Tim Bowles

**In the spring of 2017 I had the privilege of being elected as the first Mayor of the West of England, a region about which I am passionate.**

I take on this challenge at a time of considerable strength. Growth in the region has exceeded the national average, productivity is the highest of all the core cities and the region is a net contributor to the UK economy. There is a high level of employment and many of the businesses located here are at the forefront of global excellence.

But the region is not without challenges. While our industries continue to thrive and drive growth, the advantages of that growth don't always touch every community. The impact of a growing population is being felt by our transport system and housing, and we will need to ensure that jobs are available to our residents by supporting businesses to innovate and succeed.

I have been listening to what people have been telling me about their priorities. Over the next four years, and in partnership with the councils and business, I want to lead a region that delivers on economic growth.

Three priorities are beginning to emerge:

- The first is to build on our strengths as a leader in innovation, high tech and creativity and continue to nurture businesses that succeed.
- The second is to close the gap in life chances that is shaped by where you live, by ensuring that educational attainment is good for all and meets the skills needs of businesses located here.
- The third will be to put the foundations in place both to create more homes that are affordable, and to improve our roads, cycle and pedestrian routes.

I believe we have a great opportunity, working together, to get this right and I would like to hear what you think on this draft Regional Strategy.



**Tim Bowles**  
West of England Mayor

# Foreword Steve West

**The West of England Local Enterprise Partnership (LEP) has a crucial role to play in bringing the business and university voice to the table. Our aspiration is to make sure the region continues to be a driving force for economic and knowledge growth in the UK.**

To do this we need to get serious about how we work together to promote the unique benefits of the region. We have a lot to offer. We are a global leader in creativity and innovation, where micro-electronics and processing power comes together with software development and digital design. Our easy connection with London, the UK, the EU and the rest of the world makes us a safe bet for significant investment to drive sustainable business growth.

No one should underestimate the determination of the West of England LEP to make a difference to the region. We are fully behind this draft Regional Strategy discussion document and will do everything in our power to create an ambitious, prosperous and sustainable future for all to benefit.



**Professor Steve West CBE**  
Vice Chancellor, President  
and Chief Executive Officer  
of the University of West of  
England and Interim Chair  
of the West of England  
Local Enterprise  
Partnership

# Map of region



# Context

**The West of England is a prosperous city region with growth that has exceeded the national average over the past 15 years. Productivity is the highest of all the core cities and we are a net contributor to the UK economy. Our GDP per head is higher than Bordeaux and Barcelona and similar to Hannover. The West of England is made up of the Combined Authority area (Bristol, Bath & North East Somerset and South Gloucestershire) and North Somerset.**

At the heart of this success lie some of the region's core strengths:

- Our connections to the rest of the UK and the world through our motorway, rail, air and sea links help our businesses to compete nationally and internationally;
- We have a highly skilled, talented workforce, many of whom are educated at our world class universities or are attracted by the high quality jobs on offer. The strong, vibrant and diverse cultural and leisure opportunities coupled with our outstanding natural environment, encourages them to stay;
- We are home to clusters of world leading sectors e.g. aerospace, financial and professional services, creative and digital, and emerging sectors such as robotics, artificial intelligence (AI), driverless cars and assisted living supported by Smart Cities and Smart Housing.

However, this strong performance and the region's contribution to the wider economy cannot be taken for granted. The West of England faces challenges that pose a real threat to future prosperity:

- Recently productivity has levelled off;
- Skills shortages constrain growth across key sectors that are important to the economy;
- The region's transport system is under strain;
- Housing delivery and affordability is a critical issue;
- Across the region the speed and connectivity of broadband is variable;
- Climate change means future growth must be more environmentally sustainable;
- The impact of Brexit on the region is unclear, creating some uncertainty.

Added to this, inequality is a significant challenge. Although the region performs well on most indicators of poverty, the headline figures mask pockets of deprivation. Growth must be within environmental limits and its benefits must be shared if we are to secure the prosperity of current and future generations.

We should avoid being complacent about economic growth that compares well with many cities across the UK and the EU. When compared to the most productive European cities like Amsterdam and Hamburg, our performance falls short. In 2014 our GDP per capita was 55 per cent of Amsterdam's and 65 per cent of Hamburg's. To compete at a global level we should aspire to this level of performance.

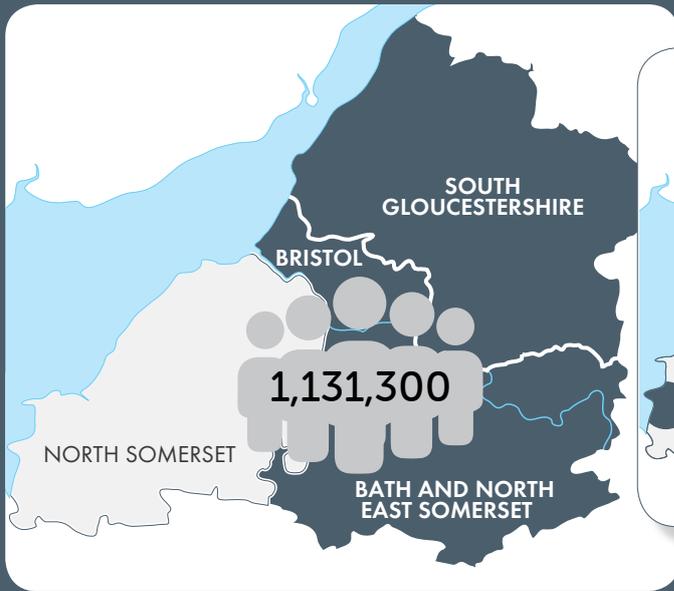
## So what does this mean?

We are determined to build on our strengths to address the challenges faced by the region, ensuring that we continue to be a key driving force for economic growth in the UK and that the benefits of growth are shared by all our residents. Growth must be supported by quality infrastructure and geared to delivering vibrant, inclusive communities.

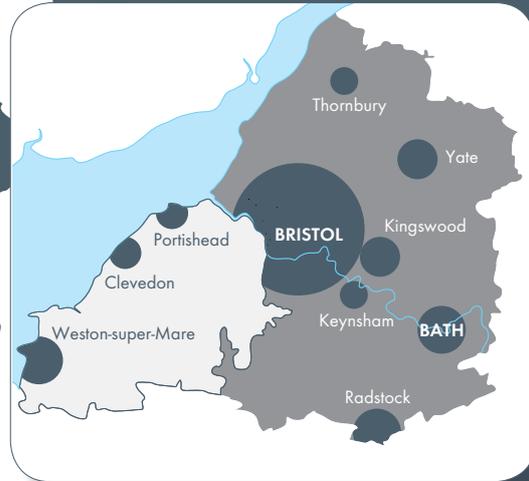
The establishment of the West of England Combined Authority provides the opportunity to build on partnership working across council boundaries to drive economic growth. Devolution unlocks a billion pounds of funding over the next 30 years. We will work with the Government to explore further devolution and investment that help to unblock the challenges we face. As a highly self-contained region, with 90 per cent of those living here also working here, we might conclude that any investment made will benefit our residents.

With the right investment and commitment from policy makers, we have the foundations in place to ensure that we can continue to be a beacon for innovation and growth. A place where everyone has the opportunity to reach their potential and where prosperity delivers for everyone. This Regional Strategy provides the opportunity to build a powerful 'place based' approach but to achieve this we need the right support from Government to keep us firmly on the map.

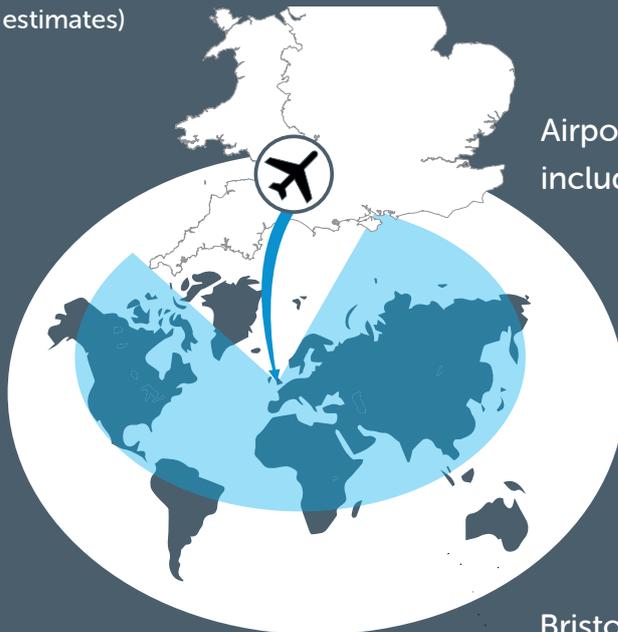




West of England Total Population (2016):  
**1,131,300**  
 (ONS Population estimates)



**89%** urban population  
**11%** rural focused



Airport – **122** destinations;  
 including 7 major European hubs



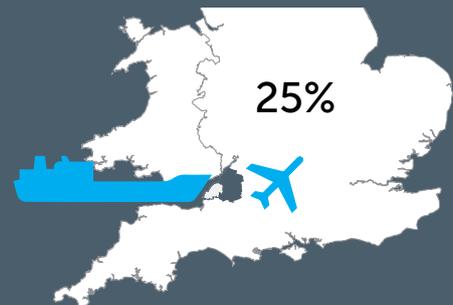
**£31.7bn** GVA  
 (2015)

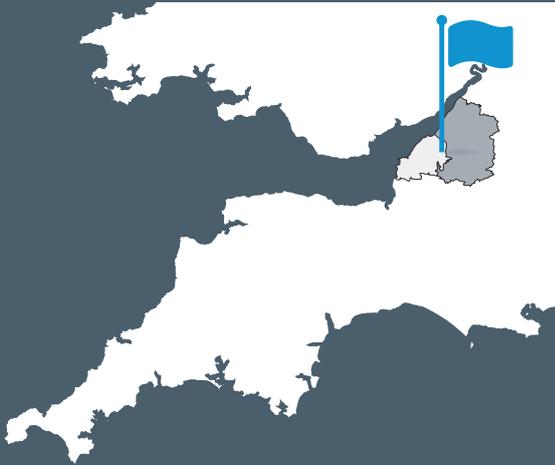
**£32.60** WofE ave.  
**£31.80** UK ave.



Productivity -  
 GVA per hr worked (2015)

Bristol Port - **25%**  
 of aviation fuels into the UK





43,813 active enterprises (2016)

Home to 9 out of 12 of the largest aerospace companies in England.



47.9% educated to NVQ level 4 + compared to 41.2% for England



£262,800

Average house prices in the West of England



£220,000

National Average for house prices

13,665,112 passengers in 2004/05



26,006,364 passengers in 2015/16



# Our vision for the West of England

The West of England is fast becoming a super-connected region – nationally, internationally and digitally. Our solid economic foundations, adaptability and collaborative nature are coupled with a vibrant, diverse and creative culture. Boosted by the right infrastructure investment, we can build an even stronger community, giving residents a great place to live and access to the best employment opportunities.

*Our vision is to be a beacon of growth and innovation; a place where everyone has the opportunity to reach their potential and where prosperity delivers for everybody.*

To deliver on this, we will focus on:

Businesses that succeed	World class skills for employment	Infrastructure fit for the future
<p>Supporting businesses to start up, grow and flourish</p> <p>Supporting our businesses in developing and maintaining success in existing and emerging markets around the world</p> <p>Attracting investment and high quality employment opportunities into the region</p> <p>Removing barriers to completing the cycle of creativity and innovation from idea to design to commercialisation, within the region.</p>	<p>Improving alignment of knowledge and skills supply with existing and future employer demands to enable individuals to succeed and businesses to grow</p> <p>Developing an integrated employment, education and skills system that is engaged and responsive to employer needs and provides clear routes into employment and to more sustainable and rewarding careers</p> <p>Supporting and stimulating business, including SMEs, to attract and develop the talent they need to improve productivity</p> <p>Developing innovative ways to provide local people with appropriate support, information, advice and guidance to unlock their career potential and thrive in a modern economy.</p>	<p>Improving connectivity in the region to increase access to jobs, reduce congestion and promote sustainable transport choices</p> <p>Improving national and international connections to expand the region's global reach</p> <p>Finding innovative ways of increasing the availability and affordability of a range of housing types creating communities where people want to live and work</p> <p>Enabling employment space to provide opportunities that suit the needs of businesses at all stages</p> <p>Supporting high quality, effective digital infrastructure to address variations in connectivity and broadband speed</p> <p>Developing infrastructure that is sustainable for future generations.</p>

# 1. Businesses that succeed



**In the last decade, our economic contribution to the UK has outperformed the national average: we generated £2,250 per person above the England average, making us one of the highest contributing city areas. That kind of performance has not happened by chance.**

The West of England is a unique blend of strong productivity, high value industry, innovation and creativity. We are home to 9 out of 12 of the largest aerospace companies in England. We are globally renowned for our creative sector; TechNation reported that our digital sector was the most productive in the UK. We have a thriving low carbon and environmental goods and services sector. We have the highest concentration of finance and insurance support services and we are leading innovation with the Bristol Robotics Laboratory and the National Composites Centre.

Our region is far more than big business. Enterprises born here have the highest survival rate of all the core cities in England due, in part, to the availability of our highly skilled workforce. Small and Medium Enterprises (SMEs) are an important part of our economy; employing nearly 75 per cent of our total workforce. They are a key driver of entrepreneurialism, innovation and jobs growth and to realise our true economic potential we will need to continue to support businesses to start up and grow. Creative workspace such as SETsquared in Bristol – ranked as the number 1 university

incubator in the world – the Bath Innovation Centre, University of the West of England's FutureSpace and the Bristol and Bath Science Park provide open, dynamic and collaborative environments for businesses to grow.

Many of our businesses are connected to the world, trading with Europe and beyond. Increasingly, businesses across the West of England are adopting an international focus, and of our businesses with a turnover of more than £1million, 59 per cent have subsidiaries abroad. This international focus will become ever more important as national trade agreements change and as the Brexit negotiations develop. To retain our global position we will need to use our influence to enable business to sustain existing relationships within the EU and to build new trading relationships across the world.

We are a highly skilled region with a mix of technology, engineering and professional talent. More of our workforce is educated to degree level than the national average, and we are the third most popular place in the UK for Oxbridge graduates. Our overall employment rate is one of the highest in the country at 78 per cent.

All of these attributes have served to make our region more future proof and forward thinking than most. But we still have work to do.

If the West of England is to continue to grow and compete successfully nationally and internationally, we will need to continue to attract investment, high quality employment opportunities and talent from around the world. New, affordable and low carbon office space in our two Enterprise Zones and four Enterprise Areas will provide exciting opportunities for businesses to locate and invest here and businesses already here to grow.

The West of England has a strong track record on innovation and knowledge intensive industries; the transistor chip was invented here, Concorde first took flight here, the use of composites in aircraft was pioneered here and mobile phone technology first became usable here. Some of the world's first autonomous robots were also developed here by Grey Walter, a tradition followed by Bristol Robotics Laboratory, the UK's largest centre for multidisciplinary robotics and AI research and development. To strengthen this position as a global leader and a magnet for innovative businesses we want to remove barriers to innovation, bring organisations together to focus on opportunities, and help businesses in the region access the support they need to develop new ideas and technologies and bring these to market. We have an opportunity for the Bristol North Fringe to develop its leadership in aerospace and engineering to be a market leader in high-value design and innovation.

We will need to continue to develop a local workforce equipped with the range of skills needed to support business growth. Addressing low skills levels, confidence and work readiness is an important part of this, and to making sure that everyone in the region benefits from the business growth that happens here and has access to new employment opportunities.

Climate change poses major challenges and regionally we will need to play our part. Transitioning to a low carbon economy as a means to meeting the UK's carbon reduction targets and improving business competitiveness will be part of our plan for growth. There is an opportunity here for business to make the most of low carbon opportunities and innovations that can help cut costs, improve performance and access new markets.

Our ambition is to build on our unique blend of strong productivity, high value industry, innovation and creativity to realise the potential of the West of England as a world class, sustainable, and inclusive economy.

Working in partnership we will focus on:

- **Supporting businesses to start up, grow and flourish**
- **Supporting our businesses in developing and maintaining success in existing and emerging markets around the world**
- **Attracting investment and high quality employment opportunities into the region**
- **Removing barriers to completing the cycle of creativity and innovation from idea to design to commercialisation, within the region.**

## 2. World class skills for employment



**The West of England has a highly educated population. Many of these individuals are educated at our world class universities, many are attracted by the diverse range of high skilled jobs available, and the region's strong vibrant and diverse cultural and leisure opportunities encourage them to stay.**

The region is home to the UK's most productive and vibrant tech cluster, and a cutting edge advanced engineering economy supporting the second largest aerospace cluster in Europe. We have a global reputation for creativity and a globally focused financial and professional service cluster. These clusters offer the opportunity for jobs and career progression within the region and

act as a draw for highly skilled people. The region is also home to high volume employment sectors such as health & care, construction and the visitor economy offering a diverse range of quality job opportunities.

The headlines on our highly skilled workforce and low unemployment mask disparities in educational attainment within the region.

Despite our four world class universities, residents in some of our wards are among the least likely to go to university in the country. This disparity cannot be accepted as the norm and we want to do more to address it. Not all local residents are accessing appropriate education and training to develop the skills that the modern economy needs, particularly at technical and higher

levels. In some areas of the West of England, young people go through school without a clear view of the opportunities that may be open to them. Tackling this requires innovative approaches to engaging and inspiring young people as early as possible. Involving employers in education will help them play a greater, more strategic role in shaping skills provision while improving students' employability and work readiness. This will help ensure parity of opportunity for young people across the region to understand local routes into work, apprenticeships and further study.

Barriers to work and learning exist for many individuals and communities in the region. We want to ensure that all adults, regardless background or personal circumstances can access

support to develop workplace skills, raise their aspirations and fulfil their career potential. Supporting employers to attract and retain diverse local talent whilst upskilling and retraining their existing workforce, provides an opportunity to address skill shortages now.

The region's further education institutions play a valuable role in supporting medium-high level and technical skills. Weston College is one example of how FE institutions can play a role in supporting economic development and regeneration for example through the new Law and Professional Services Academy, and the South West Skills Campus Future Technology Centre.

Most sectors identify skills gaps as a barrier to their future growth. This is particularly a problem for advanced engineering, manufacturing and aerospace, creative and digital and health and life sciences. In addition to the gaps in these existing sectors, many of which identify a demand for people with STEM skills (Science, Technology, Engineering and Maths) new requirements are emerging, from a broad need for digital skills to the more specific nuclear science. Our local education and skills system needs to be better aligned and responsive to the requirements of businesses to help realise our growth ambitions over time. Ensuring that there is a pipeline of skilled individuals to meet these requirements will be crucial for the future prosperity of the region.



We want to ensure that residents of the West of England are able to benefit from high quality employment and training opportunities so that they can access employment vacancies. To achieve this we want to support new approaches to lifelong learning, helping adults to upskill and retrain. Devolution has given the West of England Combined Authority more control over some areas of skills provision, in particular the Adult Education Budget. To address this challenge the West of England will work in partnership with work in partnership with education and skills providers, the business community and others.

To address these challenges the West of England will focus on:

- **Improving alignment of knowledge and skills supply with existing and future employer demands to enable individuals to succeed and businesses to grow**
- **Supporting and stimulating business, including Small Medium Enterprises, to attract and develop the talent they need to improve productivity**
- **Developing innovative ways to provide local people with appropriate support, information, advice and guidance to unlock their career potential and thrive in a modern economy.**
- **Developing an integrated employment, education and skills system that is engaged and responsive to employer needs and provides clear routes into employment and to more sustainable and rewarding careers**



### 3. Infrastructure fit for the future



**The West of England is well connected both nationally and internationally. It also benefits from an outstanding natural environment that attracts people here and encourages them to stay.**

We have a motorway intersection serving the M4 corridor enabling powerful economic relationships through to Swindon, Oxford, Cambridge, London (East) and Newport, Cardiff, Swansea (West). Likewise the M5 connects the South West and the nationally significant energy projects at Hinkley and Oldbury and offers access to the Northern Powerhouse via the West Midlands.

Bristol Airport and Bristol Port offer growing international connectivity and both have growth plans. However, despite Bristol Airport being named the UK's best

performing airport in January 2016 for a second consecutive year, plans to increase passenger numbers are constrained by the surrounding infrastructure, and the productivity growth of the port risks being curtailed by the withdrawal of the rail electrification proposals.

In addition, while this connectivity facilitates a high proportion of local businesses competing internationally, it also means that problems on the region's road and rail network have knock-on effects for neighbouring regions.

Congestion is currently amongst the highest in the UK, contributing to dangerous levels of air pollution and presenting a real threat to the region's productivity. Public transport plays a much smaller role than in other areas, only 6 per cent of residents of the West of England use public transport to get to work which adds to the problem of congestion. Added to this, affordable transport options are often not available to link residents in some parts of the region to job opportunities in others.

Infrastructure is under considerable strain and with a forecast of around 4 per cent increase in the workforce over the next 10 years, the pressure is set to increase. The Joint Transport Study, undertaken by the four councils, has already identified a transport infrastructure deficit of more than £7.5bn to meet the region's existing and future development needs to 2036; at least twice as much as the West of England councils are currently spending on building transport schemes.



Housing delivery and affordability is a critical issue. House prices in the West of England are on average between 8-10.5 times the average earnings. This takes home ownership out of the reach of many of our residents and other affordable options are in short supply. Whilst supply of land, planning permissions and building of new homes are increasing, there are particular problems of capacity in the development industry. In addition, the costs of building and land values on many of the sites lead to higher prices. Ensuring that our workforce has access to an appropriate range, type and tenure of affordable home in the right places to access employment opportunities is critical to ensuring sustainable economic growth.

The West of England councils are working together to address these challenges with a strategy to plan transport infrastructure and houses together. The Joint Spatial Plan will be the first of its kind in the UK, and will allow strategic decisions to be made to deliver integrated housing, employment and transport opportunities so we can build sustainable, diverse communities which are well connected to job opportunities.





Broadband connectivity and speed is variable across the region with Bristol and Bath and North East Somerset ranked fairly well on download speeds and superfast broadband availability, but North Somerset and South Gloucestershire rank in the bottom 100 authorities. All council areas suffer from notable no-spots, including some city centre locations.

The natural and historical environment is an asset that attracts businesses and people to come to, and stay in, the area. Inevitably the commitment to sustaining that environment creates constraints and requires more innovative approaches to address development demands.

The distinctive regional geography also offers opportunity, with the expansive Severn Estuary already subject to two nationally significant nuclear projects set to provide 12 per cent of the nation's energy. The Estuary also affords opportunities for innovative energy solutions, combined with flood defence schemes that can open economically viable areas of the existing floodplain.

The West of England's support for national emission reduction targets is already driving innovation and behavioural change across the region. However, we recognise that our unique natural assets and economic strength affords us greater responsibility in keeping climate change within recommended limits. We are working with our partners in the four councils to develop a West of England energy plan, a regional framework for energy and climate change that will establish agreed ambitious local CO2 reduction targets and strengthen our efforts to transition away from fossil fuel use.

To address these challenges the West of England will focus on:

- **Improving connectivity in the region to increase access to jobs, reduce congestion and promote sustainable transport choices**
- **Improving national and international connections to expand the region's global reach**
- **Finding innovative ways of increasing the availability and affordability of a range of housing types creating communities where people want to live and work**
- **Enabling employment space to provide opportunities that suit the needs of businesses at all stages**
- **Supporting high quality, effective digital infrastructure to address variations in connectivity and speed**
- **Developing infrastructure that is sustainable for future generations.**



# Future direction of travel



**We are determined to ensure that the West of England is a competitive force on a global scale. We aspire to economic growth rates akin to some of the EU's most productive economies. To achieve this we will ensure the West of England continues to be a beacon for innovation and economic growth, a talent magnet for investment and a driving force for the UK. The region's prosperity must be of benefit to all our residents.**

This strategy for the West of England identifies priorities for action that are widely shared. This work has been developed in partnership with the councils and has been based on engagement with a range of stakeholders during spring 2017. We want to hear the views of partners and others on the priorities identified in this strategy.

We are working in partnership across the private, public and voluntary sectors to ensure we have a shared sense of purpose. This publication marks the start of a dialogue with all our partners over the summer, with a view to publishing a final strategy in the autumn.

We will use this regional strategy to develop a business plan for the West of England Combined Authority. This will set out what we will do to deliver the strategy and how we will measure our success. The priorities will form the basis of decisions about how investment will be made. The strategy will also form the basis for considering future discussion with government about what further investment and devolution of powers is necessary to secure future growth in the region.



Visit our website where you can find out more about how you can comment on this Strategy. [www.westofengland-ca.org.uk](http://www.westofengland-ca.org.uk)

