SWLIS Priorities Board Discussion

26 September 2019

Swindon & Wiltshire
LOCAL ENTERPRISE PARTNERSHIP

Department for Business, Energy & Industrial Strategy

INDUSTRIAL STRATEGY

Our Local Industrial Strategy continues to evolve

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Today’s focus is on content

Quick introduction

Discuss and agree each set of priorities

The structure of this presentation

Our key challenges and opportunities

1. We have a number of sectoral strengths: advanced engineering, energy / sustainability, life sciences…
2. … and a number of emerging opportunities: cyber, autonomous vehicles, defence and security, elec-tech, digi-tech
3. To develop these, we need to attract investment and get more innovation-active companies and involved in R&D

Our priority actions that will address these key challenges / opportunities

1. Advanced engineering
   - Work with government to strengthen the role of Swindon as the key location for high-value advanced engineering and R&D
   - Capture the opportunities in the emerging electech sector
2. Sustainability
   - Work with neighbouring universities to explore the potential for development
3. Life science, defence and security
   - Collaborate to attract foreign direct investment to grow specialist R&D and innovation activity around Porton

Discussing and agreeing today

The structure of our LIS has evolved...

The original 3 strategic opportunities...

3 strategic opportunities

Swindon and the Salisbury-Boscombe-Porton Triangle opportunities for inclusive and sustainable growth

Business-led, multi-campus federation of providers responding to the area's skills gap

Business-led Cyber Hub, delivering cutting-edge products and services nationally and internationally

...with new strategic opportunities...

- The Great West Way
- New Energy Vehicles
- Natural Capital
- University & Business R&D Capacity

...have been embedded into 5 Foundations

We have also changed the order of foundations to reflect local importance

… the 4 Grand Challenges are not considered in standalone chapters…

- However, Grand Challenges are touched upon throughout the foundations

For example:

- Clean growth: New Energy Vehicle Infrastructure, The Great West Way
- Data & AI: Cyber Hub
- Future of mobility: land and air autonomous vehicles

…and there a number of alliances being formed

Cyber Valley: includes The Marches, Worcestershire and Gfirst; SWLEP developing business-led Cyber Hub

The Great West Way: collaborating with five other LEPs – London, Thames Valley Berkshire, Buckinghamshire, GFirst, Oxfordshire, and the West of England, to develop a tourist route London-Bristol

Natural Capital: together with Solent and Enterprise M3 working on developing natural capital baselining framework

New Energy Vehicle Fuelling Infrastructure: working with partners along the M4 and A420, including West of England, Gfirst, Oxfordshire and Thames Valley Berkshire to support wider adoption of electric and hydrogen vehicles

The Great Western Powerhouse: along the M4 from Swindon to Swansea and north to Worcestershire border and south to the Dorset border

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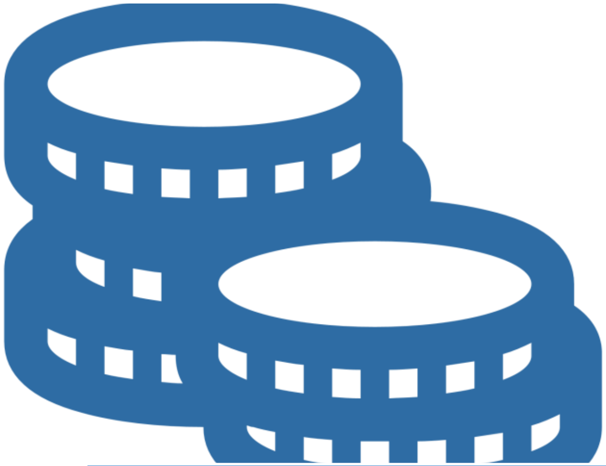
All of our priorities should drive towards the two main outcomes



Increased productivity

↑

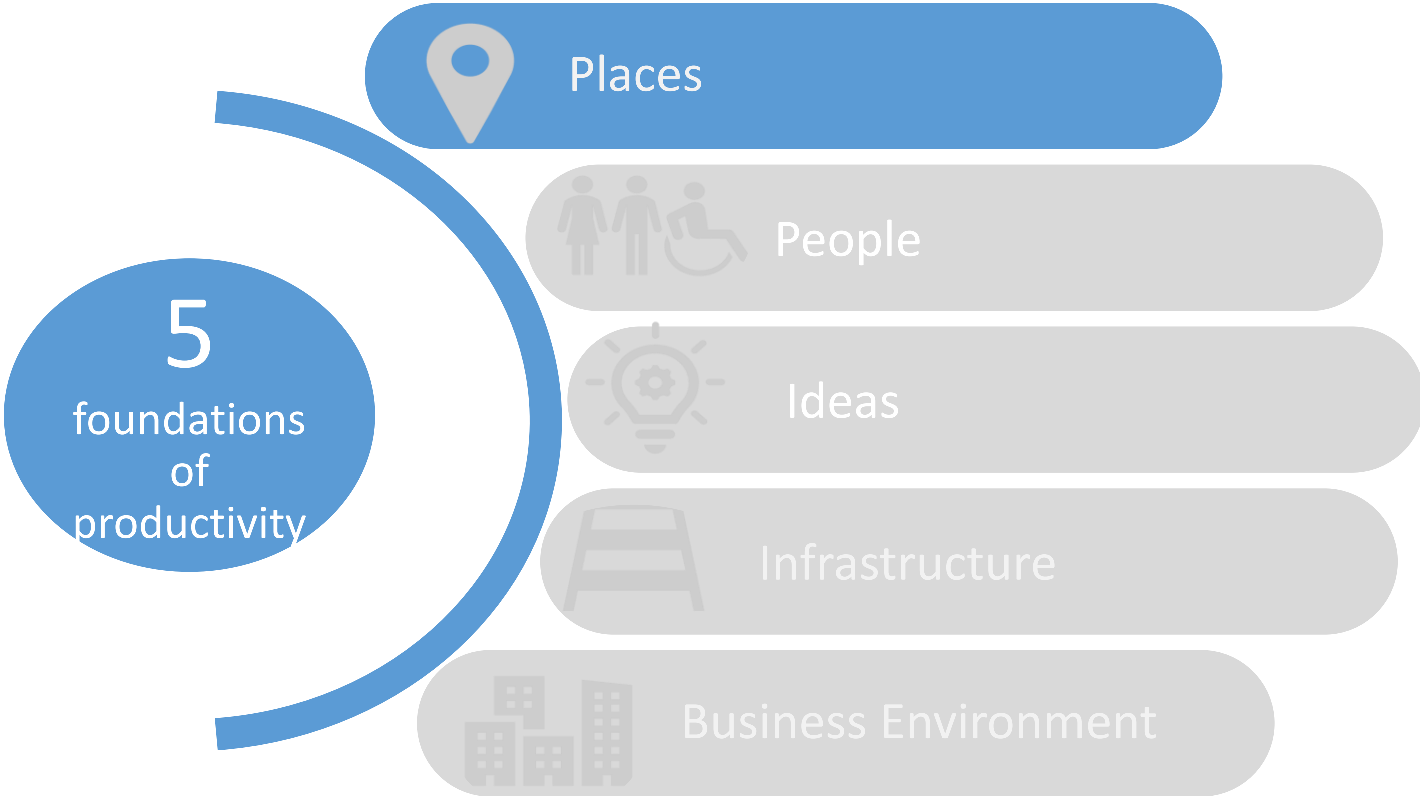
Always

All communities contributing to and benefiting from economic prosperity

↑

Wherever possible

We have also changed the order of foundations to reflect local importance



Recent economic shifts are providing opportunities to further diversify

Swindon

- Honda is one of the largest employers in the area
- 3,500 associates (employees) (c. 3.5% of Swindon's employed) plus c. 10,000 people in supply chain
- Responsible for c. 10% of UK car manufacturing

Salisbury

- Financial services moving out of Salisbury
- c. 10% of Salisbury jobs tourism-related; >5m people visited Salisbury in 2016, spending c. £270m
- Since the incident in March 2018, >10% decrease in visits to the city (c. 1m fewer visitors = c. £50m)

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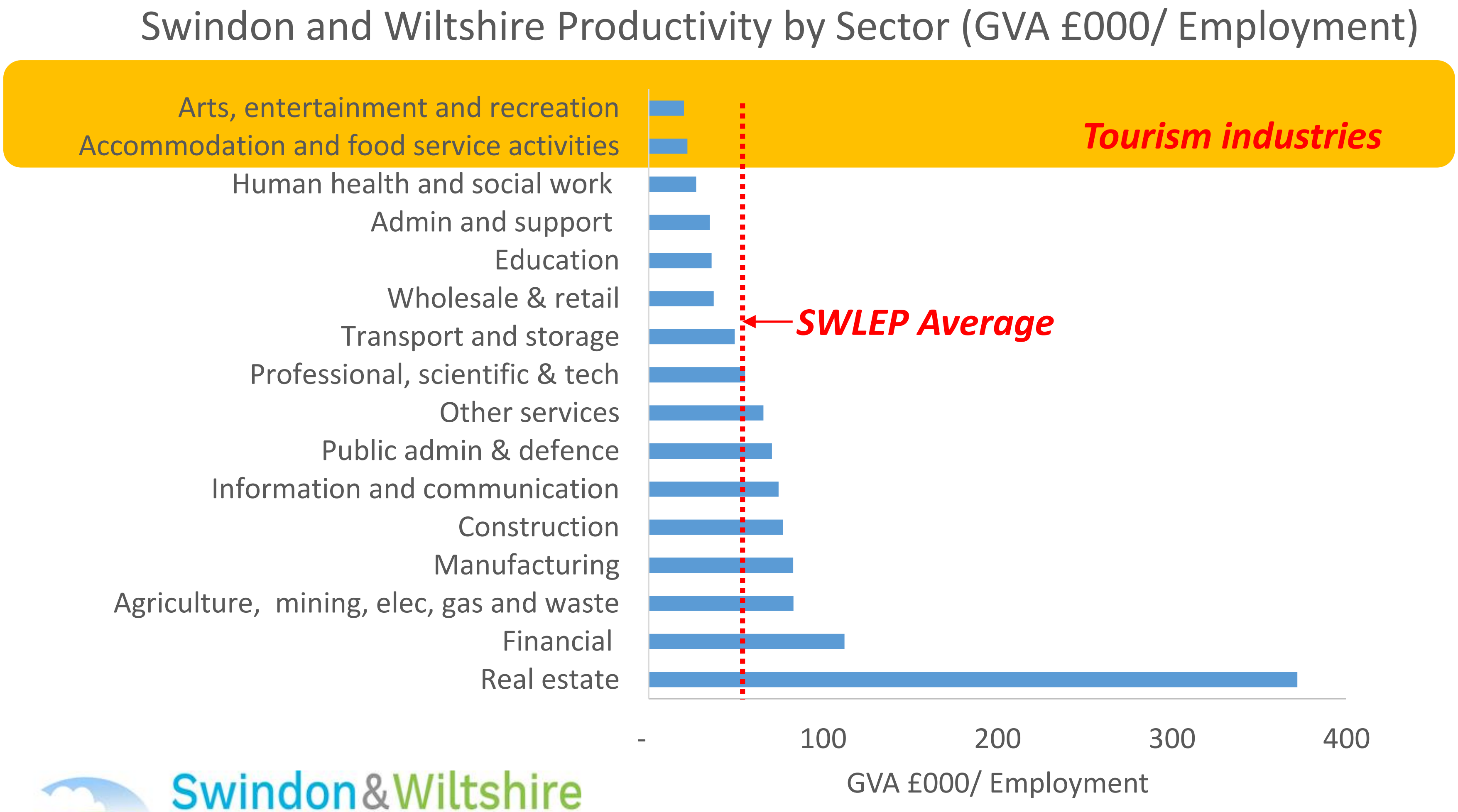
Source: Internal Data

Tourism is our least productive sector



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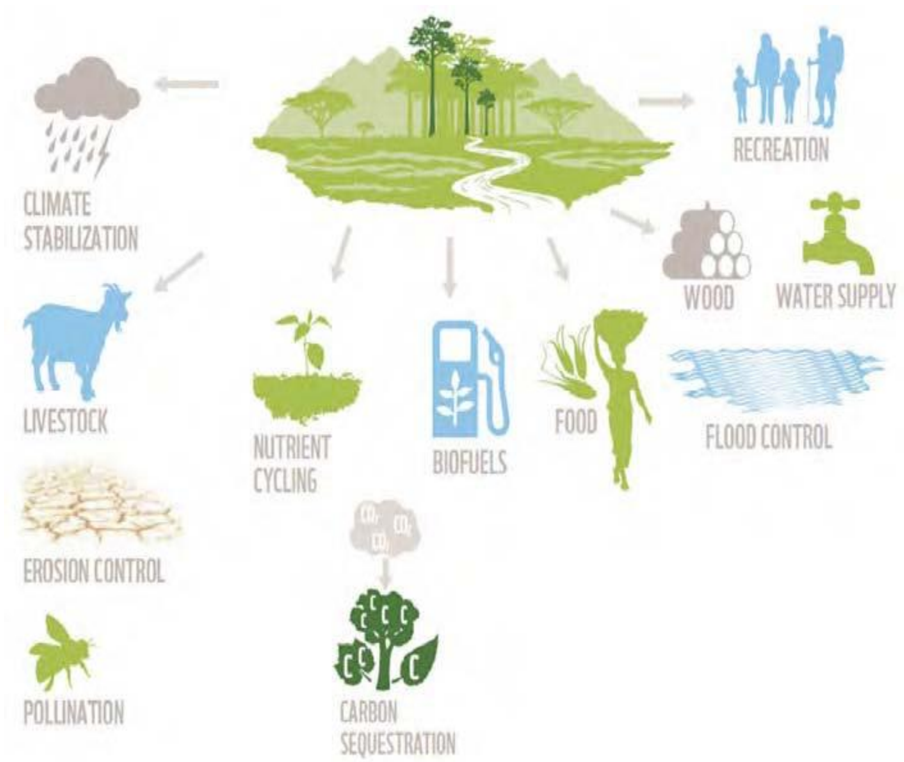
Understanding the value of natural capital is key given SWLEP's largely rural composition



Baseline - estimate quantity and value of services supplied by natural capital

Contribution to local growth and productivity

Risks and opportunities arising from natural capital

Collaborating with 2 other LEPs (Enterprise M3 and Solent) and New Forest National Park to agree and implement an approach

Source: Ethicalcorp Valuing natural capital, ONS

Within our Places Foundation there are several opportunities and challenges

1 2

Diversifying ***Swindon's and Salisbury's economies***

3

Improvements across the LEP area to achieve ***inclusive, sustainable growth***, including allocation of employment and residential land, high street and cultural offer of our market towns, regeneration and better connectivity of our rural areas and military resettlements

4

Evaluating ***natural capital*** and finding solutions for ***tourism***'s low productivity

Discuss and agree Places priorities (1/3)

Diversify Swindon's economy

❶

Improve movement and the ***visitor experience*** through infrastructure and place-making programmes and promote Kimmerfields as the flagship site for development

Explore the creation of the ***Cultural Quarter*** which would house Swindon's world class art collection, creating spaces for today but also in which new cultural attractions can be developed

Explore bringing new ***leisure and retail*** opportunities and easing movement between the north and south through Railway Corridor, opening up the route to the North Star Site

Create attractive, ***sustainable communities*** through the delivery of urban extensions at the New Eastern Villages, Wichelstowe and Tadpole Garden Village

Support the feasibility for Swindon to develop its ***Smart City*** capabilities as part of its business development and economic regeneration plans

Discuss and agree Places priorities (2/3)

Diversify Salisbury's economy	Build on the ***Salisbury's smart city*** capabilities, including technological developments and full fibre availability
2	Transform the Salisbury ***station*** area and the entrance to the city to create an attractive visitor experience as well as revitalise the retail offer
	Support the transformation of the ***visitor and night-time economies and retail offer*** through Future High Street and Stronger Towns funds
	Support the delivery of the Central Area Framework to re-position Salisbury as a ***centre of heritage, culture and tourism***

Discuss and agree Places priorities (3/3)

Deliver ***inclusive and sustainable growth*** 3

- Through local plans, influence allocation of employment and residential land on sites with significant economic potential, including New Garden Community
- Improve the high street and cultural offer of our market towns and support regeneration plans that encourage innovation and productivity growth in rural areas
- Achieve inclusive, sustainable growth of our rural areas through broadband and other digital connectivity solutions
- Support military resettlement, aligning the development of new housing, employment and the accreditation of qualifications into civilian life
- Ensure that the key enablers are in place: business environment, including diversification on key investment sites and attracting investment into highly skilled sectors, such as advanced engineering, life sciences, defence, aerospace and security related technologies and systems; and infrastructure, including addressing energy, water and waste capacity constraints, A36/A303 and rail service improvements and new station development

Address ***natural capital*** and ***tourism***'s low productivity 4

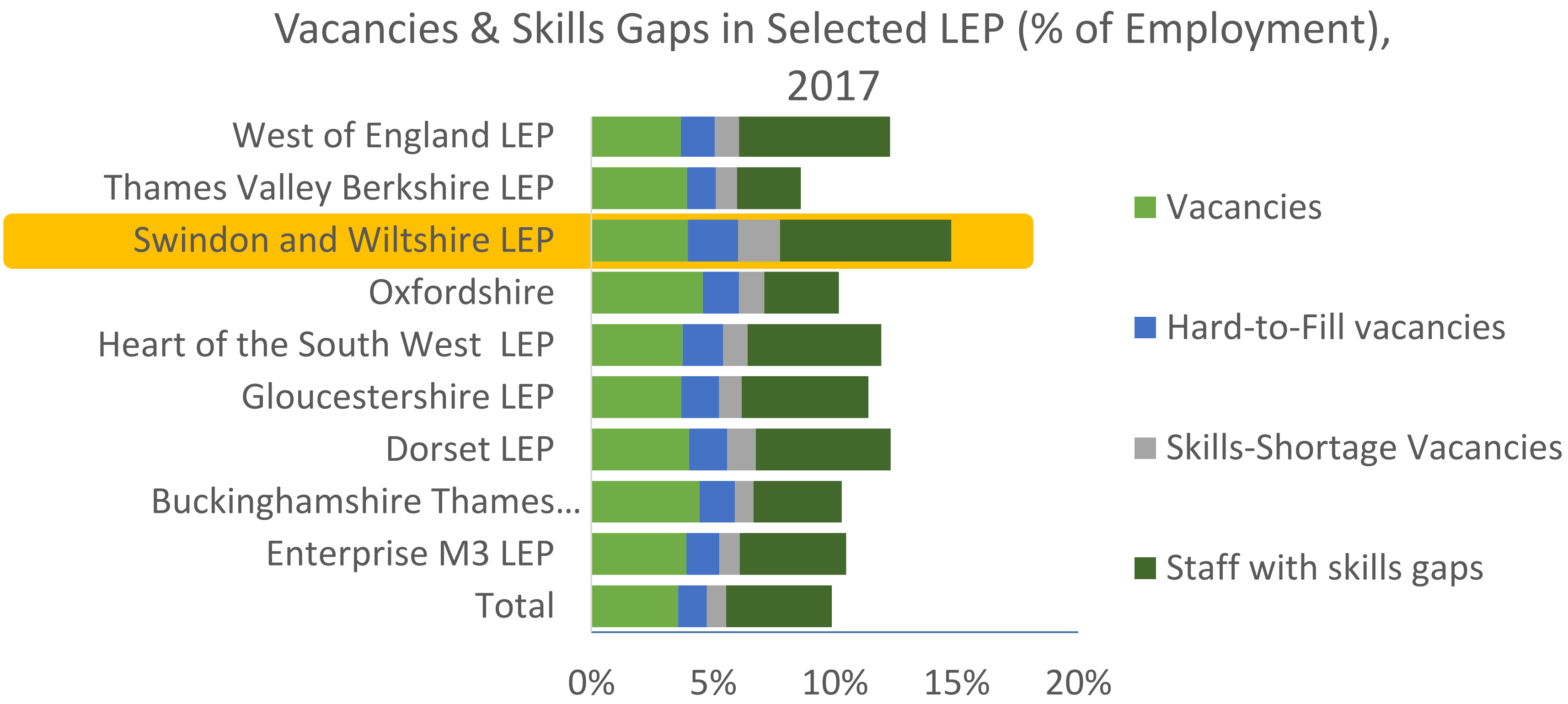
- Baseline the value of our ***natural capital***, working on joint methodology with Enterprise M3 and Solent LEPs
- Support the development of the ***Great West Way*** and the potential Tourism Zone

Contents

5 foundations of productivity

- Places
- People
- Ideas
- Infrastructure
- Business Environment

SWLEP has a large number of vacancies and skills gaps



Employers in SWLEP cited "the introduction of new technologies or equipment" (39%) as the main reason for needing new skills

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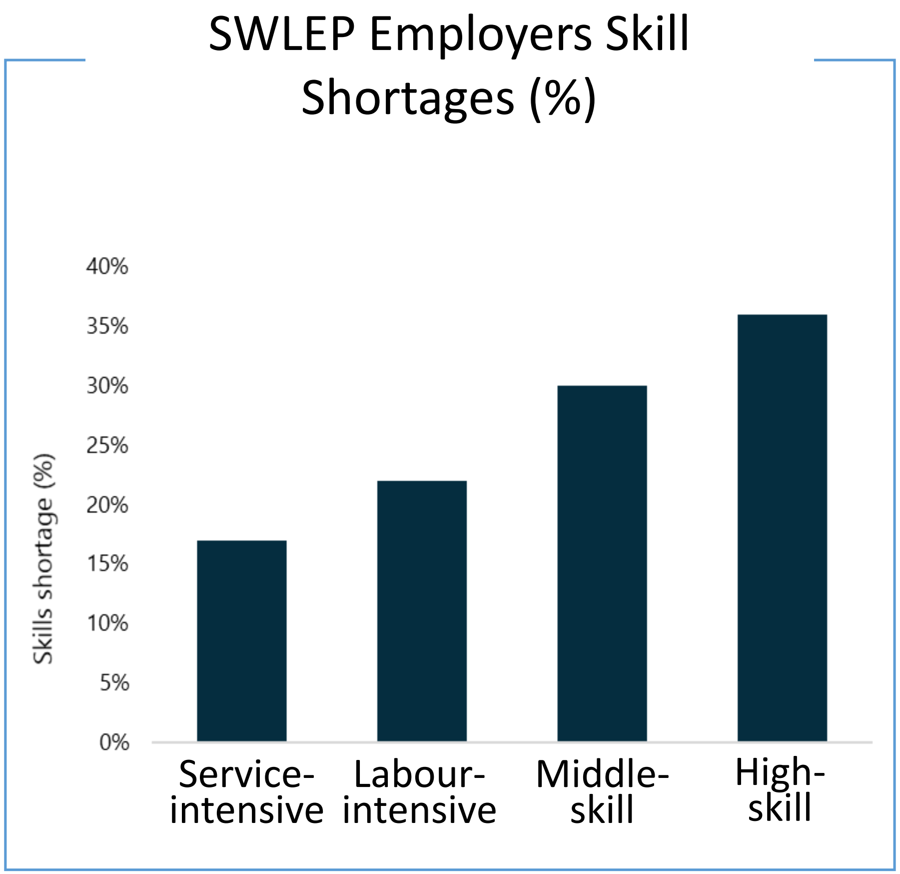
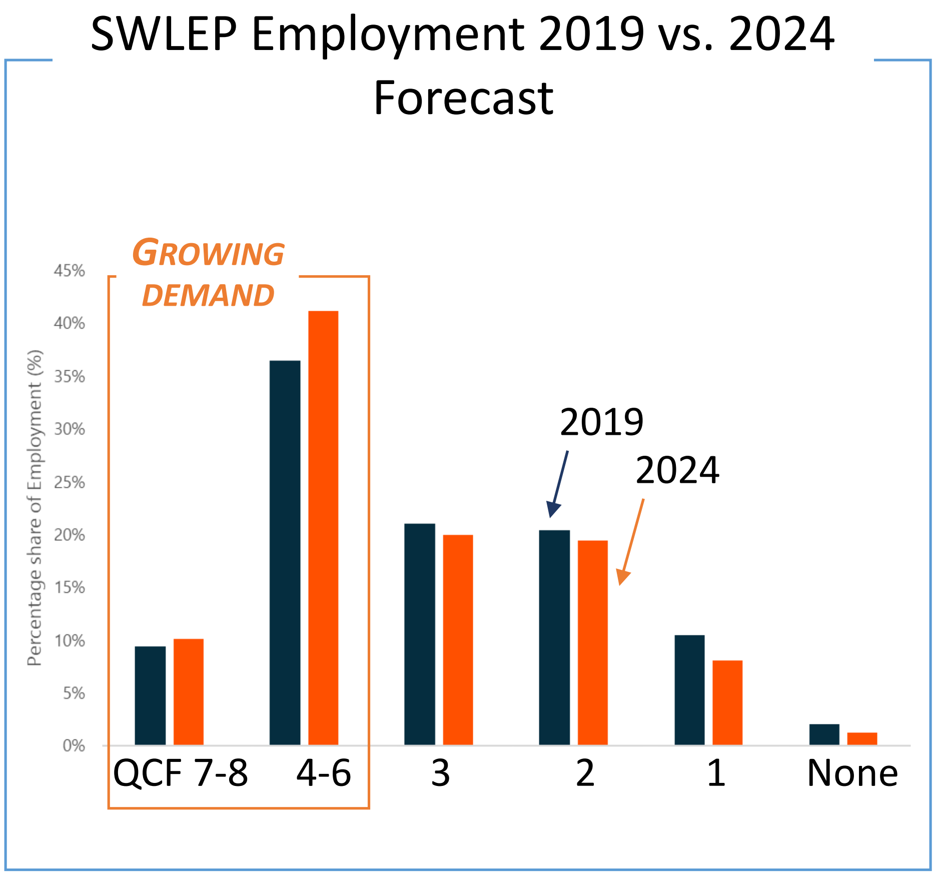
Source: Emerging SAP Toolkit Analysis, July 2019

Most of shortages are at higher-skill levels and are holding back businesses





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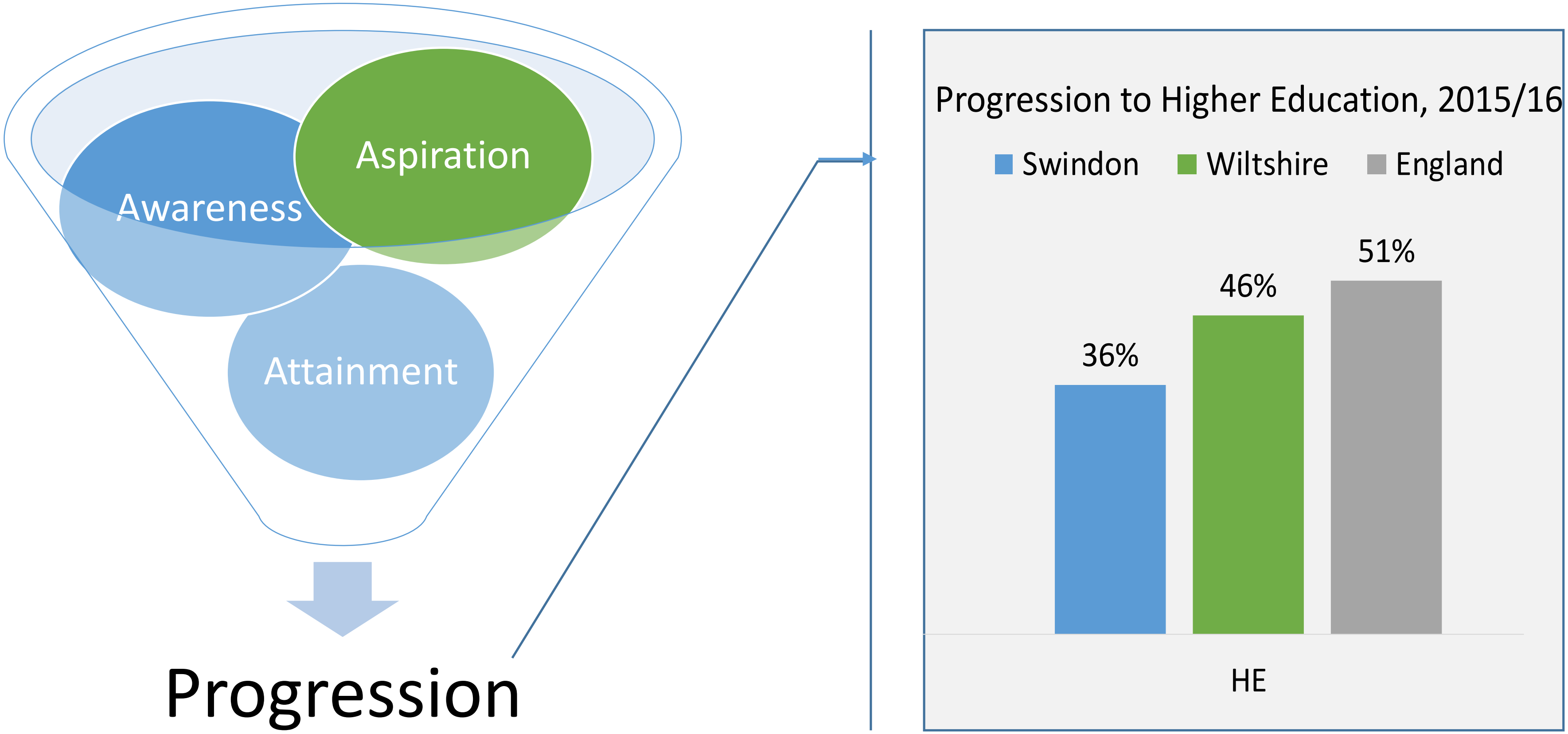
Source: Economic Assessment 2018; UKCES Employer Skills Survey, 2016

HE progression rates are below average



Our current People challenges are multi-faceted

1  Skills ***demand and supply***, especially for high skills, are out of balance and could get worse in the future

2  Our HE progression rates are below the national average, often due to low ***aspiration*** and awareness, with low job / education ***inclusivity*** for some groups

3  We need to further ***investigate*** drivers behind some of our key challenges

Discuss and agree People priorities

Address the skills ***demand and supply*** balance 1

- Ensure local employers are involved with higher education to provide clearer routes between education and employment, through a ***business-led, multi-campus federation of HE providers***
- Upskill and reskill workforce, meeting the changing needs of businesses
- Embed education pathways including T levels, apprenticeships and higher education to meet demand

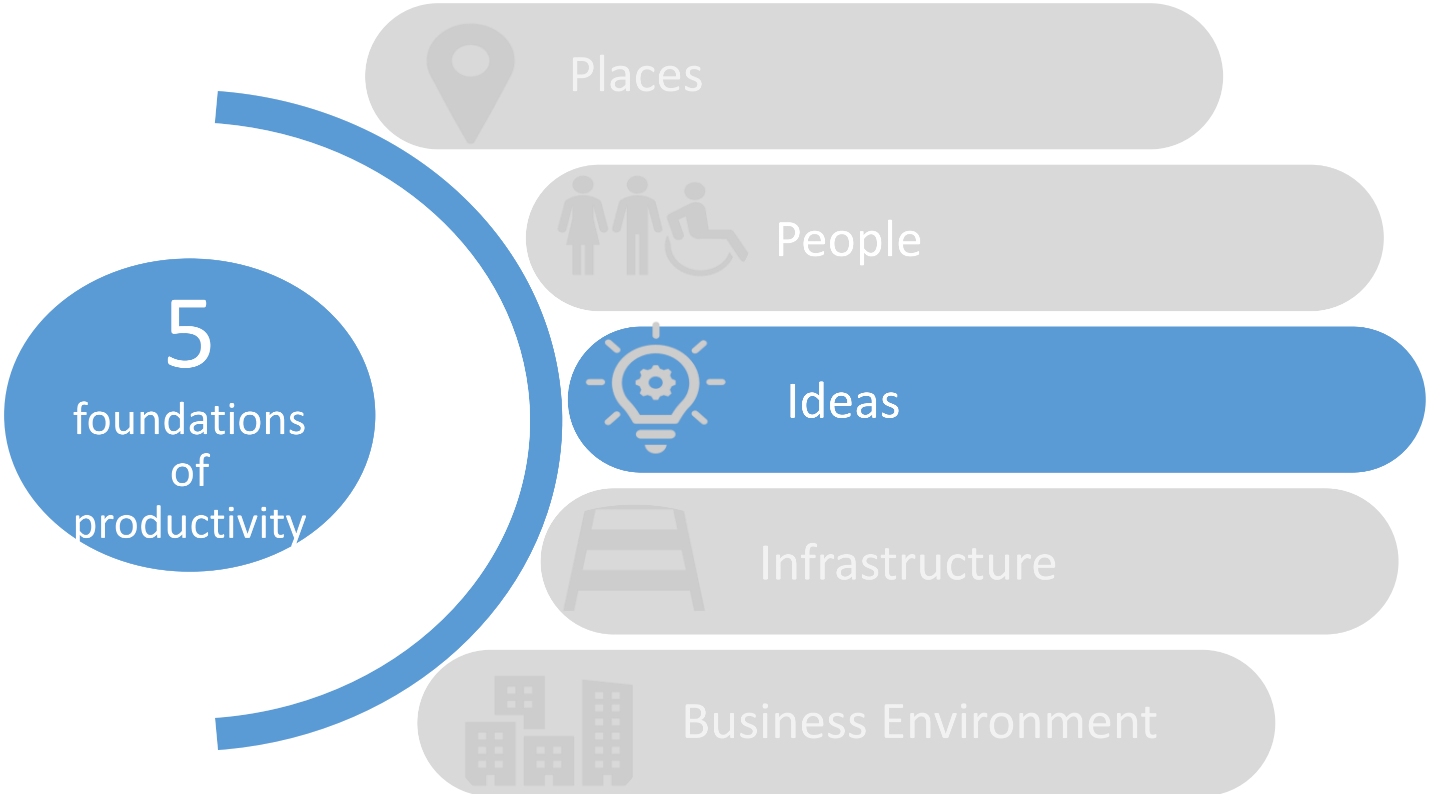
Raise ***aspirations*** and become more ***inclusive*** 2

- Raise aspirations and employability of young people through Careers Hub, delivery partners (e.g. Careers Enterprise Company, National Collaborative Outreach Programme), National Careers Service, businesses
- Ensure that all special needs schools are active participants in the Careers Hub
- Use Growth Hub, social enterprises, Careers Transition Partnership and other programmes to widen job access, including older workers, NEETS, looked after children, disabled and ex-military personnel
- Work with the National Career Service to offer careers advice to adults

Investigate drivers behind the key challenges 3

- Complete the detailed skills analysis and feed into Skills and Workforce Development Plan; regularly update
- Explore the relationship between physical and mental health, employability and productivity through engagement with local authority partners, business community, Department of Health and NHS Federations
- Understand the relationship between workforce diversity and innovative business culture working with Bath Spa University

Contents



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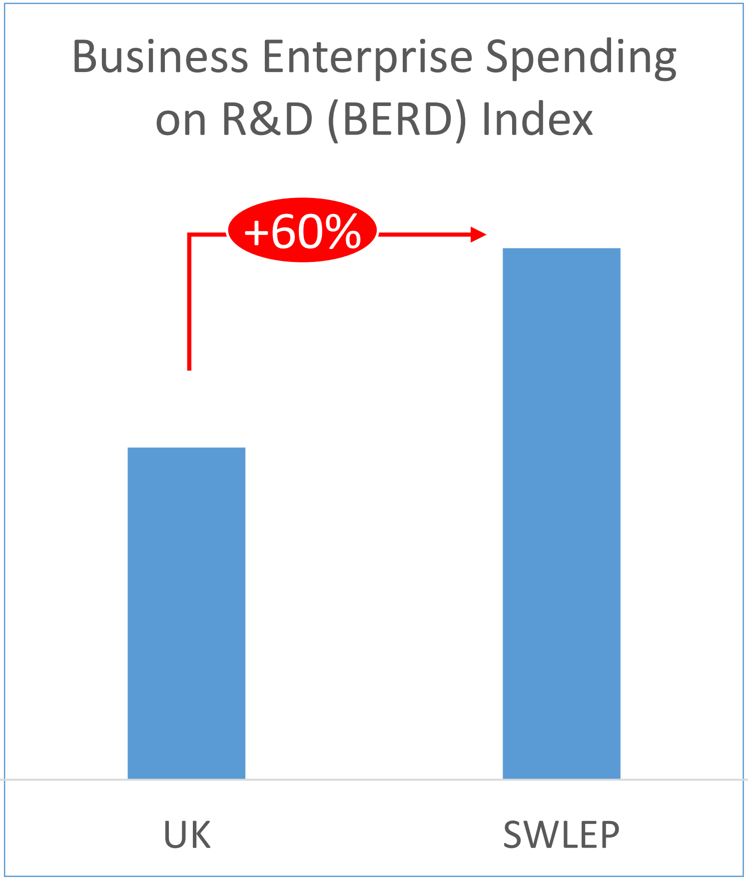
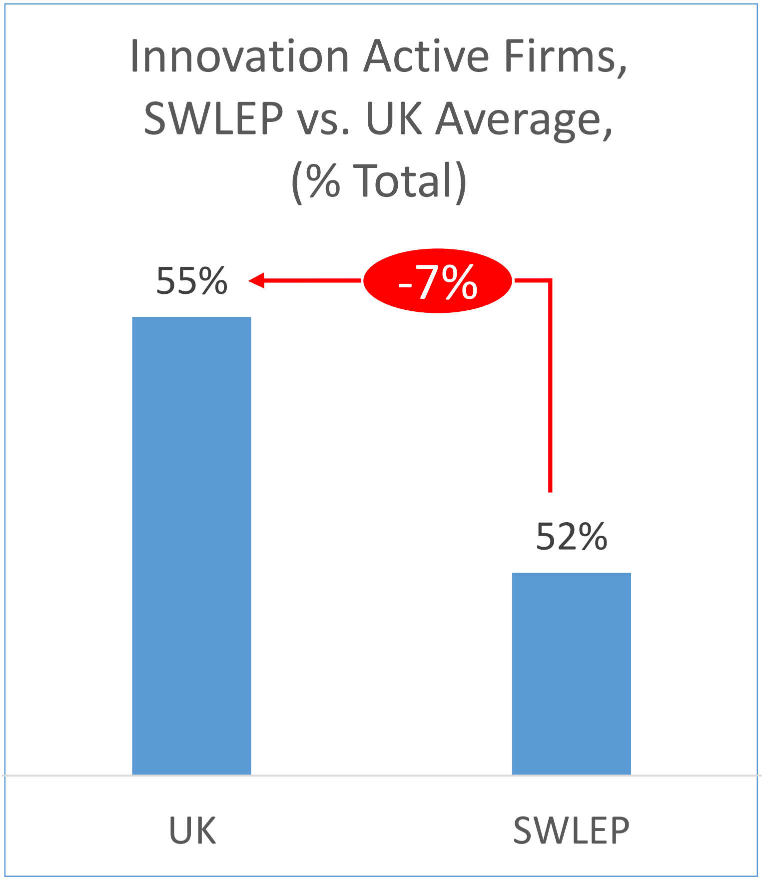
foundations of productivity
Places
People
Ideas
Infrastructure
Business Environment

We have above-average R&D expenditure, but low innovation rates





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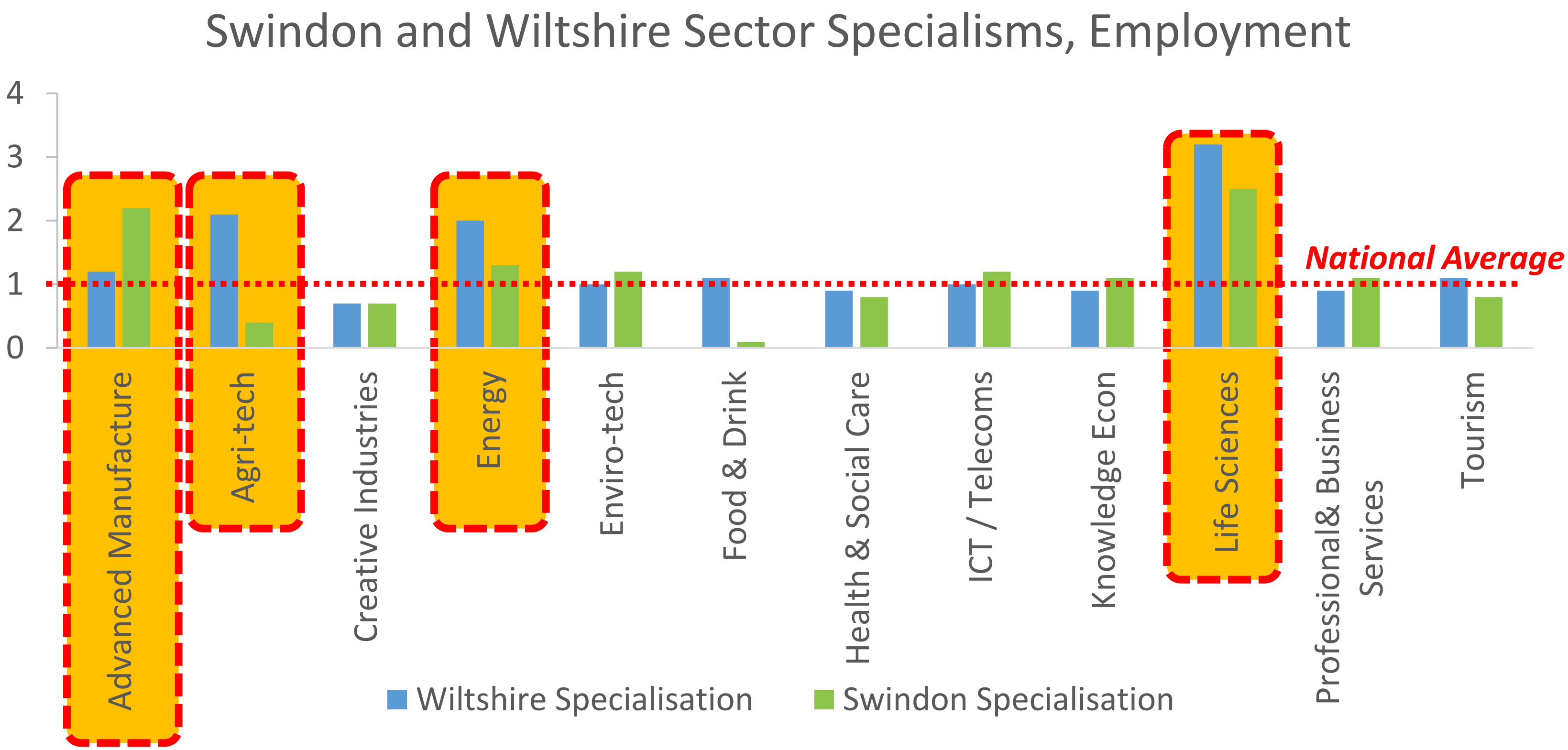
Source: Smart Specialisation Hub, UK Innovation Survey, by LEPs 2015

We have strong sectors that we can build on



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Source: Local Economic Assessment, 2018

In R&D and innovation we have a strong base, but need to widen it

1. We have a number of ***sectoral strengths***: advanced engineering, energy / sustainability, life sciences…

2. … and a number of ***emerging opportunities***: cyber, autonomous vehicles, defence and security, elec-tech, digi-tech

3. To develop these, we need to increase our culture of innovation activity and R&D, attract new innovation-active businesses into the area and foster greater interaction and spin-off activity to create a stronger local innovation ***ecosystems***

Discuss and agree Ideas priorities

1 Build on *sectoral strengths*

- Work with government to strengthen the role of Swindon as the key location for ***high-value advanced engineering*** and R&D
- Work with neighbouring universities to explore the potential for developments in ***sustainability***
- In ***life sciences, defence and security***, collaborate to attract foreign direct investment to grow specialist R&D and innovation activity around Porton

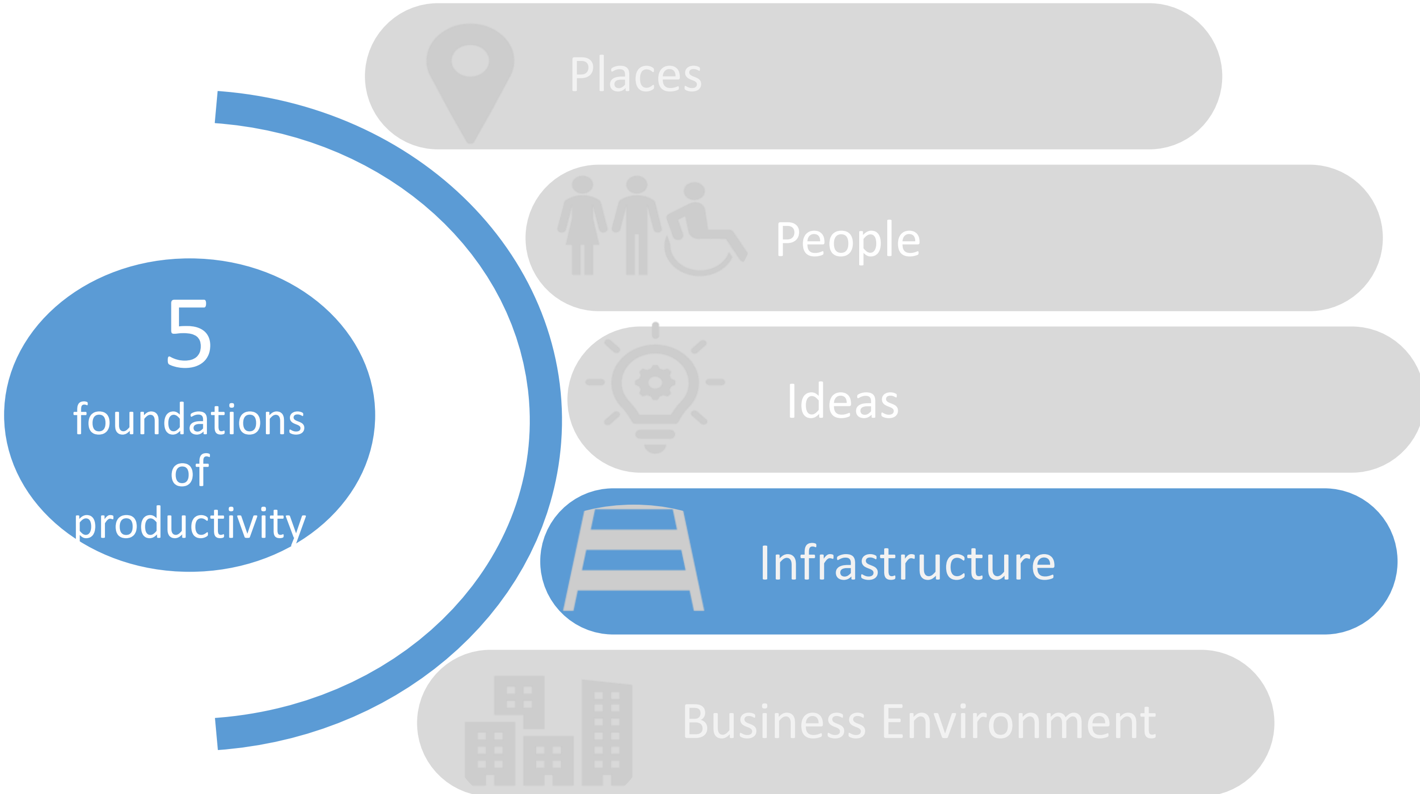
2 Capture *emerging markets*

- Work with local partners to identify opportunities for air and land ***autonomous vehicles*** test sites, leveraging defence and manufacturing sector strengths and physical assets, such as airfields
- Support testing and analysis of beyond-the-line-of-sight operating systems and development of associated regulation
- Capture the opportunities in the emerging ***electech, digitech and cyber*** sectors

3 Develop *ecosystems*

- Develop university R&D capability to enable clustering and increase innovative activities

Contents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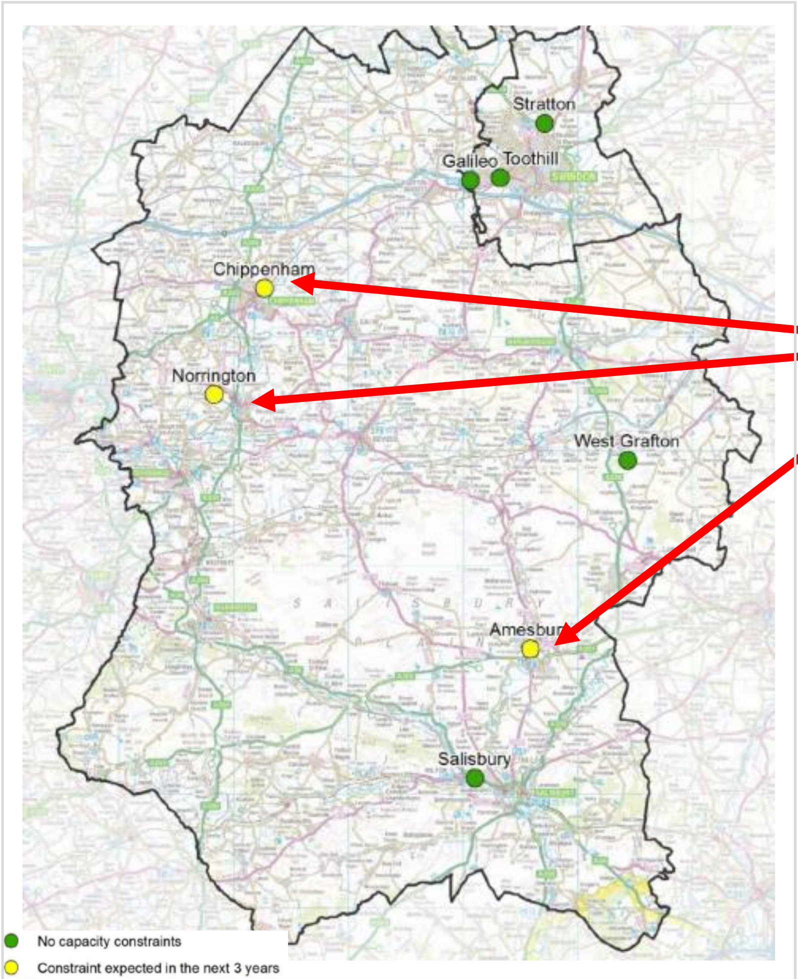
foundations of productivity
Places
People
Ideas
Infrastructure
Business Environment

We expect a number of utility constraints to in the near future



All nine Bulk Supply Points (BSPs) in Swindon and Wiltshire are within their capacity limits today

However, Amesbury, Chippenham and Norrington are expected to become constrained due to large load increases within the next 4 years

Similarly, water and waste infrastructures are reaching their capacity in places

These will place constraints on new developments or significant increases in demand from existing businesses

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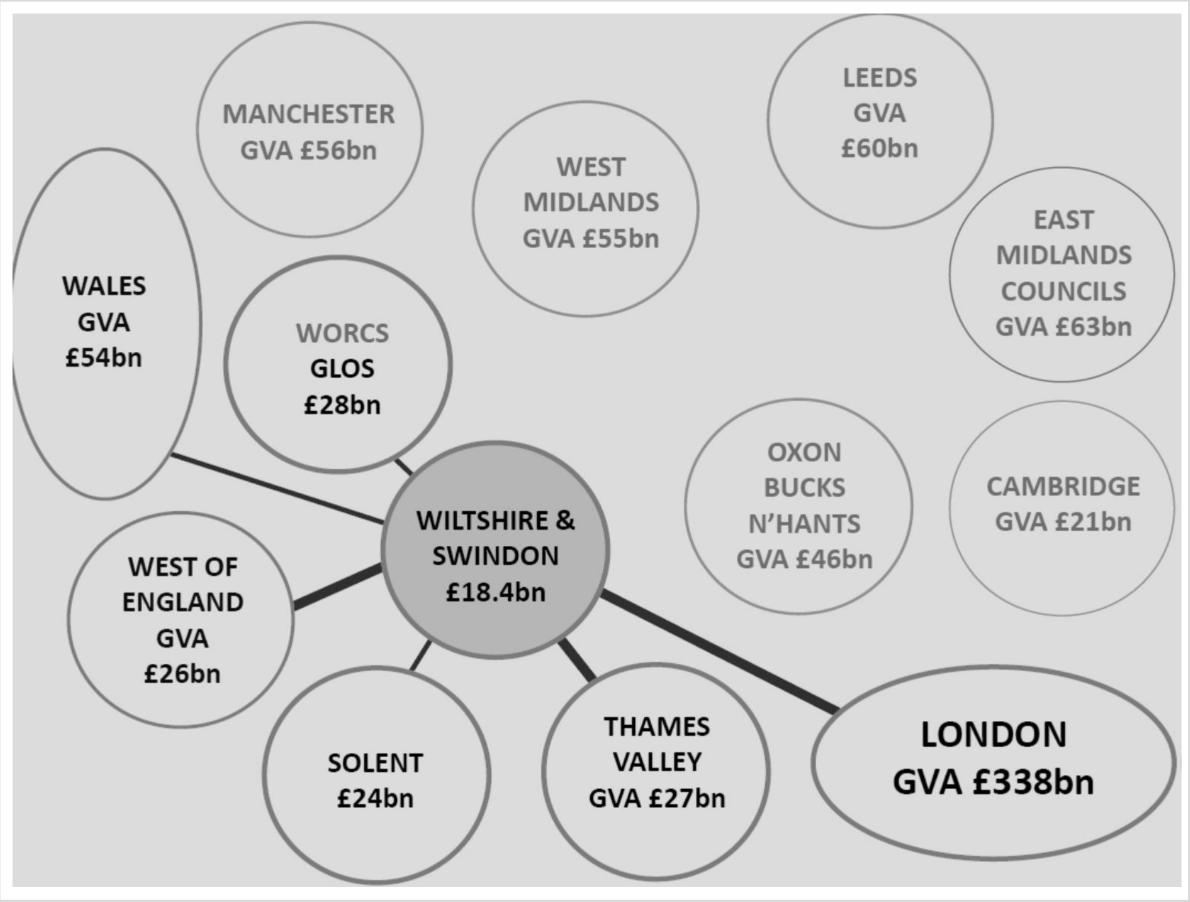
Source: SWLEP Energy Strategy, 2018

We have strong road and rail east-west links, but north-south requires improvements



In rail and road we have strong east-west links, but north-south connectivity can be improved, within Wiltshire and to the southern ports

Rail can also offer better links to the northern economies (e.g. Midlands, Manchester)

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Source: SWLEP Rail Strategy, 2019

Digital connections need to be strengthened in places

% of premises with access to ultrafast (over 300 Mbps), Swindon vs. comparators

94% of premises had access to superfast broadband in 2018, but low proportion of full fibre

Whilst current levels of usage can be accommodated, businesses highlight that this is likely to be insufficient as new applications are developed

C. 70% of premises in Swindon have access to ultrafast broadband of 300 Mbps or greater, partly driven by the rollout of the Gfast network, making it better than Bristol and Cheltenham

In Wiltshire ultrafast penetration is much lower, but a major rollout programme is underway and SWLEP is one of the investment partners

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Source: SWLEP Energy Strategy, 2018

Our main challenges include removing constraints and improving connectivity

Energy, Water & Waste

1

- Grid capacity constraints
- Carbon emissions decreasing

Rail & Road

2

- In rail and road strong east-west links, but north-south connectivity can be improved: within Wiltshire and to the southern ports,
- Also rail can offer better links to northern economies (e.g. Midlands, Manchester)

Digital Infrastructure

3

- 94% of premises had access to superfast broadband in 2018, but low proportion of full fibre
- Opportunities to improve connectivity further

Discuss and agree Infrastructure priorities

Energy, waste and water 1

- Collaborate with Distribution Network Organisation, energy companies, the Hydrogen Hub and BEIS to identify solutions to remove pinch points
- Address the lack of affordable network access impeding business growth
- Explore hydrogen as a low-carbon energy source
- Work with government and public sector to remove water and waste capacity constraints preventing growth

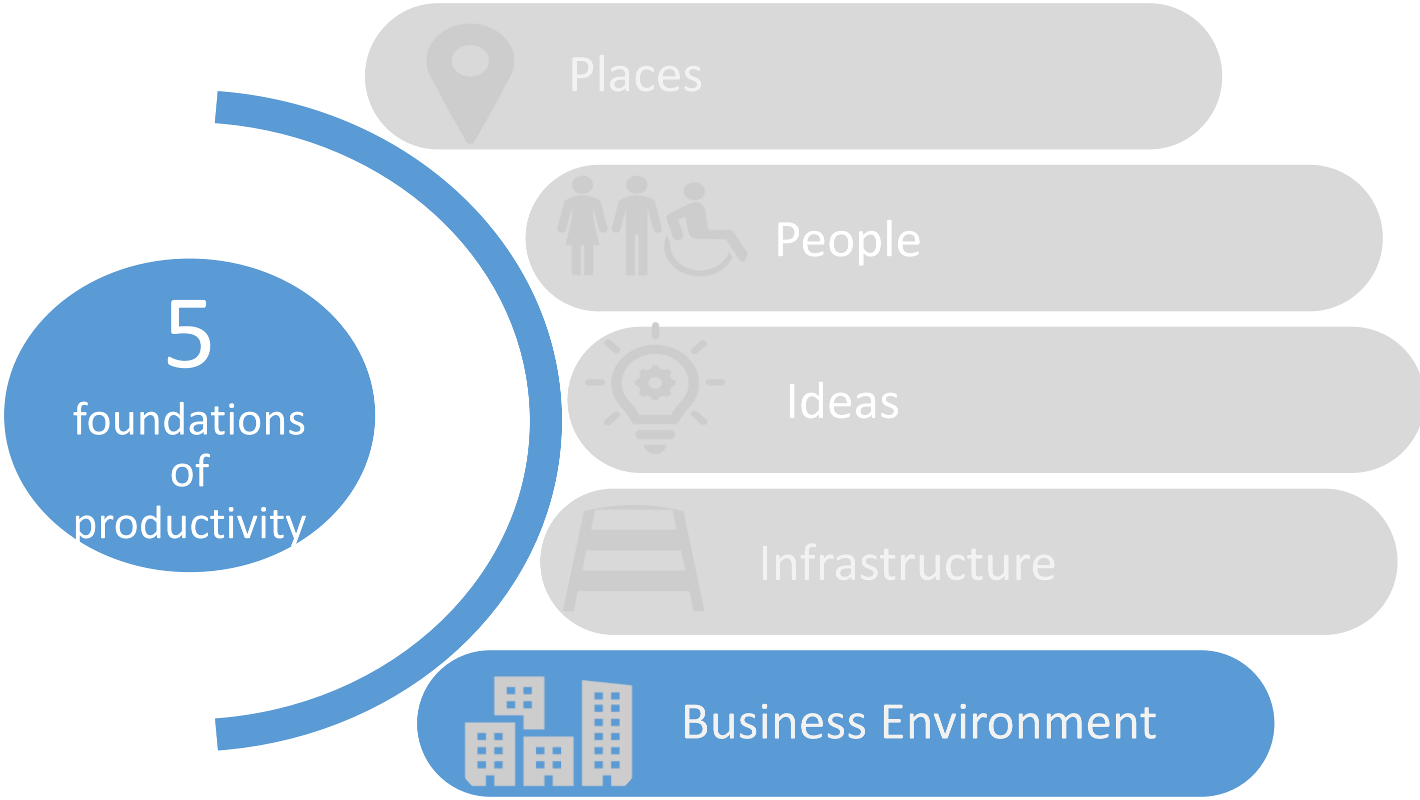
Road and rail 2

- Collaborate with M4 LEPs to stimulate uptake of new energy vehicles
- Improve people, goods and services transport along 4 corridors: A350, A303, A420, A36
- Lobby for train services and developing infrastructure, including developing 'third party' rail investment capability

Digital 3

- Investigate the feasibility of delivering full fibre networks building on the experience of Salisbury and Swindon and 1 gigabit connections
- Work with DCMS to explore options for next generation mobile or other digital connectivity technologies, e.g. 5G

Contents



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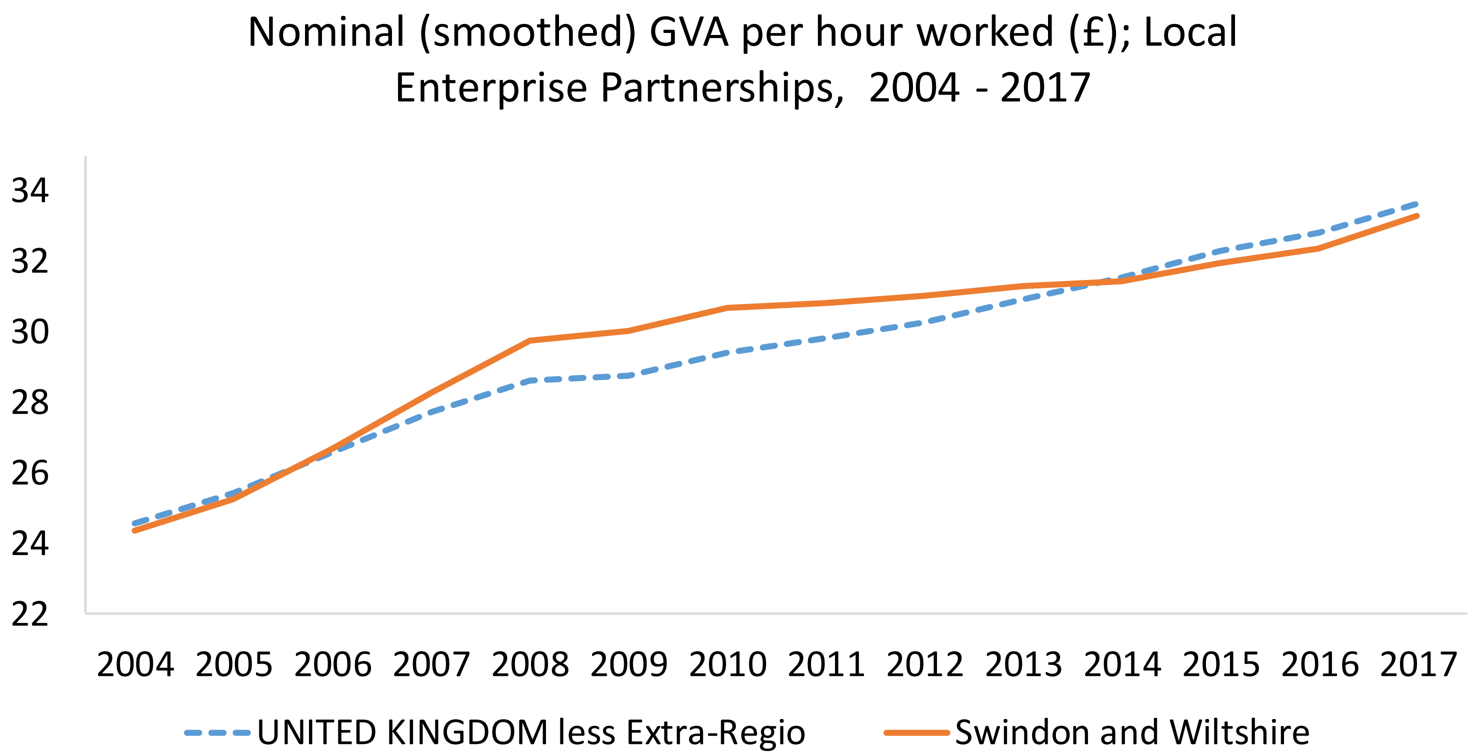
Strong and growing local economy slightly lagging on productivity…



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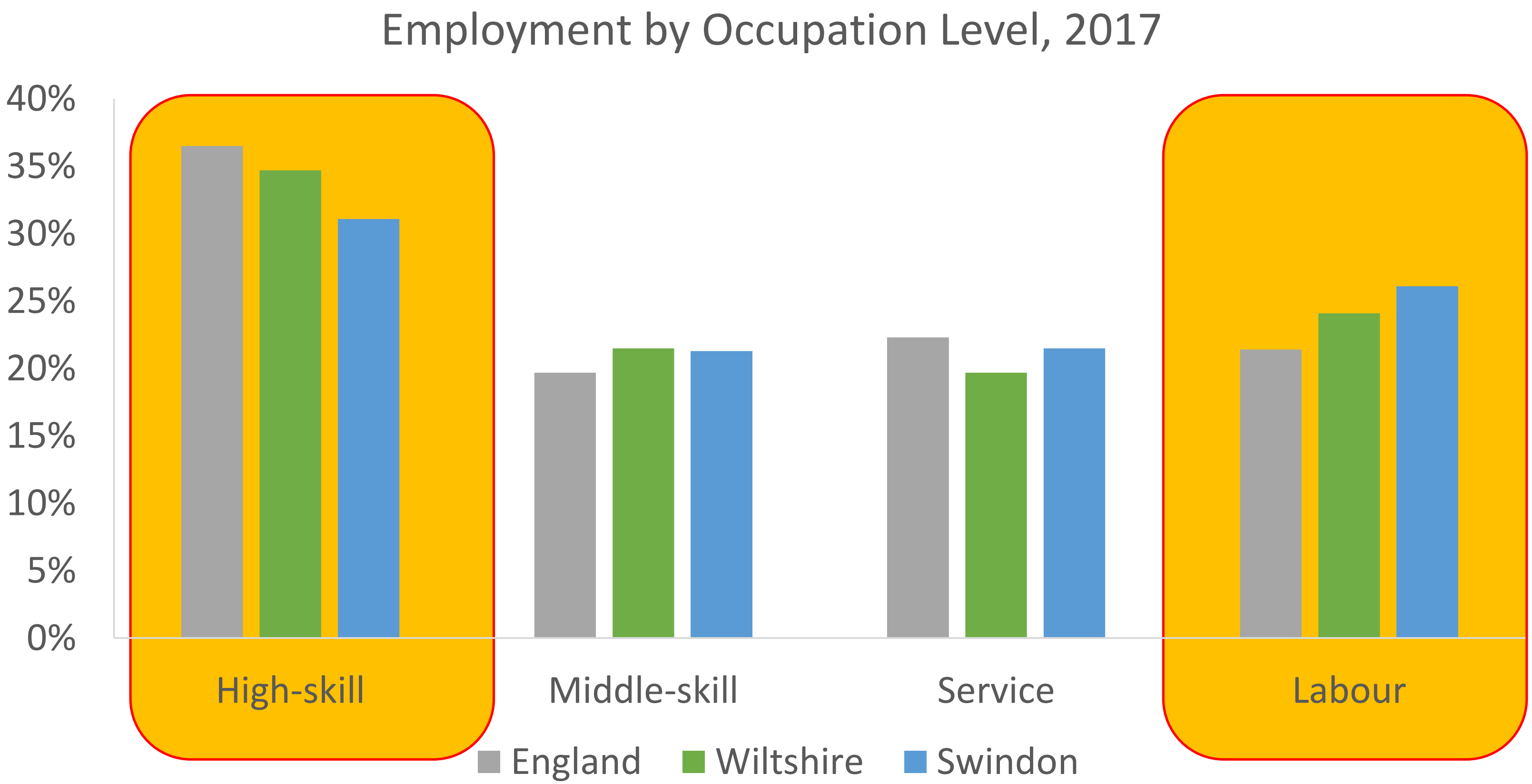
Source: ONS

… partly due to lower proportion of high-skills and higher share of labour intensive jobs…



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Source: Emerging SAP Toolkit Analysis, Septemeber 2019

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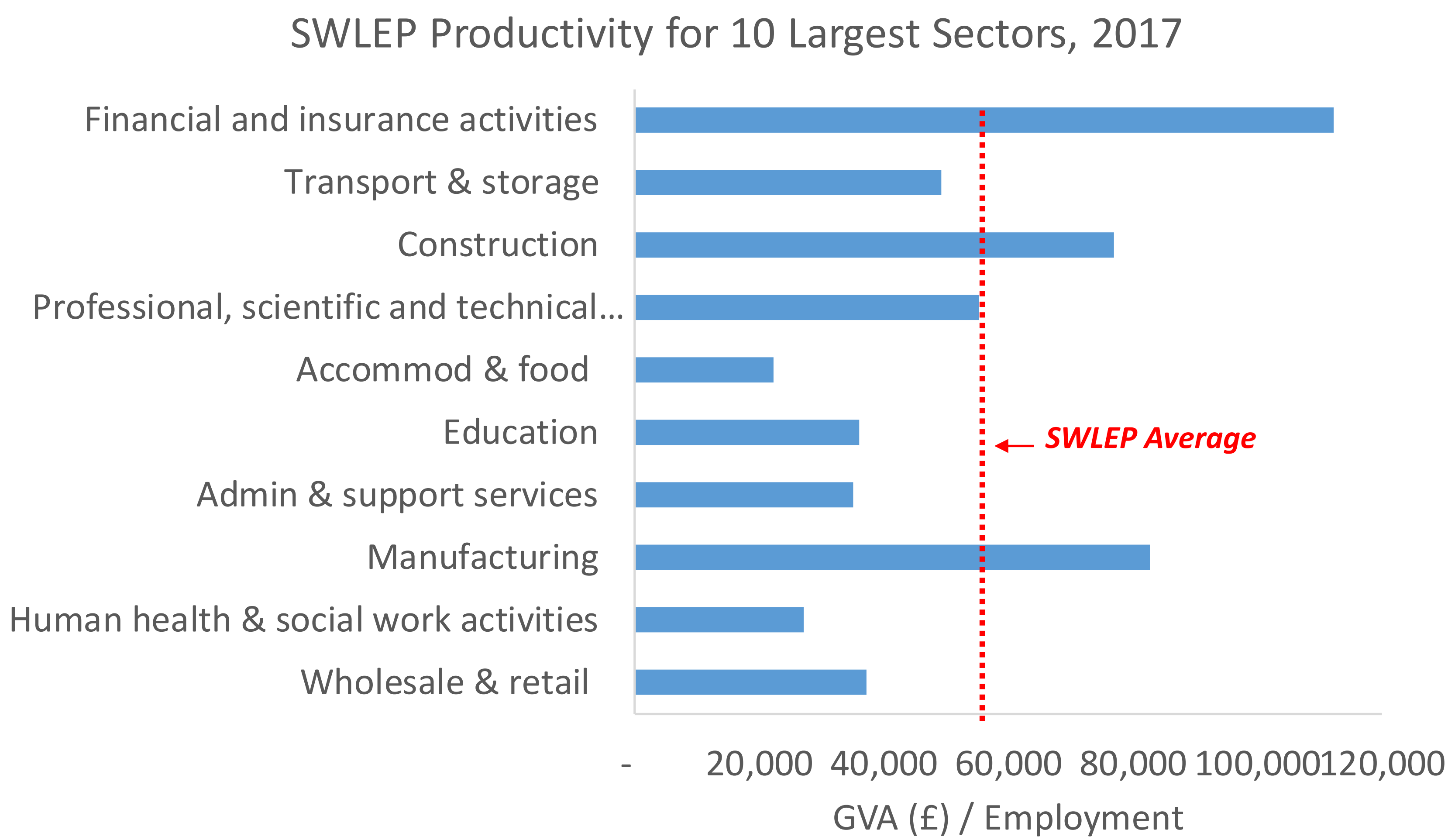
…prevalence of lower-value sectors…



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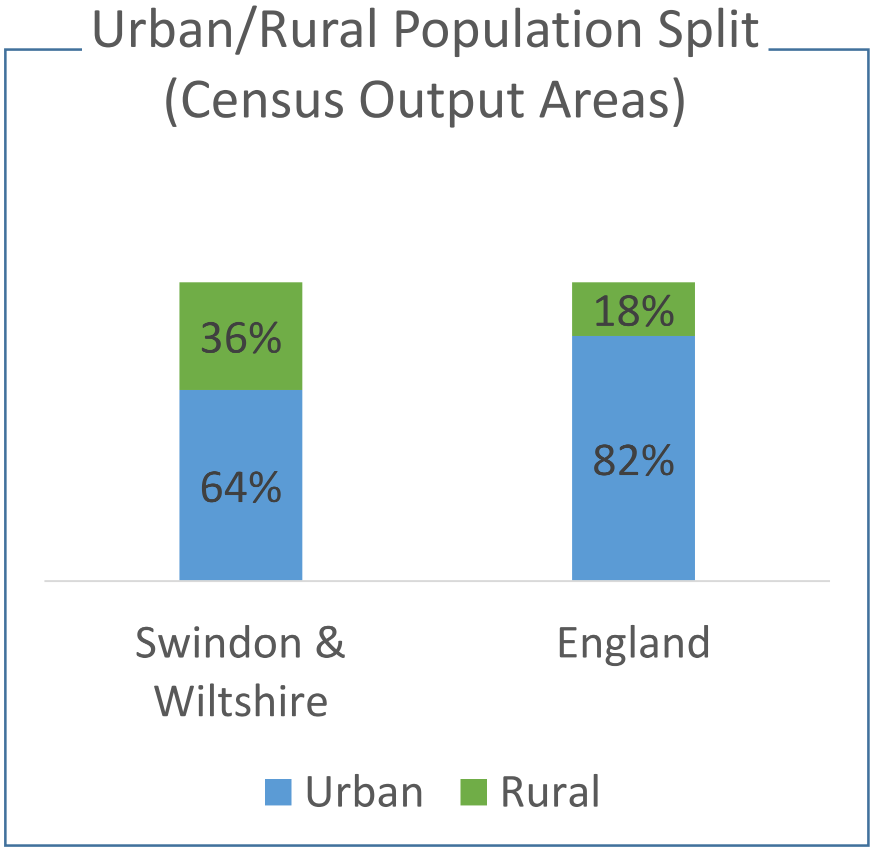
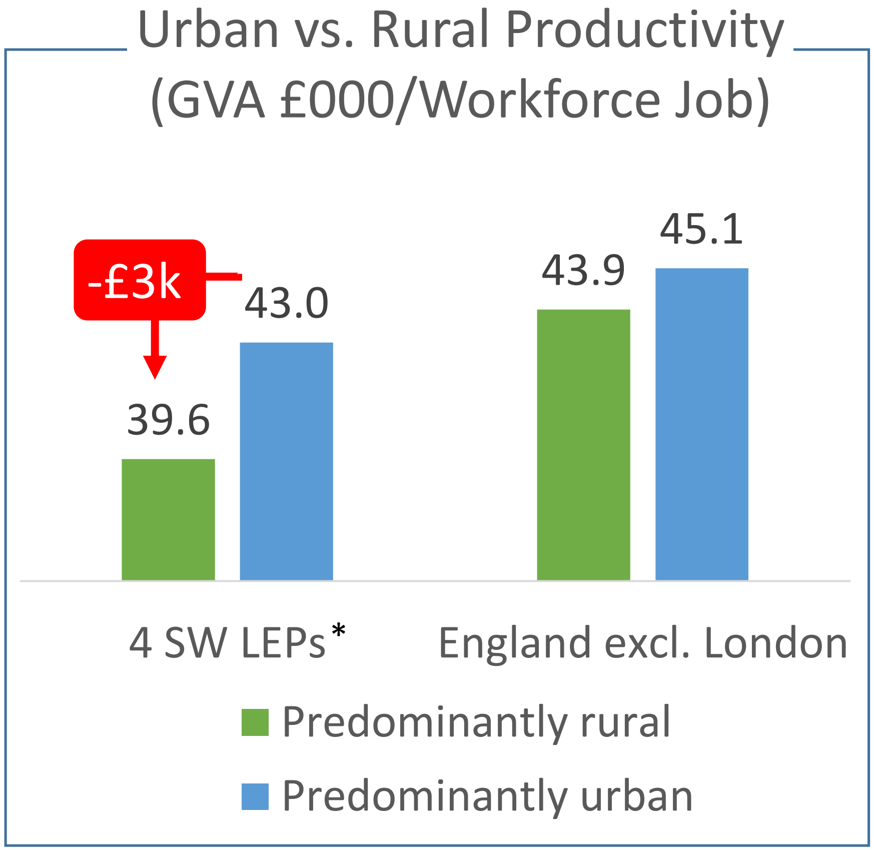
Source: ONS

…and rural economy with lower productive





* 4 LEPs: Cornwall and the Isles of Scilly (C&IOS); Dorset; Heart of the SW (HotSW); and Swindon and Wiltshire (SWLEP)

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Source: THE SW RURAL PRODUCTIVITY COMMISSION

Our Business Environment, therefore, provides several challenges

1. Our productivity is slightly below the national average, with start-ups and scale-ups not always reaching their ***potential***

2. Access to ***investment*** is needed to enable the small high-productivity sectors to grow, such as cyber and large low-productivity sectors to improve their outputs

3. Our rural areas' productivity can improve further; Rural Commission points to poor broadband connectivity as the main ***productivity hurdle***

4. We have a number of building blocks to further grow our ***cyber*** resilience sector, including highly skilled people, space to grow, position within Cyber Valley, networks, strong technology ecosystem

Discuss and agree Business Environment priorities… (1/2)

Enable businesses to reach their ***potential*** 1

- Support micro and SME start-up and scale-ups support through the Swindon and Wiltshire Growth Hub, including facilitating access to local and national mentoring and business leadership programmes
- Target places and firms with potential that can substantial improve productivity, including sectors those identified in Ideas section (high value manufacturing and advanced engineering, life sciences and cyber)
- Collaborate with 'Be the Business' to build local / sector peer networks and enable knowledge sharing

Secure ***investment*** 2

- Collaborate with DIT to secure inward investment, particularly in areas identified in Ideas section (high value manufacturing; life sciences; cyber; electech and digital technologies)
- Engage with the key bodies, such as British Business Bank and UK Business Angels Association
- Extend business engagement to get private sector acting as ambassadors at home and overseas, through collaborative working such as Switch onto Swindon and the Salisbury Brand Positioning network

Investigate and remove ***productivity hurdles*** 3

- Support a further feasibility study by Visit Wiltshire to establish a cross-LEP Tourism Zone
- Identify and remove barriers to growth and productivity, such as poor broadband connectivity in rural area and develop enablers, such as Industry 4.0 innovations, Salisbury and Swindon Smart City concepts
- Monitor the impact of EU exit and offer information, advice and guidance to enable our business community to remain competitive

…and specific Cyber Hub priorities (2/2)

4

Education

- Local ***HE offer*** to deliver relevant cyber education and align education and training provision to workforce requirements

CERT – UK

- Establish a local ***Cyber emergency response team*** supporting private sector

Space

- ***Accelerator / incubator*** to provide a route to market for cyber innovation and the SME community leading to higher employment

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Source: Business-led Cyber Capital SOBC