

## **Industrial Strategy Green Paper and Consultation Response from Exeter City Council**

### **1. Target places like Exeter for maximum economic impact**

Quality places are more important to the economy than ever before. Quality places retain and attract skilled and talented people, business and investment. Cities like Exeter are ideally placed to deliver a successful industrial strategy with additional support for the following ingredients:

- creating the physical requirements – having the architecture and accommodation that businesses and workers require
- building on what's there – recognising the city's existing strengths and weaknesses and playing to these
- 'smart specialisation' – focussing on the range of economic specialisms for which there are credible opportunities, particularly in sectors related to big data, climate change mitigation, health, water science and agri-tech
- attracting and retaining high skill organisations – organisations that rely on productivity through high-quality jobs and highly-skilled people
- an acclaimed education sector – linking closely with the city and businesses
- distinctive 'knowledge city' offer – for businesses and people who are considering investing, working and living in the city, supported by a diverse cultural offer and high-quality city centre
- maintaining and improving strong connectivity within and outside the city economic area with major economic hubs
- strong leadership – around an economic vision supported by proactive networks and public and private sector institutions working together
- a business friendly and pro-growth local administration

### **2. Build on Exeter's track record to secure faster growth**

'Cities Outlook 2017', released by the Centre for Cities on 30th January 2017, shows that of 63 UK Cities, Exeter:

- recorded the fastest rate of population growth and the fourth highest rate of housebuilding between 2015 and 2016 and has been growing strongly since 2011
- is part of the 'leading pack' of cities that have economies that have grown by at least one-fifth since 2011, a pack consisting of Aldershot (32%), Oxford (25%), Cambridge (23%), Exeter (20%) and London (20%).
- has progressed up the productivity rankings, moving from 35<sup>th</sup> in 2009 to 30<sup>th</sup> in 2015
- has the lowest share of residents lacking formal qualifications of any UK city and is just outside the top 10 for the share of residents with high qualifications ( NVQ Level 4 and above).

- has succeeded in providing work for its growing population, with a claimant count that is among the lowest 5 cities in the country and an employment rate is within the top 20.
- Is delivering workplace wages that are higher than average (20<sup>th</sup> out of 62 cities) and rising.

Exeter's economic performance often goes unrecognised when the region is presented in data because data is captured at a county level, as a result the economic significance of the city is lost, or diluted. A successful place requires an alignment of many ingredients, for example: vibrant and health city centres attract future wealth generators, cultural and leisure infrastructure assist employers to recruit and support growth, world class employers and universities attract talent, and transportation hubs allow for commuting networks to connect communities to employment opportunities. The agglomeration effect of city regions has been widely documented. Housing, education, and great things to see and do all have their role to play in making a successful place. It is right that the role of place in making a successful industrial strategy is recognised and it should be made explicit.

### **3. Invest in Exeter's established priorities and strengths for science, research and innovation and link with the skills needs of associated industries**

We believe it is right that the industrial strategy should recognise what is special and important that we can build upon to achieve a successful economy. This is the logic of the science audits. We wholeheartedly support a strategy that seeks to develop what is world class or that is cable of being world class. The Met Office and the University of Exeter offer world class assets, building on their potential should be a priority. Likewise, the industrial strategy must recognise the benefits of a regional airport and we should be required to sweat the assets, to maximise the opportunities that flow from having an airport. Investment can be distributed without strategic alignment. The benefit of the science audit has been to help with prioritising investment.

With investment Exeter can build on its undoubted potential and aim to be the world's leading location for applied environmental science and foremost in the specialisms of high performance computing and data analytics as recognised by the recent South West and South Wales Science and Innovation Audit.

Exeter has the core assets required to become a national centre for applied environmental science and data analytics. We host the Met Office, a Russell Group University, a new Science Park, a concentration of outstanding schools and colleges specialising in maths and ICT and 400 researchers focused on climate and environment-related science with more scientific contributors to the global IPCC 5 report than any other City in the world by a large margin.

The location of the Met Office £97m supercomputer on the Exeter Science Park, and the new Tier 2 HPC Service for UK based scientists being developed by the GW4 Alliance of South West and South Wales universities

will enhance our global competitive position as a recognised hub for HPC capability and expertise to help provide pioneering solutions to some of our greatest global challenges.

**Exeter City Futures** has been established as a Community Interest Company by Oxygen House in collaboration with the City Council to take advantage of the scale, challenges and characteristics of the city to find pervasive and sustainable solutions to issues such as transport and energy relevant to the area. It is intended that this will generate opportunities for investment, employment and improvements in productivity. The scale of this programme is significant, truly transformational. The goal is to make Exeter an analytical city to position Exeter at the heart of a transformational economic agenda to make Exeter attractive to capital and stimulate innovation and exports. A smart cities programme does not do this programme justice.

**Innovation Exeter** - A partnership from across the Greater Exeter region committed to establishing the Exeter city-region as one of the UK's leading knowledge economies foremost in the areas of high performance computing, data analytics and applied environmental science. The aim is to attract significant investment, create sustainable high quality employment and raising income levels and identify the challenges that need to be addressed to raise innovation levels including retaining and attracting ambitious young people. As well as the local authorities the partners include the University of Exeter, Exeter College, Met Office and Royal Devon and Exeter Foundation NHS Trust. Key initiatives include:

- **The Institute for Environmental Risk** combining modelling and analysis for global environmental systems, tipping points, city and regional scale analytics, data science and modelling for environmental resilience, risk and insurance. This would be based at the Global Environmental Futures campus at the Exeter Science Park and would co-locate a world class series of research centres and Institutes with practical services and partnerships with global and regional businesses and agencies. The aim in partnership between the Met Office, the University and major data analytics companies is: to enable the greater Exeter region to become the world's leading location for applied environmental research science, with a 21st **century fast growing economy** which creates wealth for citizens and businesses whilst ensuring a sustainable environmental future. The **Exeter Centre for Data Science** is being developed as a central hub for development and application of data analytics within the University., It will have focus on three thematic areas: environment, health and business innovation and will provide expertise in research and skills development.
- Securing an **open source HPC computer** offering businesses and academics the opportunity to accelerate and undertake far more complex research and modelling is seen as a real opportunity for the city. In conjunction with this there is a significant opportunity for Exeter to become a leading provider of HPC skills through the establishment of an **Institute of High Performance Computing**.

- The Met Office establish a **Met Lab**, focused opening up the markets their data serves and delivering maximum economic value from this public asset. The Met Lab will: facilitate access to (open source) environmental data, particularly via open source software / share tools; and bring experts together to better understand and exploit the commercial application of meteorological data.
- An **Environmental Hub** to promote collaboration and innovation based on the world class expertise, knowledge and data held by the University and Met Office.
- The development and implementation of a **series of skills escalators** to meet the current and future needs of business. The first of these for data analytics includes Exeter College provision, a new Degree Apprenticeship at University of Exeter, a new Met Office Academy and post graduate provision at the University's new Centre for Data Science.
- **An Institute of Technology** serving the wider area but based in Exeter which would make a real difference to attainment and the supply of relevant key skills to support the current and future employment needs.
- **Scaling up of business start-up and growth support** for knowledge based businesses in particular is a priority including establishing a specialist investment fund. Although growth in new business formation and survival in the city has been one of the fastest in the region, there is a need to enhance the eco system for science and technology businesses to better exploit the knowledge base and to accelerate the creation of additional high value adding organisations and quality well paid employment.
- **Fintech/Financial Services Incubator/Accelerator** Establishment of a regional hub, part of a national network offering a complementary eco system to London to build upon our growing reputation for digital and technological innovation to generate new businesses and employment in this sector with support from national organisations.
- **Science Park** – Developing additional incubation and “Grow on Space” to accommodate new and existing knowledge and researched based businesses on the Science Park, linking them into the knowledge base and community of support enabling more rapid growth.

#### 4. **Support Exeter's ambitious plans for affordable energy and clean growth**

Exeter City Council is working with the private sector to help make Exeter become an analytical city. We recognise we stand on the brink of a technological transformation that will revolutionise and redefine the way we live, work, and govern. The scale and scope of this global transformation will be unlike anything that has gone before it. This new phase of growth offers

huge potential for those regions that can position themselves to benefit. Exeter City Futures, a CIC formed in 2016, represents a transformational agenda with a number of aims. Explicitly we aim to make Exeter energy independent and zero congestion by 2025. But our goal is even more aspirational, to position Exeter as a driving force of national analytical innovation, growth and exports. Exeter City Futures will make its own submission to the Green Paper, but we are fully supportive of the transformational goals, and believe it is the scale of ambition that is required from the south west. We are convinced nothing less than this ambition is going to address the growing gap that is emerging in the level of productivity across the region.

## **5. Create the right institutions to bring together sectors and places**

A successful industrial strategy does require the right institutions to bring together sectors and places. This is one of the conclusions of the recent Inclusive Growth commission.

The RSA Inclusive Growth Commission recognises that “Inclusive growth will require businesses and civic organisations to work together to create stronger institutional foundations in our towns and cities. The creation of quality jobs are at the heart of this. Local businesses need to be directly engaged by local anchor institutions (universities, hospitals, colleges and other major employers) to drive up productivity and stimulate demand... an approach based on deep understanding of local assets; connecting people to quality jobs; resourcing place regeneration as well as business investment.” One of its recommendations is “City regions work together to form sectoral coalitions linking industry sectors and places in order to modernise industrial strategy.”

Although there can be a tendency to focus on local government structures and boundaries, the problem of structures is less about local government structures and more about the type of institutional structure that is required to recognise the demands of business and a successful economy, such that we are capable of building on success and prioritising investment to maximise growth. This can require a laying of investment and strategic alignment between organisations.

We would argue that the Heart of the South West LEP, which spans a number of disconnected, functional economic areas has struggled to prioritise investment in Exeter as a place, and investment in its industrial assets, which increase productivity.

As the Localis Report, *‘The making of an Industrial strategy’* states:

*“Our research indicates successful places have a set of industrial assets which are attractive to people and investment. They think globally in terms of economic competition and have clear strategies for future growth. Moreover they have a clear economic purpose. In the language of economists this is referred to as functional specialisation*

*and is a theme in successful and emerging cities internationally. Some places may have multiple purposes due to their size and diversity of economic base, but all have established an economic rationale for their existence. This sense of economic purpose helps to inform a place's offer to the right talent and investment."*

The challenge is to both harness the growth potential of Exeter and linked conurbations, while ensuring that the success and ambition of our area confers benefits across Heart of the South West as whole.

There is no one-size-fits-all approach and collaborations such as the G4 grouping of Exeter, Bristol, Bath and Cardiff Universities are as important to delivering a place-based industrial strategy as the prospective Plymouth-Exeter-Torbay growth corridor. In the latter initiative, the three councils have been exploring how these three major urban areas in the South West Peninsula can work together to drive growth and increase productivity in the way that other successful city regions do.

The ambition and plans for targeted growth set out in this response require a focus and concentrated effort from a combination of public, private and educational players who own the industrial strategy linked to a place and who are not hindered in a quagmire of administrative boundaries.

Partners in the sub-region are moving to establish a formal statutory joint committee – the Greater Exeter Growth and Development Board a significant step from the current informal arrangements to a robust structure that is capable of overseeing a local industrial strategy. The Purpose of the Board is to oversee and drive the following:-

- collaboration between the member local authorities on economic development, strategic planning and promoting growth;
- the strategy for promoting and enabling the development of a competitive business environment relevant to the ambitions of the functional economic area;
- cross-boundary programmes of work including agreeing specific priorities, plans, and projects;
- an integrated approach to planning the next generation of necessary developments to address housing pressures and the transportation and communication (including ultra-fast broadband) requirements of a successful growing economy (The Greater Exeter Strategic Plan).

The Heart of the South West Councils proposals to set up a joint statutory committee for productivity recognises that there is a willingness to play a part across a wider region and that collaborations at different scales are appropriate depending on the sectors and agenda.

Arguably a truly transformational agenda that aims to make successful places like Exeter a world leading location for applied environmental sciences requires sweeping changes to existing institutional structures to radically enhance the interaction between problems, research, commercialisation,

business support and growth. We would contend that unless the institutions are able to prioritise and focus on the assets and the place then we will underperform. Investment needs to be targeted, radical approaches to new methods for financing and equity investment that will jumpstart growth and investment require alignment on “place” and sectors. Whilst the definition of place will change, i.e. the city region may geographically extend to a wider catchment area, the institutional arrangements must recognise the need for an alignment.

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