

Shared Economic Strategy 2017–20

A collaborative approach to
growth and productivity

Version 1
November 2016



**Exeter +
Heart of
Devon
Economic
Partnership**

This EHOD Shared Economic Strategy sets out our collective growth ambitions, priorities and future approach that we will take over the next three years to support economic growth and development in the EHOD area.

This shared strategy sets out how our economic development teams are working together effectively on the areas where our respective council/corporate plans overlap. Our plan of action outlines a pragmatic programme of economic initiatives that will improve productivity and growth prospects and bring wider benefits to the area.

At this stage, no new resources or structural changes are being put forward. This shared strategy does provide a framework for a step-change in partnership working, formalising roles and responsibilities in the shared ambition of economic growth and prosperity. What makes this shared strategy stand out is our focus on collaborative working which is delivering tangible outputs for our local authority areas beyond what we could each achieve in isolation.

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Exeter International
Airport is a key attractor
to inward investors

Foreword

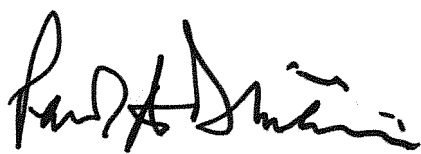
We are pleased to present our Shared Economic Strategy for Exeter and Heart of Devon (EHOD), which sets out our growth ambition, priorities and approach that we will take to enable the growth of the regional economy. This is a joint agenda across the four councils that make up the EHOD sub-region, taking into account the different opportunities and challenges across our local authority areas of Exeter City, East Devon, Mid Devon and Teignbridge.

Creating a sustainable high-performing economy at a time of comparative uncertainty is at the heart of our shared strategy and action priorities. We have established priorities around increasing high-quality jobs, attracting and retaining investment, unlocking and enabling development as well as improving productivity, skills, qualifications and employability. This shared strategy sets out a shared vision and framework to steer the economic interventions of the councils and partner organisations. We cannot create jobs and wealth in isolation, but we can create the right environment for businesses to grow and flourish.

Creating a sustainable high-performing economy at a time of comparative uncertainty is at the heart of our strategy and action priorities

We will use this shared strategy to communicate to partners our ambitions and plans, with a view of improving collaboration and maximising leverage. This shared strategy will address the key themes of the Heart of the South West Local Enterprise Partnership (HOTSW LEP) Devolution Prospectus and support the delivery of the emerging Single Productivity Plan, maximising the effectiveness of the group's work with the HOTSW LEP. It will complement the ambitions of the updated Devon Strategy for

East Devon District Council



Cllr Paul Diviani
Leader



Cllr Philip Skinner
Economy PFH

Exeter City Council



Cllr Pete Edwards
Leader



Cllr Rosie Denham
Economy & Culture PFH

Growth, shaping our conversations with Devon County Council (DCC) and our partners in supporting delivery of the wider regional growth programmes. It will also help better co-ordinate our collaboration with the business community to drive forward our economic growth plans.

The collaborative approach, which our respective Economic Development teams have developed, is strong in its pragmatism and representativeness. We have acted on efficiencies and are exploiting opportunities for shared sub-regional economic growth, whilst still delivering on our local economic priorities at district level. This incremental approach to economic partnership is de-risked. It enables the local delivery of individual Corporate Plan requirements and presents an optimal shared platform for the identification of robust and deliverable employment and infrastructure allocations through joint Strategic and Spatial Planning.

This EHOD economic partnership and this shared strategy is endorsed by the Leader and Portfolio Holder (PFH) for each of the four EHOD authorities. We will continue to dedicate an economic development resource to ensure the EHOD partnership continues to deliver this shared strategy's economic initiatives.

Mid Devon District Council

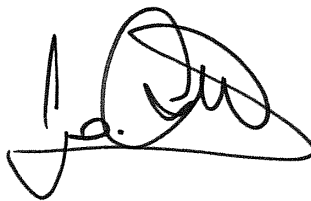


Cllr Clive Eginton
Leader



Cllr Richard Chesterton
*Deputy Leader
Planning & Economic
Regeneration PFH*

Teignbridge District Council



Cllr Jeremy Christophers
Leader



Cllr Doug Hellier-Laing
Economy, Skills & Tourism PFH

1 Realising our growth potential

Our sub-region incorporates three overlapping functioning economic market areas

The area

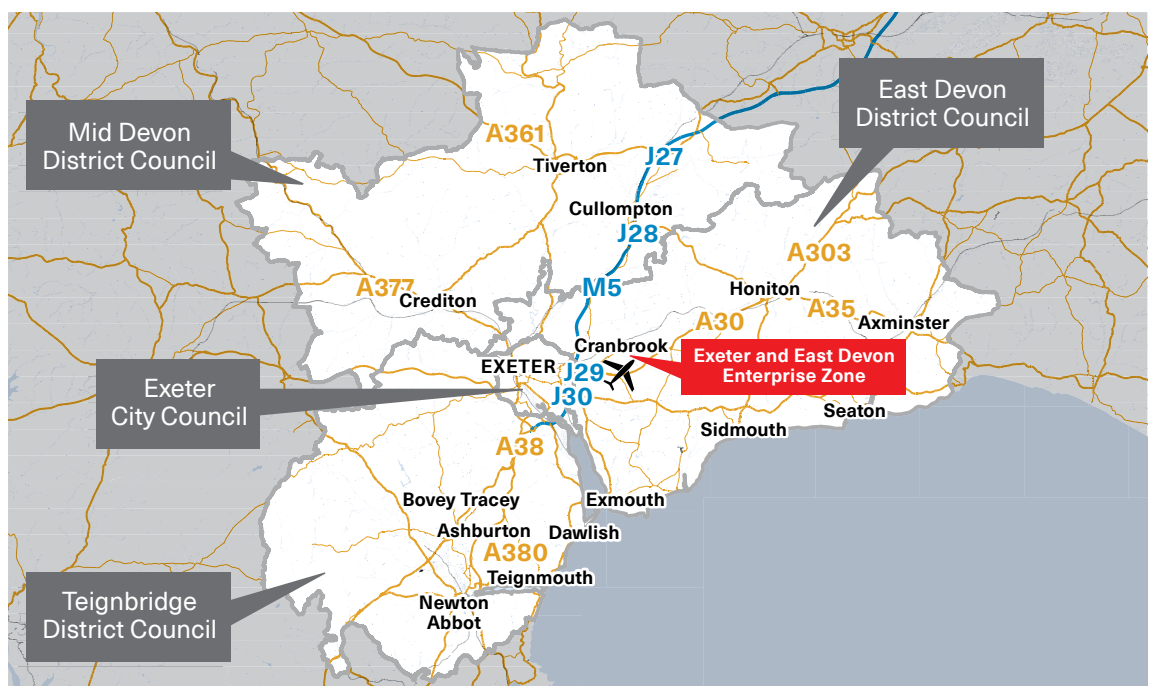
Our sub-region incorporates three overlapping functioning economic market areas (FEMAs) within the South West Region:

- the ‘M5 Corridor’
- ‘South Central’ part of the region
- the ‘A303’, which includes parts of East Devon, adjacent to Exeter and Mid-Devon.

We can also be described as a city-region, with Exeter at the core of an interdependent rural and coastal hinterland.

The structure and strength of the economy of Exeter is a key regional driver for the EHOD economy and is recognised as the central economic hub by EHOD districts. Similarly, there is a shared recognition that Exeter’s housing and economic needs will increasingly be met beyond the borders of Exeter, within East Devon, Mid Devon and Teignbridge.

Fig. 1: EHOD sub-region



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2 Our shared strategy

The EHOD shared strategy defines our joint growth ambitions and how we aim to increase competitiveness and improve productivity in the area

The importance of Exeter and Heart of Devon (EHOD) as an economic hub and focus for growth within Devon is clear. The sub-region's economy has recorded strong growth in recent years, outperforming the county and Heart of the South West LEP (HOTSW LEP) average on a number of indicators. We will build on our distinctive competitive and environmental advantages:

- World class research, education, and training organisations
- Central location in the South West with good transport access by road, rail, and air
- Outstanding strategically important employment sites and office locations
- Competitive consistently lower rents and rates to comparable sub-regions
- High quality of life, with rich cultural heritage and natural landscape and a variety of urban centres, thriving market towns and small communities

Whilst the local economy has shown itself to be relatively resilient through recent economic difficulties, the area faces a number of challenges. These need to be addressed in a coordinated and collaborative way if EHOD is to realise its growth potential. These include poor performance in terms of productivity, low average earnings and some skills deficiencies. The availability of high-end broadband capacity is an issue in a number of our business locations. A shared challenge is the lack of physically available and deliverable employment land to accommodate different levels of growth requirement – many in response to indigenous growth.

More recently, the potential impact of a changed economic relationship with the European Single Market must also be considered in terms of how we might adapt our collaborative working, especially in our approach to encouraging inward investment.



Exeter is EHD's
economic hub

The EHOD Shared Economic Strategy 2017–20 defines our joint growth ambitions and how we aim to increase competitiveness and improve productivity in the area. This is a partnership agenda between four local authorities and represents a major opportunity to have a strong, shared voice for the region and make a step change in our collective efforts to drive the economic growth of the area. The focus is on inward investment and attracting new, quality jobs, as well as supporting and working with existing businesses to help them to grow.

This shared strategy has not been prepared in isolation. It takes account of the Government’s own ‘Plan for Growth’, the HOTSW LEP’s Strategic Economic Plan (SEP) and the developing Single Productivity Plan (SPP) for the area, together with the refreshed Devon Strategy for Growth and EHOD Skills Plan Evidence Base. We are already supporting delivery of a range of growth projects, including the major transformational £2bn Exeter and East Devon Growth Point, as well as the ground-breaking development of a new joint Greater Exeter Strategic Plan (GESP). We need to ensure we are working in synergy to develop these programmes further, maximising our promotion of inward investment to populate existing strategic employment areas, whilst informing the identification of future sites best suited to economic growth.

As an area, we share many of the same aspirations and recognise that more can be achieved working together, particularly in an environment where resources are increasingly scarce. The assets, opportunities and level of collaboration and partnership working demonstrate that with the right strategy in place, EHOD has the potential to build its profile and competitive position in order to compete for investment, talent and high quality jobs. In this sense, this shared strategy is straightforward in its scope. It promotes a less fragmented, more collaborative working arrangement between our local authorities on the shared economic objectives articulated in our individual council/corporate plans.

We have identified these areas of economic overlap as:

See ‘shared economic initiatives’

A *Business Support and Transformation*: we each share a commitment to supporting the success and development of businesses in our respective districts. It makes sense to work together, pooling resource to unlock value through joint contracting which also ensures consistent, high-quality support provision across our functioning economic geography.

Where our work overlaps, it's easy to demonstrate the added value of joint working

- B *Joint approach to inward investment*: companies don't see local authority boundaries and our ED teams working to attract these businesses recognise this fact. We share a wish to see an increased number of skilled, well-paid jobs through successful inward investment. Whereas we would struggle to promote any single district, we can work together more effectively to market Exeter and the Heart of Devon and maximise the chance of successful investment.
- C *Strategic planning*: employment land and infrastructure. We have responded as a partnership in becoming part of the formal planning structure to ensure the right employment opportunities and required infrastructure will be identified through our GESP.
- D *Employment and skills*: improved engagement working together in partnership with our EHOD Employment and Skills Board is crucial to create a world-class workforce and maintain our competitive position. Given the labour market challenges currently faced by EHOD, we will be more successful in promoting the area to high-value inward investors if we can tailor skills delivery to the future needs of these businesses.

As Economic Development teams, we will continue to deliver on our individual district level Economic Development Strategies and Service Plans, but where our work overlaps, it's easy to demonstrate the added value of joint working to maximise efficiencies and avoid duplication and inconsistency.

Fig. 2: economic development work overlap



We need to address opportunities and threats to strengthen the local economy

Our challenges

Our review of the socio-economic profile of the EHOD area has identified a number of opportunities and threats, which we need to address to strengthen the local economy. These have informed our economic initiatives (outlined later) and include:

EHOD strengths and opportunities

- Significant growth potential beyond the Enterprise Zone
- Recognised as an opportunity area in HOTSW LEP's current priorities
- Delivery focus on the Devolution Prospectus priorities
- Met Office High Performance Computer
- Development of the knowledge economy
- Tourism helping to promote inward investment and workforce relocation
- Potential of Exeter City Futures to shape change
- Quality of retail offer and environment (moors and coast) proves attractive to inward investors and in attracting a skilled workforce

See appendix 3

EHOD threats and weaknesses

- Ageing workforce and population
- Rural communities becoming more dormitory, increasing commuting and loss of sustainability
- Lack of ability to bring forward employment land within a constrained timescale
- Low number of JSA claimants (limited pool for new jobs)
- Enterprise Zone can present challenges for existing EHOD employment sites
- Hinkley Point C could exacerbate skills shortages
- South West sectors disproportionately reliant on trade with European Single Market
- Quality of employment land, housing, retail and environment need to match expectations of aspirational sectors

Much can be missed if acting only on the opportunities available for us to grow our economy, without fully addressing some of our most pressing shared challenges. These too require further analysis to develop a shared understanding to enable an effective joint response.

Our current challenges include:

- **Productivity gap:** the area faces a widening ‘productivity gap’ compared with other parts of England. In relative terms, the North Devon economy has overtaken EHOD in terms of productivity growth¹.

Evidence

- Gross value added (GVA) per job is the most accurate measure of productivity. EHOD’s contribution to Devon’s total GVA has dropped from 65% in 2000 to 62% in 2014¹
 - North and South West Devon contribute considerably less to Devon’s overall GVA (38%). However, their annual GVA growth rate (2.76% and 2.49% respectively) is higher than EHOD’s at 1.88% (2000 to 2014). In this way, they are gradually catching up to EHOD in terms of overall contribution to Devon’s total GVA.¹
 - Devon’s productivity was 84% of the England average in 2000. This gap has widened to 80% (2014).¹
- **The sectoral composition of the economy:** this is dominated by low-value, low-productivity jobs, which largely service the needs of the local population

Evidence

- The sectoral composition of the EHOD area is over-represented in ‘Public admin, education and health’ (33% compared a UK figure of 27%) along with ‘wholesale and retail’ (19% compared with 16% nationally).²
- To put this into context, in 2014 it was estimated an average of 26% of jobs across the EHOD area paid below the recommended living wage. This equates to over 45,000 low-paid jobs across EHOD.³

Our shared strategy



Axminster Tools actively invest in local economic growth and skills development. Their apprenticeship scheme has a 100% success rate.

- **Earnings are lower than average:** this is the case across most of the EHOD area and links to housing affordability and relative poverty

Evidence

- Wages are broadly comparable across the EHOD area. By place of residence, they are lowest in Teignbridge (£440.80/week) and highest in East Devon (£498.90/week)⁴
- By place of work (not residence), wages are notably higher in Exeter (£536.50/week) than in the rest of EHOD (EHOD less Exeter £446.40/week)⁴
- Average EHOD wages (£20,491 pa) are still lower than both the South West (£21,283 pa) and England (£22,716 pa) average⁴
- EHOD has a higher house price ratio than the rest of England (9 × the average salary compared to 7.5 × nationally).⁵ With higher house prices and lower than average wage levels, many young skilled workers move out of the area to pursue careers and more affordable housing.
- For Exeter, the loss of employment premises to residential use is being compounded by the loss of sites to student accommodation

- **Our labour market is limited in size:** low unemployment means a shortage of workers and shortage of skills required for our businesses to expand. This is exacerbated by demographic change with a loss of young adults and a growing proportion of retired people.

Evidence

- Employment rates in all four EHOD authorities (82.2%) are higher than the South West (77.4%) and the UK (73.7%)⁶
- The average overall unemployment rate across EHOD (3.2%) is lower than the South West (3.9%) and UK (5.1%)⁶

- The proportion of economically active residents claiming Jobseeker's Allowance (JSA) across EHOD is (0.8%) This is considerably lower than the UK JSA claimant rate (1.5%) and the South West average (1%).⁷ At the time of writing, EHOD has just 2,200 JSA claimants⁷ many of whom are longer term unemployed and have multiple barriers, limiting our labour market and presenting challenges for our growing businesses and major inward investment.
 - The 65+ age group is the only age group currently growing as a proportion of EHOD's overall population⁸
 - We face a potential drop in the net migration of younger workers following the UK decision to leave the EU. This could mean fewer employees available to all of our business sectors, including those supporting this ageing population.
- **Employment land supply:** there is a lack of physically available and deliverable employment land to accommodate indigenous growth and inward investment opportunities

Evidence

- Exeter city has just six acres of currently available employment development land with only a further six hectares in the pipeline
- Teignbridge, East Devon and Exeter have employment allocations adopted within their Local Plans which are challenged in terms of their deliverability
- Environmental, landscape and geographical constraints make it difficult to deliver economic growth outside of these allocated sites
- The Growth Point employment sites are coming forward, but more slowly than anticipated
- Infrastructure constraints remain with Junction 29 and 30 of the M5 currently beyond capacity and A303, A30 and A358 improvements planned

We are working to improve our connectivity and infrastructure

- **Geographical location:** our location in the South West and access to key economic markets is an important issue. We are working to improve our connectivity and infrastructure, particularly mobile and broadband.

Evidence

- Connecting Devon and Somerset (CDS) are set to achieve 90% of premises with access to superfast broadband by Dec 2016. The phase two programme is also aiming to connect tens of thousands more premises to NGA (next generation) broadband of 30Mbps or higher. Despite these advances, some of our more deeply rural settlements and employment sites may be left without sufficient broadband access.
- Over the past 15 years Devon has seen an increase of 13% more traffic on major roads⁹
- The Chancellor has committed to delivering at least £7.2bn of investment in transport in the south west and deliver a step change in digital connectivity (January 2015)
- We are still facing serious challenges in our utilities capacity and the associated ability to bring new employment land forward. Investment in utilities infrastructure has waned in recent decades, particularly electricity and gas and major investment is required across the South West.

Our focus is to secure better jobs, a skilled labour market and a higher value business base. We need to collectively steer our own economic destiny and do so in a manner that creates sustainable opportunities, particularly for our talented young people and graduates.

3 Policy alignment

This strategy has not been prepared in isolation. The four authorities have been mindful of the need to align the strategy with relevant policy and the LEP and DCC growth plans, to ensure a strong, shared voice for the region.

This EHOD Shared Economic Strategy 2017–20 sits in a policy hierarchy that flows down from Central Government policies on employment, planning, business support, innovation, skills and learning and investment, through to sub-regional and local policies and strategies. Fig. 3 sets out the policy framework and defines the core role and function of this shared strategy.

See appendix 3
for more detail

We will ensure that the priorities contained within this shared strategy appropriately reflect those of the HOTSW LEP's Devolution Prospectus, Strategic Economic Plan and Single Productivity Plan. We will also ensure that our work delivers on the relevant areas of the refreshed Devon Strategy for Growth, maximising our alignment with both current and emerging funding streams.

Equally important is that our own intimate knowledge and insight of our local, shared economic growth opportunities and unique delivery capabilities are reflected in these emerging works, as well as our own district level strategies. Only then will the region's higher-level strategic ambition connect through to local economic resources and their commercially informed capacity to deliver.

The Growth Point is a significant feature of the EHOD area, even more so as it will soon be located within an Enterprise Zone. This will create a step change in investment and job creation and an up-lift in funds available for increasing productivity and economic benefits across our wider economic area. It will also offer discounted rates to new businesses locating in the zone, simplified planning rules and other support, such as enhanced broadband provision.



Teignmouth's Pavilions is an arts and community venue promoting sustainable economic growth, providing valuable employment

Fig. 3: strategic fit

The shared strategy is aware of, is shaped by and has synergy with these influences:



4

Our growth ambition and strategic priorities

The emphasis is on establishing EHOD as a leading knowledge economy and entrepreneurial region in the UK

Our growth vision

Our ambition is to strengthen the EHOD economy to secure sustainable growth through creating more higher-value, better-paid jobs. We will provide an environment that creates opportunities for business growth that make a positive difference to people's lives, with businesses that start, stay and invest in the area.

The emphasis is on establishing EHOD as a leading knowledge economy and entrepreneurial region in the UK, building on our comparative advantages, specifically our innovation assets including the University of Exeter, the Met Office with its 'super computer', the Science Park Centre and our growing knowledge sectors.

Our growth vision is that by 2040, EHOD will have been transformed to a leading business location, attracting more high-value investors and businesses through its diverse and skilled workforce, high-quality commercial sites, local services, and accessibility to transport links and strategic routes to the South West, UK, continental and global markets.

This shared strategy focuses on agreed actions to help create the right business, employment and workforce environments – enabling the sub-region to realise its growth ambition.

Our purpose is to support the right conditions for growth and sustainable investment in the EHOD economy. We need to achieve SMART growth, using our resources for maximum impact and focusing on our growth sectors and clusters of activities. This will create high-value jobs and seek to improve the level at which our existing workforce is employed.

We need to use this shared strategy to articulate our ambitions and plans to partners, with a view of improving collaboration and maximising leverage. This shared strategy will help shape our conversations with the HOTSW LEP in supporting delivery of the wider regional growth programmes and unlocking development funding.

Our purpose is to support the right conditions for growth and sustainable investment in the EHOD economy

Underlying principles

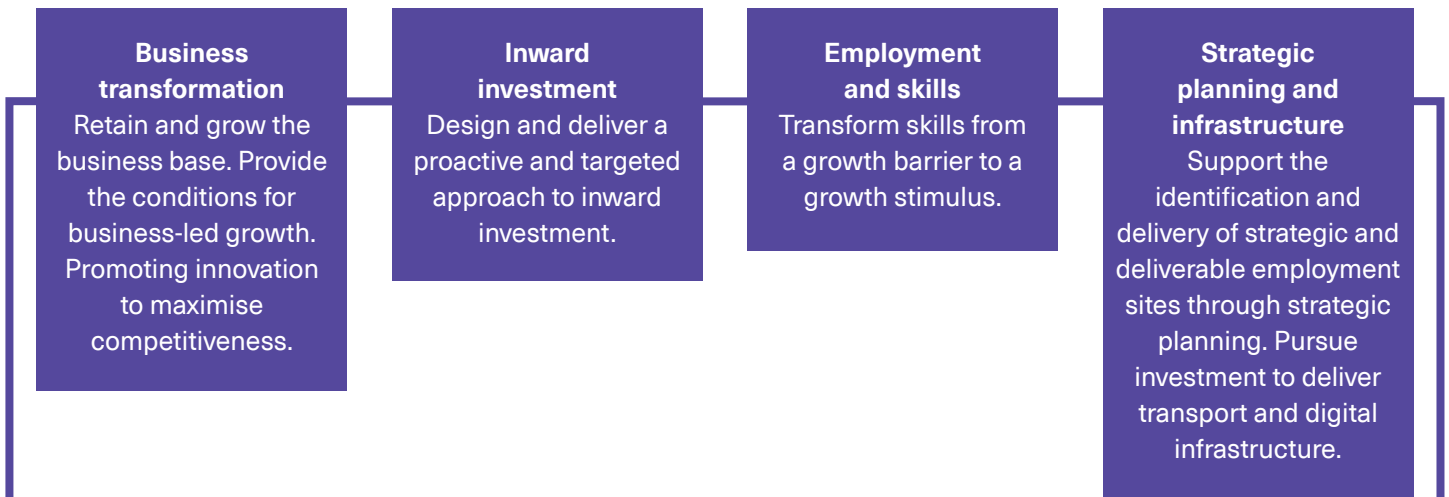
Our growth priorities and activities are underpinned by a number of principles:

- *Partnership and collaboration*: more than ever, delivery of this shared strategy will be about working in partnership to get the most from scarce resources. This will include formalising how EHOD works and establishing a new relationship with the private sector to drive forward our growth agenda.
- *SMART growth*: this shared strategy seeks to increase productivity without damaging the quality of life or the environment of the area. This more sustainable approach to development means driving economic growth through knowledge, innovation and creativity.
- *Equality*: social equality and ensuring that all residents benefit from growth will be at the heart of this shared strategy, articulated by ‘every individual matters’ in our EHOD Employment and Skills Plan & Evidence Base (2015)
- *Maximising financial incentives*: a driver will be to maximise income from the various financial mechanisms introduced by central government to generate additional revenue for each council as core grant funding is reduced. Specifically the New Homes Bonus, Community Infrastructure Levy and business rates retention will be central.
- *Understanding, monitoring and communicating trends*: our plans and activities will be based on sound research and intelligence to support and monitor economic change

Fig. 4: how we work together to achieve our overall priority



We work together on four economic initiatives ...



We have to be aware and proactive ...

Cross-cutting theme: knowledge and innovation

This is the successful generation and exploitation of new ideas. We aim to maximise our world-class research and knowledge strengths and assets by attracting significant investment, creating sustainable high quality employment, raising income levels and identifying the challenges that need to be addressed to raise innovation levels.

Innovation will also shape how we work. As a partnership, we are committed to design, test and apply better solutions and interventions that meet the needs and opportunities of our local economy.

This means we can achieve ...



EHOD overall priority

Strengthen the sub-regional economy to secure sustainable growth through creating more higher-value, better-paid jobs

Exeter Science Park,
the South West's home to
science and technology





5 Shared economic initiatives

A Business transformation

This shared strategy will build on the strengths of our business base. Over the next three-year period, the focus will be on supporting the creation of new high-value businesses and jobs, as well as supporting the growth of our existing companies. Given proposed changes to the funding of core services through retained business rate revenue, local authorities now have an even more vested interest to promote and secure this growth.

High levels of new business formation are an essential quality of a dynamic local economy. We recognise that achieving this increase in the business birth rate will be a long-term process. We need to build the foundations to foster the next generation of entrepreneurs, ensuring existing businesses have the right support to grow, innovate and become more competitive.

Over 90% of the sub-regional economy consists of small and micro enterprises operating in niche sectors. If they are able to continue to innovate and diversify, they will remain successful and continue to grow.

We have identified key industry sectors which will provide a focus for initial priority action:

- Professional scientific and technical services
- Engineering
- Big data and environmental futures
- Digital economy
- Leisure and tourism

Leisure and tourism is unlikely to reduce the productivity gap or develop the knowledge economy, but contribute significantly to the quality of life of people living in the EHOD area. This will play a strong role in encouraging skilled workers to stay in the area, and to relocate to EHOD from outside the area.

We will concentrate on our existing and emerging competitive strengths within these industry sectors to ensure that the right mix of people, skills and technology is available to improve productivity, competitiveness and profitability.

The four EHOD authorities have been working closely together to achieve positive tangible outcomes for our business communities. Our actions demonstrate that this collaborative approach to a more consistent and inclusive business support service is effective and provides far better value for money. Achievements include:

- The development and procurement of a joint business support service for businesses in the EHOD area – ‘Business Boost’. This means that all businesses start-ups within EHOD are able to access the same high-quality service, simplifying the support landscape and increasing the value for money achieved in funding the service.
- Joint procurement of business intelligence systems and sharing of business data. This enables economic development services to better understand the economic landscape, respond more effectively to incoming business enquiries, to identify business needs, and shape the best methods of meeting these needs. This will also enhance future collaborative project development.

We will continue to seek and engage with funding opportunities to deliver new business support services and to extend the longevity of our existing support provision.

The four EHOD authorities have been working closely together to achieve positive tangible outcomes for our business communities

PARTNERS' ACTIONS

- Design and implement a comprehensive all-age entrepreneurship and enterprise programme to accelerate new business start-ups
- Monitor and evaluate our jointly contracted Business Boost support programme to ensure the growth and expansion of a world-class business support network
- Design and develop a series of cluster development programmes prioritising the sectors outlined above that show potential for growth and development
- Encourage the commercialisation of the research and development capability of the University of Exeter
- Design and implement an EHOD workspace strategy and action plan for thriving start-ups and move-on space for next stage growth
- We will work with our partners across the EHOD region, committed to establishing the Greater Exeter region as one of the UK's leading knowledge economies, foremost in the areas of high performance computing, data analytics and environmental futures
- Work to ensure the fast-tracking of all planning applications associated with employment growth within EHOD
- Remove a key barrier to growth by pushing for pre-application consultation fees to be removed for all small-scale applications associated with business growth

B Inward investment

Attracting inward investment is fundamental to achieving our growth ambitions for EHOD. We need to generate a more in-depth understanding and intelligence regarding our growth sectors and sharpen our focus on how we enable investment and growth in our priority sectors.

Through joint initiatives, such as the Exeter and East Devon Growth Point and ExIST, EHOD continues to be an attractive location for inward investment, garnering 600 to 1,000 annual enquiries to expand or relocate within the area. Plans for a new Enterprise Zone at the Exeter and East Devon Growth Point will enhance the ability to attract investment into EHOD. However, we need to develop and implement a more effective enquiry-handling service to convert high-value, knowledge-based business enquiries into secured investment.

We will co-ordinate all activity relating to inward investment, drawing together all interests and activities to unite all involved behind one common vision and resource pool. The aim is to attract significant investment, create sustainable high quality employment, raise income levels and identify the challenges that need to be addressed to raise innovation levels, including retaining and attracting ambitious young people to the area.

We will design and implement a proactive approach in the form of a new inward investment programme. We will focus on the core sectors we have identified as well as functions and geographies, which will be carefully researched. Activities will be prioritised to ensure best use of resources and effective marketing, building on combined investment appeal and an appropriate blend of media collateral.

In addition we will, in partnership with the Department for International Trade (DIT, formerly UK Trade and Investment), the HOTSW LEP and DCC, re-shape our engagement with key employers through a consistent ‘key account management’ approach to proactively manage relationships with all strategically important businesses.

PARTNERS’ ACTIONS

- Work with DIT, the HOTSW LEP and partners in Devon County Council to promote and market the EHOD offer regionally, nationally and internationally
- Develop and implement a proactive inward investment programme and ‘soft-landing package’ – consistent across all EHOD authorities. This will define our targeted inward investment sector priorities based on our existing strengths and national relevance.
- Continue to develop the Commercial Property Register and EHOD CRM system to strengthen information exchange, joint handling of enquiries, referrals and performance monitoring
- Formalise a shared approach to ‘key account management’ to work with companies to retain and grow our key employers, which aligns with the strategic and global accounts managed by DIT
- Monitor feedback and record any reduction in inward investment activity associated with the UK’s withdrawal from the European Union (EU)

C Strategic planning and infrastructure

Successful economies also need adequate infrastructure to provide the basis for smart economic growth, which is more resilient and adaptive to emerging markets. The quality of our economic infrastructure is of strategic importance to business growth. The reliability of transport networks – road, rail and air – the security and cost of energy, the resilience of water and waste services and the speed of broadband connections are all critical factors for business.

The EHOD local authorities along with DCC have commenced work to align planning policy and development strategy through the production of a joint Greater Exeter Strategic Plan (GESP). This will guide change and development over the next 25 years. It is through this process that the EHOD partnership can support and guide the identification and delivery of suitable employment sites.

The process includes the production of a Housing and Economic Land Availability Assessment (HELAA) that will cover the whole of the EHOD area. This will be informed by an Economic Development Needs Assessment (EDNA) that has recently been commissioned. We will support the development of the EDNA through a robust analysis of the jobs and growth scenarios underpinning this work.

Our EHOD partnership will also provide business intelligence to ensure that the HELAA methodology is sound in its approach to the identification and assessment of employment land. We will do this by ensuring that deliverability and viability underpin the identification of these strategic employment sites across the EHOD geography – directly informing more robust allocations within our respective Local Plans. We will then enable future growth by supporting and bringing forward investment in these key development sites through supporting indigenous business growth and promoting inward investment.

PARTNERS' ACTIONS

- Help ensure the HELAA methodology and pro-forma is robust and captures information to inform an assessment of the deliverability of land put forward for employment use
- EHOD ED Officers commit to ongoing attendance on the HELAA panel. This will help ensure that the delivery of housing across EHOD is balanced against the delivery of sufficient employment premises. In this way, we will be promoting the right mix of housing and employment land in the right locations to meet the needs of businesses now and in the future.
- Engage with estates management functions in the EHOD local authorities to ensure land owned by local authorities is submitted to the process in the same way as any other site
- To assist planning officers with the initial filtering of sites (assessing suitability and availability), pre-panel assessments and highlighting major transport needs
- Ensure the demand data collated by the Commercial Property Register informs both the identification of suitable employment sites through the GESP and supports the approval of planning applications for commercial use
- Directly inform scenario development in EDNA. Propose appropriate amendments to existing growth trajectory scenarios based on local employment step change interventions such as the Enterprise Zone.
- EHOD will lead a broadband development event, bringing together all major developers and broadband providers to focus on maximising the delivery of superfast connectivity in all major construction projects across EHOD

D Employment and skills

Enhancing and developing the skills of our adult workforce and young people entering the workforce is critical to enable economic growth. We need to match skills with jobs to ensure the diverse skills and employment needs of existing enterprises and potential investors are provided for, now and in the future. In addition, with such comparatively low levels of current unemployment, it is essential to engage and promote opportunities to heighten

individual aspirations and skills development within the existing workforce – improving work prospects, productivity and average earnings throughout the region.

We need to respond to a much changed policy and programme environment for education and skills. Skills and employment will see further major reforms to achieve the government's productivity and economic growth aims across the labour market. Specifically, the re-shaping and re-commissioning of post-16 education and the continuing emphasis on apprenticeships is designed to equip people with the skills that employers need to compete and grow.

This is perhaps the most challenging of our priorities. However, we are fortunate that the EHOD Employment and Skills Board (ESB) has been established, whose overall mission is for a 'local world-class workforce where every individual matters'. Their priority areas are:

- Improving impartial up-to-date Careers Education Information Advice and Guidance (CEIAG) through greater employer-education engagement
- Linking local people to local job creation particularly in growing sectors with recruitment difficulties
- Growing the number of apprenticeships, particularly well-paid higher-level and graduate-level apprenticeships
- Addressing low levels of progression into higher education given EHOD's strategy of knowledge intensive (KI) growth and the presence of a world-renowned university
- Improving levels of graduate retention from the large pool of young talent which routinely leaves EHOD
- Developing higher-level and technical skills to support 'smart specialisation'

We need to forge a closer working relationship with the ESB to align activities and help promote more tangible outputs that meet the needs of business and our working residents. By working more closely with our employer-led EHOD ESB, the four district authorities can help ensure that stronger links with our education and skills providers are developed and maintained with this crucial group of major local businesses.

Through detailed analysis of our businesses, EDOS (economic development officers) and the ESB can identify and translate sector-specific evidence of skills and training needs into detailed funding applications (where available). This is to enable tailored delivery, creating adaptations to local training and education provision based on up-to-date local economic intelligence.

PARTNERS' ACTIONS

- EHOD economic development teams will formalise a collaborative working relationship with the ESB as an employer-led independent organisation to help unlock potential and achieve the ESB stated aims
- To fulfil this obligation in the short term, EHOD economic development teams will demonstrate improved engagement with the ESB through EDO support and representation at ESB meetings
- Employment and Skills will also become a standing item for review at monthly EHOD economic development team meetings with quarterly ESB representation
- EHOD economic development teams will identify future skills needs within this shared strategy's priority sectors (see A, business transformation) that show potential for growth and development and feed these into the ESB for response
- In the medium term, EDOS will help identify and promote the skills needs of the current and future business base through comprehensive intelligence-driven research and business engagement to gather local economic and employment data
- Our EHOD ESB lead will develop an action plan which takes into account the new government employment and skills guidance and aligns with the devolution agenda
- EHOD economic development teams will also work with the ESB to develop a balanced ESB representation to include greater engagement with Mid Devon and Teignbridge
- Support the development of higher level apprenticeship programmes for our key sectors

6 Implementation and delivery





ALVINE

EHOD promoting the development of skills required for high-value future employment

Much has been achieved over the last 18 months in terms of partnership action. The economic development teams will have a critical role to play to drive forward the growth agenda across the EHOD area. The roles, responsibilities and resources within the teams will need to be reviewed and agreed in light of the new priorities set out in the strategy. Collective functions will include:

- Formalising the Shared Economic and Investment Strategy in consultation with the HOTSW LEP and business community
- Ensuring effective alignment between decision making on transport and decisions on other areas of policy such as economic development and wider regeneration
- Using EHOD economic intelligence and analysis as a basis for strategic planning, investment and coordination.
- Coordinating inward investment activity through the development of a shared CRM system and a range of investment mechanisms
- Decision-making on the skills strategy and agenda across the EHOD area

What we want to achieve

Our collaborative approach will focus on delivering actions that will:

- Improve the productivity of the EHOD economy
- Attract and retain investment in knowledge and innovation sectors
- Support the creation of high-value jobs that raise the wage profile
- Work with planning teams to identify and enable employment provision and infrastructure to support economic growth
- Ensure local skills meet the current and future needs of the EHOD business landscape

How this will be achieved

Through ongoing EHOD partnership engagement we will prepare business plans for each of the priorities highlighted in this shared strategy that will identify:

- The principal activities that will be taken forward
- Key targets and milestones
- The resources required

Who will lead within EHOD

Lead authority and partners taking forward the activities are:

- *Business support and transformation lead economic development team*
Mid Devon District Council
- *Joint approach to inward investment lead economic development team*
Exeter City Council
- *Strategic planning: employment land and infrastructure lead economic development team*
East Devon District Council
- *Employment and skills lead economic development team*
Teignbridge District Council

Measuring progress

The partner actions we have outlined in delivering each of the four economic initiatives articulate our specific aims and commitments.

A business plan will be developed to encapsulate the actions for each common economic objective which will be subject to ongoing progress review at monthly EHOD meetings.

Beyond these partner actions, the wider strategic outcomes of our work are identified as:

- Securing stakeholder and business agreement with this shared strategy
- Formal adoption through our committee processes of this shared strategy by our four EHOD authorities
- Recognition from the HOTSW LEP and DCC of the work EHOD are doing to actively deliver on the economic growth and productivity aims of their SEP, SPP, Devolution Prospectus and Strategy for Growth
- Evidence-led tailoring of our Business Boost support programme
- An increase in inward investment enquiries, conversions and jobs created across the four districts
- The growth of our existing business base with improved engagement through our ‘key employer programme’
- The identification and eventual adoption of the most optimal employment sites across EHOD
- To maximise synergies between employment and skills provision and local employer needs

See appendix 3

Making the case for growth will be crucial if EHOD is to benefit from external funding support. The focus will be on developing and bringing forward projects that will have major economic impact, improve productivity and bring wider benefit to the area. This shared strategy will also ensure parity of resource input by partner authorities in the overall delivery of our shared EHOD economic objectives.

Appendix 1

EHOD economic indicators

	Teignbridge	East Devon	Exeter	Mid Devon	EHOD	South West	England
Population							
Total population	128,826	138,141	127,308	79,510	473,785	5,413,094	63,258,400
Population under 16	16.2%	15.7%	15.4%	18.4%	16.4%	16.6%	20.1%
Population 16–64	58.2%	54.5%	69.0%	58.9%	60.1%	61.8%	62.1%
Population 65+	25.6%	29.8%	15.7%	22.7%	23.4%	21.6%	17.7%
Labour market							
Employment	98.4%	97.0%	95.6%	97.9%	97.2%	96.1%	95.0%
Economically inactive	9.3%	8.4%	10.2%	8.6%	9.1%	11.5%	11.8%
Unemployed	2.9%	2.8%	4.3%	2.8%	3.2%	3.9%	5.0%
Out of work benefits claimants	9.3%	8.4%	10.2%	8.6%	9.1%	10.4%	11.8%
Job density	0.71	0.81	1.20	0.77	0.87	0.86	0.82
Average wages							
Weekly wage by residence	£440.80	£498.90	£478.10	£479.90	£474.43	£498.80	£527.70
Weekly wage by place of work	£402.90	£466.70	£536.50	£469.70	£468.95	£492.80	527.7
Average annual wage	£19,922	£21,235	£20,104	£20,703	£20,491.00	£21,283	22,716
Average house price	£220,802	£250,048	£229,377	£210,267	£227,623.60	£212,878	£202,856
House price ratio	10.23	10.02	7.86	8.08	9.05	10	7.49
Enterprises							
Micro enterprises (0–9)	87.6%	89.1%	83.6%	91.8%	88.0%	88.7%	88.8%
Small enterprises (10–49)	10.6%	9.6%	13.4%	7.3%	10.2%	9.5%	9.2%
Medium enterprises (50–249)	1.6%	1.1%	2.2%	0.8%	1.4%	1.4%	1.6%
Large enterprises (250+)	0.2%	0.2%	0.8%	0.1%	0.3%	0.3%	0.4%
Skill levels¹							
No Qualification	5.50%	²	²	²	²	5.50%	8.60%
NVQ1 and equivalent	12.6%	7.2%	11.3%	8.8%	10.0%	13.2%	12.8%
NVQ2 and equivalent	18.2%	19.9%	18.6%	12.9%	17.4%	18.9%	18.1%
NVQ3 and equivalent	26.2%	18.0%	26.4%	37.1%	26.9%	21.0%	19.1%
NVQ4 and above	37.4%	54.9%	43.7%	41.2%	44.3%	40.9%	40.7%

¹ Some percentages will not equal 100% due to rounding methods

² too small to measure

Appendix 2

EHOD inward investment Memorandum of Understanding

Memorandum of Understanding (MoU) for the new collaborative delivery model for economic development for Exeter and the Heart of Devon ('EHOD') from 3 November 2016 onwards

Introduction

This MoU outlines the guiding principles by which all the participating local authorities will co-operate and co-ordinate their support for the new service delivery model for economic development from 3 November 2016.

The MoU is based on the local authorities working together in a transparent and collaborative way. It sets out the themes under which economic activities will take place, and identifies which local authority will be the lead partner in each activity:

- Inward investment: Exeter City Council
- Business transformation: Mid Devon District Council
- Strategic planning and infrastructure: East Devon District Council
- Employment and skills: Teignbridge District Council

The benefits of the MoU to all parties are the potential for economies of scale and provision of service, and the joint sharing of intelligence and resource. There is also the increased capacity for EHOD as a whole to be a more encouraging location for indigenous growth and inward investment within the sub-regional, regional and national context. It is also intended to ensure greater efficiency through optimising the use of collective resources such as sector intelligence and market understanding.

Overarching principles

The driver behind this approach to delivering economic development is the recognition that businesses do not operate within local authority boundaries. Instead the majority of their activities take place within functioning geographical areas. EHOD is a long established functioning economic geography, covering the local authority areas of Exeter, East Devon, Mid Devon and Teignbridge.

Within this setting, each of the four local authorities has strengths and weaknesses in the development and implementation of business focused activities. However, the local authorities have limited resource to support and grow economic activities, and must therefore be more innovative in the way that we work and explore opportunities to develop services in partnership to achieve success. By working in a more collaborative way, we can build upon the strengths of each authority, and mitigate areas of weakness, making the whole of the EHOD area more economically successful and resilient.

The participating local authorities will look for opportunities to align our business focused activities more closely and, where it becomes sensible to do so, the activity will be delivered in partnership. This process will create a low-risk method of combining activities, by ensuring that a decision to work collaboratively is only ever made when it is to the benefit of each local authority.

Each local authority will also develop a business plan for the EHOD area, focused on their recognised areas of expertise (see above themes). These business plans will support the aims and objectives of the EHOD Shared Economic Strategy 2017–20, and align with the key themes it seeks to address.

The business plans will be reviewed annually, and refreshed following the renewal of the EHOD Shared Economic Strategy 2017–20 in 2020. This MoU will be formally reviewed annually.

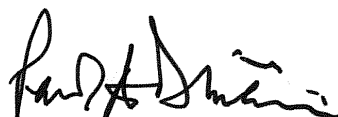
Status

This MoU is not intended to be legally binding, and no legal obligations or legal rights shall arise between the parties from this MoU. The parties enter into the MoU intending to honour all their obligations. Nothing in this MoU is intended to, or shall be deemed to, establish any partnership or joint venture between the parties, constitute either party as the agent of the other party, nor authorise either of the parties to make or enter into any commitments for or on behalf of the other party.

Agreement

Based on the above principles and intended process, this MoU confirms the organisations stated have agreed on the delivery of EHOD services against the principles above.

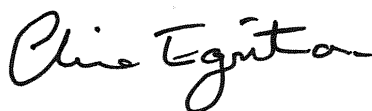
Signed on 3 November, 2016 by:



Cllr Paul Diviani
Leader, East Devon District Council



Cllr Pete Edwards
Leader, Exeter City Council



Cllr Clive Eginton
Leader, Mid Devon District Council



Cllr Jeremy Christophers
Leader, Teignbridge District Council

Appendix 3

EHOD Shared Economic Strategy 2017–20: synergy matrix

Most important local economic strategies

Heart of the South West Local Enterprise Partnership Devolution Proposal

Heart of the South West Local Enterprise Partnership Strategic Economic Plan

Devon County Council Strategy for Growth

EHOD economic initiatives

Inward investment actions

- Supporting the local supply chain needs of Hinkley Point C
- Making the area more attractive to Inward Investment

- Capitalising on our distinctive assets to create higher value growth and better jobs
- By 2020 – improve up to the middle third of LEPS for innovation and knowledge economy indicators; middle third for higher value employment indicators

- Priority action: a more productive economy and promotion of inward investment

Business transformation actions

- Improved tax revenues from business growth
- Contribute towards the pledged £4bn additional gVA towards the UK economy

- Stimulating jobs and growth across the whole economy

- Priority action: a thriving business community

Employment and skills actions

- A highly-skilled highly-productive labour market meeting businesses' employment priorities
- Contribute towards the 163,000 new jobs
- Raise wage levels above the national average
- Increase apprenticeships by 400%

- Maximise productivity and employment to benefit all sectors
- By 2020, placed in middle third of LEPS for competitiveness, exporting and enterprise indicators
- Top 15 LEPS for reducing youth unemployment
- Reduce the gap with the average UK wage

- Priority action: a workforce with the right skills and employment opportunities for the future

Strategic planning actions

- Delivery of infrastructure that supports these ambitious plans
- 179,000 more homes and accelerated delivery in major growth points

- Creating the conditions for growth through infrastructure and services to underpin growth
- Making transport infrastructure more resilient
- 95% superfast broadband coverage
- 10,000 new homes per year

- Priority action: a well-connected county with the road, rail, cycle networks, economic hubs, broadband and housing it needs

Appendix 4

Acronyms used in this document

CEIAG	Careers Education Information Advice and Guidance
CDS	Connecting Devon and Somerset
CRM	Customer relationship management (system)
DIT	Department for International Trade
DCC	Devon County Council
DCLG	Department for Communities and Local Government
ECC	Exeter City Council
EDDC	East Devon District Council
EDO	Economic Development Officer
EDNA	Economic Development Needs Assessment
EHOD	Exeter and Heart of Devon (Economic Partnership)
ESB	Employment and Skills Board
ESIF	European Structural and Investment Funds
ExIST	Exeter Initiative for Science and Technology
FEMA	Functioning Economic Market Areas
GESP	Greater Exeter Strategic Plan
GVA	Gross Value Added
HELAA	Housing and Economic Land Availability Assessment
HOTSW LEP	Heart of the South West Local Enterprise Partnership
JSA	Jobseeker's Allowance
MDDC	Mid Devon District Council
Mbps	Megabits per second
NGA	Next generation (broadband)
ONS	Office for National Statistics
SEP	Strategic Economic Plan
SMART	Specific, measurable, achievable, realistic and time-bound
SPP	Single Productivity Plan
TDC	Teignbridge District Council
UKTI	UK Trade and Investment

Appendix 5

References for section 2

- 1 SQW
June 2015
- 2 ONS Business Register and Employment Survey
2015
- 3 ONS Annual Survey of Hours and Earnings
2014
- 4 ONS Annual Survey of Hours and Earnings
2015
- 5 Housing Market Profile
July 2016
- 6 ONS Annual Population Survey
2016
- 7 DWP Benefit Claimants – Working Age Client Group
2016
- 8 ONS Predictions Based on Census Data
2011
- 9 Department of Transport
2015



Exeter + Heart of Devon Economic Partnership members:

