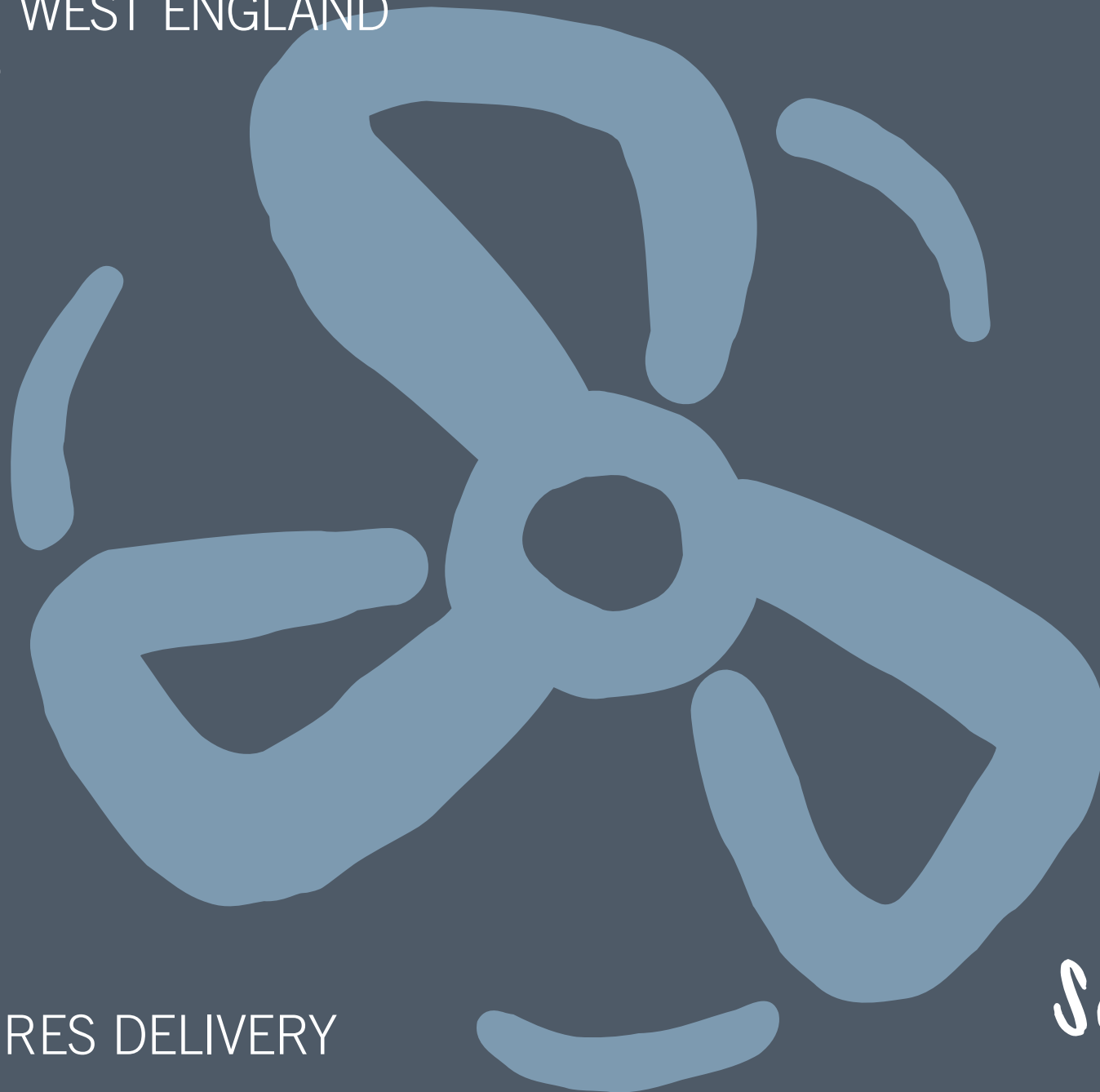


REGIONAL ECONOMIC STRATEGY
FOR SOUTH WEST ENGLAND
2006 - 2015



REVIEW OF RES DELIVERY
MAY 2006

South West
England

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* The Strategic Objectives referred to throughout this annex are for the RES 2003 - 2012.

The Regional Economic Strategy consists of the STRATEGY document and DELIVERY FRAMEWORK.

These are supported by six documents that provide further detail or background information: EVIDENCE BASE, SPATIAL IMPLICATIONS, STRATEGIC CONTEXT, REVIEW OF RES DELIVERY, CONSULTATION SUMMARY and REFERENCE GUIDE. These are all available from the South West RDA website on www.southwestrda.org.uk/res2006

CONTEXT

Guidance issued by the Department of Trade and Industry (DTI) to inform the revision of Regional Economic Strategies states that there should be a section within the RES which:

“...should present the results of evaluation research that has been undertaken into the activities of the South West RDA and/or other agencies, as this will form an increasingly important part of the evidence about the effectiveness of policy options in the region, given its specific circumstances. Where appropriate, evidence should be placed in a national, European or international context.”

The purpose of this annex is to review progress towards delivering the current RES (2003 – 2012), including work to date. In doing so, this annex has helped to inform the priorities and actions in the revised Strategy and these are outlined in the Conclusion section.

INTRODUCTION

The Regional Economic Strategy for South West England 2003 – 2012 has been a catalyst for change. It has provided a clear, common strategic framework for organisations involved in economic development in the region. This annex reviews progress to date and identifies links with the new Delivery Framework.

This annex looks at:

- changes to the economy since 2003
- progress towards delivery of RES 2003 – 2012 priorities
- research, evaluation and impact assessments

This review has drawn on a wide range of regional research and intelligence including:

- the South West RDA Evaluation Framework (February 2004)
- regional research and impact assessments
- performance management reviews and processes
- an independent review of evaluation to date

CHANGES TO THE ECONOMY SINCE 2003

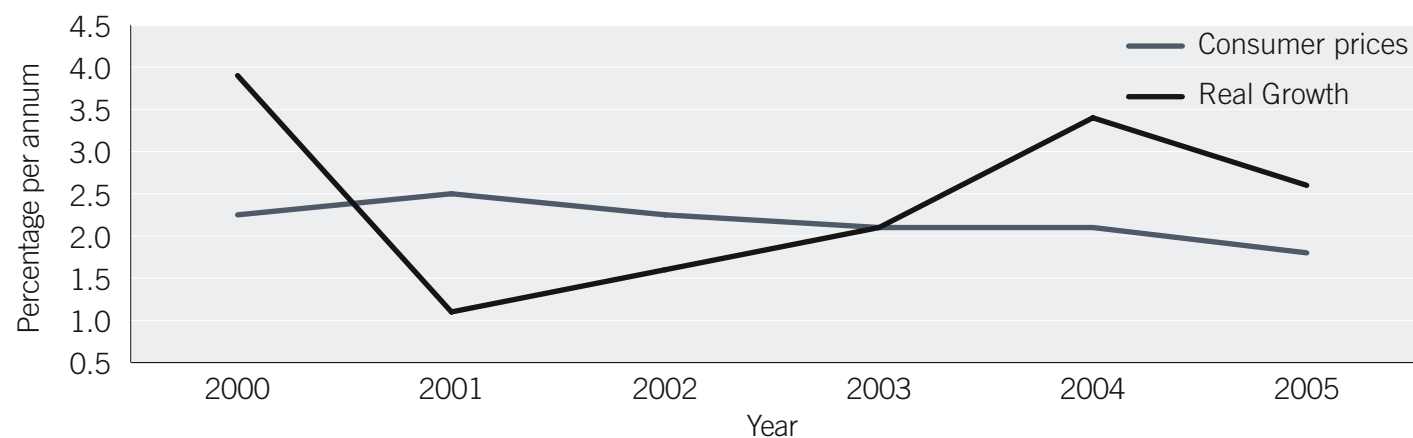
This section draws on available data to analyse broad trends and perceptions of economic development in the South West over the period covering the inception and early years of the 2003 – 2012 RES.

GLOBAL AND NATIONAL CONTEXT

Led by the return of US business and consumer confidence, lower interest rates and some fiscal stimulation, world economic growth began to recover in 2003. The surge in activity in the Far East, based on the rapid development of China, was also a significant factor. In comparison, Europe and Japan remained relatively sluggish, following rather than leading the upturn. This upturn strengthened in 2004 but world economic growth slowed somewhat in 2005, in response partly to higher interest rates, higher commodity prices and some special factors, such as Hurricane Katrina. Despite higher growth and input prices, world inflation remained remarkably benign in the 2003 – 2005 period (see Figure 1 below).

The UK economy has largely mirrored the global background, with real growth accelerating from a low of 2.0% in 2002 to 3.2% in 2004 and slowing in 2005. (see Table 1 for details of recent economic trends). The recent slowdown, however, has been relatively steep – growth was less than 2% in 2005. The housing “boom” of 2003 – 2004 created a lot of forward momentum but higher interest rates and other factors made consumers less confident in 2005. Even though unemployment rates remained low, and real incomes still rose, sectors closely linked to the retail and housing markets saw activity slow down sharply last year. Moreover, manufacturers faced tougher international and domestic trading conditions and pressures on profit margins from both higher input costs and competitive restraints on final prices. Many were effectively in recession in 2005. In contrast, business-to-business services activity remained relatively buoyant.

Figure 1: OECD Economies



The Bank of England raised interest rates to 4.75% in early 2005 but edged them back to 4.5% later, where they have remained unchanged in the last few months. With inflation above its 2% target and the Bank's forecasters currently expecting it to remain at or above target, interest rates are not expected to change significantly over the next 18 months.

Meanwhile, the fiscal stimulus from government spending has slowed and is expected to diminish further in the next few years. Business investment has recovered from a low in 2003 but is not expected to accelerate strongly. Thus, in the short-term, without a re-acceleration of consumer expenditure, the UK economy is forecast to remain sluggish.

Table 1: Recent Economic Trends

UK INDICATORS*	2002	2003	2004	2005 H1
Real GDP	+2.0	+2.5	+3.2	+2.0
Employment	+0.5	+1.4	+0.5	+0.5e
Productivity	+0.9	+1.6	+2.4	+1.5e
Manufacturing output	-3.1	+0.1	+1.9	-1.0
Business services output	+1.6	+2.8	+4.5	+3.6
Consumer prices	+1.3	+1.4	+1.3	+1.8
Earnings	+3.6	+3.4	+4.3	+4.4
Profits	+2.2	+5.2	+7.1	+3.5e
Effective £ index (1990 =100)	106.0	100.2	104.1	103.6
Unemployment rate (%)	5.2	5.0	4.7	4.7

* change on previous equivalent period, unless otherwise stated. e = estimates. H1 = first half.

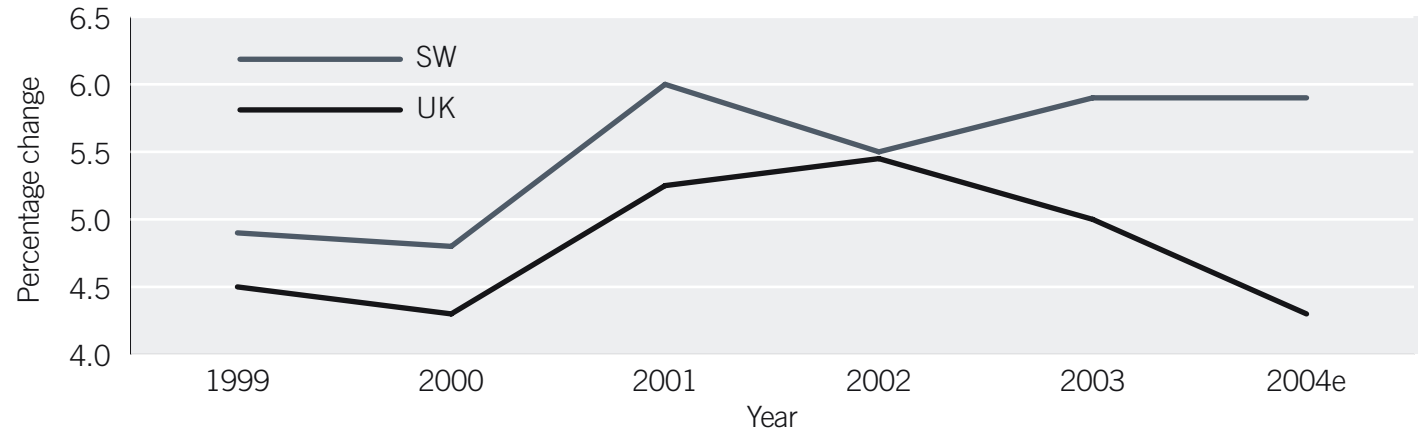
SW ECONOMY

From the middle of 2003, there was a noticeable improvement in business and consumer confidence in South West England and the regional economy's relative performance was strong in each of the last three years. Output growth exceeded national averages, employment growth was relatively good and exports grew relatively well. The economy still has the lowest unemployment rate in the United Kingdom and the highest rates of net immigration. Business, enterprise and innovation have been good. To an extent, performance differentials across the region have narrowed and the region has been experiencing some of the problems of success, especially with respect to skills shortages and housing affordability.

The South West has experienced rapid population growth, +5.9% from 1994 – 2004 – faster than any other region, with recent net immigration rates far in excess of any other region.

Regional Gross Value Added (GVA – a measure of current economic output) amounted to over £75 billion in 2003, 5.9% more than in 2002 and 7.9% of the UK total (up from 7.7% in 1999). Since 1999, this measure has increased by 24.2% compared with 21.6% for the UK as a whole. Figure 2 shows how the SW economy has grown faster than average in recent years. In 2004, current estimates suggest the region maintained its nominal growth and widened its positive differential over the rest of the country. In 2005, as the national and regional economy slowed, this relative advantage will have diminished but remained significantly positive.

Figure 2: GVA Growth (percentage change)



e = estimates

GVA per head exceeded £15,000, 5.9% below the UK average but showing an improvement in relative position (from 7% below in 1999 and 6.5% in the previous year). In 2004, with growth and net immigration both still strong, the relative index may have improved slightly.

According to the SW Regional Accounts, GVA/FTE – a measure of labour productivity, increased from an average of £31,100 in 1999 to £36,200 in 2003. On this measure, the region stood at 91% of the GB average in 1999 but improved its relative position to 94.5% in 2003. This trend advance is estimated to have gone further in 2004 but, perhaps, moderated in 2005.

On a similar basis, Gross Disposable Household Income (GDHI – a measure of current economic incomes) per head stood at £12,704 in 2003, 0.7% above the UK average (unchanged from 1999).

Detailed analysis of the South West economy – its recent performance and development outlook, its structural strengths and weaknesses and the competitive pressures it is likely to face – is covered extensively in the accompanying RES Review Evidence Base Annex.

REGIONAL ECONOMIC STRATEGY FOR SOUTH WEST ENGLAND 2003 – 2012 ACTIVITY SUMMARIES

As part of the RES review process, progress was assessed against each Strategic Objective – the findings are summarised in the tables below. Summaries of relevant research and evaluation reports are highlighted in italics. Implications for future delivery are set out at the end of each Strategic Objective section and some general conclusions are set out at the end of the document.

STRATEGIC OBJECTIVE ONE – RAISE BUSINESS PRODUCTIVITY

STRATEGIC ACTIONS	PRIORITIES
1.1 Support business growth	<ul style="list-style-type: none"> ■ support the development of key sectors ■ encourage increased international trade by South West companies ■ promote the development of regional and local supply chains ■ attract and retain domestic and foreign direct investment into the region ■ support business growth through access to appropriate finance and advice
1.2 Develop a skilled and adaptable workforce	<ul style="list-style-type: none"> ■ improve skills and learning in the workplace ■ deliver a coherent skills development framework focused on the needs of industry
1.3 Deliver a supply of appropriate sites and premises for business needs	<ul style="list-style-type: none"> ■ develop incubators and science parks to support the exploitation of regional research ■ ensure regionally significant sites are brought forward ■ ensure that there is a range of workspace to support the needs of developing companies
1.4 Develop the South West as a leading region for innovative and knowledge-based businesses	<ul style="list-style-type: none"> ■ undertake key initiatives to encourage innovation in the region's businesses ■ increase the rate of technology transfer between further and higher education, public sector research establishments and businesses

Targets:

- | | | |
|--|--|---|
| ■ increase regional productivity in real terms | ■ raise the proportion of people with NVQ2,3,4 and above | ■ increase the hectareage of serviced land for development (50% on brownfield land) |
| ■ increase new business registrations and survival rates | ■ increase the number of people with at least NVQ1 | ■ increase the number of 'innovation active' firms in the region by 2.5% |
| ■ secure more inward investments | ■ ensure that 50% of housing is on brownfield land | ■ increase the expenditure on R&D as a proportion of regional GDP |
| ■ improve productivity (GVA/worker) | | |

STRATEGIC ACTION 1.1: SUPPORT BUSINESS GROWTH

PRIORITIES	ACTIVITIES
<p>Support the development of key sectors</p>	<p>The following sector groups have been established:</p> <ul style="list-style-type: none"> ■ The West of England Aerospace Forum ■ South West Food & Drink ■ ICT Sector Group ■ South West Tourism ■ Marine South West ■ Creative Industries ■ BioApproaches SW <p>The following skills development programmes have been established:</p> <ul style="list-style-type: none"> ■ Tourism Skills Network SW ■ Marine Training Centres ■ Advanced Engineering Skills Project ■ SW Food and Drink Skills Network ■ Media Skills Development Programme ■ Environmental Skills Development Programme <p><i>In 2004 a review of the South West RDA approach to sector development concluded that:</i></p> <ul style="list-style-type: none"> ■ <i>there is broad support from key partners about the choice of sectors and the development of sector based programmes</i> ■ <i>partners would like to see a more integrated approach to sector development with stronger leadership from the South West RDA</i> ■ <i>task forces and cluster approaches should be investigated, perhaps linked to a joint partner sector development pot</i> ■ <i>sector agendas need to be sharpened through best practice case studies focused on productivity and business competitiveness</i> ■ <i>different sectors may require different support models and it is important to regularly review sector arrangements</i> <p><i>A Sector/Spatial dynamics study was conducted in 2005 to assess future development of the key and emerging sectors over a 20 year time frame and understand spatial characteristics of sector development.</i></p>

PRIORITIES

ACTIVITIES

Encourage increased international trade by South West companies

Between 1999 and 2004 the value of **goods exported by SW businesses** rose by over 33% (national average 13%).

A concordant has been signed between the South West RDA and UKTI – SW to formalise a wide-ranging strategic cooperation between the two organisations.

The Regional International Trade Strategy was reviewed and updated in 2004 setting clear objectives and priorities for regional activity.

UKTI Development Passport Programme has been delivered by regional partners including UKTI SW, Business Links, Chambers of Commerce and Sector Organisations providing tailored advice to SW companies:

- **426 SW businesses signed up to the Passport Programme**
- **523 SW companies exporting for the first time**

Support has been delivered to businesses to help open up new markets through, for example, Marine SW joint trade missions.

A Regional Language Network has been established offering free advice to businesses on developing a successful foreign language and cultural strategy.

Promote the development of regional and local supply chains

Regional supply programmes have been incorporated into the sector development approach with particular progress in Aerospace and Food and Drink sectors.

A Profit through Procurement project has been developed to make SMEs aware of commercial public sector opportunities and to facilitate their successful access to these. An evaluation of this programme in 2005 concluded that:

- the programme represented good value for money meeting key target outputs and outcomes
- the programme should be continued and developed to reflect the experience of the small scale pilot

PRIORITIES

ACTIVITIES

Attract and retain domestic and Foreign Direct Investment (FDI) into the region

The SW International Trade Strategy has been developed to strengthen the skills and capabilities of regional businesses, especially within the priority sectors, to trade internationally.

Overseas representation has been expanded to include offices in China and Australia.

Targeted initiatives have been delivered promoting the region's existing investment strengths including wireless, chip design, aerospace and automotive supply chain business.

Regional partners have signed up to **the Regional Enterprise Strategy** to offer cohesive support services to businesses in the region.

South West RDA prospective investor service has supported sector groups and networks including West of England Aerospace Forum and Marine South West to provide targeted support including training to inward investors.

Regional research to identify and understand the region's inward investment strengths.

A Financial Services Study was undertaken in April 2003 to understand how Financial Services companies make business location decisions and evaluate the South West region in this context.

Support business growth through access to appropriate finance and advice

The SW Regional Capital Venture Fund, totalling £25 million has been in operation since December 2002.

The South West Finance for Business Strategy has been developed to ensure that appropriate financial support is available for each stage of a businesses' growth.

The South West Rural Enterprise Gateway has been established to provide assistance and support to clusters of rural businesses in the SW.

The South West Business Angel and Investor Network (SWAIN) was established in 2003 to provide an "honest broker" forum.

PRIORITIES

ACTIVITIES

The Investment Ready Programme was established in 2003, to encourage and enable SMEs to seek and receive equity funding.

The Beacon for Growth Network is building a portfolio of Beacon companies to which SMEs can look for leadership and best practice. These companies will play an important role in cultivating the enterprise excellence that exists.

South West Manufacturing Advisory Service (SWMAS) aims to help manufacturing businesses improve productivity, reduce waste and compete more effectively.

An evaluation of the service was undertaken in 2005 and found that it is delivering well against its aims and objectives and represents good value for money. Policy and practice recommendations include:

- targeting support to ensure maximum delivery against regional priorities
- integrating service delivery with priority sector and regeneration activities

A Review of Integrated Business Support in the SW was undertaken in August 2003 to assess the effectiveness of business support in the region. Its recommendations included:

- the need for a regional strategy for business support linked to the enterprise, labour market and skills agendas
- developing a common approach to business support across the region to deliver coordinated, efficient, flexible, demand-led support services with clear activity and output measures and effective monitoring and evaluation
- Business Links should strengthen their role as a first stop shop for business support and raise their profile through, for example, the development of a common client management system and better collaboration between business, government and educational institutions
- linking business support to area-based regeneration
- improving quality through a robust and consistent accreditation processes

STRATEGIC ACTION 1.2 – DEVELOP A SKILLED AND ADAPTABLE WORKFORCE

PRIORITIES	ACTIVITIES/EVALUATION
<p>Improve skills and learning in the workplace</p>	<p>In learning and skills the most significant milestone was the launch in November 2004 of the South West Enterprise and Skills Alliance (SWESA).</p> <p>Following the development of a South West Skills for Life Strategy, an Employer/Engagement Workforce Strategy is being developed by the SW Skills for Life Unit and Skills for Business Network.</p> <p>Joint development of Skills Brokerage Model by LSC, Business Links and the South West RDA.</p> <p>Preparations for the launch of the National Employer Training Programme (NETP) from April 2006 including improved signposting businesses to skills development provision.</p> <p>SW Centre of Excellence in Leadership has been established and has developed the SW Leadership and Management Strategic Framework endorsed by the South West Enterprise and Skills Alliance (SWESA).</p> <p>Opening of the Marine Centre for Excellence in Poole.</p> <p>Delivery of workforce skills projects including:</p> <ul style="list-style-type: none"> ■ West at Work sub-regional skills programme ■ Employers Training Pilots in Wiltshire and Swindon, Devon and Cornwall and Somerset ■ “Learning Works for All” project has assisted trade unions and employers to work in partnership to support employees lacking basic skills ■ South West Forum on Age and Employability to develop employability skills of older workers ■ The Park-life Project in Gloucestershire to raise demand for skills development through communal training facilities for clusters of employers <p>Increase in graduate attraction and retention through programmes including GRAD-SW.</p> <p>Increase in participation in modern apprenticeships.</p> <p>“Great Expectations” Action Research Project reported on improving the match between training provision and the needs of small/micro businesses and proposed a new model of delivery framed to help the businesses pursue their own visions.</p> <p><i>A review of the Modern Apprenticeship (MA) programme in the South West concluded the potential benefits of involvement in the MA programme are not being maximised in some sectors, that there needs to be an increased marketing drive to communicate the benefits of the MA programme to schools, employers and individuals, and that the lack of demand from businesses for MAs should be addressed as a matter of urgency.</i></p>

PRIORITIES

ACTIVITIES/EVALUATION

The South West Observatory Skills and Learning Intelligence Module (SLIM) 2004 report on Improving the Training and Development Opportunities for Graduates in the South West looked at how to increase graduate recruitment and retention in the South West. Key recommendations include:

- *the development of a Graduate Apprenticeship programme*
- *embedding employability skills in undergraduate programmes*
- *helping employers understand the benefits of employing graduates*
- *encouraging graduates to stay in the region*

Deliver a coherent skills development framework focused on the needs of industry

In learning and skills the most significant milestone was the launch in November 2004 of **the South West Enterprise and Skills Alliance (SWESA)**.

The Joint Planning Task and Finish Group of the Skills Partnership has been established and is now being developed.

The establishment of the **Skills and Learning Intelligence Module (SLIM)** of the Regional Observatory enabling a structured and robust approach to Labour Market Intelligence across the region including ‘Engaging Employers’ work based on the Framework for Regional Employment and Skills Action.

SWESA is developing a **Skills Balance Sheet** highlighting the skills needs for each of the SWESA's priority sectors.

Development of a **South West Foundation Degree** together with other graduate projects to improve employability through student placements in industry; enhancement of the “gradsouthwest” website to match graduates with graduate jobs, and work with employers to raise awareness of the benefits of employing graduates.

PRIORITIES

ACTIVITIES/EVALUATION

Research into NVQ Progression Routes was undertaken in November 2003 focusing on 11 key and emerging sectors and six emerging sectors to inform the ongoing development of the South West Framework for Regional Skills and Action. The study made detailed recommendations to improve the delivery of NVQs at a sector specific level and more generally including:

- *the need to increase quantity and quality of provision and to develop progression routes*
- *the need to develop advanced, modular and short course provision*
- *the need to get better spatial coverage across the region*
- *the need to stimulate demand among employers and learners*

Employment Learning and Skills in South West England, a regional analysis of the National Employers Skills Survey, was commissioned to provide a shared understanding of employment, learning and skills issues in the region, in the context of a desire to increase productivity. The study found:

- *10% of employers reported hard-to-fill vacancies*
- *5% reported skill shortage vacancies*
- *25% of employers reported skills gaps within the existing workforce*
- *54% of employed people in the South West had received training in the previous year*
- *over 25% of the working age population have above NVQ level 4 equivalent but there is uneven spread across the region*
- *high proportion of youngest age group of working age have no or very low levels of qualifications.*
- *shortfalls in careers advice for both young people and adults*

The study identified a number of areas for action including:

- *raising employer demand for skills*
- *stimulating demand from individuals*
- *preparing for longer-term changes including significant growth in higher skill jobs*
- *targeting activities towards the smallest firms*

STRATEGIC ACTION 1.3 – DELIVER A SUPPLY OF APPROPRIATE SITES AND PREMISES FOR BUSINESS NEEDS

PRIORITIES	ACTIVITIES/EVALUATION
<p>Develop incubators and science parks to support the exploitation of regional research</p>	<p>The Incubation Strategy has been developed to provide a framework for investment in incubation and science parks.</p> <p>Bristol has been awarded national Science City status.</p> <p>Work is underway to develop a number of science parks in the region including:</p> <ul style="list-style-type: none"> ■ S-Park, the Science Park for Bristol and Bath The land was acquired in 2003/4. Project partners include the South West RDA, universities of Bristol, Bath and UWE and major technology companies including Airbus, Rolls-Royce and HP ■ the Tamar Science Park in Plymouth combines Nuffield and NHS hospitals, and a newly created Peninsula Medical School, to provide specifically designed accommodation for medical related activities including business start-up units and laboratory space <p><i>In 2003 a study into incubators and science parks in the region was undertaken in the context of the wider “Exploiting the knowledge base of South West England” study. It concluded that the South West lacked a dynamic network of incubators and science parks to support the formation and growth of firms in the knowledge economy and recommended the development of additional facilities at a sub-regional and local level, identifying high priority projects including: new science parks at Qwest and Medipark Plymouth, expansion of the incubator at Exeter, new incubators at Bristol, Yeovil and in Cornwall, a biotechnology-specific incubator at Bristol, pre-incubators in Bournemouth and market reviews and local strategies for Bournemouth/Poole, Gloucester/Cheltenham and Swindon. Other recommendations included:</i></p> <ul style="list-style-type: none"> ■ <i>the need for specialist support for the development of new science park and incubator proposals</i> ■ <i>the need for these facilities to include added value support services for their tenants including high growth start-up programmes, mentoring schemes, investment readiness schemes, Business Angels Networks</i> ■ <i>a key role for Business Incubation South West (BISW) in providing a development and monitoring service for the South West RDA, and using UKBI benchmarking frameworks</i>

PRIORITIES

ACTIVITIES/EVALUATION

South West RDA and BISW's review of Business Incubators in the South West (January 2005), reviewed 11 business incubators in the region. The study concluded:

- there is considerable scope for development of all the incubators studies. Bristol in particular was noted as having limited incubation resources relative to its size
- there is a need to further develop the South West RDA's incubation policy into a robust strategy with clear and specific objectives for each incubator

A review of BISW was undertaken in 2005 and concluded that there was a need for a more robust appraisal, monitoring, business planning and review process to guide the organisation's activities and for a strengthening of the relationship between the South West RDA's strategy and its activities to increase its strategic impact.

Ensure regionally significant sites are brought forward

A number of **regional and sub-regional strategic sites** have been identified and brought to market e.g.

- Temple Quarter, Bristol
- Morlands, Somerset
- Lister Petter site, Gloucestershire
- Osprey Quay, Dorset
- Royal William Yard, Plymouth
- RAF Locking, Weston-super-Mare
- Hengrove Park, Bristol
- Bristol Arena (planning stage)

All of the above sites have been, or are being, developed for mixed-use, taking sustainable approaches.

PRIORITIES

Ensure that there is a range of workspace to support the needs of developing companies

ACTIVITIES/EVALUATION

Workspace strategies have been produced in all sub-regions with detailed delivery schedules.

Joint Study Area reports have been commissioned as part of the development of the Regional Spatial Strategy.

Progress towards establishing a network of high quality incubator facilities including:

- University of Bristol Incubators
- University of Bath, Oakfield and Carpenter House Incubators
- Business Incubator Group, Cornwall
- UWE (University of West of England) Watershed E-Media Incubator
- Tetricus, Porton Down

Market failure has been particularly acute in Cornwall, where long-term under provision of quality employment space has continued to inhibit key company growth and potential inward investment. **A sites and premises sub-group of the Cornwall Economic Forum** has been established to develop an action plan.

South West RDA/Objective One **investments at Tolvaddon and St. Columb Major** have helped to improve the willingness by the private sector to invest.

STRATEGIC ACTION 1.4 – DEVELOP THE SOUTH WEST AS A LEADING REGION FOR INNOVATIVE AND KNOWLEDGE BASED BUSINESS

PRIORITIES	ACTIVITIES/EVALUATION
<p>Undertake key initiatives to encourage innovation in the region's businesses</p>	<p>The South West Innovation Strategy provides a framework for all innovation activity in the region. It is currently being reviewed including evaluating activity to date.</p> <p>The Manufacturing Advisory Service (SWMAS) has been established to help identify and disseminate lean processes and techniques. Over 720 companies have been assisted by the SWMAS.</p> <p>20 Engineering and Physical Sciences Research Council Industrial Case Awards have been made to encourage the collaborative development of new technologies by businesses and universities.</p> <p>'Inspire SW' has delivered a range of support to encourage innovation in the region including:</p> <ul style="list-style-type: none"> ■ support to design companies to approach market development in different ways ■ a Business Innovation & Growth project, which has provided 30 companies with marketing advice for new technologies and helped set up 25 business alliances ■ pilot innovation schemes including Wiltshire Smartplace
<p>Increase the rate of technology transfer between further and higher education, public sector research establishments and businesses</p>	<p>The South West Regional Science & Industry Council was established in September 2005, with a Science Summit taking place on the 30th November 2005.</p> <p>Regen SW has been established to help identify possible demonstrator projects.</p> <p>The South West Innovation Relay Centre continues to facilitate technology transfer with the EU.</p> <p>Netmap has mapped the region's business support networks and is now developing initiatives to encourage technology transfer.</p> <p>The Regional Technology Panel has been established to look at generic new and future technologies.</p> <p>Two sector specific Technology Panels in Food & Drink and Aerospace have been established under Inspire SW to increase the knowledge of, and potential business impact, of new technologies and technological change.</p>

PRIORITIES

ACTIVITIES/EVALUATION

The GRANT for Research & Development and South West Innovation Relay Centre have supported a number of renewable technology initiatives including **the Wave Hub project** which could generate electricity off the coast of the South West and contribute to the national grid.

Engineering and Physical Sciences Research Council Industrial Case Awards have helped to promote closer links between SW businesses and universities.

Great Western Research has been set up to enable businesses collaborate with universities.

The Inspire SW Quick Mark project has contributed to this activity by helping 30 companies to benefit from market research carried out by universities.

Knowledge Exploitation SW Project (KESW) supports entrepreneurship training for staff and students within the South West's Universities. KESW has enabled 12 business account managers to operate in the South West's universities.

An initiative to support the **exploitation of Intellectual Property from the NHS in the South West has been developed as part of the bio-medical sector work.**

The Bristol Silicon Network is now established facilitating confidential discussions between the silicon industry community.

Publicity campaigns have been undertaken to promote schemes including the Grant for Research and Development, Industrial Case, Knowledge Transfer Partnerships, DTI Collaborative Research and the EU Sixth Framework Programme.

STRATEGIC OBJECTIVE ONE: TO RAISE BUSINESS PRODUCTIVITY

Key Issues for RES 2006 – 2015

The following key issues have emerged from the review of delivery, evaluation and research which have informed the revised RES. Links to particular parts of the Delivery Framework 2006 – 2015 are given after each key issue outlined below.

1. The sector approach has support within the region and has clear potential to increase the impact and effectiveness of delivery. There is a strong case for recognising other key sectors where for example they are significant in terms of employment or number and size of businesses. There is also a need for greater integration of the sector work with broader RES delivery for example by ensuring that where appropriate they embrace regional skills programmes such as Modern Apprenticeships:
 - Sector Approach in Strategy and Delivery Framework
2. The Business Support Review identified the need for better integration and delivery of business support services. The development of a regional information, diagnostic and brokerage service through Business Links is a core element of the revised RES in:
 - 1A.1-4
 - 1B1-6
3. The regional productivity research identified key issues for the region including time/distance from major markets, investment and international trading levels and skills gaps. These are addressed through the following specific regional priorities in the revised RES:
 - 3A.1-2
 - 1D.1-2
 - 1C.1-4
4. Lessons from work on incubators and science parks indicate a need for a more coherent approach to the delivery of sites and premises in support of regional objectives and priorities. The revised RES brings this work together under a single regional priority:
 - 1A.7
5. The need for a clearer focus on developing the region's skills base and ensuring that it responds to the needs of businesses has emerged through research and evaluation. Key issues include workplace training, addressing skills gaps and graduate recruitment and retention:
 - 1C.1-4

STRATEGIC OBJECTIVE TWO – TO INCREASE ECONOMIC INCLUSION

STRATEGIC ACTIONS	PRIORITIES
<p>2.1 Accelerate economic participation by working locally to stimulate employment and business start-ups</p>	<ul style="list-style-type: none"> ■ raise individuals' aspirations and skills for work ■ encourage more small businesses and social enterprises in disadvantaged areas ■ ensure that there is equality of access to work, training and business advice
<p>2.2 Support the regeneration of disadvantaged communities in the South West</p>	<ul style="list-style-type: none"> ■ improve the economic performance of deprived urban communities ■ address the changing needs of rural economies

Targets:

- reduce the shortfall in business formation between the most and least disadvantaged wards by 1% per annum
- reduce the number of unemployed claimants in the region's 96 most deprived wards by 5%
- create new private and community businesses
- reduce the number of adults in income support households by 2% in region's most deprived 96 wards
- contribute to the renaissance of towns and cities by ensuring that the average annual rate of growth in population remains on trend at 0.4% per annum
- reduce the gap in productivity between the least well performing quartile of rural areas and the English median by 2006
- improve the accessibility of services for rural people, to regenerate market towns as healthy and attractive centres serving their own population and that of their rural hinterlands

STRATEGIC ACTION 2.1: ACCELERATE ECONOMIC PARTICIPATION BY WORKING LOCALLY TO STIMULATE EMPLOYMENT AND BUSINESS START-UPS

PRIORITIES

ACTIVITIES/EVALUATION

Raise individuals' aspirations and skills for work

The SW Skills for Life Unit has been set up to provide support to SWESA partners to achieve the South West Skills for Life targets and enable individuals to progress and to improve business competitiveness. The Skills for Life Unit is supporting the delivery of the first **SW Skills for Life Strategy** including early work around **a regional strategy for Numeracy** and work with Chief Education Officers to address low levels of attainment of GCSE in Maths and English.

The SWESA Skills for Life Strategy Group is charged with securing investment for the region to deliver the strategy.

Work is underway to develop a **“Regional business engagement with schools framework”**, which will address issues relating to work experience and employability skills for young people.

The Learning Works for All Fund led by South West Trade Unions has contributed to workforce development.

Knowledge Exploitation SW has facilitated entrepreneurship training for staff and students at the region's Higher Education Institutions.

Enterprise Week 2005 offered regional workshops for partners, and provided a coherent regional PR campaign.

The £2.5m ‘Crystal Chandelier’ project is increasing the quality and quantity of skills for life tutors in the region.

creating:excellence's **Real Ways of Learning Programme** is addressing regeneration skills needs across the region.

PRIORITIES

ACTIVITIES/EVALUATION

Encourage more small businesses and social enterprises in disadvantaged areas

Regional Infrastructure for Social Enterprise (RISE) has established a **Business Advisers Network (BAN)**. This is a network of business advisers with specific knowledge and expertise in the social enterprise field.

Six Community Development Financial Institutions (CDFI's) have been established across the region.

The South West Investment Group (SWIG) has also been established to support the development of community finance initiatives.

RISE has established **Standards for Enterprise Development Initiative (SEDI)** accreditation for business advisers, to enable social enterprises to access high quality business advice.

Support for the development of social enterprises is being delivered through Building Communities and the Market and Coastal Towns Initiative.

Proposals for initiatives under **Government enterprise schemes including LEFI** are being developed across the region and support for these is a priority action identified in the Regional Enterprise Strategy.

PRIORITIES

Ensure that there is equality of access to work, training and business advice

ACTIVITIES/EVALUATION

Equalities South West was established in 2004 to support capacity building in equalities work and to promote equality training and education to organisations in the public, private and voluntary sectors.

Somerset Pathways to Work pilot achieved high success rates in supporting disabled people into training and employment.

Participation in FE/HE widened through Combined Universities in Cornwall.

Business Link Wessex identified as the top performing women's enterprise support Business Link.

The South West Regional Skills Partnership is looking at a number of initiatives to improve access to excluded groups, including the development of a SW policy on care as a barrier to employment and training.

The Skills and Learning Intelligence Module has held a learning theme on older workers. **The SWOOP (South West Opportunities for Older People)** project is now establishing a **South West Forum on Age and Employability**.

SW Skills for Life Unit will support the development of **English for Speakers of other Languages (ESOL) provision** across the region, in relation to the achievement of the region's Basic Skills PSA target.

Increased capacity within the Voluntary and Community sector through strengthening of **South West Forum, Regional Compact** and **Change Up** programmes.

Local learning plans have been developed through **Market and Coastal Towns and Building Communities Initiatives** to support towns in realising longer-term economic prosperity.

STRATEGIC ACTION 2.2: SUPPORT THE REGENERATION OF DISADVANTAGED COMMUNITIES IN THE SOUTH WEST

PRIORITIES	ACTIVITIES/EVALUATION
<p>Improve the economic performance of deprived urban communities</p>	<p>The development of The Way Ahead, Sustainable Communities Plan for the South West setting out a framework for future action across the region focusing growth on the major urban areas.</p> <p>Delivery of Neighbourhood Renewal Programmes in Bristol, Plymouth and Kerrier and Penwith in Cornwall.</p> <p>Development of Mackay Vision for Plymouth.</p> <p>Introduction of Rural Renaissance and Market and Coastal Towns Initiative (MCTI) programmes.</p> <p>Roll-out of Building Communities partnerships.</p> <p>Development of sub-regional economic profiles to focus regeneration in the areas of greatest need including Plymouth, Torbay, Bournemouth and Bristol.</p> <p>Establishment of Urban Regeneration Companies in Gloucester, Camborne, Pool and Redruth and Swindon.</p> <p>The South West Housing Body (SWHB) has been established to bring together key regional players in the delivery of housing and planning.</p> <p><i>Joint Study Area Reports have been commissioned and fed into the development of the Regional Spatial Strategy to support sustainable communities across the region, including specified urban areas.</i></p> <p><i>An evaluation of Investment Fund (a local community regeneration programme) found that:</i></p> <ul style="list-style-type: none"> ■ <i>most projects fulfilled the overall aim of the CIF to engage local communities to participate effectively in local regeneration</i> ■ <i>seventeen of the twenty one projects were still active but heavily reliant on volunteer input of local and interested parties to sustain them</i> ■ <i>there were a number of good practice projects including the Silai Project and, Barton Hill Settlement in Bristol, the Pelican Childrens' Centre and YES projects in Plymouth and the Wilder Park Cottage project in Ilfracombe</i>

STRATEGIC OBJECTIVE TWO: TO INCREASE ECONOMIC INCLUSION

Key Issues for RES 2006 – 2015

The following key issues have emerged from the review of delivery, evaluation and research which have informed the revised RES. Links to particular parts of the Delivery Framework 2006 – 2015 are given after each key issue outlined below.

1. Economic and social exclusion persists in the region concentrated in urban areas but also in rural areas. We also face challenges around equality of access to education, employment and training and around raising aspirations. We need to develop coherent and creative approaches to tackling these issues:
 - 2A.1-3
 - 2B.1-2
2. The Sustainable Communities agenda offers significant opportunities for the region to expand its approach to regeneration. It is clear that the region's major cities and towns are the engines for continued economic growth and improvements in regional productivity. Equally we need to build connectivity between urban areas and their rural hinterlands. There is a clear need to strengthen the region's regeneration skills and intelligence base:
 - 2C.1-2
 - 3C.1
 - 3C.3

STRATEGIC OBJECTIVE THREE – TO IMPROVE REGIONAL COMMUNICATIONS AND PARTNERSHIP

STRATEGIC ACTIONS	PRIORITIES
3.1 Improve the strategic communications infrastructure to support business needs	<ul style="list-style-type: none"> ■ improve the region's transport network ■ improve the coverage and usage of broadband communication technologies
3.2 Promote the South West in order to attract businesses, employees and investment	<ul style="list-style-type: none"> ■ improve the way that the South West is perceived by investors, businesses, potential workers and visitors ■ promote the renaissance of the region's largest urban areas as dynamic international cities
3.3 Conserve and enhance the region's physical and cultural capital to provide major benefits to tourism and the wider economy	<ul style="list-style-type: none"> ■ develop projects that improve the perceptions of the region, including those that increase cultural and sporting activity ■ undertake strategic environmental projects that develop the South West as a sustainable region
3.4 Improve the way the region works – delivering quality regional intelligence, effective partnership and increased influence	<ul style="list-style-type: none"> ■ encourage an integrated partnership approach to economic development ■ improve the effectiveness of regional lobbying and advocacy at national and European levels ■ improve understanding of the region's social, environmental and economic conditions

Targets:

- increase regional productivity in real terms
- improve trend growth in GDP per capita
- increase the percentage of households and businesses with broadband access
- secure more inward investments
- contribute to the renaissance of towns and cities by ensuring that the average annual rate of growth in population in the region's PUAs remains on trend at 0.4% per annum
- increase spending within the region by tourists visiting the South West
- increase in the number of South West organisations signing up to Future Foundations' Sustainable Construction Charter
- complete the development of, and increase the use of, the Regional Observatory

STRATEGIC ACTION 3.1: IMPROVE THE STRATEGIC COMMUNICATIONS INFRASTRUCTURE TO SUPPORT BUSINESS NEEDS

PRIORITIES

ACTIVITIES/EVALUATION

Improve the region's transport network

The Regional Transport Strategy (RTS) in Regional Planning Guidance 10 was updated in 2004 to develop the priorities and provide guidance to authorities developing their Local Transport Plans. The region is currently in the process of articulating transport priorities through the **Regional Funding Allocation** and **Regional Spatial Strategy** processes.

Evidence base studies undertaken since 2003 include:

- Bristol/Bath to South Coast Study, 2004
- A31 to Poole Scoping Study
- A30/A35/A31 Route Management Study
- 'The Mainline they Shouldn't Ignore: South Coast to Bristol and South Wales' 2004
- 'Western Way', 2004
- The Greater Bristol Strategic Transport Study (GBSTS) 2005
- Great Western Mainline Route Utilisation Strategy 2005
- An Evidence Based Review of the current 'Working Regional Freight Map'
- Demand Management Policy Study 2005
- Far South West Airport Strategy 2003
- Bristol Airport Route Extension Economic Impact Assessment, 2004
- Bristol Port Economic Assessment, 2004
- Significance of Transport Availability and Cost in Limiting Access to Jobs and Training, 2005

In 2004 the Highways Agency produced an options report for the provision of a second strategic route the South West via the A358 or the A303. The Government confirmed its support for the A358 option from the Ilminster Bypass to the M5 but it now looks likely that the South West will have a second strategic route from the M3 to Exeter.

Progress has been made on establishing innovative forms of funding, particularly a revolving infrastructure fund, to support implementation of transport priorities.

The Probus to Burngallow section of the Great Western mainline in Cornwall was re-doubled, improving track capacity and significantly improving route reliance during 2004.

PRIORITIES

ACTIVITIES/EVALUATION

Critical investment in the main strategic road and rail routes including M4/M5 interchange and rail access to Paddington.

Development of facilities and services at Bristol Airport including introduction of direct access to the US.

Improved sea/rail freight facilities at Bristol Port.

Rail usage in the region is increasing – indexed to 1996 levels, passenger numbers are up by 37 points. Bus usage continues to decline.

Delivery of the maximum parking standards for developments has been good with many local authorities imposing stricter standards for all or some types of use.

Bristol International Airport Economic Impact Study 2005 assessed the measurable economic and employment impacts of BIA on the local and regional economy. It estimated how BIA's Masterplan for growth in the period from 2005 - 2030 will affect employment at the Airport, the resultant supply chain spending and related impacts.

Key findings include:

- *airport growth plans are estimated to generate a substantial rise in employment in the sub-region with an additional 2,222 jobs created between 2005 and 2015, and a further 2,758 jobs between 2015 and 2030*
- *3,500 businesses use the airport and 57% of SW businesses say that growth at the airport is important to their future business success*

The SW response to the Eddington Study stressed the importance of transport in the region to economic productivity, growth and stability and identified regional priorities including:

- *strengthening transport in urban areas to unlock their economic potential and deliver regeneration of the most disadvantaged areas*
- *improving connectivity particularly inter-regional connectivity*
- *improving reliability and resilience in the transport network*
- *implementing effective demand management*

PRIORITIES

ACTIVITIES/EVALUATION

Improve the coverage and usage of broadband communication technologies

The region now has **99.8% ADSL coverage**. RABBIT funds assisted over 700 companies to secure early broadband connection.

The ActNow Project in Cornwall acted as a demonstration project for the whole region.

The ConnectingSW programme concentrates on increasing usage of broadband and ICT.

A Broadbandshow promoted the benefits of broadband through 19 video case studies, and now forms the basis of the '**Broadbandshowcase**' website developed by the Digital Content Forum.

Demonstration projects have included:

- **Broadband Buckfastleigh** which demonstrated the use of a variety of broadband technologies in a community project that involved businesses, the local school and health centre and individuals.
- **Case Study Jukebox**. Over 200 case studies were compiled for the ConnectingSW website highlighting a range of benefits of ICT and broadband. This was later produced and distributed as a CD.
- **ICT Research Programme**. The South West ICT Benchmarking research published in March 2004 indicated that companies using ICT were growing by 6% per annum as opposed to a growth rate of only 3.5% in companies that were not.

A research project into business uptake, understanding and awareness of ICT and broadband in the South West (2004) established a benchmark for future activity. It found that:

- *broadband is being adopted rapidly by businesses, mainly on the basis of costs/speed*
- *there is little understanding of wider benefits of broadband technologies*
- *companies using ICT are enthusiastic about its potential, but lacking in knowledge to effectively exploit ICT*
- *nearly 40% of companies are still not connected to the internet and most have no form of ICT*
- *the best way to build capacity is through existing trusted sources of independent advice in particular existing staff, customers and suppliers, consultants, accountants and trade associations*

STRATEGIC ACTION 3.2: PROMOTE THE SOUTH WEST IN ORDER TO ATTRACT BUSINESSES, EMPLOYEES AND INVESTMENT

PRIORITIES	ACTIVITIES/EVALUATION
<p>Improve the way that South West England is perceived by investors, businesses, potential workers and visitors</p>	<p>A successful South West England marketing campaign was launched, which has already led to significant improvements in awareness of the size and scope of the region, along with increased awareness of key business sectors and greater tourism spend in spring and autumn period.</p> <p>South West England branding has been created. Regional organisations, businesses and partners are encouraged to use this branding in their marketing activities to take advantage of the success of the regional marketing campaign. This is available through the website www.southwestbrand.info.</p> <p><i>An evaluation of Phase 3 of the South West England promotional programme showed that:</i></p> <ul style="list-style-type: none"> ■ 43% of respondents felt that their perceptions of South West England were more positive since seeing the advertising ■ during 2004 and 2005 101 new investment leads were generated (target 76) ■ the campaign has increased the likelihood of visiting the region as a tourist destination ■ the business and tourism objectives of the campaign are being met, “surprising facts” (as presented in the campaign material) are changing perceptions
<p>Promote the renaissance of the region’s largest urban areas as dynamic international cities</p>	<p>The Principal Urban Areas have been reviewed as part of the development and drafting of the Regional Spatial Strategy. The Sustainable Communities Plan ‘The Way Ahead’ framework has been drawn up to identify action to be undertaken to build upon the strengths the principal urban areas.</p> <p>Creating:excellence, the region’s centre of excellence for regeneration and sustainable communities is identifying and tackling the skills gaps in delivering sustainable communities. It has established a Regional Design Review Panel that will play a key role in ensuring the highest possible design standards are achieved in the development of the urban areas.</p>

STRATEGIC ACTION 3.3: CONSERVE AND ENHANCE THE REGION'S PHYSICAL AND CULTURAL CAPITAL TO PROVIDE MAJOR BENEFITS TO TOURISM AND THE WIDER ECONOMY

PRIORITIES

Develop projects that improve the perceptions of the region, including those that increase cultural and sporting activity

ACTIVITIES/EVALUATION

The regional partnership Culture South West has been established to improve the productivity of tourism, creative and leisure industries; and increase significantly the take up of cultural and sporting opportunities by new users aged 20 and above from priority groups. Culture South West is leading a regional programme in collaboration with Arts Council England South West and other regional partners, to develop a South West Creative Industries (non-media) Development Strategy and a Regional Cultural Infrastructure Development Strategy to ensure that culture plays its full part in the growth agenda.

Regional partners worked closely to back the bid for securing the 2012 London Olympics and to secure Weymouth as the venue for the sailing events. Work is now on-going to develop structures to capitalise on the Games.

The SW Environment Strategy has been developed including priorities to maintain the region's unique locational advantages.

A number of iconic tourism projects have been supported, including:

- Eden Project
- Creative Planet
- National Maritime Museum, Falmouth
- International Conference Centre and Hotel School, Bournemouth
- Former Victorian Naval Yard in Plymouth – Royal William Yard

Regional partners have successfully worked together to gain **World Heritage Status for Devon and Dorset's Jurassic Coast** in 2003.

Towards 2015 – A Tourism Strategy for the Region has been adopted and is now being delivered. The core objective of the strategy is to develop a quality, year round, sustainable tourism sector, with many of the individual projects specifically geared towards this including:

- quality development schemes; National Quality Assessment; England for Excellence
- Regional Dining Awards
- Tourism Skills Network

8 out of 11 brand clusters have been launched to consumers, with the remaining three to follow in late 2005 and early 2006. The fundamental aim of these clusters and the associated marketing programmes is to attract high value visitors outside the main tourism seasons.

PRIORITIES

ACTIVITIES/EVALUATION

A study **“Iconic Tourism Projects in the South West” (2005)** assessed the economic impact and viability of existing large scale and iconic attractions in the South West and found that iconic attractions deliver a higher level of benefit including additional visits to the region, helping to change and improve the image of the South West, attracting new investment, providing sustainable benefits due to longer season, and greater longevity. The study also concluded that icons have been used as an economic development tool and confirmed the case for public investment in capital and revenue costs in iconic attractions because of the positive externalities which the private sector will not pay for, and the high levels of regional benefit they generate in the long-term.

The **economic impacts of sinking HMS Scylla project** were assessed by a study commissioned in May 2005. The study identified a number of operational issues including:

- traffic congestion
- silting up of the wreck and surrounding area
- lack of launching facilities close by

The study concluded that the sinking of the Scylla has:

- raised awareness of the area as a centre for diving and helped to underpin existing diving activity in the Plymouth/Looe area
- provided impacts on economic activity, to the tune of £1.16m net additional spend, and 27.8 net additional FTE jobs

Undertake strategic environmental projects that develop the South West as a sustainable region

Since the last RES, the South West RDA has published its Environment Driver Implementation Plan (EDIP). This sets out a range of activity the Agency will take forward that will deliver both economic and environmental outcomes. Other organisations that contribute to economic development, including the Objective One Partnership, the Environment Agency, and a number of councils are now in the process of developing their own plans.

Development of **‘Wave Hub’**, a ground-breaking project to create the UK’s first offshore facility for demonstrating and proving the operation of wave energy-generating.

Implementation of the **BREW** programme within the region.

Development of **REGEN SW** as the regional renewable energy agency.

Development of regional strategies for waste management and natural and historic environments.

STRATEGIC ACTION 3.4: IMPROVE THE WAY THE REGION WORKS –
DELIVERING QUALITY REGIONAL INTELLIGENCE, EFFECTIVE PARTNERSHIP AND INCREASE INFLUENCE

PRIORITIES

ACTIVITIES/EVALUATION

Encourage an integrated, partnership approach to economic development

Secured agreement on the **South West Integrated Regional Strategy**.

A Regional Tripartite Group (the South West RDA, SWRA, GOSW) has worked on a number of strategic documents, including the **Regional Emphasis Document, Regional Funding Allocations and Comprehensive Spending Review**.

Regional Advisory Groups have been established to ensure policy alignment and minimise duplication including **Partnership South West and a Sub-Regional Forum**.

A SW Parliamentary and Whitehall Communications Strategy is being developed to help the South West RDA, Government office and Regional Assembly to work together to respond to national policy developments.

A regional funding framework has been developed to support the capacity of strategic partnerships e.g. Culture South West, South West Forum and Sustainability SW. Sub-regional partnerships meetings take place on a quarterly basis and an SRP Forum has been established to act as a best practice group.

A number of research projects have been commissioned to support the development of the Regional Spatial Strategy including **Joint Study Area reports** and work on **a common Evidence Base for both the RES/RSS**.

Barclays Specialist Urban and Regional Economic Development Unit (URED). Working with the Welsh Development Agency and an English RDA undertook a major research project “Competing with the World.”

This research identified competitive advantage as the key factor in successful regional development and set out six areas for the focus of intervention:

- *creating regional leadership*
- *focusing regional resources*
- *supporting local entrepreneurs*
- *bringing education and business together*
- *creating community involvement*
- *building national and international links*

PRIORITIES

ACTIVITIES/EVALUATION

Improve the effectiveness of regional lobbying and advocacy at national and European levels

The Regional Tripartite Group worked together to respond to the Government's consultation on:

- the CSR 2004 and the Regional Emphasis Document
- The Future of Regional Policy and EU Structural Funds
- Regional Funding Allocations

The SW Brussels Office Partnership was strengthened to include first tier local authorities, South West RDA, RA and HERDA.

A SW Cohesion Steering Group was established in 2004 to prepare and lobby for the future structural funds.

The EU South West Innovation Relay Centre facilitates technology transfer agreements between South West England companies and other companies in Europe.

A number of regional delegations from Sweden, Slovakia, Slovenia and Romania have visited the South West region.

Improve understanding of the region's social, environmental and economic conditions

A Regional Intelligence Group has been established, comprising the Observatory Core Unit, the Modules and the Local Intelligence Networks.

The Observatory Board has agreed **a Marketing and Communications strategy**.

A number of **regional seminars were organised in 2005** to disseminate information and strengthen the links with other research networks.

The State of the South West Report was updated in November 2004.

A Quarterly Economic Review has been launched and a comprehensive Evidence Base was produced in 2005 for the RES and RSS reviews.

Regional accounts have been developed, with an environmental strand. The modelling of environmental impact of different economic scenarios, in terms of energy consumption, water, emissions, etc, is currently in development stage.

Four scenarios depicting how the South West might look in 2026 have been constructed involving partners across the region and were launched at the South West RDA annual conference in 2004.

PRIORITIES

ACTIVITIES/EVALUATION

An independent evaluation was undertaken of the SW UK Brussels Office in 2004, which pointed the way to a single regional secretariat and a stronger regional partnership. Video conferencing equipment was introduced to facilitate the links back to the region.

A Review of the South West Observatory (SWO) (2004) concluded that:

- *it is now well established and has the confidence of most of the research community in the region*
- *it has made progress in creating accessible data and agreeing common definitions*
- *it is poised to take on the task of drawing out the policy implications for individual partners*

Key recommendations include:

- *identifying clear objectives for the SWO, including the extent to which its work aims to inform policy making*
 - *ensuring the retention and participation of key Board members*
 - *securing agreement on a budgeted work programme with clear performance measures*
 - *reviewing the process for producing the State of the Region report*
 - *promoting the Observatory*
 - *engaging in shaping future research agendas*
-

STRATEGIC OBJECTIVE THREE: TO IMPROVE REGIONAL COMMUNICATIONS AND PARTNERSHIP

Key Issues for RES 2006 – 2015

The following key issues have emerged from the review of delivery, evaluation and research which have informed the revised RES. Links to particular parts of the Delivery Framework 2006 – 2015 are given after each key issue outlined below.

1. The region continues to face significant challenges around transport which need to be met if the region is to maximise economic growth and productivity.

As well as weaknesses in infrastructure, the evidence consistently shows that reliability and resilience of the network are key weaknesses. Two priorities have emerged from regional and sub-regional work over the past three years:

- tackling congestion and facilitating growth and regeneration in urban areas including reducing the need to travel and improving accessibility to jobs and services
- enhancing connectivity to provide access to markets including improving inter-regional connectivity

➤ 2C.1-2

➤ 3A.1-2

2. The region has been extremely successful at delivering ICT infrastructure throughout the region including rural areas. The challenge now is to encourage take-up and use to support economic growth, ensure competitiveness and raise productivity:

➤ 1E.4

3. The South West England promotional campaign has raised perceptions of the region and we have delivered some significant new regional icons. The challenge is now to build on this to maximise the economic, environmental and social benefits across the region:

➤ 3B.1-4

4. There is increasing evidence, and support for, the importance of the environment to the South West economy. The challenge now is to maximise its economic potential while at the same time addressing the urgent issues around climate change and energy and preserving and improving the region as a place to live and work:

➤ environment driver

➤ 3B.2

5. There has been significant progress towards developing the region's intelligence and evidence base. In particular building the infrastructure including the Regional Observatory and creating:excellence. We now need to build on this to support integrated partnership delivery and effective regional representation:

➤ 3C.1-3

CONCLUSIONS

SUMMARY OF KEYS ISSUES FROM DELIVERY REVIEW AND LINKS TO REVISED RES

This document has set out progress in implementing the actions from the Regional Economic Strategy (2003 – 2012), and highlighted key evaluation activity that has been undertaken since 2003. This concluding section illustrates how the lessons through these processes have shaped the development of activity in the revised Regional Economic Strategy (2006 – 2015).

1. The sector approach has support within the region and has clear potential to increase the impact and effectiveness of delivery. There is a strong case for recognising other key sectors where for example they are significant in terms of employment or number and size of businesses. There is also a need for greater integration of the sector work with broader RES delivery for example by ensuring that where appropriate they embrace regional skills programmes such as Modern Apprenticeships
 - Sector Approach in Strategy and Delivery Framework
2. The Business Support Review identified the need for better integration and delivery of business support services. The development of a regional information, diagnostic and brokerage service through Business Links is a core element of the revised RES. This is reflected through the following activities:
 - 1A.1-4
 - 1B1-6
3. The regional productivity research identified key issues for the region including time/distance from major markets, investment and international trading levels and skills gaps. This is reflected through the following activities:
 - 3A.1-2
 - 1D.1-2
 - 1C.1-4
4. Lessons from work on incubators and science parks indicate a need for a more coherent approach to the delivery of sites and premises in support of regional objectives and priorities. The revised RES brings this work together under a single regional priority:
 - 1A.7
5. The need for a clearer focus on developing the regions skills base and ensuring that it responds to the needs of businesses has emerged through research and evaluation. Key issues include workplace training, addressing skills gaps and graduate recruitment and retention. This is reflected through the following activities:
 - 1C.1-4
6. Economic and social exclusion persists in the region concentrated in urban areas but also in rural areas. We also face challenges around equality of access to education, employment and training and around raising aspirations. We need to develop coherent and creative approaches to tackling these issues. This is reflected through the following activities:
 - 2A.1-3
 - 2B.1-2
7. The Sustainable Communities agenda offers significant opportunities for the region to expand its approach to regeneration. It is clear that the region's major cities and towns are the engines for continued economic growth and improvements in regional productivity. Equally we need to build connectivity between urban areas and their rural hinterlands. There is a clear need to strengthen the region's regenerations skills and intelligence base. This is reflected through the following activities:
 - 2C.1-2
 - 3C.1
 - 3C.3

8. The region continues to face significant challenges around transport which need to be met if the region is to maximise economic growth and productivity. As well as weaknesses in infrastructure, the evidence consistently shows that reliability and resilience of the network are key weaknesses. Two priorities have emerged from regional and sub-regional work over the past three years:
- tackling congestion and facilitating growth and regeneration in urban areas including reducing the need to travel and improving accessibility to jobs and services
 - enhancing connectivity to provide access to markets including improving inter-regional connectivity
- 2C.1-2
 - 3A.1-2
9. The region has been extremely successful at delivering ICT infrastructure throughout the region including rural areas. The challenge now is to encourage take up and use to support economic growth, ensure competitiveness and raise productivity. This is reflected through the following activities:
- 1E.4
10. The South West England promotional campaign has raised perceptions of the region and we have delivered some significant new regional icons. The challenge is now to build on this to maximize the economic, environmental and social benefits across the region. This is reflected through the following activities:
- 3B.1-4
11. There is increasing evidence, and support for, the importance of the environment to the South West economy. The challenge now is to maximise its economic potential while at the same time addressing the urgent issues around climate change and energy and preserving and improving the region as a place to live and work. This is reflected through the following activities:
- environment driver
 - 3B.2
12. There has been significant progress towards developing the region's intelligence and evidence base. In particular building the infrastructure including the Regional Observatory and Creating:Excellence. We now need to build on this to support integrated partnership delivery and effective regional representation. This is reflected through the following activities:
- 3C.1-3

OVERALL CONCLUSIONS: MOVING FORWARD

This document has illustrated significant progress in implementing the activities identified in the Regional Economic Strategy (2003 – 2012), and evaluation that has been carried out over the last three years has helped to shape the development of the revised strategy.

The review has also identified a number of areas for improvement which have been incorporated into the revised strategy. Firstly, the Delivery Framework has been strengthened, to include lead organisations and measures of progress, to enable more effective monitoring of activities in future. Secondly, a specific activity has been included to improve 'mechanisms for evaluation' in order to ensure that there is a more comprehensive range of evaluation materials available for the review in 2009. Taken together these will significantly strengthen the process for reviewing and measuring progress in implementing the RES 2006 – 2015.

A glossary of terms and abbreviations can be found at the back of the Delivery Framework.

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The South West of England Regional Development Agency has made all reasonable efforts to ensure that all the information is accurate at the time of inclusion. However, there may be inadvertent and occasional errors for which the South West RDA apologises.

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