

# **Building our Industrial Strategy**

**A Dorset Response to the Green Paper**

**April 2017**

## Foreword

“The Government’s modern Industrial Strategy offers a timely opportunity for Dorset Local Enterprise Partnership to use its unique relationship with the private and public sectors to spell out the opportunities for our economy to help drive and support the Government’s ambition for a more productive and evenly balanced economy. The contributors to this response illustrate the strength of our partnership and our common understanding of our place and its economy. Dorset has significant strengths in sectors which can clearly make a positive contribution to this strategy and we have chosen to focus on the four pillars that resonate most strongly with our “place”. We are confident in our ability to help drive forward the Government’s ambitions for the nation and look forward to taking an active role in driving the delivery of the Industrial Strategy as it continues to take shape.”

### **Gordon Page CBE DL**

Chair

Dorset Local Enterprise Partnership

“Here in Dorset we are privileged to live and work in a beautiful and diverse natural environment that is also home to a vibrant economy. Alongside our natural resources we have numerous strengths and assets that help make Dorset a very special place. However we recognise many of the challenges and opportunities identified in this response to the Green paper “Building our Industrial Strategy.” Businesses frequently raise concerns around skills levels, particularly essential higher-level skills, and recruitment is a real challenge for Dorset businesses. This is compounded by high house prices which are seen as a barrier to attracting new staff into the area. Feedback from businesses highlights the threat of competition as their number one concern – so it’s essential we have a strong focus on developing the skills and productivity of our businesses. We also fully recognise the issues around infrastructure – the road network requires ongoing investment and poor broadband and mobile phone coverage still inhibit business growth. We fully support and embrace this response to the consultation. It is essential there is a clear focus on partnership between the public and private sectors in terms of economic development and we look forward to working with the Dorset LEP in taking this plan forward.”

### **Ian Girling**

Chief Executive

Dorset Chamber of Commerce and Industry

The Leaders of all Dorset Councils welcome the Government's consultation on the Industrial Strategy. As a County we are ready to play a major role in developing world class industries supported by the infrastructure and skills that they need locally. In partnership with the Dorset LEP and Dorset's industries we look forward to working with Government in the planning and delivery of the Industrial Strategy and to help boost growth and productivity

### **Cllr Gary Suttle**

Chair of Dorset Leaders’ Growth Board



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# Introduction

With a population of 746,000, Dorset has the UK's fastest growing digital economy and potential to grow further in key sectors such as engineering, maritime, financial services, agricultural technology, care and tourism. Many of our biggest businesses are global players and their products and services make an important contribution to the UK economy. JPMorgan, Sunseeker, LV=, Cobham Plc, Merlin Entertainment and Lush Cosmetics all call Dorset home. We have a rapidly developing creative and knowledge economy and two leading universities with significant strengths in digital and creative industries.

Our market towns are thriving with a strong sense of community and identity. We have a vibrant and creative cultural scene and a growing international reputation for sustainable food and high quality produce.

This response to the Building our Industrial Strategy green paper is from the Dorset Local Enterprise Partnership (LEP), in collaboration with local businesses through the Dorset Chamber of Commerce and Industry, local authorities and our two leading universities; Bournemouth University and Arts University Bournemouth. Our response is also intended to complement those of the Dorset Leaders' Growth Board, South West Rural Productivity Commission, Bournemouth University, Arts University Bournemouth and Bournemouth Borough Council and includes, in Appendix A, a detailed response to the 38 consultation questions compiled primarily by the county's economic development team. The Bournemouth University response also provides input to selected consultation questions and our response is intended to complement, rather than repeat what is covered therein.

The Dorset LEP has set out its strategic economic objectives in 'A Strategic Economic Vision for Dorset' (Feb 2016), which has been endorsed by all nine Dorset councils and is focussed on delivering:

- A high productivity economy
- Provision of housing to facilitate growth
- A growing business population
- A competitive, sustainable and resilient sector mix
- A world class workforce
- Accessibility to markets with better public transport and full access to ultrafast broadband
- Making the most of the natural environment
- Delivering growth across Dorset

There is alignment with the themes of the Industrial Strategy and it provides a strong context for our response to the consultation, in that it demonstrates our clear understanding of the economy in our place.

# Executive Summary

- Dorset welcomes the Building our Industrial Strategy green paper which sets out a vision to improve living standards and economic growth by increasing productivity and driving growth across the whole country and supports an approach of learning from our own successes and those of our competitors overseas.
- Recognising the importance of *place* within the green paper demonstrates an understanding that local organisations know our ‘places’ best – this will enable Dorset to identify and demonstrate to Government opportunities to invest or intervene, in order for us to successfully deliver our shared plans for growth.
- This recognition also supports us to pursue our ambitions for inclusive growth across the whole of Dorset, acknowledging that localised issues and differences should not be overlooked, in particular the rural economy.
- Dorset supports the ten pillars identified to drive forward the Industrial Strategy across the entire economy and as the key sectors for growth. However, for Dorset there are four pillars that resonate most strongly with us as a place: developing skills; investing in science research and innovation; upgrading infrastructure and cultivating world leading sectors.

## The main opportunities for Dorset

- Major strength in digital – Dorset is building a national and international reputation that the Industrial Strategy can accelerate.
- Perfect test bed for new digital solutions, with modest investment.
- Unique demographics.
- Natural capital.
- Significant strengths in important sectors.
- Collaboration across appropriate wider geographies (Great South West, “Innovation South” Science & Innovation Audit).

## The main barriers to growth for Dorset

- Skills
- Housing (prices)
- Disproportionately low Government investment

# Developing Skills

## Summary

- Dorset has very low unemployment, exacerbating a skills shortage that is constraining growth.
- Investment is needed in our three FE colleges to modernise facilities and increase capacity for delivery in priority sectors. LEP-funded projects at Bournemouth & Poole and Kingston Maurward colleges have proven this model.  
<http://dorsetlep.co.uk/local-delivery/local-delivery-the-growth-deal/>
- The Industrial Strategy must explore ways to restore skills capital funding.
- Our two universities are producing excellent graduates. Retaining them in Dorset is very important for growth but hindered by high housing costs.

## Basic Skills

Dorset's GCSE attainment overall is currently below the regional/national average. Intervention in schools is needed to raise levels of attainment in 'first chance' settings. Even better 'second chance' interventions are required at FE Colleges; in Apprenticeships; through adult skills programmes including worklessness and in-work programmes for adults with trusted partners such as Union Learning Representatives. These may require longer than the two year window typically prevailing. However there is a core of people for whom College and School interventions to help them obtain basic skills qualifications have not worked.

***Doing 'more of the same' is not the solution – the Industrial Strategy needs to include research to understand the multiple factors contributing to this entrenched, systemic failure.***

- Basic skills interventions are enriched by contextual relevancy and application.
- The transition year plan to support 16 years olds achieve basic skills has potential but needs to be highly personalised by FE across the ability range with progression as the test of success.
- Only 7% of young people with SEN attain full time employment. Placing learning into the context of work is essential.
- Employability skills should be included in the curriculum as a basic skill; 70% of Dorset employers say employability concerns are restricting recruitment. This includes teaching children and young people to be collaborative in a multi-generational environment.

## New Technical Education System

The development of technical education pathways is welcome. ***It must improve an already complex skills system which is hard to navigate and has done little to gear skills supply with employer demand.***

Collaboration in local areas led by LEPs between local businesses, training providers, councils and other stakeholders would be ideally suited to lead this agenda. We welcome the current opportunities to establish an Institute of Technology in Aerospace and Advanced Manufacturing (and later extension to Marine Engineering) and a UTC in Dorset – for their ability to increase capacity; create a pipeline of qualified and skilled people and to challenge traditional perspectives on the academic/technical split. ***Local commissioning, rather than national, is critical to being able to join up the skills system.***

***The new T-Levels should capture the imagination of employers, students and parents for greater parity of esteem with traditional academic routes.*** A key enabler will be the provision of high quality Careers Information, Advice and Guidance in schools, especially in Years 10/11, to help young people and their parents/carers make informed choices.

*“The work of the CEC is going to be crucial for young people to get the right careers advice”*

(Rod Davis, MD, Dorset & Somerset Training Provider Network)

There is evidence to suggest a correlation between the value placed by a country on vocational education and the level of youth unemployment. We think the Government’s proposals should help address this gap in the UK.

## Application Process for FE and Apprenticeships

Higher Apprenticeships need to be positioned as the expected progression route within the Apprenticeship ‘family’, with the agreed application process clearly published alongside marketing material.

A UCAS type approach for applications is needed to simplify routes into technical and vocational learning, including through private providers, building on the *Find an Apprenticeship* portal. It would also assist those willing to relocate to take up Apprenticeship opportunities elsewhere.

A parallel enabler of good choices is effective Careers Advice and a portal to expand skills enquirer’s view of available opportunities and for employer’s to be able to explain their offer. ***We would encourage Government to extend the work of the Careers and Enterprise Company beyond current funding, especially in areas like Dorset which accessed the programme later than others.***

Wider FE Reform needs to include multiple points of entry during the year. ***There should be financial incentives to assist students taking up study for work in priority sectors (regional and national) including STEM based careers, to mirror HE bursaries.***

## Skills Shortages

We currently have skills shortages in Dorset in some sectors (we are near full employment). We anticipate future skills shortages across our key sectors fuelled by:

- high replacement demand as the workforce ages;
- difficulties in recruitment due to high cost of housing;
- above working age population growth;
- a construction spike to meet housing demand at the same time as Hinkley Point C Nuclear Power Station in neighbouring Somerset will create intense competition for skilled resources;
- possible impacts of Brexit in sectors traditionally reliant on immigration (Care; Health; Food and Drink; Tourism & Leisure).

Our key sectors are Advanced Manufacturing; Financial Services & Insurance, Creative & Digital, Environmental Goods & Services, Care, Construction, Tourism & Leisure.

The work of our Employment and Skills Board and its sub groups and partners will be crucial to understanding emerging skills gaps; influencing responses and bringing together stakeholders to reshape provision. ***We hope that the Industrial Strategy will explore initiatives to help strengthen our clusters in Advanced Manufacturing, Financial Services, Digital and Marine Engineering.***

*“We struggle to recruit skilled technicians”*

(Martin Hancock, CEO Bournemouth and Churches Housing Association)

***Government needs to carefully consider the implications of Brexit on the workforce needed to build and maintain the infrastructure network and build the houses the nation needs.*** If workforce mobility is restricted, or currency exchange rates make working in the UK unattractive, this could result in further skills shortages. Numbers of tender submissions from international companies could also diminish, making the sector less competitive and increasing the cost of contracts.

***A lack of dedicated skills capital funding is holding FE colleges back. The Industrial Strategy must address this challenge.*** The FE sector has lost direct access to capital funding and with no knowledge of what, if anything, will replace Growth Deals, this is a significant issue. FE funding has been subject to heavy cuts, which has caused financial problems in the sector and further limits the ability of colleges to fund their own maintenance programmes, let alone evolve and modernise to meet skills challenges. In Dorset, LEP investment in modernising facilities at two of our colleges to improve capacity in the priority sectors of

Agritech, Business & Professional Services and Engineering has already delivered success. More can be done.

### **Lifelong Learning and Upskilling**

People can be encouraged to retrain/upskill throughout their working lives by the marketing of Apprenticeships to career-changers (including Higher Level). We need to design learning opportunities which can be taken up alongside employment including flexible, distance and blended learning to assist those in more rural settings where travel to study is an obstacle but where technology could overcome travel barriers.

***Some challenged areas such as Weymouth and Portland and rural parts of Dorset need an improved road/rail/bus infrastructure to be able to access new work opportunities.***

Where people live and study for these new opportunities may not be near where the jobs are located.

*“Lack of public transport cuts off low paid people from work and education”*

(Martin Hancock, CEO Bournemouth and Churches Housing Association)

The LEP and partners will continue to keep down the number of NEETS in the county through Traineeships and Apprenticeships.

Provision of high quality local labour market information will assist informed career and training choices supported by Job Clubs. ***We would like to see funding for intensive introductions to selected sectors (including work experience) through courses managed by providers.***

***Post Brexit funds to replace the value of ESIF programmes are needed but the opportunity must be taken to simplify the bureaucracy and increase local flexibilities.***

# Investing in Science, Research and Innovation

## Summary

- Dorset has significant potential for commercialising research, as highlighted in the Innovation South Science & Innovation Audit.
- Dorset is well placed to contribute to, and add value to, the focus on **leading edge healthcare and medicine** in the Industrial Strategy Challenge Fund, for example, through the Orthopaedic Research Institute (ORI) at Bournemouth University.
- LEP investment in the Orthopaedic Research Institute at Bournemouth University demonstrates how small amounts of seed capital can deliver huge returns and creates opportunities for exporting knowledge.
- Dorset is positioning itself as a perfect test bed for innovation and new technologies.
- Bournemouth is also well positioned to help trial and develop the **transformative digital technologies** strand of the Challenge Fund, specifically in relation to 5G and cyber security.

Dorset possesses a great many advantages with a rapidly growing digital economy, as well as potential to grow further in key sectors such as engineering, maritime and agricultural technology. According to the Tech Nation report (2017), Bournemouth is the number one UK location for High Growth firms in the creative and digital sector.

Bournemouth University and Arts University Bournemouth are two outstanding and world renowned universities, with research specialisms that support and relate to the local economy. In particular, their award winning research and development and professional practice in visual effects, computer animation, film production, games development and gaming, digital media, medical research, management and financial services, health tech and tourism, is a fundamental part of the economic, social and environmental fabric of the area.

Priority areas for Dorset in terms of science, research and innovation investment are, therefore, focused on visual effects, computer animation, film production, and games development and gaming. These areas are already creating applications and services that support the growth and development of more traditional industries like advanced manufacturing, healthcare, financial services and tourism, as well as within the creative industry. By making these a priority, it will build on the excellence of Bournemouth University and Arts University Bournemouth and will help to accelerate the growth of the UK economy.

## CASE STUDY

The [Orthopaedic Research Institute \(ORI\) at Bournemouth University](#) is pioneering research and development globally in the field of virtual reality training for joint replacements (hip, knee). Dorset has the perfect conditions for this work; Bournemouth University has world-renowned specialists in visual effects and gaming, neighbouring Christchurch has one of the oldest populations in Europe, Bournemouth and Poole Hospitals carry out more joint replacement operations than anywhere in the UK and so have an eminent surgeon leading the Institute.

A small amount of seed capital from the Dorset LEP (£700k) has enabled ORI to purchase the cutting edge equipment needed to become a global player. Within 18 months a number of R&D contracts have been secured with international corporates, with several more in negotiation, new products have been developed and jobs have been created. Their research and academic outputs have advanced the fields of orthopaedic surgery, related diseases, their prevention and treatment, as well as medical devices. ORI is also looking to link its work with the planned 5G developments in the Lansdowne area where they are based, paving the way for medical devices to be fully connected.

The Dorset LEP is investing a further £950k from Growth Deal 3 to accelerate development yet further. A return on investment of over 100x is expected, with a projected £100m+ of private sector investment to follow.

This model can be replicated and is already being proven. With no further Growth Deals expected, the Industrial Strategy can provide LEPs with further capital resources to continue kick-starting local initiatives with global potential.

Although it is important to focus on science and technology, the creative industries, their value to the UK economy both at home and abroad and their disruption of more traditional industries should be recognised more prominently in the Challenge Fund. This would help accelerate Dorset's growth and extend its position as number one location for high growth firms.

The commercialisation of ideas is the key issue in our universities and in the larger companies, where R&D often takes place. Universities can be better supported to commercialise research. **Government needs to be fully committed to tax credits to help incentivise the development and commercialisation of key technologies.**

More visibility of Innovate UK, associated Research Council bodies, and the relevant Catapults would be welcome, alongside making funding more easily accessible. In keeping with the Government's ambition for the whole of the UK to grow, there needs to be more understanding of local strengths and direction in locations outside the current favourites (perhaps with a focus on the Key Cities), within Government departments and the aforementioned organisations. This would capture more knowledge and opportunities, and help support and fund new projects in different places.

Like much of the rest of the country, Dorset has a major challenge in increasing productivity. One of the ways to achieve this is to create more innovation, much of which stems from universities and their collaboration with businesses. However, more needs to be done to encourage and support entrepreneurship from the student base in universities. This connects with the development of new products and services generated from research, which in turn helps to create new businesses, retain graduates, their knowledge and their innovation.

*“Businesses with creative intensity are recruiting our graduates for their ability to apply creative ideas to business processes”*

(Prof Emma Hunt, Deputy Vice-Chancellor Arts University Bournemouth)

Access to grants and funding is too complex and difficult for smaller companies to navigate, meaning many miss out. ***Government could explore ways to promote local access to funding for innovation through LEPs and make it easier and quicker to obtain.***

The provision of funding needs to be rebalanced across the country to ensure centres of excellence outside the very top universities are able to access funding to support their work.

The focus on localism, whilst welcome, can create duplication of provision, where every area is focusing on delivering similar centres of excellence. There needs to be a focus on identifying unique strengths of an area and a clear pathway as to how these support local needs and Government objectives.

Dorset LEP is part of the “Innovation South” partnership, encompassing the private sector, universities and LEPs, which is preparing a Science and Innovation Audit (SIA) for the South of England. It will evidence the area’s scientific strengths and innovation potentials and identify what can be done to maximise their economic (and wider) impact.

The Innovation South SIA is focusing especially on Digital Enabling Technologies. Across the region’s universities we have foremost research strengths in this field and we also have some outstanding businesses which are both developing and using Digital Enabling Technologies in many different ways.

# Upgrading Infrastructure

## Summary

- **The Industrial Strategy can be the tool for Dorset to target investment at initiatives that will transform the local economy. A relatively modest (in national terms) investment in digital connectivity would boost productivity sharply and rapidly and bring significant private investment to the area.**
- Dorset is at the forefront of ultrafast and 5G deployments (in Bournemouth). The Industrial Strategy can help accelerate this and position Dorset as major centre of excellence in digital connectivity.
- Productivity challenges in rural geographies can be significantly improved with digital connectivity.
- Rural areas can deliver significant economic growth but are missing out on vital infrastructure investment.
- Dorset needs enabling infrastructure to bring forward essential housing to support growth.
- Rail links in Dorset are inadequate to support growth and tackle congestion, with major investment needed.
- Collaborative working across the wider “Great South West” geography offers compelling case for investment

## Equal Playing Field

***Infrastructure investment should aim to reduce isolation and improve the connectivity of the entire local area fostering an approach of inclusive growth.*** The recognition of regional disparities aligns with our ambitions to improve Dorset’s links with the north, east and west. Improving links will enable those places that are currently behind others the opportunity to connect up with areas of highest growth nearby.

***Collaboration with neighbouring areas, through the Great South West partnership will make a compelling case for better investment.*** Dorset and its neighbours offers significant opportunity for increased growth and productivity, which will be constrained without appropriate upfront investment. ***The right level of investment now will enable the area to become net contributors to UK plc.***

***Dorset must accelerate housing supply, but needs access to enabling infrastructure funding.*** The Growth Deal has helped with this but more can be done. Highlighting the importance of the link between the aims of this strategy and of the Housing White Paper in increasing the UK’s productivity is also noted as a welcome step by Dorset Leaders.

The National Infrastructure Commission recently published a call for evidence to help unearth the most important issues that will require investment over the next 30 years. Dorset has responded.

## **Connectivity**

The National Infrastructure Commission's report "Connected Future" recommends that digital infrastructure be put at the heart of the UK's Industrial Strategy. Dorset has embraced this opportunity. It recognises that connectivity will be a major driver for future business rates which will be needed to help fund future services.

Dorset partners will work with local business to bid for and/or benefit from, the £4.7bn Industrial Strategy Challenge fund to support work in key relevant pillars including 5G, Integrated & Sustainable Cities and Technologies for the Creative Industries.

Digital aspects need to be embedded in all areas of infrastructure to improve productivity. Smart infrastructure solutions can improve productivity (eg smart roads and digital railways), reduce emission (smart houses) and improve connectivity (ultrafast broadband and 5G).

Bournemouth Council is building on its existing strength as a key partner to Ordnance Survey for DCMS's 5G mapping and planning tool, and will jointly bid for funding to run a 5G project on network planning on a 24 GHz frequency.

Dorset will be one of the front runners nationally in rolling out new ultrafast broadband infrastructure in 2017.

## **Investing in Infrastructure**

Aligning infrastructure and growth priorities has enabled the Dorset LEP, to achieve significant investment in infrastructure that has, or will, help to deliver economic growth and housing.

***Dorset supports the view that long-term funding certainty is the best way to plan infrastructure investment.*** This brings confidence to private and public sector alike and helps to plan coherently and effectively, bringing efficiencies. The current Local Growth Fund allows LEPs to plan infrastructure projects only a few years ahead, making it difficult to put together a comprehensive strategy with local partners and having to rule out viable projects simply because they cannot be completed within the stipulated funding period.

***Government must encourage private infrastructure investment, alongside higher rates of public investment.*** Government should look into investing more into de-risking former brownfield sites to make them more attractive for private investors to build on. The private sector is often reluctant to be the sole investor for infrastructure projects and under current State Aid regulations, it is nearly impossible to give grant funding to privately run projects.

With the expected dismantling of EU regulations the Government could look into relaxing the rules on state aid to encourage private investment.

***The Government must seek to streamline and simplify succession funding processes following Brexit.*** The ESIF funding process has been overly complicated by different managing authorities having different approaches and levels of scrutiny, and taking an extremely long time to process applications and reach an outcome. This has been off putting for many companies who might have been seeking investment for infrastructure improvements (such as broadband or solar panels).

***There is currently a funding gap for medium-sized transport projects.*** While relatively small projects can be covered by local authority or LEP funding, and large projects (such as HS2 or Crossrail) are funded by Government, there are no real funding options for transport projects requiring £50m to £100m. These can often be the most transformational projects in terms of enabling economic growth, eg a step-change in public transport in the conurbation which would overcome growth stifling levels of congestion.

***Government needs to ensure it gives LEPs and local authorities sufficient time to develop schemes before submitting funding applications.*** Local authority resources are stretched and there is a lack of revenue funding for scheme development, which has resulted in lack of project pipeline and subsequently funding applications are not sufficiently developed, too often resulting in negative funding decisions.

***The method for calculating and assessing the cost-benefit ratio for infrastructure projects needs to be reviewed as it is disadvantaging rural areas.*** Often the traditional calculations give a negative ratio, even though an infrastructure project is vital for local growth and without it many other projects will not go ahead.

## **Rail Network**

In terms of better connecting Dorset through rail and road infrastructure, investment in unlocking pinch-points on the rail line between Weymouth and London would be welcome, coupled with the running of more sub 2 hour trains to and from the capital. Ensuring the recommendations of the National Infrastructure Commission report around the provision of consistent WiFi on rail journeys are implemented, is critical for those working on journeys to and from London.

While we are pleased that the new rail franchise for the South West is set to improve journey times and rail capacity from Dorset to London, the rail network within Dorset and into neighbouring counties should be further expanded to reduce the strain on the road network, thus easing congestion, reducing emissions and improving connectivity.

*“Where is the light train network?”*

(Stephen Harris, MD Wessex Ground Services)

This could partly be done by re-opening the railways that were “lost” in the last century, rather than building brand new railway lines. We suggest Government reviews the existing and past rail networks to establish where local infrastructure would benefit from re-opening old lines and stations.

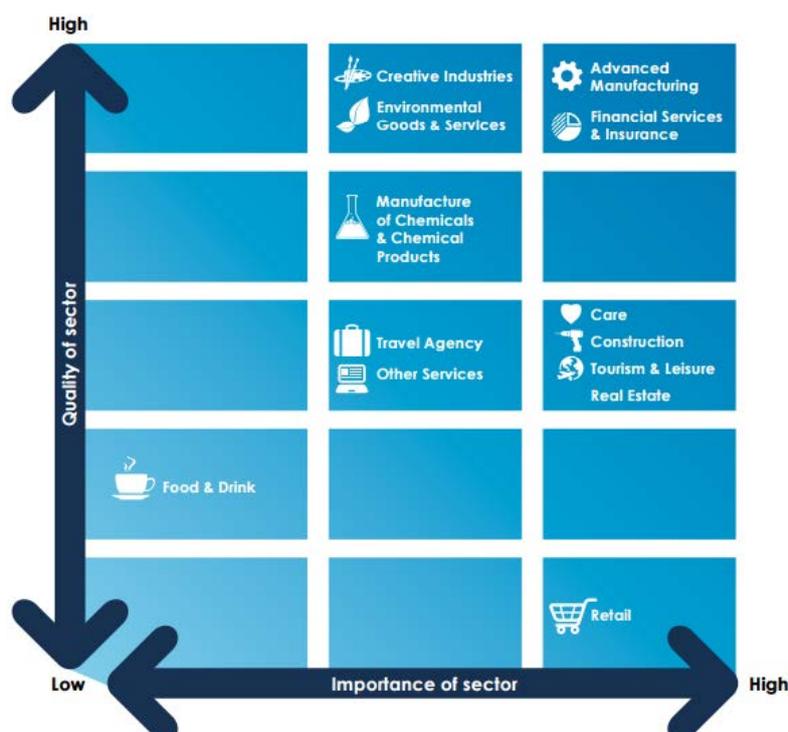
Transport infrastructure is stretched to the limit in many parts of the UK but rather than looking at how we can increase capacity, the Government should look at how to reduce the pressure. This could be done by encouraging employers to implement more flexible working arrangements, either by increasing working from home or allowing staff to decide their start and end times to better suit their personal circumstances and avoid peak times. While the technological capability is there to support such flexibility, a major mind shift is required to change general attitudes.

# Cultivating World Leading Sectors

## Summary

- There are a number of potentially world leading sectors that feature significantly in the Dorset economy which could increase their contribution to growth and prosperity with the right support and investment.
- Dorset offers a unique set of opportunities for economic growth and prosperity and would embrace the challenge set out by the Industrial Strategy to put forward local proposals to transform and develop some of our key sectors for growth, through the development of ‘Sector Deals’ .
- Previous deals have often focussed in city areas and it would be a positive shift for other areas, such as Dorset with a high quality natural environment, to demonstrate their ability to keep pace with growth in other areas.
- Dorset is a key player in significant sector clusters:
  - Marine (adv manufacturing) – South Coast (Cornwall to Portsmouth)
  - Aerospace (adv manufacturing) – West of England to Southampton
  - Agritech – South West
  - Nuclear – South West
  - Financial Services South Coast (Bournemouth to Basingstoke and Portsmouth)

Dorset LEP has identified its priority sectors for the delivery of its Strategic Economic Vision for Dorset.



Sector, and sub-sector, deals may well have to be a combination of thematic and geographical collaboration. The aerospace sector is a good example of collaboration but reflects a specialised area of activity with relatively few 'big' players and clear supply chains. Sectors such as agri-tech/food and drink may be better approached on a regional basis, reflecting locational juxtaposition and similar activities.

Significant sectors in Dorset which are, and could be, world leading include:

- **Advanced engineering and manufacturing**, especially aerospace, defence, composite and marine: employing around 17,300 people, contributing £803 million to the economy. The Dorset Advanced Engineering and Manufacturing Cluster is the seed-bed for a sector deal, facilitated by the public sector, but led by businesses.
- **Financial services**: worth some £1.2 billion to the local economy, employing more than 11,000 people, yet experiencing uncertainty relating to foreign direct investment following the decision to leave the European Union.
- **Creative and digital**: Bournemouth in Dorset provides the number one location in the UK for high growth digital businesses, the sector is worth some £350 million and employs over 13,000 people. The constructive disruption of this sector has significant implications for improved performance on other sectors such as social care and health with the application of new technology. Silicon South – a network of local businesses, the Universities and Local Authority provides the seed-bed for a sector deal.
- **Agri-tech**: 77% of Dorset land is farmed, the sector is currently worth some £112 million to Dorset. Continued investment in agri-tech, education and training and collaborative working across the South-West, should ensure increased productivity and greater food security and assurance for the UK.
- **Cyber security**: possibly not recognised as a sector, but an emerging area of excellence in Dorset through the Dorset Cyber Alliance, with links to Gloucestershire, Swindon and Wiltshire and evidenced in the "Innovation South Science & Innovation Audit". The success of this work has implications across all sectors and UK plc.
- **Tourism**: A major employer in Dorset. Home of the National Coastal Tourism Academy and Bournemouth University's Department of Tourism and Hospitality. International visitors, including foreign language students, make a significant contribution to the UK balance of payments.

***The Industrial Strategy must not fall into the trap of treating sectors as silos but rather encourage the cross fertilisation of ideas and transfer of technology.*** This will highlight growth and diversification potential as well as improve understanding of related sectors. The strength of the digital creative sector is that it can provide catalytic support for growth in other sectors, from manufacturing to agri-tech.

***The opportunity for Dorset is to drive innovation through the coming together of businesses in different sectors.*** Also known as the 4th Industrial Revolution, we are

encouraging the interconnection between tech and more traditional industries, such as financial and professional services, advanced manufacturing and health, to create new or improved products and services, which stimulate business growth. It is through these connections that we are exploring the opportunities of:

- Digital Health and Care
- Creative Industries
- Digital Manufacturing

Whilst the green paper states that sector deals will be driven by business to meet the priorities of business, it should be recognised that LEPs and local authorities often play a key role in enabling and facilitating the development of business to business collaboration, through clusters and similar initiatives.

## **Closing Statement**

Thank you for considering the Dorset submission. The businesses and institutions of Dorset are clear about what they can do to support the Government's desire for an economically dynamic nation where everyone shares in its prosperity.

The conditions for growth in Dorset are excellent – people want to live here and businesses thrive here. Modest investment in national terms will help overcome our barriers to growth, in skills, housing and infrastructure, and will reap quick and sustainable dividends for the UK.