Peninsula Enterprise
INFORMING ENTERPRISE
Issue 1 – Sept 2010
Competitive Advantage

Using Local Resources to Improve Competitive Advantage

BIS – 'A Strategy for Sustainable Growth'

In the Government's Strategy for Sustainable Growth, Vince Cable describes the three areas of focus that will drive recovery:

- Promoting the efficient operation of markets to support growth
- Investment in our productive capacity to drive growth
- Encouraging entrepreneurialism in businesses and individuals

Within this there is a clearly stated desire to see a new approach that brings together all parties – with emphasis on businesses being at the heart of this process – to design and deliver local solutions.

The document states: 'It is essential we increase the ability of all areas to grow by removing barriers and improving the use of local resources and competitive advantage so the right conditions for growth exist. This means devolving functions to a local level where it makes economic sense to do so…

'…Taking such an approach will strengthen growth across the country and allow businesses and local authorities to take the lead in tackling barriers to growth in their areas.'

Stimulating jobs and prosperity at the local level

Sustainable growth is the major challenge facing national, regional and local economies. It is one that requires a new and collective approach and the true engagement of all parties, in particular all elements of the business community.

In the first of a series of 'Informing Enterprise' publications Peninsula Enterprise is highlighting issues and insight that contribute to achieving the objective of sustainable growth in the South West economy.

It is recognised that we have to face this challenge head on .With the Office for Budget Responsibility forecasting the loss of over 600,000 public sector jobs nationally, it is more important than ever for local areas to remain competitive, support existing businesses and encourage growth and investment from new start-ups.

Many rural areas of the South West have smaller numbers of public sector jobs, and are often noted for their high levels of self-employment. However the fact remains that the region as a whole benefited from an additional 100,000 public sector jobs between 2000 to 2010(1), as large an increase as anywhere in the country. Moving forward, it is critical for employment growth to be more strongly driven by the private sector.

The South West Peninsula region has its own geographical and demographic characteristics. Some, like the region's clear appetite for work, lend themselves to enterprise success. Others, such as its perceived remoteness, offer challenges to be worked through on the road to future sustained growth.

For a region to grow more competitive, each locality must improve, building on its particular strengths and facing its own challenges. But not at the expense either of its neighbours, or of sustainable, planned success. This means a new era of partnership in designing and delivering the solution.

Peninsula Enterprise is committed to informing and supporting both the development and the delivery of the solution. Our track record in working in partnership to support business growth provides experience and understanding of the issues and we are firmly committed to ensuring that the South West seizes every opportunity to increase its regional and national competitiveness.

1. Public Sector Cuts Barometer – July 2010, the Local Futures Group.

The South West – A Region of Contrasts

Competitiveness League Table

Peninsula Enterprise	UK rank of 379	SW rank
Cheltenham	*57*	*1*
Tewkesbury	*64*	*2*
Bristol, City Of	*68*	*3*
Exeter	113	9
Taunton Deane	140	12
South Somerset	178	19
South Hams	180	21
Mendip	202	23
West Devon	211	24
Mid Devon	212	25
West Somerset	218	26
North Devon	222	27
Teignbridge	252	29
Sedgemoor	254	30
East Devon	288	31
Plymouth	300	32
Cornwall	314	33
Torridge	348	34
Torbay	366	36

Moving on up…High Flyers

The biggest success story in the UK is West Somerset. It has jumped 65 places as a result of improved education/skills and employment rates, and there are opportunities for further improvements.

South West Region	2009 rank	2010 rank	Change (places)
West Somerset	283	218	+65
West Devon	247	211	+36
Mid Devon	240	212	+28
Christchurch	206	179	+27
Exeter	137	113	+24

The competitiveness league table is compiled from an analysis of the inputs (such as business start-up rates and economic activity rates); outputs (such as employment rates); and outcomes (such as gross weekly pay).

The strength of places like Cheltenham and Bristol, both amongst the UK's top 100 most competitive areas, comes from their ability to add value to an already favourable set of local attributes.

In the South West, 9 of the top 10 places are taken by areas in the North of the region. Only Exeter joins this group, with the noticeable feat of being UK's highest rising city since 2008.

The City of Bristol, the 3rd placed locality in the SW and 2nd in the UK Cities league, offers a strong knowledge sector, high added value and productivity.

Although there remains a contrast between the north and south of the region, 4 of the region's 5 fastest climbers are to be found in Devon and Somerset.

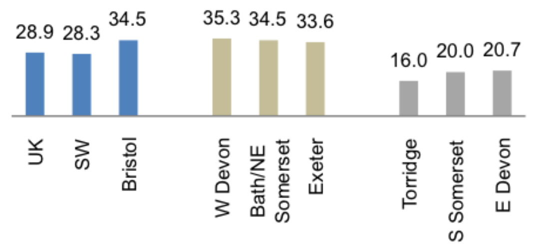
Innovative ways need to be sought to make a positive impact in those localities with greater challenges. This means areas supporting each other to share experience and expertise, and develop collective solutions. These solutions need to share resources and work with all parties – especially the business community – to ensure the right support is available.

UK Competitiveness Index 2010, Robert Huggins & Piers Thompson Centre for International Competitiveness, Cardiff School of Management, University of Wales

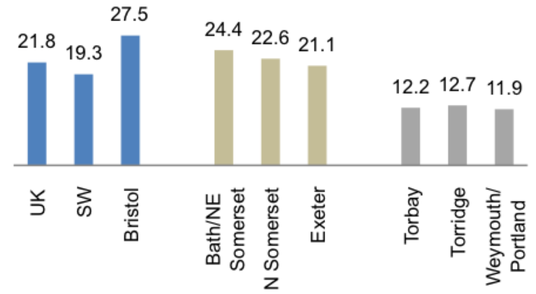
Knowledge and Reward

Education and knowledge base

% WORKING AGE WITH NVQ4+



KNOWLEDGE-BASED BUSINESSES (% ALL)

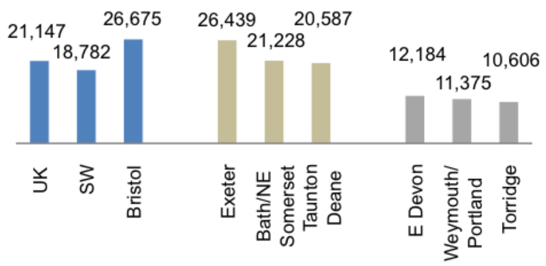


The South West peninsula region contains a number of well educated localities, where over a third have a degree or equivalent. This offers good opportunities for innovation. However, the wide range of attainment across the region means that the area as a whole could benefit provided the infrastructure enables people with different skills to move around for work. It is a government priority to ensure that the population is highly educated in the areas which will bring about greater competitiveness.

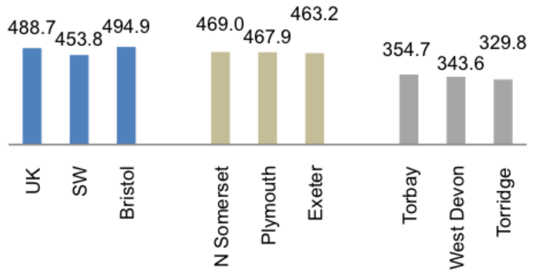
The most competitive areas have concentrations of knowledge businesses. It should be made possible for more of the South West to reach the level of Bristol. In the SW peninsula region, Bath/NE Somerset and North Somerset are above average – with around 22% of businesses in the knowledge sector. Other trademarks of a competitive locality are numbers of science, technology and research occupations (over 100,000 in the region). Also indicative is a bias towards creative and entertainment jobs, a strength of Swindon, but which in the Peninsula region are mostly found in Cornwall.

Work and pay

GVA PER HEAD (£)



F/T WEEKLY MEDIAN PAY (£)



NB: no median pay data available for W Somerset

UK Competitiveness Index 2010, Robert Huggins & Piers Thompson
Centre for International Competitiveness, Cardiff School of Management, University of Wales

The region can build on its appetite for employment; even the poorer performing Peninsula localities have employment rates equal to the national average. And the best are very much higher (84% in South Somerset). But these benefits are not translated into higher productivity (GVA per head), nor are they reflected in the distribution of pay.

The South West is also distinguished by its high levels of self-employment (11.2% working age population, versus UK average 9.1%). This should provide a good springboard for entrepreneurial growth, requiring a focus on supporting start-ups, and encouraging established companies to improve their marketing, skills and cost reduction. HE and FE institutions will play a major part in achieving this.

In the future, competitiveness and economic welfare of local areas and regions will be increasingly driven by the knowledge economy. In particular, productivity will be driven by the quantity and quality of the qualified labour, with more flexible and skilled workforces able to support innovation and adapt to technological change. Embedding key knowledge assets in local economies and maximising their value will be

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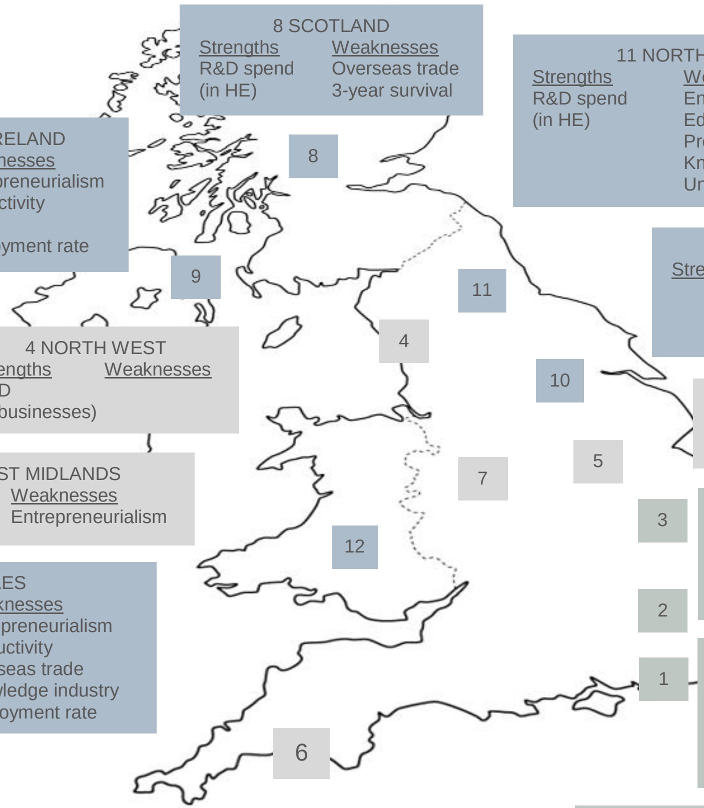
What makes a region competitive?

Many of the factors influencing performance of local areas are apparent at the regional level, where greater data is often available to measure competitiveness. Many of these correspond directly to the main productivity drivers shaping economic growth across the UK. These include: enterprise and entrepreneurship; skills (including leadership and management capability); infrastructure; innovation; investment and the wider ICT and transport infrastructure.

There are many different routes to competitiveness. New research from the Centre for International Competitiveness tells us which UK areas can best sustain local economic and individual wellbeing. It shows the main features of their success, and the biggest local challenges to competitiveness. The South West remains ranked around the middle, with a clear message to become less insular.



8 SCOTLAND

Strengths	Weaknesses
R&D spend (in HE)	Overseas trade 3-year survival

11 NORTH EAST

Strengths	Weaknesses
R&D spend (in HE)	Entrepreneurialism Education Productivity Knowledge sector Unemployment

9 NORTHERN IRELAND

Strengths	Weaknesses
3-yr survival	Entrepreneurialism Productivity R&D Employment rate

10 YORKS & HUMBERSIDE

Strengths	Weaknesses
	R&D Exporting Knowledge sector

4 NORTH WEST

Strengths	Weaknesses
R&D (in businesses)	

5 EAST MIDLANDS

Strengths	Weaknesses
Exporting	

7 WEST MIDLANDS

Strengths	Weaknesses
Exporting	Entrepreneurialism

3 EAST OF ENGLAND

Strengths	Weaknesses
High employment R&D spend (in businesses)	

12 WALES

Strengths	Weaknesses
	Entrepreneurialism Productivity Overseas trade Knowledge industry Employment rate

2 LONDON

Strengths	Weaknesses
Productivity Education Entrepreneurialism Knowledge sector	R&D 3-yr survival Employment

6 SOUTH WEST

Strengths	Weaknesses
Self-employment High employment	Exporting

The SW could capitalise more on its strengths by driving business creation and investing in activity that will reduce 'barriers' such as high speed broadband. It moves rank only as a result of changes in other regions. In GDP/head terms, much of the SW is similar to Eastern Europe and China in transition towards an innovative environment.

1 SOUTH EAST

Strengths	Weaknesses
Overseas trade High employment R&D spend (by gvt)	

Strength or weaknesses reflect comparative position relative to the rest of the UK.
UK Competitiveness Index 2010, Robert Huggins & Piers Thompson Centre for International Competitiveness, Cardiff School of Management, University of Wales

Concluding comment from Adam Chambers, CEO Peninsula Enterprise

"*The region faces opportunities and challenges and the new Local Economic Partnerships undoubtedly face a big task in progressing the competitiveness of their local areas. However, they have a great opportunity to focus on things that really make a difference and of engaging the private sector at all levels. This index highlights a number of the similarities and common challenges individual areas face. It also shows that now more than ever it is important that all parties work together – across boundaries – to define the specific focus for the future. At Peninsula Enterprise we look forward to informing and influencing this agenda*."