

South West Growth Summit 2017

Key:

BM: Bill Martin
SJ: Sajid Javid
CL: Chris Loughlin
RNS: Rain Newton-Smith
SH: Steve Hindley
RH: Richard Harrington
RHF: Rob Halfon
NP: Neil Parish
SU: Sara Uzzell
KT: Karl Tucker
EP: Esther Pearson
LP: Luke Pollard

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BM: Welcome to Sandy Park, home of the mighty Exeter Chiefs. Welcome to the South West Growth Summit 2017. 320 people registered for this event, which is fantastic. It is a massive increase on last year, where we had about 200. After last year's event, I wrote a column in which I said, "Everyone who is anyone was there." So there are already 120 people in this room who I need to apologise to. I obviously thought you were nobody. It's quite a proud moment for me. I'm Editor of the Western Morning News, for those of you who don't know me. The Back the South West Campaign was an idea that we actually stole from another newspaper who were doing it further up the country. It came post the Brexit referendum when we were sitting in my office and we thought to ourselves, 'Hmm, this is a dangerous time.'

A lot of the things that the South West has campaigned and fought for could disappear off the radar. It was also a dangerous time because we thought the South West couldn't afford just to sit back and wait for things to happen. So we thought we'd launch a campaign, and we did. Newspaper campaigns, they're great. They're great for making a lot of noise about things and rattling sabres and holding people's feet to the fire, but what we really need is partners to really make things happen. The Back the South West campaign very quickly we were joined by Pennon and our other associate sponsors and it has turned the Back the South West campaign into a newspaper campaign the like of which I don't think we've ever seen. In fact, it's become a movement in its own right, which culminated in the first Growth Summit last year and this event we've got here today.

It's also beginning to get recognised at every level. If I can make my phone work, because we've got stuff flying in, just now we've had a message in from Thérèse Coffey, who's the Environment Minister, who says, "I am in North Wales," which is unfortunate for her, "so unfortunately cannot make it today but please do give my best wishes to the Summit and I look forward to hearing ideas you think we can take forward nationally that increase recognition of the value of nature, natural capital at a personal, community and corporate level." You'll see through the rest of the morning we've got other messages from members of the

government. So this is something that is really happening. Fantastic to see you all here today. You're not going to hear a lot from me. I'm just organising and making sure everyone keeps to time.

What we want you to do, please, today is to pledge to Back The South West. By signing up to do that, we're asking you to do a few things really. Work collaboratively with others across the region, promote the South West as a great place to live and work, do all you can to lobby our MPs. There are some of them here today. I'll point them out if you don't know them, and getting behind and committing to supporting regional strategies and initiatives. That's what we want you to do, but we also want you to Tweet. Social media, let's not forget that general elections are being fought and won and lost on social media these days and international politics are being carried out on Twitter. So let's really, if we can do today, we want you to tweet. If you want to, there are backdrops out in the other room. There are these backdrops. We want you to show your support on Twitter and tell the world that you are backing the South West.

There are also some scary people with cameras and big fluffy microphones. They are going to come and ask you to commit to backing the South West. I've been told by the tech team over there if you are talking to the camera, or if indeed you're being asked questions, please speak into the microphone, otherwise we won't be able to record what you are saying. Hashtags are backthesouthwest, SWGS17 and Greatsouthwest. So please use them. We've got Twitter walls all around. You'll see it and it will be fantastic if we could get that trending, even if it isn't just in the South West today. Last year, we were very lucky to have Sajid Javid, who's the Secretary of State for Communities and Local Government, who came and spoke to us in person. He couldn't make it this year, but he has sent us this message.

SJ: Good morning everyone and welcome to Sandy Park for the second annual South West Growth Summit. When I spoke to you at last year's event, I challenged you to come together as a region. Not to blur or erase your unique local identities, but so you could achieve more than the sum of your parts. Twelve months on, I am delighted to see that so many of you are rising to the challenge, because regional collaboration is good for business. It's good for trade and for attracting overseas investment. It's good for addressing skills challenges and from Cornwall to Gloucestershire, it will help the people and the businesses of the south west to really fulfil their potential, adding more than £18bn to the UK economy. You have in your patch one of the largest infrastructural projects in Europe. You attract more visitors than anywhere else outside of London. You have world class educational research institutions and thriving SMEs. You have strengths in cutting edge sectors, from aerospace to cyberspace.

I know that you are harnessing strengths to achieve the scale of growth that the region and the country needs. I've lived and worked all over Britain and around the world. As a Bristol boy and as an Exeter student, the South West will always be where I call home. I know that not everyone in the south west always agrees on everything. Some people still take their passports out while crossing the Tamar, but I also know that it's a great part of the world filled with amazing people that are just bursting with potential. The best way to unlock that potential is by working together. So at today's conference, I want you to

come up with creative new ways of making that happen, and I look forward to hearing those ideas emerge from today and I also look forward to working with all of you, the LEPs, the MPs, business and policy leaders to put them into action in the months and years that lie ahead. Together, we can make the South West even greater. Enjoy the rest of your day.

BM: So another clear message there from the Secretary of State. Thank you for that. So first and luckily in person, and I said earlier that this campaign took on a whole new life when Pennon got involved. To start us off this morning, we're going to hear from Chris Loughlin from Pennon who's going to open today's event for us. Thank you, Chris.

CL: Thank you, Bill. Good morning everybody. As Bill said, it's a year ago, almost to the day, since we had the first South West Growth Summit. That was in Exeter University. We were very pleased to be involved with that and very pleased to sponsor that and help initiate the event. Looking on a year later, I remember saying, 'Welcome to everyone,' but, as Bill said, there's a much larger turnout now. I can see a lot of people that were with us this time last year who have joined us again today. So thank you very much for giving up your time. Last year's event was based on a very simple premise, which was really obvious to us but it was a very simple thing. We all know that we're very blessed to live in the South West. We all know it's a great place. We all know it's a great place to work; it's a great place to live and in my case bringing up a family.

From Pennon's point of view, we're based in the South West. We're proud to be a member of the community of the South West and serve the community of the South West. So we're very happy to be here. You all know Pennon as the owner of South West Water but also Bournemouth Water and Viridor Waste Management, which is the largest British, waste management company operating in the UK. That all started from here, started from Exeter, started from the South West. We're the largest FTSE 100 Company, depending on where you draw the line of where the South West is the largest quoted company down in this part of the world. We're very proud and very pleased to be part of the South West. That wasn't the simple premise. The simple premise was much more straightforward than that. The simple premise was really just to say, 'We need to articulate a clear vision for economic growth and development for the South West.' That's what we need to do.

Frankly, if we don't, as Bill was saying, we might get left behind. If you think about the South East, the Northern Powerhouse, the Midlands Engine, if we don't articulate that simple clear vision for the South West, there's a real risk that we might get left behind. So that was the simple premise. So what that means is we need a united, loud, clear voice to government and to other players. We need to say very clearly what our priorities are, what our investment priorities are. If we want devolution, we need to say very clearly what we want from devolution and how that will deliver economic growth and development. So, in short, we need to say, 'This is what we need to help us make South West an even better place, an even bigger part of the engine for the whole of the UK development going forward.' So that was the simple premise, and looking back on last year, I've got to say last year, in my mind at least, was a big success.

It's created this event. It's created some, I hesitate to use the word 'momentum', but it's created some momentum going forward. We had the event. We had a Growth Charter, which came out of the event. We presented the Growth

Charter to Number 10. We actually had an adjournment debate in parliament, led by Gary Streeter. So we had that as well. We set up a South West Business Leaders' Forum, which is chaired by Steve Hindley, and Steve I think will talk a little bit about the progress we've made in that regards since then. So we've made great progress and the task for us today is to build on that progress and move forward really. I've got to say, just looking at the room here, there seems to be no lack of enthusiasm. There seems to be no lack of interest. There's no lack of ideas and clearly no lack of ambition. So the task for us today as I see it is to drive and create that ambition and turn that ambition into even more reality going forward.

As I say, if we don't, there's a real risk that we might get left behind. One thing that happened two or three weeks ago, I don't know if you saw it, it was at the time of the Conference season. The Chancellor of the Exchequer stood up and pledged another £400m to investment in infrastructure in the North, into the Northern Powerhouse. I don't know how you reacted to that but I've got to say how I reacted to that was just can you imagine what we can do with £400m? Could you imagine what we could do with £400m in the South West to transform our infrastructure? So those are the sorts of prizes that we have ahead of us and if we can just capitalise on the momentum, the enthusiasm, the initiative that we've got so far, we are tantalisingly close, it feels to me. You've seen the message from the Minister, tantalisingly close to creating those opportunities for those in the South West.

I just welcome you all and thank you all for coming, but the task for us today is really quite straightforward. I think we need to unite, we need to have that clear loud vision and we need to articulate it strongly and loudly and continue to build on the momentum that we have already. When I say unite, it means the business community, such as ourselves, it means the local enterprise partnerships, which helped organise this event. Of course, it means the local authorities, the local governments from across the South West. It also means the representative bodies such as the CBI who also helped prepare this event as well and the media. I've got to say thank you very much to Bill for all the work and the championing he's been doing. So I think we're tantalisingly close.

I think it's going to be a great event. I think the task ahead of us today is quite straightforward and we need to build on the momentum that we've built over the last year and deliver an even better South West. So I'm looking forward to today. I hope you are as well. With no further ado, I'll hand back to Bill to take us to the next section.

BM: Thank you, Chris. Next we have our keynote speaker. We have a keynote speaker with a beautiful name, a name that also reflects something that we in the South West are very familiar with. So would you please, ladies and gentlemen, join me in welcoming to the stage the Chief Economist of the CBI, Rain Newton-Smith.

RNS: Thank you. It's great to be here. I'm really proud. I have to say, maybe a bit of explanation behind the name. I'm afraid it does originate from hippy Canadian parents. I think they only realised that possibly they maybe made a mistake on my wedding day. I got married in the middle of Wales and the rain lashed down like you've never believed. I have to say, generally the weather does follow me, as I found out when I was speaking at Exeter University last night and the rain again was lashing down, but I'm pleased to say the sun is shining this morning, so we've been lucky today. It's great to be here. I think this is a real opportunity

and really great to be speaking to all of you. For those of you who don't know me, I do have a bit of a croak in my voice at the moment. So I'm hoping, if my voice fails, maybe you'll all stand up and give me a standing ovation at any point. I think I will get very suspicious if some of those letters start falling off behind me (Laughter).

I think that's really just a segue to say it's really a challenging time for businesses and for policy makers at the moment. At these challenging times, I think it's even more important that we need to think creatively and work more closely together. I think the Great South West and the campaign that you are building here and the fact that you're all coming together here today really epitomises all of that. I don't know if any of you have ever come across a book by a fellow economist called Tim Harford. His latest book is called *Messy*, which I have to say, as a parent of four young children, feels like almost a bible for me personally. It's really about how it's so important to collaborate and to work together, and that's how you really bring about innovation. I think innovation is also very much what the South West is about. So I'm grateful that we're doing that.

I am an economist, so I thought it would be helpful if I gave some of my thoughts on the overall economic backdrop that we're facing. Then I really also wanted to talk about some work that we've done with the CBI about what drives growth across the regions in the UK and hopefully we're providing some tools and information for all of you to take that and really decide what needs to be the priority for your region and how you can really put your name on the UK map but importantly globally. I think that needs to be the level of ambition for the South West. So it's true, the economic backdrop is really one where we are seeing that shift down in growth across the UK. It is still a picture of growth, though. So we expect to see growth of around 1.5% over the next year. It is a tale across different sectors. We're seeing a weaker sterling. That's pushing up inflation. It's making things a bit tougher for households. At the same time, we see employment growth still growing. Employment is at record highs.

That comes with its own challenges, and I know skills shortages across the region is still one of the things that businesses talk to me about. So while we're seeing that household spending slowing, we're also seeing that firms are very much still investing in IT, in technology and cloud computing. When we look at manufacturing, yes, some of our manufacturers are undoubtedly seeing a boost to their export orders. That's partly because actually, the global picture is stronger. We're seeing strong growth in the US, in the Eurozone, and that's helping some of our exporters. If you put that alongside the weaker pound, things are looking better for some of our manufacturers. At the same time, I think it's fair to say the business community is definitely feeling on tenterhooks at the moment. We know from what businesses our telling us from around the country that uncertainty is holding back some of the longer bigger term investments that we want to see, and that we need to get our economy firing on all cylinders.

I'm sure we're all hoping for some good news when Teresa May returns from Brussels. I think we do need to see that transition in our new relationship with the EU so that we can all have time to plan for that new relationship and to get those bigger investment projects working. So I think fingers crossed on all of that. I think the thing that really comes across to me when I'm travelling around the country and speaking to business leaders around the world and around the UK is that their biggest concern is the domestic agenda in the UK gets lost in

some of the issues around Brexit and the EU negotiations, and in some sense that the energy that's being put into that can suck the oxygen out of all of our capacities. I think we really do need to fight against that and to really focus on the things that we need to do to drive businesses here in the UK and really put that place in industrial strategy.

I think here in the South West, there's so much to build on. Talking to students at Exeter University yesterday and learning about some of the work that they're doing and some of the work that university is doing in terms of driving innovation particularly around the circular economy and businesses that are making better use of our finite resources and sustainability, which is something that's very close to my own heart. I know Pennon Group as well is a real innovation leader in this space, and certainly doing so much around sustainability. We're certainly pleased that Susan Davy, their CFO, will be joining our new regional council, as our chair. I know there are so many different innovative businesses here across the South West, from Yeo Valley, which I feel like personally with four young children at a fridge full of Yeo Valley milk and yogurt, I feel like I'm personally helping drive their business.

One of my favourite named businesses, Ministry of Cakes, to the innovation we see in Plessey Group, some of you may know that business but it's really a global leader in innovation in LED and lighting technology. So I think there are so many things you can shout about to the world that are here in the South West. I couldn't even tell my kids that I was coming anywhere near Devon or Cornwall or they all would have been here with me. So I think that really speaks to the natural resources you have, which is when the weather is right, is really one of the best places to be in the whole world. So the question is, 'What do we do now and where should you all focus?' We did do this work around regional growth in the UK. The stats stand out. The UK is one of the most unequal regions, has one of the highest regional inequality in Europe. It's only in London and the South East where the standard of living now is higher than they were before the global financial crisis. So there's still a huge challenge there.

This story is about huge variations and we did some work looking at output or productivity, so just looking at how much each region is producing, relative to the number of people and the hours they are working. On one level, it tells a familiar story. So London and the South East is one of the most productive areas in the UK and you go through the regions with Northern Ireland towards the bottom. I think there's much to build on in the South West here. I think actually it's underplayed. The South West is much more productive on average than the North West and the East, and only just behind East of England and Scotland. I think one of the other things we really found from this project is you need to look beyond the region as a whole and look at some of the local areas because there's huge variation in each region.

I know you'll be able to talk about that. There are different challenges in Cornwall than the challenges we see in Bath. So I think as you're going through your conversations today, that's an important thing to hold in your mind. So, of course, the big question is what do we do about this? How do we get growth firing across all regions in the UK? So we looked at what the drivers are around that. I know you'll come on to talk about some of these today. So it is undoubtedly about education and skills. It's about making sure our young people are leaving school with the right skills. One of the things that came across from this project is that actually, people don't move as much as you

might think, and actually your core workforce are the people who are leaving school and then moving into the world of work. If there's huge variation in what they're attaining at different schools, then that's a real challenge. I think we do need to look at how do we attract great teachers and great leaders into education and how do we make sure that we have the right funding for that education.

That's part of the long-term challenge. But there's also a huge challenge for businesses in terms of how we all learn throughout our careers. We're all living longer. We're all working. Work will take up a much bigger proportion of our lives than it has done previously. We need to think about how we learn throughout our working careers. So I'm sure there's much to be done around that here. Of course, it's very much around exports and innovation. We know that companies that are exporting are more innovative and more productive, and the more productive and innovative businesses are, the more likely they are to be exported. So there's a virtuous circle, and I think there are some great examples here in the South West to build on that. I think importantly around infrastructure as well. Yes, it's about the connections between roads and rail, but it's also about our airports, it's how we become more connected with the global economy and I think that's particularly relevant to this region.

It's also very much about digital connectivity. I think we know that the South West is an area of natural beauty and it will be harder to build some of those bigger transport connections, but I think digital can really play a part. The way that people are working more flexibly and working from home and there's so much that the South West has to tell around that. So we've produced as well these scorecards for 173 different regions or local economic areas around the UK. This is open source. If you Google 'CBI regional growth' you will find these scorecards. We wanted to make these available, so every area so that the LEPs, and there is some great leadership happening around here, could see how they're performing. You can see how you stack up in terms of those economic outcomes, those measures of productivity that economists like so much.

What does that mean in terms of how your schools are performing? How are your businesses working with local schools? What are the number of high-growth firms? You can see some of the things that the South West and this is a scorecard for the LEP in this area, the heart of the South West. Some great examples of high levels of graduates in the workforce actually right here, some very strong school performance, but that's not true across the whole region. At the same time, as I'm sure is a particular pain point for lots of you that mobile connectivity around the region isn't there throughout all of the South West. So that may be a real priority for all of you. I think that's really what I wanted to say in terms of some of that work that I hope will be useful to all of you.

We wanted to use that to really foster the conversation and to really help regions come together, build their brand and really think where they can focus, where they can work with central government but come together to make the South West truly great, not just for the UK but to look around the world. We're certainly here to support you on that journey. Both the CBI in general but working with Deborah Waddell, who some of you may know, our truly excellent Regional Director here. We also have a new Head of Regional Policy, Mia Andersson, who's really keen to work with strategy leaders at local government and in businesses to really help drive this picture. So that's all that I really wanted to say. I'm really keen to hear from all of you to follow-on these

discussions at coffee and otherwise and maybe have a chance for a few questions. So let's back the South West together.

BM: Rain, thanks very much. She has agreed to take some questions from the floor. She says, despite being an economist, she's not scary.

RNS: It's all true.

BM: So we've got a little bit of time, so questions? There's one at the back there.

M: Thank you very much. One can't help agreeing with those four drivers of productivity, but I also feel that if you had to say why British companies are behind German ones and French ones, you've got to include investment. It's because we haven't invested in the machinery and other investment. I think if government can help us in any way, it's to release funds that can be matched by industry, who are storing investment and not spending it. They've got to be tempted to spend it. I think investment is missing from that picture.

RNS: Yes. I'd certainly agree, and also internationally, business investment hasn't been a big enough driver of our growth historically. That has changed a bit in recent years, and apart from over the last year or so where we have seen a slowing in business investment, we did have quite a few years where business investment was helping to drive our growth, and that's positive for now but into the future. I think in terms of what can government do about it, I think we've always said we need to look at our system for capital allowances. We don't do enough to help promote capital investment here. I think there's a challenge in the way our system of business taxation works at the moment. I probably don't need to talk in a business audience about some of the challenges around business rates and the burden that that can present when businesses are trying to extend their physical premises. So I think there's more we could do. We could take plant and machinery out of the business rates regime, and that's something we've certainly pushed for.

I think also, the challenge around investment is to really crowd in that private sector investment, we need to have a focus on R&D. I think it's good that the government is committed to spending £2bn on R&D over this parliament. We now need to get into the detail of that. How do we make that work with our local universities and how do we make sure that that crowds-in R&D from the private sector as well. So I think there's lots we can do to work together to get that investment happening.

BM: I forgot to say, like on Blind Date, could you tell us who you are and where you've come from?

CL: Chris Lorimer, South West Growth Service. I thought it was quite marked that actually the slide you showed on productivity showed that the South West was doing okay, but I'd be really interested to know what the CBI is doing to surface the issue of investment in the South West in terms of infrastructure, because I suspect every pound spent in the South West on infrastructure would unlock an enormous amount of productivity because we've got great businesses here, which are actually doing really well, despite the infrastructural under spend down here.

RNS: Yes. I think there are probably a wider range of experts on what you need in terms of the infrastructure in the South West in the room. I think one of the things that came out of the project is the more that you can create a wider better physical infrastructure connections help by creating that. That's what economists call agglomeration; a better pool of skills and talents to draw on a wider range of businesses in the supply chain and it creates better connections between communities. I think it's trying to think what is appropriate for the region and what will work best. I think there certainly is a case to be made; some of the bigger infrastructure projects have been concentrated within London. I think we do need to have a national dialogue about whether we've got that balance right. I think also, in this region in particular, I place a big emphasis around digital connectivity as well, and really making sure that we're ready for that next wave of technology and making sure that we're 5G ready across the region.

I think in a way that digital connectivity in some ways is what will allow the South West to grow. We know we've got some of the great tech hubs around in this region, so if I were prioritising, that might be where I would look, but others may have different views as well.

BM: Mr. Jones. Who are you?

TJ: Thank you, Bill. Tim Jones, Chair of Devon and Cornwall Business Council. Rain, how much capacity do you think the Chancellor's got in the forthcoming autumn statement and can the South West expect any goodies coming out from that?

RNS: We can live in hope for some goodies. I have to say, there's probably a couple of jobs in the country that are particularly tough at the moment. I've alluded to one of them already but I think the Chancellor's is equally challenging. I think that the real challenge is that our public finances, there is a real challenge. Even though he has some room for manoeuvre to meet his 2% fiscal target by the end of the parliament, I think one of the challenges is weak productivity growth has already probably used up quite a bit of his cushion, and I think when we looked at the long-term, that's why we're saying, 'focus on the long-term drivers of productivity.' That's how we grow our way out of austerity. So I think that's where we'd like to see the focus, and actually, if you look beyond the parliament, things get even more scary because there's so much demographic change, we've got an ageing population, that puts more demands on our NHS.

So I think we have to start from a sustainable point with our public finances. I think can we expect to see more? I think generally he is a fiscally conservative Chancellor. I don't think we're going to see big spending measures in this Budget. He is also well aware that there's real challenges out there with our EU negotiations and in some sense, it may be wise to keep a bit of extra money in the kitty if we do see more impact on our economy from Brexit and where the negotiations are heading. So I think that will be the starting point. I think where we've been pressing is where there is funds. One, follow through on some of the commitments the government have made in terms of road and rail. One of the challenges we find from our members, and this is relevant as well to the bids for the local growth funds, is actually, some of the decisions aren't being taken to release some of those funding, so even some of the funding that should be available isn't actually getting to those local communities. So I think a lot of it is holding to account to spending commitments that have already been made.

I guess, as a region, it's thinking about in the sense that there isn't a lot of money but if you are going to make bids for money, where should it happen and being strict on prioritising that. We've certainly said, 'Where there is money, it should be set aside to deal with issues around congestion and some of those infrastructure investments that we need to see.'

BM: Yes, sir.

AH: Alistair Handyside, South West Tourism Alliance. It's an economy question. The thing that everybody needs down here, whether you live here, whether you run a business down here, is for things that have been promised many times, like the A303, the improvement to the rail network, which just gets rolled back and rolled back. We get 12-minute improvements from Penzance when HS3 is being talked about. These are things, no matter how much we cooperate in this room, these are government. Broadband, rail and road, we've got to get that from the government. If we had those three things from the government, we probably wouldn't need this Growth Summit because we'd just get on and do it.

RNS: One of the challenges we're trying to hold the government to account for is following through on some of the things they've announced but we're not seeing the spending, we're not actually seeing it happening on the ground. So I think we'll certainly try to continue to play a part to make that point, but where I think it is important is almost businesses and leaders coming together and saying, 'Look, these are our issues. It's not happening.' The more you sort of shout from the region about the issues, and obviously, we'll try and feed that into central government, but I think coming together and putting that pressure on government is even more important from where we are at the moment.

BM: The lady in the middle.

SR: Sian Rees. I'm a Natural Resource Economist at Plymouth University. My main question is natural capital. You did mention it very briefly but how do we place our natural capital and our assets that are central to so many of our South West businesses front and centre of development policy?

RNS: First of all, I'm very pleased there's another economist in the room. I very much agree. It's really important. I don't think the way we look at the economy at the moment, and traditional macro economists look at things is fit for purpose in the way the world is changing. I think we should be looking more at our natural resources and taking into account natural capital. So I think it's really thinking how you can use the work that you do to really get that voice out there and really make sure it's being valued. I guess, as I was alluding to earlier, I think there are so many big strengths around that here in that region, and I think it's really playing to that. That's why I think it is great that we see some of the innovation in businesses here but I was so pleased to hear about the University of Exeter, the work that they are doing around the circular economy and really having an innovation hub focused on some of these issues. So I think it's just really building on that and making it work.

BM: We have a panel discussion on exactly this issue coming up very shortly.

AM: Andrew Main. I'm a non-exec director of various companies. Auto-enrolment. We have 28 million people now in auto-enrolment. We move individuals from

1% contributions to 3% in April and then 5% the following April. What drag is that going to have on the economy? Because there are an awful lot of small companies in the South West that are on the minimums.

RNS: There's different things caught up in that. I guess what we hear from small businesses is it's not just about auto-enrolment. When I'm talking about the labour market at the moment, I wouldn't underplay the huge transformation that's going on within the labour markets. We've seen a move to the National Living Wage. I think everyone's behind moving to a high-skill, high-wage economy, but I think the steps up in the National Living Wage is putting more pressure on costs for particularly our smaller businesses as well. If you take into account as well some of the challenges around the apprenticeship levy and being able to use those levy funds really well across all types of businesses, across all sectors, it certainly is something we hear from businesses, that it can be a challenge, and if it's not used well, it's sort of adding to their costs without helping to deliver the higher skills that we want. I think auto-enrolment is another cost that businesses are having to adjust to. So I think it is a challenge.

I don't think the overall costs are enough that we can see an impact on the macro economy. I guess what it's also trying to address is long-term. I think one of the issues that people don't spend enough time looking at is the overall pension provision and I think when we looked at how our population is ageing, how much people are going to be working for longer and how much housing is not going to be a pension provision for our younger people now. I wouldn't underplay how important it is that we find ways to make sure that people are saving adequately for their retirement. I think the challenge is people are myopic. We don't look to the future as much as we should do. So I think to the extent that auto-enrolment is helping for businesses and individuals to work better to make sure they have the right pension provision, I can see why that policy is there, but I think what we have to be mindful of is that sort of cumulative burden it puts on smaller businesses as they're trying to grow, and make sure they have the right environment to grow their business.

BM: Brilliant. Ladies and gentlemen, will you join me in thanking Rain for coming here today and speaking to us. I'd love to be able to speak so knowledgably about something. So next, under the bracket of Aims of the day, we have Steve Hindley. Steve is Chairman of Midas and also chairman of the Heart of the South West LEP. He's getting a drink.

SH: How many people have often said that about me, 'He's getting a drink.' As Bill has said, it's great to be at the home of the Premiership champions, and maybe soon to be the champions of Europe. I guess this is the closest I am ever going to get to running out onto that pitch to the great roar of the Tomahawk chop. So I'm pleased to be here for just that anyway. Welcome to the second South West Growth Summit. I've just spent a couple of days in London talking to ministers and civil servants and I can confirm that we are achieving already much more traction as a collaborating region, i.e. the South West. Whilst I'm Chairman of the Heart of the South West LEP, Devon and Somerset, I am committed to be part of a larger region that has the ability to punch at the right level that can be recognised nationally and, I would say, internationally. To me, that's what it's all about.

So we're here today to build upon successes already made and to look clearly at future opportunities. Our ambition is to be recognised as a major contributor to the UK PLC economy. Thank you to all of you who have come along to this

event with an open mind and an ambitious attitude. These are the qualities that we're going to need to stake our claim in a global arena to be a successful regional economy, if we're going to rival the industrial centres of the North and the Midlands. This is how it all began, when somebody said, 'What's your equivalent of the Northern Powerhouse and the Midlands Engine?' Today we have business leaders, MPs, LEPS, local authority leaders and other key players in the South West community with us. A good example is our media partner, the Western Morning News, who've done a great job in giving us an identity and publicising it, particularly in the last couple of days.

I would also like to add my thanks to the key sponsors, Pennon and Vodafone, and in particular I give huge credit to Pennon under Chris Loughlin's leadership. Without their forward thinking, we wouldn't have got this agenda off the ground. Recognition must go to all of the LEPS in the South West, particularly Dorset, Cornwall and Isles of Scilly and my own LEP, who have helped to organise today. Our LEPS and our constituent businesses, education, local authority partners, they really have grasped the challenge given to us by Sajid Javid last year and indeed, again this morning. It's all about working together. We've made a lot of progress since last year's summit. In the next few minutes, I'd like to just mention a few highlights. Let me start with connectivity. As highlighted in the South West Rural Productivity Commission Report, which was published yesterday, I don't know how many of you have seen it yet, connectivity in a rural economy is the biggest driver or barrier to growth.

The commission is a great example of four South West LEPS, from Wiltshire down to Cornwall, coming together to focus on our common opportunities. I would like to commend the work of the commission for setting out a clear vision in this respect. We're going to carry on with that work. The key is to work together to present a robust and united voice to government to obtain the essential investment in our infrastructure and skills, and as Rain has just said, getting decent connectivity through broadband as a first start would be a really good thing to do. This is the focus of the two panels, which are going to follow later this morning. So let me also highlight what else we have here in our region. Perhaps one of the most highly developed propositions is the business-led nuclear South West Partnership, which formally involves Dorset, Wiltshire, Heart of the South West, West of England and Gloucester First LEPS. With this, we have the supply chain support to open up the lucrative commercial opportunities for businesses through the whole region and the South West.

With the National College for Nuclear, which I think was built by a local company, was it Midas? I think it was which partners with sister facility in Cumbria, offering the high level specific training needed to sustain the UK's... I was going to say 'new nuclear industry', but of course, we have had a nuclear industry for a long time, but we seemed to have forgotten about it for 20 or 30 years. But this 'new nuclear industry' and maintain our position as a world leader in this sector. We know the potential in this area represents over 50 billion of business opportunities. In another area of opportunity, Cornwall and the Isles of Scilly, Dorset, Gloucester First and the Heart of the South West LEP are part of IAero Consortium to promote and support our advanced aerospace cluster that already has global presence as we know. You may have read recently that Cornwall has sent out a spaceport facilities delegation to California and New Mexico.

I did say earlier this morning I'm a bit miffed they didn't invite me. To promote our proposition that by 2020, the UK's first spaceport should be built at

Newquay Airport, and that is a real possibility. The delegation met many potential investors, I'm told, and it's with great excitement that we await the next chapter on that. These massive ambition projects like this, often people think, 'Well, that's never going to happen,' and it's quite often that those are the things that if we work hard enough at, and go and talk to the right investors, they really do happen. There are many other examples of regional working. For example, the South West Marine Cluster stretches from the Scillies to Portsmouth. Dorset, the Heart of the South West and Cornwall LEPs are developing the South West Energy Strategy, which will support innovative technologies to develop a smart grid and a local energy market.

It's not all about nuclear. It's a balanced energy strategy in the UK. The same three partners are also working on some joint research led by our growth hubs on how we can best support our small businesses that want to scale up. The growth hubs are also exhibiting today and I advise you to see what they are offering. I can also announce that we are looking to build on our South West and South Wales Science and Innovation Audit, with a memorandum of understanding between Dorset, the Heart of the South West and Cornwall LEPs and Innovate UK to focus on how science and innovation can benefit our prosperity. A big issue. But it's not just about what we're going to do in the future. We've already made good progress on many partnership projects and have a lot to be proud of. For several years now, South West LEPs have been lobbying for improvements to the A30, 303 corridor and the 358. Well, actually, I think I've been lobbying for that for 40 years, but anyway.

That's been crucial to opening up the peninsular and enabling growth. Our voices have not gone unheard. We have three schemes on the corridor on the Roads Investment Strategy and in particular, last month's announcement of the route to the tunnel under Stonehenge. Nobody has told me why there has to be a tunnel yet, but let's leave that one. Before anybody tells me, 'Yes, we haven't got anything yet,' there's a lot more lobbying to do. We have yet to agree my own pet project, which is how we finally connect Exeter directly with a dual-carriageway to London from Ilminster to Honiton.

M: Hear, hear.

SH: Thank you, the local MP. I thought he was going to disagree with me (Laughter). With regards to reversing the decades of underinvestment in our rail network, the persistence, and I use that word correctly I think, of the peninsular rail task force has resulted in funding for the design of a major works to improve the resilience of the coastal line through Dawlish. I was actually with a delegation that spoke to our previous prime minister about this, who actually said, 'What do you ultimately want?' and we told him. He said, 'That's rather expensive,' and we said, 'Well, let's do it by degrees.' The new express trains for services from the South West to Paddington are under construction. They've actually started, I think, just about between Paddington and Bristol and South Wales.

These achievements have only come about because of our dedication to our area, our tenacity and I say again our collaboration. Our future success will be increasingly dependent on our ability to strengthen our partnerships and work together with a common voice. The one thing that really works in Westminster is when ministers actually think there are enough of you all agreeing, MPs, local authorities, everybody together. The last thing investors need is uncertainty and confusion about what we are intending to do. I believe we are on an

exciting and unprecedented journey towards economic prosperity, the like of which we've never been possible in an area such as ours before. As I enter the latter part of my career, there are several targets I've still got to achieve, which includes the 303. It's now made more possible, due to the advances in innovation, technology and connectivity.

Remember, of course, it's our great environment and our cultural heritage that often attracts inward investment to our region. I remember working with an organisation called Devon and Cornwall Bureau, the head of which is here today, I think, when most of the time when we actually got an American or a Japanese company to come to this area, it was usually because the chairman wanted to sail or in one case was a mad keen balloonist. So let's not forget those things. We're working together to build on the truly distinctive assets of the Great South West to create a prosperous economy for all. So please enjoy the day and thank you very much.

BM: Steve. Thanks very much. I can't believe you're in the latter half of your career. I'm sure you've only just begun really. Before we go to our first panel discussion, we've got another video. In order to introduce this, I've got to read my shorthand so bear with me. We are hearing from Richard Harrington, who is the Under Secretary of State for the Department of Business and Energy, and Rob Halfon, who is the Chairman of the Education Select Committee.

RH: My name is Richard Harrington. I'm one of the business ministers here at the BEIS department.

RHF: My name is Rob Halfon. I'm Chairman of the Comms and Education Committee and former Skills and Apprenticeship Minister.

RH: I'm new to politics myself, having spent most of my life in business. I have owned and operated a hotel business in the South West. So I was particularly working in Cornwall, Devon and the South West. Some people would say that's a bit too New England. In my case, it was the tourist economy, but it involved construction and lots of related things.

RHF: I'm very pleased to support this very important event today because it is promoting skills across the South West. It's promoting training; it's supported by universities like my old university of which without doubt I had one of the best times of my life there. I want to give also a special thanks to Vodafone and to Pennon. They are showing how important it is to work with the private sector, to work with higher education and make sure that in the South West, we have the best trained people we need across those counties.

RH: I know the difficulties of operating in the South West because of the geographical distance, but I also know the huge advantage it has in terms of the population, in terms of the quality of life. I am so happy to have a chance to do this video to explain how important the government feels the South West is. In the narrower confines of my portfolio here, I've seen the aerospace hub and I am very pleased to have been given responsibility for BEIS for the LEPs in the South West of England and I do hope to visit soon.

RHF: If the South West can become literally a South West powerhouse, supported by universities, supported by great businesses, they will attract and help recruit the best skilled people for the region.

RH: I just wanted to take this opportunity to explain a little bit about our industrial strategy because people can get confused by it, because in my lifetime alone, we've gone from when I was studying economics at school, the government had a very centralised industrial strategy. They called it the NEDC and development council and basically, London decided where government money was to be spent, and on what industries. We then did a complete change as a government, when it was decided for a period in the '80s and early '90s that there wasn't really any need for industrial strategy because the market would take care of itself. Well, here we are in 2017 and Greg Clark, my colleague and the Secretary of State for BEIS, for business.

He made it very clear when I was recruited here that we are The Department for Business and our industrial strategies are based very much on what people want locally because it's part of the whole programme of devolution, which has taken place in local governments, starting off when Greg Clark was Secretary of State there. It's very important to us that decisions come from local businesses, local politicians, and local communities and government then following that lead decides to strategically how we're going to channel that force that there is locally, which means helping provide infrastructure, for example help in research and development, helping particular sectors where we believe that we can become world class, and I think the South West of England is ideally situated for that, and it's a great pleasure to say a few words and I very much look forward to coming to visit you.

BM: There is no doubt that the government is talking about the South West by the sounds of things. Before we break for coffee, we're going on to our first panel discussion: how distinctiveness of place can drive economic growth, or in my world, 'Is the train journey between Exeter and Plymouth one of the great railway journeys of the world or a long, slow, end of my day that regularly drives me to drink?' (Laughter) We've got a great panel. I'm going to introduce them to you one by one. Hopefully in the right order because we've changed it round this morning. First off, Chris Loughlin, Chief Executive of Pennon. We have Neil Parish, the MP for Tiverton and Honiton.

Third we have Esther Pearson, the Director of the South West Coast Path. Fourth we have Sara Uzzell. Sara is a business owner and Director of the Dorset LEP. We have Karl Tucker, Managing Director of Yeo Valley. Last but not least, we have Luke Pollard, MP for Plymouth, Sutton and Devonport. Join me in welcoming all our panellists.

So how distinctiveness of place can drive economic growth. Chris?

CL: Right. Well, to some extent, my thought and ask has already been covered by one of the questions from the floor, and our colleague from Plymouth University about natural capital. I've got to just give a bit of background to my thoughts in this regard. The government is very clearly looking for place-based propositions, so the emphasis on place. You saw it on the video just now. I've got to say, to my mind that plays absolutely to one of the strengths of the South West. I was interested to see a couple of weeks ago that some research that Cornwall Council was leading and sharing with the Local Enterprise Partnership for Cornwall and the Isles of Scilly, looking at the essence of what the place of, in this case it was Cornwall rather than the greater South West, but they employed some independent consultants to look at the advice of what

are the strengths? What is the particular uniqueness of Cornwall and the Isles of Scilly in this regard?

These consultants have worked right around the country, and their feedback to us was quite strong and quite astonishing, which was Cornwall has one of the strongest, if not the strongest, sense of place of any of the areas they've worked at throughout the whole of the United Kingdom. Obviously, that was a real strong point for us. Therefore, we are to some extent playing to the government's agenda by having such a strong sense of regional identity. I've got to say also we've heard it again this morning that strength is also probably one of our weaknesses. Because we are on the edge, because we are a peripheral part of the country, infrastructure, and the importance of infrastructure we've talked about, is absolutely the thing that's driving the future of our place. The weakness of our infrastructure, in terms of it's been said already, in terms of connectivity for traditional road, rail and so forth, air, is obviously something we need to focus on. It's obviously something we're not as strong at as we ought to be.

Over and above that, our digital infrastructure as well. It's been mentioned already, and this is the next panel, it's absolutely the vehicle for making South West great and even greater than it is at the moment. So I won't steal that thunder. I would just like to add another infrastructure dimension to it, which is to do with environmental infrastructure. Given that place, our sense of identity, the great place that we are in the South West is so important, the environment, we need to think about protecting, enhancing our natural capital, which is what the question was about before, and making sure that we invest in our environmental infrastructure. This is particularly with my Pennon, South West Water, and Viridor Waste Management hat on here, thinking about circular economy, thinking about the impacts of climate change, thinking about our particular features down in the South West. We are actually on the edge of the challenge of climate change, volatility of weather patterns if you don't believe in climate change. Clearly we're getting volatility of weather patterns.

We need to invest in a new way to invest in our natural capital. What my ask would be, because I think that was the theme of what the panel discussion was, my ask would be that we've got lots of opportunities here to be a test-bed, be on the cutting edge of the new environmental investment and the new natural capital investment. I'll give you a typical example. It's a water resources one. More floods, more droughts. You need to invest in those things. Traditionally, that means building more reservoirs, building more water treatment works, using more chemicals, using more concrete. There are more environmentally benign ways of operating.

So, for example, we have a programme called Catchment Management, called Upstream Thinking, where you invest with local farmers, with local catchment managers, in protecting the upstream peat bogs on the top of the moors there, which naturally filter the water, naturally slow down the water, and provide a very cost-benefit analysis of how to invest in natural capital, and put off the next investment in a reservoir and so forth, which keeps our water bills lower as well. We would like to be, and I think the South West should actually ask to be the test bed for this new economy, this new environmental infrastructure. So that would be my ask from Pennon's point of view.

BM: Neil Parish.

NP: First of all, I want to thank Chris very much for his involvement with getting us all together and Pennon as well and of course, Vodafone and also the CBI and don't forget the Western Morning News, which I have been quoted in, on the odd occasion, and hope to be again.

BM: **You've got five minutes (Laughter).**

NP: But seriously, here we are at Exeter Chiefs and we talk about a Great South West. Now, where could we be better than at a great rugby club like the Chiefs to be absolutely pushing forward the Great South West? Many of us were born and bred in the South West. We know how great it is, but we've got to shout that very much from the rooftops. Can I also say to Rain that this rain is actually quite welcome at the moment? Just make sure you take it away again so it doesn't last too long because this time of year it can get far too wet and I put my farming hat on now. Many of you will know that I chair the Environment Food and Rural Affairs Select Committee and so we are living now in a very interesting time where we can actually really take the natural capital and really do something with it.

One of the things I find interesting about natural capital, we spent quite a lot of time valuing it, but now we've got to actually make it work and actually use that capital for what its real value is. Of course, if you take the South West, we've got great food, we've got great farming, we've got great countryside, we've got great tourism, we've got great universities and we've got great businesses. Now, how do we put all that very much together? A lot of the reason why people come to live and work here is partly by that countryside. It might make you slightly frustrated getting from Exeter to Plymouth or wherever, but this is a marvellous countryside, and managed countryside. That's where if you take water and I really think what South West Water has done great up on Exmoor, we can do more of that. We can do water catchment in the area so we can deal with flooding and we can hold water when we need it, perhaps in the summer as well.

We can look at how we can actually really positively pay farmers and land owners actually to manage that water better. It then protects us more than when it comes to maybe the floods in Somerset and maybe any flash flooding here in Devon and across the whole of the West Country. Also, we've got great counties and I think the challenge for us is we love the identity of our counties and we like to say, 'If you're coming across the Tamar, you must show your passport and then make sure you go back again.' We love to make these old historic analogies, and it's great, and I think it's really good to have, but let's not use those sort of to an extreme where we actually hold ourselves back, because we really have all got to work together now. So we can develop a policy now for agriculture and food and the environment that works for all.

We can also build on the broadband because the broadband is absolutely essential. I've still got parts of industrial estates and others that some of the companies have to go home to do a lot of their connecting through the computer and internet work rather than being able to do it from their industrial site. This is absolute madness. And of course, the 303 is absolutely right. We've got to get that done and we've got to finish it through to Honiton. We've also got to make alterations and improvements to the North Devon Link Road, lots of things to be done on rail as well, and I know you will talk about that later. It's the way we incorporate all these things, because in order to invest in the South West, you've got to be absolutely sure that the government's going to put that

money forward, which we are, but I accept what a lot are saying, the 303 and the tunnel underneath Stonehenge, has all got to start to happen.

We've got to more than just talk about it, and it's coming and it's coming there. We've also got to do much more on the rail. I think the broadband above all is the one great key, because rural tourist business, we did enquiry into that. Many sites now, if you're coming to a holiday park in the South West, in Devon and Cornwall or wherever, you want to be absolutely certain that you've got Internet connection, so it's really key to make sure we've got that, and of course, with the next speaker coming on, we've also got to make sure we get the right access to the countryside and we get the right coastal paths and again, make sure that not only can we get access to that countryside, but we can take the farmers and land owners along with us, because if you say to a farmer, 'The right to roam,' he or she usually goes up on the ceiling and then comes down again. So let's be absolutely certain that yes, we can have a right to roam but just be a little bit conscious of the stocking and the cropping and don't let the sheep into the corn or the cattle or whatever, and all these things, it all sounds very basic but it's how we all work together.

I think we can. I know and I believe we live in a beautiful part. I've eaten great food because you can see by the size of me I must have done over the years. But seriously, it's a case of how we now all work together and, again, I emphasise it's great to bring this Growth Summit together. Let's keep this going. Let's keep pressure on government and when we talk about local government and perhaps devolution, let's for goodness sake agree together rather than divide ourselves, because I spent 12 years in local government before I went to the European Parliament, and before Westminster and I know the propensity sometimes for local government to go off in different directions. Let's try and keep ourselves together. That way, we get the very best deal out of government.

BM: Thank you, Neil. So the South West Coast Path. Esther Pearson.

EP: Thank you very much for the introduction. I love the idea of the South West being the cutting edge of new thinking around embedding our environmental assets into all of our thinking. I would say that because at the South West Coast Path, which travels 630 miles all the way from Minehead round to Poole, it attracts nearly 9 million visitors a year. That's day visitors, people within the region, and people from outside the region. That investment from those visitors supports over 10,000 jobs. That's FTE jobs within the region, all year round. The walking economy is growing. It's a great opportunity, and yet the South West Coast Path has suffered 30% central government funding cuts since 2012. Last year, we fought off a 50% in-year funding cut that would have seen the South West Coast Path close because of those storms that like to visit us from time to time. That would have been a huge detriment to the entire region and not just to our region, but actually to all national trails throughout the country.

I think that thinking or lack of thinking really highlights the lack of appreciation of the environmental assets that we have already. This is not just about new shiny things. This is about investing in the infrastructure and the assets we already have. A small charity, the South West Coast Path Association, has stepped into that place, to make up that funding gap and work with all of you, as business leaders, but also with other organisations and to try to meet that funding gap, to keep the Coast Path in great shape. So I think we've asked to

come with our asks, and one of my asks, first of all, is to all of you, to think about the environmental assets that you enjoy, the natural capital that ensures that your businesses thrive, and think about what you as a business could do today to value that, whether it's supporting the Wildlife Trust, the AONBs, the national parks or anything that's important to you, and of course, the South West Coast Path would be on that list.

I would also like to talk about tourism. I wanted to talk to you about productivity value is complicated, isn't it? We know that people relocate to the South West because of the value of the environment. We know that the environment around us, the beautiful coast and countryside, attracts people and it attracts people to stay, it attracts them to come and to invest. We know that the environment we have creates healthier, happier people, and those healthier, happy people are themselves going back to their high-value jobs and being more productive. So it's a virtuous circle, and we need to recognise that the environment, the coast and countryside, is viable because of the tourism asset that brings all year round visitors. We would like all year round visitors. Tourism spreads wealth, from cities, from areas of high productivity into rural areas. Tourism is also our shop window. Can you believe that Visit Britain have evidence of the fact that people visiting are 19% more likely to invest in the area that they've visited?

I think there was some talk of balloon trips and so on from Steve. But it's true, isn't it? It attracts people here and makes them want to come back and invest. Recognition of our tourism values is incredibly important. I was delighted to see a banner up there showcasing our tourism assets, and yet we're pretty silent on the subject in all our strategies. I think it's a real shame that tourism is seen as potentially the poor cousin because of its productivity value but I think that's looking at it from a very narrow view. Did you know that the South West is not only the most productive region for domestic tourism? We've heard that earlier, in the presentations already given, but actually, it's one of the fastest growing regions for inbound tourism, and in 2016, our inbound tourism grew by 25%. Is that our fastest growing export market? I wonder. Interestingly, I think we keep comparing ourselves to the South East. In the same year, the South East inbound economy shrank by 1%.

Our distinctly local food and beverage offer and our tourism gives us access to coast and countryside and creates a rounded, more enjoyable experience for all of us. We need to do much more for tourism in the South West and for the environment. I am calling on us, as the South West, to get behind the tourism authority's sector deal bid. It was published last week. It's really exciting. It gives us the opportunity to bid for a tourism zone and in that bid, it gives the possibility of investment into both skills development and connectivity and the assets on which tourism exist. It gives us the opportunity to define new seasons and promote them to new audiences and really encourage that all year round tourism offer. All year round tourism gives us investment in the assets that we rely on all year, as local people. So without too much going on about those subjects, what I'd like to do is ask that we continue to put the pressure on government to recognise and invest in the environmental assets we already have, the value of those.

I would love to see us put the environmental value of what we have in the investment framework of every single decision we make in business, in the LEPs, in the regions about everything we do, and recognise the value of the whole, the low productivity, lower value jobs but high volume within the supporting sectors of tourism and agri-food. Thank you.

BM: Thank you, Esther. So Sara. The picture from Dorset.

SU: Okay. Thank you. I own two hotels in Bournemouth and work with businesses across the hospitality and tourism industry in Dorset. The hot topic in my area is skills and staffing. It's a serious issue, which is having a major impact on productivity. We are seeing businesses scaling down their growth ambitions to fit the size of their organisation. Examples I've heard this week range from pubs closing on the night that the chef is off to businesses deferring major investments. There's a hotel group in Bournemouth with 360 rooms in 5 properties. Revenue this year has been up, but costs have gone up dramatically. They pay £4,000 commission to a recruitment agency for the fee for recruiting a chef. After 10 weeks, that retention bonus goes away. Guess what? Week 11, he's poached, no pun intended, to go elsewhere, so the process starts all over again.

There's a constantly revolving door of staff, as there's just not enough. There's not enough people coming looking for work and those who do come, especially non-UK residents or non-UK indigenous population, they're not feeling welcome. Training costs are very high, when you've got a constantly evolving, changing workforce, as well as the cost of food. The business I was talking about relies on 70% non-UK staff at the moment. They're not refurbishing. They had a major project for £180,000 for next year and they're worried about their growth forecasts and they're downscaling. So they have cancelled that project for next year. I sit on the Dorset LEP board as a private board member because I really care about productivity. I care about economic development and I care about the future of our businesses. That really worries me. We cannot scale back to fit the size of our organisations. It's a big problem.

My second point is around collaboration and how the sectors can work together. Tourism is an important economy in our place. It's not the high-growth sector but some of the innovation-led, technology-led sectors amongst us are bringing the massive growth, but it is key to success. It's about us working together to get the proposition right to make both of us work together. The tourism sectors working with the high-growth sectors. If we work together, we can make it work. To attract highly skilled people, we need to sell our place as brilliant, as a perfect place to live and work. Productivity for tourism is around selling our capacity all year round. We can't be like a factory that's only operating at optimum performance for three months of the year. Collaboration is key here. Tourism needs to work with the other sectors to make the place vibrant, exciting with something to do all year round. We are currently enjoying a ten-day art festival in Bournemouth. Arts By The Sea. We have four years' funding from the Arts Council.

Last weekend, we had a three-day running and marathon festival. These long-term commitments are what we need and that's knowing where the funding's coming from, working with the private sector, is putting these long-term commitments in place but it also fills our diary of events and festivals around our natural assets, around arts and culture, food and drink, that gives people a reason to come to this beautiful place, even when the sun isn't shining. We've just launched a five-year Christmas festival. We need to take the long-term view and we need to work together in partnership. Our place is great for our residents and it's also great for our visitors, but it's really key to attracting new businesses to our area. Finally, we're not just sitting back and moaning about this staffing issue. We are addressing the issue on two levels. Firstly, we're

working with schools and colleges, teachers, students, parents, to sell our industry and to sell the opportunity and to get the image of working in businesses like mine as somewhere that you'd like to be.

It's a business studies opportunity. We need skills of all types in our business. We need to get that message over and we can't afford for it to take a generation. Secondly, we've suggested to help government. We've provided evidence and case studies. We met with the Migration Advisory Committee this week to talk about how we sort this staffing issue out and how we feed into the Brexit negotiations. They tell us it's not too late. We're giving them information. We had a big three-hour meeting with them this week and we've given them some specific actions. We've got a lot of language schools in Bournemouth. Outside of London, we're the largest centre for international education. We used to be able to, up to 2014, give students 20 hours of work and they used to be able to stay on after their studies for two years. That actually made their education much more rounded. They became more valuable to us in our economy and they went on to wherever they were going much more rounded.

That's gone away. We want you to put that back. That would make a big difference here and now. The other action that we've suggested to the Migration Advisory Committee is around 'could you pass the word on about apprenticeships?' We really bought-in on that but we don't really think it's working. The young people aren't staying. We've got the same revolving door problem and we don't really think it's working paying them half of the rate that their colleagues are earning. It means they can't leave home. They have to stay living with their parents. It's not enough for anyone to live on. Companies want to sponsor. They want to make a long-term commitment, but we just need to help the students get on board and understand how that's going to work. We want to make the most of our place, to make it a great place to do business and above all, a great place to live and work. Thank you.

BM: Thank you, Sara. Two more speakers before we go to the floor. Next up is Karl Tucker, Managing Director of Yevo Valley.

KT: Great. I think everything I was planning on saying today has already been said, which is no great surprise because I think everybody in this room has been talking about it for years. Steve's been talking about it for 40 years. We have a challenge which we've known about for a long time and we all agree on it. The fact we're all in one room talking about it again is great but nothing's happening. We've got a great place. We all know we live in a great place. We've got great beaches. We've got two national parks. We all know that. Lots of people know that because they keep coming here every year. You've told us how many more are coming this year, which was helpful that the M5 is shut every other day. We've got a road network that was built and designed for the 1920s. It's completely out of date. We've got one main road into the region. We pretend that the A303 is a main road when it is in bits for about five minutes every time and then you get back to the horse and cart.

That's not a problem. Well it is a problem. That's not the only problem. When you get to the region, our road network is shambolic. It takes forever to get anywhere. There's no public transport to get people around. We can't move people about the region. We haven't got enough affordable housing in the places where we need it. You can't just keep putting it into Taunton and in the bigger urban areas. We have to get it diversified and spread across the region. We know all this stuff. We've all been talking about it. My ask is, we've all come

together, we all agree on it. What do we need to do? Because the politicians bless you, and Neil, we're seeing great leadership at the moment from our political leaders in London. Clearly they know what they're doing.

M: Sarcasm.

KT: If they don't know what they're doing with the country, what do we need to do, apart from all getting together having a nice love-in and all agreeing with each other again, because the danger is next year we'll come back here and we'll be talking about the same thing. Steve will be getting closer towards the later part of his career and we still don't have a road. What do we need to do? That's my ask. Tell me what we need to do.

BM: Don't you just love a bit of straight-talking from the private sector?

(Laughter and applause)

BM: So our last speaker on the distinctiveness of place is Luke Pollard.

LP: Thank you. Hello everyone. I'm one of your 'extra' people that weren't here last year, that didn't matter last year, but apparently having MP after your name suddenly means that I do. I agree with nearly everything that's been said on the panel so far. I just want to add some reflections of the last four months of being a new Member of Parliament for the region. For those of you who don't know my little bit, I am the extra little red dot on the sea of blue that we have in the South West. That has been really interesting because as a Plymouth lad, I've grown up with that self-deprecating sense that, 'Plymouth's really good but we're not going to say it. The South West is awesome, but we'll only really defend it when someone from outside our region has a go at us, and then we'll be vociferous and then we'll sit back down again.' I think that sense of pride in our place needs to be matched by a new sense of ambition and relentlessness about what we're asking for.

Now, the world has changed fundamentally in the last 12 months. Both in terms of politically, with the rise of hate on one side of an argument, the rise of Trump and the effects from that type of politics. Brexit and what that means for our economy and our society we live in. But I think also, because other parts of the United Kingdom have got their act together in a greater sense than we have as the South West. Some of that is to do with the county boundaries that Neil spoke about. But some of that is to do with they've just been louder, more relentless, more ambitious, more willing to put aside divisions, personality drifts and slightly different perspectives to work together to drive what we need. I think that is really where we need to be. So since I've been elected, I've made no apology about being a bit of a troublemaker. You might have spotted this, for those people who've been following me. Actually, I think it's necessary because actually, if we do the things that we have always done, we will get the answer we've always got.

So partly I want us to be more ambitious, more relentless about what we're doing, but to the challenge that we've just been posed, I want this to be based on more of a campaign approach. Before I was elected, I was a campaigner, both on environmental terms but also helping people. My last job was building controversial buildings, skyscrapers, football stadiums and things. At no point in my entire career in the private sector would we create an aspiration and then produce a nice report, launch it and then go, 'Let's hope that people in London,

in their benevolence, will look down upon us and see the merit of our argument.' There's been an action plan at every single stage, and I think that's what we need to do much more in the South West. That's given our politicians a clearer tasking of what we need them to go and do. So, for instance, in the autumn budget that we're getting, £30m to reduce the journey times between Exeter and Plymouth by 3 minutes, when the track's been upgraded next year.

Simple, clean ask, really simple to do. Frankly, they're spending billions elsewhere; it's time we got our fair share. If they can match big commitments for other regions, £30m is the least that can be done. Clear tasking. Go get it and then clear accountability when it fails. We're not going to win every argument. We know that. But I think giving our politicians, the business leaders a sense of collaboration, common purpose, common endeavour, I think will be really useful because that will give us the objective I think in a year's time to say, "How are we doing? Where are our arguments not landing?" Because while other regions are coordinating investing together, they are getting a relative advantage on where we are. We don't get our fair share in the South West. We know that. We haven't done for decades, but our risk is getting worse that not only are we not getting our fair share, we're not getting our fair share of the increased funding that's going elsewhere. So that's where I think we need to be relentless in what we do, but I also think in our ambition we need to go one step further.

Instead of just incremental tweaks on our strategy, I want us to take grand steps forward. So, with the work that South West Water is doing, and disclaimer: I used to work for Chris a long time ago before I was elected. I think we should be saying, 'Right, instead of just doing a little bit extra, let's really push out. Let's be radical and ambitious in our vision.' So the spaceport is a great example of not just going, 'We want a better train line. We want some better roads.' We want to go further. Our sense that actually, why should the M5 stop at Exeter? Why shouldn't that push on to the Tamar Bridge? Why shouldn't we have faster journey times on our trains? Why shouldn't we be demanding not just the £30m that we need to get three minutes off the journey, but £9bn to get what we need?

I think if we push ourselves further out than we are at the moment that will have two reactions. One, it will annoy a lot of politicians because they'll have to do a lot more stuff to do it, and I think that is a good thing. Secondly, the gap between where the public will see our industry, our sector, our region, and where we are now, will mean that politicians and government will have to back-fill it. The other thing that's changed since a couple of years ago is the South West is once again full of marginal seats. That's worth remembering and it's worth exploiting. I represent a marginal seat. I've got a 7,000 majority now, which was quite a surprise to me, I must tell you, but it's still a marginal seat. So I want the Tories to try and win it off us, and the best way of doing that is by pouring money into it. It's by saying, 'Yes, you will get an upgraded train line. Yes, we will listen to you about not cutting defence jobs in the dockyard. Yes, we will do that,' and actually, be big and bold.

If you want to take that seat off me, if you want to defend seats that Labour could well take off the Conservatives at the next election, whenever it may come, be bolder, be more ambitious, because we, the South West, will demand that from you, be that a Labour government, a Conservative government or whoever is in power. Be bolder, be more ambitious, and I think we've got a real chance of getting more stuff, because at the end of it, wherever you are,

whether you're a blue MP or a red MP, I think we're all in it to get more stuff for our region, and I think there's a window of opportunity here to do things differently, to be bolder, to be more ambitious, to be more relentless. Frankly, to be more annoying with government ministers along the way, so we're getting the stuff we need. I think that is the challenge we need to rise to in the next 12 months.

So if we come back here in a year's time, we're not saying the same warm words, there's an action plan to go against, there's things we can learn from, there's successes we can celebrate and there's areas where we can refocus on. That I think is our challenge for the next 12 months.

BM: Thank you, Luke. Straight-talking from a politician too. We are running a little bit over time but we do have some time for questions from the floor. So yes, sir, but quickly. Say who you are and where you come from but also to stand up so the camera can get you.

SC: Hello. My name is Simon Cripps. I am the Chair of the Dorset Local Nature Partnership. Great conference today. We've heard a number of the speakers talk today about grants going up to the Northern Powerhouse or the Sheffield Smog or whatever they are all called up there, and the fact that we're not quite getting as much. Luke alluded to it there. We're not going to compete on heavy industry in the South West and thank goodness we aren't. When the Dorset LEP, for example, produced its strategic economic plan, the Dorset Local Nature Partnership, and you can see us with the information in the corner over there, produced a Natural Capital Investment Strategy to sit at the side of this. I think Esther's put this really well, the benefits of environment to certain sectors, like tourism, food, farming, etc., water, particularly are very obvious. But Esther put very eloquently that the benefits to all industries are really important.

So my question is, given that the Dorset County Council figures show that environment was worth £1.2bn and that's produced by hard-faced industrialists and economists, how do we make the environment a South West brand so that it benefits all industries? Not just tourism, as we've heard very eloquently, but all, so that we can then compete with the Northern Powerhouse? Because I think it's a lack of brand, if I'm honest, that means that we're not getting the money that we should, a coherent brand.

BM: Okay. Neil.

NP: We've got an ideal opportunity now because we are actually going to have an agricultural/environment, environment/agricultural policy that's actually for the UK and that's where the South West can fit so neatly in. You're quite right. It's how we make sure the countryside, the environment, and the food we eat along with the tourists we bring all fit very neatly together. So therefore, there will be big changes on how we bring forward policy now and I think you will be making bids for it along with everybody in the West Country. It's really making sure that we have got that great... Because people come here on holiday. They know how great it is, but we've got to make it even greater, haven't we? Common agricultural policy, love it or hate it, it was trying to create a policy for 27, 28 countries across the whole of the European Union. We have got a much better chance of being able to develop a policy that actually manages the South West and the rest of Britain.

What we've got to be conscious of, of all political persuasions in parliament, is to make sure that money does remain there to help because when it's not ring-fenced, it's got a little habit of disappearing, shall we say, and that's something that I'm very conscious of, as many of you are here. So we can really use that, I think, in the future to link water, to flood, to environment, to food, to farming. It can work very well, but we've got to be very ambitious as we do it and has been said by Luke and others, and myself, let's shout nice and loudly because, Luke, I can assure you, I've been doing a bit of shouting over the years as well, as have many other MPs.

BM: Luke, have you got a quick answer to that question too?

LP: I have, yes. I think the brand's really important but our brand can't just be thatched cottages and pretty fields. I think the opportunity with the environment is spreading the entire economic sector based on our natural heritage and natural environment. In Plymouth, I've campaigned for a National Marine Park, for instance. Not just because the sea is nice and pretty and we can look at it from Plymouth Hoe, but because of the incredible world-class expertise we have in marine engineering and marine science that actually takes that natural asset that Karl has spoken about and sustainably commercialises it, builds greater value into it. In that respect, not only can we promote a tourist product, and we need to look at the quality of that product we're presenting, but also associated investment in other aspects of our national environment, which can create more high-skilled, high-tech jobs, which is exactly what our region should be specialising in.

BM: Another question. Gentleman here.

JC: Thank you. I'm Councillor John Cordwell from Gloucestershire. I just wanted to make sure that you don't forget that the region doesn't simply consist of peninsular; it does go a bit further than that. I've heard the A303 mentioned at least three times by speakers this morning, nothing about the A417/419. If you want to keep the region together as a region fighting for the region, then please can we have a bit more of the northern end as well? Thank you.

BM: A statement not a question; so a question from the lady in the front here.

AS: Andrea Smith from Dorset LEP. We haven't talked much about housing today. Yet, the South West is one of the least affordable places to live in the UK. It's got to be a limiting factor on productivity. So I'd be interested to know what the panel thinks about that and also what our ask to government should be in that regard.

KT: I did mention affordable housing. In the food sector, rural economy, we know that housing prices have been going up and trying to keep the younger people who are being born and growing up in those areas into those regions to be able to work in local businesses is really key. So we do need affordable housing spread across the region, not just, as I said earlier, centred on the urban areas. It wouldn't be so bad if you could get them out of them to workplaces but we have no public transport network either. So affordable housing is absolutely key. It is a great place to live and we've got lots of people of a certain age who are all coming here to live and reap the benefit of the natural capital and assets we have here. They're changing, the demographic of the workforce. That means as employers we're going to have to consider changing the flexibility of

our working patterns. Can we just have 12-hour days, 4 on, 4 off for people who are of an older persuasion?

There are so many things which come with not having affordable housing, which have knock-on impacts on businesses. It's absolutely vital. In terms of what the government can do for that, I guess it's freeing up planning to make it easier to happen.

LP: That's exactly it.

KT: But it's also making it important for developers that they don't just build nice big six-bedroom houses for people with a horse. I've got one (Laughter). But we do need to be able to house the other people that we need in our businesses. We've got a region where the young people don't want to stay here. Up to 12 they do because they go to the beach a lot, that's great. Between 12 and 17, they don't want to stay here. They can't get to see their friends. Digital connectivity is fine. Hardwiring digital connectivity is fine. It's nice to see Tom's here because if you could get out of my phraseology, 'Hang on a minute, I'm about to lose you. I'll call you back in a couple of minutes when I get to wherever I'm going,' that would be great. We're not a great place for a big chunk of the people we need to attract into the region. Younger people are desperate to leave. Older people are desperate to come here. In the middle, we need to have an infrastructure, we need to have a place that the 25 to 45s want to live and work as well.

They're leaving the region. We're not attracting them in and we've got to sort these things out, and affordable housing is a key part of that.

NP: A key to this is to change planning. It's also to make sure that some of our villages considered by district councils to be unsustainable, if you say they're unsustainable, they become unsustainable. Redundant farm buildings, all of these things could be used for affordable homes. We've got to be a bit more adventurous. At the moment, we've got everything closed down, and it's great to have developments all around our cities and our major towns, but we've also got to have rural development. Not build over the whole countryside but there are lots of places where you could build sustainably and at the moment it's being stopped. It's something I'm very excited about. We have got to do more about it.

BM: Okay. I'm going to move on. The gentleman at the back.

PB: Thank you. Phil Byers, Vice Chairman of North Devon Biosphere. We've heard no mention at all about the government's 25-year environmental plan. That is being pushed forward by DEFRA. DEFRA have put together a few pioneer projects across the country to see how they will roll out the 25-year plan. North Devon, through our partnership working of the private sector, public sector and the third sector, we have our biosphere partnership, and that partnership is the landscape pioneer for the whole of the country. So we have got some good news in the South West. I would invite all of you to come and see what we're doing in North Devon. In addition, across the country there are two marine pioneer projects as well. One of those is in North Devon. So right through here we've been hearing people saying, 'nothing's happening, there's no good news. We need to get on and do something,' but we are doing something. Sorry if it's a statement.

BM: Have you got a question, sir? Quickly.

PB: The question is: come and see us and we'll show you.

BM: That's an invitation.

(Laughter)

BM: Next question. Thank you very much.

NB: Nick Bruce-White from the RSPB. I want to build on this question of brand and some of Karl's frustrations earlier. It's great we're talking about this and it's great we keep name-checking the environment as a key driver of the economy. Chris has spoken about some of the good work which water companies have done, not just here but across the UK investing in that environment. But I don't see that investment coming elsewhere. If I could use just one small example, the Cornish chough, the bird on the county crest, on the Duchess of Cornwall's crest and on the logo of countless businesses throughout Cornwall, yet that bird has come back from extinction in Cornwall, thanks to the work of mostly farmers, a bit of support from EU and a handful of NGOs. I don't see that investment coming from the business sector to restore that great brand of Cornwall.

So I guess my question is, as a naive tree-hugger, how can the great business minds in this room help make that link between business brand and the environment and get the investment flowing in the right way?

CL: Just to amplify my point, and thank you for the question. I just wanted to comment on the previous speaker, which wasn't a question, and the point about whether we shout about it enough and whether we have a brand that's strong enough. There are an awful lot of good things happening in this space in the South West. Luke's point is absolutely right. We don't shout about it enough. We don't articulate it enough. We're not clear-headed and clear focused in how we present it. So in terms of what we can do as a business community, I think we will always sit back, and I can remember sitting back in terms of when we were launching our Upstream Thinking Initiative and the more catchment management and less reservoirs, less chemicals and so forth. There were 100 people telling us why this wouldn't work. There were 100 rules and regulations, no disrespect. 100 people saying, 'This won't work. You can't do that. It breaks this rule, it breaks that rule.' It was just sheer determination and drive that made us overcome those things.

Eventually, we were given begrudging approval to start the Upstream Thinking Initiative. Whitehall was doing its best to stop us. Regulators were doing their best to stop us. It's just initiative, drive and being a bit slightly awkward sometimes, Luke was saying, is the way forward. So focus, clarity and just go for it, I think.

NP: The 25-year environment plan, by the way, is about to happen. The Secretary of State has called it back in and I understand it's really likely to be hot on the press. I also think, as far as RSPB is concerned, it's very much now link in to the new policies that are coming forward and then if we can link both with future payment, agriculture land management and business, it would work very well,

and hopefully, as you hug your trees, there'll be a few more birds in them as well, of the feathered variety.

BM: Esther, and then I'm going to take one more question.

EP: I just wanted to thank you for the question, Nick. I think on the question of brand, there's a challenge, and I did put it out to you, is that there is an opportunity to improve your environment in which your business thrives by recognising that there's an environmental value to the distinctiveness of this place in which we live. It's your responsibility, every single person in this room, to take action, to do something about that. So whether it's in your own business, in your own life, with your family or if you're an LNP, and an LEP, why have we got these two plans? Why isn't the LEP plan recognising the value of the natural assets which makes us unique? We're not the South East. We're not because it's so beautiful here, and we have so many beautiful places. That's what makes us distinct. That's our USP, and we should be shouting loud about that. It is about brand. It's being first and foremost. The last thing I wanted to say is please let's stop talking about our differences. We always do that.

'Oh, well, in Cornwall it's this and in Devon it's that, and you haven't mentioned this and you haven't mentioned that.' Actually, we are all part of the same whole. If we have a common voice around our environmental strategy, around the value of our natural assets, for our economy, actually for you, for our economy, for us, and we have a common voice in that and a common mission in that, we could actually really shift this. We could take it forward. So maybe this time next year we'll be talking about the difference that everybody in this room has made to support the natural capital in which we thrive. So that was what I wanted to say.

BM: Thank you.

SH: Stacey Heath from Torbay Development Agency. I guess we've heard an awful lot about what a wonderful place the South West is and how great the environment is. We've also heard actually from Sara that there are problems with getting workers into the area and the skills that are in the area. I was at a [unclear] site meeting a couple of weeks ago and they have a huge problem with getting the types of skilled workers that they need. So my question is, what is it we can do as the Great South West to invite and entice the skilled workers down here in the first instance, and secondly, given that we've got some world-class universities and some outstanding further educational colleges, once we've got the people and the trained skilled workers here, how are we actually going to make them stay? Because we have all these wonderful environments. What are we going to do? Why is it not working?

NP: I think the challenge is very much that we've got a lot of homegrown students coming through, making sure that we've got the right courses in our great universities and colleges to do that and right down to our tertiary college, all these things are absolutely important. Also, of course, in the meantime, one thing that we've been looking at in the Select Committee is to make sure there is enough imported labour when we need it because that's the other issue. We've got a big issue not only in the environment sector but certainly in the food processing sector where there is a lot of foreign workers here and we're not getting people stepping up to the plate to replace them at the moment. Also, where we can automate more some jobs which perhaps at the moment not everybody want to do, but there is a real challenge there to make sure, as we

leave the European Union, that we've actually got enough people coming in, we've got enough of our own workforce.

I think that's where we're trying to integrate business, university, college and schools much more together, and I think we need to even do more of it. We obviously need to look at the apprenticeship scheme yet again. We've got more apprenticeship schemes but we've got to make them fit even better. That's really key to it, I think.

BM: Karl.

KT: As a sector, we have a high immigrant labour workforce, across the whole country, but it's also the tourism sector. It's also the construction sector. It's also the healthcare sector. We've got basically zero unemployment in this region. If and when our political leaders decide whether the immigrants are allowed to stay, that's step one. They've then got to want to stay. If they don't like the package, from my conversations with our employees, they're far cuter than the British workers. They are looking at it and they are going to decide whether they want to stay here or not. The fact they may be allowed to stay is part of the puzzle. We're facing a real cliff-edge, on many fronts, which we know. Keeping the good homegrown domestic British people in the region is key. We've got to keep the talent in the region. Or at least when they go to university, make sure they come back again. I know you said about the skills. You said it, so I wasn't going to, but this is probably the biggest challenge that this region faces, apart from the roads and Gloucester and everywhere else, in the next three to five years, and I don't think we've really grasped it at all.

BM: Luke.

LP: Very quickly. We've spoken a lot about what the message we need to talk about today is, about how good we are, speaking up what we've got. We've spoken actually about our coalition that we need to put together business, politicians, investors and people out there, workforce and those people that live in our region. We've spoken a little bit about activities. What we haven't spoken about is actually audience. Who are we trying to persuade in doing all these things? Actually, I think understanding the motivations of where government and importantly, I would say this, opposition, because it's lovely having lots of Tory ministers on a blue set talk about it, but it would be great to have some Labour people on there as well in the videos. But actually, where the motivation sits in terms of this, because I think the people that are going to be making the decisions about labour force and what's happening with EU migrants after Brexit are a very small group of Tory ministers at the moment.

So understanding how we can task our things with clear little things that we can get, because at the moment what I want us to do is be clear about all our tasking that our entire region should be doing. Now, that is the MPs and the business leaders and all our third-party friends that we have, because there's an awful lot of goodwill towards the South West and actually, how you capitalise on that goodwill I think will speak volumes about how successful we are, because we already have a foot in the door because people love our region. They need to know more about it and we need to be clear about what we want to see change, but when it comes to skills, when it comes to migration, when it comes to changing the thresholds about investment, that will only be done by people in London, and they have to understand why it's good for them that we do better, because we'll pay more tax, we'll take less out on public services and we'll

contribute more to our national GDP. That is good for everyone, not just for the South West. Let's keep making that message loud and clear.

BM: Good news, we're going to have a break. Thank you panellists very much. Thank you all of you for your questions and invitations and statements. We will come back in 20 minutes when we're going to talk about our digital panel discussion and talk about new technologies. I think we're probably going to talk about broadband.

[Break]

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Key:

BM: Bill Martin
TM: Tom Marks
TP: Toby Parkins
AC: Professor Anne Carlisle
DU: Dave Underwood
SB: Stuart Brocklehurst
GC: Geoffrey Cox
GS: Gary Streeter

BM: We're back. I have some exciting news. Apparently, Great South West is trending in the top five on Twitter. We're only just behind Friday Feeling, so keep going. This is our Digital Panel discussion, under the title: Leveraging New Technologies. I'm delighted we're going to talk about this. I'm sure we're going to talk about connectivity. When I drove back to my office in Plymouth from Barnstaple yesterday, not only my phone didn't work, but even my radio didn't work. That's quite an unusual experience being that cut-off from the outside world. We have a very eminent panel to talk to us. We have Tom Marks, who's the Chair of Vodafone South West. Toby Parkins, the Director of Headforwards. Professor Anne Carlisle, who is the Vice Chancellor of Falmouth University.

Dave Underwood, Deputy Director of High Performance Computing Programme at the Met Office. Stuart Brocklehurst, Chief Executive of Applegate, and we have Geoffrey Cox QC, one of the most famous voices in the House of Commons and the MP for Torridge and West Devon. Welcome to you all. To start us off, you've got five minutes each, guys. Tom, over to you.

TM: Thank you. Good morning everyone. I'm Tom Marks and I'm Chair of Vodafone South West. I am delighted to be here with you today at the home of the Exeter Chiefs. I'm really hoping some of the magic dust rubs off on me when I head back up the M5 and the M4 to Bath, where my son plays. Having been raised not far from Exeter and being a keen surfer of the local reef breaks, I feel privileged to know firsthand that the South West is one of the UK's most beautiful and dynamic regions. I'm fortunately positioned, at both at home and work, to see all the truly exciting enterprise that takes place here. It's increasingly the place to be if you want to grow your start-up, study, work in aerospace or technology in one of the fastest-growing digital hubs in the country. Exeter Science Park is preparing to quadruple its workforce. The South West supports 20,000 digital jobs.

There are approximately 2,000 tech companies in Devon and Cornwall alone and that's before we even get stuck into Agri-tech Cornwall and the SpaceTech South West Initiative, which we've already heard about; two brilliant examples of new and inspiring areas of research and development. Impressively, the South West is leading the UK in these areas, and that's sensational. So there is clearly a great deal to be very excited about. As anyone working in digital will tell you, there are always faster ways to get to where you want to be, ways to be more efficient. We at Vodafone have been focusing on regions and how we can make things better for our customers. We've invested £2bn in our UK network since 2014 and will invest similar amounts in the coming years.

As a result, Vodafone has brought fast and reliable 4G to almost 90 towns and cities across the South West, with network improvements now reaching over 98% of the region's population, and we're not stopping there. We want to work with the South West to find further ways to improve. We've already heard about the investment in our region on resilience, on future-proofing growth. Much of this, rightly so, is centred on transport, and the importance that that brings. But the importance of digital connectivity cannot be overstated. The Department for Culture and Media and Sport are absolutely right when they identified digital infrastructure - that is mobile and broadband, as the all-important fourth utility. We've invested heavily, simply because in this digital age, network services like these are the bedrock of economic growth.

We grew up from a small business above a curry shop in Newbury to a global business employing 13,000 people in the UK. 1,200 of which are based here right in the South West. So we recognise the importance of developing local tech businesses and with this in mind, we commissioned a recent report into how the UK government can unlock Britain's digital potential. Research has shown there are enormous opportunities across the UK, but to be realised, there needs to be the right policies in place. Our research found that for businesses to realise their full potential, government should pilot the introduction of digital enterprise zones. These are defined areas identified by local leaders, which would be created to foster the growth of digital businesses and come with the benefit designed to encourage companies to invest in the area and also train up the local workforce in skills.

One of the biggest advantages of these enterprise zones is that they would offer the opportunity to pilot area-specific initiatives that will deliver immediate benefits to the local economy. An example would be to offer digital marketing vouchers to small and medium-sized enterprises, to help them internationalise their websites and acquire translation service to be able to export their services abroad. If the regulatory conditions were right, the government could commit to the introduction of digital enterprise zones, the South West could benefit from increased investment in the local area. We deserve the right investment and [unclear] climates to see our region grow and thrive. Vodafone's continued investment has been instrumental in getting people and businesses connected across the UK, but one company cannot tackle all the challenges that currently are holding the UK back.

We are very keen to work with local leaders and pioneers who best understand the very specific needs and challenges in their area. On behalf of Vodafone, I am delighted to be involved with Back The South West campaign and I hope to work together with local leaders to obtain four critical policy asks of government that can, and I believe, will deliver renewed growth and investment in our region. Firstly, we want to see the introduction of policies that encourage investment in full fibre networks. We need to see sensible planning laws that make it easier for digital infrastructure that can be quickly established where it is needed the most. We need a supportive regulatory environment that recognises the huge role local tech and digital businesses play in boosting the prospects of their local areas, and finally, most of all, we need to see the piloting of digital enterprise zones.

I am super excited to be here with you today, with people from different areas of industry, with different ideas and different approaches, but all sharing a common vision. We want to see the South West, our most beautiful region, get the resources and investment we deserve to realise our potential. I am ready and Vodafone is ready to back the South West. Thank you.

BM: Five minutes to perfection. Toby Parkins.

TP: Thank you very much for inviting me here today. When people talk about digital and tech, quite often they think about some of the amazing ideas and technologies and new innovations and things, and they're thinking about those businesses. Recently I took over the chairing of the Tech South West Group and we put a call out to ask for some really interesting case studies, and we had dozens of amazing stories come in. One, for example, I think that may be here, an IOT company that's doing a monitoring system. Dashboard, they're called. They're doing this system that will monitor pipelines across the world. From the South West, we can actually grow businesses that can go completely global and can generate amazing revenue opportunities but bring that back so we've got jobs for our community here. So we think about the tech sector and digital like that, but I think we also need to think about every single business.

Every single business, outside of the tech sector, whether or not it's tourism or agriculture or health or care, etc., every single business can add some technology to what they do, and that technology will make that business more efficient, more productive and therefore, they will have a greater impact on GVA, they will help the government achieve improved productivity targets. Ultimately, if we're going to have a digital theme and a technology theme for the South West, we need to be thinking about it, making sure that engages with

every single business, because it will help every single business that decides to move forward with it. Obviously, there's the horrible 'Brexit' word. As the President of the Cornwall Chamber of Commerce, I certainly hear a lot of businesses feeling like they are being dragged backwards. They're having to swim against a tide which is drawing them backwards. I think we also need to actually recognise that every time you have a negative, there's an opportunity to actually try something different and turn something round.

Try a fresh approach. Technology, when you start adding that into those businesses, actually allows every business to have that opportunity, no matter what they're up against, to actually move forward. I often hear people talking about, 'Can't we have HS3 or 4 or 7 or 10 or whatever?' In reality, the billions that it would cost to actually get a high-speed rail link down to Penzance would just not actually give the return on investment. I think we have to be quite clear about that. We can improve certain infrastructure, but ultimately, if we actually put a fraction of that investment into improving fibre broadband, 5G, digital infrastructure, then we could be so much further forward. Remember when the EU investment went into superfast broadband in Cornwall? We've now got 30% FTTP connectivity. Our speeds went from 20 milliseconds to London to 5 milliseconds to London. So that was a £53m public investment that actually quadrupled the speed of us getting to London.

We can go to Tokyo in 90 seconds, where one of our major customers are. When you have digital infrastructure, you can go anywhere in the world. You can work anywhere in the world and you can deliver. We deliver software 18 times a day using continuous delivery and around 8 global regions from Cornwall. It's just so simple. It's so easy to do if you are the cutting edge of technology and if we've invested in that area. I think super hubs are a great idea. 5G, FTTP. I'd like to see a new concept of connectivity as a service. So you actually pay for connectivity as part of your management service level. Therefore, facilities managers, buildings can actually invest in technology infrastructure and connectivity in a different way and therefore provide better connectivity for people.

When we talk about identifying, I really love the idea of digital or technology connectivity and having specific zones, but it has to be market-led. We have to be careful, with the greatest of respect to all the councillors in the room, just because you want your town to be a digital hub, doesn't mean a digital hub wants to be in your town. It's got to be market-led. We've got to listen to businesses and let them steer where they want to have things. I don't think there is one solution for every single town or village or area. We need to look at different ways of doing this. Large businesses, small businesses will need different solutions in that area. The natural environment, which was talked about in the first panel, I think is incredibly important, actually. It's incredibly important alongside tourism actually, because tourism brings huge numbers of people to this region.

Those people, a lot of them come from the South East, they come down here on holiday, when they then realise, 'Oh, look, there's a fantastic job down here as well,' then they actually see, 'Wow, I could actually move to a lovely place, live in a lovely place, low crime rate, relative to where I've come from, earn a reasonable amount of money and have an amazingly rewarding career in the knowledge sector.' That's not just tech, that's across any of the higher knowledge areas of any industry. So that natural asset could actually be used to draw people out of the South East. Our strategy as a business is to try and

draw several thousand people out of the South East and actually employ them in the South West, and that will enable us to grow obviously quite significantly, but we think that's possible. It's 0.1% of the tech sector software sector in the South East. If we can draw them to the South West, then we're talking thousands and thousands of jobs.

That will, in turn, enable the aspirations for younger people to think, 'I can actually stay here. If I do the right course and I train, then we can actually stay here.' On education, therefore, I think we do need to redefine how education is created and delivered. Finally, the ask to government, actually we need to explain just how effective this is. We produce £2,328 per square metre in taxation revenue to the treasury, and hopefully Philip Hammond would like to have a discussion about how he can increase that.

BM: Thank you, Toby. Professor Anne Carlisle.

AC: Thank you. I am delighted to be here as well. I am not at all upset, Toby, because I'm actually going to address what you've said. I just want to start by talking about something which actually Toby used the words, but actually a word which I think has been virtually absent today, which I find incredibly important, and I would argue will be unbelievably important to the Great South West, which is the word 'markets'. I add to it another word: 'global markets'. The reason I'm starting at this point is because I believe in terms of any endeavour or initiative, if you start against looking at yourself and positioning yourself in whatever part of an operation you are, whatever sector, you quickly see that you must collaborate, that you are just a cog in quite a big supply chain, and it allows you to both describe your assets, which we've heard a lot today about assets, but also then allows you to very specifically identify both key pieces of infrastructure and the skills you need.

Sometimes, I think when we consider these things, we start slightly further down, where I would say is an ecosystem and therefore, we spend a lot of time talking about the infrastructure and what you need. I think the Great South West is going to be successful and I also think we have to focus more perhaps than we collectively do on the future markets. Again, as I say, it's about being precise about the specific assets of the markets and how we fit in these larger supply chains. I therefore think if you do that, I see no particular disadvantage in this region against any of the other powerhouses in terms of actually responding to opportunities which are bigger than any region in its own right, because I would argue there are very few geographically-bound markets. Of course, this is where technology has such a major part to play. Not only, as Toby says, as a sector in its own right, it actually touches every single sector, and of course, it increasingly has become a bridge to many new opportunities.

So basically, I think if we understand some of the economic models that we are working in and reflect the specificity, and I will come to my sector, creative digital, that I work in, the sector, in a second. It's about also understanding the very specific conditions for growth that are required by individual sectors. For instance, if we take the creative digital sector, which is a huge growing sector, it actually is the largest part by miles of the UK creative industries, which, of course, contributes currently £90bn to the UK economy and £10m an hour to the UK economy and 1-in-9 new jobs is in this sector. The South West has an incredible amount of people working in this sector. The wonderful thing is it's right across the region. Therefore, it's a real asset to the entire region. It's not an urban phenomenon.

Of course, in some places like Cornwall, which is rural, fragmented, not a Bristol, etc., you can actually build a really significant presence in a location that is not in a city, something that is often misunderstood when we start to get reviews of how clustering happens in the UK. I think that is something the Great South West can demonstrate that it can work in a high-growth sector and it can make it happen across lots of different geographies, lots of different sort of sizes of conurbations of people, which I think is often overlooked and overlooked and forgotten. In Cornwall, I took issue with the panel earlier on, it is not difficult to attract young people into Cornwall, to come and work in this sector, or into the South West, because you can see lots of people coming from other parts of the South West. It's not even difficult to get them to stay. The issue is making sure that you take a long view on how you actually support effectively new businesses growing out of this very exciting industry.

At Falmouth, we are doing it through something called our Launchpad programme, where we are literally with Cornwall Council, who are partnering with us on this, building a pipeline of talent that is basically setting up high-growth businesses but we have to take responsibility for looking at what happens once they've been set up and when they've been in existence for ten years, and they've grown on. So it's a really long view that you have to take in relation to this. So the point that I want to conclude or get close to conclusion on is that, of course, what I'm actually talking about is the way a particular sector behaves and technology sort of in whatever form, companies, individuals, they tend to swarm. The interesting thing about swarming is you can actually create the conditions for swarming, as I said, in a rural location as much as you can in an urban one.

Swarming, of course, is merely an organisational mechanism to increase productivity, which was established by bees. The thing about swarming is, a whole swarm can get up and fly away, and of course you can lose something almost overnight, so really, the point that I want to make and the ask I have of government and the ask I have of the Great South West is to describe and articulate ourselves in relation to the big global opportunities and our piece within them. Also, then, to use that to argue that we get the right conditions because the truth is, and I've said this to Sajid Javid, when he was delayed in Newquay Airport, and I was after his recent visit, which is basically, you can produce honey in the middle of London or on the coast of Cornwall, and people around the world will buy it if you have the right products. The only difference, of course, is that the honey is actually sweeter in Cornwall and the air is actually better than London. Thank you very much.

BM: Hear, hear to that. We move on. Dave, over to you.

DU: Thank you very much. Good afternoon, everybody. I want to talk to you a little bit about growth. Growth from a Met Office perspective can come in two forms. It comes from the region growing outwards, by investing its capabilities, and delivering its services further and further afield, and it can also come by attracting into a region new capabilities, new organisations. Back in 2003, we were one such move. The Met Office had the choice to move first of all to 80. We narrowed it down to 10 and then we narrowed it down to 4 locations. Finally, we came here, to Exeter. Whilst at an individual level it was no doubt a lot to do with the natural environment that instead of the required 70% of our staff we needed to bring with us, we actually brought 80%. As a business prospect, it was far more to do with what this city and this region offered us. It has adequate

connectivity, but more importantly, it has first-class world-class research and educational establishments.

Places like Exeter University, like Plymouth University, like Exeter College, because it's important that we deal with world-class right the way through the skills escalator as we describe it. What really worked in bringing us here was unity of purpose. We sensed a real ambition from the city, from the county, from the region and when they spoke to us about the attractiveness of us coming here, it was a united view. I think all too often we've alluded to earlier on today sometimes we come across as quite discordant with no focus or with too many areas of focus. So the Met Office. What are we about? We have a very simple mission. Our mission is to work at the forefront of world-class science and to harness that to do three things: to help protect people, individuals and vital infrastructures that the country depends upon. To make sure that we promote prosperity by creating knowledge of what the future will bring that people and businesses and economies can plan to respond to.

Finally, to promote wellbeing, in other words we're all in this for the long-term and I think somebody alluded to climate change, well, our institute, when we were back in Bracknell, was one of the first ones to determine that man-made climate change was definitely happening. It's one of those things that has attracted us to this area. Our focus, however, is very much on that national and international task. Locally, we're little better than good neighbours. We participate in [unclear] activities. We support skills development, but we only put our investment and our collaborations in with the university, as we do and with a number of other institutions across the region, where that will impact on our national and our international role. In 2014, we perhaps were able to demonstrate an example of bringing in an investment that was growing out from the region, when we attracted a grant from BEIS of £97m in our new supercomputer complex.

That was predicated on the ability for us to enable over a five-year period more than £2bn in the socioeconomic benefits available to the United Kingdom. We've done that and now if you go to Exeter Science Park, you will find that we've got our new HPC operating, and alongside it is a collaboration building, because there was one other element to that business case, which was new for the Met Office, and that was a commitment to support and promote regional growth within the South West as part of that business case. Interestingly enough, though, none of the financial benefits were associated with it, because our focus remained on national and international activities. So we've created that facility and let me tell you, it is a globally recognised facility. The machine that we've got there does more than 2 million calculations per second for every man, woman and child on the planet, and there are more than 7 billion of us.

It does that 24 hours a day, 365 days a year. It's doing it at 99.7, 99.8% utilisation. That is a facility that was recognised in Moscow and Beijing, in Tokyo, in Washington, in Berlin and in Paris, as much as it was in London. So the South West does have some globally significant capabilities and we are just one such. All that said, the focus that we have there is still on that national and international activity, and if we're going to do something practical to support the region, then it's going to be through the fact that in our collaboration building, we've established an informatics lab. These are people who are looking at how you exploit the vast amounts of data and information we're creating, and they will work with collaborating organisations to help them develop and exploit and create new business. Alongside that, we hope very

soon to be joined by the Exeter University Environmental Futures Impacts Lab. Again, two organisations working together to drive some growth.

Fundamentally, I go back to our mission: national and international. It's just recently that BEIS have announced a review of public service research establishments, and we fit under that glorious title. Their focus has been very much on saying, 'What can those establishments do to support growth in their local area?' The answer is there are things that we could do, but if I look at our tasking, it is not there. Therefore, what we said when we were visited by Dame Julia Goodfellow was that we very much need to be tasked to do it and to have to say funded to do it. With those, I am quite certain that we could move on from the enlightened self interest to the actually being able to really invest and help SMEs and also to attract other globally significant businesses to this region. That's all I had to say.

BM: David. Thank you. Stuart Brocklehurst.

SB: Thank you. My voice is close to giving out so I may need to resort to interpretative dance or something if necessary. I am hoping to make three points. Firstly, this is supposed to be about digital business but I think it's very hard now to know what is a digital business, or to put it another way, what isn't. To a point that Toby made, digital technologies can apply across many spheres and what they increasingly do is make businesses location-independent. I think for us here in the South West that is critical. Applegate is an internet business. We offer an online service for businesses to get multiple quotes for things they need to buy. The majority of our transactions, by a large measure, come from outside the UK. Our largest market is the United States. We're used by the likes of the White House, the US military, Boeing, General Dynamics, and in 100 other countries. My personal favourite is the National University of Mongolia.

We do this from offices in Barnstaple and in Plymouth. Because if your business can be located anywhere, why would you put it in the middle of an expensive major conurbation with long travel times, with pollution, when you could offer both yourself and your colleagues a great quality of life and at lower cost in offices and all the rest of it. People really don't care anymore where you're based. I was approached recently by a Silicon Valley private equity firm. They did a lot of research before speaking with me about our business, our clients, our model. The one thing they didn't bother to research, because they simply didn't care, was our location. At the end of the call, he said to me, "So where are you guys based? Is it London?" I said, "No, it's Devon." He said, "Is that near London?" I said, "No, it's near a beach," and he said, "Wow, cool. Awesome!" He really didn't care, thinking of putting money our way, where we're based. So location independence is the first point.

Secondly, artificial intelligence will move this forward significantly. At the moment, one of the constraints on growth is the availability of labour, which is a challenge in our region at the moment. AI enables you to scale without simply scaling the number of people at the same rate. We're working with Exeter University to develop AI systems and through the various universities in our area; there are some really great skills which can enable businesses here to achieve that extra leap. Thirdly, of course, talent is still very important. For us, a large part of the answer lies in a degree apprenticeship programme we operate together with Petroc College and Plymouth University. Under half the proportion of young people in our area go to university, compared with young people in parts of central London. That is not because they are not as

intelligent. The degree apprentices we recruit, without exception, would not be going to university otherwise, and every single one of them is certainly of the quality that could go to a Russell Group university.

We have access to great talent there and we're wasting it and wasting our own opportunity if we don't bring that in. I'm supposed to conclude by asking government to do something, but I'm minded of the words of Ronald Reagan, who said: "The scariest words in the English language are, 'I'm from the government. I'm here to help.'" The businesses in this region, working with colleges and universities, supported by our local authorities, can deliver this. We already have close to full employment. We can provide higher productivity, higher average earnings, greater export growth, greater income tax take, so long as no one gets in the way. At the moment, we're facing a degree of uncertainty of the future, regulatory uncertainty, uncertainty over terms of trade. Those will limit our growth if they're not addressed, our ability to invest and to grow. So my message to central government is just this: please don't mess it up.

BM: Thank you, Stuart. Geoffrey Cox QC.

QC: That's a gauntlet thrown down I think. Ladies and gentlemen, the Industrial Revolution put this country in the forefront of economic growth and prosperity for the best part of a century. The reason why that part of our history was so prosperous and enjoyed such growth is that we were first in the innovation and application of innovation that the Industrial Revolution produced. Just as we were first in the Industrial Revolution, it is essential to the welfare and prosperity of this country that we are first or among the first in the Digital Revolution. How we place ourselves in the forefront of that critical national mission is a task that we need to consider very carefully indeed, particularly if I may say so, post-Brexit.

The national crusade on which we will be embarked over the next 10 or 15 years will be a crusade for productivity. Productivity is the shibboleth for economists and will be for us as a nation making its way outside the European Union, however close our collaboration and relationship with it will be. Digital technology, and specifically the application of digital technology, is the Holy Grail which will enable us to prosper in that broad and new future. Ladies and gentlemen, I've heard a number of aspects from extremely distinguished and experienced and knowledgeable people in this field, but it seems to me, reading a lot over the last few days, of reports, government initiatives, pea soups, alphabet soups of funds, Innovate UK, industrial strategies, and all of these things, that it really comes down to a series of quite simple principles. One of which I completely agree with Stuart, is that the government needs to measure its involvement in a manner that practically helps.

It seems to me that there are a number of things that government can do. One of the things that a company recently said to me and my own constituency is, "Geoffrey, we've come up with these ideas. We're developing these ideas, but how on earth do we protect our intellectual property?" Our system of protecting intellectual property, when you come up with a new idea, is cumbersome, archaic, belongs to the 19th Century, even with no doubt the benevolent involvement of the European Union and its directives in it. We need to streamline it so that the chap or the couple of guys in their sitting room who've come up with a brilliant idea can very easily protect it. Then we need to give them the means to convert that idea into a practical application and then, and

this is what was most exciting about the Industrial Revolution, if you're a historian, as I was, and that is the willingness of the management in these companies, if you go up to East Shropshire and Birmingham, the reason places like that were so exciting in the early and middle 19th century is the willingness of a new emerging industrial middle class to embrace that technology, to use it as part of generating their prosperity.

We've got to get, as was said, I think, by Toby, all kinds of companies in all sectors to believe that they too are digital technology companies, because it's not just confined solely to the new high-tech companies who are coming up with the ideas and who are protecting their intellectual property. So what can government do? Well, I think it's doing quite a lot. They did a new Science and Innovation Audit for the South West of England, identified this area as having great opportunities for a digital innovation hub. I think the digital enterprise zones are working. I think the tax credits scheme for research and development, which now supports something like £14bn, 80% of our R&D in this country, are good innovations, but we need to do a great deal more. Part of what the government can and will do will be influenced by events, organisations and initiatives like these. I want to pay tribute, if I may, it's not often I do it, to a colleague of mine, Gary Streeter, who led us so strongly in the House to deliver to Number 10 the South West Growth Charter.

I think these initiatives are part of what government needs, which is to be told what you need, not government telling you what you need. We need to be told, 'What is it that you want? What practical measures, intellectual property laws, freeing up of planning laws,' digital infrastructure in a rural area has already been said. Digital infrastructure is critical because, I have news for Luke, we're never going to get a high-speed electrified rail line, certainly not for the next 10 or 15 years, but what we can get is better digital infrastructure. So these kinds of forums help the government understand what it is you need. Don't let the government tell you, 'You tell us.' So thank you for telling us today, the message will go back. It's practical things we need that will keep out of your way, particularly the business and entrepreneurs and facilitate and assist the task. Thank you.

BM: What a fabulous panel. Now it is your turn, a unique opportunity to ask questions. There's one straightaway in the front here.

JH: My name's Julie Hawker. I'm Chief Exec at Cosmic. We've been working 21 years on the Digital Skills Agenda in the local area and plan to continue that for many more years. We are avid champions of the need for digital skills across all businesses. The point has been made and it is every business in this world today and in the coming years. I believe it's the game-changer for most businesses in our area. My question to the panel is about the work that we have committed heavily to for 21 years, which is ensuring that the digital divide issue does not become a major issue in doing so, and so I'd like the panel to answer a question about how do we make sure that the digital opportunities that will exist over these years ahead are offered up equally to the high-speed and high-growth businesses and individuals but also to those in low socioeconomic backgrounds and in those areas where that is a real challenge?

BM: Toby?

TP: Education, education, education, all the way through. Fundamentally, if you're talking about trying to change people's lives, then it's not just about teaching

them new things, it's about giving them aspirations and actually enabling them to realise that just down the road, there's a company that's doing amazing things. I had breakfast with somebody that told me about a friend of his son's dad or something. They showed him his workshop and it was just this shabby old unit on an industrial estate and they went inside and there were robots and an automated production line working 24 hours a day. You get these amazing stories of really amazing businesses. I think with a lot of businesses that are world-class, their markets are global. Their comms and marketing teams talk to the rest of the world about what they're doing and how amazing they are.

Imerys have 150 people in their scientific research lab based down in Cornwall. That's their research lab for the world. How many people know what amazing opportunities there are there? So those aspirations need to be set for young people so that they can feel like it is worth actually doing a bit of work and getting a better job.

AC: I think it's also about the model of education. One of the things that I feel very strongly about is you do not have to postpone those opportunities to help young people of all sorts of backgrounds to actually innovate and set up, if they want, their own companies, but you have to change the educational models. So therefore, in our own case, we have now increasingly written and established courses with industry partners that actually is the learning vehicle in setting up your own company, and we are both doing it in a high value, high growth sense with the likes of Amazon and Sony and Hitachi but we're also starting to do social entrepreneurship versions of it that have much more sort of connection with immediate social issues in the area. But to do that, we've had to say, 'Forget the model that you think higher education is. This is a different model where we have collapsed things together.'

But interestingly, it's incredibly popular with young people because it fast-tracks them to becoming directors in their own company or to getting to be working in something that they feel they have control.

BM: Tom.

TM: Just a quick point. I have a 9-year-old, a 13-year-old and a 16-year-old. I think if you flip it and look at it from their eyes; they will be putting the onus on us as businesses to keep up with them. So actually, I think we almost need to reverse engineer our own thinking about development and skills to what they're going to be able to do right now.

BM: Dave, final word with you before we move to the next question.

DU: Geoffrey is absolutely right. What we're looking at is a new Industrial Revolution based around data and information. The difference between that and the previous one, the previous one took 50 to 100 years to play out, this one will play out over 5 and 10 years. It is going to change the way that society works, etc. Therefore, Toby is quite right, it's got to be about education, but it's got to be about education right from the primary level upwards. Investing in science, technology, engineering, mathematical understanding. It doesn't mean you have to have a degree in it, but to have so many of our kids coming out without a basic mathematical qualification is just appalling. It is not fit for what we have as a society to face over the next 15-20 years.

BM: The gentleman on my far left.

TG: Tony Greenham. Director of Economics at the Royal Society for Arts Manufactures and Commerce. We published a report recently called The Age of Automation, which looked at the opportunities for AI and robotics in the UK, which included a survey of business leaders. We concluded that actually, far from the popular fear mongering, if you like, about the risk of joblessness from the robots taking our jobs, the UK is in danger of lagging behind, in fact. Too few businesses are looking to invest. Given that we've heard that the South West is effectively a zero unemployment economy, hopefully the fear of joblessness isn't a barrier, but I think there's a different barrier, and that's what my question is about. Small business owners, SMEs, are superstars really because you're not just the chief executive; you're also the director of marketing, the director of finance, director of operations and actually doing all the work.

So such busy people, how can we support SMEs to grasp all the opportunities that digital and new technology can bring? Because they really do need help, I think.

BM: Stuart.

SB: Firstly, I thought it was an excellent report. I'm very glad that it was produced. The point there is very well-made. Taking us as an example, as a business, if we didn't have the potential to develop AI tools, the only way to grow would be to recruit huge numbers of people who simply are not available in this area. By developing those tools together with our academic colleagues, that means that the young people I mentioned we're bringing in to our degree apprenticeship programme have the potential to earn many times, and I mean that literally, many times than they would be able to do otherwise because the quantity of work that they can deal with should be in future probably about 1,000 times, and again literally 1,000 times, what it would be without those AI tools. So I think AI should not be seen as the enemy or as something to resist.

It will enable productivity, which, as Geoffrey mentioned, is so important, and it will enable us to increase what we pay our staff and also make it more attractive for them to stay in this region with higher earnings going further, easier ability to get on the housing ladder and all the rest of it. In terms of how one encourages SMEs to engage in this area, I think there is a lot of interest and desire to do this already. I think within this region, one thing I really would salute is the quality of relationships across with academic partners who are much more eager than I think some I've experienced elsewhere in the country to have a practical working relationship. I do think the intellectual property system, again to Geoffrey's point, is a challenge and not an easy one to solve, but that could help it further. I think it is more about reassurance that things will flow smoothly, that there will not, to a point I made, be regulatory change which could render an investment moot in the future.

I think, with a stable environment, there is a tide coming which can naturally flow.

BM: Toby.

TM: I mentioned about Tech South West earlier. One of the case studies that came in recently from a business is an online booking business focusing on campsites. In their introduction, they said, "We think there's quite a big market

opportunity because we have a solution and only 30% of campsites are actually using online booking.” So 70% of their marketplace doesn't even have a solution. There are so many opportunities like that. I think if we are actually going to champion all of the businesses working in digital and the tech industry and really actually get them to be more exposed locally, and actually then working perhaps with the FSB and the Chambers of Commerce and other local business groups which actually have a real reach into real businesses, and allow them to mix with the tech businesses in our area, then you're going to get all sorts of ideas, cross-fertilisation of ideas, but also people running normal businesses can see just how simple it is to actually adopt some new technology.

Whether or not it's automation or some kind of AI or some kind of cloud solution, whatever it is, they will actually understand how they can actually become more profitable and that's perfect for them.

AC: Go where the volumes are. Tom said it. The volumes actually sit in young people. If you actually have the mechanism by which the talent and curiosity and inventiveness of young people can be turned to work with businesses, sometimes we put too many, myself included, bold people to work with businesses. Traditional businesses don't work. Go to where the volumes are. This is why universities have to create those accesses to the raw talent because therein lies the invention.

BM: Thank you.

ED: Ewan Davy from Absolute PR & Marketing. The first thing I want to say is well done Bill and well done everyone on the panel for some very insightful thoughts. We have 320 people from businesses in this room across the South West. Just an observation and a question, might there not be an opportunity, maybe not at this year's event but in next year's event, to have an open letter to government that we could all sign behind one key point or a number of points? My question to the panel would be if there were one thing, and we've said today we need to have a unified voice, if there were one question to government that would be beneficial to the region, what would that be?

BM: Let's take an answer from each of you but as one thing.

GC: One thing? Well, I'm on a digital leveraging technology panel, so I'm going to have to say we have got to have practical implementation of the universal obligation to provide superfast broadband, and that means proper investment.

BM: Stuart?

SB: I turn it back actually from government to those of us in this room. You mention an event next year. I think for it to make sense for us to have a third event, it's got to be that there is a groundswell from all of us that says, 'This is something we really want to engage with, really want to take forward,' and if I was the person in Whitehall receiving something, unless there was a really strong sense from those of us here that we're serious and committed to this, why should I listen? So my one thing is actually for all of us to commit strongly with the messages we send and share amongst ourselves with our political leaders, local authority leaders and so forth, to say, 'This is something we really want to take forward.'

BM: Dave?

DU: At the risk of adding to five individual views of what we should do, I would encourage government to make the most of its assets in driving regional growth. I think that very much many of the specialist agencies, we focus on our task. That's where we spend all our money and our investment. If we want to use those assets to drive some regional growth then we've got to have some freedom about where we direct some of our own investments.

BM: Anne?

AC: Join the dots. It's a source of frustration for me that I always express to ministers how on one hand you can have a strategy like the Industrial Strategy and then you can actually demonstrate how you are delivering and meeting that, and yet it is just turned into, often by ministers, something that is just about major urban centres. So join the dots in strategy to the specifics of what is actually happening in particular locations.

BM: Toby?

TP: Essentially, technologies are so specific now. There are so many. Such a wide range of technologies. You need specialists. When you're trying to recruit specialists, you need to be able to access them from the widest possible talent pool available. There's no point saying, 'We'll train them up.' Well, if you said that eight years ago, then they'd probably be ready next year, but realistically we need to be able to, if we're going to be able to grow this industry and this sector by using skills and technologies in very specialist areas to really create the most cutting edge businesses, we need access to the largest talent pool possible. Therefore, we should stay in the single market and retain freedom of movement of people.

BM: Tom?

TM: One thing and I'm going to do a politician's answer and second Geoffrey, but clearly our obligations around broadband and freeing up the regulations to be able to provide superfast broadband. Just as an aside, in Spain, fibre to the home is 70%. In the UK it's 2%.

BM: Our last question. George?

GC2: George Cowcher, Devon Chamber of Commerce. Tom's comment I think at the very end actually is a precursor to my question to you, because clearly, digital economy, communications are absolutely crucial for this region if we're going to prosper going forward. We have too many not-spots in telecoms in the South West. At BBC headquarters in Plymouth the other week, with visitors from London, couldn't get a telecom signal. Driving down the North Devon link road, there are areas where you just know you can't get any form of connectivity. Even on the train to London through Wiltshire you can't as well. When are we going to mend the real infrastructure issues we have and telecoms is one of our weaknesses.

BM: Go on, Tom.

TM: We all recognise the beautiful region that we've got and the complexities we have with putting up what can be pretty horrible-looking masts, etc. We're

working very hard on new technologies to provide better coverage across the region, but also we need help from you, actually. One of the ways we can resolve some of the challenges is to work with businesses to find ways in which we can use premises and organisations' premises to boost our connectivity and put masts up. So listen, we're looking at it. If anyone's got any specific areas that they want to talk to me about, I'm here. I can look at them. Sometimes, some of the fixes can be relatively simple. I am here. Vodafone is here and we want to invest in this region and connectivity is absolutely how we do that. We've heard from the panel, digital infrastructure, the ability to not just work within the region but also externally and export out our services is absolutely critical.

BM: I'm going to close the panel there. I'm sorry to those of you who didn't have enough time to get to answer your questions. Would you join me in thanking all of our panellists? I thought they were all fabulous. You are all free to leave the stage. I am going to hand over for next steps to Gary Streeter.

GS: Thank you very much indeed, Bill. I have got a set prepared speech but I'm not going to use it. I just want to respond actually to some of the things we've heard this morning. I'm sure you'll agree with me that we've had a fascinating morning. If it remains just a fascinating morning, then we've probably missed the point, and I'll come on in a moment to think about where we go from here. Let me just briefly summarise some of the things that I felt stood out for me this morning and perhaps also for you. It was great to hear from the Secretary of State, albeit by video link. He again talked about the importance of regional collaboration. This is becoming a theme, and I'll come on to that more in a second. The more we can work together and operate and cooperate with a single, clear voice, the more we will get from government and from whoever we're asking. Chris Loughlin also talked about the need for us to unite and to articulate a clear vision and to build on the momentum from last year.

Rain Newton-Smith was fascinating and talked a lot about productivity, and that clearly is becoming such a major focus for all of us. She talked about the drivers to raise standards of education and skills, infrastructure, management practices and exporting and innovation. That conversation led us a little bit to talk a bit about mobile connectivity. She made the point that there isn't much money around in government, and that's certainly true, and therefore, even more important for us to prioritise what do we really want? I like the one point and I'll come to that in a moment, an open letter perhaps next year. Steve Hindley, who, like me, is perhaps in the latter stages of his career. Steve, I like that poem, I don't know if you know it, When I'm An Old Woman, I Will Wear Purple And A Red Hat That Doesn't Match. The point there being when you're older and you're approaching retirement, I might be, Steve clearly isn't, you just know what's important and you don't really care what people think, you just say what you think is important.

That's the stage I've certainly got to. He talked about actually we have achieved quite a lot of things in the last 12 months, and let's not understate that. We don't want to depress ourselves here. There is momentum here. There is progress, and that's encouraging and some of the things he talked about, for example, massive commitment into the resilience at Dawlish. There is now a commitment to unblock the Stonehenge traffic jam, which many of us have experienced several times a year. There are good things happening with our LEPs, which are collaborating increasingly together. Local enterprise partnerships I think are

increasingly an important part of the landscape looking forward and the collaboration between LEPs and local government improving also all the time. So good news from there. Then we had these very lively discussions about environment and place and the digital revolution that is taking place sometimes without people like me realising it or being aware of it but I'm being fully briefed by my 12-year-old grandson.

I remember when I first stood for parliament in 1992 and was elected in 1992. I talked about the fact that our biggest challenge as a region was peripherality and the solution to that, or the answer to that and the response to that was connectivity. In my mind then it was road and rail connectivity, and you may think, in 25 years, you haven't achieved an awful lot, then. Maybe that's true. But actually, connectivity now doesn't just mean that. That's the new thing I think we've got to embrace. Digital connectivity is absolutely critical. I thought I would just, for my second point, put into context some of our discussions today, put into a wider political context. The first thing to say is that government is at a crossroads, obviously, in terms of the way forward, as are we as a region.

Despite the fact that in the press we read often about, 'Are we going to have a collapse of the government' and, 'another snap election? That went well.' This parliament is likely to last the full five years. I think that's quite important that we get that into our heads. Why do I say that? Well, first of all, the DUP are steady under fire. They have lived their lives, if you like, under fire. They are going nowhere fast. Some of my own colleagues are a bit flaky but the DUP at least, not you Geoffrey, I know. Secondly, the '92 to '97 parliament experience, my first parliament, we had a tiny majority there and still it went five years. It's amazing what you can do if you're skilful in terms of eking out the entire parliamentary term. Then also the experience of this year and having a snap election and it didn't quite go according to plan for some of us.

All of that adds up, I think, to the proposition that it's more likely than not that this parliament will go its full term. So the next election is likely to be in the spring of 2022. Four and a half years away, that's a long time. But, and here's the reason for saying this: with a small and sometimes non-existent majority, the government won't be doing anything particularly controversial or radical. For example, reshaping local government from the top down. It won't be doing much because it can't do much unless that activity and the energy comes from the bottom up. Thirdly, of course, Brexit almost certainly will happen, in March 2019. I think there is likely to be a deal with the European 27 countries, probably at the last minute.

When I used to do quite a lot of negotiating when I had a proper job as a lawyer and a partner in the firm, now called Foot Anstey, you do a negotiation, do some kind of corporate takeover deal, the one sticking point you leave to the end and then you just say to the two chief executives, 'Go outside, have a cup of coffee, have a donut. Come back when you've done a deal.' One wanted 80, one wanted 20, and they come back and say, 'We've shaken hands on 55.' That's probably going to happen with Merkel and May and Macron. The M word becoming very, very important. There will be a deal, I think, and we'll get something that suits business, I think that we won't have a cliff edge.

So the upshot of saying all of this is that if we as a region want something from a government that can't do much because of a very small majority, a government that's distracted with Brexit, then we're going to have to speak with a single clear voice and we're going to have to go to government and ask for it

and demand it. Government isn't going to come to us. That I think is a theme that's been reinforced throughout the morning and it's absolutely essential that we understand that. My third point is this: we've talked a lot about the South West and about clarity. One of the things we haven't actually got clarity about, and I think some work needs to be done on this between now and next year, is actually, what is the South West? Is it the seven counties including Bristol and so on? Is it a smaller number of counties, the four counties perhaps of Cornwall, Devon, Somerset and Dorset?

Where does Wiltshire fit into the picture? Can we have variable geometry and geology so that we actually have a different region for different purposes? If you think about what's the North East, a very successful region at lobbying, the North East is the North East. It doesn't change. It's one single set of boundaries. We know what Greater Manchester is. We know what the Great Northern Powerhouse is. It's the same set of boundaries. One of the challenges I would like to set to the group taking forward our thinking here over the next 12 months is actually can we nail this down between now and the time we meet again and actually be very clear indeed for all purposes what our region is?

So I come to Next Steps, because we've actually heard an awful lot about what we want from government, what we want government to do for us. I very much liked the idea of perhaps next year we come and we sign-up to either one or maybe three specific tasks that we want government to do, perhaps under different sector headings, but that needs coordination. There is, of course, a leadership group behind the scenes, which is coordinating the Great South West Project, and it may be that that group needs to become slightly more focused, slightly more formalised, perhaps one or two new members. It's very important that we have an organisation, a mechanism that's coordinating the activity, the LEPs working together. If we are going to be ruthless about prioritising our needs across the region, pan-LEP region, pan-South West, who's going to do it? That's absolutely critical.

If we can't solve that in the next 12 months, we'll just come back next year and actually we'll have another very pleasant morning with very nice coffee and biscuits, we'll all say thank you to the planning group in the Western Morning News, we'll all admire Bill Martin for his swanky new haircut, or maybe he's just going grey, but we won't have achieved much. So we've got to really make sure that there's a group behind the scenes that's coordinating the LEPs, coordinating our priorities and guiding us next year so that there's more clarity and more clarity about prioritisation and what we actually want from our government. So I'm actually more optimistic today than I have been at any time over the last 25 years. I believe that things are going well for our region. I believe that the government is listening to us. There is an open door.

A lot has been achieved and I think one of the reasons why our region is so well-placed for the future is because if our challenge is peripherality and if the solution is connectivity and that can be digital connectivity, then the technological solution provides itself, and it's something that we can absolutely rejoice in. So it just remains for me to say thank you very much indeed to our sponsors, to Vodafone and to Pennon, for Western Morning News and for Bill so ably chairing us as you always do. It has been a fascinating morning. It will not achieve anything unless by the time we gather next year there has been a sense of coordination behind the scenes and we are asked to produce for as a group of business people and local authorities and politicians and universities,

unless we're asked to group together our priorities for this region and then we can get behind that and lobbying.

We will take the message back today to government that the South West is coming together. We are collaborating. There is a single clear voice. That we are making progress and here are some asks, both on the digital front, on the transport, infrastructure front, and other fronts. We will take that message back. We will certainly have further debates in which we will be raising these points with ministers but let's come together again in a year's time with a much more determined focus on what we actually want as a region and then we can get behind that and deliver on it and all end up in our retirement wearing purple, knowing that we've actually done a first-class job for our children. Thank you very much indeed.

BM: Thank you, Gary. Beautifully summarised. A challenge to all of us. That's it, ladies and gentlemen. We have one more task for you to complete before you're allowed to go and eat your lunch, and that is simply to hold up your brochure. A unified demonstration that we are backing the South West. Any lightning bolts out there? We want to see the back. The white should be facing your face. Now we're in the hands of the photographer. That's it. Thank you very much.

(End of recording)