South Somerset, **a great place to do business**

ECONOMIC
DEVELOPMENT
STRATEGY

Draft for Council Approval
February 2019

Appendix A3

Context II – South Somerset Performance, Challenges and Issues

ECONOMIC DEVELOPMENT **STRATEGY**

Draft for Council Approval
February 2019

Appendix A3

Context II– South Somerset

Performance, Challenges and Issues

Appendix A3

Introduction

Performance and Successes

Current Issues and Challenges

SWOT Summary

Fleet Air Arm Museum
Courtesy of Fleet Air Arm Museum

Introduction

Royal Navy Engineer
Courtesy of RNAS Yeovilton

Introduction

An overview of the economic performance of South Somerset, and the challenges and issues that it faces, is provided in this section. The focus has been upon factors and measures of relevance to developing and delivering an appropriate and balanced Economic Development Strategy for South Somerset.

The picture revealed from the economic evidence has helped frame the focus of the EDS. It also provides one means by which the success of the EDS can be assessed over time.

Ariel Motor Company
Courtesy of Ariel Motor Company

Performance and Successes

Performance and Successes

The performance and success of South Somerset on a number of key economic-related factors is summarised below. The key findings are highlighted in bold, and have been used to help shape the South Somerset EDS.

The factors are:

- Population
- Employment
- Employment structure
- Business demography
- Productivity and pay
- Skills and training
- Housing profile
- Health and prosperity measures.

Population

South Somerset has seen population growth in-line with Somerset as a whole but is expected to see slower growth up to 2039.

- South Somerset has seen population increase by just under 16% between 1991 and 2015. This is slightly below the population growth rate for Somerset as a whole over this period, which was 17.1%. (Source: Population Estimates and Projections, Somerset Intelligence)
- South Somerset is projected to see a 12% increase in total population between 2014 and 2039, which is the second lowest future growth rate in Somerset. Somerset as a whole is expected to see a 15.2% increase in population over this period. South Somerset is still expected to be the most populous district in Somerset. (Source: Population Estimates and Projections, Somerset Intelligence)

Employment

There has been limited growth in employment in South Somerset in recent years, but relatively high levels of economic participation and low unemployment. Low self-employed levels contrast with relatively high part-time work.

- As at 2016 there were 232,000 jobs in Somerset. This represented 32% of the total jobs in the Heart of South West LEP (HotSW LEP). South Somerset had the largest number of jobs in Somerset at 69,000 jobs – approximately 30% of the Somerset total. South Somerset therefore represents approximately 10% of the HotSW LEP job market. (Source: Employment and Economic Activity – November 2017, Somerset Intelligence)
- The job density ratio for South Somerset was 0.88 for 2016. This is in-line with Somerset and the South West job ratio, but higher than the national (GB) average. This pattern has been in place for most of the last decade. (Source: South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC; Nomis Local Authority Profile (April 2018). ONS Job Density)

- Three measures of employment change in South Somerset (ONS Job Density, ONS Annual Population Survey and BRES) all show a broadly consistent pattern of minor fluctuations in employment numbers since 2010. (Source: South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC)

- The (broadly static) employment change position for South Somerset is similar to that for Somerset as a whole. However, the national (GB) picture shows an overall increase in employment between 2010 and 2015. (Source: South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC)

- The proportion of working age population (16-64, 2016) in South Somerset is broadly in-line with the Somerset level, which is marginally below the South West level (58.1% compared to 58.7% and 60.9% respectively, 2016). (Source: Nomis Local Authority Profile (April 2018). ONS Job Density)

- However, the South West (and South Somerset) proportion of working age population is below the national (England) level (60.9% compared to 63.1%). (Source: Nomis Local Authority Profile (April 2018). ONS Job Density)

- The 2011 Census indicated that South Somerset had a slightly higher overall economic activity rate than Somerset and England (72%, 70.1%, 69.7% respectively). (Source: 2011 Census and South Somerset Settlement Profiles, October 2017)

- The ONS Annual Population Survey however indicates a broadly similar level of economic activity between South Somerset, Somerset and the South West for 2010/11 (78.4%, 78.8%, 78.5% respectively). This is higher than the national (GB) economic activity rate, which was 76%. (Source: Nomis Local Authority Profile (April 2018). ONS Annual Population Survey. People 16+)

- The South Somerset economic activity levels for 2016/17 are effectively unchanged from 2010/11 (78.5%). Somerset saw a marginal reduction in economic activity levels over this period, whilst the South West saw an increase (77.8% and 81% respectively). The national (GB) economic activity rate increased to 78.1%. (Source: Nomis Local Authority Profile (April 2018). ONS Annual Population Survey. People 16+)

- Somerset has higher levels of self-employment than the UK (17.5% compared to 14.7%). The proportion of people in the County who are self-employed has increased by 20% since 2009. However, South Somerset has the lowest level of self-employment in Somerset, at 13.4% compared to 17.5% for Somerset, which is also below the national level (March, 2015). (Source: State of the Somerset Economy 2016, Chapter 5: Employment)

- In contrast, South Somerset has the highest level of part-time working in Somerset (33% compared to 27.9% for Somerset, March 2015). Part time working in South Somerset is also higher than national (25.5%) and LEP rates (30.2%). (Source: State of the Somerset Economy 2016, Chapter 5: Employment)

- Unemployment in Somerset and South Somerset has consistently been below the national average over the recent past, and the unemployment rate for South Somerset is below that of Somerset as a whole (5.2% South Somerset, 5.7% Somerset, 6% South West). (Source: Employment and Economic Activity – November 2017, Somerset Intelligence; Nomis Local Authority Profile (April 2018). ONS Annual Population Survey. People 16+)

Employment Structure

South Somerset has above average employment levels in manufacturing, elements of the retail and wholesale sector, and caring professions (health, social work, education). There is under-representation in more ‘office-based’ activities. The share of employment in the public sector in South Somerset appears to have grown and is now above the county average.

- South Somerset has above average employment in the total manufacturing sector compared to the Somerset, South West and national (GB) average. (21.2%, 13.5%, 9.3% and 8.1% respectively as at 2016 – Sector C). (Source: Nomis Local Authority Profile, April 2018. ONS Business Register and Employment Survey)

- Employment in the retail sector in South Somerset is slightly above that of Somerset and the South West, and more noticeably so compared to national (GB) levels. (18.2%, 17.9%, 16.7% and 15.3% respectively as at 2016 – Sector G). There is also a concentration in the food manufacture sector compared to national (UK) levels. (Source: Nomis Local Authority Profile, April 2018. ONS Business Register and Employment Survey; South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC)

- Employment in the accommodation and food services sector in South Somerset is below that of Somerset, the South West, and national (GB) levels. (6.8%, 8.5%, 9% and 7.5% respectively as at 2016 – Sector I). (Source: Nomis Local Authority Profile, April 2018. ONS Business Register and Employment Survey)

- Employment in the finance, property and professional services sectors in South Somerset is below that of Somerset, the South West and national (GB) levels. (6.1%, 8.4%, 11.8% and 13.8% respectively as at 2016 – Sectors K, L, M). (Source: Nomis Local Authority Profile, April 2018. ONS Business Register and Employment Survey)

- The Top 5 sectors by % jobs in South Somerset are: Wholesale and Retail Trade (17.4%), Human Health and Social Work (15.3%), Education (8%), Advanced Manufacturing (6.7%), and Aerospace (6.5%). (Source: State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015)

- The Top 5 sectors by % GVA in South Somerset are: Wholesale and Retail Trade (11.3%), Real Estate (10.4%), Aerospace (10%), Human Health and Social Work (8.3%), and Public Admin & Defence, and Social Security (7.2%). (Source: State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015)

- The Top 5 sectors by productivity (GVA per FTE) in South Somerset are: Real Estate (£297,517), Mining and Quarrying (£131,630), Electricity, Gas, Steam and Air Conditioning Supply (£89,136), Financial and Insurance (£77,015) and Aerospace (63,814). (Source: State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015)

- South Somerset has the highest proportion of employment in production/manufacturing industries of all the districts (26.8%), largely due to a strong concentration of aerospace and advanced manufacturing. (Source: State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015)

- The Wholesale and Retail sector is also the most significant sector in GVA terms in Mendip, Sedgemoor and South Somerset, and also provides the most jobs in these districts. In productivity terms, real estate and utilities are important across all districts, and the highly productive nature of manufacturing industries and the finance and insurance sector is also noted. (Source: State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015)

- Based on ONS data South Somerset has a below average proportion of employment in the public sector, with 15.1% in the public sector in South Somerset compared to 16.6% in Somerset and 16.3% in the South West (2016). However, Nomis data, as reported from Somerset Intelligence, shows South Somerset with an above average proportion of people in employment in the public sector (24%, compared to 20% in Somerset, as at June 2017). This reflects a marked shift in the public/private sector employment balance in South Somerset, as 2010 data indicates it had 16.1% employed in the public sector compared to a Somerset average of 22.1%. (Source: Somerset Intelligence, Occupations and Earnings November 2017. March 2018; ONS, BRES Local Authority Business Register and Employment Data, Tables 5 and 6, October 2017)

Business Demography

South Somerset has seen steady growth in enterprise numbers, but at a below average rate. Business survival rates are above average over the first three years, but are at or below county, regional and national levels after that. There is a large micro business sector (less than 10 employees), but this is in-line with county, regional and national patterns.

- South Somerset saw below average growth in the number of enterprises between 2010 and 2016 at 7%. This compares to 14% in the South West and 22% in GB. (Source: South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC, based on ONS Inter Departmental Business Register. The evidence based on the IDBR indicates a higher growth rate in total enterprises for South Somerset and Somerset than the ONS Business Demography data, which indicates a growth rate for 2010-16 of 2.6% in South Somerset an 4.2% for Somerset)
- Business survival rates in South Somerset tend to be higher than the county, regional or national averages. This tends to be the case over the first three years of a business formation; survival rates of more than three years tend to be at or below County and Regional levels. (Source: South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC, based on ONS Inter Departmental Business Register; ONS Business Demography 2016)
- As with Somerset, the South West and nationally, South Somerset has a very large micro business (0-9 employees) sector. The rest of the business sector profile is also similar to county, regional and national averages. (Source: Nomis Local Authority Profile (April 2018). Inter Departmental Business Register)

Productivity and Pay

Pay levels in South Somerset are generally below average, with growth in pay rates lagging behind regional and national trends. Whilst overall productivity levels in South Somerset are above that of Somerset as a whole, they are below regional and national levels. The overall competitiveness of South Somerset is therefore below average.

- Gross weekly pay by place of residence in South Somerset is below the average for Somerset, the South West and England as at 2017. (£485, £512.70, £527 and £555.80 respectively). This is partly due to lower overall growth in weekly pay in South Somerset over the period 2011-2017 compared to other locations. In 2011 average gross weekly pay in South Somerset was above that of Somerset as a whole, and similar to the South West average. (Source: Nomis Local Authority Profile (April 2018). ONS Annual Survey Hours and Earnings. Median Earnings)
- Gross weekly pay by place of work for South Somerset is above the average for Somerset. (£502.10 and £484.40 respectively), although it is below the national and South West average. Of particular relevance is the fact that the rate of growth in gross weekly pay by place of work in South Somerset over the period 2011-17 was twice that of gross weekly pay based on place of residence, indicating the impact of higher value employers. (Source: Nomis Local Authority Profile (April 2018). ONS Annual Survey Hours and Earnings. Median Earnings)
- As with gross weekly pay, hourly pay (excluding overtime) by place of residence in South Somerset is below the average for Somerset, the South West and England as at 2017. (£12.53, £12.73, £13.29, £14.09). However, the difference between South

The Somerset Cider Brandy Company
Courtesy of The Somerset Cider Brandy Company

Somerset and Somerset as a whole is less pronounced than for gross weekly pay. (Source: Nomis Local Authority Profile (April 2018). ONS Annual Survey Hours and Earnings. Median Earnings)

- As with gross weekly pay, hourly pay (excluding overtime) by place of work for South Somerset is above the average for Somerset, but below the national and South West average. (Source: Nomis Local Authority Profile (April 2018). ONS Annual Survey Hours and Earnings. Median Earnings)

- The South Somerset productivity level is above that of Somerset as a whole and the HotSW LEP (£44,293 compared to £42,787 for Somerset and £42,365 for LEP). West Somerset is the only district that has a higher level of productivity, mainly due to a high proportion of Real Estate activity. (Source: State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015)

- However, productivity levels for all districts in Somerset and the LEP as a whole are below national levels. (Source: State of the Somerset Economy 2016, Chapter 3: Industry Sectors, based on Heart of South West LEP Model, Oxford Economics 2015)

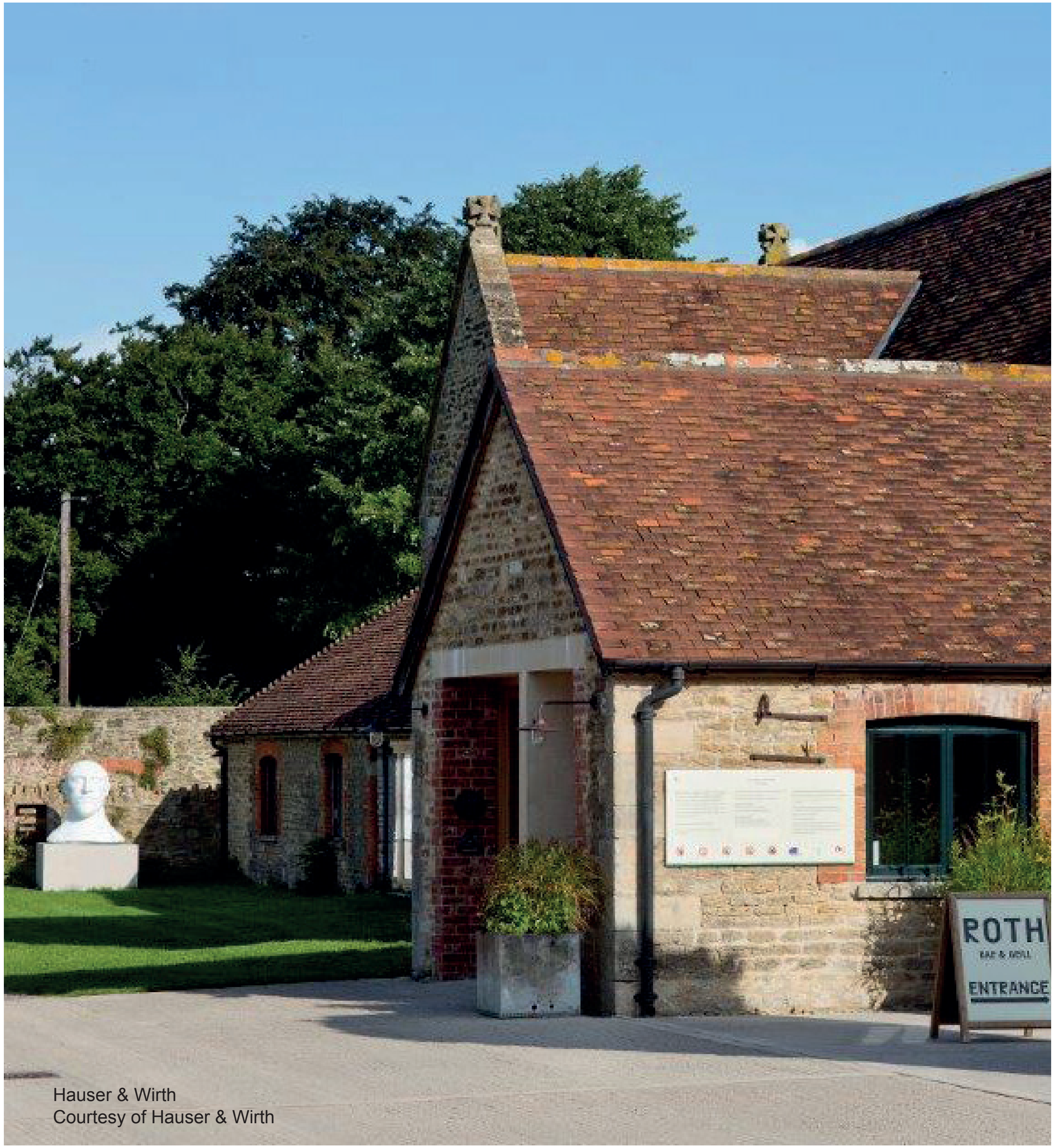
- Based on the UK Competitiveness Index, South Somerset is less a competitive location than the national average.

It is ranked 230 out of 379 districts in 2016. The index score for 2016 was 88.1, which was a marginal improvement on 87.9 for 2013. South Somerset is ranked in the middle of Somerset districts in terms of competitiveness. (Source: South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises, July 2017. HJA & SSDC, based on UK Competitiveness Index 2016)

Skills and Training

South Somerset has fewer people with degrees that the regional and national average but has seen significant improvement since 2011 on this measure. However, there are fewer people than average with no qualification in South Somerset. Whilst data is not available at South Somerset level, for Somerset as a whole, apprenticeship achievements have been above the LEP average and school leavers are better prepared for work than the national average.

- South Somerset has a below average representation of people with qualifications at NVQ4 level, as at 2016. The difference with Somerset as a whole is relatively small, but more pronounced compared with the South West and national averages. (Source: Nomis Local Authority Profile (April 2018). ONS Annual Population Survey. % of resident population aged 16-64)
- However, South Somerset has seen an above average level of improvement in the proportion of people with NVQ4 and above qualifications between 2011 and 2016. (Source: Nomis Local Authority Profile (April 2018). ONS Annual Population Survey. % of resident population aged 16-64)
- South Somerset has a lower proportion of people with no qualification compared to the national average, which is broadly similar to the Somerset and South West level. (Source: Nomis Local Authority Profile (April 2018). ONS Annual Population Survey. % of resident population aged 16-64)
- Higher education provision across Somerset is very limited. According to HEFCE research, 32% of Somerset's wards have a low HE participation rate (in the 1st or 2nd quartile), a higher proportion than the LEP overall (31.3%). Somerset also has concentrated areas of very low participation. HEFCE research also examined 'participation gaps'; the difference between expected and actual levels of HE participation. It found that Somerset has a higher percentage than the LEP area of wards with lower than expected participation rates (55% vs 53.2%); only 27.8% of Somerset wards have participation rates at the expected level, and Blackdown ward (in South Somerset) has the greatest participation gap of all the LEP wards (16.5 percentage points). (Source: State of the Somerset Economy 2016, Chapter 7: Skills, education and training)
- The number of apprenticeship achievements has steadily risen in Somerset from 2008/9 to 2013/14. There has been a 71% increase in apprenticeship achievements over this period, which compared to 59% for the HotSW LEP as a whole. (Source: State of the Somerset Economy 2016, Chapter 7: Skills, education and training)
- However, stakeholder discussions noted that there was difficulty in filling apprenticeships in South Somerset. This was partly associated with the relatively low unemployment rates in the District, but also issues of public transport access to employers.
- Employer surveys indicate that school leavers are better prepared for work in Somerset than nationally. 23% of Somerset employers who were surveyed as part of the UK Commission's Employer Skills Survey (UKCESS) had found 16 year-old school leavers to be poorly prepared for work, compared to 27% across the LEP area and 36% nationally. (Source: State of the Somerset Economy 2016, Chapter 7: Skills, education and training)



Hauser & Wirth
Courtesy of Hauser & Wirth

Housing Profile

South Somerset has below average levels of owner occupation in terms of the county pattern, but still above national trends, although owner occupation levels are likely to have increased since 2011. Housing affordability levels in South Somerset are below county and regional levels, although above national levels. Private sector renting is also the least expensive in Somerset. There may be pressure to increase housing delivery given forecast levels of demand relative to the last five years housing completion rates.

- South Somerset has below average levels of owner occupied housing compared to Somerset, although above the national average as at 2011. Social rented housing is above the Somerset average, but is below the national average.

  However, since 2011 private housing completions in South Somerset have out-numbered housing association and social rented completions by over three to one, which will have influenced the tenure pattern in the district. (Source: 2011 Census and South Somerset Settlement Profiles, October 2017; DCLG, Table 253 Housebuilding: permanent dwellings started and completed, by tenure and district, March 2018)

- The South Somerset housing affordability ratio is above the national average (7.79 compared to 7.16 for England, based on Lower Quartile ratios for 2016), but lower than the Somerset (8.28) and South West (8.57) ratios. However, whilst the last two years have seen an increase in the South Somerset affordability ratio, the general trend from a high-point of 8.8 in 2007 has been downward. This is in contrast to the national trend, which has been broadly stable over the last decade. The South Somerset affordability ratio is the lowest of all the Somerset districts. (Source: ONS, Housing affordability in England and Wales: 2016, Ratio of house price to workplace based earnings (lower quartile and median), 1997 to 2016, March 2017)

- The Lower Quartile private rental levels is South Somerset are also the least expensive of the Somerset districts, and appreciably lower than the Somerset and national average. (Source: State of the Somerset Economy 2016, Chapter 8: Housing)

- The Objectively Assessed Housing Need for South Somerset indicates that 607 houses per year are needed over the period 2014-39. (Source: Strategic Housing Market Assessment for Mendip, Sedgemoor, South Somerset and Taunton Deane, October 2016)

- The last five years housing completion rates shows South Somerset delivering 490 houses per year. Earlier evidence indicates that South Somerset had a housing supply equivalent to 1,070 units per annum, although this is based on the situation in 2014. (Source: DCLG, Table 253 Housebuilding: permanent dwellings started and completed, by tenure and district, March 2018; South Somerset District Council Five-year Housing Land Supply Paper, June 2014)

Health and Prosperity

South Somerset as a whole performs relatively well across many health and prosperity measures. However, there are significant localised variations, which helps explain why it is classed as within the 40% most deprived local authority districts in England. Parts of Yeovil in particular are within the most deprived 20% of local neighbourhoods nationally.

- Life expectancy in South Somerset is slightly above the national average for both men and women. General health levels also score reasonably well across a number of measures: under 75 cardiovascular mortality rates are significantly below the national average (64.2% compared to 74.5% for England); the percentage of physically active adults is above the national average (58.2% compared to 57% for England). (Source: Fingertips Profile, South Somerset District, Health Profile 2017, July 2017)

- Broad prosperity measures are positive for South Somerset. There are fewer children in low income families in South Somerset than the national average (14.5% compared to 20.1% for England), and violent crime is less (15.5% compared to 17.2% for England). Long-term unemployment in South Somerset is also below the national average (1.1% compared to 3.7% for England). (Source: Fingertips Profile, South Somerset District, Health Profile 2017, July 2017)

- South Somerset is classed as within the 40% most deprived districts in England. South Somerset is ranked 180 (out of 327) in terms of multiple deprivation. Of the 327 LSOAs in Somerset, 25 are in the least deprived 20% nationally, and 7 of these are in South Somerset. Of the 25 most deprived LSOAs in Somerset, 6 are in Yeovil. (Source: Somerset Intelligence, Indices of Deprivation 2015, October 2015, English Indices of Deprivation 2015 – Somerset Summary; Fingertips Profile, South Somerset District, Health Profile 2017, July 2017; DCLG, English indices of deprivation 2015 File 10, Local Authority District Summaries, September 2015)

Godminster Cheese
Courtesy of Godminster

Current Issues and Challenges

Current Issues and Challenges

The quantitative data illustrates the broad performance of South Somerset on economic and economic-related factors, and notes areas of particular success. From this can be identified a range of issues and challenges that South Somerset faces, which the EDS needs to address.

These are:

- **Sectors:** Growth and Potential. Dealing with below average future employment growth, but with key sectors of growth and areas of potential employment decline.
- **Main Employers.** Maximising the growth potential and local supply-chain opportunities of major employers, and diversifying risk from concentrated sector specialisms. Where possible retaining manufacturing and R&D functions in the aerospace sector.
- **Place-Making and Infrastructure.** Building upon the diverse and distinctive settlement pattern and landscape qualities to reinforce the identity of South Somerset, whilst ensuring delivery of the right amount and type of employment floor space across the District and ensuring full rural digital connectivity.

Sectors: Growth and Potential

- There is forecast to be an additional 8,500 jobs created in South Somerset between 2014 and 2034. This is based on a moderated assessment of forecasts from Oxford Economics and Experian , which ranged from 6,000 to 10,700 jobs respectively.
- Whilst there is expected to be an appreciable increase in jobs into the future, the annual average growth rate in employment over the period 2014 to 2034 is expected to be lower than over the period 2000-2014 from both forecasting houses. This trend is also carried across in the moderated forecast in order to ensure consistency with future projections.
- In the case of Oxford Economics the average annual employment growth rate for the period 2000-2014 was identified as 0.6% per annum and is forecast to be 0.4% per annum for the period 2014-2034. In the case of Experian the average annual employment growth rate for the period 2000-2014 was identified as 1% per annum and is forecast to be 0.6% per annum for the period 2014-2034. Whilst the Experian future employment growth rate is higher than that forecast by Oxford Economics, the

rate of growth compared to past trends is relatively slower. In other words, there is expected to be a 40% reduction in employment growth rate under the Experian forecasts, compared to a 33% reduction under the Oxford Economics forecasts.

- However, the average annual Gross Value Added (GVA) growth over the period 2014-2034 is expected to be higher than over the period 2000-2014. This is the case for both the Oxford Economics and Experian GVA forecasts. This requires an improvement in productivity levels compared to recent trends. This reinforces the need for greater innovation and investment to achieve these productivity increases.
- An analysis of employment change by sector based on the moderated economic assessment is summarised below. This shows the net change in employment over the period 2014-2034. It is important to note that a decline in employment does not automatically translate into the need for less floor space.

Table A3.1: South Somerset Employment Change by Sector 2014-2034

Sector	Employment Change 2014-2034
Primary Industry	-576
Manufacturing	-1,530
Utilities	9
Construction	655
Wholesale & Retail	**2,000**
Transportation & Storage	447
Accommodation & Food Services	**1,132**
Information & Communication	275
Financial Services	100
Professional Services	**1,552**
Business Services	716
Public Services	-302
Education	590
Health	**2,671**
Other Services	790
Total	**8,529**

Source: HJA (July 2017) South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises. Figure 3.8 pg 21

- The largest increases are expected to be in the Health, Wholesale & Retail, Professional Services and Accommodation & Food Services sectors (highlighted in bold in Table A3.1). Between them, these sectors are forecast to see 7,355 new jobs between 2014 and 2034. The other sectors that are expected to see a net increase in employment may see 3,582 additional jobs generated. In total, therefore, approximately 10,940 new jobs may be generated in South Somerset between 2014 and 2034.

- There is however forecast to be a net reduction in employment in the Primary Industry, Manufacturing, and Public Services sectors. This may lead to the loss of 2,408 jobs over the period 2014-2034. The manufacturing sector potential job losses are the largest, but also more subject to variation.

- In the case of the Experian forecasts, for example, there is forecast to be no loss in manufacturing employment over the period 2014-2034. This partially reflects assumptions about Brexit, with the Experian forecasts assuming a 'soft' Brexit. (The Oxford Economic forecasts were produced before the Brexit referendum and so do not factor this in). In addition, different interpretations on the potential associated with the aerospace industry will have been incorporated into the employment projections, which could alter the overall level of future employment growth across South Somerset.

- A key issue for South Somerset, therefore, is maximising the potential from the sectors in which significant employment growth is expected. In addition, dealing with areas of potential employment decline will require careful attention. This is particularly so for the manufacturing sector, where the extent to which overall employment loss actually does occur is by no means certain. A proactive and supportive approach by the Council and other stakeholders will be important to counter-act the effects of any losses on the local economy, or to help ensure vulnerable sectors are supported in terms of growth, innovation and investment programmes.

Main Employers

- The Largest 20 employers in South Somerset District Council are listed in Table A3.2 below. Approximately 17,455 people are employed by these organisations, making-up approximately 25% of employment in the District . As such, if there are major changes to the operation of these employers then the impact upon South Somerset could be significant.

- It will be noticed from Table A3.2 that there is a particular concentration in the manufacturing sector, especially the Advanced Engineering and Manufacturing (AEM) sector. Businesses in the manufacturing sector on this list employ approximately 7,940 people. This is almost half of the employment in the Largest 20 employers list.

- This reinforces the point noted earlier about the significant strength and specialism within the South Somerset economy particularly for the AEM sector. This is also a potential vulnerability, of course, as a decline in one or more of these businesses, such as the aerospace sector, would adversely affect the South Somerset economy.

- One issue this raises for South Somerset is how best to support the growth and spread the success of existing major employers in the District. This includes building upon the existing supply-chain links within the local area, as well as expanding opportunities for other local businesses. Supporting, enabling and promoting the agreed growth plans of employers will also be an important mechanism by which economic opportunities can be spread across the District. An example includes the iAero initiative promoted by HotSW LEP which seeks to promote collaboration within the South West aerospace cluster to help develop productivity, innovation and skills, with a planned innovation hub in Yeovil.

- In addition, the diversification of the economic base of South Somerset would help minimise the impact of potential economic shocks, such as a rationalisation programme within a particular organisation.

Table A3.2: Largest 20 Employers in South Somerset – estimated August 2018

Firm	Sector	Activity	Employees
Royal Naval Air Station	Defence	Defence	4,000
Leonardo (formerly Agusta Westland)	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Manufacture of helicopters	3,500
East Somerset Hospital Trust	Health	Hospitals in Yeovil and Wincanton	2,000
Screwfix Direct	Manufacturing	Building trade fixing products	953
Numatic International Ltd	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Manufacturers of vacuum cleaners	854
Thales (UK) Underwater Systems	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Manufacture world leading sonar technology	800
Oscar Mayer Ltd	Manufacturing (Food Services)	Chilled and frozen ready meals	766
Morrisons	Wholesale & Retail	Supermarket	505
Honeywell Aerospace	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Aerospace systems and components	500
Yeovil College	Education	FE College	500
Tesco Ltd	Wholesale & Retail	Superstore	463
South Somerset District Council	Public Services	Local Government	440
Kings School Bruton	Education	School	384
Yarlington	Public Services	Housing association	320
Asda Stores Ltd	Wholesale & Retail	Supermarket	300
Romford Wholesale Meat	Manufacturing (Food Services)	Food manufacturers	267
Mencap	Public Services	college and community houses	266
Brecknell Willis And Co	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Design and manufacture of electric current collection systems	250
Centaur Services	Other Services	Veterinary products and services	230
BAe Systems	Manufacturing (Advanced Engineering & Manufacturing – AEM)	Software for aerospace industry.	200
Total			17,445

Source: South Somerset District Council. South Somerset Economic Profile. https://www.southsomerset.gov.uk/business/the-economic-development-service/economic-profile/major-employers-within-south-somerset/

Place Making and Infrastructure

- South Somerset has a number of key place-making advantages. This includes a distinctive and diverse set of market towns, a range of rural settlements and an important and attractive landscape and environmental character.

- However, many locations face challenges in terms of economic vitality and viability and are subject to regeneration initiatives. The successful delivery of these will assist in addressing such challenges. In addition, clarity over the role of Yeovil in the local economy is seen as an important means by which economic focus and priorities can be established.

- The external image or profile of the area is not as prominent as it could be and would benefit from improved promotion. This also applies to the image and perception of Yeovil.

- In terms of employment land needs, the Local Plan indicates that between 42 to 85 hectares of industrial land and 3 to 8 hectares of office space is required between 2014 and 2034.

- The large requirement for the industrial sector stems mostly from replacement stock as premises are reaching the end of their economic life. However, there continues to be demand for industrial units and particularly smaller, freehold stock (notably in the 1,500 to 3,500 sq.ft range). It is believed that demand in South Somerset will be from local companies growing. Intensification on existing industrial areas (as has happened in the past) may be a challenge as parking and access is an increasing issue.

- The office market is described as weak and the District is not perceived as a significant office location. The demand that exists for the office market is primarily small scale as typified by the Yeovil Innovation Centre. The most popular facilities are serviced managed workspaces with highly flexible terms. There is little demand for larger office floorplates.

- Whilst historically Yeovil has been the dominant economic centre in the district and it retains this position, in terms of commercial development in recent years it has struggled to deliver, with rural sites accounting for the main share of development. The Council's employment monitoring report clearly illustrates this with sites outside named settlements delivering year-on-year

- However, viability is the biggest challenge to the development market, particularly for strategic sites that require substantial infrastructure. This is challenging in an environment where the majority of strategic allocations in the Local Plan require substantial infrastructure provision. As a result, a substantial proportion of recent development has been outside the main towns. Given viability and infrastructure requirements at the present time there is no substantive evidence of major requirements that will lead to the unlocking of strategic sites.

- Given lack of viability, there has been little speculative development in South Somerset over last ten years. Design and Build arrangements have also hampered growth.

- The District has important strategic road and rail connectivity advantages, and the plans to upgrade the A303 and A358 in particular are seen as essential in attracting inward investment. However, the area does suffer from congestion and local public transport provision is seen as poor, especially in rural areas.

- South Somerset is less well connected to the internet than the county, region or nationally. The proportion of South Somerset that is covered by superfast broadband is 88.4%, which compared to 87.3% for Somerset, 92.4% for the South West and 94.8% for England. In terms of ultrafast broadband, 0.96% of South Somerset is covered, which compared to 6.6% for Somerset, 45.3% for the South West and 53.3% for England. (Source: Labs. Thinkbroadband.com, 2018)

In summary, the key issues in terms of place-making and infrastructure include:

- the need to reinforce the roles of different parts of South Somerset and promote the economic position of Yeovil (which regeneration measures should assist) and the other market towns in the District;
- promoting the image and profile of the area externally;
- addressing viability issues relating to land development;
- encouraging and supporting strategic transport measures and proposals and delivering local transport improvements; and
- improving digital connectivity.

FOOTNOTES:

4. HJA (July 2017) South Somerset Employment Land Evidence: Long Term Economic Forecasting and Implications for Employment Sites and Premises. Final Repot. Prepared for South Somerset District Council

5. This is based on the figure of 69,000 jobs as at 2016. This is based on data from Somerset Intelligence and relates to data from BRES. Note that there are other estimates of job numbers in South Somerset based upon different sources.

Chamber Meeting
Courtesy of Yeovil Chamber of Trade


9:45 AM
Marketing
Strategy
Sales

SWOT Summary

SWOT Summary

The above summary analysis has been drawn together into the following SWOT Analysis for South Somerset. This has been used to inform the development of the South Somerset Economic Development Strategy.

Strengths	Weaknesses
• Relatively good employment growth forecasts • Stable business growth • High proportion of SMEs, providing excellent opportunity for growth and innovation • High activity and employment rates • Low unemployment levels • Strong manufacturing representation, particularly in high-tech aerospace businesses and many other aerospace and advanced engineering and manufacturing (AEM) companies • Allocated employment sites available • Workforce self-containment • Access to the West Country's main East-West road and rail links • Infrastructure improvements continuing • Attractive quality of life • Distinctive and diverse Market Towns • Rich in natural capital	• Limited economic diversification • Productivity levels under-achieving • Challenges regarding rural connectivity • Rural-centric dispersal • Competition from other centres on strategic travel corridors and from Hinkley Point • Time and distance to many potential business markets • Educational attainment and skills levels not as high as regional and national averages, and there remain challenges in terms of graduate recruitment and retention • Underdeveloped public profile, both with visitors and investors • Viability issues relating to strategic land supply, particularly in rural locations

Opportunities	Threats
• Growth in the Aerospace and Agri-food sectors, which have the potential to be globally competitive • Bolster existing competitive sectors, particularly in relation to aerospace • Improved productivity in the Tourism and Health & Care sectors, which are established strengths in South Somerset • Promoting growth through productivity gains across the whole economy • The potential for agricultural and rural diversification • Major national infrastructure investment into the district and the wider area associated with the A303 and A358 dualling and rail improvements, to secure inward investment • Planned innovation and collaboration hub in Yeovil as part of the iAero initiative • Superfast broadband roll-out across rural areas • Potential to exploit new funding regimes	• Reliance on a few large employers (particularly in the AEM sector) makes South Somerset potentially vulnerable • Implications for the Aerospace cluster of global and national politics, especially for the retention of manufacturing and associated research and development • An ageing population and a lack of people in their 20s and 30s creates skills shortage • Inward investment often directed to larger urban conurbations • Businesses are often unwilling to invest in skills

Advanced Engineering
Courtesy of Numatic International

South Somerset, a great place to do business

South Somerset District Council
Brympton Way
Yeovil
BA20 2HT

T: 01935 462 462

Produced by Chilmark Consulting Ltd
for South Somerset District Council

ECONOMIC DEVELOPMENT **STRATEGY**

Draft for Council Approval
February 2019

South Somerset, **a great place to do business**