

**South West Growth Summit
Friday 21 October 2016**

Key speakers (in order of appearance):

- SH: Sarah Heald (Director of Corporate Affairs and Investor Relations, Pennon)**
- CL: Chris Loughlin (Chief Executive Officer, Pennon)**
- BM: Bill Martin (Editor, Western Morning News)**
- SD: Susan Davy (Chief Financial Officer, Pennon)**
- MD: Mark Duddridge (Cornwall and Isles of Scilly LEP)**
- NP: Neil Parish (MP for Tiverton and Honiton)**
- DW: Deborah Waddell (Regional Director of CBI South West)**
- PE: Phil Evans (Government Service Director at the Met Office)**
- KH: Karime Hassan (Chief Executive and Growth Director of Exeter City Council)**
- LM: Lord Myners (Chancellor of the University of Exeter)**
- GS: Gary Streeter (MP for South West Devon)**
- CG: Chris Garcia (Chief Executive of the Heart of the South West Local Enterprise Partnership)**
- GC: Geoffrey Cox QC (MP for Torridge and West Devon)**
- JM: Johnny Mercer (MP for Plymouth Moor View)**
- SJ: Sajid Javid (Secretary of State for Communities and Local Government)**

SH: Ladies and gentlemen. Welcome. My name's Sarah Heald. I'm the Corporate Affairs and Investor Relations Director at Pennon. Thank you very much to everybody for coming here today. As you can see, we are massively oversubscribed, which I can only take as a very good sign. I think the first thing to say is that absolutely every person and organisation represented here today is a champion for the South West. Everybody here today is already doing a huge amount for the South West and to try and generate interest and to drive forward our growth agenda. We at Pennon, as many of you know, we own South West Water, Bournemouth Water and Viridor. We were born in the South West. We're headquartered here. We're embedded in the region. We have the same agenda as you do, which is one of the reasons that Bill Martin and I conceived of us hosting this summit here today. I've got just a few special thanks that I'd like to offer now. First of all, at Pennon I'd just like to say thank you to Chris Loughlin, our Chief Executive Officer, also Vice Chair of the Cornwall and Isles of Scilly Local Enterprise Partnership.

To Susan Davy, who's our Chief Financial Officer, and also very active in the CBI in the South West, and to Steven Bird, who's our Managing Director of South West Water, also on the board of the Heart of the South West Local Enterprise Partnership. They've all been huge champions within our company, and that's one of the reasons we're here today. Also, I'd like to just say a special thanks to Mark Duddridge, who's the Chair of the Cornwall and Isles of Scilly Local Enterprise Partnership, and to Chris Garcia, who's the Chief Executive of the Heart of the South West Local Enterprise Partnership. Without their support, we couldn't possibly have done this. Also to Bill Martin, who has cleared his very busy schedule. Bill's done a conference a day this week and Bill and I obviously have been working very closely on this. I'd just like to thank you, Bill, for being Master of Ceremonies, a panellist and everything else that you're doing.

I think the other thing just to say is that what we've learned and what we've seen in other regions is that when a region and in our case the South West comes forward and speaks with one voice central government listens. The testament to this is the fact that Jesse Norman, who's the Minister for the South West, couldn't be here today but has sent us a message and said that he hopes it goes extremely well and he'd like to hear about it next week. Also, Rob Halfon, who is the Minister for Skills, has done a pre-recorded video which we'll be showing you later. And, of course, very importantly, the Secretary of State for Communities and Local Government, Sajid Javid, who, when he heard we were doing this event, cleared his diary and is coming down to be here today to speak to us about what the government thinks about regional growth and how it can be delivered, and also to hear our thoughts on what we need in the South West.

So thank you to all those people and without further ado I'd like to hand over to Chris Loughlin, Chief Executive Officer of Pennon, to provide the introductory remarks.

CL: So thanks, Sarah and thanks for your introductory remarks. I think you've covered quite a bit of the ground I was going to cover so I'll try not to repeat that. I wanted to say another thank you really, a thank you obviously for those people who've travelled a long way but also thank you to Exeter University for hosting us in this excellent facility, Reed Hall. So thank you very much for your generosity in helping us to put this event on today. South West Water Pennon obviously is embedded in the South West, as Sarah's just said. We're one of the largest private sector employers in the South West. We're absolutely committed to the future of the South West and the prosperity of the South West. So we're delighted to be able to be involved in this event today and we're really delighted to be able to be a partner with the Western Morning News and Bill Martin to work together on this event. Really very strongly support your campaign to back the South West, Bill, so we'll be a big partner of that and a big partner of you going forward with that campaign.

So why we're here, and Sarah has touched on it to some extent but why we're here, I guess why a growth summit and why a growth summit now? I guess to some extent it's to do with the fact we are now in this post-Brexit world, where the central government is now plotting its way forward and in my mind there are challenges and opportunities for us here in the South West, and it's absolutely essential that we have a clear united voice as the central government debates the way forward. I guess, if you look at the Northern Powerhouse, the Midlands Engines, those are names that are now into the public's consciousness and if you reflect on how and why that's happened I guess there's a lesson in that for us, because it's the coming together of the leaders of those economies, whether it be business, whether it be academia, whether it be the media, whether it be the local governments, the local enterprise partnerships, a whole range of bodies come together and created a clear voice and a clear united voice and a clear articulation of what growth is all about for their region.

I guess there's a lesson in that for us, and that's what we should do, we should get our voice heard. I guess one thing that might be going in our favour in this regard; we should be able to get our voice heard. We are, after all, a political battleground. The elections are won and lost on how the South West votes. So there's every opportunity that we will be able to get our voice heard. We need to articulate, however, what our vision of the future is. It isn't

the same as the Northern Powerhouse or the Midlands Engine. We need to articulate what our vision of our future is for the South West. I guess when we're doing that we must always remember we are in receipt of a large amount of European regional developmental aid. We have been for many years and we continue to be. There's a good reason for that. The good reason is, of course, that the prosperity of our region is somewhat below the European average, the UK average, actually two-thirds of the average of the rest of those regions.

That reason is not going to go away. The reason that we receive those development grants is not going to go away post-Brexit. So we must always remember that, but when we're articulating our vision for the future I don't think it should be based on an entitlement culture or a grant-dependency culture. We must think of a positive vision for the future. Again, if I compare and contrast ourselves with the Northern Powerhouse or the Midlands Engine, my interpretation of how they've articulated their future is they're an industrial heartland, the birthplace of the Industrial Revolution. They want to build on that sort of legacy or heritage and move forward. We don't have that in the South West. We have a different position in the South West. So I think what's important for us is not to replicate what they're doing, it's to think about the future. We need to embrace what I would say is the new revolution which is coming, which is the digital revolution. That digital revolution is happening now, and that gives us a different opportunity and a different possibility.

As we know, with a digitally-enabled economy, digitally-connected economy, you don't have to live in big conurbations anymore. You don't have to be in these big industrial heartlands. You can live anywhere, as long as you're well-connected. That turns a traditional weakness of our region into a strength, in my mind, because our traditional weaknesses have always been we're a long way from centres of population and a long way from the decision-makers, but with a digitally-connected economy that's no longer the case. Our strength is it's always been a great place to live here. It's always been a fantastic place to bring your families up, to grow and with that digital connectivity and this great place to live we can set that out as our future agenda, in my mind. So if that's the case and how we embrace that future, we need to positively articulate that. You might be saying, 'Well, this is really not something for us and this is quite difficult for us. How can we define that? How should we define that?'

I remember talking to Anne Carlisle about this. I don't know if you know Anne Carlisle, the Vice-Chancellor of Falmouth University, which is a fantastic success story in its own right. She comes from Northern Ireland and she's lived in the South West for a long time. We were talking about this some time ago and she was saying, 'living here is like living on the edge.' I didn't really know what she meant. I didn't really get what she talked about, but when she started to talk to me about it, it sort of made some more sense because living on the edge has many meanings, many interpretations. Of course, very literally, we're on the edge of Western Europe, pointing out into the Atlantic Ocean, so we're very peripheral and very much on the edge of Western Europe or the UK. That's one meaning. It also has another meaning, the slight edginess of the community. That means free thinking, slightly controversial, slightly away from the mainstream, probably taking a few more risks, feeling independent, that edginess. That's also something to do with the South West, in my perception.

Also, talking about what I was talking about before, moving the edge. Working the edge of technology; whether it might be from her point of view, the creative arts in the South West, that's a fantastic university. So there's something about that concept of living on the edge which I thought did encapsulate us and our future to some extent. I was talking to somebody else about it and they talked about, 'Think about California.' I thought, 'What on earth does that mean?' If you think about California, and we did a mind dump of, 'What does California mean to you?' I guess it means Silicon Valley, of course. It means surfing. It means an alternative lifestyle again, sort of free thinking. I'm of an age where I can remember the Flower Power and all that sort of stuff. It means all of those sorts of things. It means a dynamic economy. It also means it's away from the Midwest and the industrial heartlands. It's away from the political centres of Washington.

Again, there's something about that innocence of that which is similar to us. The South West isn't like California. California is the sixth largest economy in the world, but it is possible to build that economy with those sorts of features. I'm not saying we're going to be the California of Europe, obviously we're not going to be that, but what I'm trying to say is there is some essence of what we are trying to be in the South West which we need to articulate clearly and strongly to central government about what our growth story is all about. I can guess you might be all thinking. 'Gosh, that's all a bit fanciful. That's nothing to do with us. That's not really what we're about. That's not really our economies.' Well, I've got to disagree. I can think of lots of examples where that sort of digitally-enabled having the best of both worlds lifestyle and so forth is actually happening. It's happening right now. I can think of lots of examples.

A great example, as far as I'm concerned, is a company called Bluefruit. I guess, probably like me, nobody had ever heard of Bluefruit. It's a software company and it's actually become a global leader in embedded software, so things that you don't have to interface with. So in your car, for example, there's some software making sure your car's working well. You don't see it, don't feel it, you don't know about it. Bluefruit is a leader of that around the world. If you go on their website, they've got an order book to die for. It's based in Cornwall. The story of it is fantastic, because a 22-year-old, 15 years ago, decided to set-up a company, and now it's a global leader. It's based in Cornwall and it's connected around the world and it's doing business all around the world on this special technology. Go on their website because you'll be able to find out what embedded software is better than I've just explained it, but also click on 'meet the team', because the team there is about 30 people or something like that.

They say what they're specialist in but they also say what's passionate about their life and their lifestyle. It's all to do with living in the South West. So there's a real crystal example of this new economy, this is happening here and now. There are loads of them. The university here could tell you about the spinouts. Plymouth University, Falmouth University could do exactly the same. So I think this is possible. This is some vision of the future that we need to create. You might also be saying, 'Well that's okay but those are small SME-type companies, a little bit bigger than an SME in the case of Bluefruit but can we build big companies here in the South West?' Well, for sure we can, absolutely for sure we can. Jack Wills, I don't go to Jack Wills, it's a clothing brand which is now a global empire right across the world. That started 15 years ago in Salcombe. Two guys had £40,000 and have built this

massive global empire across the world. Somebody told me if you look on the Sunday Times Rich List, one of those two founders is now worth £200 million. This has happened in 15 years here.

There are other stories. Seasalt's another story, another clothing brand firm. They're all around the country, 30 or 40 stores now. Again, started in 2002, three brothers decided to change a work wear outfitter, a small shop in Penzance, and now it's a national company. Rick Stein, disc jockey, now global brand of a food empire, transforming the tourist economy. Even our own company, Pennon, you saw the Viridor waste management trucks out there. We started in about the year 2000 with one quarry tipping in household waste into that one quarry. We're now the largest UK-owned waste management company in the country. We're the largest recycler in the country taking your household waste, taking it into plants and then selling on the products of the recycling. We're also investing in energy from waste plants. We've got a fleet of 11 energy-from-waste plants. These typically cost £200million each. There's one in Exeter down in Marsh Barton.

We've now got a fleet of 11 of those coming online. That's happened in the last 15 years in a company based in the South West. We don't have a London office. We're not interested in a London office. We don't need a London office. We're based here and we're very proud to be here. So it is possible to build big businesses here. We're one of the largest businesses in the South West and we're 115th I think it is in the FTSE ranking, which says something as well, because we're the largest business and we're still 115th, and there's only one of us in that sort of ranking, so that says something about our economy as well. So if we're going to have this vision, and I'm not sure what it is, that's what we want to get from you today. Certainly, some things that we need to focus on. We absolutely need infrastructure investment. Not just roads and rails but digital infrastructure, as I say. I think we all know there's a long way to go. There's a lot of good work being done on infrastructure investment in the South West but there's a lot of more work to do. I'll just give you a little anecdote from me if you will.

I'm also a trustee of Water Aid, which is a £100 million charity based in 31 countries around the world, trying to get water and sanitation to everywhere by 2030. Part of my duty is I go off to other countries from time to time. I went to Nepal about three years ago, before the earthquake, a very remote area of Nepal. Got on a plane, two and a half hours from Kathmandu, two and a half hours, three hours winding through a road that had just been built by the UN less than five years ago. Rested up there and then went on another two and a half hours to see the work we're doing where people are dying of cholera and so forth. I couldn't sleep in this place we rested up in halfway. It wasn't really a town. It was just a building and I was sleeping on a bench so I got my phone out, clicked it on, 4G, and I listened to my favourite football team. There was no test match on that day. In this guest house or whatever, it was in the middle of Nepal. I can't get 4G in my house.

(Laughter)

You know the South West, there's a whole range of us where we're not digitally-enabled. So we absolutely definitely need to focus on that. People talk about smart grids. We need a smart grid. We're investing in renewable energy. 'We can't connect anything else to the grid because the grid is over capacity. Come back to us after 2020,' they say. It's not their fault. We need

infrastructure. Roads, rail, the railway line washes away when there's a storm. We flood our houses when there's a lot of rain. The roads, we still don't have a dual-carriageway, we still don't have a main trunk road going right down the centre of the peninsula. I remember another story when we were in the LAP, the Highways Agency came to us and said, 'We've got great news, we've got some money from central government to remove pinch points.' So Chris Pomfret and I, who was the Chairman of the Local Enterprise Partnership down in Cornwall, really excited. We know what our pinch point is, it's the A30. There's a bit in the middle, windy little road, well-known bottleneck. We went all for that meeting. We turned up and said, 'No, that's not what we're talking about.' I said, 'Well, that's our bottleneck. We want to know what our bottleneck is.'

'No, what we're investing for is on the premise that we've got a good primary network, there's some pinch points where you might have a roundabout which is causing a problem so we'll put an extra lane in.' Even more annoying was, 'We can put up signs to say, 'you've got two really good roads. If this one is slightly blocked we can divert people that way.' We don't have one, never mind two. So we got really cross about that and the end of that story was we went off to see the minister, complained and the minister did make funds available so we're now building that A30 link in the middle of Bodmin Moor. That just tells me a story, and I guess the next theme of what our vision must be. It must be something to do with devolution because with the best will in the world guys in Whitehall are great guys but they just don't know where we need to invest in the South West.

So that was a little example of it, but we know where we want to build the infrastructure, we know where we need the start-up spaces next to Bluefruit so we can make a critical mass. We know what investment we need in further education, and we have to have devolution for that and we have to have power to give us the money. We don't have to bid individual projects. Give us the money. You can audit us to death if you like, but our vision has to be something to do with infrastructure and also devolution as well. Those are just some thoughts from me. The whole idea of today is that we need to build our vision of the future clear strong voice, as the national government debates what's the future for us? We need to make sure we have a clear articulation, a unified voice, and I have great confidence that we will be able to do that. So today we want to try and gather your views, not just my views, and Bill's going to try and facilitate that as best he can. Can I just say thanks again for coming, thanks for your involvement; we want to gather your views.

The whole idea is to produce something called a growth charter or a growth pact going forward and submit that to the government. So we need to get all of your ideas, whether it's from today or if there are other occasions, just email one of us, it'll all come together. Then we can stand up and defend the strong South West. So thanks very much, looking forward to the conversation.

BM: Thanks, Chris. All that without notes, very impressive. Good morning, everyone. Thank you for coming. Chris's comments about digital connectivity reminded me of one of my favourite ever lines written by our very talented lead writer on the Western Morning News, where he described the South West as 'the region where everyone telephone conversation ends with the word 'hello''. A little bit about Back the South West. Back the South West is a campaign that came out of a regional editor's forum when a lot of us were discussing what Brexit would mean. So the campaign is literally borne out of

Brexit. The worry for me and for a lot of my colleagues was that the referendum decision would put us in a position where everything just stood still for a while. The concern was two-fold, that all of us as business leaders or as leaders of the region would wait for things to happen and people would be nervous about it; we would wait to see what was going to happen.

Our other concern was that government would use the opportunity to sort of forget about some of the pledges they'd made to the South West and the South West could sort of fall off the map, and all the focus would be on Europe and down here in the regions we'd be forgotten. So we came up with the idea of a classic traditional newspaper campaign, Back the South West, which is really about making sure that all of us down here realise that there's a lot of good business going on down here, we've got brilliant businesses. We're running a lot of editorial about great and brilliant businesses, but also to put pressure on our elected leaders, on government, to make sure they're continuing to invest in the South West and indeed to back it. When we came up with the idea, I thought to myself, 'Wouldn't it be great if we just had an event in the middle of it? But they're really difficult to organise,' and then I get a phone call from Sarah who said that Pennon were putting this together. I have to say, it was almost as if we'd planned it.

When you do these things, one of the biggest worries is that nobody will turn up. I think we've disproven that fear today. It's fantastic to see so many of you here today. I think that's testimony to the private sector really showing some leadership and standing up and pulling us all together and trying to say, 'Right, here we go. This is the South West.' Anyway, for those of you who read the Western Morning News every day, which I know is all of you, which is the same as those of you who buy it every day, which I know is not all of you, by the way.

(Laughter)

I know. You will know that we rather grandiosely call ourselves 'the Voice of the West Country'. While that is a slightly dubious case, because the real voice of the West Country is in this room here now. So we're very keen to hear from all of you today and very keen to pull together some sort of South West charter which will be a distillation of your thoughts.

Fortunately, we do have some experts here today to help us to stimulate the debate and to kick us off. We've got two panels. Our first one is Boosting Investment in the South West, and I think all our panellists are now here, so if I could ask them to join me on stage and then I'll tell you who they all are. We're going to do it in two sessions. So this is our first panel. We're going to ask each of them to talk to us for a maximum of three minutes. They'll be timed by Sarah in the front there. Following that, we're looking forward to hearing from you.

So, who have we got on panel 1? We've got Susan Davy, Chief Financial Officer at Pennon. Welcome, Susan. Mark Duddridge, Chair of the Cornwall and Isles of Scilly Local Enterprise Partnership, Neil Parish, who's finally made it here through the traffic, MP for Tiverton and Honiton. Welcome, Neil. Deborah Waddell is the Regional Director of CBI South West. Phil Evans is Government Service Director at the Met Office, home of the incredible supercomputer. We are also lucky to have Karime Hassan, the very passionate Chief Executive and Growth Director of Exeter City Council. So,

Susan Davy is going to start us off. So ladies and gentlemen, please welcome Susan.

SD: Good morning everybody. I know it's already been said but thank you all for coming this morning. We've got three minutes so I'll be brief. For me, we talked about Pennon. Pennon owns South West Water, more recently Bournemouth Water, which we acquired last year, and Viridor Waste Management. We are a significant investor in environmental infrastructure. We have invested in over £5.5 billion worth of assets, much of which is in the South West. People in the audience are probably well aware of the work we've done over the last years where we've invested heavily in improving our bathing waters. Tourism obviously is one of the fundamentals in terms of the economy in this area so we've spent over £2 billion improving bathing waters and obviously boosting that for tourism in the region. We've also been working in partnership. We worked with partnerships such as Devon County Council in Exeter. We've invested in an energy recovery facility.

What is that? You might wonder. Well, we take the black bin bag waste that can't be recycled, we take that into our facility and we turn that into electricity and enough electricity that will power over 5,000 homes in the city. We've also been investing with Plymouth City Council in one of the state-of-the-art materials recycling facilities in Plymouth. Again, taking household waste in and recycling that for reuse. So a significant investor in the region. So CFO, why am I talking about this? For me and all about today is about how we are on this panel talking about boosting investment in the region. I'm a CFO. I'm used to seeing business plans and business cases coming through. They need to be sustainable economic business cases that attract investment. I am used to, as a CFO of a listed company, trying to make sure that we've got enough investment from equity investors and from debt investors. In order to do that, you have to put out your economic business case.

That's no different to looking at the funding for this region. We know we've got a European structural fund that's in place. I think to 2020, with over £500 million committed for that, but what next? The one thing about investors is that they have choice. So Chris was alluding to the fact that there is a Northern Powerhouse, there's the Midlands Engine, and then it's what do we need? What do we want? We know that there are choices to be made and the government's got choices about where that funding goes as well. So we've got to make sure that as a business community we put our best foot forward and we can put together a business plan that attracts that investment into the region. I think that's very important that we come together to do that. We're a large business. In this region, given what we're investing, we have employees and we have supply chains and we support over 6,000 jobs in this region.

We're a big employer and we have resources to look at these business plans, but we know in this region that nearly 90% of businesses in this region, there are less than nine employees within them. So how can we make sure that we are supporting those businesses? As Chris said earlier, it's all about innovation and technology and some of these businesses are quite small. How can we make sure we're coming together and helping support those business cases going forward? We've talked about the funding that already comes into this region. What next and how do we make sure that we've got a voice in that and that we are putting our best foot forward for a business case for it? I think my time's up.

BM: Thanks Susan. Mark Duddridge.

MD: Good morning everybody. I am from the Cornwall and Isles of Scilly LEP. We're from a part of the world that has an economy which is changing very quickly, trying to deliver internationally sustainable and competitive businesses, many of which are growing out of innovation within green, renewables industry, (ph 0:29:17) *agritect*, many growing out of invention and creativity underpinned by the digital infrastructure that Chris mentioned earlier. Many just offering truly excellent products and services, so it's by no surprise that Eden are talking to investors and franchising in the Far East, that Campbell Valley continues to win international wine awards and the business I work with, (ph 0:29:43) *Roders*, is on the menu of five-star hotels in Japan. Unfortunately, Cornwall and the Isles of Scilly does still need to have the investment that's been spoken about this morning, but it's investment to continue to accelerate the growth of those businesses that can be more productive and that can afford to pay its staff and employees more than is currently being enjoyed at the moment and bridge the gap with the rest of the country and internationally.

We also want that investment to build on the natural advantages and the cultural differences that we enjoy in this part of the world, and we want it to build an economy that allows more people to be able to live and prosper in our part of the world as well. Underpinning all that, we want to dispel the myth that Cornwall is insular. I find that quite ironic, being a historian, because 2,000 years ago Cornish tin was being traded across the Mediterranean. It wasn't too long ago that Cornish engineering was being exported around the world, and we have a deep space listening facility in Goonhilly which has maybe broader horizons than most of us in this room. It's all, to us, about connectivity. We want to think in Cornwall and the Isles of Scilly about connectivity in many different ways, one of which is digital. I was going to mention Bluefruit and what's happening down at Poole.

Chris has stolen my thunder but a fantastic example of a cluster of businesses growing out of a very challenged area and being truly internationally competitive and as a consequence paying their staff two to three times maybe what the norm is in that particular part of the world. So digital connectivity is absolutely key to us. Chris also mentioned the grid. In Cornwall and the Isles of Scilly, we have a huge amount of renewable energy opportunities around wave, around wind, around solar and recently in terms of geothermal. Many of which have the potential to be game-changing. Especially when you link it up to some of the smart technologies that are now being developed, but again the grid is a limiting factor in all of those things, so connectivity in terms of grid. We will talk about connectivity in terms of our links with learning and with young people.

One of the legacies of European funding recently has not just been the digital infrastructure but also the higher education facility, but we need to see more businesses grow out of those fantastic facilities, be they creative around Falmouth, be they around e-health, environmental or engineering. We'd also argue for more connectivity with government. It sounds strange coming from a LEP, but what we mean by that is Cornwall does enjoy a devolution deal, and again it's probably in our DNA. If you go back 500-600 years ago, we had an independence of governance and language and culture. So it may be inbred in us in that respect. We would like to see the devolution agenda accelerated in this part of the world. For Cornwall and the Isles of Scilly the

two big opportunities we see are around housing, is linking that housing agenda to the economic priorities and development of our part of the world. The other area we are keen to see progress is the further devolution of adult and educational skills.

So we can properly prepare people for the needs of today's business and those businesses which we hope to have in the future. Again, based on that digital infrastructure that Chris mentioned, is we maybe don't know what those good businesses are going to be yet, but we've got a good idea. So devolution in those two areas is particularly keen to us, and we would like to see that help us, not just keep more young people in the region but also keep more old people productive and in the workplace and supporting our economy, which will be a theme, I think, for all of the South West peninsular. So we see Cornwall and the Isles of Scilly and this part of the world as being outward-looking, and we see connectivity being absolutely key, but we see connectivity being different depending on who we're talking to. The examples I give, again I wish I'd compared notes with Chris, but the digital infrastructure.

If you're talking to Bluefruit, they're connected all around the world. If you're talking to some creative industries, they're connected to Disney. If you're talking to some of our space colleagues, they're talking soon to be tracking satellites going round the moon, but in the meantime, they'll settle for dealing with people up and down the country and in and around Europe. Many of our marine businesses have big collaboration priorities around the south coast of England and internationally. So connectivity from our perspective means different things depending on where we are and who we're talking to, but it is always outward-looking and seeking to be internationally competitive. So we do need continued investment, I say, unfortunately. Post European funding we need that to continue, but I think there is an opportunity to simplify it in terms of delivery, devolve it in terms of responsibility and therefore make it faster to take effect and access more businesses, more innovators or more artists in our neck of the world.

We want it, though, to be a stepping stone to attracting more private and international investment to our part of the world, which is sadly lacking, and we want it to underpin our ambition to make Cornwall and the Isles of Scilly a great place to both do work and live. Thank you.

BM: Mark, thank you very much for the view from the Far West. Neil Parish, the view from Tiverton, my hometown, and Westminster perhaps.

NP: Thank you very much. There's no doubt that the West Country is the land of milk and honey and no more so than on a day like this. It is a beautiful place to live. It's a beautiful environment; both farming, land and sea, and I think it's a great place to have a business. I think what we've got to do in government is to try and make sure that we do. I did get in, in time, Chris, to hear your words of wisdom. I think about the infrastructure is so very important. Of course it is road and rail and of course I've got a little opportunity to try and get the road finished from Ilminster through the 303 through to Honiton and of course we are looking at the tunnel under Stonehenge so the 303 will be a major route and quite an expensive route but a very good route because it's that second arterial route into the West Country. The same with rail, we need that. I think the point that Chris made on broadband, on internet connection,

on mobile phone networks, I think that is absolutely essential. If you look at roads, for instance, I think London gets nearly £1,900 per head, we get £200.

We've got to make sure that we stand up really loud and clear for the West Country. In a previous life, if you take the South West region, if you take the borders of Tewkesbury, the borders of Gloucester into Worcestershire, it's actually two miles closer to the Scottish Borders than it is to Land's End. You've got to remember that's a vast amount of area of the West Country, South West in particular, that needs to be dealt with. I think that is the key to it. I think we've got lots of little businesses as well as big businesses. Here in Exeter, you've got a real driving force for business. You've also got the airport. You've got the science park. All sorts of things going for it, but all across the West Country, it might be Yeovil, might be aerospace. We've got lots of little companies as well, lots of small companies, and I think it's just making sure the environment's right because if we can get the business environment right, there's no doubt that people want to come here to live because they come here actually in their droves which we love to see in the summer.

I don't always love to see them when they're blocking the road and I want to go somewhere, but it is absolutely essential that we get this drive there. I think sometimes I have made speeches in parliament where I say to government, 'West Country doesn't stop at Bristol. There's an awful lot south of Bristol, an awful lot more to do,' and I think that is absolutely key. I think we can have the confidence now to go forward because I will put my cards on the table, I was a Remainer. I didn't actually want to leave the European Union, many did and the result was that we're leaving the European Union. Now it's about confidence. It's about making sure we've got that confidence in ourselves, in our businesses, and to make sure that investment continues, because it's all about investment now and the confidence to invest. So I think that's what government needs to have a clear steer, we need to put some of our own investment but we then also rely very much on you all as business communities, the LEPs, everybody to work together.

The county councils, the districts, and everybody to work together in order to deliver a really thriving West Country, because we've got so many great assets and I think we just want to use them better and we're not a secret but we want to make sure we're less of a secret than ever, and this is the West Country, open for business, great place to do business, and that's what I shall endeavour to do. On flooding, of course, I check the Environment Food and Rural Affairs Select Committee and I'm very keen to see mitigation, and when we're building in the future we can build close to flood plains, but we want to make sure that we can hold that water up and contain that water before it goes on flooding down to flood somebody further down. So let's not be totally constrained by the world we live in, but let's use it, and then create a water park, you know make something of it. Let's actually do something positive on the way forward. Thank you.

BM: Deborah Waddell.

DW: Thank you. I'd just like to maybe touch on a piece of work the CBI is doing that I know we're going to be working very much with Pennon Group next week when Caroline, the CBI's Director-General, comes to see Chris to talk about actually today and the work of unlocking regional growth. So the CBI's been doing a piece of work with McKinsey, really working with ONS data,

micro ONS data to identify what makes an economy very productive. What are the key characteristics? There are three very strong areas which is education skills, business practice and, unsurprisingly, infrastructure. I thought it might be useful if I just share with you some of the headlines that we've got from this work. So we can see where the South West can benchmark itself against other parts of the UK. So first of all if we take education and skills, our business links with schools in this part of the South West is actually pretty okay. We were punching just above mid table. We've got good activities. We've got a couple of good education business partnerships. We have the Big Bang Fair here on this campus.

So we're doing okay. We're not at a level that we should be taking our foot off the gas, we still need to be keeping a focus on it, but we're not doing too badly. When we start to look at some of the figures that are coming out regarding investment in our workforce, it's not looking as positive. So when we look at South West firms and the level of investment that's going into management training, so when we talk about management training those skills that really are providing the ambition and knowledge for companies to get bigger and stronger and more competitive. The level of investment in this part of the South West isn't as good as it is in other parts of the UK. So we're sort of in the bottom third, unfortunately, for that level, so that perhaps is something for us to think about in terms of our investment here in the South West. Again if we think about business practice, we've heard loads of fantastic companies today. In Tiverton, we've got Heathcoat Fabrics. So we've got SC Group, we've got Imerys down in Cornwall. We've got Gooch and Housego in Somerset.

We've got some of the most amazing companies absolutely doing R&D at the cutting edge of their field. However, it's not as rosy as it should be across the board. Southwest companies in this part of the region don't invest in new products, in terms of new novel and innovative products again to the same levels of other parts of the UK. I'm going to give you some horrible comparators. Wales and the north east are actually doing more of us in terms of investing in R&D. That's not good enough. Especially when you think we've actually got no reason. We are sitting on this fantastic campus here today. We've got Plymouth University just down the road. Again, we've got the facilities to allow us to do this, so we need to be thinking about how we can incentivise businesses to think about investing in their R&D. Another area in terms of business practices, the South West we should be okay and quite proud of ourselves in terms of exports. We're actually exporting probably to higher levels than other parts of the country.

The data we're getting from our work with McKinsey, which is our very clever CBI economists and very clever economists at McKinsey, we've got about 10% of South West firms who have the potential to export that don't currently export. So what support and help can we be offering those companies as well? I suppose from the CBI and our members it's really the request that the government needs to focus on the industrial strategy, absolutely. We want to see more support on a national basis for things like R&D tax credits and maybe roll out at the Mayfield Leadership Programme. There's also a responsibility of business as well. One of the areas that we're looking at and working with companies like Pennon and Imerys is really how do we get companies to think about doing their own investment? I won't touch on infrastructure because I know it's been touched on by a number of other people and the comments that have been said have already been made

eloquently. I suppose request to government is the regions are different. We're not the same. You can't have a blanket approach.

We do need to have devolution. We need to have devolution to allow us to make transformational education systems, to provide really robust business support and also to have targeted and prioritised infrastructure investments. So those are just some ideas to hopefully stimulate some of the discussion for today and also going forward.

BM: Thank you very much. Phil, owner of the supercomputer. What's the weather going to be like?

(Laughter)

PE: Showers with sunny intervals.

(Laughter)

PE: It's a pleasure to be here this morning. I have to confess I'm not normally let out of the building for audiences greater than 10 people, and only if they're not very important. There's clearly more than 10 people and you're all rather important. The Met Office made the decision to move here over ten years ago. As you'd expect for a government organisation full of scientists, we were very rigorous and objective about that. Believe me, there was a very big spreadsheet. The fact is, for all those objective decisions, we made a decision to move down here, and we are a very high science, high technology organisation and the South West was the right place for us. I have to say that decision was supported by the activities of the council and other people in the region, who made it so much easier for us, but we moved here, and I think that's quite telling. Actually, the decision to move here's been actually a brilliant one.

It's been incredibly good for the organisation, incredibly good for staff, we employ a lot of very well-qualified people, very well-qualified scientists, technologists, and actually we can never compete with other organisations in terms of salary but the attractions of the South West are a big thing to keep people here. Just quickly, what's our interest in economic growth whether regionally or nationally? Well, we're a part of government. We've got huge assets in our organisation. We are, we like to think, very good at what we do and we want to play our part in terms of developing the regional economy. It's very important to us because it's what government is about. I wanted to come some things from my perspective that I think are important. Going back to our move here, when we came here the reaction from the community we deal in was slightly surprised. 'Why are you going to the South West? What's that all about?' I think that raises a point about the understanding of the South West, the assets it's got, the capabilities it has. I think there is more that can be done. That was ten years ago.

I think the situation is still true now. Just to give you a couple of examples, the region is, in terms of environmental science, weather and climate and related issues, not only would I say is it one of the leading locations in the world, it's almost certainly the leading location in the world. That's a remarkable thing for the UK to be able to say, let alone the South West. On the digital front, the supercomputer that's already been mentioned, the government were gracious enough to invest in. That's going to be one of the biggest supercomputers in

the world and the biggest weather and climate supercomputer in the world, and there's a whole attendant list of digital capabilities, expertise around that, and we want to see that benefit the economy locally. So, in terms of more specific things, though we're based in the South West, actually we're critically dependent on all sorts of partnerships with other organisations, with private sector organisations, and those partnerships are in the South West, nationally, but they're also globally.

I think that's the mindset that we need to have, particularly under Brexit, and it's certainly something we're doing, is thinking about our face in the world and how we can support the economy and the government in doing that. So I think it's about a strong regional base but outward-looking. The second point, I suppose, is a bit more of an obvious one, but skills, we have particular issues now about retaining digital and technology skills. It's interesting to look at the life cycle of that. We're able to employ technologists; they stay with us, progress up into a certain point. When they're looking for career development, more opportunities, actually then is when we start to lose them. So I think a critical mass of key capabilities and key employment opportunities in the region is really important. What do I think are the really important things? It's been said before, but I think it's worth repeating. I think as a region we need to really understand what assets we have.

As a consequence of that, what our offer is, what we're saying to the outside world, what our narrative is and then organise ourselves as best we can, given that we all come from different perspectives, to actually say that in a joined-up way so we're clear. I think the final point is just to make a start, to find initiatives where we can start to build some momentum and build some progress and just get on with things.

BM: Thank you, Phil. So our final panellist, Karime.

KH: Exeter has pursued a growth agenda for at least ten years. More recently, we've started to look at what do we need to do to have a transformational agenda? Picking up some of the points that you made. So how does Exeter and the greater Exeter area establish itself as the global leading location for applied environmental science? Exactly what you said. If you're doing any round the world work on environmental futures, this is the place to do it. That's not the message. The message is credibility requires us to deliver under any vision the development plans, the strategies and the investment plans that makes it happen. My second message is to the public sector colleagues. Success for us has always been when public and private sectors work together. We've been prepared in the city to step in the shoes of investors to understand what the success criteria are that's going to land that project? The public sector has to do more of that. The third message really is a much more basic issue in terms of attracting investment.

The development world is a very expensive area to enter. If you want to build in the South West and you have to manage the uncertainties of the development world, you've got to be prepared to spend a lot of money and time, and that's got to change. We've got to make it much easier for investors to understand and how they navigate the planning system and for us that means de-risking the planning process. It's a basic one but it's essential to deliver successful investment. My fourth message really is about all the lessons that we've learned and we meet CEOs all the time in the city, in successful places, landing investment isn't often down to one element. It's a

package. You have to provide a layering of successful ingredients, and it's constant. You might be attracted here because rental levels may be a tenth of what it is in London and you can pay salary levels that are cheaper, but often that's not going to be enough.

You might be attracted by the quality of the environment and we've got a world-class environment and you might be an IT tech company that's quite happy to be in Exmouth and when the surf is good you drop tools and you go and have a surf. You can't do that in London, but it's not necessarily enough. So a successful place needs constant attention so that a facility like Sandy Park, world-class rugby is an attractor. Great schools are an attractor. The proximity of a research university is an attractor. A great city centre, which brings me to the last issue, which is the number one issue that comes up when I have conversations with CEOs today is labour supply. How do we attract talent? How do we retain talent? I've just said to you we're going to position our self to be the world location for that digital agenda on environmental futures. So what have we got to do to attract young talent? At the moment, we have 16,000 people in the city aged 20-24 and by 25-29 that's dropped down to 10,000, nearly 6,000 of them. That's a 40% drop. In Bristol, that's 7%.

We've got to do better to keep that talent here. They want a dynamic environment. They want to be around people where they can build social networks.

BM: That is the perfect lead-in to our second session. So before we talk about attracting and retaining talent, and before we have our break, and as I'm already failing in my task to keep us on time I'm going to go straight out to the floor. Six passionate and very well-informed answers to our question or views about the question. So I'm going out there. It's over to you guys. Questions or points of view. We've got six minutes. The gentleman at the back. If I don't know you, which I don't, would you tell us who you are?

LT: Hi. I'm Leicester Taylor from Shaftesbury. I'm on the town council there. Very good stuff that I'm hearing. Just one thing I'd like to bring up is cheap energy and transport, cheap travel for people, people have got to get here, and we've got to supply energy for all these wonderful things we want to do. Do you not think that's going to be worthy of planning?

BM: Who wants to answer that one? Mark, you have to travel to Cornwall and back. Cheap energy? Cheap transport?

MD: We have real issues in terms of access to markets and bringing 5 million people down to enjoy their holidays down here. So I agree with you, that the physical connectivity, be it road, rail or air, and particularly in our part of the world air is particularly key, I don't disagree with anything that's said and the ambitions of probably everybody in the room, all I'm saying is on top of that the connectivity around grid and around energy could be game-changers in terms of building businesses and actually maybe can develop a more compelling story to persuade colleagues in government to put that money down in the South West.

NP: On energy, I think we've got to have a balance because if you're going to put a lot of money into renewable energy, it doesn't necessarily mean cheap energy but it does actually give you that energy in the particular spots you

want, so that helps the grid. So it's a combination of all those things and you better talk to government, subsidised rail? Subsidised what? How are we going to do this? So it's not easy in these big rural areas to have cheap transport. It's a fascinating question but I haven't got all the answers for you this morning.

M: This thing about cheap transport and transport full stop, because too often there's a full stop. I think that's a particular issue around here, so I think we maybe need to get to first base first.

KH: In relation to what I said about allying strategies to vision. We've got the second strongest travel to work area in the country, only second to Cambridge. If I make a pitch to government for investment in transport to service the employment in the city, and then I say, 'How do we get the workforce into those jobs?' it's a very different conversation to saying, 'How do I get transport into my village in order to solve a transport need?' I think that's where we've got to be a bit more canny about how we present this externally, which is the reality is we're a rural area, and unless we connect with the labour market, which is spread, we aren't going to be delivering successful outcomes, but it has to be, my opinion, aligned under that vision and that alignment needs to be right throughout the things we do.

DW: I think really that's absolutely about getting that business case right. When you're talking about energy and transport, these are long-term investments that you're putting in place, so we need to make sure that we sell that story and we have that connectivity with how it then develops the region, absolutely right.

BM: Okay. Back to you guys.

PE: Pete Edwards, Exeter City Council. My question is about the talent that we train in the city and Plymouth. Two great universities.

BM: Can we leave talent until section two? As we are talking about attracting and retaining talent in the South West in the whole of our second panel.

PE: Oh, sorry. Yes.

BM: You'll be first up in the second session. That also gives me the chance to go to Tim Jones who gave me the death stare when I didn't pick him just then.

(Laughter)

TJ: Thank you, Bill. I'm largely agreeing with Karime's list of what we've got to do to attract inward investment, but you missed one thing, in my view, Karime, which is housing. Without a viable and affordable housing delivery market, then we choke off inward investors. What do we do to solve that? Penalise second homes or banish the planners.

KH: I've been going around as part of devolution to all the local authority leaders. One thing comes up very clear. There's an appetite to deliver housing, but a lot of our rural areas have what I would describe as secondary housing markets where the investment has to go into the ground, takes too long to pay back and therefore it's not attractive. We could, as an investment solution, come up with a fund to take away some of that risk, to open up sites and get

a return when we sell the houses. I think that kind of investment model is something that devolution could bring, if we had a growth deal, and there's not a lack of appetite in the local authority but the practical issue, the planning system, if you don't approach it with the culture I said, which is that we should be focused on delivering our plans, it's a key difference.

Not approving or refusing planning applications, owning the delivery of our vision, because of us, we want to build the houses, it's our job to get them delivered. So I would say to you, we ought to be focused on it. It is a very important issue, and I think there's an appetite with our leaders to get to grips with that.

NP: There's certainly a challenge in the villages to get houses because people don't necessarily want them, but some villages will accept it, but you take places like Cullompton, they're actually looking to improvements with the junction of the M5 actually have a big development, and it's reasonably supported by local people, because you're actually going to build a lot of houses and infrastructure at the same time. I think that's also the key, getting the infrastructure right. Of course, if you've got somewhere that's close to the motorway, or close to the rail, then you can get people in and out, not only jobs there but jobs further on, and venture into Exeter, dare I say it, for your good jobs that you're going to be producing here.

BM: The letters pages of the Western Morning News are no longer always about fox hunting. They are now only about two issues which are housing and wind turbines. Most of my readers are not particularly in favour of both. However, back to the floor.

NB: Hi. I'm Nick Briswhite from the RSPB. All the panellists alluded to what's great about the South West and why people live and work here. It's only the last panellist, Karime, who used the 'e' word, environment. That frankly is the reason why people come to live and work here, and we forget that at our peril. So what do the panellists have to say about how we make sure that environmental growth happens in parallel with economic growth?

NP: Well, a challenge will be when we develop a new policy, especially on agriculture, is to make sure that we not only look after food production but we also look after the environment. We've got now a system where we will no longer have a common agricultural policy so we can create a British English agricultural policy that hopefully will suit both. I think I did mention the environment when I opened up. I certainly talked about a beautiful environment we have and of course, that is our nature and our bird life, everything that goes out there, is all part of what attracts people to Devon. It's getting those balances right, but we've got a chance now to do it, I believe.

SD: In terms of Pennon, we own South West Water, Bournemouth Water and Viridor. The amount of expenditure that we've put into enhancing and protecting the environment is vast, and we continue to do so. We're going to be spending over a billion pounds in the period 2015 to 2020 across the group investing in that area. We also work very collaboratively. We have been, over the last ten years, working with the communities around projects that we've called 'upstream thinking' and that's work that's been going on with landowners to improve the environment and make sure that we have got the ability to enhance the moorlands and that enhancement helps protect the environment and also protect downstream and alleviate flooding when that

occurs as well. So we will continue to do that and that's very much a focus for us as a group.

BM: Thank you, Susan. We've got time for one more from the floor, so the lady in the glasses.

T: Thank you very much. Trudy from Barnstaple and District Chamber of Commerce. I'm the president there. I'd like to ask the panel not one of you have mentioned North Devon. We do exist. We are there. We have very large international companies that export 70% of their products. We have excellent education establishments. We are growing as a county and as an area, but you haven't mentioned any collaboration with North Devon. When is this going to start? I'm here and I'd love to speak to every single one of you.

KH: We are having those conversations now with Des in North Devon. Absolutely we are focused on, and it's what our pitch to investors is. We need a labour market that draws from well beyond the city, to the jobs that we are creating here. The biggest challenge, as I see it, is personal, is you've got a rail service to Barnstaple which takes you an hour and 20 minutes and it's perceived to be a leisure route. Actually, it should be a serious commuting route. If we would tackle that and get a sub 40-minute service which would give you a genuine commute service to North Devon, we would be able to say, genuinely, you can live in North Devon, and why wouldn't you want to, it's a fantastic environment, you could access particular jobs that you otherwise couldn't get to North Devon, the kind of investment that you say with the Met Office. We spread the economic benefits externally. We net export salaries from the city.

The median salary outside the city is now close to £27,000. In the city, it's £23,000. Lots of people work here and take their salaries outside. So the number one priority for us is to make sure we connect with North Devon and the leader of North Devon and the leader of Exeter City Council are absolutely united. We have to prioritise that investment more than anything else.

NP: Can I just say? We'd have a job to go round and mention every district council in the South West. We'd take an awfully long time to mention everybody. We do work very much with North Devon. I border North Devon. I work with Peter Heaton-Jones in order for the North Devon link road, all these things to be improved. I think, when we talk about broadband and things like that, that is what we can really do to help North Devon, help the whole county, help the whole West Country, because that is something where we don't actually need to travel quite so much. A lot of businesses don't necessarily need to have huge amounts of logistics. They actually want that internet and broadband connection. So I think, in many respects, we haven't forgotten you, don't worry.

MB: Mark, did you want to add to that?

MD: One of the things we're mindful of, we didn't mention South East Cornwall, we didn't mention many of the regions either, but one of the things which is key to our planning, and I think from the government talk about industrial strategy and how that builds up from bottom up, even within the region, within Cornwall and Isles of Scilly. I've talked in generalities about where it is we see we take that area, that region, but how that applies particularly to place is

something we're giving a lot of attention to because it will be very different to the Isles of Scilly, to South East Cornwall, to South Falmouth. So the emphasis that's put on certain parts of that and the strategies I think it's important we build it and devolution agenda from that ground up.

MB: One of the things we haven't talked about is what actually is the South West? Some people are very one-eyed about it, like me, because I know the South West is just Devon and Cornwall, but not everyone agrees with me.

(Laughter)

MB: However, it is 11:05 which means it is time for us to have a break. Thank you. Would you all join me in thanking our panellists? We will resume promptly at 20 past. Don't be late.

(Laughter)

[Resumes after a break]

MB: Right, the Secretary of State is on his way, but before we start the second section we have got a message from the Skills Minister, Rob Halfon. That is recorded, so here it comes.

RH: Without a doubt, Devon and Cornwall can. I was really proud to go to Exeter University, one of the best universities in the country. It's a cliché to say but I genuinely had probably the best years of my life there. I know the university's gone on from strength to strength. This is a very important event. It's supported by Pennon. It's supported by Exeter University. It's supported by Western Morning News and it's all about growth in the South West. A key part of that growth has to be skills, apprenticeships and jobs. That's why we're bringing in the apprentice levy. It's clearly an area of great universities and colleges. I mentioned Exeter University. There are other great colleges all across Cornwall and Devon. Exeter College itself is also a brilliant FE college.

So ensuring that it continues to have a very strong skills base, ensuring that all the businesses there up-skill their workforce and take on thousands of apprentices, ensuring that the university there continues to offer the best kind of courses for graduates to get jobs in the region and I'm confident with that skills base, with the higher education and support, and with what the government's doing in terms of growth, the South West will benefit enormously. There is no doubt in my mind that for the government we need to hear the voice of the South West. This is an incredibly important region in our country and it potentially could be an important engine of economic growth, not just in the South West but for the whole country as a whole.

BM: So, onto our panel. The title of section two is Attracting and Retaining Talent in the South West. We have Chris Loughlin, the Chief Executive of Pennon. We have Lord Myners, who is Chancellor of the University of Exeter. Gary Streeter, long-serving MP for South West Devon. Geoffrey Cox QC, MP for Torridge and West Devon. Johnny Mercer, MP for Plymouth Moor View, and we have Chris Garcia, Chief Executive of the Heart of the South West LEP. So, to kick us off I'm going to ask Lord Myners to fill his three minutes.

LM: Thank you very much. I became Chancellor of the University of Exeter this summer. I'm a Cornishman, raised and educated in Truro, didn't go to

university, had a few lucky breaks in my life and ended up in business and spent a bit of time in government. We beautifully segued, at the end of the first session, on skills, into this session, because the driving force for growth in the South West must come from education, skills and entrepreneurship. We will not compete on capital. We will not compete on the other drivers of competitive advantage. It's our people which are our most important assets. Our three major universities have a significant role to play there. Exeter has 21,000 undergraduate students, an increase of 24% over the last five years. Students drawing from 130 countries. A 47% increase in school applicants in the last five years. Over 70% of all pupils in the UK getting three A-levels at A-grade or better put Exeter on their choice of universities. Exeter is one of the country's top ten universities. It's one of the world's top 100 universities. We have 22,000 universities in the world.

It's not just Exeter. It's Plymouth, which has developed real significance in terms of its resource in marine and engineering technology. Falmouth, our co-hosts in our campus at Penryn, a campus which has added 250 million to the economy of Cornwall over the last ten years, has spread its footprint from art into many new areas including, in particular, digital business opportunities. Universities serve many roles, one of which is to have an impact. Here in Exeter, we want to have an impact on the South West. This is a big challenge for us. Can we attract bright people to come and teach here? Can we attract really bright people to be students and then will they stay?

The evidence is it's getting better. The proportion who are staying continues to increase. We're working hard and I know that Plymouth and Falmouth are doing the same to work with alumni, relations with local business, to have support and consultancy arrangements with local companies, and importantly to work with large companies. Thanks to Pennon.

Pennon is a major significant presence in the South West, and a really good corporate citizen. Not just good as a business but a good organisation to have rooted here in the South West. We at Exeter work with Pennon and we know that other companies also benefit from Pennon's presence in the South West, so thank you very much, Chris. I think education has got to be the catalyst for change. It's got to be the enabler and the driver to create a talented workforce. We've got some disadvantages, which are actually in some ways advantages. Transport will always be a problem. Transport is never going to be a source of strength of the South West, but goodness me we have other very positive things which make this a wonderful place to do business. I've now got some businesses in Cornwall. I'm delighted with the way they're performing. I'm delighted with the workforce.

We have talented people, committed people, and so this is a great place to do business but we need to continue to develop the skills to ensure we have the very best workforce to exploit the opportunities that are available. Thank you.

BM: Thank you, Lord Myners. A passionate opening. Gary.

GS: Thank you and thank you for describing me earlier as long-serving, which is another word for 'old'. I want to be positive about the South West. I have been here doing this job a long time and before that when I had a proper job as a partner in the firm now called (ph 1:13:51) *Fedansty* also involved in the local economy. I think this region is doing well. Particularly west of Exeter where I think 20 years ago it was true to say we had low horizons and it was a

problem to retain bright young talent. I think that situation is changing rapidly, and partly it's to do with the rise of the excellent and wonderful Plymouth University and the skills that it's engendering and the way it's teaching and attracting a new crop of young things. What I see happening is that with superfast broadband now being widely available, we've got more to do, we know that but widely available, and the knowledge that you can do anything from anywhere these days, bright young things are coming to Exeter University, Plymouth University, Marjon, Falmouth, wherever, and are staying.

I don't know what the stats are but more and more of them are staying to set-up their little internet businesses in their bedrooms and then developing from there. So I think there's a lot of hope around about this. There is one thing that I would say, and universities are key to this, but actually so are apprenticeships. The crossroads between university and apprenticeships are our secondary schools. One of the things we've got to see happen is much more focus on saying to children at secondary school, 'Actually, you'd be great at A-levels and going to university, that's your future, that's brilliant, but also have you thought about Babcock dockyard apprenticeship? Engineering? Manufacturing? Construction as an apprentice?' somehow we've got to ask our schools and incentivise our schools to be better at focusing on an individual child and saying, 'This might be best for your future,' rather than saying, 'We want you all to do A-levels because actually, that gives us a bit more of an income.' I think the government may have to take a small step there, possibly through Ofsted, to try and get schools to be more focused, more individualistic on advising young people.

BM: Thank you, Gary. Chris Garcia.

CG: So this is my turn. As you would probably expect from a local enterprise partnership, I'm going to talk about business, because actually attracting and retaining businesses is really also going to be driven alongside the provision, it's going to be driven by having successful and exciting businesses that people will have rewarding careers within. As LEPs, we've been working very much on developing jobs, better jobs, better growth and better prosperity. Business success is what drives that. You're hearing lots about the strengths in the South West, both from the universities and from the businesses, and the natural strengths that we have in our environment. The local enterprise partnerships are building a momentum behind some of those, and we're all working together now in terms of promoting the strengths and the opportunities for businesses. Three of us in Devon in terms of Dorset, Heart of the South West, and Cornwall and Isles of Scilly LEPs are working on making those connections.

Connecting the South West, connecting to investment, connecting to businesses, connecting to universities to really drive that agenda forward, alongside the work that's going on elsewhere in the country, the Northern Powerhouse and the Midlands Engine. The core and the content of what we're doing is around some of our real strengths. You've heard already references to some of the marine, aerospace, nuclear, tourism. There are real assets that we have that can make a real difference to the industrial strategy being developed for the country. Just one point on nuclear, for example, we know that there is £50 billion worth of business opportunity within 75 miles of our area. These are really exciting times for the supply chains that we can help to develop. Secondly, we need to look at businesses use of the skills that are being developed, to ensure that actually management practices are in place and that businesses can rise and work to their challenge.

So supporting business is the second real element of content. Thirdly, the infrastructure that needs to connect everything up has to be there for successful business. Going back to what you were talking about before, taking the work already going on to ensure that we have that thing. This is a win-win scenario if we get all those things right, drawing on the results of the Science Innovation Audit, drawing on the results of the area review from our skills assets to make us a really successful business-driven economy.

BM: Thank you, Chris. Geoffrey Cox QC.

GC: Thank you very much, Bill. I've been doing two things recently that are quite relevant to this. First I've been trying to get my children off my hands financially and assist them into careers, and secondly, I've been going round local businesses. I don't know where the lady is from North Devon but I represent Torrridge, which was even less mentioned than North Devon in any kind of forum like this. We do have some pretty strikingly successful businesses in Torrridge. CMG Engineering, Beran Instruments that makes high-tech vibration monitoring equipment, exports it around the world. We have, of course, the shipyard and so on. When I go round some of these places, even younger businesses than that, I ask them how they manage to recruit in these far-flung and wild reaches of Devon that often the county council even forget exists. The reality is that they tell me a number of things that I think are extremely important.

First it is vital that we make up our minds in the South West, whatever that is, what we do best, and that we concentrate on what we do best, and we create clusters and networks because young people, talented people will be attracted to companies, as Chris was saying, that are the best in their field. We're not going to compete with enormous conurbations, London and so on, in any area, whether it's the law, my own field, or any other, unless we're able to say to young graduates from this university and elsewhere, 'You can come to a company here that on any international scale is as good as anything you'll find in London or elsewhere.' When I was a young barrister, nobody came to Exeter. Now there's a thriving bar here. I strongly recommend it, ladies and gentlemen, excellent and low-cost legal representation. The point is that you wouldn't have found barristers here 25 years ago and certainly not a cluster of excellent QCs.

I've not an axe to grind because I'm not a member of these chambers, but the point I'm making is young people will gravitate to what is really good. We've got to concentrate on what we do best and I know that the LEP are working on exactly that, and we've got to be able to offer international scale opportunities. Inside those companies, I ask them, 'What is it that you do to keep them?' Well, they target their recruitment. They don't just go for anybody who has a fantastic and blinding academic and other record. They go for people or try to who have connections in the area already. Have a family background here, targeted recruitment, so that there's another reason why they would want to stay in our area. Then they make available professional training. Development, opportunities to revolve around the company, to rotate functions and see different areas. They create the sense of a future for those young people and those graduates, and I think that's a very important thing too.

Finally, what I would say, in relation specifically to rural business development, small micro businesses, the working from home revolution is what will assist those market towns that I represent and the villages to grow and start having real entrepreneurs locating their businesses there. You would be amazed in places like Bideford at the extraordinary small software companies, small internet-based companies who are doing quite extraordinary things. They need support. We need to find a way of reaching those micro businesses and making them successful, giving them networks, giving them backing, both financial and networks to other expertise. So that's what I would say. Those three important elements. Give them the opportunity.

Give them the exciting opportunity to participate in something that's the best in the world internationally, and then concentrate on committing to those employees' futures and giving them that opening to feel they have a real future with that company, and finally get behind the small entrepreneurs in the rural areas.

BM: Geoffrey, thank you very much. Next is Chris.

CL: Thanks very much, Bill. I've probably had more than my three minutes already, so I'll hope to take less than the three minutes. An advantage of going towards the end, of course, or disadvantage is that many of the points I was going to make have already been made. Clusters was one of them. I'll commentate from the Pennon point of view. A relatively large company. Very often we're seen as an asset company. That's to say we have lots of building, lots of things developing, lots of assets. Of course, my belief very strongly is we're not an asset company at all, we're a people company. People build, maintain, operate assets. So a heart of our strategy would be about people. I've got to say the question isn't about attracting or retaining talent. The issue for us is more about retaining because we have no difficulty attracting talent, attracting people to our company. We've had a strategy for a good long time now, at least a decade, if not longer, of grow-your-own, because there are fantastic people in the South West.

So we've concentrated very much on trying to have very lively dynamic apprenticeship schemes. We have a scheme where we have probably 100 apprentices coming through the system one way or another and we've been very fortunate to be awarded National Apprenticeship of the Year Company for ourselves as well. That's all about doing exactly what Geoffrey just said, which is picking our own people and, to be honest when we put out adverts for our apprenticeships they're massively over-subscribed. Probably one to 10, maybe, even more, we can pick from and get the very best of the local talent. Our strategy is to bring that talent through and provide them with rewarding, challenging, satisfying careers. As you say, they're very often based in the South West so their heart is in the South West. They've already made that decision. So that's a flavour for us.

We've also, building on that strategy, invested very heavily in university technical colleges and there's one in the South Hams area, in Newton Abbot, a leading university technical college. Stephen Bird's over there somewhere, Stephen helped set-up that university technical college. Obviously, it's a collaboration but helped set-up that university technical college, particularly focused on what we were interested in, which is engineering and environmental skills. That's part of our long-term strategy. The thing about it is retaining the quality. I've got to say, if you do build good people and give them

good careers, that's not such an issue, but we are in a luxurious position because it's very easy for us to take on 20-25 apprentices every year. That's not true for those guys that are starting up their set-up companies, the people in the back room who have two people and they want to make it to four and they want to get to five. Taking on a new starter is a huge investment, so they do need help, and that's different for us.

I've got to say that there is a positive coming out of all of this, because in terms of how that happens, that's to do with the clusters that you were talking about and gaining a critical mass around companies such as Bluefruit we were talking about before, and all the companies Geoffrey was talking about. I've got to say, when I look at Exeter University, a fantastic world-leading university, they have absolutely no problem whatsoever getting the best people from around the world. It isn't just in the UK. So the issue is providing the infrastructure, the place that they can have a vibrant lively career going forward. So to me, it's about attracting but yes it's about retaining.

BM: Thank you, Chris. So, onto one of our newest MPs, Johnny Mercer.

JM: Thank you. A lot of what I was going to say has been covered already, but why I think this sort of thing is so important, I think places like Plymouth and the South West are really on a bit of a journey. 20 years ago we had the dockyard that employed 35,000 people. We now have a dockyard that employs 3,500 people. Really, the people who've taken up that slack are our individual entrepreneurs and our small businesses who have really taken the strain and gone on from that. We still have a number of challenges. We have real areas of deprivation. We have some very good schools and some not so good schools. With all these things around deprivation and poverty, which is one of the real reasons I got involved in politics and why I wanted to come along today, is the single best factor in improving these people's life chances, whether they've got drug and alcohol problems or abuse, or they come from an abusive home, whatever that may be, the single best driver is having a job. We have to create these opportunities for our young people within Plymouth.

We've run two conferences already in Plymouth, Retaining Talent in Plymouth, and we did a schools conference about a month ago, and what are people saying? Why did they leave? A lot of it is what we've been talking about, is opportunities. It is the ability to work for a firm that is, as Geoffrey said, the sort of field leader in its niche and what it's doing. I know Lord Myners, your remarks on transport, but we have to do something about transport, because ultimately in an increasingly global and connected world, unless we get that right these bigger companies that provide these opportunities that can afford to invest in training and skills and apprenticeships are not going to come to Plymouth unless we can sort out that rail link or have something that is resilient. So I'm very clear that's our job, as local representatives in Parliament, we do have a traditionally very low spend from government when it comes to some of our services within Plymouth.

I see that, as one of our key functions, is improving that so that we can feel the ripple effects of that into jobs and employment and therefore by extension improving people's lives across the South West. So that's why I was really pleased to come along today and I look forward to the discussion.

BM: Thank you, Johnny. The Secretary of State has arrived. Good morning Secretary of State. I was nervous earlier now I'm really nervous again.

(Laughter)

BM: Before we hear from him, we have got a bit of time to hear from you again. So, again, any questions or points, please. I did promise Pete I would go to you first.

PE: Pete Edwards, Leader of Exeter City Council. My question is and some of the panel have touched it, saying we are good at retaining talent. Well, some of those things work but I don't think we are. When we look at our university in Exeter, and I've been told by the leader of Plymouth, their figures are bad. Ours is about 10% who stay in the area. I think the private sector needs to get to these universities and start sussing out what talent they would like to employ and give them some incentives to stay here. It's not a good picture. It's a terrible picture. With all the great universities we've got, we need to do better, and I think that's one of the main priorities what we'll have to do.

BM: Thank you, Pete. Yes, sir?

DE: David Eccles from the Hinkley Point C Project. A little bit of building work we're doing up on the Somerset coast.

(Laughter)

BM: Quite small, apparently.

DE: £18 billion.

BM: At least you're going to deliver it quickly.

DE: On time, safely, to quality. My question is very interesting today and hearing the speakers and so on. We've heard from CBI doing a lot of work in this area. We've got the initiative today which is fantastic. Chris has mentioned the work that the LEPs are doing. My concern is how is this going to be brought together? We don't want these things to be competitive. They need to be collaborative. If we're going to make a serious proposition then these all need to join together and I'd like to ask perhaps Chris or one of the panel to comment on that.

CG: Thank you, David. Yes, absolutely. It's got to be driven by the big opportunities that we have here. I think that's what it's all about. These big opportunities are the things that are actually going to give our children and the people who are in Plymouth or wherever those rewarding careers and lives that we want. The LEPs themselves are partnerships between business, between education and between local authorities. It's our job to step up to the mark to actually make those connections. As I said, connecting the South West is the vision that we have. It's not just about digital technologies, it's actually about connecting to that investment, to get that common vision, to join up our strategic plans that we already have, to add to those that are cross-LEP working, to feed that into the industrial strategy that's coming forward from government, and to really make the case for the investment that we have.

Not because we're under-resourced but because actually, we have better opportunities here. Real opportunities that can make a contribution to UK plc.

BM: Gary, you wanted to add?

GS: Very briefly. One of the things the Secretary of State may be touching on in a moment is, of course, the government is keen to devolve responsibility in certain areas.

BM: Don't steal his thunder.

GS: I won't steal his thunder, impossible to steal this man's thunder. That's one of the things, of course, in terms of not competing but actually essential strategic collaboration. If we are able to land a successful devolution to Devon and Somerset then I think a lot of things can be joined up. There's a little bit more of a conversation to be had about that, but if that could be done then the strategic economic planning for this region could actually be very effective indeed.

BM: Johnny.

JM: Being very new to this, I've certainly been struck by the sort of will of the region to sort this out, but there are a lot of different teams pulling in different directions. If you look at HS2 and things like that, why is it stopping in some quite random places? Actually, because business, local politicians, local authorities and central government are working together to deliver something for local people. I do think we could do that a bit better.

CL: A similar comment really. I was saying in my opening remarks we need a clear united voice. I have no fear that we've got lots of the constituent parts. Lots of the make-up, lots of good ideas, lots of initiatives, lots of plans. We just need a clear unified voice, and I think David's made a very good question there. I've got great confidence the LEPs and others will help pull that together, but that's the task ahead of us, to make a success out of it.

LM: Can I just come back on the question from the leader of our council? We have a tremendous relationship between the council and the university. South Western schools perform pretty much in line with the national average in terms of attainment levels, but we have lower university participation. So we have a challenge to persuade more people in the South West to go to university. Here in Exeter, approximately 7% of our students come from the South West. Approximately 15% of our students remain in the South West after graduation. So we are having a positive impact on the local economy. I think Gary asked, 'Was the data available?' So this is good but it's not good enough. The universities can be this powerful force for change. I think Geoffrey's point about entrepreneurship is absolutely right, and that's why we're putting so much work in the university at Exeter.

I know Plymouth and Falmouth are doing the same, to promote entrepreneurship and to encourage people who now see their futures not as working for Mars or General Motors or Deutsche Bank but working for themselves. That again I think has got to be an area where the South West is able to say, 'The South West, the entrepreneurial heartland of Britain.' That's got to be, I think, our counterpoint to the Northern Powerhouse. We haven't yet found the narrative to speak passionately about why the South West is a wonderful place to live and a tremendous place to work.

GC: In order to do that, you've got to be able to get on a train and be in London within three hours, because every now and again your entrepreneur has got to be there. So a message to the government, infrastructure.

MT: Thank you for your presentations. I'm Matthew Thomson from Jamie Oliver's 15 Cornwall. A social enterprise renowned for training young people. My question to the panel, we've talked a lot about how to attract young people. I think Chris Loughlin was the only one who really spoke about the importance of continued professional development. We've been working with Charlie Mayfield on just that in the low pay sector of hospitality, where we've boosted productivity in a few local hospitality businesses, we want to do more. If we want to see business at the heart of communities in that way that the gentleman from the city council's mentioning, we've got to have businesses investing in life-long learning and not just all this young shiny talent. I know we're running out of young people but that means the challenge is on to make better use of our older people. So the under-utilised people.

80% of people who start on a low pay job are still in that low pay job ten years later. How are we and how are the businesses here going to collaborate to mobilise career changers, the under-utilised part-timers in our economy? The over 50s in our economy? You talk about entrepreneurship. The over 64s are the fastest growing category in the South West of new start-ups. Over 64s. So how are we going to support them better and not just keep up with this youth obsession? No disrespect to any young people here.

MB: Who wants to take that? Gary said, 'No, not me.'

(Laughter)

MB: Chris.

CG: I'm definitely in the older category. So, from the LEPs perspective, absolutely it's all about actually growing the economy with those people. I think I said earlier rewarding careers. So it's about the longer-term development path. Looking at technology, we touched on technology in the earlier session. How dramatically that's changing all aspects of many of our businesses. Technology can both be disruptive and give competitive advantage. So how we ensure that actually our staff and our older people work to take advantage of that is absolutely critical. David mentioned a small project that's being built up in Hinkley. A key element that we're working with our other partners in the local authority and in government is about how do we ensure that local people and local businesses take best advantage of that? We don't have, in our area, lots of unemployed just sitting there waiting for work.

We do have some people that need help but we have to work to ensure that the people that we have can get skilled, to take advantage of those opportunities and have a long-term rewarding career. I'm delighted that the government, for example, announced recently, that the National Nuclear College will be based in Bridgewater along with Cumbria. This is a long-term legacy that will help develop those skills for the longer term.

MB: John Hart, the Leader of Devon County Council.

JH: Thank you. I think somebody should put in a plea for local government. We are business and we're big business. We are working together, but just an

example with Devon, we actually still employ, including education, 20,000 people. Our turnover is £1.3 billion. In the last eight years, we have spent over £1 billion in infrastructure capital. We are business. We keep people occupied, people employed. We are working together as local authorities, 13 districts, two (ph 1:39:43) *unitries*, two counties, with the LEP creating the Heart of the South West. We are looking forward to sometime soon getting devolution coming down to us. We are working at it. We're talking about it. We've produced a document and yesterday we had the Secretary of State for Transport here, and I was able to give Chris Grayling a list of wishes that we need to improve our infrastructure down here. I hope that the MPs when I talk to them afterwards, will follow this up in London.

So it's a plea from local government. We're in the room. We part of you. We run apprenticeships. We run graduate schemes. We do, at the end of the day, supply the needs for the business to be able to move around.

MB: Thank you, John.

HB: Harry Barton, Devon Wildlife Trust. I agree with all the points made about keeping people here and building on the talents and having those really good opportunities. I'm proud to say that Devon Wildlife Trust, in our small way, much smaller than Devon County Council, we help do that. I think people increasingly want more than just opportunities. I think now people of all ages, I agree with your point, Matthew, right from the youngest to the oldest, they want good job opportunities. They also want to give something back. I think what would make a lot of people here really proud, certainly, me, is if we could say that in the South West we have answered the problem that everyone talks about and no one really delivers, which is how do you do this growth? How do we achieve all these wonderful things and at the same time we make our environments and our quality of life better? Now, if that could be our vision for the South West, my God I'd be proud to live here.

MB: Thank you. I'll take one more from the floor. Yes, sir, at the back.

GS: Gerry Shattock from Exeter Science Park. I just want to touch on attracting and retaining talent. We've heard a lot about entrepreneurship, about tech start-ups. We're a young science park. Whilst we've got people working in medicine, in bioscience, in advanced engineering, the vast majority of young businesses coming through the science park right now are tech-based. They're the small entrepreneurs that have moved out of the bedrooms that we've heard about. They come from the smaller communities and there is a really big need to address the skills agenda there in five years' time. What is the coding capacity in the South West? What is the sub-contract capacity? What is the supply chain for tech? Are we linking up with schools, with colleges, with universities? Things like degree apprenticeships are absolutely fantastic but we will have a demographic problem with skills that are needed in that industry. So, fantastic entrepreneurial tech, it is happening right now, let's feed it and sustain it and plan for the future.

MB: Thank you for that. That makes us finish the panel exactly on time to the second. So having failed in the first half I've succeeded in the second bit. So, ladies and gentlemen, would you join me in thanking very much our panel. While I thank you, panel, I'd also ask you to exit the stage. So, ladies and gentlemen, we are very privileged today to be joined by the right honourable Sajid Javid MP, who is the Secretary of State for Communities and Local

Government. He was appointed to that role in July 2016. He is responsible for the overall leadership of the Department for Communities and Local Government, sometimes known as DCLG. He is the Conservative MP for Bromsgrove and previously Sajid was the Secretary of State for Business Innovation and Skills. So I think it's fair to say, ladies and gentlemen, we have got a genuine government big hitter among us today. Sajid, thank you very much for being here. We've had an incredible morning at an event which is extremely well-attended, as you can see.

We've got people from every corner of the South West here to talk about our two main issues today which have been about attracting investment into the South West and how we attract and retain talent. You'll have heard the second half of that conversation. What is clear is that we are in a region that everybody here is very proud of. We are sure that we have fantastic beaches, landscape, etc. It's a wonderful place to live and most of the people in the room here I think would say it's a wonderful place to do business too. It is a region that we feel is challenged. There are many of the more rural areas and some of our inner city areas that are as challenged as any in the rest of the UK, or indeed Europe. We have talked about issues of peripherality. We've talked about issues around infrastructure. In my newspaper, we've spent years, probably, both before and after the railway line was washed away, talking about how the region is crying out for real consistent and funded infrastructure investment.

We've also talked about connectivity in terms of digital connectivity, whereas everybody appreciates here we've made great strides with that, there are still areas of the west country where I described it earlier, it's my best line so I'm going to repeat it, this is still known as the region where most mobile telephone conversations end with the word 'hello'. So that's an issue for us. We're thrilled that you are here. We are really looking forward to what you've got to say on these issues. So, ladies and gentlemen, if you would join me in welcoming Sajid Javid.

SJ: Thank you, Bill, and good afternoon everyone. I'm delighted to be back here in the South West. I was born in Lancashire. As you've just heard, I represent Bromsgrove and Worcestershire, but I grew up in Bristol. So, whenever I come back to the South West, it really does feel like coming home. Of course, by Cornish standards, I think it's fair to say Bristol is practically a suburb of London. Defining what the South West is, where it begins, where it ends, is one of the big challenges I think of this event. I do know that the West Country means a lot to me, not least because I spent three years right here at the University of Exeter. I was actually here at exactly the same time as a slightly more famous alumnus, Thom Yorke from Radiohead. I don't think our paths ever crossed. He was studying English. I was studying Economics. He was writing era-defining music. I was campaigning against UK membership of the Exchange Rate Mechanism.

(Laughter)

He was with Robert Halfon. I think you heard from him earlier on one of your videos. So I think it's fair to say he was one of the cool kids on the campus and let's just say I wasn't. That was 25 years ago, and clearly, a lot has changed since then. On the way in this morning, I couldn't help but marvel at the new Forum Building just across the road. Last weekend, when I did actually dig out my old Exeter Guild of Students ID card, it had a picture of

some fresh-faced wide-eyed guy with a full head of hair. So I don't know what's happened to him. One thing certainly hasn't changed; I was looking through a university guide just recently with my eldest daughter who's in the middle of her A-levels. I looked at the entry for Exeter, and it said, and I quote, 'One of the most beautiful campuses in the country in one of the most beautiful counties in Britain.' Now, I'm not going to argue with either statement. So it really is great to be back and thank you very much for putting on this event and inviting me.

That magnificent scenery may have secured Devon a place on UNESCO's World Heritage list, but the county doesn't have a monopoly on natural beauty here in the South West. This is a truly stunning part of the world. It's one of the reasons why tourism has been such a bedrock of the local economy for many years. As Bill has noted in the past, this is a double-edged sword, you could call it. It provides plenty of jobs but many of those jobs are low paid. It brings plenty of money, but it's easy to see that sometimes it can price locals out of the housing market. It supports the economy, but it also perpetuates the idea that the South West is an area of low skills and part-time work. We all know that the region has much more to offer. It's not just some seasonal playground for the rest of the country. Nor is it a giant retirement community for Britain's pensioners. Between them, Cornwall, Devon, Somerset, Dorset, the counties that are represented here today, are home to some three million people. That's bigger than every city in the UK outside of London.

The region is home to world-class universities and highly skilled workers. It's home to hundreds and thousands of growing businesses from aerospace to the creative industries. It has almost unlimited potential that is waiting to be tapped. I know that. You know that. The question is how we take that message to the rest of the country and the rest of the world. How we turn that potential into solid economic progress. I think the answer comes in two parts. The first is at my end, at central government, and it starts with total honesty. For too long, I think successive governments have not done enough for the South West. There's not been enough investment in people, in infrastructure, in institutions, and the region has suffered as a result. The inadequacy of traditional infrastructure was thrown into stark relief in 2014, and Bill just referred to it, when the rail line at Dawlish was washed away. It meant eight weeks of isolation, a loss of more than a billion pounds to the local economy. 21st-century connectivity is also lacking.

Average broadband speeds for the whole of the South West, actually they don't look that bad on paper, but I know that in homes and offices across the region the day to day reality is very different. The same is true of mobile phone coverage. In 2016, you shouldn't be shocked to get a 4G signal in Somerset or Devon. Yet, sure enough, when I was coming down today on the train from London, I kept checking my phone, and all too often there was absolutely no signal. This really matters. Modern business is digital and it's mobile. If you don't have 21st-century infrastructure, how on earth are you going to get 21st-century jobs? But things are starting to change. When I was the Secretary of State for Culture Media and Sport, I negotiated a £5 billion binding agreement with all of Britain's mobile operators to improve coverage and eradicate the so-called 'not spots'. By the end of next year, the four biggest operators will guarantee voice and text coverage across 90% of the UK.

It means that the not spots in places like the rural South West will be cut by at least two-thirds. Meanwhile, we're investing billions of pounds to bring superfast broadband to every corner of the country, and in the 21st century, a fast reliable internet connection is as important to most businesses as electricity. Thanks to this government, by the end of next year, 95% of the UK should have access to one. We're also plugging the skills gap. At the end of the parliament, we will have created 3 million new apprenticeships right across the country, giving young people the vital skills training that they need and making sure that local businesses have the workforce that they need in order to grow. I'm also totally committed to building new homes in the South West. Too many people here are forced to turn their backs on their region in the hope that they can find secure affordable housing elsewhere. If the South West economy is to grow, it needs homes for the South West people to live in.

As Secretary of State for communities and local government, I am determined to do something about that. All of these national programmes, all of them will really benefit local people here in the South West. I do want to take things to the next level. I want to tackle the challenges that are unique to this region. I want to make the most of the opportunities that it offers, but central government cannot do that alone. We need your help. That brings me to the second half of the equation that I mentioned earlier. We've heard from Chris Loughlin a couple of times today. He recently wrote an excellent opinion piece for the Western Morning News. The only bit that I really disagreed with was the headline. It said, "Forget the Northern Powerhouse, Back the South West." Well, I'm sorry, Chris, contrary to press reports we are not going to forget about the Northern Powerhouse. Nor are we going to forget about the other well-established regional strategy, the Midlands Engine.

That's because, under our new prime minister, this government has one single over-arching aim. To make Britain a country that works for everyone, not just the privileged few, not just those people that live in London, but for everyone, and everyone, of course, includes the South West. Now, I would dearly love to see the South West equivalent of the Northern Powerhouse and the Midlands Engine. I'm more than willing to work with you, to speak with you, to stand with you to make that happen. It has to start here with you. The Midlands Engine and the Northern Powerhouse are both locally led. Yes, of course, central government is highly involved, but they were conceived, they were gestated and delivered by people and businesses in the region themselves. Local leaders, they put aside parochial politics and they are cooperating for the greater good. I don't think it's controversial to say that historically that kind of cooperation has not always been the South West's strong point.

Part of the problem is just simply geographical. The sheer size and the rural nature of the region makes it physically difficult to connect disparate communities. After all, there are parts, even in Gloucestershire, that are closer to Scotland than they are to Land's End. Part of the problem is political. Some in Cornwall, for example, they see their county as distinct from the rest of the region, a special case that should be handled separately from everywhere else east of the Tamar. Some in Poole and Bournemouth associate themselves more closely with Southampton, Portsmouth, the M3 corridor, more so than they do with rural Dorset. Then there are the traditional, often historic rivalries, tensions that you find in any region. One county looking down upon another, a smaller one mistrusting a larger

neighbour. Urban areas versus rural areas, and so on. So if we're really going to make a success of the South West, that whole attitude has to change.

That's why today's conference is so important. It's about recognising that this region can achieve more together than apart. About long-term strategic thinking and planning that benefits everyone, not promoting one area at the expense of another. I don't want to return to the days of the regional development agencies and the failed plans for regional assemblies. The devolution agreements that we've already secured for the north and the midlands, they're not about region-wide control, asserting some bland artificial identity on a diverse population. There's no Northern Assembly, there's no Mayor of the Midlands. These devolution deals, all of them are about giving power back to local people. They give communities the power to negotiate between themselves to secure investments and infrastructure that will make a real difference. They give regions the tools that they need to work together and to get on.

That's what I want to see here in the South West. Not a political union of several very different counties, but an economic coming together of several million people. Not a single region with no local identity, but local people and local businesses working together to achieve clear strategic goals. I'm not saying for one moment that all decisions should be made at a regional level. Where something is best looked at, at the county level, district level or communities, even just a single neighbourhood, that's exactly what should happen. For example, I'm currently taking legislation through parliament that will do just that, giving an even greater voice to neighbourhoods in the planning process. Projects and investments and infrastructure, they should be delivered based on where they can make the most difference for the people of the South West and not dictated by centuries-old lines on a map. Where region-wide collaboration and cooperation can make a difference it has to happen.

Let's just take a look for example at international trade. In the past 12 months, I've personally led overseas trade missions from both the north and also one from the Midlands. Few of the companies involved would ever have made it onto a traditional national trade delegation because they're often just dominated by the big names, many of them from London. Individual cities and towns would struggle to secure the attention of overseas investors. By taking regions on tour, we've opened foreign eyes to a whole new world of opportunities. I know I'm preaching to the choir. The LEPs and various local networks are already showing how well this region can work together. I know that a lot more work has already been going on behind the scenes. I welcome the creation of the South West Growth Charter that's been agreed here in principle today. It's positive. It's very proactive. It's exactly the kind of thing that I want to see more of. It's a concrete first step towards a strategy that will help every corner of the South West achieve its full potential.

In my second year here at Exeter, when I was a student, I got together with a friend of mine. Journalist Tim Montgomery and I founded what we called the Exeter Enterprise Forum, the EEF. It was basically an amateur think-tank aimed at supporting local growth through free enterprise economics. Like I said, I wasn't the coolest kid on the campus. The EEF was certainly well-intentioned. I'm not sure we ever actually did much, in the end, to help create jobs here in South Devon. 25 years later, I find myself in a much better place to support this part of the world that I love so much. I grew up here. I came of

age here. When it was time to go out and earn a living, the South West had little to offer. I wasn't the first or the last to leave the South West in search of opportunity. Too many have been forced to do the same, as we just heard a moment ago. Today, thanks to people like you, this is beginning to change. The prospects are much brighter, but there is much more to do and I'm determined to help you do it.

The South West helped deliver this government and this government will deliver for the South West. In Cornwall, in Devon, in Somerset and beyond. I'm looking forward to working with all of you to build a South West that works for all of us. A South West that offers opportunity to everyone, not just the privileged few, and a South West that is truly greater than the sum of its many great parts. Thank you very much.

BM: Thank you, Secretary of State. We should be clear about one thing, that the one bit of Chris's article that you didn't agree with is the only bit he didn't write because I did.

(Laughter)

SJ: I blame you for it, then.

BM: I'm sorry about that. Right, you're going to answer some questions, aren't you?

SJ: Of course, yes.

BM: So, ladies and gentlemen, it is over to you. I'm sure there's going to be many of you, so if I could ask you again to say who you are and where you're from.

IB: Ian Bowyer, Leader of Plymouth City Council. Secretary of State, welcome and thank you and I welcome your words of support for the South West as a region. Devolution is the subject most on the minds of my fellow council leaders and myself. We have an elephant in the room that try as we may we cannot deliver the governance model involving an elected mayor; simply there is not sufficient support within the footprint of the devolution area for that principle. That gives us a problem, whilst we're very enthusiastic about devolution we simply are stalled on that issue. So my question really is can you share with us latest government thinking around governance models that might be acceptable for devolution and would there be any room for manoeuvre with you over an alternative governance model?

SJ: Thank you very much, Ian. First of all, let me explain a little bit more about why I think devolution makes such a big difference when it comes to regional economic growth. To do so, really you need to contrast first the UK with other G7 economies. We've got a major problem. Our productivity is the lowest. It's 20 percentage points lower than the G7 average. That's huge. The output per man hour worked is 20 percentage points lower in the UK versus the G7 average. When you then take that down to the national level, we've got equally a big problem in productivity where versus the south east we have an average 20-25 percentage point gap between the south east and many of the regions of the UK. So we've got a national variation. To shift that, lots of things need to be done. One of those I passionately believe is through the process of devolution. So the reason for devolution, the number one reason is economic. It's economic growth.

Why does that make a difference? Because when you now look at all those other countries and the G7 are the major vast economies, one thing that you see in almost all of them is that the large areas, the large regions, particularly around the big cities, they have a lot more power than what we in Britain have traditionally given to regions. So, in other words, in Britain, power is too centralised, too many decisions are made at Westminster by people like me when they actually should be made at local level. Local people are just in a much better position to decide on some of these key strategic decisions. The problem is when you get down to the local level; local power is often just too fragmented, in England especially. So you've got the district council, the county council, the parish councils, all sorts, and it's just too fragmented. So to make sensible decisions on transport, on skills and these big things, you need much more joined-up thinking, you need a proper body that can do that and that's how we get to the combined authorities.

Your question specifically was also about the mayors, so how do you get from that to mayors? Again, when you look around the world, you'll be hard pushed in any major advanced economy when they have devolved that kind of decision-making to a local level where they don't have a directly elected mayor or the equivalent. They have that for a reason. That is because you want to make sure that at the local level when these decisions are made that you have someone, a man or a woman, that is directly elected and held accountable for the strategy that's being set in that area. That person doesn't do it alone. So the mayoral model that we've put in place, the mayoral combined authorities, so for example in the West Midlands, in Manchester, in Cambridgeshire and Peterborough, the mayor is the chair of the combined authority. The mayor is not an elected dictator. Works with everyone else on the combined authority and helps to reach consensus and helps make key decisions, on things that are strategically massively important.

Some of them I mentioned in my speech. Think about transport, think about local skills. Think about your infrastructure investment. What we've said and have been very clear about is that for those areas that want those powers, so they want ambitious deals with real powers and eventually ones that they can build on, they need to have a proper governance model in place that's clear, transparent, accountable and that includes a directly elected mayor. So for anyone who wants an ambitious deal, they're going to have to have a mayor. If you want an un-ambitious deal, and frankly the Cornwall one was not that ambitious, it didn't include any new money, had very few powers, and so the only ones that got away with not having a mayor but really you've got to ask yourself what's the point of going down this road unless you really want to make a difference? If you do, you've got to have a mayor.

BM: Yes, sir?

PW: Hello. I'm Paul Walker, owner of Hunter's Brewery in Devon. I run a very small business. We have ten employees. We turnover about £1 million. Unfortunately, we're heavily taxed. So half of my turnover is taxed at source before we make a profit because of duty. Can you look at regionally, as we're in a poorer area, maybe you could reduce our taxes a little bit?

SJ: Well, unfortunately my current role I don't have the power to reduce any tax, but when I did have the power to reduce tax, when I was the Economic Secretary to the Treasury, one of the first things I did was to take a penny off

the pint, for the first time in 50 years. So I think it speaks to you about where I put my priorities.

BM: Robin Barker.

RB: Thank you for that. I also went to university here and disappeared and came back but I don't want anyone Googling my university career. Thank you and welcome. I think, from a tourism perspective, I really welcome what I've heard in terms of a bottom-up strategy for this region because in this region we have fantastic tourism businesses. Award-winning ones, global ones. More award-winning businesses than any other region, and ones that are investing and are innovative and employing people and providing year-round career opportunities. If I jump back a few years to RDA era, virtually all the targets then were set in terms of productivity, and productivity is a term which I'm hoping is largely in the past in terms of being the single target, because productivity is a term that really isn't understood in many of those very small businesses, lifestyle businesses, two people employing each other, who may be absolutely top quality.

We've heard today about actually a need for targets that are set in terms of the environment, wildlife, the quality of life around us. Will you now accept strategy that has productivity as a lesser objective alongside others that are probably more relevant to this region?

SJ: I see what you're saying but, to be frank, no. To say productivity. First of all, I accept that it is quite a technical notion and term and with the man and the woman on the street you're not going to say, 'Vote for me, I'm going to raise productivity.' When you study our economic challenges, our productivity challenge is number one. I gave some examples earlier, we are far behind. If you have a government where one of the objectives, and I think this would be true of any government of any colour, is that you want to raise people's standard of living. Their quality of life. Of course, you mentioned the environment that's hugely important, of course, that's important. What is also massively important is raising their productivity. It's the only way you can raise someone's real wages, their real salary, is if you increase their productivity. There's no way around that. In the past we've tried to get round that and pretend there's some other way of doing it, and there isn't. That for me is that binding lesson when you compare Britain to the performance of major advanced economies. So I don't think the government should be shy in any way to make productivity a priority.

BM: Oliver Coleman.

OC: Thanks for coming. When you were the Secretary of State at the Department of Culture and Media and Sport, you gave Plymouth the Mayflower 400. This is in 2020. So we've got, over the next four years, a unique opportunity to use that in order to develop growth, especially given that we are going to come out of the European Union as well. We do need, frankly, significant investment into our train and our road transport network and potentially our airport too. I just wonder what you think we should actually be doing in order to make sure that that growth is actually going to be delivered.

SJ: Thank you, Oliver. The first thing to say, one of the reasons I did that is that you personally are very good at lobbying. You wouldn't leave me alone in the lobbies until I actually did something. You put it on the radar. You made such

a good case in parliament, with me, with the Chancellor at the time, I remember, so largely thanks to you and the efforts of your colleagues you made a big difference there, and I absolutely remember making that decision. I also recall one of the reasons to do it, and this is where you were particularly very convincing with Plymouth, is that culture, history, it can make a big difference in terms of an economic offering of an area. I mentioned earlier tourism in my speech. I mentioned that for the region more generally in terms of you don't want a region to be just about tourism. This region has a lot more to offer, but that is still a really important offering and the Mayflower 400 work is going to be a good example of that.

The train station, I think that is a really important part of delivering on that. That's why I'm going to be pleased to go and see it later today and see it for myself. To make it a reality, the last part of your question, I think that what's required is making sure that every part of government, all the key departments, so you mentioned the culture department, you've got the transport, the Treasury and stuff, are all working together and that's something I can help do.

JP: Judith Petts. I'm the Vice-Chancellor of the University of Plymouth. We welcome you, later on, today. I must not buck a trend. I'm also a graduate of Exeter University. So I'm equally as proud of Exeter as I am of my own university now, and actually proud of the collaboration that the universities across the South West and into South East Wales, along with our business partners across the South West over 100 took part in the science innovation audit from your previous department, just now produced the report today. So I'm quite interested to know the power potentially of those audits in the way that they can be used to inform the considerable strengths of our region in science and innovation, the leading areas of advanced engineering and digital innovation, and how that can translate across departments into investment, for example, we have prioritised the opportunity of the S & I in our own Heart of the South West LEP growth deal bid.

How you see those across government working using the power of that information about our strengths in the South West.

SJ: Thank you. It's good to see and hear about your collaboration with Exeter, but also both Plymouth and Exeter have been doing a great collaboration with business as well, and that's really good to see. In my previous role, I was very involved with obviously working with the HE sector, but also science and innovation. Where I see those audits going next, and the whole reason I started them is really to better target the support that government provides for both innovation and science. So through Innovation UK, for example, the government spends some £500 million a year in terms of science spending directly from government. It's over £3 billion a year. I felt at the time we can just better target that and obviously I haven't seen the results of your audit yet and actually the decision will be now for my successors, but it is something from a regional point of view in terms of my interest of regional growth I'd still very much be involved in. So I look forward to looking at it but I think the South West is one of the strongest regions when it comes to that kind of offering.

BM: We're going to go to Cornwall.

SR: Sandra Rothwell. I'm the Chief Executive of the Cornwall and Isles of Scilly Local Enterprise Partnership. Whilst you don't have responsibility for tax, your department obviously does have responsibility for some of the investment opportunities for growth, particularly around the European programmes, enterprise zones and obviously investment in housing, which is an area of particular priority for you. I wonder if you could say perhaps a little bit more about your department's focus over the coming months and years as we approach Brexit, for example, about what a new dialogue might look like on investment and particularly how you might do that alongside local enterprise partnerships, business and local authorities.

SJ: At the moment, one sort of real-life practical example is that many regions rely on, in terms of business investment, the ERDF funding, so administered in the UK but European funds. At some point, and no one exactly knows when obviously that funding will disappear. So how my department has been involved in that is that first of all is through working with the Treasury to provide some certainty over current applications, and I think we've done that. Also, working a lot now behind the scenes on what will eventually replace that, because we are determined that there will be some new ways, so once the ERDF goes, to try and provide support to local economies. A springboard we already have are the local growth funds, which at the moment I'm looking at round three of that. We're aware of your bid as well. I think that's probably a good model to build on, but we haven't made any final decisions.

One thing that LEPs and businesses more widely, local council they shouldn't fear is that once we leave the EU this is something perfectly possible for us to replace. Not just replace, but we'll be able to do it and fashion it in a way that really suits the UK. Just focused on the UK and taking into account the regional needs and differences of Cornwall and other places. So this is a top-of-mind issue that's taking a lot of our time as we want to be ready for the moment.

BM: Kate.

KB: Katherine Burke, South West Growth Service. Firstly, thank you for your honesty in response to that question, the need for us to be a much more collaborative coherent voice as a region to actually make sure that things like the export missions you mentioned we don't miss out next time. Is that truly the only reason why we missed out on those sorts of missions or are there other things that we businesses in the room could and should be doing?

SJ: I think today and the charter that you've agreed here today is a fantastic start but there's a lot more to build on. Your question is what are you missing out on, as it were? I think, having some form of big devolution, having a big devolution deal and having more say over transport and skills and things I think is a logical next step. If local people, local leaders, local businesses want to do that, my door is open to discuss that. With all these deals, it's really important I think to stick to the principle that they've got to be bottom-up. They've got to come up from local communities. Although the governance structures might be similar, what the powers are, are quite different because I want to make sure they're suited for the region. That is something that I think the region might want to pursue with more ambition going forward. Obviously, I wasn't directly involved before, but I am now, but my door is open and I'm particularly keen on the South West, for lots of reasons, but as I said earlier it's a region that I love and I know.

SJO: Steve Jordan, Chief Exec for South Hams and West Devon Council. Just a question about housing really, it's a key ingredient for our productivity ambitions, and we're very keen to ensure we get the right type of housing in the right place for the right price. I just really want your views on housing policy moving forward, whether there are any reassurances you can give us.

SJ: Yes. I've said since I've been in this job, that housing is my number one priority. It's a big economic and productivity issue, as you've just mentioned, but it's also one of the biggest social issues facing our country. Despite the progress in the last few years, we are still far behind as a country in terms of building the number of homes that we need. Just to give everyone a sense of how far we are behind, this year we're expecting to build about 170,000 new homes in England. If you take the lowest estimate of any other major big surveys that have been done on what's actually needed to stabilise affordability, the lowest number you can come up with is about 300,000 a year. So we're far behind, and that 300,000, by the way, just stabilises affordability, and today we have a situation where in 40% of local authorities, including some of the South West, average house prices are now more than ten times average earnings. That is the worst affordability of any major advanced economy. The situation just can't continue.

So, in terms of what more we can do about it, a couple of weeks ago I announced a couple of new short-term measures, and they are just that. We're not pretending they're going to change everything overnight, but they're to do something quickly and that was what I call the £3 billion home builders fund and £2 billion of what I've called accelerated construction on public sector land. We need big long-term changes. We really need to change the way we approach land supply and making sure we're building enough homes in the right places, the right types of homes. That's why I also announced a new government bill and there'll be a white paper on that bill later this year. It will certainly be very ambitious but certainly, if there's anyone in this room that wants to input and give me ideas about what could make a difference, particularly in their locality, then I'm listening.

BM: I am conscious of time so I'll take one more question if there is one more question. Yes, sir.

PD: Paul Diviani, East Devon District Council. We have Cranbrook in our midst and our rate of progress on that is beginning to slow. One of the problems we have is just the sheer volume of house building that is not happening, and since the late 80s when the right to buy first came in, the local authorities were struck out of the equation and we've been out on a limb ever since then. Is there any way you can get the local authorities to build again because we are probably the best people to do the job that you're looking for.

SJ: What I can say, Paul, is that I think that in terms of dealing with this huge house building challenge that we've got that it's not a one-size-fits-all policy. There will be some areas that I think where you can take a different approach. If I just cite a different example, if I look at some housing associations. I know you talk about local authorities, but I use housing associations as an example because they have also provided variety to the market. They accounted for last year over one-third of new builds. Obviously, that's a huge contribution. So one of the things I am looking at is whether it's local authorities, it's housing associations, is who else can provide the homes that people actually

want, other than just the big developers? I want to see more diversity in the market.

BM: Thank you, Sajid. Ladies and gentlemen, thank you very much for all your questions. We are now out of time. So I would like to thank you, Secretary of State, very much for joining us. I'm delighted that you came down on the train and you shared my pain of trying to get a mobile phone signal. Trying to find out the cricket score on the train is like a slow Chinese torture. There's been an awful lot of content here this morning. I think it's been very positive and it's great to hear so many views about the excellent things that are going on in the region. There's clearly a challenge to government coming from us around infrastructure, around devolution, and around our ability to deliver what we hope to. There's also clearly a challenge to us, and that comes from government, but I think from us ourselves and I think we've talked about that a great deal this morning, and hopefully some of the content that we've discussed this morning.

Some of the relationships that we've discussed this morning will lead us into perhaps a more cooperative and more proactive future as a region rather than as a collection of individual authorities, areas, whatever you want to describe us as. So that really is all. We'll close at that point. Would you all join me in thanking the Secretary of State very much for being here? I would like to thank all of you. I'd also like to thank Pennon for putting this event together. It's the first. I certainly hope it's not the last. I hope you all have very safe journeys home. Thank you very much.

(End of recording)