

Speech

## Long term economic plan for the south-west

The Chancellor sets out the government's long term economic plan for the south-west.

From: [HM Treasury](#)  
(</government/organisations/hm-treasury>) and [The Rt Hon George Osborne](#)  
(</government/people/george-osborne>)

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It's good to be here in this great maritime city, in our National Marine Aquarium, to talk to you about our long term economic plan for the south-west.

In many ways, Plymouth's story reflects the story of this part of the country.

A place steeped in the history of our relationship with the sea. A home of our navy for many centuries, and the engineering excellence that it embodies.

A place where cadets and sailors and apprentices forged our island's story.

Yet also a place that suffered from decline and neglect; a place that felt cut off from other parts of our country and distinct from the spectacular success of our capital city two hundred miles away.

In recent years, that sense that the best days lay behind us has started to change.

Plymouth has seen new jobs, new investment and new industry.

The university has grown, jobs have been created, skills are being learnt, new technologies like green energy have found a home here.

There's the impressive new city deal.

And everything from the refitting of complex nuclear submarines, to the consolidation of our amphibious warfare training here, has reminded us of the great future our Royal Navy has here.

Plymouth has never received the political attention that our great cities of the north, like Manchester,

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Liverpool and Leeds, have received.

Just as the south-west has never been as much a part of the debate about our nation's economic imbalances as the north of England has.

The north does have a huge challenge, and real opportunities too - that's why we're building a northern powerhouse to strengthen our economy.

But that does not excuse any neglect of the south-west - far from it!

The south-west contains some of Britain's greatest economic strengths.

It should be as central to our nation's future prosperity as any other part of these islands.

And the Prime Minister and I are determined that it will be.

That's why I am here today, to set out our long term economic plan for the south-west - and why the Prime Minister will be joining me later today to seek local support for it.

The plan I set out is based on this insight.

Over the last thirty or forty years our economy has become more imbalanced, with the gap growing between London and the rest of the country.

Our ambition is to reverse that - and it can be achieved.

Not by pulling our capital city down, or undermining its success.

As I say across the UK, it is a huge asset to our nation that we have one of the greatest global cities.

What we need to do is build up the strengths of the rest of the UK, and an area like the south-west has many strengths.

What we need is a coherent plan that identifies those strengths, makes them stronger still - and

connects them to each other so that the whole is greater than the sum of its parts.

If you look at the south-west, stretching from Wiltshire and Bristol, to Somerset and Dorset, down to Cornwall and Devon, of course, you see the differences - they all have a unique identity.

But you also see the strengths they have in common.

What are they?

There's the beautiful countryside and coastline that makes this one of the most attractive parts of the UK, and one of the most visited.

There's the industries that thrive in this landscape - the agriculture, the fishing and the tourism - that are more important here than many places.

But there's also the great universities, the incredible science happening here, skills and high tech manufacturing associated with the strong relationship with our armed forces.

Bring these ingredients together with better transport links and you have a very attractive place to invest, to grow a business and to build a life.

For at the heart of our thinking is the understanding that lasting economic strength comes from a vibrant private sector supported by, and supporting, a dynamic public sector.

There's an interesting parallel between the south-west of England and the west coast of America.

The West Coast too has the landscape and the sea and the unique culture that makes it a great place to live and visit.

But it has also built a formidable, world-class reputation around its science, technology and universities, and the military bases and defence industries have helped create powerful clusters from Silicon Valley to Southern California.

We can achieve something of this “west coast way” here in the south-west if we bring the existing strengths we have here together into a single, coherent plan.

So that when people look at the UK they say: The future is bright in the West.

This is the ambition behind the six points of our long term economic plan for the south-west.

Let me take you through each of the six components of the plan in some detail.

The first point embodies the overall objective. We aim to increase the long term growth rate of the south-west to at least the expected average growth rate of the whole UK.

It's not quite that today.

The south-west has an average growth rate of 4.17%, below the UK average of 4.23%.

It's a small difference, but over time it leads to a significant difference in prosperity.

It's driven by a gap in productivity. That means that, although the south-west accounts for 8.4% of the UK's population, it only account's for 7.5% of the total output.

It's that gap in productivity that we want to address.

Now the good news is that our national economic plan, and the investments we've already made here over the last few years, are already reversing that trend and delivering success.

The employment rate in the south-west is above the national average.

And with over 80,000 more people in work here over the last year, we're seeing the fastest increase in employment in the country.

If we succeed in maintaining this momentum, and if we succeed in raising the long term growth rate to

the UK average, we could add £6.5 billion in real terms to the economy of the south-west by 2030.

In other words, our economic plan could add a further £1,000 per person to the wealth of the south-west.

Of course, it's all about attracting and creating great jobs here.

So the second part of our economic plan is the commitment to try to sustain the current high rate of job creation here in the south-west.

We do that by supporting private business and advanced manufacturing, and by investing in the skills of young people - a huge challenge here, as in other parts of the UK.

If we succeed we will see 150,000 more people in employment here by the end of the decade - and higher living standards for all communities.

We understand that if you are to permanently raise the prosperity of an area like the south-west, you need to grow the private sector as well.

But to lay the groundwork for increased growth and employment, we need to tackle what everyone acknowledges is the biggest weakness of the south-west – its transport connections.

I am not alone in believing that stronger agglomeration is a key driver of economic performance.

It is a belief shared by prize-winning economists and some of the leading experts in the field – as an economy becomes more knowledge based, proximity becomes more important.

So that's where the third part of our plan comes in. I want to transform connections, not just between the south-west and the rest of the country - thought that clearly is vital. I want to improve connections within the south-west.

Read some of the commentary here and you'd believe the only journeys people make are to and

from London.

It just shows the bias towards our capital. Most journey's here are within Cornwall or Devon or Bristol.

I am today committing us to deliver a massive £7.2 billion investment in the transport connections of the south-west.

It is the largest ever investment in the south-west - affordable because we've made difficult decisions in other areas of public spending.

And we've started already.

We will invest £3 billion in our roads system here, making it possible to travel on dual carriageway roads from central London to within 20 miles of Lands End.

We're dualling the A303 and the A358, a massive project for people across the south-west.

We're supporting over £4 billion of investment in the electrification of the Great Western Main Line, in new trains, and in redeveloping the key stations in Bristol.

We're increasing the frequency of the trains, the capacity of those trains, and their speed.

And I want to see plans for improved links to Heathrow too, so we are connected to the rest of the world.

But I want us to go further, so I am working with the Secretary of State for Transport to establish a south-west Peninsula Rail Task Force, to develop a comprehensive rail strategy for the region.

And I want this to look at the case for re-opening the inland rail route between Exeter and Plymouth via Okehampton and Tavistock.

And today I can announce that we are also exploring the case for a new dedicated Devon and Cornwall rail franchise for the south-west of

England, to support better timetabling and services designed for local needs – a truly local railway.

Today we set this challenge to councils across the region: we have Transport for London, we have just created Transport for the North.

Will you come together to form a new body which could, in time, play a part in the design and management of a new, local rail franchise?

So we have decisions on local transport needs taken by those who know what is right for the south-west.

Because we want transport connections, not just between the south-west and London, but within the south-west itself, to be a driver of long term economic growth, not a hindrance.

But connections are not just about transport.

So we are delivering a step change in digital connectivity in the south-west through the government's superfast broadband programme, which will deliver superfast connectivity to 95% of people by 2017.

That final 5% is particularly important in the south-west, with its rural communities. It's the number one request of small businesses here. And so I will set out how we finish the job at the Budget in March.

Connectivity is a key part of our plan, overcoming long established weaknesses in the south-west's infrastructure. But as well as working on the weaknesses, we need to build on the inherent strengths here.

The south-west has long been the operational heart of our armed forces.

The naval base here in Plymouth is the largest in Western Europe, and has been supporting our Royal Navy since 1691.

We've got the Army based at Salisbury Plain. And the Royal Marines at Chivenor and Lympstone.



So the fourth part of my plan is to ensure the world class defence assets of the south-west provide the maximum benefit to the local economy, and help support huge tech manufacturing and high end skills.

We're going to expand the economic benefits of the navy and marines in Devon, the army at Salisbury Plain, and the defence industries near Bristol.

Our goal is to sustain over 100,000 defence-related jobs in the region.

And a key part of that is a new project to invest over £900m in Salisbury Plain to create new accommodation and infrastructure for the Army in its largest base in the UK.

A major investment in our armed services, but also a significant boost to the local economy, supporting over 7,000 new jobs here in the south-west.

It is of course not just our military personnel who are based in the south-west.

We have an enormous strength in depth across all the defence industries – whether it's aerospace and missile development in Filton, or sonar in Dorset.

And I'm delighted that today A&P Engineering in Falmouth have been awarded a significant contract to install high-end military capabilities in our new tankers so that they ready for operations by the Royal Fleet Auxiliary.

Aerospace, ship-fitting. These have long been strengths here. But there's a new frontier in defence - and the south-west is ideally placed to lead its development.

That frontier is cyber.

We want to develop an arc of cyber excellence – from our GCHQ intelligence headquarters at Cheltenham, through Bristol and Bath to Exeter - with the aim of making the south-west a world leader in Cyber Security services – an industry that is already worth over £6bn, and that is forecast to grow at more than 20% each year.

I can tell you today that GCHQ are investing £3 billion over 9 years into developing the next stage of national cyber intelligence.

They'll work with hundreds of small businesses, strengthen their existing ties with leading south-west universities, and recruit hundreds of new cyber specialists to work across this regional cyber arc.

The development of these technologies is not only a great boost to the local economy, it is key to our national security, and it should be a real point of pride for the south-west that you are setting the way in this highly-skilled field.

And, of course, developing these skills in the region will attract all sorts of investment that have nothing to do with defence here.

But it's not only the innovation around defence and cyber where the south-west can be a world leader.

So the fifth part of my plan is to boost science more broadly, supporting tech clusters, green energy, promoting skills development and an innovative rural economy.

The south-west already has a strong reputation for life sciences.

I want to build on these strengths, so I am pleased to announce today that I have asked Sally Davies (Chief Medical Officer) and Mark Walport (Chief Scientific Advisor) to bring together leading figures from industry, the NHS and academia to explore the potential for new proposals for investment in life sciences in the south-west, with a particular focus on medical technologies.

Of course another area of existing local scientific excellence is agriculture.

So today I am calling on academics and institutions across the region to work together to develop more applications to the £70 million Agri-Tech Catalyst fund.

The latest bidding round is already open, for ambitious bids to develop innovative agricultural science.

The money is there, and we're waiting to hear your ideas.

But I also want to make sure we are providing young people with the scientific and technical skills that modern agriculture needs.

So today I am asking Lord Baker, one of the inspirations behind a new generation of vocational schools, to work with local universities and business to bring forward a proposal for a new University Technical College devoted to teaching the latest agricultural science and technology.

Given the strength of the agricultural economy in the south-west, I want to see strong proposals developed for basing that college here, in the heart of our farming industry.

And the final part of my long term plan for the south-west is to make the most of what it is arguably most renowned for – its outstanding natural beauty and unique cultural heritage.

We should set ourselves a challenging ambition – to increase the number of overseas visits to the south-west each year to 3 million by 2020 – that's an increase of nearly 800,000 on today.

If we can achieve that, we'll add hundreds of thousands of pounds to the local economy and generate thousands of jobs.

Today we take a first step towards achieving that ambition.

I can announce a £10 million package of support for coastal towns across the south-west.

The package includes the redevelopment of the brilliant Tate in St Ives, new cycling routes and facilities alongside the Exe Estuary, and bringing most visitors to the Isles of Scilly.

This package is expected to create nearly 900 new jobs, and bring over 75,000 more visitors to the south-west.

I've also been told about the Tourism Trade Fair which is to be held here in Plymouth next month – it is aimed at attracting more visitors to the south-west, and so today I am backing this project with £100,000 funding, meaning we will cover half of the expense for all regional exhibitors.

And here in Plymouth too I want to make sure the government is backing proposals for an international exhibition in this city to mark the 400th anniversary of the Mayflower story.

I'm looking forward to seeing how the plans progress, and how the government can help.

But I want us to go further in ensuring we are attracting tourists from around the world to visit this beautiful part of our country.

Tourism is growing across the UK, but we're continuing to see a trend of London benefiting from this most.

I want to change this, so we're giving other parts of the country the support they need to attract international visitors.

I can announce today that the government will create a new £2 million fund as part of the GREAT Britain campaign to help cities and regions across the UK take forward innovative ideas to promote what they have to offer international tourists, students and businesses.

Whilst this will be open to the whole country, I want to see stand-out bids from the south-west, so we can work towards achieving our ambitious target on tourism together.

And we are giving extra incentives to tourists from new markets like China, doubling a scheme providing visa fee refunds when Chinese tourists spend at least four nights outside London when they visit the UK.

So we have a long term economic plan for the south-west.

It aims to create over a hundred and fifty thousand jobs.

It seeks to add over £6 billion to the local economy – equivalent to over £1,000 per person.

It will support the future of our defence forces and capitalise on their economic benefit.

It will deliver the next step for national cyber intelligence, and other world leading scientific innovation.

It will make the most of the countryside and coastal towns.

Our long term plan for the south-west is about recognising the value of both its natural beauty and the economic strengths nurtured by the people who live here.

It says that we can only have a truly national recovery if we get behind the private sector, put in the transport, support the tourism, the science and the industries of the future.

And it says that if we do that: the future is bright in the west.

It is a commitment to you – and to your future.

And with your help, we will help deliver it.

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