

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 16 July 2012

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PART I **FOR INFORMATION**

SLOUGH MEANS BUSINESS: **POSITIONING SLOUGH TO TAKE ADVANTAGE OF UK ECONOMIC GROWTH**

Purpose of Report

- 1 To make Cabinet aware of activities across the Council that support economic growth, and to seek views on what more the council and its partners can do to build resilience in the local economy.
- 2 Slough has a thriving economy worth £9 billion, sitting at the heart of the Thames Valley, which is the most productive sub-region outside London. One of the major factors leading to Slough's success is the access to key national and international markets, through good road, rail and air links. The high number of national and international headquarters located in Slough gives local people great opportunities to work in businesses which are pushing the boundaries in their relative fields. The strength and buoyancy of the local economy complements a number of the council's priorities in other areas.
- 3 Slough cannot take for granted the businesses which are located here, and which contribute so much to the local economy. The Council is working with public and private sector partners to maintain, support and grow business and to ensure that Slough residents gain better jobs and increased prosperity.
- 4 This report therefore seeks to draw together the Council's response to the risks and opportunities by describing work already taking place, current threats and opportunities affecting the business sector in Slough. The report seeks input as to future support the council may need to give.

Recommendation

- 5 The Cabinet is requested to
 - Note the current activities led by the council and its partners
 - Endorse the council's work on the Western Rail Access to Heathrow (WRAtH) project to improve connectivity between Slough and Heathrow Airport
 - Consider other actions to support and grow the Slough economy

Community Strategy and JSNA Priorities

- 6 Community Strategy Priorities:
 - Economy and Skills
 - Regeneration and Environment
- 7 The report highlights the work undertaken at SBC that will contribute to the development of the above priorities which include action to attract and retain jobs and businesses, improve the skills of residents, improve Slough's infrastructure and improve the town's retail offer.
- 8 Similarly one of the Joint Strategic Needs Assessment's (JSNA) priorities is to increase skills and employment opportunities in recognition of the impact that this can have on wellbeing, through providing individuals and families with income levels to have a good quality of life and to obtain work that is fulfilling.

Other Implications

Financial

- 9 There are no direct financial implications contained in this report. There are council budgets to support this area of work held within different services and the financial implications of specific projects will have been reported when new work was agreed.

Risk Management

- 10 The risks of the projects and pieces of work set out in the appendix will have been assessed separately and where relevant will be included in the corporate and service risk registers.

Human Rights Act and Other Legal Implications

- 11 There are no Human Rights Act implications.

Equalities Impact Assessment

- 12 Each initiative listed in attachment A has undergone its own equalities impact assessment where appropriate. This report in its own right has no identified need for the completion of an EIA.

Focus of Economic Development work

- 13 Since the production of the Local Economic Assessment (LEA) in 2010, an assessment of the state of economy in East Berks covering Slough and Royal Borough Windsor and Maidenhead has been carried out. The assessment set out to evaluate and forecast key economic indicators including employment, business start up, skills and infrastructure. We have a clear picture of where the successes and gaps exist in the town's economy. This has helped to focus activity and resources in the most needed places.
- 14 The Council has an Economic Development Plan which stresses our overall objective of raising prosperity of the town and its communities through:
- Maintaining and growing the Slough economy
 - Increase levels of economic activity
 - Increase levels of income of residents
- 15 Based upon the LEA and its key recommendations, the main areas of focus for Economic Development are:

Skills, Employment, Apprenticeships:

- To increase number of Apprenticeship opportunities for local people
- To increase number of Apprentices within the Slough Borough
- To increase employment opportunities for local people
- To increase the skill set of local people and ensure this meets business requirements
- To decrease unemployment claimants
- To increase employment levels
- To encourage personal and professional growth

Business Engagement and Start Ups

- Increase the number of start up businesses and support the growth of existing ones.

Transport and Communications Infrastructure

- To provide strategic infrastructure which attracts and retains business
- To improve prosperity through investment in the physical environment

Inward Investment and Town Centre Regeneration

- To attract international and national business to Slough
- To develop a vibrant town centre

16 The detail of activity being undertaken by services throughout the Council and with partners in pursuit of these themes of work is set out in Appendix A. This demonstrates a range of strategic tactical projects delivered by services within the Council and with partners within and outside the borough.

Current economic context in Slough

- 17 Despite the economic downturn and the recessions that have followed, Slough has remained a strong economic force and has responded to difficulties very well. We cannot be complacent and need to ensure that: business remains committed to Slough; that local services, infrastructure and skills deliver what business needs; and that jobs are retained locally and are accessible to local people.
- 18 Data shows that 17 million ft² of office space is due for rental renewal across the Thames Valley in the next three years. This is higher than the ten year average renewal rate, and it is therefore more crucial than ever to create a business friendly environment in Slough which will encourage businesses to remain locally, rather than relocating elsewhere.
- 19 Unemployment has increased but not at the rate of some other areas. The support available in the town has enabled people to get back into the labour market as quickly as possible. The number of jobs has declined slightly but our strong communications and transport links enable the workforce to travel to work and look for work in neighbouring authorities fairly easily, where necessary.
- 20 International business view Slough as one of the best locations outside of London hence HTC's and Hytera's recent moves. To support this further an inward investment website has been developed that showcases Slough as a top choice for location www.sloughmeansbusiness.co.uk
- 21 Our work around supporting communities in skills development is still important. We offer courses in our adult learning centres that prepare our communities for life in Slough and UK as well as focus around key skills for employment.

Current business activity in Slough

Skills, Employment, Apprenticeships

- 22 Aspire / Aspire For You launched 2 July. A project initially identified by one of the Council's Partnership Delivery Groups (PDG) and developed by SEGRO. Works with local businesses, educational institutions, employment services and training providers to raise the skills and aspirations of Slough residents, promote learning and development of skills and to increase recruitment opportunities for local people. The council will lead on Aspire for You a programme to enable local people to skill up and acquire local jobs whilst serving the recruitment needs of local business.
- 23 Arvato which since April 1 has partnered with the council to deliver back office functions, has made significant pledges to increase employment and apprenticeships in the town. Arvato will create around 500 new jobs over 10 years, and 100 apprenticeships to NVQ Level 2.

Business Engagement and Start Ups

- 24 This is a period of change and consolidation, with businesses relocating to Slough, relocating out of Slough, and existing businesses developing their presence here. It is essential that the Council invests in the factors which attract and retain business in the borough and that we forge links with individual businesses and business umbrella bodies to ensure that we are aware of business confidence and specific intentions and needs.
- 25 Hytera, Slough's first Chinese HQ has been supported in its relocation in the UK, the third of Hytera's European HQs. Hytera is a leading designer and manufacturer of professional mobile radio communication equipment all over the world
- 26 HTC have also bought a property in the Town Centre and are operating their European HQ successfully from there. HTC are a leading mobile device designer and manufacturer established in 1997
- 27 arvato have entered into partnership with the council in the delivery of back-office functions, including revenues, benefits, HR functions and finance services at the Thames Valley Transactional Services Centre in Langley. A Slough location is important to arvato and their desire to expand their business in the local area.
- 28 Earlier in the year, Akzonobel announced the closure of manufacturing in Slough. The council have worked closely with them over many years to ensure they maintain a presence in Slough, and the company now have plans to consolidate their HQ and Research & Development activities in Slough which will ensure that the net jobs are retained.

- 29 This represents an intense level of engagement with local businesses of all kinds by the Chief Executive and other officers, and the Leader of the Council and relevant members of the Cabinet. This level of engagement leads to positive partnership working between the council and businesses, and supports the retention of existing businesses.
- 30 Unilever have announced the closure of its Slough manufacturing plant. This will affect a number of people mostly local, with a low skills base and maybe even language issues. The Council have offered to support the company to enabled local people find alternative employment opportunities.
- 31 Typically, the support that is available in such circumstances is tailored and flexible according to the needs of the company. It includes careers and skills analysis for individuals to highlight gaps, access to job clubs, CV and application form writing, interview skills and vacancy information. It also directs people to courses and training that is available both at SBC and other providers.

Transport and Communications Infrastructure

- 32 All the companies above, and many more in Slough, have quoted proximity to Heathrow and accessibility to other parts of the country as being the key factor in moving into Slough. Consequently the Council has with partners focused on delivery of strategic infrastructure notably Western Rail Access to Heathrow (WRAtH) and lobbied for improved rail links to London.
- 33 Western Rail Access to Heathrow (WRAtH) is a project which seeks to link Slough directly with Heathrow Terminal 5, while also delivering journey time reductions of up to 70% for 20% of the UK's population (12 million passengers) across the Thames Valley, south west, West Midlands, South Wales and south coast. The project is predicted to cost around £500m which could be funded either as part of Department for Transport investment in infrastructure supporting improved access to national gateways, as described in HM Treasury National Infrastructure Plan 2011, or could be privately funded. The project is predicted to generate £800 million of additional economic activity in the Thames Valley, and stimulate the creation of 42,000 new jobs. Other significant benefits would also arise from the removal of 1 million car journeys from some of the most congested parts of the strategic road network and a reduction in CO₂ emissions of 5,200 tonnes.
- 34 Uncertainty now abounds around the future of Heathrow, and this is of great concern to many businesses in the town. It is common knowledge that Heathrow operates at 98% capacity, and there is a desire from airlines to operate new routes to emerging markets which cannot be served through current capacity. Heathrow is of vital importance to the local economy, directly employing 76,000 people of whom 7,500 come from Slough. It also supports a further 220,000 jobs in west London and the Thames Valley. 75% of businesses located in the Thames Valley cite Heathrow as one of the primary factors for their location, and 70% of businesses locating in the Thames Valley for the first time locate within 60 minutes of the airport. The Government is preparing to consult over the

summer on the future of UK aviation, which will provide an opportunity to scrutinise proposals for a Thames Estuary Airport. This option would require the closure of Heathrow airport. Thames Valley Chamber of Commerce have already experienced a reluctance to invest in the Thames Valley by foreign businesses owing to the uncertainty which exists around future aviation provision in the region.

- 35 As part of the Great Western Franchise Replacement Consultation, the council has also represented the views of local businesses in stating the importance of rapid rail links to London and highlighting the threats Crossrail may create if rapid rail services are not preserved.
- 36 The six Berkshire Unitary Authorities and Thames Valley Berkshire Local Enterprise Partnership are working to increase Broadband speeds across the region. Businesses want to see Broadband speeds of 24Mbit/sec or faster. While over 80% of premises will receive Superfast Broadband by 2015 as part of providers intention to roll out faster speeds, it is the remaining 37,000 properties which this project aims to cover. The project wants to deliver Superfast Broadband to 90% of properties, and regular Broadband to the remaining 10% of properties.

Inward Investment and Town Centre Regeneration

- 37 In addition to the direct promotion of Slough as a business location through the website, www.sloughmeansbusiness.co.uk the council can also promote business development in the town through regeneration and planning policies. The Heart of Slough regeneration project has improved one of the major gateways into the town, and has remodelled public transport access to make this a more attractive option. A number of key town centre sites have been identified for office, residential and service sector development, as well as development of proposals for The Curve. As a package this does not only enhance the quality of business premises in the town. It increases the number of people shopping in the town centre (footfall). It also improves cultural and leisure opportunities, making the town more attractive for inward investment and for shopping.
- 38 Regeneration elsewhere in the town, in Britwell and Chalvey, also contributes to the council's priority to make Slough a great place to live, work and play, which will encourage more people who work in Slough, to also live in Slough.
- 39 Through the implementation of a 20 year Local Development Framework (LDF) the council gives certainty to business about the future direction of the town centre. From this they can predict the development of commercial and residential properties in the town centre to give an indication of where their clients and employees could be drawn from. The LDF has been tested through public inquiry and adopted by the council as a blueprint for the future.

40 The Council approved a simplified planning zone on Slough Trading Estate some years ago. This allows swifter planning decision-making and more flexibility for major development. In October 2010 the Council has approved SEGRO's £500 million 20 year Masterplan which will provide for the evolving needs of business in the area and includes consent for the development of 150,000 sq m of office, leisure and amenity space.

Unemployment

41 Official job seekers allowance figures show unemployment at 3,359 (3.8%). This is higher than regional average (2.6%) but lower than National average (3.9%). This figure is the lowest it has been since the start of year 2012.
(source:Nomisweb May 2012)

Month	Number	Percentage	South east average	UK average
May 2011	3,293	3.7	2.5	3.7
June 2011	3,203	3.6	2.4	3.7
July 2011	3,255	3.7	2.5	3.8
Aug 2011	3,330	3.8	2.6	3.9
Sept 2011	3,445	3.9	2.6	3.9
Oct 2011	3,333	3.8	2.6	3.8
Nov 2011	3,327	3.8	2.6	3.8
Dec 2011	3,329	3.8	2.6	3.9
Jan 2012	3,388	3.8	2.7	4.0
Feb 2012	3,465	3.9	2.8	4.1
Mar 2012	3,439	3.9	2.9	4.1
April 2012	3,422	3.9	2.9	4.0
May 2012	3,359	3.8	2.6	3.9

Employment

42 68,100 (75.4%) people aged between 16-64 are economically active. As a percentage it is lower than both regional (79.2%) and national (76.1%) average. This figure indicates the number of people available for the labour market. It is an important indicator when companies are looking to move to an area as it highlights how many people are potentially available to them for employment.
(source: Nomisweb May 2012)

Skills

43 Our adult population still have a lower level of NVQ qualification at NVQ level 2, 3 and 4 compared to regional average as well as national average. At NVQ 2 Slough is currently 56.8%, regional average 70.8% and nationally 67.3%. This means that much of the adult learning provision needs to be focused around adults who are below levels 2 and 3.
(source: Nomisweb May 2012)

Wages

- 44 The average workplace salary is approx £31,000 per annum whereas the average resident salary is £26,000. There is still a difference in the two and the main cause of this is linked to lower level of skills amongst the adult population. (source: Annual Survey of workplace earnings ONS 2011)

Comments of Other Committees

- 45 None

Conclusion

- 46 This report has been prepared to ensure that the Cabinet is aware of the range of work that supports economic growth in Slough. This work contributes to making Slough and its communities prosperous, skilled and employable. It also makes Slough a good place to live in and enable access to key services that help communities grow.

Appendices Attached (if any)

- 'A' - Table of Initiatives

Background Papers

- Nomisweb – Labour Market data Jun 2012