

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 20 January 2014

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WARD(S): All

PORTFOLIO: Cllr Anderson, Leader of the Council

PART I **NON-KEY DECISION**

THAMES VALLEY BERKSHIRE LOCAL ENTERPRISE PARTNERSHIP – CONSULTATION DRAFT STRATEGIC ECONOMIC PLAN

1 Purpose of Report

To agree the Council's response to the consultation draft Strategic Economic Plan 2015/16 – 2020/21 (draft SEP) produced by Thames Valley Berkshire Local Enterprise Partnership

2 Recommendation(s)/Proposed Action

The Cabinet is requested to delegate to the Strategic Director Regeneration, Housing and Resources to write to Thames Valley Berkshire Local Enterprise Partnership (TVB LEP) confirming approval in principle of the draft Strategic Economic Plan but subject to

- A stronger approach to the distinctive local economies of TVB which more clearly identifies the interdependencies between local authorities and their residents and businesses, both within and outside the LEP area, for the provisions of jobs and housing.
- incorporating and reflecting more effectively the wider functional economic area within which Slough is situated and the connections and dependencies with surrounding LEP areas and London.
- the SEP being strengthened to reflect a focus on research and development (R+D) activity across all growth sectors and not just the tech-based, recognising that the development of 'clusters' can be generated by any sector where there is a coming together of ideas and knowledge development
- clarity about the proposals for business support, particularly those for incubator space where SBC is pro-actively improving it's offer through good asset management (Plymouth Road)

That Cabinet note that further consultation is being undertaken with groups representing local businesses and communities. Any comments received from this consultation will be passed directly to TVB LEP.

3. The Slough Joint Wellbeing Strategy, the JSNA and the Corporate Plan

The strategic intent and implementation plan of the draft SEP are generally well aligned with the themes and priorities of both the Wellbeing Strategy and Corporate Plan. Specifically, the SEP will provide strategic support and guidance for driving forward the actions in both plans that focus on economy and skills and regeneration and environment. The image of Slough will be enhanced by the continuing health and dynamism of the local economy.

4. Other Implications

(a) Financial

There are no financial implications of proposed action. Within the implementation plan are proposals for infrastructure projects which may require SBC capital expenditure. These projects are already included within the Council's capital programme and funding has been accounted for.

(b) Risk Management

Risk	Mitigating action	Opportunities
Legal	None	
Property	None	The use of council assets to support the implementation of the SEP is being actively considered within the current asset review
Human Rights	None	None
Health and Safety	None	None
Employment Issues	None	None
Equalities Issues	None	The emphasis on improving skills in the resident population will increase opportunity to access paid employment and to improve job prospects for individuals
Community Support	None	None
Communications	None	The SEP will be the subject of some wider consultation within Slough
Community Safety	None	None
Financial	Set out above	The bidding process has the opportunity to bring further resource to Slough for capital schemes
Timetable for delivery	None	None
Project Capacity	None	None
Other	None	None

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act or other legal implications

(d) Equalities Impact Assessment

The TVB LEP will be required to undertake an equalities impact assessment in due course.

5 **Supporting Information**

Background

Government views Local Enterprise Partnerships (LEPs) – business led partnerships with local government and other public sector bodies – as central to their local growth ambitions. LEPs are increasingly playing a central role in determining local economic priorities and undertaking activities to drive economic growth and creation of local jobs. LEPs now cover the entire country and in some cases their geographies overlap. They were originally intended to reflect functional economic areas rather than administrative boundaries however the local development of LEPs has meant that the majority are based on some form of local government boundary.

Slough sits within the Thames Valley Berkshire LEP (TVB LEP) whilst being clearly part of at least two identifiable functional economic areas (West London and Buckinghamshire/East Berkshire/north Surrey). The TVB LEP is comprised of the six unitary authorities of former Berkshire.

The Government's response to the Heseltine Review (2013) confirmed this localist approach to economic growth and putting in place a Growth Deal with every LEP. Through these Growth Deals LEPs can seek freedoms, flexibilities and influence over Government resources balanced by a commitment from the LEPs to drive local economic growth expressed through a Strategic Economic Plan (SEP).

The timescales for developing, agreeing and then submitting the SEP to Government are very short. TVB LEP, working together with the 6 unitary authorities, has produced a Consultation Draft of the SEP (paper attached) which has been shared with Government (sent in late December in order to get feedback to produce the final document). The final document, which it is anticipated will have the support of the Berkshire unitary councils will be submitted to Government in March 2014. The document the subject of this report is the version that was sent to Government in late December 2013.

The SEP is intended to be both a strategic plan for the economy of TVB for the next 5-10 years as well as a plan to support bids for resource in the short term from the Local Growth Fund (2015/16), to be spent in that year also. Alongside the Local Growth Fund available resource is also available from the European Social Investment Fund (ESIF) which is also being distributed at LEP level. A separate plan sets out the approach, and linkages, in TVB between the ESIF funding and the SEP. The Local Growth Fund resource will be made up of two parts – some allocated through formula and some through competitive bidding. The total resource available nationally in the Local Growth Fund, both allocated and for competition in 2015/16 is £2,019 bn of which £1.449 bn is capital.

Strategic approach and key proposals of draft TVB SEP

The TVB SEP is a well researched evidence based plan which had been developed in dialogue with businesses, the unitary authorities and other stakeholders eg higher and further education. There is a logical flow from the evidence to priorities and proposals. The extract below from the draft document sets out the overarching priority and main objectives:

Thames Valley Berkshire Strategic Economic Plan: In Summary

Our Vision: By 2021, the vibrancy of our business community will be internationally envied. The ambition and creativity of our established businesses will be energised through strong, knowledge-rich, networks. Our workforce will be the lifeblood of our economy: young people will be inspired and older workers valued. Our infrastructure will match the scale of our ambition and potential. And people will choose Thames Valley Berkshire as the place to live and work

Our overarching priority is to secure better access to talented people and bright ideas, and to use both more effectively

People

1. Use those who are already in the workforce better
2. Inspire the next generation and build aspirations and ambition
3. Ensure that economic potential is not stifled because of labour supply issues

Ideas

4. Ensure that knowledge is effectively commercialised and grown within Thames Valley Berkshire
5. Strengthen networks and invest in the "soft wiring" to use ideas better
6. Make Thames Valley Berkshire's towns genuine hubs in the ideas economy

High level Programmes within our Implementation Plan

A: Promotion and international positioning of TVB

B: Enterprise, innovation and business growth

C: Skills, education and employment

D: Infrastructure – transport, communications and place-shaping

In order to meet the requirement for the SEP to be a document that supports bids to the Local Growth fund there are 15 investment packages – grouped into four high level programmes – that set out how the objectives will be achieved.

Relevance and impact of SEP proposals for Slough

The approach of the document focuses at the level of the LEP area and not at local authority level and the ambitions expressed within it are similarly at the LEP level. Therefore there are no specific proposals for individual places in the main document and it is at the implementation plan that detailed local proposals are introduced.

The core findings of the economic evidence base are that the TVB economy performs well on most of the national key metrics:

- 42.3% of employment in TVB is in 'top output growth sectors' (Rank 1)
- 28.5% of employees in TVB work in the 'knowledge economy' – tech-based (Rank 2 behind London)
- Economic output per head in TVB is £32.8k (Rank 2, behind London)
- Business birth rate is 12.4% ((Rank 2, behind London)

However there is no room for complacency and the headline areas of challenge for the TVB economy include: dependence on the IT-based economy which is more about packaging and selling than generating knowledge and technology; a missing

'soft wiring' or networking of the existing businesses into a knowledge rich clusters; maximising the proximity to Heathrow at the same time as there is uncertainty about its future; the role of corporates and the way in which they are changing with new work styles and patterns based on digital connectivity and the link to the patterns of spatial development of business parks in out of centre locations which are increasingly perceived as 'tired'. These challenges do not constitute a crisis in need of immediate attention, however to continue the history of success these issues will need to be actively addressed. The SEP sets out a strategy for doing this.

The overview of the TVB economy, the evidence base on which the strategy is developed, does pull out some key issues in the local economies. Some headlines identified for Slough include –

- the relatively high level of 18-24 year olds claiming JSA;
- the differential between workplace based earnings and residence based earnings in Slough;
- the skills levels of population, significantly lower than Berkshire's averages
- the importance to the TVB economy of Heathrow;
- the importance of Slough Trading Estate for HQ operations of substantial European and global firms

Many of the priorities and objectives of the SEP link well to the known economic priorities of Slough. These are expressed in the Economic Development Strategic Plan for Growth (for approval - Cabinet 16 December) with an identified set of actions for implementation. These include:

1. Competitive workforce – developing the skills of our residents both in and out of work.
2. Business generation, retention and Inward Investment – supporting our business base to grow and develop their businesses, supporting start ups and making Slough an attractive economic hub for new investors.
3. Physical and Transport Infrastructure

Slough is one of the main contributors of economic output in TVB. The Council is already working towards providing a soft and hard infrastructure to enable economic growth which supports the SEP priorities. Working in partnership with local business we need to continue to invest in the economy to ensure we maintain this status. Local initiatives such as Open for Business, Smart Cities, Aspire will all need to be pursued and supported to continue this.

Aspects of the four programme priorities are highly relevant for Slough. Within these are included packages focussing on investment in incubator and co-working space; providing better support to businesses and building business networks; increasing skill levels in the older workforce and residents of TVB; building links between business and education; enhancing the strategic transport network and urban connectivity and encouraging vibrant town centres.

Within the 'enhancing strategic transport network and urban connectivity' package sit a number of prioritised schemes that will be included within the allocated and competitive bidding process for funding in 2015/16. These schemes largely reflect the priorities set out by the Berkshire Local Transport Board and include Slough Rapid Transit Phase 1 and Slough A332 improvements. The programme for

2016/19, not yet funded, also includes a further scheme in Slough – improvements to A355.

Issues of concern

There are no issues of fundamental concern with the overall approach and conclusion of the SEP. However there are some specific points that need to be incorporated to ensure that the unique position of both the economy and location of Slough is fully recognised within the SEP and therefore able to make the maximum contribution to the ambitions of the LEP.

- The approach taken within the SEP is one in which the local economies of TVB are blended into a homogenous whole with a universal set of responses. This approach tends to smooth over the distinctive local economies and as such lose opportunities to build on local strengths as well as losing sight of the inter-relationships of local economies and places of work and residence. The economy of Slough, which is around 25% of the TVB economy, is a significant provider of high value jobs to TVB residents, particularly in east Berkshire but also, and as importantly, to the surrounding areas in Buckinghamshire, Surrey and west London. Through the ‘smoothing’ approach in SEP this local dynamism is lost. Not to address this within the SEP will impact across the TVB area and beyond.
- Following from the previous point, the document could also do more to describe TVB in its wider sub-region, and relationships with surrounding LEPs and other arrangements within London, and all the inherent opportunities and risks that arise from that.
- The economy of TVB is identifiably a tech-based economy. There is limited mention of research and development (R+D) in sectors other than tech-based. In Slough there is clear evidence of R+D in bio-pharma and food production sectors and the focus on tech-based may lose the focus on these other sectors. It is recommended that the SEP is strengthened to reflect a need to focus on R+D activity across all growth sectors and not just the tech-based.
- The strategic approach of building the ‘soft wiring’ (the business to business relationships) within the tech-based sector is supported. The principle of clusters/soft wiring etc that is proposed as an area for improvement in TVB is often associated in other places, such as Cambridge, with R+D activities beyond the tech-based sector. The document would be improved by addressing this issue more specifically and building on what exists.
- There is also little mention of how business support will be provided and what shape this will take. Slough can certainly support with business start up and incubation facilities for its own residents but also for TVB providing a regional facility on Plymouth Road.

6 Comments of Other Committees

This matter has not been considered by any other Committees

7 Background Papers

Thames Valley Berkshire Strategic Economic Plan 2015/16 – 2020/21 –
Consultation Draft December 2013