

Economic Development Strategy Update

Summary: The Executive agreed the Council's Economic Development Strategy (the Strategy) in 2014. Further, that it should receive an annual update on progress against its action plans. The purpose of this report is to provide the requested update relating to economic development work in 2016, with the Executive being asked to comment as appropriate, note the content and ask for a further update in 2017.

Portfolio: Transformation

Signed off by Portfolio Holder: 22 September 2016

Wards Affected: All

Recommendation

The Executive is advised to comment as appropriate, note the content and ask for a further update in 2017.

1. Resource Implications

- 1.1 Since the economic downturn in 2008/09 local authorities have increasingly been raising the levels of direct support they provide to their local business communities. The advent of business led Local Enterprise Partnerships (LEP), the introduction of Government incentive schemes permitting greater retention locally of business rates, as well as changes to the Non Domestic Rating system and the financing of local government in general planned over the coming years are all drivers for councils to play a more prominent role in assisting local economies.
- 1.2 The Council's corporate priority number two, states that 'We will sustain and promote our local economy so that our people can work and do business across Surrey Heath'. To facilitate this and to take advantage of the measures set out in 1.1 above the Council has published an economic development strategy and created a specific economic development post to work in this area.

2. Summary

- 2.1 Members will recall that the Strategy identified three principal economic objectives. These are:
 - a) A sustainable place to live, work, shop and play**
 - b) A great place for business to flourish**
 - c) A great place for people to succeed**
- 2.2 Each objective has corresponding actions and action plans setting out projects relevant to each of the three main areas. For the purposes of this report the action plans from the Strategy have been replicated from the document

(although summarised where this aids brevity) and are attached at Annex 1. A 'current position' column has further been added to update on progress.

- 2.3 The Executive is asked to note that the Strategy is a strategy for the long term. This means not all actions will have started as yet, or where they have started may be in the early stages of development, or may have started but been overtaken by other priorities as economic development sands shift locally or nationally.

3. Key Issues

- 3.1 Annex 1 sets out the progress against the Strategy action plans and should be read in conjunction with this report. This Key Issue section seeks to highlight some of the main areas of economic development work over the past twelve months since the last update and comment on some of the future Government funding changes which are set to influence this area.

3.2 Open for Business

- 3.3 If the first year of the Strategy was about spreading the Council's pro-growth, pro-business agenda and its Open for Business approach to attracting inward investment, then year two has been about taking newly formed relationships to the next level and developing a role connecting one person or organisation to another to bring an economic benefit to the Borough. Additionally, year two has seen the continued development of positive cooperative inter-department relationships as part of the 'one team' approach; and active working with the LEP and colleagues at Surrey County Council.

- 3.4 The area of the Strategy which has developed the most since the last update to the Executive is in the Council's Open for Business connecting role. Whereas the planning system is necessarily tightly regulated to protect land and buildings, economic development with its roots in the power for councils to promote the 'social, environmental and economic wellbeing' of their areas, can have different conversations with agents and landowners regarding development opportunities to those planners can have.

- 3.5 Notwithstanding the fact that all relevant applications must go through the legal planning process, what might end up at that point can start out as an Open for Business conversation at a networking meeting, business breakfast or by developing a number of contacts and local knowledge which are useful to know when it comes to feeling it would be potentially beneficial for company A to speak to company B.

- 3.6 The Council is putting considerable efforts into this area and is gaining a reputation as an authority which can be approached for an informal Open for Business conversation, to the extent that Surrey Heath is now seen as a 'go to' organisation for business collaborations both large and small.

3.7 Local Government Funding and Economic Development

- 3.8 As mentioned above national changes are set to have a significant impact on how local government is financed, which will again ratchet up the importance of strong economic development policies and approaches at the local level.

- 3.9 In 2013 the Government introduced the Business Rates Retention scheme. Under the system local councils retain 50% of the business rates collected

(10% goes to county councils) in their areas. In the autumn statement of 2015 the Chancellor took things a stage further and announced the Government's intention for councils to keep 100% of business rates by 2020 – whilst Revenue Support Grant would be phased out. A further announcement in the March 2016 Budget stated that all businesses with a rateable value of under £12,000 would no longer have to pay business rates from April 2017.

3.10 The Government is consulting on its plans and there is a great deal of comment and discussion both at the national and local county levels on the shape of funding mechanisms and how they might work. The Council's Portfolio Holder for Finance and Executive Head of Finance are keeping abreast of the situation on behalf of the authority, and reporting accordingly.

3.11 Clearly, then, there are sound financial reasons for all councils to play a strong role in the economic development of their areas.

3.12 2017 and Strategy Review

3.13 As stated, the Strategy action plans have been fully updated for the purposes of this report. As the Strategy moves into its third year it will be timely to review it to ensure it remains relevant to corporate priorities and reflective of the national picture. For example:

- Over the coming period the Government is expected to trigger Article 50 and begin the process of the UK's withdrawal from the European Union – how will this impact business at a local level?
- The Council has submitted two bids to the LEP (one in conjunction with the Yorktown and Watchmoor Business Association) for Local Growth Funding to deliver public realm and highways projects – how will successful bids, including Camberley High Street regeneration measures, be delivered and what will their economic development impact be?
- In addition to the changes to business rates mentioned above a full national revaluation of commercial properties will come into effect from 1st April 2017. At the same time all properties with a Rateable Value under £12,000 will be taken out of rating altogether – how will this impact locally and how might it impact on the Council's future working relationships with small businesses?

3.14 As can be seen from Annex 1 there remain some areas of the Strategy where work has either not started or has not been developed beyond the early stages. In the main this will be due to the shifting sands of economic development mentioned above which have redefined priorities. With any strategy for the long term there will inevitably be new areas of focus which assume a prominence over those originally considered. As is the case with the Strategy. Over the past year there has been a significant amount of work carried out on LEP projects and, as highlighted, the Council's Open for Business approach has assumed particular focus.

4. Options

4.1 The Executive has the option to comment on the report and note it.

4.2 The Executive has the option to comment on the report and recommend other actions.

5. Proposals

5.1 It is proposed that the Executive comments on and notes the report.

6. Supporting Information

6.1 The full Economic Development Strategy is available on the internet.

7. Corporate Objectives And Key Priorities

7.1 Corporate objective 2 – ‘We will sustain and promote our local economy so that our people can work and do business across Surrey Heath’.

7.2 Key priority 2 – Deliver the economic development strategy action plans.

8. Policy Framework

8.1 Supports the Council’s policy objective to work with and support the local business community.

9. Legal Issues

9.1 No legal issues identified.

10. Governance

10.1 The Strategy cuts across a number of service areas and will be overseen by the Portfolio Holder for Transformation.

11. Risk Management

11.1 Minimal risk as the Council is committed to supporting business as set out in the 5 Year Strategy and Key Priorities.

12. Human Rights

12.1 No issues identified.

13. Consultation

13.1 Consultation was carried out at the time the Strategy was developed, but not for this update report.

14. PR And Marketing

14.1 The Council has maximised the publication of its Strategy and the work delivered and will continue to do so.

15. Officer Comments

15.1 This is the second annual update of the Strategy on the anniversary of its approval by the Executive. Progress has been made in working with the business community and enhancing the Council’s role in supporting the local economy. Work will continue on a daily basis in this vein.

Annex 1	Updated action plans
Background Papers	Economic Development Strategy
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Consultations, Implications and Issues Addressed

Resources	Required	Consulted
Revenue	✓	✓
Capital		
Human Resources		
Asset Management		
IT		
Other Issues	Required	Consulted
Corporate Objectives & Key Priorities	✓	✓
Policy Framework		
Legal		
Governance		
Sustainability		
Risk Management		
Equalities Impact Assessment		
Community Safety		
Human Rights		
Consultation		
P R & Marketing	✓	

Review Date: October/November 2017

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