

# **Economy and Business Development Scrutiny Committee**

**31 OCTOBER 2017**

**PRESENT:** Councillor P Strachan (Chairman); Councillors C Branston (Vice-Chairman), J Bloom, A Christensen, M Collins, P Cooper (In place of B Adams), M Hawkett, T Hunter-Watts, P Irwin, C Poll and W Whyte

**APOLOGIES:** Councillor B Adams.

## **1. MINUTES**

That the minutes of the meeting held on 4 September 2017 be approved as a correct record.

## **2. STRATEGIC ECONOMIC PLANS AND SKILLS STRATEGY**

Members were provided an update on the Strategic Economic Plans prepared by South East Midlands Local Enterprise Partnership (SEMLEP) and Bucks Thames Valley Local Enterprise Partnership (BTVLEP). The item was attended by Paul Thompson from SEMLEP and Hilary Chipping, Deputy CEO and Head of Infrastructure at SEMLEP. The report outlined background information on the creation of Local Enterprise Partnerships (LEPs) by the Coalition Government in 2010. Aylesbury Vale was covered by two separate LEPs which included other local authorities:

SEMLEP – Bedford Borough, Central Bedfordshire, Cherwell, Corby, Daventry, Kettering, Luton, Milton Keynes, Northampton and South Northants

BTVLEP – Wycombe, Chiltern and South Buckinghamshire and Buckinghamshire County Council

A Strategic Economic Plan (SEP) 2015-2020 had been submitted to Government by SEMLEP in March 2014 and had received £79m investment from 2015/16 as part of a Local Growth Deal.

In 2016, Government asked LEPs to consider refreshing their SEPs which BTVLEP did in an updated strategy document in November 2016 entitled 'Sustainable Economic Growth in the Entrepreneurial Heart of Britain'. This update covered the period 2016-2031 and took into account the changing planning and infrastructure landscape with increased housing allocations, HS2, Oxford to Cambridge Expressway, East West Rail and the Aylesbury Vale Enterprise Zones. The updated SEP outlined the four main strategic priorities which were as follows:

- Business Growth and Innovation
- Skills and Talent
- Connectivity
- Town Centre Regeneration

The BTVLEP Strategic Economic Plan had been designed to a high strategic level and was more concise than previous versions and Members were advised that the full plan could be found at the following link: <https://www.buckstvlpe.co.uk/about-btv/strategic-economic-plan>

SEMLEP had been preparing an updated SEP for publication on 8 November 2017 and the update was presented by the SEMLEP representatives to Committee Members ahead of its publication. The update would be available for public viewing from 8

November at <http://www.semlep.com/our-strategy/>. This emerging SEP outlined the intention to focus on growing businesses, people and places in order to build a premier location for growth, innovation, creativity and world leading technologies. These three areas of activity coincided with Government initiatives and policy statements, including the ten pillars published in the Government's Industrial Strategy Green Paper and Housing White Paper.

For growing business, SEMLEP wanted to deliver commercial innovation within the Cambridge – Milton Keynes – Oxford Corridor. There were already relevant assets in place for this such as the Silverstone circuit and technology cluster, Nissan's European Technical Centre and the Aerospace Technology Institute at Cranfield, and the Transport Systems Catapult in Milton Keynes. SEMLEP wanted to add new and emerging technologies to the Corridor, one of which was the SEMLEP-supported MUEAVI project which would create a mile of new road to test autonomous vehicles. It was also reported that SEMLEP's track record from 2010/11-2012/13 showed that Higher Education Institutions in the South East received 79% of their contract research income from large businesses which is nearly 2.5 times the share for England as a whole. The area had broad appeal for various reasons including transport network, local supply chain, and local schools and colleges. As well as this, there were currently 2,000 hectares in the area which had sites with planning permission for employment. It was acknowledged that further improvements needed to be made, one of which was to increase the demand for land take-up for business purpose as this was relatively low.

There were four 'showcase' sectors within SEMLEP:

- a) High Performance Technology
- b) Manufacturing & Advanced Technology
- c) Logistics
- d) Creative & Cultural

These sectors were seen as having strengths in terms of wide-reaching supply chains, historic growth, and the capability and assets for rapid future growth. Three of the sectors were increasing in number above England's average whilst Creative & Cultural was not so pronounced which was attributed to a very sharp growth in the sector for England as a whole. For the upcoming decade, six key sectors for growth and high replacement had been identified which were:

- a) Health & Social Care
- b) Education
- c) Construction
- d) Retail & Wholesale
- e) Accommodation & Food
- f) Business & Financial Services

Members were provided figures for the South East Midlands export market: £6bn goods and £5bn services. With 60% of exports going to EU countries, Brexit was a concern but would not be addressed until future Government policy had been clarified. SEMLEP would continue to cultivate and maintain positive working relationships abroad and would work with the Department for International Trade and other partners to promote the merits of exporting. Ongoing work also included helping business to access relevant funding streams and encouraging businesses to explore new markets.

Another element SEMLEP was looking to address was the development of people and skills. The intention was to deliver an employer-led approach to skills attainment to ensure that the population was aware of required attributes and competencies in the working environment. It had been found that a skills shortage was restricting the South East Midlands economy with 23% of business reporting to have at least one vacancy

that was difficult to fill in 2017 which had increased from 18% in 2015. 85% of businesses attributed this recruitment issue to a skills shortage. The employer led approach would allow for an ongoing dialogue SEMLEP and businesses to ensure that labour market information would allow individuals to make more informed decisions about career options and pathways. Additionally, a growing body of evidence demonstrated that employer engagement with schools and colleges produced positive outcomes for young people so the intention was to increase employer interaction in education. This would be achieved through work experience and class site visits which would help raise pupil aspirations and inform career choices. SEMLEP had developed a Growing People Skills Plan for Lifelong Development which aimed to embed and expand work based competencies into education. The plan also acknowledged the importance of continuous engagement with those already in careers through the promotion of upskilling and leadership development with training schemes that were already in existence.

The SEMLEP region was a high housing growth area with 130,000 new homes planned in the decade to 2025/26 and housing delivery expected to meet this demand. One of the issues faced was the affordability of housing with Oxford and Cambridge being considerably higher than other areas within SEMLEP (Northampton, Luton, Bedford and Milton Keynes) and England in general. Other challenges included the strategic transport, local transport, digital and social infrastructure costs to support the new housing. The improved East-West transport links between Oxford and Cambridge across the South East Midlands would help in this regard, as would the Expressway. There was also an issue with Government policy as, whilst Business Rates Retention provided an incentive for business growth, there was no direct link between population growth and additional funding. The housing growth also brought the issue of providing utilities to customers with, for example, electricity companies focusing on current customers and not potential customers in future.

Members sought more information from the SEMLEP representatives and were advised:-

- i. Of the publicised Expressway options, the most southern route would benefit Aylesbury most due to its closer proximity.
- ii. Aylesbury's potential for growth was understood by SEMLEP as was the importance of working with BTVLEP in achieving it.
- iii. The possibility of a Brexit 'deal/no deal' would not be taken into account yet, instead the focus was strengthening businesses current position to prepare for the future. As a neutral organisation, SEMLEP had not been in contact with MPs to make them aware of the figures of goods and services exported into the EU.
- iv. Biotechnology was part of SEMLEP's future sectors and would also play a role in the sector focusing on the provision of health care.
- v. Local Enterprise Partnerships had coordinators to work with schools and colleges to ensure they were providing employability skills to students and to ensure that it was relevant. These coordinators also worked with teachers to assess the quality of the learning. In addition, OFSTED had considered reporting on employability skills in education. It was hoped that this approach would increase the area's productivity over time.
- vi. AVDC would be able to help through SEMLEP's work being broadly understood across the authority. It was felt the two organisations would complement each other well.
- vii. SEMLEP were happy to liaise with organisations or bodies that would help the training and education of children that were disengaged in school.
- viii. Core funding came from Government which made it difficult to plan long-term. There were also local growth funds available which all LEPs had to compete and bid for. Further funding came from the EU which would pose challenges after Brexit so SEMLEP intended to continue showing their work to Government.

Members felt that MPs should be made aware that Brexit would impact both SEMLEP's funding and potentially the amount of goods and services being exported to EU countries.

RESOLVED –

That the report be noted and SEMLEP be congratulated for their work and the benefits it brought to Aylesbury Vale. The Committee thanked the SEMLEP representatives for their attendance and presentation.

### **3. CONNECTED COUNTIES BROADBAND UPDATE**

A report was received by the Committee which provided an update on the progress of the Connected Counties Broadband Programme. A presentation was also provided by Navin Sankersingh, the Programme Manager from Bucks Business First, which documented the latest activity from Connected Counties. Broadband coverage had increased across the County from 72.4% in Q1 of 2013/14 to 88.3% by the end of the first roll out phase in March 2016. By the end of financial year 2015/16 Aylesbury Vale had 82.9% coverage for superfast broadband (>24Mbps) and this had increased to 89.2% by October 2017. Ultrafast coverage (>100Mbps) stood currently at 44.23%. The first phase gain share total was £868k which was an amount generated for reinvestment into the programme.

Connected Counties and BT had carried out modelling across Buckinghamshire and BT had responded in March 2017. Aylesbury Vale was expected to have better broadband provided to 3,400 premises with at least 2,300 of those having access to superfast broadband. With this, fibre broadband coverage would increase by 4.2% which would take the District's coverage to 97% by December 2019. A list of areas that this would impact was provided to Members. Connected Counties believed that not all areas on their preference list had been included in BT's response but the expectation was that the contract would be amended to reflect that some areas had now been covered by other providers. Much of the Vale's coverage was scheduled to be implemented in the second programme phase which would be from late 2018 to December 2019.

Members also heard about the challenges of obtaining funds to connect the last 5-6% of Aylesbury Vale. Options included public funding through LEPs or DEFRA, community funding, shared funding and commercial funding. The funding approach would vary for each area within the Vale that needed connectivity so the best mix of funding would be need to be addressed.

Members sought further information and were advised that:-

- i. Plans to connect areas in Berryfields and Buckingham Park would be completed through cabinet installations in September 2018. However, some areas would not be able to obtain fibre.
- ii. Connected Counties worked with Aylesbury Vale Broadband and other providers to avoid overlap.
- iii. It was not unusual for BT to underestimate their take up figures which affected coverage of areas. Government had challenged BT on their calculation figure model.
- iv. Postcode coverage had been 'stamped' in 2014 which had affected new builds from that date. Some developers had retrofitted fibre in areas to meet demand.
- v. Connected Counties wanted ultrafast available to all homes but were limited due to BT's cabinet installations.
- vi. Some authorities had implemented broadband Key Performance Indicators (KPIs).

- vii. Effective spending would help ease the funding mix, examples of which included ducting installation underneath pavements that were already dug up for other works or repairs to be carried out.
- viii. It was recommended any resident with issues relating to being tied in to a supplier as part of a new build purchase speak to Ofcom.

Members also noted the importance of broadband coverage for small-medium businesses across the Vale and also for employees that worked from home.

RESOLVED –

That the update be noted and Connected Counties be acknowledged for their results. Committee thanked the representative for his attendance and presentation.

#### **4. WORK PROGRAMME**

The upcoming work programme for items coming to Scrutiny was considered as per the agenda. Officers would check the status of reports that were scheduled to come to Committee in 22 November 2017.

Members were given a brief update on Aylesbury Vale Broadband and were advised that a report would come to Committee when it was ready. The Committee commented that there might be merit in inviting Mr Mills to a future Scrutiny meeting.

RESOLVED –

That the situation regarding the work programme be noted.