

SUBJECT:	<i>Chiltern DC and South Bucks DC Joint Economic Development Strategy</i>
REPORT OF:	<i>Leader – Cllr Isobel Darby</i>
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WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

- 1.1 To seek approval of The Economic Development Strategy for Chiltern and South Bucks Councils' 2017-2026 (attached as Appendix 1)

RECOMMENDATION

That Cabinet approve The Economic Development Strategy for Chiltern and South Bucks Councils 2017-2026 for consultation with the Services Overview Committee and that, if no comments are made or changes proposed by the Committee, the Strategy is recommended to the Council for adoption as part of the Budget and Policy Framework. In addition, the Economic Development Strategy be referred to the Planning Policy Joint Member Reference Group due to links with the emerging Local Plan.

2. Executive Summary

- 2.1 The Economic Development Strategy for Chiltern and South Bucks sets out the two Councils' economic development priorities for 2017–2026, presents the economic opportunities for the districts as well as their strengths, weaknesses and the threats they face.
- 2.2 The Economic Development Strategy considers the Councils' roles in shaping economic growth that is appropriate and beneficial for the two districts, residents and businesses while ensuring that the local economy remains competitive and can continue to be largely self-managing but directed to serve the needs of the community.
- 2.3 The Chiltern and South Bucks Economic Development Strategy shares the vision of the districts' Joint Business Plan, that by 2026 the districts will continue to be "prosperous and diverse economies that encourage local employers and small businesses". It also addresses the Joint Sustainable Community Strategy aspiration of "supporting the local economy to continue to thrive and provide local jobs for local people".
- 2.4 The Councils' emerging joint Local Plan is seeking to plan to meet the needs for employment and local businesses to 2036 within the context of a step change in housing delivery, increasing needs for jobs, a highly constrained area with limited space for employment development and challenges of competing land uses, viability, supply and infrastructure needs. The Chiltern and South Bucks Economic Development Strategy will form part of the evidence base for the Local Plan and could be an important part of the evidence base to support delivery of the plan objectives and proposals.

3. Reasons for Recommendations

3.1 The adoption of a strategy to reinforce the commitment and work towards achieving the vision contained in the Chiltern and South Bucks Joint Business Plan (2015-2020) and Joint Sustainable Community Strategy 2013-2026 as well as the recommendations of the Councils' 2014 Peer review and to support the emerging Local Plan is recommended.

4. Background

4.1 In November 2014 the LGA peer review recommended that the two Councils should consider their roles in shaping economic growth "so that growth is appropriate and beneficial for the two districts, their residents and businesses" and "ensure that the region remains competitive and can continue to be largely self-managing, but directed to serve the needs of the community".

4.2 Although this is the first Economic Development Strategy for Chiltern and South Bucks Councils, the importance of the local economy is highlighted in a range of strategies and plans, including the emerging local plan and the Chiltern and South Bucks Joint Business Plan (2015-2020). This sets out the vision that by 2026 the two districts will be: "prosperous and diverse economies that encourage local employers and small businesses so we can protect the areas' economy for the future and achieve a better balance between the jobs available and the people to fill them".

4.3 While the Joint Sustainable Community Strategy 2013-2026 sets out the following challenges for the economy:

- Supporting the local economy to continue to thrive and provide local jobs for local people;
- Identifying workforce skills and technological resources for tomorrow's economy and encouraging their development;
- Sustainable delivery of new homes, of the right type to meet residents' needs, and with the necessary supporting infrastructure;
- Understanding and managing the impact of growth in the north of Buckinghamshire on infrastructure.

5. Content of Report

5.1 A great deal of data has been interrogated to help inform the strategy, this includes: the current state of the local economy and projected growth, the industrial and occupational structure, the labour market, educational attainment, enterprise and business survival, earnings, demography, availability and affordability of residential and commercial property, in and out commuting, deprivation, as well as in-depth analysis of forecasts and projections relating to the above.

5.2 Consideration was also given to the local, regional and national policy environment.

5.3 Online, telephone and focus group consultation was carried out to establish local business sentiment with 219 business' participating in the online survey and 266 businesses participating in the telephone consultation.

5.4 As a consequence the Strengths and Weaknesses of; Opportunities and Threats to the local economy were identified (SWOT) and Six Strategic Economic Objectives shaped through consultation identified in response.

5.5 **SWOT**

5.6 **Strengths**

Chiltern and South Bucks have one of the most productive economies in the country, where highly qualified workers are well remunerated for working in growing sectors. The districts combine good quality of life and low deprivation with excellent communications with ready access to national road and rail services.

The districts enjoy very high levels of entrepreneurship combined with large, well known employers that make a significant contribution to the growth sectors identified by the Government and the Buckinghamshire Thames Valley Local Enterprise Partnership.

Chiltern and South Bucks have proved themselves to be comparatively resilient economies, exhibiting some of the highest levels of growth seen in the UK since 2008's recession in output, business population and employment.

5.7 **Weaknesses**

The gap between residence and work place based earnings is large, albeit closing, causing local inequality and contributing to the comparative shortage of young people in the local economy. The economy is skewed towards very small firms reducing the availability of employee jobs and towards service jobs in the private sector increasing exposure to market downturns in those parts of the economy.

Despite the prosperity of Chiltern and South Bucks housing affordability is among the lowest in the country and worsening. Population rises are expected to outstrip housing supply.

Commercial property across the districts is ageing and does not neatly map to demand, particularly for small and start-up businesses, while commercial rents may be too low to either support speculative development or dissuade changes of use for existing commercial stock to residential, threatening economic vibrancy. There is a lack of land with development potential for period to 2036.

5.8 **Opportunities**

If HS2 goes ahead the project will provide contracting and service opportunities for local businesses during the construction phase. The construction of Crossrail and the third runway at Heathrow offer both short and long term opportunities as the local economic geography changes.

The Government's emerging Industrial Strategy may favour sectors with a strong footprint in the districts.

The new joint Local Plan and Green Belt review offers an opportunity to bring forward sites for employment generating use and safeguard the economic vibrancy of the districts.

The districts have a strong and established tourism offer, particularly for the Chilterns, however the potential exists to convert day trips into longer stays giving additional exposure to the wider sector.

5.9 Threats

The high and rising cost of residential property may become a disincentive to companies to locate in the districts, frustrating attempts of local businesses to recruit. For commercial property, the conversion of floorspace to residential uses further erodes the choice of premises available in the districts. Recruitment difficulties may be compounded by the loss of large numbers of the highest achieving young people after Key Stage 5 combined with high levels of education deprivation for young people across the districts.

A lack of good quality, mid-sized commercial premises prevent expanding businesses from remaining in the districts.

The loss of employment space in town centres reduces the space available to businesses and allows retail expenditure to leak out the centres and out of the districts entirely.

Poor public transport and slow broadband speeds frustrate the development of the rural economy.

6. Six Strategic Economic Objectives

6.1 Connectivity

As well as helping to raise productivity, digital technology enables new ways of working, relieving pressure on employment space. Road and rail connectivity improves the economic geography of Chiltern and South Bucks. Investment in ICT including broadband was named as the top priority for investment by more businesses than any other issue in the Economic Development Strategy Survey, while across Chiltern and South Bucks more than a third of businesses do not have broadband speeds over 24MBPS.

- Broadband investment: continued investment in broadband with a focus on business premises
- Wireless / 5G investment: ensure essential outdoor mobile services – such as basic talk, text and data - are available throughout the districts¹
- Transport: lobbying for enhancement and maintenance of the strategic road network
- Support the improvement of north-south connectivity within Buckinghamshire to provide access to the opportunities for economic growth associated with housing growth and planned infrastructure improvements (including East West Rail and the Oxford Cambridge Expressway)²

¹ See National Infrastructure Commission, Connected Future (2016) on 5G telecommunication technology https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577906/CONNECTED_FUTURE_ACCESSIBLE.pdf

² See for example paragraph 3.16 of the 2016 Autumn Statement: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/571559/autumn_statement_2016_web.pdf

6.2 Enterprise and business growth

Chiltern and South Bucks are among the most entrepreneurial places in the country delivering high productivity. However, the districts have a comparatively high share of home based businesses and the shares of business stock with five or more employees are among the lowest in Great Britain. Growing businesses to become employers and relocate to commercial premises can help Chiltern and South Bucks businesses *scale up*³.

- Business support: provision / promotion of business support activities to help businesses and aspiring businesses to grow and prosper. To include networking, training and signposting
- Incubation space: provision / promotion of incubation space for growing businesses
- Ensure public sector procurement opportunities are made available to local businesses
- Promote sectors where Chiltern and South Bucks have strengths in nationally significant sectors to ensure the districts are not overlooked as the Industrial Strategy develops and associated resources can be used to benefit the local economy
- Promote / provide finance for businesses, particularly those with high growth potential
- Maintain dialogue with large employers

6.3 Space for business

Employment floorspace in Chiltern and South Bucks does not match demand and is under pressure from conversion to residential use. In the six years to 2015/16, South Bucks' employment floorspace fell by 16,000m² (2.6 per cent), including a 13,000m² (8.4 per cent) fall in office space, both among the largest falls across the UK. The districts must be able to meet the demand of small businesses and provide opportunities for them to grow and move into suitable, high quality space.

- Planning for a portfolio of premises to meet the current and future needs of businesses by size and sector, including changes brought about by the advance of the *digital* industries and facilitating the co-location of
- Provide or plan for smaller office units of up to 400m²
- Promote or bring forward prestigious offices for head office functions and to attract businesses displaced by Heathrow expansion
- Promote the efficient use of employment land and buildings, enabling new ways of working, supporting the use of new technologies and promoting developments that build on the strengths of the local economy.

³ For a comparison of *Initial Scaling* and *Stepping Up* see ERC's Growth Dashboard (2016): <http://www.enterpriseresearch.ac.uk/wp-content/uploads/2016/11/ERC-UK-Local-Growth-Dashboard-FINAL.pdf> and see Theresa May's 2016 speech to CBI for the importance of Scale Ups: <https://www.gov.uk/government/speeches/cbi-annual-conference-2016-prime-ministers-speech>

- Promote / provide inward investment to make the most of the local connectivity, to supplement enterprise driven employment growth and widen the range of jobs available locally
- Promotion of live work units
- Protect the natural environment and landscape

6.4 Skills and employability

While Chiltern and South Bucks residents have some of highest levels of educational attainment in the country and, as part of Buckinghamshire, see the highest share of young people attend Russell Group universities after Key Stage 5, education deprivation for young people persists in parts of the district. Businesses report recruitment difficulties.

- Provide / support services that forge links between employers and educators, in order to enable young people to become more work ready through greater employer involvement and to ensure they gain the right skills for the local growth sectors
- Provide / support services that directly connect local businesses and young people in work experience and apprenticeship opportunities, as well as full and part-time employment
- Promotion of apprenticeships and vocation routes to employment
- Promotion of youth enterprise as a route into employment
- Provision / support schemes to help older workers remain economically active

6.5 Tourism and town centres

Although Chiltern and South Bucks already attract significant numbers of visitors, day trips are comparatively rarely converted into overnight stays. Longer stays generate markedly higher spending helping to raise employment in the sector. Town centres must continue to be vibrant and liveable places to maintain the quality of life offered by Chiltern and South Bucks and ensure their attractiveness as destinations and places to live are maintained.

- Promotion / support for tourism uses in rural areas to help convert day visits to overnight stays, with the associated uplift in local spending.
- Enhance the competitiveness and vitality of town centres so they continue and develop as places of employment and commerce with a varied retail offer complementing their leisure and recreation and cultural offers
- Support for tourism businesses to recruit and grow, providing jobs well aligned with local labour supply.

6.6 Monitoring and review

Ongoing measurement of the economy's performance against the strategic objectives. Including metrics such as claimant count and job openings, jobs density, growth in employment floorspace, educational attainment, business rates collected and planning permissions for housing and commercial development.

- Progress against these strategic objectives to be periodically measured and presented for discussion.

7. Consultation

7.1 Consultation with business and other key stakeholders is imperative in the development of a credible economic strategy. In addition to internal consultation with officers and councillors, a cross section of the business community and representative organisations from across Chiltern and South Bucks were consulted through on line and telephone surveys, as well as more interactive focus group and face to face consultations with partners including Bucks Business First, Buckinghamshire Thames Valley Local Enterprise Partnership and Chiltern Chamber of Commerce contributing.

8. Options

8.1 To agree the Economic Development Strategy, themes and Actions.

8.2 To agree the Economic Development Strategy, themes and Action with amendments.

8.3 To not agree the Economic Development Strategy, themes and Actions.

8.4 The adoption of a Strategy to reinforce the commitment and work towards achieving the vision contained in the Chiltern and South Bucks Joint Business Plan (2015-2020) and Joint Sustainable Community Strategy 2013-2026 as well as the recommendations of the Councils' 2014 Peer review and to support the emerging Local Plan is recommended.

9. Corporate Implications

Financial

There are no financial implications arising from the adoption of the Economic Development Strategy, the financial implications of any future projects that may arise from the Strategy will be considered at the time with separate business cases presented for approval as required. The Strategy could assist the Councils in seeking external funding opportunities that may arise and in discussions with others such as the Local Enterprise Partnership.

Legal

Economic Development activities are not a "statutory duty" of Chiltern or South Bucks Councils; however, within the Local Government Act 2000 all local councils were given legal powers to allow them to safeguard the "economic, social and environmental well-being" of their local areas. This was superseded by The general power of Competence; a power available to local authorities in England to do "anything that individuals generally may do". It was provided for in the Localism Act 2011. It was brought into force for local authorities on 18 February 2012.

The Strategy would support the preparation and delivery of the employment/economic objectives of the Local Plan, the preparation of which is a statutory requirement.

The Strategy will form part of the Council's formal Budget and Policy Framework, reinforcing the Chiltern and South Bucks Joint Business Plan (2015-2020) and Joint Sustainable Community Strategy 2013-2026. As such, consultation with the Overview and Scrutiny Committee is required under the Council's Constitution. The Strategy will need to be reconsidered by Cabinet before firm proposals are recommended to full Council for adoption.

Risk Assessment

Minimal risk as the Councils are committed to supporting business as set out in the existing Chiltern and South Bucks Joint Business Plan (2015-2020). The Strategy could also de-risk to a degree the soundness of the Local Plan as to meet the test of soundness the Council will need to be able to demonstrate that it can be deliverable.

10. Links to Council Policy Objectives

- 10.1 Prosperous and diverse economies that encourage local employers and small businesses so we can protect the areas' economy for the future and achieve a better balance between the jobs available and the people to fill them;
- 10.2 High quality education and lifelong learning which improves people's lives, enabling them to make well-informed decisions and play their full part in the community;
- 10.3 A wide range of high quality housing, including a good supply of affordable homes to help meet community needs and maintain our services and communities;
- 10.4 Effective and targeted transport solutions, including a well-maintained transport infrastructure with improved north-south and east-west links;

11. Next Step

- 11.1 To present the Economic Development Strategy to the Overview and Scrutiny Committee along with a draft action plan for comment. Subsequent to Council approval, to present the adopted strategy and action plan to the Joint Strategic Partnership, share with other key partners and take into account in the service planning process, with progress against objectives reviewed annually.

Background Papers:	<ul style="list-style-type: none"> • LGA peer Review 2014 • Emerging Local Plan documents and evidence base http://www.chiltern.gov.uk/planning/localplan2014-2036 • Chiltern & South Bucks Economy Survey, 2016 • Buckinghamshire Business Survey, 2016 • Chiltern and South Bucks Joint Business Plan (2015-2026) http://www.chiltern.gov.uk/CHttpHandler.ashx?id=3820&p=0
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- Joint Community Strategy 2013
<http://www.chiltern.gov.uk/CHttpHandler.ashx?id=3250&p=0>
- HalifaxQualityofLifeSurvey2016
<http://static.halifax.co.uk/assets/pdf/mortgages/pdf/161217-Halifax-Quality-of-Life%202016-FINAL.pdf>
- National Infrastructure Commission, Connected Future (2016) on 5G telecommunication technology
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577906/CONNECTED_FUTURE_ACCESSIBLE.pdf
- paragraph 3.16 of the 2016 Autumn Statement:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/571559/autumn_statement_2016_web.pdf
- IDBR, ONS, 2016, DWP, 2016, Business Demography, 2016, MYPE, ONS, 2016, APS, ONS, 2016, ASHE, 2016
- Regional Accounts, ONS, 2016, Experian Local Market Forecasts ©, September 2016, APS, ONS, 2016, DWP, 2016, Business Demography, 2016, Companies House, 2016, ASHE, 2016
- BRES, ONS, 2016
- SNPP, ONS, 2016
- Business Demography, ONS, 2016
- Census 2011, ONS, 2014
- Origin-Destination, Census 2011, ONS, 2014
- Indices of deprivation, DCLG, 2015
- https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464597/English_Indices_of_Deprivation_2015_-_Research_Report.pdf
- ERC's Growth Dashboard (2016):
<http://www.enterpriseresearch.ac.uk/wp-content/uploads/2016/11/ERC-UK-Local-Growth-Dashboard-FINAL.pdf>
- Theresa May's 2016 speech to CBI for the importance of Scale Ups:
<https://www.gov.uk/government/speeches/cbi-annual-conference-2016-prime-ministers-speech>

	<p>https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32457/11-1429-strategy-for-uk-life-sciences.pdf</p> <ul style="list-style-type: none">• Business Secretary Sajid Javid speech https://www.gov.uk/government/speeches/manufacturing-doing-what-works <p>“Fixing the Foundations” the Government’s 10 point plan for raising rural productivity https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/454866/10-point-plan-rural-productivity-pb14335.pdf</p> <p>Page 25 Chancellors Autumn Statement https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/571559/autumn_statement_2016_web.pdf</p>
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