

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Scrutiny Committee

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ECONOMIC DEVELOPMENT: ASSESSMENT OF THE DISTRICT AND DRAFT ECONOMIC STRATEGY

Purpose

1. The purpose of the report is to present Scrutiny with:
 - (a) the key findings of the economic assessment of South Cambridgeshire district. (See appendix 1 for a summary of the assessment and emerging draft strategy)
 - (b) an introduction to strategic issues that underpin the economic well being of South Cambridgeshire
 - (c) Key themes and actions proposed for the Economic Development Strategy

Recommendations and Reasons

2. It is recommended that members of Scrutiny:
 - (a) note the economic assessment report and emerging draft economic strategy
 - (b) seek to aid the development of the economic strategy as part of the consultation process in the following months (refer to timetable in paragraph 23).

Executive Summary

3. The economic assessment for South Cambridgeshire as a District has been completed by our consultants PACEC. A wide consultation with relevant stakeholders & partners, as well economic analysis was undertaken.
4. The aim of the assessment was to provide an evidence base for a strategy to foster economic growth and economic well being for South Cambridgeshire.
5. To address the identified strategic issues required to support a vibrant economy, implementation will be achieved through Council policy and practise and through delivery with partners.
6. Overall South Cambridgeshire has many strengths, such as 18 times the national average in employment in R&D and high levels of educational attainment. The aim of the strategy is to continue to develop these strengths whilst progressing areas with room for improvement, such as business start-up and supporting existing small businesses, marketing. business premises, providing business support through the recession) and nurturing development of tourism and low carbon industries to name some examples. We are living in a rapidly changing environment and the strategy will be written so it can adapt and take advantage of new and changed economic and policy circumstances.

Background

7. In 2009, following the establishment of the newly formed economic development function in the Council, Public & Corporate Economic Consultants (PACEC) were commissioned to prepare an economic development assessment of the area.
8. The aim of the economic assessment was to provide evidence and information for the Council on the local economy by producing a current and future outlook report. This would assist in identifying actions to be taken for the economic benefit of the district as a whole (residents, businesses, and other organisations) and form the basis of a strategy.
9. The strategy will focus on the period 2010 to 2014 (i.e. 5 years) the actions of which can be updated each year alongside the Council's corporate service planning process.
10. The full results of the economic assessment comprise of 150 pages. This forms the basis and evidence for the developing economic strategy. The assessment results are summarised within the developing economic strategy in Appendix 1. The draft strategy has been prepared in consultation with internal colleagues and external stakeholders (as far possible in the changing national and local context).

Introduction and overview for the Economic Strategy

11. Economic development occurs across a local authority and incorporates the following elements: policy; procurement; finance; regulatory services; licences; developing places (e.g. Northstowe for SCDC); jobs for the community; employment, employment land and development of specific sites; inward investment, business premises; business rates; regulatory affairs; sustainability and so forth.

It resonates loudly within government (e.g. LAA) and other targets, the LDF and other planning matters; community and business partnerships. and permeates most aspects of the local community's well-being.

It is something to which every member of the community (business and individual) can contribute to and from which they can benefit.

12. An economic strategy aims to :
 - (a) raise the profile of economic development within the District
 - (b) attract companies, funding, investment and research to the District
 - (c) provide a focus for discussions with partners
 - (d) help co-ordinate all the agencies involved in local economic activity
 - (e) integrate economic development with other Council activities.
13. South Cambridgeshire District Council's economic strategy is developing in the context of Council policies and aims, starting with vision of the Council:
 - ◆ *To make South Cambridgeshire a safe and healthy place where residents are proud to live and where there will be opportunities for employment, enterprise and world-leading innovation.*
 - ◆ *We will be a listening Council, providing a voice for rural life and first-class services accessible to all.*

What is meant by 'local economic development'?

14. To underpin the wealth, and aid in achieving a resilient South Cambridgeshire economy, development and delivery of the economic strategy will necessarily be delivered in concert by private, public and other partners. local delivery entails:

- ◆ *A range of policies, programmes and investments designed to create an environment that is conducive to wealth creation and retention at the local level*

This definition implies that:

- ❖ **Councils**, acting alone or with partners, **can influence** the conditions or **environments within which wealth is created and retained** in their area, but they are not, in themselves, a *source* of wealth creation. That role belongs to businesses¹ employing the capital, skills, creativity and drive of their owners, managers and employees to add value to goods and services traded in the market.
- ❖ **Local authorities can either help or hinder this process of wealth creation by the policies, programmes and investments they decide to pursue.**

Thus, the role of local authorities is limited: they can influence the local economy but not change it. The council's main roles (not exhaustive) in economic development are:

- i. Strategic role: analysing the local economy and setting a direction
- ii. Co-ordinating role: bringing together the vast range of organisations involved in economic development
- iii. Lobbying role to advocate for local companies and community economic development interests with national, regional and sub-regional government and organisations/agencies
- iv. Direct economic role: as employer and procurer of services
- v. Encouraging local business growth: three main areas:
 - ❖ Helping people to start new businesses
 - ❖ Helping existing businesses to grow
 - ❖ Encouraging 'new business' to secure additional work and investment
 - ❖ Assisting business with regulation
 - ❖ Assisting businesses in challenging economic times
- vi. Attracting and retaining inward investment
 - ❖ Through marketing and planning
- vii. Supporting business and the local labour market by:
 - ❖ Securing affordable housing
 - ❖ Addressing skills needs
 - ❖ Helping under-employed groups into the labour market
- viii. Creating an environment within which business can flourish by offering or improving:
 - ❖ Transport and communications infrastructure
 - ❖ Land and premises
 - ❖ Social requirements
 - ❖ Attraction
 - ❖ Business support
 - ❖ Tourism and leisure
- ix. Supporting a sustainable, low carbon economy through
 - ❖ Growth areas and housing delivery
 - ❖ Assisting businesses to implement low Carbon programmes
 - ❖ Encouraging business in the "Cleantech" sector

¹ This may be a role developed with business (and local authorities) in the emerging Local Enterprise Partnership.

Some **findings from the assessment** and forming the draft economic strategy are highlighted here² :

- South Cambridgeshire has an income (expressed as Gross Value Added)³ of £26,300 per annum per person, which is higher than the prosperity in Cambridgeshire as a whole, the region, and the nation.
- Exceptional concentrations of R&D (around 18 times the national average in employment).
- South Cambridgeshire has 16,200 jobs in hi-tech industries (a figure which has doubled since 1991). This is 21% of jobs, over 3 times the national share. There are a further 10,300 jobs in knowledge-based industries, though this share of 13% is slightly lower than the national share
- Largest employers: Finance and business (20,900) public service (15,900) and manufacturing (12,200)
- The district enjoyed strong workplace job formation over the last two decades, by both local and national standards. There were some 77,300 employees (2008).
- A key driver of change is the recession. There has been a reduction in jobs in South Cambridgeshire of c.5,000 between 2008 and 2010 to some 72,300
- Further drivers in the economy include the direction of change in the District with respect to the growth areas of Northstowe, Cambridge East, Southern Fringe and North West Cambridge
- South Cambs has attracted significant inward investment from the UK and overseas. Key sectors have in particular included high tech activities in the R&D, computing, life sciences and engineering sectors. Other sectors have included retailing and distribution, especially from the UK.
- Concerns have been expressed over utilities and energy and the telecoms structure needing to keep pace with demand.
- Specialised business support to exploit R&D was identified as a need.
- Coupled to the above for R&D, finance, access to finance and/or grants was identified as a weakness.
- A good supply of business sites are available in some (mainly high tech) industrial estates. Weaknesses were locality of business sites, shortage of premises of size for light industrial and more conventional uses, and affordable premises for micro and smaller businesses.
- Significant number of residents commute daily from South Cambs for work. A net commuting of around 5,000 people means that more people live in South Cambridgeshire and work elsewhere, than live elsewhere and commute into South Cambridgeshire.
- House prices in South Cambridgeshire have been higher than the national average. Compared with workplace salaries, housing in South Cambridgeshire has been more affordable than housing in Cambridge, but had still reached a multiple of eight by 2008. This has an impact on labour supply and employment and thus economic performance.
- Inward investment for South Cambridgeshire has been significant. Stakeholders identified continued support for this work coupled with positive promotion of the area as a need.
- Tourism and opportunity sectors (e.g. clean tech) have potential to grow and support economic growth and recovery.

² These are not exhaustive. The full results are contained in the available economic assessment and form the evidence for the attached draft economic strategy in appendix 1. Statistics are based on economic data and PACEC in-house local economic performance tool.

³ GVA is a measure of the value of the goods and services produced in the economy. It is the primarily used to monitor the performance of the national economy and measure the overall economic well-being of an area.

15. The economic strategy delivery for South Cambridgeshire will take place through:
- (b) Policies and practise that the Council actions,
 - (c) actions delivered in partnership with external stakeholders (e.g. SCDC + LEP (Local Enterprise Partnership), SCDC + Business Link, etc) and
 - (d) actions delivered by partners (e.g. Business Link in South Cambridgeshire) to the economic benefit of the District.
16. The draft strategy outlines key proposed strategic themes designed to deliver the strategic economic priorities of the district. These are:
- **The role of South Cambridgeshire**
(in the sub region reflecting housing provision and a world class economy)
 - **Supporting for business**
(enhancing objectives and actions to support business including new & existing business and investment attraction)
 - **A low carbon economy**
(reducing carbon and fossil fuel dependence and supporting “clean” tech industries)
 - **Building sustainable communities**
(ensuring the right support to businesses and communities through the supply of housing, skills and facilities and so forth)
 - **Improving the infrastructure**
(maximising the infrastructure (roads, broadband etc) to support the economy)
 - **Key intervention areas: Recession**
(assisting businesses in challenging economic times)

The themes each contain a delivery framework which will form part of the developing discussion with delivery partners.

Effect on Strategic Aims

17. These themes reflect and underpin the Council’s corporate aims and commitments:
- To be a listening Council providing first class services accessible to all
 - To ensure that South Cambridgeshire continues to be a safe and healthy place for residents and their families
 - The make South Cambridgeshire a place in which residents feel proud to live
 - To assist with the provision of local jobs for residents
 - To provide a voice for rural life
18. These commitments are reflected in the Council’s specific policy documents, listed in the appendix and used in the economic assessment.

Considerations and Consultation

19. The policy context for preparing this strategy at both the national and regional levels has changed significantly since the economic assessment and the recession. The formation of the Coalition Government in May 2010 and its emerging policies on public spending and the governance arrangements for implementing economic development, planning, and business support policies, along with other policy measures.
20. The context is likely to continue to change in the future and hence our strategy will be flexible and adapted to meet changing circumstances and opportunities while retaining the overall aims and vision of the Council.

21. The strategy has been prepared in consultation with the main partners in economic development in the sub-region (refer to the attached schedule to appendix 1). However, it is recognised that as a result of the Coalition Government's policies, the funding and delivery arrangements will change. There will be a period of transition in the run up to the new governance arrangements.

Next Steps

22. The economic assessment and emerging strategy demonstrates a significant step forward in delivering the Council's commitment to the District through its strategic aims.
23. Delivering the identified strategic economic priorities for South Cambridgeshire will require a resourced strategy with commitment from partners. The key next steps are thus to develop the emerging delivery framework with key partners. These steps are external to the organisation and the delivery bodies will only be identified following the Comprehensive Spending Review and the formation of the Local Enterprise Partnerships. Indeed part of the funding for business support (revenue) may be delivered through BIS (Department for Business Innovation and Skills) and may affect delivery with existing partners such as Business Link. Objectives (e.g. those involving R&D funding) and related actions identified may also be affected due to reduction in funding.
24. Subject to the above, the following timetable suggests the next steps:

SCDC Economic Development Strategy (EDS): Engagement/consultation schedule		
Audience	Schedule	Activity
EMT	25/08	Report and present to EMT – Report due 19/08
Scrutiny	02/09	Report and present to Scrutiny committee
All	06/09 - 09/09	Refine strategy from EMT/Scrutiny and internal stakeholders
External Consultations N.B Central government processes LEP applications	20/09 – 01/10	Indicative agreement and allocation of goals/policies to be executed with or by external partners
All (to include consultation with Cllrs) (refinement)	04/10 – 13/12 25/10 – 05/11	Launch 12-week public consultation to include consultations with business organisations. Finalise agreement and allocation of goals/policies to be executed with or by external partners
Expert Panel		External expert panel workshop with PACEC in 12-week period with business and community groups.
(finalisation)	w/c 16/12	Collate final strategy
final steps...		

PfH:Planning	soonest scheduled meeting December	Recommend to Council
Full Council	as/if required in December 2010/January	Adoption

Options and Implications

25. The consultation on the economic strategy from October will carry the risk of uncertainty of national decisions, which could affect funding and delivery.
26. With this in mind the strategy has been developed to show intended actions and objectives. It is suggested that the Council may wish to consult on the strategy with any changes affected through Service Plans and through the ordinary consultation process.

Implications

27.	Financial	To be delivered within the New Communities economic development budget and with partners. Details to be confirmed following the Comprehensive Spending Review, the formation of the LEPs (Local Enterprise Partnerships) and confirmation of structures in the Autumn of 2010.
	Legal	All measures will be referred for legal advice as appropriate.
	Staffing	Resources are to be confirmed when funding and deliver arrangements are confirmed.
	Risk Management	To be completed.
	Equal Opportunities	EQIA to be developed.
	Climate Change	Measures to be contained within the draft economic strategy

Conclusions / Summary

28. The economic assessment of South Cambridgeshire and developing economic strategy is at a well developed stage. Scrutiny is asked to:
- (a) note the report
 - (b) support and aid the further development of the strategy
 - (c) engage in the formal consultation process commencing in October 2010.

Background Papers: the following background papers were used in the preparation of this report:

PACEC Report: South Cambridgeshire District Council Economic Assessment and Strategy, July 2010.

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