

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Deputy Chief Executive (Place)

to
Cabinet

on
Date 20th June 2017

Report prepared by: Chris Burr, Economic Growth Group
Manager

**Economic Growth Strategy
Place Scrutiny Committee**

**Executive Councillor: Councillor Ann Holland
Part 1 Public Agenda Item**

1. Purpose of Report

- 1.1 To update Cabinet on the development of a draft Economic Growth Strategy 2017-22.
- 1.2 To seek Cabinet's endorsement of the draft strategy for adoption.

2. Recommendations

- 2.1 **That the draft strategy, is endorsed by Cabinet.**

3. Background

- 3.1 The Council's Economic Development and Tourism Strategy 2010-2015 was developed at a time of economic crisis. Not only has the previous strategy reached the full term of its lifespan but the economic environment has changed considerably. Nationally there have been significant changes to the delivery in the field of economic development activity, such as the introduction of Local Enterprise Partnerships (LEPs) and Growth Hubs – which have had a direct impact on priorities and delivery in Southend. Most recently, the Government has published its green paper - 'Building our Industrial Strategy' which, following consultation, will set out its approach and priorities for national economic growth. It is therefore timely that a new Southend Economic Growth Strategy is developed.
- 3.2 The strategy proposes that the Council adopts an approach that ensures the power of economic growth is harnessed to address all aspects of life in Southend. This will require the development of the 'cross-wires' that link the work of existing Council teams and will result in a refreshed approach to tackling social problems in all areas of Council activity. This approach is particularly relevant to tackling persistent issues related to socio-economic performance, including: housing, homelessness, mental-health, social care, child poverty and anti-social behaviour.

3.3 This strategy is being produced as part of a new Council approach to steer the development of Southend as a place. The new documents which together contribute to this approach include:

- Southend-on-Sea Borough Council Digital Strategy 2017-20
- Southend-on-Sea Borough Council Economic Growth Strategy 2017-22
- Southend-on-Sea Borough Council Tourism Strategy and Destination Plan 2017-27
- Southend-on-Sea Borough Council Skills Strategy 2017-22

Each of these strategies addresses a specific theme, critical to the effective development of the Borough during the next ten years. The strategies are designed to be specific, separate but strongly interlinked so as to ensure that the delivery of individual projects can constitute more than the sum of its parts and maximise contribution to the creation of a better Southend.

3.4 In order to develop the Economic Growth Strategy, a substantial evidence base consisting of a wide range of economic data (available as a background paper to this report) has been compiled. This evidence has been used to inform the strategy, rationale and priorities contained within the strategy.

3.5 Due principally to the differences in government's statistical releases there may be differences between the figures quoted in the evidence bases for the Economic Growth Strategy and those quoted in the Skills Strategy. Where disparities have been identified, these have been assessed by independent specialists to ensure the validity of the data according to the specific statistical release – and where necessary, footnote explanations have been included.

3.6 A range of stakeholders have been consulted in the development of the strategy including officers from across the organisation, the Southend Business Partnership Executive and pre-Cabinet Scrutiny. The bi-annual Southend business survey has also provided direct input from the small and medium-sized enterprise (SME) base thus broadening understanding of the local economy. The feedback from these consultations, where appropriate and as far as possible, have been reflected in the draft strategy.

3.7 Feedback points from the pre-Cabinet Scrutiny Committee included:

- Consider the future approach to the tourism sector
 - Consider the prospects for new 'white collar' jobs in the future
 - Consider those working outside of the Borough boundaries
 - Consider the finance industry job losses
 - Consider the prospects for self-employment/entrepreneurialism
 - Consider the prospects for fisheries – and Leigh's cockling industry in particular
 - Consider the increase in retirement age and effect on future employment levels
- Where practicable, these points have been addressed within the 'Our Economy' and 'Growth and Strategic Sectors' sections of the strategy.

3.8 Feedback points from CMT consideration of the strategy included:

- Clarity in the diagrams
- Tailor for the correct audience: local businesses, agencies & funders
- Consider the specific approach to supporting sectors
- Do we have the right sectors – are we 'dumbing down' our approach?
- Highlight key messages and facts

- Make narrative more positive/exciting

Similarly, these points have been addressed at the relevant point within the strategy.

- 3.9 In an environment of continuing financial cuts and reduced resources the Council needs to be able to target its resources on activities that will deliver the greatest benefit to the town. Therefore the strategy details a revised analysis of Southend's business sectors and provides a list of key priorities designed to maximise economic benefit.
- 3.10 The draft strategy has been developed with consideration of, and in alignment with, the growth strategies of Opportunity South Essex and the South East Local Partnership (SELEP) in order to reinforce Southend's role in the economic geography of the Thames Estuary.
- 3.11 This is not intended to be a detailed action plan but a strategic framework within which shorter term action plans and interventions will be developed.

4. **Headline Findings**

4.1 Some key characteristics of the Southend economy include:

- Southend contributes £3.017 Billion (GVA) to the value of the UK economy every year
- On average, a Southend worker contributes £16,955 (GVA) to the value of the UK economy per year
- 86% of businesses have fewer than 10 employees
- Southend is home to 7,445 businesses
- 1,080 new businesses are created in Southend every year
- 870 existing businesses close in Southend every year
- 39,800 full-time jobs are occupied in the borough
- 25,000 part-time jobs are occupied in the borough
- Southend has an average employment rate of 75.6%
- Southend has a working age (16-64) population of 110,400
- Average resident weekly pay is £541.20
- Average worker weekly pay is £464.60
- 36,877 Southend residents work inside the borough
- 29,783 Southend residents work outside the borough

4.2 Key findings and conclusions from the Economic Growth Strategy Evidence Base include:

- Southend has a 'High Wage, High Welfare' economy
- Educational attainment levels have improved over the last 10 years, but are still behind national averages
- Overall, the local economy has expanded by a small number of jobs during the last 5 years, however given the number of closures and time of economic recession this is a positive figure.
- Southend workers contribute less to the national economy and have a lower average productivity level when compared to other areas in the South East
- Southend has a high level of start-up companies/entrepreneurialism when compared to other areas in the South East.

5. Strategy Overview – Key Features

5.1 The strategy is based on four key principles that underpin the vision. The principles are:

- The Council's approach to growth
- Sectoral focus
- Economic resilience
- Priorities and objectives

5.2 Vision - The strategy suggests the following vision for the Southend economy over the 2017-22 period:

By 2022, the Southend economy will have addressed all areas of economic under-performance to emerge as the driving force for the wider region and the leading economy in South Essex. The benefits of our efforts will be reaped by businesses and residents as they thrive in the new economy. Key characteristics of this success will include:

- *Job growth in key sectors and strengthened local supply chains*
- *Increased average income and productivity*
- *Improvement in educational attainment*
- *High business start-up and survival rates*
- *A resilient and diverse economy*

5.3 Principle 1 - The Council's approach to growth

The Council's economic development activity is important in tackling wider social problems. Accordingly, the strategy proposes that activity across the organisation is considered for its impact and contribution to creating economic growth in the borough. This activity is intended to strengthen the cross-wires between the work of different Council teams and focus the work of all teams on encouraging economic growth, in particular identifying the links between digital, skills, tourism and economic growth in the delivery of Department of Place services.

5.4 Principle 2 - Sectoral focus

To enable the Council to direct its activity to areas which will have the greatest effect, an analysis of the business sectors has been undertaken. This analysis recommends focusing the Council's activities accordingly:



- A 'Growth' sector is a sector that has experienced a growth in the number of businesses and number of employees during the last five years.
- A 'Strategic' sector is a sector that; supports existing growth sectors; is vital to Southend's place-making aspirations; is likely to bring forth growth opportunities in the future.

5.5 Principle 3 - Resilience

The strategy provides a decision making framework to be utilised when economic circumstance necessitates a diversion from the key objectives identified within the strategy. This framework is premised on the consideration of a decision against three key parameters:

- sector focus;
- the ability to create local opportunities;
- and employer and skills focus.

It enables the prioritisation of actions and adds an element of adaptability to the strategy, intended to sustain the documents' relevance in the face of economic change.

Economic Growth Decision Making Framework



5.6 Principle 4 - Priorities and Objectives

Based on the evidence and consultation, the strategy identifies key priority areas that the Council's economic development work will focus on for the next five years unless faced with a significant economic shift, in which case the framework will shape activity and intervention. The priority areas are:

- **Business and Strategic Partnerships** – Work with partners to bring opportunity and investment to Southend; progress large-scale infrastructure projects; influence regional/national policy; and further Southend's interests.
- **Business Support and Accommodation** – Support growth in small and medium sized businesses, ensuring suitable and sufficient business space is available to enable the physical growth of local businesses.
- **Inward Investment** – Identify and implement targeted activities to attract new business and investment to Southend.
- **Workforce Development** – Identify and close the skills gaps that hinder economic performance and work with education partners to meet future local workforce requirements (with specific reference to the forthcoming Skills Strategy).

- **Key Infrastructure Improvements** – Work with partners to ensure better housing, transport and community infrastructure is available for residents, workers and visitors.
- **Create Successful Places** – Celebrate the unique community identities in the borough, whilst providing better places to live, work and visit.
- **Support Key Growth Sectors** – Support key Growth and Strategic sectors to develop and grow.

6. Other Options

- 6.1 The Council could seek to develop an alternative strategy or to progress without one. As this strategy is rooted in data, statistical analysis and consultation, developing a different approach would mean disregarding this and drawing different conclusions. The latter option of progressing without a strategy risks missed opportunities for leveraging greater economic growth without defined priorities and framework.

7. Reasons for Recommendations

- 7.1 Adopting this strategy will provide a clear method to steer Council activity and decision making in order to maximise the economic benefits realised by Southend residents.

8. Corporate Implications

8.1 Contribution to Council's Vision & Corporate Priorities

The Economic Growth Strategy will help contribute to all aspects of the Council's vision and corporate priorities. In particular, the strategy will contribute to the aim of creating a 'Prosperous' Southend.

8.2 Financial Implications

There are no immediate financial implications associated with adopting the strategy. Implementation of an action plan resulting from the strategy by the Economic Development team will be within base budget and will seek grant funding where possible. Additional items will be brought back to Cabinet for consideration.

8.3 Legal Implications

There are no legal implications.

8.4 People Implications

Implementation of the strategy will be carried out by existing core and grant funded staff within the Economic Development team.

8.5 Property Implications

There are no property implications to adopting this strategy.

8.6 Consultation

A consultation with key stakeholders has been carried out in order to gain input into the strategy.

8.7 Equalities and Diversity Implications

A full equalities and diversity impact assessment will be completed prior to the publication of the strategy.

8.8 Risk Assessment

There are no direct risks associated with adopting this strategy. Individual projects resulting from it will be assessed accordingly.

8.9 Value for Money

The strategy seeks to ensure value for money through the identification of actions which will deliver the best outcomes.

8.10 Community Safety Implications

There are no community safety implications to adopting this strategy.

8.11 Environmental Impact

There are no environmental implications to adopting this strategy.

9. **Background Papers**

Draft Southend-on-Sea Borough Council Economic Growth Strategy 2017-22:
Baseline Information

10. **Appendices**

Draft Southend-on-Sea Borough Council Economic Growth Strategy 2017-22