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<u>Item</u> <b>9</b>
Public

## **PORTFOLIO HOLDER ANNUAL REPORT FOR BUSINESS AND ECONOMY**

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### **Economic Growth**

#### **Marches Local Economic Partnership (LEP)**

The national role of LEP's continues to act as a lead in driving economic growth including a remit to co-ordinate housing, economic infrastructure, business support and skills. The Marches LEP is a key partner in the Midlands Engine, Midlands Connect and is a non-constituent member of the West Midlands Combined Authority. Shropshire Council continues as the accountable body for the LEP.

The Marches LEP has launched the virtual Marches Growth Hub in the autumn of 2015, offering a single point of contact for businesses. There are also three physical Growth hubs in the Marches and Shropshire Council operates the Growth Hub at the Food Enterprise Centre in Battlefield. There is further information on this later in the report.

Tackling the skills gap is a priority for the LEP. The Marches Skills Board is delivering the Marches Skills Plan and works with Higher Education partners including University Centre Shrewsbury. Investment is being made in training for advanced manufacturing and engineering sectors.

The LEP secured over £83 million from the 2014/5 Growth Deal and work is now underway on two projects, part funded by that money; the first phase of the Shrewsbury Integrated Transport Project and pre-construction design work on the Oxon Link Road. Further investment has been made into the Connecting Shropshire Broadband programme.

The Marches LEP bid for Growth Deal 3 funding and the final outcome of the bid will be known after the Autumn Statement on 23<sup>rd</sup> November. The projects for Shropshire were for improvements in Colleges enabling improved skills training and the Shrewsbury Flaxmill Maltings.

## **Enabling growth in Shropshire**

The Council and the University of Chester have commissioned IPPR North, part of the Institute of Public Policy Research, a much respected public policy body, to prepare a new Economic Vision and Strategy for Shropshire.

The preparation of the Vision has included taking work commissioned by the Council from Oxford Economics to update key data and trends on economic growth; responses from facilitated workshops and the Strategic Economic Plans of the LEP and West Midlands Combined Authority to provide an evidence base for their recommendations.

The Vision will underpin the Council's approach to developing and supporting the County's economy and the action plans that will be delivering the Vision. The Vision and Strategy is being finalised with a launch by way of a Lecture by Ed Cox, the Visions author, planned in January 2017.

As a non-constituent member of the West Midlands Combined Authority (WMCA) the Council is engaging with a range of workstreams including strategic planning, future growth and the Land Commission. The WMCA published its Strategic Economic Plan in June 2016 and our work is focussed on how we can both support and benefit from the Plan proposals.

The Council is working with the Northern Gateway partnership, made up of authorities in Cheshire and Staffordshire, who are developing growth strategies around HS2 and the planned hub station at Crewe. The Crewe hub will have an impact on future growth in the northern part of the County. The Partnership has been awarded further funding by the Government following the announcements in November 2016 on Phase 2 of HS2.

The Council is also working with partners on two key sites, Ironbridge Power Station and Clive Barracks at Tern Hill to realise the longer term housing and employment opportunities provided by these sites.

The forthcoming partial review of the Local Plan, which will be starting in the New Year with a strategic issues and options paper, will enable the Council to reflect these key proposals and sites within the new plan for the period to 2036.

## **Shropshire Business Board**

Shropshire Council continues to work in partnership with Shropshire Business Board to enable growth in the County. The Business Board continues to meet on a regular basis and provides useful business insight and advice to the Council and the Marches LEP. The Chair of the Board, Mandy Thorn MBE, is also deputy Chair of the Marches LEP.

The Board includes representatives of key sectors in the County, Agriculture and Agri tech, Engineering, Creative and Digital, Professional Services as well

representatives from Higher and Further Education and the Council through the Portfolio Holder for Economic Growth.

The Board has met six times in 2016. One of the meetings was dedicated to a stakeholder discussion session with IPPR North as part of their development of the Council's Economic Vision. The meetings have included presentations on key economic issues from the Bank of England, the Apprenticeship Levy, the Marches Growth Hub, and Business Rates. Each meeting includes a valuable round table session to enable Members to share issues of interest in their specific sectors.

## **Supporting business**

The Marches Growth Hub Shropshire was launched in March 2016, a key action delivered as part of Shropshire's Economic Growth Strategy. The Growth Hub is a partnership between Shropshire Council, the Marches LEP, University Centre Shrewsbury & Shropshire Business Board; featuring a web site, online and face to face support for businesses of all sizes. The Growth Hub brings together all the national, regional and local business support offers into one place.

The Physical Hub is located within the Shropshire Food Enterprise Centre in Shrewsbury and managed by Economic Growth staff with access to support, meeting space provision, hot-desking and café facilities. The Hub is also available to use the Business Lounge and facilities in the University Centre Shrewsbury. This free service provides information outreach across our market towns and rural areas, and is involved with over 30 networks and delivers business support alongside key partners such as UKTI, Good 2 Great and Shropshire Chamber of Commerce. The Physical Hub has hosted 80 1:1 sessions and group events since the launch such as social media training, exporting and access to finance events. To date over 550 businesses have benefitted from the service.

With access to support through EU funded growth programmes e.g. Business Growth & Marches Growth Hub projects, 6 Shropshire businesses have already successfully submitted funding applications; contributing to £600K of EU funded investment into businesses across The Marches LEP. Growth Hub outreach events have already been held in Bishops Castle, Bridgnorth and Oswestry and more are planned across the County.

Our Business Engagement Strategy has targeted support to our larger companies. With a Council single point of contact for each business, this service provides access to free early support, most commonly around planning application & highways advice; but also from the UK Department of International Trade where relevant. In 2015/16, capital investment for expansion exceeded £24.5M across Shropshire from new and existing foreign owned companies. This resulted in 127 safeguarded jobs and the creation of 135 new jobs. The pipeline projects for 2016/17 onwards look promising, despite the cautionary approach being taken by many of our businesses due to the uncertainty resulting from the Brexit result.

To further support the Business Engagement approach and in line with the Economic Growth Scrutiny Member Task & Finish Group work on inward investment; the new invest in Shropshire website [www.investinshropshire.co.uk](http://www.investinshropshire.co.uk) has been soft launched this November. The site showcases the Shropshire 'offer' and aims to 'sell' Shropshire as a business location. The site highlights projects and activities that are being implemented for business benefit and promote the Economic Growth Service.

The information on the website is targeted towards: indigenous businesses who are looking to expand and/or to relocate within Shropshire, businesses from outside the County looking to relocate and to potential national and international financial investors.

### **2014-2020 EU programme**

The new EU programme (€120m for the Marches) is now operational and a range of projects have been approved which will contribute to economic growth in Shropshire including project support for businesses to start up, develop and grow. Shropshire Council officers have led on a number of the EU themes on behalf of the Marches as well as supporting projects directly or through the Technical Assistance project which the council is the accountable body for to ensure the priorities for Shropshire are addressed. The Brexit decision has had implications for the programme and will not be fully understood until after the Autumn statement and when Article 55 is issued to the EU commission.

### **Key sites and infrastructure**

The Economic Growth team continues to work with highways and development management colleagues and partners on the development of the Sustainable Urban Extensions in Shrewsbury and Oswestry; and with Highways England, Network Rail and private landowners on opening up new employment land in Craven Arms.

The Council submitted proposals as part of the Marches LEP Local Growth Fund 3 submission for funding for infrastructure for the Council owned Oswestry Innovation Park at Mile End. The Council also continues to work with Standard Life Investments on their preparation of alternative proposals for the Riverside Shopping Centre in Shrewsbury.

Following the announcement of the closure of Clive Barracks at Tern Hill by 2022 the Council is working with the Defence Infrastructure Organisation on a future plan for the redevelopment of the site. The Council is also working with a 'Task Force' established by the Rt Hon Owen Paterson MP that, includes Shropshire Council and the local Parish Council representatives and other stakeholders with an interest in the redevelopment of the site.

The Economic Growth team is also working with Uniper on the future options for the Ironbridge Power Station site with a stakeholder meeting planned for mid January 2017.

Shrewsbury Business Park continues to attract new occupiers including a newly opened 3,000 sq. ft. Co-op convenience store and construction of a new 10,000 sq.ft office building has commenced.

In order to bolster both existing and future capacity Scottish Power Energy Networks are planning an upgrade of the 132kv network between Oswestry and Wem. The Council is supportive of the upgrade in terms of the benefits to business and residential consumers in the north of the County.

Historic England (HE) is working closely with colleagues from Shropshire Council's Economic Growth team to progress the regeneration of the 2.7ha Flaxmill Maltings masterplan site. The first stage of works to create a new visitor centre is now complete with the Friend of Flaxmill Maltings opening and managing the public space and activities.

A significant amount of work has been undertaken to develop a revised second stage scheme which includes the restoration of the internationally significant Main Mill with the ground floor dedicated to interpretation and activity space and upper floors allocated for commercial use. The scheme has recently been granted planning permission by the Council.

Although £12.8m Heritage Lottery Fund (HLF) has already been awarded, this was based on an original application which was submitted by Shropshire Council. It was not possible to deliver that scheme due to tight ERDF deadlines, an extended programme and increased costs.

The revised scheme submitted by HE to HLF summarises the main changes and requests an increased grant. HLF Trustees visited the site on the 28 November to understand the scheme in more detail. A decision on the grant funding will be known in January 2017 and if successful work will start later in 2017.

Historic England is also progressing the wider brownfield site for new housing and commercial use and a proposal has been submitted as part of Growth Deal 3 for funding to de-risk the site ready for development.

## **Skills**

The Council continues to work closely with partner organisations, external agencies and education and training providers to ensure that locally the employment and skills agenda is current and focused. The Marches LEP skills plan (developed in conjunction with the Local Authorities) has five overarching themes, which are:

- Attract and retain talent (focus on Higher Education)
- Careers advice and guidance (focus on schools)

- Skills development for priority sectors (relates to priorities in the Strategic Economic Plan)
- Encourage innovation (focus on SMEs)
- Apprenticeships (increase apprenticeship availability for all)
- Widening participation and access to employment (NEETs and unemployed)

These themes also relate to priorities for the work that the Marches Skills Provider Network (MSPN) undertakes. The Network organised a 'Shropshire Apprenticeship Showcase event' held in March 2016, aimed at encouraging young people to consider an apprenticeship. The event also provided a briefing for employers. MSPN have also been able to secure another ESF contract for skills support in the workforce, which is operational until 2018, and provides continuity from the previous ESF contract. The contract value is £1.5m, of which £1m is allocated to Shropshire/Telford & Wrekin.

MSPN are also supporting employer networks and have developed sector specific groups in order to fully understand skills needs and requirements, including changes to apprenticeships and the introduction of the Apprenticeship Levy. The most recently available published data for 2014/15 shows the number of apprenticeship starts for Shropshire residents as 3880 learners (of all ages), an increase of 530 from the year before. The top 3 apprenticeship sectors were engineering and manufacturing, health public services and care, and business administration and law.

Earlier in the year Shropshire was part of a Marches and Worcestershire post 16 area based review, led by the Department for Education/Business Innovation and Skills, Education Funding Agency and Skills Funding Agency. This was specifically aimed at reviewing the post 16 College sector with the expected outcome of ensuring sustainability and focus for the sector. Whilst not directly related to the outcomes of the review, our local Colleges have undergone some structural change: both Shrewsbury Colleges have now merged and North Shropshire College is federated with Reaseheath College with the aim of merging next year. The two Colleges in Telford will also merge. The review concluded in May 2016.

As an outcome it is expected that both local authorities and the LEP will continue to engage with the College sector in order to ensure they are offering courses that suit the needs of local employers and young people. The local authority already has regular dialogue with the Colleges, but this will slightly change the focus towards skills needs. The college and training provider sector are represented on the Business Board and LEP Boards. It is envisaged in the future that a skills sub group will form part of the Business Board remit.

## Broadband

Phase 1 of the Connecting Shropshire broadband programme is due to close down this winter. To date, over 300 new fibre structures have been built with over 55,000 premises now able to access better broadband speeds from the new network. Average speeds across the intervention area delivered to date are over 50Mbps.

Whilst the outcome for many home owners and businesses is extremely positive, some premises remain challenged with poor broadband. Closing these gaps remains the key focus of the Connecting Shropshire strategic delivery and its Local Broadband Plan which was refreshed in July 2016 to account for the next procurement phase (2b).

Phase 1 work continues to close down outstanding engineering work. A further 3,000 premises are projected to have access to superfast broadband by the end of this winter.

Phase 2a is the second contract delivery phase with BT. Surveying work has commenced with build work planned to start in the New Year and will run concurrently with close down of Phase 1 structures.

Phase 2a will connect another 4,000 premises to the fibre network with over 3,700 getting access to superfast broadband. The majority of this work will include building smaller cabinets closer to remote settlements to overcome the issue of long copper lines. By the end of Phase 2a, and including commercial plans we have received from suppliers, we expect 89% of premises to have access to at least 30Mbps across the Shropshire Council area.

Phase 2b aims to extend superfast broadband coverage to a further 16,000 premises in the Shropshire Council area using £11.7m public funding secured through a balance of funding from Phase 2a (£6.68m) and the Marches Local Enterprise Partnership (£5.02m). The procurement is through an 'open tender' process which will generate competitive tension and aims to deliver value for money. Specialist telecoms suppliers have been invited to plan, design, build, operate and maintain high-performance broadband networks, referred to as Next Generation Access (NGA). Solutions must be capable of supporting download speeds of over 30Mbps and must offer competition and choice to broadband customers through the Internet Service Provider (ISP) market. Tenders are expected back by the end of January with the objective of reporting the outcome of the process to Cabinet in March 2017. Key aspects of the market specification include:

1. Priority will be given to supplier broadband solutions that serve premises on the slowest speeds (<15Mbps), with the highest weighting for premises on download speeds of below 2Mbps;

2. Broadband solutions for premises registered for business rates will be weighted more favourably;
3. To encourage competition from smaller suppliers, there are two Lot areas; an East and West Lot:
  - a. Lot 1 - Shropshire east covers 95,064 premises in total, with an intervention (white premise) count of 13,259 premises. This equates with 14% of premises in the Lot area. Lot 1 covers 149,773 hectares.
  - b. Lot 2 - Shropshire west covers 49,596 premises in total, with an intervention (white premise) count of 2,756 premises. This equates with 5.5% of premises in the Lot area. Lot 2 covers 169,960 hectares.
4. To realise economies of scale, we will look to aggregate the two contracts should the same supplier win both tender Lots;
5. As part of the evaluation process, suppliers will need to consider coverage of whole communities and isolated premises;
6. There will be no priority given to any geographic area;
7. A contingency sum (£250k) of money will be included in the contracts to provide match-funding for community solutions and 'under review' premises where commercial plans fail to materialise.

All premises that currently have less than 2Mbps can apply for the Better Broadband Subsidy Scheme. The Scheme will provide support towards the cost of the installation of a broadband connection so that a basic broadband service can be purchased for a first year cost of no more than £400 (taking account of any up-front costs and the 12 month service charges). The Scheme can also be used to access more expensive packages with higher speeds and/or greater monthly data allowances. Since May 2016, Connecting Shropshire has issued 346 Subsidy Codes, of which 218 have been claimed. This puts us third in the national league table against other areas in the UK (behind Norfolk and Scotland).

As part of the Phase 1 contract Connecting Shropshire receives a 'take up' incentive for each new connection made. As the programme connects new cabinets, individuals need to opt in to the new network and order a fibre broadband service. For each per cent of take up above a benchmark of 20%, Connecting Shropshire receives a financial reward from the contract. Based upon the current 'take up' performance, £2.2m is already due to be achieved over the 10-year contract term. This funding will remain ring-fenced for further broadband investment.

### **Economic Growth – team restructure**

In the last 12 month's work has been undertaken to review the former Business Growth and Prosperity team. As a result, a number of key functional areas that both shape and drive economic growth have come together including Development Management, Strategic Planning, Strategic Highways, Estates, Skills, Connecting Shropshire as well as the Economic Growth team. The team will be led by Gemma Davies, Head of Economic Growth who takes up the role in January 2017.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

**Cabinet Member (Portfolio Holder)**

Steve Charmley

**Local Member**

All Members