



Committee and Date

Council

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PORTFOLIO HOLDER ANNUAL REPORT FOR ECONOMIC GROWTH

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Summary Overview

The development and publication of a new five year Economic Growth Strategy for Shropshire has been a key achievement this year. This strategy sets out the ambitions for achieving increased economic productivity for the county based on three strategic objectives; supporting and growing existing businesses, attracting new investment and retaining and developing skills and talent. The preparation of the strategy began last year with robust evidence gathering including stakeholder engagement and particularly collaboration with Shropshire Business Board, this informed the writing of the draft strategy in the first few months of 2017, followed by a period of public consultation feeding into the finalisation of the strategy in July.

Key for the Economic Growth Strategy was that it was 'of and for' Shropshire and therefore has sought to be based strongly on the economic characteristics of the county. The vision statement makes reference to the county's high quality assets and special environment, recognising that these must inform our growth. A snapshot of the economic picture;

- Economic productivity is growing slower than the national average (0.2% compared to 2.8% for the UK and 2.2% for the West Midlands) *Note: 2015 figures. 2016 figures are due before Christmas.*
- One of the most rural and sparsely populated local authorities in the country (less than 1 person per hectare)
- Shropshire has 15,650 registered enterprises (at March 2017)
- Of these 99.8% are classed as small and medium size enterprises (SMEs) i.e. they employ less than 250 employees
- 90.4% of businesses have less than 10 employees
- Health and social care is the largest sector based on employee numbers (17%), followed by tourism (including all food services, accommodation, arts, entertainment and leisure) (14%) and then retail and manufacturing (both approx. 10%)
- Shropshire has lower wage levels compared to the national and regional averages and this gap has increased in the last year (Shropshire = £470.80, West Midlands = £514.90, National = £552.30 *weekly work based earnings*)
- Shropshire's demographic is ageing, 24% of the population are aged 65 or over (compared to 18% of the West Midlands population). 60% of Shropshire's population are aged between 16 and 64 ('traditional working age') compared to 62% in the West Midlands.

- Low unemployment (3.4% compared to 4.6 % nationally and 5.2% in the West Midlands)
- Rising qualifications levels amongst residents, however significant proportion of businesses report skills shortage and gaps (15% of businesses)

It was also an important exercise to consider and take account of national events to give the context for the strategy. This includes the publication of the UK Industrial Strategy, the decision by Britain to leave the EU, and the emergence of the West Midlands Combined Authority plans and ambitions. The national economic context will continue to be a key factor in the implementation of the strategy and will inform forecasts and some activities.

The Shropshire Economic Growth strategy was formally launched at the end of September at a high profile business leaders' event hosted by the Council and Shropshire Business Board, with national and regional support including the West Midlands Combined Authority, Marches Local Enterprise Partnership and University of Chester. This was followed by a local economic conference with the county's Town and Parish Councils attending a workshop to discuss the local importance and impacts of economic growth. This is being taken forward with local economic growth strategies for each of the key market towns.

The Economic Growth service has been restructured to ensure full alignment with the strategy and to support the successful delivery of each of the priority actions. This has involved the creation of a Growth Strategy and Programme team and a Business Growth and Investment Team, with two new senior managers joining the service in February 2018 to lead these areas. These sit alongside Planning Services, Strategic Planning and Policy and Connecting Shropshire as the Economic Growth Team. There are also formal internal working arrangements between Economic Growth and Highways, recognising the role of Highways in supporting the delivery of the growth agenda, and with Assets and Estates. (Please note that Planning Services and Strategic Planning and Policy were included in the annual report for the Portfolio Holder for Planning and Regulatory Services in September).

The remainder of this report provides a summary of activities under each of the priority actions to date and a forward look of key activities for the forthcoming year.

Economic Opportunities

Recognising the importance of Shropshire's economic partnerships and geographic relationships, the Council is proactively engaging in the West Midlands Combined Authority and Midlands Engine for example in Midlands Connect and the Housing and Land Delivery Board. Shropshire is one of three unitary authorities working closely together as part of the Marches Local Enterprise Partnership and over the last 12 months has developed relationships with neighbouring authorities including Powys Council (Grow Mid Wales Partnership) and Cheshire East Council (Constellation Partnership).

Work is progressing at pace on the review of the Local Plan to 2036 which provides the framework for housing and employment development to support the delivery of sustainable economic growth. The recent publication of the preferred scale and distribution of development consultation is in line with the identification of strategic

growth corridors and the urban focus for development set out in the Economic Growth Strategy.

Within this year the Council has worked closely with partners and stakeholders progressing a number of strategic development schemes in the county. This includes Historic England who have commenced work on the full restoration of the historic Flaxmill main mill and kiln building to create commercial opportunities that will be available from 2021. The Council has contributed £1 million to this project and is one of three key partners in the delivery. The Council convenes the Tern Hill Task Force for Clive Barracks with the local MP and Defence Infrastructure Organisation, a significant development site on the A41 corridor available from 2022 when the current battalion are due to vacate. The Task Force have visited other sites in the country to explore sustainable new settlements including Poundbury. Ironbridge Power Station is the single largest development site in Shropshire offering 142 hectares and the Council are working closely with Uniper and their team informing the future mixed use development opportunity.

The Council has played a key role in progressing the Shrewsbury Big Town Plan – a vision and development framework for the future of Shrewsbury. This has been achieved in collaboration with Shrewsbury BID and the Town Council. Over 3,500 comments were received during the consultation in September of this year, promoted particularly with a physical presence in town with a ‘pop up’ shop. A steering group involving Cabinet members, local businesses, University Centre Shrewsbury, Town Council and BID representatives was reconvened in the Spring and has helped to drive progress. The next steps are to undertake a masterplan co-funded by the partners and to ensure co-ordination of projects across the town including Shrewsbury Integrated Transport Plan and the Flaxmill Maltings.

Work has progressed to establish a pipeline of projects to inform a Shropshire growth programme including commercial opportunities. This programme is developing and incorporates transformational schemes including those listed above and will also link to work to review the economic development estate and opportunities for investing directly in the creation of business space, particularly to support identified growth sectors. The team are working with the Midlands Engine Investment Hub to promote these key schemes to investors on an international platform.

Targeting the identified key growth sectors is an ongoing activity and work to date has involved the facilitation of a small sub group from Shropshire Business Board involving the advanced manufacturing representative companies to respond directly to the Industrial Strategy consultation earlier this year. The team meet regularly with colleagues from University Centre Shrewsbury with a particular focus on the new Environmental Science Research Centre which has secured European Regional Development Fund funding and will launch in February. The Council also facilitates a cross sector group to identify and progress opportunities in the Health and Social Care sector, particularly high tech and digital solutions to support the ageing demographic and maximise economic potential from this growing sector.

Government’s negotiations with the EU on the Brexit deal are likely to have a number of consequences for businesses and the economy. Within the Council, a member Brexit Task and Finish group has been established and is meeting with the remit to gather evidence and consider information on possible implications for the Shropshire economy and to prepare for any announcements and consultation, particularly in relation to the UK Shared Prosperity Fund which is likely to replace EU funds.

Shropshire has allocated approximately half of its £37 million funding under the current European Structural Investment Funds Programme including toward business support and innovation, environmental projects and social inclusion. The Task and Finish group is due to report back in the Spring of next year.

Enable business to start, grow and succeed

The Council has an active key account programme, which engages approx. one hundred (to date) of the County's largest employers and this list continues to grow as new contacts are made. Visits have led to a number of outcomes for example support with recruitment, increased apprenticeship opportunities, introductions to Department for International Trade for exporting, Innovate UK support, supply chain linkages and liaison with schools and colleges. Through the relationships developed it has also been possible to help secure the future of companies when premises have been sold. Quickly reacting to announcements, even when negative, also means that the Council has helped to mitigate the impacts of redundancies and businesses down-sizing.

In 2017 so far there has been £27.7 million of investments by foreign owned companies expanding with whom we are directly working, and this continues a positive trend that was reported in financial year 16/17 when over £26 million of investment was delivered, 41 new jobs created and 470 jobs were safeguarded. We have also forged a number of new relationships including with some fast growing companies based in Oswestry, Shrewsbury, Whitchurch, Ludlow, Craven Arms and Much Wenlock.

The team continue to have a strong relationship with Shropshire Business Board, which has expanded its membership this year to include NFU, Co-operative Group, Starfish Advertising and Shropshire Festivals. The Board have actively been involved with a number of projects including the Marches Centre for Manufacturing and Technology, Environmental Science and Technology Research Centre, Digital Health and the Investment Prospectus for UCS.

Shropshire Growth Hub as part of the Marches Growth Hub offer will have been open at the Food Enterprise Centre for two years in March next year. This year between 1st January and 31st October the Hub had undertaken 524 telephone contacts with businesses and conducted 227 face to face meetings. We can relate this assistance to the creation of 33 jobs in Shropshire. An independent evaluation of the growth hub service across the Marches was carried out between August and October and this is now reporting back. This has highlighted the importance of the service, particularly in simplifying business support provision and that the physical presence is valued by businesses. Recommendations include the need for further clarity of the growth hub offer, furthering business reach, and better data sharing. We have already committed to a satellite hub at Bridgnorth located in the Marches Centre for Manufacturing and Technology and have delivered events in Ludlow and Oswestry.

Through the business support activities and the European funding programmes, Shropshire businesses benefit from access to a number of business grant schemes where the council is either a delivery or project partner. One of these schemes is the Business Growth Programme (BGP) funded through ERDF. To date 25 Shropshire businesses have been supported through the current Business Growth Programme since its launch in 2016. Shropshire's performance has been excellent to date, with

Shropshire's targets either exceeded or on track to be delivered. 71 jobs will be created from the investment and over £560,000 grant has been secured drawing in further private sector match of almost £1 million.

In November, Shropshire was formally recognised as a hotbed of Social Enterprise activity, receiving the award for the county as a 'Social Enterprise Place'. This recognises the significant role that social enterprises play in the economy and through organisations including the Voluntary Sector Assembly and representation on the Business Board and LEP, it is a contribution that is set to grow further.

Deliver infrastructure to support growth

Digital connectivity is a necessity for residents and businesses to live their lives and operate their day to day businesses. This year Connecting Shropshire has completed its first contract with BT, is now part way through delivery of the second contract with BT, and at the beginning of delivery of contract 3. Following a robust procurement exercise, the Council appointed Airband Community Internet Ltd. as its delivery partner for the third contract and the continued rollout of superfast broadband.

Airband will be responsible for delivering high speed wireless broadband to over 14,000 premises over the next 3 years. When this contract is completed, and together with commercial delivery projections, we expect 98% of premises in Shropshire to have access to superfast broadband, with a final gap of circa 2,000 projected premises. The total contract with Airband is of the value of £11.2 million and this includes funding from Shropshire Council (£2.24 million) Broadband Delivery UK (£5.29 million) and the LEP (£2.27 million).

One of the key areas of focus for the Council since awarding the contract with Airband has been to manage the planning risk for the building of new masts, or additional masts on existing structures in some locations. Dedicated planning case officers are working closely with the team and Airband to help ensure the contract is deployed in the best interests of the local communities whilst recognising the commercial and technical risks of the provider.

At the outturn of contract 1 with BT (June 2017), 345 structures had been built providing access to superfast broadband for 54,177 premises plus a further 11,000 premises that have now got better broadband speeds. Take up of the new network to date is 42.5. Contract 2 was procured and awarded to BT in May 2015 and the expected completion of this contract is summer 2018. The public subsidy costs per premise have increased considerably between contract 1 and 2 from £310 to over £1,200 and this highlights the high cost of deploying fibre technology in rural areas. This is a message that the Council is communicating through BDUK into Government, and this is particularly relevant in light of the Government's current aspirations for its Local Full Fibre programme.

Connecting Shropshire, working with Broadband Delivery UK have to date issued 640 Better Broadband Subsidy codes. These enable any household without access to a 2 Megabit per second solution to obtain a grant of up to £350 which can be used to obtain a solution from an approved supplier. Shropshire Council remains the second largest beneficiary of the scheme nationally.

Connecting Shropshire, alongside partners Fastershire and Superfast Telford and part-funded by the European Regional Development Fund introduced the Marches and Gloucestershire business broadband grant in spring 2017. The grant covers the cost of up to 100% of the capital installation, up to a maximum £25,000, and through an online portal can match applicants with infrastructure providers in their location. A member of staff has been recruited to run the scheme (hosted by Herefordshire). Take up of the grants has been relatively slow to date owing to the initial delay in recruiting to the post. 14 SME's have been engaged in Shropshire, with 3 companies having grant offers made. A focused marketing campaign to potential beneficiaries is currently being launched this winter.

Together with partners Fastershire and Superfast Telford, Connecting Shropshire has applied for £10.4m funding from DEFRA's £30m national allocation to address the final projected rural gaps in superfast broadband, including potential gaps that may arise from commercial non delivery. The project has the potential to address 56 rural clusters (16 in Shropshire) across the LEP area. The project, if successful with its funding bid will aim to start deployment in 2018 and deliver by December 2020.

The Digital Economy Bill was introduced in April 2017 and set out the aspiration of a Universal Service Obligation to all premises from 2020. The Government announced in its autumn statement further £1.1bn investment in digital infrastructure, through its Local Full Fibre Network and 5G programmes. The objective is to stimulate the telecoms market to invest in more fibre connectivity for homes, businesses and 5G masts, through a variety of initiatives. Connecting Shropshire is engaging with the Department for Culture Media and Sport and partner authorities to assess further opportunities through the programmes to benefit Shropshire infrastructure.

Connecting Shropshire continues to work closely with both Ofcom and the Mobile Network Operators (MNO's). Mobile phone coverage gaps continue to be a barrier for both homeowners and businesses, particularly those in our most rural areas. We, together with our MP's have continued to lobby the market for improvements. Positively we have subsequently seen improvements in both 3g and 4g provision across Shropshire including a number of new masts already built with others planned for deployment in 2018 (e.g. EE have committed to 5 new masts going live in 2018 in South Shropshire). We intend to work closely with Ofcom in 2018 to hold the MNO's coverage claims to account.

There are a number of strategic transport schemes that are key to support economic growth and are needed to deliver improvements to networks and capacity increases where there is planned growth. This includes Shrewsbury Integrated Transport Package (SITP), the Shrewsbury North West Relief Road and A5 corridor to Oswestry among others in the county that are the subject of further discussions with Highways England and Network Rail, for example the A49. The outline business case for the North West Relief Road has been refreshed to put the scheme into its current context with the SITP and Oxon Link Road programmed for full delivery by 2021. This refreshed business case has been completed with funding secured from the Department for Transport's Local Majors Fund and will be submitted to Government by the end of this calendar year. The NWRR and the Oxon Link Road are required to support development in Shrewsbury (this is linked to the Big Town Plan outlines earlier in this report).

The team are working closely with the LEP and Highways England to undertake modelling of the current A5 stretch of highway and junctions around Oswestry. This is

key to unlocking housing and employment growth (identified in the Urban Extension in the current Local Plan) for Oswestry including Council owned land for a new Innovation Park. This is challenging as a result of the capacity constraints, particularly at Mile End roundabout. However progress is being made and the combined work between Highways England and the Council's transport consultants is due to report back results and a preferred option by April 2018. The Council have submitted a bid, supported by the LEP, WMCA and developers, to DCLG's Housing Infrastructure Fund and are awaiting the outcome.

The Council have played a key role in the completion of the Marches Freight Strategy, led by the LEP, and continues to input to the Midlands Connect partnership and periodic Rail industry consultations to ensure that Shropshire's schemes are captured. Senior meetings have taken place between the Council and Midlands Connect and we are also highlighting our strategic priorities within the Combined Authority Land and Housing work, which recognises that strategic corridors and infrastructure priorities will be key to unlocking growth on the West Midlands footprint.

A review of Community Infrastructure Levy is underway led by a member Task and Finish Group. The group have held a series of meetings with officer input and are due to report back early in the New Year to Performance Scrutiny Committee. In this time, a refresh of the Place Plans has been undertaken led by the Community Enablement Team working with Town and Parish Councils. This sits within the Planning and Regulatory Services portfolio, but is key to economic growth as CIL's purpose is to support the delivery of infrastructure in communities to meet growth needs for example school places and highways.

We continue to hold discussions and liaise with Utility providers and ensure that capacity needs are highlighted in Shropshire. This year the formal consultation has commenced on the North Shropshire reinforcement programme by Scottish Power Energy Network (SPEN). This is an £18 million investment for a new electrical circuit between Oswestry and Wem, and is key to meet growth in the North of the county. The Council brings together utility providers in forums and this is particularly important to demonstrate implementation of the Local Plan.

Meet skills needs and aspirations

The Council has prepared a draft detailed skills plan following the gathering of evidence from employers and providers. This has been discussed in draft with Shropshire Business Board and the Marches Skills Provider Network. Recruitment and retention of staff with the appropriate skills to meet current and future business needs remains a key challenge across sectors in Shropshire. The Council continue to facilitate conversations between companies and training providers through individual discussions and via networks.

The Council has developed an apprenticeship plan and framework of providers to help maximise the use of its own apprenticeship levy. A discussion has been held with Shropshire Business Board to explore ways of maximising apprentice numbers and how the Council levy may support meeting business skills needs. Interest in this was positive and further work is underway. The use of the Apprenticeship Levy is also being raised as part of Places Overview Scrutiny's work programme.

The opportunities in businesses in Shropshire need to be more readily communicated with children of school age and young people to make them aware of the career prospects and broaden their aspirations about the county. The Council is working with the Careers and Enterprise Company and the Marches LEP to forge these linkages and has employed a dedicated Co-ordinator within the Business Growth and Investment team to work with employers and schools.

The Council has supported the new Marches Centre for Manufacturing and Technology based at Stanmore Industrial Estate and Bridgnorth, which has been driven by a private sector consortium of four local companies. The Centre has established as a Community Interest Company, has enrolled 25 apprentices since opening in September and was officially launched and opened on the 10th of November.

There is still a significant amount of the European Social Funds allocation to commit across the Marches, this is proving more challenging due to the lack of match funding in partner organisations. A dedicated officer is now employed by Herefordshire Council as accountable body and they are co-located with the team in Shropshire for part of the week. The Building Better Opportunities programme is performing well which is focused on providing pre-employment support to those unemployed and in disadvantaged groups. To date £1 million of funding has been committed to this programme.

Promote Shropshire

The Council is doing more to promote Shropshire as an investment location by working with the Midlands Engine Investment Hub, Department for International Trade and with private sector partners and project sponsors e.g. Historic England. The successful launch of the Economic Growth Strategy at the end of September was a strong platform to build from with a number of positive stories following this event.

The Invest in Shropshire website is receiving more traffic and is the main source of promotional material and information for investors, developers and businesses. There is also a strong social media presence and news is put out via social media channels regularly. The team are also regularly feeding in to member briefings and have held a number of staff information sessions on the Economic Growth strategy.

The Invest in Shropshire and Shropshire Growth Hub brands and information have been taken to a number of events in the year including the Shropshire Chamber business expo, SME Accelerator Event, and Marches LEP Business Conference. Further engagements are being planned for 2018 and an engagement plan for targeting audiences and an events calendar is being produced.

'A Council that is good to do business with'

To help meet this underpinning action of the Economic Growth strategy the restructure of parts of the Economic Growth service has been completed and is now in place – this includes the two new teams of Business Growth and Investment and Growth Programme and Strategy. A 'whole system;' review of the Economic Growth system and all those services that touch an enquiry or project is underway working

with external consultants and this is due to conclude in January. A business survey is also being planned for the spring to update the intelligence we hold of what businesses want and need. Multiple business visits have been held this year involving a number of officers and the Portfolio Holder, feedback has been broadly positive and the general view is that businesses support the focus on growth, the publication of a clear plan and the direction of travel. This will be closely monitored and reviewed and all feedback is being collected and acted on.

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

Economic Growth Strategy for Shropshire 2017 - 21

Cabinet Member (Portfolio Holder)

Nic Laurens

Local Member

All Members