



Committee and Date
Council
10.00am
Thursday 20 September 2018

ANNUAL REPORT PORTFOLIO HOLDER FOR ECONOMIC GROWTH

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Summary Overview

One year on from the launch of the Economic Growth Strategy for Shropshire and we have achieved many things and are on the journey to meet the ambitions for achieving increased economic productivity with;

- supporting and growing existing businesses
- attracting new investment
- retaining and developing skills and talent

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 review of the economic picture for Shropshire shows;

- Economic productivity is growing slower than the national average (+2.9% compared to +3.7% for the UK and +3.9% for the West Midlands in 2016).
- 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 (3.3% compared to 4.3% nationally and 5.0% in the West Midlands - Annual population Survey, year ending March 2018)
- Shropshire's business base is relatively stable – 66% of businesses survive beyond their third year (61% nationally and regionally)
- Rising qualifications levels amongst residents, however significant proportion of businesses report skills shortage and gaps (15% of businesses)

Since the launch of the Economic Growth Strategy last year we have been working hard on delivering some of the key actions, including the local economic growth strategies for our key market towns; being Ludlow, Market Drayton, Whitchurch, Oswestry, Bridgnorth, Shifnal and Cosford and Shrewsbury. These documents will sit beneath the framework of the overarching Shropshire Economic Growth Strategy with the purpose of them being to set out economic delivery plans within these key localities, as well as being a proposition document which will encourage growth and attract new businesses and investment into the area.

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

Summary of key headlines;

- Joined the WMCA Housing and Land Board and playing an active role including supporting the emerging investment plan
- Taken forward work on our key growth corridors including securing Housing Infrastructure Fund for Oswestry
- Produced the Shrewsbury Big Town Plan in partnership and engaged with many stakeholders and members of the public in its development
- Purchased the shopping centres in Shrewsbury with the objective to support the economic growth and future vitality of the town centre
- Raised the profile of Shropshire's investment propositions through attendance at MIPIM in March and the production of refreshed marketing collateral

Recognising the importance of Shropshire's economic partnerships and geographic relationships, the Council continues to proactively engage as part of 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 has developed relationships with neighbouring authorities including Powys Council (Grow Mid Wales Partnership) and Cheshire East Council (Constellation Partnership).

The LEP has been leading on a refresh of the Strategic Economic Plan (SEP) for the Marches and Shropshire has been working closely with the LEP team on this document to ensure that the key priorities, sectors and opportunities for Shropshire together with the required support we need are recognised. This includes the emerging work on a number of our growth corridors including the M54, A49 and A5/A483.

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. This is referred to in the Portfolio Holder report for Planning and Housing Development. The approach of the Local Plan Review supports the identification of strategic growth corridors and the urban focus for development set out in the Economic Growth Strategy.

The Council has been progressing a number of Strategic Economic Growth Corridors which have been identified across the County. This includes the M54 Strategic Growth Corridor extending from the urban core of Shrewsbury to Junction 4 of the M54 into the West Midlands maximising opportunities for employment, training facilities and appropriate housing growth. The Oswestry A5/A483 Economic Growth Corridor enhancing cross boundary links into Wales, bringing forward housing and key employment sites linking to sector opportunities on this western gateway. The A49 corridor which links the south of the County to the North, creating cross boundary opportunities with Hereford, maximising the benefits through the Marches LEP.

The most significant and important acquisition that the Council has undertaken was in December 2017 when we agreed to the purchase of the three shopping centres in Shrewsbury Town Centre – Darwin, Pride Hill and Riverside (the ‘shopping centres’). The key objective of this purchase is to support the economic growth and regeneration of the town centre; this reflects the wider aspirations and long-term vision articulated in the Shrewsbury Big Town. We are now looking to the future and the potential opportunities to truly shape the future of Shrewsbury Town Centre and the benefits this will provide to Shrewsbury and Shropshire’s Economy. This is a once in a generation opportunity to rethink and reimagine the future of the Town Centre, create a vibrant and thriving centre where people want to live, work and stay. We are working hard to bring together partners and stakeholders, align with the Big Town Plan’s vision and drive this ambition forward.

The Shrewsbury Big Town Plan (SBTP) is a collaborative document that has successfully brought together business representatives, elected Members, educational establishments and public sector officers to create a collective vision and strategy, to help guide Shrewsbury’s future. It sets the aims, aspirations and vision for Shrewsbury now and for the future. Significant public consultation was undertaken in September 2017 with over 3500 comments received and thousands of visitors to the BTP shop. Following this LDA design urban master planners were appointed and have been working closely with the Big Town Plan team including the Shrewsbury BID, Town Council and Shropshire Council to co-produce the document and it is now back out for public consultation on the outcomes. A final report will be ready for November.

The purpose of the Big Town Plan is to become an investment prospectus where individuals and organisations looking to invest in Shrewsbury have a clear idea of the town’s vision, aspirations and development opportunities – and how they can be part of that. It also provides a strong statement for residents, employers and visitors to Shrewsbury of how they can expect their town to develop over time, and how that growth and change is being planned, coordinated and communicated

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 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.. Ironbridge Power Station is the single largest development site in Shropshire offering 350 acres and the Council are working closely with the new owners Harworth and their team to shape the future development of the site and ensuring that robust consultation is undertaken on any proposed plans.

Significant work has progressed to formalise a strategic pipeline of projects to inform a Shropshire growth programme including commercial opportunities. This programme has evolved and is the driver for the economic, commercial and investment programme for the Council as well as including transformational schemes. The programme prioritises and manages the council's investment approach, ensure a robust process is in place to drive forward projects and ensure a balanced programme of economic growth and commercial and investment schemes can be delivered. This oversight is critical to maximise opportunities, financial investments and returns and resources.

Targeting the identified key growth sectors is an ongoing activity. Production of marketing collateral including general sales brochure, seven sector proposition documents covering agri-tech, food and drink, advanced manufacturing, creative and digital, environmental technology, digital ageing/health and social and business and professional services, a leisure and lifestyle brochure and strategic development sites brochure. A brief to bring in a marketing agency to review the brand, redesign the logo and develop the design and print of these documents has gone to tender in late August with the aim of having collateral available for the annual Economic Growth event in November, although it is hoped the strategic sites brochure will be available before MIPIM UK in mid-October.

Over the last six months alongside partners from the private sector and University Centre Shrewsbury, submissions of bids have been made through the National Industrial Strategy through the themes of Digital Ageing Society and Environmental Technologies and have been considered alongside a bid to the Department of International Trades High Performance Opportunity Nomination, again for Digital Ageing Society. To date the team have not been successful with two of these applications, however this has highlighted the desire and ambition for Shropshire to be considered on a national level for major funding opportunities to develop specific sectors on a national scale. The team have in the last couple of weeks both directly submitted and supported bids to Arts Council England as part of their Cultural Development Fund.

The ongoing unknowns surrounding the final Brexit negotiation remain a key consideration for Shropshire businesses. Messages and evidence from interactions with businesses continues to be gathered by the team, with some of our companies undertaking their own detailed analysis on likely implications for their markets and labour force. We are responding to Government requests for evidence and consultative exercises, including the recent consultation on the proposed Shared Prosperity Fund to replace European Programme funding. Locally, the member Brexit Task and Finish group that was established by Place Overview and Scrutiny Committee has now completed its analysis including hearing from a number of parties and business representatives. An interim report, SWOT analysis, mind maps on key identified areas of skills and agriculture and a summary of opportunities has been considered by Place Overview and Scrutiny Committee. This is now being fed

into the work programme for the Committee and awaiting further details on the final Brexit deal. It should also be noted that potential implications of Brexit has been added as a strategic risk for the Council.

Enable business to start, grow and succeed

Summary of key headlines;

- £37.25 million investment by foreign owned companies
- £51 million investment by UK owned companies
- Over 330 new jobs created from these investment and 150 safeguarded
- Shropshire Business Board joint working
- Growth Hub outreach model successes

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 continue to lead 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.

Key account management structure has recently been evaluated to explore potential opportunities to target companies within key sectors and high growth companies to sit alongside key accounts. The authorities' two key account managers will also split their accounts not only by UK/foreign ownership but also geographically to support the workload. Support continues to be valued from companies of all scales and not only in positive circumstances but also in challenging times such as the support being offered to Stadco as part of their Shrewsbury site closure and potential threats to job losses. Secondly, House of Fraser, again to support with threats to job losses, but also for the potential retention of brands and future uses for the site, particularly in light of changing town centre patterns and linking with Shrewsbury Big Town Plan to explore potential mixed-use opportunities for leisure, office and hotel uses.

The team is also using the local business and professional services network, especially commercial property agents to strengthen the offer available to existing businesses to attract companies to Shropshire. This is being extended to explore the regional and national offer with engagement with companies such as JLL, CBRE, Knight Frank and Bulleys.

By the end of the financial year, Shropshire had seen £37.25 million of investments by foreign owned companies expanding with whom we are directly working. These five projects will see the creation of 143 new jobs and the safeguarding of a further 37 posts. One further success has been seen so far in the year to date with the retention of a further 25 jobs. The Business Growth and Investment team alongside DIT are working with approx. 20 prospects and enquiries and we remain hopeful that a number of these can be converted during the remainder of the financial year. In terms of UK owned businesses, the team have supported more than £51 million of investment, the creation of 293 jobs and the retention of a further 92 jobs over the

financial year to date. Further support identified through future grant schemes and continued expansions and relocations will see these figures increase further over the course of the financial year.

The Market Drayton grant scheme has also highlighted some interest, supports the start-up of new businesses and the growth of existing Small/Medium Enterprises (SMEs) within Market Drayton and those also looking to relocate or expand their business into Market Drayton. The team are proactively promoting this to companies across the town as well as potential new occupiers to Market Drayton from outside the county.

We are part of the Birmingham Growth Programme and approved grant funding to date has reached 36 with the fund due to close over the course of the next two months. This has brought in more than £804,000 of grant funding, almost £895,000 of private sector match and a further £262,000 of private sector leverage in Shropshire. The scheme to date will see the creation of 99 jobs with further expressions of interest due to be considered over the next month before the fund closes.

The role of the Shropshire Business Board continues to play a critical role in ensuring the private and public sector are working closely together to deliver the Economic Growth Strategy. This also applies at the Marches LEP level through our chair working as vice chair on the LEP Board and actively engaging in the refresh of the Marches Strategic Economic Plan referred to earlier in this report. The board have so far this year actively been involved in a number of projects and initiatives including the Digital Health Industrial Strategy Challenge Fund, Big Town Plan for Shrewsbury, Midlands Connect visits, workshops with the SEP consultants, and skills action planning. Membership of the Board now includes the Shrewsbury BID to ensure town centre representation is provided.

The role of the Shropshire Growth Hub continues to expand with the recruitment of two new roles into the team who have played a significant role in the promotion of this service. The team have not followed the route of the two other Marches Growth Hubs which have a central model in partnership with the University of Wolverhampton and instead we are focusing on outreach work across the county that can support companies in all corners of Shropshire. To date in 2018, the team have put on 54 events, which has been supported by 1,232 attendees. This sits alongside wider business engagement via 48 calls and 57 emails for companies enquiring about available support. The team have followed this on with 247 individual 1-2-1's to offer a range of advice and has included signposting 525 individuals to a range of support services, memberships and programmes.

Deliver infrastructure to support growth

Summary of key headlines;

- Contracts 1,2 and 3 delivery – expect to realise aspiration of providing all premises with access to superfast broadband but will go beyond 2020 to achieve
- Additional delivery through balance of unused grant funds and secured DEFRA Rural Development Programme

- Progress with strategic road infrastructure schemes to support growth including Housing Infrastructure Fund for Mile End, Oswestry
- Importance of strategic transport corridors recognised regionally and cross border

Early in 2018 the Government confirmed it had reached its target to deliver superfast broadband to 95% of all UK premises. Nationally the final 5% of premises in the superfast broadband (24 -30 Megabits per second) gap areas represent 70% of the UK's landmass. This demonstrates the challenge of getting superfast broadband to the hardest to reach areas of the UK, which is particularly relevant to Shropshire, with a significant volume of premises distribution across a large and rural geographic area.

Using comparative data, the Shropshire Council area currently has approximately 90% of premises connected to superfast broadband, with an expectation that up to 98% could have access to superfast broadband by the end of all current contracts that are expected to complete in 2021. This projection assumes that all opportunities for extra delivery through contracts are optimised and that there are no further changes from current commercial coverage commitments which remain beyond the control of the Connecting Shropshire's programme.

The Council's aspiration, as set out in the Local Broadband Plan in 2016, is to provide all premises with access to superfast broadband. Using existing programme funding and additional contract incentives over the course of our current contracts we expect to realise this aspiration, although it is no longer likely that this will be achieved by 2020. Whilst this is disappointing, it has always been a recognised risk to the programme, where infrastructure providers change their original commercial commitments. In all cases where commercial commitments change we will continue to lobby the providers and influencers to reconsider these frustrating and impactful decisions.

Contract 1 completed delivery in spring 2017. 52,453 premises, nearly 1,000 over the original contract target, now have access to superfast broadband as a result. The programme team are currently reconciling the final closure position with BT which is expected to realise cost savings. It is expected that this will enable reinvestment back into the current Contract 2 delivery to connect additional premises to superfast broadband.

Contract 2 is also with BT. The scale of contract is far smaller. 3,700 premises are expected to be connected to superfast broadband by the end of the contract. Deployment has proved far more challenging than BT had expected. To date Contract 2 is behind schedule but the team and BT are working closely to progress the contract as effectively and timely as possible and deliver superfast broadband to the target number of premises. This is expected to run into mid 2019.

Contract 3 was awarded to Airband in summer 2017. To date over 6,000 premises have been given access to superfast broadband. Deployment and implementation remains on schedule. We project to connect over 14,000 premises by the end of the contract in 2020. Whilst there have been siting and land acquisition challenges for the supplier in some areas, alternative mast sites have been acquired in most cases to retain the momentum of deployment. Whilst the project will still deliver to the contracted number of premises the challenge of finding new sites has an implication on specific premises being able to access the network.

We will continue work with BDUK (Broadband Delivery UK) to leverage opportunities for additional superfast broadband coverage in Shropshire. We anticipate being able to contract the balance of unused grant funds (£1.2 million) by the end of this year (2018). This will potentially connect an additional 700 premises to superfast broadband.

Airband have recently received £16 million new investment from the National Digital Infrastructure Fund (NDIF). The fund was set up by Government to encourage private investment in broadband networks, particularly fibre. The new investment is likely to provide opportunities to change some of the current deployment projections. A hybrid solution (RuralOptic) merges fixed wireless and fibre optic deployment. Any change to the network would still use existing 'mast sites' but would use localised fibre cabling to connect premises. The hybrid model will be able to provide "ultrafast broadband connectivity" (100 Megabits per second) and builds upon the Government's long-term strategy for ubiquitous full fibre.

Connecting Shropshire, working with Broadband Delivery UK have continued to issue Better Broadband Subsidy codes (864 to date). 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 is the largest beneficiary of the scheme nationally, which includes all counties.

Together with partners Fastershire and Superfast Telford, Connecting Shropshire has secured £1.498m funding from DEFRA's national Rural Development Programme to connect up some additional premises with superfast broadband. The project will see an additional 674 premises connected to superfast broadband and will commence deployment later this year.

In July 2018 the Government issued further strategic direction in its 'Future Telecoms Infrastructure Review' (FTIR) which set an expectation that all premises should be connected to full fibre and ultrafast broadband by 2033, with traditional copper services being withdrawn nationally from 2025.

Whilst we welcome this long term 'full fibre' ambition it should be set within the context of the current infrastructure deployment challenges in a rural county. Superfast broadband will continue to meet many communities' aspirations in the short to medium term (next 5-7 years). At the same time, we recognise the importance of full fibre as an enabler, most notably to support the long-term evolution of 5G technologies. As a result, we intend to review further long-term opportunities working with partners and Government.

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. Through the teams' collaboration, joined up working works well and was key in the success earlier this year to be allocated Housing Infrastructure Fund funding for Oswestry Mile End. This is now at due diligence stage with Homes England and the details of the preferred options for the design and layout are being finalised. This works will need to be completed by March 2021, unlocking 1,100 new homes.

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.

We continue to hold discussions and liaise with Utility providers and ensure that capacity needs are highlighted in Shropshire. The strategic infrastructure forum has recently been re-ignited and will play a key role in place shaping going forward.

Meet skills needs and aspirations

Summary of key headlines;

- Ongoing work to implement the skills action plan
- Careers and Enterprise co-ordination reached out to all education providers
- Launch of Centre for Research in Environmental Science and Technology (CREST) by University Centre Shrewsbury
- Launch of private sector led Marches Centre for Manufacturing and Technology, Bridgnorth

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. It is very positive that Colleges and Higher Education providers are represented on both the Shropshire Business and Marches LEP Boards engaging with the Local Authority and private sector to deliver positive outcomes and change. There will be a strong emphasis on this in the Marches refreshed Strategic Economic Plan.

The Economic Growth Service, in conjunction with the Careers and Enterprise Company and Marches LEP continue to engage with local schools, colleges and special education providers through the excellent work of a dedicated Careers Co-ordinator. To date this role has reached out to all educational providers and is working to pair them with the most appropriate companies and advisors to support the development of careers links and ensure that pupils are prepared for the world of work.

Economic Growth continues to support MCMT with their growth plans in Bridgnorth, with new apprentices continuing to come on board at the centre. The team also play a significant role in supporting the continued development of establishing UCS in Shropshire and are working with the university in the lead up to its first graduation in September. The team have also played an active role in the continued development of CREST that has continued to develop since its launch in February this year.

Promote Shropshire

Summary of key headlines;

- Raised profile of Shropshire to investors and developers which has led to some new interest e.g. hotel operators, property developers
- Refresh of Invest in Shropshire website and brand development

The team continues to build relationships with local public sector partners such as Midlands Engine, WMCA, Constellation Partnership, Grow Mid Wales and Marketing Cheshire. Partnerships with the Midlands Engine in particular have been strengthened with Shropshire's first contribution to the international commercial property event, MIPIM in March, with the team also planning to participate in MIPIM UK in October and plans already being developed for MIPIM 2019.

These opportunities not only allow Shropshire to be promoted to the world, but also support engagement with a range of investors, agents, developers, key multipliers and end users and has led to a range of discussions with potential investors. In particular, discussions continue to be developed on a number of hotel opportunities ranging across a variety of brand levels. Dialogue is also continuing with a number of potential development partners who have previously not considered Shropshire as a place to invest.

As previously outlined, the team are also developing a range of marketing collateral, which will be used at a number of lead generation events that are being explored within target sectors. The team will be looking at how we can effectively market at events across the country to attract new investors either through our own participation or with partners from DIT and across the Midlands Engine.

The team will also be using this new collateral to support the redevelopment of the Invest in Shropshire website. This will see the introduction of a property search function within the Invest in Shropshire website to support businesses both locally and outside the area explore potential properties and sites available across the county.

'A Council that is good to do business with'

This is an underpinning action of the Economic Growth Strategy. The recruitment within the team is now complete following the restructure of the service which provides the skills and capacity to deliver our ambitious programme. The joining up of approach through the systems review work undertaken and development of the growth programme to inform investments on a wider basis than just economic growth is proving valuable in helping to shape clearer direction. Activities we will focus on over the next period are to embed the findings of the systems review work which have an emphasis on customer outcomes and experience together with a clear communications plan.

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)
Councillor Nic Laurens
Local Member
All Members