

# CABINET

## Sustainable Economic Growth Priorities Report of Chief Officer (Regeneration and Planning)

PURPOSE OF REPORT				
The purpose of this report is to provide Cabinet with an overview of recent evidence relating to the economy of the district and to request that Cabinet confirms priorities for intervention and outline delivery arrangements.				
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision		Referral from Cabinet Member
Date of notice of forthcoming key decision	"[Click here and type date published]"			
This report is public				

### RECOMMENDATIONS OF Councillor Janice Hanson and Councillor Darren Clifford

#### It is recommended that:

- (1) Cabinet confirms Sustainable Economic Growth and Stability as a priority for the Council, with the aim of developing a strong and resilient local economy that can secure long term improvement in the standard of living and quality of life in the district.
- (2) Subject to Recommendation 1, the following key sectors are approved as priorities for growth: Knowledge Economy; Energy and Environmental; Port Related Logistics; Visitor Economy; Culture / Arts Economy.
- (3) To deliver growth in key sectors, as identified in Recommendation 2, the following themes are developed as a focus for delivery activities: Place Offer; Employment and Skills; Business Growth; Infrastructure and Assets; .
- (4) Subject to Recommendations 2 and 3, in tandem with the local plan process, the Council develops and agrees an Economic Vision and Strategy to provide clarity on local priorities and an Investment Framework to support their delivery.
- (5) That, subject to annual budget processes and taking into account the impact on current and future resource requirements, officers are requested to actively seek external funding and private sector investment to deliver the Council's Economic Growth priorities and develop income generation opportunities, as a

means of reducing the costs of services where this is reasonable and possible.

## **Introduction**

At its September 2015 meeting, Cabinet approved the approach to be used to confirm the Council's priorities and set its budgets for four years from 2016/17 (*Cabinet, 1<sup>st</sup> September 2015, Minute 27 refers*). This report is to further inform the budget and planning process by providing information on the local economy, including an up to date evidence base, and recommending economic priorities with an outline delivery framework. Bearing in mind current and future pressures on the Council's budgets, the report does not confirm the scale of developments or timescales as these will depend on the level of resources available once budgets are set.

In addition, this report seeks to address the requirement to provide a strategy to deliver the Council's draft Economic Regeneration Vision, as referred to in the Medium Term Financial Strategy (*paragraph 3.2.1 refers*). It will also assist in articulating the overall vision for the future of the district which must underpin the emerging local plan.

It is important to note that discussions regarding a possible Combined Authority for the Lancashire sub region are well underway and, assuming this goes ahead, strategic economic development and regeneration will be strongly considered for inclusion. This would effectively mean that the focus of district Local Authorities in Lancashire would be on those services that can need to be delivered locally. At this stage, however, the potential Combined Authority is still under consideration with further details expected over the coming months.

Given Combined Authority discussions, it is essential the Council can clearly articulate its economic growth and regeneration priorities to enter into any sub regional discussions with a clear view of what it wishes to achieve for the district.

Overall, this report seeks to set the scene for boosting economic growth in the district, rationalising services to achieve savings and efficiencies, as well as additional short term and long term income.

## **Background**

Stimulating economic growth is a national, regional and local priority. As the economy improves, opportunities for economic growth are emerging with the potential for a very positive impact on quality of life and sustainability.

The government, Local Enterprise Partnerships and Local Authorities all play an important role in establishing conditions for economic growth in a range of different ways. Within Local Government, it is the County Council that is responsible for developing an economic strategy. However, the City Council has identified Economic Growth as one of its Corporate Priorities for some years now. The emerging opportunities and the availability of a comprehensive evidence base that identifies growth potential in specific sectors, provide an ideal opportunity to determine how the Council can prioritise and deliver its economic development and regeneration activities to achieve the maximum lasting impact for the district.

The rationale for Local Authorities taking an active role in encouraging economic growth in their localities is clear. Economic growth leads directly to better standards of living and quality of life arising from more and better jobs, higher and more secure

incomes, better access to good housing, education and training, leisure, health and strong public services in a quality environment.

In order to encourage economic growth, many Local Authorities undertake direct delivery of economic development and regeneration activities. However, the role of a Local Authority is distinct from that of the businesses and employers that create wealth. The Local Authority brings a democratic mandate and accountability to act in the interests of citizens of the district and, in addition, it has economic development powers that allow it to undertake economic development and regeneration activities to support the growth of the economy.

Alongside economic development and regeneration, a further important aspect of the Local Authority role is its statutory responsibility to provide and manage a relevant and robust planning framework that supports appropriate development and growth, whilst ensuring that environmental quality is safeguarded and maintained.

Additional benefits for Local Authorities are created by economic growth and these include increased revenues from business rates, New Homes Bonuses, Section 106 Agreements and other schemes such as Community Infrastructure Levies, where these are in place. All of these capture a financial return from economic growth to allow Local Authorities to re-invest in further economic development and regeneration as well as other important public services.

### **Evidence base**

During recent months, the Council has renewed its evidence base and now has a much more detailed understanding of both the local economy and the work of a range of key partners.

The work carried out by Turley Associates, in terms of economic prospects and housing need, provides valuable context whilst increasingly strong relationships with the Chamber of Commerce, the County Council, Further and Higher Education and other partners in the district has allowed the Council to better understand how it can add most value in terms of its own economic role.

Three key pieces of work have now been produced to inform the emerging Local Plan and future economic development and regeneration policy, sitting alongside the LEP (Lancashire Enterprise Partnership) Strategic Economic Plan. In summary these are:

- The Employment Land Review (ELR) - January 2015
- Prospects and Recommendations for Achieving Economic Growth Potential - April 2015.
- A Housing Requirement Study (called a 'Strategic Housing Market Assessment') - July 2015

Between them, these studies provide a demographic and economic evidence base, alongside an appraisal of strengths and weaknesses in the local economy. Combined with emerging opportunities in key sectors, expected availability of land and improving transport infrastructure, these suggest there is the likelihood of steady economic growth in the district during the Local Plan period to 2031, with a corresponding need for labour and skills.

In summary, shrinkage in the labour force as the workforce ages, combined with the expected growth of full time equivalent (fte) jobs needed by employers, result in a significant skills and labour shortfall by the end of the Local Plan period to 2031. Whilst projections do vary, it is clear that both skills shortages and economic opportunities are significant. Further information on the current evidence base is provided at **Appendix A**.

### **Delivery arrangements**

Local Authorities take different approaches to economic development and regeneration in their areas, bearing in mind local needs and opportunities as well as varying levels of resources and funding.

A key feature of current delivery arrangements is joint working with economic partners such as Lancashire County Council, the Chamber of Commerce, Higher and Further Education partners, as well as external funders. In addition, the Council engages directly with the private sector, including developers, to bring forward delivery of many major schemes within the development planning framework. All of these combine to allow more services to be delivered overall with the limited resources available but with the Council using its resources where it can best add value and not where partners are more able to deliver effectively.

The current arrangements have brought a wide range of economic services together, achieved efficiencies and made use of staff expertise and other resources across a range of operations. As a result, services continue to run but inevitably structures are very lean, with many staff in key posts covering a number of a different areas of work.

### **Investment potential**

Investment to support economic growth comes from a range of sources, including developers and private sector businesses, mostly making investments based on market opportunities. These investments lead to employment sites and premises, housing, retail centres and other local facilities and provide market led regeneration that would often not occur otherwise.

The public sector, including government and Local Authorities can also directly intervene to create conditions for growth by investing in transport infrastructure, preparing land for development, providing premises for businesses, where these are needed, and ensuring that businesses have access to finance, skills supply and specialist advice.

External funding is also available from a range of sources including EU funds (with new investment frameworks now emerging), and government funds, which may come directly from government departments or via Local Enterprise Partnerships. Other funds such as Lottery and Arts Council are valuable for specific activities that are often not supported by other funds. Almost all external funding is competitive and has become increasingly so in recent years when funding has been more limited overall. However, bidding opportunities do occur for strong, relevant and deliverable projects and can be extremely valuable as a means of delivering important projects and programmes.

Over many years, the Council has been very successful in achieving high levels of funding and investment from various sources to deliver large scale programmes of work. At present, although there is no agreed Investment Framework to provide a clear, strategic, and agreed approach to investment and external funding, a number of officers have the skills to access external funding and to work with investors on a case by case basis.

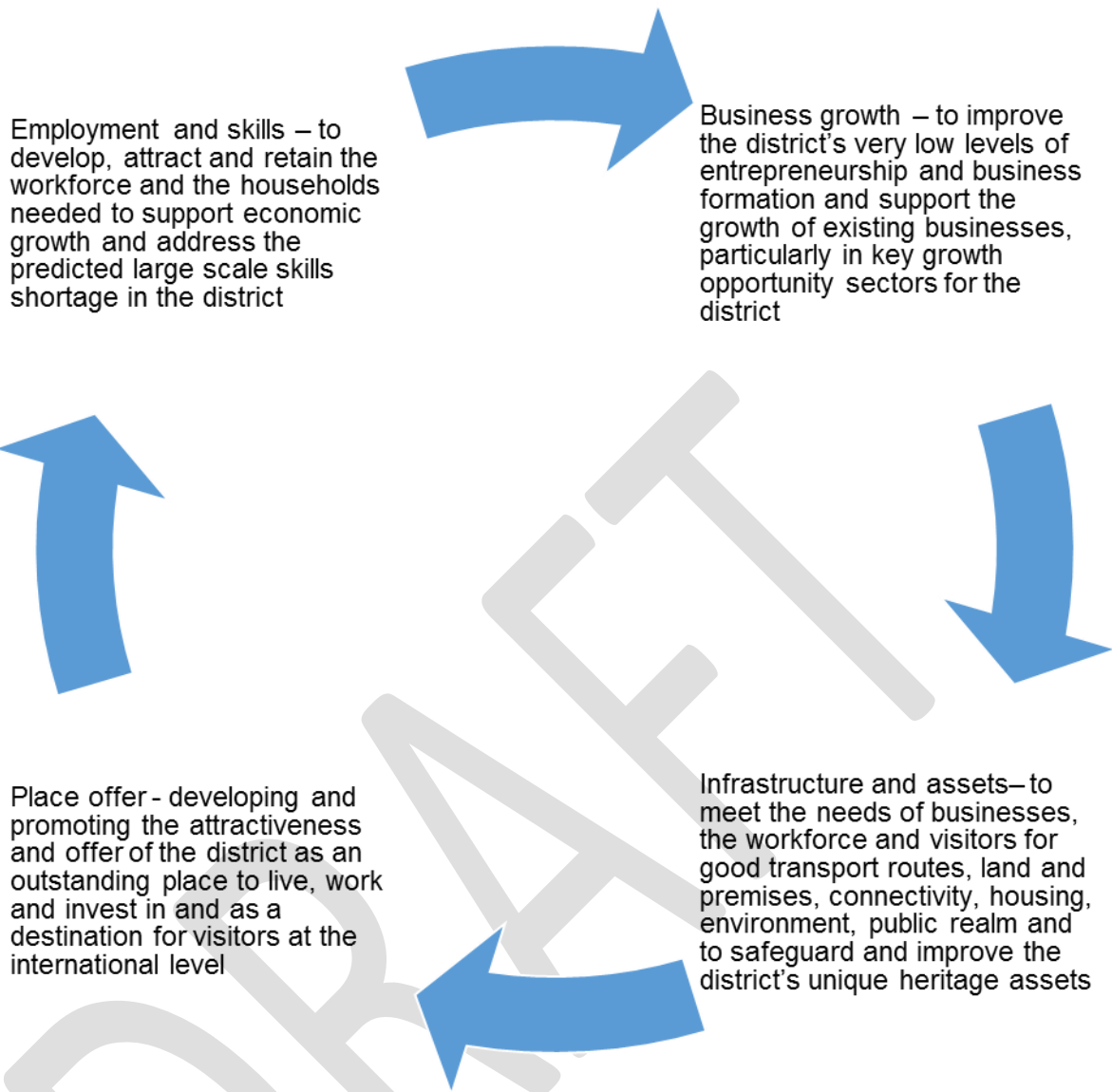
### **Proposal Details**

Based on the opportunities highlighted in the evidence base (see appendix A), the following sectors are recommended as a framework for Economic Growth in the District:

- **Knowledge Economy**
- **Energy and Environmental Sector**
- **Port Related Logistics**
- **Visitor Economy**
- **Arts Economy**

As a means of delivering growth in these key sectors, it is proposed that the Council's activities are revolve around four key themes, although working with partners and investors to secure their commitment and resources:

- **Place Offer**
- **Employment and Skills**
- **Business Growth**
- **Infrastructure and Assets**



**Economic Strategy and Investment Framework**

It is recommended that officers reflect the priorities and principles identified in this report in a high level, district wide Economic Strategy. This document will provide clarity on the Council’s priorities and the outcomes to be achieved and will act as the key reference point for delivery of Council services and programmes of work for the forthcoming period.

External funding and other investments will be essential to deliver the Economic Strategy and it is therefore also recommended that an Investment Framework is developed that will lay out the overall investment and funding requirements and opportunities, acting as a clear statement of intent and clarifying how the Council wishes to pursue delivering its priorities. This allows the Council to engage with funders at the more strategic level, gaining buy in to overall priorities and programmes of delivery.

## Delivery arrangements

This report proposes that, for the present, delivery of current economic development and regeneration services continues as a basis for achieving economic growth conditions in the district, subject to any changes arising as a result of annual budget processes. A critical part of this role is for the Council to lever in commitment, resources and investment from partners and the private sector and to achieve this it is also recommended that officers are requested to actively seek external funding and investment to support delivery of the Economic Strategy, taking into account current and future resource requirements.

**Appendix B** provides a full breakdown of proposed activities, based on current delivery arrangements. There is an opportunity for Cabinet to propose that officers investigate alternative approaches and resource requirements, if preferred.

## Details of Consultation

The proposals in this report take account of formal engagement with key economic contacts, as part of the development of the evidence base, as well as informal discussions by officers with a range of partners over the last twelve to eighteen months.

## 5.0 Options and Options Analysis (including risk assessment)

	<b>Option 1:</b> Economic Growth priorities and means of delivery are approved as recommended in the report	<b>Option 2:</b> Officers requested to evaluate specific alternative options (to be identified)	<b>Option 3:</b> Do Nothing – The current Corporate Plan provides the high level framework for Economic Growth
Advantages	<p>Recommended priorities will signify a clear way forward for targeted growth of the local economy and the development of a clear Economic Growth Strategy for the district.</p> <p>Work can commence to gain external commitment, delivery resources and investment.</p> <p>Allows officers to commence work to review and plan effective use of Council resources based on agreed areas of work.</p> <p>Recommendations are founded on a detailed current evidence base</p>	<p>Opportunity to consider if additional potential options for economic growth have not been captured in the work to date.</p>	<p>The Corporate Plan is immediately available.</p>

	<p>and consultation with partners and employers.</p> <p>The Council is ready to respond to opportunities that support delivery plans, as they arise.</p>		
Disadvantages	<p>Existing resources are required to deliver the proposed activities, therefore there is no opportunity for achieving further savings at the present time.</p>	<p>Council's approach will remain less clear for a further period of time.</p> <p>External commitment, resources and investment less likely as plans are clear and agreed.</p> <p>Work to review and plan Council resources cannot commence for the present.</p> <p>Further investment may be needed to extend the evidence base to include any new potential priorities.</p>	<p>There would be no Economic Growth Strategy for the district to bring delivery partners and funders together around economic priorities.</p> <p>The Corporate Plan expresses the Council's priorities but cannot act as an agreed, district wide strategy.</p> <p>Attracting investment into the district to deliver economic growth priorities will require an agreed overall approach and detailed evidence base, which the Corporate plan is not designed to do.</p>
Risks	<p>No specific risks identified as a result of agreeing priorities. However, delivery is dependent on both Council and partner resources as well as investment from a range of sources.</p>	<p>Potential to delay progress in key areas of activity</p>	<p>Potential lost opportunity to gain district wide consensus on priorities and to lever in additional investment.</p>

## 6.0 Officer Preferred Option (and comments)

- 6.1 The officer preferred option is Option 1, which will provide clarity and direction regarding the Council's approach to Economic Growth and its economic development and regeneration activities. Option 1 will also provide a framework to act as a focus for identifying and developing opportunities to secure the additional investment required for delivery.



## **7.0 Conclusion**

- 7.1 At this point in time, the Council now has the benefit of a more detailed evidence base than has been available for some years, as well as strong external relationships with a range of partners, providing the opportunity to reflect on the changing demography and economy in the district. The recommendations included in this report provide a means by which the Council can take a leadership role around a district wide approach to achieving economic growth potential. This is an essential basis on which to agree priorities, manage delivery and achieve significant investment into the district for the medium term future, whilst allowing for adaptation to changes and developments as they emerge.

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**RELATIONSHIP TO POLICY FRAMEWORK**

The policy context for establishing these priorities is the Lancashire Enterprise Partnership's Strategic Economic Plan (which includes a number of Lancaster projects) and the Council's current Corporate Plan and recently agreed priorities.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

The Council's approach to economic growth will affect the local economy, jobs, land and premises, facilities and amenities and quality of life in the district in the long term and, as such, will impact on businesses, citizens and visitors. This report establishes key principles but the impact of specific activities will be considered as part of the Council's normal decision making processes, as required.

**LEGAL IMPLICATIONS**

None as a direct result of this report

**FINANCIAL IMPLICATIONS**

None as a direct result of this report

**OTHER RESOURCE IMPLICATIONS****Human Resources:**

None as a direct result of this report

**Information Services:**

None as a direct result of this report

**Property:**

None as a direct result of this report

**Open Spaces:**

None as a direct result of this report

**SECTION 151 OFFICER'S COMMENTS**

Section 151 insert comments here prior to Management Team

**MONITORING OFFICER'S COMMENTS**

Monitoring Officer insert comments here prior to Management Team

**BACKGROUND PAPERS**

Employment Land Review – Turley Associates, January 2015

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David Lawson

**Telephone:** 01524 582308/ 582331

Prospects and Recommendations for  
Economic Growth – Turley Associates, April  
2015

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