

SURREY COUNTY COUNCIL**CABINET****DATE: 25 FEBRUARY 2014****REPORT OF: MR PETER MARTIN, DEPUTY LEADER****LEAD OFFICER: TREVOR PUGH, STRATEGIC DIRECTOR, ENVIRONMENT AND INFRASTRUCTURE****SUBJECT: SUPPORTING ECONOMIC GROWTH****SUMMARY OF ISSUE:**

In February 2013 Cabinet identified economic growth as a key priority for the county council, both to secure an increase in the size and value of the economy and to generate employment. The report set out how the county could benefit considerably from greater influence over national programmes and devolved funding to support local economic growth. It also identified how the council would apply the One Team ethos in working with district and borough councils, businesses and other public sector partners across Surrey to drive forward economic growth.

The council has made considerable progress on this over the last twelve months. This report takes forward the approaches identified in February 2013 and identifies activity that is underway to maximise the levels of investment in Surrey including:

- ensuring that Surrey County Council's priorities are reflected in the development of the Local Enterprise Partnership (LEP) strategic economic plans and securing additional investment in the county;
- strengthening the local authority role in Local Enterprise Partnership governance;
- engaging business opinion through Surrey Connects, in particular understanding Surrey's key growth and globally competitive sectors to achieve and sustain growth; and
- enhancing collective working across Surrey with district and boroughs and with business on economic growth, including through Surrey Future and the Employment and Skills Board, in particular to make the case for additional investment in strategic infrastructure.

The role of the LEPs has evolved considerably in the last twelve months and the partnerships have become increasingly important in supporting local economic growth. LEPs have been invited to negotiate Local Growth Deals with Government, through which they can secure funding for capital schemes, including transport and infrastructure, as well as seeking greater influence over national growth programmes. Surrey is split between two LEPs and the county council has worked actively with both partnerships in the development of their Strategic Economic Plans and will continue to play a key role as they enter into negotiations with Government.

RECOMMENDATIONS:

It is recommended that Cabinet:

1. congratulate Surrey businesses on their success in achieving significant economic growth in recent years which means that the gross value added of the Surrey economy is now in excess of £32 billion a year
2. note the progress made with both of the Local Enterprise Partnerships of which Surrey is a member in making the case for additional investment in the county and agrees that the Deputy Leader, in consultation with the Leader and the Cabinet Member for Transport, Highways & Environment, should agree the final Strategic Economic Plans for both LEPs in accordance with the approach set out in this report
3. agree that the county council should be represented by the Deputy Leader in the proposed new local authority governance arrangements for Enterprise M3 (EM3) and Coast to Capital (C2C) Local Enterprise Partnerships
4. note the financial implications of the ongoing work with Local Enterprise Partnerships, including the potential to secure additional funding for transport and infrastructure schemes and for skills development given that the LEPs are intending to bid for £850-£950 million for the period 2015-2021
5. note that the Surrey Connects Board are currently considering a range of options for their future operation and agree that decisions on any financial and organisational changes that are needed in the county council once that consideration is concluded should be delegated to the Strategic Director for Environment and Infrastructure in discussion with the Deputy Leader
6. note the arrangements for enhancing collaboration with district and borough councils, including potential areas for joint working to secure additional benefits across the whole of Surrey
7. agree to hold an all member workshop on economic growth and the Local Enterprise Partnerships in March 2014.

REASON FOR RECOMMENDATIONS:

The approach set out in this report will assist the Council in achieving the 'Confident in our Future' Corporate Strategy 2014-19 (as agreed by Cabinet on 4 February 2014 and by full Council on 11 February 2014), which includes a specific priority to make Surrey's economy strong and competitive. In particular, it will support the council in its efforts to secure additional investment in Surrey, more flexibility to meet the distinct needs of the county and more joint working with boroughs and districts to promote economic growth. Additional investment in strategic and local infrastructure, in skills and in employment and business support will help to promote economic growth across the county, maintain the quality of life for residents and develop Surrey's already very strong offer as a place to do business.

DETAILS:

1. Cabinet agreed in February 2013 the importance of promoting economic growth in Surrey and identified a number of mechanisms to support that aim.

2. The Surrey economy has continued to show strong growth in the last 12 months with Gross Value Added (GVA) increasing 8.1% between 2011 and 2012 to over £32bn, adding £2.4bn in a single year. This level of growth is unrivalled across the UK, with the Surrey economy growing by over 15% since 2009. Alongside the strong base of small and medium sized enterprises, this growth can be attributed in large part to the many major international businesses that are located within the county. These businesses are attracted to the area for its access to major international gateways, particularly the airports, and for its proximity to London. Surrey's residents are highly skilled, with over 40% having attained a degree level qualification. The county is a highly desirable place to live, work, start and grow a business.
3. The recent Business Survey conducted on behalf of the county council and Surrey Connects gathered the views of 1,300 businesses in the county, covering all sizes and across a broad range of sectors. It helped to identify the issues facing businesses in Surrey, including the areas where they would benefit from additional advice and support. The results show that 77% of firms are optimistic about their prospects for expanding, whilst almost 90% of the businesses reported that they are drawing up plans to develop their business.
4. However, this strong sense of optimism amongst businesses and the significant levels of economic growth achieved in recent years have been achieved despite an ongoing lack of investment in strategic infrastructure and economic success has led to congested roads, inadequate infrastructure and high house prices. Highly skilled Surrey residents commute to London each day and youth unemployment remains above 2009 levels.
5. The county council has taken positive steps over the last twelve months to address some of these challenges and implement measures that will help businesses to grow and succeed:
 - the county council has extended the highly successful **apprenticeship scheme for Surrey businesses**, which has resulted in the creation of more than 500 apprenticeship places. This is one of the largest county council supported programmes in the country and has been achieved without the level of additional support from national Government that has been available elsewhere;
 - roll out of a **countywide high speed broadband network** that will connect 99.7% of the county;
 - targeting **60% of council spend with local SMEs** has resulted in almost £1 million per day being spent with local companies; and
 - **delivery of a major programme of road schemes** and improvements, including completion of the Walton Bridge.
6. There has also been an increasingly strong emphasis on working with employers to help steer activity. In April 2013, the Surrey Employment and Skills Board was established to ensure there is a collective Surrey voice on skills issues. The Board is articulating and promoting the skills needs of businesses within the Surrey area and opportunities for residents to meet them. Chaired by a senior representative from BP, the membership of the Board comprises employers, including Canon UK and SMEs, further education colleges, schools, universities and councils.

7. In accordance with the One Team ethos, the county council has been working closely with a wide range of partners as described in the rest of this report, particularly the Local Enterprise Partnerships and the districts and boroughs to develop and implement economic growth initiatives.

The changing role of Local Enterprise Partnerships

8. The Government has identified Local Enterprise Partnerships (LEPs) – which are public-private partnerships – as the main vehicle for promoting economic growth across the country. There are 39 LEPs, two of which include parts of Surrey; Enterprise M3 which covers the western area of the county; and Coast to Capital which covers the eastern district and boroughs. The Deputy Leader of the Council sits on both LEP Boards.
9. The role of LEPs has evolved considerably over the last twelve months, with the Government placing additional responsibilities on the LEPs and giving greater emphasis to how local authorities should work with them to grow their local economy. This has included agreeing some further devolution of funding streams for transport, skills and housing to the LEPs for decision on how they are invested locally.
10. In June 2013, the Government announced the creation of a £20 billion Local Growth Fund to cover the period from 2015-2020, with £2bn allocated for 2015-2016. This figure includes some funds that have already been allocated to LEPs (including some of the local major transport scheme funding). The remainder of the Fund (approximately £1 billion) will be allocated on a competitive basis through a process of bidding and negotiation.
11. Competitive bids will be assessed on the quality of ‘Strategic Economic Plans’ which LEPs have been tasked with developing and implementing. The Plans should set out the local economic priorities for the area and identify priority programmes and projects that will achieve their aims. The Strategic Economic Plans will form the basis of a ‘Local Growth Deal’ between the LEP and Government, which will determine how much Local Growth Fund each LEP will receive.
12. LEPs are also expected to use the Local Growth Deal discussion with Government to set out an economic case for additional freedoms and flexibilities for the local area. This is unlikely to take the form of additional devolved funding, but could include greater local influence over the delivery of national programmes.
13. Government guidance has outlined that the success of LEP bids for Local Growth Fund will be significantly influenced by the level of collaboration with local authorities. There is an expectation that local authorities will support LEPs through strong partnership working, robust arrangements for accountability, effective collaboration across the LEP area and pooling of economic development resources. Hence the proposals for developing local authority governance arrangements described below (paragraphs 31 - 35).
14. Local Transport Bodies (LTBs) were established in 2011 as a vehicle for Government to devolve local major transport scheme funding. LTBs were expected to identify and prioritise transport schemes that would enable economic growth. LTB funding streams were included in the Local Growth Fund announcement and Government expects LEPs to integrate LTB decision making structures into the governance structures for the wider

Partnership. Both Enterprise M3 and Coast to Capital are incorporating their respective LTBs into their governance structures and have integrated LTB priority schemes into the Strategic Economic Plans.

- 15. The timescales for the production of the Strategic Economic Plan and Local Growth Deal are very tight. LEPs have already submitted draft versions of the Strategic Economic Plans. The final submissions are due on 31 March 2014. The Government will conclude the final assessment of plans by June 2014 and a Local Growth Fund offer will be made to each LEP in July 2014. LEPs will receive their portion of the Fund by April 2015.
- 16. Summaries of the Coast to Capital and Enterprise M3 Strategic Economic Plans are attached as annexes A and B. This sets out the vision and objectives for both areas, with a brief overview of the emerging priority projects for Surrey.

European Structural and Investment Funds

- 17. LEPs are also expected to take a lead role in the day-to-day management of European Structural and Investment Fund (EUSIF) for the 2014 – 2020 Programme. The amounts involved for each LEP are set out in paragraph 19 below. This new programme will combine European Regional Development Fund (ERDF), European Social Fund (ESF) and elements of the European Agricultural Fund for Rural Development (EAFRD). The Funds are expected to drive ‘smart, sustainable and inclusive growth’ and will provide support to those areas with greatest need. The funds have different uses, for example ERDF can be used to provide business and enterprise support, stimulate a knowledge based economy or build sustainable communities. ESF is targeted at developing a skilled workforce and providing employment support opportunities (especially to disadvantaged communities), while EAFRD helps to improve the quality of life in rural areas, diversification of the rural economy and improve the environment of the countryside.
- 18. All LEPs in England have received a ‘notional’ allocation of European Structural and Investment Funds and have been tasked with developing a strategy to outline how they intend to spend the funds on priority areas. The strategy is expected to align with the Strategic Economic Plan.
- 19. The allocations for Coast to Capital and Enterprise M3 for the 2014 – 2020 period are:

Coast to Capital			
Total ERDF and ESF Allocation		EAFRD	
£57.62m		£3.83m	
ERDF split	ESF split		
£28.81m	£28.81m		

Enterprise M3			
Total ERDF and ESF Allocation		EAFRD	
£38.54m		£3.5m	
ERDF split	ESF split		
£21.58m	£16.96m		

20. The funds must attract 50% match, which can come from a range of sources including the public sector, the private sector or through national government programmes. The Government has encouraged LEPs to work with national 'co-financing' organisations, such as UK Trade and Investment, the Skills Funding Agency and the Department for Work and Pensions, to develop 'opt-in' agreements as a way to secure this match. Both LEPs in the Surrey area have agreed in principle to agreements with a number of co-financing organisations, but will also be looking to secure local match funding.
21. The final EUSIF strategies were submitted to Government on 31 January 2014 and presented a high level indication of how the funds will be spent with the main focus on business and enterprise support, innovation and employment and skills activities. There is a considerable amount of work needed by both LEPs to develop more detailed proposals, particularly around commissioning and tendering arrangements for projects and for sourcing local match funding. The county council will continue to provide support throughout this process.
22. LEPs will not be responsible for managing or administering the funds. They will advise the Managing Authorities, including the Department for Communities and Local Government, the Department of Work and Pensions and the Department for Environment, Food and Rural Affairs, on programmes and projects that fit with local priorities. These Managing Authorities will have final approval of the successful programmes and will administer the funds, while ensuring compliance with European regulations.

Surrey Interests and Priorities

23. Local Growth Deals **offer the only opportunity to secure devolved responsibility and funding for economic priorities, including skills and transport.** In order to maximise the opportunity for investment in Surrey the first step is to help both LEPs maximise the amount of Local Growth Fund they secure through the bidding process against the rest of the country. Accordingly the county council is working closely with both LEPs, helping to shape emerging priorities and playing an active role in collective decision making.
24. LEPs have provided an indication of the likely size of their bid to the Local Growth Fund as part of the draft Strategic Economic Plans. Coast to Capital suggested that their bid would be in the region of £558m, with almost £400m to be allocated to transport projects. Enterprise M3 proposed a bid of around £300-£400m in magnitude, with approximately 50% to be spent on transport projects. LEPs are required to demonstrate how the Local Growth Fund investment will generate leverage from other sources, and there is an

expectation that private leverage will be considerable for Coast to Capital and Enterprise M3. The amount of leverage generated will be used as a criterion for assessing the quality of bids. The total amount of Local Growth Fund secured through the Growth Deal process is expected to be announced in July 2014. The initial reaction for Government for both LEPs suggests that they have pitched their bids for Local Growth Fund fairly well but it will be an uphill task to secure the full level of funding that has been sought.

25. The county council is also working with LEPs to ensure that priority schemes in Surrey are included in the Strategic Economic Plans. These are summarised in Annexes A and B. As the LEPs move into the implementation stages of the Plans, **the council will be seeking to maximise the level of investment in Surrey**, ensuring that priority projects are delivered, including transport, skills and business and enterprise support. The council is working to develop outline business cases for priority projects, which will be submitted to the LEPs later in 2014. Early signs from Government are that in order to convince them to put significant additional resources into economically successful areas such as the South East it will be necessary to develop a convincing case both in terms of the need to support competitiveness against other parts of the world and in terms of meeting housing need and generating additional jobs and commercial development. In particular it seems likely that the LEPs will need to be able to demonstrate that there will be additional or accelerate outputs in terms of houses, jobs and commercial floor space through use of the Local Growth Fund. These are difficult issues but in all cases the major need is for additional investment in infrastructure in order to address the increasingly clear constraints which are affecting competitiveness and quality of life.
26. The approach outlined above will help to ensure that the LEPs are able to submit robust bids to Government for the Local Growth Fund and that Surrey is well placed to deliver the priority projects identified in the Plan. This is being achieved through a number of measures including:
- the county council's transport team have played a key role in helping both LEPs to develop the assessment criteria for transport interventions. This reflects the approach endorsed by the Department for Transport and will ensure that transport schemes are assessed in a clear and transparent way. The county council is developing a series of transport schemes for inclusion in the final Plan, ranging from schemes of strategic importance, such as the A3 and North Downs Line, which were identified in the 2013 Surrey Rail Strategy, through to schemes of local importance and a series of maintenance and sustainable transport packages.
 - the case for investment in strategic infrastructure has been developed through the Surrey Future initiative which involves all of the councils in Surrey and has identified and prioritised major interventions needed across the county.
 - both LEPs recognise the importance of ensuring that businesses have access to people with the right skills at the right time. The county council has been central to the development of the Skills and Employment Strategy for Enterprise M3 and has had significant input into the ongoing work of Coast to Capital. The Surrey Employment and Skills Board has played a key role in influencing the thinking of

both LEPs and has offered an employer perspective to shape and develop proposed interventions. A series of proposed skills interventions, including the development of a local careers information, advice and guidance system, has been developed as part of the Surrey's proposals for the Public Service Transformation Network.

- Surrey Connects and the council have jointly supported Enterprise M3 and Coast to Capital to develop processes for responding to inward investment and Foreign Direct Investment queries. A joint website, 'Invest in Surrey', was launched in October 2013 and acts as a single point of contact for potential investors. The county council, district and borough councils and Surrey Connects respond to queries that come directly through the website or those that are referred through the LEPs.

27. In addition to setting out the proposed use of government and local funds to drive economic growth, the Strategic Economic Plan (SEP) is also expected to detail the 'freedoms and flexibilities' for the LEP area. Freedoms and flexibilities are additional asks of government which would have a positive effect on local economic growth. These may come in the form of relaxation of regulations or granting of enhanced local powers, which would assist the LEP in delivering against its priorities. The Government has indicated that LEPs are more likely to receive influencing powers as part of their growth deal negotiations, rather than receive additional funding from outside the Local Growth Fund.

28. The county council has been working with both LEPs to shape the freedoms and flexibilities that they have requested through the Strategic Economic Plans. These include:

- formal duty to cooperate between national agencies (e.g. Highways Agency, Network Rail) and the LEP and its partners to prioritise investment including enhanced surface access to the airports;
- use of Local Growth Fund money to undertake initial design work for major schemes and scope to capitalise the design costs of schemes;
- greater local influence over utilities investment;
- formalise and further develop joint working between the Homes and Communities Agency and the LEPs through a duty to cooperate;
- greater influence over the operation of National Careers Service allowing much greater localisation of its work and also freedom for schools to use their resources differently;
- more flexibility for schools and colleges to be able to use financial and other resources to promote a wider range of pathways for young people 14-19 to offer more integrated academic, professional and technical pathways and allowing blended packages across schools, colleges, HE, employers and training providers; and
- Enterprise Zone type incentives including tax increment financing to support advance provision of infrastructure and measures to promote

business investment in key locations and sectors identified through the Strategic Economic Plans.

29. The precise nature of the additional freedoms and flexibilities will be negotiated with Government through the Local Growth Deal.
30. Further detail on the Surrey priority projects can be found in annexes A and B. The annexes contain two elements. First a description of the main elements of the LEP plans. Secondly, a description of projects that have been developed by the county council and district and borough councils and reflect work with local area committees, businesses and other stakeholders about their priorities. The projects have been grouped together to form packages relating to a number of areas across Surrey. Projects are at very different stages of development. Some are already part of the programme of transport major schemes; others are at an early stage in terms of design. It is unlikely that all of these schemes will be funded and many require a great deal of further work but taken together they represent a broad indication of the sort of bid that Surrey collectively might make for use of the Local Growth Fund over the next 6 years in order to support economic growth in the county.

Governance

31. Both of the LEPs have been reviewing their own governance arrangements, particularly as their focus moves from being primarily concerned with the development of strategy into animating and overseeing a programme of activity using European and Growth Fund resources.
32. A key issue for Government is that there must be effective democratic accountability for Local Growth Fund money, and strong delivery mechanisms to deliver SEP actions. Government has also been clear that the actions in the SEP need to be backed up by robust governance arrangements which engage all local authorities within the area to ensure delivery through prompt and effective decision making. In particular Government is likely to be looking for such arrangements to promote:
 - collective decision making by authorities
 - collaboration and greater co-ordination on economic development activities
 - aligning resources in support of the SEP.
33. From the local authority perspective, governance arrangements need to provide efficient, transparent and accountable decision making in relation to the use of public resources.
34. Both EM3 and C2C have been working with the local authorities in their areas to develop arrangements that will give effect to these requirements. The current position is slightly different between the two LEPs:
 - a) in Enterprise M3 Leaders have reached agreement in principle to establish a Joint Leaders Board (JLB) which would comprise all the local authority Leaders in the LEP area and which could subsequently develop into a Joint Committee. A JLB is an informal voluntary partnership with no legal status and as a result it can be put in place relatively easily. However, the informal nature of the arrangement also means that

functions cannot be delegated to it. The intention is for the JLB to sign off the SEP from the perspective of the local authorities in the EM3 area. It will be separate from the Enterprise M3 Partnership (i.e. not a sub-group of the LEP) and will be set up specifically in order to provide the democratic accountability for Enterprise M3's Strategic Economic Plan. The JLB would also formally appoint the local authority representatives to the Enterprise M3 Board and would assist in the development and implementation of actions that will deliver the Strategic Economic Plan, and promote collaboration on economic development issues affecting the wider area.

- b) in Coast to Capital, the intention is to move to a Joint Committee again comprised of all of the local authorities in the area (plus the South Downs National Park). As with EM3 the new Committee would not be a sub-group of the LEP Board. It would have a clear and relatively narrow remit to articulate the collective local authority view to the C2C Board on the SEP and to formally agree it. The Committee would also review delivery of the Plan and agree adjustments with the LEP Board on an annual basis. Accountability for delivery would be delegated to area based structures reflecting the current emphasis in C2C of working through area partnerships. The precise number and nature of these area based arrangements has yet to be agreed. Discussions will be held with each local authority on draft terms of reference for the new Joint Committee which needs to meet, probably in shadow form, in late March to agree the SEP.
35. Since at this stage proposals for new Joint Committees have yet to be made, Cabinet is asked to agree to participation in their development and to the involvement of Surrey in the EM3 Joint Leaders Board and any session of the C2C Joint Committee in shadow form. There will subsequently be a need to formally consider the terms of reference for the Coast to Capital Joint Committee and, subject to agreement to those terms of reference, to appoint a member to it.

Process

36. Both LEPs will submit their Strategic Economic Plans to Government by the end of March 2014. Each LEP has adopted slightly different sign-off processes, although there are some clear similarities. The county council will be expected to endorse the Plans and the Government will assess the level of support for the Plans as part of its assessment process of funding bids.
37. The Enterprise M3 Leaders Board will meet on 10 March 2014, with a focus on agreeing the joint local authority view on the Plan, with the Enterprise M3 Board meeting on 19 March. At this meeting LEP Board Members will be expected to agree the near final version of the Strategy including a prioritised list of projects. Final sign off for the Plan will be delegated to the Enterprise M3 Steering Group, which includes officer representation from the county council; however the changes between the Board meeting and submission are likely to be minimal.
38. The Coast to Capital Board will meet on 19 March to agree a near final version of the Strategy. The Joint Committee will meet on 25 March to give the local authority collective view on the plan and final sign off will be made by the Executive Committee, which comprises a small number of Coast to Capital Board members.

39. Given these arrangements, it is proposed that the Deputy Leader in consultation with the Leader and the Cabinet Member for Transport, Highways & Environment should agree the final Strategic Economic Plans for both LEPs in accordance with the approach set out in this report. Any significant changes in either Strategic Economic Plan compared to the approach set out in this report will be discussed at the 25 March Cabinet meeting.

Financial Implications for the Council

40. There is potential for Surrey to benefit considerably through its ongoing engagement with the LEPs, particularly in securing funding for priority schemes including capital investment for transport projects. However, there is an expectation from the Government and the LEPs that upper tier authorities will make a significant local contribution to support the preparatory work for these projects and to their overall costs, as is currently the case. An assessment of the possible contribution from the county council towards schemes will be needed as part of the process of finalising the Strategic Economic Plans for each LEP (although the level of detail will be considerably less for those schemes which would be delivered towards the end of the plan period).
41. Both LEPs have requested that expressions of interest are submitted for all capital projects, which will then be used to agree the prioritised projects for the final Strategic Economic Plans. At this stage the prioritisation is to help make the case for the credibility of the Strategic Economic Plan. Later in the year there will be a requirement for considerable additional information to develop bids for specific schemes. The level of resource required to support this preparatory work can only be determined once the expressions of interest are completed and the LEP has agreed its list of priority projects. In previous years, the county council has utilised New Homes Bonus to support the preparatory costs for transport schemes.
42. The county council currently makes a financial contribution to both LEPs and funds a project manager post within the Enterprise M3 LEP, as well as providing considerable in-kind officer and elected member time contributions. The scale and nature of the contribution for 2014/2015 is currently being considered.

Relationship with Surrey Connects

43. Surrey Connects, which is constituted as a business led economic development company, has been working with businesses in Surrey and with national agencies, the county council and others to strengthen significantly Surrey's offer on inward investment, exporting, business support, business incubation and enterprise. Surrey Connects has led and undertaken specific business engagement activity, understanding Surrey's key growth and globally competitive sectors which are driving economic growth; actions have included the Surrey Big Debate and the Surrey Business Leaders Network, in conjunction with District and Borough stakeholders. The organisation has also led on key issues, such as aviation, which may affect the future growth potential of Surrey's economy.
44. The two members of Surrey Connects staff are employed by the county council and Surrey Connects is also making use of resources which were transferred to it from the former Surrey Economic Partnership. The Surrey Connects Board is currently considering a range of options for its future

operation and will be discussing these with the county council. These could involve changes in the relationship with the county council and Cabinet is asked to agree that decisions on any financial and organisational changes that are needed should be delegated to the Strategic Director for Environment and Infrastructure in discussion with the Deputy Leader.

Joint working with D&Bs

45. The county council has been working closely with many of the boroughs and districts to promote developments in their area (such as major town centre schemes in Woking) and to develop governance structures to guide action (such as the Public Service Board in Guildford). The development of the SEPs has been a catalyst for further increasing joint working between boroughs and districts and with the county council in terms of:
- identifying priorities for Surrey as a whole in terms of places which are particularly significant for economic growth as can be seen in the emerging plans for both Enterprise M3 and Coast to Capital. In particular the latter have benefited greatly from co-ordinated input from the East Surrey boroughs and districts
 - making the case for strategic investment in Surrey, particularly in terms of major strategic transport corridors such as the A3 and the North Downs Line
 - identifying issues to which Surrey as a whole needs to respond such as meeting assessed housing need and the implications of under supply of housing in London for the area
 - co-ordinated joint working in particular places to develop packages of measures which can be supported through the SEP and Growth Fund covering transport, commercial land and town centres
 - greater collaboration on functions which are needed for the county as a whole such as inward investment.
46. Further work on all of these approaches is now planned with Surrey Chief Executives and Surrey Leaders.

CONSULTATION:

47. The chief executive and chairman of Surrey Connects, and the directors of both the Enterprise M3 and Coast to Capital LEPs have been consulted on the proposed approach, which has also been discussed with Surrey borough and district council chief executives.

RISK MANAGEMENT AND IMPLICATIONS:

48. The Government has been clear that the Local Growth Fund will be the only source of new investment in transport and other infrastructure and the main source of investment in economic development more generally. The county council can only secure investment through the LEPs rather than directly from Government. Accordingly, the effectiveness of the negotiation conducted by the LEPs on the basis of the Strategic Economic Plan is crucial for future investment in Surrey to support economic growth. The council has been putting considerable effort and resource into helping both of the LEPs of

which Surrey is a member to develop the best case for additional investment, including through close working with districts and boroughs.

- 49. Once each LEP has secured a portion of Local Growth Fund the county council and Surrey districts and boroughs will have to bid to the LEP for funds for particular projects or respond to tenders or commissioning undertaken by the LEPs. This will be a competitive process with other councils and areas within each LEP and will need significant effort by council officers to develop and promote the case for each project. The upfront costs of scheme design and development may not be refundable if the schemes are not ultimately successful in securing funding from the LEP.
- 50. The county is unusual in being split between two LEP areas and as such has to devote an unusually large amount of up front member and officer time to working with the LEPs in order to try to secure influence and investment.
- 51. This split in focus also reduces the emphasis on making the case for Surrey as a whole. There are renewed efforts through Surrey Leaders, Surrey Chief Executives, Surrey Future and the Surrey Employment and Skills Board on making the case for the whole of the county area and addressing strategic issues for the county as a whole, such as housing.

Financial and Value for Money Implications

- 52. Elements of the programme to support economic growth will require funding as they are developed, and decisions on the allocation of funds will be sought at the appropriate time.

Section 151 Officer Commentary

- 53. There are no new financial implications associated with this report on the Supporting Economic Growth strategy. Individual projects brought forward as a consequence of the Strategy and the relationship with the Local Economic Partnerships may have financial implications, particularly in relation to the expectation of match-funding to progress major schemes. Where these projects require a financial contribution from Surrey County Council, to the extent that they are not already provided for in the Medium Term Financial Plan, these will be highlighted in further reports.
- 54. The Section 151 Officer additionally notes that arrangements in respect of the council's relationship with Surrey Connects are to be considered by the Leader and Deputy Leader. It is expected that amended financial arrangements will be made within the context of the Medium Term Financial Plan.

Legal Implications – Monitoring Officer

- 55. The report refers to the proposed governance arrangements enabling relevant local authorities to work together to support the LEPs. These are not sub-groups of the LEPs themselves but are key in agreeing the Strategic Economic Plans of the LEPs and otherwise advising the LEPs. The direction of travel for these arrangements is the establishment of formal Joint Committees under section 101(5) and 102 of the Local Government Act 1972. Agreement to these arrangements including the terms of reference and constitution of the Joint Committees will need to be considered at a future

cabinet meeting. In the meantime the Cabinet is able to delegate to the Deputy Leader the executive function of agreeing to the Strategic Economic Plans for the LEPs as a member of the Joint Leaders' Board in Enterprise M3 and the shadow Joint Committee in Coast to Capital.

Equalities and Diversity

56. There are no identified negative equalities impacts. Where additional funding for infrastructure and transport schemes is secured, there will be positive impacts though increasing access to services and employment opportunities. Growth in businesses based in Surrey will in some cases generate additional jobs. Focusing skills and training support on young residents will also help positively address Surrey's relatively high level of youth unemployment. Where applicable, equality impact assessments will be undertaken as a part of decisions on individual projects.

Corporate Parenting/Looked After Children implications

57. The county council recognises it has a responsibility to young people in the county who might struggle to make a successful transition from education to employment, in particular our Looked After Children and young people leaving care. The current economic downturn has reduced the number and variety of jobs that are available in Surrey, with further disproportionate impact on the most disadvantaged groups. Care Leavers aged 16-18 years are over five times more likely to be NEET (not in employment, education or training) than their peers who have not been in care. Being a 'Corporate Parent' is not just a role for social care services but is everyone's responsibility. For this reason, the county council wants to ensure that a percentage of any work experience, apprenticeships or employment opportunities are targeted at this, and other priority groups.
58. The skills and employment proposals included in the Strategic Economic Plans and European Structural and Investment Fund strategies are closely linked to the Skills for the Future strand of the Public Sector Transformation Network programme. The models proposed will raise employability skills and promote employment opportunities for all young people in Surrey. The Surrey Employment and Skills Board has strongly endorsed the Skills for the Future approach and is playing a key role in developing the linkages with the LEPs.

Safeguarding responsibilities for vulnerable children and adults implications

59. Adults with social care support needs are significantly underrepresented in the workplace. Fewer than 10% of adults with learning disabilities are in paid employment and the majority of those who are employed work part time. The current economic climate has made finding suitable employment opportunities to help people back to work more challenging than ever.
60. Providing effective support for vulnerable adults into employment and reducing inequalities and discriminatory practice is a key priority for the county council. The council uses its purchasing power and community influence to promote employment opportunities, so that people can access these routes back to full social inclusion.

Public Health implications

61. Supporting more people into work will improve well being and productivity and support fitter, more active, more socially linked and more resilient communities. This approach needs to be coupled with maintaining the attractiveness and quality of Surrey's outstanding natural landscape and environment (which has an economic value in its own right) to encourage more use of these intrinsic assets, to promote health and well being, and reduce the incidence of both long term and chronic illness.

Climate change/carbon emissions implications

62. The county council attaches great importance to being environmentally aware and wishes to show leadership in cutting carbon emissions and tackling climate change.
63. Both LEPs have included proposals for projects that will contribute to long term improvements in public transport provision and reduce congestion. Other activities in the Plans would contribute to reducing business travel requirements, such as higher levels of home working supported by a countywide high speed broadband network.
64. Through the European Structural and Investment Strategies, LEPs have set out how they will support projects that will drive jobs and growth in the low carbon economy.

WHAT HAPPENS NEXT:

65. The major steps in relation to the LEP Strategic Economic Plans and Local Growth Deals are set out in the main body of the report. In addition:
- Subject to Cabinet agreement, an all Member seminar will be held late in March 2014. The purpose of the session will be to raise awareness of the LEP Strategic Economic Plans and offer Members an opportunity to input into the process. Both LEPs will be invited to present at the seminar.
 - There will be a paper for Cabinet in March or April on the establishment of the Coast to Capital Joint Committee.
 - County council officers will work with district and borough councils and LEPs to develop a countywide response to the Surrey Business Survey. This will identify ways that the county council and its partners can support businesses and help them access relevant and timely advice and guidance.
 - Both LEPs are currently developing the assessment process and criteria to select projects for inclusion in the final Strategic Economic Plans. The county council will play an active role in this process.

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Sources/background papers:

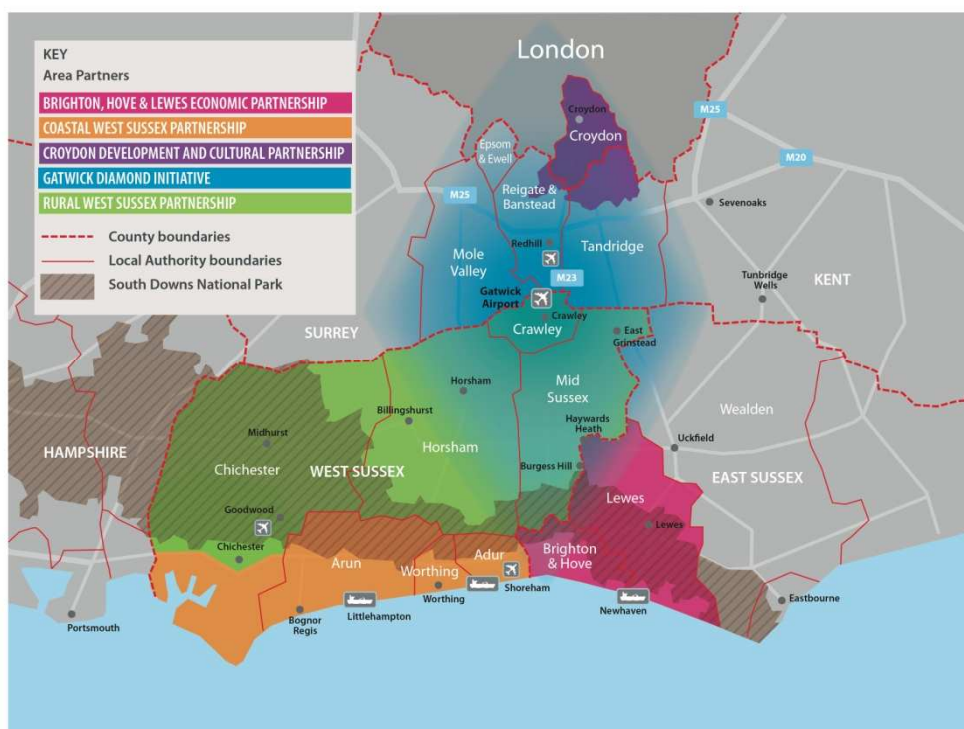
- Surrey County Council, 'Confident in our Future' Corporate Strategy 2014-19
- Enterprise M3 'Draft Strategic Economic Plan', December 2013
- Coast to Capital 'Draft Strategic Economic Plan', December 2013
- The Surrey Local Economic Assessment, December 2010
- Surrey Connects Strategy, August 2011
- Surrey Connects action plan, summer 2012
- Surrey Superfast Broadband Project Plan, August 2011
- Wave 2 City Deals Prospectus, Autumn 2012
- Cabinet report on supporting the economy, 24 February 2013
- Heseltine Review 'No Stone Unturned', October 2012

ANNEX A: Coast to Capital Draft Strategic Economic Plan; ‘Open for Business; Driving Economic Growth Together’ (December 2013)

In the draft Strategic Economic Plan (SEP), Coast to Capital has set out a six year programme of private and public sector investment of £5 billion, this “will create 42,000 new jobs, 28,000 homes and 445,000 sq metres of employment space”. Government is asked to invest £558 million of Local Growth Fund. (Note: These figures are indicative at this stage).

8

Coast to Capital Area Local Partnerships



Vision

Coast to Capital aims to deliver “exceptional growth and productivity gains”. Their vision is that the area will continue to be one of the “most prosperous areas in the UK and we will ensure that all communities share in this prosperity. To do this we will step up our performance to compete with the most successful regions in Europe and in the rest of the world”.

Target

To create an additional 100,000 jobs in the private sector over the 25 years to 2035 (from the time of the original strategy for growth in 2010)

Priorities

The SEP sets out six strategic priorities, which are the basis on which the LEP will deliver growth:

1. Successful growth locations

The LEP has identified geographical locations which will drive growth and will be the focus for investment. The SEP identifies ‘prime’ strategic locations, which includes Reigate, recognises ‘latent’ locations with barriers hindering economic growth (Redhill, Epsom, Leatherhead, Dorking, Caterham and Oxted) and commits to promoting growth in targeted opportunity areas (Horley).

A package of investments is proposed for each location (summarised in the tables below). Key amongst these is transport schemes. Strategic transport corridors have been identified including the A23/M23/Brighton Mainline. The North Downs Line is mentioned as a strategic priority. Other schemes are packaged into the growth locations such as Kiln Lane Link in Epsom and improvements to the A217 in Reigate.

2. Successful business community

The SEP includes proposals for supporting business growth. These include proposals to increase the rates of new business start-ups; double the scale of international trade; and attract more foreign direct investment. Building on support services which are already in existence, Coast to Capital aims to provide a focal point for businesses to access support. The LEP plans an ASEAN business hub at Gatwick Airport to attract investment from emerging markets. The LEP aims to promote the development of a new network of incubation/ enterprise centres and promote access to finance for growth.

3. Building competitive advantage

The LEP plans to concentrate activity on those sectors where a competitive advantage has been identified: creative digital and IT; advanced engineering (including marine and automotive); environmental technologies (low carbon and renewables); business and financial services; and healthcare and life sciences. Several of these sectors reflect Surrey's high performing business base.

4. Successful workforce – successful people

The SEP has identified three main priorities; young people, skills for productivity and skills for employment and progression. For young people the LEP will back a 'young workers programme' to offer young people an apprenticeship, work placement, paid internship or work experience. Skills for productivity include management and leadership, intermediate and higher level skills and technical and specialist skills in priority sectors where there is evidence of market failure. This will involve creating demand for higher level skills in sectors and areas where there is evidence of low skills equilibrium. Skills for employment and progression include activity both for young people entering the labour market and for adults currently outside the labour market or in low paid jobs.

5. Growth is digital

Coast to Capital will build on existing broadband rollout programmes, such as Superfast Surrey, by promoting 'ultrafast' broadband at important business clusters. Coast to Capital will work with other LEPs, namely Enterprise M3, to pioneer 5G mobile communications technology.

6. Housing

The SEP will set out proposals for new approaches to housing focused on bringing forward existing sites and permissions, opening up new areas currently not in consideration due to infrastructure issues, and invest in new approaches to housing development, for example community land trusts and self-build using locally sourced renewable materials.

The SEP sets out investments in infrastructure, including transport and flood defences, to unlock housing. This includes sites in North Horsham.

Rural: Rural growth is not listed as strategic priority but it is a separate strand of activity in the SEP. Proposed activity includes a woodland enterprise project to encourage investment in the timber and wood to warmth supply chain.

Surrey Priority Projects for Coast to Capital

The information below provides a description of projects that have been developed for Coast to Capital by the county council and district and borough councils and reflect work with local area committees, businesses and other stakeholders about their priorities. The projects have been grouped together to form packages relating to a number of areas across East Surrey. Projects are at very different stages of development. Some are already part of the programme of transport major schemes; others are at an early stage in terms of design. It is unlikely that all of these schemes will be funded and many require a great deal of further work but taken together they represent a broad indication of the sort of bid that the county council, district and borough councils and other partners might make for use of the Local Growth Fund over the next 6 years in order to support economic growth in the east Surrey area.

Redhill-Reigate

Redhill is the main focal point for economic and cultural provision in Reigate and Banstead. The town has good transport connections - it is not only a transport interchange and gateway for movement within the borough but also to inter-regional and international destinations. As a commercial centre offering a wide range of office space, Redhill is an attractive employment location for both employers and employees and an accessible destination for shoppers and people to spend their leisure time.

Redhill Town Centre business area contains a considerable proportion of the borough's office floorspace; however there are currently fairly high levels of vacancies. Whilst this is, in part, down to current market circumstances, it also reflects the market perception that the overall quality of Redhill's offer to business needs to be improved. There is some scope for intensification of office floorspace within the business area, and in other parts of the town centre.

Whilst joined with the wider transport hub, Reigate town centre is distinctly different from Redhill, although it also functions as a comparison, convenience and food and drink destination. Its strengths are its historic character and buildings, and range of small independent specialist and boutique shops and restaurants (although this character does constrain the extent of future development in the town).

Name of project	Summary
Redhill Town Centre	To re-use and intensify activity on existing employment land and bring forward up to 7,000 sq m additional office floorspace in the town centre and a further 12,500 sq m of additional commercial floorspace in identified employment areas.
Retail sector growth	In the short term, the focus will be on directing the majority of retail growth to Redhill. This will have the effect of capturing benefits from inward investment opportunities. There are plans for the expansion of a primary shopping centre to accommodate at least 15,480 sq m comparison floorspace and least 7,020 sq m convenience floorspace.
M23/A23 Hooley interchange	Proposed roundabout improvements will reduce congestion and improve traffic flows and safety through the junction.
M23 Spur, South Terminal	This scheme is a package of improvements to the M23 Spur South Terminal roundabout.
Improvements on the A23	This is a scalable package of support along the A23

Corridor	corridor. It will reduce congestion and mitigate the impact of new employment and residential development. This would also benefit Horley and other locations along the corridor.
Improvements on A217	This scheme includes creating a quality bus corridor. It also includes improvements to pedestrian and cycle facilities.
Reigate Road network Improvement scheme	This scalable scheme would promote sustainable modes of transport, deliver street scene improvements and reduce congestion.

Leatherhead

Leatherhead is one of two principal towns in Mole Valley district, which in 2011 contributed £3.1 billion GVA to Britain's economy. It is situated to the west of the Gatwick Diamond area, directly adjacent to J9 of the M25. Leatherhead is 25 minutes to London Gatwick and 30 minutes to London Heathrow by road. It is also under an hour to central London by train, during the day averaging six trains per hour.

The importance to the regional economy is reflected in the high number of businesses located in Leatherhead. This includes multinational corporations such as Unilever UK HQ, ExxonMobil UK HQ, KBR, Haliburton and CGI Logica, Petrochem Carless, Harsco Infrastructure, Cobham (aerospace/security) and Gould International (paper).

Even with all these significant economic advantages, Leatherhead town centre has suffered from a steady decline in terms of its retail and leisure offer, standards of public realm, difficult to manage complex gyratory system, peak traffic congestion and overall unattractiveness as a destination to visit, to live and potentially to work.

Feedback from residents, businesses and key employers is near universally negative about the town centre, with the increasing risk that potential inward investment propositions will be put off by the poor quality town centre, outweighing the other positive locational benefits of the town. For example a key Leatherhead employer is reported to bus its employees to a competing local town centre at lunch break, as employees prefer this rather than the short walk into Leatherhead town centre.

Name of project	Summary
Town Centre Regeneration package	This project will include shopping centre redevelopment, new/extended business hotel, new supermarket, additional car-parking, new evening economy zone, public realm improvements, new leisure facilities; cinema, bowling alley, health club, circa 150+ new homes, plus reconfiguring and improvements to traffic management and gyratory system.
The Square	A development of 69,000sq ft (6,400m ²) office space in central Leatherhead, a new business quarter providing modern energy efficient Grade A office buildings set within an attractive landscaped environment with an excellent car parking provision. The scheme comprises four office buildings ranging in size from 9,935 sq ft up to 31,205 sq ft and totalling 68,190 sq ft.
Improvements to the outer ring road system and to Junction 9	This package will enhance critical access to the M25 alleviating traffic congestion joining and leaving the

of the M25	motorway and also improve the wider Leatherhead network including the A243 and A24 Leatherhead By-pass at Knoll Roundabout.
Package of sustainable transport measures centred on Leatherhead town centre	This is a package of sustainable transport improvements following the Travel SMART approach to supporting public transport and other sustainable modes of transport.
A24 Capel to Surrey boundary corridor improvements/ A24 Clark's Green to Holmwood	The scheme will improve access to the A24 corridor and enhance and realign the existing carriageway.

Epsom

Epsom is the main town in the borough of Epsom and Ewell and provides commercial and businesses services for residents over a wide area, including Ewell, Banstead, Leatherhead and Croydon just to the north. World renowned as the home of the Epsom Derby, Epsom has the potential to be key regional commercial and business hub. Current plans for Crossrail 2 envisage a station in the borough, making Epsom an even more attractive place to do business.

A primary highway route, the A24, passes right through the heart of the town centre. This presents both opportunities and challenges for the borough. The A217 runs through the borough and the M25 is just to the south.

Although the borough contributed £1.3 billion GVA to Britain's economy in 2011, it is performing below its potential. There has been limited commercial and retail development in recent years. The commercial stock is mainly comprised of purpose built office blocks (many built before 1970) and older stock located on the upper floors above high street shops. Longmead and Kiln Lane business parks are key assets.

Name of project	Summary
Kiln Lane Link	The scheme will deliver a link road between Longmead and Nonsuch industrial estates. The ambition for this site is to develop a digital cluster. The link road will support the retention of jobs and deliver new employment as a result of up-scaling and intensification of employment.
Package of transport (and other) improvements for Epsom ('Plan E')	The scheme includes junction improvements, urban traffic control and new pedestrian and cycle links. Focused within the 'employment hub' area, this scheme would result in an up-scaling of the employment sites (moving away from low-density and low value storage uses); intensification in employment densities; and an increase in commercial land values.
Ewell Village Economic Improvements Package	A scalable package of improvements to increase accessibility to the high street, including widening the high street and re-phasing/ synchronising traffic signals to ease traffic flow.
A240 Corridor Business Accessibility Improvements	These improvements will reduce congestion and improve accessibility for pedestrians and cyclists at key junctions

	along the A240.
Stoneleigh Economic Improvements	This is a package of street scene enhancements along Stoneleigh local shopping parades.
Development of incubation hubs	Potential sites at Nescot College and the University of Creative Arts to support new and growing businesses.

Horley

The Reigate & Banstead Core Strategy states that the Council will work closely with partners across the Gatwick Diamond to deliver the vision of the area as an internationally recognised business location with a global future in a sustainable way, including through the exploration of options for strategic employment development opportunities.

Name of project	Summary
The development of a 30ha. strategic employment site and/or science park on greenfield land to the south and east of Horley	Within close proximity to Gatwick Airport and junction 9 of the M23 motorway, there is the prospect of 120,000m ² of B1 floorspace being developed, creating 3,500 FTE jobs and generating £220m of GVA.
Improvements on the A23 Corridor	This is a scalable package of support along the A23 corridor. It will reduce congestion and mitigate the impact of new employment.

Caterham and Oxted

These towns in Tandridge are the focal point of economic activity in the borough and offer a wide range of commercial services.

Name of project	Summary
Redevelopment of the Rose and Young site.	The site is potentially suited to a number of uses appropriate to a town centre, including residential use.
Redevelopment of the Gasholder site	Like the Rose and Young site this site could be redeveloped for commercial or residential use.
Development of an incubation Hub	As part of the Digital Caterham project.
Improvements to the A25	A package of transport measures to manage congestion along the corridor including Redhill to Godstone. The package includes transport improvements for bus, rail, cycle and pedestrian facilities.
Improvements to the A22	The package will improve flows along the A22 including Wapses Lodge roundabout.
Rail infrastructure improvements	Focused on the Lewes-Uckfield line and Redhill – Tonbridge line, including the reinstatement of the Crowhurst Chord.

Annex B: Enterprise M3 Draft Strategic Economic Plan (December 2013)

The Enterprise M3 Strategic Economic Plan (SEP) presents strategic priorities to 2020. The LEP has identified that between £300-£400m of Local Growth Deal funding will be required to part fund interventions, with the expectation that over £1.2bn will be levered in from the private and public sectors.



Vision

The Enterprise M3 SEP highlights that the area already has one of the fastest growing UK economies, with significant strengths in key sectors, education establishments and location. The plan will build on existing strengths to become ***“the premier location in the country for enterprise and economic growth, balanced with an excellent environment and quality of life but also to raise its competitive position in the EU and wider global markets”***.

The LEP aims to achieve this through a number of planned interventions that support:

- **Enterprise and competitiveness:** focused on maintaining and growing the area’s business base and its competitiveness. Work includes supporting the development of start-ups, developing a culture of enterprise and inward investment in high-growth sectors.
- **Innovation and growth of high value industries:** the area has world-class academic and research institutions, as well as a high concentration of leading businesses in high growth sectors. The LEP has set out plans to connect this high quality research with the local business community, with a view to increasing levels of innovation and commercialisation.
- **Skills and Employment:** the LEP area has highly skills residents, but many businesses report difficulties in recruiting qualified staff. The LEP has developed a series of intervention to increase the uptake of higher level

Science, Technology, Engineering and Mathematic (STEM) subjects, as well as improving access to local careers information, advice and guidance.

- **Infrastructure and Place:** many of the constraints reported by businesses relate to infrastructure, with a specific focus on road and rail bottlenecks, a shortage of housing for local workers and access issues in relation to Heathrow and Gatwick airports.

The LEP argues that investment in the area will pay a disproportionately high dividend to the national economy.

Targets

- To increase GVA per head from around 18% above the UK average in 2012 to around 25% above the UK average in 2020 through increased productivity and a focus on businesses in high value sectors.
- The creation of 52,000 new jobs, one in five of which, will be in R&D and high value industries.
- To grow the overall business base within the area by 2.4% (1,400 businesses) per annum.

Priorities

The SEP is organised around three key priorities, which will be delivered through a series of interlinked interventions around enterprise, skills, innovation, housing and transport brought together within “growth packages”:

1. Sci:Tech Corridor

Enterprise M3 has identified the high growth Science and Technology Corridor along the M3 as one of their strategic priorities. The four major towns of Basingstoke, Farnborough, Guildford and Woking form the core of the Sci:Tech Corridor and together are home to 80% of the area’s economic activity.

Proposed interventions in these four key growth centres include targeted packages of investment to address the barriers to growth, such as transport schemes, along with proposed strategic interventions to exploit their strengths. Within Surrey this includes a project to build upon the £50m of private investment already secured by the University of Surrey around 5G technology. This will give the UK leadership in 5G mobile communications technology and promote and retain investment in this technology within the area.

2. Step up towns

Alongside the growth centres, Enterprise M3 has developed growth packages for a number of Step-up Towns, identified as Camberley, Aldershot, Andover, Whitehill and Bordon and Staines-upon-Thames. The Step-up growth packages reflect the needs and economic circumstances of each town and identify the support needed to remove barriers to growth. There is a recognition that unless the transport system is capable of advancing at the same rate as the population and business base in these areas, congestion will become increasing incapacitating.

The Step-up Town Programme includes a series of catalytic transport and infrastructure measures to alleviate congestion and enhance capacity, town centre renewal to promote inward investment, skills centres of excellence and interventions to unlock housing sites. Within Surrey this includes schemes such as Runnymede Roundabout improvements.

3. Growth Hub

The plan also includes a commitment to support a Growth Hub which will draw in and coordinate all SME business support, along with a focus on high level skills. This aims to ensure that the area has the right support for businesses that want to grow and create jobs. It is anticipated that the Growth Hub will also have a small number of physical hubs within the Sci:Tech corridor and Step-up towns.

Surrey Priority Projects for Enterprise M3

The information below provides a description of projects that have been developed for Enterprise M3 by the county council and district and borough councils and reflect work with local area committees, businesses and other stakeholders about their priorities. The projects have been grouped together to form packages relating to a number of areas across west Surrey. Projects are at very different stages of development. Some are already part of the programme of transport major schemes; others are at an early stage in terms of design. It is unlikely that all of these schemes will be funded and many require a great deal of further work but taken together they represent a broad indication of the sort of bid that the county council, district and borough councils and other partners might make for use of the Local Growth Fund over the next 6 years in order to support economic growth in the west Surrey area.

Guildford

Guildford, along with Woking, Farnborough and Basingstoke is one of Enterprise M3's four main growth points. Guildford is rated as one of the UK's top performing non-metropolitan boroughs and is the primary employment centre in Surrey. Economic growth has come primarily from high value business sectors, many of which are global in reach. The area is characterised by high-tech, high potential clusters, including a well established computer games cluster and emerging focus on niche sectors such as nano-technology, life sciences and 5G technology, including EA Games, Kuju Entertainment and Media Molecule. The economy continues to be differentiated between a small number of very large firms and a much larger number of small and often micro businesses that employ fewer than 10 staff.

Guildford is home to the University of Surrey, a top-ten university which is becoming an increasingly important driver of economic growth in the area and offers considerable potential for future growth and inward investment linked to these developments.

Guildford also has one of the strongest retail offers in the South East, drawing in shoppers from all over the region. Guildford has one of the highest average house prices in the UK outside of London. Additionally, due to its close proximity to London and the airports at Heathrow and Gatwick, Guildford suffers from congestion at peak times, particularly on the A3 and M3.

There are considerable opportunities for further economic growth in the Guildford area, which are focused on the potential of the university and research park, but extend into the town centre:

- Surrey Research Park is recognised as one of the most successful in Europe, with 120 companies with strong track record of attracting private equity and Foreign Direct Investment. It offers an opportunity to support the development of growing companies in key sectors and help Guildford to become truly globally competitive;
- University of Surrey academic growth is focused on space faculty, development of world leading 5G Centre, new state of the art centre of excellence for veterinary research and teaching at the university,

development of medical school in 5-10 years and the creation of world class business school;

- Developing the existing strong and vibrant high end retail offer; and
- Strong equity finance and business mentoring landscape.

However, Guildford's economic potential could be diminished without adequate investment in business critical infrastructure:

- commercial land and premises for a range of business types
- inward investment and access to investment finance
- people with the right skills (either at entry or junior levels or at more senior levels)
- housing and provision of more affordable housing to allow entry level recruitment and then retention of staff; and
- town centre regeneration.

Therefore, the economic challenge is to provide infrastructure that will unlock the unrivalled potential of the Guildford area, with the aim of creating an area that is truly internationally competitive and adding to GVA per capita. A package of interventions will be developed for the area – including a mixture of new projects that are transformational and some interventions that build on existing strengths. This approach will help to:

- Improve connectivity between Guildford and Woking;
- Increase the attractiveness of the area as a place to do business;
- Improve connectivity between clusters and labour markets;
- Develop well connected housing and labour markets; and
- Make more effective use of local resources to meet needs by ensuring that public and private partners work closer together to target resources more effectively.

Name of project	Summary
A3 Strategic Package of improvements	Strategically important improvements to the A3, which will be taken forward through discussions with DfT and the Highways Agency
Guildford A3 Strategic Corridor Improvements – Congestion Pinch Points	The aim of the project is to improve the operation of the A3 Guildford, including the junctions between the A3/A31 Hogs Back and the A3/A3100 Clay Lane/Burpham Junction
North Downs Line Improvements	Improvements in electrification modernised rolling stock, frequency improvements and train lengthening. Improvements would address overcrowding on the line, improve integration with the rest of network and boost economic growth in economic hubs along the route, especially Guildford
A3/M25 Junction to Wisley Interchange - Congestion Pinch Points	The A3/M25 junction to Wisley Interchange intervention will improve junction of the M25 easing the vehicular movements. Any delays, particularly during peak times, will be reduced along with journey times and accident

	rates.
Guildford Gyrotory Corridor Improvements	Improving access along the corridors into Guildford town centre supporting new developments.
5G Mobile Communications Arrow Project	Building on the success of the 5G centre at the University of Surrey, this project will bring together academia, business and the public sector to deliver a large scale project.
Slyfield Area Regeneration Project – Clay Lane Link Roads	This project consists of a new link road which is vital to give additional impetus to key developments, including intensification and regeneration of a business and retail park and new homes. There are 2 phases/elements: <ul style="list-style-type: none"> - Phase 1 - the Clay Lane Link northern section - Phase 2 - a new internal spine road to form part of the new development and other associated works
Guildford Hub Transport Improvements	<ul style="list-style-type: none"> • Infrastructure support for town centre regeneration • Expand the Guildford Park and Ride Scheme, incorporating up to two new car park sites and to implement further bus priority measures into and within Guildford town centre • The Guildford Hub Transport Improvement Scheme is closely linked with the A3
Park Barn Railway Station	Provides a new railway at Park Barn – Employment centres such as the Royal County Hospital, Surrey Research Park and Surrey Sports Park and relatively deprived residential areas such as Park Barn and Westborough will be directly accessed
Merrow Station	The area of Merrow consists of a large residential area along with key employments sites. These areas are not well served by rail with the nearest station being London Road (Guildford) some distance away. This scheme would create a new station at Merrow.
Housing growth in Guildford	Following the completion of the Clay Lane Link Road and Strategic Highway Improvements to the A3, there will be potential for the development of new housing sites.

Woking

Woking is another main growth point in Enterprise M3 and like Guildford forms part of the Sci:tech Corridor. Woking has a proactive approach to economic growth and inward investment and has strong green credentials and reputation. Significant amounts of A-class office floor space are currently being marketed in the town. The borough is home to a large number of global headquarters and is recognised as the location of a nationally significant technology sector cluster, including the McLaren Group. There is significant business investment planned in the area, including the new McLaren Applied Technology Centre which will provide 60,000 sq metres of workshops, prototype manufacturing and testing space. Part of the new building is dedicated to education and training.

There are also considerable plans to regenerate Woking Town Centre including new housing developments and improvements to the public realm, retail, office hotel and amenity offer. Through this town centre focus, Woking will continue to be a beacon of sustainable, modern urban living and working.

Woking has excellent transportation links to London - Woking Railway Station is one of the busiest stations in the London commuter belt. Woking also benefits from a RailAir bus service to Heathrow Airport. Similarly to Guildford, Woking's economic growth is being held back by the high levels of congestion around the M3 motorway, due to a significant amount of out commuting.

Woking is also one of the most unaffordable towns in the country. Private rent is around 53% of average take home pay and there is a desperate need for affordable family housing. There are pockets of deprivation in Woking, particularly in Maybury and Sheerwater.

Name of project	Summary
Flyover – Railway grade separation at Woking Junction	Major infrastructure project recommended by the Surrey Rail Strategy to increase capacity on the South West Main Line and improve operational performance at Woking. It will support economic growth by allowing more frequent and faster services from destinations along the South West Main Line and address a key pinch point on the rail network.
Victoria Arch – capacity improvements	The Victoria Arch scheme addresses the most serious pinch point in the centre of Woking on the main arterial route between Guildford and Woking. The scheme will incorporate construction of new pedestrian and cycle tunnels through the embankment either side of Victoria Arch on the A320, Woking's main arterial route.
Multimodal transport interchange improvements at Woking rail station	Improvements to the station and surrounding areas
A320 Six Crossroads Roundabout	The roundabout suffers from high levels of congestion and is difficult to cross walking and cycling. The junction would be signalised managing traffic flows and improving access for walking and cycling and improve journey times for buses.
A322 Corridor – Brookwood Crossroads	The crossroads suffers from high levels of congestion on all four approaches. The A322 is a Strategic route linking Guildford (to the south) and M3 and Bracknell (to the north) and intersects with the A324 at Brookwood which is the main route for traffic to the west of Woking town centre.
Range of support being developed for business from start up through growth, and inward investment	Key projects include start up Woking, connect 2 innovation network and incubator premises
Woking Sustainable Travel	A wider Woking package of enhanced public transport (Quality Bus Corridors, QBC), walking and cycling

Package	infrastructure to support access to employment in Woking. This will be supported by initiatives to support businesses in reducing travel costs and improving staff productivity. In particular bus infrastructure and information improvements will increase bus reliability and help grow patronage to major employment sites
Woking safety schemes	A series of safety improvements across the borough at specific pinch points, including: <ul style="list-style-type: none"> - Berry Lane/Blackhorse Road - A245 Sheerwater Road/Madeira Road - A3046 Chobham Road/Shores Road - A245 Parvis Road/Camphill Road - A320 Chertsey Road/Boundary Road

Camberley

Camberley is a ‘Step-up Town’ in Surrey Heath Borough. The Borough Council and partners have published a radical vision to transform the town into the destination of choice for business and residents. Plans for the regeneration of Camberley town centre, and in particular the A30 London Road frontage, will see the delivery of 41,000 sqm of prime retail space. Alongside the addition of a major anchor store, this will transform the Camberley offer and turn it into one of the major attractions in the region. There are significant opportunities that support this vision, given that there are a number of new housing sites which will be located within 30 minutes of Camberley town centre, including major sites such as the Deepcut development.

Part of the ongoing work includes addressing the barriers to growth and improving the road and rail infrastructure. A busy and vibrant town, located in a prime location between the M3 Motorway and A30 trunk road, Camberley recognises the need to improve access as it continues to develop into a destination of choice in the region and, has set out its plans with the publication of its Town Centre Statement. As well as road improvements, the Town Centre Statement sets out how rail access can be improved. There are opportunities for firms to relocate in Camberley through the regeneration plans for the town, including the reconfiguring of office premises and planned rail improvements. As a recognised ‘Step-up Town’, Camberley will continue its upward trajectory.

Plans are also being developed to improve the infrastructure of Frimley, Camberley’s neighbouring town, which, in Frimley Park, boasts the number two performing hospital in the country. Targeted development and intervention could see the establishment of a health related cluster in the Frimley area.

Name of project	Summary
Sturt Road Chord-Cross Border Strategy	Re-instatement of the Sturt Road Chord which links the north-south Ascot to Ash Vale line with the South West Main Line to Woking and London. The trackbed embankment at the junction still exists and the site has not been redeveloped since its closure in 1964. For Down services (away from London) a grade-separated flyover (or tunnel) is required.
A30/A331/Meadows Gyratory Corridor Improvements (LTB	This scheme is to provide improvements to the road network in Camberley through redesigning the Meadows Gyratory, bus priority measures and pedestrian and cycle

Prioritised Scheme)	crossings and off-carriageway routes
Camberley Growth Package	Business Centre Access Improvements Infrastructure Support for Regeneration - This scheme is to improve access to business parks with in Camberley, focusing on Yorktown and Watchmoor business parks
Camberley Railway Station Improvements - Congestion Pinch Point	This scheme is to provide Camberley Railway Station improvements in pedestrian, cycle, and bus facilities outside the station to promote the use of sustainable modes of transport. Vehicle access will also be increased to improve and encourage the use of interchange facilities
Camberley Sustainable Travel Package - Infrastructure Support for Town Centre Regeneration	A scalable package of enhanced walking, cycling and bus infrastructure ensures to support access to the strategic employment sites in Camberley and nearby residential areas
Camberley Town Centre Highway Improvements (LTB Scenario B Scheme)	This scheme is to provide improvements to the road network in Camberley town centre and ensure the town centre is more accessible via highway/junction improvements: A30 London Road/Knoll Road/Kings Ride, A30 London Road/Park Street, Knoll Road/Portesbery Road, High Street/Portesbery Road/Pembroke Broadway and cycle facility improvements along A30 London Road/Knoll Road/Portesbery Road/Pembroke Broadway/Charles Street.
Frimley Heath Regional Park	Infrastructure support for town centre regeneration
Frimley Transport Network Improvements	Improvements include; a redesign of the 'Toshiba' roundabout to improve safety and reduce congestion on the approach to Frimley. Traffic management measures at Buckingham Way. The alteration of the two access roads at 'The Green' into 'The Hatches' to form a one way system. Highway improvements at the Frimley Green junction with Henley Drive and the Coleford Bridge Road junction with Hamesmoor Road. A cycle route along the B3411 corridor. Cycleway and footway along Frimley Road. A continuous cycle route on the A331 Blackwater Valley route and Bus infrastructure including new and improved bus ways and bus priority measures.
Delivery of new Suitable Accessible Natural Greenspace for Surrey Heath	The intervention would assist the borough council to forward fund and provide SANG removing an obstacle to approval of planning permission.
Ashwood House	Currently a mixed use building. The scheme is to provide housing and an improved retail offer through a local authority joint project within the town centre.

Staines-upon-Thames

Staines-upon-Thames and its immediate surroundings within Spelthorne Borough display some unique characteristics beyond those exhibited by Step-up Towns and key growth centres. The Borough is home to an incredibly high concentration of company headquarters, including BP, Imtech UK and Wood Group Kenny, along with

over 4,500 other businesses, with a large proportion in four main sector groups: 'professional, scientific & technical', 'construction', 'information & communication' and 'transport & storage'. These companies are attracted by the proximity to London, and in particular the excellent transport connections, including access to national routes, including the M3, M4 and M25, and to Heathrow. The 2013 UK Competitiveness Index ranks Spelthorne 13th nationally and shows significant improvement in ranking from the 2010 analysis. This reinforces the high degree of potential within Staines-upon-Thames and that the wider borough is on the cusp of becoming a real centre for enterprise and investment.

However, the Borough faces a number of economic challenges. Skills attainment is below the Surrey average, with 20.4% of people in Spelthorne aged 16 and older having no qualifications. Unemployment is also higher than the Surrey average, standing at 1.5%. Over 8% of Spelthorne residents work at Heathrow airport and any threat to the continued operation of this organisation would have catastrophic effects in the area.

Whilst the town centre is relatively modern, there is a need for continued redevelopment, including enhancing the service offer to support the large multi-national companies based in the area. This includes provision of hotels, improving the retail sector and developing the night-time economy. Recent expansion at BP sees a Learning Centre opening in spring 2014 which will provide training for large numbers of staff who will visit this location from around the world, creating further demand for hotels and leisure. The EM3 Commercial Property Study has also identified a number of opportunities through key market ready sites within Staines-upon-Thames.

Name of project	Summary
Staines-upon-Thames to Walton on Thames Corridor accessibility package	Congestion pinch point
Staines-upon-Thames bridge widening	Support for town centre regeneration
Wider Staines-upon-Thames sustainable travel package	Support for town centre regeneration
Continued redevelopment of the Town Centre	Including new hotels to support the business visitor economy

Other priority Projects

Name of project	Summary
Runnymede roundabout	Enhancements to the layout and addition of signalling will significantly improve traffic management and dramatically reduce waiting times at peak periods. Additionally, it will significantly improve accessibility for pedestrians and cyclists to the neighbouring areas and River Thames.
A31 Hickley's Corner Junction Improvements	The focus of the proposed scheme is expected to consist of changes to the junction which would increase capacity

	through the junction and improve journey time reliability
Hickley's Corner Underpass	This major scheme would see the introduction of an on-line underpass carrying the A31 beneath the Hickley's Corner junction at Farnham.
Brooklands Business Park Transport Improvements	Transport improvements to Brooklands Business Park and Weybridge town centre from Weybridge Rail Station.
Egham Sustainable Package	The proposal is for a package of sustainable transport measures comprising cycling and walking measures
Esher Congestion Improvements	Corridor Improvements by reviewing traffic signal junctions within Esher and A244/A307 approaches
Flood alleviation	This is an overall submission for flooding alleviation on the A331 and A31 highway corridors. These are key corridors providing access to and around Camberley and Guildford/Farnham town centres and surrounding employment/retail areas including providing for the movement of freight, commuter and local traffic.
Relieve traffic congestion in Farnham town centre	The focus of the scheme is to simplify the town centre road network to improve accessibility for businesses and leisure visitors, reduce congestion, and improve air quality.
Walton Rail Station Accessibility	Walton on Thames Rail Station accessibility improvements including cycle, pedestrian and bus corridor improvements.
Wider Network Benefits – Surrey Traffic Management upgrade	The proposal is to expand and upgrade SCC's traffic management equipment and capability to enable congestion and road safety to be managed with increased resilience.