

**SURREY COUNTY COUNCIL****CABINET****DATE: 27 APRIL 2021****REPORT OF MR TIM OLIVER, LEADER OF THE COUNCIL****CABINET MEMBER:****LEAD OFFICER: MICHAEL COUGHLIN: DEPUTY CHIEF EXECUTIVE****SUBJECT: SURREY'S ECONOMIC FUTURE: PROGRESS UPDATE**

**ORGANISATION STRATEGY PRIORITY AREA: GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT/ TACKLING HEALTH INEQUALITY/ ENABLING A GREENER FUTURE/EMPOWERING COMMUNITIES**

<b>Purpose of the Report:</b>
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Surrey's Economic Future: Our 2030 Strategy Statement' directly supports the Organisation Strategy priority focused on 'Growing a sustainable economy so everyone can benefit' and also indirectly contributes to the 'Tackling health inequalities' and 'Enabling a greener future' priorities; it will also inform the priority dedicated to 'Empowering Communities'

This Cabinet update sets out the emerging priority actions within the Delivery Programme, highlights areas where action has already begun and proposes a further update, including performance indicators, is brought back to Cabinet in six months. Recognising that the strategy is being developed in an uncertain and changeable economic environment, it has been designed to be adaptive, ensuring that it is able to accommodate the economic circumstances and national policy changes which are out-with the Council's control.

<b>Recommendations:</b>
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It is recommended that Cabinet:

1. Note the progress being made in delivering on the ambitions of Surrey's Economic Future Strategy;
2. Agree to receive a progress update in six months.

<b>Reason for Recommendations:</b>
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Work to deliver on Surrey's economic ambitions is underway and progress is central to Surrey's economic recovery as we emerge from the constraints and impacts of the COVID 19 Pandemic. The actions being taken will drive economic recovery and embed resilience for Surrey businesses and residents, with a particular emphasis on ensuring that everyone is able to benefit from economic growth and therefore it is important that Cabinet have oversight of progress.

## Executive Summary:

### Strategic Context

1. Through 2020 – 2021 Surrey County Council (SCC) commissioned and supported a breadth of economic research. The research was undertaken in exceptional and volatile circumstances and therefore has had to be formative and extensive.
2. Through the establishment of Surrey's Future Economy Commission led by Lord Philip Hammond to the launch of the One Surrey Growth Board in July 2020, SCC has had a crucial role in bringing together stakeholders and specialists to assess the economic evidence, set out the future vision and establish clear actions to deliver for the Surrey economy.
3. At its Board meeting in December 2020, the One Surrey Growth Board agreed the economic priorities aligned to the Surrey's Economic Future document and at its meeting in March it further agreed the priorities within the Strategic Outline Programme as the delivery framework that would be at the heart of the Growth Board's emerging Plan for Growth. The Growth Board will receive the first draft of the Strategic Outline Programme at its June Board meeting and this Programme will run parallel to the delivery programme of Surrey's Economic Future.

### Current Situation

4. Following Cabinet's agreement of the 2030 Strategy Statement in December 2020, further consultation was undertaken via a series of facilitated focus groups with key stakeholders. This resulted in productive feedback and a change to the fourth priority: 'Capitalising on the potential of a green economy' when it became clear that this priority needed to be embedded within all other priorities as opposed to being a standalone priority; this will be reflected in the delivery programme.
5. Similarly, it became clear through the engagement that a separate priority which recognised the importance of the enabling economic infrastructure needed to be added. This priority will focus on Surrey's digital capabilities, specifically gigabit capable infrastructure, as well as taking a strategic overview of wider economic infrastructure e.g. employment land availability, changing commercial real estate trends and associated place-based considerations such as availability of affordable housing and sustainable transport networks.
6. The delivery programme plans activity for the next 1-3 years and currently includes around 20 projects which are now being assessed for deliverability. This process includes the development of outline business cases which set out the objectives of each intervention the options for delivery, indicative costs and benefits; it also sets out the lead body and associated stakeholders. It has become apparent that SCC has a key leadership role in further defining and developing many of these projects but the intention is that, once established, some of these will be taken on by partner agencies.

### Priority Projects

7. There are four priority projects which have emerged and on which work has begun (full details are within sections 9-12 below). These are:
  - A. Delivery of Surrey's Investment Programme
  - B. Place leadership in reimagining Surrey's towns of the future

- C. Skills for growth: maximising opportunities through skills development for the future
  - D. Delivery of Gigabit Capable Infrastructure across Surrey
8. The detail of four priority projects is set out above. Alongside these projects the following activities are also planned:
- Embedding innovation networks between higher education and growth businesses, leveraging in innovation funds to the county;
  - Piloting of a revolving investment fund to focus on priority growth sectors;
  - Strategic oversight of Surrey’s economic land availability to support inward investment, retention and innovation;
  - Undertake an analysis of Surrey’s business support functions to align with opportunities for targeting of priority sectors and minimising duplication;
  - Scope potential for a town centre based co-learning and employment offer;
  - Understand and capitalise on the role of anchor institutions in developing inclusive employment opportunities;
  - Build from digital infrastructure delivery plans ensuring that 5G innovation is adopted at every opportunity

**9. A: Delivery of Surrey’s Inward Investment Programme**

Surrey’s new inward investment programme will take a whole-county approach to capitalising on the county’s economic potential, intervening to address sectoral imbalances and driving innovation into places which have not naturally benefitted from Surrey’s strengths and assets.

SCC will work with partners, including LEPs and districts and boroughs to coordinate a compelling investment offer which will retain and grow our leading edge, secure long-term investment aligned to high value sectors and deliver high value job growth. A key sector of growth will be that related to the green economy in Surrey.

We have recently set up a new Surrey Business Leadership Forum which brings together representatives from some of Surrey’s significant multi-national corporations and we are working with the Forum as our investment ambassadors; Forum members have already expressed an interest in supporting local place-making and being able to ‘give back’ to Surrey.

SCC is leading on hosting a series of ‘Spotlight on Surrey’ events, the first of which took place in February and which showcased the sector strengths the county has in relation to pharmaceutical and life sciences. With keynote speeches from Pfizer and Kwasi Kwarteng MP, the Secretary of State for Business, Energy and Industrial Strategy, there were approximately 140 attendees on the call. The next Spotlight event is planned for the 20<sup>th</sup> May and will showcase our key automotive businesses who will discuss the innovation taking place in Surrey on the sectors’ journey towards low emissions.

**10. B: Place leadership in reimagining Surrey’s towns of the future**

A number of key principles underpin the rationale for a new design, approach and framework to deliver resilient Surrey towns for the future:

- i. Town centres of the future will be driven, designed and delivered through community-led action
- ii. We want to increase the resilience of our high streets to long-term changes
- iii. We want to consider the role of a residential offering as part of the new town centre balance and how we might deliver affordable housing within that.
- iv. We want to strengthen biodiversity as part of our place planning and want to put quality design and delivery at the core of any conceptualisation
- v. In support of our climate ambitions the towns of the future will be based on the 20 minute town concept and sustainable transport principles

**Annex 1** Sets out conceptual diagram which has been developed to stimulate local engagement and ownership of Surrey's towns of the future with key stakeholders and partnership bodies e.g. Surrey Future Board. The conceptualisation of 'Anytown' high street brings into consideration the range of new aspects within a new reimagined town centre model. These components represent a move away from an over reliance on retail (particularly big chain retail) and a proposition on what other elements might redefine why we go to our town centres; these can be categorised under the following headings:

- Commerce
- Council services
- Health services
- Residential
- Community
- Experiential

Some of this is already underway in places in Surrey. Whether that is the health focused approach being undertaken in Weybridge, the transport focused programmes of work started in Farnham, the consideration of the library redevelopment in Caterham or the focus on the impacts on the aviation sector on the economy of the town centre in Horley. All activity is underpinned by the need to listen to and respond to the communities who live, work and enjoy Surrey towns. By engaging with people building debate from a discussion about a conceptual diagram, it is possible to drive creative thinking, testing new ideas while ensuring that the outcomes are locally owned and tailored.

## **11. C: Skills for Growth: Maximising Employment through skills development for the future**

SCC is committed to ensuring that all Surrey residents are given the opportunity to benefit from Surrey's strong economic position. In the context of this strategy, it is essential that interventions are driven from the jobs demands of the future. In this way it will be possible to prepare people to upskill and reskill for high quality jobs that can be sustained in the long term. In the post-COVID landscape where many people have been displaced from insecure roles, this ambition is particularly important.

The priority activity here is to use an evidence-based approach to set out the key sectors and businesses where Surrey will see sustained job growth. Initial scoping suggests that this will include jobs in the green economy as well as jobs in health and social care but further work needs to be undertaken to understand the skills sets required in these roles and to fully establish the vocational routeways into these roles.

Having established key growth areas, we will then work with local skills and employment providers (e.g. colleges and DWP) to scope out where existing provision

aligns with the opportunities, where any potential duplication or overlaps of funding exist as well as setting out key gaps or areas of disconnect; this will be considered from the perspective of the journey of the individual through the skills and employment system.

As the above work is progressed, we will be considering the journey from the perspective of Surrey's priority cohorts. These will not only be those higher skilled residents who may be underemployed as a result of the pandemic but also those who have been displaced from careers due to structural changes in the Surrey economy (this element will include a focus on youth employment) and equally important are those residents who face particular barriers to employment, for example learning disabled, physically disabled and those with mental health issues.

## 12. D: Delivery of Gigabit Capable Infrastructure

SCC has recognised the importance of delivering good digital infrastructure, not only to support inclusion and health related outcomes but also as an enabler of economic growth.

However, we are aware that, in relation to gigabit capable infrastructure, Surrey is lagging when compared to the rest of England and the south east with coverage currently only around 17% in Surrey in comparison to 39% across the rest of the UK.

To that end we are developing a Digital Infrastructure Plan which sets out the various investment opportunities and interventions which need to take place to ensure that Surrey is at the forefront of digital infrastructure rollout in the next 5 – 10 years; this Plan is being presented at Cabinet on 27<sup>th</sup> April 2021.

## Measuring Success

13. Whilst each individual project will have a business case which will set out the success indicators and associated milestones, it will be important to set the delivery within a wider performance measurement context. This process is currently in development but it will align with both corporate measurement requirements as well as the economic indicators and dashboard being developed by the One Surrey Growth Board; it is also anticipated that we will use the Grant Thornton Sustainable Growth Index as part of our underpinning performance framework, primarily as a tool to support intervention in specific districts and boroughs.
14. The indicators being developed recognise the importance of economic growth in driving each priority but also reinforce the underpinning inclusion and environmental drivers. Three headings are emerging under which indicator baselines are being investigated and these align to the priorities within the strategy. The diagram at **Annex 2** details the various elements and how they relate to each other and emerging proposals are listed below. Once further developed, a full dashboard, baseline data and proposed targets will be created.
  - Total GVA and GVA per head and per hour
  - Residents qualified to NVQ Level 4
  - Residents qualified to NVQ Level 1 and below
  - Business formation and business survival rates
  - Business count and composition
  - Resident and workplace earnings
  - Gigabit infrastructure capability

- Median housing affordability

### **Next Steps**

15. The Delivery Programme will continue to be developed alongside the Growth Board's Plan for Growth and associated business cases. Opportunities for investment will continue to be scoped as part of this process.

### **Consultation:**

16. Development of this delivery plan runs parallel to that being developed through the One Surrey Growth Board and, as such, the content within has been endorsed by the Board.
17. Development of this delivery plan has been informed by the consultation undertaken through focus groups which took place between February and March 2021. It is also planned for further engagement with district and borough Economic Development Officers at the end of April.
18. The emerging delivery plan was considered by Select Committee Chairs and vice Chairs at their meeting 18th February and key considerations were included as appropriate;
19. Surrey Business Leadership Forum were updated on progress at their meeting on 10 February

### **Risk Management and Implications:**

20. There is an ongoing risk related to the unprecedented changing economic context and the related challenges in setting a strategy when it is not possible to be certain of future economic trends and circumstances. Nonetheless, it is also of equal importance to focus efforts to ensure that the economy is able to recover, not only to support our Surrey residents and businesses but also as part of our role in leading the UK economy.
21. There is a risk that, on producing the strategy, the resources are not made available to deliver on it. Implications of costs will be considered throughout the engagement process and will be included when business cases are finalised and investment opportunities have been scoped.

### **Financial and Value for Money Implications:**

22. Costs of delivering this strategy within 2020/21 was met from existing Economic Development budgets.
23. However, budget growth for 2021/22 will undoubtedly be needed to deliver against the ambitions of the Surrey 2030 Economic Strategy. Through the budget setting process, revenue growth of £0.3m has been included for 2021/22 in the draft Medium-Term Financial Strategy, rising to £0.5m from 22/23 onwards.
24. As set out above, a process is underway to assess deliverability of programme activities and develop outline business cases. Where these business cases identify a

need for further investment, these requirements, along with the associated benefits, will be included in future reports to Cabinet for approval.

25. The existing capital programme includes a number of investment proposals which contribute to the achievement of the ambitions set out in this strategy statement, particularly the digital infrastructure delivery plan . Any further future capital investment requirements will be considered as part of the development of the One Surrey Plan for Growth and are anticipated to generate match funding and/or identify additional revenue income streams.

#### **Section 151 Officer Commentary:**

26. Although significant progress has been made over the last twelve months to improve the Council's financial position, the Medium-Term financial outlook is uncertain. The public health crisis has resulted in increased costs which may not be fully funded in the current year. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected from next year onward, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.
27. As such, the Section 151 Officer supports the adoption of the 'Surrey's Economic Future: Our 2030 Economic Strategy Statement' and the wider partner engagement planned to help deliver against these ambitions. The anticipated budget growth required have been built into the draft Medium-Term Financial Strategy proposals.

#### **Legal Implications – Monitoring Officer:**

28. The Council has significant statutory powers and duties to support economic growth in its area and a critical role to play in the way its functions are discharged including the general power of competence further to the Localism Act 2011. The strategy sets out the approach the Council will adopt in discharging major statutory functions which will include leadership and coordination using the community leadership role and planning powers to set out a clear framework for local development, helping to provide certainty for business and investment, supporting growth and development through management of its land assets, directly and indirectly influencing investment decisions via the use of statutory powers, supporting local infrastructure and transport investment, providing high quality services, and leading efforts to support and improve the health and well-being of the local population to ensure that all residents have the maximum opportunity to benefit from work, and to contribute to the local economy.

#### **Equalities and Diversity:**

29. The Strategy Statement sets out the council's economic priorities for the next 10 years and strengthens the council's commitment to equality, diversity and inclusion through the four priority areas of action broadly supporting the majority of the

council's equality objectives around the economy<sup>1</sup>, health<sup>2</sup>, communities<sup>3</sup> and workforce<sup>4</sup>.

30. The Statement and associated SCC-led delivery programmes are designed to support the revival of the Surrey economy, but it also encourages partnership working to develop Surrey's potential for greater social wellbeing and economic prosperity. As such it is anticipated that it will have a positive impact on those with protected characteristics who are likely to experience greater social and economic exclusion.
31. As emphasised by Priority 3 of the Statement, although Surrey's future should be driven by an increasingly high-value, digitised economy, it is important that the economic 'system' remains diverse and that maximising opportunities is balanced against being inclusive. The report sets out that longer term, a demand led approach to workforce skills with a focus on inclusion will be developed.
32. It is recognised that the Statement is being presented in a changeable economic environment and we need to ensure that tackling inequality and leaving no-one behind are at the forefront of everything we do. Where required, Equality Impact Assessments will be completed for specific elements of the delivery programme and any potential negative impact addressed or mitigated.

**Other Implications:**

33. The potential implications for the following council priorities and policy areas have been considered. Where the impact is potentially significant a summary of the issues is set out in detail below.

<b>Area assessed:</b>	<b>Direct Implications:</b>
Corporate Parenting/Looked After Children	No significant implications arising from this report at this stage.
Safeguarding responsibilities for vulnerable children and adults	No significant implications arising from this report at this stage.
Environmental sustainability	No significant implications arising from this report at this stage.

**What Happens Next:**

34. Delivery Plan Update will be brought back to Cabinet in 6 months. This will include reference to the performance monitoring indicators and emerging business cases.

<sup>1</sup> Tackle economic inequality and disparity through ensuring that everyone has the education and skills they need and that the infrastructure of the county is accessible, so that all residents are able to access the jobs, homes and transport needed to share in the benefits of growth.

<sup>2</sup> Work to close the county's healthy life expectancy gap by focusing our resources on children and adults who need our services most so they can be healthy, independent, and thrive.

<sup>3</sup> Work with communities, through our new local engagement model, to make it easier for all residents to participate in local democracy, service design and decision-making.

<sup>4</sup> Deliver a radical work programme to strengthen the diversity of our workforce and move to a culture that values difference, where all staff feel they belong and have opportunities to succeed.



35. Cabinet Members are invited to continue to engage with the development of the delivery plan through direct discussions with the Director for Economy and Growth.

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**Consulted:**

SCC Leader

SCC Corporate Leadership Team

SCC Cabinet Members

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SCC Legal Team

**Annexes:**

Annex 1 Reimagining Places, conceptual diagram

Annex 2 Emerging Economic Growth Indicators

**Sources/background papers:**

Surrey's Economic Future: Our 2030 Strategy Statement

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