

WEDNESDAY, 15 DECEMBER 2021

## **Economy and Growth: Programme for Growth (including Levelling Up White Paper and County Deals)**

Purpose of report:

This report provides an update on the activities taken forward to deliver on the economic opportunities set out within Surrey's Economic Strategy and to help address the economic challenges following the COVID-19 pandemic. An update is also provided on the Government's proposed Levelling Up and Devolution White Paper and anticipated County Deals.

### **Introduction:**

1. As a County, Surrey contributes over £44bn to the UK economy per year, with high GVA per capita and business. Surrey's excellent connectivity makes it an attractive area for businesses to locate. As a result, Surrey has a large number of active businesses with some 600 active businesses per 10,000 population (about 23% higher than the equivalent figure for the South East of England as a whole).
2. Despite the past trend of strong economic performance, since 2015 there has been a decline in Gross Value Add (GVA) per head in relative terms compared to the rest of the UK. As a result of the changing economic trends, the impact of the COVID-19 pandemic and the inequality within the County that has been brought to sharp focus through the pandemic, a renewed focus has been placed on Surrey's economy.
3. Growing a sustainable economy from which everyone can benefit is one of the Council's four strategic priority outcomes, along with Reducing Health Inequalities, A Greener Future and Thriving Communities. The strength and growth of the Surrey economy clearly impacts and makes a significant contribution to the achievement of all four.
4. Surrey County Council's 'Forward to 2030, Economic Strategy Statement', titled 'Surrey's Economic Future' was agreed by Cabinet in December 2020 and sets out the path to economic recovery and prosperity. The Strategy identifies four

main themes/opportunities for the County's post COVID-19 resilience and growth have been identified, including:

- a. Delivery of Surrey's Inward Investment Programme and promotion of the Surrey Story
  - b. Convening and place leadership to reimagine Surrey's High Streets for the future
  - c. Skills for growth: maximising opportunities through skills development for the future.
  - d. Delivery of key infrastructure across Surrey, including gigabit capability, highways and transport, and business networks and partnerships.
5. The four opportunity areas were proposed through the work of Surrey's Future Economy Commission, led by Lord Philip Hammond through 2020- 2021, and through the subsequent engagement work undertaken. These priority areas have been further informed through wider stakeholder input secured through the One Surrey Growth Board, which is Chaired by Tim Oliver and brings together leaders across further education, higher education, business, community and voluntary sector, MPs and D&B representatives.
6. Since the strategy and themes were agreed in December 2020 and April 2021 respectively, specific interventions are already being taken forward to drive a more innovative, inclusive, and productive economy. This includes the launch of a new Surrey-specific approach to inward investment, a strategic, community-led approach to placemaking (with test modelling underway in Horley and Staines as those towns most impacted by the downturn in the aviation industry) and a programme of work to improve full fibre digital connectivity in Surrey. These interventions are considered further in section 8 to 24 below.
7. A collaborative approach has been adopted to deliver the cross-cutting organisational objectives of economic growth, greener futures, and social value and maximising opportunities for all. This close working between the Economy & Growth team, Land & Property, and Environment, Transport and Infrastructure (ETI) has led to a co-ordinated approach to developing the Greener Futures delivery plan, Surrey's Economic Future Delivery Plan and Surrey's Infrastructure Plan. Going forward, further integration of these work programmes will maximise opportunity for specific projects to achieve cross-cutting organisational objectives.

### **Surrey's Economic Future Delivery Programme**

8. An ambitious delivery programme has been established to move the focus from strategy development toward the tangible delivery of outcomes to support growth. The delivery programme has been targeted to address the opportunity areas listed in section 4 above and an updated of the programme was agreed by Cabinet in October 2021.

## Delivery of a refreshed approach to Inward Investment in Surrey

9. To support the priority theme, 'Growing the Leading Edge' and, to deliver a 'step change' in Surrey's competitiveness, Surrey County Council is redesigning and reinvigorating its inward investment service, including a refreshed online presence promoting the County as an attractive and highly competitive business destination. This is drawing on and aligned with the ThinkingPlace work on the Surrey Story.
10. A new website has been developed and is expected to go live in December 2021. A launch event will follow in Spring 2022. It is the first time, in recent years, that Surrey County Council has taken a proactive approach to attracting new large-scale employers and innovative businesses to Surrey and has been able to provide support to growing businesses looking to relocate.
11. The team are proactively targeting several well-known companies and/or growing businesses (recently financed) interested in relocating to the region and are actively managing a pipeline of potential opportunities working closely with colleagues from SCC's Land & Property team and District & Borough partners to identify suitable sites for investment.
12. Opportunities are also being explored to further enhance the offer to businesses to relocate and/or growth in Surrey, through establishing an Innovation Loan Fund. The case for investment is currently being considered through a business case but with an expected focus on innovation and a greener economy.

## Reimagining Surrey's High Streets, retail centres and towns

13. The County Council is leading a pioneering new approach to reimagining town centres, through working jointly with borough councils to implement a community-led visioning and engagement process. This is most developed, in support of determining the investment priorities, for Horley and Staines. These two localities have been identified as initial test models due to the impact of the downturn in the aviation and travel sectors affecting these towns. The approach being taken will be developed through the work in these localities prior to being considered for adoption in other key locations in Surrey.
14. In implementing a Place Leadership approach, SCC seeks to maximise the impact of intervention by each partner authority; contributing to a shared vision for the place and supporting the diversification of the high street based on the needs of the local community. The positive impact of this approach in building partnerships and implementing new processes for engaging with communities is being actively captured and the lessons will be applied to other towns across Surrey.

## Skills for Growth: Maximising opportunities within a balanced economy

15. As with the whole of the UK, Surrey has seen a dramatic change in the labour market both through the pandemic and in the post EU context. The skills provision will need to adapt to the shift in focus to a greener economy, increased demand for health and social care and increasing technological and digital opportunities.
16. Not only does this mean that employers need support to secure the skilled workforce of the future but also that SCC needs to undertake a role in supporting our more excluded communities to be able to be prepared to take up the opportunities on offer in the Surrey economy. This means providing support across all skills levels, to maximise the opportunity for everyone in Surrey to benefit from a growing economy.
17. SCC is working with partners to transition the Employment and Skills Board into a newly formed Surrey Skills Leadership Forum which will provide more strategic oversight of the skills system and use a research driven, evidence led approach to designing interventions for the future. Part of this approach will include the development of a locally agreed Skills Improvement Plan which will underpin future activities in the county.

## Delivery of Gigabit Capable Infrastructure

18. The importance of digital technology has been recognised as a priority to support the growth of a leading-edge economy and tackle issues of social exclusion. However, data shows that the roll out of gigabit speed coverage across Surrey has fallen below national average. Only 24.81% of residential and business premises are currently able to access Gigabit speeds, relative to a UK average of 49.27%.
19. This position is expected to change significantly over the next few years with large scale upgrades planning by Openreach, Virgin Media and new smaller 'Alt-Net' providers also investing in Surrey. Further details about these plans to increase digital infrastructure coverage can be found on the [Surrey County Council website](#).
20. Furthermore, Building Digital UK (BDUK), as part of the Department for Digital, Culture, Media and Sport (DCMS), have announced plans to invest up to £171m within Surrey to support connectivity in hard-to-reach areas which are not able to attract investment by the private sector, due to viability issues. Surrey County Council is taking an active role and engaging with BDUK to ensure that Surrey's needs are considered a priority for delivery and continuing a dialogue with commercial providers to promote Surrey as an attractive place for investment.

21. In order to encourage commercial investment, a SCC work programme has been established to tackle barriers to investment in digital infrastructure within Surrey. This includes the recent submission of a funding bid to DCMS seeking £500,000 to support Surrey in maximising the use of SCC's own assets for the installation of full fibre and 5G technology.
22. In addition to the investment in digital, the county is faced with wider infrastructure challenges which constrain growth and impact communities. The Surrey Infrastructure Plan and Surrey Place Ambition work has started the process of working collaboratively with our boroughs and districts to develop a common understanding of the infrastructure needs to enable the sustainable growth of Surrey's economy.
23. The topic of what "Good Growth" really means for Surrey was the focus of the recent Surrey Future & Surrey Development Forum meeting, which launched the draft updated Place Ambition document for wider consultation.

#### Corporate Social Responsibility (CSR) and maximising the role of large employers

24. Finally, Corporate Social Responsibility presents a new area of opportunity to deliver of Surrey's Economic Strategy. Surrey is fortunate to benefit from the presence of large businesses and anchor institutions, but engagement with both the public and private sector has indicated that more could be done to maximise the potential social value and economic benefit of this economic advantage.
25. Businesses have what is referred to as a "Corporate Social Responsibility", whereby consideration should be given to the social, economic and environmental impact of the business. Many businesses in Surrey recognise the beneficial impact that Corporate Social Responsibility activities can have and already undertake work to positively engage with their local communities.
26. There is an opportunity for SCC to take a leadership role, to harness and help direct private sector investment, coordinate businesses Corporate Social Responsibility offer and lead by example, as a large employer in Surrey.
27. Whilst work is already underway by SCC, such as through the social value responsibilities as part of procurement processes, there is an opportunity to go further. Organisational priorities which could be promoted as a focus for Corporate Social Responsibility activities include Net Zero Carbon and improving skills, such as through support for apprenticeships, mentoring programmes, and support for local education institutions. SCC will look internally and externally at the potential to further support SMEs and to create opportunities for all within the County.

## Key Performance Indicators – Measuring Success

28. To help track Surrey’s economic performance, Table 1 shows six measures and target positions which will be used to track Surrey’s economic performance.
29. As the Economy and Growth team is not a delivery team, the KPIs are used to inform where efforts should be targeted to influence and convene partners toward a common objective, rather than used to monitor the direct impact of the performance of the team.

**Table 1 – Growth Measures**

<b>Metric</b>	<b>Targeted position</b>
Gross Value Add (GVA)	19% increase by 2030 from 2019 baseline
Employment in Knowledge Intensive Industries	1 percentage point increase to employment in knowledge intensive industries across Surrey, by 2030.
High Growth Businesses	5% of active businesses to be High Growth businesses, by 2030
Gigabit Capability	Increase coverage to 40% to keep pace with rest of UK, by 2030
Housing Affordability	Improve housing affordability ratio from 11.5 to 10.5, bringing Surrey closet to the South East, by 2030
Claimant Count	Claimant count to return to 1.1% within three years
Carbon Output	Reduction in output to meet Climate Change Strategy target of county net zero by 2015

## Levelling Up White Paper

30. In May 2021, Government announced that a landmark Levelling Up and Devolution White Paper would be published, setting out bold new policy interventions to improve opportunity and boost livelihoods across the County.
31. There has been much anticipation for the publication of the White Paper. For Surrey there is a need to understand how Government intends to support the levelling up of the UK economy without “levelling-down” those areas, such as

Surrey, which demonstrate a strong economic performance and continue to hold substantial opportunities to growth the UK economy.

32. The latest intelligence suggests that the Levelling Up White Paper will be published later in December 2021. The scope of the White Paper is still expected to include the outcome of the LEP Review and announce the first pilot County Deals. (In the event that the White Paper is published in advance of the meeting, a verbal update will be given).

## **LEP REVIEW**

33. There are two Local Enterprise Partnerships (LEPs) operating across Surrey, with Coast to Capital covering East Surrey and Enterprise M3 LEP covering West Surrey.
34. Since LEPs were established in 2011 their role and structure has continued to evolve and in recent years LEPs have been responsible for the deployment of large sums of capital infrastructure funding and have held a broader remit across economic growth functions.
35. The LEP Review was launched earlier this year to consider the future form and functions of LEPs. It is expected that the outcome of the LEP review will see a change of function away from managing funding and infrastructure delivery to more of a focus on business support. A further update on the outcome of the LEP review will be presented to the Select Committee following the publication of the White Paper.
36. In advance of the LEP Review outcome being confirmed, SCC has commenced work to understand its future investment priorities, such as through the Surrey Infrastructure Plan. The Skills Improvement Plan will also help set out the priority interventions to support the re-alignment of provision to meet business needs. This will help ensure that SCC is on the front foot in terms of responding to any future funding opportunities. Furthermore, SCC is exploring the potential for a County Deal, as set out below.

## **COUNTY DEAL**

37. As well as the 'levelling up' agenda, government have indicated that a limited number of County Deals will be considered to support the conditions for long-term growth and productivity. Although the detail will be set out in the White Paper, it is expected that County Deals will be part of the agenda to address ingrained issues that have historically been barriers to social mobility. This is as relevant to Surrey as it is to other parts of the country and we are determined that the residents of Surrey are not left behind.

38. It is anticipated that County Deals will see powers, freedoms and flexibilities devolved from central government to local government, offering the same powers metro mayors have in other parts of the country. They will be negotiated and led by upper tier Councils. There will be no new or additional funding for them, and they will not require local government reorganisation.

39. If successful, a County Deal for Surrey would enable:

- more autonomy to make the right decisions for the County and to meet our residents' priorities
- better co-ordination and investment (e.g., infrastructure, transport, job creation, business support)
- creation of better conditions for economic opportunity and regeneration of towns and high streets
- delivery of our climate change strategy
- better addressing local skills and training needs
- empowering communities to improve quality of life, resilience and resourcefulness

40. In view of the potential contribution a County Deal could provide in support of the County's Economic Strategy, SCC's organisational objectives, and the work programme and priority projects as set out in this report, the County Council has engaged with partners on the broad content of a draft County Deal.

41. The current understanding is that only 5 or 6 County Deals will be selected and the programme for further County Deals to be announced is unclear. As such, and in parallel to the work on a potential County Deal, exploratory discussions are taking place with Hampshire County Council to consider other options. An alternative model for economic collaboration and devolution already exists in legislation, in the form of an Economic Prosperity Board, and provides a potential means to influence and achieve economic growth across a wider geographical area.

42. In addition, SCC will continue work towards the proposals set out within the County Deal to the extent possible, through maximising opportunities through existing partnership arrangements; ensuring that SCC is well placed to respond to future opportunities.

<b>Conclusions:</b>
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43. The COVID-19 pandemic has had a profound effect on the national and local economies and residents engaged in them. Over the past two years, SCC has worked to increase its leadership, strategic and delivery roles. This has been achieved through establishing the One Surrey Growth Board, agreeing the County's Economic Strategy and establishing a delivery programme to maximise economic opportunity and tackle barriers to growth.

44. This foundational and developing work is supporting the economic growth agenda by creating the right conditions for growth and regeneration, through empowered partnership activity.

#### **Recommendations:**

45. The Select Committee are asked to:

45.1. **Consider and Endorse** the planned activities as set out in the report, which focus on improving the KPIs listed in Table 1.

45.2. **Agree** to receive a further update report once the Levelling Up and Devolution White Paper has been published and the outcome of the LEP Review is understood.

#### **Next steps:**

A further update will be presented to Communities, Environment and Highways Select Committee following the publication of the Levelling Up White Paper.

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#### **Report contacts**

Michael Coughlin, Executive Director, Partnerships, Prosperity and Growth  
Rhiannon Mort, Head of Economic Infrastructure, Economy and Growth

#### **Contact details**

07929 657003, Rhiannon.Mort@surreycc.gov.uk

#### **Sources/background papers**

Surrey's Economic Future: Our 2030 Strategy Statement

Economy and Growth Update Report: Delivering a Programme for Growth, Cabinet Report October 2021

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