

SURREY COUNTY COUNCIL**CABINET****DATE:** 15 DECEMBER 2020**REPORT OF:** MR TIM OLIVER, LEADER OF THE COUNCIL**LEAD OFFICER:** MICHAEL COUGHLIN: DEPUTY CHIEF EXECUTIVE**SUBJECT:** SURREY'S ECONOMIC FUTURE: OUR 2030 STRATEGY STATEMENT AND INVITATION TO ENGAGE

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

SUMMARY OF ISSUE:

At their meeting of 27th October, Cabinet received an update on progress towards an economic strategy for Surrey and agreed to receive the 2030 Economic Strategy Statement at December Cabinet. The 'Surrey's Future Economy: Our 2030 Strategy Statement' (attached as an annex) presents a categorisation of available economic evidence and research alongside Surrey County Council's economic priorities for the next 10 years. Recognising that the Statement is being presented in a changeable economic environment, it is designed to be adaptive, ensuring that it is able to accommodate the changing economic circumstances which are out-with the Council's control.

It is, nonetheless, an ambitious statement of intent. It not only sets out the work that the County Council will lead on and support directly to revive the Surrey economy, but also sets out a framework for partnership action and an invitation for key stakeholders to engage further to ensure that Surrey retains its position as a significant economic leader of the sub-regional and UK economy. Engagement on the Strategy, including partner consideration of the priorities and joint development of programmes of work is underway already with the One Surrey Growth Board inputting to the consultation process at its December meeting.

'Surrey's Future Economy' is the means through which Surrey County Council will deliver against its corporate ambition to, '***Grow a sustainable economy so everyone can benefit***'. Due to the wide range of outcomes which will be delivered through a vibrant, sustainable economy, the outcomes from this work will also support the other corporate priorities, particularly '***Tackling health inequality***' whereby the importance of good quality and sustained employment has a direct correlation with quality of life and '***Enabling a greener future***' where it will be possible to maximise opportunities of the green economy to deliver both climate and economic benefits.

The priorities emerge from a significant body of evidence, including the findings of Lord Hammond's Economic Commission, a COVID-impact assessment undertaken by ARUP and a socio-economic snapshot of Surrey undertaken by Third Life Economics. This work is being further enhanced by the emerging Surrey Digital Infrastructure Strategy and Infrastructure prioritisation work, both due to be completed by the end of the year.

The Statement sets out four priority areas of action:

- I. Growing the leading edge: supporting the growth of Surrey's innovation economy

- II. A ‘whole place’ approach to growing and sustaining quality places
- III. Maximising opportunities within a balanced, inclusive economy
- IV. Capturing the potential of a greener economy

RECOMMENDATIONS:

It is recommended that Cabinet:

1. Agree to adopt the Surrey’s Future Economy: Our 2030 Strategy Statement and associated SCC-led delivery programmes;
2. Agree to receive an annual report on progress;
3. Note that a wider partnership programme of work is also being undertaken to deliver on the joint stakeholder ambitions.

REASON FOR RECOMMENDATIONS:

Cabinet is receiving ‘Surrey’s Economic Future’ to set out how the Council will deliver against its corporate priority to ‘Grow a sustainable economy so everyone can benefit’ and to demonstrate the role that Surrey County Council will have in supporting a thriving Surrey economy for the next 10 years.

DETAILS: Surrey’s Economic Future: Our 2030 Strategy Statement and Invitation to Engage

Strategic Context

1. The wider UK and Surrey economic context in November 2020 is incredibly unpredictable. The COVID-19 Pandemic remains a live issue for the economy creating an unprecedented set of circumstances and an unknown future environment. Various other macro issues are in play which also have an impact on the Surrey economy. They include (but are not exclusively): the imminent EU exit, the impact of digitisation and automation on the world of work and the climate change agenda. Whilst understanding and responding to the economic situation in this context is complex and challenging, it is also vitally important. In order to present an effective strategy in this context, it will need to be flexible and agile and able to adapt to changing external circumstances, policy, governance structures and resource availability. This Strategy Statement reflects these wider macro issues and allows Surrey County Council to work with partners to respond appropriately.
2. ‘Surrey’s Economic Future’ provides a Surrey-wide economic perspective, adding value to the work undertaken locally through Districts and Boroughs, LEPs, wider partnerships and direct government interventions, providing a Surrey specific vision for change underpinned by clear objectives and a strong strategic intent. Economic impacts are cross-cutting and diverse and therefore the emerging Strategy needs to reference many competing interests, harmonising and prioritising a number of different objectives. In order to do this, the Strategy is underpinned by a robust analysis and interpretation of Surrey specific data and evidence and will refer directly to other relevant strategies, for example the Infrastructure Strategy, Surrey Future Ambition, Health and Wellbeing Strategy and Surrey’s Greener Future; it is also likely that additional, more focused strategies emerge, for example a Surrey Skills Strategy.
3. The Strategy has also been developed in the context of the Surrey Economic Commission findings and the new One Surrey Growth Board, which will retain an ongoing interest and oversight of the work as it underpins the emerging One Surrey Growth Plan and Proposition.

Evidence Base

4. The Strategy Statement draws on various strands of evidence including:

- Surrey Place Ambition (July 2019)
- ARUP Baseline Research (March 2020)
- ARUP COVID-19 Economic Impact Assessment (June 2020)
- ARUP Infrastructure Plan (June 2020)
- [University of Surrey Cluster Research](#) (November 2020)
- Surrey Economic Commission Findings (September 2020)
- Socio-economic research on 'Surrey in a COVID context' (October 2020)

It also aligns with the findings of Surrey County Council's Community Impact Assessment and will be a key tool in responding to the economic impacts uncovered through that work. It is apparent that further research will be essential to refresh and update the strategy at regular intervals in order to ensure that it remains current and deliverable in the changeable environment.

Strategy Statement Priorities and an Invitation to Engage

5. The strength of the Surrey 2030 Economic Strategy Statement (appendix1) lies in the county's existing competitive advantage, its robust performance across a range of areas and its relative resilience. The strategy builds from these strengths and assets and positions Surrey as the primary driver of economic recovery and renewal, recognising the need to establish the county powerfully against a strong northern focus. There are four priority areas for action within the statement. These are set out below alongside SCC-led areas of action.

6. ***Priority 1: Growing the leading edge: supporting the growth of Surrey's innovation economy***

"We are proud of our innovation assets and the success of our leading-edge businesses: as the analysis in the previous chapter demonstrates, they represent assets to the UK as well as to the county. In the long run, productivity growth will depend on making sure the conditions are there to enable existing firms to expand and ensuring that there is capacity for new innovative firms to emerge and grow"

SCC-led areas for action:

- Ensuring capacity for expansion for established and emerging innovative and high-value businesses (e.g. strategic land mapping, business relationships)
- Identifying and strengthening key economic clusters (e.g. 5G/ AI and pharmaceuticals) and working more closely with Department for International Trade
- Building relationships with key businesses and the knowledge base (building from the Thinking Place brand narrative work) & set up new inward investment programmes focused on retaining and growing Surrey's unique business offer.

7. ***Priority 2: A 'whole place' approach to growing and sustaining quality places***

"Surrey's quality of life is both a contributor to, and a consequence of, our economic success. We benefit from an outstanding natural environment (including the Surrey Hills AONB), as well as a diverse and widely distributed towns and villages. While each place is distinct and has its own assets and opportunities, we want to develop a coordinated approach to supporting their economic growth"

SCC-led areas for action:

- Lead on the development of 'hyper local', connected centres, helping our town centres respond to changing patterns of demand & using digital connectivity to support town centre offer

- Providing the infrastructure to support a balanced economy – and ensuring a diversity of housing supply, especially for younger / key workers - delivering an anticipated £120m investment into housing via Halsey Garton Residential Ltd (wholly owned subsidiary of Surrey County Council)
- Improving digital and transport connectivity to accelerate housing delivery, for example through prioritising upgrades to A22, A320, A3

8. Priority 3: Maximising opportunities within a balanced, inclusive economy

“Although Surrey’s future should be driven by an increasingly high-value, increasingly digitised economy, our economic ‘system’ will need to remain diverse: direct personal services, for example, are vitally important, and will become more so in the context of our ageing population and growing health and social care demand”

SCC-led areas for action:

- Supporting businesses and the workforce through the economic consequences of Covid-19- focusing on sectors of identified need, for example the aviation sector;
- Target inward investment activity to ‘rebalance’ geographic disparities’
- Developing a longer term, demand led approach to workforce skills, with a focus on inclusion, high volume need and skills of the future (linked to health inequalities and wider health outcomes)

9. Priority 4: Capturing the potential of a greener economy

“In Surrey, we have declared a climate emergency, and through Surrey’s Greener Future, we have set out a strategy to achieve net zero carbon by 2050. Achieving this target presents an economic opportunity”

SCC-led areas for action:

- Driving the development of the low carbon and environmental goods and services sector as a key part of our approach to innovation and cluster development, capitalising on Surrey strengths e.g. electric vehicle and infrastructure business base
- Facilitate uptake of low-carbon business opportunities (e.g. Government ‘retrofit’ scheme) and work with aviation sector to consider low carbon aviation technologies
- We will support our residents to take up the projected 4,000 jobs created in the low emission vehicles and infrastructure opportunities projected for 2030 (LG Inform projections)

10. Surrey County Council is well positioned to lead and co ordinate the county’s recovery and, through this Strategy Statement and associated programme of work, will begin the process of revitalising Surrey’s position as an economic leader of the future. There are many areas of work where other partners and stakeholders have significant contributions to make to the county’s success and the role of the County Council is to enable that to happen through support, facilitation and levering in resource. This Strategy Statement therefore also includes an ‘invitation to engage’, an encouragement to all Surrey’s stakeholders to come together to promote and deliver on the Surrey economic vision for the future.

Measuring Success

11. The medium, - long term proposed monitoring mechanism is the [Grant Thornton Sustainable Growth Index](#) which looks at progress across related economic themes such as ‘Inclusion and Equality’, ‘Resilience and Sustainability’ and ‘Health, Wellbeing and Happiness’. This tool will be further supported by regular programme updates and

performance management mechanisms. Long -term indicators, including setting out the baseline position and quantifying the actual targets in the short, medium and long term will underpin the action plan and associated programme of work which will be agreed with the portfolio holder. Whilst not yet confirmed, initial proposals include:

- 2% increase in GVA per annum by 2030 (from base 2018 position)
- Unemployment to return to pre Covid-19 level by 2025
- High Street occupancy to remain over 85% in all key town centres
- Surrey's prioritised digital infrastructure programmes to begin implementation by 2025
- Surrey's business survival rates recognised as being in the top 10% nationally
- Resident earnings rise per annum in line, or above inflation
- Increasing economic activity rates

Next Steps

12. Following Cabinet approval of the 2030 Strategy Statement, ongoing engagement will continue through key stakeholder groups, e.g. the One Surrey Growth Board (17 December), this will ensure that the Strategy Statement is further enhanced by partner considerations and offers to support delivery.
13. A programme of work and associated indicators (including baselines) to support the ambitions of the Strategy will be agreed by the Cabinet portfolio holder and Cabinet will receive an update on progress through an annual report.
14. The economic priorities set out within this Strategy Statement will also directly inform the development of the One Surrey Growth Plan and Proposition.

CONSULTATION:

15. This framework has been discussed with Portfolio Holder and Cabinet Members and it is now intended to further consult on the Strategy externally;
16. The emerging themes and priorities were considered by Select Committee Chairs and vice Chairs at their meeting on 12 November and key considerations were included as appropriate;
17. The emerging themes and priorities were considered by key partners at a special Surrey Future workshop held on 19 November;
18. The emerging themes and priorities were considered by large businesses at the Surrey Business Leadership Forum on 4 December;

RISK MANAGEMENT AND IMPLICATIONS:

19. 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.
20. 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 within the December report.***

FINANCIAL AND VALUE FOR MONEY IMPLICATIONS:

21. Costs of delivering this strategy within 2020/21 will be met from existing Economic Development budgets.
22. 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.
23. The existing capital programme includes a number of investment proposals which contribute to the achievement of the ambitions set out in this strategy statement. Any further future capital investment requirements will be considered as part of the development of the One Surrey Growth Plan and Proposition, and are anticipated to generate match funding and/or additional revenue income streams.

SECTION 151 OFFICER COMMENTARY:

24. 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.
25. 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:

26. 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:

27. 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 economy¹, health², communities³ and workforce⁴.

28. 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.
29. 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.
30. 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:

31. 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.

Area assessed:	Direct Implications:
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.
Public Health	No significant implications arising from this report at this stage.

WHAT HAPPENS NEXT:

32. Cabinet Members are invited to continue to engage with the development of the Strategy through direct discussions with the Director for Economy and Growth. Wider consultation with key stakeholders on areas of joint delivery will continue into early 2021.
33. The Director for Economy and Growth is fully engaged with parallel pieces of work, including the Growth Board's One Surrey Plan for Growth and the Infrastructure Plan and will ensure alignment.

¹ 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.

² 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.

³ 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.

⁴ 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.

34. A full economic delivery programme to support the strategy ambitions will be developed by SCC's Cabinet Portfolio Lead and will be reported back annually through Cabinet.

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Consulted:

SCC Leader

SCC Corporate Leadership Team

SCC Cabinet Members

SCC Finance and Economy officers

Annexes:

Annex 1: Surrey's Economic Future: Our 2030 Strategy Statement

Sources/background papers:

- [Surrey Place Ambition \(July 2019\)](#)
- ARUP Baseline Research (March 2020)
- [Surrey Interim Economic Strategy \(April 2020\)](#)
- ARUP COVID-19 Economic Impact Assessment (June 2020)
- [ARUP Infrastructure Study \(2017\)](#)
- [University of Surrey Cluster Research](#) (Published November 2020)