

Strategy and Resources Executive Advisory Board Report

Ward(s) affected: All wards

Report of Strategic Director of Place

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## **Economic Development Strategy 2023-2040**

### **Executive Summary**

The Council has a number of economic strategies that have now reached their expiration and need to be updated.

Major economic shocks such as the COVID-19 pandemic, Brexit and the cost-of-living crisis have brought changes and uncertainties to our economic landscape requiring a reassessment of our challenges, opportunities and priorities. Coupled with the borough's relatively weak economic performance compared to other locations—a trend preceding the COVID-19 pandemic—there is impetus to set out a refreshed strategy and action plan to reinvigorate Guildford's economy and ensure it is a place where businesses and residents can continue to thrive.

In light of the changes to the economic landscape, and in line with the Council's Corporate Plan 2021 – 2025, this paper presents a new Economic Development Strategy and accompanying draft action plan for the period up to 2040, outlining a renewed vision and priorities to support the local economy.

### **Recommendation to Strategy & Resources Executive Advisory Board**

The Strategy & Resources Executive Advisory Board is asked to:

- a. Consider and comment on the Economic Development Strategy 2023-2030.
- b. Recommend the adoption of the Economic Development Strategy and the supporting evidence base, to Full Council.
- c. Consider and comment on the draft Economic Development Action Plan, which will be subject to further consultation with strategic partners.

Reason(s) for Recommendation:

To support the reinvigoration of Guildford's economy, the new Economic Development Strategy and Action Plan:

- Sets out the case for action in light of changes to the international, national and regional economic landscape.
- Gives an updated analysis of Guildford's strengths, weaknesses, opportunities and threats.
- Identifies key strengths and opportunities to for the Council and its partners to harness, such as sector specialisms and economic assets (e.g. commercial spaces).
- Highlights the importance of mitigating the environmental impact of economic activity to reflect climate change and sustainability issues.
- Identifies the levers that the Council can utilise to address priority interventions that can help deliver significant positive impact for our economy.

**Is the report (or part of it) exempt from publication?**

No

## **1. Purpose of Report**

- 1.1 The purpose of the report is to obtain the views and comments of the Strategy & Resources Executive Advisory Board on the Economic Development Strategy 2023-2040 and the associated draft Action Plan, which will be subject to further consultation with strategic partners.

## **2. Strategic Priorities**

- 2.1 The Economic Development Strategy and Action Plan 2023-2040 addresses a range of priorities under Homes and Jobs, Environment and Community in the Council's Corporate Plan 2021 – 2025. This includes, but is not limited to:
- Revive Guildford town centre to unlock its full potential.
  - Support high quality development of strategic sites.
  - Support our business community and attract new inwards investment.
  - Engage with residents and businesses to encourage them to act in more environmentally sustainable ways through their waste, travel and energy choices.
  - Support the unemployed back into the workplace and facilitate opportunities for residents to enhance their skills.
- 2.2 The importance of a number of the key programmes and projects under the Corporate Plan 2021 – 2025 are also recognised in the Economic Development Strategy and Action Plan, particularly: Shaping Guildford's Future Town Centre

Masterplan, Weyside Urban Village, our climate change programme and transport and infrastructure projects to encourage sustainable travel.

### **3. Background**

#### The case for action

- 3.1 The Council has a number of economic strategies which need to be updated. These are:
  - a. Economic Strategy 2013-2021
  - b. Visitor Strategy 2014-2020
  - c. Rural Economic Strategy 2017-2022
  - d. Innovation Strategy 2019
- 3.2 Though key issues and themes highlighted in these documents persists, the current economic landscape is now markedly different from the one described in the 2013-2031 Economic Strategy, from the changing nature of retail and working patterns to the unfolding impacts of Brexit on trade.
- 3.3 Growth in the Guildford borough's economy had halted even before major economic shocks such as the COVID-19 pandemic and Brexit, all the while comparator and neighbouring locations have caught up to become more attractive for businesses and investors. Guildford town centre, for example, suffers from an above average retail vacancy rate compared to national and regional figures, and our borough has seen the loss of major employers (e.g. BOC, Ericsson, Sanofi) over the years. The barriers to Guildford's economic prosperity are ones which the Council, its partners and stakeholders are all familiar with: a lack of high-quality and suitable commercial space, a highly constrained and unaffordable housing market, traffic and congestion, poor public transport and digital connectivity and a town centre that could better reflect the needs of its residents and workers.
- 3.4 However, Guildford has strong economic foundations. Contributing over £5.3bn to the national economy, the borough is home to over 7,000 businesses, 80,000 employees and world-leading economic anchors with specialisms that can help foster and support innovation in high-value sectors such as Space & Satellite Technology, Health and Professional Services. Its location makes it well-connected by rail, road and plane to other national and international economic nodes, and the visitor attractions and setting within the Surrey Hills AONB continue to attract over 3 million visitors to the borough every year.
- 3.5 Furthermore, the Council and its partners have been working on a range of initiatives that support the reinvigoration of the borough's economy—from investments in rural broadband through supporting Broadband for Surrey Hills Ltd to Shaping Guildford's Future Town centre Masterplan.
- 3.6 However, if we want to retain our position as a key regional and national economic contributor, we need a new strategy and action plan that reflects our current economic circumstances to better position the borough to address its economic challenges—both new and old—and coordinate efforts by the Council and its key partners.

## New Economic Development Strategy

- 3.7 Three documents have been produced in preparing a new Economic Development Strategy:
- a. Guildford Economic Development Evidence Base (Appendix 1) – examines the borough’s economic strengths, weaknesses, opportunities and threats
  - b. Guildford Economic Development Strategy 2023-2040 (Appendix 2) – presents an analysis of our local economy and sets out priorities to support the borough’s economic development
  - c. Draft Guildford Economic Development Strategy Action Plan (Appendix 3) – sets out the actions the Council and its partners can do to facilitate economic development in the borough
- 3.8 The Economic Development Strategy, Evidence Base and Action Plan represents over six months of intense research, discussion and consultation between partners and stakeholders. These extensive research and consultation exercise have been used to shape a new vision for the local economy, which is:
- ‘To re-establish Guildford as the beating heart of Surrey’s economy and be widely known for our modern, innovative, progressive, productive, inclusive and green economy, characterised by unique clusters of high growth knowledge- and production-based economic activity’.**
- 3.9 This ten-year vision will be achieved by focusing on six broad themes:
- a. Productivity: Boosting enterprise, clustering and innovation
  - b. Property: Meeting business and worker needs
  - c. People: Connecting people with opportunity
  - d. Place: Upgrading our physical and digital infrastructure
  - e. Play: Transforming our town centre
  - f. Planet: Mitigating the environmental impacts of economic activity

## The Economic Development Action Plan

- 3.10 Alongside the Economic Development Strategy is the Economic Development Action Plan, which sets out what the Council and its partners can do to facilitate Guildford borough’s economic development. The Action Plan is informed by an assessment of Guildford’s key constraints and opportunities, many of which were reflected by partners and stakeholders during the data collation process of this strategy.
- 3.11 Partners and stakeholders will play a critical role in the delivery of the Action Plan, requiring collaboration and coordination of activity, to deliver a more competitive, sustainable and inclusive economy. Thus, the Action Plan will be

subject to further consultation with our key partners and stakeholders to ensure a strong buy in and commitment to co-delivery.

#### **4. Consultations**

- 4.1 The Economic Development Strategy and Action Plan have been informed by extensive discussions with a range of stakeholders. This engagement activity includes:
- Internal consultations
    - Workshops were held on 14 September and 2 November 2022 with the Joint Management Team and the Executive to discuss Guildford's economy and the actions that the Council and its partners can do to facilitate economic development. Councillors were also invited to drop-in sessions on 14 September to discuss the Strategy with the consultants.
    - Officers from Asset Management, Planning Policy and Regeneration were also engaged to frame the Economic Development Strategy in the context of other Council initiatives and strategies.
  - External consultations
    - Various workshops consultations were held with businesses and organisations from a range of sectors (visitor economy, town centre, digital/games, finance) in both urban and rural areas in Guildford throughout September and October 2022.
- 4.2 In addition, the following key partners have been consulted: University of Surrey, Enterprise M3, Surrey County Council (Economy and Growth Team), Activate Learning, Surrey Chambers of Commerce, Experience Guildford, Royal Surrey County Hospital.
- 4.3 Economic development is a multi-faceted endeavour not only requiring the support of a range of different Council services (from Community wellbeing to Planning Policy), but also a diversity of stakeholders and organisations.
- 4.4 Therefore, the Council will oversee the continuation of these engagements to ensure economic development initiatives are coordinated. Particularly, as proposed in the Economic Development Action Plan, we will look to develop the Guildford Economic Partnership, which will convene representatives from sub-groups that reflect our business base and economic specialisms (e.g., Visitor Economy, Rural Economy), alongside anchor institutions that are responsible for promoting economic growth locally (e.g., University of Surrey, Surrey County Council).
- 4.5 It is envisaged that the proposed Guildford Economic Partnership will provide a platform for consistent engagement between the Council and Guildford borough's business community, which will include opportunities to regularly review, monitor and discuss the progress of the Economic Development Strategy and Action Plan.

## **5. Key Risks**

- 5.1 Resource limitations within the Council and its partner organisations, as well as major events (e.g., COVID-19 Pandemic) that have repercussions to Guildford's local economy, may shift priorities and present a barrier to the implementation of the new Economic Development Strategy and Action Plan.
- 5.2 While the document may need minor updates over time, or a change in the emphasis of some thematic areas, it provides a framework that could remain in place for the next decade to deliver optimum outcomes for our borough. The Action Plan will remain a live document and the strategy will be updated to reflect any major changes in the economy that may occur.

## **6. Financial Implications**

- 6.1 The Economic Development Strategy sets out an action plan, which indicates activity that is required to deliver the priorities.
- 6.2 We will consult on the action plan and produce a draft cost plan based on resources required. It should be noted that some of the actions relate to the Council's existing financial commitments in the Capital Programme e.g. "continue to pursue the Weyside Urban Village scheme" and "finalise and begin delivery of the Shaping Guildford's Future town centre masterplan".
- 6.3 Should additional funding beyond the existing revenue budget for the Economic Development service be required, a future report will be brought forward to the Executive for consideration.

## **7. Legal Implications**

- 7.1 There are no legal implications arising directly from this report.
- 7.2 Should the Council seek to procure any services relating to the action plan in due course, the Council's Legal and Procurement teams will provide support to ensure compliance with the Council's legal duties including the Public Contracts Regulations 2015 and the Council's Procurement Procedure rules.

## **8. Human Resource Implications**

- 8.1 The proposed short-term activities captured in the Action Plan will be progressed within the existing staffing establishment, noting that one Officer post is currently vacant. However, should the Council look to progress this at greater pace and deliver some of the more complex actions, additional resourcing will be required. A separate business case relating to this will be brought forward through the Council's existing internal processes when necessary.
- 8.2 As economic development initiatives cut across a range of Council objectives and priorities (e.g. town centre regeneration, commercial spaces), services outside of Economic Development will play a role in the delivery of the Strategy (e.g. Assets, Planning Policy, Regeneration).

- 8.3 In light of the collaboration with Waverley Borough Council, who are also updating their Economic Development Strategy, there are also opportunities to work together on certain initiatives within the action plan that would allow both Councils to maximise value and outcomes for delivery. Opportunities for collaboration will be continuously reviewed with Waverley Borough Council's Economic Development Team.

## **9. Equality and Diversity Implications**

- 9.1 The Council has a statutory duty under section 149 of the Equality Act 2010 which provides that a public authority must, in exercise of its functions, have due regard to the need to (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics and persons who do not share it. The relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 9.2 An Equalities Impact Assessment has been completed considering the Strategy and draft Action Plan.
- 9.3 This duty has been considered in the context of this report and it has been concluded that there are no equality and diversity implications arising directly from this report.
- 9.4 Though relatively affluent, the borough suffers from pockets of deprivation, with some areas being in the 20% most deprived neighbourhoods in the country. It is imperative, therefore, that the Council and its partners address these challenges in its economic development initiatives.
- 9.5 The new Economic Development Strategy identifies the drivers of social and environmental issues in the borough and the associated action plans seeks to ensure our approach to delivering future economic growth addresses them.

## **10. Climate Change/Sustainability Implications**

- 10.1 The Council formally declared a climate emergency in 2019 and set a goal for the borough to reach net zero emissions by 2030. The Council is committed to reducing emissions, particularly from vehicles, energy use and construction processes.
- 10.2 The new Economic Development Strategy recognises that environmental impacts of economic activities in the borough need to be mitigated. It highlights the work that the Council and its partners are already doing to promote a more sustainable economy in the borough, through initiatives such as ZERO Carbon Guildford's Sustainable Business Network and Surrey County Council's LoCASE carbon reduction grant programme for SMEs.

- 10.3 The Economic Development Strategy and Action Plan highlights opportunities where the Council and its partners can collaborate to promote and work towards a net-zero / low carbon economy.

## **11. Summary of Options**

- 11.1 Strategy & Resources Executive Advisory Board is asked to consider and comment on the Guildford Economic Development Strategy 2023-2040 and draft Economic Development Strategy Action Plan. The Council will be asked to consider the following options:
- 11.2 **OPTION 1:** The Council could decide not to adopt the Economic Development Strategy. However, we currently have an outdated Economic Development Strategy that does not reflect changes to the economy (e.g. Brexit, impact of COVID-19) that needs to be addressed as they have implications for the borough's future growth and competitiveness. In addition, the borough has had little to no growth in recent years, affecting local prosperity. Without an updated Economic Development Strategy that addresses our weak economic performance in the context of a changed economic landscape, the competitiveness of Guildford borough is expected to further weaken as more interventionist locations catch up and become more attractive to both our existing and prospective businesses and investors.
- 11.3 **OPTION 2 (Recommended):** To adopt the Economic Development Strategy and note the Action Plan, which will be subject to further consultation with key partners. This will ensure that the borough has an Economic Development Strategy and Action Plan that:
- a. Responds to the current economic landscapes and local aspirations, including sustainability imperatives to ensure environmental impacts of economic initiatives are mitigated.
  - b. Prioritises interventions that could help deliver significant positive impact for Guildford borough's economy, which is grounded on extensive stakeholder consultations and an updated assessment of the borough's strengths, weaknesses, opportunities, and threats.
  - c. Receives strong support from, and maximises opportunities to collaborate with, key partners and stakeholders to drive delivery.

## **12. Conclusion**

- 12.1 The foundations of Guildford's economy are strong. However, the borough needs a renewed vision and priorities to better respond to its economic challenges, in the context of a changed and uncertain economic landscape. The new Economic Development Strategy and Action Plan presents a clear response to reinvigorate Guildford's local economy and ensure it remains competitive.

## **13. Background Papers**

Guildford Economic Development Strategy 2013-2031



## 14. Appendices

Appendix 1 Guildford Economic Development Evidence Base

Appendix 2 Guildford Economic Development Strategy 2023-2040

Appendix 3 Draft Guildford Economic Development Action Plan

Appendix 4 Additional Comments from GBC Officers and Councillors

Please ensure the following service areas have signed off your report. Please complete this box and do not delete.

<b>Service</b>	<b>Sign off date</b>
<i>Finance / S.151 Officer</i>	<i>16/12/2022</i>
<i>Legal / Governance</i>	<i>16/12/2022</i>
<i>HR</i>	<i>15/12/2022</i>
<i>Equalities</i>	<i>20/12/2022</i>
<i>Lead Councillor</i>	<i>21/12/2022</i>
<i>CMT</i>	<i>N/A</i>
<i>Executive Liaison</i>	<i>04/01/2022</i>
<i>Committee Services</i>	