Agenda Item 9



To: City Executive Board Date: 15 September 2016

Report of: Executive Director, Housing and Regeneration

Title of Report: Oxfordshire Local Enterprise Partnership (OxLEP)

Strategic Economic Plan Refresh

Summary and recommendations

Purpose of report: To update members on the consultation draft of the

Strategic Economic Plan (SEP), and to agree feedback on

it, prior to formal endorsement of the document.

Key decision: Yes

Executive Board

Cllr Bob Price, Corporate Strategy and Economic

Member:

Development

Corporate Priority: Vibrant, Sustainable Economy

Policy Framework: Oxford Economic Growth Strategy

Recommendation: That the City Executive Board resolves to:

1. **Endorse** the draft Oxfordshire Local Enterprise Partnership Strategic Economic Plan, subject to the feedback in the report and any additional member comments being relayed to the Oxfordshire Local Enterprise Partnership Board for consideration.

Appendices	
Appendix 1	<u>Draft Strategic Economic Plan: Revised following consultation</u>
Appendix 2	Strategic Economic Plan – Consultation Responses
Appendix 3	Risk Assessment
Appendix 4	Equalities Assessment

Introduction and background

1. The Oxfordshire Local Enterprise Partnership (OxLEP) is responsible for facilitating strategic development of the Oxfordshire economy, in partnership with local authorities, business and academia, and is now established as a key strategic partnership promoting the economic growth agenda to Government. OxLEP submitted their Strategic Economic Plan (SEP) to Government in March 2014. The

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SEP set out the partnership's ambition to 2030 – to meet the needs of our diverse science and knowledge based economy, to drive innovation and accelerated growth. The SEP also helped determine the priorities for the Local Growth Fund budget awarded to Oxford and Oxfordshire to support strategic growth opportunities.

- 2. OxLEP is currently refreshing the SEP to incorporate new evidence that has become available over the last two years. In particular, a number of investment plans and strategies have been produced relating to skills, innovation, the environment, culture and tourism and transport. The greater global economic uncertainty that may define the next five years is also a driver, as is the LEP's desire to engage more widely with business, universities, research institutions, local authorities, voluntary and community sectors, and residents. OxLEP also anticipates that local government devolution will require complementary economic planning.
- 3. Oxfordshire's SEP is intended to be a widely-owned "economic route map" focused on supporting the economic performance, potential and prospects of Oxfordshire, and managing the county's economic growth to ensure it is sustainable and inclusive. Compared to the original SEP, this refreshed version is higher level, shorter and clearer. It has an emphasis on a strategic framework rather than the details of delivery, and ambition to reach a wider audience of stakeholders.
- 4. The draft SEP was prepared through a more consultative process than the original document. This refreshed version was informed by three public workshops, discussions with the local authorities, businesses, other key stakeholders, and a review of evidence. It was also shaped by a Steering Group, which reviewed the consultation responses. The final phase of consultation is with Local Authorities, LEP Board and Growth Board and will run through district Executive and LEP committee processes, scheduled to end on 7 October. This will be followed by publication in November.

SEP Vision and Themes

- 5. The full draft SEP as it stands can be found in the appendices. It should be noted that the comments contained in this report are based on a 'Consultation Draft' prepared in June 2016, the latest available draft at the time of writing. Following the public consultation period, a re-draft is being produced that is likely to be published at the end of August. This will be shared with Scrutiny and CEB when it becomes available.
- For ease of reference, the vision and main themes are found below. The Vision of the SEP is that 'By 2030, Oxfordshire will be recognised as a vibrant, sustainable, inclusive, world leading economy, driven by innovation, enterprise and research excellence.'
- 7. Themes: Oxfordshire has a successful economy based on innovation, enterprise and research. Both employment and Gross Value Added are growing strongly, activity and employment rates are high and there is very low unemployment. However, the draft SEP notes that issues of sustainability and inclusion, and global risks to continued local growth need addressing. The SEP's objectives for the county's economy by 2030 are that it should be:

Vibrant: a place where ambitious businesses and people thrive; and where aspiring young people choose to build their careers and their lives

Sustainable: environmentally (taking into account climate change, carbon emissions, heritage and patterns of resource use), socially (reflecting the needs and character of communities) and economically (with businesses and others choosing to re-invest)

Inclusive: where all residents and businesses have a real stake in determining the county's future economic narrative and contributing fully to it

World-leading: recognised globally for its dynamic innovation ecosystem, founded on world class research and fuelled by enterprise, all within an environment of the highest quality.

8. These outcomes will be achieved through four programmes, as in the original SEP, but with a set of strategic high-level priorities, rather than a detailed action plan. In each of these programmes, there are on-going projects and commitments. The SEP does identify new priorities to 2020, and a number of action areas. The programmes include:

People – delivering and attracting specialist and flexible skills at all levels, across all sectors, as required by our businesses, with full, inclusive, employment and fulfilling jobs

Place – ensuring a strong link between jobs and housing growth, and providing both the quality environment and choice of homes needed to support "good" growth whilst capitalising upon our exceptional quality of life, vibrant economy and dynamic urban and rural communities

Enterprise – emphasising innovation-led growth, underpinned by the strength of university and other research, business collaboration and supply chain potential; and also recognising the significant contribution made through social enterprises

Connectivity – allowing people, goods and services to move more freely, connect more easily; and providing the services, environment and facilities needed by a dynamic, growing and dispersed economy.

- 9. The SEP also aims to ensure inter-relationships and opportunities across these programmes are exploited, e.g. local commercialisation and application of technologies developed by research and business in environmental sustainability, health, low carbon, energy, and autonomous vehicles for example.
- 10. There is also a cross-cutting spatial dimension to the SEP, maintaining the principal focus on the Oxfordshire Knowledge Spine from Bicester through Oxford to Science Vale in the south as locations for housing and employment growth.
- 11. In delivering the refreshed SEP, OxLEP state a focus on clear governance and management arrangements, building on progress to date, working closely with local authorities, the Growth Board, businesses, voluntary organisations and residents.

Responses to Public Consultation

12. Of the 262 responses, 34 were made by organisations, with the remainder from individuals, the vast majority of whom support the stance offered by the CPRE and Need Not Greed Oxfordshire, namely that the LEP is an unaccountable non-elected body, aggressively driving growth. These also claimed that the LEP is responsible for unrealistic and unachievable housing and jobs figures contained in the SHMA, heavily influencing the Local Plan process which will result in new development that will destroy Oxfordshire's environment and communities. The key ask of many of

the respondents is that the SHMA figures for housing and jobs are lowered, and that the SEP should be prepared by an elected body and subject to a Strategic Environmental Assessment. These responses reflect a fundamental misunderstanding by the CPRE/Need Not Greed campaign. The SHMA was commissioned and adopted by the Oxfordshire Local Authorities, in accordance with their statutory planning obligations, and the LEP had no role in this. The SHMA has been tested and accepted in a series of examinations by Planning Inspectors, and the forecasts for economic growth are already being exceeded, confirming that low employment growth forecasts were adopted. The SHMA figures were subsequently adopted by the City Deal and SEP-but the LEP is not responsible for the SHMA. The SEP therefore aims to support the efficient management and delivery of planned economic growth, including the necessary skills and infrastructure, but it did not set the housing or employment forecasts or assessed need.

- 13. On 4 August 2016, a letter was sent to each of the Oxfordshire LAs by Need Not Greed, reiterating the group's concerns about the SEP. A joint council response was being prepared at the time of writing this report. The specific criticism made in the letter from Need Not Greed is that that the summary of responses provided by Councils to the LEP was not accurately summarised by the LEP in their consultation responses report. However, the purpose of this report is to agree feedback for CEB to relay to the LEP. This feedback is in specific response to the draft plan, which forms part of the SEP consultation timetable to October.
- 14. Consultation responses from the business community have been less evident. Given that the focus of the SEP is the economy and the process of wealth creation, this is a concern. However, it should be noted that significant effort was made to consult widely across public, private, academic sectors and residents. The campaign used the expected channels; press, social media, leaflets, events, business networks etc. Monthly visitor numbers to the LEP's website increased by 60% from 3,386 to 5,621, indicating increased awareness. An additional business consultation session was held on 20 July 2016 with a group of 13 business representatives from a range of sectors across the county. This enhanced the depth of feedback from the business community. In general, a range of comments were received across each theme. These can be characterised as constructive critique, but generally supportive.
- 15. A statistical breakdown of categorised comments can be found in the Appendix 2 report on consultation responses. This provides further detail of comments on the LEP's role, strategic area characteristics, priorities, challenges and opportunities, the sector and employment focus, planning for infrastructure and housing, and sustainability in its widest sense.
- 16. A range of comments have been received from officers, members, the Growth Board and LEP Board. Whilst broadly supportive, these comments will be reflected in the final draft of the SEP. These range from the need for a clearer focus on the audiences that matter (Government and business), balancing the needs of business and residents, avoiding Oxford centric focus, better detailing the economic narrative, more clarity in explaining the purpose of the SEP and going beyond the 'spine' to consider wider economic assets. Other comments include a need for more focus on business accommodation supply. Others felt that the focus could be more explicit on infrastructure planning as a priority to enable growth, and have a still greater emphasis on social inclusion and employment.

Additional officer comments for member's consideration

- 17. If the SEP is judged on the terms of reference for which the refresh intended (see para. 3), it can be shown to have achieved progress in those areas of focus. It is more accessible and clear in its aims and more of a strategic route map than a plan. In its current form, it will be likely to gain more traction with business and perhaps Government.
- 18. It is not a radical break from the previous SEP, which served Oxfordshire relatively well in terms of creating a compelling economic narrative and attracting available government resources. The key programme areas are the same as is the vision.
- 19. It recognises the importance of Oxford, both as a key growth hub in its own right, and as a brand that can help drive growth and investment county-wide. The SEP focus on the 'Knowledge Spine' remains, and is helpful, highlighting Oxford's growth needs and potential in this respect. It recognises the importance of Oxford's Transport to Work Area and the city as the functional economic centre for the county. The draft adequately reflects the importance of the two universities as providers of talent, growth and knowledge, but perhaps needs to factor in the increased risks they face going forward. The SEP also focuses on a diverse range of sectors at varying stages of development, so is supporting a flexible development path, which guards against the lock-in that some areas face through over dependency on sectors.
- 20. In terms of the focus on funding delivery, the SEP perhaps unnecessarily limits itself to Growth Deals, potential devolved funds and ESIF funds. The LEP might be encouraged to consider a framework for funding attraction for delivery from wider private and sovereign wealth resources. It should be realistic in recognising that Government sources are unlikely to be enough and ESIF funds very likely to end. possibly before the end of the programme in 2020. How will Oxfordshire Business Support be resourced once ESIF is gone for example? How will programmes on social inclusion and employability be funded without European Social Funds? Equally, without a wider and more creative approach to funding, it is fair to say the various Investment Prospectuses, will contain numerous projects, which even if strategically important, remain unfunded. More mention of the certainty of funding that is needed, and *might* be provided through devolution might be encouraged. A need to respond to the opportunities or issues created by changes in central government also places much of this emphasis in flux. The SEP should be positioned to respond flexibly to this uncertainty. Sheffield's recent securing of £1bn through a Chinese firm's investment in city centre projects is one such approach.
- 21. The draft contains a statement in favour of preserving the Green belt to prevent urban sprawl. Oxford City Council would contend some limited use of the greenbelt is inevitable to meet housing need in the most sustainable way, whilst enhancing wider environmental assets and promoting sustainable forms of development. Other Districts have already made the case for taking sites out of the Green Belt where policy supports this.
- 22. The SWOT for key themes covers the key issues and the themes and vision are cross referenced well to produce a compelling strategic vision. However, perhaps the 'People' themes should be also linked to the key challenges of housing, demographic challenges and social exclusion, rather than a skills and education focus only. The reference to Community Employment Plans (related to construction e.g. Westgate) is also positive.

- 23. The Place theme has an important recognition of wider infrastructure constraints (water, power, grid), but could focus more on commercial property quality and availability issues that constrain growth. Land is available but premises are less so. Could it better recognise constraints on central area's public realm and walking connectivity needs as they grow? It is positive the SEP understands that the quality of environment, heritage and culture are strong factors in a successful economy that attract talent and investment, based on quality of life considerations. The SEP helpfully goes beyond its technology and knowledge based growth approach here.
- 24. There is necessary focus on of connectivity in transport, networks of business and digital sense. Overlap in terms of 'place' links with water, power etc. as mentioned in place would be an option to consider for highlighting these infrastructural issues. The SEP broadly supports Local Transport Plan 4, and emphasises a need to link with the new National Infrastructure Commission. The SEP highlights the development of eight corridors and areas, of which Oxford is one. It should serve Oxford's needs well but needs to recognise the extent of movement in and out through commuting to and within Oxford. Investment in the centre will benefit those on the edge of the area (housing and last mile transport for commuters are key). The SEP supports smarter approaches to development, which is encouraging given the focus of councils and universities on smarter development (e.g. Smart Oxford)
- 25. Delivery team City and district economic development staff and other officers within a collaborative partnership delivery team are not mentioned here. The LEP uses more resource than its paid staff and this should be made clear. For example the LEP and officers work jointly on engagement with business. This wider resource, which works closely with the LEP as partnership organisation needs to be recognised with officers and business representation alike.
- 26. In the Delivery section, there is a focus on progress to date. The targets here are in large part local economic indicators, which are impacted by a range of factors beyond the delivery of the LEP, albeit the LEP does influence these. Perhaps more focus in future on more direct outputs that contribute to these outcomes would be helpful in managing expectations. Indicators such 'A Level' attainment can only be influenced by the LEP.
- 27. Finally, is there enough genuine recognition of new ways to help those at bottom of labour market? This will be important as an increasing focus on the need for inclusive growth is likely to come forward in policy.

Other implications

- 28. Sustainability The SEP specifically focuses on the need for sustainable and inclusive growth that benefits local communities in terms of employment and quality of life.
- 29. Environmental The draft SEP recognises the importance of sustainable growth in its widest sense and is under-pinned by a Strategic Environment and Economy Investment Prospectus that seeks to demonstrate the value of Oxford's green economy, infrastructure and assets, and seek for investment in key assets. It recognises the challenges around growth and environmental protection specifically, and seeks to offer a balanced approach to these needs.

Financial implications

30. No immediate financial implications.

Legal issues

31. No legal implications.

Level of risk

32. Risk Register attached at Appendix 3

Equalities impact

33. Equalities Impact Assessment attached at Appendix 4

Conclusion

34. Overall, the draft SEP offers a compelling high-level strategic framework for the future direction and priorities for development of the county's economy. It provides an adequate framework to position Oxford's specific economic needs within the county, national and international context.

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Background Papers: None			

