
Report to: Cabinet

Date of Report: 29th March 2012

Subject: Sefton Economic Strategy

Report of: Director of Built Environment

Wards Affected: All

Is this a Key Decision? Yes

Is it included in the Forward Plan? Yes

Exempt/Confidential No

Purpose/Summary

To advise members of the draft Sefton Economic Strategy, and seek approval for a consultation with businesses, residents and partners.

Recommendation(s)

1. That Cabinet accepts the Sefton Economic Strategy for purposes of consultation.
2. That officers consult widely on the Economic Strategy and produce a Report of Consultation and a revised Strategy statement for members to approve at a subsequent meeting.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	✓		
2	Jobs and Prosperity	✓		
3	Environmental Sustainability	✓		
4	Health and Well-Being	✓		
5	Children and Young People	✓		
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities	✓		
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

Reasons for the Recommendation:

To authorise public consultation.

What will it cost and how will it be financed?

(A) Revenue Costs

The costs of consultation are principally in officer time and are fully accounted for within Economic Development’s revenue budget.

(B) Capital Costs

None.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	
Under Section 69 of the Local Democracy, Economic Development and Construction Act 2009, a principal local authority [such as Sefton] must prepare an assessment of the economic conditions of the area.	
Human Resources	
Equality	
1. No Equality Implication	<input type="checkbox"/>
2. Equality Implications identified and mitigated	<input checked="" type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>
An Equalities Impact Assessment has been prepared and will form part of the Economic Strategy document.	

Impact on Service Delivery:

What consultations have taken place on the proposals and when?

The Head of Corporate Finance & ICT (FD1433/12) has been consulted and has no comments to make since the costs of consultation will be met from officer time and from within budgets held by Economic Development.

The Head of Legal Services (LD787) has been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

1. Not to prepare a strategy places Council services and assets at risk because they assume a given level of economic activity to be viable or effective.

2. Not to consult would be contrary to the Council's policy on engagement and consultation.

Implementation Date for the Decision

Following the expiry of the "call-in" period for the Minutes of the Cabinet Meeting

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Background Papers:

The following papers are available for inspection by contacting the above officer:

SQW (May 2011), Sefton Local Economic Assessment – Final Main Report

SQW (May 2011), Sefton Local Economic Assessment – Supporting Annexes

Introduction

1. On 16th December 2009, members received a report detailing a new statutory duty placed on local authorities under the Local Democracy, Economic Development and Construction Act 2009, to undertake a Local Economic Assessment (LEA).
2. Cabinet Member – Regeneration & Housing accepted the LEA on 23rd June 2011, and authorised officers to prepare a Sefton Economic Strategy.
3. The purpose of this report is to summarise the Strategy, and explain how we intend to consult a wide range of businesses, residents, service users, providers and partners.

Background

4. This is the first Economic Strategy for Sefton in over a decade. It could not have been prepared at a more challenging time. The global financial crisis of 2008, the subsequent recession, and the halting recovery, have significantly damaged the borough and severely tested its resilience.
5. The Sefton Economic Assessment – published in May 2011 – shows that within this troubled global environment, the Liverpool City Region and Sefton in particular offer the hope of economic renewal:
 - The Chinese and far eastern markets are still growing strongly, and eager to trade with Europe. Therefore the Port of Liverpool is well-placed to connect western customers and suppliers with growth markets
 - The tourism industry is highly adaptive and will rebuild as soon as confidence returns. Capital of Culture changed the Liverpool City Region's image permanently, and this is the right time to invest in national-grade attractions such as the Southport Cultural Centre
 - Peak oil, climate change and carbon legislation are driving a huge investment in the low carbon economy. Merseyside has on- and off-shore wind opportunities, and showcases the latest renewable energy generation capacity.
6. Sefton also retains its traditional advantages – a low cost environment for hiring workers, low rentals and land values compared with Liverpool City Centre, good access to the motorway network, and a high quality coast, green belt and residential environment.
7. The Local Economic Assessment and the Economic Strategy were prepared by confronting our partners with these assets and strengths, and challenging them to develop a creative response. The engagement process was fairly intensive and included:
 - Two Sefton Business Surveys, in June 2008 and again in December 2010, each of which asked 800 Sefton owners & managers for their experiences and what help they wanted
 - Five Economic Assessment workshops, organised around key themes of enterprise, competitiveness, work and infrastructure, which attracted over 100 people to understand and verify the underlying analysis

- Four Policy Workshops, to develop objectives and interventions, attracting 80+ participants. Lead authors prepared policy papers and presentations, and contributions from each workshop were logged.
 - Member discussions, including a joint presentation on the Economic and Core Strategies (8th August 2011), Overview & Scrutiny (15th November 2011), and pre-Council (24th November 2011)
 - Business dialogue, including sessions at Sefton Economic Forum (12th July 2011, 24th November 2011 and 21st March 2012)
8. We received a number of important messages. Participants wanted stronger economic leadership, both from the Council and by the private sector. There was however some scepticism that we had any effective control over large-scale trends. People wanted a stronger entrepreneurial culture, especially amongst young people and those thrown out of work by the recession. Participants expected there to be a strong focus on the industries of tomorrow (knowledge-based, digital, carbon-reducing, advanced manufacture) as well as traditional strengths. The consequences of long-term unemployment, debt etc for low income parents with children was widely commented on. Finally, we were told that any feasible strategy for economic renewal would have to respect the values and characteristics that make Sefton special – its high residential values and the natural coast, green belt and urban greenspace.

The Economic Strategy

9. The starting point for the Strategy is to mitigate the local impact of the recession. However, that is not enough on its own. The LEA showed that Sefton and Liverpool City Region had lower employment rates, lower pay, lower productivity and lower business densities than the rest of the UK. Therefore the Strategy has to strive to reduce the underlying performance gap with the rest of the country.
10. Finally, there needs to be an efficient and effective mechanism for ensuring that the benefits of economic regeneration flow back to the individuals, families and neighbourhoods most damaged by the recession – social inclusion through work.
11. These wide-ranging and long-term ambitions are summed up in a Vision Statement:
- An economy that connects Sefton to the City Region and beyond, in which businesses, employees, jobseekers and working age adults receive the help they need, and the benefits of growth are maximised for the people and places of the Borough*
12. To achieve this Vision, the Economic Strategy sets five Strategic Objectives:
- 1. More new starts to replenish the business population**
 - Increase start-up and survival rates
 - Promote an enterprise culture
 - 2. Grow existing businesses and stimulate productivity**
 - Avert closures and retain capacity
 - Sustain & grow existing businesses

- Diversify business base – rural economy, social enterprises
- Attract new inward investment

3. Target traditional and emerging growth sectors

- Superport – maritime cluster of port-related businesses, port-centric logistics
- Visitor Economy – Southport’s tourism/leisure offer, new public/private partnership
- Knowledge-Intensive Businesses – advanced manufacturing, digital skills & enterprises, financial & professional services
- Low Carbon Economy – retrofitting homes & businesses, low emission transport, sustainable energy generation, offshore wind, local supply chains
- Construction – underpinning all growth sectors

4. Create conditions for growth

- Improve supply of employment land
- Improve access to employment zones
- Ubiquitous broadband & energy infrastructures

5. Increase opportunity and employment:

- Meet the employment needs of the Economic Strategy
- Strengthen the whole local employment & skills system
- Integrate supply and demand
- Promote social inclusion through work.

13. The Strategy document which can be access in the Committee Management System at <http://modgov.sefton.gov.uk/moderngov/documents/s38405/Draft%20Sefton%20Economic%20Strategy%202012-22.pdf> contains more detail of the activities and interventions proposed for each Strategic Objective.

Resources and Delivery

14. The Strategy pays particular attention to cost and implementation issues. It is not a speculative plan. It is firmly grounded in already established partnerships (e.g. for Tourism), in already secured external funding (e.g. Regional Growth Fund, EU funding), and in existing delivery mechanisms (e.g. Sefton@work).
15. There is more work to be done around delivery, however, and officers will bring back a series of spatial and sectoral action plans for:
- Business and Enterprise
 - SuperPort (Port of Liverpool Expansion)
 - Low Carbon Economy (Sustainable Energy Action Plan)
 - Knowledge Economy (advanced manufacturing, superfast broadband)
 - Construction
 - Visitor Economy (Southport Classic Resort)
 - Rural Economy Action Plan for the LCR
16. In the past the Council relied on its ability to attract large-scale public sector programmes such as Single Regeneration Budget, Objective 1, Working Neighbourhoods Fund and LEGI to drive economic regeneration. Because of

austerity this era of public sector-led regeneration is now over. A new approach is now required based on:

- Maximising the benefits for Sefton of remaining external funding. Examples are the government's Regional Growth Fund (2012-15), Growing Places Fund, Coastal Communities Fund, EU Structural Funds (up to 2013, and post-2013) and Lottery Funds.
- Generating income. The Council and its partners can generate income above and beyond costs, from contracts (payment by results), or subscription services.
- The devolution of powers and resources to the core cities. This is potentially very important, for example the impact of an elected mayor in Liverpool with a devolved budget for economic development.

17. In the medium to long term there are three strong candidates for a stronger revenue base to economic development :

- Building the borough's tax base (business rates). With the retention of business rates by the Council, there is a direct financial incentive to maximise rates yield.
- Co-investment with the private sector. A Local Asset Backed Vehicle (LABV) allows Council assets to be placed in a joint pot, attracting private investment finance to develop the asset, retaining developer's profit, and ploughing it back into a rolling programme of site acquisition/development.
- Redirecting savings upstream into preventative services (invest to save).

18. Further work on the implementation of the Strategy, and any innovations in delivery and financing, will be brought back to members for their consideration.

Consultation

19. The following internal and external stakeholders have been identified for purposes of consulting on the Economic Strategy:

Internal	
Officers Strategic Asset Management Group Strategic Leadership Team	Cabinet Members Overview & Scrutiny Cabinet
External	
Area Partnerships (x3) Dept of Business Innovation & Science Carbon Trust Connexions Federation of Small Businesses Homes & Communities Agency Jobcentre Plus Knowsley MBC Liverpool CC/Liverpool Vision Manufacturing Advisory Service Merseytravel	NHS Sefton Sefton Borough Partnership – Operations Board Sefton Borough Partnership – Strategy Board Sefton Chamber of Commerce & Industry Sefton Council for Voluntary Service Skills Funding Agency Social Enterprise Network St Helens MBC The Mersey Partnership / Local Enterprise Partnership UK Trade & Industry Wirral MBC

20. Methods of consultation have been shared with the Public Engagement & Consultation Standards Panel, and comprise:
 - Document available from Council website on-demand
 - E-mail distribution of Strategy web link to list to 1,000 local businesses
 - E-mail distribution of Strategy web link to list of SCVS members
 - E-mail distribution of Strategy web link to list of Sefton Chamber of Commerce & Federation of Small Business members
 - Set of presentation slides, available for download from Council website
 - Presentation roadshow with lead officer available for events
 - Deposit copies in Sefton libraries
21. If approved by members, the 12 week consultation period will commence 2nd April, and end on 29th June 2012..
22. A Report of Consultation and a revised Economic Strategy will be brought back to Cabinet, with a target date of 19th July 2012.