

4 November 2015		ITEM: 5
Planning, Transport and Regeneration Overview and Scrutiny Committee		
Economic Development Strategy Refresh - Update		
Wards and communities affected: All	Key Decision: Key	
Report of: Tim Rignall, Economic Development Manager		
Accountable Head of Service: Matthew Essex, Head of Regeneration		
Accountable Director: Steve Cox, Assistant Chief Executive		
This report is Public		

Executive Summary

Thurrock's ambitious growth agenda is backed by more than £6bn of private sector investment and aims to deliver 18,500 new homes and 26,000 new jobs by 2021. The Thurrock Economic Development Strategy 2007 was created to provide strategic guidance to the Council and its partners in their attempts to create the required economic conditions to achieve these ambitious goals.

At the meeting of this Committee in March 2015 members were advised of the need to refresh the strategy reflecting progress that had been made in implementing the strategy and changes in the external environment, for example the recession.

Since that meeting:

- Work has been undertaken to refresh the economic baseline for Thurrock to understand the extent to which progress had been made against the economic challenges identified in the 2007 EDS; and
- To make sure that the Council, and its partners, are in the best position to focus attention (and resources) on the most pressing issues, an analysis has been undertaken to map out key changes brought about since the previous EDS.

The two pieces of work will aid consideration of how successful previous interventions have been, to assess how relevant these key economic challenges remain and to identify areas of focus moving forward. It should be noted that the review period has been marked by one of the most severe economic downturns on record and that as such the achievements highlighted are even more notable. In line with the previous EDS, the updated analysis shows that Thurrock boasts some clear economic strengths and opportunities, as well as a number of challenges.

This work will now inform the development of the refreshed strategy and a timeline for this has been identified.

1. Recommendation(s)

- 1.1 To note the report and acknowledge key achievements in addressing the economic challenges identified in the 2007 EDS despite the economic downturn.**
- 1.2 To Identify areas of focus for the refreshed Economic Development Strategy.**
- 1.3 To consider whether the Committee would like a bespoke workshop session to discuss the emerging draft strategy during November 2015.**

2. Introduction and Background

- 2.1 In November 2008 Thurrock Council adopted the Thurrock Economic Development Strategy (EDS) as the key guidance document for economic growth and jobs led regeneration in Thurrock.
- 2.2 The purpose of the strategy is to create conditions that will stimulate business growth, inward investment and increase sustainable employment and it identifies the key opportunities and challenges that influence the economy of Thurrock.
- 2.3 At its meeting on 4 March the Committee received a report which outlined the content of the strategy, provided a brief update on the progress made since 2008 and highlighted the need for a refresh of the strategy. Since the last meeting work has been undertaken to update the economic baseline for Thurrock. This baseline has been used to inform an assessment of progress against each of the key challenges identified in the Thurrock EDS.
- 2.4 This report sets out performance in relation to each of the key economic challenges for Thurrock identified in 2007, highlights some of the emerging issues to be addressed by the refreshed strategy and sets out the timetable for the refresh to be completed.

3. Issues, Options and Analysis of Options

Thurrock EDS – Progress against economic challenges

- 3.1 The 2007 Economic Development Strategy (EDS) set out a number of key economic challenges for Thurrock:
 - The need for new employment;
 - A relatively unbalanced employment base;
 - A relatively weak skills base;

- A relatively limited educational offer;
- A relatively low rate of enterprise; and
- A number of infrastructure constraints.

3.2 To make sure that the Council, and its partners, are in the best position to focus attention (and resources) on the most pressing issues, it is important to map out the key changes brought about since the previous EDS. This will aid consideration of how successful previous interventions have been, to assess how relevant these key economic challenges remain and to identify areas of focus moving forward.

3.3 The analysis attached at appendix 1 sets out performance in relation to each of the key economic challenges for Thurrock identified in 2007 for which data is readily available. In line with the previous EDS, the updated analysis shows that Thurrock boasts some clear economic strengths and opportunities, as well as a number of challenges.

3.4 It should be noted that the review period has been marked by one of the most severe economic downturns on record and that as such some of the achievements are perhaps even more notable. Some of the obvious highlights are:

- Thurrock saw its local employment rate decline after the economic downturn in 2007/08 – falling from 75.4% of residents in 2007, to just 70.0% of working age residents in 2011. However, following a sharp rise in 2012/13, the employment rate has settled considerably above the national average. In the 12 months to December 2014, 73.4% of working age residents in Thurrock were in employment - above the England (72.5%) average and only slightly below the rate for Essex County (74.1%).
- The unemployment rate in Thurrock rose sharply after the onset of the economic downturn, peaking at 11.4% of economically active residents in Thurrock in the 12 months to March 2012 (9,400 people). It has declined since then. In the 12 months to December 2014, 6.0% of economically active residents in Thurrock were unemployed (5,000 people). The unemployment rate is now in-line with the rates for Essex County (6.0%) and England (6.2%) as a whole.
- Between 2007 and 2013, there was an increase of 5,000 jobs in Thurrock (from 63,000 to 68,000). When compared to regional and national economic performance, jobs growth has been comparatively strong.
- Putting Thurrock's jobs growth in a wider context the area has performed well in relation to many other parts of the country since 2007. London has seen the highest growth in workforce jobs at 13.4%. However, at 7.9%, Thurrock saw a significantly higher rate of jobs growth than the South East (3.7%) and Eastern (3.5%) regional averages. This was also above the rate of jobs growth in both neighbouring Essex County (5.5%) and nationally (3.8%).

- There has been a significant shift towards attainment at the highest qualification levels (NVQ3 and above) among working age residents, and away from qualifications at the lowest levels (NVQ1 and below). In total there are 14,200 more working age residents qualified at Level 3 and above in 2014 than in 2007, and 10,500 fewer residents aged 16-64 whose highest level of qualification is at NVQ Level 1 or below.
- In 2013/14, 57.9% of key stage 4 students in Thurrock achieved 5 A*-C grades at GCSE including English and maths. This was above the Essex County (56.5%) and England (53.4%) averages. This is a significant improvement on local performance in 2007/08, when only 42.6% of KS4 students in Thurrock achieved 5 A*-C grades at GCSE including English and maths.
- Thurrock has seen considerable growth in active enterprises in recent years. The number of active enterprises registered in the local area increased by 1,030 from 2007-2013. The number of Thurrock based enterprises increased throughout the period, even during the recession, and have picked up further in recent years. The extent of Thurrock success in growing its business base can be seen when comparing local performance with other areas of the country. At 25.0%, Thurrock saw a higher rate of business growth in between 2007 and 2013 than for any region in England, including London (23.4%). This was also significantly above the Essex County (6.3%) and national (7.7%) averages.
- Complimenting this, Thurrock has generally seen growth in business space. Compared to national trends, there has been particularly strong growth in industrial and retail space since 2007, reflecting major investments in the local area. This suggests that Thurrock may have gone some way to rectifying the issue of inadequate provision since 2007.

Continuing and future challenges

3.5 Whilst recognising a number of significant achievements the analysis also helps in pointing to a number of areas which might provide the focus for the refreshed EDS:

- There is a significant productivity challenge. The Thurrock economy was worth around £2.8bn (unadjusted for inflation and local price variations) in 2013, equivalent to £17,300 per head of population - 12.2% below the Essex County average of £19,700 and 28.2% below the England average of £24,100.
- Unemployment at 6% remains significantly above pre-recession levels, 3.3% of economically active residents in 2007, or 2,600 people.
- Whilst jobs growth has been strong further work will be needed to ensure that full benefit is realised from investment in the growth hubs to meet the 26,000 jobs target by 2021.

- Between 2007 and 2013 Thurrock's industrial structure remained somewhat uneven: that is to say, within the local economy there remain particularly strong concentrations of employment in a few key areas of activity and a relatively low share of employment in most other industrial groups. Further work is needed to diversify the economic base to make it more resilient.
- Thurrock still has relatively low proportions of residents who are qualified at NVQ Level 3 and above – 40.5% of working age residents in 2014, compared to 53.2% nationally. There is also a relatively high proportion of working age adults with low or no qualifications, including 12,600 Thurrock residents aged 16-64 with no qualifications – making up 12.2% of working age residents, compared to just 8.6% nationally.
- A relatively low proportion of Thurrock students went on to a sustained education destination (54% compared to 64% for England). Although this was an improvement on 2009/10, when 51% of Thurrock students were registered in a sustained education destination.
- There continues to be a relatively low proportion of Thurrock young people going on to Higher Education.
- Of all of the VAT registered businesses registered in 2011, nearly three-quarters (74.8%) were still trading in 2012. This was significantly above the 24-month survival rates for businesses born in 2008 and only marginally below the England average (75.5%). At the same time, this was still lower than the rate for businesses born in Thurrock in 2007 (79.4%), suggesting there remains scope for survival rates to improve further.

The Committee is invited to use the analysis to identify areas of focus for the refreshed EDS.

Timeline for refresh of the EDS Strategy

3.6 A timeline has now been set to produce a revised strategy for the Cabinet meeting on 13 January 2016. The timeline and activity plan is summarised below:

Date: Week comm.	Activity
19/10/2015	Agreement of stakeholder lists for discussions
26/10/2015	Information review - Discussions with Council officers and partners to include finance, planning, regeneration and economic development. This will be on a workshop and 1:1 basis.

2/11/2015	Discussions with stakeholders in the six growth hubs to include business representatives, South Essex College and Members. At the same time identify new projects and priorities.
9/11/2015	Draft first version of report and present to stakeholders.
16/11/2015	Review report comments, complete amendments and produce second draft. Workshop with PTR O&S Members to discuss draft
23/11/2015	Report and strategy entered into Cabinet process
13/01/2016	Cabinet

- 3.7 Provision has been included within the timetable for a workshop session with Members of this Committee. Members are asked to indicate whether this is an option that they would like to pursue.

4. Reasons for Recommendation

- 4.1 The Council has acknowledged that regeneration and growth is a priority. This strategy is part of a suite of key strategies which will guide the development of policies and programmes to deliver the vision for Thurrock defined within the Community Strategy.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 There has been no consultation to date. This is the first stage in the consultation process and there will be a wider consultation once a draft of the refreshed strategy has been developed.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The strategy will support all the corporate policies and priorities.
- 6.2 The earlier report on the EDS suggested that the Community Regeneration Strategy and Economic Development Strategy would be merged into one key strategy document through this process.

7. Implications

7.1 Financial

Implications verified by: **John Smith**
Accountant, Corporate Finance

There are no direct financial implications associated with this report, however the delivery programmes that support economic growth will help to generate additional National Non Domestic Rates collections, thus increase the amount of retained rates achieved by the Council. This will support the achievement of

objectives defined within the Thurrock Corporate Plan and Medium Term Financial Strategy.

7.2 Legal

Implications verified by: **Ann Osbourne**
Planning and Regeneration Solicitor

There are no legal implications of this report which is for noting.

7.3 Diversity and Equality

Implications verified by: **Becky Price**
Equalities and Cohesion Officer

This strategy is a key route to securing local benefit from Thurrock's growth programme, and will underpin the achievement of the Council's vision and priorities defined in the Thurrock Community Strategy.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

None

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Thurrock EDS: Progress against priority areas (attached as Appendix 1).
- Draft Thurrock Economic Baseline (currently available from the Economic Development Team, Civic Offices, New Road, Grays RM17 6SL).

9. Appendices to the report

- Thurrock EDS: Progress against priority areas (attached as Appendix 1).

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