

10 February 2016		ITEM: 16 (Decision 01104351)
Cabinet		
Thurrock Economic Growth Strategy 2016/2021 - Refresh		
Wards and communities affected: All	Key Decision: Key	
Report of: Councillor Richard Speight, Cabinet Member for Regeneration		
Accountable Head of Service: Matthew Essex, Head of Regeneration and Assets		
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 2007-21 was developed to provide strategic guidance to the Council and its partners in their attempts to create the required economic conditions to achieve these ambitious goals.

In the seven years since it was adopted significant progress has been made in achieving the overall aim of the strategy, to provide a basis for securing successful employment growth and economic diversification in Thurrock. Major projects are underway and well progressed and there has been a marked increase in qualification and skills levels, business formation and job creation. However, whilst much of the ambition and objectives are still relevant today, a refresh of the strategy is needed to acknowledge the progress made and to reflect the changed strategic, regional and political environment.

The Economic Growth Strategy retains the primary focus on job creation and a range of Enabling and Embedding factors to deliver that growth and then secure maximum benefit from it. This focus remains important to ensure that opportunities are generated for local people and investment is secured that will address historic infrastructure deficits. However, economic growth also now has a direct relevance to wider service delivery with Business Rate receipts forming an increasingly important part of the Local Government funding package. The approach to supporting growth has been nuanced to reflect the progress which has been made to date and address the associated challenges in terms of the 'quality of work', the availability of higher value jobs, growing supply chains and ensuring support is there to allow anyone to take part in the employment opportunities being created.

The Economic Growth Strategy continues to support growth in the six hubs across the Borough (Purfleet, Lakeside/West Thurrock, Grays, Tilbury, London Gateway and Thames Enterprise Park) within sectors including Retail, Ports, Transport & Logistics, Creative & Cultural Industries and Environmental Technology & Energy. However, the range of factors has been reduced to reflect progress but also ensure sufficient focus is placed in those areas that will secure greatest impact. Greater prominence will be placed on the Borough's image and attractiveness as a place to live as well as work.

1. Recommendation(s)

- 1.1 To acknowledge key achievements in addressing the economic challenges identified in the 2007-21 Economic Development Strategy.**
- 1.2 To approve the Economic Growth Strategy 2016-21 (appendix 1).**
- 1.3 To acknowledge the role that the Economic Growth Strategy will play in supporting the development of the Borough's Local Plan.**
- 1.4 To acknowledge that a detailed implementation plan will be produced identifying roles and responsibilities for the Council and its partners to ensure the most efficient and high impact approach is taken.**

2. Introduction and Background

- 2.1 In November 2008 Thurrock Council adopted the Thurrock Economic Development Strategy 2007-21 (EDS) as the key guidance document for economic growth and jobs led regeneration in the Borough.
- 2.2 The EDS was based upon a thorough baseline of economic conditions at the time and took account of known and anticipated developments in setting out a comprehensive programme which sought to address a range of economic challenges including:
 - 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.
- 2.3 The strategy identifies three key parts to the challenge: securing employment growth, ensuring firm foundations are created through Enabling Factors which maximise employment opportunities and maximising sustainable local benefit through Embedding Factors. Economic growth was initially focussed in five locations across the Borough; Purfleet, Lakeside/West Thurrock, Grays, Tilbury and London Gateway. During the life of the EDS a sixth growth hub emerged at Thames Enterprise Park on the site of the former Coryton Oil refinery.

- 2.4 Since its adoption the EDS has been a key document for the Council and its partners/stakeholders which, alongside a number of linked/related strategies and activities, has focussed efforts and resources on securing growth in each of the hubs and addressing the various economic challenges. This has yielded impressive results with tangible, physical progress made in Purfleet, Grays and London Gateway and a rapidly improving picture in respect of skills, employment and enterprise rates.
- 2.5 Despite the impacts of the global recession Thurrock's employment rate is now above the national average and, having peaked at 11.4% during the recession, the unemployment rate is in line with national and sub-regional figures (c.6%). One of the more impressive changes is in respect of employment generation where private sector investment saw the creation of 5,000 new jobs between 2007 and 2014; a rate of growth of 7.9% which was more than double the national and regional averages.
- 2.6 Outside of employment, the continual focus on education standards and opportunities has seen some of the most significant changes with improvements across the board. The historically low attainment rates have been almost completely reversed; in 2013/14 57.9% of key stage 4 students in Thurrock achieved 5 A*-C grades at GCSE including English and maths which is above Essex County (56.5%) and England (53.4%) averages. Skills levels generally have improved with 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). More detailed analysis of progress in addressing the key economic challenges is included at Appendix 2.
- 2.7 Whilst it has been a key strategic guide for a range of activities, the EDS is now almost nine years old and needs to be reviewed. Despite the successes outlined above there remain a number of challenges still to be addressed and the aims of the Strategy need revising to take account of the work which has been undertaken to date and the opportunities which now exist whilst renewing our focus on the measures which will continue the positive progress being made.

3. Issues, Options and Analysis of Options

Continuing Economic Challenges

- 3.1 In Summer 2015 specialist consultants were appointed to review the existing EDS, update the evidence base, assess the progress made in delivering against its objectives and consider whether new/reshaped objectives would be necessary. In completing this work, consideration has been given to feedback received throughout the lifetime of the EDS from businesses, partners, stakeholders and investors – particularly that generated through the Business Board and attendees at the annual Business Conferences.

3.2 The updated evidence base has highlighted a number of areas which provide the focus for the Strategy going forward:

- 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. Taking into account the 5,000 jobs created between 2007-2013 there still remains 21,000 to be achieved between 2016-2021.
- 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 Economic Growth Strategy (2016-2021)

3.3 As outlined above, since 2007 there has been significant progress made in securing employment growth and, where physical progress has not necessarily been made, the major building blocks are now in place to allow schemes to continue. Accordingly, the focus of the new Strategy has moved to focus on continuing economic growth rather than developing the necessary

conditions to encourage growth which was necessary in 2007. As a result, the new Strategy will be called the Economic Growth Strategy (EGS).

- 3.4 The full EGS is attached at Appendix 1. Much of the ambition and the objectives defined within the 2007 EDS remain relevant and, as such, the proposed strategic framework continues to identify employment as the key outcome. The EGS also maintains the focus on 'enabling' and 'embedding' factors to support employment growth and ensure that businesses and communities continue to benefit from growth. However, the EGS framework has been revised to recognise the changes that have taken place and also to simplify the previous framework; focusing activity on a smaller list of issues.
- 3.5 The continued focus on employment is significant as it dictates that the Council and its partners will remain committed to supporting growth and providing opportunities for the population to benefit from that growth going forward. However, there is more nuance to this than there was in 2007. The economic challenges Thurrock face cannot be seen purely in terms of the delivery of a quantitative target, though that remains vital. Rather there are a number of associated challenges in terms of the 'quality of work', the availability of higher value jobs, growing supply chains and ensuring support is there to allow anyone to take part in the employment opportunities. These factors are complicated in some respects by the increasing importance of National Non Domestic Rate (Business Rates) to general Council funding in the face of reduced direct Government funding.

Growth Hubs

- 3.6 The majority of the overt activity continues to be concentrated within the six Growth Hubs; Purfleet, Lakeside/West Thurrock, Grays, Tilbury, London Gateway and Thames Enterprise Park. The EGS identifies the remaining challenges and identifies the next steps to be taken in securing employment growth. These next steps will provide the focus for each of the Programme Boards established to oversee progress. Headlines for each are briefly reviewed below:
- 3.6.1 **Purfleet** – The regeneration of Purfleet was kick started in 2010 with the opening of High House Production Park which is now home to the Royal Opera House's Production Workshop and Costume Store, Backstage Centre (National Academy for Creative and Cultural Skills) and Artists' Studios. The recent announcement by Government that a National College for Creative and Cultural Industries will be established at Backstage Centre and the successful delivery of a cross-LEP business support programme has placed HHPP at the forefront of the sector. Going forward, following the completion of the contracts with Purfleet Centre Regeneration Limited in January 2016, the focus will be on delivering the 2,500 new homes, new town centre and local shops and services which form the Purfleet Centre project alongside the 600,000sqft, state of the art Film, Television and Media Studio complex. This development has the capacity to create up to 2,000 new jobs cementing the creative and cultural industries in Thurrock.

- 3.6.2 **Lakeside** – Whilst the Council has supported the development of a masterplan for the diversification and expansion of the Lakeside Basin and granted outline planning permission for a multi-million pound retail and leisure expansion at Lakeside, which will ultimately create up to 9000 new jobs, there remains much to do to secure the full growth potential of Lakeside. Critical actions going forward will focus on addressing transport and connectivity challenges and upgrading the public realm to encourage higher value development across the basin.
- 3.6.3 **Grays** – South Essex College’s £45m Thurrock Campus had an immediate, positive impact on the town when it opened September 2014 generating a 50% increase in enrolment and dramatically increasing footfall in the town centre. Subsequently the vacant Magistrates Court building has been refurbished to provide high quality accommodation for small and medium sized businesses. These developments, together with the development of the Echoes on Seabrooke Rise, have increased investor confidence in the town with JD Wetherspoon purchasing the State Cinema, High Street brands moving in and increased private sector residential development. These projects all support delivery of the vision for a revitalised town centre which is a high quality destination for people to live, work, learn, shop and socialise. However, there remains much to be done to complete this vision with an ambitious masterplan proposing the redevelopment of the area around the station, more residential and commercial development and the creation of a new Theatre on the riverfront to replace the existing Thameside Centre.
- 3.6.4 **Tilbury** – The vision for Tilbury, endorsed by Cabinet in July 2013, defines the ambition to create a place of opportunity and growth built upon its strong community spirit, rich employment and tourism history (through the Port of Tilbury and cruise terminal), strong transport links, outstanding education facilities and affordable housing. The development of the Port of Tilbury continues both within the Port and on the expansion land with a range of measures in place to ensure that local people are able to access the jobs being created. However, more work is required to address challenges around housing quality, local services (especially health) and to maximise the benefits of the location and river access.
- 3.6.5 **London Gateway** – A significant proportion of the jobs target contained within the original EDS was expected to come from the development of London Gateway. Whilst DP World has invested £1.5bn in developing the port it is clear that the recession has had an impact on the rate at which occupiers have come forward. However, London Gateway is fully operational and has received some of the largest ships in the world over recent years. Having opened a multi-user logistics building in 2015, deals have been signed with Prologis and UPS which will see further developments coming forward. The focus through the life of the EGS is on supporting further occupiers moving on to the site and ensuring that the appropriate workforce is available to incoming firms.

- 3.6.6 **Thames Enterprise Park** – The Council has worked with the site owners to develop a masterplan for the 400 acre Thames Enterprise Park which seeks to create a cluster of energy related industries co-located with supply chain companies and research & development firms with the potential to create up to 2,000 new jobs. The Council is currently supporting the work to identify and secure a purchase for the site who will potentially take forward the vision.

Growth sectors

- 3.7 Building upon the opportunities presented within the Growth Hubs, the EGS re-affirms Thurrock's core (Retail, Ports, Transport & Logistics and Construction) and opportunity (Business Services, Recreation & Leisure, Environmental Technology & Energy and Digital, Creative & Cultural) growth sectors and identifies the need to support diversification in core sectors by supporting the development of higher value-added, higher skill functions. This would include increasing the representation of managerial and research and development related components of these sectors' operations in Thurrock. This requires access to a flexible, high quality skills base, to Research & Development and innovation services as well as effective managerial capacity.
- 3.8 It is also seen to be vital that business services activities increase their share of overall employment while ensuring that a high quality leisure and recreation offer locally will act as an important component of the overall offer to businesses possibly seeking to locate in Thurrock to deliver inward investment. It is also important to identify and capture opportunities more broadly across the health and wellbeing sector linked to leisure and demographic changes.

Enabling and Embedding Factors

- 3.9 As noted above, the principle of Enabling and Embedding factors has been retained but the range of actions has been greatly reduced to reflect progress already made and ensure a sufficient focus on those areas which are likely to secure greatest benefit.

Enabling factors:

Develop a skilled workforce with clear career progression routes - Skills development is integral at every stage of working life: entering the labour market, career progression, and for opportunities to switch career or re-train. The much improved schools performance is evident and it must be continue to ensure skills are developed through the HE/FE offer and scope for continued development and apprenticeships while delivering skills for work.

Deliver key strategic employment sites and key business infrastructure - Employment and broader economic growth requires that key components of the physical infrastructure offer are in place. These include strategic employment sites; business spaces and premises; quality access

infrastructure, including road and rail linkages that facilitate effective movement of goods and people; and a broad mix of good quality Housing.

Attract high value-added inward investment - Thurrock has significant economic assets that demonstrate its ability to attract large scale investment. To change the nature of inward investment, which at present concentrates on lower-value employment opportunities, image and perception needs to be tackled this includes addressing the quality of the physical and natural landscape across the Borough.

Embedding factors:

Promoting growth opportunities to Thurrock population - Promoting growth opportunities means ensuring that all parts of the Thurrock population can benefit either directly or indirectly from the growth that has taken place and is taking place in Thurrock.

Successful marketing offer - It is important that Thurrock develops a positive marketing offer to attract a new business base, a mix of housing as well as a growing workforce. Despite the changes in Thurrock and opportunities in the area, perceptions of place seem to remain a barrier to development.

Develop more effective business functions and networks to support growth - Business networks and effective business functions are vital for the growth of business and for the effective working across Thurrock. This is even truer following the establishment of Local Enterprise Partnerships, which are business-led bodies.

Implementation Plan

- 3.9 This strategy outlines the overarching vision for economic growth. An implementation plan will now be developed to sit alongside the strategy indicating roles and responsibilities of the Council and its partners to ensure the most efficient high impact approach is taken. The Council and its partners will use the strategy and implementation plan to continue to develop a thriving economy and establish the borough as a location of choice, for dynamic, successful businesses and a skilled and motivated workforce.

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 significant consultation with the Thurrock Business Board and other umbrella organisations representing the business community such as the Thurrock Network Group, FSB and Chambers of Commerce.

5.2 The Planning Transport & Regeneration Overview and Scrutiny Committee have received two formal reports and had an informal workshop to look at the emerging draft of the refreshed strategy. The Health and Well-being Board also received a report. Other key stakeholders have also been consulted on a one to one basis.

5.3 The refreshed strategy is being presented to the Thurrock Business Board on 29 January and any further comments will be reported to Cabinet at the meeting.

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

6.1 The strategy will support all the corporate policies and priorities.

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 Councils 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 2).
- Draft Thurrock Economic Baseline (currently available from the Economic Development Team, Civic Offices, New Road, Grays RM17 6SL).

9. **Appendices to the report**

- Appendix 1 -Thurrock Economic Growth Strategy 2016-21
- Appendix 2 - Thurrock EDS: Progress against priority areas

Report Author:

Tim Rignall

Economic Development Manager

CEDU