



## **Economic Growth Strategy**

**Cllr Clive Sanders, Leader of the Council and Cabinet  
Member for Economic Development and Corporate Affairs**

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<b>Report to</b>	<b>Economic, Planning and Housing Committee</b>
<b>Ward(s):</b>	All
<b>Key Decision:</b>	<b>YES</b>
<b>Appendix 1:</b>	<b>Draft Economic Growth Strategy</b>
<b>Appendix 2:</b>	<b>Sector proposition for Basingstoke and Deane</b>
<b>Appendix 3:</b>	<b>Economic Master Plan to 2033</b>
<b>Papers relied on:</b>	<b>EM3 Strategic Economic Plan Government's Industrial Strategy</b>

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### **Foreword - Cllr Clive Sanders, Leader of the Council and Cabinet Member for Economic Development and Corporate Affairs**

Our borough already has some of the key foundations for economic success. Our high rates of GVA and employment are testimony of our strong economy underpinned by excellent transport links, outstanding quality of life and a diverse urban and business base. However, we cannot stand still and we need respond to population growth and technological change. Through the Horizon 2050 vision, our residents, businesses and partners have told us they want the borough to be home to adaptable education centres of excellence that will equip residents with the skills required to meet the evolving needs of large and small businesses. They have also told us that maintaining a range of jobs across all sectors while strengthening the innovation culture and attracting inward investment will remain a priority. They want Basingstoke and Deane to be a place where residents can learn, work and build a fulfilling career.

This strategy aims to address these ambitions and aspirations and working in partnership with a wide range of stakeholders from the public, private and voluntary sectors, we will build on our strengths, address our challenges and seize the opportunities that are opened to us. We will focus on growing our talent, fostering entrepreneurship and supporting our key sectors while continuing to improve our business environment to ensure economic growth for existing and future generations.

**Views of the committee are sought on:**

- **on the overall approach to economic growth outlined in the draft economic growth strategy**
- **on the priorities and areas of focus described in the draft economic growth strategy**

**Background, corporate objectives and priorities**

The Economic Masterplan to 2033 outlines the key infrastructure developments needed to support economic growth and attract investment to the area. It sets out the vision for Basingstoke and Deane as a place with a strong and thriving economy underpinned by inward investment, business growth, a skilled workforce and excellent quality of life.

To build upon the Masterplan and deliver the vision as well as to respond to changes in the economic climate, it was felt that the development and implementation of a community and place-focused economic growth strategy would provide a clear framework for targeted interventions to ensure the borough remains economically vibrant and resilient.

The strategy also aims to respond to the views expressed by our residents, businesses and partners through Horizon 2050.

Extensive consultation was carried out both internally and externally to identify key barriers to economic growth and to help define the focus of the strategy and priorities.

This strategy directly supports the Council Plan priorities of Preparing for controlled and sustainable growth, Improving residents' quality of life and Supporting those who need it through a series of areas of focus that aim to sustain a vibrant local economy that will provide quality jobs and prospects for residents and support business growth.

**Main considerations**

**1 Executive Summary**

- 1.1 The Economic Growth Strategy for Basingstoke and Deane proposes a strategic approach to support economic development in the borough. It aims to build on our strengths, address our challenges and seize our opportunities based on the feedback received through the consultation and engagement process. It also aims to respond to the aspirations and ambitions for the future of the borough as set out in the Horizon 2050 vision.
- 1.2 The strategy was developed through extensive desk research, data analysis and consultation with a wide range of internal and external stakeholders to help define the focus and priorities.

- 1.3 The strategy outlines an approach to economic growth based on cross-cutting themes, key priorities and core pillars that all need to be integrated into a cohesive delivery plan.
- 1.4 The cross-cutting themes of clean and inclusive growth will need to be embedded so that, as our economy grows, we ensure that all residents can share in its benefits and that we minimise the impact of growth on the environment.
- 1.5 The key priorities of growing our talent, supporting our entrepreneurs and supporting our sectors will be the main drivers of growth. These will be underpinned by core pillars: quality of life, an open attitude to technology, a diverse rural economy and a positive image of the borough.
- 1.6 The delivery and monitoring of the strategy will be supported by a detailed action plan, which will be finalised once the overall strategic approach and priorities have been agreed.

## **2 The Proposal**

- 2.1 The borough already has a strong and resilient economy supported by a large commercial and industrial base in the urban areas of the town of Basingstoke and a diverse rural economy. It is underpinned by excellent transport links, high levels of employment and outstanding quality of life.
- 2.2 However, to remain competitive the borough needs to be able to respond to population growth, new business and labour trends, technological change and national and global drivers.
- 2.3 The borough's population is expected to grow significantly over the next 30 years. Forecasts show that population could increase to 235,000 by 2050 and it is therefore important to ensure that our economy continues to thrive and create jobs so that existing and future residents can have access to a wide range of employment opportunities locally.
- 2.4 A successful economy does not only rely on a thriving business community. There are many factors that contribute to economic resilience and growth such as the availability of commercial property for businesses to move into and grow, the access to a skilled workforce to meet the evolving needs of employers, an efficient transport infrastructure to enable fast connections in the borough, the availability of a range of housing options to meet the needs of residents or a high quality of life supported by a diverse retail, leisure and cultural offer.
- 2.5 The strategy does not intend to address all these factors as some of them are already the subject of specific strategies or projects delivered by the council or other key partners but it is important that a coordinated and integrated approach is taken to ensure that we all work collaboratively towards the long term success of the borough and that together we build on our strengths, address our challenges and seize our opportunities.
- 2.6 To this end, the strategy builds upon and complements existing work streams and other strategies such as the Economic Masterplan, the Housing Strategy,

the Cultural Strategy, the Transport Strategy, Brighter Futures 2050, or the Community Regeneration Strategy and key infrastructure projects such as the regeneration of Basing View, the Manydown Garden Community development or the Leisure Park redevelopment. It aims to reflect some of the core objectives and areas of focus of the government's Industrial Strategy and the Enterprise M3 Local Enterprise Partnership's Strategic Economic Plan. It also aims to respond to the aspirations and ambitions for the future of the borough as set out in the Horizon 2050 vision.

The following diagram shows some of the key internal and external projects, plans, strategies and visions that have direct linkages to the Economic Growth Strategy



- 2.7 Economic development has been a key priority for the council for a long time and there are already many initiatives in place that are aimed at supporting local businesses and entrepreneurs, helping residents with accessing employment, promoting the borough as a business location and supporting young people with employability and skills development.
- 2.8 This strategy aims to build on this activity but also identifies new priorities and areas of intervention. This includes a stronger emphasis on attracting and growing talent, a sector-based approach and a greater focus on enterprise.
- 2.9 The strategy is about people and place and will be delivered by a wide range of partners from all sectors. It sets out priorities and areas of focus that will help achieve sustainable and inclusive growth and improve productivity.
- 2.10 The 15-year economic growth strategy focuses on:
- Growing our talent: ensure our borough has a suitably qualified workforce, raise aspirations and improve employability and qualification levels to support and service economic growth

- Supporting our entrepreneurs: enable and facilitate the creation of a thriving enterprise ecosystem to make the borough an excellent place to start and grow a business
- Supporting our sectors: develop a sector-based approach to foster growth of priority and important sectors and the creation of high value jobs

2.11 These key priorities will be underpinned by the following core pillars:

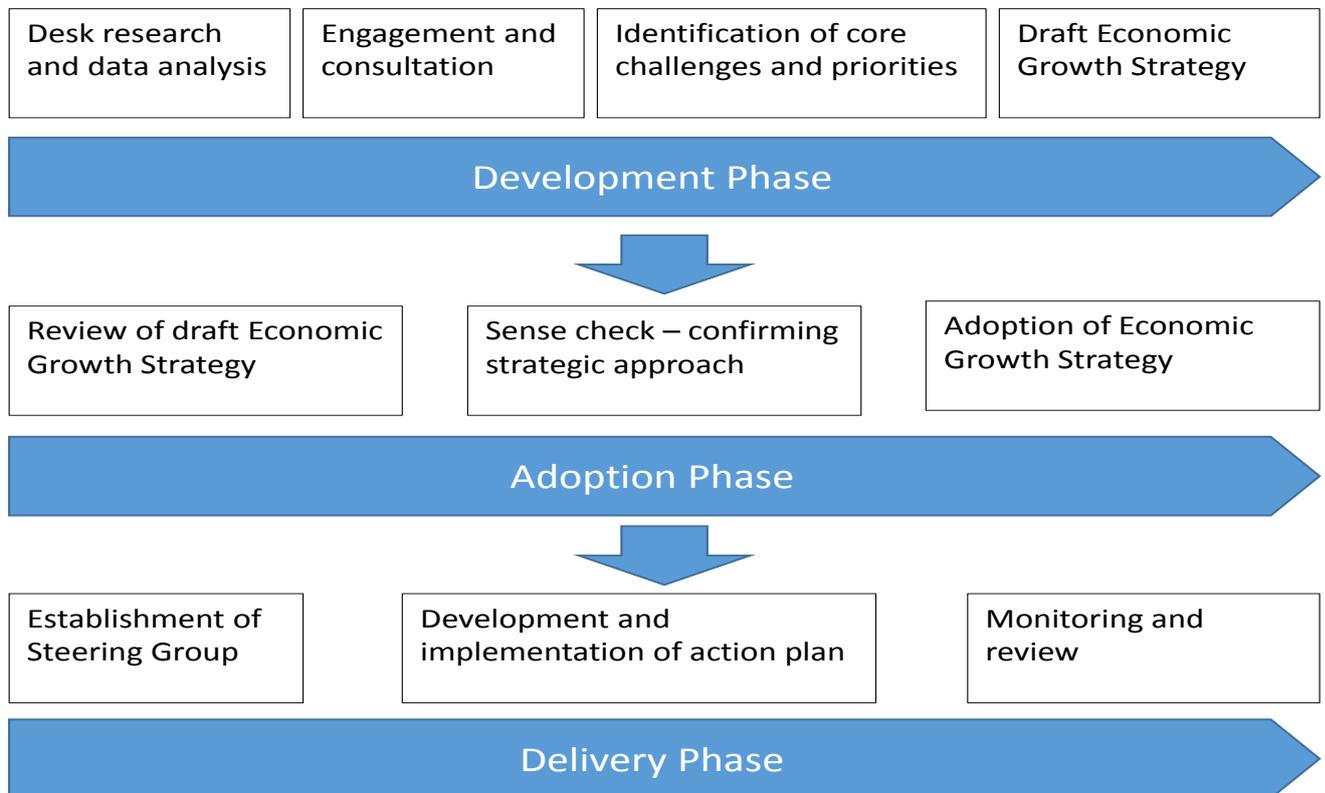
- Embracing technology: seize the opportunities of a digital age to foster innovation and technological development
- Supporting our rural economy: promote economic diversification while preserving the unique character of rural Basingstoke and Deane
- Promoting the borough: showcase the borough's key strengths and assets to attract inward investment, talent and new residents
- Enhancing quality of life: maximise the opportunities of culture, leisure and heritage and strengthen our town centre to create a sense of place where people want to live and work, and where businesses want to locate and invest

2.12 In addition, the themes of inclusive and clean growth will cut across key priorities and core pillars to ensure all our residents enjoy the benefits of economic prosperity and that whenever possible we limit the impact of growth on the environment.

### **3 Key issues for consideration**

3.1 This strategy is being developed in three phases which started with research and consultation and will end with the delivery of a detailed action plan.

The following diagram shows in more details these three key phases:



3.2 The borough already has some of the key foundations for economic success and our strengths include:

- Our location: the borough is extremely well connected by road and rail to other parts of the country. A fast and frequent rail service to London means the centre of the capital is only 45 minutes away. Direct train services also connect Basingstoke to the south coast, the Midlands, the North and the South West. Four international airports are within a 45 to 90 minutes' drive. Road congestion remains low compared to other neighbouring towns and through significant investment in road improvement schemes, it is still easy to move around the borough.
- Our tradition of partnership working: Basingstoke has a long tradition of partnership working. Key partnerships such as the Basingstoke Area Strategic Partnership bring together local partners from the public, private and voluntary sector to discuss and agree local priorities and jointly tackle some of our challenges. Businesses tell us that there is a real sense of community and that it is easy to make connections. There is also a strong track record of public private partnership working to deliver key investments in the borough.

- Our diverse economy: the borough is home to over 7,700<sup>1</sup> businesses that provide 82,000<sup>2</sup> jobs in a wide range of sectors including wholesale and retail, advanced manufacturing, information technology, health and construction. This means the borough's economy is not reliant on any one key sector and that there is a range of employment opportunities for all skills levels. This also provides access to a strong supply chain for existing businesses to grow.
- Our entrepreneurial spirit: every year, around 1,000 new businesses<sup>3</sup> are created in the borough, which is higher than most of our neighbouring towns. Over the period 2010-2016, the number of business births has increased by 31.2%. The number of business deaths is lower than the number of births and survival rates stand at 90.5% after one year and 51.6% after 5 years, which is significantly higher than the south east and UK averages. With SETsquared's first non-university based incubator opening in Basingstoke and the new IncuHive space, the borough already has some of the key building blocks to support business creation and growth.
- Our affordability: commercial and industrial property are generally good value for money and occupancy costs for office space in the borough are significantly lower than in London and other towns in the region. This is particularly attractive to small and medium enterprises and the borough has a unique opportunity to position itself as a key location for start ups. The Enterprise Zone denomination of parts of Basing View provides additional incentives for business to relocate to the area. Housing prices are also lower than in other parts of the region.
- Our quality of life: The borough is home to excellent leisure, sport and cultural facilities. Flagship venues such as the Anvil Concert Hall or heritage attractions like the Whitchurch Silk Mill or Highclere Castle all contribute to making the borough an attractive place to visit and enjoy. Our town centre remains strong and vibrant with Festival Place being one of the top 20<sup>4</sup> shopping centres in the UK. A programme of events such as the Basingstoke Festival provide opportunities for our local communities to come together and celebrate our local artistic talent. The mix of the modern and vibrant town of Basingstoke and beautiful open countryside gives our borough the best of both worlds.

3.3 Moving forward, it will be important to continue to invest time and resources to build upon these strengths to, for example, improve our transport infrastructure, enhance our leisure, retail and cultural offer or provide the right sort of accommodation for businesses to start and grow. This will contribute to the overall appeal and attractiveness of the borough and to improving its image and perception.

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<sup>1</sup> ONS - Interdepartmental Business Register - 2018

<sup>2</sup> ONS – Business Register and Employment Survey - 2017

<sup>3</sup> Source – ONS business demography 2016

<sup>4</sup> Going Shopping- a definitive guide to shopping centres – Trevor Woods Associates - 2017

3.4 However, we are also facing some key challenges now and in the future. We cannot stand still or be complacent and we need to tackle some of the barriers that may hold back the long term growth and resilience of our economy. These include:

- Access to talent: this is by far our main challenge. Access to talent is consistently reported by our local business community as the main barrier to growth. Skills shortages at all levels, a very tight labour market and a limited workforce pool mean that many vacancies are hard to fill. This is compounded by the fact that our working age population is less qualified than the south east and UK average and that our educational attainment at Key Stage 4 is also below average.
- Uneven opportunities: overall, our borough has low levels of deprivation<sup>5</sup> and almost half of our 109 lower super output areas (LSOA) are within the 20% least deprived nationally. But some parts of the borough experience relatively high levels of disadvantage in terms of education and crime and fall within the 10% most deprived nationally. Levels of income, unemployment and qualifications also vary greatly in the borough.
- Disparate connectivity: It is widely recognised that access to fast and reliable digital connectivity is key to economic growth and contributes significantly to productivity. But internet speed vary greatly across the borough and some areas, particularly in rural parts, have very poor connectivity. Only 11.49%<sup>6</sup> of the borough has access to Full Fibre.
- Perception and image: despite its excellent quality of life, strong economy and high employment levels, the borough, and particularly the town of Basingstoke, still suffers from a poor and outdated image and perception. The lack of clear identity is often cited as a barrier to growth, inward investment and talent attraction.
- Availability of commercial property<sup>7</sup>: although overall there is a good supply of office stock, there is a lack of grade A office space. There is also a shortage of industrial and storage stock in the borough to accommodate existing and future demand. These shortages can limit business growth and inward investment opportunities.

3.5 As the borough plans for its future growth, there are and will be opportunities available to us that will help us on our way to economic prosperity and resilience. It will be down to us to seize and maximise these opportunities and overcome some of the tensions that may arise. These include:

- Technological change: embracing technology will be a key factor of economic growth and will be a catalyst for innovation. Our borough will need to be ready to respond and act accordingly and whenever possible

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<sup>5</sup> CLG indices of deprivation 2015

<sup>6</sup> Source – Think Broadband

<sup>7</sup> Economic Needs Assessment 2018 – Peter Brett Associates

pre-empt technological change. One of the key opportunities currently afforded by technological change is the future roll out of 5G mobile communications. Basingstoke is already at the forefront of 5G through its close partnership with the University of Surrey 5G Innovation Centre and the EM3 LEP.

- Basing View regeneration: the regeneration of Basingstoke's central business district provides many opportunities for job creation and inward investment. The redevelopment of some parts of Basing View will create a much needed supply of grade A office space which is often cited as a deterrent to inward investment. It will also generate additional high value jobs and additional footfall for the town centre.
- Manydown Garden Community: the large housing-led development will provide much needed housing for existing and future residents. It will help attract new people to the town and create a pipeline of workforce and talent to alleviate skills and employee shortages. The development itself will also create new construction jobs and training opportunities.
- Leisure Park redevelopment: the multi-million pound redevelopment aims to create a major attraction in the borough that will complement existing leisure, heritage and cultural facilities. It will provide a unique range of leisure experiences for residents, visitors and businesses and their employees. It will contribute to the overall attractiveness of the borough as a place to live, visit and invest. It will also create additional employment opportunities.

3.6 The council is not able to deliver this strategy and supporting actions on its own. Successful implementation will be reliant on effective partnership working. Many partners will be involved – some will act as critical friends and provide expertise and advice, some will act as facilitators or enablers and others will be responsible for the direct delivery of some of the interventions identified in this strategy and the supporting action plan.

3.7 The borough already has a strong foundation of established partnership and collaborative working to build on across the areas proposed for focus. Key partnerships and partners include the Basingstoke Area Strategic Partnership, the Basingstoke Employment and Skills Zone, the Basingstoke Together BID, the Borough Business Partnership, Hampshire County Council, the Basingstoke Consortium, schools and colleges, Destination Basingstoke and the EM3 Local Enterprise Partnership.

3.8 The strategy will be implemented and monitored through a detailed action plan which will be reviewed and updated regularly as initiatives are being delivered and new actions identified.

3.9 The action plan will describe specific and measurable interventions with clear outputs and outcomes. It will set clear timescales and specify the resources required for the delivery of each action. It will identify the lead partner and other partners involved in the delivery. Timescales for each action will vary but

the majority of the actions will be short to mid term ranging from a few months to up to 12 to 18 months.

- 3.10 Effective leadership and governance are also key to the successful implementation of the strategy. To this end, it is proposed to set up an Economic Growth Strategy Steering Group comprising representatives from the business community and educational and voluntary sector. The role of the steering group will be to ensure effective partnership working, monitor delivery and review progress.
- 3.11 To reflect this, the proposed governance arrangements are:
- Quarterly Steering Group meetings
  - Annual update on progress through a Portfolio Holder report and presentation at Economic Planning and Housing Committee
  - A complete review of the strategy every five years in 2023, 2028 and 2033 to ensure it is still fit for purpose.

### Next Steps

- 3.12 An open consultation on the draft strategy will take place in January and February to get feedback from partners, businesses and residents on the proposed approach.
- 3.13 Following this consultation, the strategy will be finalised and submitted to Cabinet on 5 March 2019 for adoption.
- 3.14 Once adopted, the Economy and Culture Team will work with other council teams and partners to develop an action plan and start the implementation of the strategy.

### Corporate implications

#### 4 Legal Implications

- 4.1 Whilst there are no legal implications specific to this report, aspects of the Economic Growth Strategy will require legal expertise during implementation and appropriate legal advice will be sought in respect of these as they arise.

#### 5 Financial implications

- 5.1 Are there new financial implications arising from this report?

Yes	No
	✓

Summary of financial impacts

- 5.2 This strategy outlines the intentions for the service area going forward with the initial implementation of the strategy being met from existing allocations within Borough Development and Implementation budgets for economic development, marketing, town centre programme and arts and events, which for 2019/20 will be £469,700.
- 5.3 As the implementation of the strategy progresses and new actions are identified further resources may be required if expenditure cannot be met from existing allocations. External sources of funding and private and public sector investment will be sought alongside additional budget bids to be submitted accordingly as part of the annual budget setting process. Should additional council funding be required, this will increase the council's savings targets unless other savings within the Borough Development and Implementation budgets can be achieved.
- 5.4 Should it not be possible to identify additional funds then there is a possibility that all the identified avenues will not be pursued and that all the required projects will not be advanced.

## **6 Risk management**

- 6.1 Once the strategic approach and priorities have been agreed, a full risk assessment will be carried out in line with council policy. The risk assessment will be reviewed regularly in relation to key work streams of the strategy.
- 6.2 It is especially important that whilst the strategy needs to be inspiring and aspirational in looking ahead, there will be a need to ensure as far as possible that unrealistic expectations are not raised. To mitigate this risk, a communication plan will be implemented to ensure that key messages about the project are delivered in an appropriate and understandable manner and that lines of communication remain effective with local partners, businesses and residents.
- 6.3 Internal management is critical and the delivery of the strategy will be monitored by the Head of Borough Development and Implementation and led by the Economy and Culture Manager who will coordinate input across the organisation and manage relationships with external partners. However, irrespective of the process directly in the control of the council, a strategy of this nature has many aspects that are outside the council's direct control. The engagement of external partners towards shared goals can only be influenced and not directly controlled by the council, leading to risks in timely project delivery and conflicts of interest. Therefore the set up, governance and effectiveness of partnership working will be critical to success. The Steering Group will help in ensuring ownership and buy in.

## **7 Equalities implications**

- 7.1 An Equality Impact Assessment has been undertaken to consider the impact of the proposed Economic Growth Strategy on the protected characteristics groups and the implications for the Public Sector Equality Duty. This assessment concluded that the strategy is positive for all local residents,

businesses, organisations and visitors to the borough through its cross-cutting theme of inclusive growth.

- 7.2 It has a differentially positive impact on the working aged population as it has a focus on upskilling the existing workforce. It is also particularly beneficial for children and young people as it focuses on increasing employability and skills, and facilitating their entry into the labour market.
- 7.3 Any actions that are included in the strategy's delivery plan, should take into account equalities implications and, if approved, the strategy should be communicated through a range of channels. Consultation and communication

## **8 Consultation and communication**

- 8.1 The Economic Growth Strategy has been developed through extensive consultation with elected members, members of staff and external partners from the public, private, academic and voluntary sectors. Various workshops and consultation events were held between November 2016 and June 2017. A series of business lunches with senior representatives of local larger businesses took place in September and October 2016. In addition, feedback and evidence on local barriers to growth have been gathered through one-to-one conversation with businesses as part of our account management process.
- 8.2 The consultation for Horizon 2050 also provided invaluable feedback from residents and partners on the sort of economy and education offer they would like the borough to have.
- 8.3 Communication within the council and with key stakeholders and the wider community is important to success and this will be achieved through the development and implementation of a communication plan as part of the delivery of the strategy.
- 8.4 Key messages and updates will be communicated using a wide range of tools including events, updates at working group meetings and social media.

## **9 HR implications**

- 9.1 There are no HR implications other than the staff time required for the project management and delivery, partnership management, performance monitoring and promotion.

## **10 Conclusion**

- 10.1 The borough already has some strong foundations and key strengths for resilient and sustainable economic growth.
- 10.2 Although our economy faces challenges now and in the future, we also have many opportunities to build a strong economy that will reap benefits for all.
- 10.3 This strategy proposes a multi-pronged approach to economic growth and through effective partnership working, a clear and focused action plan and

strong leadership and governance, the borough has every chance of economic success for years to come.

<b>Date: 10 January 2019</b>	
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<b>Confidentiality</b>	It is considered that information contained within this report (and appendices) do not contain exempt information under the meaning of Schedule 12A of the Local Government Act 1972, as amended, and therefore can be made public.