



## CABINET

Tuesday, 07 June 2022

<b>Subject</b>	East Suffolk Economic Strategy
<b>Report by</b>	Councillor Craig Rivett Deputy Leader and Cabinet Member with responsibility for Economic Development
<b>Supporting Officer</b>	Paul Wood Head of Economic Development & Regeneration <a href="mailto:paul.wood@eastsoffolk.gov.uk">paul.wood@eastsoffolk.gov.uk</a> 07798 797275

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	Not applicable
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### **Purpose of Report:**

This report highlights the key elements of ESC's new Economic Strategy. It sets out why this is a critical time to review the Council's approach to supporting the existing economy and enabling sustainable economic growth. The report also reflects the wider national and regional economic context and how the new strategy aligns with this.

### **Options:**

The alternative option would be to not create a new economic strategy for east Suffolk. This would mean continuing reliance on an increasingly outdated economic framework to guide the work of ESC's ED&R teams and contributing partners. In more stable times reliance on a five-year-old strategy would be far from optimal but with the recent instability it is more crucial than ever that we refresh our approach to enabling a string, diverse and resilient economy which benefits all our residents, businesses and visitors.

### **Recommendation/s:**

That the East Suffolk Economic Strategy, attached as Appendix A, be approved.

## Corporate Impact Assessment

### **Governance:**

The delivery of the East Suffolk Economic Strategy will be overseen through the Strategic Plan Economy Theme meetings.

### **ESC policies and strategies that directly apply to the proposal:**

ES Strategic Plan

Lowestoft Town Investment Plan

ES Enabling Communities Strategy

Suffolk Coastal Local Plan

Waveney Local Plan

### **Environmental:**

Enabling the development of the clean energy sector is a key element of the new economic strategy and this clearly contributes to local and national net zero policies.

### **Equalities and Diversity:**

An EqIA was undertaken which demonstrated that the new strategy would have a positive impact on deprivation and would have neutral impact on all other protected characteristics.

### **Financial:**

Production and approval of the Economic Strategy does not have any immediate direct financial implications for the Council. However, delivery of the strategy has significant implications for the financial sustainability of the council going forward. The developments outlined in the strategy have the potential to generate significant

additional income in respect of business rates, council tax, grant funding, New Home Bonus, Community Infrastructure Levy, developer contributions, etc. Although there has been some movement by the Government away from further localisation of business rates, and the system is currently due for some reform and a reset, the developments outlined in the strategy could generate significant business rates growth. In particular, the current system enables ESC to retain 100% of the business rates on new renewable energy projects. Given the significance of these in the Strategy, if this feature is maintained in reform of the system, this income could make a major contribution to the council's financial sustainability.

Furthermore, initiatives such as Enterprise Zones and Freeport East will generate significant retained business rates which will be reinvested to support sustainable economic growth and in turn generate more business rates for the District.

**Human Resources:**

No impact

**ICT:**

No impact

**Legal:**

**No impact**

**Risk:**

Key risk is a deterioration in the wider economy which would negatively impact ESC's ability to deliver the objectives of this strategy. A further risk is a significant cut in public funding to manage the debt accumulated during the pandemic. This could also substantially reduce the financial resources available to deliver the strategy's aim and objectives.

**External Consultees:**

As part of the development of the ESES almost 80 organisations were consulted. They included businesses, business representative bodies, academic institutions, enterprise agencies, government departments, local authorities, Business Improvement Districts and sector groups.

## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input checked="" type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			
<b>Growing Our Economy</b>			
The new strategy contributes directly to every priority under this theme as its overriding objective is to enable sustainable economic growth.			
<b>Maintaining Financial Sustainability</b>			
<b>Optimising our Financial Investments and Grant Opportunities</b>			
A key element of the strategy is focussed on securing external funding to deliver the strategy's objectives. Having a strong strategic framework in place will ensure that any			

external funding is used optimally to deliver sustainable economic growth. The ED&R Funding Team have an exceptional record in securing external grants to support the delivery of the Council's economic ambitions.

### **Delivering Digital Transformation**

#### **Effective Use of Data**

A key element of the strategy is increasing the vibrancy of East Suffolk's town centres. This objective is supported by the use of technology to monitor footfall and analysis of this data will help inform our approach to enhancing the town centre offer to residents, businesses and visitors. More broadly the work of the ED&R team is evidence led, making best use of the available data and analysis to develop and implement activity which enhances the local economy.

#### **District Wide Digital Infrastructure**

The delivery of gigabit broadband, free public wi-fi and footfall sensors in our town centres is a key foundation piece in enabling economic resilience and sustainable growth. The new strategy identifies how this will contribute to delivering these objectives.

### **Caring for our Environment**

#### **Renewable Energy**

Clean energy is a key growth sector in East Suffolk and the new strategy sets out how ESC and partners will continue to support this growth and also focus on emerging clean energy developments such as hydrogen.

## **Background and Justification for Recommendation**

<b>1 Background facts</b>	
1.1	The previous economic strategy, the East Suffolk Economic Growth Plan was produced in 2017. Clearly there have been some major impacts to the global and local economy since the last strategy was published and therefore this is an appropriate time to set out how ESC will continue to enable future sustainable economic growth.
1.2	The global economy has been subject to two major economic shocks recently. Firstly, the lockdowns and trading restrictions associated with the Covid 19 pandemic and more recently the invasion of Ukraine. As a result of the lockdowns and subsequent reopening of economies around the world serious supply chain and labour shortages have occurred. This in turn has led to a scarcity of supply of numerous products, materials and combined with steep rises in oil and gas prices has fuelled inflation, currently at 8.2% in the UK, the highest for 30 years and expected to reach 10% before the end of 2022. There has also been a post pandemic induced squeeze on available labour which is adding to inflation. The UK's exit from the EU has exacerbated these labour shortages due to the significant reduction in migrant workers, particularly in some of East Suffolk's key sectors e.g. logistics, agriculture and tourism. The invasion of Ukraine has further exacerbated supply chain issues, adding to fuel/ energy inflation which are acting as major drags on economic activity.

1.3	All these factors are creating a sense of unpredictability and fragility in global and local economies. The world has clearly moved on since 2017 so the time is right for ESC to set out its refreshed approach to enabling sustainable economic growth within the district. Despite the current uncertain economic conditions East Suffolk continues to enjoy a strong and diverse economy with key competitive strengths in Ports & Logistics, Clean Energy, ICT, tourism and Agriculture. The role of the new strategy is to continue to support sustainable growth in these sectors whilst also encouraging the growth of emerging sectors such as cultural and creative and clean hydrogen production, innovation and use. A key element of the new strategy is how it will support the net zero agenda.
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## 2 Current position

2.1	<p>There have been some seismic shifts in national economic policy in recent years driven by the UK's exit from the EU, impact of Covid lockdowns (both during the pandemic and the recovery) and most recently the invasion of the Ukraine. The Levelling Up White Paper published in 2022, sets out the government's response to these events with a particular focus on rebalancing the national economy to achieve levelling up. There are three investment priorities set out in the white paper:</p> <ul style="list-style-type: none"> <li>- Community &amp; Place</li> <li>- Supporting Local Business</li> <li>- People &amp; Skills</li> </ul>
2.2	<p>The Norfolk and Suffolk regional economic strategy was developed to support economic recovery as the region emerged from the pandemic. Clean growth is the strategy's overriding theme and in particular there is a focus on how to develop the following key sectors in which the region has a competitive advantage:</p> <ul style="list-style-type: none"> <li>- Clean Energy</li> <li>- Agri-food</li> <li>- ICT &amp; Creative Digital</li> </ul> <p>These are all sectors where East Suffolk has competitive strengths (i.e. new nuclear/ offshore wind, extensive agri-food sectors and BT Adastral Park/ Innovation Martlesham) which demonstrates how important the East Suffolk economy is in driving regional sustainable economic growth and resilience.</p>
2.3	<p>A further significant policy change is devolution. Suffolk is seeking a devolution deal which may lead to greater control over some economic development related resources e.g. local skills delivery. In addition, areas agreeing devolution deals will see the functions of the LEPs subsumed within the upper tier authorities e.g. Suffolk CC. This will have significant implications for East Suffolk as the LEP is a major funder and delivery body for a range of economic development activities.</p>

### 3 How to address current situation

- 3.1 The new strategy sets out a vision for the next five years and covers three key ambitions for the local economy:
- i. Enable our people to access, obtain and use skills which will help them secure and create both opportunities and employment
  - i. Enable our communities in a way which helps protect, revitalise and regenerate the places they live, work and play in.
  - ii. Enable our businesses so they develop, grow and invest locally in a way which creates opportunities for our residents

In line with the Levelling Up white paper and the new associated funding streams ESC will achieve this vision by focusing on three main priorities:

- People
- Place
- Business

3.2 In terms of the people priority, we will link people with education/skills development opportunities that allow them to access the new employment opportunities being created. East Suffolk is on the cusp of several, once in generation opportunities to significantly enhance the prosperity of the district through a series of major economic developments. These include the proposed Sizewell C new nuclear development, Freeport East and the next phase of offshore wind development. It is imperative that we harness these opportunities to ensure that our communities, especially the most marginalised, benefit from these unprecedented developments. The workforce needs to be ready and able to fulfil the needs of businesses in these sectors but also more generally to ensure continued economic resilience and sustainable growth.

3.3 In order to address this challenge ESC will develop education, training and skills related opportunities to help businesses recruit skilled staff to stimulate enterprise and ensure residents can access these job opportunities. We will encourage the provision of education/training relevant to business needs and the work prospects of residents and support career paths for all. We will also, with partners, enable new initiatives such as a hospitality academy and a logistics college to develop specialist skills to support our key sectors. We will also continue to ensure that apprenticeships and other work placement related initiatives are actively promoted and fully supported.

3.4 In terms of the Place priority, the new strategy has been designed to address various place-based dimensions to ensure that economic growth of an appropriate scale/ type is achieved alongside broader spatial development priorities. It is also important to note that the ESES is not just focussed on supporting new development and large-scale regeneration but also has a 'job to do' ensuring all settlements have vibrant and sustainable communities where local people and business can thrive. Furthermore, East Suffolk has stunning natural capital and world class cultural, heritage and hospitality assets. The ESES is extremely cognisant of this and therefore protecting the environment, whilst promoting and

	enabling sustainable economic growth, including sectors directly engaged in tackling climate change (e.g. offshore wind, new nuclear, clean hydrogen developments, Freeport East) is a key priority.
3.5	<p>The new strategy has a particular spatial focus on the following areas:</p> <ul style="list-style-type: none"> <li>• Lowestoft – Town Investment Plan and Town Deal</li> <li>• Adastral Park and the wider Martlesham commercial area</li> <li>• Felixstowe and the Freeport East zone – South Seafront development, North Felixstowe Garden Neighbourhood</li> <li>• Sizewell and Leiston – including town centre masterplan and regeneration scheme</li> <li>• Market and coastal towns – Digital Towns, Town Revitalisation Programme</li> <li>• Rural and protected areas e.g. AONB, Minsmere</li> </ul>
3.6	<p>The Business priority has four key objectives:</p> <ul style="list-style-type: none"> <li>• <b>Enable entrepreneurs and entrepreneurship in East Suffolk</b> – the strategy will enable the provision of workspace and premises suitable for small businesses, to equip small business owners / managers with the skills they need and enable small businesses to access the support that is available more generally.</li> <li>• <b>Encourage established local businesses to invest and grow in East Suffolk</b> – through general and sector focussed business support as a part of a regional/ countywide approach supplemented with more bespoke local programmes.</li> <li>• <b>We will attract inward investment to East Suffolk</b> – the district has high profile existing and emerging economic assets. The ESES sets out how we will continue to promote these to attract investment to develop opportunities which will stimulate sector, supply chain and employment related opportunities for businesses &amp; the workforce.</li> <li>• <b>We will focus on the opportunities and potential that exists in the following seven key sectors where East Suffolk demonstrates a strong competitive advantage:</b> <ul style="list-style-type: none"> <li>- Agriculture, food and drink</li> <li>- Clean energy</li> <li>- ICT and digital creative</li> <li>- Manufacturing and engineering</li> <li>- Marine and maritime</li> <li>- Ports and logistics</li> <li>- Visitor economy and cultural sectors</li> </ul> </li> </ul> <p>The strategy also sets out a cross-cutting commitment to enhance the environmental performance of key sectors, improve efficiency of resource use and align wider infrastructure and skills investment with sector requirements.</p>



3.7	<p>Annual delivery plans will be developed to set out specific actions against the key strategic themes highlighted above. In order to determine how successful ESC has been in achieving the objectives of the ESES a number of performance measures have been proposed. These include:</p> <ul style="list-style-type: none"> <li>- Productivity: change in average annual GVA</li> <li>- Employment: annual change in full-time jobs</li> <li>- Business: Number of new businesses created each year, number of businesses relocating to the district each year and number of jobs created as a result of these relocations</li> <li>- Innovation: Annual patent growth rate</li> <li>- Skills: Annual change in workforce NVQ level 3 attainment</li> <li>- People: proportion of residents economically active</li> </ul> <p>These measures will complement the key performance indicators agreed in relation to the Strategic Plan's Economy Theme.</p>
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<b>4 Reason/s for recommendation</b>	
4.1	<p>Ensuring that East Suffolk continues to have a strong, resilient and diverse economic base is crucial in maintaining a high quality of life for the residents of the district. It also provides a strong foundation for new businesses to emerge, develop and innovate. Coupled with a strong emphasis on place development and capitalising on the competitive advantage our key sector present, the new ESES provides a clear and robust framework for delivering sustainable economic growth that can benefit all of the district's residents, businesses and visitor.</p>

## Appendices

<b>Appendices:</b>	
<b>Appendix A</b>	Draft East Suffolk Economic Strategy
<b>Background reference papers:</b>	
None.	