

EAST HERTS COUNCIL

PERFORMANCE, AUDIT AND GOVERNANCE OVERSIGHT COMMITTEE
- 29 OCTOBER 2019

REPORT BY PORTFOLIO HOLDER FOR PLANNING AND GROWTH

REPORT TITLE - UPDATE ON ECONOMIC DEVELOPMENT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To provide an update on the Economic Development Vision for East Herts

<u>RECOMMENDATION/S FOR PERFORMANCE, AUDIT AND GOVERNANCE OVERSIGHT COMMITTEE: That:</u>	
(A)	The Committee notes progress against the Economic Development Vision
(B)	Any recommendations the committee wishes to make should be conveyed to the Portfolio Holder and/or relevant officer as appropriate.

1.0 Background

1.1 On 6th December 2016 East Herts Council's Executive agreed a new economic development vision. The document can be found here:

https://cdn-eastherts.onwebcurl.com/s3fs-public/documents/EER.001_Economic_Development_Vision_for_East_Herts.pdf

1.2 Annual updates on economic development are provided to Committee every autumn. The original plan covered the period 2016/17 – 2019/20 and will come to an end on 31 March 2020.

This update therefore looks back at progress across the last 3 years.

1.3 Following elections in May 2019, a new set of corporate priorities will be developed and agreed for implementation from 1 April 2020. Progress on the economic development vision along with key learning will be used to inform those new priorities.

2.0 Report

2.1 The economic development vision was developed throughout 2016. It was designed to set out the challenges faced in East Herts and identify tangible areas in which East Herts Council could, either in isolation or working with partners, make a difference. The vision was also used to inform a restructure of the economic development service. This moved the team away from a 'hands-off' approach based mostly on commissioning services towards more direct intervention.

2.2 The vision is based on six themes and a high level summary of progress against each follows. A fully detailed assessment of progress can be found at **Essential Reference Paper B**.

2.3 A business friendly council: This theme was very much about how the council supports businesses in its capacity as a public sector body (e.g. Through regulatory services and business rates). Progress has been made against the individual objectives however this will remain a priority going forward. Although East Herts does not set business rates we are the authority responsible for collecting them. We therefore have a close relationship with our business community and need to be transparent and accountable as well as being supportive where possible. A strong example is the discretionary business rate grant scheme which has just been relaunched and has so far helped 18 businesses in the district to open up new premises.

- 2.4 Enabling entrepreneurs and business start-ups: This is the theme where most progress has been made. The council's economic development function has moved from a minimalist position to one of direct intervention. The Launchpad is the council's economic development anchor project. The success of this of flexible working facility in Bishop's Stortford (with a new facility recently opening in Ware) has proved that the council has a role to play in addressing market failure. Equally it has enabled the economic development team to build up expertise and experience in running business support facilities thus ensuring the council stays relevant in the context of economic growth.
- 2.5 Supporting the rural economy: This theme was largely based around administering the EU funded rural development programme. East Herts has acted as the accountable body for this fund over 2 rounds (2011 – 2015 and 2015 – 2019). Many rural businesses have benefitted from additional investment however there remains a crucial challenge in future. After Brexit there will be no more EU funding and details on the UK Shared Prosperity Fund (a domestic replacement to European structural funding) are unlikely to be finalised until after Brexit. Finding ways to continue to support rural businesses will be a key consideration going forward.
- 2.6 Vibrant Town Centres: it is reasonable to say that, despite much activity in this area the changing nature of our high streets remains a strong challenge. Like many places elsewhere the balance of retail, residential, catering and hospitality provision in our town centres is changing with the retail sector struggling in particular. News coverage of many well-known national chains going into administration or 'restructuring' their business model demonstrates the challenges are not just confined to small, independent shops. Rents and business rates (both outside of the control of the district council) are often blamed as one cause although the enormous growth in online retail is equally significant. The economic development team are often asked to intervene

when shops close down however at an individual level we can do very little. The role of the district council in town centres is arguably more through place making and as a planning authority – our key projects such as Old River Lane in Bishop’s Stortford and Hertford Theatre expansion will make the most significant impact on the overall viability of town centres as will joint working and masterplanning with developers on key sites.

- 2.7 Supporting the visitor economy: Tourism investment in the district is often overlooked. Visit Herts data indicates that businesses in East Herts benefit a great deal from day visit and overnight spend in the district. The council has a role to play in promoting these venues and supporting businesses in the local supply chain. Although the data produced by Visit Herts suffers from an 18 month time lag, trends indicate the visitor economy is of growing importance to the district.
- 2.8 Lobbying for the right infrastructure: This theme relates to working with key partners to ensure investment in infrastructure is realised to support housing and economic growth. Since the vision was agreed the council has adopted the District Plan which is a hugely significant document in ensuring the district grows sustainably and retains a local employment base (i.e. doesn’t just become a commuter area). Many of these projects are long term and will remain priorities after 31 March 2020.
- 2.9 In summary there has been strong progress against many of the objectives set out in the 2016 vision. The economic development function is in a much stronger position that it was in terms of skills and capacity which bodes well for the future. It is clear, however that issues which were challenges in 2016 still remain and these will need to be considered with the council’s new corporate plan. Equally, additional challenges regarding economic development have also become more acute.

- 2.10 Employment space is probably the single largest issue facing East Herts (and many other areas nationally). The East Herts District Plan outlines the need for 18,000 new dwellings up to 2033 alongside an additional 20 hectares of employment space. This is based on the assumption that East Herts will remain a net exporter of skilled workers to other areas but also that this level of employment space is necessary to sustain the district as a viable “place” in its own right (i.e. not just one large housing estate). This assumption is reasonable as there has been a steady decrease in available employment land in the district for the last 10 – 15 years (due to the development market being heavily skewed in favour of residential development).
- 2.11 The Herts LEP commissioned a study into the net loss of employment space in the county with the alarming conclusion that 771,000 sq. m. has been lost over the past decade (to put in context this is the total office stock in St Albans, Watford and Welwyn Garden City combined). For East Herts there has been a net reduction in office space of 176,000 sq. m. to 140,000 sq. m. Industrial space has seen a reduction 658,000 sq. m. to 567,000 sq. m. over the same period (losses of 20% in office space and 14% industrial respectively). So, whilst allocation of 20 ha of new employment space is welcome it is possible there will still be a net reduction overall. The LEP report can be found here: <https://www.hertfordshirelep.com/news-events/news/dramatic-loss-of-office-space-has-major-implications-for-hertfordshire-s-economy/>
- 2.12 New economic development priorities are likely to focus on how we ensure current employment land is protected in the district from speculative development and that new employment land is actually built.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

- Update on Actions – ERP B

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