

Title of Report:	Local Enterprise Partnership - Strategic Economic Plan and response to the Airports Commission Interim Report
Report to be considered by:	Executive
Date of Meeting:	13 February 2014
Forward Plan Ref:	EX2757

Purpose of Report:

i) To inform the Executive of the Local Enterprise Partnership's (LEP) Strategic Economic Plan and seek any comments on the current consultation draft.
ii) To outline the conclusions of the Airports Commission Interim Report and to establish West Berkshire's position in response to the Interim Report.

Recommended Action:

i) To endorse the consultation draft of the Strategic Economic Plan and inform the LEP of any amendments or comments that the Council wishes to make.
ii) To agree the statement proposed as a response to the Airports Commission Interim Report which supports the expansion of Heathrow.

Reason for decision to be taken:

To provide comments in relation to these important issues for the District and wider Thames Valley Berkshire Local Enterprise Partnership area.

Other options considered: n/a

Key background documentation:

Thames Valley Berkshire: Delivering National Growth Locally, Strategic Economic Plan 2015/16 – 2020/21, Consultation Draft, December 2013.

The Airports Commission Interim Report published on 17th December 2013.

The proposals contained in this report will help to achieve the following Council Strategy priority:

CSP2 – Promoting a vibrant district

Portfolio Member Details	
Name & Telephone No.:	Councillor Alan Law - Tel (01491) 873614
E-mail Address:	alaw@westberks.gov.uk
Date Portfolio Member agreed report:	Councillors Law and Zverko emailed on the 16.01.14 Councillors Law and Cole emailed on the 04.02.2014
Contact Officer Details	
Name:	Nick Carter
Job Title:	Chief Executive

Tel. No.:	01635 519101
E-mail Address:	NCarter@westberks.gov.uk

Implications

- Policy:** The proposed SEP sets a new policy framework for promoting economic growth in Berkshire. That said, the objectives set out in the Plan are not new and all have some resonance with previous policies and strategies. There is nothing within the SEP that is at odds with the Council's current Planning policies or recently adopted Economic Development Strategy.
The Council has not formed a policy view on expansion at Heathrow to date.
- Financial:** The SEP has no direct financial implications for the Council. The SEP will however be an important document in both influencing how much Local Growth Fund the area receives and then in determining how it is spent. As a result the SEP will be important in determining what future public funding comes to West Berkshire.
- Personnel:** n/a
- Legal/Procurement:** n/a
- Property:** n/a
- Risk Management:** The SEP poses no significant risks to the Council.

Is this item relevant to equality?	Please tick relevant boxes		Yes	No
Does the policy affect service users, employees or the wider community and:				
• Is it likely to affect people with particular protected characteristics differently?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Is it a major policy, significantly affecting how functions are delivered?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Will the policy have a significant impact on how other organisations operate in terms of equality?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to functions that engagement has identified as being important to people with particular protected characteristics?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
• Does the policy relate to an area with known inequalities?			<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome (Where one or more 'Yes' boxes are ticked, the item is relevant to equality)				
Relevant to equality - Complete an EIA available at www.westberks.gov.uk/eia				<input type="checkbox"/>
Not relevant to equality				<input checked="" type="checkbox"/>

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
---	--	------------------------------

Executive Report

1. Introduction

- 1.1 The Government set out its wish to establish Local Enterprise Partnerships in its Local Growth White Paper which was published in 2010. Local Enterprise Partnerships (LEPs) are described by the Government as “Partnerships between local authorities and businesses. They decide what the priorities should be for investment in roads, buildings and facilities in the area.”
- 1.2 Alongside the creation of Local Enterprise Partnerships, the Government has also recently introduced a number of other local measures aimed at promoting economic growth. These have included the establishment of Enterprise Zones, and the introduction of the Regional Growth Fund and Growing Places Fund. More latterly, the Government has also been negotiating City Deals with local areas as a means of localising Central Government funding.
- 1.3 The Government commissioned Lord Heseltine to conduct a review into how local areas might be further empowered to help fuel economic growth. The resultant report ‘Every Stone Turned’ was published in October 2012. The Government subsequently accepted 81 of the 89 recommendations in that report and since then has been working through their implementation.
- 1.4 Local Growth Deals and the establishment of a Local Growth Fund formed an important part of these recommendations. These were seen as providing LEPs not only with additional funding to set against identified growth priorities but also an ability to seek freedoms, flexibilities and influence over resources from Government. In return the Government asked LEPs to develop ambitious multi year Strategic Economic Plans for their area. These now need to be submitted to Government by the end of March 2014.
- 1.5 Separately, on 7 September 2012, the Government announced its intention to create an independent Airports Commission, chaired by Sir Howard Davies, to identify and recommend to Government options for maintaining the UK’s status as a global aviation hub. Whilst this is a separate issue, for Thames Valley Berkshire this is very much linked to the LEP’s Strategic Economic Plan due to the proximity to Heathrow.
- 1.6 On 17 December 2013 the Airports Commission's Interim Report was published (often referred to as the Davies Report). The report is not a document for consultation, more a position statement on what the Commission has achieved so far and its analysis of the various representations and ideas submitted to them. Although the Interim Report is not a consultation document, many organisations with an interest in this work will be preparing responses to submit to the Airports Commission.
- 1.7 The purpose of this paper is therefore twofold: to set out the Consultation Draft of Thames Valley Berkshire’s Strategic Economic Plan for comment; and also to outline the conclusions of the Airports Commission's Interim Report and establish West Berkshire's response.

2. Strategic Economic Plans

- 2.1 LEPs were all asked to produce Growth Plans shortly after they were created. Thames Valley Berkshire produced its Growth Plan in 2012. It is available on their website and is entitled, 'Making the Boat Go Faster'.
- 2.2 The Government is now looking for a more strategic plan to be produced which would have the ability to focus and coordinate action across the entire LEP area. The expectation is that these new Strategic Economic Plans (SEPs) will;
- (i) demonstrate a wider commitment to growth;
 - (ii) align or pool local authority capital and revenue spend on growth;
 - (iii) provide effective collaboration on economic development activities, and;
 - (iv) maximise the synergies with wider local growth programmes.
- 2.3 There is an expectation that the Plans will also;
- (i) deliver collective decisions;
 - (ii) be coterminous with the LEP area, and;
 - (iii) build a strong relationship with the business community.
- 2.4 The assessment of each LEP's Strategic Economic Plan will be based around three core themes;
- (i) ambition and rationale for intervention for the local area;
 - (ii) value for money, and;
 - (iii) delivery and risk.
- 2.5 The Government has already announced that it intends to establish a Local Growth Fund (LGF) for all LEPs for 2015/16. The size of the fund at a national level is shown in Table 1, along with an indication of which current funding streams will make up the LGF. Since that Table was published the Government has announced in the 2013 Autumn statement that the New Homes Bonus (part) will not be transferred to the LGF from local government.

Table 1 – The proposed Local Growth Fund 2015/16 (BIS, July 2013)*

Source	£million 2015/16
Local Authority Transport Majors	819
Local Sustainable	100

Transport Fund (Capital)	
Integrated Transport Block	200
Further Education Capital	330
European Social Fund Match	170
New Homes Bonus	400**
Total	2,019
Of which, capital	1,449

The above Table shows the proposed level of funding that will be available to LEPs in 2015/16 and from where that funding will be found.

** The Government announced in the 2013 Autumn statement that New Homes Bonus would not be used to fund the proposed Local Growth Fund.

- 2.6 The Government has made it clear that whilst all LEPs will receive some LGF funding by right, a proportion will also be allocated through a competitive process. This competitive element will be driven by the 'quality' of each LEP's Strategic Economic Plan and it is for this reason, alongside the opportunity to provide a single cohesive economic plan for each LEP area, that the SEP is particularly important.

3. The Thames Valley Berkshire Strategic Economic Plan

- 3.1 As previously stated the Council has been actively involved in the preparation of the Consultation Draft of the SEP which accompanies this report. Council Officers have been involved in developing key elements of the report along with SQW and Hewden, the consultants chosen by the LEP to prepare the Plan. Earlier drafts have been reviewed by the Chief Executive and Portfolio Member for Economic Development in their respective roles on the LEP Executive and Forum.
- 3.2 The Plan is designed as a Berkshire wide document and care has been taken not to focus the Plan on specific local authority areas. The Plan is also geared to the delivery of economic growth and it was accepted at an early stage that some of the associated elements of economic wellbeing would not be embraced by this Plan. These will be picked up at a local level where appropriate.
- 3.3 The Consultation Draft is based on six main objectives, the first three based on people and the latter three focused on 'ideas';

- (i) use better those who are already in the workforce;
- (ii) inspire the next generation and build aspirations and ambition;
- (iii) ensure that economic potential is not restricted by labour supply issues;
- (iv) ensure that knowledge is effectively communicated and grown within Thames Valley Berkshire;
- (v) strengthen networks and interest in the 'soft wiring' to use ideas better, and;
- (vi) make Thames Valley Berkshire's towns genuine hubs in the ideas economy.

3.4 Sitting underneath these six objectives are 15 investment packages grouped into the following high level programmes;

- (a) Promotion and International Positioning of Thames Valley Berkshire.
- (b) Enterprise, Innovation and Business Growth.
- (c) Skills, Education and Employment.
- (d) Infrastructure – Transport, Communications and Place Shaping.

3.5 The full consultation draft of the Strategic Economic Plan is included at Appendix A. Once the final version is submitted to and agreed by Government, it will form the basis of future economic development activity across Berkshire and will be the means by which bids for LGF are identified and hopefully secured.

4. Airports Commission Interim Report

4.1 The consultation draft of the Strategic Economic Plan in Appendix A highlights on a number of occasions how important Heathrow Airport is to the economy of the LEP area - Thames Valley Berkshire. For example, it talks about why the connectivity of the region matters. It says that "The growth of our economy has been – and continues to be – fundamentally shaped by our connectivity: our international links via Heathrow Airport are the principal reason why inward investors choose to locate in TVB and they are a crucial underpinning of ongoing re-investment." It goes on to say that "good connectivity is not a static assumption but an on-going commitment, and it needs investment."

4.2 The SEP is therefore helpful in providing some economic context when considering the Interim Report published by the Airports Commission.

4.3 The Airports Commission's Interim Report endorses the need for further runway capacity in the South East by 2030, and shortlists two sites for further detailed investigation: Gatwick (1 option) and Heathrow (2 options)

- (a) The option at Gatwick Airport is a new runway over 3,000m in length spaced sufficiently south of the existing runway to permit fully independent operation.

- (b) For Heathrow Airport, there are two potential runway options to be considered further:
 - (i) A new 3,500m runway constructed to the northwest of the existing airport, as proposed by Heathrow Airport Ltd, and spaced sufficiently to permit fully independent operation.
 - (ii) An extension of the existing northern runway to the west, as proposed by Heathrow Hub Ltd, lengthening it to at least 6,000m and enabling it to be operated as two separate runways: one for departures and one for arrivals.

- 4.4 The Interim Report also concludes that during the first half of 2014 the Commission would further investigate an option for new runway capacity at the Isle of Grain (Boris Island) before deciding whether or not to add this to the shortlist. This option would involve the closure of Heathrow for commercial and operating reasons.
- 4.5 An independent Economic Impact Study was commissioned by Slough, Hounslow and Ealing Councils to look at a number of options for Heathrow and the economic impacts that follow. Options included the closure of Heathrow, the reduction to just one runway and the status quo remaining. The report highlighted that the closure of Heathrow would result in 30% unemployment for Slough and that even with the status quo remaining (but no investment) there would be a slow but steady decline in jobs.
- 4.6 The importance of Heathrow to the Thames Valley and to West Berkshire's economy is clear and is highlighted in the Strategic Economic Plan. It is critical to maintain business interest in the Thames Valley and West Berkshire and the continued status and growth of Heathrow is considered pivotal to this.
- 4.7 To date, West Berkshire has not formed a policy view on the expansion of Heathrow. Promoting a vibrant district is, however, one of the Council's priorities and we recognise in the Council Strategy that continued economic growth is vital if West Berkshire is to remain competitive. In order for us to promote the district to business and be part of a successful Thames Valley economy, Heathrow must remain a strong and attractive hub for business interests.
- 4.8 In promoting expansion at Heathrow the concerns in relation to access, the environment and the concerns of local residents are not ignored.
- 4.9 The improvement to public transport surface access arrangements is critical. The project to enable rail access to Heathrow from the west will be delivered regardless of any expansion plans but further opportunities and improvements to access Heathrow by rail and coach are needed.
- 4.10 In the same way improvements in environmental and noise impacts of aviation activity is also important and proper consideration should be given to the impact on local communities and appropriate mitigation measures planned.

5. Conclusion and recommendation

- 5.1 The Thames Valley Berkshire Local Enterprise Partnership is consulting on their draft Strategic Economic Plan. This is an important plan for the region and the Council has been actively involved in the preparation of the draft plan.

- 5.2 It is recommended that the Executive endorses the consultation draft of the Strategic Economic Plan and informs the LEP of any comments that the Council wishes to make.
- 5.3 Whilst the Airports Commission's Interim Report is not a consultation document many are treating it as such and forming their response. Given the importance of Heathrow to the economy of the Thames Valley and our local economy in West Berkshire, it is considered that any decision which would potentially weaken Heathrow's position would be detrimental to our district and the region.
- 5.4 If Heathrow does not remain the focus for aviation activity and receive the additional investment and capacity needed, this will undermine the Strategic Economic Plan and the vision and plans for the region going forward.
- 5.5 It is therefore recommended that the Executive agrees the following statements as the Council's position on Heathrow and response to the Airports Commission's Interim Report:

West Berkshire Council acknowledges the Airports Commission's conclusion of the need for additional runway capacity for London and the south east and supports this growth in capacity being provided at Heathrow.

There should be no further investigation of the Isle of Grain option as the economic impacts of the closure of Heathrow would be devastating to the Thames Valley and West Berkshire economies.

Measures to improve public transport access arrangements to Heathrow are critical and the Council supports the Airports Commission's call for these improvements to be made without delay.

The Council recognises the various impacts that will result in the expansion of Heathrow, especially for the local communities, and would expect to see appropriate mitigation measures included in the plans for additional runway capacity.

Appendices

Appendix A - LEP Strategic Economic Plan 2015/16 to 2020/21 – Consultation Draft

Consultees

Local Stakeholders:	Local stakeholders are currently being consulted by the LEP as part of the consultation process on the Strategic Economic Plan (SEP)
Officers Consulted:	Andy Day, Corporate Board, Janet Duffield, Bryan Lyttle
Trade Union:	N/A