

Cabinet

15 October 2024

Economic Growth Strategy

For Decision

Cabinet Member and Portfolio:

Cllr R Biggs, Property & Assets and Economic Growth

Local Councillor(s):

All Cllrs

Executive Director:

Jan Britton, Executive Lead for Place

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Report Status: Public (the exemption paragraph is N/A)

Brief Summary:

To consider and agree an approach for the production of a new Economic Growth Strategy including the approach to consultation with the business community and key stakeholders.

Recommendation:

Cabinet is recommended to:

1. Approve the principle of establishing a new “economic growth board” to provide business representation into the democratic decision-making process. Approval for the governance and membership of this group will be subject to a separate decision.
2. Approve the formal withdrawal of Dorset Council from the Dorset LEP CIC on or before March 31st 2025.
3. Approve the broad approach to the development of the Economic Growth Strategy.
4. Note the key issues impacting the Dorset economy.

Reason for Recommendation:

1. Background

- 1.1 The new Economic Growth strategy is a very significant document which is being produced at a critical time. Locally the council is adapting to a new world which brings a wide range of economic challenges and opportunities as it seeks to build a fairer, greener and cleaner society.
- 1.2 In August 2023 government announced they would cease sponsorship and funding for Local Enterprise Partnerships. The Dorset Local Enterprise Partnership (Dorset LEP) will close in March 2025, and this represents an opportunity for the council to move boldly forward into a new direct relationship with both businesses and government, set out in a strategy that is specific to Dorset.
- 1.3 The Dorset LEP Articles of Association confirms that to cease being a member of the LEP, a minimum of 1 months' notice needs to be given to the company. It is recommended that the council provides the Dorset LEP with formal confirmation that it will withdraw its membership of the LEP on or before the 31st March 2025 to provide this minimum notice.
- 1.4 For the past decade strategic economic planning has been the preserve of the Dorset LEP, directed by government, whether in the form of Industrial Strategies, Strategic Economic Plans, or Growth Deals. These LEP led initiatives were pan Dorset and reflective of the shared economic challenges and sectors Dorset held with the BCP geography.
- 1.5 Dorset deserves a strategy which is representative of its unique economic geography and specific business sectors. A strategy that considers an approach to growth regardless of location but also plays on localised strengths and opportunities.
- 1.6 It should consider how we move the county economy from fairly traditional industries such as agriculture, retail, hospitality and leisure, and care services, to an economy built upon embedding digital technology across all sectors, investing in our advanced and often bespoke manufacturing sector, and making more of our natural advantages in clean energy, maritime and defence.
- 1.7 To develop this strategy, and to implement it successfully, the council will step into the space vacated by the LEP and build a new set of strategic

relationships with the business community that enables them to feed into the democratic decision-making process.

- 1.8 Government guidance published in August 2023 encouraged single upper tier local authorities to create or continue to engage with an Economic Growth Board (or similar) made up of local business leaders and relevant representative bodies to:
 - a) provide the view of local businesses as part of regional decision-making and.
 - b) work with local leaders to create a broad economic strategy for the area.
- 1.9 The guidance stipulates that business representative boards should involve business representative organisations such as Chambers of Commerce and the Federation of Small Businesses and include a diverse range of businesses relating to local economic strengths and priorities, different business sizes and be geographically diverse.
- 1.10 It is recommended that officers investigate options for the formation of such a group considering the guidance from government, the recently submitted devolution expression of interest, and the interests of Dorset as a distinctive geography. Approval for the chosen board approach, governance, and membership will be subject to a future decision.
- 1.11 It is envisaged that the Economic Growth Strategy will intersect with this new board, the scope of this intersect will be considered as part of the review of board governance and through the production of the strategy.
- 1.12 The intent is that businesses, whether sole traders or multinationals, will have a route to a direct contact with the council. For larger businesses this may be through bespoke client management officers, or via engagements with peers and senior council officers and members. For smaller businesses this may take the form of self-service information or network events held across the county.
- 1.13 The strategy will set out how the council will proactively engage at a strategic level with the various town Chambers of Commerce and Business Improvement Districts to ensure locality needs are captured. To supplement this approach, we will also need to have a distinctive relationship with the Dorset Chamber of Commerce as the link into the

British Chambers of Commerce and their lobbying influence with government.

- 1.14 Similarly, Dorset can have a reset with national government. By using the strategy to clearly articulate our growth prospects and where we require investment to support major projects and opportunities, the council can demonstrate to government Dorset's own contribution to growing national productivity.
- 1.15 This strategy will reflect the firm commitment to the ongoing aim of enabling a vibrant local economy. The council wants to build a strong, sustainable economy for our future so that Dorset can achieve its maximum potential for the benefit of everyone who lives, works and visits the county. This requires a very particular focus on our people, our places and our businesses.

Economic Context

- 1.16 Dorset has a significant economy incorporating 20,000 businesses, generating over £8.45b of GVA and supporting 145,000 jobs. The business base is varied with particular strengths in tourism, advanced engineering & manufacturing, and defence and security with many businesses delivering innovative and exciting products. Much of the Dorset landscape is protected reflecting the high-quality natural offer, whilst the varied market and coastal towns offer unique and attractive visitor experiences, making a significant contribution towards the 18.6m tourists who visit the county.
- 1.17 Despite the strength of the Dorset offer, there are a number of significant economic challenges the county is facing. High numbers of people are employed in the traditional industries of tourism, retail, agriculture which tend to be lower paying. Access to skilled labour and good communication linkages varies considerably across the county. Digital and mobile phone connectivity, especially in rural areas, is unreliable and large numbers of Dorset's brightest and best young people move out of the county to find employment, education and entertainment.
- 1.18 Dorset Council recognises that a shift change is required to break this cycle of slow growth, low aspirations and poor attainment. A starting point is the recognition that our key economic challenges are:

- Demographics: By 2033, over half of Dorset's population will be over retirement age, with all other age groups declining. Dorset has net in migration of elderly people and those close to retirement age.
- Productivity. Productivity has stalled over the last 25 years, increasing by only 6% during that period.
- Skills. Recruiting and retaining people with the right skills is increasingly becoming a significant issue for businesses across all sectors and is inhibiting their growth.
- Housing affordability. Connected to both of the above, skilled workers are put off relocating to Dorset due to high house prices and lower paid employment, whilst many locals struggle with housing affordability.

1.19 These challenges are all interlinked and tackling them will require a concerted approach. The council is committed to producing a new strategy and approach to tackling economic growth in a sustainable and equitable manner.

Identifying Opportunity

- 1.20 Dorset is already a county of innovation, with world leading maritime, defence, and manufacturing businesses, accompanied by a world class tourism offer and industry, and an emerging expertise in offshore wind and clean energy. However, there is a need to introduce scale into these sectors and identify opportunities that could make a real, and significant difference to the county's economic performance.
- 1.21 Projects such as the Hinkley Point power station or the battery cell factory at Gravity Employment Park, both in Somerset, bring significant direct investment and employment in addition to more dispersed supply chain benefits. Were Dorset able to identify and capture projects nearing that kind of scale there would be immediate and longer lasting benefits.
- 1.22 Projects of this scale require considerable investment and planning but also have considerable additional beneficial impacts. For example, additional school and college courses to capitalise on both the construction and implementation phases of projects, food and accommodation suppliers for those working on large construction sites, and longer-term repair and maintenance contracts.

1.23 The council is aware of a number of large-scale project opportunities which, if successful would deliver economic benefit on a significant, and potentially nationally important, scale. Some of the major project opportunities are:

1.24 Off-shore wind generation, manufacturing and support.

Portland Port offers a significant opportunity to supply the Celtic Sea wind farms both in terms of turbine manufacturing and in long term maintenance and support. Expansion of the Port would enable turbines to be manufactured on, and serviced from, the site and the project could generate significant long term and highly paid jobs.

1.25 Market and Coastal Towns

Market and coastal towns are the bedrock of the Dorset economy, over x% of the population live in these communities and they offer a diverse range of employment, services and entertainment. Opportunity exists to capitalise on the use of both council assets located in these settlements to contribute towards town centre regeneration, later living communities, tourism, and leisure opportunities.

1.26 Green Hydrogen

Plans to use Portland to create salt caverns for the UK's largest Hydrogen storage site. This could provide up to 2 billion cubic metres capacity, providing up to 20% of the UK's predicted hydrogen storage needs in 2035, doubling the UK's existing underground storage. The proposals would generate extensive and ongoing jobs both directly and in the supply chain.

1.27 Dorset Innovation Park (DIP)

The county's only Enterprise Zone, DIP offers the opportunity as a first-class business location with specialisms in defence, security and advanced manufacturing. Home to some of the county's leading defence businesses the park offers facilities for wireless and digital capabilities, this combined with the MOD ranges at Lulworth provide an unparalleled experimental facility for weapons and systems communications.

1.28 Weymouth regeneration

The area around Weymouth Harbour and Marina has a number of underutilised sites that through regeneration for mixed use purposes can

add significantly to the offer and vibrancy of the town, boost visitor numbers and expand the retail/leisure offer. There are opportunities to extend this approach into other areas of the wider Weymouth urban area as well as linking as a “growth corridor” with Portland and Dorchester.

- 1.29 The major opportunities identified above will be key to the strategy’s success. Importantly, in addition to the local benefits these projects would demonstrate Dorset’s ability to make a national level contribution, would bring government awareness and support, and attract future private sector investment. They would help us demonstrate that Dorset is open for business.

Leadership and Partnership - Producing the Economic Growth Strategy

- 1.30 The Economic Growth strategy will set out how Dorset will tackle its economic challenges, react to the national political drive for growth, and use its strengths and assets to deliver meaningful and long-lasting change. It will recognise that the council can be a key enabler of economic growth through its direct delivery and sponsorship of projects but also through working in partnership with private sector investors and innovators.
- 1.31 As one of the priority areas identified in the Corporate Plan, the Economic Growth strategy will set out the key economic challenges and opportunities for Dorset and act as a specific delivery strategy for the Corporate Plan ambitions.
- 1.32 In this function it will align with other key council strategies such as the Housing strategy, Strategic Asset Management Plan and Local Plan. The strategy will be an essential strategic reference document for other council plans and strategies for example the Portland, Weymouth, Dorchester corridor masterplan and the visitor economy strategy.
- 1.33 The work on collecting an evidence base to support this new approach has already begun. To supplement demographic and economic data a strong engagement programme will be conducted with the business community and key stakeholders. This will be led by the Dorset Chamber of Commerce and involve local Chambers, Town Councils, and other key partners.
- 1.34 These face-to-face events will be supplemented by an online questionnaire, accessible on the council website, and a series of webinars with key sector groups or partners for example town and parish councils.

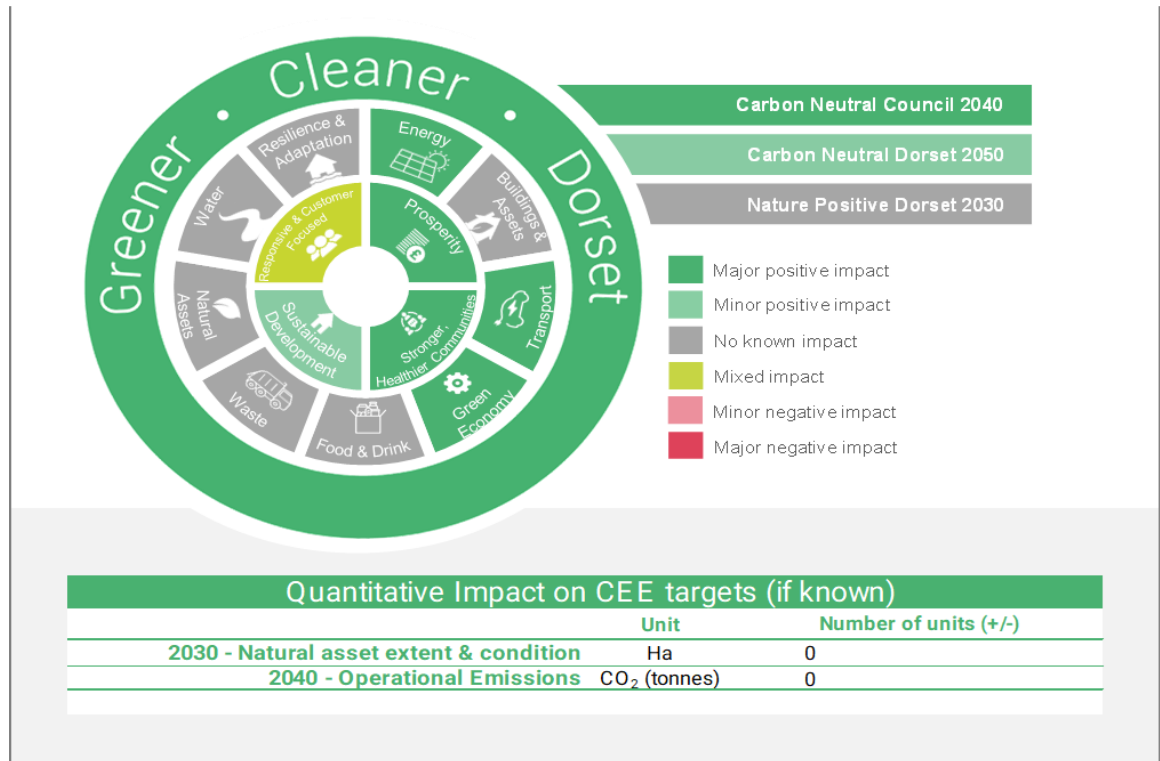
This will all result in a very robust set of evidenced data from the business community to inform the strategy production.

- 1.35 Members' involvement and engagement will be extremely important in ensuring the strategy has cross party-political support. It is proposed to undertake an ongoing programme of Member and employee engagement to inform the strategy content. This is likely to be focused through various working groups addressing the key issues. These will be facilitated by relevant key officers and contribute both towards the evidence base and Action Plan development.
- 1.36 Engagement and strategy development will proceed throughout the autumn and early winter of 2024 with a final version likely to be ready for approval in early 2025.

2. Financial Implications

- 2.1 There are no financial implications from this decision. All costs associated with the production of the strategy will be covered from within the existing Economic Growth and Regeneration team budget.
- 2.2 There will likely be financial implications for the council as a result of the final Economic Growth strategy or any accompanying Action Plan. These implications will be included in any decision report required at that time.

3. Natural Environment, Climate & Ecology Implications



4. Well-being and Health Implications

- 3.1 There are no direct well-being or health implications from a decision to develop a new Economic Growth strategy. However, a reinvigorated approach to economic growth with a refreshed Economic Growth Strategy and accompanying Action Plan will tackle underlying adverse economic conditions which would lead to an increase in people's well-being through more and better paid employment, more affordable housing, and more inclusive communities.

5. Other Implications

- 5.1 None at this stage

6. Risk Assessment

- 6.1 **HAVING CONSIDERED:** the risks associated with this decision; the level of risk has been identified as:

Current Risk: Low
Residual Risk: Low

7. Equalities Impact Assessment

- 7.1 At this stage the potential equalities impacts are assessed as positive due to the principals proposed, particularly to support economic growth, communities, and skills development. However, the high-level principles of a Strategy approach preclude detailed and meaningful assessment.
- 7.2 Each identified action or project within the Action Plan that requires a formal decision from the council will conduct a specific equalities impact assessment considering in detail the impact on groups with protected characteristics.

Appendices

None

Background Papers

None

10. Report Sign Off

- 11.1 This report has been through the internal report clearance process and has been signed off by the Director for Legal and Democratic (Monitoring Officer), the Executive Director for Corporate Development (Section 151 Officer) and the appropriate Portfolio Holder(s)