AGENDA ITEM 10

BRISTOL CITY COUNCIL

PLACE SCRUTINY COMMISSION

9 APRIL 2015

Report of: Alistair Reid, Service Director – Economy

Title: Sustainable Prosperity

Ward: Citywide

Officer Presenting Report: Howard Swift

Contact Telephone Number: 0117 35 74427

RECOMMENDATION

To note and support the following requirements, or lines of enquiry in relation to the Council's role to promote and enable the city to better address its core issues and areas of under-performance and so to achieve a long term, sustainable prosperity:

1. Community Benefits from the Enterprise Zone and Enterprise Areas

i) commission baseline research with companies relocating to or expanding within the EZ and EAs over the last 2 years to establish how many Bristol residents have been employed, including % from disadvantaged areas, and in which sectors or occupations, and how many of their suppliers are local;

ii) The preparation of Community Engagement Plans for Temple Quarter EZ and Avonmouth Severnside EA

2. Green Capital 2015 legacy
Members' views are invited as to how the Council and its local partners and sponsors would best secure sustainable prosperity from Bristol's year as 2015 European Green Capital.

3. Economic Development Framework
To note the development of an Economic Development Plan be developed for the City.

4. Visibility of Funding Opportunities
To note that appropriate 'horizon scanning' be undertaken especially around European Social and Investment Funds (ESIF), the Growth Fund, Horizon 2020, possible future changes around business rates retention and other Tax Increment Financing (TIF) schemes.

5. Support for Indigenous Economic Growth

To note the work to be undertaken with partners to review support for indigenous economic growth.

Summary

In 2013 the Mayor set out his vision for the City of Bristol. This vision is further elaborated in the Councils Corporate Plan for 2014 - 2017. Both the Mayor's Vision and the Corporate Plan describe measure to support the 'three-legged stool' of economic development balanced by social inclusion but never at the cost of the environment.

Bristol is the best performing English Core City outside London with high levels of economic output / productivity, highly skilled workforce and the survival rate of its businesses. Bristol demonstrates strong performance in new business formation, average earnings and share of employment in knowledge-based industries. It is notable that alongside some of the wealthiest and most privileged communities in the South West can be found some of the most deprived neighbourhoods in the Country. The city's employment rate (% of working age population in employment) has fallen quite sharply over the last 10 years, as local job creation within the city (as distinct from the wider city region) has not kept pace, leading to increased unemployment levels and the persistence of deprivation in specific neighbourhoods in the east, south and north of the city. Housing affordability is poor.

The Council undertake a wide range of economic development intervention and has over the last 3-5 years the Council has worked in partnership with the West of England LEP and external contractors to commission and deliver a portfolio of local economic development projects and programmes. These interventions have focussed on our key business sectors to encourage inward investment, to grow existing companies in these sectors and to encourage new start-ups. Alongside this since 2013, the City has delivered its Make Sunday Special (MSS) programme which in 2015 will be extended to include five neighbourhoods as well as the city centre.

In Social Inclusion, the Economic Development team has a track record over many years of ensuring, as far as possible, that all communities of the city, and social groups disadvantaged in the labour market and/or under-represented in enterprise can derive benefit from the economic success of the city region.

Reflecting the status of Bristol 2015 European Green Capital, and driven by our ambitious carbon reduction target by 2020, the Council has a dynamic and diverse green economy portfolio promoting the greening of business operations and practices, the growth of environmental technology and services sector, local and sustainable public procurement, and recirculation of wealth within vibrant local centres and high streets.

The broad objective is to achieve effective integration of greening and social inclusion interventions within a long term economic growth programme.

The significant issues in the report are:

- The need to ensure that the economic benefits of major development investment are felt by residents those neighbourhoods most in need.
- The opportunity for the legacy of Bristol 2015 European Green Capital to be crystalised and built upon.

- The need to develop an Economic Development Plan that draws together the threads of activity in a coherent way for local businesses, resident and potential investors.
- That visibility of future funding opportunities is maintained.
- That services supporting the growth of indigenous businesses are reviewed and coordinated.

Policy

6. In November 2013, the Mayor set out his vision for the City of Bristol. In relation to Prosperity his vision aspired to optimising the advantages brought by the City's designation as 2015 Green Capital in promoting the city for sustainable investment, development and jobs growth. It was envisaged the Bristol should become a city where every citizen is given the opportunity to fully engage in and take advantage of its wealth. It was foreseen that the city's biggest opportunities would be presented by a small number a key economic sectors: Aerospace and advanced engineering; renewable energy and low carbon technologies and services; culture and creative industries including TV & filmmaking; microelectronics and silicon chip design; and financial and professional services – sectors which were described as 'white hot' for growth.

7. The Mayor expected the 2015 Green Capital designation to be a showcase to secure future investment. It was hoped that the 70Ha Temple Quarter Enterprise Zone would become the physical embodiment of the extent to which the City was committed to securing a very different, bold and brave future including provision for growth among the identified growth sectors.

8. Finally, the Mayor anticipated that the City would remain balanced in its growth by emphasising the importance of culture and vibrancy to counterpoint the purely economic.

9. These themes are further expanded in the Corporate Business Plan 2014-2017:

- To use the Bristol 2015 European Green Capital as a platform for showcasing our strengths across the world to achieve investment and growth for the city, working closely with the Local Enterprise Partnership and Government.
- To stage a programme of events and cultural activity which involves and engages everybody in the city to celebrate European Green Capital 2015
- Reduction of Bristol's carbon emissions by 40% by 2020 and accelerate the pace of change in our economy and our communities towards the low carbon future that will make Bristol a more sustainable, healthier, greener city.
- Ensure we have the right mix of cultural assets to support Bristol as a vibrant, creative and prosperous city.
- Facilitate environments which encourage creativity, and ensure that Bristol's diverse communities are able to access and be inspired by the arts and events that make up the unique creative landscape of the city.

What is sustainable Prosperity?

10. Sustainable prosperity can be seen as a three-legged-stool – economic development balanced by social inclusion but never at the cost of the environment. A full discussion of this concept is beyond the scope of this paper however we can view the most successful exemplars of good economic development as being characterised as follows: economic growth that can be sustained in the medium to long term; local communities fully engaged in growth and benefitting from inward investment by direct employment in both construction aspects of new developments

and fully skilled to take advantage of downstream employment in the jobs created by the occupiers of new office, commercial, industrial and leisure space; finally, growth is respectful of the natural constraints of land and energy use and the capacity of the environment to accept direct and indirect products of growth.

How well are we doing?

11. In relation to the other major English cities, Bristol is the top performing for economic output / productivity, highly skilled workforce and the survival rate of its businesses; and second for its new business formation rate, average earnings and share of employment in knowledge-based industries. However, with the rising population trend, its employment rate (% of working age population in employment) has fallen quite sharply over the last 10 years, as local job creation within the city (as distinct from the wider city region) has not kept pace, leading to increased unemployment levels and the persistence of deprivation in specific neighbourhoods in the east, south and north of the city. Relative 'unaffordability' of housing is an issue affecting the younger to middle working age population and another challenge to well-being.

12. Environmentally, we are broadly on track to achieve our target of a 40% reduction in carbon dioxide emissions by 2020 but significant challenges remain, especially traffic congestion and poor air quality arising from faster economic and population growth.

13. **See Appendix 1 – State of the Bristol and City Region Economy**, as measured against 10 key economic indicators.

14. It should be noted that alongside some of the wealthiest and most privileged communities in the South West can be found some of the most deprived neighbourhoods in the Country. This deprivation pattern can be found in almost every post-industrial city – typically areas to the East of any settlement are less affluent than those to the West as a result of the centralisation of industry and weather patterns driving pollution away from the more affluent parts of town. Historically, Bristol's topography have modified this pattern but the effect is similar to that experienced elsewhere – deindustrialisation has led to those areas with residents dependent on manufacturing having suffered disproportionately as service sector employment has become dominant.

What are we doing to tackle these issues?

Economic development

15. Over the last 3-5 years the Council has worked in partnership with the West of England LEP and external contractors to commission and deliver a portfolio of local economic development projects and programmes The aim of this has been to stimulate a step change in the amount of wider UK and overseas investment attracted to the city, and to support our key business sectors (finance & professional services, aerospace & engineering, micro-electronics, creative & digital, green tech) to grow, and local small and medium sized enterprises to start up. The overall goal has been to create thousands of new jobs – especially in the Bristol Temple Quarter Enterprise Zone (BTQEZ), the Avonmouth Severnside and Filton Enterprise Areas, and South Bristol. Major projects include:

- Invest in Bristol and Bath service (city region wide)
- The Arena, Engine Shed and Temple Circus (Temple Quarter Enterprise Zone)
- Avonmouth Severnside Outline Development Strategy and infrastructure projects
- Filton Airfield re-development (Filton Enterprise Area – Bristol North Fringe)
- Filwood Green Business Park and the Bottle Yard Studios (South Bristol),
- Outset Bristol (city wide)

16. In addition, other key local business support projects are delivered by Business West such as Ready for Business, Growth Accelerator and International Trade support.

17. For the period 2015-20, further capital and revenue funding for the above and additional business support and infrastructure projects is due to be allocated from the West of England LEP's Economic Development Fund, the EU (European Structural Investment Framework - ESIF) and UK government's Local Growth Fund.

18. In 2013 the City launched its Make Sunday Special (MSS) programme of six events between May and October in the city centre. Five Bristol City Council Teams were deployed to deliver the events in partnership with Pride, Brisfest, Shakespeare Festival University of Bristol, Schumacher Institute, South Glos College, UWE. Over 170 market traders were engaged in animating the city centre streets with both economic and social benefits, and widespread international public acclaim for the 'Park and Slide' attraction in Park Street.

19. A successful programme of MSS in 2014 led to a proposal to a pilot project in the neighbourhoods for 2015. Four areas were identified across the city to hold an MSS in 2015 - Avonmouth, Bedminster, Easton & Lawrence Hill and Hartcliffe & Withywood. Each will have a baseline budget of £10,000 from Bristol City Council with the project aiming to build community capacity. Each event will developed to reflect the area by encouraging local groups and organisations to work together yielding social benefit alongside medium term economic impact.

Social inclusion

20. The Economic Development team has a track record over many years of ensuring, as far as possible, that all communities of the city, and social groups disadvantaged in the labour market and/or under-represented in enterprise can derive benefit from the economic success of the city region, by giving advice and practical support, in conjunction with government and local agencies and third sector organisations, for residents to acquire new skills and access the local jobs that are being created.

21. Alongside the longer running citywide programmes such as Ways to Work, Job Fairs, Work Clubs and Work Placements, Outset Bristol (community-based coaching for new entrepreneurs) and On Site Bristol (construction sector apprenticeships for 16-19 year olds), two important new initiatives commenced in 2014, Helping Young People into Employment (HYPE) and Move On (peripatetic adult guidance). The Council's Employment & Skills and Adult Learning teams have also come together. A key priority is to provide upskilling and access routes in communities to jobs in the Enterprise Zone and Areas and other major employment and regeneration sites.

22. Another major project in 2015 is the launch of Great Western Regional Capital cic, including a Bristol Bond aimed at local people and corporates wishing to invest in local social enterprise and public-benefit projects which generate a financial return. The Council will be a founder member, alongside other local institutional backers.

Green economy

23. Reflecting the status of Bristol 2015 European Green Capital, and driven by our ambitious carbon reduction target by 2020, the Council has a dynamic and diverse green economy portfolio promoting the greening of business operations and practices, the growth of environmental technology and services sector, local and sustainable public procurement, and recirculation of wealth within vibrant local centres and high streets.

24. Headline projects for 2015 and the Green Capital legacy are:

- set up of Bristol Energy Company (to generate and supply green electricity & gas)
- Filwood Green Business Park (workspace for local & environmental businesses)

- The Bristol Pound (local currency for local business and institutional trading)
- Going Green (city wide business engagement programme – 'say it, do it, prove it')
- Local Centres and High Streets Action Plan (inc. Business Improvement Districts)
- Bristol Marine Energy Accelerator (tidal energy in the Bristol Channel)
- Environmental technologies iNet (innovation support programme)

25. For 2015-20, funding from the Low Carbon and Innovation priorities of the West of England ESIF and Horizon 2020 will be crucial for advancing on renewable energy infrastructure, business resource efficiency, e-mobility and other fields of green tech.

Cross-linkages

26. The broad strategy is to achieve effective integration of greening and social inclusion interventions within a long term economic growth programme that:

- balances the attraction of high value inward investing companies in the five key sectors with support for start-ups, incubation and growth of local companies in all sectors of the city economy;
- has a dispersed spatial focus across sub-areas and local centres of the city;
- ensures that communities and employment sites are well connected and served by a cleaner and greener infrastructure of transport, energy and digital services;
- recognises that more capital investment, business innovation and new skills are needed to continue the transition to a greener and more equitable local economy.

Who are we working with?

27. In the context of declining resources, the Council has taken the view that it should work positively with all agencies and individuals having an interest in this policy landscape to effect change for the better. As such, the City collaborates with the other three West of England Unitary Authorities in supporting the Local Enterprise Partnership alongside the private sector, the third sector, HE and FE institutions and NGOs. The LEP is highly regarded nationally and is recognised as being an exemplar of good practice in its field. Increasingly central government resources are channelled through the LEP to fund economic development, regeneration, skills and employment programmes and infrastructure investment.

What difference are we making?

28. Since the designation of the Temple Quarter Enterprise Zone and Avonmouth Severnside Enterprise Area in 2012-13, and assisted by the upturn in the national economy, the job creation and retention arising from both inward investing and locally expanding companies has been significant – an estimated 2,700 jobs. Office development in the wider City Centre outside the EZ, especially in Redcliffe and West Harbourside, has also contributed to an improving supply of new jobs. The level of growth in South and East Bristol, however, has been much more static, which is a cause for concern. A related issue to investigate further is the extent to which Bristol residents, and those in the more disadvantaged neighbourhoods have taken up the jobs that have been created in the growth areas of the city centre and Avonmouth.

29. In respect of business and social enterprise start up, two programmes in particular have made a positive impact over the last 2-3 years. Outset Bristol has advised over 2,800 clients citywide and helped create 330 businesses and 371 jobs, contributing £3.3 m added value to the local economy according to an evaluation study, and the School for Social Entrepreneurs has supported 23 start ups and 40 jobs.

30. Our Green Economy projects portfolio has now engaged over 1,000 SMEs across the city with business resource efficiency advice and toolkits, energy and

environmental technology innovation support, and a nationally recognised local currency and inter-trading initiative. In addition, a new Green Business Park, with an 'outstanding' quality rating (BREEAM) opens in April and is attracting many enquiries.

Recommendation

The Place Scrutiny Commission is recommended to note and support the following requirements, or lines of enquiry in relation to the Council's role to promote and enable the city to better address its core issues and areas of under-performance and so to achieve a long term, sustainable prosperity:

31. Community Benefits from the Enterprise Zone and Enterprise Areas
The Council's Service Director Economy should prepare Community Engagement Plans for Temple Quarter EZ and Avonmouth Severnside EA which will map out and promote the full spectrum of economic, environmental, social and cultural benefits for local residents and businesses, both in adjacent neighbourhoods and citywide, arising from EZ / EA development and regeneration over the next 20-25 years.

32. Green Capital 2015 legacy
Members' views are invited as to how the Council and its local partners and sponsors would best secure sustainable prosperity from Bristol's year as 2015 European Green Capital. In particular members may wish to consider the goals of greening the city's economy and infrastructure and achieving our 2020 carbon reduction targets. This could be achieved through a Green Capital Legacy Portfolio of medium to larger-scale projects backed by EU, national, LEP and Council and private sector resources. Such a portfolio could build on the emerging, or smaller or 'prototype' projects highlighted in this report - Filwood Green Business Park, Go Green, Bristol Pound, Bristol Bond, Bristol Channel energy etc.

33. Economic Development Framework
The Council's Strategic position is rooted in the Mayor's Vision for Bristol as elaborated in the authorities Corporate Plan. Senior officers have used this position to inform their guidance of the development of the Local Enterprise Partnership's Strategic Economic Plan for the West of England Region. The LEP is however a body promoting the interests of a wider spatial geography than just the City of Bristol. Without an Economic Development Framework for the City it is difficult to substantiate bids for funding for third party resources. It is proposed that an Economic Development Plan be developed drawing together existing strategies and evidence to allow members to consider in the round economic development activity.

34. Visibility of Funding Opportunities
It is usual for resourcing opportunities to arise at short notice with tight deadlines for submissions of bids for funding. While it is not possible to have visibility of all funding opportunities likely to arise during a planning period, without resources to make arrangements for the preparation of schemes thought likely to be successful, inevitably bids tend to become reactive to the spending priorities of UK Government or the EU rather than driven by local needs. Accordingly it is recommended that appropriate 'horizon scanning' be undertaken especially around European Social and Investment Funds (ESIF), the Growth Fund, Horizon 2020, possible future changes around

business rates retention and other Tax Increment Financing (TIF) schemes, and finally in relation to the aspirations of our universities.

35. Support for Indigenous Economic Growth

Economic growth traditionally is generated via three main areas of economic development activity – inward investment, entrepreneurship and business support. Inward investment into the region is now handled by Invest in Bristol and Bath. The Council collaborates with the University of Bristol in the delivery of the Engine Shed project as an incubator for new and small enterprises. It is also about to open the Filwood Green Business Park as a launchpad for new green-tech enterprises. Business Support delivery has been the subject of major reform over the past five years first with the previous government's Business Support Simplification Project and latterly with the dissolution of the Business Link brand in favour of Growth Hubs albeit not without a gap in provision. We have again seen the dissolution of trusted and respected services without a coherent plan for them to be replaced. This pattern of cut back and rebuild has been repeated each decade since the 1980s with successive administrations dismantling that which has gone before. This has left now very low levels of confidence in government sponsored business support services and a confused support landscape. Previous efforts to signpost users to new forms of delivery have been less that successful. Accordingly, we will work with partners to undertake a review.

Consultation

36. Internal - not applicable

37. External - not applicable

Public Sector Equality Duties

38. Before making a decision, section 149 Equality Act 2010 requires that each decision-maker considers the need to promote equality for persons with the following "protected characteristics": age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. Each decision-maker must, therefore, have due regard to the need to:

i) Eliminate discrimination, harassment, victimisation and any other conduct prohibited under the Equality Act 2010.

ii) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to --

- remove or minimise disadvantage suffered by persons who share a relevant protected characteristic;

- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of people who do not share it (in relation to disabled people, this includes, in particular, steps to

take account of disabled persons' disabilities);

- encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

iii) Foster good relations between persons who share a relevant protected characteristic and those who do not share it. This involves having due regard, in particular, to the need to –
- tackle prejudice; and
- promote understanding.

39. There are no proposals in this report which require either a statement as to the relevance of public sector equality duties or an Equalities Impact Assessment.

Legal and Resource Implications

40. There are no Legal, Financial, Land, or Personnel implications at this stage.

Appendices:

Appendix 1 – State of the Bristol and City Region Economy

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers:

None

Annex 1: State of the Bristol and City Region Economy

Overview

Bristol is an economically successful city at the heart of a successful city-region, in terms of economic output, productivity and employment and with particular strengths in the drivers of economic growth and developing investment potential. However, jobs growth in the city has been stalled for many years producing a growing reliance on neighbouring areas for employment and extending the negative impacts of commuting. Increasing economic inactivity and unemployment has implications for the level of economic exclusion/disadvantage affecting parts of the city.

Performance against 10 Key Economic Indicators

1. Economic Output

Bristol's local economy is both a significant size and highly productive.
Gross Value Added (GVA) £11,740 million in 2012[1]
Most productive English large urban area (outside London), measured by GVA per hour, £27.80[2]

2. Average Earnings

Average earnings in Bristol are relatively good for a large urban area.
Workplace earnings £28,138 pa[3] (above UK average, second to Manchester amongst core cities)
Resident earnings £21,517 pa (below UK average, second to Leeds amongst core cities)

3. Working Age Population (WAP)

Bristol has experienced rapid recent growth in its WAP, a trend that is predicted to continue.
WAP has grown rapidly since 2000, in both WoE (10.6%) and Bristol (15.8%)[4]
Growth projected to continue, faster in Bristol (17.1% to 2037) than WoE (10.8%, 70,000 people)

4. Jobs Growth

While jobs growth in Bristol itself has stalled recently, there has been significant growth in its travel to work area.
The trend of growth is forecast to continue into the foreseeable future.
Total employment in WoE increased by 47,000 (to 605,000) from 2000 to 2012 (8.4%)[5]
Main growth in South Glos (18.5%) and BANES (14.9%); negligible growth in Bristol (0.7%)
Employment growth forecast of 65,000 jobs 2010-30 (10.8%)[6]

5. Employment Rate

The relatively high employment rate in the Bristol travel to work area suggests a healthly and strengthening local labour market.
WoE has a relatively high employment rate (73.7%[7]), above other core cities and UK (71.6%)
The number of WoE residents in employment is 552,700, up 46,200 (9.1%) since 2004[8]

---

[1] ONS
[2] ONS Experimental statistics, 2012
[3] ONS Annual Survey of Hours & Earnings, Bristol 2013
[4] ONS Mid-Year Population Estimates, via NOMIS
[5] ONS Total Jobs, via NOMIS
[6] Oxford Economics baseline forecast, quoted in WoE SEP
[7] ONS Annual Population Survey, via NOMIS, for April 2013-March 2014
[8] ONS Annual Population Service, via NOMIS

6. Economic Activity & Unemployment

Economic Activity Rate has fallen in the last ten years (mostly in last three), as WAP has grown faster
However, the number of economically active has grown (59,800) faster than employment (46,200)
Accordingly, unemployment has grown by 13,600 over the last ten years, mostly since 2007

7. Productivity, proportion of GVA and proportion of employment by Sector

Bristol's economy is dominated, in terms of productivity and output, by the Finance & Insurance sector. That sector is also very significant for employment, alongside health & social work, retail and professional services.

Sector	GVA per FTE	% of GVA	% of Jobs
Finance & Insurance	£86,400	18.2%	10.3%
Manufacturing	£53,600	6.3%	5.6%
Construction	£42,300	4.2%	4.8%
Professional, Scientific & Technical	£40,900	8.5%	10.1%
Education	£40,600	7.2%	8.6%
Human Health & Social Work	£34,700	8.7%	12.3%
Wholesale & Retail	£32,200	9.1%	13.8%
Arts, Entertainment & Recreation	£29,400	1.2%	2.1%
Admin & Support Services	£28,400	5.3%	9.1%

8. Workforce Skills

Bristol has a very well qualified workforce, relative to the whole of the UK and other large urban areas, underpinning both the high employment rate and productivity level.

42.8% of the Bristol WAP is qualified to at least NVQ4 (degree level)[9]. This is the highest proportion of any core city, well above the average of 34.4% (a recently enhanced average with the inclusion of Glasgow and Cardiff, now the second and third most skilled cities). The UK proportion is 35.0%

9. Business Formation

Bristol is an enterprising city, where new business can thrive.

69.8 new businesses per 10,000 WAP[10] in Bristol, 2012. Above UK average (65.9%) and second (to Manchester) amongst English Core Cities. Five-year survival rate of 45.1% (above UK - average highest of Core Cities).

10. Knowledge based economy

Bristol's local economy is strong in knowledge based industries, placing it well for future growth. 31.0% of jobs are in knowledge based services, a significantly higher proportion than the UK average (22.2%) and second amongst the English Core Cities.

[9] ONS Annual Population Survey, via NOMIS; 2013 data
[10] Composite measure derived using UK Business counts and Mid-year population estimates, ONS via NOMIS