

## Executive summary

In 1946, with a grand ambition to create homes and jobs in places that were still just names on a map, the UK government passed the New Towns Act giving rise to the establishment of Basildon. Basildon has long since passed the original capacities envisaged, and provided, for the town, and Basildon is now home to 181,700 people<sup>1</sup>, and is the largest economy <sup>2</sup>in Essex.

Over the years, Basildon has prospered and it still has significant potential for future growth based on a number of key strengths;

- It is the nearest town to the DP World London Gateway Port – just eight miles away
- It is only 35 minutes by train from central London
- It is near major road and rail connections
- Three London airports are reached within 40 minutes,
- and it is already home to major businesses.

### **Major businesses choose Basildon.**

Basildon has a long history of being the **home of advanced engineering and manufacturing**. Companies such as Ford Motor Company, New Holland Agriculture, Leonardo, Costa Coffee and Konica Minolta continue to bolster this reputation.

### **Our vision**

Basildon's emerging Local Plan for the next 15 years will set out a vision for borough which has a balance between development and growth, and quality of life for those that live and work in the Borough. This Economic Development Policy underpins the emerging Local Plan and Corporate Plan to ensure that sustainable economic opportunities are accessible to **all** our residents.

***“By 2050 Basildon can be the real economic powerhouse to the east of London. “***

As growth shifts away from London, Basildon is in prime position to take advantage of some of the high technology companies looking for alternative space to grow. We believe that our ability to accommodate high value advanced technology and digital businesses is our Unique Selling Point and the basis for our future growth.

Basildon will be a place where ambitious and innovative businesses, which develop and make modern products, will choose to base their business, and where people with technical expertise, creativity and entrepreneurial skills will want to work and live.

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<sup>1</sup> ONS 2016

<sup>2</sup> East of England Forecasting Model 2016

Basildon will continue to have the strongest economy in Basildon with businesses who embrace international trade and contribute to the growth of our GDP (currently at £3.7bn per annum)

Our economic growth must be inclusive and must benefit all residents by ensuring they have access to economic opportunities through a great basic education and enhanced skills offers in the borough.

### **Our challenges**

In order to ensure this inclusive growth, a number of issues need to be addressed:

Major additional investment into infrastructure improvements is needed to ensure that we are in the best position to attract growth to employment areas. Our main employment areas along the A127 Corridor and A13 are often congested and this acts as a disincentive for companies wishing to relocate to Basildon or for our existing businesses who want to expand.

Our town centre needs to be reinvented and revitalised with exciting residential, retail and leisure offers to create additional footfall and a much-needed evening economy. It needs to be a modern, dynamic town centre which reflects the economic ambitions of the borough. A previous Employment Capacity study by Roger Tym & Partner and Lambert Smith Hampton<sup>3</sup> has also recommended creating additional employment in the Town Centre as a sustainable alternative which can be reached by public transport.

Basildon's growth doesn't reach to all residents, creating unequal growth because very few of our residents can access our high paid employment opportunities – this must be addressed in the future.

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<sup>3</sup> Roger Tym & Partners, Basildon Employment Capacity Study, June 2008

## Policy Review

Basildon Borough Council is committed to promoting sustainable growth in the local economy and its businesses in order to benefit local residents. In 2014, the Council developed an Economic Development Policy together with a three-year Action Plan.

However, since then, we face new challenges and opportunities which need to be addressed through a review of the existing Policy:

- Brexit
- An increasingly challenging public sector financial position
- The Government's Industrial strategy

We believe that it is critical that we review our policies to address the challenges and embrace the opportunities for our residents and businesses. Economic inclusiveness will form the corner stone of our policies, ensuring economic growth benefits **all** residents and businesses.

Our refreshed Policy Statements are listed below and reflect the outcome of engagement with some of our key stakeholders, ECC and Basildon Business Group. They also take into account current and future anticipated Government policy changes, such as the emerging Industrial Strategy and the most recent research evidence from Centre of Cities and other statistical sources.

### **REFRESHED POLICY STATEMENTS**

**Policy Statement 1:** *We will work towards sustaining the Borough's strong economy by engaging and supporting local businesses to enable them to grow and prosper.*

**Policy Statement 2:** *We will work to improve the employment prospects, education and skills of local people.*

**Policy Statement 3:** *We will work with our partners to promote sustainable economic growth by ensuring the provision of essential strategic infrastructure and connectivity in the Borough.*

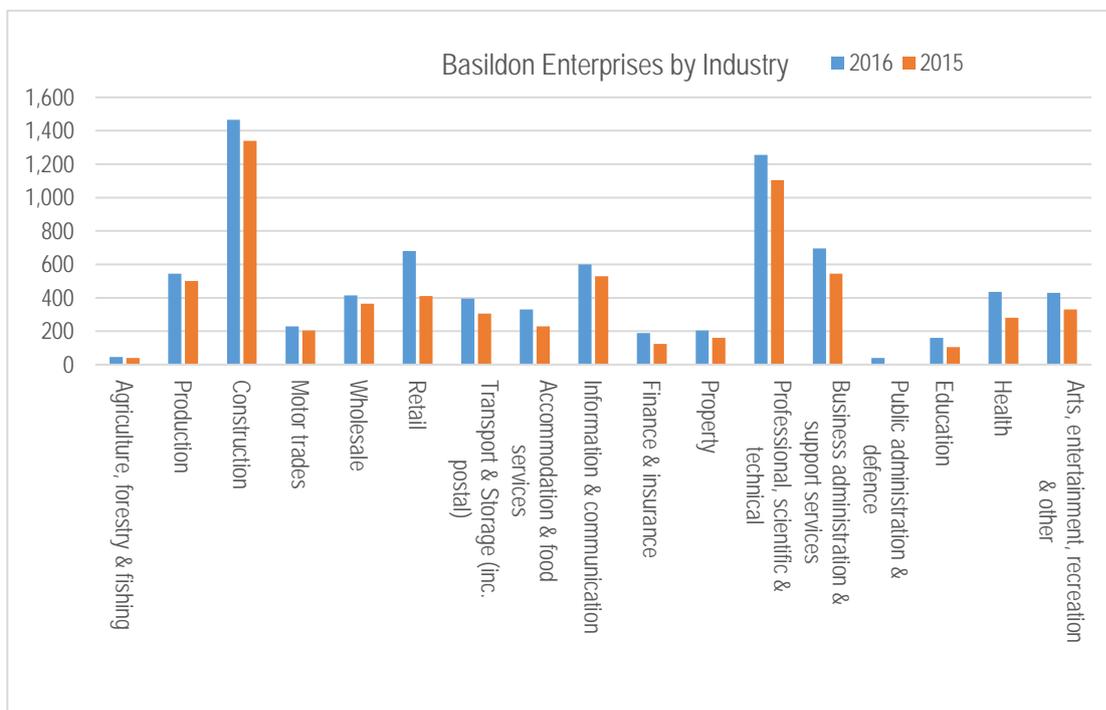
**Policy Statement 4:** *We will further strengthen the "Basildon Brand" to attract inward investment and work to bring about an economy that can adapt to global trade and competition.*

**These policies will direct a three-year work programme of activity from 2017 to 2020.**

# 1. The Basildon economy

**Policy Statement 1:** We will work towards sustaining the Borough's strong economy by engaging and supporting local businesses to enable them to grow and prosper.

With a population of 180,700 people, an economy worth £3.7bn, and a number of internationally recognised businesses, Basildon is the largest economy in Essex and a significant driver of regional and national growth. There were 93,000 people employed in the Basildon economy in 2015, across a range of sectors. This represents a rise of 12,200<sup>4</sup> jobs from 2012. The borough has particular strengths in the Digital, Creative and ICT sector (providing over 5,000 jobs) and advanced manufacturing. The presence of firms such as Ford (automotive, low carbon) and Leonardo (formerly SELEX Galileo) (aerospace, ICT and advanced electronics) gives Basildon an advantage in government recognised growth sectors. At the same time, employment is also high in some of the lower value sectors of the economy, including the retail and wholesale sectors.



Nomis 2016

## 1.1 Basildon – key hub for employment...

Basildon is the key employment hub in Essex and the centre of economic activity in South Essex residents. 36,000 people travel to Basildon to work every day to take up the 93,000 employment opportunities (14% of all jobs in Essex)<sup>5</sup>, more than any other part of Essex. Basildon is the local authority area with the largest net gains of workforce within the Greater Essex region and has a

<sup>4</sup> ONS 2016

<sup>5</sup> ONS 2015

net surplus (discounting out commuters) of 12,000 people every day.<sup>6</sup> This means that more people come into Basildon to work than those travelling out to work outside of the Borough (mostly commuting to London).

### **...with growth in key and opportunity sectors**

Basildon has a strong enterprise base and sector profile. This balance has been achieved by a fast growing rate of enterprises, a number of international / multi-national businesses and a stronger economic output compared to England and Essex as a whole. In 2015, Basildon was home to a total of 7,725 businesses<sup>7</sup>. The increase in businesses has been spread over different sectors suggesting that our economy has been diversifying. Key global brands and corporates have chosen the Borough as their home including Case New Holland, Konica Minolta, Leonardo and IFDS to mention a few. In 2017, Costa completed construction of its new £38m coffee roasting plant and relocation to Basildon. One of the Borough's largest employers, Ford Dunton Technical Centre, is the largest of its type in the UK with 3,000 highly skilled designers, engineers and support staff and is Ford's global Centre of Excellence for Powertrain and Commercial Vehicle engineering and design. In 2015, £475 million was invested to develop and produce a low emission engine at its facility in Dunton.

To measure specialisation or strength of a sector in the borough we measure Locational Quotient (LQ). The LQ is computed as an industry's share of a regional total divided by the industry's share of the national total for the same statistic. A Locational Quotient above 1 for a sector means that the region has a higher concentration than the nation.

The following sectors has a LQ higher than 1 and are therefore particularly strong in the Borough:

- ICT and Digital
- Wholesale
- Construction
- Motor Trades
- Retail
- Financial and Insurance
- Health
- Manufacturing

However, it is important also to look to the future and to opportunity sectors. Essex Economic Commission sets out High Value Manufacturing and the associated enabling technologies as a growth opportunity. Key to growth within this sector is the conversion of innovation into growth and the development of new sectors such as Low Carbon and Smart Cities. The Digital sector also presents a similar opportunity. Basildon, with a considerable strength in both these sectors, is in an excellent position to take advantage of this growth which is not only about new jobs but increasing the value of existing jobs leading to higher skilled and paid jobs.

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<sup>6</sup> Greater Essex Economic Linkages, 2015

<sup>7</sup> UK Business Counts and ONS Business Demography

The Digital and Creative sectors are particularly strong in the borough and they generate over 5,000 jobs which is more than anywhere else in the South East. We are also experiencing greater growth in these sectors than both London and Cambridge.

The companies driving this growth are mainly within the advanced manufacturing and technology sector and some examples are set out below:

**SeeClear**

SeeClear have used computer software to design and develop innovative carbon reducing automotive safety components to reduce road traffic accidents.

**Oakley Mobile**

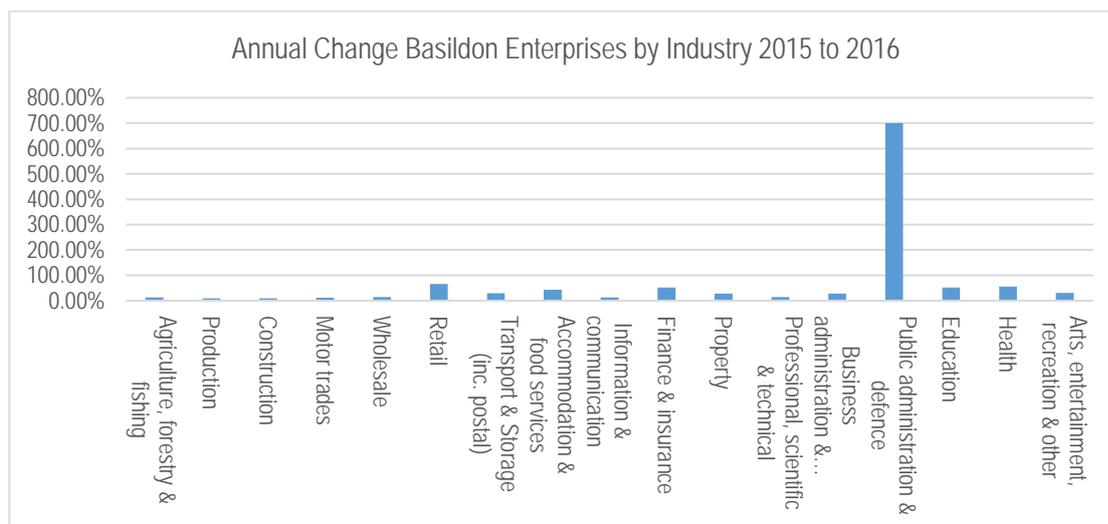
Oakley Mobile develops and creates virtual reality and mobile apps such as virtual reality event experiences, gaming, 3D modelling and 360° video tours.

**GridKey**

GridKey is revolutionary Low Voltage (LV) substation monitoring system that can be fitted to the feeders of an LV substation without interrupting supply to customers. It provides continuous remote monitoring of the substations as well as timely warnings, status and loading information. As a result, Distribution Network Operators experience reduced network maintenance costs and significantly increased knowledge of the state of their LV network.

**1.2 Our business base is growing...**

Basildon’s business base has increased rapidly in recent years and the number of businesses per 10,000 people in Basildon is one of the highest in the Country<sup>10</sup>. Basildon has 7,725 thriving businesses and new start-ups are increasing faster than anywhere else in Essex and in the South East (22, 06% increase between 2004 – 2014)<sup>11</sup>.



<sup>8</sup> Business Register and Employment Survey (BRES), 2015

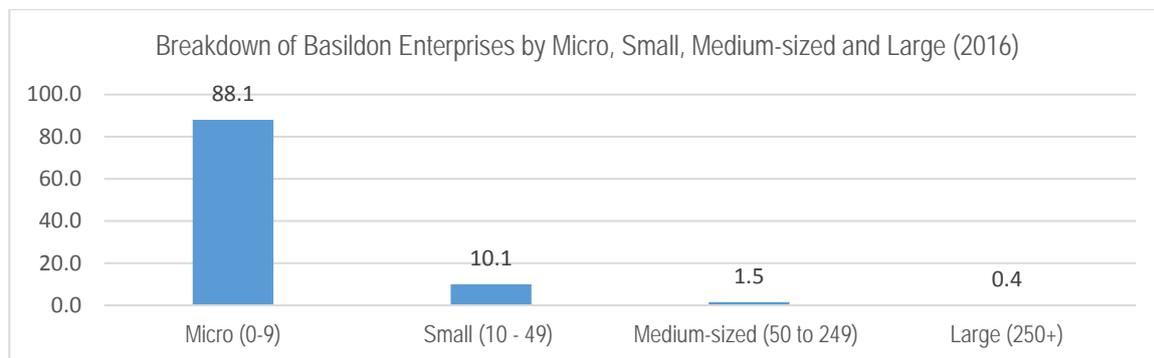
<sup>9</sup> BRES 2015

<sup>10</sup> Centre for Cities 2017

<sup>11</sup> ONS 2017

This data shows that the number of enterprises for each industry have grown and have not declined through the years 2015 to 2016. Public administration and defence has the highest growth rate from 2015 to 2016 at 700%. However the total number of enterprises in this industry is only 40 in 2016 and was 5 in 2015 which may have distorted the growth figure ie grown from 5 companies to 40 in a year. Retail had the second highest growth rate at 65.9% and health the third highest growth rate at 55.4% from 2015 to 2016. The number of enterprises in the retail industry has increased from 410 to 680. The number of enterprises in the health industry has risen from 280 to 435.

Most businesses in the Borough are very small, with the large majority employing fewer than 10 people, whilst the ten largest companies in Basildon account for 12.5% of total employment. This is both a sign of business confidence in the borough, but also means that the local economy is relatively vulnerable should one of its larger companies stop trading in the area.



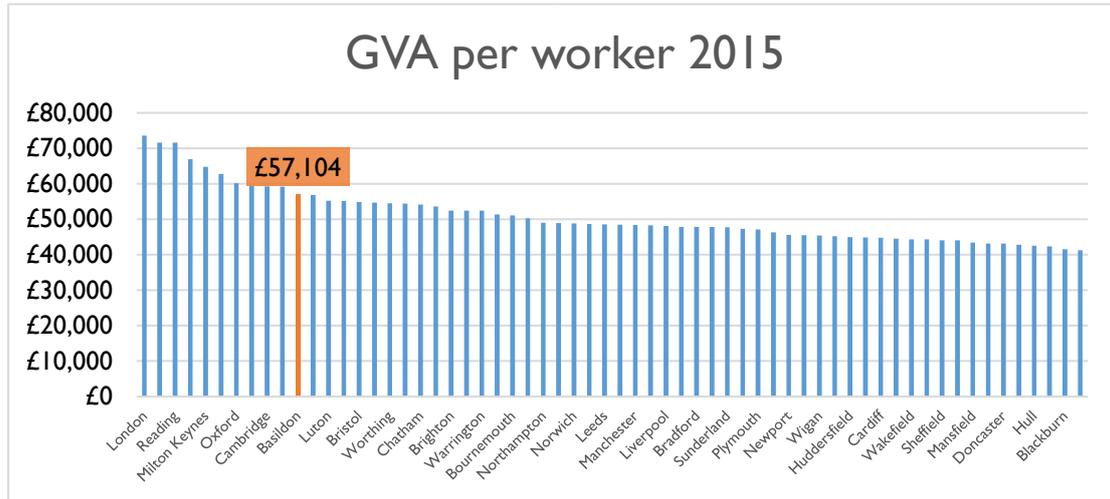
Nomis 2016

Whilst the small enterprise base helps to spread the risk in the economy, it also creates challenges as business accommodation and infrastructure requirements become more pronounced. This creates an interesting dynamic for the provision of employment space, whether that be industrial, commercial or retail. Areas with a significant micro business base, as is found in Basildon, often struggle to keep up with the demand for growth and move-on space as such businesses seek to expand. <sup>12</sup>

**...producing high quality goods and services**

Basildon is one of the most prosperous areas in the South East. This has been recognised by the Centre for Cities, an influential and independent think tank, which identified Basildon as one of 63 primary urban areas or largest cities and towns in the UK. In its research, Basildon is placed 11<sup>th</sup> (out of the 63) in terms of GVA per worker.

<sup>12</sup> ECC Grow on Space Feasibility Study, BBP Regeneration 2016



Our high GVA per worker indicates the high productivity of goods and services being produced in the Borough and, accompanying that, the existence of a large number of highly skilled and paid employment opportunities.

### ...but growth is unequally spread

Basildon's growth doesn't reach to all residents, creating unequal growth because very few of our residents can access our high paid employment opportunities. The Centre for Cities research into the inequality of UK cities is set out in the graph below using the Gini coefficient i.e. it compares the distribution of income amongst residents, with 0 as most equal and 1 as least.

The average for the UK was 0.332 in 2013<sup>13</sup>. Basildon is the joint 5<sup>th</sup> most unequal city in the UK with a Gini Coefficient of 0.43<sup>14</sup>. Raising the economic growth benefits for all residents can be achieved by raising skills in our low value sectors and improving access to skills and development opportunities for all residents.<sup>15</sup>



ONS Research Outputs; Income from PAYE and benefits for tax year ending 2014.<sup>16</sup>

<sup>13</sup> ONS 2013

<sup>14</sup> Centre for Cities Data Tool 2017

<sup>15</sup> RSA Economic Commission 2017

<sup>16</sup> Centre for Cities data tool, 2017

### 1.3 ...and there are still barriers to growth

While businesses are doing well in the Borough, there is scope for new businesses to contribute even more to creating employment and economic output. Moreover, there are concerns that the business environment remains challenging. Access to finance continues to be a problem for some SMEs. Other barriers to growth identified by our businesses are lack of access to affordable high speed broadband, the problems with road infrastructure and low skills levels of local residents<sup>17</sup>.

### .....potentially reducing future income to the Council

While there are proposals for Councils to retain 100% of business rates, the arrangements are not clear and we do not know when this is likely to happen. The Council's current financial forecasts assume that there will be no impact on the resources that are available as a result of 100% retention, because a redistribution mechanism will still be needed to iron out regional differences in tax take, to fund upper tier authorities and the fire service, and to compensate for the loss of other grants e.g. revenue support grant. 100% retention means that Local Government nationally retains 100% of the national total of business rates not that 100% of locally raised business rates will be retained at a local level.

A major concern with the business rates retention proposals in general is its unpredictability. We may forecast a growth in rates, due to new business facilities being established, but this growth can be easily wiped out by, for example, the impact of appeals and the provision we have to make against potential losses.

However, encouraging employers to grow and to locate in the borough and to invest in new facilities in the borough must be seen as a good thing since this will grow the base for our business rates income and if we do not encourage business growth our financial position as a Local Authority could be significantly worse than it otherwise would be.

### 1.4 What do our businesses think?

As part of our research with local businesses,<sup>18</sup> they were asked about their concerns and barriers to growth. Whilst our businesses broadly wanted to remain and grow in Basildon, they highlighted the acute need for a number of changes to be implemented and concluded that, if Basildon is to grow, work needs to be done to improve its image, make more employment sites and move-on premises available and improve local skills. Other issues highlighted included congestion on the roads and the need to revitalise Basildon Town Centre. They considered that, if these changes were delivered, they would be more likely to remain in Basildon to grow their business and move into larger premises - providing more jobs and opportunities for the development of existing staff.

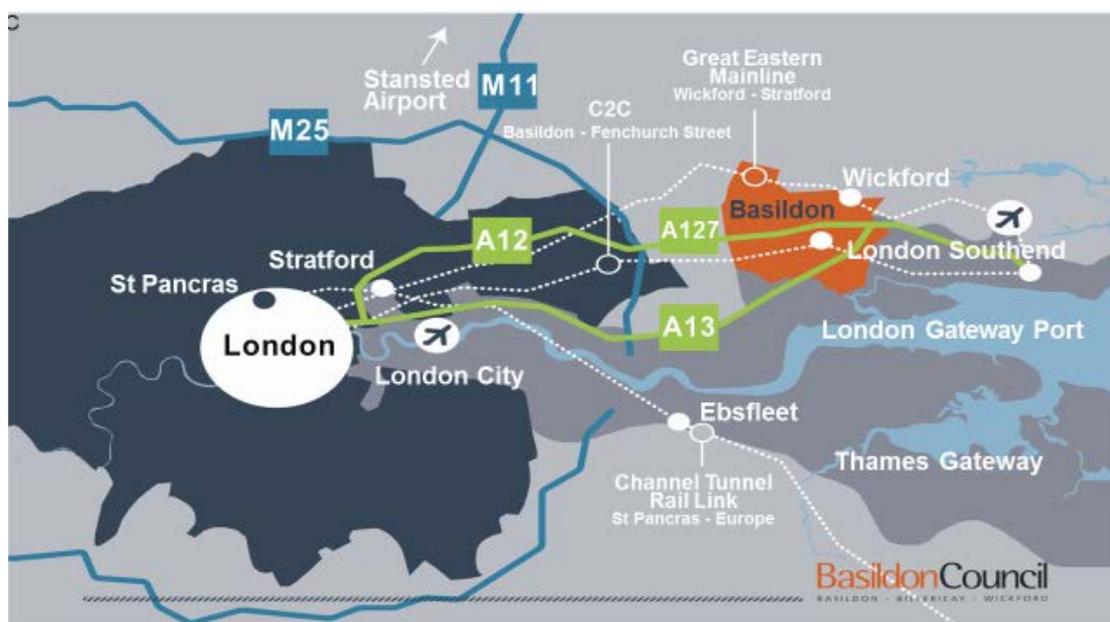
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<sup>17</sup> BC Business Survey 2015

<sup>18</sup> Future Proofing Basildon, Shared Intelligence 2016

## 1.5 Basildon - A successful place for business?

Basildon is undoubtedly a successful and attractive business location and a magnet for companies wanting to move out of London. Located only 35 minutes by train from the City of London and with excellent road links and access to air and seaports together with lower rents, it offers the ideal location.



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## 1.6 Business need support to grow....

A successful place has a buoyant enterprise culture where businesses are encouraged to collaborate and the importance of networking is understood. It is also key to ensure that all existing businesses, and potential entrepreneurs, have access to the right kind of advice and support to help them grow sustainably in the long term. Businesses report significant benefits from accessing business information and advice. However, less than half of our SME employers currently use our business support services, primarily due to lack of information about how to access support<sup>19</sup>. Smaller companies, in particular, are less likely to be aware of our business support services and providers than larger employers<sup>20</sup>. Even where businesses are aware of business support from public sector providers, the majority have not used their services. The large increase in smaller businesses means that there are many younger firms in the economy, many of whom may lack basic business knowledge or skills, and may have relatively weak business-to-business networks to draw on.

### .... and growing companies require leadership skills

There is a widespread view that the lack of management and leadership skills in SMEs in the UK has a detrimental effect on business performance and productivity. Many small companies have been set up by the inventor/entrepreneur and, although an expert in his/her field with extensive technical skills, he/she may not have the Leadership skills to accelerate growth. Many companies therefore remain lifestyle companies with capacity for little or no growth. In a worst case

<sup>19</sup> BIS (2013) SMEs: The Key Enablers of Business Success and the Economic Rationale for Government Intervention

<sup>20</sup> BMG research (2010) Essex Employer and Business Survey 2010

scenario, the company will fold when reaching a certain size due to lack of management experience. Evidence shows there is a direct link between management and leadership skills and the growth of SMEs.<sup>21</sup>The lack of strategic management skills results in lack of aspirations and demand to innovate, trade and acquiring a skilled workforce. When planning the execution of the ED Policy, we consider that due regard must be given to the provision of business support but equipping managers with the skills necessary to grow their business is also important as this, in return, will drive up demand for business support.

## 1.7 Brexit – challenges and opportunities

When the UK joined the EU in 1973, the world economy looked very different to now. Among other things, the rest of the world economy has grown faster than the EU, particularly the developing world, so the EU makes up a smaller share of the world economy. The EU is currently the UK's main trading partner, but Brexit and the growing demand for UK goods and services from developing economies, present new opportunities for businesses within the borough.

The UK voted to leave the EU in June 2016 and Article 50 was invoked on 29<sup>th</sup> March 2017. A two year period of negotiations for the UK's withdrawal from the EU commenced in June 2017. Leaving the EU will mean leaving the single market bringing uncertainty for Businesses in relation to possible future trade tariffs. Until negotiations are concluded it is unclear whether a net trading deficit between the United Kingdom and the European Union, (the EU sells more to the UK than the UK sells to the EU), will act as an impediment to agreeing trade tariffs. Under current trade agreement with EU, local companies can import and export tariff free. However leaving the EU would also mean leaving the trade agreement and trade no longer being tariff free. The think tank Open Europe has assessed that all exporting sectors would experience initial disruption and uncertainty in the event of UK withdrawal. The 35% of the UK's goods exports to the EU could be subject to high tariffs between 4% to over 30%. Open Europe also notes that in all goods sectors UK firms would face new administration costs at the EU border due to new regulations. If agreement cannot be reached, both the EU and the UK could revert to World Trade Organisation rates. Alternatively, agreement could be reached on tariffs to be imposed on EU imports and vice versa.

There are also some opportunities our local companies in relation to Brexit as follows:

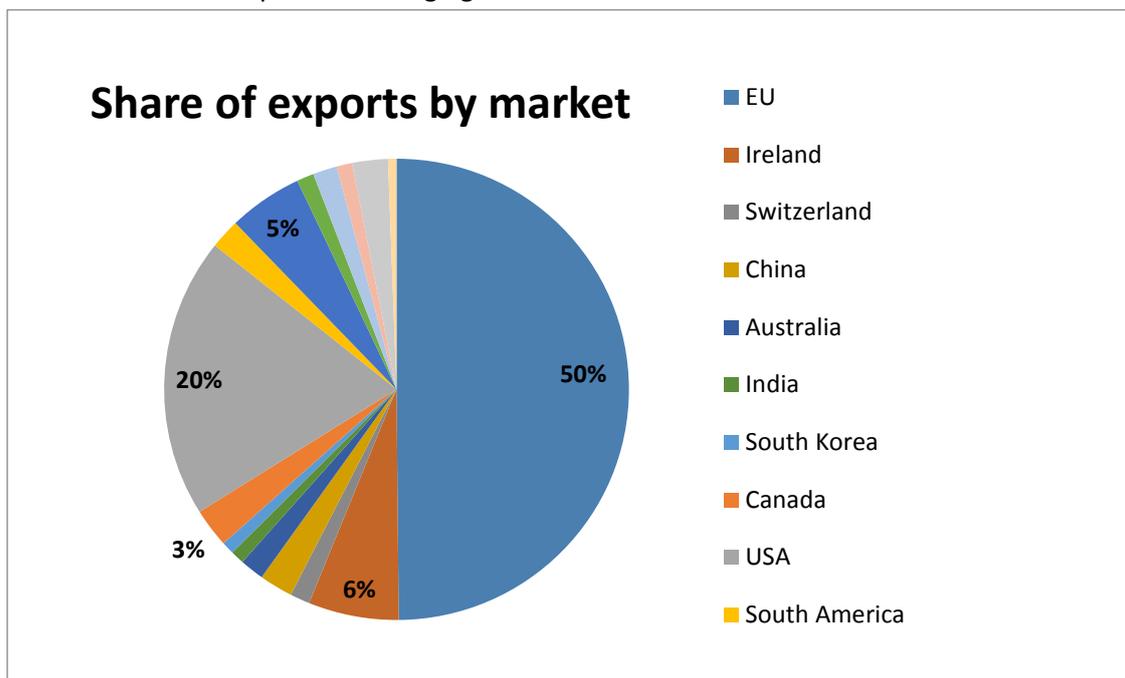
- *Cheaper exports* - Devaluation of the Pound will provide a boost to manufacturing exporters
- *Better trade deals* - The whole process of leaving the EU will take time, so in theory there should be no sudden major change in trading conditions and outside the EU, it should be easier to negotiate free trade deals rather than current EU deals, which can involve high tariffs on imports of food.
- *Opportunity to reform current procurement rules* - Communities Secretary Sajid Javid has said that the Government will use Brexit to make it easier for small companies to bid for work from local authorities.<sup>22</sup>

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<sup>21</sup> Leadership and Management Skills in SMEs, BIS 201

<sup>22</sup> The MJ (March 2017)

In the meantime, local businesses will need to prepare for the challenges and opportunities Brexit will present to trade and export. When it comes to exporting, Basildon currently lags behind other UK cities<sup>23</sup>, producing only half the export value per job in comparison to the UK average. In addition to this, there is also an opportunity for our businesses to explore other markets and increase exports to emerging markets such as India and China.



Source: ONS 2016, Regionalised estimates of UK service exports; HMRC 2016, Regional Trade Statistics; ONS 2016 Business Registers of Employment Survey; CfC calculations.

Although there are no detailed figures for the sectors and companies exporting most in Basildon, the figures are available at UK level.

Looking forward, the fastest-growing sectors will be industrial machinery and transport equipment, according to HSBC's Trade Forecast, which expects those two areas to account for almost 50 per cent of the increase in the value of goods exported from the UK up to 2030. This presents a strong opportunity for Basildon as we have a particular strength within those sectors such as ICT, Manufacturing and Professional, Scientific and Technical Services.



<sup>23</sup> Centre for Cities, 2017

Over the past three years, Basildon Council has successfully provided support to local businesses to help them find new markets and increase their exports beyond Europe. Public sector support is considered vital to reduce any negative impacts of Brexit and to take advantage of new trade deals with non EU countries and developing markets. The Council has worked in partnership with existing organisations such as Foreign and Commonwealth Office, Department for Industry Trade and Chamber of Commerce to provide specific knowledge of opportunities to local companies. This has included accessing funding to allow companies to travel and attend sector exhibitions, organised B2B events with potential international trade partners and matched international tendering opportunities to local companies and assisted with the tendering process. This support has enabled local companies to connect with new markets and customers and will, in the future, provide further opportunities for growth through international trade.

## 1.8 International and trade support

Regardless of the mechanism used, it is clear from the Government's Industrial Strategy that there will be a focus on promoting Trade and helping companies to export. The Government has set a target of increasing exports to £1trillion by 2020. This will require continuing hard work to create the environment in which trade can flourish and the Council has extensive expertise in this area and will continue to help local companies to find new markets and customers in the UK and beyond.

*"With knowledge of their local area, connections with key local stakeholders and influence over the infrastructure and the planning system, local authorities have a role to play in the inward investment process and with regard to international trade"<sup>24</sup>*

SQW states in their report to Local Government Association that Local Authorities are best placed to provide inward investment and trade support and recommend the following

- *the inward investment offer and service needs to be promoted at a spatial scale that "makes sense" to businesses.*
- *services should be targeted to support the wider strategic priorities and opportunities for the area* In implementation, there will be a need for *patience and consistency: developing international relationships takes time*
- *meaningful partnerships need to be developed* with UKTI and its affiliated organisations through the LEPs, regional UKTI partnership team staff and through other connections such as through local chambers.

An important strand of the Council's budget strategy is to ensure that we continue to support the growth of our existing business base, attract new businesses to the Borough and wherever possible commercialise our own services/expertise. This is critical for the future

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<sup>24</sup> *Export markets and inward investment: The role of local councils, Segal, Quince, Wicksteed (SQW) 2012*

prosperity of our residents and to generate a strong income base to deliver services. One of our key areas of work that best exemplifies the approach to stimulating economic growth is the Council's focus on encouraging inward investment and supporting businesses develop export markets.

Developing and expanding the borough's international networks provides the opportunity to access potential investors interested in coming to Basildon to take advantage of proximity to London and good transport connections. In particular, the Council works closely with the UK High Commission to India to identify trade opportunities and interested inward investors. The opportunity to develop this specific relationship came from a successful EU funded project which allowed the Council to build up a successful network of business contacts in India and to fund trade missions for local companies. The Council has focussed on the Indian market as it is one of the key global emerging markets and also to complement Essex County Council's focus on China.

India provides great opportunities for what and is underrepresented as a trade partner. Particularly the export of British technological knowledge is in particular demand, together with advanced technological products, both of which are a particular strength in Basildon. India is also one of the fastest growing economies in the world and has emerged as a key destination for foreign investors in recent years and India is ranking amongst the top ten investment destinations since 2007. India's Gross Domestic Product (GDP – value of goods and services produced) has also grown at around 7.9% per year since 2003 and is the 10th largest in the world and projected to be the 3<sup>rd</sup> largest by 2030.

The launch of India's Smart City programme also provides an opportunity for companies in the Digital and Low carbon sectors and successes for local companies within these sectors have already been achieved. One such example is EnviroComms Ltd a specialist environmental consultancy based in Cranes Farm road who was supported through bespoke advice, trade mission and was given the opportunity to deliver taster workshops for Aluva Municipality in India. EnviroComms used this as case study and it has enabled them to win international business in excess of £ 100,000.

In summary Basildon's international trade and investment support is unique amongst UK Local Authorities and has been recognised through being shortlisted for an Enterprise Britain Award in 2017. Whilst there are national organisations, such as Department of Trade (DIT), which provide generic support, the Council can provide a targeted approach and deeper engagement with local companies. The focus of activities has been to encourage trade and internationalisation in general of our local companies and a result of a EU funded project focusing on expanding trade to India and resources we have until now focused on this market. Moving forward we are working with partners such as Banks, Department of International Trade and Chamber of Commerce to expand our offer whilst continuing to take advantage of the extensive business network already established in India.

The Council has also been successful in commercialising its services to companies outside of the Borough and creating a modest income stream which is invested into economic development activities within the borough.

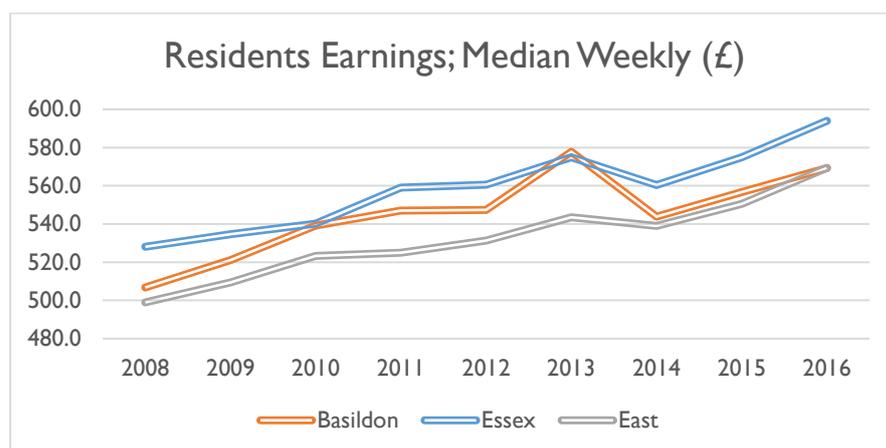
## 2 Labour market and skills

**Policy Statement 2.** *We will work to improve the employment prospects, education and skills of local people.*

### 2.1 Low unemployment....

The rate of employment amongst Basildon's residents is still relatively strong and the claimant count in the borough has fallen slightly (49%) since 2015<sup>25</sup>. Unemployment stood at 4.9% in December 2016 compared to 4.8% in the rest of the UK and the inactivity rate (those not in work but not necessarily signing on) was lower at 19.9% as opposed to 22.2% for the rest of the UK.<sup>26</sup> However, at the same time residents' earnings fell considerably from the 2013 median level of £580 per week. This figure has now risen slightly over the last two years and stood at £565 per week in 2016. This is also reflected in Workplace Earnings, (these are not necessarily the wages of residents), which have fallen from £540 per week in 2013 to £521 per week in 2016<sup>27</sup>.

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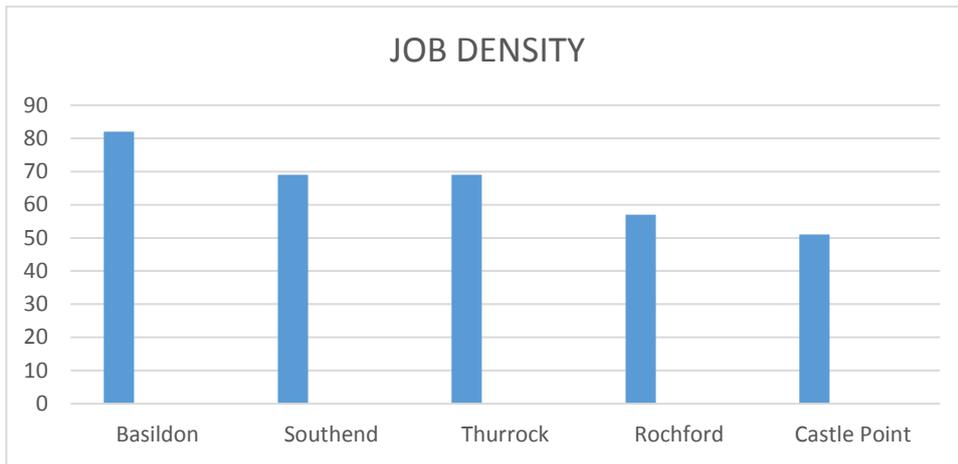
Basildon Borough also has an extensive employment opportunities and more jobs available per residents than anywhere in South Essex<sup>28</sup>. The job density calculation measures jobs per working age residents. 1 indicates 1 job per resident so Basildon's 0.82 indicates that there are substantial employment opportunities for residents in Basildon. It is clear from the table below that residents in the rest of South Essex need Basildon's buoyant job market. It also makes clear that recruitment of local residents can be a challenge to employers in Basildon and there is a significant need to attract and retain a new future workforce.

<sup>25</sup> Centre for Cities 2017

<sup>26</sup> Inactivity rate: those people between 16 – 64 that are not in employment as a share of the workforce excluding those in education.

<sup>27</sup> ASHE

<sup>28</sup> ONS 2016



ONS 2016

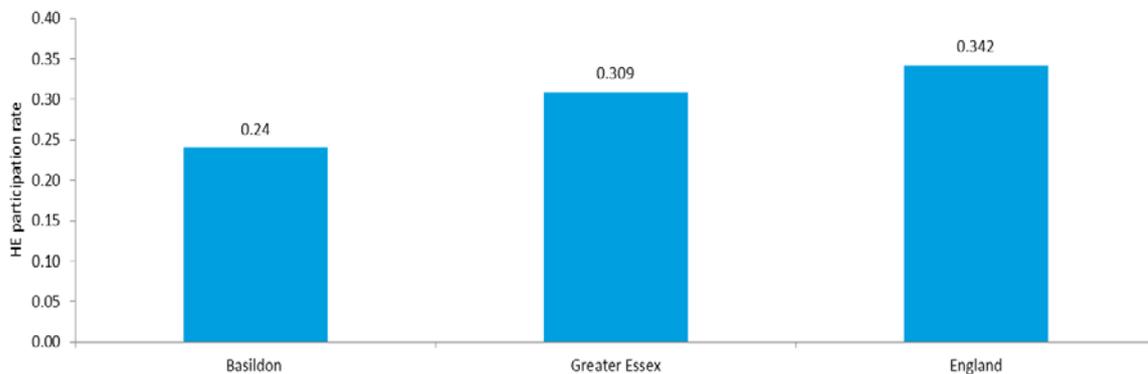
### ...but low wages and skills

The fall and stagnation in wages indicates a worrying trend of a reduction in higher paid and skilled employment opportunities and demonstrates the inability of local residents to access higher skilled and paid employment due to their lack of skills.

More people have **only** basic qualifications (NVQ1) in Basildon than the Essex and UK average (89.1% in Basildon, 85.7% in Essex and 85.3% in the UK).<sup>29</sup>

Basildon residents are lagging behind the rest of the UK when it comes to acquiring higher skills with just 25% of the working population having an NVQ4 or equivalent qualification, in comparison to the rest of the UK where nearly 36% have higher skills. (26.6% in Essex and 30% in the SE LEP area)<sup>30</sup>.

This is also reflected in our Higher Education participation rate, which is 24% in Basildon as opposed to nearly 35% in the rest of the UK. Lowest rates can be found in Wickford and Pitsea and the highest in Billericay.



ESB Skills Profile 2016

<sup>29</sup> NOMIS 2016

<sup>30</sup> Essex Skills Board 2016

Another concern is the future automation of employment in certain sectors. PwC suggests in their analysis<sup>31</sup> that around 30% of UK jobs could potentially be at high risk of automation by the early 2030s. Furthermore, the risk appears highest in sectors such as transportation and storage (56%), manufacturing (46%) and wholesale and retail (44%). These are the key sectors in Basildon providing most of our jobs, so our workforce is at higher risk than others.

In order to reduce the risk of exclusion of a large part of the current workforce in Basildon, there is a strong case for increased investment in lifelong vocational education and training to help people adapt to increased automation. This would provide them with higher skills and, therefore, access to higher paid employment.

## 2.2 Skills shortages?

Businesses report that the most important skills they want workers to have are communication skills, followed by Microsoft Excel and customer services skills<sup>32</sup>. 36% of vacancies advertised on the Job Centre website specify the need for communication skills within the role.

The skills shortage and skills mismatch in the area have negative implications for productivity levels, as our workforce potential is not optimised. Employers talk of difficulties recruiting locally and sourcing local labour that meets their needs, particularly due to the pull from London with higher wages and cultural and leisure assets. More than half of businesses disagree that the local workforce has the qualifications and skills required for their businesses.<sup>33</sup> They consider the development of education and skills as one of the major issues that the local authority needs to address with its partners.

### ...or recruitment problems?

It is surprising that Basildon has the least reported skills shortages of the 63 UK Cities in Centre of Cities report, with only 1.73% of businesses reporting that they are unable to find skilled staff. This is probably due to the large in-commuting of highly skilled staff into the Borough with 36,000 people travelling to Basildon to work, more than in any other part of Essex. Basildon is the local authority area with the largest net gains of commuters (see 1.1) within the Greater Essex region and has a net surplus (discounting out commuters) of 12,000 people every day.<sup>34</sup> This figure indicates that 12,000 more people travel into the Borough to work than those who travel out of the Borough to work. These jobs could be occupied by local residents and this demonstrates the clear case for ensuring that local residents have greater opportunity and skills to access these more highly skilled and better paid jobs.

## 2.3 High tech companies.....

Basildon has a strong presence of high tech employment with 33% of Essex's advanced manufacturing jobs (6160). Creative industries have doubled in size in Basildon between 2009 and 2015. The creative industry sector is more specialised than anywhere else in Essex and is

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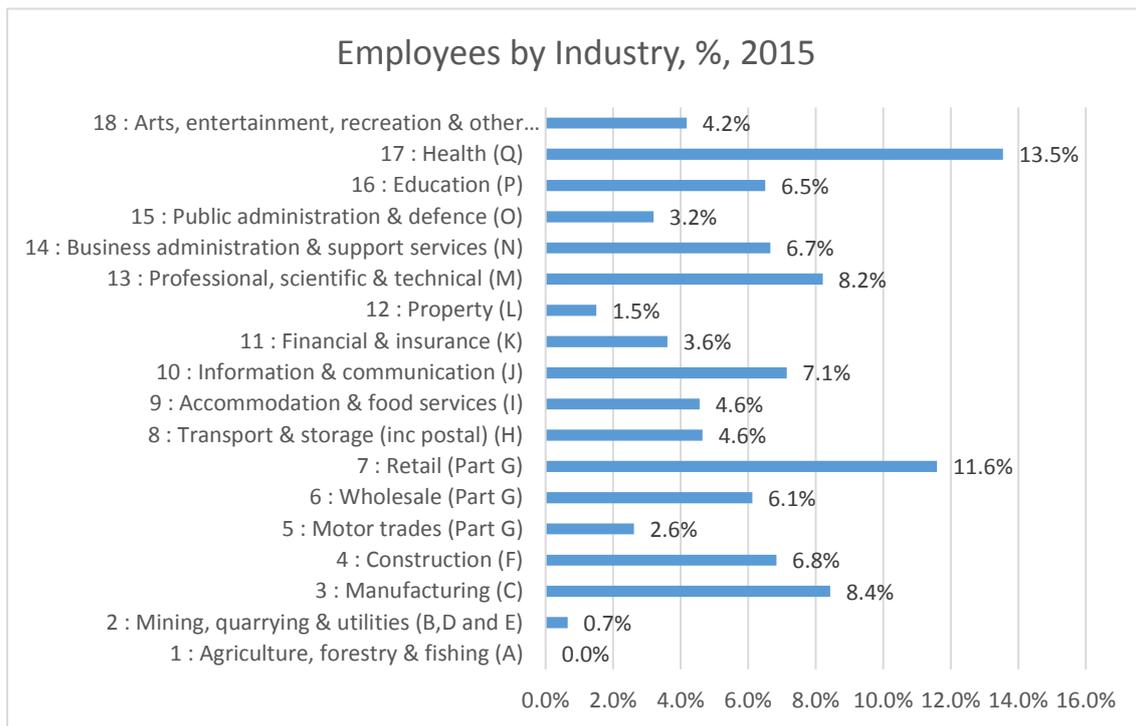
<sup>31</sup> Economic Outlook 2017; PwC

<sup>32</sup> ESB Skills Profile 2016

<sup>33</sup> Future Proofing Basildon 2016

<sup>34</sup> Greater Essex Linkages, 2015

growing faster in Basildon than Cambridge and London with a quarter of Essex’s creative jobs based in the Borough<sup>35</sup>.



**....mixed with low value and low paid jobs**

There is a large proportion of low value low skills sectors such as retail and wholesale in the Borough. Combined with zero hour contracts, and few pathways of progression to higher skilled employment within the sector, this produces a disengaged local resident workforce with limited prospects or aspiration.

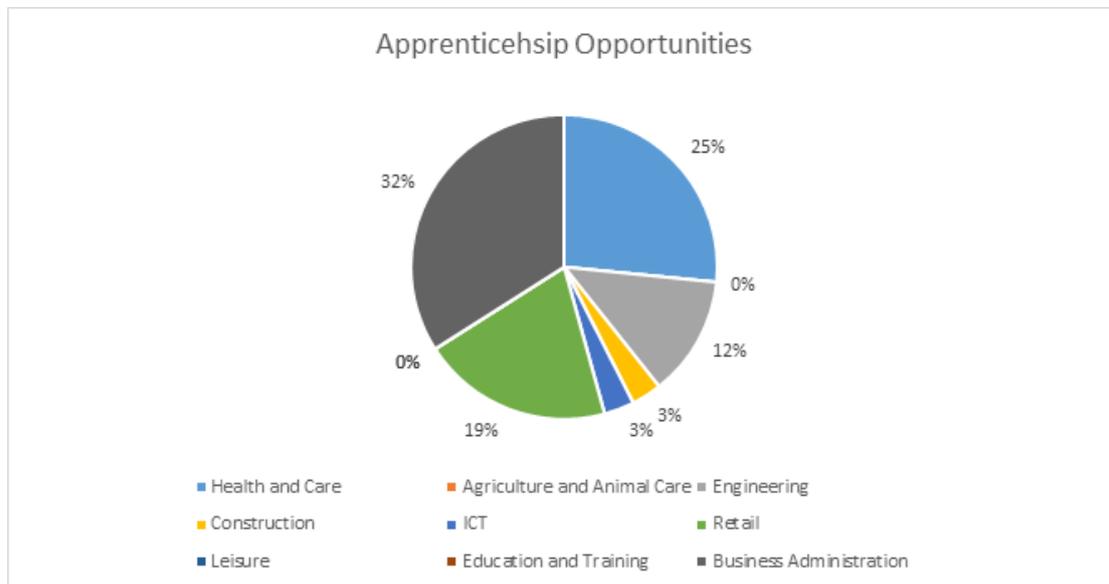
The largest sector in the borough is the Care/Health sector, with Basildon and Thurrock University Hospital (BTUH) being the largest employer. The whole care sector suffers from recruitment problems with 5,500 vacancies in the Essex in 2015/16 and 400 of those being in Basildon.<sup>36</sup> In addition to this, BTUH reports that over 20% of their workforce will soon retire<sup>37</sup> forcing the hospital to look outside UK borders to recruit new staff. Brexit will present a real challenge to them, and also to other care providers as they try to fill these vacancies.

**2.4 Room for growth.....**

Over 16% of employees in Basildon do not have the adequate skills to do their job which provides a huge opportunity for investment in skills by the employers to contribute to both an increase in productivity and this could lead to increased wages for residents.<sup>38</sup>

<sup>35</sup> BRES 2015  
<sup>36</sup> Essex Skills Board 2017  
<sup>37</sup> BTUH presentation to Basildon Council 2017  
<sup>38</sup> Employer Survey 2015, Centre for Cities

The existence of a skills offer which is commissioned and driven by employers is crucial for the continued success and growth of the economy in the Borough. It is therefore concerning that 47% of all apprenticeships offered in the Borough are in low paid sectors and only 15% in high growth priority sectors.<sup>39</sup>



ESB 2017

In addition to this, the majority of the apprenticeships offered are at the lowest NVQ level, with only 2% offered at the highest qualification level.

Notwithstanding the lack of higher apprenticeships there is a substantial amount of skills provision available in the Borough. The Borough has two Further Education Colleges, PROCAT, Further Education College of Advanced Technology and South Essex College and five 6<sup>th</sup> Form providers. The recent Area Review<sup>40</sup> of skills provision will set out the current provision and plan provision for the future. The results of the review are anticipated later in 2017. The issue is not so much the provision of skills, but it is the demand for skills training, and the low levels of local residents who access the opportunities already available to them. This Policy recommends that the focus should be on ensuring the accessibility to existing provision in the borough whilst, at the same time, developing higher skills opportunities and pathways to improving skills in the workplace.

The newly introduced apprenticeship levy presents an opportunity to further increase the engagement of employers in training our future workforce. The Government estimates that 2% of UK employers, approximately 22,000 organisations, will be required to pay the levy. In a straw poll conducted at the CMI (Chartered Management Institute) conference, employers said that understanding and working with the new apprenticeship funding rules was by far their largest concern. Described by some critics as a new payroll tax, the levy is paid into a fund and receives a 10% top-up grant from government. Employers can then draw on the fund to pay for apprenticeship training. The new Apprenticeship Levy presents employers with a simple choice

<sup>39</sup> ESB Skills Survey 2016

<sup>40</sup> 2017 Area Review - Essex

- treat it like a tax, or seize the opportunity to maximize the training and development of your staff.

It remains to be seen what effect the Levy will have on employers who have yet to engage fully with apprenticeships, but Bruce Carnegie-Brown, chairman elect of Lloyd's of London and also president-elect of the CMI, urged business leaders to take notice and consider how they can invest more in developing their employees. "It should be a crime for any employer not to aim to spend 100% of the levy on developing their people," he said. "Employers are much less committed to training programmes than they were 30 years, and in a fast moving world, it's become their preference to poach someone with experience and expertise than grow their own talent".<sup>41</sup>

Working with those employers in the Borough who will have to pay the levy will be key to driving up the local apprenticeship offer.

### ...but local people need access to skills and high value employment

20 years ago we had very little idea that the Digital sector would grow so rapidly and that there would be a significant number of employment opportunities within this sector. Similarly, we now have little knowledge of how our sectors will grow in the future and what skills will be needed, other than they will require a flexible, agile and digitally skilled workforce. 65% of children starting primary school now will ultimately end up working in completely new job types which don't yet exist.<sup>42</sup> Responding to today's sector and business skills needs should not be at the exclusion of future skills requirements but we also need to prepare tomorrow's workforce by providing a firm base of **STEAM** subjects (Science, Technology, Engineering, Arts/Digital, Mathematics) together with excellent skills in English and Communication.

Careers advice is patchy in the borough and is not readily accessible and can hinder young people from finding out about the careers available locally and the education/training pathways they need to follow to access these opportunities. Careers advice is also lacking for those in employment, making it difficult for them to identify opportunities and pathways to access higher skilled employment.

South Essex College's new state-of-the-art college planned for Basildon Town Centre will raise the profile of skills and education in the borough and will contribute to raising the aspirations of local residents to develop their skills and career prospects. The planned curriculum has been developed with local businesses and will focus on digital skills – thus providing our young people with a sound knowledge base from which to take advantage of the higher paid jobs within Basildon and Essex.

PROCAT, Further Education College of Advanced Technology, is providing an employer-commissioned and driven curriculum focussed on Advanced Technologies and offers higher apprenticeships and foundation degrees in growth sectors such as Rail, Aviation and Engineering.

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<sup>41</sup> Skills opportunity or payroll tax? Employers on the apprenticeship levy, Chartered Institute of Director publication Insight 24 May 2017

<sup>42</sup> Future of Jobs, World Economic Forum 2016

Their plans to further expand, and include a Higher Education offer, will also increase the opportunities for our local young people to become more highly skilled.

Although there are some Higher Education offers available from PROCAT and South Essex College, mainly from Anglia Ruskin University, there is no dedicated HE presence in the Borough. This means that young people have to travel outside the Borough to access higher skills training and very few come back to live in the Borough, as set out in 4.2. This results in a requirement from businesses to import skilled staff and the Borough loses many of its young graduates who could be our future skilled workforce.

The lack of a Higher Education facility is considered to be a major barrier to raising aspirations and access to higher skills and better paid employment for local residents. Essex Economic Commission has set out the local economic contribution of universities:

- Students add to the local population, employment and spending.
- Source of high level skills for the local and national labour markets.
- Products of research provide opportunities for staff and students to establish new businesses as well as attracting new businesses and investments.
- Operational requirements of universities lead to local procurement of goods and services.

There are currently two universities in Essex, Anglia Ruskin in Chelmsford and Essex University in Colchester. However, there are currently no plans from either institutions to provide a facility in Basildon and in addition to this their offer lacks links to the Borough's key sectors. It may be necessary to look further afield to attract a university presence which is more aligned to the Borough's economy, such as University College of London or Loughborough University, both which focus on advanced technologies and digital sectors, and further consideration needs to be given to the borough's HE strategy.

## **2.5 Inclusive growth....**

There are continuing concerns raised by employers about the availability of local labour and the extent to which the qualifications of local residents correspond with their skills requirements. There is a risk that, without major improvement in resident's skills and employability, lower skilled residents will be increasingly marginalised in the labour market and improvements in the borough's economy will be unevenly shared. This is particularly relevant to the sectors at risk of automation where there is a clear risk that, without up to date and continuous skills training, a large part of the workforce within these sectors will be left behind and are more likely to face unemployment.

### **... requires raised demand and information of opportunities.**

Our challenge is the combination of low demand for skills training from individuals, due to lack of information about career opportunities in Basildon and access to local higher skills and training opportunities, together with the ability of employers to access a skilled workforce from outside the Borough.

Many employers are also concerned about the lack of skilled young people coming forward to take up positions and the effect this will have on a workforce nearing retirement age.

The current existence of a large number of companies producing low value goods and services also has a detrimental effect on the requirement to employ skilled staff and up-skill existing employees. Skills investment in these companies will only take place if their goods and services require new and advanced technologies, which is why promoting innovation, and the take up of new technologies within local firms, is crucial to raising the willingness for employers to invest in skills development.

### 3. Transport and infrastructure

***Policy Statement 3: We will work with our partners to promote sustainable economic growth by ensuring the provision of essential strategic infrastructure and connectivity in the Borough.***

#### 3.1 Transport infrastructure is vital to economic growth...

For businesses to grow to their full potential, they need to be supported with appropriate infrastructure that will give them the ability to run their businesses effectively and the confidence to invest in business growth. Transport and communications infrastructure both have a key role in enabling and supporting growth by improving the connectivity, reliability and the accessibility of a local area.

Adequate transport infrastructure is a vital component of economic growth. This is particularly important for Basildon, given the importance of manufacturing to the local economy and our ambition to promote international trade. In the 2010 Essex Employer and Business Survey, the road network in Essex was identified as important to business operations by 72% of Basildon's businesses (compared with 71% across Essex); links to major rail and road routes were identified by 63% of businesses (58% across Essex)<sup>43</sup>.

However, much of the local road network is operating close to capacity, with some parts of the network experiencing significant congestion. Vehicle miles travelled increased by 4.4% in Essex between 2002 and 2012, compared to just 0.2% across England.<sup>44</sup>

The A13 and A127 provide strategic vehicular access to the south including the London Gateway Port and London Southend Airport, with the A127 carrying over 70,000 vehicles daily<sup>45</sup>. Both the A13 and A127 suffer from significant levels of congestion, with the A127 in particular having an insufficient layout for the volume of traffic it carries. Substantial improvements and significant investment is required to increase capacity.

<sup>43</sup> BMG research (2010) Essex Employer and Business Survey 2010

<sup>44</sup> Department for Transport (2013) National Road Traffic Survey

<sup>45</sup> Greater Essex Growth and Infrastructure Framework 2016 - 2036

As mentioned in 1.1, 36,000 people travel into to work in Basildon each day, and much of this in commuting is due to the fact that companies find it hard to recruit high skilled workers locally and therefore need to import staff from outside the borough. Jobs in Basildon exceed the available workforce <sup>46</sup> and this, coupled with low unemployment and high economic activity, means that local employers find it difficult to find staff locally. As a priority, our aim is to have local people up-skilled and trained to fill local employment opportunities. Encouraging young people to gain higher skills, together with a quality housing offer will help to reduce the road congestion as employers will be able to choose from a pool of more local labour.

The recent announcement of the Lower Thames Crossing route will assist in better planning of the future road network design and will also provide a much needed direct route to the south of England and the continent beyond. The Lower Thames Crossing also presents other benefits, such as better access to export routes for our companies and better access to the workforce in Kent, (although this could of course be seen also as a further challenge to our local residents who could otherwise access local employment).

However, there is also a need to be aware of some of the challenges and risks associated with the Crossing and these include the scenario, well experienced in Thurrock, where there has been a substantial increase in demand for warehousing along the access to the crossing. Bringing the crossing nearer to Basildon may also cause the, already strong, demand for warehousing to increase to a level seen in Thurrock, where land for warehousing commands higher values than housing land.<sup>47</sup> This would mean a risk, not only to the development of land for advanced technologies and high value sector jobs, but also to the development of further housing sites. In addition to this, it is clear that the additional traffic crossing the Thames will require the updating of the current infrastructure on A127/A130/A13 as a matter of urgency, and a wider strategic network approach for the whole of the South East has to be adopted.

The lack of a north/south rail link between the c2c and Greater Anglia lines such as between Chelmsford and Southend and Wickford/Billericay and Basildon, also results in a limited modal choice and high levels of car usage on the borough's roads.

**Businesses in Basildon are telling us that, in order to grow their business, they need:**

- *an improved and widened A127 and improved road networks into industrial areas*
- *superfast broadband on all industrial and commercial areas*
- *rail links north to south.*
- *Access to economic development sites (expansion needs)*

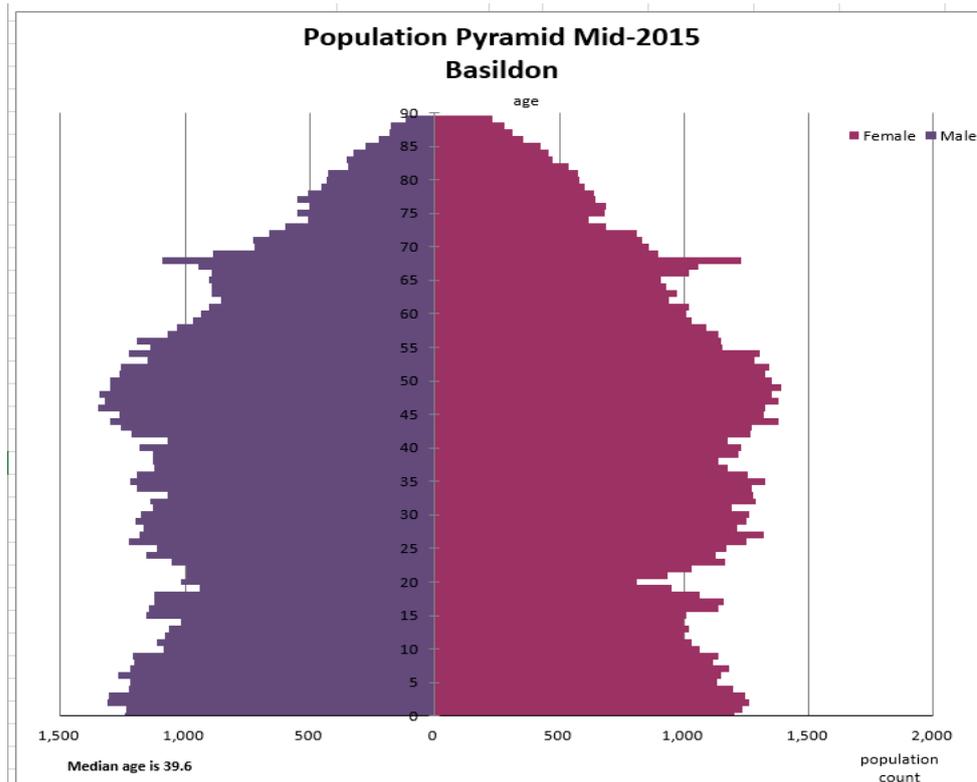
<sup>46</sup> Essex Economic Commission 2017

<sup>47</sup> Soft Market Testing of Housing Development Options within the Lakeside Centre Study Area, p23 , 2012, SKM Colin Buchanan

### ... and a future labour force

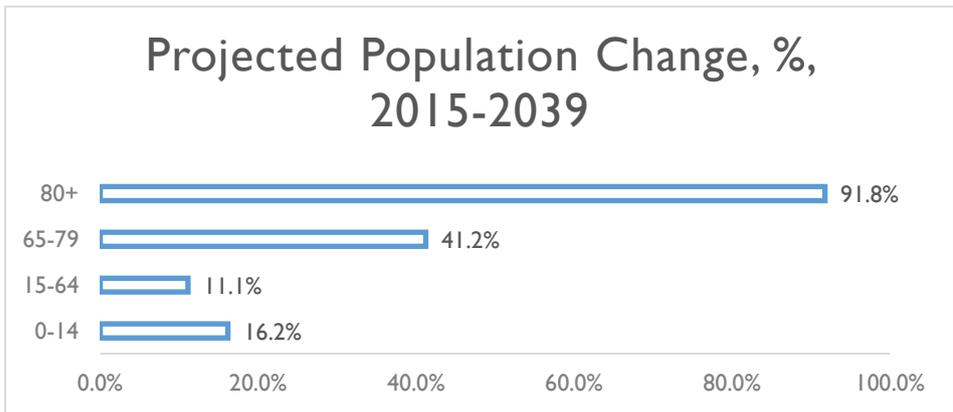
The existence of a low skilled resident population in the borough, as set out in Chapter 2, together with a very low unemployment rate will prove to be a considerable challenge for future growth due to companies finding it difficult to recruit staff.

The competitiveness and attractiveness of an area to investors is very much dependant on the existing workforce and demographics. A successful economy will have a large population in the 24 – 35 year bracket, and will also be able to retain its graduates. Unfortunately Basildon has neither, with the largest population between 45 and 55 and very few graduates settling in the Borough once they have qualified (only 27% come back after graduation).



ONS 2015

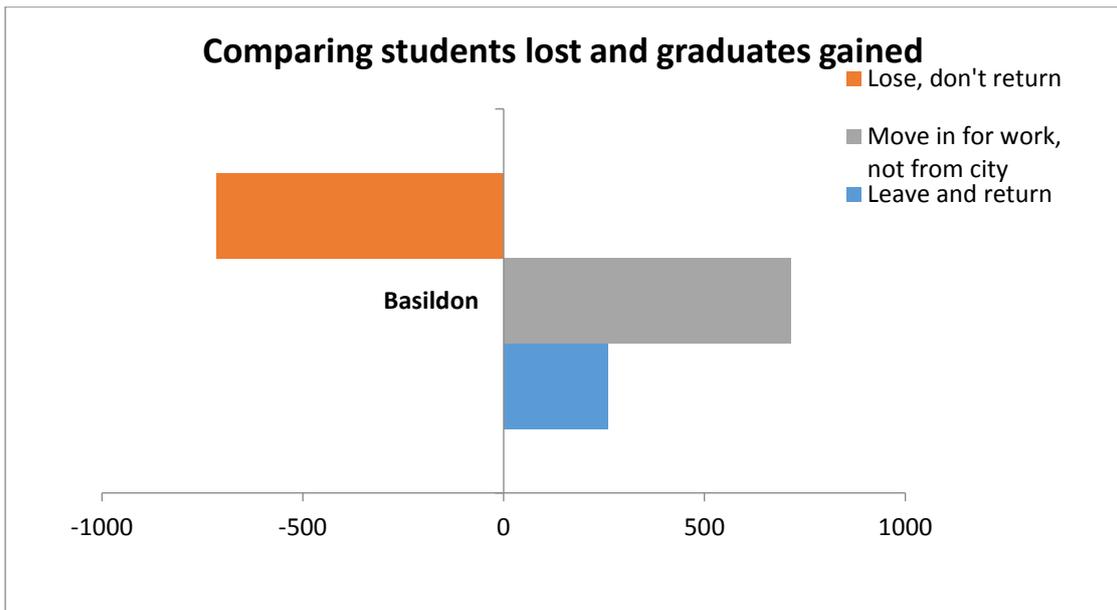
Although there is currently also a small spike in residents aged 25 – 35 years, our challenge is to retain this workforce and ensure they are skilled. It is also worth noting that there is a slight decline in 20 year olds and a spike in 0 – 5 year olds. The challenge here is to attract the 20 – 25 year olds back to the Borough after studying outside of the Borough and to develop our very young children at an early stage so they possess a strong knowledge base and become a valuable attraction for future investors. Looking at future projections, there is a steep increase in 65 – 80+ with a very minor increase in 15 – 64 year olds. The Council's wider regeneration strategy aims to retain and attract a younger and skilled workforce by providing a much better place to live and work. This includes regenerating the Borough's town centres with new leisure, restaurant and retail offers and the relocation of South Essex College to Basildon town centre. A new housing strategy is also being developed together with a new housing offer including aspirational housing and town centre apartment style living opportunities.



ONS 2015

### 3.2 A successful economy needs young graduates to stay and settle....

There are currently few graduates who choose to live in the Borough once they have graduated so our companies have to import them from other areas. Basildon loses over 700 graduates per year and then has to import a similar figure to fill vacancies for highly skilled jobs. Only 259 out of 974 graduates, (or 27%), return to live and work in the Borough after leaving to study elsewhere.



Source: HESA Destination of Leavers Survey

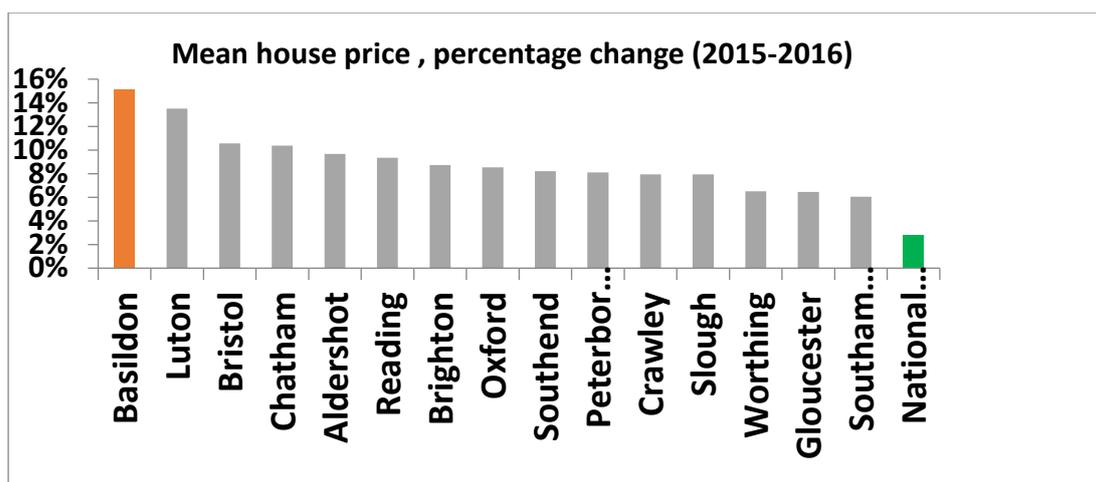
This corresponds with the fact that very few Basildon companies report that they have a skills problem, and the high numbers of people who commute into the borough to work. It is a very detrimental figure in relation to ensuring the economic growth has a local impact, because it means that the opportunities to access higher paid employment are not available to local residents because they lack of the skills to apply for these jobs. The only way for companies, such as Ford and Leonardo, to continue their growth is to import a skilled workforce from outside the Borough and even outside the UK. There is much to do to link the skills required within businesses, to the training and skills development of local people.

There are also uncertainties in relation to the effects of an ageing population within the labour market<sup>48</sup>. The main implication of an ageing population is the rise in the dependency ratio, placing a higher burden on the shrinking population due to an increasing number of pension benefit claimants. While anecdotal evidence suggests that people are working to an older age, the nature of this work is shifting away from certain sectors towards others and this might be detrimental to labour productivity such as retail.

An ageing population will also lead to the reduction of tax revenue, resulting in a challenges to the delivery of public services. To counteract these effects and to attract and retain a young workforce, investment in social infrastructure such as good quality housing, green open spaces and high performing schools is crucial.

**..and have access to a range of housing, including quality, affordable homes.**

Whilst Basildon’s housing is still relatively affordable, in comparison with other areas in the South East, house prices are increasing in Basildon more than in most UK cities and it will be important to ensure that there is a range of housing on offer to our residents.



Land Registry, Market Trend data; Price Paid Scottish Neighbourhood Statistics, CfC calculations.

It is clear that for the local economy to grow, and to reduce in-commuting and the current strain on the road infrastructure, further housing provision is needed to both retain young people to stay in the Borough and to attract a future workforce.

<sup>48</sup> ONS, Implications of population ageing for the labour market, Labour Market Trends. <http://www.ons.gov.uk/employment-and-labour-markets/people-in-work/working-hours-and-productivity/articles/implications-of-population-ageing-for-the-labour-market> However a successful economy needs more than affordable housing and the offer should also://www.oeaw.ac.at/vid/download/fuernkranz/dixon.pdf

The Council's Housing Strategy sets out the priorities for meeting the Borough's future economic growth and sets out the following challenges:

- *The borough population continues to grow naturally, which raises supply challenges in meeting the borough's own housing demand*
- *With rising property values and rent prices predicted to continue, and an increase in households moving out of London into the local area, there is a challenge to supply enough housing, in particular housing which remains genuinely affordable to local residents*
- *We need homes to be attractive and well built*
- *We need homes for employees of local businesses.*
- *We need family homes which are aspirational and help retain our economically active households in the Borough*

The Housing Strategy includes the following recommendation to meet the above challenges:

- *Deliver a range of quality market, intermediate and affordable housing via the Council's housing company, Sempra Homes*
- *Develop our relationship with the borough's key housing providers and developers to ensure that between us, we can deliver a range of quality housing products that will increase overall supply to meet our growing need.*

These recommendations will contribute towards ensuring that the housing offer in the borough complements our economic development priorities.

### **4.3 Companies need space to grow....**

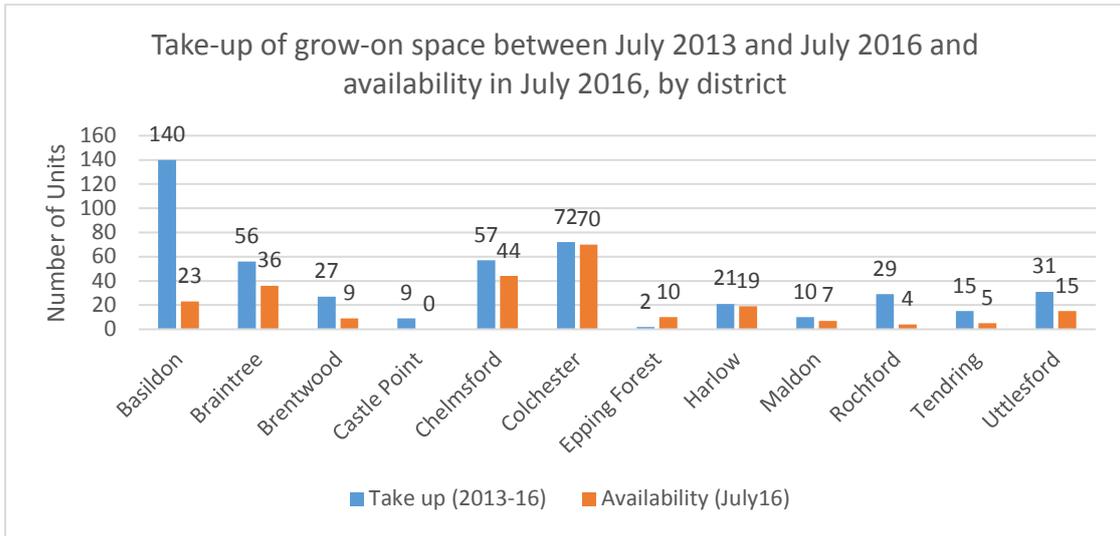
A lack of grow on space is a key barrier to growth with Basildon. This is due, to not only lack of premises, but of quality of quality premises available.

**“There has been an absence of speculative industrial development in Basildon over the past 10 years, limited to large warehouses between 70,000 – 100,000 sq ft at Gateway Basildon and Prologis Park. Whilst these have successfully attracted both international companies and local businesses including Amazon, Costa Coffee and Swan Housing Group these developments have not addressed the needs of local SME's struggling to source smaller sized modern accommodation.**

**There is strong developer appetite to invest in Basildon however there are very few development opportunities and the restricted land supply is preventing much needed new accommodation being delivered to serve the needs of local businesses.”**

**Jim O'Connell, Glennys.**

More employment designated land is required in Basildon to ensure that the existing and future needs of businesses is catered for, to safeguard employment and to prevent organisations from relocating out of the borough.



Source: BBP Regeneration analysis of EGi (2016) data

The emerging Local Plan makes provision for 49ha of additional employment provision, primarily within the A127 Enterprise Corridor. This comprises a range of sites both within, and adjacent to, existing industrial estates, and also as new extensions to the east and west of the Corridor. This additional land provision will enable businesses of different scales and different types to invest in and grow within the borough.

It is apparent that there is an imbalance between the potential demand and supply for grow-on accommodation across almost all districts in Essex and this is particularly notable in Basildon. With firms not able to make the most out of opportunities by expanding into grow-on space, opportunities for economic growth and an uplift in business rates returns are diminished, and the ability to foster a more entrepreneurial culture is weakened. In addition, a lack of appropriate grow-on space also limits the opportunity to attract smaller-scale inward investment.

There could be a substantial positive impact on the increase in economic growth by supplying “grow on” space (which is one step up from starter units) within the employment land allocation in the Local Plan. This could generate an additional £52million GVA for Basildon over a ten year period.<sup>49</sup> It would also have a positive impact on Business Rates with an additional £701,000 in income forecast over a 10 year period, and the creation of over 1,000 new jobs. The requirement for additional grow on space will be considered in the development of the Local Plan.

*In a literal sense, grow-on space for a business is simply larger space than that which the firm currently occupies. That could mean that grow-on space is any size of space, depending on the business seeking to grow. However in this context in this context grow-on space is a space for small growing businesses with around 10 employees plus; that is, businesses that have grown to the extent that they are too large to be accommodated in incubator space or enterprise centres, but are still too small to occupy large, often freestanding, offices or factory/workspace units and with a size of between 100 to 300 sq m.*

<sup>49</sup> ECC Grow on Space Feasibility Study, BBP Regeneration 2016

Job growth is dependent on having enough employment land available, and employment land provision must meet local sector profiles. The Local Plan continues to safeguard employment land and provide more industrial space, which will help to prevent a decline in manufacturing and create opportunities for inward investment, clustering and supply chain development. It will also focus on making sure that highly-skilled, highly-paid sectors are supported through positive policy support. This will be complemented by actions to avoid a shortfall of office space which supports knowledge intensive industries.

In addition to developing new employment facilities, the poor quality of the existing industrial estates is also of concern. Although it has to be recognised that that for some companies within the “dirtier” industry sector, such as waste management, these estates are suitable, the importance of the ensuring that basic infrastructure, such as roads and superfast broadband, is in place is still as important. Businesses tell us that there is an urgent need to review the physical environment and infrastructure on these estates including parking, signage and landscaping, in order to raise the profile of their business and the Borough’s industrial estate offer.

### .....and access to Superfast Broadband

Access to high quality broadband is increasingly one of the ‘must haves’ for businesses and residents. For some, it is seen as the fourth utility. However, there is growing anecdotal evidence that numerous business locations across parts the Borough are struggling with exceptionally slow speeds, some as low as under 2MB. To put that into perspective, Ofcom recommend that 10 Mbps is the minimum speed needed to meet the demands of many small businesses.

The concern is that the circa 5,000 premises and the majority of those are micro businesses and mostly situated along the A127 Basildon Enterprise Area do not have superfast broadband. Whilst some businesses have already, or could seek to explore an alternative route in providing broadband for their business, e.g. a dedicated lease line, for our smaller businesses, the majority of our local business base, the cost to implement this is not viable.

The innovative advanced technology firms in Basildon are dependent on access to high speed broadband. Such limitations in coverage are very likely to be a contributory factor to the restriction of future business growth which could have a detrimental knock-on effect - with businesses considering leaving the borough and relocating to better connected areas. It is also likely to negatively influence the decision of other businesses to relocate and invest in the Borough. As Basildon is the main contributor of highly paid and skilled employment in Essex, the effect of these companies choosing to leave Basildon in order to improve their broadband access could also reduce the economic growth of the rest of Essex, if they leave the County.

Essex County Council's **Superfast Essex** programme was set up as part of a national programme to enable 95% of the Essex population to be able to access Superfast Broadband (speeds of 24Mbps - recently revised to 30Mbps for future implementations and above) by 2020. However, in spite of the recent investment, there are still around 3,000 businesses in the Borough with no access to Superfast Broadband. The worst coverage is on the Borough’s industrial estates and this is hugely detrimental to the ability to attract inward investment and for current companies to operate at full capacity.

## 4. Global Basildon Brand – Basildon for Business

***Policy Statement 4: We will further strengthen the “Basildon Brand” to attract inward investment and work to bring about an economy that can adapt to global trade and competition.***

### 4.1 What Basildon has to offer?

Basildon is one of the fastest growing areas in the UK<sup>50</sup> with a long tradition of growing technology companies such as Ford Motor Co, Leonardo and Konica Minolta. Its accessibility to markets and customers nationally and internationally and its proximity to London, only 35 minutes by train, makes it the ideal choice for investors and existing companies to establish and grow.

Knowledge intensive companies are choosing Basildon and we have seen the fastest growth of this sector in the UK<sup>51</sup> over the last 5 years. As London and Cambridge cannot respond to the demand of these companies to find premises, companies are seeking alternative destinations and selecting Basildon as their first choice.

Basildon is also the premier employment location for the South East with 93,000 employment opportunities and over 36,000 people travelling into Basildon every day to work. The number of jobs in the borough continues to grow.

The close relationship to London, both traditionally and logistically, means that Basildon is seen as a strong option for companies wanting to expand their business. One such example is the construction of Costa Coffee’s new roasting plant in Basildon in March 2017. The constraints of space and the difficulty of access and road infrastructure at their previous plant in South London, incentivised Costa Coffee to locate an expanded facility in Basildon.

London companies are also attracted to relocate to Basildon because of the lower cost of commercial facilities and industrial land in comparison to London. One such example is the comparison in rental value of prime office space in Stratford - rents in Basildon are, on average, less than half of those in Stratford.<sup>52</sup> This is the same for similar prime industrial space, where rents in Basildon are also half of those in Stratford. It is therefore no surprise that Basildon has seen an exceptional growth of knowledge intensive companies in recent years.

Basildon can also offer a specialist skills provision such as Rail Apprenticeships, Advanced Technology Skills training, Digital Skills training which are delivered by Prospect College of Advanced Technologies and South Essex College. These educational institutions are working closely with employers to tailor their provision to the needs of businesses.

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<sup>50</sup> Centre for Cities 2016

<sup>51</sup> Centre for Cities 2016

<sup>52</sup> Glenny’s Data Book 2016

The development of businesses and the local economy has great political support and the Council is making considerable investment in Economic Development activities to support local businesses and residents. A business friendly Council is a great attraction for investors and Basildon Council offers a range of services and support such as:

- Skills and employment services
- Innovation support
- Funding and grant support
- International trade services and access to new markets and customers

## 4.2 What do we want Basildon to be?

Basildon has the opportunity to be the regional centre for advanced technology and knowledge intensive companies, offering high value and skilled employment to residents and a business friendly environment to new and existing investors.

To achieve this, Basildon needs to:

- retain the employers already based in the borough and support those able to grow
- attract new employers to the area

The development of a Place Marketing and Lobbying Strategy is an essential tool to focus on the actions needed to ensure Basildon takes its rightful place as a major contributor to future growth.

## 4.3 Basildon - the hidden secret?

Basildon has for many years suffered from a negative image, which so many New Towns are unfairly suffering from, and it has not traditionally promoted itself as a good place for businesses to locate to. Speaking to businesses, there is both confidence in, and support of, the Borough as the leading economic growth hub.

Residents who came to Basildon 50 years ago speak with fondness of the paradise which awaited them, coming out cramped housing in London. Housing and jobs were plentiful and the Borough was brimming with confidence and hope for the future with a young population driving the vision forward.

50 years on the Borough needs to recapture this same feeling of excitement, hope and aspiration. We need to create pride in our achievements and celebrate the success of local businesses in order to attract a new generation of workforce and businesses who can take the Borough into the next 50 years.

In terms of central government and inward investors, Basildon remains a lesser known opportunity and there is a role for the Council and businesses to actively promote the opportunities in Basildon.

### ...Basildon's selling point?

The feedback from businesses is not so much a negative image of Basildon but a lack of a Unique Selling Point (USP). What is the Borough's identity and key feature? Business all agree that Basildon is an excellent location for business which is reflected by the survey by Puttock Brown where businesses set out the key attractive features:

- Easy access to the surrounding areas and connectivity to London and the continent
- Excellent sport and leisure facilities
- Basildon's plans for more housing to attract skilled workforce
- The Council's town centre regeneration plans
- Variety of suppliers
- Cost effective location
- Support from the council

A USP is emerging of an area which is:

- Well connected
- Has ambitious plans for the future and a Council which is pro-business
- Close to customers but yet cost effective
- Has clusters of companies in key sectors

## 4.4 A Strategy for Basildon 2.0

A Place Marketing and Lobbying Strategy will be developed which will build on the emerging USP and the work which has already commenced to promote the Borough to investors. This includes the launch of the BaSE magazine, the successful 2016 investor event in London and the regular investor tours for potential inward investors.



In addition, the Basildon for Business Brand has been developed, together with a series of promotional literature and presentations. An investor website including a property portal for inward investment enquiries is also being developed.

However, there is still work to be done to reach a wider audience and to continue to highlight the business friendly environment in the Borough.

Establishing the Borough as a key economic contributor and a national opportunity, in order to attract public investment, requires the identification of the key political channels and opportunities. These will be set out a Lobbying Strategy which will focus our efforts to gain central government support and attract future funding for our investment and infrastructure challenges.

### 4.3 Basildon's place in the South East, the UK and the World

The challenge for Basildon is to be noticed, nationally and globally, as a priority area for economic growth, with its excellent location and outstanding Local Authority support. The future growth of London provides an opportunity for Basildon to establish itself as a key economic centre which can attract high value companies, particularly within the digital and IT sector. The Atkins report "Future Proofing London"<sup>53</sup> sets out a major strategy programme to revitalise outer London which we want to be part of and, together with the Thames Estuary Commission's future recommendations, Basildon has an opportunity to play a key part in this exciting programme.

The Borough is home to large global brands such as Ford Motor Co and national brands such as Costa Coffee. Building on their success and place in the global market, there is an opportunity to showcase them, and other large global companies in Borough such as Leonardo, Konica Minolta and IFDS, to promote the Borough both to investors and central Government.

The Government's recent Industrial Strategy focusses on place, and Basildon, as a key employment centre, provides growth far beyond the Borough boundaries and could play a key part in assisting the Government to achieve its ambition.

## 5 Summary

Although the ED Policy is only 3 years old, there have been substantial changes in the UK Economy and Policy context. Brexit, the Government's emerging Industrial Strategy, continued public sector challenging finances, Devolution and the implementation of the Local Enterprise Partnerships are some of the changes which we need to take account of as we further develop and refine our Economic Development Policy and Strategy Action Plan.

Residents are feeling increasingly excluded from job opportunities and technological developments within the borough and there is still significant inequality of opportunity in Basildon.

In order to achieve inclusive growth, the demand for growth from businesses must be supported, together with stimulating increased demand from residents to access skills development opportunities in the borough which should result in access to more highly paid jobs.

Basildon has delivered significant economic performance over the past years, but there are emerging threats to the stability of its economy due to the lack of available land and move on space for businesses. To reverse this, the refresh of the current Economic Development Policy suggests that the Council needs to support growth in high performing sectors and to work with

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<sup>53</sup> "Future Proofing London", WS Atkins, 2016

partners to improve local skills and the supply of skilled labour. In order to maintain the Borough's economic strengths, we also should support existing sectors that are key to the local economy as well as our small business base. Priority should be given to high-tech and medium high-tech manufacturing businesses that have declined in the past to ensure high levels of productivity and a more sustainable business base. Manufacturing activities, especially the high-tech type, offer great job opportunities to local residents and add significant value to the local economy.

Without improvements to our road networks and higher quality broadband infrastructure and additional space, there is a very real risk that existing businesses might relocate elsewhere, (out of the borough), and new businesses could be put off from coming to the borough. Improvements to the A127 and A13, the provision of high-speed broadband, and securing and making available workspace for small businesses, and supporting knowledge intensive services will go a long way to maintaining economic performance in Basildon.

To encourage further investment and new investment we need to develop Brand Basildon and our Unique Selling Point (USP). This Policy suggests developing an Investment Strategy building on existing strengths and sector clusters such as Digital and Advanced Technology sector. We also need to lobby for support from central Government and highlight the opportunities for government investment in the Borough.

This Economic Development Policy will provide the Council's Policy framework to increase local inclusive economic growth for the Borough over the next 3 years and will ensure that residents and businesses are best placed to take advantage of the changing economic environment. Once approved by Members, a 3-year Strategy Action Plan will be developed which will be approved by the Infrastructure, Growth and Development Committee later on in 2017.

