

TITLE	Economic Development Strategy
FOR CONSIDERATION BY	Overview and Scrutiny Management Committee on 6 March 2024
WARD	None Specific;
LEAD OFFICER	Director, Place and Growth - Giorgio Framaliccio

OUTCOME / BENEFITS

To obtain Member oversight and input into the development of the Economic Development Strategy in line with the priorities outlined herein. Our current Economic Development Strategy was produced pre Covid and requires updating to reflect the current economic climate. Up to date analysis of local data will provide us with a body of evidence which can be used to support future funding applications and communicate our vision to potential investors and businesses. It is our hope that by producing this substantive report we are creating a road map for our future.

In recognition of the challenges facing our Town Centres we are updating the Committee on our initial proposals to develop a sub strategy focusing on our Town Centres, this will be developed in line with the overarching Economic Development Strategy.

RECOMMENDATION

The Overview and Scrutiny Committee are asked to provide feedback on the progress and initial findings of the Economic Development Strategy, and the proposed development of a Town Centre Strategy.

SUMMARY OF REPORT

Economic Development Strategy

The emerging Economic Development Strategy seeks to assess the economic landscape of Wokingham Borough and its place within the wider economy. It outlines a series of actions and interventions around the key themes of 'Economic Performance', 'Business Competitiveness', 'People, Work and Wellbeing' and 'Place, Infrastructure and Connectivity', which endeavour to improve upon Wokingham Borough's already strong offering as an excellent location to live, work and do business. A list of tasks related to this which have been undertaken to date can be found in the appendix of this report.

The Economic Development Strategy is proposed to be centred around four central themes and has identified the following key priorities:

Business competitiveness: *Encourage innovation and growth to build a competitive business environment*

Reverse the decline in Wokingham Borough's business stock over the last five years by ensuring that both the recent increase in number of business births continues, while also working to improve overall survival rates and bolster business competitiveness and resilience.

Economic performance: *Facilitate economic growth through targeted business support and inward investment*

Protect Wokingham Borough against losses of large, multinational businesses such as Microsoft and look to boost rates of foreign direct investment. Also, ensure that the Borough's key industries (digital technology, life sciences and healthcare) continue to grow, while supporting the creative industry within the area to play an important role in Berkshire's rapidly expanding screen sector.

People, work and wellbeing: *Ensure residents have the skills that businesses need and are able to obtain local, well-paid, secure employment*

Make certain that the strong skills profile of residents is maintained and continues to improve, being cognisant of the Borough's ageing population and projected decline in numbers of young workers.

Place, infrastructure and connectivity: *Promote Wokingham as an excellent location both to live and work*

Ensure that supply matches demand for both commercial and residential space. Work towards our net zero ambitions and retain the Borough's reputation as a prosperous and desirable place to live. Develop, in partnership with our Town and Parish Councils, a focused Town Centres Strategy to address the challenges our high streets are facing.

It is proposed that the strategy will outline these four central themes and will be accompanied by a more detailed action plan which will be reviewed on an annual basis. Data relevant to the Economic Development Strategy will be collected and analysed periodically in order to monitor trends. This data will be available either as a report or an interactive dashboard. The strategy sets out the Council's strategic direction to ensure we maintain our strong economic position with a reputation as a thriving place for business. The strategy is underlined by a strong commitment to partnership working with our Town and Parish Councils and external partners such as the Berkshire Growth Hub and Thames Valley Chamber of Commerce as well as the Local Enterprise Partnership in its new defined role from April 2024.

Our emerging Economic Development Strategy will also be developed at a similar time as a Berkshire wide economic strategy which is a requirement of Government following the transfer of local enterprise partnership core functions to local authorities. These two strategies would need to connect, complement, and support one another.

The establishment of a Berkshire Prosperity Board is also of note – with key themes around health and inequalities, education and skills, affordable housing, sector development, strategic infrastructure, and net zero. All of which impact on sustainable economic growth.

Town Centres Strategy

Our intention is to produce a sub strategy that provides support for our Town Centres. Over the last few years high streets nationally have struggled to bounce back from Covid due to high inflation, cost of living crisis and the growing shift towards online shopping. These impacts have been felt in our towns and have been compounded by the following local issues:

- Loss of anchor stores such as Marks and Spencers in Wokingham town centre and local bank branches such as NatWest in both Wokingham town centre and Woodley town centre in 2023.

- Lack of diversity of businesses. Since Covid, we have seen an increase in service industries such as hospitality and the health and beauty sector, reflecting national trends. Residents and retailers would welcome more retail stores.
- Decreased numbers of people shopping in our towns as businesses have not returned to pre-covid baseline.
- Anti-social behaviour. Whilst our crime rates are low in comparison to other areas, we are seeing an increase in ASB and public concern.
- Issues around loading and unloading supplies to businesses premises in particular in Wokingham town centre.
- Some parts of Wokingham town centre (particularly Elms Field) can feel separate to the rest of the town. We need to consider ways to connect these areas with the rest of the town to create a more cohesive and joined-up town centre.
- Traffic congestion and lack of accessible and available parking are particular concerns for Twyford.

The current Local Plan sets out that the existing retail centres in Wokingham Borough are Lower Earley district centre, Twyford village centre together with Wokingham and Woodley town centres and these centres could form the focus for the initial strategy. It is our intention that the needs of the wider retail spaces are also acknowledged in the overall Economic Development Strategy.

A Town Centre Strategy would look to:

- Fully understand the national and local challenges that town centres are currently facing and forecasted trends.
- Identify the individual character of our towns and villages and work with Town and Parish Councils to encourage pride of place amongst businesses and residents alike.
- Clearly define the unique strengths and challenges of Lower Earley, Twyford, Wokingham and Woodley and set out a road map to strengthen their local economies.
- Work with Climate Emergency and Active Travel to support the Climate Emergency Action Plan by creating opportunities for businesses to shift towards Net Zero.
- Create vibrant and accessible town and village centres that support people's health and wellbeing, including the promotion of active travel solutions.
- Provide a summary of activities and interventions that have been undertaken to support the local economy.
- Provide a list of recommendations to strengthen the future of our town and village centres.

The Economy team are currently considering best practice and looking at costs and timescales to undertake this key piece of work. Consultation with stakeholders and local businesses is key to our understanding and successful delivery of any plan. As such, it is important to build in adequate consultation time to agreed timeframes.

The Council's strategic partnership with Reading University may well provide an opportunity to use their knowledge and skills to support the development of the town centres strategy.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces unprecedented financial pressures as a result of; the longer term impact of the COVID-19 crisis, Brexit, the war in Ukraine and the general economic climate of rising prices and the increasing cost of debt. It is therefore imperative that Council resources are optimised and are focused on the vulnerable and on its highest priorities.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	-	-	
Next Financial Year (Year 2)	-	-	
Following Financial Year (Year 3)	-	-	

Other financial information relevant to the Recommendation/Decision

Producing a Town Centres Strategy will require a financial and resource commitment. Currently under consideration is a number of delivery options which includes externally commissioning a third party to produce the strategy across to producing the strategy fully in house. The report sets out that the strategic partnership with Reading University may also provide an opportunity to develop the strategy. These options will be developed and reported in due course with any funding requirements to a future Executive.

Cross-Council Implications (how does this decision impact on other Council services, including properties and priorities?)

This strategy provides the strategic vision for the Council's approach to supporting and growing a thriving local economy. The strategy supports the wider Council strategies relating to Climate Emergency, Social Value, Transport, Community Safety, Traffic Management and Affordable Housing. An Officers workshop is planned for further consultation.

Public Sector Equality Duty

N/A

Climate Emergency – This Council has declared a climate emergency and is committed to playing as full a role as possible – leading by example as well as by exhortation – in achieving a carbon neutral Wokingham Borough by 2030

List of Background Papers

Appendix A Timeline for Economic Development Strategy
 Appendix B Background Data for Economic Development Strategy
 Appendix C Briefing note on Town Centre support already undertaken
 Appendix D Summary Report of Homeworking Study

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APPENDIX B:

Background Data for Economic Development Strategy

Outline of ED Strategy tasks undertaken to date

- Project requirements, scope, outputs and activities agreed.
- Consultations with Wokingham Borough-based businesses as well as our Executive Members arranged.
- Extensive suite of primary data collection undertaken across the four key themes of 'Economic Performance', 'Business Competitiveness', 'People, Work and Wellbeing' and 'Place, Infrastructure and Connectivity'. Data spanning four Excel workbooks, complete with accompanying graphs.
- Secondary research undertaken in the form of reading numerous existing Council documents with a view to them informing sections of the ED Strategy and to ensure consistency of messaging.
- Analysis of both primary and secondary data to synthesise preliminary findings – presented as 'findings from literature review' and 'findings from data analysis'.
- Creation and delivery of presentations outlining these preliminary findings, as well as to provide the initial background for the ED Strategy and next steps
- Structure for ED Strategy created and report drafting had begun

Preliminary findings to date

Literature review

- **Economic performance:**
 - Sectoral strengths
 - In keeping with the key industrial areas of Berkshire as a whole, the digital technology and life science sectors are the primary contributors to Wokingham Borough's strong economic performance.
 - It should be noted however, that these industries saw a decline in number of enterprises between 2018-22 of circa 14% – something which should be monitored given their contribution to the local economy.
 - EU/Rest of World organisations
 - Wokingham Borough has the lowest percentage of employment in EU firms across Berkshire at 2.28% and the second lowest percentage of turnover at 7.62% - thereby outlining the limited presence of EU firms in Wokingham's local economy.
 - However, the Borough has the second highest percentage of employment in Rest of World firms at 20.34% with 56.57% of turnover within Wokingham being within these Rest of World firms. This underlines both the appeal of Wokingham Borough as a location for international businesses to operate, as well as their crucial contribution to our local economy.

Business competitiveness:

- **Industrial landscape**

- Wokingham has the second highest number of registered businesses within its Borough across Berkshire at 8,360 in 2023 – second to Windsor and Maidenhead with 9,070.
- The bulk of these are in the 'Professional, Scientific and Technical' and 'Information and Communication' industries, with 1,860 and 1,740 businesses respectively, which reflects Berkshire's wider strengths in both of these key sectors.
- The Borough is home to several highly significant filming studios including Shinfield Studios, Winnersh Film Studios and Arborfield Studios – all of which will play a key role in the established and rapidly expanding pan-Berkshire film sector.
- **International and high growth business**
 - Numerous high profile, international businesses are headquartered in the Borough such as Microsoft, Oracle and Hewlett Packard.
 - As per the latest Business in Berkshire Report, Wokingham is home to 123 high growth/high growth potential firms – putting the Borough in fourth position within Berkshire behind Windsor and Maidenhead, West Berkshire and Reading with 135, 129 and 127 respectively.

People, work and wellbeing

- **Employment space**
 - According to a 2023 report commissioned by Wokingham Borough Council into home-working, over 67% of Wokingham Borough survey respondents reported that they work more from home since the pandemic.
 - Over 88% of local survey respondents stated that they do not expect this to change in the next 12 months and this has led to larger companies downsizing/closing offices with only Category A+ commercial space being let easily.
 - The updating of both commercial and industrial stock to reflect this shift will continue to be a priority if Wokingham is to remain competitive with neighbouring employment space locations.
- **Housing**
 - Demand for housing in Wokingham remains high, as do the average prices, with Wokingham having the second highest average house price - household earnings ratio across Berkshire (second to Windsor and Maidenhead).
 - Wokingham has a growing and ageing population which contributes to this increased need for housing, whilst challenges remain, such as constraints on land availability, local resistance and a need for much of this housing to be split across different market segments (affordable homes, low carbon homes, homes for older people etc).

Place, infrastructure and connectivity

- **Transport and infrastructure**
 - Wokingham benefits significantly in economic terms from its strategic location at the heart of the Thames Valley. The Borough has excellent transport links to London and the wider South-East by both rail and road, as well as being in close proximity to the country's two primary airports.

- Despite these positives, Wokingham's increasing population as well as its location near both the M3 and M4 poses an ongoing challenge for managing congestion in parts of the Borough.
- The way people access transport services has undergone some change over the last ten years or so, notably through a growing use of digital services.
- **Climate change/net zero**
 - As per Wokingham Borough Council's Climate Emergency Action Plan, the Borough is making good progress on facilitating increased use of EVs, having installed 230 accessible active Electric Vehicle (EV) sockets around the Borough.
 - Wokingham also fares well regarding air quality and performs above the UK average on recycling with a rate of 53%.
 - More needs to be done to decrease the number of residents commuting by car, instead, further increasing the take-up of public transport.

Data analysis

Economic performance

- The change in Knowledge Economy business counts saw a significant decrease in IT services as well as smaller reduction in software businesses. In contrast, the main increases can be seen in creative content and other technical/consultancy services.
- Wokingham has the second largest UK ownership of enterprises followed by Windsor and Maidenhead in Berkshire.
- Wokingham has the highest GVA (Gross value added) per filled job and per hour worked in 2020, with an increase of 27.38% and 31.85% from 2016, respectively across Berkshire and Southeast reflecting the efficiency and productivity of workers.
- The information and communication industry is the highest contributor to GVA (controlled for inflation) in Wokingham in 2021.
- Industries with highest enterprise counts in Wokingham (2022) were 'Information & communication', 'Professional, scientific, and technical' and 'Construction'.

Business competitiveness

- Wokingham has the highest rates of business survival when compared to the South East and Berkshire averages, with a five year survival rate of 46% for businesses born in 2016.
- Across Berkshire, Wokingham observed the second largest decrease in business count (2018-2022) after Windsor and Maidenhead, standing at 0.35%. More positively, the decrease in business count was less in 2021-22 i.e., -1.17% as compared to 2020-2021 where it was -3.31%
- Unlike both the South East and Berkshire, Wokingham saw an increase (28.57%) in the number of high growth businesses operating within the area between 2017 – 21. During this same period, the South East and Berkshire saw percentage changes of -23.24 and -13.73, thereby highlighting Wokingham as an excellent environment for high growth business, as well as having been resilient to the COVID-19 pandemic.

People, work and wellbeing

- We have the highest percentage of working age population (16-64) qualified at NVQ1 & above and NVQ2 & above in Berkshire. It also has the second highest percentage of working age population (16-64) qualified at NVQ3 & above and NVQ4 & above in 2021 in Berkshire.
- Job Density in Wokingham (0.90) is higher than in the Southeast (0.85) for period (2018-2021) and similar to Windsor and Maidenhead (0.94). Wokingham's overall employment rate was the highest (83%) and the Self-employment rate is the second highest (9.3%) in Berkshire in 2022.
- Wokingham has seen the lowest % change in gross disposable household income per head at circa 6% (2016-2020) across Berkshire and the Southeast.
- Housing affordability is increasingly challenging in Wokingham, observing an increase of 6.65% in average house prices for the period of 2018-2022

Place, infrastructure and connectivity

- Wokingham has recorded decreasing greenhouse gas emissions year on year between 2018-2020 (falling from 4.5 kt CO₂e in 2018, to 4.3 and then 3.7 in 2019 and 2020 respectively. The emissions are lower than the Berkshire average (7.9), but greater than the average for the Southeast (2.1).
- The most common distance for Wokingham residents aged 16-64 to travel to work is between 5km and 10km, (this is further than the averages for both Berkshire and the South East where the most common distance to travel to work is less than 5km.)
- 50.7% of residents in Wokingham are working from home in 2021 which is an increase of 37.4% point from 2011. This is second highest number across Berkshire behind Reading.
- Driving a car or van (19%) is the prominent means of transport to work as % of usual residents in 2021, and this trend is also observed across Berkshire and the Southeast
- Wokingham has the lowest full fibre availability as a percentage of premises standing at 22.2%. However, the area has similar availability rates for SFFB, UFFB and Gigabit when compared to the averages for both Berkshire and the South East (2019-2023).

APPENDIX C:

Overview of work undertaken to support the local economy of our towns

Strategic support

May 2023 – Town Centre Development Officer

- As part of our UKSPF allocation we recruited a Town Centre Development Officer to work directly with businesses to connect them to support and deliver town centre projects.

December 2023 – Homeworking Study

- We commissioned a study into the impact of homeworking on our economy (summary of findings included as enclosure 3).

January 2024 – Footfall data

- We procured a new footfall data system, that covers not just Wokingham town centre but also Twyford village centre and Woodley town centre to ensure we can accurately track trends.

Events we have run since September

September 2023 - Job Fair

- Wokingham Town Hall - 17 businesses and 250 + residents attended. Newbury Building Society based in Wokingham Town Centre have recruited a local person as a direct result of the job fair.

November 2023 - Small Business drop-in session

- Delivered from the Salty Olive (used a town centre business as a venue to help showcase them as a venue and bring people into the town). The event itself was in partnership with FSB and the Berkshire Growth Hub, offering small businesses the chance to gain advice and support on how to grow their businesses.

December 2023 - Best Dressed Window Competition

- 37 businesses entered over 800 residents voted. Raising the profile of our Town Centre businesses as anyone voting was directed to a Wokingham Borough Council webpage on the Engage platform showcasing all the entries. Press release announced in time to maximise shopping in the last weekend before Christmas.

December 2023 – utilised the reach of the council's Facebook page to promote Christmas offers in our towns.

January 2024 – Job Fair

- Woodley Oakwood Centre – 12 businesses and over 200 residents attended. Greggs based in Woodley Town Centre have recruited at least one person as a direct result of the job fair.

February 2024 – Apprenticeship support for employers drop in session

- Delivered from the Town Hall, in partnership with local apprenticeship providers, and Wokingham HR team.

Financial Support

£10,070 UKSPF grant funding allocated to each of Twyford Parish Council, Woodley Town Council and Wokingham Town Council to support the development of town centre markets:

- Twyford – gazebos, PA system and match funding refurbishment of community kitchen to add a café dimension to their market.
- Woodley – new Christmas lights and better signage for the market.
- Wokingham – upgrading electrical points for their traders and better signage for the market.

Fund Woodley Town Centre Partnership

- £15,000 to support the Town Centre Manager post.

Funded free parking

- For visitors to Wokingham and Woodley town centres for their festive events.

Free bus journeys

- Grant secured by Transport team to provide free bus travel around the borough in the run up to Christmas.

Funded support programmes for businesses:

- Using UKSPF money we have funded Berkshire Growth Hub to deliver one on one support programmes to Wokingham businesses. We have two programmes currently running:
 - Start-up (20 completed, 11 currently enrolled)
 - High Growth (7 completed, 8 currently enrolled)

Planning ahead for 2024

In addition to our intention to undertake a Town Centre Strategy we will continue to work with our Town and Parish Councils to deliver support.

We are currently:

- Supporting the Highways team to implement new wayfinding infrastructure in Wokingham Town Centre, ensuring that the needs of the business community are represented. Currently exploring possibility of a digital map for residents to navigate their way through the town and discover local businesses.
- Continuing to deliver promotional campaigns to raise the profile of local businesses and encourage shop local.
- Working with the Arts and Culture Forum to bring more events and engagement into our town centres.
- Investigating options around empty units in our towns, including the possibility of pop-up shops.
- Through our strategic partnership with the University of Reading, exploring research and theoretical support from Henley Business School.

Appendix D:

Executive Summary Homeworking Report

Background:

With a focus on the impact of remote working, the report aims to understand how services, infrastructure, and local economic development of the borough are affected. The Council will use data for planning town centre development and enhancing business park efficiency. Furthermore, it will inform transport and green policies as well as the Economic Development Strategy.

Findings:

Work from home:

- 68% of survey respondents in Wokingham work from home on four or more days per week in comparison to national average of 2-3 days per week.
- In Wokingham, survey respondents continued to prefer either a hybrid or work-from-home option, with the minority of only 6% stating the workplace as their preferred choice.
- The trend towards flexible working is not new but is accelerating. Fighting against it is unlikely to yield any benefits; rather it needs to be embraced, supported, and facilitated.

Impact on town centres and High Streets:

- In the UK, average retail footfall on weekdays in 2022 was reported to be 18% below the 2019 level, compared to 12% on weekends.
- Reduction in the evening economy: During the pandemic, evening/night footfall dropped by nearly 6% nationally, impacted by restrictions and fewer events. Even post-pandemic, there are challenges across the UK in reviving the nighttime economy.
- Increased home working means lower footfall in Wokingham town centre which impacts on local businesses. Footfall estimates for the greater Reading area, which includes the Wokingham borough, sits at 51% of pre-pandemic levels, compared to the national average of 43%.
- Residents now seek additional shops, affordable transport links, and improved travel options for a successful return to working in town centres.

Economic Impact and Spending Habits:

- Hybrid working in Wokingham Borough sees commuters overall spend drop by 40%. We have also seen a decrease of £25 per person in weekly spending.
- 80% of Wokingham residents are spending less on travel to work
- Majority of residents are using these savings for living costs; 22% to boost their leisure spending (include holidays, gym, and sports).
- Urban centres adapt: 21% of survey respondents (local) increase their spend on online shopping. We need to repurpose retail space for homes and workspaces; focus on authentic, unique high streets appeals to Gen Z.

Commercial Real Estate

- Town centres shift to community focused and mixed-use spaces. Reduced office demand impacts commercial real estate. Remote work may drive migration to rural areas, rejuvenating smaller towns.
- This could benefit towns and villages in the Wokingham Borough, as people working from home are more likely to access their local high street during the week rather than larger urban centres, such as Reading.

Decline in Retail Spaces

- Wokingham town centre in particular faces challenges: retail closures cause job losses and reduced spending; decline in vibrancy and independent stores. Twyford village centre and Woodley town centre have been more stable in the number of businesses opening/closing.
- Engage Wokingham 2023 survey: 43% interested in co-working hubs, 21% in collaboration spaces. Hybrid work models reduce large office demand, boost demand for local services like cafes, restaurants, and leisure facilities in town centres.

Community Impact and Wellbeing

- Challenges of remote work: Mental wellbeing concerns due to social isolation and blurred work-life boundaries. Residents miss socializing with colleagues and team interactions.
- Support mechanisms like co-working hubs, networking events, and mental health services crucial for healthy, engaged remote workforce and combating isolation.

Recommendations:

Future Service Provision and Business Innovation

- Offer tailored support programmes for digital transformation and e-commerce adoption.
- Foster collaboration among retailers and community for collective strategies and partnerships.
- Improve digital infrastructure and provide training; consider creating a local business platform or app.

Urban Planning

- Explore the feasibility of further town centre regeneration.
- Work in partnership with Town and Parish Councils to boost local markets and host events to increase footfall.
- Launch local shopping campaigns; offer loyalty programmes and incentives for residents to shop locally.
- Encourage hybrid retail models; provide digital skills workshops.
- Support innovative use of vacant spaces; explore funding schemes like Repurposing Our High Streets.

Use of Businesses and Offices

- Encourage uptake of local co-working spaces; repurpose unused offices; partner with chains or entrepreneurs for wider access.
- Convert underused spaces into event venues or galleries; continue town centre regeneration for improved physical environment.
- Support female entrepreneurs with on-site childcare, foster community, and collaboration for joint ventures.
- Establish business incubators in vacant buildings; tailor support for sectors; utilize council premises to increase footfall.
- Review tax breaks, rate relief, loans, or grants to encourage businesses to fill vacant spaces or with innovative solutions.

Contacting Businesses

- Produce fortnightly 'Business Matters' bulletin updates on council services. Host webinars covering funding, hybrid work, and tech tools. Promote through trusted organisations. Consider creating online portal for borough businesses where local businesses can list their services, seek partnerships, or find local talent.

- Assign team for SME outreach. Collaborate with local networks to host joint events. Organise industry networking events including hybrid events and collaborate for sponsorships and seasonal planning.
- Effective communication via surveys, feedback, and CRM updates. Regular messaging to businesses, associations, and partners ensures alignment with preferences

Skills Development

- Collaborate with local institutions for skills development aligned with future job requirements. Offer workshops on advertising, social media marketing, and promotional strategies.
- Host a jobs fair to support hospitality and retail sectors.
- Establish training centres for digital tools and hybrid work models.