



# Committee report

**COMMITTEE**

**CORPORATE SCRUTINY COMMITTEE**

**DATE**

**10 JANUARY 2023**

**TITLE**

**ECONOMIC RECOVERY**

**REPORT OF**

**DIRECTOR OF REGENERATION**

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## SUMMARY

1. The Corporate Plan 2021-25 highlights economic recovery as one of its 3 key overarching priorities. This is in recognition of the challenges faced by the island as we emerged from the pandemic. The challenge has now become arguably more important in light of the cost of living crisis and the impending recession.
2. The existing IW Economic Strategy 2019-2021 is now being reviewed. Work is underway to update the economic profile which will provide evidence of the how the island economy has changed as a result of COVID, Brexit and other issues, since the previous profile in 2019. As well as economic data, the evidence base will also include a business survey to assess the views of local businesses and what they see as their key challenges and issue going forwards. The survey is planned for Spring 2023.
3. In the response phase of the pandemic the IWC provided over £100m in direct financial support to island businesses in order that they could survive. The economic recovery is how we continue to support and grow businesses, jobs and investment in the face of these continued challenges.
4. Sustainable economic growth and a vibrant local economy are vital to the quality of life, health and well-being of our communities. It also helps provide and deliver the services the island needs. The council is working with the Centre for Local Economic Strategies (CLES) on Community Wealth Building which is how we retain the value created by our economic function so that more of the wealth and opportunity it provides is for the greatest benefit to local people. This is becoming more important in the context of the current challenges.

## BACKGROUND

5. Prior to the pandemic, the IW Economic Strategy 2019-21 reflected a local economy that had shown resilience as it emerged from the recession earlier in the decade. The corporate plan identified those positive signs and the role of sectors such as composite and marine manufacturing in raising wages and productivity whilst recognising the vital role that the tourism and care sectors provide alongside the challenge of lower wages.

6. The impact of the pandemic has been wide ranging, creating both opportunities for new business growth and development (work from home/anywhere) as well as challenges for traditional sectors such as retail and hospitality.
7. The current economic strategy has 3 key components:
  - Strategic Sectors and growth- fostering enterprise, driving productivity, promoting sustainable development and inward investment
  - Skills and Employability-addressing labour market requirements, training and employment needs, productivity constraints and promoting a strong skills base
  - Infrastructure and connectivity-delivering strategic infrastructure and sites such as Island Technology Park (ITP), Newport Harbour, Building 41, gigabit island and future broadband.
8. Some of these have been completed (Building 41, ITP) or are in development (Newport Harbour). The council has established a Skills Board with key partners and approved a Skills Plan to address skills and employability issues. These are both ongoing and changing and can be reviewed in the new strategy.
9. This committee has set out a number of lines of enquiry in regard to the economic recovery:
10. When will the Economic Strategy be evaluated and by whom?

The islands Economic Development Board (EDB) which includes representation from the Chamber of Commerce, Federation of Small Businesses, Visit IOW and the IW College is tasked with overseeing the development of the strategy and monitoring its key actions. It is likely the new strategy will cover a further three year period with annual monitoring and evaluation of its actions. This will include updates to the Scrutiny Committee for Regeneration and Neighbourhoods.

11. How does the plan account for changes in policy and direction at national, regional and local level?

The strategy would normally set out key objectives for the plan period alongside a more detailed action plan. The delivery of the actions will be led by different agencies (learning providers, business representative bodies, Solent LEP, Visit IOW etc.) and will depend on budget, resources and priorities. The regular monitoring of the plan by the EDB will ensure that as priorities change or new initiatives emerge, the action plan can be reviewed and updated to reflect this.

12. What work has been carried out to understand where current, and future, strengths and weaknesses lie in the islands economy?

The new economic profile and business survey will provide the qualitative (survey) and quantitative (data) evidence to enable agencies to ensure that resources are being focussed on the key challenges faced. The island economy has historically had structural issues relating to productivity which are difficult to shift when key sectors such as care and tourism are dominant. The challenge is to grow sectors with higher wages and productivity, such as marine and composites, whilst maintaining skills and staffing in areas such as health care and hospitality.

13. To what extent do our island needs align with the Government's priorities and missions on levelling up?

Whilst the strategy needs to focus on the issues facing the island economy it must recognise national and regional priorities. The challenges facing the council in meeting its statutory service needs means that without aligning with government funding opportunities, it is unlikely to be able to resource the activities it needs to undertake. The council has recently been successful in accessing £1,063,636 of UK Shared Prosperity Funding (UKSPF), and £536,049 of Rural England Prosperity Funding (REPF) but only on the basis that the expenditure at the local level aligns with government priorities set out in the grant funding guidance to help deliver the national levelling up agenda. The council was also successful in being awarded £666,594 to deliver additional adult numeracy courses local people against nationally set criteria under the governments Multiply programme.

14. How do our economic development plans fit together with our plans on transport, housing, skills, and other areas?

The councils plans and strategies range from comprehensive documents such as the Island Planning Strategy (IPS) to more specific pieces of work such as the IW Skills Plan. The development of such plans within the council is subject to wide ranging engagement and consultation with key service areas to ensure they are not developed in isolation. The approval process for key plans and documents, includes input from service consultees on their alignment with the key corporate plan objectives, including the economy.

15. How do our plans fit together with the plans of our partners, including those who we might not immediately identify as partners with a stake in this issue?

Consultation and engagement with outside bodies is vital to ensure development and ownership of the plans' objectives. Whilst some bodies and groups are easy to identify and engage with, the challenge is often around those that are more hard to reach. For example, it is important to achieve meaningful engagement with young people when developing plans or activities which directly impact on them, such as apprenticeship programmes. Engaging with organisations that directly work with and provide services to young people such as the IW College or the IW Youth Trust helps ensure that their issues and views are taken onboard.

16. What has been the impact on economic recovery with the things that have been achieved so far and have they delivered on what they were supposed to achieve?

The following is a summary of some of the activity relating to economic recovery (not exhaustive) over the period since the Corporate plan was approved in October 2021:

a) Building 41

As part of Innovation Wight, the council, together with European Regional Development Funds (ERDF), has established a new co working facility at the BAe complex in Northwood. "Building 41" has been completely refurbished to provide both office and meeting space for businesses alongside the delivery of courses to help new companies establish and grow. It will also enable agencies such as DWP, SLEP and others to engage with island business and become a hub for business support. The leasing and renting of space to individual companies will generate income to sustain its operation beyond the ERDF resources which end in

September 2023 with a continuation of delivery via UKSPF. First formal occupation of the office spaces is expected in January 2023.

b) Branstone Farm

Branstone Farm, a former IWC owned education centre, has been redeveloped as a mix of affordable housing, business units and a new brewery and visitor centre (Goddards Brewery). The site was recently awarded construction project of the year by Business South. The site which has 42 homes has recently received its first tenants and the chamber of commerce will be one of the first occupiers of the business units. The site also has a new open green space as part of a project which generates new homes and jobs in a template for sustainable development.

c) Kick Start Apprenticeships

The “kick start” programme was introduced and funded by government in 2020, recognising the disproportionate impact the pandemic would have on young people seeking work. A range of services across IWC developed 42 roles enabling some 80 opportunities for young people to be created (6 months paid employment) some of whom have been employed in other council roles or have gained experience enabling them to enter and compete the jobs market. The Chamber of Commerce coordinated a similar programme for small private companies. The scheme has contributed to significantly lower rates of unemployment in 18-25's. Pre pandemic (November 2019) the IOW rate was 4.4% representing 465 claimants of job seekers allowance. By November 2020 that had reached 11.5% (1,030 claimants) but as of October 2022 it was 4.5% (400 claimants).

d) Low Carbon Across the South East (LoCASE)

The council has been working with a consortium of local authorities in the South East (led by Kent CC) to help businesses become more competitive and profitable alongside protecting the environment and encouraging low carbon solutions. LoCASE is funded via the ERDF (£5m) and provides grant funding of up to 40% (maximum £20,000) towards energy efficiency, for example, the installation of solar panels (PV) on business premises. LoCASE also offers similar business development grants for those companies operating in the green economy. The project not only provides the opportunity to support local companies via grants but also enables engagement on wider business needs where they can be signposted to assistance from other agencies including the Solent LEP.

e) Venture Quays (Levelling Up Fund)

The council were granted £5.8m from its successful bid to the first round of the Levelling Up Fund (LUF) to bring forward the regeneration of East Cowes Waterfront and create a new marine hub for the island. The project includes the refurbishment of the Columbine (Union Jack) building and the former Victorian barracks, as well as public realm improvement at Albany Green. The council is still awaiting governments decision on LUF2 bids, which for the island is targeted at transport, where the proposal is for a new “green corridor” between Ryde and Yarmouth enabling people to leave their car at home and travel on foot, bicycle or bus.

f) Kingston Marine Park (KMP)

The council acquired this site on the river Medina from the Homes and Communities Agency (now Homes England) who had failed to bring forward the site due largely to environmental constraints on accessing the water. The council has recently resolved to dispose of the site to enable its development for film studios. The proposal will regenerate this strategic employment site and create up to 1,000 direct, sustainable, high value jobs - from camera, lighting, sound and production teams to personnel, catering, location and transport teams, plus designers, carpenters, plasterers, electricians, scaffolders. It will also provide considerable spin-off economic growth in the local travel, hospitality and other sectors. It also presents the opportunity to showcase and market the island for film tourism with the likelihood that many more island locations and venues will appear in film productions.

g) Nicholson Road, Ryde

The council achieved planning consent on its 15ha business park site in Sep 2020 for a mix of employment, retail housing and community uses with supporting infrastructure and has since been marketing the site. With a lack of commercial interest, the next step is the development of a business case in order to demonstrate its viability and provide the basis for seeking funding to support its delivery.

h) Ryde and Newport Heritage Action Zones (HAZ)

HAZ are a £95m government funded programme led by Historic England to secure lasting improvements of our historic high streets to enable their economic, social and cultural recovery. The island has been awarded two HAZ projects in Ryde and Newport and the IWC is working with local businesses, business associations, town councils and other partners to develop and deliver projects which help create vibrant town centres. Activities include public realm enhancements, design guides, cultural events and a focus on bringing significant historic premises back into use. In Ryde, the project has helped secure a further £2m of grant funding from the DCMS Cultural Development Fund. This will enable the refurbishment of the former Packs department store in Cross Street which is already occupied by Shademakers with artists, makers and others in residence. The grant is aimed at helping it become a state of the art cultural resource for the whole island.

## BACKGROUND PAPERS

17. IW Economic Profile 2019
18. IW Economic Strategy 2019-21
19. IW Regeneration Strategy 2019-30

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