



CENTRE *for*
**BRITAIN &
EUROPE**

UNIVERSITY OF SURREY

IN COLLABORATION WITH



**DEPARTMENT
OF POLITICS**
UNIVERSITY OF SURREY



CHARTING THE ROLE OF
**INWARD
INVESTMENT
&
GROWTH**
IN
SURREY

CENTRE FOR BRITAIN AND EUROPE



SUMMER 2024

Surrey Inward Investment | Research Associates



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Introduction

Inward investment has long been an area of strength for the United Kingdom. High skilled work forces, a host of established and cutting-edge technologies, commerce and industry across a wealth of sectors, reliable engagement between business and government, plus a dedication to place-based growth has helped the UK attract domestic and international funding in a both a clear, and sustainable fashion. Indeed, in 2022, the UK led Europe¹ in its ability to directly attract Research & Development (R&D) projects, indicating the sheer appeal to investors in Britain's innovative sectors, its workforce, and its overall brand. Inward investment however is truly cross-sectoral in scope and cross-country in spread; while London remains the top choice for most international investors, regions and counties vie to attract both domestic and international investment opportunities. The result is competitive landscape, with county-based decision makers vying to promote their area as the best possible location by which to grow a business.

Surrey has a fleet of enviable strengths that make it easily one of the most desirable locations for business in general, and inward investment in particular (CBE, 2021a). The county also has challenges - like many others - that it is addressing in order to streamline decision-making, provide enhanced access and commercial opportunities, as well as combatting fluctuations in growth (CBE, 2021b). In the past few years, the Centre for Britain and Europe (CBE), based in the Department of Politics at the University of Surrey has been fortunate to have engaged deeply, progressively and interactively with both Surrey County Council (SCC) - who commissioned this report - and borough-level decision-makers, and a huge array of business groups, chambers, associations and sectors themselves.

The good news is that these individuals and the Surrey-based business and government that they represent exhibit both a flair and a determination to tackle ongoing challenges and to showcase the uniquely attractive investment opportunities that Surrey represents now, and in the future. In the eighteen months it has taken to undertake the mass of research, interviews, comparisons, analysis, SWOTs, case studies, group-based work and subsequent write-ups, the SCC has largely improved its approach to growing new business, and has produced new forms of governance and engagement by which to make the best use of current and emerging opportunities. It has therefore been a pleasure at every turn to work with SCC, its new Internal Investment team, and its policies, plan and projects.

Despite challenging low-growth circumstances, coupled with political volatility, the strikingly durable impacts of Covid-19 and the transition impacts effected by Brexit, it is clear that SCC as a whole, and within its key groups and stakeholders, is now charting a path of efficiency and effectiveness in supporting innovation across Surrey, promoting the county as a regional leader in inward investment, with increasing opportunities to catalyse Surrey as the premier investment destination in the UK. As this research demonstrates, effective governance, clear policies, streamlined and transparent interaction with key planning group across all levels of government, buoyed by visible examples of 'brand Surrey' that can attract quality, growth-based and sustainable forms of investment represent the building blocks of Surrey's 'investment ecosystem'. Set against the current economic backdrop, the report explores each of these components in turn, and provides both in-depth analysis and policy suggestions.

Methodology

To produce a high-quality, evidence-based report exploring both inward investment, and its specific role as an 'ecosystem' within Surrey's overall growth and development, the Politics/CBE team conducted both primary and secondary forms of research.

Primary research included:

- In-person and online SWOT-structured interviews with 150+ contacts across Surrey to ascertain county-wide business, growth, and inward investment trends. These contacts included individuals from the District & Borough (EDOs), Business Representative Organisations, SCC, Surrey Groups, Universities and Innovation Agencies, Central Government, Cluster Leads and LEPs
- An online mixed-methods survey of Surrey-based businesses to explore what businesses themselves think in Surrey, enquiring on what needs to be done to help local government work with/support/influence businesses in Surrey
- An in-person focus group with key representatives from the District & Boroughs and key businesses in Surrey to shed further light on the dynamics of Surrey's growth patterns and inward investment activities, as well as ensure the stakeholder reflections, subsequent analysis and policy suggestions are reflective of the viewpoints that shape the county's trajectory

Secondary research included:

- Analysing previous policy briefs, strategy reports and data on inward investment in Surrey and neighbouring counties, for example Buckinghamshire and Cambridge.
- Analysing a range of county-based reports providing key sectoral trends (Arup, 2023; CoStar, 2024)
- Analysis of information on inward investment policies and procedures from key local, regional and national intermediaries' websites, and production of a Guide to Publicly Available Resources directly relating to Inward Investment and Foreign Direct Investment
- Reviewing the data gathering exercise undertaken by external providers such as MetroDynamics and Arup for SCC's Inward Investment Team
- Using county-based regional data obtained from selected providers (ONS, Department for Business and Trade, Costar) to map out remaining areas in which inward investment spurs or inhibits growth in Surrey

The research outputs have been analysed and used to inform the key findings and recommendations for promoting inward investment across Surrey these key areas: business incubators and catapults, specialised innovation districts, clusters that include commercial space and property, green workspaces and high street redevelopment, green tech, integrated healthcare opportunities, and knowledge development.






Part I:

Overview of Inward Investment in Surrey

Inward Investment

"Inward investment" refers to efforts made by local government authorities to attract and facilitate investment from external sources into their jurisdiction. This investment can arise from various entities, including businesses, investors, or government agencies, typically aiming to promote economic development and growth within the local area. Inward investment initiatives by the local councils, i.e. district and borough councils, and are therefore often part of broader economic development strategies.

The UK Government acknowledges the significance of inward investment in realising the objective of promoting equal opportunities across the entire United Kingdom.ⁱⁱ Nevertheless, available data reveals that inward investment is not evenly spread throughout the UK, instead it tends to align closely with several embedded regional disparities, with London and the South-East of England traditionally attracting the majority of these investments.



"We need to go further and faster if we are to fix the foundations of our economy to rebuild Britain and make every part of our country better off. That is why in less than a week we are establishing a new National Wealth Fund and bringing together the key institutions that will help unlock investment in new and growing industries."

Chancellor of the Exchequer Rachel Reeves

9 July 2024

There are multiple reasons as to why inward investment is important to Surrey. The CBE research team explores each of these in turn, but in general terms, investment of any kind is vital for economic growth, for job creation, and the long-term sustainability of the local economy, enabling Surrey as a whole to stand out as a regional leader, and contribute to national growth patterns. As many of the interviewees emphasised, following the pandemic, it is even more vital to understand how *local* investment trends drive county-wide economic activity and inactivity, and how county drivers in turn can work proactively to counteract inactivity and progressively enable authentic growth.

In general, the benefits of inward investment can be summarised below, but the remainder of the literature review and report itself analyse what these opportunities represent for Surrey.

- Inward investment can stimulate economic growth within the local area, generate tax revenue, and contribute to the overall economic activity of a local area.
- Job creation assists with the reduction of unemployment rates. Economic growth and more job opportunities is also likely to attract professionals skilled in a particular sector.
- Local economies are diversified when different sectors enter the area, reducing vulnerability to economic shocks.
- When new industries and businesses enter an area local infrastructure is often improved, benefitting both legacy businesses and residents. These can be referred to as “spill overs” and local multiplier effects.
- Inward investment often brings in expertise and technology from outside the community, resulting in enhancing human capital via knowledge transfer and skills development among the local workforce, increasing the localities competitive advantage and ultimately making it more attractive in economic terms.

National Context

The past two years have been challenging for the UK’s economy. The previous Conservative government focused on a range of goals, ranging from raising labour supply, increasing potential output, and changes to pensions, in an effort to move the UK out of the “[economic doldrums](#)”. Investment - both domestic and international - plays a complex part in the UK’s financial ups and downs. On the one hand, little by way of domestic investment in regions, localities, sectors and skills seems to have produced material results, with low growth and trade barriers combining to depress opportunities for investment in some quarters. Yet in 2022, the UK secured the highest number of FDI jobs in Europe, totalling 46,779, an accomplishment suggesting that the UK retained significant prowess in attracting Research and Development (R&D) projects.

Market insights from Ernst & Young (EY) and PwC are instructive in getting to the heart of the UK’s investment issues and opportunities, both nationally and regionally. In terms of ‘what’ and ‘where’, EY have diversified towards markets *outside* of Europe and the EU itself, possibly signifying a broader international appeal for investing in the UK, within (and possibly limited to) a few key sectors including cleantech and sustainability (EY, 2023). Encouragingly, while EY’s survey of investors identified London as the most attractive locale for inward investment, the South East of England was identified as the next most appealing region for establishing inward investment operations, followed by Scotland.

Investors who participated in EY's survey provided insights into their primary investment criteria for determining inward investment opportunities, including:

- access to regional grants
- incentives for investment in Research & Development (R&D)
- the availability of dependable business partners and suppliers
- the presence of a skilled and proficient workforce
- the robustness of local business networks
- the cost of labour within the local area.

PwC produced similar insights, observing a notable focus on private and public sector anxiety throughout 2022-2024 regarding financial well-being, with an elevated emphasis on income, job security, and the equitable distribution of wealth.

For 2023, 2024 Q4, and possibly beyond, PwC anticipates ongoing stagnation in the UK's economic growth, primarily due to broader macroeconomic pressures imposing constraints on businesses and households. This slowdown has the potential to lead to a deceleration in growth, possibly even a contraction, a national trend with likely county-specific impacts. Of particular concern is the South East region, which PwC foresees as facing one of the steepest declines in Gross Value Added (GVA) at -0.19%. Despite a modest growth projection of 0.8% GVA in 2024, this figure remains among the lowest across the entire United Kingdom (PwC, 2024).

The good news for Surrey is that PwC underscored in their analysis the profound significance of "clusters" in two key ways:

- constructing a county-based 'investment ecosystem', and consequently,
- emphasising what defines 'cluster carrying capacity' : the ability of a region like Surrey to attract external firms to pre-existing clusters representing both of *deep* sector-specific expertise and *widening* business opportunities on the basis of shared needs and correspondent commercial requirements.

"In some sense, a region is itself a cluster. In others, overarching structures like the (former) LEPs gather together areas of excellence that over time 'grow' clusters. In still others, historic entities like universities or long-established companies have produced areas of world-leading growth that are visibly outstanding. And in others, the infrastructure itself and the business that accompanies it - including the airports - represent examples where the industry is a key part of the strategic economic geography of the county or region."

From Charting Community-Based Growth in Surrey (CBE, 2021a)

As previous CBE reports have illustrated, clusters are key: providing an initial geographical concentration of interconnected companies and institutions with the capability of being interconnected via conduits including chambers, innovation zones, business districts, research parks, incubators.

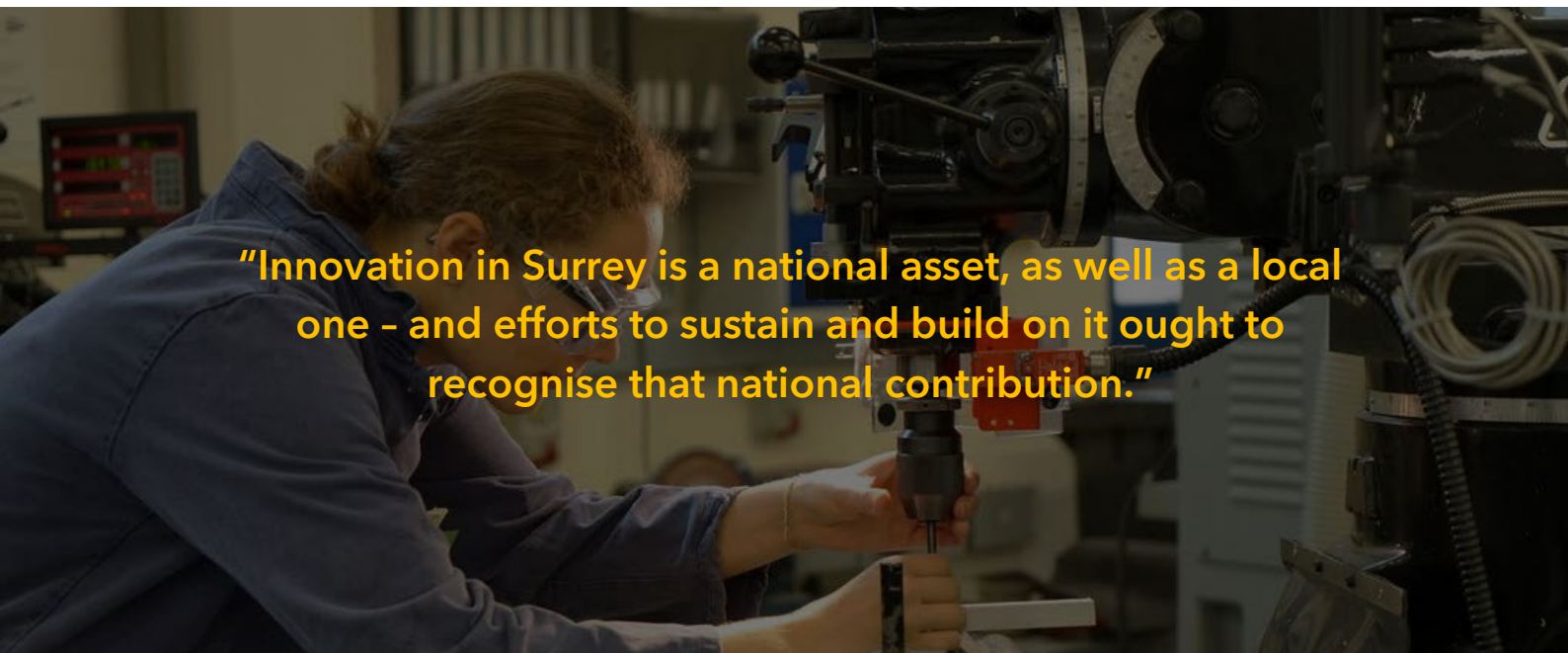
Clusters represent local ecosystems where various stakeholders converge to exchange information, goods, and services within common supply chains. By establishing their presence in proximity to one another, businesses within clusters enjoy access to a pool of specialised expertise, financial resources, and a skilled workforce. They may also benefit from easier access to component suppliers and channels for disseminating information and fostering innovation. Sector insights like those from PwC and those from the numerous interviewees all noted that both individual regions, and the industries within them stand to gain significantly from clustering, pointing to examples including the communications, information technology (IT), med and pharma tech, creative services, professional services sectors, and increasingly sustainability tech. However, harnessing the benefits of clustering effectively, in a location like Surrey, requires policy decisions that actively facilitate the formation of productive clusters, and grow and externalise them within an ecosystem that can generate sustainable inward investment.



Surrey-Specific Context

Surrey has a solid reputation as a place to do business. Historically regarded as one of Britain's most industrious and productive county economies, Surrey boasts a substantial nominal GDP output of £56.62 billion in 2022.ⁱⁱⁱ Within the UK, Surrey itself represents a hub for globally renowned academic and corporate Research & Development (R&D) activities, housing many of the country's premier enterprises.

The county is characterised by its exceptional connectivity to both London and international markets, an exceptionally proficient workforce, and an exemplary quality of life. According to PwC's recent Good Growth report, Surrey typically registers above their indexed national average. In real terms, this resulted in subdued economic growth throughout 2023, with a subsequent return to a gradual but positive growth trajectory in late 2024, possibly extending into 2025.



"Innovation in Surrey is a national asset, as well as a local one - and efforts to sustain and build on it ought to recognise that national contribution."

Surrey boasts an innovative and highly productive economy, which is firmly supported by outstanding connectivity in both transportation and digital infrastructure, as well as an exceptionally skilled workforce. In terms of the business landscape, Surrey stands out with a significantly higher number of active businesses, approximately 23% more than the corresponding figure for the broader South East region.

Furthermore, Surrey hosts nationally significant assets dedicated to innovation and Research & Development (R&D). These assets include prominent institutions such as the University of Surrey and Royal Holloway University of London, as well as global corporate entities like McLaren, BAE Systems, and Siemens, which have established their headquarters within the county. Over time, these assets have evolved in complexity and have become intricately woven into both the innovation heartland of Surrey itself, along with other key features like the Surrey Research Park.

Unsurprisingly, local government, including SCC have at various points stated that they aim to make Surrey the “recognised home of leading technology clusters”, including Green Tech, Gaming, Cyber, Lifesciences, Space, and AI. This is certainly the right direction, though as this report illustrates, there are key challenges that face the current construction of the erstwhile Surrey inward investment ecosystem. As explored below, some of these result from the geographical concentration in one location of Surrey of a given set or cluster of industries, at the expense of another location. In other areas, pronounced dependencies on given commercial activities including financial and insurance services has produced vulnerabilities, rendering a given area less resilient to economic fluctuations.

In response to these dynamics, SCC has identified a number of distinct priorities, the first of which is by far the most vital and pertains to "supporting the growth of Surrey's innovation economy," which in turn directly correlates with the subject of inward investment. 2023 saw SCC set up its Inward Investment group, with key goals including the commission of this report, among others, to determine the state of play of inward investment in Surrey.

In March 2024, SCC established the brand-new *Business Surrey* as an innovative online web-based platform by which to consistently support investment across the county. In other areas, there has been ongoing promotion of Surrey to external audiences through involvement with the UK's Real Estate Investment and Infrastructure Forum (UKReiFF) and various regional programmes and authorities such as Department for Business and Trade (DBT) and Manufacturing Smarter.

The county-based investment ecosystem is replete with terminology, some of which is clear, some less so. In order to fully appreciate the various terms used in core policies and FDI strategies explored in **Part II**, the remainder of this section provides a brief overview of key definitions and concepts.

Key Definitions and Concepts



incentives offered by the host country.

Real estate assets that are used for business purposes and are available for sale, lease, or rent to foreign investors seeking to establish or expand their operations in a foreign country. For example: office spaces, retail spaces, industrial spaces such as warehouses, hospitality properties, and R+D facilities. Investing in commercial space and property provides strategic advantages such as accessing new markets, establishing a regional presence, and benefitting from favourable business environments or



Geographical areas or regions that concentrate a significant number of interconnected companies, institutions, and organisations within a specific industry or field, fostering innovation, collaboration, and knowledge sharing. These clusters are typically designed to attract inward investment from both domestic and foreign entities by offering a supportive ecosystem that encourages growth and competitiveness.

BUSINESS INCUBATORS & CATAPULTS



Initiatives or organisations that provide support and resources to early-stage and innovative businesses, often with a focus on specific industries or technologies. These entities play a crucial role in fostering entrepreneurship, encouraging the growth of startups, and driving innovation within a country or region. They are designed to attract both domestic and foreign investment by creating a favourable environment for the development and commercialisation of new ideas and technologies.

GREEN SPACES, GREEN TECH



Initiatives and strategies that aim to promote environmentally sustainable practices, preserve natural spaces, and foster the development and adoption of green technologies within the region. Green technology refers to innovative solutions that promote sustainability, resource efficiency, and environmental protection. These efforts align planning, climate change goals, and green innovation to create a more eco-friendly and resilient community. Inward investment in green spaces and green tech can contribute to a district or borough council's climate change goals. By reducing greenhouse gas emissions through the adoption of renewable energy sources and energy-efficient technologies, the region can work towards becoming more resilient to the impacts of climate change and decreasing its carbon footprint.

TOWN PARTNERSHIPS AND HIGH STREET REDEVELOPMENT



Collaborative efforts and strategies aimed at revitalising and enhancing the economic and social vibrancy of town centres, particularly focusing on the main commercial thoroughfares commonly known as high streets. These initiatives involve working with various stakeholders, including local businesses, community organisations, investors, and residents, to create attractive and thriving town centres that cater to the needs and preferences of both visitors and residents.

INTEGRATED HEALTHCARE OPPORTUNITIES



Strategic approach of identifying and promoting investment opportunities within the healthcare sector to attract private investors and businesses. The goal is to foster the growth of healthcare-related industries and services in the region, creating a robust and interconnected healthcare ecosystem that benefits both the local population and the economy. Surrey stands as one of England's most industrious and productive economies, boasting a substantial output exceeding £56 billion.



Part II: Surrey Local Authorities FDI Strategy

Surrey Inwards Investment

Surrey is a landlocked county situated in South East England, bordering Greater London, Kent, East and West Sussex, Hampshire, and Berkshire. Surrey is a two-tiered government structure, where Surrey County Council (SCC) is responsible for strategic functions and services, and boroughs/districts (otherwise known as Local Authorities) provide local services. Its responsibilities include strategic planning, transport, trading standards, and more. Local Authorities (LAs) on the other hand, have responsibilities in developing Local Plans and processing planning applications, managing housing, and more. Beyond the SCC and LAs, Surrey has many parish and town councils, who work on much more local issues, such as bus shelters, community centres, grants to help local organisations, and consultation on neighbourhood planning.

What is foreign direct investment (FDI)? According to the [European Union's Eurostat](#), FDI is a type of investment which has the objective of obtaining a lasting interest by an investor in one economy in an enterprise resident in another economy. FDI can include the creation of productive assets by foreigners, or the purchase of existing assets by foreigners (such as acquisitions, mergers, and takeovers). FDI is unique to portfolio investments, because FDI is made with the purpose of having control or an effective voice in the management of the enterprise concerned, and a lasting interest in that enterprise. In this report, the CBE research team interprets FDI liberally to encompass inward investment, recognising that this capital inflow can originate from foreign sources as well as local funds from the Northern Powerhouse economies in the UK.

Post-Brexit and Covid-19, the Centre for Britain and Europe (CBE) identified that Surrey must be able to adapt to the changing landscape of foreign direct investment (FDI) by diversifying its markets and investing in the emerging growth sectors and clusters of excellence. In addition to this, Surrey's ability to attract FDI is stagnating and there is a sense of complacency. For example, the CBE has learned that two of the seven global gaming companies are actively waiting to move their operations into Guildford, Surrey, but are unable to due to a shortage of commercial space constrained primarily by permitted development rights (PDR) seeing office space converted into residential property. Efforts to bolster FDI attractiveness is crucial to acquiring and maintaining economic prosperity for the county and its residents.

Whilst the SCC is responsible for providing more strategic services, especially regarding planning and trading standards, LAs also have an ability to make themselves attractive FDI targets. This body of work will begin by exploring SCC's current FDI strategy, followed by the Surrey LAs. To explore such strategies, the CBE research team will examine publicly available documents which advertise what strategy each authority has on foreign direct investment, identify what they have, and identify what they are missing. By completing this, this will widen the understanding of how Surrey's FDI approach and strategy can be enhanced, by providing a range of coherent policy recommendations.

Surrey County Council

Invest in Surrey

[Invest in Surrey](#) - A website dedicated to incentivising and guiding businesses to relocate to Surrey from other parts of the UK, or from abroad. Resources on this website boast Surrey's vast and already existing business acumen, major and convenient transport hubs/options, high quality of life and happiness indicators, and a talented population with four worldclass universities alongside a prestigious research park. Invest in Surrey demonstrates Surrey's attractiveness for various high-level industries, principally including 5G and 6G technology, gaming and media, automotive, and more.

The website's purpose is not only to attract inward investment, but also to offer services to companies intending to invest in Surrey. Such help includes defining location and expansion needs; making a business case; finding staff; connecting with specific networks and professionals; and provide complimentary, confidential, and bespoke assistance.

Whilst the Invest in Surrey website has many benefits, there are weaknesses. Despite its potential purposiveness, the website comes across as overly 'bite-sized.' Whilst there is valuable information, there is a lack of in-depth resources for small to medium, and large sized businesses to scour through, looking for evidenced statistics, justifying long-term investment or complete business relocation to Surrey. The county has the challenging responsibility in persuading individuals in choosing Surrey over its competitors, particularly Greater London. This report will enable SCC to recalibrate their FDI / Inward Investment strategy and overhaul the Invest in Surrey website, enhancing the offer that Surrey presents.

Surrey Place Ambition 2050

In 2019, the Surrey Future Steering Board launched the [Surrey 2050 Place Ambition](#) which aimed to facilitate good growth. The strategy so far has a draft Spatial Framework and a draft implementation Framework, both of which mention 'inward investment' only once. In the Place Ambition, Surrey's objective is to support its domestic economic strengths and priority industrial sectors by securing appropriate premises and land, having them readily available, **attracting inward investment**, improve links between priority sectors and skills and education opportunities, to produce a productive and agile workforce.

Crucially, the report indicates that it is important to investment into infrastructure which will unlock sites for residential and commercial development, and improve movement and connectivity between key hubs (larger Surrey towns) and along strategic movement corridors (M25, M3, North Downs Railway, South West Railway, Brighton Main Line Railway, etc.). Whilst Surrey's existing transport connectivity is relatively strong, this sensible approach is key in attracting inward investment where new and growing businesses are able to scale their positions in Surrey and maintain an active and prosperous presence.

Surrey Economic Strategy Statement

Surrey's Economic Strategy Statement makes mention of inward investment only once. The following excerpt can be found within the report's 'Emerging Growth Proposition 1: Surrey Innovation

Programme' box: "Setting up a new **inward investment service** focused on retaining and growing Surrey's unique business offer - especially in relation to the retention of activities that are 'net additional' to the UK." Surrey's Innovation Programme seeks to work alongside existing central Government and LEP support and establish a "revolving innovation fund" which will support new and growing businesses in key sectors and technology areas. This will be achieved by working with the University of Surrey and other partners, building on Surrey's knowledgebase.

In addition, a key area which requires action that the report highlights is **ensuring space for expansion**. There is an acknowledgement that land supply is constrained, and businesses struggle to secure the requisite commercial floorspace. This constraint impedes growth and can redirect potential investment to other counties, or countries altogether.

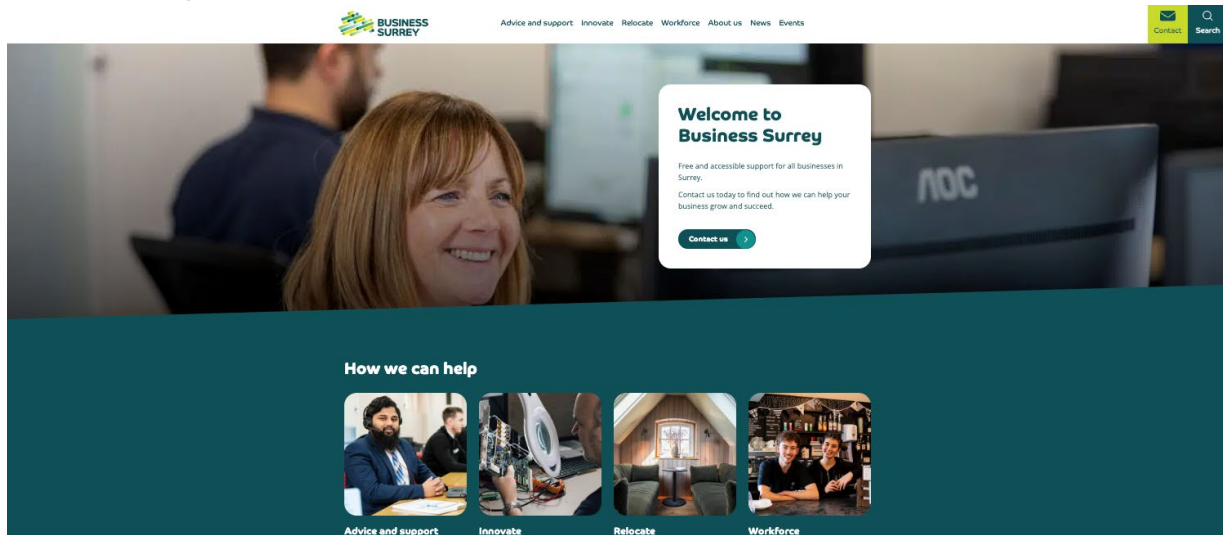
Even with a coordinated strategy for expansion space for innovative and high-growth businesses, unless the county or local authorities own the new commercial floorspace, it is impossible to determine whether that floorspace will remain commercial or be converted into residential floorspace through **permitted development rights^{iv}** (PDR) which requires no planning permission.

Surrey's Economic Future Delivery Programme - Growth Strategy

Surrey's [Economic Future Delivery Programme](#) details the county's post-Covid-19 approach to developing the Inward Investment Service and its model (highlighted in Surrey's Economic Strategy Statement) to incorporate all proactive and reactive activities to maximise unique Surrey-wide investment propositions, linked to the Surrey Story.

A key deliverable of this project is to redesign the inward investment website and engage directly with businesses by December 2021.





[Business Surrey](#) is a one-stop service hub designed as a single gateway for existing and prospective businesses in Surrey. It is developed and managed by the SCC and launched in April 2024. Business Surrey will also take on the core commercial services previously provided by the Local Enterprise Partnerships (LEPs) Coast to Coast and Enterprise M3 (EM3) as part of Surrey’s devolution [framework](#).

SCC has been heavily promoting the Business Surrey brand and services through a sizable marketing initiative, i.e. out-of-home campaign, digital promotion, and roadshow in partnership with the Surrey Chambers, Institute of Directors and the Federation of Small Businesses.

The development of the Business Surrey platform is certainly headed towards the right direction. However, the website exudes the characteristic local government led production, namely the limited dynamism that would draw the private sector in. While the CBE research team has noted the ongoing marketing efforts by SCC, the website appears to be a disconnected from the campaign, hence a focused marketing of the website can catalyse reach towards the business community. The website needs to provide snapshot information that can draw in business leaders and encourage them to do further research.

There is currently a significant amount of click throughs to reach the page one is seeking. The CBE research team observes that the ‘Invest in Surrey’ website remains linked, but separate. This is the correct route, but again the website is unlikely to inspire an overseas business leader or their team to pursue space in the county, given the prominent absence of dynamism. The information does appear to be available on both sites, however, it can be more effectively set out to attract the target audience.

The website has a considerably good element of co-design by asking for needs businesses for the website. However, it will be valuable for phase two for website items to be available the soonest, i.e. ‘Invest in Surrey’ information, real-time statistics, events and service directory for businesses in Surrey. It is also pertinent to consider the importance of resource availability for the constant updates and responses to queries as many of the sections lead to the business query forms. These must be done in a timely manner to ensure that businesses are constantly connected and that it is reflective of the current-day information of the Surrey business ecosystem.

Local Authorities' FDI Strategies

- **Economic Development Strategy 2023-2028:** Spatial development priorities - to improve physical and digital connectivity, and climate change imperatives.
- Attract significant businesses, scale up sectors of high productivity and innovation, and recycle or redevelop commercial floorspace in the main urban centre of Camberley
- Proposals for renewal and redevelopment of the outdated business parks an industrial estates to increase the borough's competitiveness.

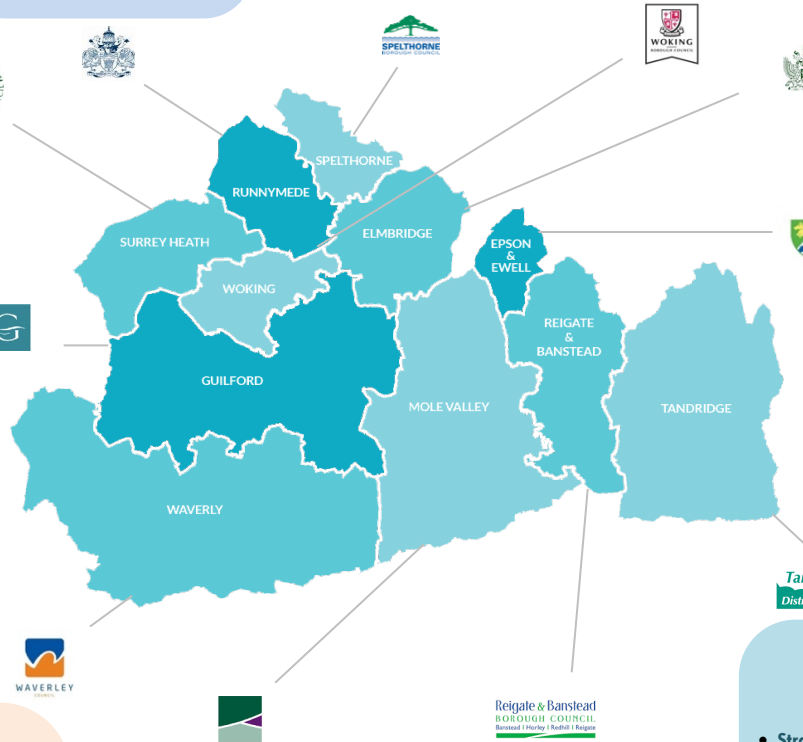
- **Economic Development Strategy 2022-2026:** Leveraging its strategic location, high-quality office space, highly skilled workforce - as the most competitive borough outside London, largest in the previous EM3 LEP. To attract underexploited industry such as film production, and stem outflow of foreign companies due to Brexit and Covid-19.
- Work with SCC to support inward investment and business retention.

- **Spelthorne Economic Strategy** focuses on key needs of businesses to settle, grow and thrive
- Promote inwards investment by fostering positive business relationships
- Introduce infrastructure that allows businesses to run more effectively in key areas of 5G networks and transport.

- **A Vision for Woking 2050** To be the region's leading economic hub, drive prosperity and growth, and attract national and international investment
- Meet inward investment requirements via development and upgrades to Grade A commercial spaces and encourage commercial space use across all users/grades.

- **Vision 2030:** Support 'Invest in Surrey' partnership, to lower grant dependence via strategic property acquisition, and modernising the borough's business infrastructure
- **Capital Programme** funds large projects, e.g. building renovation, new asset purchase, via income from Community Infrastructure Levy (CIL).

- **Corporate Plan 2021-2025:** To work closely with Guildford's business community, and support its unique clusters e.g. education, healthcare, financial services, tech, etc.
- **Economic Development Strategy 2023-2040:** supporting enterprise and innovation, meeting business needs through property, upgrading physical and digital infrastructure, and enhancing the offer of the town centre.



- Widen commercial property choice via flagship employment sites programme, and introduce business growth incubator.
- Secure business investment and growth to deliver an employer attraction and retention programme.

- **Economic Development Economic Strategy 2018-2032:** Lowest FDI in Surrey and lacking in robust strategy, however, endeavours to work closely Surrey Inward Investment Programme to provide high quality business and employment support
- Seeks to develop at least 16,000sqm of new B1(a) or B1(b) (Office / Research and Development) floor space, given the forecast of future loss of office space
- A need to overcome the lack of promotion of Waverley as an inward investment destination, despite the existence of 45 business parks.

- **Economic Prosperity Strategy 2018-2028:** Establish Business Enquiries Service, vacant property register
- Local Plan to balance housing and business needs given loss of office space from PDR.

- **Economic Framework 2021-2026:** To secure external resources and funding for support programmes to help businesses start and grow, and leverage on Gatwick Diamond economy which attracts a large share of high-skilled jobs and has a track record of attracting major foreign investment.

- **Strategic Economic Assessment (2018):** To improve and increase employment space, increase inward investment by drawing demand elsewhere in the Gatwick Diamond, and reversing the authority's brain drain of educated and talented workers.
- To deliver strategic infrastructure, particularly in high-speed internet, and rail and road provision.
- Invest in strategically important projects, including the creation of a business hub to counter loss office space, esp. in Caterham, Oxted due to PDR.

The Former Local Enterprise Partnerships (LEPs)

Overview of LEPs


The landscape of former Local Enterprise Partnerships (LEPs) in the United Kingdom reveals distinct geographical and strategic disparities, particularly evident in Surrey. LEPs, as instrumental entities in regional economic development, play pivotal roles in fostering growth, innovation, and collaboration. SCC now occupies a crucial position through the integration of the functions previously provided by the two former LEPs:

Coast to Capital (C2C) encompassed East Surrey, West Sussex, and Greater Brighton, contributed £46.6 billion GVA to the UK economy in 2019, ranking 9th out of 38 LEPs. The **Gatwick 360° Strategic Economic Plan** (2018-2030) outlines a vision for the region's future, aiming to align business growth with long-term investments such as foreign direct investment (FDI) and business rate retention. Its key goals for 2020-2030 include identifying infrastructure gaps that hinder FDI, collaborating with partners to promote and streamline both FDI and domestic investments, and strengthening relationships with the Department for International Trade (DIT). The plan also seeks to develop a coordinated approach with the South East region to meet FDI targets in line with government policies and enhance the region's national and international profile through partnerships in inward investment and tourism.

Enterprise M3 (EM3) was comprised of West Surrey and most of Hampshire, which possessed globally competitive sectors including space and satellite, aerospace and defence, digital and cyber security, life sciences, medical technology, and creative technology. The EM3 area generated £49b GVA towards the UK economy. In its **Strategic Economic Plan 2018-2030**, EM3 feature an annual 4% economic growth target, which is equivalent to the GVA average growth per year of £39.4bn. The EM3 has enjoyed on average an annual growth rate of 2.9% since 1997, and if it meets its 4% target, this will mean the EM3 area will become one of the fastest growing regions in the developed world. EM3 recognise the importance of working with the DIT and other partners in achieving an overall economy of scale and increasing the value of exports from the EM3 area. These LEPs contributed to 23 new inward investment projects, accumulating 966 jobs between 2021 and 2022 in the South East.

Challenges to the LEPs

Throughout their operational period, LEPs have faced challenges such as limited resources compared to larger UK city regions and the adverse impact of relaxed Permitted Development Rights (PDR) on commercial space pose significant hurdles. PDR has led to substantial losses in commercial floorspace—65,500sqm in Crawley,^v 83,238sqm in Portsmouth,^{vi} 34,293sqm in Brighton and Hove^{vii} – hindering traditional employment hubs. Within Surrey, boroughs such as Guildford similarly experienced such losses, although actual data is not publicly available.^{viii} Addressing these issues requires maintaining and renovating existing commercial spaces, especially given that 73% of Surrey is Green Belt land. A presentation by Jamie Watson, former Coast to Capital's Economic Research Analyst, highlighted the region's low number of business exports and slower export growth compared to G7 countries, emphasising the need for government support post-Brexit to boost exports and improve inward investment strategies by learning from other countries.



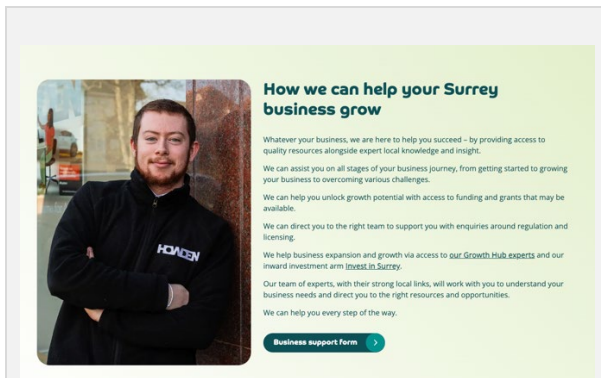
“The (former) LEPs have been very good in terms of that broad business support in areas that they cover, but I've never felt that they've understood high streets or been focused on high streets.”

Tracey Shrimpton
Sixth Sense Marketing Ltd Director

Certain businesses highlighted the need for a greater focus on high streets from local and regional authorities. These divergent LEP affiliations have given rise to inherent discrepancies in the county's response mechanisms and outcomes. It is worth noting that the primary role of LEPs is not as delivery partners but as enablers of economic growth. They are tasked with identifying target areas and promoting self-sufficiency within these regions and possess unique capacities and resources, e.g. provide financial support to assist startups in stabilising their operations, thus facilitating their transition to a point where they can benefit from the infrastructure and business support offered by local authorities like SCC.

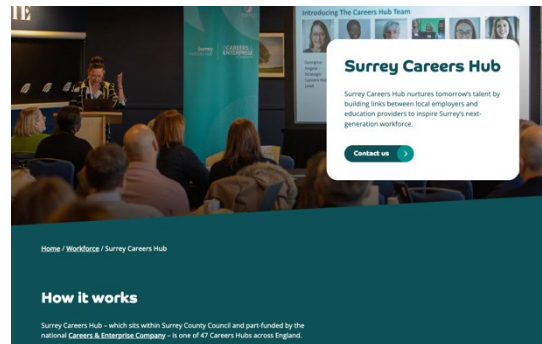
Reconstituting LEPs

In August 2023, the UK Government confirmed that LEPs will no longer receive funding and will therefore have their activities absorbed by local authorities. Local authorities will now be required to establish “Economic Growth Boards”, comprising local business leaders as part of regional decision-making, who will work with local leaders to develop a broad economic strategy for the area. Both LEPs are undergoing integration with SCC since the second quarter of 2024. At the preparation of this report, EM3 staff are noted to be absorbed by the Hampshire County Council^{ix} while government funding to the LEPs have ended. These LEPs have contributed to the massive economic impact in Surrey and will continue under SCC. The key functions and activities slated to be transferred to SCC are as following:



Growth Hub

Provides support to high growth local businesses. *(Surrey Business website)*



Careers Hub

Careers/skills support and working with education & skills providers *(integrated, Surrey Careers Hub began delivery from 1 September 2023 and was officially launched at the Surrey Festival of Skills)*

Enterprise Zone EZ3

Three business park sites (one based in west Surrey) that have Enterprise Zone status allowing the retention of business rates growth for reinvestment into the local economy. *(currently unavailable on the Surrey Business website)*

Funding Escalator

Revolving "evergreen" investment schemes delivering economic benefits to local businesses. *(currently unavailable on the Surrey Business website)*

While Surrey's devolution deal is essential in enabling SCC to be efficient and effective in serving the local population, the practicality of transferring LEP functions to local authorities warrants consideration and reflection. It should be noted that many local authorities already face financial constraints. Allocating the necessary resources to absorb LEP functions is a formidable challenge. The CBE research team took note of the government announcement of revenue funding up to £240,000 per local authorities for 2024/25. However, this is without further future funding details* and therefore, raises concerns whether these authorities will have the financial capacity to effectively assume these additional responsibilities without external aid in the short term, particularly when it comes to supporting newer businesses and fostering regional growth. The practical implications and resource allocation for this shift remain subjects of scrutiny and debate.

Such consideration is particularly pertinent especially with the change of government following the July 2024 general election. In recent development, the new Labour government seeks to widen

devolution in England. This was further emphasised during the King's speech in the week after the elections. The potential outcome may present itself as a [Devolution Bill](#) that will enable for swifter and simpler process of transferring power to local authorities. Surrey in this case, may benefit from more immediate oversight of new land assembly and compulsory purchase power, adult education budget and future rounds of UK Shared Prosperity Fund (SPF).

Surrey Stakeholders

Business Improvement Districts (BIDs)

Business Improvement Districts (BIDs) began in Canada and the US in the late 1960s. They were established in the UK in the last twenty years and are defined as *'partnerships between local authorities and local businesses which are intended to provide additional services or improvements to a specified area.'*^{xi}

Surrey is currently home to 12 BIDs^{xii} which have formed Surrey BIDs Together and have a combined total of 3,700 member organisations, an annual income of £2,617,000.^{xiii} They represent a mixture of retail, hospitality, professional services, education providers, public service providers and service industries which range in size from start-up micro businesses to household name multinationals. They provide employment, goods, services and entertainment for their areas.

While BIDs are not statutory authorities, the business communities in each BID area have joined and proactively decided that a BID would bring benefit and tangible improvement to their individual places.

BIDs each have individual aims, decided by their own businesses, however they all have an underlying single-minded aim; providing residents, workers and visitors with clean, safe, vibrant and attractive places, where events, culture and arts are represented and visible. Due to their unique make-up, BIDs are small, flexible, quick to react and endlessly adaptable. They are lean, offer good value and collaborate in order to improve delivery to levy payers. The health and vitality of Surrey's town centres is a defining focus for hundreds of thousands of residents and visitors and BIDs are ideally placed to shape and change those key areas.

Surrey Chamber of Commerce

The Surrey Chamber of Commerce is Surrey's largest independent not-for-profit business support and networking organisation which provides expertise and experience with up to 50,000 Surrey businesses. The organisation states that Surrey is one of the most successful and productive areas for business in the UK, boasting an economy worth over £40 billion, with easy access to two major airports and fast routes into London. Some notable works include the chamber's support with international trade services, marketing, networking, and representation of businesses in Surrey.

While the Chamber has made significant strides in supporting Surrey businesses to expand globally, there is an opportunity to further enhance its impact by articulating a clear strategy for attracting inward investment into Surrey. Aligning this with SCC's broader economic strategy could not only reinforce Surrey's position as a leading business destination but also attract new businesses and investors to the region.

Business in Surrey (BiS)

This [independent business](#) collective was founded in early 2023 by several small business owners in Surrey. While it is not specifically designed to attract inward investment, it offers existing and prospective business owners the opportunities to collaborate and support fellow local businesses in Surrey, through networking, events and learning courses. This can be advantageous for small businesses that are looking for a supportive business ecosystem, especially one that is run by a collective of small Surrey businesses. However, confusion could occur given the very similar name to the SCC's initiative, both seeking to support businesses in the county.



National Stakeholders

Confederation of British Industries

The Confederation of British Industries (CBI) speaks on behalf of up to 170,000 businesses across the UK, actively shape the future economy in a way that works for UK businesses by speaking to government about issues and opportunities, and ensuring the voice of UK businesses is heard.

Federation of Small Businesses

The [Federation of Small Businesses](#) (FSB) is a not-for-profit organisation which offer vital business services, including advice, financial expertise, and wield a powerful voice heard in government. The FSB's purpose is to help small businesses thrive and achieve their ambitions.

However, similar to the Surrey and British Chamber of Commerce, there are no relevant materials which speak of inward investment of FDI strategies, especially in Surrey. There is, however, reference to encouraging inward investment into [North England](#). Understandably, all the national stakeholders above provide macro level support for businesses across the UK. However, the notable disconnect from Surrey mirroring broader government focus of redistributing economic growth across the UK.

The Sensemaker Guide

How can UK clusters become internationally competitive, attract global investment, and maximise their exporter potential? This sensemaker puts forward clusters that bring businesses, suppliers, investors, universities, and research organisations together, resulting in competitive advantages, innovation, and attracting world class talent.

However, there are challenges: knowledge and skills gaps; how to identify new markets; accessing support. A key solution to creating and fostering competitive and successful clusters in the UK includes conducting international marketing of clusters to attract FDI, promote opportunities, and attract like-minded businesses to the cluster.

This is all that is publicly available which is directly related to FDI / inward investment. In collaboration with the Centre for Britain and Europe, Deyton Bell published a detailed analysis of primary and secondary data obtained from business leaders in Surrey and a recommended guide detailed in **Parts IV, V and VI**.



Part III: Inward Investment in Numbers

Introduction

Surrey is well-positioned as a prime destination for investment, but there are challenges and strategic considerations to address in order to fully capitalise on its competitive offerings. In a brief summary:

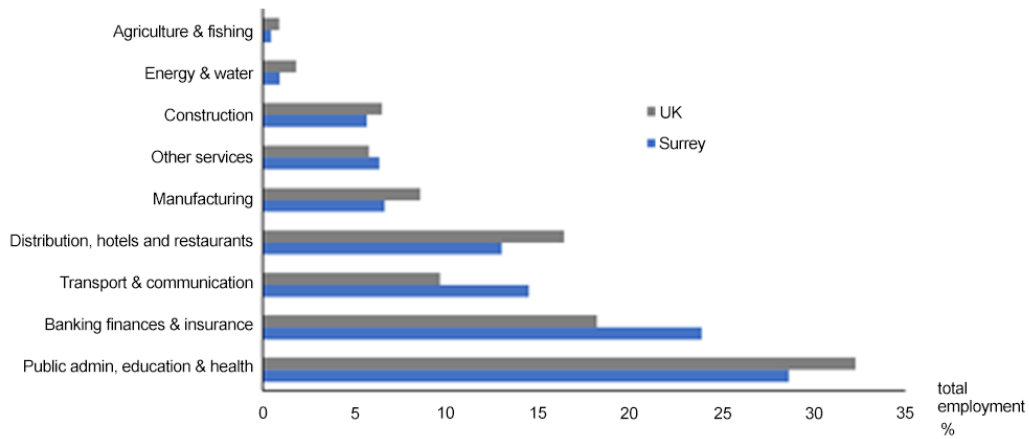
- Surrey has a strong base for attracting investment. Businesses are productive, there is a highly educated workforce, innovative industries, and collaborations with universities. In a lot of respects, this makes it an ideal location for investment.
- The challenge is maintaining this in the wake of Brexit, changing working patterns, economic uncertainty, the rising cost of living, and an ageing population.
- Surrey's current investment is not geared towards its strengths - the clusters should help to address this if promoted well.
- Policy suggestions - Prioritise location dependent clusters, repurpose commercial space, collaborative approach with districts and boroughs.

Economic Background

Surrey is one of the most affluent counties in the UK, which makes it an ideal location to set up a business due to the higher levels of disposable income in Surrey compared to elsewhere in the UK. In 2022, median weekly earnings in Surrey were £129.30 above median for the UK, and £84 higher than in the South East as a whole (Annual Survey of Hours and Earnings, ONS^{xiv}).

The county is also home to a very well-educated workforce, with the Office for National Statistics estimating that 67% of workers in Surrey are employed in professional occupations, considerably higher than the UK average of 54%, and also above the average of 58% for the South-East ([Annual Population Survey, 2024](#)). Due to this, Surrey has particular strengths within the Services sectors, which is where the majority of the workforce is employed (see Figure 1).

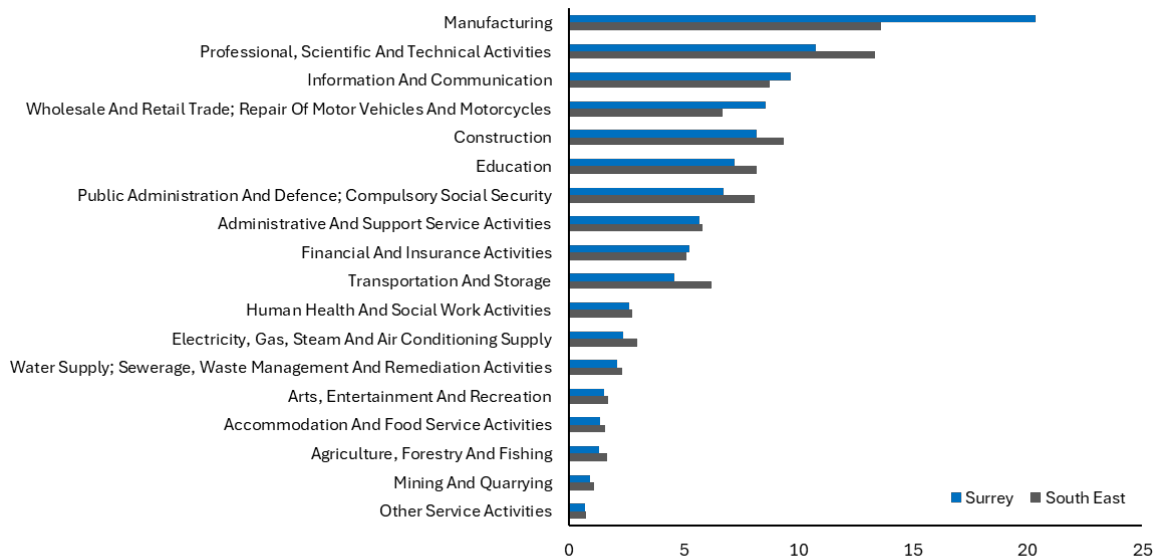
FIGURE 1: Employment by SIC 2007 (2021, percent of Total Employment)



Source: Nomis, Annual Population Survey^{xv}

Compared to the UK as a whole, the county employs a much higher proportion of workers in financial services and transport and communication, and less in manufacturing and construction. Despite Surrey’s specialism in services, the bulk of Surrey’s investment has come in other sectors. Looking at Gross Fixed Capital Formation (GFCF), a measure of investment activity, Surrey attracts a larger share of its investment in manufacturing, information and communication, and Finance and Insurance activities, compared to other regions in the UK. (See Figure 2).

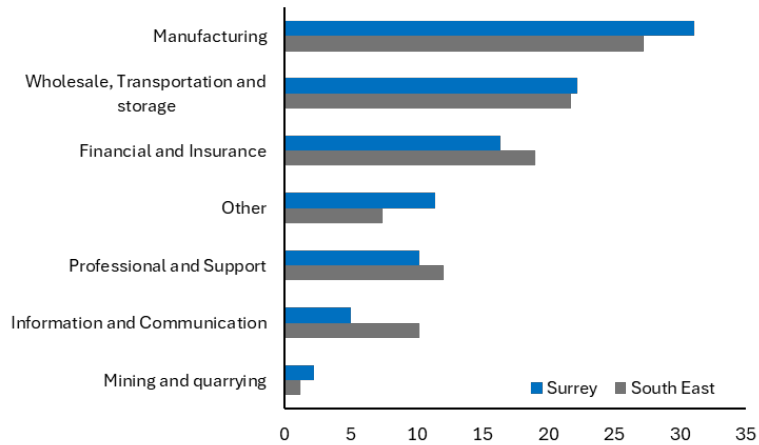
FIGURE 2: Investment by Industry (2015-2020, percent of Total, ex. Real Estate)



Source: ONS^{xvi}

This investment trend has extended to inward Foreign Direct Investment (FDI). Between 2015 and 2021, data from the ONS showed that the majority of foreign investment in Surrey and Sussex was within manufacturing, transport and storage (See Figure 3). Foreign investment in services made up a smaller proportion of total investment than in the rest of the South East.

FIGURE 3: Inward Investment Position by Industry (2015-2021, percent of Total)



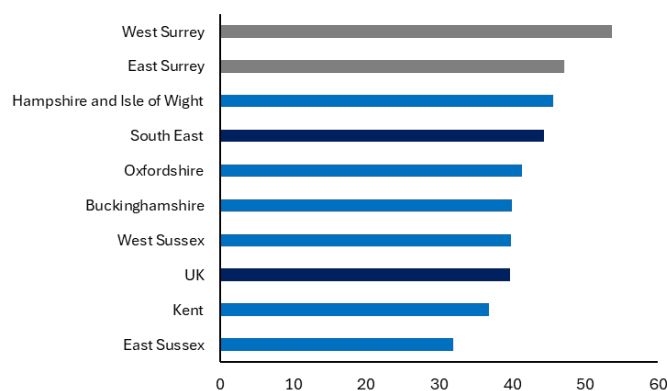
Source: ONS^{xvii}

Recent data from the ONS show that almost two-thirds of inward FDI into Surrey and Sussex came from the European Union or the United States during this time, so Surrey may need to find alternate sources of investment to offset the impact of Brexit on inward investment incomes.

In addition to Brexit, the dissolution of the LEPs will also need to be considered, as the successful incorporation of their knowledge and contacts into whatever replaces them will be an important part of attracting future investment. FDI into the Coast to Capital and Enterprise M3 LEPs was responsible for 36 projects and the creation of 971 jobs in 2021-22 ([Department for International Trade](#)).

Surrey’s strong investment and its focus on services means that the county is highly productive, as measured by Gross Value Added (GVA) per hour worked. East and West Surrey were among the most productive areas in the South East in 2022, the most recent available data point, and are both more productive than the national average.

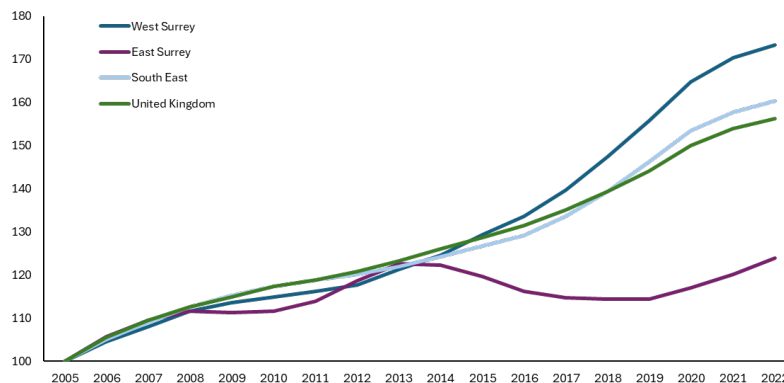
FIGURE 4: GVA Per Hour Worked (£, 2022)



Source: ONS^{xviii}

One thing to keep an eye on going forwards is the growth rate of productivity. It is important that Surrey remains highly productive, as this will help to bring in further investments due to the good returns on offer. Productivity growth in East Surrey has stalled recently, while the West of the county has maintained pace with the UK and South East.

FIGURE 5: GVA Per Hour Worked (Index, 2005 = 100)



Source: ONS^{xix}

The cost of setting up and attracting employees in Surrey may also be a factor that has affected investment decisions. Property in Surrey is expensive, which may put off firms and potential employees. In the past this may not have been as much of an issue due to Surrey's ideal location close to London with good transport links to much of the South East. However, with hybrid working on the rise, firms may opt for cheaper locations. The low unemployment rate in Surrey also means that firms may have to outbid other firms to attract employees.

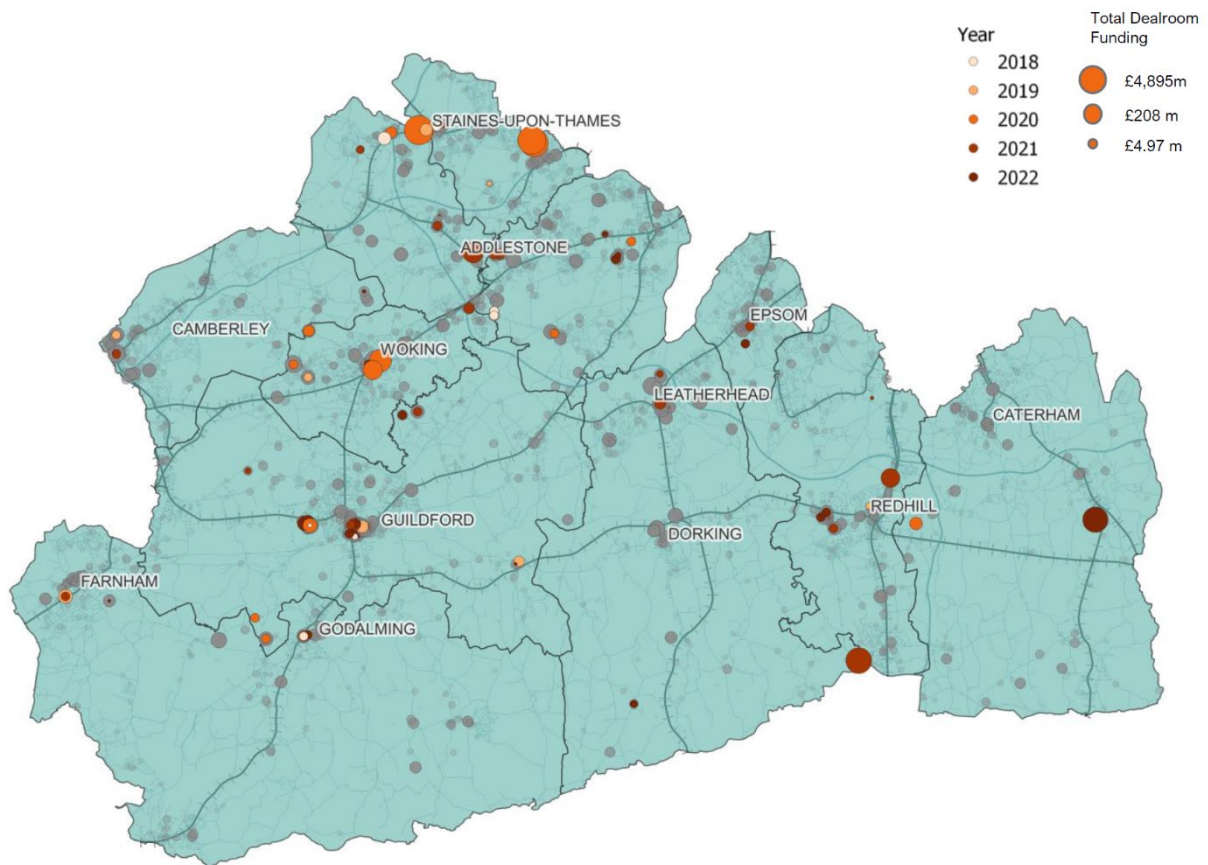
Surrey: County of Clusters

Surrey has a wide variety of business clusters in various industries, ranging from health to gaming. The report from Metrodynamics maps these clusters in Surrey, as well as highlighting investments made in the sectors. Investment in these emerging industries has been focused on the major towns in West Surrey such as Staines-upon-Thames, Woking, and Guildford.

The presence of clusters allows for increased innovation, which will add further to Surrey's appeal to prospective businesses. However, the development of these clusters across the county, including outside of the major towns is important. The clusters operating in Surrey can be placed into two groups: those that are highly concentrated in a particular location, and those that are not. Without a unified approach to investment, the presence of highly concentrated clusters could hamper Surrey's ability to maximise its investment opportunities.

Clusters such as Gaming, Immersive Technology, Medical Technology, and Food Technology, are highly concentrated in a few locations across the county, while others, including life sciences and the digital creative clusters, are less location specific. By identifying which clusters are more concentrated, flexible investment strategies can be put in place to maximise the total investment into Surrey. Gaming companies applying for locations in Guildford could be given priority over other businesses that are less set on a specific location, as an example.

FIGURE 6: Surrey Investment in Emerging Industries Heat Map



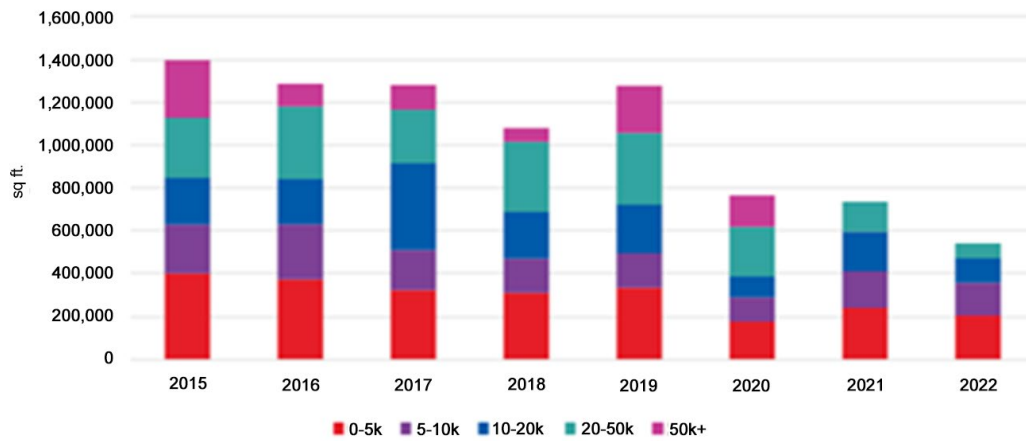
Source: MetroDynamics analysis of DataCity data

While this may risk an even greater over concentration than currently exists, it would also help to foster dominant clusters which could help the region compete with other locations with similar specialisms. To do this, SCC would need to establish a collaborative approach to investment between the districts and boroughs, rather than a competitive one. The dissolution of the LEPs comes at a good time to be able to achieve this, as a new system will be required to take over their responsibilities.

Commercial Property

Commercial property in Surrey is frequently raised as a barrier to prospective firms. However, data from CoStar shows that Surrey has a higher vacancy rate than the UK average, at 9.1% of total office space. Vacancies are predominantly within the larger properties, which have seen a marked decline in popularity since the pandemic as working patterns have evolved and hybrid working has become the norm.

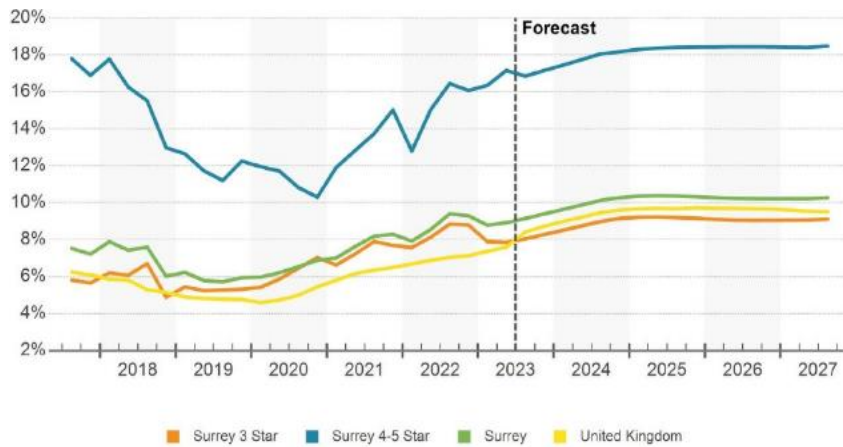
FIGURE 7: Total Office Take-up in Surrey by Size Band



Source: Commercial Sites Assessment, ARUP & Gerald Eve^{xx}

CoStar reports that all commercial property deals conducted in Surrey so far this year have been for office spaces of 10,000 square feet (SF) or less, which further highlights the lack of demand for the larger spaces. There are vacancies in most districts, with the highest vacancy rates in the higher quality space, which attracts the highest rental prices.

FIGURE 8: Commercial Property Vacancy Rates, percent (%)



Source: CoStar^{xxi}

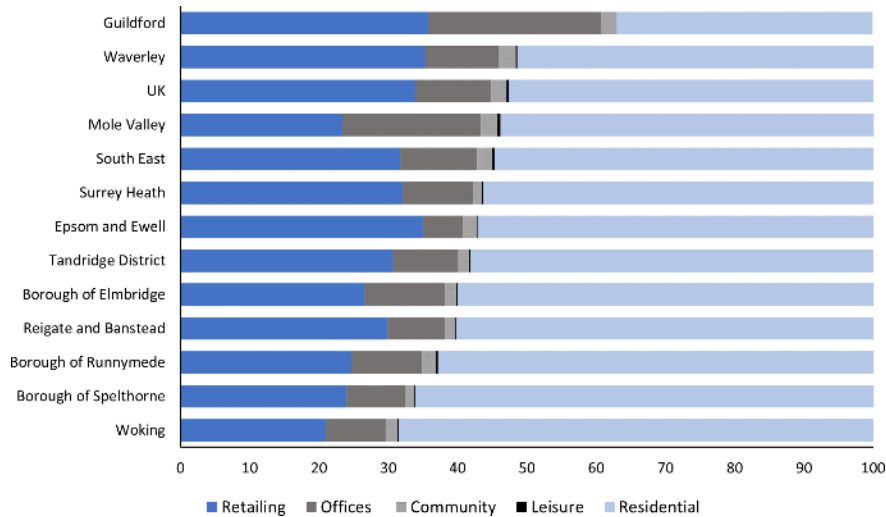
In the larger towns with large office space currently vacant, one suggestion could be to convert these larger offices into several smaller offices. The larger offices are predominantly in the town centers, so would hopefully be appealing for prospective businesses.

A clear caveat to this is for specialised industries. While general office space is suitable for a lot of businesses, others have more specific requirements. An obvious example of this in Surrey would be medical sciences, where lab space is needed. There is already investment into these more specialised business environments from SCC, which will help to facilitate investment into these sectors. By combining this investment with the clusters, SCC can help to ensure that the right commercial property spaces are in the optimal locations for prospective businesses.

High Streets

Surrey's high streets are heavily dominated by residential properties, with Guildford being the notable exception. On Average, 30% of addresses on Surrey's high streets are retail premises, and 12% are offices.

FIGURE 9: Addresses on High Street by Land Use (2020, percent of total addresses)



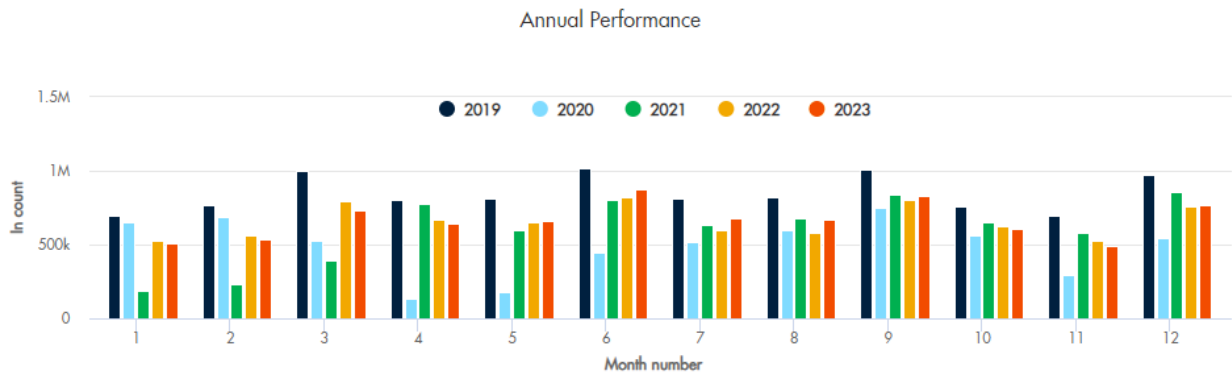
Source: ONS^{xxii}

With the exception of Guildford and Waverly, the proportion of residential addresses on the high street is above the UK average of 53%. Surrey's challenge is to revitalise the high streets in places with low proportions of retail to encourage investment and economic activity. In this regard, office space and retail probably go hand-in-hand. More office space means more people visiting the town centres, and more potential customers for high street stores.

Retail Space

There are approximately 25,000,000 SF of retail space across several major towns in Surrey, such as Guildford, Woking, and Leatherhead. Despite a relatively affluent population of 1.2 million people, with 21 SF of retail space per capita, Surrey falls below the UK average. Notably, Surrey's unemployment rate of 3.2% is also lower than the national average. The retail market in Surrey has weathered sector challenges better than most markets across the UK, thanks to its high-earning residents, an increase in commuters working from home, and successful new developments like Victoria Square in Woking. Although net absorption of retail space has turned negative over the past 12 months due to weak economic conditions and the closure of the House of Fraser store in Guildford in late 2023, Surrey's retail vacancy rate of 2.5% remains below the national average. This trend is likely to continue due to a lack of retail development, although average retail rents are expected to decline gradually.

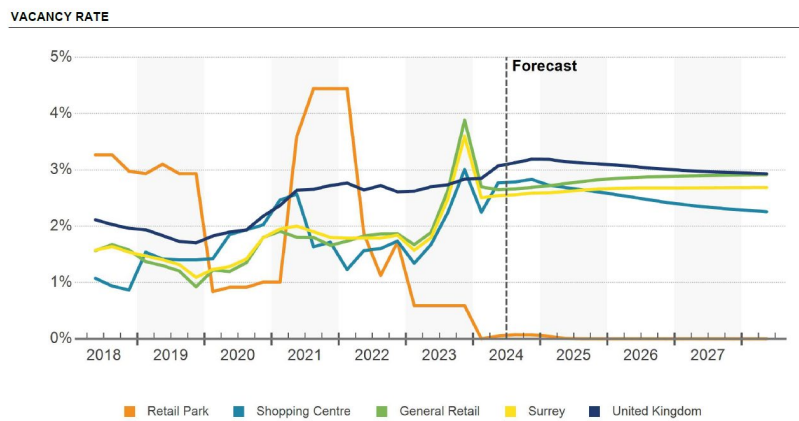
FIGURE 10: Footfall in Guildford 2019-2023



Source: Experience Guildford's MRI data^{xxiii}

Retail take-up has decreased in recent quarters, but demand has risen in some shopping centres as retailers capitalise on lower rents to acquire new units. Gail's and JD Sports have opened stores of around 5,000 SF at the Ashley Centre in Epsom, while additional deals at Victoria Square have significantly reduced Woking's vacancy rate. Retail parks have been particularly popular lately, benefiting from diverse demand and strong footfall. Although footfall in populous towns such as Guildford remains below the pre-Covid-19 levels, its steady growth points to the continued self-sustenance of its high street. Overall, there is only 15,000 SF available on retail parks in Surrey, resulting in an availability rate of just 1.3%.

FIGURE 11: Surrey's Retail Space Vacancy Rates, percent (%)

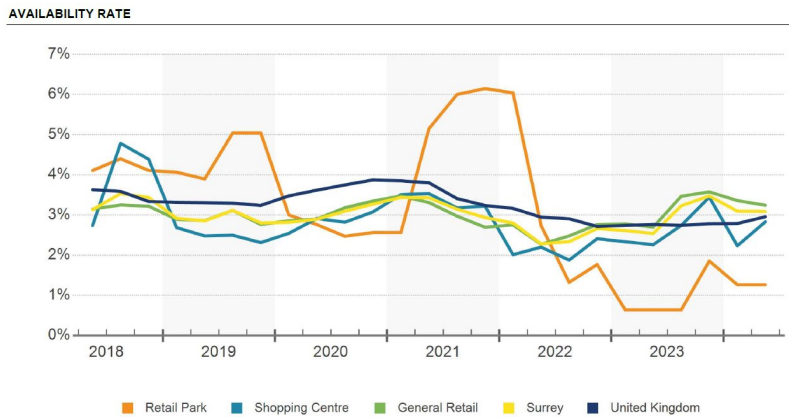


Source: Arup analysis of CoStar data

More shopping centres and former department stores are likely to be redeveloped for other uses. The former Debenhams in Guildford is set to be demolished to make way for a residential-led scheme. This trend will reduce the amount of retail space in the future and bring more residents into town centres. Retail investment has remained subdued, with higher borrowing costs affecting demand across the UK. Only £55 million of retail property has changed hands in Surrey over the past year, well below the 10-year annual average of £205 million. Yields have also increased, with a row of five shops on Guildford's High Street trading for £2.7 million last May at a relatively high 7.5% yield.

However, retail parks and supermarkets have continued to attract investors. Weybourne Group recently purchased Stag House in Guildford, which is leased to Lidl and Pets at Home, for £17.3 million, reflecting a 4.7% yield (CoStar report, 2024).

FIGURE 12: Surrey's Retail Space Availability Rates, percent (%)



Source: Arup analysis of CoStar data^{xxiv}

Surrey is an ideally placed to attract inward investment, particularly in sectors like manufacturing, transport, and communication. Its highly educated workforce, innovative industries, and strong ties with educational institutions further enhance its appeal to investors. However, major events such as Brexit and Covid-19 led to new challenges seen in shifting work patterns, increased living costs, and significant demographic changes. To improve Surrey's investment climate, it is essential to better promote its industry clusters and repurpose commercial spaces to meet the evolving needs of various sectors, in collaboration with districts and boroughs. This will be further discussed in **Part V**.



Part IV: Deyton Bell DataCity Cluster Map Review

In 2024, Data City, working in conjunction with the Department for Science Innovation and Technology, and Cambridge Econometrics, released a [new Cluster Map](#) for the UK. The Innovation Clusters Map presents the most comprehensive picture to date of firm-level innovation activity across the UK. It allows users to explore the geography, distribution, and strengths of clusters. The table below has disaggregated the Surrey data where the County has identified cluster specialism. Any sector where the County has above 1% should be considered a strength.

Four sectors stand out as having a significant volume of the UK's cluster, these being Computer Hardware (2.63), Quantum Economy (2.77), Space Economy (4.08) and Space Energy (30.05). With Space Energy demonstrating a clear national strength of presence. Whereas in turnover turns, Net Zero and Transport Services make significant contributions.

Sector	Employment	Est. Turnover (£)	Share of UK cluster (%)
AdTech	348	105,912,000	1.16
Artificial Intelligence	4,174	1,562,578,000	0.64
CleanTech	532	254,236,000	1.04
Computer Hardware	718	143,985,000	2.63
Data Intermediaries	377	77,644,000	1.94
E-Commerce	659	249,436,000	1.00
Energy Generation	625	130,362,000	1.66
Geospatial Economy	638	83,214,000	1.47
In-Orbit Space Manufacturing	716	140,519,000	1.79
Life Sciences	2,428	980,923,000	0.45
MedTech	804	133,662,000	0.98
Net Zero	5,373	10,680,529,000	0.81
Pharma	1,664	1,266,542,000	0.76
Quantum Economy	824	156,718,000	2.77
Software Development	752	141,205,000	0.70
Space Economy	14,621	3,346,015,000	4.08
Space Energy	22,585	6,766,686,000	30.05
Supply Chain Logistics	2,636	681,553,000	1.31
Transport Equipment	3,005	859,150,000	0.40
Bioscience	460	159,240,000	0.35
Transport Services	10,061	1,634,658,000	0.70

The analysis also allows more district-based interrogation. The table below identifies localised contribution to the UK Clusters. The data included is disaggregated from the Surrey data above and should be considered to be additional economic output.

Cluster Area	Sector	Employment	Est. Turnover (£)	Share of UK cluster (%)
Surrey, Camberley	Social work and Care	3,496	126,991,000	0.27
Surrey, Chertsey	Electronics Manufacturing	775	202,671,000	0.43
Surrey, Egham	Finance	1,834	1,156,929,000	0.14
Surrey, Frimley	Hospitality	7,417	417,253,000	0.36
Surrey, Guildford	Agency Market	212	11,941,000	0.26
Surrey, Guildford	Electronics Manufacturing	1,939	297,562,000	0.7
Surrey, Guildford	Photonics	190	32,543,000	0.75
Surrey, Guildford	Research and Consulting - Phys. Sciences & Eng.	2,168	218,650,000	0.3
Surrey, Guildford	Software as a Service (SaaS)	132	21,619,000	0.36
Surrey, Guildford	Finance	2,814	2,477,562,000	0.12
Surrey, Guildford	Retail	4,334	665,624,000	0.14
Surrey, Guildford	Software and IT	3,081	1,249,062,000	0.35
Surrey, Guildford	Business Support Services	2,017	589,662,000	0.15
Surrey, Guildford	Engineering	1,436	172,649,000	0.16
Surrey, Horley	Electronics Manufacturing	1,972	777,146,000	0.52
Surrey, Horley	Photonics	106	60,703,000	0.69
Surrey, Horley	Sensors	296	77,185,000	0.62
Surrey, Horley	Public Administration	2,874	102,958,000	0.25
Surrey, Horley	Electricity	674	181,095,000	0.65
Surrey, IUK	-	4,003	490,876,000	0.6
Surrey, Leatherhead	Electronics Manufacturing	2,600	410,090,000	0.3
Surrey, Leatherhead	Research and Consulting - Phys. Sciences & Eng.	2,913	646,312,000	0.35
Surrey, Leatherhead	Software as a Service (SaaS)	644	369,073,000	0.38
Surrey, Redhill	Finance	7,263	7,756,583,000	0.26
Surrey, Redhill	Retail	2,163	305,905,000	0.1
Surrey, Redhill	Social work and Care	1,748	59,741,000	0.17
Surrey, Redhill	Construction	1,790	389,911,000	0.1
Surrey, Salfords	Agency Market	375	112,237,000	0.36
Surrey, Staines	Software as a Service (SaaS)	3,072	6,052,888,000	1.5
Surrey, Walton-on-Thames	Software and IT	1,158	345,580,000	0.22
Surrey, West Byfleet	Sensors	984	1,548,039,000	2.27
Surrey, Weybridge	Finance	576	233,136,000	0.15
Surrey, Weybridge	Electricity	140	67,188,000	0.49
Surrey, Woking	Photonics	1,284	224,121,000	0.82
Surrey, Woking	Research and Consulting - Phys. Sciences & Eng.	1,006	173,038,000	0.26
Surrey, Woking	Retail	2,314	306,198,000	0.09
Surrey, Woking	Social work and Care	2,825	102,473,000	0.25
Surrey, Woking	Business Support Services	1,414	149,748,000	0.14

Source: Department for Science, Innovation and Technology (2024)

While the data is more granular, it does highlight the strengths the County has in Photonics in Guildford and Horley with Woking having sizable cluster, while Sensors are also well-represented in Horley and West Byfleet has the most significant cluster in Surrey.

The main take away from the Data City analysis is the sheer breadth of cross-sectoral expertise in key industries right across Surrey. This suggests that any inward investment approach needs to be nuanced to engage with potential investors, especially in areas of highly specialised tech industries, to ensure that Surrey leverages and expands upon the existing infrastructure within the county.



Surrey-wide Stakeholders: In Their Own Words

Surrey Business Ecosystem

Overview

To comprehensively understand the dynamics of Surrey's growth patterns, the CBE research team looked to the expertise of Surrey's District and Borough (Economic Development Officers), Business Representative Organisations, Surrey County Council (SCC), Surrey Groups, Universities and Innovation Agencies, Central Government, Cluster Leads and former LEPs for their insights and perspectives through a series of interviews. These interviews have not only illuminated the intricate facets of Surrey's economic landscape but have also revealed a fascinating interplay of contrasting viewpoints that shape the county's trajectory.

As the CBE research team analysed these interviews, a striking dichotomy will emerge: the traditional perception of Surrey as a green space that is a haven of retreat and tranquillity, juxtaposed with the contemporary vision of Surrey as a bustling hub of economic development and innovation. These two viewpoints, seemingly disparate yet intricately entwined, offer a unique lens through which this report can examine Surrey's growth patterns. On one hand, Surrey has long been regarded as a retreat for retirees and a preferred dwelling for prosperous commuters drawn by its proximity to London. This traditional perspective envisions Surrey as a place of enduring charm that requires minimal alteration, with the belief that investment will naturally flow without significant intervention.

Conversely, a separate contemporary viewpoint paints Surrey as an economic powerhouse, replete with pioneering businesses and well-connected infrastructure. This perspective underscores the imperative of nurturing local industries, fostering innovation, and strategically investing in economic growth. It asserts that Surrey must adapt and evolve to harness its potential for economic expansion while addressing the challenges that come with such progress.

This intriguing duality of perceptions sets the stage for a deeper exploration of the interview findings that have contributed to the SWOT analysis. Within the seemingly contrasting views lies the potential for overlap, where traditional allure and modern thinking combine. As this report navigates through these insights, the research team hopes to effectively communicate the interplay between these two perspectives, paving the way for a nuanced understanding of Surrey's growth patterns and the strategies that can guide its future development.

Business Incubators

Business incubators are specialised programs designed to nurture and support the growth of early-stage startups and entrepreneurial ventures. These incubators provide a range of resources and services, including office space, mentorship, networking opportunities, and access to funding.

Their primary goal is to accelerate the development of startups by providing an environment that fosters innovation, collaboration, and knowledge sharing. The incubators are pivotal in fostering innovation and entrepreneurship, with strengths that evolve around the supportive environment they offer to startups, helping them navigate challenges, refine their business models, and accelerate their growth. The guidance and mentorship from experienced entrepreneurs and industry experts can significantly enhance a startup's chances of success. Additionally, business incubators play a crucial role in job creation within the region as they support startups and facilitate their growth.

As startups expand, they stimulate the local economy and provide valuable employment opportunities. Furthermore, successful startups emerging from incubators often attract investments from venture capitalists, angel investors, and other sources, and these incubators catalyse connection with potential investors, thereby increasing their chances of securing funding.



Surrey's strength lies in the strategic partnership between business incubators and universities like the University of Surrey and Royal Holloway. This collaboration enhances innovation and talent development, strengthening the incubator ecosystem. These incubators help form specialised innovation districts by co-locating startups, entrepreneurs, and experts, which encourages collaboration and knowledge sharing. Startups can share insights, best practices, and resources, leading to faster innovation. The proximity of multiple startups fosters healthy competition and mutual support, allowing them to leverage each other's strengths and collaborate on projects, resulting in innovative solutions and products.

Business incubators also play a vital role in enhancing infrastructure and connectivity. They organise networking events, workshops, seminars, and pitch sessions where startups can connect with mentors, investors, potential customers, and partners, thereby enhancing startups' visibility and creating valuable connections within the business community. Moreover, incubators often provide startups

with access to state-of-the-art technology infrastructure, labs, and equipment, enabling them to develop and test innovative products and solutions without bearing the full cost of acquiring advanced technology.

However, one significant challenge is location dependency, especially when they are concentrated around universities. This concentration can lead to a lack of diverse incubation opportunities in other areas, creating disparities in access to resources and support for startups located away from university campuses. Additionally, business incubators heavily rely on external funding sources, which can be unpredictable. Insufficient funding may limit their ability to provide comprehensive support to startups, potentially hindering their growth prospects.

Despite these challenges, business incubators have significant opportunities to boost their impact. By showcasing the region's strengths and business-friendly policies, incubators can entice international investors to establish operations in Surrey. Furthermore, aligning incubation efforts with the SCC's strategic goals can lead to specialised sector-focused incubation, cultivating expertise in specific industries and creating a competitive advantage for startups in those sectors. Collaborative efforts between business incubators, catapults, and the SCC can also lead to robust talent development initiatives, thereby driving sector growth and innovation.



Threats are evident in changes in government policies and regulations can impact the funding landscape and create uncertainty for startups and incubators, demanding adaptation to new regulations, which can be challenging and resource intensive. Rapid technological advancements can render certain products or services obsolete, requiring incubators to stay updated on technological trends and adapt their support mechanisms to address startups' evolving needs. Moreover, business incubators need to carefully assess market demand to avoid oversaturating certain sectors with startups, as failing to identify viable market opportunities can lead to limited growth for incubated businesses.

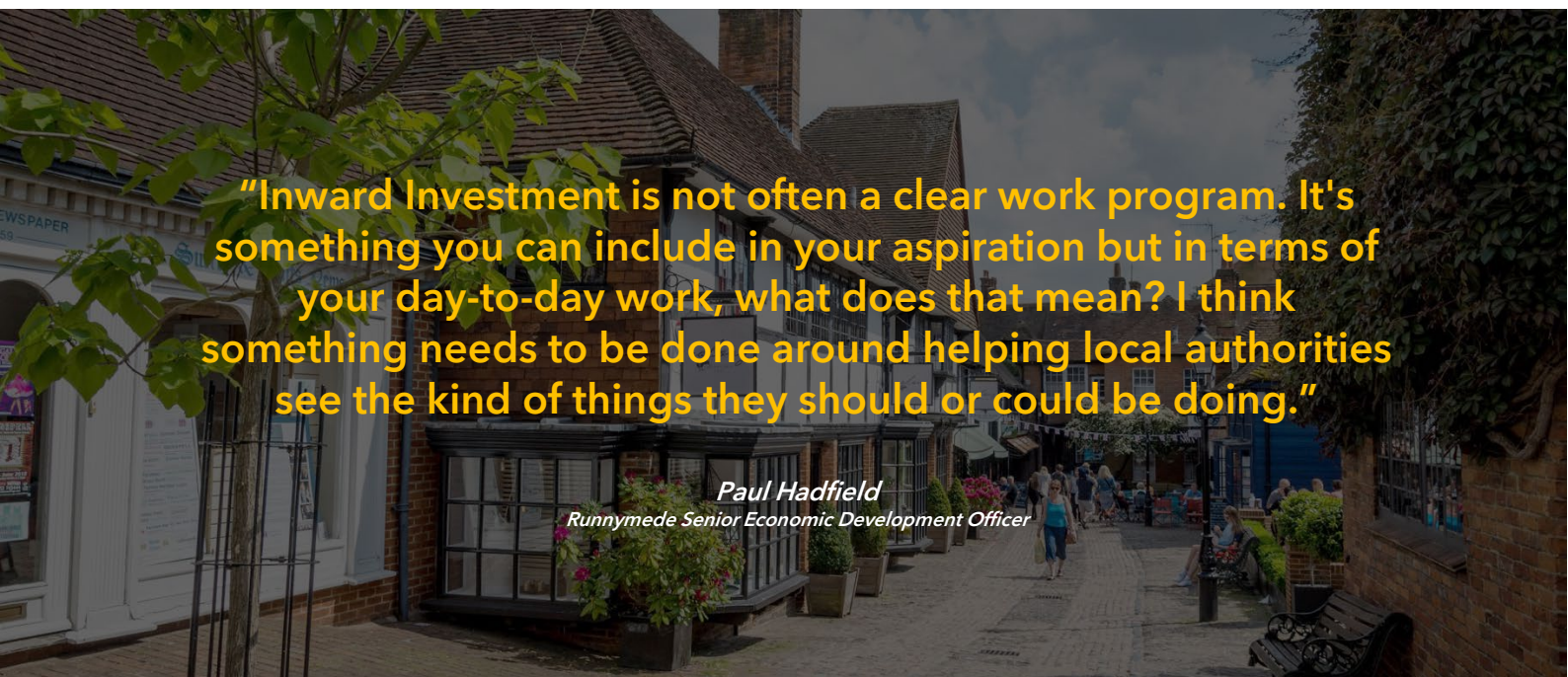
Specialised Innovation Districts

A discernible trend has surfaced in the interviews, revealing that Surrey gains advantages from collaborative efforts among clusters. The Business and Employment cluster is propelled by the activities of the knowledge, aviation, and healthcare clusters, and reciprocally, these clusters benefit from each other's endeavours. The significance of knowledge holds immense sway in the realm of business, and its acquisition remains an ongoing challenge within the county. The proximity to London draws a significant share of young talent, underscoring the crucial role of knowledge.

London maintains its relevance as Surrey's largest neighbouring entity, playing a substantial part in the local economy. However, there is a shift in perception favouring Surrey over London, with the rise of work-from-home trends. The presence of a dynamic, skilled workforce is pivotal for recovery and resilience, especially within Surrey. Although initial observations suggest that Surrey's businesses confront formidable challenges with ramifications extending across clusters, strategic efforts aimed at investing in people remain paramount and more facilitation should take place in advertising Surrey's local universities' talent pools. It has been suggested that universities work closer with clusters to provide tailored degree apprenticeships to aid this.

The collaborative approach to clustering presents a viable strategy for reducing industry dependency and enhancing regional economic diversification. It is noteworthy that some authorities may exhibit reluctance towards endorsing a specific cluster specialisation for Surrey, as this perspective often prevails among those in positions of authority.

The viability of a collaborative clustering approach, wherein authorities work together rather than competing, merits consideration. While it may pose challenges for less economically performing authorities, the key to acceptance lies in ensuring that each authority derives tangible benefits from such an arrangement. One potential advantage is the ability to cultivate specialised clusters that can attract future inward Foreign Direct Investment (FDI).



"Inward Investment is not often a clear work program. It's something you can include in your aspiration but in terms of your day-to-day work, what does that mean? I think something needs to be done around helping local authorities see the kind of things they should or could be doing."

Paul Hadfield
Runnymede Senior Economic Development Officer

Transferring Cluster to Economy

There are several key areas where Surrey possess advantage, and these are:



Cyber Industry

Surrey has the potential to become a major hub for the cyber industry. The county is home to a number of world-class universities and research institutions and has a strong pool of talent in the cybersecurity field. Surrey could capitalise on this opportunity by developing a cluster of cyber businesses and attracting investment from venture capitalists and other sources.



Knowledge Exchange

The universities within Surrey have a strong track record of securing funding for research and innovation. The county could replicate this success by developing a funding model that supports businesses and entrepreneurs. This could involve creating a venture capital fund or providing grants to businesses that are developing new technologies.



Gaming

Surrey is home to a number of successful gaming companies, but the county has not yet capitalised on this opportunity. Surrey could attract more investment from the gaming industry by developing a cluster of gaming businesses and providing support for startups.



Cross-industry Partnerships

Surrey could form strategic partnerships with other industries to promote growth. E.g. SCC could partner with the aerospace industry to develop new technologies for space exploration, or the automotive industry to develop new technologies for electric vehicles.

Surrey's diverse economy is a strength, but it also presents some challenges. The common view in the majority of interviews the CBE research team conducted was that SCC needs to ensure that its different clusters are able to work together and share resources. Surrey also needs to make sure that its infrastructure is able to support the growth of its different industries.

It is essential to underscore that without a unified and collaborative approach, Surrey runs the risk of missing out on economic opportunities. For instance, while Spelthorne may have the capacity to offer commercial space suitable for a gaming company, there must be a consensus at the county level that Guildford represents the optimal choice for gaming-related industries. A reciprocal understanding among different authorities is crucial.

Surrey's high cost of living is also a major weakness for inward investment. Given Surrey's particularly high housing costs, it is difficult for businesses to attract and retain talented workers. This is especially

true for young professionals and those starting their careers. The high cost of living also makes it difficult for businesses to compete with other areas of the UK that have a lower cost of living.

Furthermore, many agreed in interviews that Surrey does not have a single core industry, which can make it more difficult to attract inward investment from a branding perspective. The county is home to a wide range of businesses, but it does not have a specialisation that makes it stand out from other areas of the UK. This lack of focus makes it more difficult for Surrey to attract businesses that are looking for a specific type of environment or workforce.

Place-based Challenges

Despite significant work by SCC, local business groups and stakeholders for many years, there remains a number of commercial, cluster-based and financial differences between East and West Surrey. This divide is a major challenge for Surrey, and it needs to be addressed in order to attract inward investment throughout the county as a whole. Interviews throughout this report all suggest that cross-county and cross east/west connections remain underpowered. East Surrey remains an area of concern, having experienced persistent negative growth rates over the past few years. In 2018, the GVA growth rate of the area was -4.2% (-5.9% in real terms), compared to 2.5% in West Surrey. This in turn has had an impact on productivity levels which themselves have been falling and have produced a narrowing in the GVA gap between Surrey and the UK. While Surrey residents' productivity was 25% higher than the national in 2018 (with a GVA per head of £35,693), East Surrey's productivity is only 16% higher than the UK's productivity (with a GVA per head of £33,172).





Virtually every stakeholder interview made some reference to the existence of an overarching 'investment ecosystem' within Surrey: effectively that Surrey has both opportunities and challenges in attracting high quality, sustainable investment, both domestically and internationally, based on much of the strengths outlined above.

What now needs to take place is a rather more coordinated approach to lining up business, planning, and government structures.

These are explored in more detail in the Policy Suggestions, but it is striking how frequently the concept of a Surrey Investment Ecosystem was raised by local and national stakeholders with interest in seeing Surrey's inward investment potential clarified, improved and flourishing, in a way that connects more directly with genuine place-based growth.

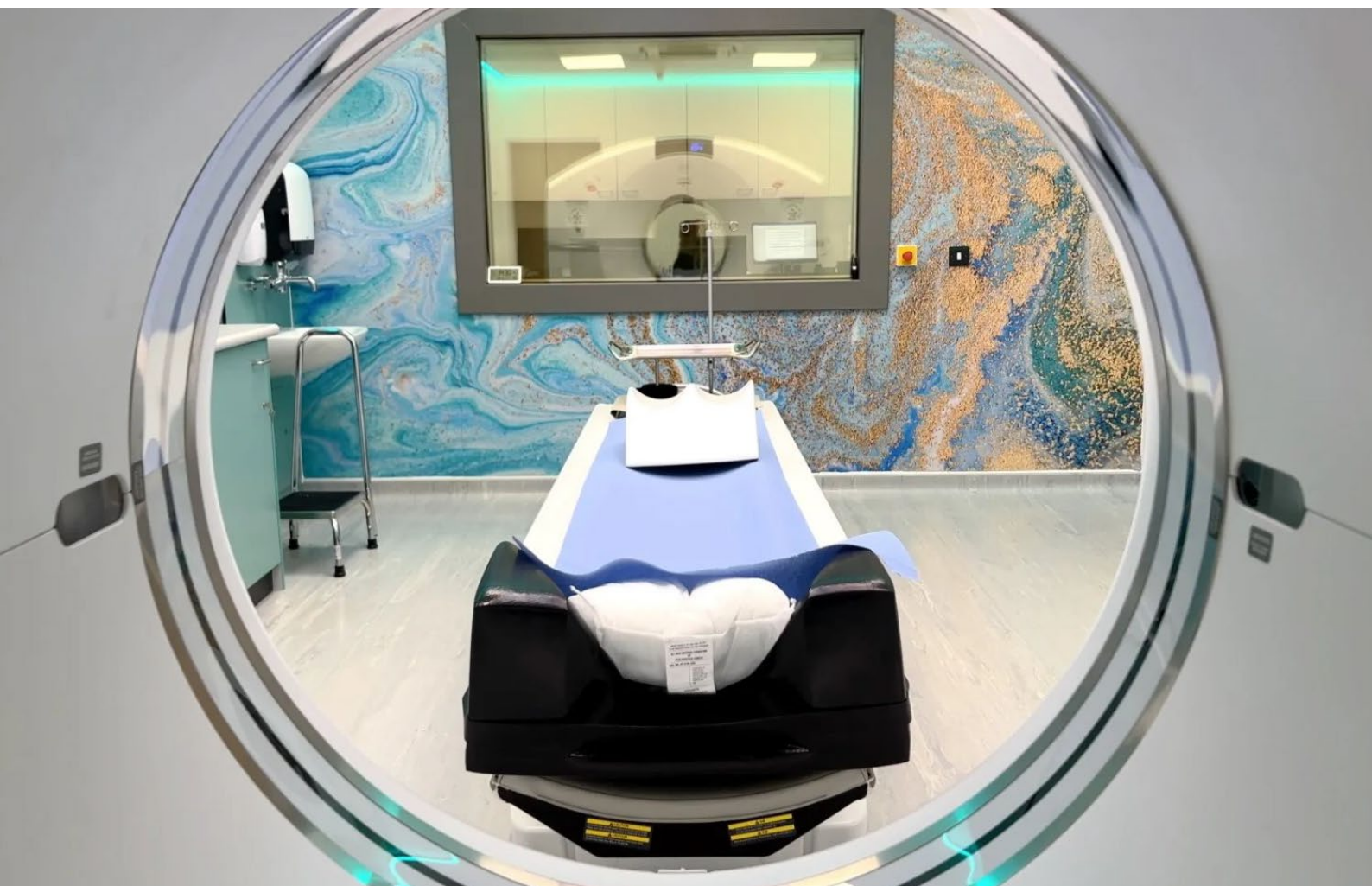
Professor Amelia Hadfield
Founding Director, Centre for Britain and Europe

When presented with a choice between concentrated investment and no investment, the preference invariably leans toward concentrated investment. This is underscored by the principle that the Investment and Innovation (II) team should strive to minimise the waiting period for prospective businesses in need of commercial property. Prolonged delays in securing office space in Guildford for gaming companies, for instance, increase the likelihood of these enterprises seeking alternatives beyond the borders of Surrey. Consequently, expediting this process by enticing other companies to establish themselves elsewhere in Surrey serves to benefit the county as a whole. In light of this "One Surrey" investment perspective, it is reasonable to consider granting a certain degree of preference to businesses exhibiting specific location preferences, particularly those that have endured extended waiting periods.

Nonetheless, it is essential to acknowledge that this approach should not be misconstrued as advocating for an exclusive concentration of investment in a single area. Striking a balance is crucial, as some level of concentration contributes positively to Surrey's reputation as a preferred destination for this particular type of investment. Nevertheless, it is imperative to recognise the inherent limitations of concentration. It would be imprudent to allocate space to an underperforming business

solely based on its alignment with the relevant industry cluster, sacrificing the merits of a successful enterprise in the process.

There exists a perspective that SCC faces limitations in its ability to exert direct influence over the location choices made by businesses, thus posing a challenge to the implementation of the aforementioned strategy. An alternative avenue through which such influence might be exerted indirectly pertains to the investment in diverse categories of commercial space across various boroughs. This diversification could be instrumental in augmenting the appeal of these boroughs to the desired category of prospective businesses. However, it is imperative to acknowledge that this approach hinges upon securing the cooperation and endorsement of both the borough authorities with the generation of concentrations of businesses in specific locales, warranting careful consideration and strategic deliberation.



Business Clusters: Drivers and Development

Commercial Space and Property

Surrey's strategic location in proximity to London has historically made it an attractive destination for commercial activities. This examination delves into the regional perspectives of SCC, regarding the commercial property landscape in Surrey. It aims to elucidate the unique characteristics of Surrey's commercial property sector, emphasising strengths, weaknesses, opportunities, and threats, while considering the comments provided.

Surrey has a successful track record of attracting investment in commercial property. This is due to its strategic location, proximity to London, and access to a skilled workforce. Interviewees also commented that Surrey offers a diverse range of commercial properties, from traditional office blocks to modern industrial estates. This caters to the needs of a wide range of businesses. Surrey already has a number of high-quality commercial developments, such as Surrey Research Park and Guildford Spectrum Business Park. These developments offer businesses state-of-the-art facilities and amenities, but many believe that Surrey is resting on its laurels when it comes to retaining these companies.

The availability of commercial land in Surrey is limited, particularly in desirable locations. The recurring sentiment on this is that this is due to the fact that Surrey is a relatively small county and is home to a large amount of green belt land. It was also raised recurrently that the cost of living in Surrey is high, which can make it difficult for businesses to attract and retain staff. Additionally, the availability of affordable housing in Surrey is limited and there is a shortage of planners in Surrey, which can delay the planning and development of new commercial properties.

The potential for flexible working hubs represents a noteworthy opportunity in Surrey's commercial property sector. Transforming larger office sites into smaller, adaptable office spaces can cater to the evolving needs of start-ups and businesses. The suggestion of utilising semi-permanent modular walls to facilitate flexible workspace configurations aligns with modern working habits and could attract a diverse range of businesses. Additionally, emphasising quality over quantity in commercial development and embracing green initiatives aligns with sustainability trends, which could make Surrey's commercial properties more appealing.

Highlighting the importance of available sites for landing packages presents another opportunity. Streamlining the process for businesses to secure suitable commercial properties can enhance Surrey's competitiveness in attracting and retaining enterprises.

Surrey faces competition from several other areas when it comes to attracting inward investment in commercial property. These were identified in the interviews as:

- **London:** London is the global financial and business centre, and it is home to several leading global companies. London also has a very strong commercial property market. This makes it a very attractive destination for businesses looking to invest in commercial property.
- **Kent:** Kent is located to the east of Surrey and it offers businesses a number of advantages, such as lower costs and proximity to the Channel Tunnel. This makes it an attractive option for businesses that are looking for a more affordable and accessible location for their commercial property.

- **North of England:** The North of England is benefiting from the government's levelling up agenda, which is investing heavily in infrastructure and skills development in the region. This is making the North of England a more attractive destination for businesses that are looking to expand or relocate.
- **M3 corridor:** The M3 corridor is a major economic corridor that runs from Basingstoke in Hampshire to Southampton. The M3 corridor has a number of attractive commercial property locations, such as Reading and Bracknell. This makes it a strong competitor to Surrey for inward investment in commercial property.
- **Within Surrey itself:** There is also competition for inward investment within Surrey itself. For example, Guildford is the county's main commercial centre, but it faces competition from other towns such as Woking and Epsom. This competition can make it difficult for Surrey to attract inward investment in commercial property, and with investment mapping being a highly guarded topic and done at independent district and borough council level independently with a non-joined-up approach, creates a lack of inter-county trust which throughout the interview process was an overwhelming theme.



Investors may have a negative perception of Surrey's planning process and skills availability. This is because the planning process can be slow and complex, and there is a shortage of planners in Surrey. It is important for Surrey to address these issues if it wants to remain competitive in the global market for inward investment in commercial property.

To address the weaknesses and threats identified above, and to take advantage of the opportunities, the following recommendations are made from the sentiments expressed across the interviews undertaken. A recurring argument made was that the government and local authorities should work together to increase the availability of commercial land in Surrey, particularly in desirable locations. This could involve releasing green belt land or developing brownfield sites.

It was also contested that the government and local authorities should take steps to make Surrey more affordable for businesses and residents with some key recommendations below:

 <p>Invest in affordable housing and transport infrastructure, especially in the east of Surrey where cross-county connectivity is seen to be lacking.</p>	 <p>Address the shortage of planners in Surrey by investing in training and development and making it more attractive for planners to work in Surrey.</p>	 <p>Support the development of flexible working hubs via provision of financial incentives or tax breaks and encourage developers to embrace green initiatives in commercial developments.</p>
 <p>Develop a commercial property strategy to set out its vision for the sector and to identify specific actions that need to be taken to achieve that vision.</p>	 <p>Promote its commercial property offering to potential investors. This could involve developing a targeted marketing campaign or attending trade shows and exhibitions.</p>	 <p>Establish a commercial property forum for businesses, developers, and other stakeholders to address sector challenges and opportunities, offering tailored support to Surrey SMEs.</p>

By implementing these recommendations, Surrey can maintain its position as a leading destination for commercial investment.

Green Workspace & High Street

Surrey County is well-positioned to capitalise on the growing demand for flexible and green buildings. The county is home to a number of thriving industries, including technology, aviation, and healthcare, which are all sectors that are increasingly seeking out sustainable and adaptable workspaces. In addition, the country is home to a number of world-class universities and research institutions. These institutions are generating a wealth of new ideas and innovations, which is creating opportunities for new businesses and startups. Flexible and green buildings can provide these businesses with the space and resources they need to thrive.

One of the key opportunities for flexible and green buildings in Surrey is the transformation of the high street. As the retail landscape continues to evolve, there is a growing need for new and innovative ways to use high street spaces. Flexible and green buildings can help to revitalise underutilised retail spaces by providing a variety of uses, such as offices, co-working spaces, and community hubs.

Another opportunity for flexible and green buildings in Surrey is the growing demand for sustainable workplaces. Businesses are increasingly looking to reduce their environmental impact and create healthy and productive workspaces for their employees. Flexible and green buildings can help businesses to achieve these goals by offering features such as energy-efficient design, renewable energy systems, and green building materials.

A number of good suggestions arose from interviews regarding how flexible and green buildings can be implemented in Surrey:



CONVERTING VACANT RETAIL SPACES INTO FLEXIBLE WORKSPACES

Create co-working spaces, serviced offices, or innovation hubs.



DEVELOPING NEW GREEN OFFICE BUILDINGS

These buildings could be designed to achieve high environmental standards, such as BREEAM Excellent or LEED Platinum.



RETROFITTING EXISTING BUILDINGS TO MAKE THEM MORE FLEXIBLE AND SUSTAINABLE

Install renewable energy systems, improve energy efficiency, and add green features such as living roofs and rainwater harvesting systems.



CREATING GREEN COMMUNITIES

Develop new housing estates that are designed to be sustainable and walkable. It could also involve retrofitting existing communities to make them more sustainable and liveable.

By seizing the opportunities for flexible and green buildings, Surrey can position itself as a leader in sustainable development. This will create jobs, attract businesses, and make Surrey a more desirable place to live and work.

However, funding is a major challenge for redeveloping high streets in Surrey, as in other parts of the UK. The government has provided some funding through the Towns Fund and the Future High Streets Fund, but this is not enough to meet the full need.

One way to address this lack of funding is to attract private investment. This can be done by creating a favourable environment for businesses, such as offering tax breaks or other incentives. It is also important to make high streets more attractive to businesses and consumers by investing in public spaces, transport links, and amenities. Another way to address the lack of funding is to work with local authorities and other stakeholders to develop innovative financing models. For example, Surrey could explore the use of crowdfunding or public-private partnerships to fund redevelopment projects.

It is also important to note that funding is not the only challenge for redeveloping high streets. There is also a need for strong leadership and coordination among stakeholders. Surrey's local authorities need to work together to develop a shared vision for the future of their high streets and to coordinate their efforts to achieve this vision.

Several valuable insights emerged from the interviews for addressing the lack of funding for high street redevelopment in Surrey:

- Establish a dedicated fund for high street redevelopment in Surrey. This fund could be funded by a combination of government grants, private investment, and local taxes.
- Develop innovative financing models, such as crowdfunding or public-private partnerships, to fund redevelopment projects.
- Work with local authorities and other stakeholders to develop a shared vision for the future of Surrey's high streets and to coordinate efforts to achieve this vision.
- Provide incentives to attract private investment in high street redevelopment projects.
- Invest in public spaces, transport links, and amenities to make high streets more attractive to businesses and consumers.

By addressing the lack of funding and other challenges, Surrey can ensure that its high streets remain vibrant and prosperous for many years to come.

In the context of residential properties situated on the high street, it is notable that the utilisation of permitted development rights (PDR) has introduced challenges into the urban planning landscape. The regulatory capacity of local authorities in this regard has been significantly curtailed by PDR, rendering them largely impotent when it comes to preventing the conversion of high street office spaces into residential apartments. Furthermore, the directives outlined in the National Planning Policy Framework (NPPF) accentuate the preference for building on brownfield or previously developed land (PDL) as opposed to greenfield land, thereby reinforcing the potency of PDR.

However, when an office space is transformed into a residential unit, it results in the missed opportunity to cater to a broader demographic of individuals who are inclined to expend financial resources on various amenities such as dining, socialising, public transportation, and parking services, among others. This multifaceted economic activity contributes significantly to the vitality of the high street and the surrounding urban environment.

Green Tech

In interviews conducted with various stakeholders, including the insights from Professor Lorenzo Fioramonti of the Institute for Sustainability (IfS), it becomes evident that Surrey County boasts a unique profile as a destination for green investments.

Surrey's strengths as a green investment destination are grounded in its well-established infrastructure. This includes a network of high-quality educational institutions, excellent schools, substantial income levels, abundant natural resources, and a strong sense of social cohesion. These elements create a solid foundation that appeals to investors seeking sustainability and eco-friendly opportunities. Furthermore, Surrey's human capital is a remarkable asset. It is home to a smart and highly talented population, representing a valuable resource for businesses and investors in the green technology sector. The educated and skilled workforce adds a competitive edge to the region's attractiveness.

The natural and social beauty of Surrey adds another layer to its strength as a green investment hub. The county's captivating landscapes, characterised by rolling hills and picturesque scenery, render it an appealing location to live and work. The aesthetic appeal, combined with the county's commitment to sustainability, aligns perfectly with green investment initiatives.



The potential for sustainable enterprises to thrive in Surrey is substantial. The county can strategically position itself as a global hotspot for businesses dedicated to promoting well-being and environmental sustainability. Surrey's blend of natural beauty, human capital, and existing infrastructure makes it an enticing destination for enterprises that prioritise social and environmental impact.

Moreover, Surrey could emerge as a hub for benefit corporations and social enterprises. These organisations focus on creating a positive social and environmental impact while generating financial returns. Given Surrey's strong emphasis on well-being and social cohesion, it is well-suited to host such enterprises, presenting a unique opportunity for green investments in the region.

Revamping Identity and Creating Narrative

While Surrey possesses considerable strengths, it grapples with some notable weaknesses. One prominent issue is the lack of a clear and distinct vision for the county as a green investment destination. Without a unified and well-defined identity, Surrey may struggle to attract specific types of green investments that could significantly benefit the region. Another concern is the pace of implementation. Although the district and borough councils in Surrey demonstrate proactivity and forward-thinking approaches, the challenge lies in translating these intentions into concrete actions. Delays in decision-making and implementation can potentially hinder the progress of green investment initiatives, causing missed opportunities.

A significant threat to Surrey's ambitions as a green investment destination is the risk of falling behind other regions due to an unclear and underdeveloped narrative. Without a distinct and cohesive brand identity that highlights its commitment to sustainability, social impact, and diversity, Surrey may struggle to compete for sustainable investments. This ambiguity could lead to the county erroneously seen as a locale primarily for affluent residents rather than a dynamic, inclusive hub. To avoid this mischaracterisation and remain competitive in the rapidly evolving green economy, Surrey needs to establish and consistently communicate a clear, strategic vision.



To address its weaknesses and threats, Surrey needs to develop a clear vision and identity, focus on specific types of investments, and implement investment initiatives more quickly. The county could also develop a more explicit narrative and brand identity that emphasises its commitment to sustainability, social impact, and diversity.

Professor Fioramonti suggests that Surrey needs to coordinate efforts across different district and borough councils to develop a clear narrative and branding that positions the county as a hub for sustainable and impactful investments. He emphasises that investment should not only focus on financial flows but also on positive social and environmental impacts. Encouraging businesses to contribute positively to society and the environment should be a central theme. There should be a coordinated framework that guides the efforts of different district and borough councils, ensuring that all are moving in the same direction to attract and retain inward investment effectively.

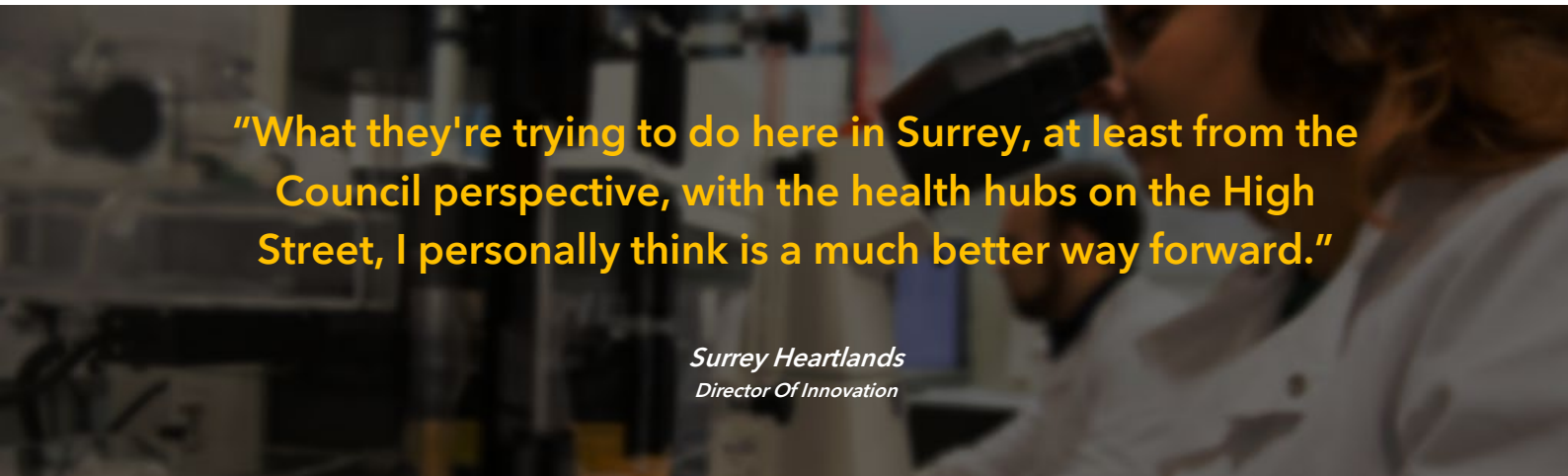
Overall, Professor Fioramonti emphasises the importance of a clear identity, coordinated efforts, and a commitment to sustainability in attracting and retaining inward investment in Surrey.

Healthcare

In the realm of inward investment in Surrey, the county boasts notable strengths in pharmaceutical activity that position it favourably against national averages. To understand the extent of this advantage, it is imperative to delve into the data comparing Surrey's pharmaceutical activity to the national norm. This data will reveal the specific areas where Surrey excels, potentially showcasing its potential for growth and innovation within the pharmaceutical sector.

One significant opportunity within Surrey lies in the realm of high-street healthcare services. Surrey possesses the ideal foundation to expand and enhance such services, catering to the evolving needs of its residents and visitors. This opportunity can be explored further through an examination of the current landscape and the potential for diversifying healthcare services available on the high street.

Within the context of digital health research clusters, there is room for expansion and development. Surrey's existing strengths could be leveraged to foster greater collaboration and innovation in the field of digital health. It is essential to explore the extent to which Surrey can bolster its position as a hub for digital health research and development, and whether additional investments and resources are required to achieve this goal.



“What they're trying to do here in Surrey, at least from the Council perspective, with the health hubs on the High Street, I personally think is a much better way forward.”

Surrey Heartlands
Director Of Innovation

However, it is crucial to address certain weaknesses in Surrey's healthcare investment landscape. Community engagement must be elevated to ensure that healthcare initiatives align with the needs and preferences of local communities. This could involve initiatives aimed at gathering community input and fostering a sense of ownership over healthcare services.

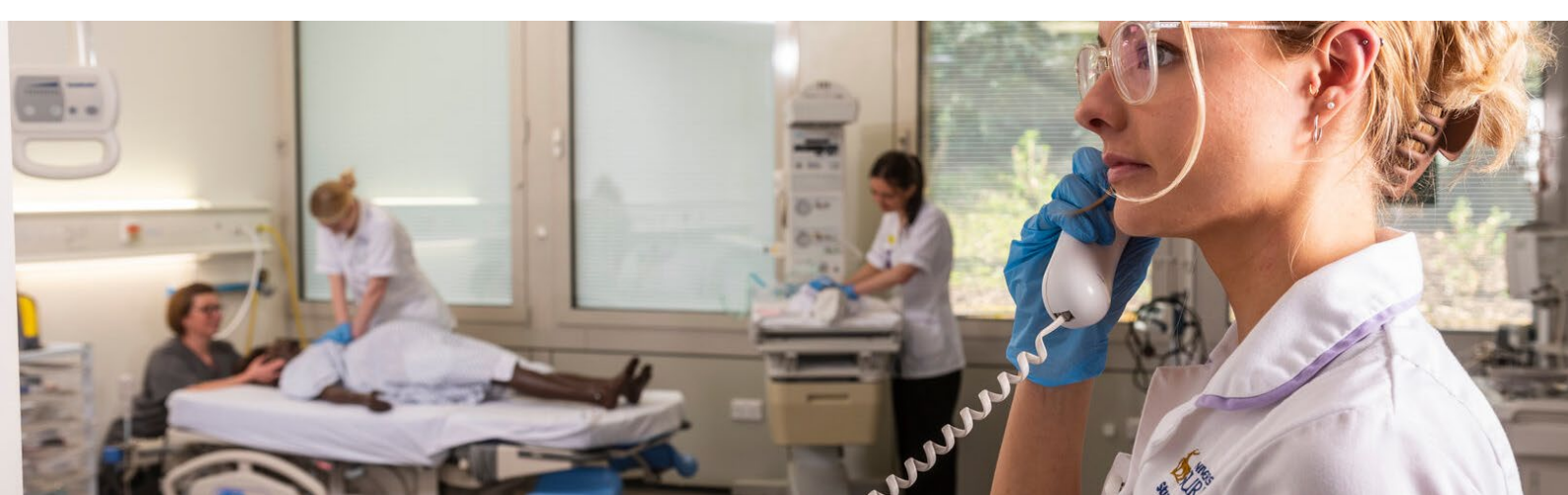
Challenges in the adoption of digital health solutions also warrant attention. Understanding the specific obstacles faced in the adoption of digital health technologies within Surrey can pave the way for targeted interventions and investments aimed at overcoming these hurdles.

In terms of opportunities, there is immense potential for collaboration between Surrey and the pharmaceutical industry. Exploring avenues for partnership and investment with pharmaceutical companies can drive innovation and growth within the healthcare sector. Furthermore, highlighting the potential of community-centred healthcare can be a key focus. Surrey's unique characteristics and demographics may make community-centred healthcare models particularly effective and relevant.

This opportunity should be explored in detail, with an emphasis on how it aligns with the county's strengths and needs.

In one of the interviews, Surrey Heartlands senior representative highlighted the challenges of funding in integrated healthcare, emphasising the need for a more nuanced approach that aligns with the actual requirements of the system. They pointed out that while there is ample funding for capital investments, what is truly needed is revenue funding. This is particularly relevant in healthcare where initiatives might not require immediate capital injection, but rather ongoing support like recurring license fees over an extended period. He also addressed the issue of short-term thinking and the importance of longer-term perspectives in addressing healthcare problems, especially in prevention.

It is suggested that proper governance and procedures must be in place to attract industry partners, including a streamlined process with expert review groups and access to relevant data sets in a secure manner. This approach would facilitate collaboration and expedite decision-making, reducing the risk of stalling or getting caught in bureaucratic loops. Additionally, importance is placed on transparency by proposing the establishment of a clear timeline, and communicating to potential collaborators that a project might take several months due to process complexity. Overall, they emphasise the necessity of flexible and well-structured funding models that cater to the true needs of the healthcare system.



As the Surrey Heartlands executive pointed out, there is a need for a more nuanced approach to funding in integrated healthcare. Revenue funding, as opposed to solely capital investments, should be considered to support ongoing healthcare initiatives. He also emphasised the importance of longer-term perspectives in addressing healthcare issues, particularly in preventive healthcare.

Additionally, his insights regarding attracting industry partners through proper governance, streamlined processes, and transparency underscore the need for a well-structured approach to collaboration. This approach not only expedites decision-making but also fosters trust and cooperation among stakeholders.



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Knowledge Development

Educational institutions in Surrey can also play a vital role in promoting and developing flexible and green buildings. Here are some specific examples of ideas taken from the interviews on how collaboration can be facilitated:



JOINT RESEARCH PROJECTS

Educational institutions can partner with businesses and government agencies to conduct research on new and innovative ways to design, construct, and operate flexible and green buildings.



STUDENT INTERNSHIPS & PLACEMENTS

Educational institutions can provide students with the opportunity to gain hands-on experience with flexible and green buildings through internships and placements with businesses and government agencies.



GUEST LECTURES & WORKSHOPS

Educational institutions can host guest lectures and workshops from experts in the field of flexible and green buildings. This can help to raise awareness of these topics and build capacity among students and staff.



CURRICULUM DEVELOPMENT

Educational institutions can develop new courses and programs that focus on flexible and green buildings. This can help to prepare students for careers in this growing field.



ACCESS TO FACILITIES AND RESOURCES

Educational institutions can provide businesses and government agencies with access to their facilities and resources, such as laboratories, workshops, and libraries. This can help to support research and development in the field of flexible and green buildings.

By collaborating with educational institutions, businesses and government agencies can accelerate the development and adoption of flexible and green buildings. This will benefit everyone in Surrey by creating jobs, reducing environmental impact, and improving the quality of life.

Here are some specific examples of how educational institutions in Surrey are already collaborating with businesses and government agencies to promote flexible and green buildings:

- The University of Surrey is working with several businesses to develop new technologies for flexible and green buildings.
- Royal Holloway, University of London is working with the government agency Innovate UK to develop a new training program for professionals in the field of flexible and green buildings.
- Guildford College is working with the Guildford Borough Council to develop a new green office building in the town centre.

These are just a few examples of the many ways in which educational institutions in Surrey are working to promote and develop flexible and green buildings. By collaborating with businesses and government agencies, educational institutions can play a key role in creating a more sustainable future for Surrey.

Concluding Remarks from Interviewees

The interviews highlighted contrasting views on the role of inward investment in Surrey. Some interviewees emphasised the importance of inward investment to create jobs, boost the economy, and attract new talent to the county. Others expressed concerns about the potential for inward investment to displace local businesses, drive up housing prices, and put pressure on infrastructure.

These contrasting views reflect the complex interplay between the benefits and challenges of inward investment. It is important to address these challenges while also capitalising on the strengths and opportunities that inward investment can offer Surrey.

One way to address the challenges is to ensure that inward investment is aligned with Surrey's long-term economic and social goals. This can be done by developing a clear and strategic approach to inward investment that considers the needs of local businesses and communities.

Another way to address the challenges is to develop policies and programs that mitigate the negative impacts of inward investment. It is also important to highlight the benefits of inward investment through clear communications across the county. For example, inward investment can create new jobs, boost the local economy, and attract new talent to Surrey.

Inward investment can also help to raise Surrey's profile on the global stage and make it more attractive to businesses and tourism.

Overall, the collection of interviews undertaken to form this analysis highlighted the need for a cohesive approach to Surrey's growth. This approach should take into account the benefits and challenges of inward investment, as well as the needs of local businesses and communities, with more consultation from local district and borough councils. By addressing the challenges while capitalising on the strengths and opportunities, Surrey can ensure that inward investment contributes to the county's long-term economic and social prosperity.



Part VI:

The Deyton Bell Surrey Business Survey

Outline of Survey

In the course of collating data, Deyton Bell conducted the analysis of both primary and secondary research¹ in forming the key findings and recommendations for promoting inward investment in Surrey.

The research team surveyed 43 Surrey-based businesses to assess their views on Inward Investment in the county in November 2023.

Historically Surrey has received large amounts of foreign and domestic investments across various sectors. The county's appeal to investors lies in its stable economic environment, skilled working population, quality infrastructure, and an advantageous geographic location within the Greater London area.

Surrey's economy is multifaceted, encompassing various sectors such as technology, healthcare, education, professional services, and manufacturing. The region's GDP growth has consistently outpaced the national average, owing largely to its strong ties with London and its accessibility to international markets. The proximity to Heathrow and Gatwick airports further enhances Surrey's attractiveness to global investors.

With a highly skilled workforce, a concentration of high-quality universities and research institutions, and a fortunate geographical position, Surrey is a nucleus for cutting-edge research and development across multiple industries. This has resulted in a strong ecosystem for startups, SMEs, and multinational corporations alike. Whilst there are some struggles for these companies, which will be discussed later, Surrey remains very attractive for inward investment.

¹ The primary research - survey of 43 Surrey-based businesses included:

- An online survey and/or phone calls with key contacts across Surrey using 10 research questions. These contacts included key businesses, business networks, and members of staff from SCC.
- An in-person workshop was held at the University of Surrey on 2nd November 2023, with representatives from key businesses in Surrey, staff from SCC, Councillors, and staff from the University of Surrey, presenting an opportunity to ask participants the same 10 questions, and receiving detailed, in-situ responses in a format that combined individual feedback and group-based discussion.

The secondary research included:

- Previous reports on inward investment
- Researching other areas who have experienced success in inward investment and how their models differ to Surrey, for example Buckinghamshire and Cambridge.
- Using government data for population data (e.g. Nomis and ONS).

Surrey has strong foundations in the form of business parks, innovation hubs, and some collaborative initiatives between academia and industry, which has helped inward investment achievements so far. However, Surrey has to make itself more attractive to keep these organisations. Many feel they do not have the correct support or connections within the county.

The purpose of the research is to explore Surrey's inward investment status; is it strong, is it stable, or is it becoming weaker? Deyton Bell worked with the University of Surrey's Centre for Britain and Europe (CBE) to conduct an in-depth survey with the local business community. The survey posed the following questions:

1. *What are the key competitive advantages of Surrey that make it attractive for Inward Investment?*
2. *What barriers does Surrey face in attracting inward investment?*
3. *What are the perceived weaknesses or negative perceptions about Surrey that we need to address?*
4. *What current and emerging industries or business sectors show potential for growth and investment in Surrey?*
5. *What risks at national, county or local level do you believe pose a threat to attracting or retaining inward investment in our area?*
6. *How can we leverage our council's resources and initiatives to facilitate this investment?*
7. *How do you believe the public sector support and promote business growth and development?*
8. *How do you think competing regions compare in terms of their investment attractiveness?*
9. *What would you want to see highlighted from a report charting the Role of Inward Investment and Growth in Surrey?*
10. *Is there anything you feel is being overlooked?*

Businesses Approached

125

Responses

34%

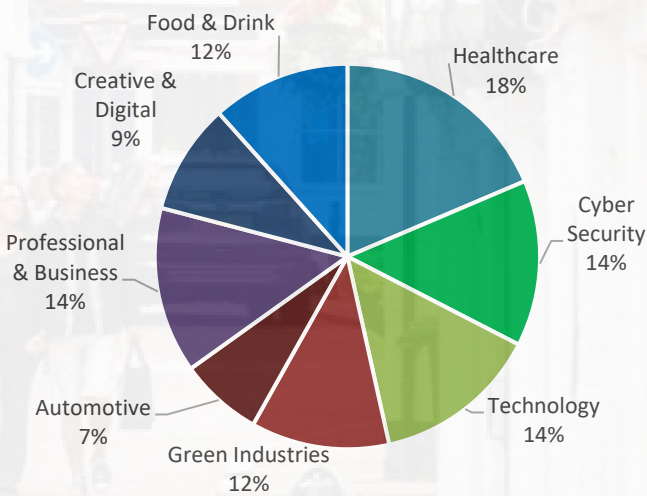
Mostly from businesses with staff size of

250+

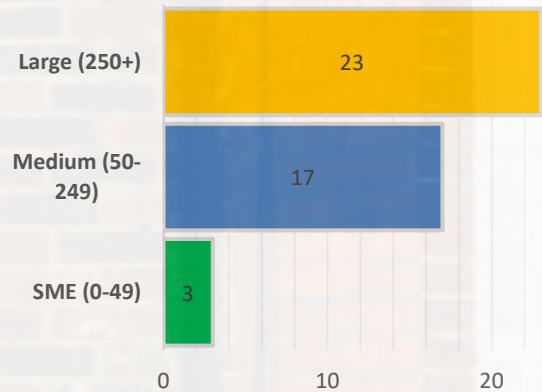
Surrey Local Authority area of Respondents



Sector of Respondents



Business Scale of Respondents



Overview of Inward Investment and Research Findings in Surrey

From both the primary and secondary research conducted, the CBE research team can form an overview of the status of inward investment in Surrey. Responses from the business community for all the questions are summarised as below.

Q1. What are the key competitive advantages of Surrey that make it attractive for Inward Investment?

Location - Surrey occupies a unique location within the UK, sat to the South West of the Capital City. Equally important is that the nation's two major airports are located on the fringes of the county. These factors offer the county an unrivalled economic advantage. Respondents acknowledge that these elements worked well for the county during the 1970/80s, which saw the growth of the finance sector across the county. Many felt that more could be done with the visibility of the county and its economic offer to potential inward investors - 80% of respondents identified this as a key strength.



Quality of Life

The majority of leaders reflected that the quality of life in the county offers a very competitive proposition. With good quality housing, schools and wider environmental offer. Again 70% identified this a key aspect which influences business leaders.

Workforce skills - respondents recognise that the local workforce offers high skills levels to potential investors. While this was seen as a positive, comments reflected that the labour market is currently 'tight' with very few skilled workers looking for worked. Many expressed concern that they didn't want to lose staff to a new entrant into Surrey.



World Class Companies

The county is home to many household names which could serve as magnets for inward investment purposes. These names are testament to inward investment activity in the past.

The county is home to nationally significant **R&D assets**. Respondents reflected that the Academic assets of the University of Surrey and Royal Holloway University of London, both offer research-intensive activity, with a strong focus on digital technology. There are also strong industrial research operations within the county

Q2. What barriers does Surrey face in attracting inward investment?

Businesses in Surrey feel that Surrey's **brand is hidden**. The majority identified this as a core issue. A number felt that Surrey is dwarfed and hidden behind London. Many felt that this was the number one issue facing the county. 50% of respondents identified this as a key issue. While it was not the most recognised issue, it is one that is considered to be strategic in nature.



Infrastructure Constraints

While Surrey has good connectivity to London and major airports, there are areas where infrastructure improvements were needed. Investment in transportation networks, including reliable road and rail links, could further enhance accessibility. 86% of respondents identified this as a challenge.

Workforce - while many reflected this as a positive, the level of available skilled staff is a concern for many. A number of respondents reflected that new investors may well put pressure on their ability to retain and recruit staff.

Surrey's demographic changes are and will, continue to impact the local workforce. The population is ageing, and an overall rate of population growth that is somewhat below the national average. This has the potential to impact Surrey's appeal to investors.

A further concern raised related to the inevitable **constraints on development** due to significant part of the county being designated as an Area of Outstanding Natural Beauty or is Metropolitan Green Belt.

Q3. What are the perceived weaknesses or negative perceptions about Surrey that we need to address?

The business community identified two key concerns about the perception of Surrey: infrastructure and premises. The first relates to the perceived **infrastructure challenge** - with many respondents suggesting Surrey's congestion is more prevalent than other location. This should be addressed by local partners.



Premises

Secondly, many respondents suggest that the county lacks high quality, modern space. Many stated that while there is space in Surrey, investors need to be considered how they adapt existing space, therein seeing it as multi-modal. Respondents reflected experience of having to work hard to find space, and when they do, pay "a fair bit for it."

Q4. What current and emerging industries or business sectors show potential for growth and investment in Surrey?

Business leaders reflected that there continues to be growth opportunities in **Healthcare, Cybersecurity, Technology** and **Creative and Digital** offer the most significant growth potential. Deyton Bell would observe that this is in line with economic forecasts, yet from Surrey's perspective, at present most companies in these sectors typically operate in the SME market, although growth projections do not rule out some of these companies becoming tomorrow's large companies.

Q5. What risks at national, county or local level do you believe pose a threat to attracting or retaining inward investment in our area?

Several key risks were identified, the most visible with 80% of respondents confirming that the **impact of leaving the EU** remains a key concern. With many reflecting that the UK's status is now diminished when compared to European competitors.

£ Rising Cost

A total of 66% raised concern about the cost base of trading in Surrey. Many felt that with the cost of living increases in the past 18 months trading conditions have impacted operations and may lead to overseas owned businesses possibly considering exiting Surrey.

Lack of skilled workforce - again respondents identified this as a risk to both attracting or retaining existing inward investment. Many recognised that it is slow process to address this, but many felt that improvements could be made between the relationship between education providers and the business community.

Q6. How can we leverage our council's resources and initiatives to facilitate this investment?


The respondents were broadly unaware of the resources SCC have available to support inward investment. On prompting the following ideas were identified: Attendance at national/international **trade shows** would raise the County effectively; Development of a clear, long-term **brand** to promote the County's offer; Updating the existing Invest in **Surrey website** - which 25% felt was not dynamic enough; and consider how the County and Districts can produce time-sensitive **property updates** of available commercial space across the county.

Q7. How do you believe the public sector support and promote business growth and development?

A total 75% of respondents suggested that the public sector does a fair job, with over 60% suggesting that limited resources will only enable partial delivery of required services. Meanwhile, 33% sought insights on the role of the County versus the Districts. A number of respondents raised **planning concerns**, which sit with the districts and reflect parochial case issues.


Q8. How do you think competing regions compare in terms of their investment attractiveness?

The majority of respondents sought to compare Surrey with major European Cities. A number identified the Netherlands and Ireland as key competitors to Surrey. Most compared the ease of transport and the range of transport options, in particular the strength of public transport networks.



A Green Problem?

A total of 25% reflected on the spatial designations within Surrey compared to other competitor locations, suggesting the **AONB** and **Green Belt** hinder Surrey's ability to attract investment.



Inadequate Approach

20% also felt that the **UK's approach** to inward investment was a limiting factor with some identifying that the Department for International Trade *favors other locations to Surrey*.

A number of respondents were aware of incentives that are offered in a number of locations. It was suggested that Surrey explores the potential to compete with its own incentives.

Q9. What would you want to see highlighted from a report charting the Role of Inward Investment and Growth in Surrey?



Number of new **companies** relocating into Surrey



Nature of investment
- European HQ,
Global HQ or sole operation



Time taken to secure the investment



Year-on-Year **comparison** of performance



Number of **new jobs** created



Number of companies on the **pipeline** for new investment



Is the investment in one of Surrey's **key sectors**

Q10. Is there anything you feel is being overlooked?

Collaborative work across Universities/ SCC/ Chamber is needed to be able to talk to businesses. Let businesses know where they should go to if they need help/ if they are new to the area.

Utilise **existing investors** that are already in Surrey and to consider who is in their network.



Diversification of Industries

Historically, Surrey has been strong in sectors like technology, healthcare, professional services, and education. Encouraging diversification by attracting investments in emerging industries such as renewable energy or biotechnology could contribute to its long-term

Support for **small and medium enterprises** (SMEs): fostering an environment that supports the growth of SMEs is crucial. Offering incentives, grants, and support programs specifically tailored to smaller businesses can foster innovation and entrepreneurship within the county.

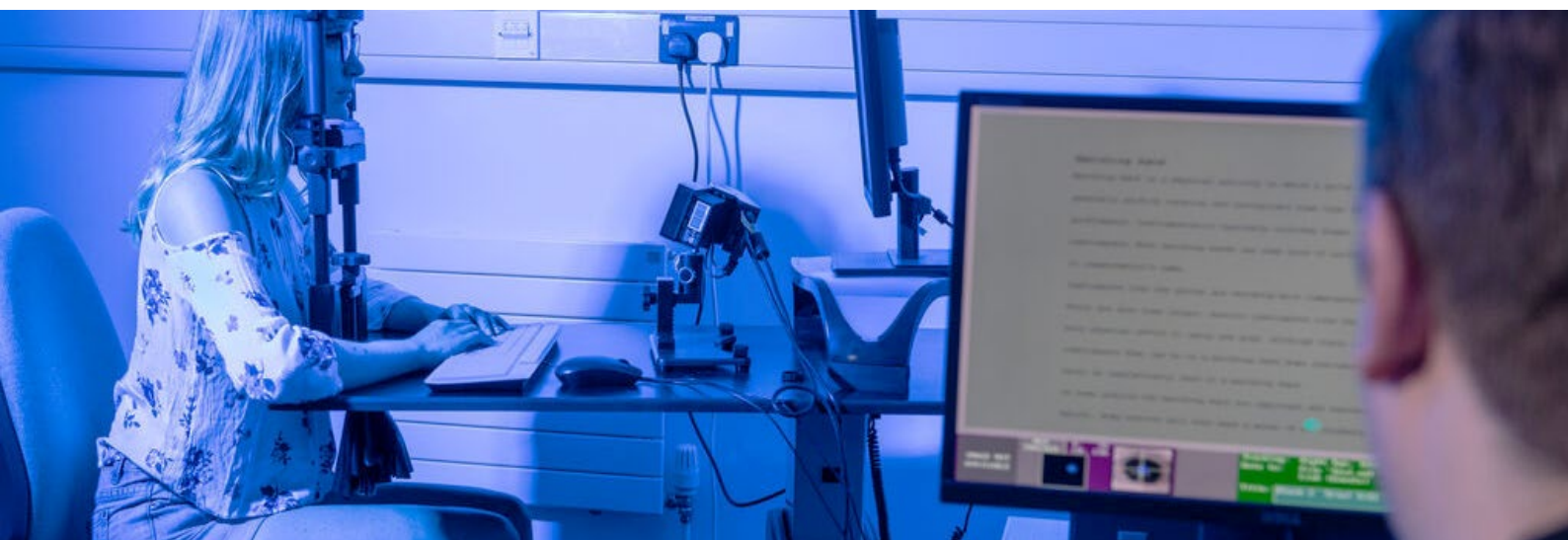
Sustainability initiatives: promoting sustainability and green initiatives within businesses could align with global trends and attract investors who prioritise environmental consciousness.

Compare and Contrast: An Overview of Cambridge's Approach to Investment

Cambridge has a strong inward investment status. The Government's Department for Business and Trade has published statistics for foreign direct investment show that across the 29 investment projects attracted into Cambridgeshire and Peterborough in the financial year 2022/23, with 1,361 new jobs created. Across the wider East of England region there were 75 FDI projects, leading to 2,613 new jobs, meaning that the Cambridgeshire and Peterborough investment projects accounted for over half of the region's total jobs. The University of Cambridge supports its students and alumni to start new businesses through the following:

- I. **Entrepreneurship Centre:** The Entrepreneurship Centre at the University of Cambridge provides a range of programs, workshops, and resources to nurture entrepreneurial skills among students and alumni. It offers mentoring, advice, and networking opportunities to help individuals develop their business ideas.
- II. **Incubators and accelerators:** the University hosts several incubators and accelerators, such as the Cambridge Judge Business School's Entrepreneurship Centre, Cambridge Innovation Park, Cambridge Enterprise and St John's Innovation Centre - the world's first incubator. These facilities offer workspace, funding opportunities, mentoring, and expert guidance to budding entrepreneurs to develop and grow their startups.
- III. **Entrepreneurial networks and events:** the university organises networking events, workshops, and conferences that bring together entrepreneurs, investors, and industry experts. These events provide valuable opportunities for students and alumni to showcase their ideas, learn from others, and connect with potential investors or partners.

While this focuses on **start-up support** and not inward investment support, it shows how the University of Cambridge focuses on an all-round support system and uses its local network connections to support these businesses. Although start-ups are often small, they eventually lead to inward investment and form a part of the same ecosystem and drive the growth of highly specialised tech clusters. This replicable support can provide for a stable framework for similar structure in Surrey.





Part VII:

Final Policy Recommendations

REALIGNING LOCAL GOVERNMENT STRATEGY

Surrey possesses both enviable strengths and real challenges in growing its inward investment and addressing demands for authentic, sustainable economic growth. The sum total of interviews, quantitative and qualitative data-based analysis did however produce a relatively clear consensus which the CBE research team is pleased to present in the following **policy suggestions**:


Cultivate a sense of trust and collaboration

The lack of trust and collaboration at the county level across 11 district and borough councils that govern at a more local level, necessitates a concerted effort to streamline and synchronise communications that may currently overlap. This collaboration among authorities is fundamental to enhancing efficiency, avoiding redundancy, and **fostering a unified approach** toward achieving Surrey’s shared inward investment objectives.


Surrey County Council to take lead

This entails **creating awareness** of the importance of attracting new businesses and investment to the region and fostering a culture of cooperation among local committees responsible for economic development or commercial initiatives. While not every local authority may possess a dedicated inward investment committee, most have committees with overlapping interests. SCC should emphasise the need for these committees to collaborate, share best practices, and coordinate efforts to attract investment.


Synergy instead of competition

Competition among local authorities for investment is often observed and this approach can limit the collective benefit of such investments. SCC should encourage local authorities to consider the larger picture by adopting a county-wide perspective. By **working together**, local authorities can create a more attractive proposition for potential investors, leveraging the collective strengths of the county.



Improve communication by **promoting periodic meetings** among councillors from various local authorities. These meetings can serve as a forum for the exchange of ideas, strategies, and experiences related to inward investment. Regular gatherings of this nature can promote a sense of unity and common purpose among councillors, furthering the county's attractiveness to potential investors.



- A **framework should outline the roles and responsibilities** of each local authority and establish benchmarks and goals for success. Additionally, it should promote transparency and accountability, ensuring that resources are allocated effectively, and results are measurable.
- While there is an inherent richness and uniqueness embedded within the diversity of different boroughs, these individual narratives can be woven into a collective tapestry under a **unified brand** to effectively showcase Surrey's multifaceted strengths, appealing to a broader audience while retaining the authenticity and uniqueness of each constituent part.
- An **independent entity** could potentially provide a fresh perspective in overseeing and safeguarding the Surrey brand, devoid of internal biases, and effectively communicate and manage the county's identity and reputation. This removes the internal politics that has become an evident theme in the interviews and contribute to a more consistent and cohesive brand image that resonates both internally and externally.



Public authorities at all levels must **collaborate more effectively with key stakeholders** to design tailored "local-growth, local-jobs" programs that account for diverse local economic realities while promoting the overarching message that "Surrey's in Business." Establishing strategic task forces dedicated to growth, skills, and sustainability can potentially guide county-wide recovery and growth efforts.

SCC inward investment efforts can further improve with the inclusion of Surrey stakeholders such as the BIDs and the Surrey Chamber of Commerce as part of the long-term strategy given their complementary nature. More explicit communication and collaboration, including the development of investment support framework, and leveraging each entity's network can help draw substantial inward investment opportunities.

ADDRESSING CHALLENGES OF SKILLED WORKER



Skilled Worker Retention Initiatives

Surrey faces a significant challenge in attracting and retaining highly skilled young individuals for both the knowledge economy and businesses, risking the continued shrinkage in demographics and the overall economy. Initiatives should be launched to enhance Surrey's demographic profile by retaining high-skilled students, attracting highly qualified younger workers and their families. This can be achieved through improved and sustainable infrastructure, accessible housing, and an attractive quality of life.



High-Tech Hub and Business Corridors

The Covid-19 pandemic has brought about both threats and opportunities in contemporary work patterns, including new forms of flexibility and disruptions to traditional modes such as commuting. Both aspects need careful consideration when planning for Surrey's future economic growth. Surrey's claim to be England's Silicon Valley can be solidified by consolidating existing high-tech hubs and connecting them through business corridors in areas including transport and supply chain infrastructure, digital connectivity, and regulatory and economic policies.

MANAGING INFRASTRUCTURE



Create Dynamic Spaces

In response to the changing landscape of high streets, a more creative approach is essential. This involves managing spaces to accommodate shifts in businesses, healthcare and the knowledge economy. Creating versatile, collaborative business spaces, inclusive career support hubs, NHS-related facilities, and much-needed skills training areas, all supported by high-quality communications infrastructure can revitalise underutilised or surplus retail/office spaces.



Address Transport and Communication Pressures

There is a pressing need to significantly enhance transport and communication infrastructures in the county to unlock the potential of various clusters. While London commuters enjoy excellent transport links, greater attention must be paid to connecting and de-congesting East and West Surrey. Special emphasis should be placed on addressing infrastructure pressures, particularly intra-county connections.

To prevent the widening economic disparities between East and West Surrey, efforts should focus on enhancing sectoral performance, thus increasing the County's overall per capita GVA growth rates.

CONSIDER THE DECISION-MAKING FLOW OF BUSINESSES

To set the context the process of decision making within potential investors is set out below. This demonstrates the points in an investors' journey that Surrey needs to impress and influence.

Phase 1 Board/Management decision to relocate/expand



Phase 2 Management identify broad parameters e.g. potential geographic areas. Then pass to more junior team members to conduct detailed search



Phase 3 Search will include review of the location. Including Property availability, Labour Market, Housing Market, Infrastructure - current and planned, cultural offer and incentives available



Phase 4 Locations are longlisted for presenting to senior management



Phase 5 Senior Management shortlist no more than 2 or 3 locations



Phase 6 Engagement with the shortlisted localities - by which point a good deal is known about the area's 'offer'



Based on this typical process, it is critical Surrey takes initial steps to increase its presence in the consciousness of key decision makers. The county has the right ingredients, but at present not the profile. Work should be done to support this. Furthermore, proximity to the UK's premier airports provides the perfect platform for Surrey to thrive as an FDI hub in the country.

PREMIER INWARD INVESTMENT APPROACH: CATALYST IN 7 KEY AREAS



DEVELOP A COMPELLING BRAND THAT SETS SURREY APART AND HIGHLIGHTS THE WHERE THE COUNTY EXCELS

Feedback from Surrey's business community suggests that more could be done to raise the county's profile. Many currently consider the county to operate in London's shadow. Key issues to consider:

- Develop a single brand to promote the county for the long-term
- Avoid the 'invest in anywhere' syndrome - the Invest in Surrey website currently falls into this category. It needs to be more dynamic and easier for the reader; with data and property jumping off of the website. Based on the Process Flow the current approach would not be sufficient to attract significant interest from a potential major investor.



TARGET KEY EXPOSITIONS TO RAISE PROFILE

The UK tends to be quite lazy at using events to raise profile and attract enquiries. Typically, MIPIM is as far as the UK goes. Attendance at key events will help raise profile and showcase the opportunities Surrey can offer. Key events could include Cyber Security Expo 2024, Global Health Expo 2024 or Global Automotive Components and Suppliers Expo. These events are attended by forward thinking, growth-oriented companies.



UNIVERSITY OF SURREY COHERENTLY PROMOTING ITS INNOVATION ASSETS

In asserting a revitalised approach to attracting inward investment, the University of Surrey should seek to coherently promote all of its innovation assets, with Surrey Research Park as the centre piece and align this with the work of the SCC and Boroughs. For example, the University of Surrey website describes its approach to Innovation, this should be connected to the Inward Investment material. This would then highlight the strengths of the University and it offer to businesses. Benefits of doing this include:

- Increased profile for the University and its Innovation Assets
- Enhanced University reputation
- Enhanced regional reputation for Innovation
- Attraction of new partners to develop existing and future Innovation Assets
- Leveraged usage of Innovation Assets to attract funding and students
- Enhanced job prospects; attraction of new and higher quality jobs
- Innovative companies attracted, positioning the region as a home for innovation
- Opportunities for local companies to engage to improve productivity and competitiveness

CBE's partner Deyton Bell have previously advised the Universities of Sheffield, Nottingham, Nottingham Trent and Lincoln on how to leverage their innovation assets in support of enhanced inward investment presence and attraction of targets and can expand upon this work in Surrey.



ENGAGING UNIVERSITY OF SURREY'S ALUMNI

Alumni are a valuable, relatively inexpensive resource. Developing a business focused approach which encourages alumni to engage and promote Surrey as a location. The alumni have a global reach, and a significant percentage will operate in high performing potential investors. Tapping into this group could prove a valuable tool for inward investment. This is an underdeveloped area across UK Universities, this could be an area where the University of Surrey leads the way.



SUCCESSFUL ENGAGEMENT OF PROSPECTIVE INVESTORS IN SURREY

Work with Surrey's existing high-profile companies and identify which of their global supply chain would they like located 'next door.' If these companies identify likely targets, it is typical that the target would like to be located next door because of the close trading relationship. Building supply-chain links between domestic and foreign firms is important. This has two beneficial effects: productivity spillovers occur via these linkages, and they also allow complementary physical investment by local firms.



UNDERSTAND CURRENT PROPERTY AVAILABILITY AND PLAN FOR THE FUTURE

Business commentary has highlighted that Surrey does not currently have significant space available. The SCC, Boroughs and Districts should work closely to identify currently available space, but also plan for the future within a local plan context. Proactive work with the Development community will assist in planning for the future and enhancing space availability. Identification of gaps could help underpin future funding applications.



CAREFULLY EXECUTED AND TARGETED GLOBAL PROMOTION OF SURREY

Research the global movers and shakers in Surrey's key sectors. Global operators without a European base. Target high performing companies in the better performing or long-term partner countries e.g. USA, Canada, India, Japan, Brazil and Saudi Arabia. Use IMF and OECD data to keep ahead of changes in the global economy. Use Time and Statista data to keep up to date on the highest performing companies - research these companies to identify targets.

Annex I:
Surrey Inward Investment SWOT Table

Business incubators and catapults			
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> Universities have played a key role in providing incubation spaces. E.g. Enterprise studio and innovation cube (Uni of Surrey); cyber security and big data centre, AND CoStar lab (Royal Holloway); Set squared (Research Park). 	<ul style="list-style-type: none"> Lack of incubation spaces away from universities This helps add to notion of perceived East-West divide in Surrey. 	<ul style="list-style-type: none"> Changing role from LEPs a may shift funding to SCC to create a joined-up approach from all respective boroughs in how they want to collectively help incubate businesses. <ul style="list-style-type: none"> Attracting Foreign Direct Investment (FDI): Collaborating with SCC, business incubators and catapults can attract FDI to Surrey by showcasing the region's business-friendly environment, skilled workforce, and supportive infrastructure. Sector-Specific Incubation: SCC's inward investment initiatives could prioritise specific sectors for development, enabling business incubators and catapults to support startups in these sectors, aligning with strategic goals and fostering clusters. Partnerships and Collaboration: SCC's inward investment initiatives could foster partnerships and collaborations between business incubators and catapults, improving startup ecosystem, knowledge exchange, and attracting funding. Infrastructure Development: opportunity to improve connectivity, transportation, and technological capabilities within surrey to create usable space for business incubators and catapults by offering advanced facilities and networking opportunities. Talent Development: Inward investment initiatives in Surrey can boost skilled talent demand by collaborating with business incubators, catapults, and SCC to develop talent pipelines, partnerships, and retention initiatives. Opportunities to formally partner with Universities and Businesses on this. 	<ul style="list-style-type: none"> Funding Challenges: Insufficient funding poses a significant threat to business incubators and catapults, as they rely on government grants, corporate sponsors, and private investors for resources and support. <ul style="list-style-type: none"> Economic Downturn Limited Resources: Business incubators and catapults require ample resources, including office spaces, technology infrastructure, mentorship networks, and access to a skilled workforce. Limited availability of such resources can hinder the effectiveness of these organisations and limit their capacity to support startups. Competition: Emerging business incubators and accelerators in Surrey may increase competition, diverting startup support and resources, posing challenges in attracting and retaining promising startups. Regulatory Environment: Changing of Government and their policies, regulations, and legislation can affect business incubators and catapults, hindering investment, market access, and administrative support. Technological Disruptions: Rapid technological advancements challenge SCC's ability to support business incubators and catapults to adapt programs and resources, causing outdated support mechanisms and inability to meet startup needs. Lack of Market Demand: If there is a lack of demand for certain types of startups or industries in the region or if the

		<ul style="list-style-type: none"> • Showcasing Success Stories: Collaborate with SCC to showcase successful startup stories, attract investment, increase visibility, and encourage more startups in Surrey to seek support. • By leveraging these opportunities, business incubators and catapults can align their strategies with the SCC's inward investment initiatives, attract and nurture innovative startups, and contribute to the economic growth and development of Surrey. 	<p>market saturation for specific sectors is reached, it can limit the growth potential of incubated or catapulted businesses. Identifying and nurturing startups with high market potential becomes critical for the success of the organisations. - Opportunity for Joe's side of the report.</p>
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Clusters: specialised innovation districts			
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Talent pool- specifically high-level universities. • Gaming (already well established). • Space • Createch • Research park has presented Animal Health as a key area for growth. • High levels of R+D supported by the counties universities 	<ul style="list-style-type: none"> • Cost of living is affecting talent pool as younger people cannot afford to live in Surrey. • Other regions with stronger voices (levelling up agenda factors into this) despite several cabinet ministers coming from Surrey • No single industry/sector to 'sell' as Surrey's core. Some have suggested it is 'spreading its bets.' 	<ul style="list-style-type: none"> • Gaming (already well established). • Cyber - perhaps a need to specify which part of Cyber Surrey excels at and centre supply chains and ecosystem around it. • Space (links with Hampshire and Isle of Wight to secure a 6.5 million government package), Perhaps opportunity to copy this style of funding application in other sectors. • Createch (Story futures at Royal Holloway UK's first major investment in R+D for creative industries) 	<ul style="list-style-type: none"> • Whilst the range of clusters in Surrey is a strength, broadly supporting too many different industries could potentially prevent Surrey from becoming a capital in one of these areas.

Commercial space, property

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Strategic location near London. • History of housing inward investment with several European HQs present in Surrey. • Surrey Research Park contributes significantly to the local economy and has cultivated animal health cluster. 	<ul style="list-style-type: none"> • Lack of commercial land in certain areas but not everywhere- linked to abundance of green belt. Hence new sites can be met with NIMBYism. • Cost of living- availability of affordable housing is low in Surrey creating a knock-on effect on the talent pool. • Lack of planners due to cost of living and housing prices, coupled with influx in planning applications big concern. DIT said planning and skills were the two key factors foreign companies look to when deciding to invest. 	<ul style="list-style-type: none"> • Covid-19 has dramatically affected working patterns. There is now a greater need for flexible working hubs rather than traditional office blocks. This means buildings can be redesigned to make better use of space. A shift towards quality rather than quantity of buildings could help address site availability issue. 	<ul style="list-style-type: none"> • If commercial space is not readily available this could directly lead to companies investing in other areas. • Site availability plays a big role in repairing landing packages for companies. • Higher Interest rates are leading to unaffordable mortgages meaning talented people will not be able to afford to live in Surrey.

Green spaces, green tech: aligning planning, climate change goals and green innovation

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Desirable place to live - AOOB, quality of life. • Recognition from all interviewees that planning for a greener future should be at the forefront of plans. • Institute for sustainability (Uni of Surrey) will ensure Surrey will be at the forefront of sustainability research and innovation- can this be translated into county wide action? • Research park - LoCase grant provides green funding for Surrey businesses. Papilo 3- solar car park- launched at Surrey technology centre. 	<ul style="list-style-type: none"> • Perception of residential, leafy, affluent, elderly population, not necessarily open for business- not true but a branding issue perhaps. • Consensus that Surrey is not particularly ahead of the curve as a county in terms of green planning. • Could Surrey set out to become a leader in a specific aspect of green tech? E.G. alternative vehicle fuel, solar power recycling. 	<ul style="list-style-type: none"> • As of yet Surrey not considered ahead of the curve in this area, however, institute for sustainability at the University of Surrey can play a key role in this and Lorenzo of IFS has stated that they believe a commitment of some form from the collective boroughs would go a long way in branding Surrey for tech opportunities in the future. 	<ul style="list-style-type: none"> • Shifting focus too quickly to net zero carbon may be damaging to some of the smaller businesses who have not yet amassed enough capital to invest in green resources.

Integrated healthcare opportunities: identifying opportunities to increase the 'business of healthcare'

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> The South East of England accounts for 24% of UK pharma activity. Surrey has a number of health science businesses including GSK, Pfizer and UCB. 		<ul style="list-style-type: none"> Provide healthcare services on the Highstreet to further community engagement. University of Surrey plays key role in digital health research cluster- which could provide innovative solutions to solve healthcare dilemmas. 	

Town partnerships and high street redevelopment

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> For the more populous towns (E.g Guildford) footfall has actually risen since the pandemic and high street is sustaining itself. 		<ul style="list-style-type: none"> Covid-19 has played a major role in reshaping the way businesses work- creating demand for shorter more flexible, greener buildings rather than traditional offices. This could shift focus from quantity of commercial buildings to quality which could help tackle land availability issues. The SCC can work with local universities and colleges to create programs that train people for jobs in the retail and hospitality industries. 	<ul style="list-style-type: none"> Lack of funding: Town partnerships and high street redevelopment projects can be expensive, and the SCC may not have enough funding to support all of the projects that are needed. Changing consumer habits: Consumer habits are changing, with people increasingly shopping online and less frequently on the high street. This can also make it difficult for high street businesses to survive. Depopulation of rural areas: Some rural areas in Surrey are experiencing depopulation, which can lead to a decline in footfall on the high street (Guildford however has had an increase since Covid-19). This can make it difficult for businesses to survive in these areas. Lack of coordination between different stakeholders Lack of public engagement Resistance from businesses: Some businesses may be resistant to change, and this can make it difficult to implement successful town partnerships and high street redevelopment projects.

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