

Report to: **Overview & Scrutiny (Internal) Committee**

Date: **8 November 2016**

Title: **ECONOMY WORKING GROUP
RECOMMENDATIONS**

Portfolio Area: **Cllr Robert Oxborough, Economy**

Wards Affected: **All**

Relevant Scrutiny Committee: **Internal**

Approval and clearance obtained: **Yes**

Urgent Decision: **N/A**

Date next steps can be taken: **Any Recommendations to be presented to the Hub Committee meeting on 24 November 2016**

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RECOMMENDATIONS

That the Overview & Scrutiny (Internal) Committee RECOMMEND that the Hub Committee consider this report and approve its recommendations, which are to:

- 1. Adopt the proposed WDBC Our Plan Annual Delivery Plan, as shown in Appendix 1, for the period to March 2018**
- 2. Increase funding to Business Information Point for business support services from £8,340 in 2015/16 to £15,100 in 2016/17 (pro-rata)**
- 3. Reduce funding to Villages in Action from £8,000 in 2016/17 to £4,000 in 2017/18**
- 4. Reduce funding to South West Museum Development (SWMD) from £2,000 in 2015/16 to £1,000 in 2016/17**
- 5. Cease offering economy grants in WDBC with immediate effect**
- 6. Support the Youth Markets initiative from 2016/17 with funding of £1,000**
- 7. Recruit a part time level 4 economy specialist to focus on the Council's economy work. Funding for this post in 2016/17 to be drawn from the Innovation Fund (Invest to Earn) Earmarked Reserve. Ongoing funding for this role will be via**

the staffing establishment, which is to be increased for 2017/18 onwards

8. To establish a West Devon Economy Working Group (WDEWG) consisting of 4 members

9. That the WDEWG submit periodic reports to Hub Committee

1.0 Executive Summary

1.1 Members identified economy as one of the two highest priorities of the respective Councils. A politically balanced, joint working group to review economic delivery within South Hams and West Devon was introduced in March 2016.

1.2 This group met jointly on several occasions to create and agree an economic development programme for the Our Plan annual delivery plan (see Appendix 1).

1.3 The group then split into representatives from each Council and honed the specific economy related recommendations for each Council (WDBC recommendations are detailed in section 3 of this report).

1.4 If approved, these recommendations will be incorporated into the economic development programme, forming part of the annual delivery plan for "Our Plan" and will remain in force until March 2018.

2. Background

2.1 Members identified economy as one of the two highest priorities of the respective Councils. A report entitled "Our Plan Review" was presented to West Devon Overview & Scrutiny (External) on 15th March 2016, minute reference O&S (E) 32. This report included a recommendation, which was carried, to "Establish a joint member working group to agree scope and details of the Economic Development work" in conjunction with South Hams. A politically balanced, joint working group to review economic delivery within South Hams and West Devon was introduced in March 2016.

2.2 This group met jointly on several occasions to create and agree the constituent parts of an economy annual delivery plan (see Appendix 1) and then individually to hone the specific recommendations for each Council. If approved, the resulting economic development delivery programme will be incorporated into the delivery plan for "Our Plan" and will remain valid until March 2018.

2.3 This economic delivery review is in line with the Council's stated objectives of:

- Being financially self-sufficient;
- Enhancing partnerships;
- Meeting customer needs, and;
- Enabling communities to thrive

- 2.4 The "Our Plan" strapline is: ***Creating places for enterprise to thrive and business to grow.*** By addressing this via the working group, the respective Councils endeavour to:
- Facilitate a supportive economic environment for employment and productivity growth that is sustainable in the long term
 - Develop a deep understanding of local business needs to inform strategic working and maximise funding opportunities
 - Support and promote the role of town centres by encouraging development which ensures they remain attractive and vibrant destinations
- 2.5 The group has also considered and made recommendations on other actions which in their view are required in order to develop a more robust strategic economic delivery programme for both Councils for future years. The recommendations have been made in order to promote member engagement with local businesses, increasing understanding of economic issues and thereby informing Council decision making in response to local economic need.
- Devon County Council have a responsibility to support the Devon economy, but the proposals highlighted in this report and the associated delivery programme focus on local deliverables outside of the County remit.
- 2.6 Lack of comprehensive data set.
- 2.6.1 The Council currently has no comprehensive data set of all businesses operating in West Devon. Available data is fragmented across several data bases, the most significant of which is that used to collect Business Rates. However, this data has limitations:
- a. Not all businesses are operating from rateable premises and so are absent.
 - b. The data includes detail relevant to the collection of Business Rates and little more. There are no email addresses or details of business proprietors.
- 2.2.2 The lack of comprehensive data creates a problem in as much as it is impossible for the council to communicate effectively with the whole business community. It also creates problems in directing business support opportunities proactively.
- 2.2.3 Businesses operating from non-rateable premises can be making a significant contribution to the local economy. It is a mistake to assume that businesses operating "from home" are necessarily small: anecdotal evidence suggests that many are creating significant turnover. Their significance is manifest in the following ways:
- a. Local purchase. Supplies used by 'home' businesses are frequently purchased locally from 'rateable' businesses.

- b. There are examples of such businesses growing out of their home premises and into rateable premises.
 - c. The wealth that they generate is in part likely to be recirculated locally providing a general yet intangible benefit to the local economy.
- 2.2.4 The advantages of possessing a comprehensive business data set are:
- a. Enabling effective, cost effective and timely communication.
 - b. Identifying the business group (i.e. smaller) that might benefit from support to enable growth. This could lead to businesses moving into business rateable premises.

3.0 Outcomes / Outputs

The joint working group have reviewed the economy delivery plan and have recommended that a number of activities are continued, whilst others should be amended to improve the outcomes achieved. The proposed delivery programme is shown in Appendix 1. The key changes are detailed below.

3.1 Increase investment with Business Information Point (BIP)

- 3.1.1 In the review of its Economy Delivery Plan 2012-2014, WDBC identified a need to provide direct support to local residents seeking to start or grow a business. This need was confirmed by the Economy Working Group in its review of the 15/16 delivery plan and is considered to be a vital element in delivering the Council's priority of supporting the local economy.
- 3.1.2 The Council does not employ qualified Business Advisors and officers do not have the necessary capacity, skills or experience to deliver the type of support required. WDBC previously elected to buy in these services from an external agency and after a tender process, BIP was selected and commissioned to provide business support services within the West Devon region.
- 3.1.3 Currently West Devon pay £8,340 per annum in return for an SLA which sees BIP act as the first referral point for any business enquiry, providing independent and professional advice to businesses located in, or seeking to move to, the West Devon area. This advice includes a free initial consultation covering any issue (provided such enquiry falls within BIP's area of competence) and signposting to appropriate funding opportunities. The current SLA allows for support for up to 100 businesses receiving support through 30 minute consultations.
- 3.1.4 Since April 2016, 39 local businesses have received support, with a further 7 businesses attending workshops on funding and access to finance. Of the 39 businesses, 17 were start-ups. Appendix 2 gives further detail on what BIP have delivered for WDBC since April 2016.
- 3.1.5 The working group members noted that there is great demand for increased intervention and BIP could do more to support business births and growth with the aid of increased funding. Having met

with BIP representatives and analysing the outcomes achieved, the member group recommend that annual funding is increased to £15,100 with an increased focus on assisting new businesses and helping new businesses to survive beyond 12 months.

- 3.1.6 BIP would also be tasked with improving the level of MI provided to the Council. Indicatively, the number of businesses supported would increase proportionate with the funding increase, but with an agreed aim that no business would be refused assistance. Performance under the new SLA will be measured and if improved outcomes are clearly evidenced, it is anticipated that the enhanced funding level will continue.

3.2 Decrease funding given to Villages in Action (VIA)

- 3.2.1 WDBC hold a SLA with VIA which sees WDBC investing £8,000 per annum to contribute to the core costs of the VIA, so that it can support and encourage effectiveness, flexibility and co-operation within the cultural and social life of rural populations.
- 3.2.2 The current agreement expires 31st March 2017 and in return for its funding, VIA must ensure there are a minimum of 18 performances per annum in West Devon covering a minimum of 10 venues.
- 3.2.3 Monitoring management information has not been provided to the council, though performances are taking place. Officers have contacted VIA to let them know that performance and funding levels are subject to review.
- 3.2.4 It is recommended that given support for the arts is a discretionary service and the Council is under increasing financial pressures, funding is reduced for 2017/18 to £4,000 per annum.
- 3.2.5 Increased monitoring will be put into place to ensure that the SLA is being met by both parties.

3.3 Decrease funding given to South West Museum Development (SWMD)

- 3.3.1 SWMD supports local museums to meet national standards, deliver quality services, and maximise the funding available from national organisations and Arts Council England, for whom Museum Development is the natural regional and local conduit.
- 3.3.2 WDBC have historically provided £2,000 per annum in funding to Bristol City Council, who are the accountable body for the programme. SWMD currently have funding agreements with 26 Local Authorities across the region.
- 3.3.3 See Appendix 3 for a report from SWMD detailing the support the programme has given to museums in West Devon over the past twelve months.
- 3.3.4 It is recommended that given support for the arts is a discretionary service and the Council is under increasing financial pressures, funding is reduced for 2016/17 to £1,000 per annum.
- 3.3.5 Increased monitoring will be put into place to ensure that the SLA is being met by both parties.

3.4 Cease offering Economy grants in West Devon

- 3.4.1 WDBC currently allocate a budget of £5,571 per annum toward economy development grants. These grants are advertised via the Council website and word of mouth. Applications are determined at officer discretion. In 2015/16, no grant applications were supported. For 2016/17, there has been one commitment of £500 to Baring-Gould Folk Weekend and Song School.
- 3.4.2 In the past, grants have been awarded to initiatives such as the Okehampton chamber of commerce website build; the Tavistock BID ambassador programme, the Chagford film festival, etc.
- 3.4.3 This grant fund is separate to community project grants, sports development grants, Town & Parish (TAP) grants and locality grants.
- 3.4.4 Given the low level of interest in applying for these funds, the availability of other sources to obtain funding and the identified need to increase funding to BIP, the working group recommend that this grant scheme ceases to operate with immediate effect.

3.5 Invest £1,000 into "The Teenage Market"

- 3.5.1 See 4.5 below for further information and rationale for investing in the "The Teenage Market".

3.6 Recruit a dedicated Economic Development Resource

- 3.6.1 Historically, WDBC had a dedicated economic development resource, but during the roll-out of the T18 transformation programme, this specific role has been removed and the staff members have either been redeployed or left the organisation.
- 3.6.2 Completion of economy related tasks has therefore either fallen to others across the organisation or has not been completed. Where it has been completed by others, this has been sub-optimal, given it has been done in addition to other core duties.
- 3.6.3 It is clear that in order to achieve the Council's Our Plan aims, a renewed focus on the economy is required and the working group felt this was best achieved by recruiting a dedicated resource. It is envisaged such a resource would be able to pursue the following activities:
 - 3.6.3.1 Follow up on Inward Investment opportunities originated via LEP and Department for Business, Energy and Industrial Strategy (BEIS) or Department for International Trade (DIT)
 - 3.6.3.2 Commission and manage economic development delivery in borough, overseeing relationships with SWMD, VIA, BIP and the Teenage MarketF
 - 3.6.3.3 Work with local sector groups, e.g. agri-tech, photonics, marine cluster, business networks such as Tavistock BID, FSB, Chamber of Commerce, Chamber of Trade, NFU, with other South West authorities to network, understand market and drive economic growth in the borough
 - 3.6.3.4 Follow up & respond to grant funding initiatives which would support local businesses or the wider local economy. When required, use third parties to write applications on a no win, no fee

basis. Funding tends to require shovel-ready projects; this role would work with colleagues to determine how these can be driven

- 3.6.3.5 Lead on relationships with City Deal and the LEP
- 3.6.3.6 Lead on LEADER programme for WDBC, managing the DR company relationship, who complete much of the associated programme management functions
- 3.6.3.7 Lead on Member engagement to help understand market and drive economic growth in the borough. Act as custodian for comprehensive data set as per 2.6 above.
- 3.6.3.8 Ensure close integration with planning in relation to economy related issues and business enquiries. Assist with implementation of planning peer review actions, e.g. fast track planning process / more Planning Performance Agreements and fee reduction / removal for business applications; review of policies to ensure fit with economic growth & open for business agenda
- 3.6.3.9 Work with neighbourhood planning teams to focus on economy where appropriate
- 3.6.3.10 Procure and publish a fully maintained consolidated list & contact details of land, units, shops etc. that are allocated or available for purchase or let – with owner or agent details
- 3.6.3.11 Review & improve economy provision on the Council website
- 3.6.3.12 Proactive engagement with medium / large businesses to understand needs / wants from their local authority - act as early warning system of issues, inform lobbying / discussions with LEP / County etc. and general policy decisions, e.g. informing strategy / land allocations / cross promotion of other council services (especially in a LACC context)
- 3.6.4 Members should be aware that the benefits of this work will not always be immediately apparent in terms of increased business rate income
- 3.6.5 It is recommended that an appropriate resource is recruited to focus on these activities and that the establishment is increased accordingly as part of the 2017/18 budget planning process.
- 3.6.6 A budget pressure for WDBC of £22,000 per annum is forecast. It is envisaged that this would be a full time, level 4 post, shared on a 50/50 basis with South Hams District Council. If SHDC opt not to recruit to this post, WDBC would recruit on a part time basis at the same cost.
- 3.6.7 If approved, this post would be recruited as soon as possible in 2016/17, with funding sourced from the Innovation Fund (Invest to Earn) Earmarked Reserve. A sum of £22,000 was set aside in principle from this reserve to fund the economic delivery programme, as discussed in the Income Generation Proposals report, presented to Hub Committee on 22nd March 2016. A proportion of this sum would fund the post until the start of the

2017/18 financial year, when the role would be incorporated into the WDBC staffing establishment.

3.7 Establishment of a West Devon Economy Working Group

3.7.1 It became clear to the West Devon members of the group that there remains a considerable amount of work to be done in order to ensure that the measures presented in this report are managed effectively and the desired results obtained. The members agreed that a key recommendation is that a pure West Devon Economy Working Group (WDEWG) be established:

3.7.1.1 To ensure the continued management of the initiatives presented in this report.

3.7.1.2 To continue to monitor the economy of West Devon and recommend appropriate interventions.

3.7.1.3 To develop effective channels of communication between the Council and all West Devon businesses.

3.7.1.4 To identify the support required by the West Devon business community and examine ways to provide this support.

3.7.2 The group considered the composition of a WDEWG and recommend that the addition of a member from the Okehampton area to the existing membership would provide balance, there being proportionate member representation from the key communities and surrounding areas.

3.7.3 The group also considered the reporting channel of the WDEWG and recommend that periodic reports be submitted to Hub Committee.

4.0 Options available and consideration of risk

4.1 Involvement of Ward members

4.1.1 Ward Members have a significant part to play in economic development within their wards. Many already have a good level of connection with their local businesses but more can be done. First, by proactively seeking out all businesses over a period of time, the detailed intelligence that they collect can feed into and help maintain an up to date database of West Devon businesses. Second, where they become aware of specific business issues affecting one or many businesses in their ward, appropriate support can be directed to address these issues.

4.2 Linkage of strategic industrial development plans and housing development plans

4.2.1 Presently there is no connection between house building and economic development. This makes no sense. When there is a prevailing situation of mass house building as is the case in Okehampton and Tavistock, there is a natural requirement for more employment, employment that provides meaningful, significant, well paid jobs. Without the businesses to provide them, there then is the risk that major urban areas become dormitory towns as people decamp each day for Exeter and Plymouth. This increases road congestion, increases pollution, increases the risk of road traffic accidents and is quite contrary to

government greenhouse gas control policy. The case for more local employment is clear.

- 4.2.2 Were strategic plans written to provide a clear linkage between house building and economic development then these two aspects of growth can be managed together. Where land is allocated for industrial development of whatever category, there is an opportunity for WDBC to work in partnership with the owners and developers to bring such land forward in a manner that is co-ordinated with house building. In effect, business and job opportunities may be presented just as the people who might operate new business and who might require those jobs take up residence.
- 4.2.3 There is another opportunity from such a policy direction. WDBC may be able to derive future income streams by being instrumental in the development of the industrial facilities required of businesses and their future management. In effect the Council can become a business landlord, deriving both rent and where applicable, business rates from new resident businesses.

4.3. Stimulating the rural economy

- 4.3.1 While it is accepted that economic development within West Devon should be a priority for towns, there is great potential for stimulating the 'micro economy' in villages. The advent of sole trading internet businesses and home working has significantly changed the rural landscape and many of these businesses are 'invisible' and may not appreciate the help and support that may be available to them.
- 4.3.2 While the re-vitalised BIP program will seek to reach these businesses, more can and should be done. There is a role here for Councillors in rural locations who may be in a position to signpost people to BIP's expertise and, where appropriate, act as a point of contact between local businesses and the range of services available.
- 4.3.3 The introduction of Neighbourhood Planning can play an active part in stimulating the local economy by promoting policies aimed at supporting it. While these plans are locally driven, WDBC can assist with the development of appropriate policies which in turn can be offered to Neighbourhood Planning teams for consideration.

4.4 Digitisation of the high street

- 4.4.1 It is apparent to any who visits them that our town centres are changing. High rents and the high business rates associated with such rents in prime location premises present an ongoing challenge to all in retail but particularly so for small 'owner operated' retailers. The key to the future sustainment of high street, if indeed this is deemed desirable, is to encourage footfall and crucially spend. This requires a strategic approach that packages together all relevant initiatives that help bolster this trading environment.

- 4.4.2 Many of these smaller independent retailers are struggling to make the business work as competition from internet trading and out of town shopping centres bites. Yet they have limited potential to compete online. Most do not have the stock facilities required to operate successful online businesses. Nor do they have the staff to enable this. They face the perennial problem of step change in overheads that carries with it the risk of business failure should online sales not measure up to the level required to sustain new employment.
- 4.4.3 At a recent DCLG event, the lead member for the Economy and the lead member for Strategic Planning were appraised of a suite of initiatives based on the broad concept of digitisation of Town Centres, that together aim to revitalise flagging Town Centres, to sustain those that are still in a state of health and to regenerate those that have declined. It is beyond the scope of this paper to discuss these in detail but suffice to say, where they have been introduced there has been positive change. They present a similar opportunity for the towns in West Devon. It is therefore proposed that this area be examined in detail and those measures that are deemed suitable for West Devon towns be adopted.
- 4.4.4 The ideal digitisation model is for Town Centres to provide free Wi-Fi to visitors and for this Wi-Fi service to provide a landing page that takes visitors to a simple search engine which enables them to find local goods and services. Necessarily, all Town Centre traders will need to have their own information page as part of the Town Centre site infrastructure. This page will include basic information and graphics in a standard structured way to ease the administration, build and update. Basic information includes a location map, outline of good/services on offer, opening times and any current special offers available.

4.5 The Teenage Market

- 4.5.1 The Teenage Market is a fast-growing national initiative that's transforming town and city centres with the creativity of young people. The Teenage Market gives young people a free platform to showcase their creative talents. It's all about supporting the next generation of market traders and bringing an influx of energy, vibrancy and diversity to towns across the UK. Their events are the perfect opportunity for markets to connect with their town's population of young people, by providing a platform for them to be entrepreneurial, trial new business ideas and sell creative products.
- 4.5.2 As well as a creative retail offer, a really important part of Teenage Market events is performance. Whether it's young bands, dancers, musicians or stand-up comedians, their events are an amazing opportunity for young performers to showcase their creative talents in the heart of their village or town. The events are also great for large, local community groups to showcase their unique skills and talents, who also bring along friends and family for support.

- 4.5.3 When combined, the creative fusion of specialist retail and live performance creates a thriving and bustling marketplace which succeeds in attracting a new generation of shoppers and visitors to our local markets. The Teenage Market events have proven that giving a free platform to aspiring young entrepreneurs and performers can transform village and town centres, animate high streets and revitalise local markets.
- 4.5.4 The initiative started in Stockport in 2012 and has since grown to include 26 towns. WDBC has the opportunity to buy into the successful template approach for 3 years for a discounted rate of £1,000. This fee provides access to a full support package that is ready to go and proven to work.
- 4.5.5 The benefits are:
- a. Stimulate the involvement of young people in what is traditionally an 'older person's' environment, getting them into business in a simple, low cost yet effective way.
 - b. The extra footfall that 'Teenage market' events generates may benefit the wider business community in the town centres from where they operate.
 - c. The concept has produced demonstrable benefits in sustaining and regenerating town centres.
- 4.6 Members could opt to support some, all or none of the working group recommendations discussed in this report. However, it is important the members note that these recommendations are designed to deliver the Council's Our Plan aims and seek to support the local Economy, which was identified as a top priority for members. At present, officer focus on these deliverables is compromised. There is no identified risk in pursuing these recommendations.

5.0 Proposed Way Forward

- 5.1 The Economy working group recommend that WDBC:
- 1) Adopt the proposed WDBC Our Plan Annual Delivery Plan 2016-2017, as shown in Appendix 1
 - 2) Increase funding to BIP for business support services
 - 3) Reduce funding to Villages in Action
 - 4) Reduce funding to South West Museum Development (SWMD)
 - 5) Cease offering economy grants in WDBC
 - 6) Support the Teenage Market initiative
 - 7) Recruit an economy specialist to focus on the Council's economy delivery programme and the initiatives discussed in this report
 - 8) Establish a West Devon Economy Working Group (WDEWG) consisting of 4 members
 - 9) That the WDEWG submit periodic reports to Hub Committee

6.0 Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/ Governance	Y	If the proposals are approved, an SLA will be prepared to cover the increased investment with BIP and existing SLAs with VIA and SWMD will be amended accordingly. A new SLA will be prepared with the Teenage Market. Supporting the local economy is not a statutory duty for the Council. Devon County Council have a responsibility to support the local economy, but the proposals highlighted in this report and the delivery programme focus on local deliverables outside of the County remit.
Financial	Y	<p>It is proposed that funding is reduced to some organisations, whilst it is increased to others. In summary:</p> <p>VIA reduction £4,000 pa (for 2017/18 onwards) SWMD reduction £1,000 pa (for 2016/17 onwards) Economy Grant reduction £5,571 pa (£5,071 for 16/17, full amount 17/18 onwards) Total Saving: £10,571 pa</p> <p>Increase in BIP support (£6,770) per annum, pro-rata for 16/17 Award to Youth Markets (£1,000) per annum Total Additional Cost: (£7,770)</p> <p>Net Saving of £2,801 per annum which is available to reinvest in other economy initiatives. This will be used to cover the increased cost of delivering the town benchmarking reports for Okehampton and Tavistock as described in Appendix 1.</p> <p>This report recommends that an appropriate resource is recruited to focus on the economic delivery programme outcomes highlighted in this report and that the Council's staffing establishment is increased accordingly as part of the 2017/18 budget planning process.</p> <p>If approved, this role could be recruited as soon as possible in 2016/17, with funding for this role sourced from the Innovation Fund (Invest to Earn) Earmarked Reserve. A sum of £22,000 was set aside in principle from this reserve to fund the economic delivery programme, as discussed in the Income Generation Proposals report, presented to Hub Committee on 22nd March 2016. A proportion of this sum would fund the post until the start of the 2017/18 financial year, when the role would be incorporated into the staffing establishment if approved. The reserve has an uncommitted balance of £904,862.</p>
Risk	N	None identified
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	N/A
Safeguarding	N	N/A

Community Safety, Crime and Disorder	N	N/A
Health, Safety and Wellbeing	Y	WDBC does not directly invest into local museums or arts events. The reduced funding to VIA & SWMD will not prevent local groups from engaging with these organisations.
Other implications	N	N/A

Supporting Information

Appendices:

Appendix 1: Proposed WDBC Our Plan Annual Delivery Plan 2016-2017

Appendix 2: WD Business Support April 16- Sept 16 Delivery Report

Appendix 3: South West Museum Development Report 2016/16 for West Devon

Background Papers:

- Income Generation Proposals, presented to Hub Committee, 22nd March 2016
- "Our Plan Review" presented to O&S External, 15th March 2016