

Report to: **Overview and Scrutiny Panel**

Date: **6 October 2016**

Title: **FINDINGS FROM THE JOINT ECONOMY WORKING GROUP**

Portfolio Area: **Economy**

Wards Affected: **All**

Urgent Decision: **N/A**

Date next steps can be taken: **Any recommendations to be presented to the Executive at its meeting on 20 October 2016**

Approval & Clearance Obtained: **Yes**

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RECOMMENDATIONS:

- 1. To recommend to Executive to adopt the attached short term Economy Delivery Plan including using £8,000 from the Invest to Earn earmarked allocated reserve as discussed in 5.2 below; and**
- 2. For the Panel to note the work of the Joint Economy Working Group and the economy update ahead of the budget setting process.**

1. Executive Summary

- 1.1. The purpose of this report is to bring before members the attached short term Economy Delivery Plan (Appendix 1) developed by the Joint Economy Working Group.
- 1.2. The report carries a recommendation to ask the Executive to adopt the plan as part of the overarching strategic Our Plan. The attached plan details the proposed economy initiatives for the next 12 months (from adoption of the plan) and the accompanying measures of its success.
- 1.3. The plan is considered to be the best short term response to the economy challenge set by members as part of the Our Plan priority setting. Members placed Economy as a high priority but in the current context of limited resource and transformational change, realistically how can this be achieved?

- 1.4. The risk of not adopting the plan as shown is that we fall short of meeting our identified high priority – Economy – and that we deny ourselves the opportunity to explore a potentially important business support resource as well as showing to businesses that we are a supportive council.
- 1.5. This is particularly significant as we are approaching an era when business rate income will be increasingly important and when there are conditions in our economy which suggest the potential for growth. Would the District Council be a barrier to growth by not planning for economic success?
- 1.6. Economic growth would benefit all our communities in far reaching ways and some considered facilitation from the local authority, could help maximise this potential. A council not seen to be supportive of business and the economy is surely not an attraction for inward investment and is doing nothing to increase its potential business rate income.
- 1.7. The desired role of local authorities in supporting economic growth is well documented, for example in the NPPF, and highlighted in the recent planning peer review.
- 1.8. The economy group itself has been tasked with the challenge of responding to the peer review. With this in mind the report also presents members with key information to inform them ahead of budget setting. Economy crosses many services but is the council best placed at present to make the most of the potential in the economy for its residents and for the council itself? This question is particularly pertinent in the light of the findings of the peer review but also in light of the findings in the Facilitating Economic Growth in South Hams and West Devon report – see background papers.
- 1.9. There is on-going work to be done alongside the budget setting process to explore what the suggestions of the peer review could look like but also to explore member’s appetite for further financial investment.
- 1.10. Members are not asked for a decision on this but simply to consider and note it as part of the preparation for budget setting. A further report with ideas will be presented at the next O and S panel on 24th November 2016.
- 1.11. In the interim, the working group will continue with its mandate.

2.0. Background

- 2.1. From the outset members identified Economy as a high priority for Our Plan. At the Overview and Scrutiny Panel, it was recommended a working group be established to consider the delivery plan for the Economy workstream of Our Plan (Panel meeting held 17/3/16, minute ref O&S8915).
- 2.2. A geographically representative joint member working group was established (Annual Council 19th May 2016) to agree the scope,

details and key measures of the economic development work for the two councils.

- 2.3. Economy is not a statutory function and there is no set economy resource in South Hams. A report on Income Generation Proposals was brought to the panel on 7th April 2016 and agreed the principle of setting aside £22,000 from the Invest to Earn (Innovation Fund) Earmarked Allocated reserve for an economic delivery service. This was to be treated as a one off sum which would be matched by the equivalent reserve in West Devon Borough Council. This report requests allocating £8k of this amount towards improving the economy offering of SHDC. Future recommendations from the economy working group will deal with the remaining £14k of this allocation.
- 2.4. Prior to transformation, the council did provide a small but well received discretionary economic regeneration and business support service. In 2013 it was agreed to review business support a year later. This review did not take place during transformation and so it is timely that business support is reviewed again.
- 2.5. The Joint Economy Working Group met to review the economy delivery of previous years, considering its effectiveness and how each action could continue to be resourced, as well as considering any new possible actions within the context of having only a one off fund to draw from.
- 2.6. As well as meeting jointly, the members from the two councils met separately to identify actions to 'personalise' the plan making it distinctive to the respective local authority area.
- 2.7. To aid in this work members carried out a range of self-determined tasks. Individual members -
 - sourced economic reports and shared research to identify key economic statistics in order to understand the economy
 - started building up a business directory of key business in a range of sectors to develop an overview of our economic distinctiveness
 - attended business forums and networks speaking to businesses and apprenticeship providers to understand needs
 - met with business incubation "Reconomy" to discuss co-working then linking Reconomy with other business networks
 - touring business assets of the area to understand opportunities and challenges
 - are using social media to support business and retrieve business information and feedback
 - attended a rural business conference to learn more about rural business and the agricultural economy
 - attended requested presentations from BIP (Business Information Point) and DR (Diverse Regeneration CIC) to understand value

- met with Economy Portfolio Holder and Head of Regeneration from Sedgemoor District Council to discuss potential outcomes and measures of economic success
 - met the LEP (Heart of the South West Local Enterprise Partnership) and FSB (Federation of Small Businesses) to review signposting role and potential links with other councils
 - reviewed business website of SHDC to identify business support
 - met with key officers across related services to understand what their needs are
 - engaged with the Broadband roll out to understand issues with gaps in the programme and to see how the Get Up To Speed (GUTS) programme can benefit the economy
- 2.8. Key statistical findings are highlighted in Appendix 2 and have been used by officers in the production of the emerging Joint Local Plan – Thriving Towns and Villages.
- 2.9. The SHWD economies are enterprising but start-ups fare less well. We received feedback from established business that some start-ups feel a need for better support in the early stages and especially for those in our industrial units.
- 2.10. It is notable that there is no authority prioritising for the high value sectors which are set to grow in South Hams. Who will prioritise for this and enable local economic growth?
- 2.11. Business also told us that they want to stay in the area but were concerned about future growth and whether there would be suitable premises. Do we want to risk losing these businesses?
- 2.12. We also learned that there is the potential for a range of apprenticeships and skills development opportunities and that there is considerable interest in apprenticeships from young people and business alike. What work can be done to plan for this linking apprenticeships with emerging high growth sectors, and identifying the Council itself as a key strategic employer and skills developer in these emerging sectors?
- 2.13. City Deal and the developments in Plymouth have the potential to provide significant growth opportunities for the area economy while the Joint Local Plan will lay the strategic foundation for focused economic growth. Plymouth has the potential to be an economic hub with its own distinctive economy and South Hams needs to be in a position to harness that potential and gain from the spread effect.
- 2.14. BIP are already used by WDBC. Members wanted to review the service provided to further understand its value. Although Okehampton based, BIP provide a range of business support services for councils across Devon with outreach available in the South Hams. The group invited BIP to provide an update on their services and the issues they felt businesses were facing. Both sets of members wanted to understand more about the effectiveness of the BIP and how it had helped those seeking assistance. BIP were

tasked to provide information about the difference they had made to specific businesses before SHDC members decided to include them on the plan. At the request of both councils BIP have been asked to report on specific measures of success in the coming year.

3.0. Outcomes/outputs

- 3.1. In this short term it is considered critical that we take steps to support the economy in line with the councils' identified high priority. Success is already seen in some of these actions which have been highlighted for continuation. Initially, it was thought that a focused plan over the short term would deliver in this priority allowing time for members to consider the possibility of increased investment.
- 3.2. The short term outcomes are detailed on the Plan. Those continuing outcomes are already judged to be successful for example The Better Business for All scheme recently won an award from the FSB.
- 3.3. In addition to signposting through the website we are seeking to streamline business communications. The Communications team are already developing different ways of communicating with business as part of their overall Communications strategy and this will replace the Business Voice newsletter provided by the former economy service without additional cost. It is hoped to compliment this with a single focused initially member led event working with another local business provider and to partner events led by other providers such as Destination Plymouth. Our Business Forums were popular but now we are seeking targeted measurable outcomes hence the recommendation to trial BIP.
- 3.4. In the longer term we would aim for a less dependent locally distinctive economy with increased competitiveness, a greater number of business births than deaths and an improved local skills base which stays within the area for work.

4.0. Options available and consideration of risk

- 4.1. The background above describes the work done by the group
- 4.2. The risk to the Council of not continuing is that we could be seen as not being open for business which could discourage inward investment. It could also mean that local businesses including start-ups fail to get the support and advice they need to be successful contributors to the local economy and our business rate base.
- 4.3. Not investing in BIP denies the Council the opportunity to learn more about a business support service and to test out this more targeted approach.

- 4.4. Failure to invest in the economy longer term could mean the Council could fall short of delivering on the actions required by the planning peer review and are unable to meet the requirements of the NPPF with respect to economic growth.

5.0. Proposed Way Forward

- 5.1. The group agreed to create a short term delivery plan within the resources currently available. This short term plan includes details of the work and measures. This is presented to members as Appendix A of this report and members are asked to recommend this to the Executive for adoption as part of the Our Plan to show our intent to deliver on this identified high priority.

- 5.2. Members should note that the plan (see Appendix 1) includes a funding requirement of £8000 to come from the Invest to Earn (Innovation Fund) Earmarked Allocated reserve. This is to pay for direct tailored support for up to 100 South Hams business from BIP (Business Information Point) for a twelve month period starting with adoption of the plan. Should this be adopted BIP are to provide us with feedback against the success measures.

- 5.3. Members are asked to note the comments in the Planning Peer Review and the other findings in this report The NPPF gives a very clear directive for planning authorities to “plan proactively to meet the development needs of business” to help achieve economic growth. (See Appendix 3 for relevant extract from the NPPF)

- 5.4. The full planning peer review report and the associated action plan reported at DM committee on 3rd August 2016 noted the following action and comment...

“Action 10 Ensure that there are adequate resources to focus on economic growth and affordable housing.....Plan Comments – 10. 1 It is considered that there is suitable in house resource to manage affordable housing issues but 10. 2 comments that a member working group has now been set up with responsibility for economic growth. The outcomes arising from this group will determine future resource provision.”

See Appendix 4 for relevant section of Planning Peer Review

- 5.5. It is suggested that members review the Facilitating Economic Growth report referred to in the Planning Peer Review – particularly the section on actions.
- 5.6. A future programme for further discussion is suggested at the end of the attached Delivery plan

6.0. Implications

Implications	Relevant to proposals	Details and proposed measures to address
Legal / Governance	n/a	None
Financial	Yes	There would be a need to finance the business support service provided by BIP at a cost of £8,000 per annum. This would be paid for initially from the Invest to Earn (Innovation Fund) Earmarked Allocated reserve. For future years, if this service were to continue, this cost would need to be financed from the Council's base budget.
Risk	n/a	The identified risks are detailed in section 4 of this report.
Comprehensive Impact Assessment Implications		
Equality and Diversity	n/a	None
Safeguarding	n/a	None
Community Safety, Crime and Disorder	n/a	None
Health, Safety and Wellbeing	n/a	None
Other implications	n/a	None

Supporting Information

Appendices:

Appendix 1: Draft SHDC Our Plan Annual Delivery Plan 2016-2017
Economic Development Programme

Appendix 2: Key Economic Statistics

Appendix 3: Extract from NPPF

Appendix 4: Extract from Planning Peer Review

Background Papers:

- Our Plan – South Hams Review, presented to O&S Panel, 17th March 2016
- Facilitating Economic Growth in South Hams and West Devon, JOHT Resources Ltd. May 2014
<http://southhams.gov.uk/CHttpHandler.ashx?id=17915&p=0>
- Planning Peer Challenge Review 2016/17, presented to O&S Panel and Special Council, 4th August 2016
- Income Generation Proposals, presented to O&S Panel and Special Council, 7th April 2016 (*Exempt Report*)