 <b>Executive 5<sup>th</sup> November 2014</b>		<b>Agenda Item No.</b>  <b>9</b>
<b>Title</b>	Prosperity Agenda	
<b>For further information about this report please contact</b>	Bill Hunt Deputy Chief Executive 011926 456014 <a href="mailto:bill.hunt@warwickdc.gov.uk">bill.hunt@warwickdc.gov.uk</a>	
<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	Executive, 11 December 2013 Minute number 98	
<b>Background Papers</b>	A refreshed Sustainable Community Strategy/Fit for the Future Programme, Executive 11/12/13; Jobs, Skills, Economy presentation to Overview & Scrutiny Committee, 07/08/12; Coventry and Warwickshire Local Enterprise Partnership, Strategic Economic Plan	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	Yes
<b>Included within the Forward Plan? (If yes include reference number)</b>	Yes, Ref. No. 645
<b>Equality and Sustainability Impact Assessment Undertaken</b>	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Deputy Chief Executive		Author
Head of Service		n/a
CMT		Chris Elliott, Bill Hunt, Andrew Jones
Section 151 Officer		Mike Snow
Monitoring Officer		Andrew Jones
Finance		Mike Snow
Portfolio Holder(s)		Cllr. Hammon
Consultation & Community Engagement		
n/a		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

## **1. SUMMARY**

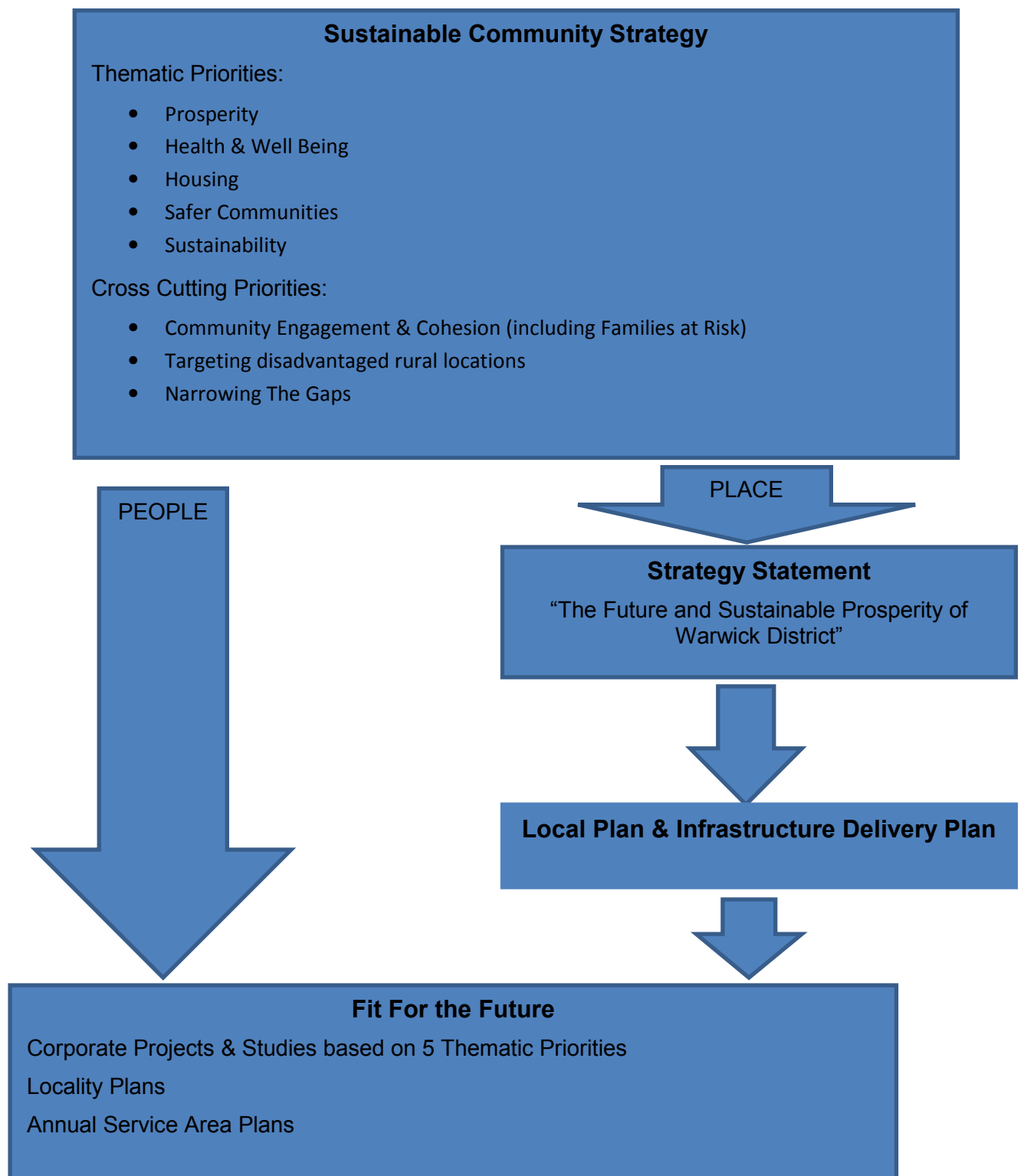
- 1.1 The Council's Sustainable Community Strategy (SCS) contains five priority themes; Health and Well-being, Sustainability, Housing, Safer Communities and Prosperity. Council agreed, when the SCS was refreshed in December 2013 that the Prosperity theme should be at the centre of the strategy and that the other four main themes should ensure that they contribute to this agenda.
- 1.2 The purpose of this report is to inform members of the range of activities the Council currently undertakes to deliver the Prosperity agenda and considers how these activities might be strengthened and developed.

## **2. RECOMMENDATIONS**

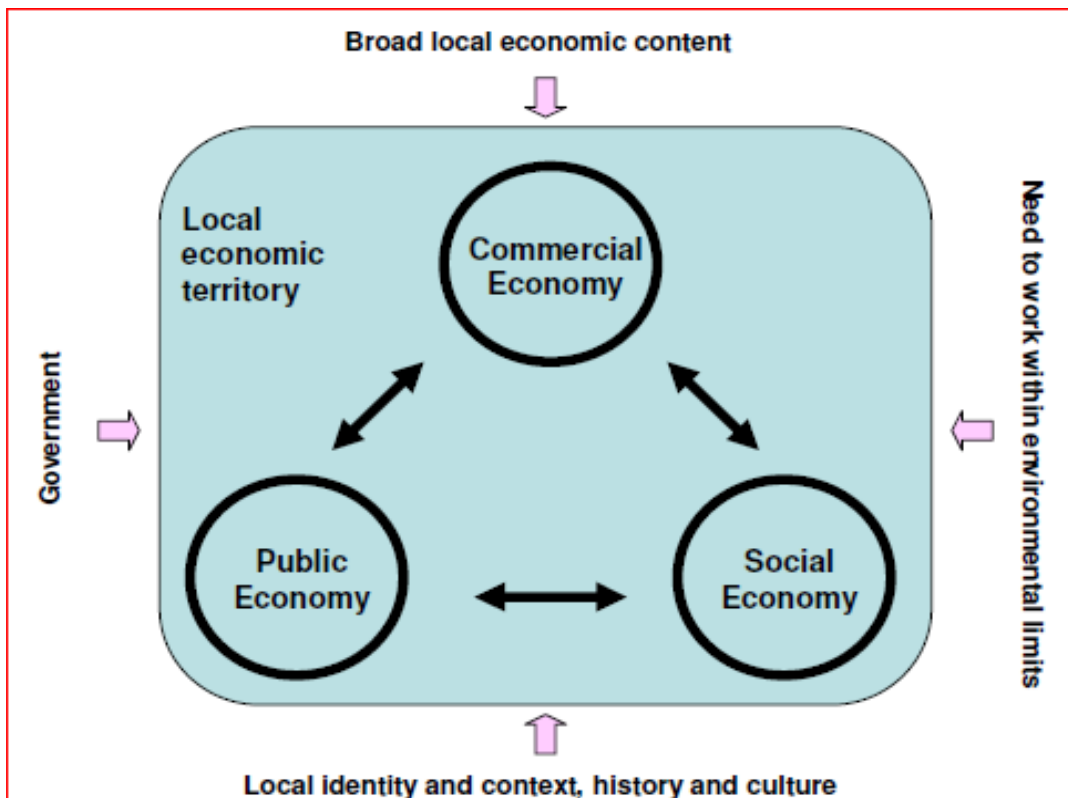
- 2.1 That Executive notes the current activities undertaken to support and deliver the Prosperity agenda, as set out at Appendix One and the SWOT analysis, as set out at Appendix Two.
- 2.2 That Executive notes that specific data analysis report(s) will be commissioned to provide a fuller picture of the current 'health' of the local economy and inform the future development of the Council's role in delivering the Prosperity agenda.
- 2.3 That Executive approves funding of up to £6,000 from the Service Transformation Reserve to allow the engagement of the Planning Advisory Service to review the Council's current engagement with the Prosperity agenda and provide advice and assistance as to how these activities can be strengthened and the agenda developed.
- 2.4 That Executive approves funding of up to £50,000 from the Service Transformation Reserve, to fund a temporary resource to research the availability of external funding and to write bids to maximise the amount of such funding allocated within this district, and delegates authority to the Deputy Chief Executive (BH), Head of Development Services and s151 Officer, in consultation with the Development Portfolio Holder to determine whether the role is best delivered in house or by external commission.
- 2.5 That Executive notes that a comprehensive review of the role of the Economic Development and Regeneration team will be completed by the end of March 2015, with a further report brought to members as necessary.

## **3. REASONS FOR THE RECOMMENDATIONS**

- 3.1 The refreshed Sustainable Community Strategy (SCS), approved by Executive in December 2013 and Council in January 2014, places the Prosperity agenda at its heart. This can be shown pictorially as:



- 3.2 Previous reports on this subject have tended to focus on economic growth and the range of activities delivered by the Economic Development & Regeneration (EDR) team that contribute to the Prosperity agenda. However, in reality, the theme is much wider and encompasses everything that contributes to Warwick district having a successful 'economy'. To fully understand this agenda it is necessary to consider the interaction between the different elements of the economy – public, commercial and social, which can be shown pictorially as:



Source : Centre for Local Economic Strategies

- 3.3 In this model the commercial economy is defined by the wealth creation within the local economy that is delivered by 'private sector' activity; the public economy is defined by the goods and services delivered through public taxation systems, which includes the delivery of transport and other infrastructure, economic development support and local interventions by public sector bodies; and the social economy by the economic activity that is driven by social and environmental purposes and is generally carried out by the Voluntary and Community Sector (VCS), for example by community enterprises, credit unions, trading arms of charities, employee-owned businesses, development trusts and housing associations.
- 3.4 Viewing the Prosperity agenda from this perspective allows greater focus to be brought on the effectiveness of the Council's activities that are undertaken to deliver this SCS theme. In reality the Council has differing roles. In respect of the public economy it is responsible for the direct delivery of goods and services but also a more indirect role based on influencing the delivery of activities undertaken by other public sector bodies. In respect of the commercial economy it plays an indirect, support role, by using its activities in the public economy sphere to attempt to create an environment in which existing businesses thrive and new businesses seek to invest in the district. The role of the social economy is often overlooked in economic assessments but makes a significant contribution to the well-being of a local area's economy. Whilst the Council's role is again a supportive one, aimed at assisting the VCS to thrive, we make a significant investment in this area through the provision of over £400,000 of funding per annum to the VCS sector.
- 3.5 The current range of activities delivered by the Council that supports these three facets of the local economy and, therefore, delivers the Prosperity agenda is set out at Appendix One. A SWOT analysis of the local economy and the Council's current approach to the Prosperity agenda is set out at Appendix Two.

Taken together, the information is a sound basis for considering how the agenda can be further developed.

- 3.6 However, when considering that future development, it is necessary to expand our current data based knowledge in a number of specialist areas. Officers have reviewed the current available data and concluded that it does not provide a full picture for the 3 aspects of the local economy. Current data analysis reports either don't include the full range of criteria or categories to measure current performance in each sector or, where these criteria or categories exist, the data sometimes lacks sufficient detail.
- 3.7 For example, whilst data on the commercial economy is available it is held at a relatively high level and a deeper level of understanding of the strengths, weaknesses, gaps and demands of the various business sectors represented within the District is required. Likewise, whilst 'Employment by Industry' information is available, greater detail around functional roles and the specific labour employed and/or needed within each sectors together with an assessment of the labour market in the district would assist in the identification of strengths and to help ascertain skill gaps that need to be addressed. Other gaps exist in relation to inward investment and the strengths and weaknesses of the social economy.
- 3.8 It is, therefore, proposed that new, specific reports are commissioned to provide a comprehensive picture of how the local economy is performing, where the district is both flourishing and areas for improvement. This will enable the Council to more effectively focus corporate resources both in terms of direct service provision that supports the Prosperity agenda and to influence, encourage, develop and support the activities of private, public and VCS sector partners.
- 3.9 In parallel with this work, designed to inform the targeted development of the Council's activities around this agenda, it is recommended that the services of the Planning Advisory Service (PAS), an arm of the Local Government Association (LGA) are engaged. The Council has already used the LGA to undertake a Corporate Peer Review and, through its arm, a Planning peer review. PAS has begun to develop a methodology for a peer review of local authority Economic Development strategies. As this work is in its infancy it is not envisaged that a full Peer Review of the Council's activities around the Prosperity agenda would be commissioned but that PAS should, nonetheless, be engaged to provide assistance in reviewing current activities and developing recommendations for future development in this area. Engaging PAS on this basis will enable us to draw on the knowledge they are developing through their work with other authorities. They have advised although there are limited best practice examples, as most councils are in a similar position to us and only now beginning to develop comprehensive economic development and prosperity strategies, there are a number of emerging approaches and linkages that they could provide us with if we do engage their services. It is therefore proposed that funding is made available from the Service Transformation Reserve for this purpose.
- 3.10 One aspect of the wider prosperity agenda that is currently under-developed is a thorough examination of the success of the various sectors of the local economy in drawing in external funding. The more external funding that can be 'captured' by, and spent within, the district, the better the chances of the local

economy developing, spending power increasing and being retained within the district and prosperity for local people increasing.

- 3.11 The focus of the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) has been to maximise the ability of the commercial sector to develop. This has led to the development, through the Coventry & Warwickshire City Deal, of the sub-regional Growth Hub which provides direct support to local businesses and advice and information to target inward investment into the sub-region. A key element of the Growth Hub's work is to provide businesses with access to finance, whether from private equity funding and/or other private sector investment sources, applying for Government or EU funding, e.g. Innovation Fund or accessing the grant programmes delivered through the CWLEP, e.g. Regional Growth Fund, Growing Places etc.
- 3.12 This approach has been very successful but no similar, comprehensive and targeted approach is currently available in respect of the public economy and the elements of it that we directly deliver and/or to assist and support the VCS to strengthen the social economy. Although the Council has been successful in bidding for external funding in a number of areas, with recent examples being success in gaining £108,000 of CWLEP funding to refurbish 26 Hamilton Terrace as an incubator hub for the digital gaming sector and £50,000 of DCLG Site Delivery Fund monies to develop the master-planning and infrastructure delivery for the southern housing sites, there is no dedicated resource within the Council to scan for such funding opportunities or to write bids.
- 3.13 The result is that not all opportunities are identified and, even when they are, resources to write a bid have to be identified and diverted from other activities. Recent experience has been that, with this work not being a core activity for officers, the time and resources required to coordinate the necessary information to construct a successful bid are considerable and that there may be alternative, more efficient ways to address this work. This issue is highlighted by the recent deployment of considerable resource to make a bid for funding from the CLG Challenge Award. The bid was unsuccessful and officers consider that this was largely due to the staff involved having neither sufficient time nor the necessary specialist skills and knowledge to construct a successful bid.
- 3.13 It is therefore proposed that a maximum of £50,000 is allocated from the Service Transformation Fund to pilot an alternative approach and create a temporary dedicated resource to identify and bid for external grant funding for the activities that contribute to the prosperity of the district. The funding would be for a 12 month period to allow for a robust evaluation of the effectiveness of the new role.
- 3.14 This new role could be delivered either by the recruitment of a part-time officer or by 'buying-in' the necessary expertise from the private sector. It is therefore proposed that authority is delegated to officers, in consultation with the Development Portfolio Holder to determine which approach is best and to ensure that, if the latter option is selected, the exercise undertaken to secure the resource is fully compliant with the Code of Procurement Practice.
- 3.15 The final element of the work needed to strengthen our delivery of the Prosperity agenda is a comprehensive review of the activities of the EDR team. Subject to approval of recommendation 2.2, an analysis of the new data will enable consideration to be given as to whether their current range of activities

requires any refinement to ensure its outputs deliver the maximum benefit to the Prosperity theme. In addition the advent of the CWLEP Growth Hub, as discussed at paragraph 3.11, requires a review of how we currently deliver business support and economic development advice to ensure effective alignment with the activities of the specialist Growth Hub advisors and avoid any duplication of effort or resource. This work will become a Fit for the Future project and will be completed by March 2015.

#### **4. POLICY FRAMEWORK**

- 4.1 It is currently still legal requirement for the Council to have a SCS and although the stated intention of Government has been to abolish the need to prepare, maintain and at appropriate times review the Strategy, this was not reflected in the most recent guidance issued by the Secretary of State.
- 4.2 The Council therefore under a formal review of its SCS in December 2013 and the 'refreshed' strategy forms the 'policy bedrock' for the Council's approach to many of its activities and underpins the external facing element of the Fit for the Future programme.

#### **5. BUDGETARY FRAMEWORK**

- 5.1 The estimated cost of commissioning the additional data analysis, to inform the development of new, or realignment of existing, activities to deliver the Prosperity agenda will not exceed £5,000. These costs can be accommodated within the existing service area budget for Development Services.
- 5.2 The estimated cost of utilising PAS to review and strengthen delivery of the agenda is up to a maximum of £6,000 but could be considerably less. It is, therefore, recommended that an allocation of £6,000 is made from the Service Transformation Reserve but that any unspent funding is transferred back to that Reserve.
- 5.3 It is proposed that a maximum allocation of £50,000 is made from the Service Transformation Reserve to cover the 12 month trial of the new approach to securing external grant funding. Subject to finalisation of costs after the evaluation of the most effective option to secure this role any unallocated funding would be transferred back to the Reserve.
- 5.4 Details of the impact of these proposals on the balance of the Service Transformation Reserve are included within the Budget Review report elsewhere on the agenda.

#### **6. RISKS**

- 6.1 The proposed expenditure for recommendations 2.2 and 2.3 would be wasted if there is subsequently no appetite amongst members to use the findings of the additional data commissioning or the outcomes of the proposed work with PAS to develop new proposals and/or different ways of working to strengthen the Council's approach to the Prosperity agenda.
- 6.2 There is a risk that the proposed expenditure to create a dedicated resource to identify and bid for external funding for prosperity agenda initiatives proves not to be cost-effective. Such a risk exists for any pilot initiative but the sheer volume of potential funding sources means it is considered a low risk in this

case. If, as anticipated, the cost of deploying the resource is less than the value of the additional grant funding it enables to be drawn down by the Council or its partners consideration can then be given to the merits of 'mainstreaming' the funding as part of the 2016/17 budget setting process.

## **7. ALTERNATIVE OPTION(S) CONSIDERED**

- 7.1 Executive could decide not to support some or all of the recommendations. However, they are considered necessary to support the Council's ambitions and ensure successful delivery of the ambitions set out in the Sustainable Community Strategy and the wider Vision for the district.