

## **Corporate Priority Review (2011-15): A Competitive Local Economy**

### **1. Introduction**

As the 2011-15 Corporate Plan, *Doing things Differently*, draws to a close this review commissioned by OSCOM, will provide an overview of the work the Council has taken forward in supporting the local economy across Test Valley. It will cover what has worked well and whether there are things the Council can do differently within the context of its new Corporate Plan 2015-19 “Investing in Test Valley.”

The review is being undertaken in two phases:-

- this report comprises phase 1 and gives a brief overview of the range of work undertaken by the Council to support the local economy;
- a second phase, to be reported to OSCOM later in 2015, will be an opportunity to review in more detail, using qualitative information from businesses and partner organisations, how the new Corporate Action Plan (2015-19) is taking forward the work relating to economic development.

Economic development is a wide ranging and complex area. There are many ways in which the Council contributes to the economic vitality of Test Valley. It is important to view the work of the Council within the context of the wider national economy as there are a number of factors involved and the Council has to consider where it can best make a difference. Therefore, this review will focus on those elements where the Council can make a clear and practical contribution and respond to local circumstances. It includes initiatives that:

- support local businesses
- develop education, learning and skills and
- support town centres.

### **2. The Corporate Plan 2011-15: why the aim of “A competitive local economy” was developed**

Economic development has featured as part of the Council’s previous Corporate Plans. This reflects the importance of the economy in creating a sustainable community.

When consulting local people in 2010, the issue of the economy was the number one priority, in particular, access to jobs and employment. In 2010 unemployment was still rising and business confidence very low. The country was experiencing one of the worst economic downturns since records began and this had a direct impact on peoples' employment prospects and spending power.

Despite the depth and length of the downturn, Test Valley fared relatively well compared to some other areas of the country: new homes continued to be built in Andover and Romsey and major commercial schemes such as Andover Business Park still went ahead.

However, Test Valley has shared the impact of the recession, particularly around:

- the labour supply – people not having the right skills to meet the demands of local employers;
- the changing nature of jobs available and the type of contracts on offer;
- the slower recovery in the commercial property market; and
- the continuing impact on the High Streets, (as the result of changing patterns of consumer spending, lower levels of disposable income, and competition with edge/out of town retailers).

There is a perception amongst the public that town centres such as Andover are not performing as well as other towns of a similar size. Statistics show however, that both Andover and Romsey are performing better than the national average. Gaining a full understanding of why there is a negative perception has formed a key part of work streams such as the Andover Summit.

In response to this, the Corporate Plan developed the theme of “A competitive local economy” which brings together the things the Council could do to support businesses and local communities and to help create the right conditions for our economy to flourish.

### **3. The Borough Council's Approach:**

Through the development of the 2011-15 Corporate Plan the Council placed significant emphasis on an evidence-based approach to decision making. Described simply, this is about understanding the key issues and associated facts and then fully assessing what is needed. This approach ensures that the Council can focus its resources where it can have greatest impact given limited resources. This means concentrating interventions on the greatest need and complementing (not duplicating) the work of other agencies and working in partnership.

Borough councils like Test Valley are best placed to work with new and smaller businesses, offering basic support, leaving other agencies (Local Enterprise Partnerships, Hampshire County Council, and Government Departments) to provide more specialist support to larger companies.

Aside from its many regulatory responsibilities the Council's approach includes the following elements:

### **Strategic and long term**

- Securing major housing and commercial land allocations through development of planning policies
- Long term partnerships such as that with Kier to manage Walworth Business Park; and with HCC and BT to provide rural broadband.

### **Practical and current**

- Supporting new businesses (grants, expert advice, premises, regulatory support)
- Town centres (Andover Summit, Romsey Town Centre Manager etc.)
- Supporting education/learning/skills (Andover Skills Training Fund, Andover Junior Graduation, Andover Technology & Skills Centre, employers and schools event)
- Employability (e.g. Test Valley Employment & Skills Zone Partnership)
- Engaging with the business community (e.g. Mayor's Business Lunch, Portfolio holder visits to businesses)

Within this activity the Council is also demonstrating its community leadership role - bringing agencies together, unlocking investment to promote a particular area, sector or issue.

## **4. Practical Initiatives that have been taken to support local businesses**

Business support takes many forms including expert advice; business accommodation, referral to relevant agencies and, directly, modest grant support.

### ***The Business Incentive Grant***

The Business Incentive Grant (a £500 one off grant) is intended to make a positive contribution towards the cost of starting a new business in its first challenging 6 months. The grant provides the opportunity to link the business with essential Council contacts and expert business advice.

Since it began in 2000 more than 450 new businesses have been supported.

Recent research suggests the Grant is helping those made redundant and coming off benefits through the Government's New Enterprise Allowance; in other words perhaps those in greatest need of support.

*Comment from recent beneficiary*

*“Discovering, applying for and receiving the Business Incentive Grant has affirmed for me that Test Valley Borough Council is serious about encouraging and supporting local small businesses. The grant has helped me to commit to the investment in equipment and services required when starting a new business.”*

*I am just coming to the end of my third project in 6 months, so just starting to lift my head out of the hectic work on site and review the services and assistance available at Enterprise First.”*

**Independent Retailer Grant**

As part of the Council's strategy to support Andover and Romsey town centres, an Independent Retailer Grant of £1,000 was introduced to encourage independent retailers to take up vacant space.

To date 17 grants have been approved from a budget of £20,000 (10 grants for Andover and 10 for Romsey):

**Andover**

- 5 awarded in full
- 1 awarded first instalment
- 3 approved and awaiting first instalment

**Romsey:**

- 5 awarded in full
- 1 awarded first instalment
- 2 approved and awaiting first instalment

*“Support in the form of the Pop Up Shop, Independent Retailer Grant and encouragement to grow - as well as other improvements throughout Andover town centre - has helped The Travelling Cupcake to grow and I look forward to continuing that relationship over the coming years. The support actually started initially with the small business markets, which led to the pop up, which was absolutely fantastic. Throughout the whole process we have been very blessed with support and endless advice and encouragement from absolutely everyone at the council. Without the opportunity of the pop up we would never have had a taste of owning our own shop and the grant has given us the opportunity to reinvest the money straight back into growing our business. Every single bit has helped!”*

**Andover Skills Training Fund:** The Council has also sought to use the planning system as a way in which to deliver community benefit and address needs. Skills' funding totalling £500,000 for Andover was secured through Section 106 funding as a result of the Airfield development. Its focus is to improve skills in Andover. The Council is using this sum to encourage Andover businesses employing up to 100 people to offer skills training to Andover residents who live within the SP10 postcode area.

*Comment from a recent beneficiary of ASTF*

*“We have been in a very fortunate position over the last few years to have received a substantial amount of funding from the Andover Skills Fund.*

*All of our staff have benefited from a huge variety of courses they have been able to access from the approved funding grants. This has helped them develop personally and professionally, whilst helping the business stay focused and up to date. I believe without the support of the funding our business would not have continued to progress and move forward in this ever challenging climate.”*

Over the last four years 366 residents in 111 Andover businesses have improved their employees' skills as a result of accessing this funding. £308,000 has been committed from the fund so far which has also levered in £63,000 in matched funding from employers.

There are planning commitments in place for Section 106 contributions towards skills training from major commercial developments in southern Test Valley, notably Lidl at Nursling. Payment of these contributions is dependent on the sites being developed.

### **Partnership agreement between TVBC and Keir on Walworth Business Park**

Test Valley Borough Council (TVBC) and Kier signed a 15 year development and property management agreement in May 2011.

In managing Walworth Business Park, Kier's role comprises assigning and re-gearing leases, managing under-lettings, conducting rent reviews/renewals etc. and attracting new investment, occupiers and jobs.

Attracting new tenants in an uncertain market has proved challenging and, to date, one of the first success has been to secure Dormy House to take 18,000 sq ft on Plot 27. Kier have funded a further speculative development of 18,000 sq ft which remains to be let although the latest enquiries are promising.

Kier has agreed provisional terms with TVBC to jointly develop a 50,000 sq ft warehouse on Plot 37. The expectation is to attract local occupiers looking to expand their business or secure businesses and it is anticipated that this joint venture will be replicated on Plot 90 as we look to implement the long term strategy of expanding the Business Park onto the adjacent 27 acres currently allocated for development.

One of the biggest achievements for the team was securing Ocado as occupier for Plot 54 and in addition they took a lease on Plot 89. Ocado will bring 1,200 jobs to Walworth and should be the catalyst for securing other major occupiers. It will assist in securing a long term tenant for Plot 55, a development opportunity directly opposite, which Kier are currently preparing for demolition.

At the same time as efficiently managing the business park and attracting occupiers Kier has increased the rent roll and reduced the vacancy rate from 24% to 13%.

Kier manage Walworth Enterprise Centre which for long periods of Kier's tenure has been fully occupied.

Vacant plots 27, 54 & 89 and 37 are planned to be developed.

Walworth is a well-run estate by a Kier team that utilises a full range of resource to help the regeneration process. With the regional economy now also demonstrating the growth only previously seen inside the M25 we're expecting 2015 and 2016 to see Walworth take the next major step in the rejuvenation of this key commercial centre in Andover.

### ***Investing in infrastructure to support business***

#### ***Superfast Broadband***

The Council is working with Hampshire County Council and its delivery partner BT in the roll out of the Hampshire Superfast Broadband Project in Test Valley.

Across Hampshire overall a £13.8 million project is underway with the aim that at least 90% of premises have broadband capable of superfast speed by 2015, and at least 95% by the end of 2017. The Council has invested £185, 000 from the New Homes Bonus into this programme for the benefit of the Borough.

The programme will help to fill the gap in rural areas that would otherwise be left out because the numbers of people that could sign up are not commercially viable for providers.

Rural broadband is critical in terms of supporting small, medium enterprises within rural areas. Anecdotally whilst surveying local communities in 2014 it became clear there is a wide variety of technology based businesses operating in rural parts of the borough that need superfast broadband. This need is often a hidden one.

The Council is also facilitating the extension of broadband elsewhere among the local business community. In Andover the Council, using its role as landowner, is enabling a supplier to gauge potential demand from occupiers on Walworth and Portway Business Parks. In the south of the Borough the Council has written to 500 businesses to inform them about a new £3,000 broadband grant for SMEs.

### ***Rural Businesses***

In addition to rural broadband and work to support the tourist economy, a major new EU fund called LEADER should become available soon to support rural businesses. Test Valley is covered by 3 separate LEADER Programmes: North Wessex Downs; Loddon-Test and, in the south, New Forest. The Council will work with the Action Group which administers these (competitive) funds to promote them to Test Valley businesses.

### ***Employability***

As the Borough's population (and therefore labour supply) grows it is important both to encourage the creation of new jobs and to try and enable local residents to take advantage of those opportunities.

The number of Job Seeker Allowance (JSA) claimants has fallen dramatically over recent years but there remains a significant number of people claiming other out of work benefits, some of whom can be supported into work.

The establishment, at the end of 2013, of a Test Valley Employment & Skills Zone Partnership, supported by Jobcentre Plus and comprising registered social landlords, training and voluntary agencies, is an attempt to prepare the way for Universal Credit by collaboratively supporting benefit claimants back into the labour market. The Partnership reflects others elsewhere in Hampshire.

To date, the Partnership has worked to establish the provision of lap tops in the community, supported by trained and managed IT Mentors to enable claimants to apply for work online; held 3 Job Fairs – the latest including Ocado; supporting a number of job clubs and is working on providing work placements and employability training across the Borough.

Over the last four years the Council has sought to play a community leadership role by actively bringing business leaders and local education providers together to look at how a skills deficit can be addressed.

### ***Construction Apprenticeships in Test Valley – working with developers***

In the past the Council worked with the National Apprenticeship Service to encourage the take up of apprenticeships among local employers – including the Council itself. For many years Section 106 agreements have been used to secure construction apprenticeships. However, there is scope to enhance this particular provision (in line with some other Hampshire local authorities) and make better use for training young people of the housing development that is taking place in Test Valley.

### ***Initiatives to support town centres***

Town centres remain an important economic development priority. The wide range of actions emanating from the 2012 Andover Summit and work of Romsey Future and Romsey's new Town Centre Manager employed by Romsey Town Council present a strong focus.

Environmental improvements, current and planned, in both towns; support for events; Pop Up Shops and new town centre management arrangements all represent a strong emphasis of practical support for businesses, visitors and agencies responsible.

### ***Winning the FSB (Wessex Region) Small Business Friendly Council Award.***

The recognition offered by the FSBS' award demonstrating that the Council is providing a strong range of support with limited resources.

The Council has received an award from the FSB for each of the last 5 years in recognition of the approach taken to support small businesses in the Borough.

In 2014 the council received an award for - *Most Innovative Small Business Friendly Project* award from the Federation of Small Businesses. The award was presented in recognition of the work carried out by the authority in spring 2013 to support businesses affected by severe flooding.

## **5. Opportunities for the future**

The Council has recently adopted its new Corporate Plan 2015-19, "Investing in Test Valley." As part of this, one of the four areas is focused on economic development and is about how the council can invest its energy, skills and resources to help the Borough be a great place to "work and do business."



Local People told us in 2014 that their priorities in regards the local economy was different compared to 2010. Most of the comments in 2014 now focus on the economy being a key building block to having a successful area and good quality of life as opposed to just being focused on access to jobs which was said in the context of the recession in 2010. People said that the council does have an important role to play in supporting businesses and growth, they also expressed concerns about business rates and vacant units, and that job creation still needs to feature highly.

OSCOM may wish to consider the following proposals for further development:

- Develop an Economic Development Strategy for the Borough, which builds on the technical assessments that are undertaken to inform the Local Plan alongside our package of support to businesses and communities. This could be considered for inclusion in the Corporate Action Plan in 2015-16.
- Undertake a review of what other council's are doing who are similar to Test Valley and identify opportunities and share best practice
- Consider whether we could be more effective in communicating what support the Council is offering to businesses, in association with the role of the Ward Member as a local business champion.