

**ITEM 8**                      **OSCOM Corporate Priority Review (2011-15):**  
**A Competitive Local Economy**

Report of the OSCOM Lead Member for the Economic Corporate Priority.

**Recommended to Cabinet;**

**That Cabinet consider the inclusion of the ideas derived through the OSCOM review, including those raised at the round table discussion and additional forms of Member communication with businesses, and that these ideas are taken forward through the formulation of the economic development strategy.**

**SUMMARY:**

- This report represents the second and final stage of the corporate priority review: A competitive Local Economy. It reflects on the effectiveness of two key activities (Business Incentive Grant and Andover Skills Training Fund) and compares the Council's economic development service with that of similar councils.

**1 Introduction**

1.1 Overview and Scrutiny Committee (OSCOM) is conducting a Lead Member's review of the Council's approach to developing a competitive local economy, one of the four corporate priorities in the Council's previous corporate plan, 'Doing things differently.' The review is being undertaken in two stages. The first stage comprises the 27 May 2015 Overview and Scrutiny report, Corporate Priority Review (2011 – 15): A competitive local economy.

1.2 In considering that report, the Committee agreed to focus on:

- developing a new Test Valley economic development strategy following the economic assessment, currently underway;
- reviewing economic development services provided by councils similar to Test Valley, to identify opportunities and share best practice, together with looking at the impact of the Council's Business Incentive Grant and Andover Skills Training Fund; and
- considering whether the Council could more effectively communicate with businesses what support it offers, in association with the role of the ward member as a local business champion.

- 1.3 This report represents the second stage of the review. It picks up the above issues and draws together points made at the OSCOM round table discussion on 9 September. It recommends that the points highlighted by OSCOM be taken forward in the preparation of a new economic development strategy, under the new Corporate Plan, “Investing in Test Valley.”

## **2 Background**

### **2.1 Test Valley economic assessment and a new economic development strategy**

- 2.1.1 Consultants have been appointed by the Planning and Transport and Estates and Economic Development Services to undertake an economic assessment of the Borough which will be used to inform the Local Plan Review and a new economic development strategy.

- 2.1.2 The preparation of a new economic development strategy forms one of the projects in the Corporate Action Plan (CAP) approved by Cabinet in June 2015.

- 2.1.3 The Consultants have prepared an interim discussion paper which has been circulated to members of OSCOM.

### **2.2 Review of economic development services provided by similar councils**

- 2.2.1 A summary of the economic development services provided by Test Valley’s ‘family’ of 19 similar councils reveals a wide variation. The survey was based on a review of web sites and subsequent confirmation by email.

- 2.2.2 However, few councils responded to confirm our summary, including the level of resource (staff numbers and budgets) therefore the assessment may undercount what others do.

- 2.2.3 Three in four councils award business grants. Winchester City Council has the widest coverage, with four separate grants. Outside Hampshire, Ashford offers capital grants worth £10,000 and several provide apprenticeship grants including Dacorum in Herts (£1,500).

- 2.2.4 Most councils provide expert advice for the start up businesses and organise networking events.

- 2.2.5 More than half provide skills training or support apprenticeships, many through the Construction Industry Training Board National Skills Academy (CITB NSA), which is implemented through S.106 Planning Obligations on new housing developments.

- 2.2.6 Areas of work where Test Valley Borough Council may not do as much as others include: business directory, business events diary and business newsletter. On the other hand the Council undertakes more on education, learning and skills training.

- 2.2.7 Twelve Councils fund tourist information centres and most (including Test Valley) rely on other agencies (e.g. county councils) to act as a Destination Marketing Organisation. Three quarters, including Test Valley, provide place-marketing through web material, tourism leaflets and visitor guides.
- 2.2.8 All but one council provide town centre markets (directly or under contract), but only one in four has a Business Improvement District (BID) or major town centre redevelopment scheme. All councils which include rural areas will be covered by a LEADER.
- 2.2.9 In terms of property, most councils have enterprise centres (such as Basepoint) but only half directly attract inward investment. Test Valley uses its web site and Kier in Andover to attract inward investment.
- 2.2.10 Overall it appears the Council covers a relatively wide range of economic development subjects compared with similar councils, and this is borne out by it winning FSB small business Council awards in the past.

### 2.3 **Business Incentive Grant (BIG) business survival rates**

- 2.3.1 The BIG was introduced 16 years ago to encourage and support residents starting a business. It is part of a package services, including easy in-easy out accommodation, free expert advice, business networking and referral (to Council Services and external agencies), to help new and small businesses.
- 2.3.2 For this review the 3 and 5 year survival rates of businesses receiving the BIG was compared to average business survival rates, using national data. 121 BIG recipients were surveyed to see if they are still trading.
- 2.3.3 The national average 3 year business survival rate for Test Valley is 67% but for those who received the BIG, 69% are still trading.
- 2.3.4 The national average 5 year business survival rate for Test Valley is 50% but for those who received the BIG, 66% are still trading.
- 2.3.5 It is also worth noting that the national average Test Valley business survival rates are higher than other Hampshire districts.
- 2.3.6 Furthermore, research shows that many of the BIG applicants are in greatest need (e.g. referred to the Council by Jobcentre Plus following redundancy or coming off benefits etc.) for whom £500 is a significant sum.
- 2.3.7 However pleasing these results are they should be treated with caution: the small sample size and importance of personal circumstances mean that local survival rates will vary year to year. For example, between March 2014 and February 2015 11 applicants approved for the grant did not go on to claim it 6 months later.
- 2.3.8 It is also important to stress that any 'measurement' of the effectiveness of the BIG should not be confined to a comparison of business survival rates. The service offered to all Test Valley residents, starting their own business, is regarded by the applicants (and their families) as very important. Starting your own business is a life-changing event which the Council has helped well over 400 residents achieve.

## **2.4 Andover Skills Training Fund (ASTF)**

2.4.1 The ASTF was introduced in 2012 following the receipt of a Section 106 financial contribution from Goodman, the developer of Andover Business Park.

2.4.2 Since then 351 Andover residents either working for an Andover employer or self employed and 116 Andover businesses have received £271,375 from the ASTF, with a further £47,876 committed but not yet claimed. £87,447 has been attracted from the employer in matched funding.

2.4.3 A short questionnaire survey was sent to businesses which have received more than £1,000 from the ASTF.

From the 35 responses:

- 20 businesses estimated that the training, supported by ASTF had generated an additional £600,000 in revenue;
- 27 businesses said the training had enabled them to retain valued employees; and
- 16 businesses said the training had enabled them to create 100 new jobs.

Many positive comments were also received - see Annex 2

2.4.4 Aside from Andover Business Park the only other major commercial development with an agreed S.106 financial (£58,000) contribution for skills training is LIDL at Nursling, where transfer of the funds will be triggered by 'first occupation', estimated at Autumn 2016.

## **3 Consultations**

### **3.1 Issues raised in Roundtable discussion 9 September 2015**

- Support for rural businesses and the three new LEADER Programmes which are about to commence
- Support for (Romsey) town centre retail businesses
- Need for a tourism strategy which reflects one of the key themes emerging from Romsey Future
- Encouragement for local businesses to trade with each other
- Broadband – working with providers and Hampshire County Council

3.2 All of these important issues will feature strongly in the Council's new economic development strategy which will be prepared following the economic assessment.

3.3 The broad borough themes such as tourism and supporting rural businesses will be complemented by local initiatives developed with communities, notable Romsey Future and Andover Vision.

## **4 Communication**

- 4.1 As well as making information available on the Council website, councils use many different ways to communicate with their business communities including regular newsletter (hard copy and e-version), on-line sounding board; regular council newsletter (i.e. Test Valley News) as well as through sector networks e.g. tourism businesses, town centre businesses, Kier newsletter.
- 4.2 It would be beneficial to improve communication at the same time as developing the role of the ward member. Several years ago the Council changed the way it presented the BIG cheque to new start ups. Instead of sending it by post, the Ward Member now presents the cheque. This has the dual advantage of making the Councillor aware that the Council is supporting a new business in their ward and makes the person starting a business aware who their local councillor is and what help they offer new businesses. The presentation also offers the opportunity for much-needed publicity for the new business.
- 4.3 One way of incorporating this would be for the Ward Member to hand out a post card to local businesses with the message “How can I help your business?” It would refer to the [www.testvalley.gov.uk/business](http://www.testvalley.gov.uk/business) and offer the services of the EDO (and through referral) to any support we are able to provide both directly and indirectly through partner organisations.
- 4.4 Such an initiative would be entirely in keeping with the Council’s strategic aim of supporting the community leadership role of Ward Members in their community.

## **5 Recommended**

- 5.1 That the issues raised at the round table discussion on 9 September 2015 be taken account of in the preparation of a new economic development strategy which will follow on from the consultants economic assessment.
- 5.2 The Council pilots the use of a Councillors ‘business postcard’ as a means of introduction and potential support.

## **6 Resource Implications**

- 6.1 There will be a cost for the preparation of a new economic development strategy as well as new means of the Council communicating with businesses but these will be borne by existing budgets.
- 6.2 Wards/Communities Affected – All wards are affected.

Background Papers (Local Government Act 1972 Section 100D)

Test Valley economic assessment and a new economic development strategy  
 Review of economic development services provided by similar councils  
 Business Incentive Grant (BIG) business survival rates  
 Andover Skills Training Fund (ASTF)

Confidentiality

It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.

No of Annexes:	2		
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