

**ECONOMIC GROWTH REDESIGN
SCRUTINY TASK AND FINISH GROUP**

RECOMMENDATIONS & FINAL REPORT
March 2015

1.0 Background

In March 2014 a review began to identify all areas within Shropshire Council who were involved in the area of economic growth to see what opportunities could be realised by working differently and more collaboratively, in response to the changing operating environment. The approach was to bring representatives from service areas that had historically operated separately; transport & highways, voluntary sector, economic development (business & enterprise), skills, planning policy and research & intelligence together.

This work has developed over the course of 2014 and is now at the stage where a new operating model and associated ‘new way of working’ has been identified that encompasses all the areas who have a role in economic growth.

A key element of the Economic Growth Redesign and the new culture it wishes to foster lies in the relationships it manages with businesses and stakeholders and the two way mechanism that exists that when combined with data will create meaningful intelligence. Stakeholder engagement done at the strategic and local level is a key activity within Economic Growth. As part of the new operating model how these relationships are managed will be an important element in its success going forward.

A Task & Finish Group commenced in November 2014 to make recommendations through the Economic Growth Scrutiny Group around the most effective methods of business engagement to take forward into the new Economic Growth operating model.

2.0 Recommendations

To follow is a summary of the recommendations the Group are proposing, a more detailed justification is provided within Section 6.0 alongside how the recommendations will be incorporated into the new operating model.

2.1 The Economic Growth Task & Finish Group is fully supportive of the aims of the Economic Growth Redesign proposals and recommends its rapid implementation.

- 2.2 Acknowledgement that Shropshire Council has responsibility for promoting Shropshire as a business location, working with our Partners to showcase what Shropshire can offer to businesses based here (both new and existing).
- 2.3 The Group recommends the need for more intelligent and cohesive business engagement than takes place currently. This must take place with businesses, investors, intermediaries and brokers of economic growth such as commercial property agents, developers and asset holders and investment makers to allow a more complete approach to facilitating economic growth for Shropshire.
- 2.4 The provision of a stand-alone website using the domain name www.investinshropshire.com which will be the shop window for the new Economic Growth Service, and will include what projects and activities are currently being implemented for business benefit.
- 2.5 Economic Development Assets (workshops & land) to be taken back into Corporate Landlord – with an Asset Management Strategy in place to align with the new purpose of the Economic Growth Service.
- 2.6 The need for Cabinet to make a strategic decision on what Shropshire Council's purpose is as a land / asset owner and who is subsequently best placed to manage and maintain those assets on its behalf.
- 2.7 The need for Cabinet to make a strategic decision on whether Shropshire Council will take, in the future, a proactive role as an investor and developer in Shropshire, to provide jobs and broker further investment.

3.0 Terms of Reference

Purpose of the Group

To make recommendations through the Economic Growth Scrutiny Group around the most effective methods of business engagement to take forward into the new Economic Growth operating model.

Membership

Cllr Dean Carroll (Chair)
Cllr Steve Davenport (Vice Chair)
Cllr Roger Evans
Cllr Peter Cherrington
Cllr Alan Mosley

Officers

Claire Cox
Emma Smith
Richard Edwards (part)

Duration of Group

From end November 2014 and report to Scrutiny in mid-February 2015, with weekly 1hr meetings.

Objectives of the Group

1. To ascertain if the current mechanisms in place around Business Engagement are effective. What works well? What needs improvement?
2. How can the conversations / business engagement activities that are undertaken become two way and feed back into Shropshire Council to create meaningful intelligence? Is it different for local engagement and strategic engagement and who is best placed to undertake these activities? Is it a different set of Council representatives?
3. Identify what will ensure that Shropshire Businesses do become engaged in their respective localities, and help shape activities that can create the conditions for economic growth? How do they currently engage in their local area – are some areas better than others? Or is it the types of businesses / sectors that matters?
4. Are there areas of best practice across the UK that could be used as a model or framework for engagement?

Background

The new purpose of Shropshire Council's Economic Growth Function is to create the conditions for Economic Growth & Resilience in Shropshire.

This will be done by:

- Creating a culture and operating model around Shropshire's businesses and communities.
- Delivering a new operating model that will enable Shropshire's businesses and communities to thrive.
- Attracting the right investment into the county, alongside encouraging entrepreneurial activity.
- Responding successfully to economic challenges, opportunities and pressures.
- Providing clarity on Shropshire Council's role in creating the right conditions and sharing our vision with our stakeholders.

In summary the Economic Growth Redesign has taken place to create a more efficient way of working so Shropshire Council resources and others that it influences or sources are used in the best way possible to create economic growth and resilience across Shropshire.

4.0 Chairman's Report

As Chairman, I offer my sincere thanks to all who have contributed to this piece of work, particularly my fellow members who have contributed so much, and to our Lead Officer, Claire Cox for her tireless support of the group.

When we first came together in November 2014, we took the conscious decision to take a subtly different approach from normal Task and Finish Groups, outlined below is what I found to work well or not, and where further improvements can be made.

The group benefitted from having a very clear purpose. The process was structured at the first meeting in a way which gave order and ensured all aspects could be covered fully, but also allowed flexibility to look at issues that arose during the process such as Economic Development assets. We operated a policy of complete openness within the group, and also included other members as needed. At every stage we had confidence that opinions could be expressed and concerns shared without politicization, which was a credit to our members from across the spectrum. Without such frankness our work would have lacked many of its fundamental conclusions.

There were, however, two aspects of the process which proved stumbling blocks. The timescale originally allotted was too tight to properly look at the whole area in detail, as well as become familiar with the redesign work. With the agreement of Scrutiny we were able to extend the timeframe to enable a higher quality of work to be produced. The second element of difficulty was the breadth of our remit. The thorough research we carried out highlighted a number of further areas with Economic Development requiring attention, these have been identified within the report requiring further work.

In concluding my brief remarks, I would like to share the most important factors in the success of this Task and Finish Group. Member Leadership of Task and Finish Groups is vital to achieving the most valuable conclusions. Whilst the work programme of such a group must be structured to meet its objectives, it must also retain a degree of flexibility to reach its full potential and add value to the work it undertakes. As has been discussed above, frankness must accompany the work of Task and Finish Groups. Finally, I hope we can foster a two-way dialogue between a Task and Finish Group and both Scrutiny and the Executive. This would be for the benefit of large pieces of work where some recommendations could be implemented whilst newly identified areas could be given to the existing group to incorporate into its work.

In conclusion, this Task and Finish Group worked very well in a slightly different format, and the aspects above each played an important role in arriving at the conclusions it did.

5.0 Work undertaken to inform Recommendations

A number of pieces of work and investigations were undertaken by the Group to inform and shape the recommendations made. These are summarised below, if further detail is required these can be made available upon request.

- 5.1 A review of Shropshire Council’s Geographic and Statistical Neighbours Economic Growth Activity. This was a web-based study and included Telford & Wrekin, Herefordshire & Staffordshire alongside Lincolnshire, Suffolk, Wiltshire, Devon and Dorset.
- 5.2 A Review of how the Economic Development Portfolio is managed internally and the transactions that take place with businesses for successful lettings and management. This work was originally undertaken by Steve Taylor and reviewed by the group to inform their understanding.
- 5.3 A site visit was undertaken on 8/12 to view ED Assets - the Shropshire Food Enterprise Centre and Harlescott Barns in Shrewsbury to greater understand the type of units held and to meet businesses who rent them.
- 5.4 Maps were provided detailing where all the ED workshops and land holdings were across Shropshire.
- 5.5 Financial information was obtained for Economic Development Assets detailing current value, income generated (and how much is surplus/deficit) and rates of return, both for individual assets and the Portfolio overall.
- 5.6 A Business questionnaire was formulated (on paper and electronically via Survey Monkey) and disseminated out via Members to businesses to assess their business engagement experience with Shropshire Council.
- 5.7 A process map proposing how engagement will take place in the new Economic Growth model was discussed and examples were talked through it to ensure it captured all the meaningful intelligence available.
- 5.8 A meeting took place with two prominent commercial property agents on 21/1 for the Group to discuss their findings to date, and discuss ways in which Shropshire Council’s engagement with businesses and facilitators of Economic Growth could be improved.

6.0 Recommendations and how they sit within new Proposed Operating Model for Economic Growth

6.1 The Economic Growth Task & Finish Group is fully supportive of the aims of the Economic Growth Redesign proposals and recommends its rapid implementation.

The work of the Task & Finish Group on behalf of Economic Growth Scrutiny Group has understood the need for change and the reasons why that change is necessary. Through

the work of the Group the original findings from the Economic Growth Redesign have been ratified. Most notably:

- There is a lack of clear direction that is corporately adhered to; all service areas are not taking decisions in conjunction with other services and not seeing the bigger picture of 'economic growth' and the role they have in it.
- Income relating to the proceeds of Economic Growth is collected by individual service areas and not prioritised corporately for re-use to facilitate further Economic Growth. In some instances it is not collected or monitored.
- The process for prioritising projects and activities is not robust; it can be funding or politically led and not based on evidenced need (in some cases).
- Shropshire Council / the Public Sector are not the first port of call for businesses looking for support....unless the business believes the council can directly influence e.g. planning, licencing or access to land or grant funding.
- We are not set up to take advantages of opportunities – both new and existing that provide real benefit to the Shropshire economy.

The need for a widespread change in approach with an associated change in culture has been demonstrated by the findings made by the Group and the willingness of the Group to engage and remain engaged is testament to the desire to see things change.

6.2 Acknowledgement that Shropshire Council has responsibility for promoting Shropshire as a business location, working with our Partners to showcase what Shropshire can offer to businesses based here (both new and existing).

There should be an ongoing process of benchmarking and learning from our 'Neighbouring Authorities' (Geographic and Statistical) to capture intelligence and trends.

It was evident from the learning that was achieved from the Review that there are similar Authorities to Shropshire who are taking a similar approach to Economic Growth and have similar 'strategies' and do take responsibility for promoting their area as a business location. More notably there were similar Authorities taking different, more innovative approaches that we can learn from and this is where we should be looking to benchmark.

Moving forward to implementation

Stage 1 of the new operating model places great emphasis on learning from best practice, research, strategies and identifying opportunities and priorities. The cohesive nature of this approach will ensure that good practice is captured, utilised and promoted.

6.3 The Group recommends the need for more intelligent and cohesive business engagement than takes place currently. This must take place with businesses, investors, intermediaries and brokers of economic growth such as commercial property agents, developers and asset holders and investment makers to allow a more complete approach to facilitating economic growth for Shropshire.

There have been a number of instances and examples that have been identified through the work of the Group that illustrate that the current situation and the siloed and insular working approach does not produce the best results for the Shropshire Economy.

This can be best summarised by the acknowledgement of a Commercial Agent that he was working with 6 or 7 companies who were looking to relocate in the Shrewsbury area but he felt that it was not something he could share with Shropshire Council for fear of it not remaining confidential. Although he did have a willingness to work far more collaboratively with the Council if things were different and that there was valuing in the sharing of intelligence. Whilst the comments are made from one sector (who were involved primarily to discuss the Economic Development Asset Portfolio) they are systematic of the business engagement that takes place currently. This illustrates the need for the Council to foster relationships not just with the business community to enable a meaningful two way exchange in confidence.

The Group re-iterates and supports the need for a single point of contact (similar to account management) to maintain business confidence and maintain integrity and build trust. The capturing of data in a uniformed manner would ensure that data and subsequent intelligence can be easily shared (confidentially if necessary).

Moving forwards towards implementation

The value the Relationship Managers will have in the new model will be in the relationships that they foster, broker and effectively manage. As resources diminish it will be necessary to work far more collaboratively and become highly-skilled facilitators who are able to influence and channel resources to where they can be used most appropriately.

6.4 The provision of a stand-alone website using the domain name www.investinshropshire.com which will be the shop window for the new Economic Growth Service, and will include what projects and activities are currently being implemented for business benefit.

The lack of a web-based presence was noted and highlighted as a serious missed opportunity to promote Shropshire as a place to do business and invest (refer to 6.2). It is noted that there is limited information within the Council's main website but this is not enough to enable us to compete against our statistical and geographical neighbours.

The Group noted that there must have a clear route for business engagement and the presence of an effective website will enable this to happen. It will ensure that a larger number of the county's businesses and those looking to relocate here will be able to effectively engage through a channel they are comfortable using.

It was accepted that in the future the Marches Growth Hub will be looking to provide a comprehensive web-based resource to provide businesses with relevant, generic support across the Marches Local Enterprise Partnership area. The purpose of the new Shropshire Council website will be to promote the county, to inward investors and indigenous

companies and would then link to the Marches Growth Hub (which is what the other Authorities within the LEP will do.)

The new site will need to showcase all development that is taking place across the county and also link to partners / collaborators sites. The site must also include development opportunities and show Shropshire as a viable investment location both now and in the future whilst showcasing the benefits of Shropshire including our quality of life etc. The website that the Group believe should be benchmarked against was www.investinsuffolk.com which had the right mix of investor information and call to action.

Going forward towards implementation

This had also been identified within the Redesign and revenue to allow for the creation of a new website (within 6 months of the new model being operational) has been recognised as a requirement. It is estimated that between £15-20,000 will be required to include the build of the stand-alone site, and associated copy and imagery via open tender.

In addition the Business Development function would have responsibility for maintaining relevant content on the website and dealing with the enquiries that are made via that route.

6.5 Economic Development Assets (workshops & land) to be taken back into Corporate Landlord – with an Asset Management Strategy in place to align with the new purpose of the Economic Growth Service.

The analysis that was provided by SC Finance looking at the ED Assets did show differences in the type of facilities within the portfolio and the subsequent revenue generated.

It showed troubling differences within the performance of the portfolio with some market under-performance. Some of the assets held had only tenuous links to economic development and appeared to be masking under-performance.

Of most concern was the long term picture; giving the declining condition of the units and workshops with no apparent provision made for scheduled maintenance and improvement requirements the minimal return on investment will likely prove untenable in the long term.

The discussions with Estates/Corporate Landlord did provide some learning on how better to engage with businesses who are interested in Shropshire Council run units and has identified the type of information that needs to be captured and subsequently utilised to create meaningful intelligence around demand and take up of commercial premises.

Going forward towards implementation

The maintaining of a 'client function' for the Economic Development Asset Portfolio, which is subsequently managed by Estates Services is not seen as a necessary function of the Economic Growth Team. The most appropriate place for the assets (with immediate effect) would be for them to be managed and maintained by Corporate Landlord.

The capturing of the information is still relevant and will be fed into Stage 1 of the operating model to help identify demand and subsequent opportunities to create the conditions for economic growth.

6.6 The need for Cabinet to make a strategic decision on what Shropshire Council's purpose is as a land / asset owner and who is subsequently best placed to manage and maintain those assets on its behalf.

The Group recommends this, and if there is additional work to be done to best answer that question it would be keen to be involved (although it appreciates it would not be within the Economic Growth Scrutiny Groups remit as Estate Services / Corporate Landlord sit elsewhere).

The Group has also identified the need for a Condition Survey to be carried out to further identify any opportunities or potential liabilities and assess the value for money of individual assets (not just those within the Economic Development Portfolio).

The decision on who would be best placed to manage and maintain the Assets would then better inform the new Economic Growth Service, and in doing so start to identify where the income should sit and where any profit should be reinvested to enable further economic growth. This would then allow for disposals or investments to be made that can support the new service to achieve purpose – by investing in the most appropriate vehicles / activities for the creation of economic growth and resilience.

Discussions with the Commercial Property Agents and the financial analysis of the Economic Development asset portfolio validated the recommendation that is being made.

Going forward towards implementation

This decision can be made at the appropriate time and with the appropriate evidence by Cabinet with no detrimental effect on the Economic Growth Redesign implementation. The Assets can transfer to Corporate Landlord (as 6.5) with the appropriate Asset Management Strategy in place that can be subsequently amended to reflect the decision when it is made.

6.7 The need for Cabinet to make a strategic decision on whether Shropshire Council will take, in the future, a proactive role as an investor and developer in Shropshire, to provide jobs and broker further investment.

This recommendation follows on from 6.6 and looks to gain clarity on where best to re-invest income from SC owned asset sales and rental, or where new investment should be made to increase the availability of employment land and commercial property. The Group believes that a more proactive stance by Shropshire Council will bring new businesses into the county and allow Shropshire companies to expand – both creating new jobs and creating economic growth and resilience.

Going forward towards implementation

The new Economic Growth operating model takes a robust, and uniformed approach to identifying, developing and implementing (via a commissioned model) projects and activities that create the conditions for economic growth in Shropshire.

This model will ensure that any potential investment is tailored to meet the demands of the county's businesses, is feasible and deliverable with a return on the investment and other funds (where available) can be brokered to support Shropshire Council's initial investment. This approach will ensure that Council funds, or those that it controls are only used to create measured outcomes and will provide identified and quantifiable benefit the Shropshire economy.

7.0 Potential for Further Work

During the work it was apparent that there were a number of other areas worthy of further exploration but were not directly covered by the Terms of Reference detailed in Section 3. These include:

7.1 Identification of Shropshire's Economic Growth Areas / Sectors

To identify how we actively identify, promote and grow Shropshire's growth areas / sectors. A further piece of work to evaluate if current methods are facilitating growth, how that can be effectively measured and if there are other more effective methods and strategies that should be employed.

7.2 How are the tenants in all Shropshire Council owned property managed and are their needs met to enable them to grow and flourish and create economic growth

To undertake a survey of tenants and identify what they need from Shropshire Council as a Landlord and also as a Local Authority. This will provide intelligence from a captive audience to better inform economic growth activity and identify if there are further opportunities to support and facilitate their growth.