

Area North Committee – 22<sup>nd</sup> October 2008

## 9. Economic Development Service Update

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### Purpose of the Report

The purpose of this report is to inform Members of the activities and progress of the Economic Development since the last presentation to Members in October 2007.

### Recommendation

Members are **RECOMMENDED** to:-

- i) Note the contents of this report
- ii) Recognise the impact the charging of Business Rates on empty premises has on the local economy and consider an appropriate action to raise the profile of this issue.

### Discussion points:

Members may wish to consider the following as possible topics for further discussion:

- The early indications of the needs and aspirations of rural based businesses as identified through our consultation with shops, pubs and garages.
- The wider involvement of Business Link supporting and advising on businesses within Area North
- The impact legislative changes are having on the provision of industrial premises.
- Somerset Food Links, future support for the food and drink sector.

### Background

Economic Development support for businesses in South Somerset has been an integral part of the service provided for many years. The encouragement of inward investment has always been at the forefront of the service's objectives, together with continued support for existing South Somerset based businesses. The main conurbations within Area North and the wider dispersed rural settlements all have varying demands on the economic service provided.

During a period of economic instability, support and guidance for businesses is recognised as an important factor if sustained trading and growth are to be encouraged. The Economic Development service has employed a dedicated Business Support Officer to work with existing support organisations and provide dedicated one to one support as appropriate. As an authority, we continue to support Business Link. A representative from Business Link will be attending the Area North committee meeting to answer questions from members.

### Report

There are many different areas of activity that the Economic Development service involves itself in. Always, the economic stability and growth of businesses in the district

remains at the forefront of the minds of Officers within the team. We try to identify areas of work that would benefit from our involvement at an early stage and work with enquirers to try and maximise opportunities. Regular attendance at the planning pre-application surgeries is an example of this.

### **Planning consultation response**

As part of the Development Control planning consultation process, the Economic Development service is invited to submit comments on applications that are considered to have an economic impact. Every request for information is responded to, with a response target of 95% within the allotted time. In the twelve months to September 30<sup>th</sup> 91 applications in Area North have been received with 97% return rate. Interestingly in the period June – September 2008, the number of planning application responses rose by 16% compared to the same period last year (103 from 84). This growth would imply that so far the business economy of South Somerset continues to show signs of growth and development, which may be due to the higher percentage of self-employed people in the district.

Often a planning consultation response requires additional work to ensure all of the economic activity is fully understood and can be commented on robustly. The recent application for the loss of employment land at a site in Martock is an example of this additional input. To ensure where possible the ED service provides both comprehensive and consistent advice and a number of specific protocols have been written. Examples include protocols on the development of holiday lets, change of use for public houses and the marketing of premises to comply with the requirements of planning policies. In addition to these changes is the services response to planning consultation. More recently, we are compiling a 'check' list of information to be included in an agricultural appraisal. Economic Development is a regular attendee at the recently introduced pre-application surgeries, where developers and potential applicants can discuss their proposals before submitting a detailed application.

### **Post Office closures**

Area North had one Post Office identified in this current round of closures. Across the District, 13 Post Offices have been served notice to stop trading during the summer, of which 9 were in Area East! The Economic Development team are providing support in various ways. Our Business Support Officer – Mike Bartlett has contacted each of the Post Offices and offered to visit with the intention of providing one to one business guidance and support. Interestingly, a number of these premises are integral to the family home and with the support and guidance of the Development Control Planners, a protocol has been devised which may prevent the marketing of the premises if a Change of Use is sought. The Post Office closure programme is an example of how the Area Development staff and ED are working collectively to try and reduce the impact on businesses affected.

### **Farm diversification**

Previously, our Agricultural Development Officer (ADO), Paul Philpott, was partly funded by a Rural Renaissance grant known as the Somerset Rural Business Support Service. There has been little grant support for farmers in the last two years. Thankfully, the programme known as the Rural Development Programme for England (ERDP) has been revitalised and is open again for applications. Contact through a newsletter has been made with farmers throughout the District informing them of this opportunity to apply for funding, together with an invitation to engage with the ADO for linkages to other services within the authority.

The Somerset Workspace Scheme has also been extended until March 2009. Farmers with redundant buildings which could be converted to other economic uses are

encouraged to apply for funding which could be for as much as £70,000, although the maximum allocation will be for 25% of the total project costs. Bearing in mind that any planning consents have to be obtained and the work completed before the end of this financial year, the realistic opportunity of delivering a project in the required timescales is now nearing the end. Currently, one application for the Somerset Workspace grant is being considered on a site in Area North.

The introduction of the Single Farm Payment will be complete by 2012. Whilst this date seems some way off, farmers are encouraged to register with the programme as soon as possible. Thankfully, it is only a small minority of farmers who have not registered, yet ironically, it is probably this sector, which will require the most support from the ADO.

### **Somerset Food Links (SFL)**

This organisation, which has been financially supported for many years by SSDC has entered into a transitional period, due to the completion of many previous projects and end of funding opportunities. A joint Service Level Agreement has been compiled between all of the local authorities who are making a financial contribution to the organisation. Recognising that SFL are unable to provide the same level of support to food producers, the Agricultural Development Officer will where required work with SFL to ensure a continuity of support. There is a new funding opportunity later this year when the Big Lottery grants programme for food and drink producers is launched. SFL have every intention of applying for this fund. SFL recognise that in the future they should be less dependent on external funding and should begin to move towards a programme of self-sufficiency. The Head of Service Area North holds a lead responsibility for Rural Affairs. She has been working with Economic Development Officers by helping to identify prioritised actions for the future support of the food and drink sectors in South Somerset.

### **Support for the rural business community**

Since the 1<sup>st</sup> April, the ADO has been part of SSDC's mainstream funding and no longer has shared responsibilities across the county. This has enabled us to review the activities of the ADO and through a revised action plan have introduced programmes of involvement with the wider rural business community. Unfortunately, the economic downturn is already having an impact on rural businesses, evidenced by the large number of applications received for the change of use of public houses, garages and as mentioned earlier Post Offices. The ADO will be contacting rural businesses and seeking their input, initially by questionnaire followed by a series of one to one interviews. This will help the Economic Development service understand better the problems facing the rural economy and should help us devise an action plan to provide effective support. This work is scheduled to be completed by October and may warrant a separate report to Area Committees. Farm shops will also feature in this study, as they are becoming an integral part of our rural based economy.

### **Business Ambassador Service**

The Economic Development service predominately responds or reacts to enquires (e.g. planning consultation). During the past year we have attempted to become much more proactive in our approach to businesses. Two separate programmes have been devised, the Business Ambassador Service and the Account Manager Programme.

Development Control planners and ED often receive enquires about premises expansion or development which were acknowledged and responded to individually. We know have a protocol between the two services, which aims to ensure that the maximum level of integration is provided to assist the applicant. Where appropriate, a business enquirer who mentions that he is looking to expand or relocate is immediately offered the services of the DC planners to help with the process, before too much effort is put into drawing plans and submitting an application. Similarly, if DC planners receive an enquiry,

they automatically forward them to ED for our input. I consider some of our best work is working with a business and where appropriate informing them of the unlikely approval of an pending application, thus saving them time money and anxiety.

The Account Manager Programme is a more proactive approach to the 100 top employers across the District. The list of businesses of 50 or more employees is contacted annually and an identified staff member visits them with the aim of ensuring the appropriate level of local authority support is provided. The largest businesses in the District e.g. Yeovil Hospital, RNAS Yeovilton etc are assigned to the Corporate Director for Economic Vitality. The remainder of the businesses are sub-divided between Economic Development staff. When a visit is arranged, an invitation is extended to either the portfolio holder for Economic Development, Planning and Transport or the Chairman of the Local Strategic Partnership. This proactive approach has identified numerous issues which key businesses didn't recognise the role of SSDC to resolve. From 22 visits made by one ED staff member, 8 apprenticeships have been encouraged with onward signposting to Yeovil College. Businesses in Area North that have 50+ employees that have been visited by the Economic Development Team Leader includes: Romford Wholesale Meats, Langport. Chalon, Hambridge. Probiotics, Stoke sub Hamdon. Lift South West, Seavington.

### **Retail study**

In addition to the work in the wider rural communities already mentioned, it is the aim of the Economic Development Service to work with Area Development colleagues and 'map' the activity of our ten market towns. By identifying the types of business use and the number of vacant premises, we will be able to year on year assess the changing demographics of each respective market town. Through the foresight of previous Area North Regeneration Officers, Langport was first profiled in 1996, updated at four yearly intervals.

By understanding the variety of businesses in each market town, we are better able to look for trends of economic activity. Of particular interest are the number of empty shop units and the number of fast food takeaways, which is a clear indication of the nighttime economy. This study will also include the public houses in each market town. Previous regional and countywide studies will be consulted and local trends will be compared to the regional and sub regional trends.

### **Chambers and Business Associations**

The advantages to a business joining a Chamber of Trade or Business Association extends beyond the opportunity for collective lobbying in an attempt to remedy difficult situations. The power of business networking should never be underestimated, particularly in our market towns. We continue to encourage businesses to join their local Chamber. We have often found that whilst the businesses in a locality may be dissimilar, the problems encountered and possible solutions are often resolved best through the sharing of experiences. Transport, traffic, car parking, business rates are all issues which the ED service have involved themselves with, supporting businesses in market towns. Somerton has a Business Association, which produces annually a business directory. A small grant of £200 was recently awarded to support the production of the directory. The ED team have been proactive in working with members in other Area North locations.

### **Business Link**

An advisor from Business Link will be present to answer questions. A few points of detail which you may appreciate knowing about Business Link could help you better understand their role.

- A free start-up programme is offered to emerging businesses.

- Unlimited on-line and telephone support is provided to a business free of charge.
- For larger, high growth businesses (£100,000 predicted growth annually) a dedicated business advisor may be available to support tat business.
- Awareness events and business clinics are provided free of charge where possible in locations close to major settlements.
- Business Link is good source of information on legislation changes through their e-mail alert programme.
- The Business Link grants finding service has limitations, yet ay prove helpful to individual enquirers.

### Key facts – Start-up Business and Self-Employment in Somerset

Background characteristics	Somerset	SW	GB
% of those in employment who are self-employed	15.1%	14%	12.5%
New start rate (VAT registrations per 1,000 population)	37	37	37
12 month business survival rate	94	93	92
36 month business survival rate	75	74	71

Start-up support in Somerset from BL (Sept 07 – Aug 08)	Somerset
Pre-starts supported	1,458
Start-up businesses supported in first 12 months trading	639
Start-up attendees at Business Link events	991
Intensively assisted start-up clients	200

Estimated first year turnover:

- Below £10,000 (27%).
- £10,000 - £30,000 (33%)
- £30,000 - £65,000 (16%)
- Above £65,000 (24%)

Somerset – Rural and Urban

- 66% of businesses located in rural area (among highest proportion in GB)
- Almost 80% of all employee jobs located in either Bridgwater, Taunton, Yeovil travel to work areas
- Over last 2 years, Somerset has been identified as a start-up hot spot for areas outside of London

Business Link achievements 2007/08

- 9,700 businesses helped across Somerset (= 40% of all businesses)
- 780 new start-ups supported
- 1,500 individuals interested in starting assist
- 830 businesses intensively assisted

Customer satisfaction 93.7%

Estimated £24.3m additional GVA generated for Somerset Economy

## Business Link Seminars – October 2008

Event	Date	Venue	Cost
Access to Finance	28 <sup>th</sup> October 10.00 – 13.00	Haynes Motor Museum	Free
Starting your own business Awareness Event	16 <sup>th</sup> October 14.00 – 17.00	Yeovil	Free
Business Advice Clinic	15 <sup>th</sup> October 9.00 – 17.00	Chard	Free
Business Advice Clinic	22 <sup>nd</sup> October 9.00 – 17.00	Langport	Free
Business Advice Clinic	29 <sup>th</sup> October 9.00 – 17.00	Chard	Free

To book one of the events listed or to view the full compliment of events organised in the South West visit [www.businesslinksw.co.uk](http://www.businesslinksw.co.uk)

Or call 0845 600 9966  
e-mail enquiries@blpeninsular.co.uk

### Into Somerset

Local Authorities throughout Somerset have contributed towards a programme of Inward Investment activity known as Into Somerset. Currently managed by the Somerset Chamber of Commerce, they are developing an organisation, which will be far more proactive in the handling of inquiries from potential investors to the county. Scheduled to launch in November 2008 at the Yeovil Innovation Centre the Into Somerset programme will share the stage with the annual Somerset Business Breakfast.

In preparation for the launch of Into Somerset, the Economic Development service has started to map the existing Industrial Estates and Business Parks across the District. It is our intention not only to verify the information provided by commercial property agents, but also to get a better understanding of the predominate class uses of individual Industrial Estates and specific detail on the sizes of individual units. This will enable us to be much better prepared to handle enquiries as they arise.

The early findings of the consultant's study, which incidentally has questioned businesses both within Somerset and outside to understand the perceptions of conducting business here compared to the reality has identified some interesting comments. The launch of Into Somerset will be a significant milestone in the collective approach of Authorities to raise the opportunities of Somerset as a place to do business.

### IT grant support from the Local Strategic Partnership

In July 2007 £18,300 which was originally allocated to the Connecting Somerset Programme was subsequently re-allocated in August 2007 to the Economic Development Service to be distributed to small rural businesses before the end of March 2008.



A programme providing some financial help through the purchase of IT-related goods and services and evaluating the benefits once the programme was devised. Consultation with Area Development staff identified that the programme would focus on Martock, Ilminster and Bruton, together with local Post Offices and Stores across the district.

A total of 535 invitations were sent out to businesses during the autumn of 2007. 115 responded requesting an application form. 64 completed an application (12%). Applicants were asked to focus their application on the business benefits of the grant (What was going to be different) and each was followed up by a personal visit by the Business Support Officer. This visit helped review the needs, discussed the next steps in the process and allowed a face to be put to the Council, in particular the ED service, introduced other Local Authority services such as Planning, Licensing and also other LSP partners such as Business Link and Yeovil College. Funds were strictly allocated on a first come basis and proved very popular, being over-subscribed from the start of 2008. All funds were fully spent by end February 2008. Later enquiries were sign-posted to other sources of help.

Generally the grant allowed 50% cost up to a maximum of £500. 39 businesses were helped including 3 Post Offices. The total project value was £39,927. Three months after the award, a further visit was arranged to discuss the business benefits of the grant. Some 82% stated an increase in efficiency and 27% said it had helped to take on more staff. All found the process easy. Other information collated included: 9% were Chamber Members, 15% were using (or had used) Business Link and 91% were currently satisfied with their broadband speed.

In summary, the allocation of grant funding through this method has been considered an extremely good way of supporting businesses, which at the same time being in the position of better understanding other issues and responding to them

### **Rural Renaissance grant application**

At the time of presentation of this report to committee, we should know if an application to Rural Renaissance to support the employment of people in the 50+ age group has been successful. South Somerset attracts a reasonably high percentage of people who relocate here from other parts of the country. Often these people are looking for a new career to support pension plans or to 'top up' savings. Many of them have skills, which could be utilised by existing businesses. If successful, we intend to target businesses and encourage the consideration of taking on an employee from the 50+ age group.

### **Redundancies**

Unfortunately, three businesses within Area West have announced partial or complete redundancy programmes. The Economic Development service has been involved in ensuring the best advice and support is available to the business and ultimately the affected staff. Thankfully, Area North has escaped the announcement of large-scale redundancies. Members should however be encouraged that a protocol is now in place to address should such an unfortunate announcement be made.

### **Yeovil Innovation Centre**

The opportunities this centre will provide for businesses and entrepreneurs will impact to settlements much wider than Yeovil. For this reason, I felt it worth a mention in this Area North report. This partnership programme led by South Somerset is due to be completed by mid-October. Also the appointment of an operator to manage the centre for the next 25 years is imminent. Interestingly, the number of enquiries and interest received by people considering taking units at the Centre is higher than we had anticipated. If Members were interested, I would willingly organise a tour of the Centre to

broaden your understanding of what the premises can provide in the way of opportunity and support for businesses in the targeted sectors.

### **Business Parks/Industrial Estates**

During the last three months, the Team Leader has visited the majority of the owners of Business Parks located within Area North. The purpose of the visit was to better understand the needs and concerns of people who provide an opportunity for businesses to locate to, hopefully enabling them to stabilise and grow. Two interesting concerns have emerged from these discussions:

1. That the recent amendments to Business Rating of empty properties introduced in April 2008 is having a crippling financial impact on the owners of these premises and
2. That those who provide 'start-up' units would appreciate Business Link involvement to advise, guide and support businesses through the complexities of running a successful company, prior to the new start business occupying the premises.

Ironically, the impact of the Business Rating changes has resulted in two things happening which could impact long-term on the provision of business premises:

1. Some redundant commercial buildings are being flattened, which ultimately removes opportunity for business growth and makes it much harder to defend the loss of commercial land to residential.
2. There is now a reluctance to speculatively build business units in the hope of finding tenants.

### **Implications to Corporate Priorities**

- Increase economic vitality and prosperity
  6. Raise the skill level of the local workforce to achieve a higher average relative wage across South Somerset by 10% by 2012
  7. Work in partnership with the public and private sector in delivery of the Yeovil Vision
  8. Work in partnership with the public and private sector in developing and delivery of the Market Towns Vision
  9. Identify and address the particular issues affecting rural areas

### **Financial implications**

There are no financial implications as a direct result of this report.

**Background Papers:** *Area North report – October 2007*

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