INWARD INVESTMENT TASK GROUP – 12 NOVEMBER 2012

A meeting of the Inward Investment Task Group will be held at 4 pm on Monday 12 November 2012 in Committee Room 1 at the Town Hall, Rugby.

Councillor Ms Robbins
Chairman

AGENDA

PART 1 – PUBLIC BUSINESS

1. Minutes – to approve the minutes of the meeting held on 25 October 2012.

2. Apologies - to receive apologies for absence from the meeting.

3. Declarations of Interest.

To receive declarations of –

(a) non-pecuniary interests as defined by the Council’s Code of Conduct for Councillors;

(b) pecuniary interests as defined by the Council’s Code of Conduct for Councillors; and

(c) notice under Section 106 Local Government Finance Act 1992 – non-payment of Community Charge or Council Tax.

Note: Members are reminded that they should declare the existence and nature of their non-pecuniary interests at the commencement of the meeting (or as soon as the interest becomes apparent). If that interest is a pecuniary interest, the Member must withdraw from the room unless one of the exceptions applies.

Membership of Warwickshire County Council or any Parish Council is classed as a non-pecuniary interest under the Code of Conduct. A Member does not need to declare this interest unless the Member chooses to speak on a matter relating to their membership. If the Member does not wish to speak on the matter, the Member may still vote on the matter without making a declaration.
4. Discussion of issues around encouraging economic growth in Rugby borough with invited representatives (briefing paper attached).

Membership of the Task Group: -
Councillors Ms Robbins (Chairman), Ms Edwards, G Francis, Hazelton, Mrs O'Rourke and Roberts

If you have any general queries with regard to this agenda please contact Linn Ashmore, Democratic and Scrutiny Services Officer (01788 533523 or e-mail linn.ashmore@rugby.gov.uk). Any specific queries concerning reports should be directed to the listed contact officer.

If you wish to attend the meeting and have any special requirements for access please contact the Democratic and Scrutiny Services Officer named above.
Review of Inward Investment

Select Committee Meeting – 12 November 2012

Briefing Paper

1. BACKGROUND

Inward investment is about encouraging businesses to relocate and invest in the area. Local authorities can support local economic growth through the planning system, investment in local infrastructure, ensuring access to education and training, building strong relationships with businesses and through the way they exercise their regulatory powers in relation to local businesses.

This review focuses on inward investment in the context of the new scheme being introduced from April 2013 which will enable local authorities to retain a proportion of any growth in their business rates. It is intended that Rugby will form part of a pooling arrangement for business rates with all local authorities in Coventry and Warwickshire, subject to the approval of the Department for Communities and Local Government (DCLG).

The review is considering:

- how the council might retain current business and encourage economic growth in the borough
- the council’s policy for providing relief to businesses in support of inward investment and spending any income earned from growth in local business rates;
- what other income sources there might be to support economic growth.

The aim of the meeting is to bring together those with expertise and insight into inward investment. The meeting will help councillors to gain a full understanding of the issues around promoting economic growth in the borough, in order to make robust, evidence-based recommendations for action that could be taken to improve our performance in this area.

The one-page strategy for the review is attached to the agenda papers for reference (appendix 1).

2. MEETING PROGRAMME

The meeting will take evidence from the following representatives:

Linsey Luke, Federation of Small Businesses
Alistair George, Director, George and Company (Surveyors) Ltd
Aftab Gaffer, Rugby First
Torin Spence, Work Based Learning and Apprenticeships Manager, Warwickshire County Council
It is hoped that representatives from Rugby Chamber of Commerce, Warwickshire College and Coventry University may also be present to give evidence.

The meeting will explore the following questions:

- Why do you think businesses choose to locate in Rugby borough?
- What deters business from locating in Rugby borough?
- How effective is the council’s current activity to support economic development and inward investment?
- What more could the council and its partners do to encourage inward investment and support existing businesses based in the borough?
- How much of a priority should this be for the council in the context of reduced public spending?
- Should the council encourage any form of inward investment or seek to encourage a balanced profile of businesses?
- Does our local workforce match the skills needs of local businesses and potential new businesses? If not, what could be done to address this?
- What is your view of the council’s current discretionary business rate relief policy?
- Do you have any comments about our business rate collection arrangements or our effectiveness in ensuring business properties are correctly valued?

3. ACCOMPANYING PAPERS

Participants were invited to make a written submission to the task group to be circulated with the agenda papers in advance of the meeting. The following papers have been received and are attached as appendices 2a and 2b.

- Comments from Linsey Luke, FSB (appendix 2a)
- Submission from Rugby First (appendix 2b)

4. NEXT STEPS

The task group will take time at their next scheduled meeting, on 17 December, to review the evidence received at this meeting and to identify any recommendations for action arising from the evidence received.

Debbie Dawson, Scrutiny Officer
November 2012
REVIEW OF INWARD INVESTMENT

ONE PAGE STRATEGY

What is the broad topic area?
Inward Investment

What is the specific topic area?
The review will focus on the council’s policy in relation to the retention of business rates by local authorities, which is being proposed in the first phase of the Local Government Resource Review. It will consider:

- how the council might retain current business and encourage economic growth in the borough
- the council’s policy for providing relief to businesses in support of inward investment and spending any income earned from growth in local business rates;
- what other income sources there might be to support economic growth.

Inward investment is about encouraging businesses to relocate and invest in the area. Local authorities can support local economic growth through the planning system, investment in local infrastructure, ensuring access to education and training, building strong relationships with businesses and through the way they exercise their regulatory powers in relation to local businesses. These are all areas the review may wish to consider in the context of encouraging economic growth in the borough to maximise income.

What is the ambition of the review?
Rugby will have a clear policy in relation to the retention of business rates and be successful in supporting economic growth to maximise the new income opportunities. Rugby will be effectively marketed as an attractive location for businesses and the Council will work well with partners to attract more businesses to the borough.

How well do we perform at the moment?
The task group will begin by considering:
- number of companies in the borough
- an analysis of the borough’s rateable value tax base, and recent trends
- comparative performance data against other Warwickshire authorities on inward investment
- details of recent planning decisions relating to new businesses
- evidence and comparative data on inward investment in other local authority areas.

Supporting documents for the task group to consider include:

Rugby Borough Council Core Strategy (chapter 8) – specifically land allocations for commercial uses
Appendix 1

Economic Development Action Plan
Coventry and Warwickshire Local Enterprise Partnership 5-year Strategy
Warwickshire Investment Partnership Annual Report 2010/11
The Portas Review: An independent review into the future of our high streets

Who shall we consult about the current service and about how we can improve it?
Coventry and Warwickshire Local Enterprise Partnership (Inward Investment task group lead)
Warwickshire Investment Partnership (arm of Warwickshire County Council)
Chamber of Commerce
Federation of Small Businesses
Coventry and Warwickshire Institute of Directors
Local commercial agents
Rugby BID / Town Centre Company
Warwickshire County Council work-based learning and apprenticeship team
Warwickshire College
Economy, Development and Culture Portfolio Holder

What other help do we need?
Support from the Head of Resources, Economic Development Officer, Revenues Manager and the Forward Planning team.

The task group will need to understand the Government’s proposals for business rate retention in the Local Government Resource Review.

The review may also make use of any relevant evidence gathered as part of Warwickshire County Council’s recent scrutiny review (August 2011) on supporting the local economy, and take into account the findings of Rugby Borough Council’s review of the town centre economy (2010).

How long should it take?
The review will commence in September 2012 and conclude by the end of January 2013.

What will be the outcome?
Recommendations to Cabinet on measures to support local businesses and encourage local economic growth.
Comments from Linsey Luke, Federation of Small Businesses

- **Why do you think businesses choose to locate in Rugby borough?**
Rugby’s central UK location, proximity to London and access to a number of major motorways is a key factor in attracting businesses to Rugby – both large and small. Smaller businesses often live and reside in the same area and will therefore be attracted by lower than average commercial property rental and sale prices, but also Rugby’s lower than average cost and quality of its housing. Rugby’s low level of unemployment, combined with positive reputation and history are also factors in attracting investment, in particular the quality and mix of both grammar, state and private schools. Small businesses also look at the vibrancy of the town centre and evening economy when considering where to locate – Rugby is currently holding its own in this area.

- **What deters business from locating in Rugby borough?**
Access to quality and available business premises can be a barrier for business locating in Rugby. This is particularly an issue for those small scale businesses looking for good quality industrial units. New developments are often aimed at large firms that need extensive logistical space and are therefore not suitable for a start-up or expanding firm. We must remember that many small businesses grow to be big businesses, therefore we must ensure that there are commercial and industrial units available in varying sizes and quality, and also that those sites allow for expansion.

- **How effective is the council’s current activity to support economic development and inward investment?**
The FSB works with a number of local authorities in the area and feel that RBC stands out as one of the most proactive, flexible and business friendly. Its relatively small size is a benefit - as we have often seen a lack of communication between departments in larger councils - this only causes confusion and inefficiency for the business community. RBC, working with NBBC, to deliver its procurement service is a benefit to businesses and FSB feels that by monitoring and encouraging spend with local small firms you are helping to support and stimulate your local business community.

- **What more could the council and its partners do to encourage inward investment and support existing businesses based in the borough?**
As I understand, inward investment is primarily administered at a regional level by WCC and nationally by UKTI, however RBC must ensure they are continuing to push and update the Rugby ‘offer’. Inward investment can be greatly impacted by the service a business receives from all departments with a local authority, particularly the planning department. We are pleased to say that anecdotally our members inform us that RBC has a ‘can do’ attitude to planning and have always held the business community in high regard and recognising them as key to the prosperity of the area. This is very often not the case in many areas, where businesses are seen as the enemy and not encouraged to expand or build.

- **How much of a priority should this be for the council in the context of reduced public spending?**
I think it is essential that the council continue to support the business community, and also they do not increase costs of services used by them as a way to create revenue, i.e. planning application fees, waste disposal etc
• Should the council encourage any form of inward investment or seek to encourage a balanced profile of businesses?
It is important to ensure that a diverse mix of businesses locate in Rugby. The area must build on its strengths, logistics in particular, but should consider how it attracts a range of businesses – relying too heavily on one sector can be dangerous. SME’s are businesses that offer a range of services or products and they also employ local people, concentrating on attracting SME’s should be seen as a priority. Rugby’s independent retail offer is one that should be cherished and supported to grow – this will only be to the benefit of the town.

• Does our local workforce match the skills needs of local businesses and potential new businesses? If not, what could be done to address this?
Our members in Rugby tell us that they struggle to recruit because there isn’t the pool of skilled/qualified people looking for work (as unemployment is low). Low unemployment is obviously a benefit to the area but strangely can be an issue for businesses looking to recruit. The lack of a University also means that there isn’t necessarily a pool of graduates to tap into. Any links the council and the college can do to work with Universities to access graduates to stay/live/work in Rugby can only be a benefit. It is also felt that we lose skilled/qualified people living in Rugby to London as the commute is less than an hour – not sure what can be done about this.

• What is your view of the council’s current discretionary business rate relief policy?
Discretionary business rate relief is something I want to discuss with council. I am not aware of their policy. I would be interested to hear what more we can do together to promote the discretionary reliefs.

• Do you have any comments about our business rate collection arrangements or our effectiveness in ensuring business properties are correctly valued?
I am not fully up to speed with the business rate collection arrangements, but I do know that the council have actively promoted SBBR to the local businesses and have a good take up. We see this as positive step to support small businesses.
Rugby First’s Submission – Inward Investment Review

Before answering the queries raised we would wish to make it clear that we can only speak on the subject of the Town centre. Our response therefore confines itself to that specific area.

The Town is clean, safe and friendly this is due to the partnership between Rugby First and RBC. We have a very mature BID which is well regarded both locally and nationally. The TC has very attractive environment with many period shop fronts and historic buildings. We are fortunate to have the birthplace of the game of Rugby Football situated in the Town centre at Rugby School. We already have some very attractive shops operated by independent traders. The Town’s railway station is within easy reach of the Town centre.

Unit sizes are generally too small for the National retailers; they look for a minimum of 2,500 square feet. Population size is still an issue with the Nationals in that they all have a requirement list which start at a population of around 150,000. It is generally too hard for nationals to come into Town centres at the moment. i.e. rents, rates, conservation issues and car parking (out of town car parking is free).

As far as independent traders are concerned rent and rates are still too high especially those where institutional landlords are involved. Local landlords are now more realistic.

We have agreed a retail strategy with the RBC. RBC is supporting this with grants towards a retail start up scheme. If it were possible it would greatly encourage new entrepreneurs into the market if the RBC could arrange for them to have a rates holiday if only for the first 3 months. We would hope that the RBC will continue with its free car parking concession at specific times of the year. One vital element we feel that the RBC should invest in is the expansion of the pedestrianised area. We need a focal point for the TC, we need to connect both sides of the Town and we need to move the market from where it is. There is a new scheme which appears to attract general acceptance but it needs a RBC financial commitment.

Clearly we cannot sustain our TC going forward if we have vacancy rates in excess of say 10%; currently we sit at around 6%. We do not want to become a town that attracts the criminal fraternity as the town empties out. This is what has happened in the USA. So it is vital for the RBC to invest in its TC so as to give the lead to the rest of the business community.

It has been clear for years that the Borough has high incidents of ABC1’s. We lose this sector of our population to surrounding towns. Therefore we should aim as our new strategy dictates, to attract shop, cafes etc. that appeal to this market segment.

Staff availability is generally acceptable. The problem we have is that there just isn’t enough choice. i.e. insufficient people looking for work.

We are more than happy with the small business rate relief. The issue that we have is the relief given to charity shops which directly compete with normal retail facilities. A classic example is the British Heart Foundation shop which brings in new or nearly new products which it can afford to sell at rock bottom price because it does not pay the full rate. A furniture store two doors down for the British Heart Foundation closed because it could not compete.

It appears to take an inordinate amount of time for the rates office in Birmingham to catch up with the reality on the ground. Sales, rents, in some cases occupancy have all decreased and yet the Rates office seems oblivious of this! We would commend the RBC’s Non Domestic Rates dept. for their dedication and their ability to chase things down. We employ them to collect our BID levy and they have performed admirably.