MINUTES OF INWARD INVESTMENT TASK GROUP

12 NOVEMBER 2012

PRESENT:

Members of the Group: Councillors Ms Robbins (Chairman), Ms Edwards, Hazelton, Mrs O’Rourke and Roberts

Also present: Councillor Dr Mark Williams – as a representative for higher education

Officers: Adam Norburn, Head of Resources; Anna Rose, Head of Planning and Culture; Chryssa Burdett, Revenues Manager; John Dale, Economic Development Officer; Debbie Dawson, Scrutiny Officer; Linn Ashmore, Democratic and Scrutiny Services Officer.

Representatives of invited organisations:

Torin Spence - WCC Work Based Learning and Apprenticeships Manager
Krishna Parekh - Business Relationship Manager Warwickshire College
Linsey Luke – Federation of Small Businesses
Aftab Gaffar - Rugby First
Alistair George – Director, George and Company Chartered Surveyors

20. MINUTES

The Minutes of the meeting held on 25 October 2012 were approved and signed by the Chairman.

21. APOLOGIES

An apology for absence from the meeting was received from Councillor G Francis.

22. DISCUSSION OF ISSUES AROUND ENCOURAGING ECONOMIC GROWTH IN RUGBY BOROUGH

The Task Group considered both written and verbal comments and evidence from invited organisations. The discussion was broadly structured around the following key lines of enquiry:

• Rugby as a business location (pros and cons)
• Support for local businesses
• Council policy on inward investment
• Skills and training
• Business rates

The main points raised were as follows:

• More emphasis should be placed on building Rugby’s external profile. External companies will seek you out if you have a good reputation and promote the advantages and amenities available to companies looking at where to invest.
This authority is locally recognised for its forward thinking and proactive approach in working with businesses, but could do more to advertise this. Other councils in the area are better at selling themselves. Members were keen to gather evidence on what actions or change could be put into place to ensure Rugby communicated its successes more effectively. A suggestion was made that Rugby should focus on its strengths.

Rugby works well with partners and outside agencies and is more than capable of winning more business awards, which would raise its profile.

Rugby was recognised as having taken the decision to retain an economic development function when many other authorities reduced or removed theirs, and this had meant Rugby has strengthened its position in this area.

Rugby is well situated for transport links but the main barrier is the lack of the right type of property, causing companies to locate elsewhere.

There is a lack of smaller industrial units (between 800 and 2,000 sq ft) and modern offices in Rugby. There is also an issue over the size of units available in the town – many are too large for the types of retailers who would be looking to locate in the town. Industrial units should be good quality units and adaptable so they can be split or expanded to suit changing business needs. It was suggested that a gap analysis of the premises available and the demand for commercial property was needed.

Daventry offers companies good facilities. A large proportion of smaller industrial units are owned by Daventry District Council meaning they are able to control rents and discretionary rate relief. Rugby is not capital rich but new sites (totalling around 67 hectares) are being developed at Eden Park and the Mast Site. It is not possible to control the build on pre-let units which are built to match particular requirements.

A question was raised as to whether the Council could use its discretionary rate relief policy as a means of applying more leverage over new commercial development. A more flexible approach to discretionary business rates should be possible from April next year and should allow more scope for attracting businesses. There would need to be a clear policy or criteria in place.

A question was raised regarding whether further expansion of the Sir Frank Whittle Business Centre, or development of a new small business unit like this, could be possible. The centre is owned by Warwickshire County Council and is a county led scheme. It was built in the 1990s and the financial opportunities that were available at the time no longer exist.

The Council would need to borrow in order to fund such a scheme. However, now was the right economic time for borrowing, though there are other big projects on the horizon including the new leisure centre and the crematorium, and Cabinet would need to consider the long term benefits. It would be vital to have good data about the level of demand for such facilities.

Once small businesses have been established they need space and facilities to grow and expand. Compartmentalisation of old industrial units is too expensive to be a viable option for businesses.
• There was some discussion as to whether the council could apply for funding from the Regional Growth Fund for such a project. Comments were made as to whether support could be offered to developers to bid for grant funding. Similar grants have been obtained before for affordable housing and this was seen as a possibility. Having a scheme with planning permission already in place was key when it came to funding.

• Initial expressions of interest in locating businesses in Rugby come from external companies who may then contact the Council, or be referred by agents. It is important at that stage to get the message across about how easy the Council is to work with, and to ensure that a strong package of support is available to these potential investors.

• The relationship between Warwickshire County Council (WCC), Rugby Borough Council and external agents is too fragmented. It was suggested that WCC will concentrate more on promoting their priority areas and Rugby is lost within the county-wide offer.

• The level of marketing has varied in the past but it costs money. A commercial property guide is sent to interested businesses on request but the use of social media could be considered as a way of promoting the town/borough.

• This is the digital age and research information found online is key. However, the messages sent out to businesses and to individuals need to be very different and concentrate on the services on offer, property and available land.

• The education and training offer at Warwickshire College is driven by business need – for example, the Power Academy has been developed to reflect local business interests. The college is introducing local consultation boards at each of its centres to work closely with the local community to better understand their education and training needs.

• Warwickshire College is working towards becoming an entrepreneurial college, as part of the Gazelle initiative, which involves embedding entrepreneurial skills into all of their courses. Locally they support work clubs to help develop employability skills.

• However, there is a lack of market intelligence about what employers want. Agencies such as the West Midlands Observatory and the Learning Skills Council no longer exist, making it difficult to gather information. There is no longer any data being collected by the public sector and there is just limited data on demand for apprenticeships or Jobcentre Plus vacancies. However, Jobcentre Plus only holds 48% of job vacancies. More information is needed on the skills employers need so courses can be tailored to meet these.

• Warwickshire has seen a 10% growth in apprenticeships compared to the national figure of 2%. Though apprenticeships are perceived as being aimed at young people not going to university, students still need 5 GCSE grades A-C to qualify. Many young people who are ‘not in education training or employment’ (NEETS) do not have this level of qualification and work is ongoing to try to support these individuals to reach the required level. The Council can help by offering work experience.
There is a notable difference between school and employer definitions of ‘work-ready’. Employers have reported that softer skills such as timekeeping, telephone answering and a general readiness and willingness to work are often lacking.

It is difficult for employers to compare qualifications due to the range available and this is likely to become an increasing problem as further changes are planned to qualifications. There were also significant changes being introduced to education for 14-19 year-olds – for example, a University Technical College, supported by the University of Warwick, would be opening the following year and would take students from age 14. This would have an engineering focus.

A comment was made that small businesses find the process of taking on an apprentice too burdensome. However, the work involved should be no more than that of employing any other employee. The college or training provider should take on the administration to help and support the recruitment process. Apprentices now receive a contract of employment for a minimum period of one year.

Rugby is an engineering based town and this is generally what it is known for. If the aim is to attract engineering companies then they will require an engineering skill base.

There are also a number of warehouses in the area which may require a less skilled workforce, though this is not always the case and would depend on the nature of the work being carried out. It was clear a balance of different skill levels was needed. It was noted that a new logistics employment hub, led by the Sector Skills Council for logistics, had been established in Daventry, and part of its role was to demonstrate the breadth of jobs in this sector.

Skills for other industry areas such as care and hospitality are also needed.

The distance between Coventry and Rugby could be bridged better to improve links with Coventry University and enable businesses to tap into a pool of skilled graduates. Coventry University is known globally for its design and research programmes and students are actively recruited by companies outside of the area.

Warwickshire College is developing strong links with higher education providers to demonstrate progression pathways and they also now offer their own degree courses.

Rugby benefits from having good local grammar schools and secondary schools and this is seen as a key strength.

The Council should work more closely with developers, who share the same aim of attracting businesses and individuals to the borough.

The task group thanked the representatives for attending the meeting and for their valuable feedback. They were invited to contact the task group if they had any further comments to make.

The group considered the evidence gathered at the meeting and identified the following key points:
Communication

- There is a need for better communication to promote Rugby to potential investors. This includes:
  - hearts and minds (shaping individuals’ perceptions of Rugby)
  - producing a good business case – clear information about finance, land and infrastructure.

- A strong emphasis should be placed on developing effective electronic information about Rugby as a place to do business.

- Consideration could be given to the possibility of seeking joint financing for such work with developers who have an interest in attracting new businesses to the area.

- Rugby World Cup 2013/2015 would provide an opportunity to promote Rugby. Could there also be value in promoting Rugby as a film location?

Availability of industrial units

- The shortage of appropriately-sized business units was a key issue.

- Gap analysis – The Head of Planning and Culture agreed to work with the Federation of Small Businesses to undertake some gap analysis to demonstrate the level of demand in advance of the task group’s meeting on 17 December.

- It was also suggested that there needed to be an options appraisal around discretionary business rate relief for new and existing businesses (not just in the town centre) to ascertain whether this could be used to influence the business facilities built in new developments.

- A key question for the visit to the Sir Frank Whittle Business Centre was about where the businesses go when they grow and what is the level of turnover?

Other points

- Support to the council from Warwickshire Investment Partnership – do we get a fair service for the fee paid to them?

- The council’s planning service is flexible and business friendly, and this needs to be better promoted.

- Explore partnership working with Daventry District Council. The Head of Planning and Culture to explore whether there are any lessons to be learnt from their approach to economic development and to ascertain whether the location of a logistics employment hub at DIRFT was a condition of the planning consent.

- Obtain data from Jobcentre Plus about which vacancies fill quickest – this may provide an indication of where demand for skills is being met, and therefore where some of the gaps might lie.

- Warwickshire College – seek data on what they know about employer skills needs and information on the numbers of students on courses in Rugby and the subjects studied.
• Economic Development Officer to gather anecdotal feedback from large businesses regarding skills gaps.

• Links with local universities – Can anything be done to retain skilled graduates in the local area?

CHAIRMAN