

You are requested to attend a meeting of the Executive to be held in The John Meikle Room, The Deane House, Belvedere Road, Taunton on 31 March 2010 at 18:15.

Agenda

- 1 Apologies.
- 2 Minutes of the meeting of the Executive held on 3 March 2010 (attached).
- 3 Public Question Time.
- 4 Declaration of Interests
To receive declarations of personal or prejudicial interests, in accordance with the Code of Conduct. The usual declaration made at meetings of the Executive are set out in the attachment.
- 5 Treasury Management and Investments Strategy for 2010/2011. Report of the Strategic Finance Officer (attached).
Reporting Officer: Maggie Hammond
- 6 'Grow and Green' : A new Economic Development Strategy for Taunton Deane. Report of the Interim Economic Development Manager (attached).
Reporting Officer: Tim Burton
- 7 Core Council Review: Taunton Tourist Information Centre - report of the Growth and Development Manager (attached)
Reporting Officer: Tim Burton
- 8 Executive Forward Plan - details of forthcoming items to be considered by the Executive and the opportunity for Members to suggest further items (attached)

Tonya Meers
Legal and Democratic Services Manager

25 March 2010

Members of the public are welcome to attend the meeting and listen to the discussions.

There is time set aside at the beginning of most meetings to allow the public to ask questions.

Speaking under “Public Question Time” is limited to 4 minutes per person in an overall period of 15 minutes. The Committee Administrator will keep a close watch on the time and the Chairman will be responsible for ensuring the time permitted does not overrun. The speaker will be allowed to address the Committee once only and will not be allowed to participate further in any debate.

If a member of the public wishes to address the Committee on any matter appearing on the agenda, the Chairman will normally permit this to occur when that item is reached and before the Councillors begin to debate the item.

This is more usual at meetings of the Council’s Planning Committee and details of the “rules” which apply at these meetings can be found in the leaflet “Having Your Say on Planning Applications”. A copy can be obtained free of charge from the Planning Reception Desk at The Deane House or by contacting the telephone number or e-mail address below.

If an item on the agenda is contentious, with a large number of people attending the meeting, a representative should be nominated to present the views of a group.

These arrangements do not apply to exempt (confidential) items on the agenda where any members of the press or public present will be asked to leave the Committee Room.

Full Council, Executive, Committees and Task and Finish Review agendas, reports and minutes are available on our website: www.tauntondeane.gov.uk



Lift access to the John Meikle Room and the other Committee Rooms on the first floor of The Deane House, is available from the main ground floor entrance. Toilet facilities, with wheelchair access, are also available off the landing directly outside the Committee Rooms.



An induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.

For further information about the meeting, please contact Democratic Services on 01823 356382 or email d.durham@tauntondeane.gov.uk

Executive Members:-

Councillor R Henley - Leader of the Council

Councillor R Lees

Councillor A Paul

Councillor T Slattery

Councillor H Prior-Sankey

Councillor F Smith

Councillor A Wedderkopp

Councillor N Wilson

Councillor S Coles

Executive – 3 March 2010

Present: Councillor A Wedderkopp (Vice-Chairman) (In the Chair)
Councillors R. Lees, Paul, Prior-Sankey, Mrs Smith and Mrs Wilson

Officers: Penny James (Chief Executive), Tonya Meers (Legal and Democratic Services Manager), Martin Daly (Strategy Lead), Maggie Hammond (Strategic Finance and Section 151 Officer), Paul Fitzgerald (Financial Services Manager), Richard Sealy (Client and Performance Manager), Adrian Gladstone-Smith (Performance and Client Lead) and Richard Bryant (Democratic Services Manager).

Also present: Councillors Mrs Court-Stenning, Hall, Horsley, Stuart-Thorn and Williams.

Chris Trevelyan, Somerset West Private Sector Housing Partnership Manager

Maurice Stanbury, Independent Member of the Standards Committee

(The meeting commenced at 6.15 pm.)

29. Apologies

The Chairman (Councillor Henley) and Councillors Coles and Slattery.

30. Minutes

The minutes of the meetings held on 2 and 9 February 2010, copies of which had been circulated, were taken as read and were signed.

31. Public Question Time

Councillor Horsley drew attention to the recent news that the current Police Station in Taunton was to be relocated to Bridgwater and that IBM, our Southwest One partners, had purchased office accommodation in Highbridge. He wondered why sites in Taunton had not been considered in respect of both matters. He also asked when the Executive was going to discuss these issues to ensure future policy was shaped to champion Taunton?

In response Councillor Wedderkopp stated that although part of the local Police presence was indeed going to be moved to Bridgwater, a new office would also be built in Taunton with 130 jobs. There were shortly to be meetings to discuss the joint occupation of a possible new building complex which could house a number of organisations in the future. He added that IBM had purchased the accommodation at Highbridge because there was currently no suitable building readily available in Taunton.

Councillor Wedderkopp went on to say that the Executive did need to discuss the issues raised by Councillor Horsley, particularly the wider issue of providing more employment land. In response to a point raised by Councillor Williams, he also undertook to clarify the situation relating to new jobs being created in Taunton when the new Police offices were constructed.

32. **Declarations of Interest**

Councillors Paul and Prior-Sankey declared personal interests as Members of Somerset County Council.

33. **Somerset West Private Sector Housing Partnership**

Considered report previously circulated, concerning a proposal that Taunton Deane should join the Somerset West Private Sector Housing Partnership (SWPSHP) as part of the Council's Core Council Review.

The SWPSHP was an existing partnership between West Somerset and Sedgemoor District Councils, set up in October 2007. It was responsible for delivering the following private sector housing services:-

- Grants (principally repair grants and low interest loans);
- Disabled Facilities Grants;
- Enforcing housing standards;
- Bringing empty properties back in to use;
- Energy efficiency; and
- Production of strategies and policies.

Since the commencement of the SWPSHP, the performance and capacity of both West Somerset and Sedgemoor District Councils had improved, as well as enabling cost savings to be achieved. Overall, between 2007-2008 and 2008-2009, service delivery savings of 30% in Sedgemoor and 56% in West Somerset were made, whilst in the same period performance had improved by 68% and 87% respectively.

Although during the same period Taunton Deane's performance had improved by 20%, costs had actually risen by 4%.

A recent review of Taunton Deane's partnership arrangements by the South West Audit Partnership had provided a framework for evaluating future partnerships. An initial evaluation had been undertaken that had suggested that if Taunton Deane joined SWPSHP:-

- The governance arrangements would need to be scrutinised by the legal team;
- Potential conflicts of interest and commercial transactions would need to be covered in a written code of conduct;
- Financial monitoring and reporting arrangements would need to be modified; and
- ICT contractual arrangements would need to be clearly specified and set out in an appropriate document.

The underlying rationale of the Core Council Review was to enable the Council to operate more efficiently and effectively at a time when resources were diminishing and demands on services were increasing. This challenge required innovation and flexibility.

As far as undertaking private sector housing functions was concerned, doing nothing was not an option for Taunton Deane.

Noted that the Audit Commission had 'red flagged' strategic housing services in Somerset under the Comprehensive Area Assessment. Specific reference was made to the following:-

- Many homes did not meet minimum standards;
- Councils could do more to bring empty properties back into use;
- Adaptations for the disabled were taking too long; and
- Some Councils did not have the skills needed to deliver improved housing services.

The Audit Commission had also commented that in Taunton Deane there was no overall private sector housing strategy, stock condition information was out of date, a strategy for overseeing the regulation of private rented accommodation was needed, as was a proactive approach to improving energy efficiency and more needed to be done with empty homes.

The Audit Commission would return to the Council later in the year and would be assessing the Council's approach to functions against the framework of strategic housing Key Lines of Enquiry (KLOE) which assessed how well Taunton Deane worked with other Councils to address housing challenges and achieve outputs that contributed to sustainable outcomes. The KLOE would also measure Taunton Deane's ability to make efficiencies and deliver improvements as well as partnership arrangements.

In addition to the wide-ranging operational and strategic advantages to joining the SWPSHP, there would also be potential cost savings, particularly in the joint procurement of private sector housing services including the re-negotiation of energy efficiency advice, support and data with the Centre for Sustainable Energy, consolidation of software licences for private sector grants and enforcement systems, entry into a new private sector housing landlord accreditation scheme and the employment of an Empty Homes Officer and an Energy Efficiency Officer (utilising Government money already available in all three Council areas).

Reported that discussions had taken place with staff about the implications of the Council joining the Partnership. Details of the advice provided to staff was submitted for the information of Members.

The location of staff was one of the major issues which could impact on the overall success of the Partnership. Whilst it was likely that staff would remain at The Deane House, to restrict the relocation of staff solely to within Taunton Deane could be restrictive and damaging to the potential success of partnership working.

It was therefore recommended that the Statement of Particulars of Employment for Taunton Deane Grants and Enforcement staff should be formally amended to include partnership working places of employment outside of Taunton Deane too.

If agreement was given to the Council becoming a member of SWPSHP with effect from 1 April 2010, a lead in time of three months would be used to fully integrate staff, systems and procedures into the partnership. Taunton Deane's active membership would therefore commence on 1 June 2010.

Regardless of SWPSHP membership, Taunton Deane would need to work closely with the new provider of Home Improvement Agency (HIA) services in Somerset. The Council's membership of SWPSHP would enhance its credibility with the new HIA and the ability to scrutinise the work it did in Taunton Deane.

The Council would continue to utilise low interest loans for home improvements, through the Wessex Reinvestment Trust, a not for-profit organisation, that SWPSHP already worked with to improve private sector housing conditions.

The proposal to join SWPSHP had been considered by the Corporate Scrutiny Committee at its meeting held on 18 February 2010 and its comments were reported which included the recommendation that the Executive Councillor for Housing Services should sit on the SWPSHP Board. The latest views of the Taunton Deane branch of UNISON were also submitted.

Resolved that:-

- (1) the proposal for Taunton Deane Borough Council to join the Somerset West Private Sector Housing Partnership with effect from 1 April 2010 be approved;
- (2) consent be granted for Taunton Deane Grants and Enforcement staff to work in other Council areas covered by the Somerset West Private Sector Housing Partnership, once staff consultation had been concluded; and
- (3) the Executive Councillor for Housing Services be nominated to sit on the Somerset West Private Sector Housing Partnership Board.

34. Financial and Performance Monitoring – Quarter 3 2009/2010

Considered report previously circulated, which provided an update on the financial position and performance of the Council to the end of Quarter 3 of the 2009/2010 financial year (as at 31 December 2009).

The monitoring of the Corporate Strategy, service delivery, performance indicators and budgets was an important part of the overall performance management framework.

A new framework for performance management had been approved by the Executive in September 2009 (Minute No. 75/2009 refers).

The key changes to the process which were being implemented to improve and strengthen how we monitored and managed the performance of all Council services were:-

- Performance reports would be produced using the exception principle - only providing full details on those areas of concern;
- The introduction of a new Performance 'Scorecard', which was designed to be simple to use and would reduce the size of the report;
- Performance reports and the Scorecard would provide a better and more holistic overview of the Council's performance; and
- The performance reporting cycle would involve:-
 - Firstly, the Corporate Management Team where key issues / concerns would be discussed in detail with corrective actions proposed documented;
 - Secondly, the Executive which would agree actions deemed necessary to address areas of poor or deteriorating performance; and
 - Finally, the Corporate Scrutiny Committee, whose role in addition to reviewing the full performance report would be to scrutinise the actions proposed on any areas of under performance.

The new Performance Scorecard was divided into seven sections, which were structured to provide a summary of all the main areas of performance that required reporting. These were:-

(1) **Corporate Strategy Aims**

A high level progress update on planned actions and key performance indicators for the corporate aims and objectives (Economy, Transport, Crime, Healthy Living, Environment and Delivery);

(2) **Service Delivery**

A summary of the key performance measures and issues of the main Council services: Planning, Environmental Health, Customer Contact Centre, Benefits Service, Landlord Services, Deane DLO including Parks, Street Cleansing, Highways and Transport;

(3) **Managing Finances**

A summary of the key financial measures and issues.

(4) **Key Projects**

A progress update of the current high priority Council projects: Local Development Framework, Housing Improvement, SAP, Core Council Review and Project Taunton;

(5) **Key Partnerships**

A summary of the performance and status of the key partnerships: Local Strategic Partnerships, Southwest One, Tone Leisure, Somerset Waste Partnership and South West Audit Partnership;

(6) **People (Human Resources)**

A summary of the key performance measures and objectives of our corporate Human Resource priorities: Investor in People Award, staff sickness, Performance Review and Employee Development (PREDEs), training plans, staff turnover; staff satisfaction and thematic working; and

(7) **Corporate Management**

A summary of the high priority corporate management and operational issues: Corporate Governance, Audit and Inspection, Equalities and Diversity, Risk Management, Value for Money, Asset Management and Health and Safety.

Reported that a high level summary of successes and/or improvements included:-

- The General Fund Revenue Account showed a potential overspend of £40,000 - a decrease of £180,000 from that reported in Quarter 2;
- The 2010/2011 Draft Budget had been balanced;
- General Fund reserves were healthy;
- Local Development Framework, Core Strategy progress;
- The Core Council Review was meeting milestones;
- Customer calls being answered within 20 seconds and resolved at first point of contact;
- Increased speed in processing planning applications for minor and other applications.

Also noted that the Housing Revenue Account showed a potential underspend of £898,000 and that the working balance was forecast to stand at around £2,585,000 at the end of the financial year.

Further reported that areas off course included additional homes built and affordable homes delivered, household waste recycling, Council Tax, National Non-Domestic Rates and sundry debtors collection, procurement benefits, employee sickness, Planning appeals allowed and Licensing inspections. The Scorecard also detailed the actions that had been, or would be, put in place in an attempt to improve current performance.

Resolved that the report be noted.

35. **Executive Forward Plan**

Submitted for information the Forward Plan of the Executive over the next few months. It was suggested that Project Gaumont should be added to the Forward Plan.

Resolved that the Forward Plan be noted.

(The meeting ended at 7.31 pm.)

Usual Declarations of Interest by Councillors

Executive

- **Members of Somerset County Council – Councillors Henley, Paul and Prior-Sankey**
- **Employee of Somerset County Council – Councillor Mrs Smith**
- **Director of Southwest One – Councillor Coles**
- **Member of Somerset Waste Board and employee of Sedgemoor District Council – Councillor Slattery**

TAUNTON DEANE BOROUGH COUNCIL

EXECUTIVE 31 MARCH 2010

REPORT OF THE STRATEGIC FINANCE OFFICER

(This matter is the responsibility of Councillor Henley, Leader of the Council)

TREASURY MANAGEMENT & INVESTMENTS STRATEGY FOR 2010/2011

EXECUTIVE SUMMARY

- Council debt at time of issue of report £15m, outstanding investments £7.5m.
- Short-term interest rates currently at 0.5% and are forecast to rise to 0.75% in December and 1.0% by the end of the first quarter in 2011.
- Long-term rates more stable at 4.50-4.75% (50yrs) for this financial year.
- The UK is officially out of recession, but the recovery in UK growth is likely to be slow and uneven
- Interest rates at historic all time low levels. Inflation is starting to rise.
- Borrowing and debt restructuring, if undertaken, to take advantage of lower rates and match our debt to capital needs.

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the treasury management and investment strategies for the financial year 2010/11.

2. INTRODUCTION

- 2.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") requires local authorities to determine the Treasury Management Strategy Statement (TMSS). This statement includes the Investment Strategy as required under the Communities and Local Government (CLG) investment guidance.

In response to the financial crisis in 2008 and the collapse of the Icelandic banks, CIPFA revised the TM Code and Guidance Notes as well as the Prudential Indicators in late November 2009. The CLG has produced revised Investment Guidance.

- 2.2 CIPFA has defined Treasury Management as:

"the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control

of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2.3 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Treasury management risks are identified in the Council’s approved Treasury Management Practices; the main risks to the Council’s treasury activities are:

- Liquidity Risk (Inadequate cash resources)
- Market or Interest Rate Risk (Fluctuations in interest rate levels and thereby in the value of investments).
- Inflation Risks (Exposure to inflation)
- Credit and Counterparty Risk (Security of Investments)
- Refinancing Risk (Impact of debt maturing in future years)
- Legal and Regulatory risks

2.4 The strategy also takes into account the outlook for interest rates, the Council’s current treasury position and it’s approved Prudential Indicators (attached as Appendix A). The PIs relevant to the treasury management strategy are set out below:

PI No.		2009-10 Approved	2009-10 Revised	2010-11 Estimate	2011-12 Estimate	2012-13 Estimate
6	Authorised Limit for External Debt	£40m	£40m	£40m	£40m	£40m
7	Operational Boundary for External Debt	£30m	£30m	£30m	£30m	£30m
9	Upper Limit for Fixed Interest Rate Exposure	100 %	100%	100 %	100 %	100 %
10	Upper Limit for Variable Rate Exposure	50 %	50 %	50 %	50 %	50 %
11	Upper Limit for total principal sums invested over 364 days	greater of £2m or 20%	greater of £2m or 20%	greater of £2m or 20%	greater of £2m or 20%	greater of £2m or 20%

10	Maturity structure of fixed rate borrowing	Lower Limit	Upper Limit
	:	%	%
	under 12 months	0%	50%
	12 months and within 24 months	0%	50%
	24 months and within 5 years	0%	50%
	5 years and within 10 years	0%	75%
	10 years and above	0%-	100%

3. THE TREASURY POSITION

3.1 The treasury position at 17/02/10 is:

	Principal £m	Average Rate %		£m	Average Rate %
External borrowing:					
Fixed rate – PWLB	6.000	7.96			
Variable rate – PWLB	6.000	*0.80			
Fixed rate - Market	3.000	4.25			
Total external debt	15.000	4.27			
Total Investments				7.500	1.17

*The interest rate on the PWLB variable rate borrowing is re-set every 6 months

3.2 The estimate for interest payments in 2010/11 is £605,000 for fixed rate debt and £48,000 for variable rate debt and for interest receipts is £69,000.

4. OUTLOOK FOR INTEREST RATES

The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, is attached at Appendix B. It is summarised below.

- The recovery in UK growth is likely to be slow and uneven, more "W" than "V" shaped. The Bank of England will stick to its lower-for-longer stance on policy rates.
- Gilt yields will remain volatile. Yields were compressed by Quantitative Easing and will rise as the markets grapple with the wall of gilt supply in 2010 and 2011. FSA regulations forcing banks to buy gilts will initially slow this increase in yields.
- The path of base rates reflects the fragile state of the recovering economy and the severe fiscal correction that will be required post General Election which will dampen aggregate demand and cut household cashflow. Expectations of central bank exit strategies and their timing will increase volatility in sovereign bond yields and equities.
- There are significant threats to the forecast from potential downgrades to sovereign ratings and/or political instability.

Financial markets remain reasonably volatile as the structural changes necessary within economies and the banking system evolve. This volatility provides opportunities for active treasury management. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.

Arlingclose's forecast for the UK Bank rate (March 2010) is:

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Official Bank Rate												
Upside risk		+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	0.50	0.50	0.75	1.00	1.50	2.00	2.50	2.75	3.00	3.00	3.00	3.00
Downside risk			-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

5. BORROWING REQUIREMENT AND STRATEGY

5.1 The Council's underlying need to borrow for capital purposes is measured by reference to its Capital Financing Requirement (CFR) – see Appendix A. The CFR represents the cumulative capital expenditure of the local authority that has not been financed. To ensure that this expenditure will ultimately be financed, local authorities are required to make a Minimum Revenue Provision for Debt Redemption (MRP) from within the Revenue budget each year.

PI No. 3 Capital Financing Requirement	31/3/2009 Approved £m	31/3/2010 Revised £m	31/3/2011 Estimate £m	31/3/2012 Estimate £m	31/3/2013 Estimate £m
Non-HRA	8,354	8,594	9,021	9,448	9,867
HRA	14,451	14,451	14,451	14,451	14,451
Total CFR	22,805	23,045	23,472	23,899	24,318

5.2 In accordance with the Prudential Code, the Council will ensure that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

5.3 Capital expenditure not financed from internal resources (i.e. Capital Receipts, Capital Grants and Contributions, Revenue or Reserves) will produce an increase in the CFR (the underlying need to borrow) and may in turn produce an increased requirement to charge MRP in the Revenue Account.

5.4 The Council prefers to maintain maximum control over its borrowing activities as well as flexibility on its loans portfolio. Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term.

5.5 A prudent and pragmatic approach to borrowing will be maintained to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Council's Prudential Indicators.

5.6 In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the options it has in borrowing from the PWLB, the market and other sources up to the available capacity within its projected CFR and Affordable Borrowing Limit (defined by CIPFA as the Authorised Limit).

The outlook for borrowing rates:

- 5.7 *Fixed rate borrowing:* Short-dated gilt yields are forecast to be considerably lower than medium- and long-dated gilt yields during the financial year. Despite additional gilt issuance to fund the UK government's support to the banking industry; short-dated gilts are expected to benefit from expectations of lower interest rates as the economy struggles through a recession. Yields for these maturities will fall as expectations for lower interest rates mount.
- 5.8 *Variable Rate borrowing:* The rates for PWLB variable-rate borrowing have fallen substantially and are currently (March 2010) below 1%. They are expected to remain low as the Bank Rate is maintained at historically low levels to enable the struggling economy emerge from the recession.
- 5.9 The Council will keep under review the relative merits of a strategic exposure to variable rate debt. Decisions to borrow at low, variable rates of interest will be taken after considering the absolute level of longer term interest rate equivalents and the extent of variable rate earnings on the Council's investment balances. Should longer term rates move below the cost of variable rate borrowing any strategic exposure to variable interest rates will be reviewed and, if appropriate, reduced.
- 5.10 The Council has £3m loans which are LOBO loans (Lender's Options Borrower's Option) which are currently in their option state in FY 2010-11. In the event that the lender exercises the option to change the rate or terms of the loan, the Council will consider the terms being provided and also repayment of the loan without penalty. The Council may utilise cash resources for repayment or may consider replacing the loan(s) by borrowing from the PWLB.
- 5.11 Actual borrowing undertaken and the timing will depend on capital expenditure levels, interest rate forecasts and market conditions during the year, in order to minimise borrowing costs. The Council will be advised by Arlingclose of the specific timing of borrowing. This may include borrowing in advance of future years' requirements provided that overall borrowing is maintained within the Council's projected CFR and its approved Affordable Borrowing Limit.
- 5.12 The Council will undertake a financial options appraisal on any borrowing transactions to establish how it has arrived at its 'value for money' judgement in the use of resources.

6. DEBT RESTRUCTURING

- 6.1 The Council will continue to maintain a flexible policy for debt rescheduling. Market volatility may provide opportunities for rescheduling debt from time to time. The rationale for rescheduling would be one or more of the following:
- Savings in interest costs with minimal risk.
 - Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio.
 - Amending the profile of maturing debt to reduce any inherent refinancing risks.

- 6.2 In September 2009, the PWLB issued a Consultation document, entitled 'PWLB Fixed Rates', where the PWLB is reviewing the frequency of rate setting (currently daily) and could move to a live pricing basis. The deadline for the consultation period is 08/01/2010. The likely outcome of this is a reduction in the extent of the margins between premature repayment and new borrowing rates, particularly for longer maturities.
- 6.3 Any rescheduling activity will be undertaken within the Council's treasury management policy and strategy. The Council will agree in advance with Arlingclose the strategy and framework within which debt will be repaid/rescheduled if opportunities arise. Thereafter the Council's debt portfolio will be monitored against equivalent interest rates and available refinancing options on a regular basis. As opportunities arise, they will be identified by Arlingclose and discussed with the Council's officers.
- 6.4 All rescheduling activity will comply with the accounting requirements of the local authority SORP and regulatory requirements of the Capital Finance and Accounting Regulations (SI 2007 No 573 as amended by SI 2008/414).

7. INVESTMENT POLICY AND STRATEGY

- 7.1 Guidance from the CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set.

Investment Policy

- 7.2 The Council's general policy objective is to invest its surplus funds prudently. The Council's investment priorities are:
- security of the invested capital;
 - liquidity of the invested capital;
 - an optimum yield which is commensurate with security and liquidity.

The speculative procedure of borrowing purely in order to invest is unlawful.

- 7.3 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Potential instruments for the Council's use within its investment strategy are contained in Appendix C.
- 7.4 The credit crisis has refocused attention on the treasury management priority of security of capital monies invested. The draft revisions to the CLG's Investment Guidance state that a specified investment is one made with a body or scheme of "high credit quality". The Council will continue to maintain a counterparty list based on these criteria and will monitor and update the credit standing of the institutions on a regular basis. This assessment will include credit ratings and other alternative assessments of credit strength as outlined in paragraph 7.10. The CLG's Draft revisions to its Guidance on local government investments recommend that the Investment Strategy should set out the procedures for determining the maximum periods for which funds may

prudently be committed. Such decisions will be based on an assessment of the authority's Balance Sheet position with the limit being set in Prudential Indicator 12 - Upper Limit for total principal sums invested over 364 days.

- 7.5 The Council's estimated levels of investments are set out in 3.1 of this Treasury Management Strategy Statement.

Borrowing and debt rescheduling activity will be reported to the Executive meeting twice annually.

Investment Strategy

- 7.6 The global financial market storm in 2008 and 2009 has forced investors of public money to reappraise the question of risk versus yield. Income from investments is no longer a key support in the Council's budget.
- 7.7 **It is expected that the Bank Rate will remain at 0.5 % until December 2010 when an increase to 0.75% is forecast followed by a further increase to 1.0% in March 2011. Short-term money market rates will continue to fall to very low levels which will have a significant impact on investment income.** The Council's strategy must however be geared towards this development whilst adhering to the principal objective of security of invested monies.
- 7.8 The S151 Officer under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio will be reported to the Executive meeting twice annually.

Investments managed in-house:

- 7.9 The Council's shorter term cashflow investments are made with reference to the outlook for the UK Bank Rate and money market rates. For these monies, the Council will mainly invest in
- The Debt Management Agency Deposit Facility (The rates of interest from the DMADF are below equivalent money market rates. However, the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.)
 - AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV) investing predominantly in government securities and financial institutions
 - Deposits with other local authorities
 - Business reserve accounts and Term Deposits. These have been primarily restricted to UK Institutions that are rated at least A+ long term (or equivalent), and have access to the UK Government's 2008 Credit Guarantee Scheme (CGS) (only existing guaranteed debt after 28/02/2010)
 - Gilts
 - Bonds issued by Multilateral Development Banks

- Certificates of deposit.

7.10 Conditions in the financial sector have begun to show signs of improvement, albeit with substantial intervention by government authorities. In order to diversify the counterparty list, the use of comparable non-UK Banks for investments is now considered appropriate.

The sovereign states whose banks are to be included are Australia, Canada, Finland, France, Germany, Netherlands, Spain, Switzerland and the US. These countries and the Banks within them have been selected after analysis and careful monitoring of:

- Credit Ratings (minimum long-term A+)
- Credit Default Swaps
- GDP; Net Debt as a Percentage of GDP
- Sovereign Support Mechanisms / potential support from a well-resourced parent institution
- Share Price

The Council has also taken into account information on corporate developments and market sentiment towards the counterparties. The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.

We do remain in a heightened state of sensitivity to risk. Vigilance is key. This modest expansion of the counterparty list is an incremental step. In order to meet requirements of the revised CIPFA Treasury Management Code, the Council is focusing on a range of indicators (as stated above), not just credit ratings.

Limits for Specified Investments are set out in Appendix C

7.11 Protection against the downward move in interest rates through 1-year deposits and through longer-term secure investments will be actively considered within the limits the Council has set for Non-Specified Investments and may include:

- **Supranational bonds (bonds issued by multilateral development banks):** The joint and individual pan European government guarantees in place on these bonds provide security of the principal invested. Even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.
- **UK government guaranteed bonds and debt instruments issued by banks/building societies:** The UK Government's 2008 Credit Guarantee Scheme permits specific UK institutions to issue of short-dated bonds with an explicit government guarantee. The bonds are issued at a margin over the underlying gilt and would be a secure longer-term investment option. (These bonds would, under existing statute, be capital expenditure investments.)

8. OTHER ISSUES

8.1 Project Taunton

The treasury management and investment strategies, outlined above, have assumed the largely neutral impact of Project Taunton, as per all option appraisals undertaken to date. However, projects of this scale can have both a positive or negative impact on the timing of capital expenditure and thus cash flow. As the project stages are developed and approved any impact on the Treasury function will be assessed and strategies may have to be altered. Any impact on strategy will be reviewed as options are considered and reported to members throughout.

8.2. Reporting on the Treasury Outturn

The Strategic Finance Officer will report to the Executive on treasury management activity / performance as follows:

(a) Every six months against the strategy approved for the year.

(b) The Council will produce an outturn report on its treasury activity no later than 30th September after the financial year end.

(c) Corporate Governance Committee will be responsible for the scrutiny of treasury management activity and practices.

8.3 Training

The day to day operational Treasury Management activity of the Council is managed by South West One under a contract. The Council's Section 151 Officer meets regularly with the contractor to review operational issues which include the provision of suitably qualified/trained staff for the treasury management activity.

The strategic treasury management activity is carried out by the Council's Section 151 Officer assisted by external treasury advisors.

The training requirements of members are identified annually and fed into a corporate member development programme. The need for treasury management member training is reviewed by the Council's Section 151 Officer.

8.4 Investment Consultants

The Council has appointed Arlingclose as its Treasury Advisor for information, advice or assistance relating to investments and borrowing. There are regular quarterly meetings at which performance is reviewed and the quality of service monitored. The meeting is chaired by the Council's Section 151 Officer.

8.5 Publication

The approved Treasury Management and Investment Strategy is made available to the public free of charge via the Council's website.

9. IMPACT ON CORPORATE PRIORITIES

- 9.1 Treasury Management supports the entire range of services within the Council and thus has an impact on all Corporate Priorities.

10. RECOMMENDATIONS

- 10.1 The Executive are requested to approve the proposed Treasury Management Strategies outlined in this report.

Background Papers

Executive 02/12/09 – Treasury Management Update 2009/10 & 2010/11.

Executive 10/02/10 – General Fund Revenue Estimates 2010/11

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Appendix A

PRUDENTIAL INDICATOR	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000
	outturn	estimate	estimate	estimate	estimate
Capital Expenditure					
General Fund	£8,506	£3,088	£2,852	£2,528	£1,785
HRA	£5,428	£6,724	£4,560	£4,300	£4,399
TOTAL	£13,934	£9,812	£7,412	£6,828	£6,184
Ratio of financing costs to net revenue stream					
General Fund	-3.28%	1.08%	1.07%	1.13%	1.15%
HRA	2.57%	1.83%	1.82%	1.47%	1.24%
Net borrowing projection					
brought forward 1 April	£9,425	£9,900	£10,520	£11,910	£13,274
Carried forward 31 March	£9,900	£10,520	£11,910	£13,274	£13,894
in year borrowing requirement	£475	£620	£1,390	£1,364	£620
Capital Financing Requirement as at 31 March					
General Fund	£8,354	£8,594	£9,021	£9,448	£9,867
HRA	£14,451	£14,451	£14,451	£14,451	£14,451
TOTAL	£22,805	£23,045	£23,472	£23,899	£24,318
Incremental impact of capital investment decisions	£ p	£ p	£ p	£ p	£ p
Increase in council tax (band D)	0.65	0.86	0.83	0.15	0.03
Authorised limit for external debt -					
TOTAL	£40,000,000	£40,000,000	£40,000,000	£40,000,000	£40,000,000
Operational boundary for external debt -					
TOTAL	£30,000,000	£30,000,000	£30,000,000	£30,000,000	£30,000,000
Upper limit for fixed interest rate exposure					
Net interest re fixed rate borrowing/ investments	100%	100%	100%	100%	100%
Upper limit for variable rate exposure					
Net interest re variable rate borrowing/ investments	50%	50%	50%	50%	50%
Maturity Structure of Fixed Rate Borrowing (Upper and lower limits)					
under 12 months	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
12 months and within 24 months	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
24 months and within 5 years	0% to 50%	0% to 50%	0% to 50%	0% to 50%	0% to 50%
5 years and within 10 years	0% to 50%	0% to 50%	0% to 75%	0% to 75%	0% to 75%
10 years and above	0% to 100%	0% to 100%	0% to 100%	0% to 100%	0% to 100%
Upper limit for total principal sums invested for over 364 days (per maturity date)					
	Greater of £2m or 20%	Greater of £2m or 20%	Greater of £2m or 20%	Greater of £2m or 20%	Greater of £2m or 20%

Arlingclose's Forecast for Interest Rates (March 2010)

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Official Bank Rate												
Upside risk		+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	0.50	0.50	0.75	1.00	1.50	2.00	2.50	2.75	3.00	3.00	3.00	3.00
Downside risk			-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
1-yr LIBID												
Upside risk		+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	1.25	1.50	1.75	2.25	3.00	3.50	4.00	4.00	4.00	4.00	4.00	4.00
Downside risk			-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5-yr gilt												
Upside risk	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	2.80	2.90	3.00	3.25	3.50	3.75	4.00	4.25	4.25	4.25	4.25	4.25
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt												
Upside risk	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50
Central case	4.00	4.00	4.00	4.25	4.25	4.50	4.50	4.75	5.00	5.00	5.00	5.00
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt												
Upside risk	+0.50	+0.50	+0.50	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.50	+0.50	+0.50
Central case	4.60	4.75	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt												
Upside risk	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	4.50	4.50	4.50	4.75	4.75	4.75	4.75	4.75	5.00	5.00	4.75	4.75
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

- The recovery in UK growth is likely to be slow and uneven, more “W” than “V” shaped. The Bank of England will stick to its lower-for-longer stance on policy rates.
- Gilt yields will remain volatile. Yields were compressed by Quantitative Easing and will rise as the markets grapple with the wall of gilt supply in 2010 and 2011. FSA regulations forcing banks to buy gilts will initially slow this increase in yields.
- The path of base rates reflects the fragile state of the recovering economy and the severe fiscal correction that will be required post General Election which will dampen aggregate demand and cut household cashflow. Expectations of central bank exit strategies and their timing will increase volatility in sovereign bond yields and equities.
- There are significant threats to the forecast from potential downgrades to sovereign ratings and/or political instability.

Underlying assumptions:

- The Bank of England paused its Quantitative Easing (QE) program in January having purchased £200bn of assets to insure against the downside risks to growth. We estimate that QE has depressed gilt yields by around 70bps (0.7%).
- The Bank's February Inflation Report forecasts a slow recovery with an uncertain outlook for corporate and consumer spending. UK growth (GDP) rose by a revised 0.3% in Q4 2009, much of this impetus from government spending. Q1 growth is looking fragile.
- Looming bank regulation, including liquidity and capital requirements, will curb bank lending activity. The Bank retains the option to reduce the rate on commercial banks' deposits to encourage them to lend. But FSA regulations will force banks to buy more Gilts which could help slow the rise in yields in 2010/11, a QE by proxy.

- The employment outlook remains uncertain. Pay freezes, short hours, job cuts and a migration toward part time employment will continue into 2010 keeping the headline unemployment number down, but aggregate earnings too.
- Recent increases in the savings ratio, reduction in net consumer credit and weak consumer confidence are consistent with a lower future trend rate of growth.
- Commodity prices and VAT reverting to 17.5% have pushed inflation to 3.5%, prompting a letter from the Bank's Governor to the Chancellor. We believe that inflation will rise further, before moderating in the second half of the year.
- The UK fiscal deficit remains acute. Cuts in public spending and tax increases are now inevitable and a credible plan to reduce the deficit is urgently required, the absence of which increases the potential of a sovereign downgrade. The likelihood of a hung parliament has grown and this has and will be disruptive to financial markets.
- All this at a time when the markets are being asked to absorb unprecedented levels of government debt.
- The US Federal Reserve will maintain rates at low levels but begin to withdraw the additional liquidity and stimulus provided during the financial crisis.
- One benefit of the current weakness of Sterling may be that the UK's export economy might enjoy a boost, however our trading partners are also suffering low demand.

Specified and Non Specified Investments

Specified Investments identified for use by the Council

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- meets the “high credit quality” as determined by the Council or is made with the UK government or is made with a local authority in England, Wales, Scotland or Northern Ireland or a parish or community council.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

“Specified” Investments identified for the Council’s use are:

- Deposits in the DMO’s Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- *Certificates of deposit with banks and building societies
- *Gilts : (bonds issued by the UK government)
- *Bonds issued by multilateral development banks
- AAA-rated Money Market Funds with a Constant Net Asset Value (Constant NAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573 and subsequent amendments.

1. ** Investments in these instruments will be on advice from the Council’s treasury advisor.*
2. *The use of the above instruments by the Council’s fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.*

For credit rated counterparties, the minimum criteria will be the short-term/long-term ratings assigned by various agencies which may include Moody’s Investors Services, Standard & Poor’s, Fitch Ratings:

Long-term minimum: A1 (Moody’s) or A+ (S&P) or A+(Fitch)

Short-term minimum: P-1 (Moody’s) or A-1 (S&P) or F1 (Fitch).

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

	<u>Credit Criteria</u>	<u>Maximum Maturity</u>
<u>Specified Investments</u>		
Debt Management Account Deposit Facility (DMADF)	Not applicable	1 year
Term Deposits – Local Authorities	Not applicable	1 year
Term Deposits – Banks and Building Societies	A+ Long Term, F1 Short Term or equivalent	1 year
Callable Deposits – Banks and Building Societies	A+ Long Term, F1 Short Term or equivalent	1 year
Money Market Funds	AAA only	Not applicable, instant access available to all of deposit
<u>Non Specified Investments</u>		
Term Deposits – Local Authorities	Not applicable	2 years
Term Deposits – Banks and Building Societies	AA- Long Term, F1+ Short Term or equivalent	2 years
Gilts	AAA	5 years, including the 5-year benchmark gilt
Bonds issued by multilateral development banks	AAA	5 years
Bonds issued by banks where the bond is guaranteed by the UK government (such an investment will be a capital expenditure investment)	AAA	5 years

NB – all investments are limited to a maximum amount of, the lesser of £2m or 20%, of investment portfolio, per Counterparty. The exception to this being investments made with the Debt Management Account Deposit Facility.

Taunton Deane Borough Council

Executive – 31 March 2010

‘Grow and Green’: A new Economic Development Strategy for Taunton Deane

Report of Interim Economic Development Manager, Philip Sharratt
(This matter is the responsibility of Executive Councillor Francesca Smith)

Recommendations for Executive Committee

1. It is recommended that the Executive adopts the new Economic Development Strategy for Taunton Deane.
2. It is recommended that a Transition Plan be prepared to align capacity and activity within the Economic Development function and the wider Council to the new Economic Development Strategy to prepare for delivery in line with the principles and Summary of Actions described at Chapter 5 of the report.

1. Background

The creation of an Economic Development Strategy for Taunton Deane is Phase 3 of a planned strategy development process as follows:

1. Local Economic Assessment – *quantitative study of local economy*
2. Envisioning the Future of the Taunton Economy – *qualitative validation of the economic assessment and establishing an Economic Vision*
3. Economic Development Strategy – *the delivery strategy and model*
4. Transition Planning – *adoption of appropriate Governance model, quality framework, detailed project proposals, alignment of resources, and outcome targets to March 2012*
5. Implementation – *a process of delivery, monitor, review, and continuous improvement within a thematic working environment*

The process began with a statistical analysis of the local economy conducted by Geoeconomics published 19th February 2009 as the ‘*Local Economic Assessment for Taunton Deane*’.

This assessment made comparison between the Taunton Deane economy and County, Regional and national economies, and also benchmarked the local economy against other county towns across a range of economic indicators resulting in a clear demonstration that Taunton Deane needed to build a more competitive knowledge economy in order to make the area a more productive and prosperous place. It was recognised that the local economic structure was weak before the recession, with a particular threat arising from an over-dependence on public sector and low value consumer-led private sector employment,

requiring an urgent need for greater volumes of high quality private sector jobs to drive demand pressures for higher level skills and to increase average earnings levels, and to diversify the economy to provide greater employment and skills opportunities for all.

The second phase activity was to conduct qualitative research to validate the findings of the quantitative study, and also to establish an economic Vision for Taunton Deane. This report was published on 27th April 2009 as '*Envisioning the Future of the Taunton Economy*', with the consensus view of businesses, public sector partners and the community that there needed to be a 'step-change' in economic performance over the next two decades. The economic Vision agreed by stakeholders was:

"By 2026 Taunton will be one of Europe's most successful and sustainable towns with a dynamic knowledge economy and a high quality of life".

2. "Grow and Green" – A new Economic Development Strategy for Taunton Deane

The Economic Development Strategy is based on previous quantitative and qualitative research, refreshed with further analysis to capture changes within the local economy driven by the economic crisis, and further consultations with representatives of business, education, local government and regional agencies, and the local community.

The Strategy has three strategic objectives:

- To create 16,500 or nearly 30% more jobs in Taunton by 2026
- To create better quality jobs which will close Taunton's earnings gap with the rest of the southwest Region
- To create a dynamic 'green economy' in Taunton which delivers fresh business and job opportunities

Achieving these objectives will require a 'bottom up' and inclusive approach to delivery of economic development that mobilises the talents and energies of Taunton's businesses and communities.

There is a technical note at Annex 2 that explains the nature and scale of the challenge relating to employment growth where a number of alternative employment scenarios are given. These scenarios were constructed in conjunction with Nigel Jump, Chief Economist at the South West Regional Development Agency, and a range of compound growth rates from 0.5% to 2.0% are considered. It is recommended within the report that an aspirational compound growth rate of 1.6% be adopted as a monitoring target, which would increase jobs in Taunton Deane by an additional 15,125 by 2026.

This is a *monitoring target* in order to build in flexibility and ensure that the Strategy remains relevant regardless of the economic conditions, to prevent the supporting housing growth from racing ahead or lagging behind employment growth, and allow the determination of appropriate government intervention and investment to stimulate the local economy in order to achieve the desired growth rate.

The '*Green Knowledge Economy*' model is the chosen framework for delivery to 'grow and green' the economy, supporting the core growth sectors identified within the Envisioning report whilst accelerating the spread of low carbon and resource efficient technologies and

processes across all sectors of the local economy, including harnessing existing activity within a framework that captures and enhances economic outputs across public sector activity including regeneration, procurement, housing, and transport.

It is intended that this model will provide the framework for economic development through the plan period to 2026 but it is important to recognise that the Economic Development Strategy is not a statutory requirement and can be amended or updated at any point in time should circumstances require.

The key first wave projects identified within Chapter 3 have been chosen for their potential to generate economic outcomes and also to create a 'signature' or brand that will enhance and multiply their economic impact, specifically to assist in lifting the local economy out of recession by March 2012. With the exception of this initial period it is recommended that the Strategy be refreshed every 3 years to ensure that it remains relevant, though projects should be reviewed annually and new projects can be identified and initiated at any time if they add value to existing activity and capacity/resources permit.

The Strategy has three main policy themes, each with its own mission and discrete set of proposed green knowledge economy related activities and projects:

'Grow and Green' Communities

Mission: To develop community-based, driven and owned approaches to the green knowledge economy, linking green initiatives (renewable energy, resource conservation and management and sustainable development) with business and employment growth initiatives

GKE Activities: Clean Energy, Green Buildings, Next Generation Broadband, Green Travel, Resource Management and Environmental Conservation

Innovation and Enterprise

Mission: To accelerate business growth and innovation and new enterprise development, giving particular attention to high growth firms and high skill knowledge-intensive sectors of Taunton's economy.

GKE activities: Maximise the GKE Impact of Public Procurement and Southwest One, Genesis Centre for Sustainable Communities, Incubation/innovation Space for Enterprise, Social Enterprise Development.

Promoting Taunton

Mission: To promote Taunton both *internally* to local businesses, residents, students and policy-makers in order to encourage more local spending and investment and retain companies and talent; and *externally* to establish Taunton as an important destination for inward investment and tourism, at the regional, national and international levels.

GKE activities: Talent Retention for Young People, Business Relationship Management, "Buy Local" Programme, Taunton First – Inward Investment Service, 2010 Green Knowledge Economy Conference, Eco-tourism, Creative and Cultural Taunton.

An analysis of the current allocation and plans for employment land within the Borough was also undertaken for the Strategy, which is at Chapter 4 of the report and was agreed with the Planning Policy function. However, evidence from local businesses, local agents and developers, and organisations looking to invest in Taunton would seem to indicate that there is a disparity between the *demand* for employment land and premises within Taunton and the *availability* of employment land and premises to meet this demand.

The findings of the analysis of employment land within the Borough suggests that the success of Taunton and its sub-region in achieving the objectives of the Economic Development Strategy is in part dependent upon the *availability* of well located small and medium sized employment sites on a freehold or long leasehold basis to end users, and that the Council should take a proactive approach to ensuring the 'delivery to market' of allocated employment land.

The Strategy concludes with a Summary of Actions at Chapter 5, including suggesting Key Principles for Implementation and a range of Performance Measures to monitor and evaluate the effectiveness of delivery activity.

The Executive Committee should note that the Council consulted widely with stakeholders from all sectors across Taunton Deane to give the Economic Development Strategy a strong local flavour. However, the distinctiveness and value of the new Economic Development Strategy will come from making it happen and grounding it in real action – bringing the Green Knowledge Economy concept to life by harnessing the energy and drive of *external* partnerships with businesses, delivery and regional agencies, public sector organisations, and local communities and *internal* partnerships across different service areas.

3. Equality

The Economic Assessment identified that the local economy was truncated and overly dependent on the public sector and low value consumer-led private sector activity for employment, which has resulted in a high volume of part-time working and low earnings in comparison to Somerset, the Southwest, and national levels.

It was also noted that there might be a small number of residents who have experienced difficulty in securing jobs even with the context of relatively high levels of pre-recession economic activity and employment which, when combined with evidence of 'bi-polarity' in the local labour market indicated by the profile of qualifications amongst working residents (*a high proportion of residents at or above NVQ4 level and a high proportion at or below NVQ2 levels*) would indicate the structure of the local economy has created an environment where inequalities are probable, and positive economic and social mobility is increasingly more challenging than in other geographical areas even within Somerset.

The Economic Development Strategy will tackle these issues by creating a more inclusive local economy focussed on vocational skills in addition to growing knowledge intensive activity, and provide greater diversity and choices of opportunities for employment and skills development.

The 'Green Knowledge Economy' approach to Taunton Deane's future economic development is congruent with policy trends at the EU, UK, and Southwest levels and as such is intended to be synonymous with emergent economic strategies at these levels. 'Green' priorities have moved to the centre of the economy and society and the Economic Development Strategy is designed to reflect this shift in policy thinking – with the dual aims of 'growing and greening' the local economy and ensuring that the benefits of this economic growth and increase in levels of sustainability are shared by all residents in the form of high levels of community well-being.

Additionally, the final draft of the Strategy has been disseminated to a wide range of disability, gender, faith and minority groups for comment and detailed Equality Impact Assessments will be conducted on all projects at the delivery planning stage to ensure that minority groups are not excluded, disadvantaged or discriminated against.

4. Next Steps

The next stage is to develop a Transition Plan to align capacity and activity within the Growth Theme and the wider Council to the new Economic Development Strategy:

- Refresh quantitative data to establish baselines and targets for Performance Measures for period April 2010 to March 2012
- Agree and adopt an appropriate Governance model
- Identify and adopt a Quality Framework for project delivery and monitoring, and initiate a process of Continuous Improvement
- Establish a process to prioritise Green Knowledge Economy projects, develop detailed action and delivery plans incorporating equality impact and risk assessments, resource requirements, and project monitoring and outcome targets
- Identify funding sources and submit, or support partner funding applications for project delivery where necessary
- Align resources for delivery and implement formal partnership working arrangements within the quality framework

5. Recommendations for the Executive

1. It is recommended that the Executive adopts the new Economic Development Strategy for Taunton Deane; and
2. It is recommended that a Transition Plan be prepared to align capacity and activity within the economic development function, Growth Theme and the wider Council to the new Economic Development Strategy to prepare for delivery in line with the principles and Summary of Actions described at Chapter 5 of the report.



Geo
economics

“GROW AND GREEN”

**A New Economic Development Strategy for
Taunton Deane**

15th March 2010

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Annexes:

Annex 1: Contributors to the Economic Development Strategy

Annex 2: Explanation of Taunton’s Employment Objectives

Annex 3: List of Submitted GKE Initiatives

Acknowledgements

We would like to thank Taunton Deane Borough Council for their support in carrying out this piece of work. We were extremely grateful for the knowledge and assistance provided by Philip Sharratt and his Economic Development team, which was critical to building local knowledge and relationships. Sincere thanks also to Penny James, Chief Executive and Joy Wishlade, Strategic Director, Taunton Deane Borough Council, for their helpful comments and guidance on drafts of this report. We are also grateful for Stephanie Payne for her invaluable help and assistance during the project.

Special thanks to the Steering Group for their guidance and input, namely Stuart Annett, Business Link Peninsula; Councillor Norman Cavill, Taunton Deane Borough Council; James Cashmore, Orchard 360 Consulting; David Cornish, Somerset County Council; David Croxton, Renewable Energy Crops Ltd; Rachel Davies, Somerset College of Arts and Technology; Simon Dunford, EDF Energy; Mike Hellings, Viridor Waste Ltd; Andy Olie, Institute of Directors; Mike Pitcher, BFC Solutions; Councillor Francesca Smith, Taunton Deane Borough Council; Richard Swinden, Peter Brett Associates LLP; and Owen Tebbutt, IBM and Southwest One.

As far as possible we have faithfully reflected the views and suggestions of the stakeholders who participated in this project. Any errors of fact and misunderstanding are the responsibility of the Geoeconomics Team.

EXECUTIVE SUMMARY

This document sets out the Council's Economic Development Strategy (EDS) for Taunton based on research and extensive consultations with representatives of business, education, local government and the community.

The EDS has three strategic objectives:

- ❖ To create 16,500 or nearly 30% more jobs in Taunton by 2026
- ❖ To create better quality jobs which will close Taunton's earnings gap with the rest of the South West region
- ❖ To create a dynamic 'green economy' in Taunton which delivers fresh business and job opportunities

The Council realises that meeting these objectives will require an innovative 'bottom up' approach to economic development which mobilises the talents and energies of Taunton's businesses and communities.

The Strategy is guided by a vision of sustainable economic growth:

- ❖ *By 2026 Taunton will be one of Europe's most successful and sustainable towns with a dynamic knowledge economy and a high quality of life*

The Strategy uses a Green Knowledge Economy (GKE) framework to develop a 'grow and green' policy approach for Taunton. This entails supporting core sectors of Taunton's knowledge economy *whilst* accelerating the spread of low carbon and resource-efficient technologies and practices across all sectors of the local economy.

The GKE 'grow and green' approach was used to develop an inventory or 'bank' of policy and practical ideas with local stakeholders. Some ideas are embryonic and others are more advanced. Some build on existing initiatives being pursued by the Council and other partners, notably Somerset County Council, Project Taunton and Somerset College. A full list of submitted project ideas is provided in Annex 3.

The Strategy has three main policy themes, each of which has its own mission and discrete set of proposed GKE-related activities:

❖ 'Grow and Green' Communities

Mission: To develop community-based, driven and owned approaches to the green knowledge economy, linking green initiatives (renewable energy, resource conservation and management and sustainable development) with business and employment growth initiatives

GKE Activities: Clean Energy, Green Buildings, Next Generation Broadband, Green Travel, and Resource Management and Environmental Conservation

Innovation and Enterprise

Mission: To accelerate business growth and innovation and new enterprise development, giving particular attention to high growth firms and high skill knowledge-intensive sectors of Taunton's economy.

GKE activities: Maximize the GKE Impact of Public Procurement and Southwest One, Genesis Centre for Sustainable Communities, Incubation/innovation Space for Enterprise, Social Enterprise Development.

❖ Promoting Taunton

Mission: To promote Taunton both *internally* to local businesses, residents, students and policy-makers in order to encourage more local spending and investment and retain companies and talent; and *externally* to establish Taunton as an important destination for inward investment and tourism, at the regional, national and international levels.

GKE activities: Talent Retention for Young People, Business Relationship Management, "Buy Local" Programme, Taunton First – Inward Investment Service, 2010 Green Knowledge Economy Conference, Eco-tourism, Creative and Cultural Taunton.

An analysis of the current allocation and plans for employment land within the Borough was also undertaken for the EDS. This concluded that:

- Taunton Deane Borough Council, with its regional partners, should take a proactive approach to ensuring the "delivery to market" of allocated employment land.
- The availability of one or more strategic sites with good motorway connections should be brought forward in the medium term.
- The Council should establish a clear development procurement process to deliver a strategic site in the medium term which offers a high quality planned environment to accommodate and attract employment growth from private sector firms within the growing knowledge intensive sectors, including environmental goods and services.
- New sustainable employment sites within the urban extensions should be planned to offer convenient and easily accessible employment opportunities to the expanding population.
- It will be critical that Project Taunton champions the redevelopment of the existing shopping centre in a manner which supports and reinforces the wider town centre retailing experience.
- Clearly defined urban extensions and adjacent countryside amenity should be maintained so as to preserve the inherent natural capital advantages of the sub-region.

The EDS concludes with a Summary of Actions. It is recommended that the Council evaluates these actions together with partners and develops a more detailed action plan and delivery strategy. Key performance indicators are recommended for monitoring the outcomes and impacts of the new EDS.

Finally, it is worth emphasising that the Council consulted widely with local stakeholders from all sectors to give the Strategy a strong local flavour and 'made in Taunton' distinctiveness. *Ultimately the distinctiveness of Taunton's EDS strategy will come from making it happen and grounding it in real action – in other words bringing the GKE concept to life.*

1 INTRODUCTION

This report sets out a new Economic Development Strategy (EDS) for Taunton Deane, following extensive research and consultations with representatives of Taunton’s business, public service, education, and community sectors during 2009. Please see Annex 1 for the list of contributors.

Ultimately the Strategy is an expression of Taunton Deane Borough Council’s continuing commitment to economic development, for the benefit of everyone who works locally, owns and runs a local business and otherwise depends on the health of Taunton’s economy. As Britain and Taunton begins to recover from the country’s worst post-war recession, there is a need for a fresh vision and forward-looking strategy that will deliver the promise of sustainable economic growth.

The report explains the challenges and opportunities facing Taunton, and the measures that Taunton Deane Borough Council (TDBC) will pursue to strengthen the local economy and create more job and business opportunities. A large majority of Borough residents depend on the local economy for employment, such that community well-being and the health of the local economy are closely intertwined.

- **The ultimate purpose of the EDS is to ensure that Taunton Deane residents enjoy a high level of economic well-being**

Taunton Deane’s well-being objectives – **economic**, social and environmental – are pursued through the Sustainable Community Strategy 2007-17 (*Tomorrow’s Taunton Deane*). Hence this report will inform the Community Strategy.

1.1 Three Strategic Objectives

The EDS provides a goal-oriented framework for Taunton’s long-term economic development. Its strategic objectives reflect an unprecedented growth challenge:

- **To create 16,500 more jobs by 2026 to support 18,000 new homes as a result of becoming a national “Growth Point” (South West Regional Spatial Strategy)**
- **To generate better quality jobs in order to reduce the earnings gap and match average earnings in the South West**

These strategic objectives for the ‘Economy’ are set out in the TDBC Corporate Strategy (2007-10), the Council’s principal policy document. Their attainment implies that *Taunton in 2026 will be different from today*: there will be 30% more workers, 50% of whom will be working in high value, knowledge-intensive businesses. This growth scenario also implies that many fewer residents will be working in public services – the Borough’s dominant employer of managerial and professional people. The job outlook in public services will be adverse for the foreseeable future. (The Growth Point job targets were revisited in the process of developing the EDS in light of the recession. This supporting analysis is given in Annex 2.)

- ***Given its strong emphasis on the private sector, the new EDS is oriented towards creating a fertile climate for business growth. TDBC will take steps to strengthen its relationships with businesses.***

The third strategic objective reflects the Council’s commitment to tackling Climate Change. Green priorities – cutting carbon emissions, improving resource efficiency and conserving eco-systems – have moved to the centre of the economy and society. Greening the economy is now universally seen as a possible panacea for economic recovery and future growth. The Council wants the local economy and residents to benefit from these emerging policy and market trends. Therefore, it has adopted a third strategic objective for the EDS, which aims to maximise the synergies between the Economy and Environment domains of the Corporate Strategy:

- **Taunton will ‘green’ its local economy by accelerating the adoption of low-carbon and resource efficiency innovations in all sectors *and* in the process will proactively *grow* opportunities for job and business growth arising.**

These threefold objectives call for a more integrated Corporate Strategy based on strong linkages between the Economy and the Environment, and Transport and Housing (homes and road transport are jointly responsible for two-thirds of emissions). In addition to needing a unified corporate approach that brings service areas within TDBC closer together, the new EDS also requires strong partnerships with business and the community in order that the economic vision be realised.

1.2 The European Vision

TDBC has adopted a 2026 vision for Taunton’s economic development consistent with these ‘grow and green’ strategic objectives (*Envisioning report, 2009*):

By 2026 Taunton will be one of Europe’s most successful and sustainable towns with a dynamic knowledge economy and a high quality of life.

Taunton is explicitly linking its economic ambitions to the future “EU 2020 Strategy” – the successor to the 2000-2010 Lisbon Strategy for Growth and Jobs. Taunton’s Vision resonates with the new ambition for Europe:

Europe should lead, compete and prosper as a knowledge-based, connected, greener and more inclusive economy.

Taunton and Europe are on the same road to a future **Green Knowledge Economy (GKE)** – a new term coined by Professor Mark Hepworth, Director of Geoeconomics. Building a successful GKE is easier said than done – institutions and culture are slow to change. Taunton is on a long journey. Other areas of the UK and Europe are marketing their green economy credentials – for example Bristol, which is the second most sustainable city in the UK. Taunton has to move forward rapidly to compete.

However, Taunton is well-positioned to develop a leading GKE. It is the first local authority in Britain to adopt this framework as a corporate priority. Second, it has a strong platform of existing GKE-related initiatives on which to build, including incorporating sustainable construction, low carbon and zero waste designs into its regeneration projects and the Genesis Centre at Somerset College.

1.3 Developing the Strategy

The steps in developing the EDS are shown in Chart 1.1. The Strategy’s evidence came from economic assessment and stakeholder consultation work. This evidence was used to identify and agree the challenges and opportunities facing Taunton – the results were published in the Envisioning Report (2009). The Report also produced the 2026 Vision for Taunton.

The GKE framework calls for a dual emphasis in policy and delivery: support for core knowledge-intensive sectors 'nested' at the Taunton, Somerset and South West levels; support for technological, organisational and social innovation across the entire Taunton economy based on high levels of business and community engagement.

Through extensive consultations with Taunton's business, government and community stakeholders, the Council identified a wide range of GKE-related activities that fall under three broad policy themes, each with their own mission statement:

- **'Grow and Green' Communities:** To develop community-based, driven and owned approaches to the green knowledge economy, linking green initiatives (renewable energy, resource conservation and management and sustainable development) with business and employment growth initiatives
- **Innovation and Enterprise:** To accelerate business growth and innovation and new enterprise development, giving particular attention to high growth firms and high skill knowledge-intensive sectors of Taunton's economy.
- **Promoting Taunton:** To promote Taunton both *internally* to local businesses, residents, students and policy-makers in order to encourage more local spending and investment and retain companies and talent; and *externally* to establish Taunton as an important destination for inward investment and tourism, at the regional, national and international levels.

TDBC is already active in these thematic areas of economic development. Hence, the newly identified GKE initiatives will be taken forward in ways that add value to existing activity. The Council will give proper consideration to all of the GKE project ideas as part of the EDS scrutiny process, and then draw up deliverable action plans as part of its transition planning to a new organisational structure reflecting the priority of the Growth agenda.

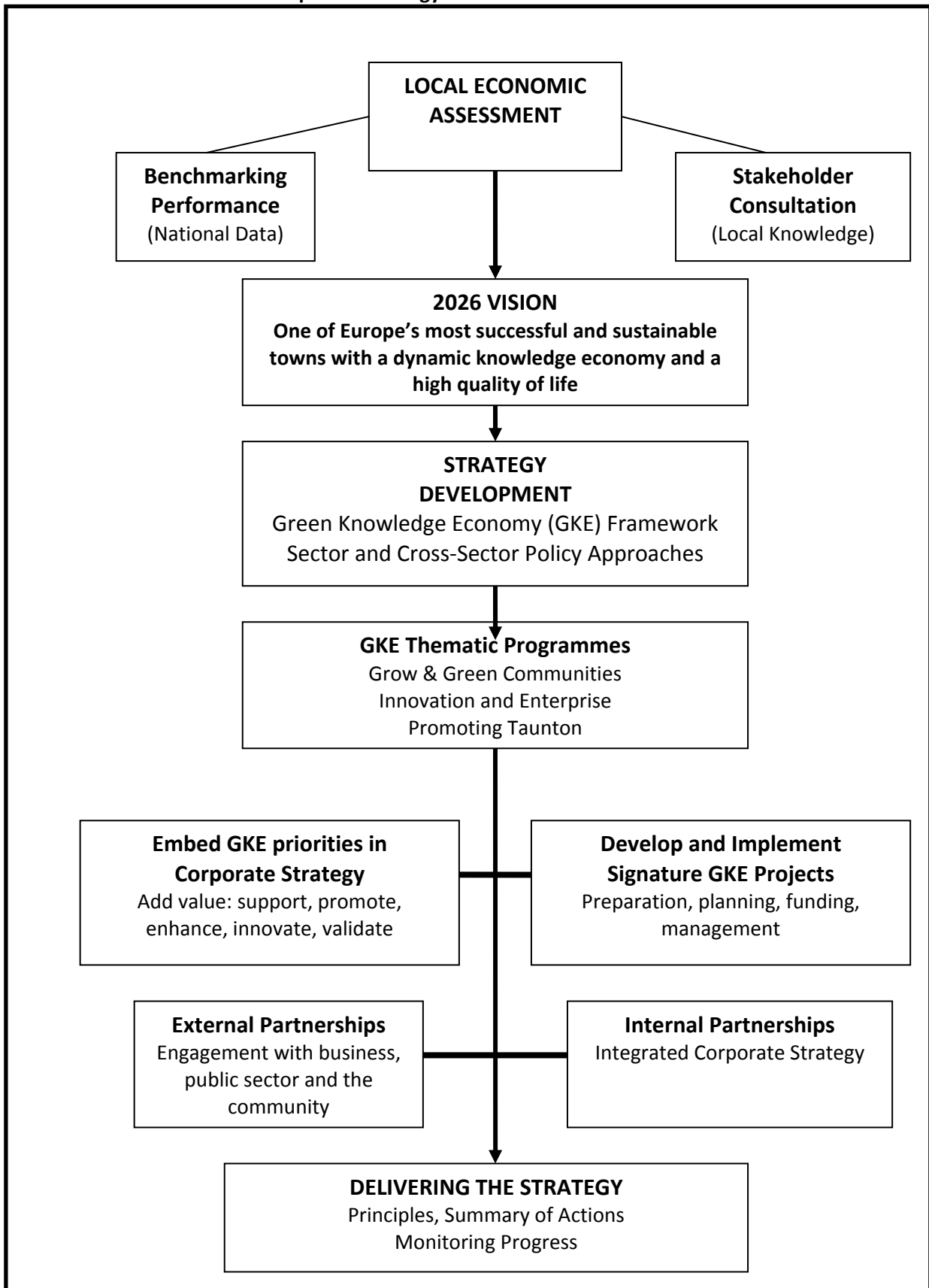
A convenient "Summary of Actions" is given in the last chapter of the report. This list reflects current options, however it should be reviewed as new ideas and opportunities arise. The annual review of the EDS provides for this flexibility. The final section also puts forward key principles that TDBC will use as a basis for consulting with external and internal stakeholder on how best to implement the strategy, working together with business and the community, and its main public sector partners.



The Report is organised as follows:

- Chapter 2 explains the strategic framework of the EDS – the wider policy context, the GKE model and its two-pronged approach of sector-based and economy-wide policy initiatives for ‘growing and ‘greening’ Taunton
- Chapter 3 presents an inventory of GKE ideas based on a bottom-up approach to economic development. These ideas, several of which involve building on existing and planned initiatives, are grouped into three thematic programmes as discussed above.
- Chapter 4 sets out the planning and development implications of the EDS. It identifies and promotes the delivery of an increased supply of employment land in Taunton, as a prerequisite to the GKE ‘grow and green’ strategy (Corporate Strategy Regeneration objective).
- Chapter 5 provides a Summary of Actions to be undertaken through the EDS, sets out performance indicators and proposes principles that should underpin the establishment of governance and implementation arrangements for ensuring its successful delivery.

Chart 1.1: The Economic Development Strategy



2 THE STRATEGIC FRAMEWORK

This section of the report explains the strategic framework used for Taunton's 'grow and green' approach to future economic development.

- Firstly, it outlines the wider policy context of Taunton's economic development at the EU, UK and South West levels
- Secondly, it explains the green knowledge economy as a paradigm (model) for policy-making in the 21st century
- Thirdly, it describes the two-pronged approach to GKE development: an emphasis on supporting knowledge-intensive sectors, an emphasis on innovation across the entire economy

2.1 Policy Context

The GKE approach to Taunton's future economic development is ***congruent*** with policy trends at the EU, UK and South West levels. This congruence will help to raise Taunton's profile with policy-makers and programme funding managers in Whitehall and Brussels.

2.1.1 European Union

The Lisbon Strategy (2000-10) aimed at making Europe a world-class knowledge economy is being refreshed through a consultation exercise "Europe 2020 Strategy". The key drivers of the new 2010-20 EU Strategy are:

- Creating value by basing growth on knowledge (that is, the knowledge economy)
- Empowering people in inclusive societies (skills and entrepreneurship)
- Creating a competitive, connected and greener economy

Essentially the new EU Strategy aims to support a transition to a smarter, greener 'knowledge economy'. The European Commission has already launched low carbon economy and green skills initiatives, and programmes to stimulate the development of 'eco-towns' and 'eco-communities'. As in the US and the UK, promoting the green economy – or the low carbon economy – is part of Europe's Economic Recovery Plan.

There are parallels here with the earlier EU framework programmes aimed at building the Information Society (e-Europe). Participation in these programmes was the primary mechanism used by UK cities and regions to carry out innovative ICT-based projects in the fields of economic development and e-government. The "Europe 2020" strategy is therefore important to developing and funding Taunton's highly compatible EDS. With this in mind a priority action will be to hold a European GKE Conference in Taunton in order to accelerate learning, European networking and market interest in the EDS.

2.1.2 United Kingdom

As with the Lisbon Strategy, the UK Government's new approach to the knowledge economy is congruent with the EU 2020 Strategy, as indicated by the BERR report "Industries and Jobs of the Future". Globalisation (led by India and China), technology and the transition to a low carbon economy are the main drivers UK policy has to address:

As a knowledge economy, the UK will increasingly compete based on the commercial value of its ideas and the higher-level skills of its people.

The world's transition to a low carbon, resource efficient economy presents an unprecedented challenge commercial opportunity to secure comparative advantage in the development and delivery of cutting-edge, cost effective and sustainable low carbon products and services. As a result it could support the creation of hundreds of thousands of skilled green jobs.

The Government's Low Carbon Industrial Strategy (BIS/DECC, 2009) aims to grow a world-class environmental goods and services sector within the UK. This sector (green industries and technologies) is combining with the ICT sector (digital industries and technologies) to deliver the plethora of product and process innovations around which the GKE is growing and developing. These innovations require market demand to grow in a virtuous circle. Hence the other (demand) side of the Government's low carbon economy agenda is advanced through the UK Low Carbon Transition Plan (DECC, 2009) and the UK Renewable Energy Strategy (DECC, 2009). The Government's push-pull approach to developing the UK green knowledge economy includes place-based national initiatives such as "eco-towns". Community-driven schemes are supported by organisations such as the innovation agency NESTA (e.g. the Big Green Challenge).

'Blue sky' job growth forecasts feature heavily at this take-off stage of the GKE. They provide the rationale for Government investment (e.g. charging point networks for electric cars, or off-shore wind farms). However, the Local Government Association (LGA) and the Trade Union Congress (TUC) argue that the Government needs to move faster and more decisively, given that most of the new business and job opportunities threaten to migrate overseas. There are also concerns over whether Britain possesses the types of higher-level craft and technical 'green skills' to deliver the manufacturing goods and components needed to build the GKE infrastructure. The Government is seeking to address these issues through *Skills for Growth – the National Skills Strategy* (BIS, 2009), which focuses more on intermediate, vocational skills, and the skills needed for high tech, low carbon driven growth. An unofficial 'checklist' of green skills is given in Chart 2.1.

Chart 2.1: Green Skills Checklist

Design Skills	Eco-Design, Green Manufacturing, Materials Specification, Life Cycle Assessment
Waste Skills	Waste quantification and monitoring, process studies, management systems, minimisation and technologies
Energy Skills	Energy minimisation, management systems, quantification and monitoring, costs and trading, renewable energy technologies, non –renewable technologies
Water Skills	Water minimisation and reuse, management systems, quantification and monitoring
Building Skills	Building energy management, integration of renewable energy, energy efficient construction, facilities management, calculating building energy, efficiency and carbon ratings
Transport Skills	Transport impact minimisation technologies, minimisation processes and business management
Materials Skills	Sourcing, procurement and selection, material use and impact quantification, management systems, impact and use minimisation
Financial Skills	Investment models, new/alternative financial models, quantification of climate change impacts, principles of low carbon and resource efficient economies, tools of low carbon and resource efficient economies
Management Skills	Impact assessment, business planning, awareness raising, opportunities management, risk management and day-to-day management
Policy and Planning Skills	Built environment master planning and implementation, strategy development and implementation

Source: Pro Enviro for Defra – Skills for a Low Carbon and Resource Efficient Economy. Also see the SLIM Learning Theme Bulletin on Green Skills, Green Jobs: Opportunities for the South West Low Carbon Economy.

2.1.3 South West

The designation of the South West (with the North East) as one of the UK's first low carbon economic areas - focusing on wave and tidal energy – will reinforce the Regional Economic Strategy (RES) and the priorities set out in the SWRDA Corporate Plan 2009-11. Again Taunton's EDS is congruent with the South West strategy in terms of its overarching ambition to build a successful green knowledge economy, as reflected in the following three strategic objectives:

- Creating the conditions for productivity-led growth
- Developing a low-carbon economy
- Creating successful places

The knowledge economy is synonymous with 'productivity-led growth', as illustrated by the RES emphasis on high value-added business sectors, and innovation, technology, research and high level graduate and intermediate (level 4/3) skills. At the same time, SWRDA now sees *'the transformation of the energy infrastructure and the need to radically reduce carbon emissions represents a huge driver of future innovation, economic growth and job creation in the coming decades. Globally the environment and low carbon sector is already worth £3 trillion a year and will grow by a further 50% by 2014.'*

Low Carbon is a significant and growing component of South West RDA's investments. This includes investing in green R&D, environmental business grants, establishing an environmental innovation network and developing a world-class marine renewables sector (e.g. Wave Hub). Greening across all sectors will be encouraged through the advisory services of the Business Link network, and green entrepreneurship will be given specialist support.

The 'successful places' emphasis of the RES does mean that new GKE-related capital investments (as part of all investment) will be concentrated in the Southwest peninsula; the Plymouth area and Cornwall – given the way that ERDF operational programmes align with the Regional Economic Strategy. Taunton is a national Growth Point within the SW Regional Spatial Strategy (RSS) and hence its own GKE credentials need to be proactively marketed to SWRDA and Government Office South West. The Single Regional Economic Strategy (RES) will be the short-term policy context for this marketing effort. Participation in Europe 2020 programmes will also require Taunton to convey and demonstrate a high level of GKE ambition, which underlines the need for a strong marketing thrust to the new EDS.

To summarise, by adopting the GKE model as a basis for its future development, Taunton's EDS is congruent with EU, UK and SW strategies. The big challenge ahead lies in *creating a competitive advantage in the GKE*, so that Taunton is recognised within the region, the country and across Europe as a model GKE centre – where the dual aims of 'growing and greening' the local economy have been achieved and the benefits of this are being shared by all residents in the form of sustainable high levels of community well-being.

2.2 The GKE Framework

Chart 2.2 shows the main shifts in policy focus that are needed to make the familiar knowledge economy model 'fit for purpose' in the 21st century era – where 'green priorities' have moved to the centre of the economy and society, as reflected in market and public policy trends. Taunton's new Economic Development Strategy is designed to reflect this shift in policy thinking – or change in policy model. At a glance, it is possible to see that the GKE model of economic development – the basis of Taunton's new EDS – is inherently more inclusive in terms of its sector and skills coverage.

Chart 2.2: A Paradigm Shift in Economic Development

The Knowledge Economy (20C Vision)	The Green Knowledge Economy (21C Vision)
<p style="text-align: center;">Competitiveness</p> <p style="text-align: center;">Intangible Capital</p> <p style="text-align: center;">Wheels and Wires (2W)</p> <p style="text-align: center;">Services and High Technology (Financial & Business Services/ICT)</p> <p style="text-align: center;">Skills - Graduates</p>	<p style="text-align: center;">Sustainability</p> <p style="text-align: center;">Intangible, Produced and Natural Capital</p> <p style="text-align: center;">Wheels, Wires, Watts, Waste and Water (5W)</p> <p style="text-align: center;">All Sectors (Environmental Goods and Services/ICT)</p> <p style="text-align: center;">Skills – Graduates and Skilled Manual/Process</p>

Source: Geoeconomics

Note: The boundaries of the Low Carbon EGS Sector do not match up with existing industrial classification systems. Here we include: processing of nuclear fuel; recycling of metal waste and scrap; recycling of non-metal waste and scrap; production and distribution of electricity; collection, purification and distribution of water; construction (site prep, construction, civil engineering and installation); research and experimental development on natural sciences and engineering; architectural and engineering activities and related technical consultancy; sewage and refuse disposal, sanitation and similar activities.

The goal of economic development in the GKE is to achieve economic, social and environmental sustainability, whereas the traditional KE model tends to focus more squarely on competitiveness, particularly international competitiveness. The GKE model creates stronger and more explicit linkages between the EDS and Taunton Deane’s Sustainable Community Strategy, and between the EDS and other areas of Corporate Strategy.

Wealth creation in the GKE is based on the production and use of three types of capital: *intangible capital* (human capital and social capital); *produced capital* – urban land and physical infrastructure, and plant and equipment; and *natural capital* – rural land (forestry, agriculture) and conservation areas, marine and coastline resources and environments. This again underlines the need for the EDS to be an integral part of the TDBC Corporate Strategy, which has to create synergies between policies and resources devoted to land, infrastructure, housing, transport and the natural environment (tangible capital) and to innovation, entrepreneurship, skills and talent, marketing and finance as well as economic partnerships and economic culture (intangible capital). The unique role of the EDS delivery team lies in building and delivering the intangible capital needed for Taunton’s future GKE – namely, skills and talent, innovation and enterprise, and marketing Taunton’s economic profile.

Infrastructure in the GKE widens out from transport (wheels) and telecommunications (wires) to include energy (watts), water and waste. These are areas of technological innovation, market growth and rising incomes. Waste-to-energy businesses are now part of the “Industrial Biotechnology Sector”. Markets and technologies are converging – the Government is now promoting ‘smart grids’ for on-line meters and ‘electric cars’. For example, DECC is promoting the roll-out of smart meters to all 26 million households and small businesses, in Britain, by 2020. Taunton has to be at the forefront of the ‘infrastructure revolution’ that will not only help to ‘green’ the local economy, but which in addition is helping to grow the economy and job opportunities in the process of innovation and change. Taunton decision-makers must recognise and exploit the economic potential of planning with five infrastructures (5W) rather than one (1W/transport). For this reason, TDBC invited major companies like Viridor (waste), EDF (watts/energy) and IBM (wires) to contribute their ideas to the EDS.

Priority sectors in the GKE model are far more diverse than in the knowledge economy, where employment growth is driven by financial and business services, and ICT (software and content services) and other high technology industries. The Government’s nominated list of “industries of the

future” illustrates this diversity (see Chart 2.3). In addition to the Environmental Goods and Services sector and the ‘5W’ infrastructure sectors already mentioned, the GKE model makes room for a manufacturing renaissance (engineering especially), a construction sector revitalised by the sustainability agenda, and a range of product innovations designed and made to ‘eco’ or ‘green’ or ‘ethical’ standards – in food and drink, fashion and textiles, furniture and so on. Re-fabrication is a growth sector. A major implication of the GKE model is that industrial diversity is associated with geographical decentralisation; the green knowledge economy is more evenly distributed and localised to specific communities, in contrast with the London-centric, financial and business services-led knowledge economy, and yet retains a global footprint creating balance in the local/global nexus

Learning and skills in the GKE model are also more diverse and inclusive: less emphasis on graduates, more emphasis on skilled manual workers and (technology/business) process workers. This is highlighted in the new national skills strategy: *“There will be added emphasis over the coming years to the need to train people in advanced vocational skills at levels 3 and 4, alongside continuing to expand higher education. The proposals to create a technician class and expand advanced apprenticeship numbers are central to this ambition”* (SLIM Comment on the Government’s Skills for Growth Strategy). Thus, Taunton’s approach to the future skill needs of the GKE must straddle levels 3 and 4, which is precisely the area in which Somerset and Bridgwater Colleges are developing – and around which an employer-driven future “University of Somerset” could evolve.

Thus, the GKE model of economic development is more inclusive and diverse in terms of its growth dynamics. Its policy framework needs to be correspondingly flexible and innovative. How it differs from the 1990s knowledge economy can be crudely summarised in the lyrics of Olivia Newton-John’s golden oldie: “Let’s get physical”! Manufacturing and construction are back! Agriculture and natural capital are back! Apprenticeships and skilled manual workers are back! In a sense, adopting the ‘green knowledge economy’ model means Taunton will need go ‘back to the future’.

2.3 Two-Pronged Approach

A two-pronged approach to policy is needed to develop Taunton as a green knowledge economy. The first approach is to support the growth and development of knowledge-intensive sectors, and high-growth businesses more generally. This involves a high level of engagement with knowledge-based businesses to better understand and respond to their needs, and to encourage their participation in taking forward the economic development agenda. The second approach is to accelerate ‘green innovation’ in all sectors while capturing the wider economic benefits of innovation – for example, job and training opportunities.

2.3.1 Putting an emphasis on knowledge-intensive sectors

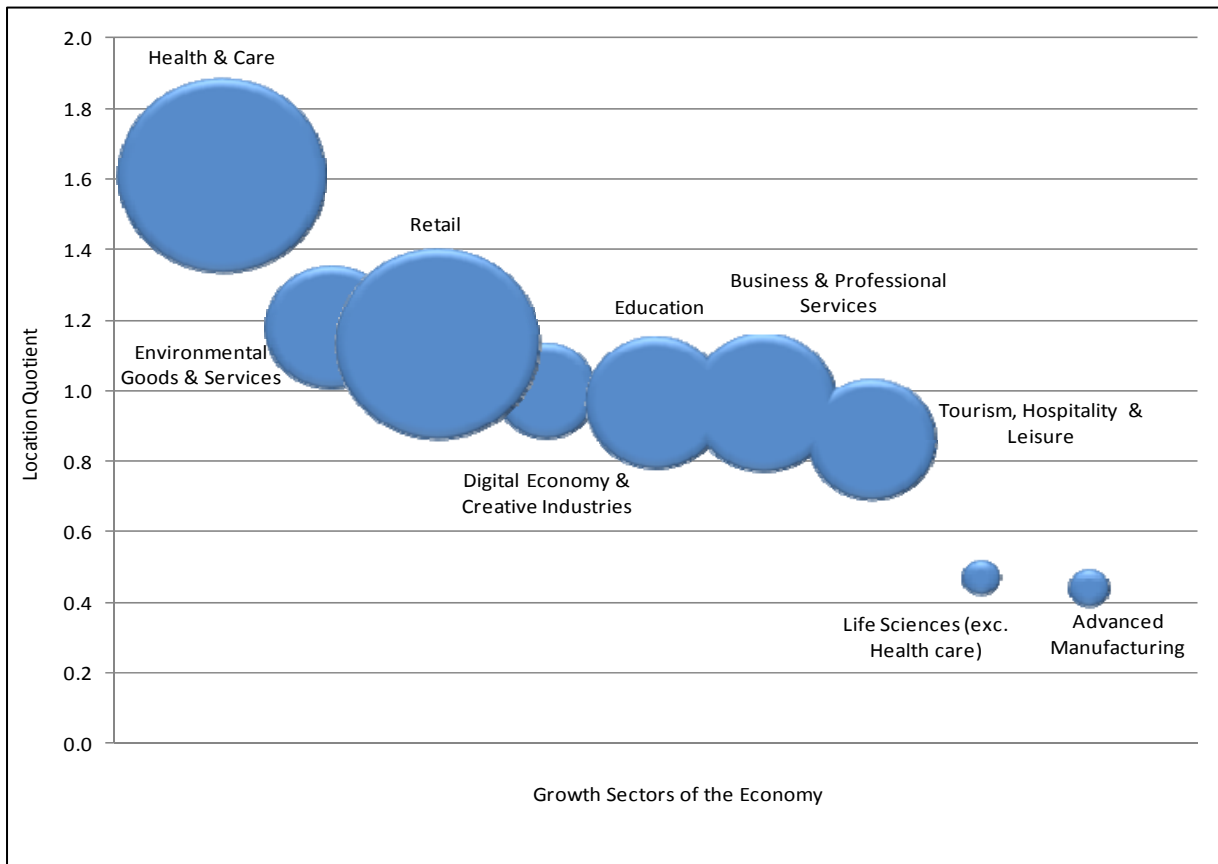
Economic development strategies have to be based on a realistic view of an area’s endowment of high value, knowledge-intensive sectors – industries with growth potential which are seen as leading the way to economic recovery. For example, at the national level, the UK’s innovation agency called the Technology Strategy Board places a particular emphasis on the life sciences, energy and low carbon technologies, and digital communications. The Government’s “Industries and Jobs of the Future” framework also recommends priority sectors for the Regional Development Agencies to concentrate increasingly scarce resources for business and investment growth.

Chart 2.3 gives some indication of Taunton’s present endowment of “Industries of the Future” – the sectors with growth potential identified by the Government. In the chart, the size of the ‘bubbles’ denote the relative size of the sector in Taunton’s economy (measured by its share of total employment); the location quotient (LQ) measures the degree to which the sector is over- or under-

represented in Taunton, compared against the national average. If the LQ score is more than 1, the sector is over-represented and a score of less than one means it is under-represented. The most desirable outcome for an economy at any level is a picture showing several large bubbles with location scores above 1.

As Chart 2.3 shows, Taunton – like any other local economy in the UK – does not have a significant presence of ‘industry of the future’ sectors. This is due to its limited geographical scale, and also because of its traditional administrative role in Somerset and the region. The strong showing of Health and Care reflects the presence of Taunton and Somerset NHS Foundation Trust (Taunton Deane’s largest employer after the County Council), as well as Somerset Care Ltd and the Primary Care Trust. Taunton’s position as a sub-regional retail centre is obvious. Knowledge-intensive sectors that have an average presence are Environmental Goods and Services, the Digital Economy and Creative Industries and Business Services. The significant aspect of Education is Taunton’s unique cluster of independent schools, and Somerset College and Richard Huish College, both of which draw large numbers of students from around the UK and beyond. Advanced manufacturing has a small overall presence in Taunton. However there are ‘black diamonds’ in the shape of high value ‘niche’ engineering companies – such as Exmoor Plastics, GSI ExoTec Precision, and Taunton Aerospace – which enrich Taunton’s economy and offer a range of skilled production-related work. Located at Wellington, Swallowfield Plc is a large consumer goods manufacturer which has high value, high skill operations (head office and R&D) in the borough. Similarly, Stacey Construction and CS Williams Ltd have knowledge-intensive operations within Taunton Deane. *Economic diversity is an important growth asset – like building a balanced portfolio of financial investments to protect and hedge against risk.*

Chart 2.3: ‘Industries of the Future’ in Taunton



Source: Geoeconomics, ONS

Through the business consultations undertaken as part of the Envisioning Report and in the lead up to the Strategy's preparation, TDBC was able to take a closer look at various sectors of the Taunton economy, and identify their growth potential and constraints and needs for help and support from the Council and other partners. It is important to bear in mind that these business 'conversations' took place against the background of Britain's worst post-war recession – a highly unfavourable context for the construction industry in particular.

From these business consultations, the Envisioning Report argued the need to give particular support and encouragement to a number of knowledge-intensive sectors – characterised by high skills profiles, or large numbers of workers with degrees and intermediate vocational qualifications (level 3 and 4 qualifications):

- **The Green (or Low Carbon) and Digital Economies** – i.e. the EGS and ICT sectors, particularly the software and value added services components; markets and technologies are converging in these sectors as stated earlier, giving ICT firms like IBM and smaller ICT-related consultancies fresh impetus ('green ICT), and familiar sectors such as waste, water and energy a refreshed dynamism akin to their early development during the Victorian era of urban development
- **Manufacturing and Construction** – the former includes technology-based sectors in electronics, 'made in Taunton or Somerset' food and drink companies and larger flagship companies such as Swallowfield Plc; the latter is central to the creation of a sustainable built environment, including Taunton's eco-communities
- **Health and Education** – market and business growth in the former case is driven by an increasing ageing population and out-sourcing trends; 'H and E' converge around health learning and education, a Taunton niche being developed by neighbours Musgrove Park Hospital and Somerset College; TDBC continues to work with the County and other partners in developing an employer-driven model for a future Somerset University
- **Creative and Cultural** – these give the Taunton economy a unique signature – the Cricket Ground and Brewhouse Theatre and Arts Centre, Taunton Racecourse, the Deane's urban and rural landscapes and heritage contain *immovable* assets for wealth and job creation. Through Project Taunton and market town regeneration and promotion schemes, and on-going support for creative and cultural businesses, TDBC recognises the direct and wider economic benefits (e.g. attracting inward investment and retaining talent) of these ensuring these sectors grow and prosper
- **Professional and business services** - including SMEs to be found at Blackbrook Business Park and Exchange House in central Taunton, have led job and enterprise creation in the borough and in all other areas of Britain over the last decade. Many businesses here are what we called 'fleas' – knowledge-based one-or-two person specialists that punch well above their weight in terms of the economic value they create. The challenge here is to develop and network these high growth 'fleas' in order to increase their absorptive capacity for employing more people and innovation. Creating physical and virtual hubs and networks is generally regarded as a good way of boosting the potential and visibility of these high growth knowledge-based businesses.

Although **retail** is not a knowledge-intensive sector, as defined by its skills profile, it is important to attracting large and small knowledge-intensive businesses to Taunton and attracting tourists and residents to the town centre. This indirect role, in conjunction with cultural and creative activities, will be strengthened by the achievements of **Project Taunton** – which is led by a vision and master plan which resonates powerfully with the GKE model of economic development. A retail vision of Taunton

that resonates strongly with the 'grow and green' GKE economic strategy is discernible in existing and emerging initiatives.

TDBC acknowledges the need to work 'above' the local level in order to create a critical mass of businesses and resources for economic development. Therefore, working closely with SWRDA and GOSW especially, it will pursue its encouragement and support for knowledge-intensive sectors partly in collaboration with other South West growth centres.

A possible model for TDBC to explore is the "South East Diamonds for Investment and Growth", an eight-area partnership dedicated to growing the South East knowledge economy as a whole. The Diamonds Partnership, with nine local authorities represented, exists as a policy and business forum, best practice exchange, shared research and intelligence and a platform for lobbying and profile-raising. However, executive authority policy and delivery of sub-regional and local targets rest with the Diamond individually and their constituent partners.

- **TDBC will explore the possibility of working with SWERDA, GOSW, Somerset County Council and other local authorities in the region on the establishment of a South West EMERALDS model, this choice of precious stone as an image reflecting its GREEN colour and the Green Knowledge Economy aspirations and credentials of Taunton itself, and their congruence with those of the County and the Region.**

Taunton's future partners could be 'emerald economies' centred on Swindon, Bristol, Bournemouth/Poole, Exeter and Plymouth. As a possible place-based focus for the County's EDS Taunton could be the centre of a Somerset Emerald extending north and south to Bridgwater and Yeovil. These future geographical options for Taunton's sector-based approach to the Green Knowledge Economy will be properly explored and examined for their economic development return to the Borough's businesses and residents.

In Chapter Three we have integrated policy actions that are supportive of the knowledge-intensive sectors discussed above into three thematic areas: grow and green communities, innovation and enterprise, and promoting Taunton. This integrated approach is intended to place an emphasis on the sectors, whilst maximising the synergies between these 'knowledge-intensive' sectors and the rest of the economy including the public sector. In other words, as prescribed in the GKE Framework (see Chart 2.2), the new EDS aims to maximise all opportunities for high value business and job growth, on a diverse but goal-oriented 'grown and green' platform of business and community engagement.

2.3.2 Cross-sector 'grow and green' – putting the emphasis on innovation

The second policy thrust of the new EDS is concerned with exploiting the new business and job opportunities generated through the adoption and diffusion of low carbon, resource efficient technologies and practices. The GKE Strategy Matrix shown in Chart 2.4 was developed to identify the economic impacts of 'greening' across all sectors. It is a powerful conceptual and practical tool, which TDBC and its partners could use for monitoring and evaluation purposes.

The Matrix shows four sets of 'green' regulatory and policy drivers that appear in most academic and market research on the structure and dynamics of the 'green economy':

- Clean Energy
- Green Buildings
- Green Transport
- Resource Management and Environmental Conservation

Details of the main policy measures and targets covered by these four green drivers are also given, together with the affected parts of the EGS sector. These various drivers and measures will be instantly recognisable. For example, they resonate with:

- The 'zero-carbon town' and 'eco-town' master planning and regeneration activity led by Project Taunton
- The Climate Change component of Council's Corporate Strategy – aimed at reducing the Council's own emissions and working with communities to reduce per capita emissions
- The forthcoming procurement strategy led by Southwest One – aimed at greening and growing local supply chains of TDBC and other Southwest One partners through tendering processes, whilst pursuing cost-savings targets critical to sustaining community-orientated service delivery levels within the public sector
- The Transport components of the Corporate Strategy and the County-led Local Transport Plan – aimed at reducing congestion and bringing about a modal shift away from private car-commuting in favour of walking, cycling and public transport combined with new work processes including remote and flexible working, video and teleconferencing, and harnessing the latest broadband technology.

The Matrix needs to be read left to right. Attention should focus on how the *four green drivers* impact on the *five competitiveness drivers* behind the knowledge economy, and the *three drivers of long-term wealth creation*:

- Competitiveness drivers: skills, innovation, enterprise, infrastructure, finance (as defined by UK/EU Government)
- Wealth-creation assets: intangible capital, produced capital and natural capital (as defined by EU/World Bank)
- The Matrix also shows which branches of the Environment Goods and Services (EGS) sector will benefit and play a leading role in 'greening' the Taunton economy.

The GKE Strategy Framework is about recognising and systematically maximising the economic impacts of 'greening' Taunton's homes, workplaces, transport systems and public places. For the GKE model to bear fruit, TDBC and its partners must commit themselves to this economic discipline at every opportunity. The economic impacts of Taunton's 'eco- towns' could be assessed using the GKE Matrix. What are the economic benefits of the County-led 'green travel plans' being marketed to Taunton employers? If Taunton homes were 'retrofitted' with energy-efficient technologies, local builders and local people looking for work and training should be given priority (all other things being equal). If a new 'clean energy' district heating network was set up to serve certain major facilities or neighbourhoods, then it is important to capture not only the environmental improvements (GHG emissions cuts) but also the economic opportunities available to EGS firms and local supply chains, as well as the skills training opportunities. Sustainable construction is a 'grow and green' opportunity for Taunton – given the presence of the Genesis Centre. Localisation and 'greening' should be key principles in the Taunton/Somerset's procurement strategy – other places in Britain and the South West are adopting these GKE principles. This is actually encouraged by the Government's Sustainable Procurement Strategy.

The Council will develop coherent programmes for 'growing and greening' Taunton's economy, reaching across all sectors. This second thrust of the EDS will:

- **Make accelerating green innovation a top priority, through identifying opportunities for demonstrating and piloting new schemes, developing a Taunton innovation system with**

businesses, the HE/FE sector and other players, including SWRDA, and networking into EC/EU programmes.

- **Green skills and green enterprise/entrepreneurship initiatives will be promoted as an integral part of these innovations across the private, public and community and voluntary sectors.**
- **The GKE model will be firmly embedded in TDBC Corporate Strategy, in order to strengthen linkages between economic development/regeneration and other areas – Housing, Transport and the Environment. TDBC will also ensure that its sustainable procurement strategy (shared with Somerset County Council and Avon & Somerset Police) has ‘grow and green’ objectives that maximise opportunities for local businesses. It will also encourage other big public sector players to embed the GKE model within their own corporate plans.**

In sum, the new EDS is characterised by a two-pronged approach to Taunton’s long-term growth and development as a successful Green Knowledge Economy, within Europe, the UK, the South West and Somerset. TDBC favours an integrated approach to supporting knowledge-intensive sectors and high growth businesses, which maximises business and community engagement. It is for this reason that TDBC consulted widely with local stakeholders from all sectors – to give the Strategy a strong local flavour and ‘made in Taunton’ distinctiveness. *However, ultimately the distinctiveness of Taunton’s EDS strategy will come from making it happen and grounding it in real action – in other words bringing the GKE concept to life.*

Chart 2.4: Cross-Sector Approach - Greening the Economy

GREEN CLUSTER STRATEGIES AND ACTIVITIES	COMPETITIVENESS & WEALTH CREATION						SUSTAINABILITY					
	Intangible Capital			Produced Capital		Natural Capital		Impacts				
	Skills	Innovation	Enterprise	Finance	Governance	Infrastructure	Urban Land	Rural land	Natural resources/ Eco-systems	Economic	Environment	Social
<p><i>EGS = Environmental Goods & Services Sector</i></p> <p>Clean Energy <i>EGS Business Growth: Solar/PV, hydro, wave & tidal, biomass, wind, geothermal, renewable consulting, additional energy sources, CCS, Carbon finance, Energy Mgmt</i> Increase carbon / GHG reduction activity (finance, solutions) Increase renewable energy (electricity & heat) activity Increase energy saving activity Drive low carbon innovation and skills across sectors & supply chains Promote low carbon goods & services (finance, solutions)</p>												
<p>Green Building <i>EGS Business Growth: Building technologies</i> Improve energy efficiency & GHG of existing buildings (Retrofit) Achieve zero carbon targets for schools, buildings, homes and govt est Investment decisions based upon whole life value Spatial planning supports sustainable communities Drive sustainable design in the construction sector & supply chains Reduce embodied carbon of materials and increase local sourcing</p>												
<p>Green Transport <i>EGS Business Growth: Alternative fuels, alternative fuel vehicles</i> Reduce vehicle emissions Drive low carbon vehicle innovation Support low carbon local transport planning Increase walk, cycle, bus and train provision Increase end-of-life vehicles re-use, recycling & waste reduction Promote the use of green ICT</p>												
<p>Resource Management & Environmental Conservation <i>EGS Business Growth: Air pollution, Environmental consultancy, Environmental monitoring, coastal protection, Maritime Pollution control, Noise vibration, Contaminated land, Waste mgmt, Water & Waste Water, recovery & recycling</i> Deliver sustainable procurement and enable growth of GKE Encourage pro-environmental behaviour through lifetime of project Encourage sustainable consumption & production, e.g. eco-designed products or reduced products and waste Enhance and restore local land / ecosystems Encourage sustainable Food & Farming Encourage sustainable water and flooding management Increase recycling and reduces resources into the waste stream Encourage climate change adaptation</p>												

3 LAUNCHING THE GKE: PRIORITIES FOR ACTION

This chapter presents a series of possible initiatives and actions on the basis of which TDBC could formulate a bottom-up, highly inclusive approach to its EDS strategy. They include actions that reinforce and add value to existing TDBC initiatives and actions that constitute new ground for policy innovation.

Consultations for the new EDS have been extensive, the first wave of findings being published in the Envisioning Report. Further consultations were undertaken on the GKE approach more explicitly in November 2009, focusing on three questions:

- What practically do you think could be done to deliver on Taunton’s vision and “grow and green” Taunton’s economy?
- Who would implement this action?
- How might it be funded?

Stakeholders were invited to scope out their ideas using a project outline form. The inventory of 25 submitted ideas is set out in Annex 3. The response to this survey demonstrates how strongly the GKE agenda resonates and interests local residents and businesses. The quality and scale of the response indicate the scope for social innovation in a GKE-based economic development strategy, where the role of TDBC should be to foster innovation by working closely with business and the community on tangible projects.

The results of the consultations – from the survey and interviews and roundtable discussions – were organised into three broad policy themes: Grow and Green Communities, Innovation and Enterprise and Promoting Taunton. These results, and the Strategy as a whole, were discussed by the EDS project steering group, which is made up of private and public sector representatives. The group’s advice and comments have as far as possible been incorporated into the Strategy and reflected in the three themes set out below.

3.1 Grow and Green Communities

This thematic area groups together all proposed projects and activities that relate to infrastructure and the main drivers of the green economy - Clean Energy, Green Buildings, Green Transport and Resource Management and Environmental Conservation (see Section 2.2.2.). As highlighted there, these are areas where the Council already has ongoing work and is already making good progress, for example, through Project Taunton on spatial planning and regeneration projects that promote “sustainable communities” and ‘zero-carbon’ buildings; and setting targets to cut the Council’s own CO² emissions.

This section presents those suggestions made by Taunton’s business, government community stakeholders that relate to these drivers and recommended actions.

The proposed mission of the Grow and Green Communities policy theme is:

To develop community-based, driven and owned approaches to the green knowledge economy, linking *green* initiatives (renewable energy, resource conservation and management and sustainable development) with local business and employment *growth* initiatives

3.1.1 Clean Energy

Both the local private sector and community organisations, such as local Transition Town groups, expressed interest in Taunton Deane playing a greater role in mitigating climate change by using energy more efficiently and harnessing local viable renewable energy resources, and to do this in a way that maximizes local economic and community benefits.

A number of concrete renewable energy development project ideas were put forward:

- **Develop a Taunton Eco Business/Innovation Campus** in one of the urban extensions that embeds a number of renewable technologies including Combined Heat and Power technologies that utilize biomass derived from organic waste. This project was proposed by New Earth Solutions Ltd, a specialist waste-to-energy business based in Dorset.
- An **Eco-Fuel Production Scheme** to develop the locally-grown crop miscanthus as a bio-fuel put forward by a local crop producer in association with two private sector partners.
- The **Brendon Energy Project** to develop community-owned, grid-connected renewable electricity generation (waste and wind) projects that remain in the ownership of the community such that profits can be reinvested for community benefit put forward by the Wiveliscombe 10 Parishes Transition Group.

These ideas link in with the work the Council is already doing internally, and with Project Taunton and Somerset County Council to explore **how the Firepool development could become a 'Zero Waste' area** utilising Forward Procurement Commitment (FPC) that will encourage private sector businesses to identify a 'waste to energy' solution, and the **proposed Eco-town development**.

- **Proposed action:** It is proposed that the Council consider these renewable energy projects as part of its planning and urban design work and review how it can facilitate the development of renewable energy that maximizes local economic benefits through, for example, linking in these projects to existing regeneration plans, facilitating planning applications, switching to local renewable energy suppliers, and providing networking opportunities for those with an interest in this sector. The Council could consider backing a community-driven flagship renewable energy project that has clear linkages to the local economy.
- **Potential benefits:** New local jobs in renewable energy production and local supply chains including lower skill jobs. Reduced carbon emissions and less reliance on fossils fuels.

3.1.2 Green Buildings

The built environment is recognized as the main generator of carbon emissions in the Sub-Region. Homes, factories, and offices contribute over 60% of emissions. Whilst new building regulations and improved technologies are designed to ensure that new buildings are much more energy efficient this will only slowly lead to a decline in CO² emissions. Hence, attention should focus on the existing built environment.

The Council has already made a commitment in its Corporate Strategy to reduce the Council's own emissions and encourage residents to improve the energy efficiency of their own homes.

A specific **Housing Retrofit Project** has been proposed by the Council, in partnership with a broad range of partners, to act as an exemplar encouraging individuals and communities throughout Taunton to invest in retrofitting their homes. This pilot project would involve the retrofit of two

blocks of flats through a series of simple energy efficiency improvements that would ensure the flats exceed a SAP rating of 80 or Energy Performance Certificate Grade B and to be exemplars of low energy refurbishment:

- Cavity wall insulation
- External insulation to ground floor, walls and roof
- New LED external lighting
- Compact fluorescent lighting in all flats and store rooms
- Replacement hot water tanks

The total cost required to carry out the retrofit work is estimated at around £500,000.

The pilot would provide a means for local knowledge transfer and ongoing learning through a demonstration unit and case studies available to local businesses and education providers, such as Somerset College, in order to inform larger retrofit projects. Ideally, a longer term aspiration of the Council should be to make every effort to secure external funding to retrofit all local authority housing to the same standards.

- **Proposed action: The Council should continue to support the housing retrofit pilot project proposal and explore sources of funding to implement the project.**
- **Potential benefits: Reduce energy consumption and carbon emissions (estimate of 270 tonnes CO2 emissions saved), limit uncomfortable temperatures and reduce fuel bills in Taunton Deane for low-income households, while creating 'green' jobs and skills training opportunities through housing retrofit.**

Another aspect of "greening" the built environment of Taunton is ensuring it has a 21st century high speed broad band infrastructure. A large ICT-enabled SME population is a pre-requisite for successful GKE growth. Such connectivity has clear business benefits in terms of productivity and competitiveness, and can support telework and video conference so reducing car travel and emissions.

Connecting Somerset (SCC), in partnership with TDBC and Project Taunton, have proposed the **Taunton Open Access Network (Digital Taunton) project**, which aims to build world-class open access, high speed Next Generation Broadband (NGB) connectivity at the Firepool site. This would be a major selling point for the site, making it more attractive to inward investors and businesses wishing to relocate their operations within the region. The network could also be expanded to other areas of Taunton, focusing upon benefits to low-income areas or unemployed people. Connecting Somerset are currently engaged in a survey to identify 'not spots' and understand broadband speeds in rural areas as a precursor to an EU funding bid to improve connectivity across Taunton Deane that will help drive growth in micro and rural businesses.

- **Proposed action: Work with Connecting Somerset and Project Taunton to facilitate this project. Consideration may need to be given to providing pump priming funding for the capital costs of the project. The Council should also become a partner in the EU funding bid.**
- **Potential benefits: Will help attract high quality, knowledge-intensive business to the Firepool site which will lead to new jobs and business opportunities. Potential to support digital inclusion in low-income areas. Positive environmental impacts, for example, from businesses that require their employees to travel using video conferencing.**

3.1.3 Green Travel

Travel, particularly by car, is another major polluter. Somerset County Council is taking the lead on promoting 'green travel plans'. This involves working with larger employers, including the district council itself, to develop travel plans that reduce the number of short trips being made to work by car. Their ambition is that all employers produce and implement travel plans in accordance with the latest Department for Transport guidance. As a significant employer, by encouraging more remote and flexible working the Council could have a large impact on congestion at peak travel times thus creating a positive impact on CO² reduction and reducing a recognised barrier to businesses growth.

- **Proposed action:** The Council should work together with SCC to take a more proactive, results-driven approach towards both public sector telework (e.g. providing tele and video conferencing facilities for staff) and working with employers to adopt green travel plans (such as facilitating remote working, car pooling and cycling). Identify, measure and market more explicitly the economic benefits of green travel plans. Integrate Taunton's green travel credentials into place making and inward investment strategies as part of what makes Taunton an attractive place to live and work.
- **Potential benefits:** Increased productivity, competitiveness and reduced absenteeism for employers. Reduced town centre congestion at peak travel times. Better quality of life for employees and residents. Reduced CO² emissions.

3.1.4 Resource Management and Environmental Conservation

Improving the resource efficiency of businesses and reducing the amount of commercial waste that goes to landfill is part of the Government agenda for greening the economy. As part of this agenda it is proposed that Taunton Deane be the pilot location for the roll out of a scheme to add value to Business Link's Improve Your Resource Efficiency Scheme due to start in 2010. This would involve helping local businesses make better use of their resources and thereby lower costs, through, for example, events, one-to-one support, information dissemination, efficiency clubs and an awards scheme. It would also focus on increasing the collection of commercial waste for recycling. The Somerset Waste Partnership (SWP), of which the Council is a founding partner, has recently appointed a resource efficiency consultant to work with businesses.

- **Proposed action:** Create "green business champions" to increase referrals to resource efficiency advisors from Somerset Waste Partnership, SCC and Business Link.
- **Potential benefits:** Help businesses to make costs savings and increase their competitiveness. Reduce the amount of waste sent to landfill and thus reduce carbon emissions.

3.2 Innovation and Enterprise

This thematic area groups together all proposed projects and activities that primarily relate to the Council's role and relationships with businesses. Three strands are identified under this area: business relationship management, sustainable procurement, and knowledge transfer and innovation.

The proposed mission of the Innovation and Enterprise policy theme is:

To accelerate business growth and innovation and new enterprise development, giving particular attention to high growth firms and high skill knowledge-intensive sectors of Taunton's economy.

3.2.1 Maximize the GKE Impact of Public Procurement & Southwest One

Southwest One is a joint venture between Somerset County Council, Taunton Deane Borough Council, Avon and Somerset Police and IBM, which aims to improve local public service delivery. It is the biggest example of public sector innovation in Europe and IBM itself is a global player with an interest in market and policy areas where 'green meets digital' to generate innovation.

Both the Council and IBM recognize that procurement is a major lever for localising and greening public sector supply chains. The national Sustainable Procurement Strategy recommends this route to green innovation, which can be compared with e-procurement route for SMEs to adopt ICT. Given the size of the 'influencible' procurement budget (TDBC, SCC, Police), doing more to localise and green the supply chain is a real opportunity for the Council.

Southwest One has indicated its commitment, in principle, to developing a shared, sustainable procurement strategy that would:

- Maximise the opportunities for local businesses to win public sector contracts tendered by South West One, on behalf of TDBC, SCC and the Police.
- Improve the carbon footprint and resource efficiency of Taunton businesses through the use of 'green standards' in procurement decisions.

Baselines would be established by new Southwest One data in early 2010. Southwest One has also suggested a number of other project ideas, all of which should be evaluated by Taunton and Somerset partners. These include a virtual incubator dubbed "The Online Garage", which will offer on-line business mentoring, access to IBM software and Business Link services, one-stop and shared infrastructure and information services (supplier directories, meeting room booking facilities, etc); and, a 'wireless town' concept as part of Taunton's virtual infrastructure – complementing Project Taunton's physical infrastructure. These types of possible enhancements to Taunton's knowledge economy infrastructure could be used to market the town to inward investors and entrepreneurs.

- Develop Taunton as Centre of Excellence in Public Sector Innovation - where 'green meets digital' and an innovative public sector leads by example. The place-marketing benefits are potentially great, and Taunton's public sector can 'punch its weight' economically.
- Ensure that the IBM brand is highly visible by locating Southwest One on the Firepool flagship site – the size of the direct office requirement may be relatively small, but the intangible

marketing benefits are potentially great. The Online Garage could touch down here physically in the form of an ICT sector incubator, which should enable more local businesses to join the Southwest One innovation project.

- Ensure Taunton's SMEs take advantage of IBM's Smarter Planet global programme for 'green' ICT innovation.
 - Establish a robust monitoring and evaluation system for assessing the economic development impacts of Southwest One. This is essential given the virtual and innovative nature of the project opportunities and the likelihood that Taunton's public sector partners will have to contribute time and resources to make the projects a success.
- **Proposed Action: Work with Southwest One and business support providers to develop and implement a sustainable procurement strategy and support IBM in developing its innovation ideas.**
- **Potential benefits: Localising and 'greening' of supply chains has the potential for innovation, skills development and business/enterprise growth, as well as greater resource efficiency and reduction in carbon emissions. Enhancement of Taunton's digital infrastructure has the potential to help attract inward investment and entrepreneurs.**

3.2.2 Genesis Centre for Sustainable Communities

Somerset College put forward a proposal to establish clean energy research and knowledge transfer activity within the '**Genesis Centre for Sustainable Communities**' in Taunton, as one of Somerset's HE centres, collaborating with the proposed Nuclear Energy Centre at Bridgwater College and linking to an advanced engineering centre in Yeovil and a possible digital media centre in Mendip.

It is proposed that the Genesis Centre for Sustainable Communities would act as an academic, research and knowledge hub for Taunton's EDS with a focus on the growth areas of clean energy, sustainable construction and eco-community development. It would ensure that there was knowledge exchange and that Taunton developed a hub of educational credibility for green knowledge and higher level skills through the development and delivery of high level academic and vocational programmes, courses and learning opportunities. Corporate sponsorship might be possible for such a centre from, for example, Viridor, EDF and IBM.

The establishment of such activity would help build on the activities of the Genesis Centre, currently the sustainable construction resource and learning centre, based at Somerset College. The College has recently been successful in securing ERDF funding to expand the activities of the Genesis Centre. This project aims to embed the Genesis Centre as a regional facility to increase the rate of application of proven environmentally sustainable construction technologies in new builds, refurbishments and heritage projects within Taunton and the South West region through FE and HE partnership with SME businesses. These activities could potentially underpin the creation of the clean energy and sustainable communities work.

- **Proposed action: Support Somerset College to explore sources of funding and establish research and knowledge transfer activities within the 'Genesis Centre for Sustainable Communities'.**
- **Potential outcomes: 'Grow and green' knowledge hub for GKE which can drive local innovation systems, skills and enterprise and business growth in the Environmental Goods and Services Sector and supply chains. More low carbon, energy efficient businesses in Taunton and a vibrant EGS sector that helps create local jobs and reduce carbon emissions.**

3.2.3 Enterprise Incubation/innovation Space

One of the proposals put forward during the EDS Consultation was to create a Taunton Enterprise Hub to foster the generation and development of new and young knowledge-intensive businesses within Taunton Deane. The idea was that this would build on the Hot House based at the Somerset Campus (currently supported by the RDA), but have a strong on-line presence too, providing a co-ordinated range of education, advice, funding and resource services to entrepreneurs within the TDBC area, with a single point of access. This proposal links into the Somerset Innovation Centre Strategy and would complement the work of the Genesis Centre for Sustainable Communities.

However, there are also two private sector business space providers in Taunton – Exchange House provides easy-in, easy-out office space with networking events and Business Link clinics, and the Barnicotts collar factory, a planned Creative Industry Incubation and Innovation Centre.

There is considerable overlap between the private sector and public sector-backed space and a lack of joining up between the potential roles of the existing and planned centres as well as developments within the Genesis Centre at Somerset College.

- **Proposed action: Work with Taunton’s enterprise space and service providers to develop a joint strategy on how these partners can work together to help support business growth and innovation, particularly in knowledge-intensive sectors in Taunton. This strategy would clearly define the niche and value added of different service providers and help develop a more comprehensive and accessible service offer to businesses and better marketing and sign-posting regarding business support services.**

- **Potential benefits: Improved service offer and take-up by local businesses, including appropriate business space and support services leading to improved productivity and growth. Potential to focus resource efficiency services to businesses in these centres with environmental benefits.**

3.2.4 Social enterprise development

Social enterprises are businesses that put social impact at the heart of what they do. They aim to be profitable but reinvest profits for the benefit of the business or the community. They range from small, community-owned shops to credit unions to large development trusts and have been recognised by national government as an important part of a more mixed economy that can help¹:

- Tackle some of society’s most entrenched social and environmental challenges.
- Set new standards for ethical markets, raising the bar for corporate responsibility.
- Improve public services, shaping service design and pioneering new approaches.
- Increase levels of enterprise, attracting new people, including young people, to business.

There are few social enterprises in Taunton Deane, however, interest is growing in social enterprise development. For example, the Taunton Transition Town movement would like to transform into a social enterprise that enables on-going voluntary activities to be combined with a ‘business’ arm for implementing projects (e.g. in home energy, community agriculture, green mentoring). Young Enterprise South West together with Taunton Chamber of Commerce have proposed initiating social enterprise events and competitions for all secondary schools in the borough. This links to a proposal

¹ Cabinet Office, Office of the Third Sector, “Social enterprise action plan: Scaling New Heights”, November 2006.

of the Business Initiative for Schools to run “dragon’s den” style competitions in Taunton’s schools and colleges.

- **Proposed action:** Link in with SCC’s social enterprise support service and increase knowledge of providers of support and finance for social enterprise (such as the Social Enterprise Coalition, RISE, Futurebuilders, Big Issue Invest) such that their offers are made known to Taunton’s social enterprise community. Examine whether there are any areas within the public sector where social enterprises could be involved in service delivery e.g. health care building on NHS staff’s ‘right to request’ to create social enterprises to transform patient care.
- **Potential benefits:** Tackle entrenched social problems. Improve public services.

3.3 Promoting Taunton

This thematic area brings together a series of activities designed to promote Taunton Deane both ‘internally’ to its local residents, students and businesses so as to retain companies and talent, and ‘externally’ to increase levels of inward investment and promote it as a cultural and eco-tourism destination at the regional, national and international level. It will compliment and build on the work being carried out at the county and regional level to ensure that Taunton features more strongly in the “offer” put to residents, investors and tourists.

The proposed mission of the Promoting Taunton policy theme is:

To promote Taunton both *internally* to local businesses, residents, students and policy-makers in order to encourage more local spending and investment and retain companies and talent; and *externally* to establish Taunton as an important destination for inward investment and tourism, at the regional, national and international levels.

3.3.1 Talent Retention for Young People

Retaining graduates is a target of Somerset’s economic development strategy. It would benefit Taunton according to local stakeholders. It could be useful to give students a bigger stake and a greater say in Taunton’s economic development, while responding to more specific needs.

- **Proposed action:** The following actions are recommended:
 - Hold student competitions to generate new ideas and schemes for improving Taunton’s appeal as a ‘university town’ and young person’s live-work environment
 - Showcase student project work in exhibitions and events – for example, fashion and design shows
 - Organise ‘studios’ which team-up students with businesses, public sector and third sector players to develop innovative solutions to specific problems in Taunton
 - Encourage more business and public sector employers to sponsor student entrepreneurship activities
 - Increase the level and share of suitable work placements in local businesses
 - Target certain types of inward investment – such as ‘sample studios’ – or support students wishing to start up a ‘studio’ themselves. (A good model here is Nottingham’s Fashion City initiative.)

- **Potential benefits: Greater engagement of young people in the future of Taunton and retention of young talent.**

3.3.2 Business Relationship Management

One of the key findings of the Envisioning Report was the need for the Council to treat and be seen to treat local businesses better. The consultation with businesses highlighted that manufacturing businesses, in particular, have not felt welcome in Taunton, which is regarded to be a ‘white collar’ town.

Relationship building is key to embedding firms in the local economy and could be helped through the following set of initiatives:

- Form partnerships to kick-start projects that have wider economic benefits, working through supply chains. Set up business-public sector consortia to create a critical mass of demand for local EGS suppliers, for example re-manufacturers with moulding shops, or waste-management companies.
- Establish an on-line directory of manufacturing and construction suppliers in order to enhance opportunities for local networking and purchasing
- Invite heads of manufacturing and construction firms to become members of a new Taunton Business Forum, so that their knowledge and interests help to shape and drive economic development – the recession is a good time to do this.
- Increase public and political awareness of the economic contribution of Taunton’s manufacturing and construction sectors – this will help to create social capital in support of planning decisions.
- Showcase manufacturing and construction products and the companies themselves through a new Centre for Design and Innovation within the Genesis Centre for Sustainable Communities. This would help to create a new image for manufacturing industry and help to attract suitable graduates and young people into apprenticeship programmes.
- Consider having Business Relationship Managers who take all business enquiries through a ‘one stop shop’ and deal with them by facilitating relationships with Council planners, Project Taunton, Business Link and other relevant entities. One idea was to have this function based outside of the Council, for example in an enterprise hub.

3.3.3 “Buy Local” Programme

The idea of a ‘buy local’ programme was suggested by local stakeholders as an excellent way of both boosting the local food and drink sector and developing Taunton as a ‘sustainable town’. Farmers markets and green buildings per capita, as well as local green business directories are all used now as indicators of sustainability by US cities.

- **Proposed actions: The following actions are recommended:**
 - **Increase local sourcing by Taunton’s public sector organisations, using these practices at every opportunity to showcase ‘home-made’ products and services produced by micro businesses and small enterprises.**
 - **Also work with large companies in all sectors of Taunton’s economy to increase their percentage of local sourcing – this is a priority area for Sedgemoor given the new Morrison development.**

- Establish reliable local green business directories for small suppliers of EGS products and services, as well as local producers of food and drink, and household and clothing items.
- Make 'street markets' one of Taunton's most important economic signatures – this should continue to include a high quality farmers' market as well as 'flea markets' and a variety of antique and craft products. To make these 'markets in towns' truly economically significant they should be open to vendors and traders from all over Somerset, the South West, the UK and the rest of the world. This will attract more tourists and give Taunton producers a global reach using the Web as a marketing and selling medium.

These types of initiatives are not original. What matters though is that they are integrated into a vision of Taunton as a leading 'sustainable town' within the UK and Europe.

- **Potential benefits:** local business growth, more healthy eating, less food miles, a more vibrant, locally-embedded economy.

3.3.4 Taunton First – Inward Investment Service

In response to a constantly expressed concern from the business community, the Council should examine the feasibility of establishing a Taunton First inward investment service. This work should include the development of an appropriate economic profile and brand identity for Taunton that communicates its GKE growth ambitions and assets. This service would also offer an aftercare and networking service for incoming companies, to maximize linkages with existing business and services providers.

- **Proposed action:** Examine the feasibility of establishing a Taunton First inward investment service.
- **Potential benefits:** More business investment, increased job opportunities, local economic growth.

3.3.5 2010 Green Knowledge Economy Conference

The idea of Taunton as a Green Knowledge Economy has resonated strongly among the local business, public and community sectors. To build on this interest and identify Taunton as a green town a large conference is recommended to take place at the new conference space at the cricket ground. This conference programme will bring state of the art UK and EU projects on sustainable or eco- communities to Taunton. It would be a 'how to do' and 'what can be done' conference from which Taunton GKE work can accelerate its practical work, engage business and catalyse political and community action. This could be planned as part of a series of conferences establishing the new conference centre as a regional venue.

- **Proposed action:** Scope out the opportunity for holding a European GKE Conference in Taunton which would catalyze policy and business interest and raise Taunton's profile with the European Commission.
- **Potential benefits:** Increased profile, knowledge transfer and innovation related to the GKE.

3.3.6 Eco Tourism

Currently, Taunton does not get a large proportion of the tourists to Somerset. Primarily it is a place that day trippers visit with limited overnight stays. However, a number of groups that work in the area of sustainable tourism believe there is the potential to do more to promote Taunton as an eco-tourism destination.

This project will pull together existing provision, create linkages/networking opportunities between providers and ultimately market this to visitors and establish Taunton as the home of 'green' days out and holidays. This is mainly about 'packaging' in marketing terms and the local authority being supportive in planning terms of eco tourism related planning applications for tourism, including new build hotels incorporating sustainable technologies. The project would look at external green initiatives and ensure Taunton was able to participate where appropriate.

- **Proposed action: Support eco-tourism as part of green infrastructure development and help facilitate a partnership to develop and deliver related activities.**
- **Potential benefits: Increased tourism with related economic benefits; green initiatives with positive environmental benefits.**

3.3.7 Creative and Cultural Taunton

One of the local issues identified by the consultation for the Envisioning Report was the need to put a creative and cultural 'heart' into Taunton by raising the quality of Taunton's cultural offer. During the EDS consultation, a number of groups, including the Taunton Cultural Consortium, the Town Centre Company and The Brewhouse Theatre and Arts Centre, identified the need to create an umbrella organisation to coordinate and promote cultural events. Models exist for such an organisation, such as the successful Bath Festival Model.

A small amount of funding has been since been secured by the Council to carry out a scoping study to determine the potential for an events coordination role.

- **Proposed action: The Council should follow-up on the recommendations of the scoping study and ideally support the creation of a coordination and promotion agency for cultural events in Taunton.**
- **Potential benefits: Growth of the creative sector would increase the vibrancy of the town centre and attract in visitors. Localisation of demand for cultural activity will reduce car travel to places such as Exeter and Bristol.**

It was recognised within the Envisioning Report that the Brewhouse Theatre & Arts Centre and the Somerset County Cricket Club are major economic assets for Taunton owing to their regional status and market geography, and that a key priority is to expand these market geographies to the national and international levels. The quality and importance of the programme at the Brewhouse has been recognised by the Arts Council England (ACE) with substantial investment aimed at sustaining the programme through the current economic downturn whilst the Cricket Club, which also hosts the England National Women's Cricket Team, has completed a significant build programme including enhancement of the public realm at Somerset Square, and plans further investment in a new regional conference facility that will open in May 2010. Additionally, there has been further cultural

investment in redeveloping the Museum of Somerset based at Taunton Castle with the new facility opening in Spring 2011. The importance of these cultural assets to the economic and social well-being of Taunton is recognised by TDBC and public sector stakeholders, demonstrated by the levels of financial assistance and other forms of support, and needs to be similarly recognised and supported by the local business community.

- **Proposed Action: Promote sponsorship and social responsibility engagement opportunities with these cultural assets so that they become fully integrated into the business community, and support local businesses to benefit from the regional, national, and international promotional and marketing opportunities derived from this engagement.**

- **Potential Benefits: Development of the creative and cultural sectors in Taunton Deane with associated local economic benefits.**

4 PLANNING AND DEVELOPMENT IMPLICATIONS

This section reviews the current allocation of employment land within the Borough and considers whether its location, extent and market readiness is adequate to support the projected growth in the desired type and quantum of employment to 2026. The nature and type of employment land and its location is also considered within the wider context of balancing the future economic prosperity of Taunton Deane Travel-to-Work Area (TTWA) and directing new investment to the Town Centre to strengthen its place within the sub-regional economy creating a virtuous feedback loop which in turn will attract new growth and opportunity to the TTWA.

4.1 Employment Land Review

4.1.1 Stage 1 Assessment

The Stage I Employment Land Review (2008) undertaken by the Council reviews the current supply of employment land built and committed (with planning permission or allocated in a Development Plan) for office and industrial uses from the 2006 RSS baseline. This shows 5.47 hectares of land for office space in Taunton (excluding the town centre sites) built or committed with a further 0.94 hectares in Wellington and the rural areas. In addition there is 98,876 sq. m of built or committed office space in the town centre with over half of this planned for the Firepool Site in Taunton's town centre which is in the early stages of project design, with a planning permission not expected for at least 12 months and delivery of phase I not expected before Q4 2012.

Over 10% of the committed 96,000 sq.m of Taunton office floor space is on a town centre food retail site which is very unlikely to be developed in the foreseeable future given the market value of this site for food retailing being in excess of values for town centre B1 office uses.

The conclusions reached in the land review study were:

- There is a significant allocation to town centre office employment at Firepool which will accommodate medium-to-large employers within professional services, public administration and the corporate sector.
- There is a diminishing supply of smaller format office accommodation similar to that found at Blackbrook with unit sizes of 300-600 sq.m. Of the 1.86 hectares identified as remaining at least .54 hectares is already under construction.
- Of the current town centre allocations provision for smaller format offices/suites is limited.
- A limited amount of out of centre office provision would assist 'pump-priming' high infrastructure costs associated with larger employment sites.
- Any new office space within Wellington should be of a scale to support the function of a RSS Policy B type settlement rather than act as a draw for sub-regional and larger office occupiers.
- Rural office availability is limited; however, small scale sites will come forward through conversions of existing rural buildings.

Land built since 2006 or committed for industrial employment uses totals 22.2 hectares within Taunton and a further 25.95 hectares in Wellington and 7.36 hectares in the rural areas of the

Borough. Employment land is currently heavily skewed toward Wellington considering its relatively small population when compared with Taunton and the planned growth through the RSS development requirements. The findings of the industrial employment land review were:

- Within Taunton there is a shortfall of suitable sites to serve short-term demand with many of the allocated sites constrained by poor access, poor surrounding environment or high cost infrastructure improvements to permit development.
- There is no site in Taunton capable of performing a strategic employment function, of a scale and quality to attract large scale institutional investment with good access to the trunk road and national motorway network.
- With new residential growth occurring within new urban extensions new employment sites will need to be allocated which support local employment supply and the development of sustainable communities;
- The loss of low value employment sites, such as the Taunton Trading Estate, which accommodate “bad neighbour” uses will need to be replaced to provide for these types of employment use. Such sites are generally in high demand.
- The supply of industrial employment land is heavily weighted toward Wellington, given its relative size and local demand. New supply should be focussed on Taunton to reinforce and strengthen the Growth Area status and anticipated residential growth for the town.

4.1.2 Stage 2 Future Requirements

A number of studies have been undertaken over the period 2005 – 2008 which have provided estimates of the future employment land requirement for Taunton Deane. These have been based on slightly different time frames (2021 or 2026) and slightly different administrative areas – Taunton Deane Travel to Work area and Taunton Deane Borough Council boundaries. Notwithstanding this it is worth comparing these findings:

Employment Change	Time Period	Geography	Total Employment Change	Annual Employment Change
Baker Associates	2001-2026	Taunton TTWA	9,300 -15,100	370 - 600
Roger Tym & Partners	2001 - 2021	Taunton Deane District	6,600 – 12,400	330 - 620
DTZ/CE	2006-2021	Taunton Deane District	7,600 – 9,800	510 - 650
Land and Floor Space Comparison			Total Floor Space/area	Annual Floor Space/area
Baker Associates	2001 - 2026	Taunton TTWA	62,000 sq. m Offices 8 ha B2/B8	2,500 sq. m Offices 0.3 ha B2/B8
Roger Tym & Partners	2001 - 2021	Taunton Deane District	88,000 sq.m Offices 10-15 ha B2/B8	4,400 sq. m Offices 0.5 – 0.75 ha B2/B8
DTZ/CE	2006 - 2021	Taunton Deane District	41,000 – 58,000 sq. Offices 12 – 25 ha B2/B8	2,700 – 3,900 sq. m Offices .8 – 1.7 ha B2/B8

The range is generated by different assumptions of annual growth in GVA of 2.8% versus a higher growth rate of 3.2%.

A paper prepared by Taunton Deane Borough Council Forward Plan and Economic Development Units in 2009 entitled Taunton Deane Borough Council: Core Strategy Suggested Employment Land and Job Requirements reach somewhat different conclusions. This was based on a review of the population growth projections for the sub-region and the assumptions behind the earlier studies.

Employment Change	Time Period	Geography	Total Employment Change	Annual Employment Change
Taunton Deane BC	2006-2026	Taunton TTWA	20,710	828.4
Land and Floor Space Comparison			Total Floor Space/area	Annual Floor Space/area
Taunton Deane BC	2006 - 2026	Taunton TTWA	91,000 – 124,000 sq. m Offices 83 - 101ha B2/B8	4,550 – 6,200 sq. m Offices 4.15 – 5.05 ha B2/B8

These various projections for employment growth and employment land requirements throw up a wide range of scenarios from as little as 10,133 jobs to 20,710 jobs over the period to 2026. Employment land and office space projections are equally widely varying from 41,000 – 124,000 sq.m of offices and from 8 – 101 hectares of employment land.

A review of the growth projections for the TDTTA in S.2 suggests that growth is likely to be in line with the earlier projections by Roger Tym & Partners; however, a more aspirational growth projection is adopted which represents the level of employment growth necessary to rebalance TD’s local employment structure. By adopting an aspirational employment growth forecast of 15,125 jobs this signals the need to plan for growth and ensure that both land supply and enabling infrastructure is in place to support this level of growth.

4.2 Employment Land Allocation & Future Employment Growth

4.2.1 Employment Land Allocation

Geoeconomics’ earlier study, *Local Economic Assessment: Taunton Deane* (February 2009), points out the imbalances in the local economy and its relative position against national averages. The relevance of these finding for assessing future employment land allocation is ensuring the type and quantum of employment land and premises in the future is able to accommodate the type of employment growth both projected and targeted within an agreed Economic Development Strategy.

Public sector knowledge intensive employment has formed a large proportion of both the employment base and its growth over the last decade. Given the recent financial crisis and impact on UK growth and public sector borrowing, employment growth within Taunton Deane is expected to be subdued and public sector knowledge intensive growth is likely to retreat from annual average growth experienced over the last decade.

The Local Economic Assessment underlines the importance of growing new growth sectors which are knowledge intensive, high value added employment and private sector led. Additionally the environmental goods and services industries offer the potential to combine leading edge technologies with a growing market demand. The jobs created will be across a range of office based and manufacturing functions. R&D functions will form a part of this employment growth and will be accommodated in both traditional offices and specialised laboratories, studios and other semi-industrial space depending upon the sector.

If Taunton Deane is to improve its relative standing in terms of representation within those sectors that are likely to grow over the next 15-20 years then it will need to attract new small and medium sized firms to the TTWA that fit the target sectors. Their occupational demands will be for largely modern, well specified employment space, which is well located either with good access to the public transport network, including the national rail network, or with convenient access to the national motorway network. Ideally, it will also need to attract larger firms with a more developed corporate and international network. They too will require high quality office and other workspace environments with excellent communications.

The Stage I Review and subsequent consultation highlighted that much of the land currently allocated for employment uses within Taunton Deane was either not readily developable or located in Wellington away from the prime employment growth area of Taunton. Of the 55.5 hectares currently allocated, Taunton has 22 hectares of available industrial/other land compared with Wellington's 26 hectares, despite Wellington only having 20% of the population of Taunton. This imbalance is further exacerbated by 14 hectares of Taunton's 22 hectares being located in the Monkton Heathfield urban extension which suggests that delivery of this land is some 7 – 10 years away. Only one of the available sites is within the Taunton urban area with the others scattered in outlying associated settlements.

There are no sites of strategic importance within the current commitments within the Taunton urban area that could attract major corporate employers. The allocation is skewed to smaller, often poorly located sites with poor surrounding environments. This is not the basis for building a modern growing private sector led economy within the emerging and growing knowledge intensive, high value added and environmental goods and services sectors. However, the sites that remain, following the Stage 1 Review, still have a role to play in serving the smaller scale, local employment growth requirements within the Borough.

4.2.2 Future Employment Growth by Land Use Type

Based on the employment growth projections discussed in Section 2 and Annex B, it is possible to estimate the expected split between office based and non-office employment (both B and non B type employment). Using the aspirational employment growth projections of 15,125 jobs allocated by sector and based on the employment forecasts produced by Cambridge Econometrics for South West Regional Assembly (2007) it is possible to estimate the likely occupational characteristics of each sector. This indicates that approximately 46% of net new jobs will require B1 office accommodation with the remainder requiring B2, B8 or non B office accommodation.

Taunton Deane – Estimated Employment by Use Class

	Aspirational 2026	Aspirational growth 06 - 26	B1 Office	B2,B8, Non B office
1 Agriculture etc	1,472	300	91	210
2 Mining & Quarrying	53	11	3	8
3 Food, Textiles & Wood	1,367	279	84	195
4 Printing & Publishing	999	204	62	142
5 Chemicals & Minerals	1,209	247	74	173
6 Metals & Engineering	473	97	29	68
7 Electronics	105	21	15	7
8 Transport Equipment	53	11	8	3
9 Manufacturing	1,051	215	65	150
10 Electricity, Gas & Water	473	97	29	68
11 Construction	4,994	1,019	306	713
12 Distribution	14,352	2,928	879	2,049
13 Hotels & Catering	5,099	1,041	313	728
14 Transport & Comms.	3,207	654	196	458
15 Banking & Insurance	1,104	225	225	
16 Other Business Serv.	12,039	2,456	2,456	
17 Public Admin. & Defence.	4,731	965	965	
18 Education & Health	17,296	3,529	1,058	4,272
19 Miscellaneous Services	4,048	826	125	701
Total Employment	74,125	15,125	6,981	8,144

Notes: Employment figures include both employees and self-employed. The 2026 estimates of sector structure are based on the employment forecasts produced by Cambridge Econometrics for South West Regional Assembly (2007)

In summary:

- The Stage I & II Employment Land Assessment and subsequent analysis by Taunton Deane BC suggest that much of the land currently committed within Taunton Deane TTWA is of limited attraction to modern medium to large companies. The sites that are allocated in a number of cases are constrained by access, ownership or lack of planning permission for early release.
- Much of the committed employment land is at Wellington which has 20% of Taunton's population and therefore sustained development of these sites at the expense of

employment land centred on Taunton will lead to greater commuting and less sustainable growth.

- The projected employment growth, using the aspirational growth in employment as estimated by Geo-economics and based on forecasts by Cambridge Econometrics, cannot be adequately accommodated on currently allocated employment sites, as many of these sites are not fit for purpose and will be by-passed by the market.
- The accommodation requirement for offices through 2026, based on the aspirational employment projection above is in the order of 162,000 sq. m of B1 office space (either as stand alone or as a component of another B class or non B class place of employment). Employment land allocation will need to accommodate in the order of 4,968 jobs in B2 and B8 type premises and a further 3,176 jobs in non B accommodation (schools, hospitals, hotels, etc.)

4.3 Balancing Growth and a Vibrant Town Centre

In order to successfully manage the projected population growth for Taunton over the period to 2026 it will be critical that both residential and employment growth occurs in the most sustainable pattern possible. This means that employment and residential settlement patterns should be planned and designed to minimise the need for commuting by private car where possible and opportunities for public transport should be maximised. However, this desirable outcome is faced with a number of obstacles thrown up by the pattern of our historic infrastructure investment and how we have organised employment and residential settlements over the last 60 years.

Taunton Deane, like most regional English towns and cities, is reliant on the private car for commuter trips and road transport for servicing businesses. In order to secure new employment within the desired future growth sectors it will be necessary to plan and deliver fully serviced and consented land and buildings including those which provide for easy access to the national motorway network. This need not conflict with the Local Development Framework and Core Strategy to channel investment toward the Town Centre to support and reinforce sustainable town centre employment growth if the development is ‘complementary’ with major travel generators such as offices, targeted to the town centres.

A successful Economic Development Strategy will need to ensure that both “edge of Town” well connected strategic employments sites are provided and high quality modern offices, with good public transport connections, in the Town Centre. The edge of town sites must not undermine the town centre sites but at the same time they need to address the market demand, otherwise the market will by-pass Taunton in favour of better located strategic sites elsewhere along the M5 corridor.

The Firepool development site, provided that it is planned and designed in a manner that achieves a high quality mixed use urban environment with good access to public transport, will compete for both private corporate employment and the rationalisation of existing public sector employment. However, the key will be the “additionality” that this large site can offer to the local economy.

Similarly, the Employment Land Review and the Task and Finish Review into Employment Land in Taunton (September 2009) have concluded that a strategic site of at least 25 hectares should be brought forward in the medium to long term. Given the current limited availability of strategically

located sites which are market ready there is a greater urgency than suggested by this recommendation. Indeed this should be a priority for the Borough if it wants to capture new investment and growth likely to occur in the next economic cycle.

The recommendation of the Task and Finish Review needs to move beyond a working group charged with developing an “evidence base” for the LDF Core Strategy. A land assembly and development procurement strategy needs to be put in place which will ensure a planned and coordinated approach to such a strategic site, backed up by the Borough’s CPO powers where necessary. Substantial obstacles to such a site’s development, including land assembly, access and site servicing are best overcome with a strong lead from the public sector but with one or more private sector delivery partners.

The table below identifies the currently allocated sites and adds a strategic site in order to estimate the level and type of employment that could be accommodated. Where planning permission is in place approved figures are used, otherwise standard assumptions on the level of development and employment density are applied to establish floor areas and employment. This suggests that approximately 18,500 jobs could be accommodated of which 13,400 could be office based employment (214,000 sq. m) and the remainder (5,000) B2, B8 and non-B type employment.

Whilst this suggests that with the delivery of a new strategic site the employment growth projections would be largely in balance with the committed and planned employment land it must be emphasised that the strategic site is many years from delivery and the currently committed sites are, in many cases not fit for purpose or facing obstacles to delivery. For instance the Monkton Heathfield sites are tied to the pace of housing growth. This means that more local employment sites will take some time to come to market and will not serve current demand in the pipeline – particularly regional and national demand from medium to large companies.

The planning authority will need to balance the need for flexibility to accommodate new employment with the policy objective of supporting predominantly office based employment in the Town Centre. With this in mind free standing offices on out-of-centre sites could be limited to 10% of total floor space, however, office based employment which forms an integral part of a predominately non-typical B1 office based employer (ie. R & D, environmental goods and services industries, etc) should have more flexibility to ensure that such business do not by-pass Taunton Deane due to rigid land use Development Control policies. Firms that have say a 40-60 split between office based employment and R&D should be welcomed to such a location as it would be unlikely that they would take up a town centre location or locate to a less accessible smaller site with poor local amenity on one of the other existing allocated employment land sites within Taunton. In this regard it is assumed that the employment sites identified below, where no planning permissions are in place, could accommodate 30% “office based” employment in addition to the 10% allocation for free-standing offices.

Employment Capacity by User Type – Dedicated and Planned Employment Sites

Site	Floorspace	Jobs	Type
Taunton			
Town Centre			
- Firepool	58,780 sq.m.	3,673	Office
- Other Sites	20,338 sq. m.	1,271	Office
Out of Town Centre Offices	21,588 sq. m.	1,349	Office
Strategic site	C 25 hectares		Green knowledge economy:
	10% freestanding offices	656	Business Services (10%)
	30% office based	1,448	R&D, High Tech (40%)
	30% site coverage @ 1 storey plus 40% @ 2 storeys	1,968	Office based (30%)
		328	Light Industrial (10%)
	105,000 sq. m	150	Warehousing & Distribution (10%)
Monkton Heathfield (Local Plan)	14 hectares		
	30% office based	1,023	Office based (30%)
	30% site coverage @ 1 storey plus 30% @ 2 storeys	683	Light Industrial (40%)
		234	Warehousing & distribution (30%)
	54,600 sq.m		
Monkton Heathfield RSS	15 hectares		
	10% freestanding offices	365	Business Services (10%)
	30% office based	1,096	Office based 30%
	30% site coverage@ 1 storey plus 30% @ 2 storeys	548	Light Industrial (30%)
		250	Warehousing & Distribution (30%)
	58,500 sq. m		
North Taunton	4 hectares		
	10% freestanding offices	98	Business Services (10%)
	30% office based	293	Office based (30%)
	30% site coverage@1 storey plus 30% @ 2 storeys	146	Light Industrial (30%)
		67	Warehousing & Distribution (30%)
	15,600 sq. m		
Comeytrove	tbc	tbc	tbc

Wellington			
Longforth Farm	2 hectares 30% office based 30% site coverage @ 1 storey plus 30% @2 storeys 7,800 sq. m	146 73 33	Office based (30%) Light Industrial (30%) Warehousing & Distribution (30%)
Chelston House Farm (W.We 4 & 5)	18.34 hectares Freestanding offices (3,343 sq. m) 56,561 sq. m (other) 59,904 sq. m (total)	208 1,123 413 374 213	Business Services (5%) Office based (30%) R&D, High Tech (20%) Light Industrial (20%) Warehousing & Distribution (25%)
Other - Rural	2 hectares 30% office based 30% site coverage @ 1 storey plus 30% @2 storeys 7,800 sq. m	146 73 33	Office based (30%) Light Industrial (30%) Warehousing & Distribution (30%)
Sub-total		6,293 1,327 5,795 1,861 2,225 980	Office Office – Bus Services Office based R & D High Tech Light Industrial Warehousing & Dist.
TOTAL		18,481	Sectoral sub totals

Assumptions:

1 job: 16 sq. m – office employment

1 job: 29 sq. m – R&D, laboratory based employment

1 job: 32 sq. m – light industrial

1 job: 70 sq. m – warehousing/storage/distribution employment

Note: Shows future potential in Core Strategy sites (i.e. large sites or urban extensions). There will be smaller sites (and thus jobs etc) already committed or identified through other Plans, but these will not significantly alter results.

The table above suggests that, with the delivery of a strategic site, there would be adequate land to accommodate the projected growth in employment for Taunton Deane to 2026 using either employment growth of 15,125 jobs or the high growth estimate of 16,500 jobs. It should be underlined, however, that many of these sites are not market ready and in the case of the suggested strategic site it remains at the early stages of evaluation with no obvious funding or overall development strategy yet in place.

The sites identified above provide a suitable mix and range of site typologies that should be able to accommodate future demand for employment land and accommodation provided they move beyond the planning stage of land use commitments within the Core Strategy and Local Development Framework to sites which are fully serviced and market ready.

The findings of this analysis of employment land within the Borough, suggests that the success of Taunton and its sub-region in achieving the objectives of this Economic Development Strategy is in part dependent upon:

- The availability of well located small and medium sized employment land and plots on a freehold or long lease hold basis to end users. **Taunton Deane Borough Council, with its regional partners, should take a proactive approach to ensuring the “delivery to market” of allocated employment land.** Designation of such land through the planning process is a necessary but not sufficient condition to ensure success.
- **The availability of one or more strategic sites with good motorway connections be brought forward in the medium term** in a coordinated manner to accommodate both the demand for some small and medium sized businesses engaged in a range of design, manufacture and provision of goods and services and larger national and international firms seeking to locate in relatively low-cost but well connected locations.
- **The Council should establish a clear development procurement process to deliver a strategic site in the medium term which offers a high quality planned environment to accommodate and attract employment growth from private sector firms within the growing knowledge intensive sectors, including environmental goods and services.**
- **The provision of new sustainable employment sites within the urban extensions should be planned to offer convenient and easily accessible employment opportunities to the expanding population.** The allocation of employment sites within the planned urban extension will need to be complemented with a clear delivery plan to ensure that such sites are brought forward in parallel with residential development.
- The reinforcement of Taunton as a vibrant retail, service and employment centre for the sub-region through new office based employment and investment in a modern and accessible mixed use environment. **It will be critical that Project Taunton champions the redevelopment of the existing shopping centre owned by the European Property Fund in a manner which supports and reinforces the wider town centre retailing experience.**
- **Clearly defined urban extensions and adjacent countryside amenity should be maintained so as to preserve the inherent natural capital advantages of the sub-region.**

5 Delivering the Strategy

This section puts forward a set of principles that should guide the governance and implementation arrangements for the EDS, brings together a Summary of Actions made throughout the report, and suggests key performance indicators to be measured and monitored to track progress.

5.1 Key Principles for Implementation

The Council will deliver the EDS through *external* partnerships with business, government and the community, and *internal* partnerships across different service areas. The work of these partnerships should be guided by the following principles:

- Commitment to Taunton Deane’s 2026 vision of sustainable economic growth
- Fully exploiting the opportunities for growing and greening Taunton’s economy. “How can local economic opportunities and environmental benefits be maximised?” should become a question that is asked at every opportunity
- Encouraging a culture of innovation and entrepreneurship
- High levels of engagement and more joint ventures with business
- Encouraging community-driven and grass roots GKE initiatives
- More outward-orientation and collaboration on GKE policy and delivery with other growth centres in the South West region (the South West Emeralds concept)

5.2 Summary of Actions

It is recommended that the Council together with its public, private and community sector partners carry out the following actions in order to achieve the objectives of the EDS:

1. Adopt the Green Knowledge Economy model as an underlying theme in the Council’s Corporate Strategy and so as to strengthen linkages between economic development/regeneration and other areas – Housing, Transport and the Environment. Encourage other big public sector players to incorporate the GKE model into their own corporate plans.
2. Explore the possibility of working with SWRDA, GOSW, Somerset County Council and other local authorities in the region on the establishment of a South West EMERALDS model, this choice of precious stone as an image reflecting its *Green* colour and the *Green* Knowledge Economy aspirations and credentials of Taunton itself, and their congruence with those of the County and the Region.
3. Support and encourage the growth of Taunton’s knowledge-intensive sectors: Green and Digital, Manufacturing and Construction, Health and Education, Creative and Cultural, and Business and Professional Services - including linked education and training institutions, consultancies and other relevant sector-based suppliers of services, skills and knowledge to these core sectors.
4. Establish a process by which to evaluate the GKE initiatives put forward in this strategy together with stakeholders (see Annex 3) and draw up a more detailed action plan and delivery strategy.
5. Facilitate the development of renewable energy that maximizes local economic benefits through, for example, facilitating planning applications, switching to local renewable energy suppliers, and considering backing a flagship community-driven renewable energy project.

6. Continue to support the housing retrofit pilot project proposal and try to find sources of funding to implement the project in partnership with the Genesis Centre for Sustainable Communities.
7. Work with Connecting Somerset and Project Taunton to facilitate the Taunton Open Access Network project at the Firepool site and ensure that benefits are shared with other areas.
8. Work with Somerset County Council and other stakeholders to take a more proactive, results-driven approach towards both public sector remote and mobile working, and work with other employers to adopt green travel plans and market the economic benefits of 'green travel'.
9. Create "green business champions" within the business community to increase referrals to resource efficiency advisors from Somerset Waste Partnership, SCC and Business Link.
10. Work with Taunton's enterprise space and service providers to develop a joined-up strategy to help support business growth and innovation, particularly in knowledge-intensive sectors.
11. Promote social enterprise development by linking in with Somerset County Council's social enterprise support service and other support providers.
12. Work with Southwest One partners and business support providers to develop a sustainable procurement strategy with 'grow and green' objectives that maximises opportunities for local businesses.
13. Support Somerset College to explore sources of funding for GKE projects within the Genesis Centre for Sustainable Communities.
14. Examine the feasibility of establishing a Taunton First inward investment service, including after care and networking support.
15. Scope out the opportunity for holding a European GKE Conference in Taunton, which would catalyse policy and business interest and raise Taunton's profile with the European Commission.
16. Support eco-tourism as part of green infrastructure development.
17. Act on the recommendations of the forthcoming scoping study examining the case for establishing a single coordination and promotion agency for cultural events in Taunton.
18. Promote sponsorship and social responsibility engagement opportunities with Somerset County Cricket Club and The Brewhouse Theatre and Arts Centre so that they become fully integrated into the business community, and support local businesses to benefit from the regional, national, and international promotional and marketing opportunities derived from this engagement.
19. Give due consideration to the conclusions of the planning and development analysis undertaken specifically for the purpose of this report (see Chapter 4).
20. Develop a communications plan for the strategy and promote the ambition to develop Taunton as Britain's most 'sustainable' town.

5.3 Measuring and Monitoring Progress

The Council uses a range of key performance indicators to assess progress against its aims and objectives for Taunton's economy. These include national indicators (set for all areas of the country by the Government) and locally-determined indicators which reflect local priorities and circumstances. Taunton shares most of these indicators and accountability for meeting economic development targets with Somerset County Council under a Local Area Agreement. The TDBC

Corporate Strategy brings together all of the “Economy” indicators, augmenting them with Taunton-centred priorities and targets.

The sets of key performance indicators which the Council will use to measure and monitor the new EDS are set out below.

The first set relate to the *overarching strategic objectives* of the EDS, which are shared with other areas of the TDBC Corporate Strategy.

- a) The annual rate of total employment growth against the trend that will deliver the Growth Point target of 16,500 more jobs by 2026
- b) The annual rate of median workplace earnings growth against the trend that will close the gap between Taunton and the South West average by 2026
- c) The proportion of total employment and new job growth in the eight priority knowledge-intensive sectors

Skills and employment indicators include the following:

- d) The overall employment rate – the short term objective is to return to the highly favourable pre-recession situation
- e) The proportion of Taunton residents of working age on out of work benefits, and the proportion of this excluded group living in the worst performing neighbourhoods – measures of worklessness
- f) Proportions of Taunton’s working age population with level 3 (intermediate) qualifications and level 4 qualifications (separate national indicators)
- g) Numbers of Taunton residents with ‘green skills’ – at levels 2,3 and 4 – according to current definitions – and numbers enrolled on relevant courses and in workplace training
- h) Skills gaps reported by employers in the eight priority knowledge-intensive sectors
- i) Numbers of Taunton residents living in deprived neighbourhoods who find employment and/or training opportunities as a result of TDBC ‘green’ initiatives, in the areas of clean energy, green buildings, sustainable transport and resource conservation and management

Business growth and enterprise indicators will be revised to give priority to the nominated knowledge-intensive sectors:

- j) New VAT registrations per 10,000 population; 3-year business survival rate; proportion of small businesses in Taunton showing growth; number of businesses assisted through business development grants – THESE INDICATORS APPLY TO ALL SECTORS AND SHARE THE OBJECTIVE OF GROWING TAUNTON’S BUSINESS BASE
- k) The proportion of Taunton’s business stock operating in the eight priority knowledge-intensive sectors – and the proportion of *new* VAT registrations in the same sectors

- l) The volume of inward investment in all sectors, and in the eight knowledge-intensive sectors (businesses, jobs, spending) – and the proportion of investment assisted by TDBC
- m) The number of firms relocating out of Taunton (jobs, businesses, spending) in all sectors, and in the eight priority knowledge-intensive sectors – and the proportion of investment assisted by TDBC
- n) The numbers of Taunton businesses in total and in the eight knowledge-intensive sectors that are active suppliers or approved suppliers to TDBC, the County and other public sector organisations, within the framework of South West One's new sustainable procurement strategy
- o) The numbers and proportion of Taunton businesses that adopt low carbon, energy efficient 'green standards' – as a result of partnerships and schemes with TDBC involvement and support
- p) Growth in the social enterprise sector (organisations, people and revenue) linked to Taunton's innovative 'grow and green' initiatives

In the above list of indicators, environment objectives ('green') have been integrated with economy objectives ('grow'). Further the economic objectives have been prioritised by the nominated eight knowledge intensive sectors.

The Corporate Strategy has a range of "Environment" objectives and indicators. These include: per capita reduction in CO2 emissions in the Borough; tackling fuel poverty; household and commercial waste re-cycling and landfill; reducing emissions from its own operations; and access to facilities services by public transport, walking and cycling. The Council will use these various environmental activities as a springboard for developing and launching innovative projects in partnership with business and the community, and will seek to maximise job, training and enterprise opportunities:

- q) Number of innovative projects per year supported and assisted by TDBC-led partnerships in the fields of clean energy, green buildings, sustainable transport and resource conservation and management (see Chart 2.4)
- r) New jobs, training, entrepreneurship and business growth arising from the above innovations through the systematic application of 'grow and green' principles and criteria across the Council's service areas

The new EDS will promote these 'grow and green' innovation objectives and performance indicators, as an integral part of Taunton's 2010-13 Corporate Strategy.

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15th March 2010

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Annex 2: Explanation of Taunton’s Employment Objectives

This technical annex explains the nature and scale of the economic challenge facing Taunton up to 2026, having regard to its status as a Strategically Significant City or Town (SSCT) in the Secretary of State’s proposed changes to the Regional Spatial Strategy (RSS) in early 2009. Growth Point status requires Taunton to create 16,500 new jobs by 2026 in support of 18,000 new dwellings, these targets being calculated using a base year of 2006. Although the RSS awaits publication, pending the results of a sustainability appraisal (required by the EU Strategic Environmental Assessment), we are advised by Government Office for the South West (GOSW) to retain its long-term homes and jobs targets for Taunton.

In light of the recession, it was sensible to revisit the RSS employment growth targets, given that they were based on a ‘high tide’ scenario of 3.2 per cent regional output (GDP) growth. The rationale given for this scenario was that TDBC (and other authorities) could deliver future housing needs in a more orderly way: a plan-monitor-manage approach to sustainable communities. Current GOSW advice is to continue to plan for higher rather than lower employment growth, and to take a long-run view of housing and business space needs. Employment growth targets should be seen as being for ‘monitoring purposes’ – to ensure Taunton stays on track to meet its housing targets. They should be based on a mix of realism and aspiration, and the EDS itself should be guided by other objectives – such as the quality of jobs, as indicated by earnings and skill levels.

Based on discussions with SWRDA, who are revising their economic and employment forecasts in preparation for the Single Regional Strategy, we have developed a number of possible employment scenarios for Taunton that attempt to reflect the ‘set back’ to employment growth due to the recession. Chart B.1 shows the high, medium and low employment scenarios based on GVA growth rates of 3 per cent, 2.25 per cent and 1.5 per cent and corresponding mid-range employment growth rates, which we have taken from our discussions with SWRDA. Chief Economist Nigel Jump strongly emphasised the fluidity and uncertainty surrounding forecasting growth in the UK economy due to Britain’s worst post-war recession.

Chart B.1: Alternative Employment Scenarios for Taunton Deane, 2006-2026

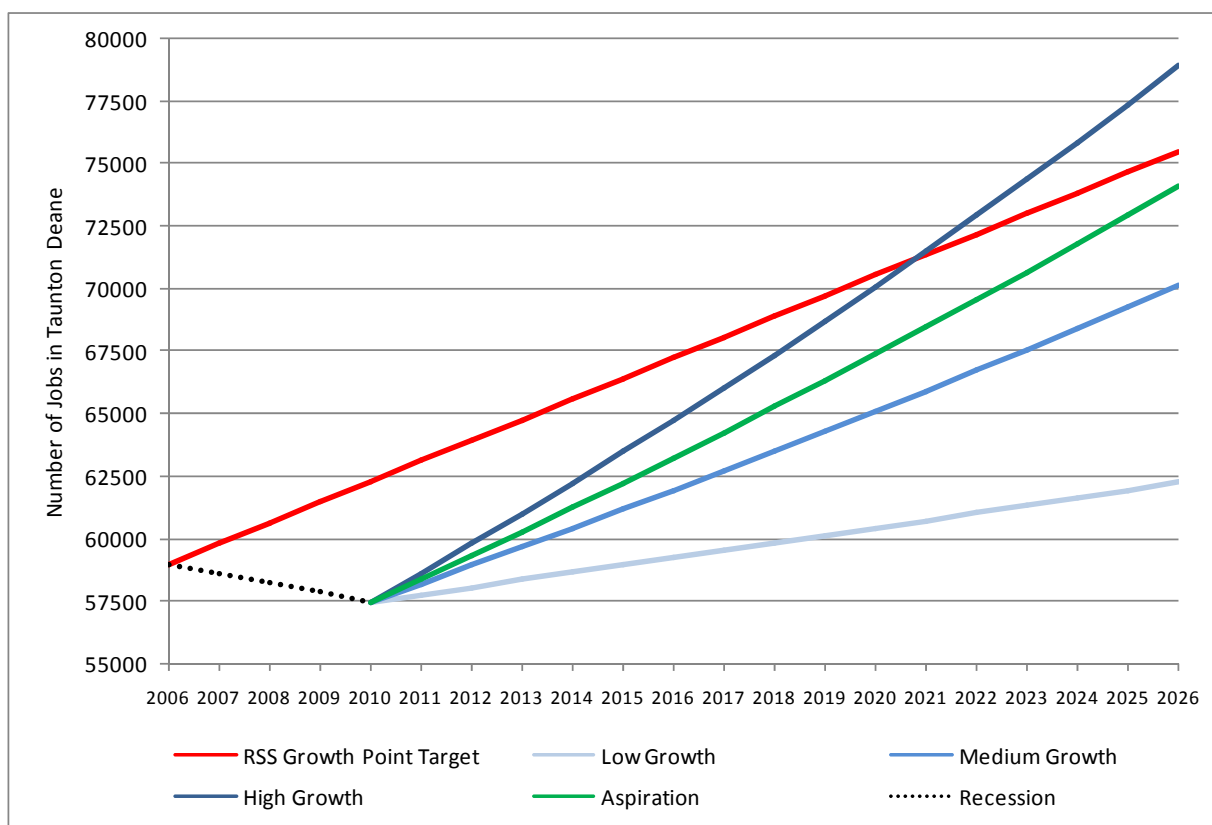
	RSS Growth Point target	Goeconomics Scenarios			
		Low growth	Medium growth	High Growth	Aspiration for EDS
2006	59000	59000	59000	59000	59000
2010	62300	57500	57500	57500	57500
2016	67250	59247	61950	64754	63246
2021	71375	60743	65919	71494	68470
2026	75500	62277	70144	78935	74125
Compound growth rate post 2010	1.24 (2006-26)	0.5	1.25	2.0	1.6

To account for the recession, we assumed that Taunton’s employment level will drop by 2 per cent by mid 2010 (in line with national figures), from its RSS base year (2006) level of 59,000 jobs. The resulting figure of about 1,200 job losses was consistent with the increase in the (Job Seeker Allowance-based) claimant count numbers for Taunton Deane between 2006 and 2009. We have settled for a drop of 1,500 in the employment level by mid 2010, following discussions with Job

Centre Plus. Therefore, we have adopted about 57,500 jobs as a starting point for future employment growth – 1,500 lower than the RSS base figure.

Of course, if this number turns out to be significantly lower next year, it is possible to adjust the base figures and projections upwards, without changing the fundamentals about target and wider macro-economic trends. This is normal monitoring practice in economic and employment forecasting, and given that ‘quantitative easing’ and record-low interest rates are anti-recession measures, we regard this treatment of the recession’s impacts on Taunton as light-handed.

Chart B.2: Alternative Employment Growth Projections for Taunton Deane



Source: Geoeconomics, ONS

Chart B.2 shows simple straight-line employment growth projections based on alternative compound growth rates. We recommend TDBC adopt the ‘green line’ projection which is mid-way between the high and medium employment growth scenarios, which SWRDA regards as plausible in light of the recession and the longer-term economic outlook. This means that Taunton would need to achieve a 1.6 per cent growth rate from 2010 onwards, in order to converge with the RSS (proposed changes) total employment level of around 75,000 jobs by 2026. This is a much faster employment growth rate than the original RSS numbers (1.24 per cent), simply because of the ‘hockey stick effect’ of the recession – Taunton has lost 4-5 years and 1,500 jobs relative to the 2006 time frame and base employment levels.

The Aspiration employment growth scenario is ambitious but and realistic. Between 1998 and 2006, a period of high UK economic growth (3.2 per cent in the region), Taunton experienced a 2 per cent employment growth rate, significantly above the 1.6 per cent Aspiration rate we recommend adopting for the EDS. However, we favour the lower rate because economic forecasters are

predicting 2 per cent GVA growth rates to 2017, and the public sector is expected to play a much reduced role in job-creation compared to the 1998-2006 period. In Taunton’s case, it is important to note that more than 50 per cent of the net growth in employment (excluding self-employment) between 1998 and 2006 was generated by the local public sector.

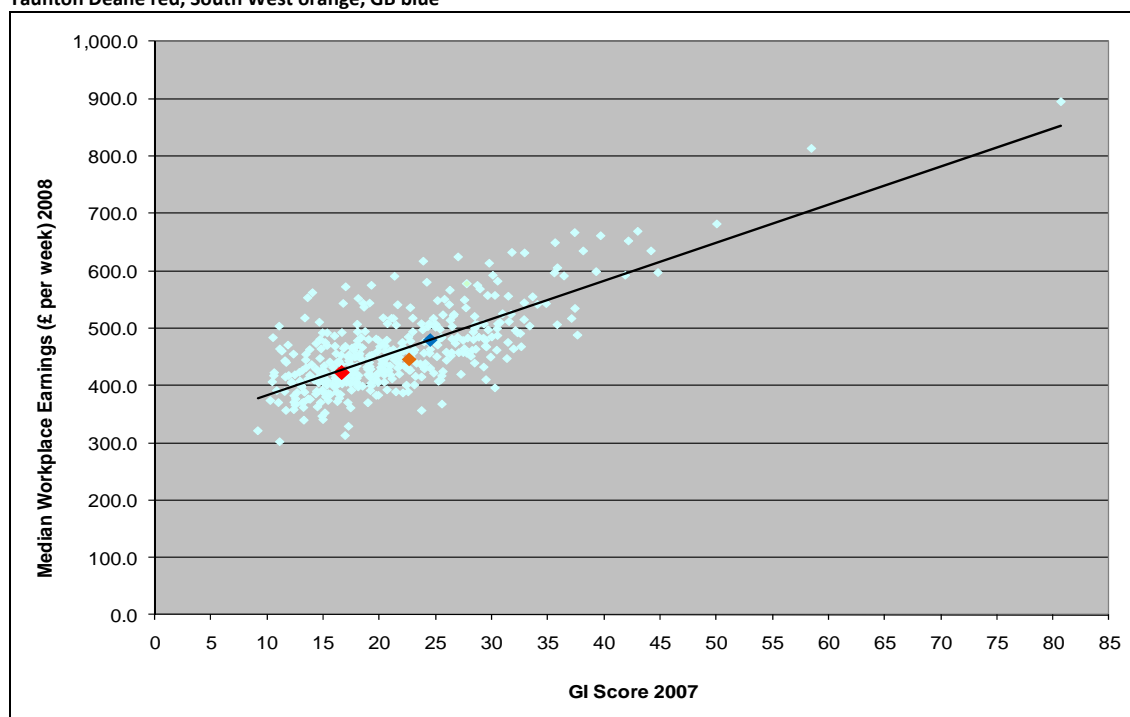
➤ We suggest taking 16,500 new jobs as a round number for the Aspiration EDS 2026 target, given that this is roughly equal to the established Taunton’s Growth Point target – there is no point quibbling over a few hundred jobs.

The Growth Point employment targets do not distinguish between higher skill, better-paid jobs and lower skill, worse-paid jobs. However, as highlighted in Taunton Deane’s Sustainable Community Strategy (2007-17) and the Corporate Strategy 2007-10, improving earnings and skills is a top priority. The ‘Local Economic Assessment’ Report underlined the need for Taunton to generate higher skill jobs in knowledge-intensive businesses. The *Envisioning* Report underlined the importance of creating more full-time job opportunities, since Taunton’s high *part-time* employment rate (one of the highest rates in the country) is a key contributing factor to its low relative workplace earnings levels.

In 2008, the average Taunton worker earned £475 per week, about 15% and 5% less than the average British and South West worker respectively. As stated in the Corporate Strategy, Taunton wants to catch up and surpass the regional earnings average (median workplace earnings). Chart B.3 shows what this implies for Taunton’s economic performance. The Geoeconomics Index (GI) measures the proportion of total employment in knowledge-intensive *private* sectors – as listed in Chart B.4. The strong positive correlation between the Index and median workplace earnings means that Taunton will improve its earnings performance – against other places or the national/regional average – if it attains a greater presence of business employers in knowledge-intensive sectors.

Chart B.3: The Competitiveness of the Taunton Knowledge Economy, 2007/8

Taunton Deane red, South West orange, GB blue



Source: Geoeconomics, ONS

Chart B.4: Classification of Knowledge-Intensive Sectors, Great Britain

Markets	Manufacturing Production Oil & gas extraction Tobacco products Printing, & publishing Coke, petrol, nuclear Chemicals/products Office machinery, computers Electrical machinery Radio, TV, & communications Medical, precision & optical Motor vehicles Other transport (incl. aerospace)	Private Services Financial & Business: Finance Real estate Computer-related R&D Professional Cultural: Travel agencies Radio, TV Other entertainment News agencies Museums, libraries, archives Motion picture, video	Public Services Education: Higher Secondary Primary Adult other Health & Social Work: Human Veterinary Social Work
Infrastructure	Utilities: Electricity, Gas, Water, Waste	Transport: Rail, Sea/inland Waterways, Air	Telecommunications
Governance	Government Public Administration Defence, law, fire, etc Compulsory social security	Non-Governmental Organisations Professional organisations Trade unions Other non-profit bodies	

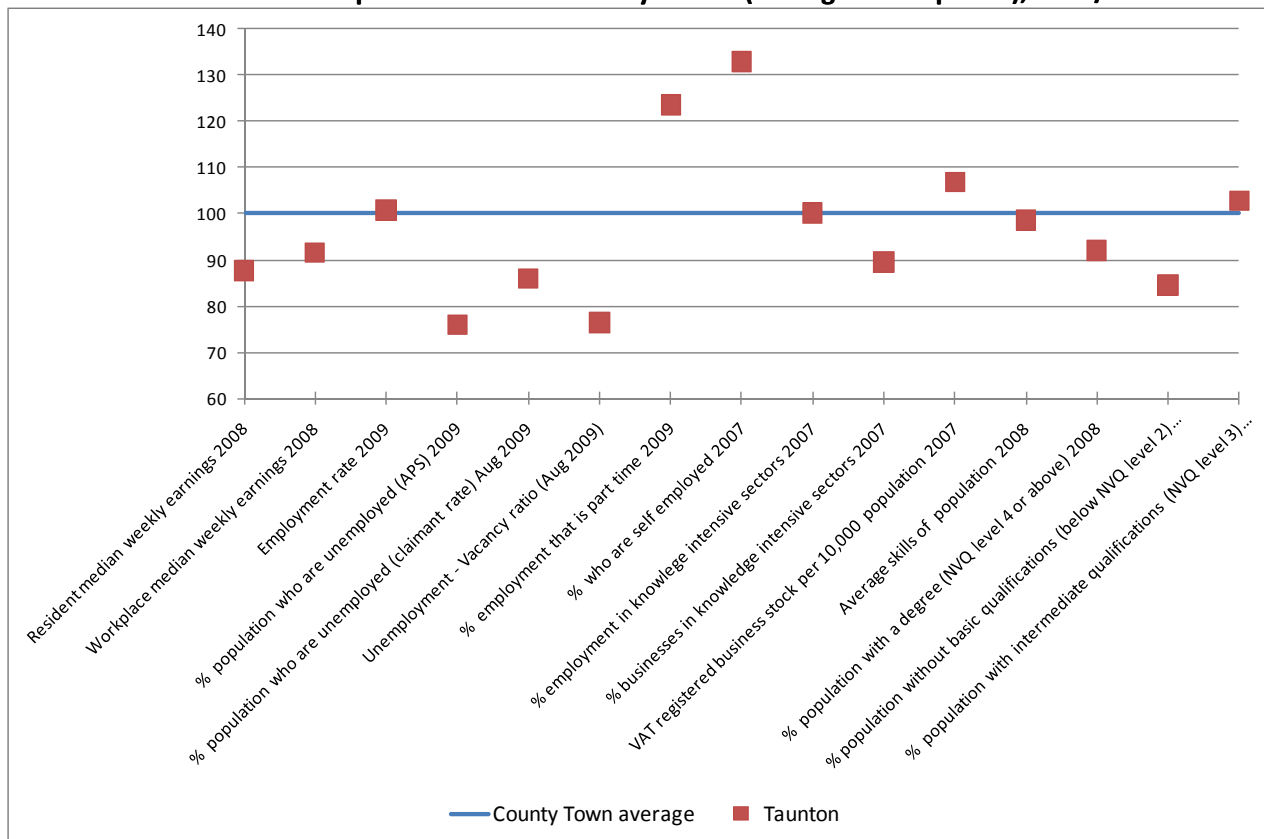
Source: Geoeconomics, ONS

Note: Private sector activity is shown in yellow, although there is a fuzzy line between the private and public sectors. The Government’s national economic accounts treat colleges and universities and charities more generally as private sector activities (including Taunton’s cluster of independent schools), although the household interview-based Labour Force Survey treats health and education as ‘public sector’. Technically, banks ‘taken over’ by the Government during the financial crisis are counted as part of the public sector.

In 2006 (the RSS base year), Taunton had 17.5 per cent of its workforce employed in private knowledge-intensive sectors, compared to 22.2 per cent for the South West as a whole. Using the graph shown in Chart 2.3 and starting from the 2011 base year, we calculate that 48 per cent of the Aspiration job growth (16,500 jobs) would have to be in knowledge-intensive sectors, in order for Taunton to match the regional earnings average by 2026. This assumes that the rest of the South West does not become even more productive and competitive than Taunton) mean that about half of all the new jobs created under the Aspiration scenario.

Chart B.5 shows that Taunton presently lags behind other County Towns in terms of workplace and resident earnings, a job quality issue which is masked by relatively low unemployment rates. Its deficit of knowledge-intensive businesses (the key factor behind earnings performance) is clearly evident. This deficit suggests that there is latent growth potential in Taunton’s private sector knowledge economy – implying that the business and employment growth required is not unrealistic. We estimate that 200 more 3/5-person knowledge-intensive businesses would have brought Taunton up to the County Town average in 2007/09. Based on 1998-2007 enterprise trends, these ‘gap-fill’ businesses would probably have needed to be concentrated in financial and business services, and to a lesser extent in creative and cultural sectors.

Chart 2.5: How Taunton compares with other County Towns (average for 20 places), 2007/09



Source: Geoeconomics, ONS

Sample: Carlisle, Hereford, Appleby, Taunton, Exeter, York, Truro, Northampton, Oxford, Shrewsbury, Aylesbury, Maidstone, Winchester, Chelmsford, Hertford/Ware, Morpeth, Preston, Kingston upon Thames, Reading/Wokingham, West Bridgford

Annex 3: List of Submitted GKE Initiatives

Title	Source and Delivery Partners	Description	Grow and GreenOutcomes		Funding Situation	Linkages
			Economic	Environmental		
1. Clean Energy research and KTP activities within Genesis Centre for Sustainable Communities	Somerset College Somerset University Project Links to Bournemouth & Plymouth Univ. + business partners (EDF, IBM)	A centre of excellence for knowledge transfer and learning in the growth area of clean energy, sustainable construction and eco-community development. Evolve from the current Genesis Centre activity to create a cornerstone for University of Somerset (HE matrix model)	‘Grow and green’ knowledge hub for the Taunton GKE, which can drive local innovation systems, skills and enterprise and business growth. A cornerstone for an economy-driven future University of Somerset.	The basic hub-spoke infrastructure for green innovation for the benefit of all Taunton businesses, and the wider Somerset and South West economies.	PP: £100,000 Capital: £250,000 Operating: £300,000 Costs could be shared with Genesis existing funding + ERDF/RDA project bid. SCC £2million budget for Somerset University project	University of Somerset SCC Incubation Strategy Genesis can absorb projects 2 and 3.
2. SME Action for Sustainable Development	Somerset College Genesis Centre in collaboration with business organizations (e.g. Chamber)	Workshops with SMEs to raise awareness and educate them in greening their businesses (resource efficiency, emissions etc)	Increase SME productivity and sustainable procurement credentials	More low carbon energy efficient businesses in Taunton.	PP: £1,500 Operating: £75,000 £22,500 secured from College	SW1 Procurement Strategy (project 5) Business Link IYRE (project X) Can be folded into project 1 (Genesis)
3. Sustainable Construction education and training	Somerset College Genesis Centre	Workshops and networking with SCC/TDBC and local design and construction businesses and their clients	Develop ‘green building’ supply chains, skills and new enterprise Knowledge hub for national sustainable construction market	Sustainable built environment – lower emissions, greater energy efficiency – in Taunton	PP: £6,000 Operating: 250,000 £53,000 secured from College	Can be folded into project 1 (Genesis)
4. Taunton Enterprise Hub (TEH)	EDS Steering Group Specific-purpose	A coordinated range of new office space,	Business growth in strategic GKE sectors.	TEH would be a model ‘green	New idea. No funding secured.	Somerset Business

	partnership with TDBC, SCC, SWRDA, Somerset College and potentially a private sector partner.	education, advice, funding and resource services to entrepreneurs within the TD area, with a single point of access to foster the generation and development of new and young knowledge-intensive enterprises. Models include the Hub in London and Monk's Yard in Ilminster.	Specific sector support green (EGS) businesses and social enterprises	building' and link with CECSC to create a powerful new GKE axis of EGS enterprise, knowledge and skills	PP: £35,000 Business model would need to be self-sustainable.	Acceleration Scheme, all youth enterprise schemes. Genesis
5. Procurement for Local Business	South West One High level support from SCC and TDBC needed to link policy and procurement. Partnerships with business support services (Chamber and FSB), and other Taunton public employers with EDS interest	To develop and implement a shared, sustainable procurement strategy which maximizes opportunities for local business to win public sector contracts, and improves the carbon footprint and energy efficiency of local business through the use of green standards in procurement decisions.	Given the size of the 'influencible' procurement budget (TDBC, SCC, Police), there is considerable leverage here for localizing and 'greening' supply chains, and hence the potential for innovation, skills development and business/enterprise growth. Baselines will be established by new SW1 data in early 2010	Models for 'greening' supply chains in the private sector (e.g. supermarket sector) already exist. The national Sustainable Procurement Strategy recommends this route to green innovation, which can be compared with e-procurement route for SMEs to adopt ICT. Again baselines and green standards have to be set.	The costs would be met within the existing service contract with SW1. However there will be 'hidden' transaction costs from marketing green technologies and practices to SMEs and building capacity (knowledge and skills) for innovation.	Major opportunities here are to a) use Forward Procurement Commitment as a way of strategically connecting GKE growth and EGS supply chains with procurement, and b) creating an even bigger procurement pool by including other public sector partners – colleges, hospitals, other Somerset districts etc.

6. Taunton Open Access Network	SCC Economy Group SCC (Connecting Somerset), TDBC, Project Taunton, St. Modwen and technology partner	To procure an operator to provide Next Generation Broadband Services for Taunton businesses. Initial focus on Firepool, then roll-out model to other areas	Inward investment in knowledge-intensive sectors	Green ICT for businesses:	PP= £25,000 Capital = £600,000 Two models: Developer/PT absorb costs; LA pump-priming (Gateshead example)	Firepool development
7. Taunton Festivals Company	Taunton Cultural Consortium	To create an umbrella organization to coordinate and promote Taunton Cultural Quarter as a single brand, and to handle marketing, fundraising and sales Bath Festival Trust model	Growth of strategic creative and cultural sectors – general economic asset and tourism/retail boost	Localisation of demand for cultural activity will reduce car travel.	Not stated	Core area of economic promotion
8. Green Deane Tourism Network	TDBC (Tourism) Transition Town, SCC, STP/Visit Somerset, eco-tourism businesses	To create a network of eco-tourism businesses and promote and develop Taunton as an eco-tourism destination through Visit Somerset website, media and PR activity	Enhances TD and Somerset tourism offer	Grow and green approach to tourism which will increase awareness and encourage behaviour change among residents and visitors	PP: funding for lead officer	Green Infrastructure Strategy
9. Green Knowledge Economy Conference 2010	BFC Solutions and Redpath Production (Taunton businesses)	Develop and deliver an international GKE conference on green economy and eco-community practices which would accelerate TD practical work, engage business and increase momentum for innovation. Top-level UK and EU speakers, best	Showcase and accelerate the future GKE and stimulate urban innovation for the low carbon green economy. Marketing of Taunton to UK/EU public sector and business investors	Increase momentum for green innovation in private and public sectors, and ‘seeing is believing’ benefit for driving the new EDS Low carbon conference.	Project costs: £35,000 for PP and implementation Sponsorship from green/digital sectors and public sector.	This would be the first major international conference to be held in Taunton. It links to all economic promotion and inward investment activity at TDBC

		practice case studies.				and SCC levels.
10. Smart Grid	IBM In collaboration with CECSC	To facilitate the creation of a world-class Smarter Energy infrastructure in TD that will enable effective and efficient delivery of electricity using technologies such as Smart Grid and Smart Metering. Kick-off project is IBM experts workshop and best practice models (e.g. Maltese scheme)	US evidence indicated significant business supply chain and jobs benefits. Lower energy bills for household and business consumers	Evidence confirms CO2 emissions reduction	<i>To be confirmed.</i> IBM to sponsor kick-off workshop with leading UK experts	Genesis (project 1) Eco-homes in urban extensions and housing retrofit
11. Taunton Eco Business/Innovation Campus	New Earth Solutions (Ltd.) Private developer/technology provider/operator TDBC	Embed a cluster of renewable technologies in Monkton Heathfield urban extension, to generate electricity for supply to the grid and heat for use by neighbouring occupiers. Promote emerging Combined Heat and Power technologies that utilize biomass derived from waste.	Grow the industrial biotechnology sector Develop and fortify supply chains Increase and diversify skills base and employment opportunities.	Improve sub-regional energy self-sufficiency and resilience to climate change and peak oil	To be confirmed. Feasibility study and site identification (TDBC Core Strategy) New Earth is an EGS flagship in biomass based fuel derived from mixed residual waste. Active across the SW and nationally, New Earth is involved in EGS cluster development.	“Industries of the Future” in the EDS/Envisioning report. Growth Point/Urban Extensions planning. Eco-homes bid. TDBC Core Strategy and LDF.
12. Eco-fuel Production Scheme	Renewable Energy Crops (local miscanthus crop producer) With Global Ecofuels Solutions (technology producers), BioPower Plc (energy park developers)	To make Taunton the first commercial location of the KDV process for producing high quality diesel fuel from energy crops grown locally. Opportunities for district heating and electricity	New jobs in feedstock and production process, and local supply industry.	Carbon and energy footprints superior to current practices.	This would be the subject of a TDBC planning application. The consortium would invest £500,000 in project preparation work and £10 million in capital	

		generation, and road fuel.			construction.	
13. Volunteer Business Mentoring Scheme	TDBC (Employment and Skills) SCC, Business Link, Somerset colleges, SWRDA, banks and accountants	To provide free guidance and support for start-ups and 'younger' SMEs, through a network of business people as volunteer mentors	Improve survival rates for new and 'young' SMEs by 50%. Successful Dormen model in Dorset has 60 mentors & 150 businesses p.a.	General business support with no 'green' flavour	PP: £15,000 Operating: 60,000	Taunton Enterprise Hub (project 4)
14. Brendon Energy Project	Wiveliscombe 10 Parishes Transition Group	To develop community-owned grid-connected renewable electricity generation projects in the 10 parishes around Wiveliscombe. Phased consultation/feasibility study, 1 or 2 construction projects private equity/loan funded and profits re-cycled into energy conservation measures	Three new businesses, employment and training and capacity-building in existing businesses. Profits for re-investment in community EGS	Reduce carbon emissions by producing energy from waste and wind. Less reliance on fossil fuels	BEP to become a corporate entity funded by national and local investors and grant awarding partnerships. PP: £100,000 Capital: £10 million Operating: £1 million £10,000 secured for PP. 50/50 Equity/Debt financing	Taunton Transition Town
15. Taunton Transition Town: Developing a social enterprise model as part of a resilient town	Taunton Transition Town Partners to be determined by shortlist of projects to be drawn up in early 2010.	Create a social enterprise model for TTT that enables on-going voluntary activity to be combined with a 'business' arm for implementing projects (e.g. in community agriculture, green mentoring, home energy auditing etc) and for procuring services from LA/health authority.	Increase use of local suppliers and social enterprise-based business development in various services.	Lowering carbon emissions and decreased dependence on fossil fuels	PP funding needed for pilot social enterprise project (say £15,000) Physical base in Taunton within 3-5 years.	Range of TTT-related activity – e.g. project 14 (BEP) and also links to Taunton Enterprise Hub and Genesis (1 and 4)

16. Youth Entrepreneurship	Business Initiative for Schools (BIS) Directors and partners of BIS, including local business sponsors and Taunton Enterprise Network, Somerset Learning Partnership.	Identify and support talented entrepreneurs in Taunton's schools and colleges (14-19) through Dragon's Den style projects and mentoring and skills schemes	Reduces brain drain of young talent and increases enterprise growth.	Skills workshops in developmental stages to ensure low carbon and eco-friendly practices	PP: £1000 (secured) Operating: £15,000 from August 2010 when all Taunton schools and colleges will be engaged.	Taunton Enterprise Hub (project 4). Genesis YESW "Seeds" project 17
17. Seeds: Social enterprise economic development strategy)	Young Enterprise South West YESW with Taunton Chamber and other businesses.	New social enterprise programmes, events and competitions for all secondary schools, linking education, business and associated partners	Grow next generation of green-minded social enterprise & entrepreneurs	Grow and green principles applied to young social enterprise	PP: £3,000 Operating: £22,000 To be secured.	BIS project 16 Genesis project 1 Taunton Enterprise Hub project 4
18. Retrofit of Duke Street flats, Taunton	TDBC TTT (Warm Streets), Somerset College, Energy Saving Trust, Eco Homes, SCC, SWP and various services	Energy audit and install carbon reduction technologies. Train and employ apprentices to install and maintain, community learning and workshops/tours to promote innovation.	Employment and training opportunities through retrofit process: 'green building' workforce. Green home-led regeneration.	Reduce carbon emissions here and in roll-out of model to other Taunton communities, particularly deprived neighbourhoods	Capital: £550,000 Operating: £50,000 Application for £500,000 to Low Carbon Communities Fund	TTT Warm Streets Genesis project 1 Eco-Towns and Sustainable Communities in Urban Extensions: knowledge, skills and local supply chains. Procurement Strategy
19. Improving Your Resource Efficiency (IYRE) in Somerset	SCC (Waste Infrastructure) Project board of service suppliers (e.g. Environment Agency, Envirowise, Somerset Waste Partnership, Business Link, Chambers, etc)	Add value to Business Link IYRE scheme (early 2010) for helping firms improve resource efficiency through networking (events, website, clubs etc), piloting with Taunton Chamber and roll out. Models include South	Greening of business process and practices will help to reduce costs, and enhance procurement opportunities.	Reduce carbon emissions, reduce waste to landfill.	To be confirmed when Business Link funding and voucher scheme for IYRE is clarified in 2010. One-to-one support via Somerset Waste Partnership recycling officers.	"Grow and Green" Procurement Strategy for Local Business (project 5)

		Wessex Waste Management Group and Green Supplier Support Scheme in Norfolk.				
20. Green Travel Plans for Public Sector	SCC (Transport Policy) TDBC and SCC (Senior Managers, SWOne)	Produce sustainable travel plans for both TDBC and SCC to reduce car-based trips within Taunton, with productivity (reduced travel times, office space savings etc) and carbon emissions benefits from trip-reduction	Employer cost and productivity benefits, staff retention and enhance town centre as business location	10% change in travel habits for 6,000 public sector workers will yield 187.2 tonnes of CO2. Note car-based transport generates 30% of all emissions.	Total: £70,000 to cover costs of 1FTE Travel Planner at each authority Note: currently not a corporate spending priority	Core Strategy and TDBC Spending – SWOne activity
21. Taunton Social Network	Opt-into Ltd.	To build a social network on the Internet for Taunton to promote Taunton. It will function as a newspaper, radio/TV and Facebook medium for promoting a vibrant and innovative economic culture, including the GKE/EDS activity.	Social networking can help to create 'knowledge communities' and 'buzz' for innovation, enterprise and skills and jobs, and engage communities in the new EDS	An infrastructure for sustainable development and rolling out best practice, engaging communities and green awareness and business promotion	Required unspecified PP development funding from public and private sectors.	
22. Green Public Transport	West Somerset Railway In discussion with rail operators, EDF (Hinckley link) and transport and tourism sectors	To develop and improve the use of the existing WSR infrastructure and facilities within the GKE ethos: for car-free holidays (eco-tourism) and reduce individual car journeys into West Somerset over the Taunton M5 motorway	Improved public transport services for commuters (park and ride, mainline operator services) which help business and tourism. Jobs and skills from WSR investment and services	Public transport alternative to car-based tourism, commuting and shopping.	Commercially sensitive at present.	Green travel planning (project 20) and also links to EDF investment at Hinckley – employment and business multipliers.

		junction and other main route bottlenecks				
23. TD Sustainable Transport for All	TDBC/SCC Local Transport Plan, TTT, Energy Saving Trust, Reaction Electric and SW1	Installation of electric vehicle charging points. Electric car clubs and pools. Electric bike scheme.	General enhancement of Taunton as a 'green' business location, and service business around electric car/bike activities	Lower carbon emissions through reduced car travel.	To be confirmed. Government backing electric charging point system.	Links to SCC Green Travel Plans Project Taunton infrastructure development.
24. Vibrant Town Centre (various ideas)	Taunton Town Centre Company	Picnic in the Park, regular street market, Xmas market, Business Improvement District (BID2), Discover Taunton	Not stated General enhancement of town centre as a shopping, tourism and business destination	Not stated.	Street market: £10,000 capital, £30,000 operating costs (TDBC contribution £5000) Xmas market: PP £8,000; capital £40,000 and operating £60,000 (TDBC £30,000) BID: PP £30,000 and operating £300,000 Discover Taunton: PP £5,000; Capital/Operating £55,000	



EXECUTIVE – 31 March 2010

Core Council Review: Tourist Information Centre

Report of Growth & Development Manager, Tim Burton

(This matter is the responsibility of Executive Councillor, Mrs Fran Smith.)

Executive Summary

This matter is being reported back to the Executive for further consideration following call-in to the Corporate Scrutiny Meeting on 18 March 2010, taking into account the Committee's desire to consider further the Health and Safety implications of reduced staffing. Having further reviewed the balance of level of staff levels against income, taking into account these concerns, it is proposed to reinstate a further Tourist Information Assistant post equivalent to 0.28FTE.

1. Background to This Report

- 1.1 The Core Council proposed approved by Full Council on 23 November 2009, included a saving of £50,000 through a review of the Taunton Tourist Information Centre which had been identified by Members, as an area where investment should be reduced.
- 1.2 The review process has looked at a range of issues, including reducing opening hours, focus on more profitable areas of business, reduction in staffing levels, shared location and potential for joint service delivery.
- 1.3 Following discussions with the Tourist Information Centre Manager and taking into account the findings of the Buckley Young Associates report into the service in October 2008, it is clear that there is little scope for the required saving to the General Fund to be derived from additional income.
- 1.4 A new 3 year lease has been negotiated with Somerset County Council, which has reduced the accommodation costs from £23,000 to £12,000 per annum. When the Executive considered this matter on 9 November 2009, it was agreed that the Tourist Information Centre should remain at the library (at least in the short term) whilst other options for co-location or possible joint service delivery are continued to be explored.

- 1.5 The areas of Members concern which lead to the call-in surrounded the impact of reducing staffing upon opening hours, staff welfare and the provision of the service in general.
- 1.6 The Corporate Scrutiny Committee resolved that the challenge be supported and the decision be referred back to the Executive for further consideration, as to how the Tourist Information Centre will run with the reduction in staff, taking into account the Health and Safety appraisal.

2. **Appraisal of Health and Safety Welfare Issues Resulting From Reduction in Staff Levels**

2.1 The Council's Corporate Health and Safety Advisor, David Woodbury, has assessed the impact of reducing staff levels from 3.7 FTE to 2 FTE and has identified a number of risks and control measures as a result. The findings are summarised as follows:-

- Opening and Staffing – No increase in risk. Use Kilkenny for automated lone worker reporting.
- Working and Serving Customers – No significant increase in role. Consider installing linked CCTV, alarm buzzer linked to library reception, issue personal attack alarms, ensure safe access to refuge.
- First Aid – No significant increase in risk. First Aiders available in library.
- Welfare – No change, but lone worker will need to shut Tourist Information Centre to take welfare breaks.
- Security of Monies/Goods and Stock – No significant increase in risk for routine transactions. Need to review layout to minimise risk of distraction theft.
- Welfare Implications for Staff from Increased Work Pressure, Changes for Workers, No Sickness Cover or Peak Load Resource Available – Inevitable reduction in quality of service needs to be communicated to customers, increased risk of hostile response, revised layout of information display, call diverts, consider retaining more resource to provide cover and retain expertise.

3. **Revised Proposal**

3.1 As previously stated, a saving of £11,000 has been achieved through the renegotiation of the lease. The remaining saving of £39,000 needs to come from reduced staffing. However, there also needs to be a balance made between the saving and the potential resultant loss of income. The proposal reported to the Executive in February identified a staff saving of £49,000 allowing for a £10,000 reduction in income

from the impact of these staff changes. I have concluded that if 6 day working can be achieved, minimising lone working, the reduction in income may be considerably less than that.

- 3.2 Following Corporate Scrutiny's considerations of this matter further discussions have taken place with the Tourist Information Centre Manager. By retaining an additional resource to the service, equivalent to 10.5 hours per week (which can be used by the Lead Officer to minimise lone working at peak times and provide some cover for holidays and sickness), staff welfare issues raised by the Health and Safety Advisor can be addressed, whilst maintaining a 6 day a week service, albeit with slightly reduced opening hours (9.30am – 4.30pm). The cost of this additional resource will be approximately £7,000, although it is hoped that these changes will mean that income can be maintained at close to existing levels and, therefore, the overall saving to the General Fund of £50,000 can still be achieved.

4. **Conclusions**

- 4.1 In order to achieve savings to the General Fund of £50,000 it is inevitable that levels of current staffing will be reduced. However, taking into account concerns of Members at the Corporate Scrutiny Committee and further assessment of impact upon income, it has been concluded that a third member of staff can continue to be employed, albeit on a part-time basis to cover peak periods during lone working and holiday/sickness cover.

5. **Recommendation**

- 5.1 **Revised staffing structure should comprise:-**

Tourist Information Lead (Grade G)
Tourist Information Officer (Grade E)
Tourist Information Assistant – 0.28 FTE (Grade D)

- 5.2 **That the Health and Safety welfare control issues identified should be considered further and implemented, as necessary, in consultation with the Council's Corporate Health and Safety Advisor.**

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31/03/2010, Report:Economic Development Strategy for Taunton Deane
Reporting Officers:Tim Burton

31/03/2010, Report:Treasury Management Strategy Statement
Reporting Officers:Maggie Hammond

28/04/2010, Report:Carbon Reduction Plan
Reporting Officers:Kevin Toller

28/04/2010, Report:Proposed extension of Wellington Cemetery
Reporting Officers:Paul Rayson

28/04/2010, Report:Review of Essential Users and Car Allowances
Reporting Officers:Martin Griffin

28/04/2010, Report:Corporate Equality Scheme and Action Plan 2010 - 2013
Reporting Officers:Lisa Redston

28/04/2010, Report:Community Partnerships
Reporting Officers:Kevin Toller

28/04/2010, Report:Tourist Information Centre, Taunton - Reference back following call-in
Reporting Officers:Tim Burton

16/06/2010, Report:Quarterly Corporate Performance/Finance Update (Outturn)
Reporting Officers:Dan Webb

16/06/2010, Report:Asset Management Plan (including Housing Management Strategy)
Reporting Officers:Joy Wishlade

16/06/2010, Report:Firepool Compulsory Purchase Order
Reporting Officers:Joy Wishlade

16/06/2010, Report:Halcon Project, Taunton
Reporting Officers:Joy Wishlade

16/06/2010, Report:Core Strategy - Interim Sites
Reporting Officers:Ralph Willoughby-Foster

16/06/2010, Report:Treasury Management Outturn Report
Reporting Officers:Maggie Hammond