

# Taunton Deane Borough Council

## The Executive – 18 January 2012

### Delivery of an Inward Investment service post March 2012.

#### Report of the Economic Development Specialist

(This matter is the responsibility of Executive Councillor Norman Cavill)

#### 1. Executive Summary

- 1.1 The Council has, for the past four years, been a partner of Into Somerset, to attract inward investors to the County. The contract for the delivery of Into Somerset has been delivered during that period by the Somerset Chamber of Commerce and Industry. That contract is due to terminate at the end of the current financial year prior to which a provider will have been appointed to deliver the service for a further three years.
- 1.2 The Into Somerset Board has asked all the funding partners to make contributions to extend the project to March 2015 (three financial years). The contribution requested of Taunton Deane Borough Council would be in the sum of £12,500 per year.
- 1.3 The Corporate Scrutiny Committee considered this item at its meeting on 24<sup>th</sup> November 2011.

#### 2. Background to Into Somerset

- 2.1 The Into Somerset project commenced in March 2008. It has been delivered through a Service Level Agreement with the Somerset Chamber of Commerce and Industry and with the benefit of seconded IBM marketing expertise.
- 2.2 Into Somerset is led by a partnership Board comprising the six local authorities, all of whom make financial contributions, and businesses. The Council is represented on that Board by Cllr Cavill. Officer input is through a Steering Group, on which the Council is represented by the Economic Development Specialist.
- 2.3 The Council contributed £20,000 per year over the first three years of the initiative, and agreed in December 2010 to contribute £12,500 during the current financial year. The other local authorities contributed similarly reduced sums. On consideration of this item in December 2010 Members recognized that the return

on investment to date had been poor from the partnership (having created only one job during the previous three years). The Committee recognised, however, that it would not be appropriate to withdraw from the Partnership at that time and that support for a further year should be provided. It was resolved that:-

- (1) the Into Somerset Partnership be supported for a further one year period; and**
- (2) an update on the Partnership's activities be submitted to the Executive in September 2011.**

### 3. Return on Into Somerset investment

- 3.1 The Corporate Scrutiny Committee received a presentation in October 2011 from Mr Rupert Cox, Chief Executive of the Somerset Chamber of Commerce, which currently delivers the Into Somerset contract. In summary, Mr Cox informed the Committee of the aims of the programme, its four target investor types and sectors, and its successes within the County this year. During the year to date, despite the current difficult economic conditions, the partnership has been successful in supporting 8 businesses to relocate to Somerset. Of those 4 have been attracted to Taunton Deane, promising the creation of 231 jobs. 225 of those jobs were in the proposed secure health facility at Chelston.

#### Figure 1

#### Into Somerset performance against Targets

Taken from presentation given by Rupert Cox, CEO of Into Somerset to Corporate Scrutiny, October 2011

#### Into Somerset Targets for April 11 to March 12

Target	Act. Sept 11	Act. Sept 2010
100 Enquiries	37	35
25 Business to relocate	8	9
200 Jobs created	242	294

#### Project Life Overview (2008 to date):

179 enquiries. 42 investments. Conversion rate 22.3 %

#### Taunton Deane Performance during the current year

#### Job Creation 2011/12 (estimate on completion of investment)

- Brooks MacDonald 3
- Concept Stairs 1
- Montpelier Estates 225
- HIT Training 2

Of the total enquiries (37) c.19% (7) have expressed an interest in the TDBC / Sedgemoor DC areas

3.2 Mr Cox argued that the Into Somerset initiative should be seen as a two strand project; firstly to raise the profile of Somerset nationally as a place to invest, and secondly to actually secure the investment. Using that analogy the initiative has been successful in delivering the former strand – increasing the number of visitors to the website, in gaining press coverage as a result of Into Somerset PR work, and obtaining followers on Twitter, Youtube and the other virtual networking media. The initiative has also strengthened relationships with local commercial agents, and efforts have been made over the past year to strengthen the links with the Borough Council and Project Taunton.

#### **4. Into Somerset post March 2012**

4.1 The Board of Into Somerset took notice of this Council's request to ensure that the contract for the delivery of the Into Somerset programme was issued for full, open tender upon the termination of the current contract in March 2012. Somerset County Council as the Accountable body issued an invitation to tender in November 2011, under full OJEU regulations. That contract will be for a three year period and will be awarded before the end of January 2011 with the new provider offering a seamless service from the end of March.

4.2 The requirements of the delivery partner going forward are broadly similar to those of the current arrangements, namely:

- Strategic marketing of Somerset – increased visibility of Somerset as a location, developing and implementing a marketing plan, with clear targeted marketing approaches and defining specific campaigns to support the implementation of the plan.
- Effective handling of inward investment enquiries working methods – networked into Governmental bodies such as the Local Enterprise Partnership for the Heart of the South West and UKTI; building close working relationships with the Somerset local authorities; flexed to local circumstances; and close collaboration with the private sector.

4.3 Should the Council sign up, there is an onus on Officers to support the contract provider effectively in relation to both of the above bullet points. The Council would lend its local knowledge and expertise of Somerset to the marketing messages, and would hope to work closer than it has in the past on enquiry handling and investment fulfillment.

4.4 The Board is seeking contributions from local authority partners to enable the continuation of the programme during that three year period. Taunton Deane has been requested to make a contribution of £12,500 for each year.

#### **5. Corporate Scrutiny Resolution**

5.1 The Corporate Scrutiny Committee considered this item at its meeting on 24 November 2011. The Committee felt that the investment made to Into Somerset over the last four years had not proved to be value for money. Members were of the view that the Council and Project Taunton could deliver their own marketing. They also recognised that, in the absence of LABGI funding, the required funding would have to be taken from the Economic Development budget at the expense of other projects.

5.2 It resolved that the Executive be recommended to withdraw from the Into Somerset Partnership and deliver inward investment activities alongside Project Taunton, using the budget previously earmarked for Into Somerset for its own marketing activities.

## **6. Discussion and Options**

6.1 Inward investment plays an important role in developing the local economy; bringing new skills and business processes to the local area, and stimulating new supply chains and sectoral strengths. Be it from UK or foreign owned companies demand exists for good quality land in the UK with the right services, access, labour supply, and support. Taunton Deane has an enormous amount to offer potential investors, with its first class rail and road infrastructure, high quality built and natural environment, its cultural offering, and its location within the South West.

6.2 The role of the public sector in attracting inward investment has changed in recent years, mainly through the growth of the Internet. Investors can find a lot of the information they need off of the Web without contacting the local authority or its investment agents. It is important, therefore, that an effective and well informed presence is maintained on the web in order to furnish investors with the information they need in one attractive and accessible place.

6.3 Where the local authority can also add value is in bringing regeneration and development schemes forward, overcoming any perceived barriers to investment (for example ensuring that statutory regulations do not impede appropriate development) and ensuring that there exists an adequate supply of the necessary resources to attract businesses, such as land, skilled employees and infrastructure. By consistently reinforcing that enabling role the Council can justifiably communicate to investors that it is 'open for business'.

6.4 In that context the Council appears to have the following options in delivering its inward investment programme:

1. To withdraw from the Into Somerset partnership and deliver inward investment activities alongside Project Taunton, using the budget previously earmarked for Into Somerset for its own marketing activities. This option places the dependency mainly on the Council to sustain its

activity, drawing on its own skills and funding, and it precludes the attraction of funding from the other Somerset authorities and the existing Into Somerset business partners. Were Into Somerset to survive without this Council's input the Borough would continue to be included by Into Somerset's marketing (owing to the County Council's involvement), which would result in two separate and potentially confusing initiatives and brands.

2. To commit to the Into Somerset partnership for a further three years at the level requested. In order to enable the Board and the contractor provider to plan effectively over that period, Officers would recommend that, if the Council signs up, it does so for the whole three years, albeit, subject to the availability of funding during the latter two.
3. To offer a reduced contribution to Into Somerset, and to enable the Council to buy in to those elements of the service of which it has the need. For example, the Council might offer to buy in only to the marketing side of the programme, using its own resources and staffing for the investor fulfillment. This option may not be acceptable to the Partnership Board, but it would enable the Council to reduce its contribution proportionally.

6.6 Whichever option Members select it is important that the Council sustains a dynamic, investor friendly business environment, fulfilling the enquiries received and reinforcing at all levels and throughout the organisation the messages referred to in paragraph 6.3 above.

## **7. Finance Comments**

7.1 The Council contributed £12,500 to the Into Somerset Partnership from its LABGI Reserves during the current financial year. Those Reserves have, however, been identified to fund the Theme 5 Review and will no longer be available.

6.2 Should the Council agree to support Into Somerset going forward its contribution during this and future years would need to be found from either the existing Economic Development budget, or as a specific growth item in the annual budget setting process. The Economic Development budget totals this year approximately £72,000, all of which is allocated this year to projects according to Three themes, specifically:

1. Supporting business growth:	£32,000
2. Ensuring a skilled workforce:	£24,000
3. Creating a strong business environment:	£15,700

6.3 Should the Council resolve to support Into Somerset, up to the requested amount of £12,500, other initiatives currently supported would need to be deleted.

## **7. Legal Comments**

7.1 There are no direct legal implications arising from this report.

**8. Links to Corporate Aims**

8.1 This proposal links to the Regeneration Aim of the Corporate Strategy.

**9. Environmental and Community Safety Implications**

9.1 There are no direct Environmental and Community Safety implications of this report at this stage.

**10. Equalities Impact**

10.1 There are no equalities implications at this stage.

**11. Risk Management**

11.1 A reduction in the level of contribution towards the Into Somerset partnership will result in a reduced capacity for that organization to market the County to investors, which will have a negative impact on the Council's ability to fulfil the aims of its Corporate Strategy and Economic Development Strategy.

**12. Partnership Implications**

12.1 The Into Somerset partnership represents a useful vehicle to coordinate the increasingly limited resources of the six local authorities in Somerset. Since 2008 the partnership has levered in investment from amongst businesses, and has demonstrated that two sectors can work together to deliver economic development aims.

12.2 Should Members decide to not make any contribution the Council would be obliged to withdraw from the partnership, thereby damaging those relations.

**13. Recommendation**

13.1 That the Executive resolves to withdraw its financial support for the Into Somerset Partnership from the end of March 2012, and that officers deliver inward investment activities alongside Project Taunton.

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