

AGENDA MANAGEMENT SHEET

Name of Committee Communities Overview and Scrutiny Committee

Date of Committee 31st August 2011

Report Title Review of Support for the Local Economy - Final Report

Summary Prompted by the current recession and the reduction in resources available to the County Council a group of six councillors has recently completed a review into the support that is available for the local economy. This is their report.

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Would the recommended decision be contrary to the Budget and Policy Framework? No

Background papers None

CONSULTATION ALREADY UNDERTAKEN:- Details to be specified

- Other Committees
- Local Member(s) N/A
- Other Elected Members
- Cabinet Member Councillor Alan Cockburn
- Chief Executive
- Legal Ian Marriott
- Finance
- Other Strategic Directors Monica Fogarty - Strategic Director – Communities (Comments received and incorporated)

- District Councils
- Health Authority
- Police
- Other Bodies/Individuals Louise Wall - Head of Sustainable Communities

FINAL DECISION NO

SUGGESTED NEXT STEPS:

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet TBC
- To an O & S Committee
- To an Area Committee
- Further Consultation

**Communities Overview and Scrutiny Committee
31st August 2011**

Review of Support for the Local Economy - Final Report

Recommendation

That the Communities Overview and Scrutiny Committee approves the recommendations contained in the report and forwards them on to Cabinet.

1.0 Introduction

- 1.1 At its meeting of 5th October 2010 the Overview and Scrutiny Board commissioned a scrutiny review into the support that was available for the local economy. Councillors Tandy, Chattaway, Fowler, Johnston, May and Williams comprised the resulting task and finish group which then met on a number of occasions to gather evidence on national, regional and sub-regional economic matters and to discuss ways in which the council can directly and indirectly support the local economy. Officer support was provided from the Resources Group and Communities Group. As well as receiving reports the task and finish group visited the Centenary Business Centre in Nuneaton and met with managers and small business owners to discuss the challenges currently being faced.
- 1.2 The committee should note that subsequent to the production of the task and finish group's report the government announced that the recent bid for the establishment of an Enterprise Zone around Baginton had not been successful.
- 1.3 The task and finish group's final report is attached to this document however for the sake of convenience its recommendations are reproduced below.

Recommendation 1

Acknowledging the value of economic development and support to the LEP whilst taking account of the financial challenges currently being faced by the County Council the Leader of the Council is asked to, at a minimum, seek to sustain the level of support required for an effective economic development and inward investment function.

Recommendation 2

That in December 2011 and at six month intervals thereafter the Strategic Director of Communities should produce a short report to Council on progress with the LEP. The report should focus on positive benefits and outcomes for the people of Warwickshire through investment and job creation.

Recommendation 3

That a standing group of up to six elected members be set up to work closely with officers so that they have a better understanding of the Local Enterprise Partnership (LEP) and will assist in debates around emerging policies and initiatives whilst at the same time monitoring progress. The group should meet at least quarterly. It will assess performance of the LEP with regards outputs and outcomes and will assist in debates around emerging policies and initiatives.

Recommendation 4

That the Leader of Warwickshire County Council along with the relevant portfolio holder be strongly encouraged to represent the interests of small businesses and continue with initiatives aimed at securing inward investment.

Recommendation 5

The Strategic Director, Communities Group facilitate discussions between town planners across Warwickshire to deliver ways in which planning related barriers to economic growth can be reduced.

Recommendation 6

The Strategic Director, Communities Group be requested to organise a seminar for members on Section 106 monies and how they are used.

Recommendation 7

Following the demise of the Education Business Partnership the Portfolio Holder for Child Safeguarding, Early Intervention and Schools now establish new methods to prepare school pupils for employment.

Recommendation 8

The relevant Portfolio Holder explore how the One Front Door initiative can be used to fill any gaps left by the closure of any Jobcentres.

Recommendation 9

That the County Council renew its commitment to its business centres with a view to their future expansion when levels of demand and other economic determinants indicate that this would be appropriate.

- 1.4 Members of the Communities Overview and Scrutiny Committee are requested to comment on these recommendations and pass them to Cabinet for final adoption.

Report Authors: Councillor June Tandy & Paul Williams, Democratic Services Team Leader

Head of Service: Greta Needham, Head of Law and Governance

Strategic Director: David Carter, Strategic Director - Resources

Portfolio Holder: Councillor Alan Cockburn

28 July 2011



**Warwickshire County Council
Review of Support for the Local
Economy**

August 2011

Foreword by Councillor June Tandy, Chair of the Task and Finish Group



A healthy buoyant economy is fundamental to our welfare. Without money in our pockets and the sense of purpose that employment brings personal health and well-being, the environment and community will inevitably suffer. Warwickshire's economy has, like that of the rest of the nation, spent the last three years being buffeted by recession and uncertainty. Productivity has declined, companies have failed and unemployment has risen. The effect of this has been significant and whilst there is some evidence that we are coming to the end of the downturn, its effects will stay with us for some time.

However, despite these difficult times, evidence exists that many of the people of this county have a flair for business and a desire to succeed that will see them making the best of new opportunities as they arise.

This review is very timely. It has been undertaken just as we are turning the corner from recession to (slow) growth. Its purpose is to explore the support that the local economy already receives and the support it will require in the future. We have looked at data to see what is happening. We have considered the government's stance on economic growth and support and we have reviewed what the council has to offer our partners.

From what we have learned and concluded, we have developed a series of recommendations that we feel can help the local economy to thrive in the second decade of the twenty-first century.

No in-depth scrutiny review can be completed without the commitment and support of a range of officers, councillors and experts. I should like to take this opportunity to thank all those who have engaged in this process.

1.0 Introduction

- 1.1 This report marks the end of a project undertaken over a number of months by a body of elected councillors from Warwickshire County Council. The need for an in-depth scrutiny review of support for the local economy was identified by members and officers in the late summer of 2010. Concerns over the current economic downturn allied to an interest in those measures that are in place to mitigate against it prompted a request to the council's Overview and Scrutiny Board for the review.
- 1.2 The stated objectives of the review were to
- scrutinise how WCC is working to minimise the impact of the current economic climate on local businesses
 - scrutinise how WCC is working to stimulate the local economy
 - establish how WCC is marketing the county as an attractive location for businesses
 - examine how the Council responds to market failures
 - examine whether existing policies, strategies and procedures provide sufficient flexibility for the Council to undertake its role as a strategic enabler of economic development
 - identify best practice from other local authorities taking the lead to support economic development
 - engage with representatives from local businesses, to establish the needs of local businesses
 - identify the support required by local businesses and consider how this support can be provided within the changing context surrounding economic development and the challenges surrounding public finance.
 - ensure that the skills agenda is meeting the needs of Warwickshire residents and local businesses
 - ensure that the skills agenda is joined up across the Council and partners
 - consider the barriers and challenges individuals face in access learning and skills course
 - contribute to the development of the LEP to ensure effective support to the local economy
- 1.3 The review has been undertaken by six councillors with the support of officers from the Environment and Economy Directorate and the Overview and Scrutiny Team. During the course of the review a number of different experts have been quizzed on what they are doing or planning to do to assist the economy on its climb out of recession. In addition those same people have been asked about the barriers they see as being in the way of that recovery.
- 1.4 Experience has shown that most people who read a report such as this seek primarily the recommendations that have been made and to understand the reasoning behind them. For this reason this report has been limited in scale.

2.0 The Process Followed

- 2.1 Having agreed that the review was to be undertaken, six elected members were selected to form the task and finish group. These were,

Councillor Richard Chattaway
Councillor Peter Fowler
Councillor David Johnston
Councillor Tilly May
Councillor June Tandy (Chair)
Councillor Chris Williams

- 2.2 The task and finish group met on a number of occasions to hear evidence from a range of expert witnesses. The group's inaugural meeting was spent learning about the state of the global, national and local economies as well as considering the emergence of the new Coventry and Warwickshire Local Enterprise Partnership. Subsequent meetings included a review of the impact of the demise of the Education Business Partnership, regeneration initiatives in Warwickshire and the health of the County Council's own business centres. A visit was made to the Centenary Business Centre in Nuneaton when members of the task and finish group were able to meet business owners to discuss the opportunities and challenges facing them.
- 2.3 It is fair to say that the emergence of the Coventry and Warwickshire Local Enterprise Partnership has occupied a significant amount of the task and finish group's time. This was not anticipated when the review was commissioned. However as is reflected in the recommendations the review has raised a number of questions around support for the LEP and the extent of accountability it is subject to.
- 2.4 It is not intended to repeat here all the evidence that was considered by the task and finish group. Information on the economy can be obtained from the Warwickshire Observatory on the following web page:

<http://www.warwickshireobservatory.org/observatory/observatorywcc.nsf/RefDocs/EBSH-72LHT3?OpenDocument>

3.0 Task and Finish Group's Findings, Conclusions and Recommendations.

- 3.1 This section sets out to summarise the rationale behind each of the group's recommendations.

3.2 Findings and Conclusions 1 - General

- 3.3 One of the first things the task and finish group sought to develop its understanding of was the role of Warwickshire County Council in terms of inward investment and economic development. The group heard how reductions in funding and staffing levels were impacting on the services provided by the council and was interested to learn that whilst on the one hand staffing levels were being reduced expectations around support for the evolving Coventry and Warwickshire Local Enterprise Partnership were

increasing. Over the last fifteen years the nature and purpose of economic development support has changed. The rapid demise of the coal industry in northern Warwickshire and a reduction in manufacturing generally presented challenges around unemployment, the need for inward investment and retraining. Considerable sums of money were sourced from within the UK and Europe and these were used with considerable success. However, the expansion of the EU allied to the current economic situation and a change in priorities has led to a decline in the funding available in Warwickshire. This in turn has led to fewer projects being pursued and less opportunity to attract investment from outside the area. Whilst to some extent they continue to support economic growth the five district and borough councils across the county have disbanded their dedicated economic development teams. As is evidenced further in this report the county council, despite the cuts it has made continues to fund officers in an economic development and inward investment role.

- 3.4 The task and finish group recognises the financial challenges facing the local authority and the need to prioritise services. Having undertaken this review the group is of the opinion that the County Council still has a clear role in terms of economic development and regeneration. As such the group feels that funding should not be reduced further.

Recommendation 1

Acknowledging the value of economic development and support to the LEP whilst taking account of the financial challenges currently being faced by the County Council the Leader of the Council is asked to, at a minimum, seek to sustain the level of support required for an effective economic development and inward investment function.

3.5 Findings and Conclusions 2 – The Coventry and Warwickshire Local Enterprise Partnership (i)

- 3.6 This review has coincided with the coalition government's development of Local Enterprise Partnerships (LEPs) and the emergence of a LEP for Coventry and Warwickshire. When the review was commissioned the LEP did not exist but as it, the review, has progressed so members of the group have followed the LEP with growing interest. The Coventry and Warwickshire LEP comprises representatives from private industry, the public sector and universities. Warwickshire County Council is represented by Councillors Alan Farnell and Alan Cockburn. District councils collectively have a single representative and Coventry City Council has a single representative. Administrative support for the LEP came initially from the Coventry and Warwickshire Partnership. It is expected however that this role will be taken over by local authorities with Warwickshire County Council shouldering much of this burden.
- 3.7 Underlying the work of the LEP is its strategy that states as its vision, "By 2016, through strong private-public sector collaboration, Coventry and Warwickshire will be regarded as one of the best and easiest places in the

country to establish, run and grow strong and successful businesses; generating significant new employment and skills opportunities in the area.”

3.8 The LEP expects to achieve its vision by:

1) Developing new ways of working through a strong private-public sector Partnership

2) Focussing on a limited set of priorities that can make a real difference to local economic growth over the next five years.

3) Playing a national influencing role with central Government to promote and support the growth of the low carbon mobility sector

3.9 As well as the LEP Board a number of focus groups have been established covering areas such as farming and rural business matters, transport, IT and tourism.

3.10 The task and finish group is grateful to officers from the Communities Group for the regular updates it has received on the development of the LEP. However it does have some concerns around how progress with the LEP will be monitored. Much has been made of the fact that no government funding has been made available for the development of LEPs. Where resources have been required these have come on a voluntary basis from the companies represented on the LEP and by the public bodies. Although two elected members of the county council sit on the LEP Board the task and finish group is concerned that more should be done to ensure that more members are given a chance to scrutinise the LEP's work. In order to do this the group considers that council should receive updates on progress with the LEP.

Recommendation 2

That in December 2011 and at six month intervals thereafter the Strategic Director of Communities should produce a short report to Council on progress with the LEP. The report should focus on positive benefits and outcomes for the people of Warwickshire through investment and job creation.

3.11 Findings and Conclusions 3 – The Coventry and Warwickshire Local Enterprise Partnership (ii)

3.12 As is mentioned above the task and finish group has been keen to develop its understanding of the emerging LEP. In addition, however, it feels that members with an interest in economic development can assist in its development. Members appreciate the role of the Leader of the Council and the Portfolio Holder on the Board and would not wish to undermine their work. However the group feels that they and other members of the council may well have knowledge and experience to offer to Councillors Farnell and Cockburn. As a result of this the group is calling for the establishment of a small standing group of members to meet quarterly to assess performance and offer advice on emerging policies and initiatives.

Recommendation 3

That a standing group of up to six elected members be set up to work closely with officers so that they have a better understanding of the Local Enterprise Partnership (LEP) and will assist in debates around emerging policies and initiatives whilst at the same time monitoring progress. The group should meet at least quarterly. It will assess performance of the LEP with regards outputs and outcomes and will assist in debates around emerging policies and initiatives.

3.13 Findings and Conclusions 4 – Small Businesses and Inward Investment

3.14 During its discussions around the development of the LEP the group was made increasingly aware that it (the LEP) was being driven by the owners and operators of very large companies some of which were of international standing. The group acknowledges the role and contribution of these companies but at the same time feels it is essential to ensure that the needs and aspirations of small companies should not be overlooked. As well as being mindful of the needs of small companies the group is aware of the need to continue work to attract and manage inward investment. The Leader of the Council and Portfolio Holder are members of the LEP Board and the task and finish group expects that they will champion the needs of small businesses and inward investment.

Recommendation 4

That the Leader of Warwickshire County Council along with the relevant portfolio holder be strongly encouraged to represent the interests of small businesses and continue with initiatives aimed at securing inward investment.

3.15 Findings and Conclusions 5 – Planning

3.16 The planning system and economic development are inextricably linked. The task and finish group was interested to learn how the planning system can assist economic development in some instances and appear to hold it back in others. Coincidentally as the review was being undertaken the coalition government announced the creation of a number of Enterprise Zones. The initial round of Enterprise Zones was announced earlier this year and at the time of writing this report a further 27 bids are being considered for the establishment of new Enterprise Zones. A major bid has been submitted for an Enterprise Zone on land around Coventry Airport where it is anticipated that over time 15000 jobs will be created. One benefit of the Enterprise Zones is that within them planning regulations are streamlined. This means that whilst account is taken of the environmental and social needs of an area a development can be completed quickly thus creating new jobs and assisting in the growth of the wider economy.

- 3.17 The group has applauded the efforts to secure an Enterprise Zone for Warwickshire and Coventry but wonders whether more could be done to remove any of the barriers to development elsewhere. There is no suggestion that the planning system should be bypassed or ignored but the group feels that the various planning authorities should work more closely together to reduce barriers and thus encourage inward investment.

Recommendation 5

The Strategic Director, Communities Group facilitate discussions between town planners across Warwickshire to deliver ways in which planning related barriers to economic growth can be reduced.

3.18 Findings and Conclusions 6 – Section 106

- 3.19 From the evidence it has received it is apparent to the task and finish group that Section 106 money obtained from developers to offset the impact of their work has over time been used in different ways. The downturn in development has led to a reduction in the amount of Section 106 money available to local authorities. This in turn has reduced the opportunity to prepare land and infrastructure to attract inward investment and development. Members did not feel before they met to discuss economic development through this review that they knew enough about Section 106 and its proposed successor the Community Infrastructure Levy. On the basis that the task and finish group's experience is reflected by the rest of the council there is an argument for some form of briefing on the matter.

Recommendation 6

The Strategic Director, Communities Group be requested to organise a seminar for members on Section 106 monies and how they are used.

3.20 Findings and Conclusions 7 – Preparing Young People for Employment

- 3.21 The Warwickshire Education Business Partnership ceased operation at the end of March 2011. This followed a decision by the County Council that the service was no longer viable given the current pressure on resources brought about by a reduction in funding. The task and finish group was informed that since the announcement of the closure of the service many positive comments had been received from schools and partners. For some time the service was able to offer support for schools seeking alternative provision and whilst some schools sought to make provision in-house they too were facing challenges in terms of curriculum development and finances.
- 3.22 When the announcement concerning the closure of the EBP was made only a few businesses sought to question how they would link to schools in the future. The view from the EBP manager was that the impact would be felt in the medium to long term as employers saw a decline in the quality of young

candidates coming to them for work. The Warwickshire EBP is not alone in closing down. As funding becomes more restricted so nationally the number of EBPs is declining.

- 3.23 This task and finish group has not sought to question the decision to close the EBP. It does however feel that more could be done to consider new approaches to the preparation of school pupils for employment. With secondary schools moving towards academy status and potentially becoming more remote from the local authority it is important that any advice should be provided as soon as possible.

Recommendation 7

Following the demise of the Education Business Partnership the Portfolio Holder for Child Safeguarding, Early Intervention and Schools now establish new methods to prepare school pupils for employment.

3.24 Findings and Conclusions 8 – Jobcentres

- 3.25 Since November 2009 10000 jobs have been cut at job centres across the country. In May 2011 the government announced the closure of a further 22 job centres and whilst none of this latest batch is within Warwickshire it is likely that in time the future of those jobcentres in the county will be reviewed. One of the reasons given for the closure of job centres is the cost of maintaining buildings for a contracting service. At the same time that it was learning of these changes to job centre provision the group was being informed of the evolving One Front Door policy being pursued by the County Council. This project has involved a review of public buildings belonging or run by the county council and other partner agencies across Warwickshire. One aim is to identify the needs of communities in terms of access to services recognising how people choose to seek information and advice and providing the best channels for them. For example in areas of high deprivation research has shown that some form of service hub is desirable whereby people do not have to travel far to gain access to the services they need.

- 3.26 The task and finish group is of the view that the One Front Door initiative ought to consider whether advice for job seekers could not be provided via these small community service hubs. It may be that some consideration is being given to this idea. If that is the case the task and finish group would wish to lend its support to it.

Recommendation 8

The relevant Portfolio Holder explore how the One Front Door initiative can be used to fill any gaps left by the closure of any Jobcentres.

3.27 Findings and Conclusions 9 – Business Centres

3.28 Warwickshire County Council has over the last two decades invested significantly in the establishment and operation of a number of business centres. Their main purpose is to provide a range of diverse premises and business support services to facilitate and enhance business growth in Warwickshire. The specific focus is to nurture the local economy, employment and business retention rates in our most deprived areas. Thus all of the key sites are in or adjacent to the most deprived communities in Nuneaton and Rugby Districts. All the main centres have been recipients of AWM’s single pot, ERDF, the Coalfield Regeneration Trust, English Partnerships and British Coal Board which were targeted to specific areas of the county where market failure was evident and where the private sector was not interested in investing.

3.29 The County Council is an ethical landlord with ‘easy access’ terms for business support as a primary objective. The units are disposed off either on a 28 day license agreement, or via a business friendly 6 year lease agreement with a 3 month break clause. This type of business orientated agreement allows the Council to fulfill both its obligations of robust financial management and its policy objective to support and nurture businesses.

3.30 In managing the estate portfolio, the council seeks,

- To deliver quality front line services to its customers
- To safeguard the income generation to the County Council through robust financial management.
- To encourage and support the development of businesses
- To provide a range of accommodation to meet the needs of businesses throughout Warwickshire
- To manage the properties within current financial constraints

3.31 The property portfolio currently consists of 224 managed business units across 8 sites:

Location	Centre	No of units	Comments
Nuneaton	Centenary Business Centre	62	part funded by British Coal Board and AWM
	Hammond Business Centre	24	
	Eliot Park Innovation Centre	55	part funded by AWM and ERDF
	Pool Road Business Centre	13	part funded by English Partnerships
	Bermuda Innovation Centre	10	part funded by British Coal Board
Rugby	Sir Frank Whittle Business Centre	42	part funded by English Partnerships
	Church Lawford Business Centre	4	
Bidford on Avon	Smallbrook Business Centre	14	

3.32 Income is also derived from a further 4 sites in which WCC has an investment interest. These are:

- Great Central Industrial Units – comprising 2 units on long leasehold
- University of Warwick Science Park – WCC has a minority percentage shareholding and elected member and officer representations on the Management and Officers Support Boards. Please note consideration is currently being given to divest ourselves of this investment and realise a cash payment on our debenture holding and shares. An offer has been made by University of Warwick to acquire 100% holding.
- Slingsby Close – Ground rent receipt
- Warwick Technology Park – Ground rent receipt and oversee landscape management




3.33 The task and finish group has been impressed by the work undertaken at the business centres. Members were fortunate to meet the owners/operators of small businesses at the Centenary Business Centre and left with the feeling that whilst by their nature these enterprises are not currently large employers they and the business centres that support them make a valuable contribution to the local economy.

3.34 Clearly the pressure on spending impacts on all aspects of the County Council. The task and finish group however considers that given the cuts that have been made elsewhere in terms of economic development the business centres should if anything be subject to greater investment.

Recommendation 9

That the County Council renew its commitment to its business centres with a view to their future expansion when levels of demand and other economic determinants indicate that this would be appropriate.

Action Plan

Key		Exceeding target		Meeting target		Missing target
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	Recommendation	Resp. officer	Delivery objectives/actions	Resource implications	Progress to date	Status
1	Acknowledging the value of economic development and support to the LEP whilst taking account of the financial challenges currently being faced by the County Council the Leader of the Council is asked to, at a minimum, seek to sustain the level of support required for an effective economic development and inward investment function.	Leader of the Council	To ensure continuing support for the growth of the local economy	No additional funding required over that already allocated.		
2	That in December 2011 and at six month intervals thereafter the Strategic Director of Communities should produce a short report to Council on progress with the LEP. The report should focus on positive benefits and outcomes for the people of Warwickshire through investment and job creation.	Strategic Director of Communities	To ensure that all elected members of the council are informed of progress with the LEP and able to assess the value the LEP offers the council and the people of Warwickshire	Officer time		
3	That a standing group of up to six elected members be set up to work closely with officers so that they have a	Head of Sustainable Communities	Short of establishing a sub-committee of the council to provide a small group of	Officer and member time		

	Recommendation	Resp. officer	Delivery objectives/actions	Resource implications	Progress to date	Status
	better understanding of the Local Enterprise Partnership (LEP) and will assist in debates around emerging policies and initiatives whilst at the same time monitoring progress. The group should meet at least quarterly. It will assess performance of the LEP with regards outputs and outcomes and will assist in debates around emerging policies and initiatives.		members with the opportunity to understand the LEP and contribute to its development			
4	That the Leader of Warwickshire County Council along with the relevant portfolio holder be strongly encouraged to represent the interests of small businesses and continue with initiatives aimed at securing inward investment.	Leader of the Council and Portfolio Holder	To ensure that the interests of small businesses in Warwickshire are represented on the LEP.	None		
5	The Strategic Director, Communities Group facilitate discussions between town planners across Warwickshire to deliver ways in which planning related barriers to economic growth can be reduced.	Strategic Director Communities	Helping planners to work to remove barriers to development	Officer time		
6	The Strategic Director, Communities Group be requested to organise a seminar for members on Section 106 monies and how they are used.	Strategic Director Communities	To ensure greater awareness of S106	Officer and member time		

	Recommendation	Resp. officer	Delivery objectives/actions	Resource implications	Progress to date	Status
7	Following the demise of the Education Business Partnership the Portfolio Holder for Child Safeguarding, Early Intervention and Schools now establish new methods to prepare school pupils for employment.	Portfolio Holder for Child Safeguarding, Early Intervention and Schools	Succession planning to help ensure a supply of work-ready young people in the future.	Not known at this stage		
8	The relevant Portfolio Holder explore how the One Front Door initiative can be used to fill any gaps left by the closure of any Jobcentres.	Portfolio Holder – Sustainable Communities	Maximising the benefits of WCC initiatives for the public.	Officer and member time		
9	That the County Council renew its commitment to its business centres with a view to their future expansion when levels of demand and other economic determinants indicate that this would be appropriate.	County Council/Leader/Portfolio Holder – Sustainable Communities	Helping to secure a future for the WCC business centres	Officer time		