

AGENDA MANAGEMENT SHEET

Name of Committee Economic Development Overview and Scrutiny Committee

Date of Committee 29 January 2008

Report Title Value for Money Review of Warwickshire County Council's Economic Development Services

Summary The report responds to the requirement to identify efficiencies and economies to improve the value for money of the Council's economic development services. It identifies savings and calls attention to the new government policies that should influence the approach taken by the Council towards economic development. The report has yet to be formally signed off by Strategic Directors Leadership Team.

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

Background Papers None.

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

Other Committees

Local Member(s) Councillor P Barnes } for information
(With brief comments, if appropriate) Councillor M Jones }
 Councillor P Morris-Jones }

Other Elected Members The Conservative Economic Development Group has received a presentation on the review report.

Cabinet Member Councillor C Saint.
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

- Chief Executive The review report was considered by the SDLT and its comments are reported.
- Legal Ian Marriott
- Finance The review report was considered by the SDLT and its comments are reported.
- Other Chief Officers The review report was considered by the SDLT and its comments are reported.
- District Councils The comments of partners and stakeholders were obtained and are reported.
- Health Authority
- Police
- Other Bodies/Individuals The comments of partners and stakeholders were obtained and are reported. These included the Coventry and Warwickshire Chamber and the Rural Forum.

FINAL DECISION **YES/NO** *(If 'No' complete Suggested Next Steps)*

SUGGESTED NEXT STEPS :

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation Strategic Directors Leadership Team to be signed off.

**Economic Development Overview and Scrutiny Committee,
29 January 2007**

**Value for Money Review of Warwickshire County Council's
Economic Development Services**

**Report of the Interim Strategic Director for
Environment and Economy**

Recommendation

That the Committee:-

- 1 Endorses the main conclusions of this review but, taking account of the comments of the Strategic Directors Leadership Team (SDLT) that the service needs to improve its reporting and communication of the outcomes of the work done by the Council to support and regenerate the local economy, calls for a report on proposals for improving the reporting and communication of the results of the Council's actions in this area.
- 2 Recommends that when the report is considered by Cabinet, they should cross refer the implementation of the proposals for service efficiencies with the outcomes of the Star Chamber.
- 3 In the light of the unprecedented institutional changes currently occurring, including the heightened priority the Government has identified for the local authority role in economic development and regeneration, recommends the deferment of the implementation of more radical economies resulting in service cuts and that over the next year officers report on the implications of the institutional and legislative changes resulting from the SNR and the Comprehensive Spending Review (CSR) so that they can be taken into account in advance of the budget considerations for 2009/2010.

1. Preamble

- 1.1 The main part of this report summarises the process, results and conclusions from the review undertaken by officers during the summer. In November, the final report of the review was considered by the Strategic Directors Leadership Team. In the course of commenting on it the Team signalled that they did not propose to sign off any of the Value for Money (VfM) Reviews, formally, before

the 2008/2009 budget proposals had been considered by Cabinet in December. This report needs to return to SDLT for signing off.

- 1.2 As will be noted, the report of the review focused on the effectiveness of the use of County Council's financial resources on economic development and regeneration and the support from partners and stakeholders for the council's work on economic development and regeneration rather than on service performance. Service performance was, however, the subject of a best value review that reported to Overview and Scrutiny Committee in 2005 but the results from it were not reported in detail to the SDLT on this occasion. Hence, the SDLT noted that more work is needed in terms of reporting of the outcomes from the work done to support and regenerate the local economy. Other than this, SDLT endorsed the main conclusions of this review. As a result of these comments officers are reviewing their approach, firstly, to the collection of performance data and, secondly, are looking towards improving the presentation and communication of their activities and their outcomes. Another item on this agenda covers service performance and our objective arising out of the minute of the SDLT meeting is to see how best to disseminate this sort of information more widely and to present it in forms that are more reader friendly to a wider audience of stakeholders and other interested individuals and groups.
- 1.3 SDLT also recommended that when the report is referred to Cabinet, they cross refer the implementation of the proposals for service efficiencies with the outcomes of the Star Chamber.
- 1.4 The report outlines proposals for savings. The full version articulates the arguments behind the conclusions reached and they echo the comment recently made by Peter Connolly of CIPFA that "councils have a huge challenge ahead of them to continue delivering high-quality services at reduced cost".
- 1.5 It concludes that efficiencies can be made but further cuts to resources will have a serious effect on services. This stage has been reached because of the fallout of grants this year and successive years of "efficiency savings". Members should recognise that further cuts in this area are likely to damage services. The decision of where cuts should fall is a policy matter and Members need to decide where their priorities lie.
- 1.6 Feedback from stakeholders, partners and customers – as well as the Best Value Review in 2005 - suggest that with a few exceptions economic development and regeneration services are high achieving and good value for money.
- 1.7 Members should, however, bear in mind that the Sub-National Review and the Lyons Inquiry signal a higher profile for the economic development agenda in local government. This is reinforced in the Comprehensive Spending Review (CSR) published on 9 October 2007. It lists a series of actions, all designed to ensure local authorities take on and deliver enhanced roles in supporting the development of their local economies. An outline of the actions proposed in the CSR is appended to the main review report and shows the tenor of the government's proposals which are to place economic development high on the agenda for local government. These factors should condition the Council's

decisions on the level of its future investment in economic development and regeneration.

2. The Review

2.1 The steps taken to review the services can be summarised as:-

- (i) Producing the project plan.
- (ii) Investigating spending levels.
- (iii) Reviewing and assessing of the strategic policy context.
- (iv) Evaluation of service performance and effectiveness.
- (v) Investigation of spending levels.
- (vi) Challenging the way the Council delivers its economic development services.
- (vii) Formulation of options for cost efficiencies.
- (viii) Consultation with stakeholders on the options for better value for money.
- (ix) Presentation of draft recommendations to the SDLT and Members of the Council.

2.2 The key issues the review takes account of are:-

- (i) The Council's need to make economies and to improve the efficiency of its services.
- (ii) The Audit Commission Revenue Account figures provide a poor basis for a review of spending.
- (iii) To demonstrate VfM we include an assessment of the added value to Council generated by its investment in economic development.
- (iv) The higher priority given to economic development by government - including its review of Sub-National Economic Development and Regeneration and the Lyons Inquiry Report.

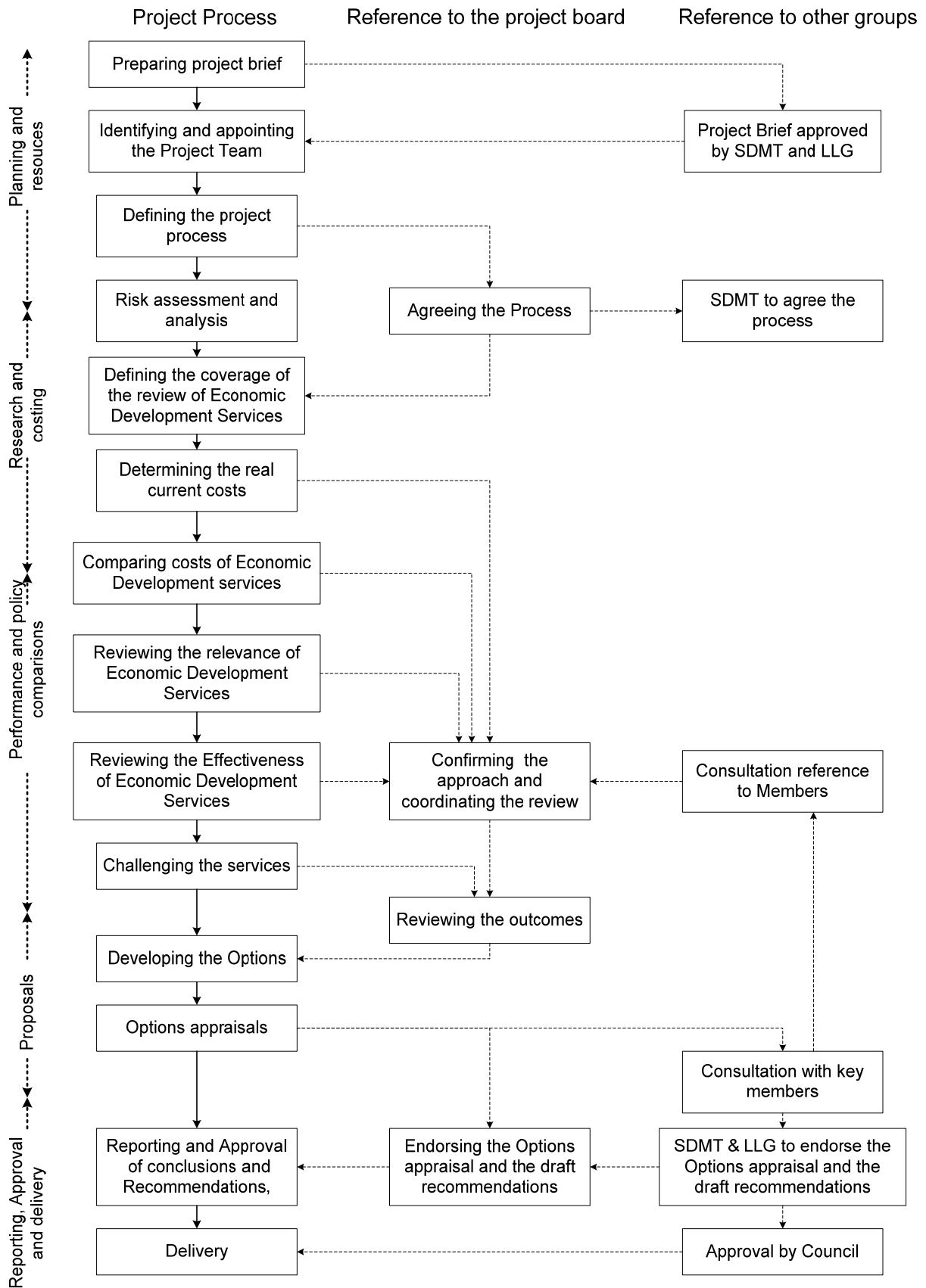
3. The Process

3.1 Following the Strategic Directors' Leadership Team meeting in August, the reviews of economic development and community development were separated so that this review only covers economic development and regeneration.

3.2 The Project Initiation Document, (PID) sets out the approach adopted to the review.

- 3.3 Practical and achievable proposals for savings have been prepared and are set out in this report.
- 3.4 On the basis that the Council is looking for efficiencies not cuts, any decisions on the latter we have left for Members. The following chart sketches out the process followed in the review.

Value for Money Review of Economic Development; Processes to completion.



4. Coverage

- 4.1 The review covers all aspects of the Skills, Tourism and Economy services. In two areas, Warwickshire Education Business Partnership (EBP) and Tourism, services are in transition. EBP has been the subject of a thorough review of management within the last twelve months and is reorganising to take on new challenges as a result of changes to the education of the 14-19s. EBP plans to be self funding within two years. The Tourism Development Service is at a stage where partnerships are being formed and re-formed, and new functional and organisational frameworks are being established or being reorganised at regional and national level. In both these cases the review has adopted a lighter touch, but potential for efficiencies has been identified in both areas.
- 4.2 Education Business Partnerships and Tourism are both areas of activity which the Audit Commission does not include in its definition of economic development.

5. Review Conclusions

- 5.1 In an ideal world it should be possible to use direct comparison with the way other councils deliver economic development to draw conclusions as to whether this Council is achieving value for money in the delivery of its service. However, for the reasons outlined in the full report the information we have available is insufficient to allow us to do this and so the review has explored other routes to determine the value for money of the council's services in support of the local economy. These led us to the following key conclusions:-
- 5.1.1 A statutory responsibility was placed upon local authorities for the economic wellbeing of their communities under the Local Government Act 2000. Since then, the Government has attached increasing emphasis on the local authority role. This is reflected by Sir Michael Lyons in his review of local government and was further emphasised in the Treasury Review of Sub-National Economic Development published in July 2007. This announced the government intention to introduce a new duty on local authorities to undertake economic development. The final link was the action set out in the Comprehensive Spending Review published in October to increase the role of local authorities in economic development. All these put economic development higher up the agenda for local authorities.
- 5.1.2 In comparison with spending in other important service areas, the Council spends relatively little on economic development - in total less than 1% of the Council's total revenue spending. Using the information from the Audit Commission on spending on Economic and Community Development as the basis of a judgement of "value for money" seriously misrepresents the Council's spending. Warwickshire does, indeed, spend more than many councils, which reflects its effectiveness in earning grants, the priority given by the Council over many years and the issues its economy faces. The full report identifies the earnings the council has achieved from grants and compares this with revenue spending.

- 5.1.3 The council's services are high performing and the resources available for the Council to spend in this area are boosted by success the council has achieved in securing external grant, income and contracts.
- 5.1.4 The feedback from stakeholders reassures us that the conclusions of the best value review of economic development in 2005 still apply. That review concluded that the Council's economic development services were effective and efficient and met customers' needs. The action plan that was the outcome was implemented and the necessary improvements made.
- 5.1.5 The need for economic development in Warwickshire has not gone away. The local economic performance appears to be worsening in relation to Gross Value Added (GVA) following the impact of further restructuring of the automotive sector resulting in major loss of employment. According to the latest statistics, the County and the surrounding sub region is now in the lower quartile for growth, with its near neighbour Coventry standing in the bottom 10% for GVA per head. Further action is, therefore, required to return us to being a high performing sub region matching the growth of our neighbouring areas, particularly to the south and east.
- 5.1.6 Major institutional changes are underway which are adversely affecting access to services which Warwickshire businesses presently enjoy. Plans currently being implemented by Business Link and others could lead to a deficit in service provision to businesses in Warwickshire which makes it all the more important for the county to maintain its support services to business, including advisory services and its local access points to business support services, at least until the Business Support Simplification Programme is concluded.
- 5.1.7 In the same way, changes are taking place at the Learning Skills Council (LSC) and Job Centre Plus and the alignment of strategic objectives through the Local Area Agreement (LAA will influence and reshape local services and their delivery by all organisations involved. It is recognised that the focus of service delivery by the council will be influenced by the need in some cases to act as a buffer to regional policies and in others to reinforce them.
- 5.1.8 In its Comprehensive Spending Review (CSR) and the introduction of a White Paper on Supplementary Business Rates and a consultation on the reform of the Local Authority Business Growth Incentive Scheme the Government put local economic development high up the agenda for local authorities. The latter scheme is being amended so that upper tier authorities like Warwickshire will receive the bulk of the grant, as government now recognises that this is the level at which it is appropriate for economic development to take place. The county council will need to consider its approach to levying a supplementary business rate once the legislation has been enacted.
- 5.1.9 Proposals in the Review of Sub national economic development for a greater delivery role for local authorities and sub regions and the delegation of Rural Development Agency (RDA) budgets to a sub regional level are currently being implemented. The Council needs to maintain or enhance its level of commitment to economic development in order to ensure it can take full advantage of the opportunities the new arrangements offer in terms of

delegation of funding from the regional development agency. Otherwise, we are informed, the RDA is likely not to accept we have the “capacity” to deliver economic development.

5.1.10 A series of measures have been identified in paragraph 6.6 which could improve the efficiency of the delivery of our services.

5.1.11 More significant savings could be generated but only through reductions in service or significant re-engineering of services. These need to be assessed as their deployment will lead to a loss of service and a reduction in “capacity”. So, decisions taken on them need to be considered in full knowledge of the context of growing economic need, the priority given by government to economic development, the impact on potential delegation of budgets by the RDA and the impact on partnership activities.

5.1.12 The commercial business rates are still growing despite challenges in the wider economy. Warwickshire County Council (WCC) earned £1.8 million additional Local Authority Business Growth Incentives (LABGI) resources in the course of the last year and an additional £400k has been allocated within the last month. The Economic Development Overview and Scrutiny Committee accepted the case for at least a proportion of the additional money to be re-invested in economic development services. With the changes proposed to LABGI we expect Government to provide added inducements for the council to commit to growing its business base and, hence, encouraging an added commitment to economic development.

5.1.13 Over the past couple of years economic development services have been, and continue to face pressures on their budgets as a result of reduction in the availability of external funding to offset the costs of services and the fall-out of grants on the expiry of programmes which supported service provision.

5.1.14 Economic Development brings considerable financial benefits to Warwickshire and its local authorities. Over the past six years we estimate that the actual cost of economic development services to Warwickshire County Council in terms of net revenue spend is £21 million. During the same period the Council’s economic development services secured grants amounting to £54 million to support the local economy and the Council’s activities in this area.

5.1.15 Officers currently keep close scrutiny of their spending and also need to keep under constant review the value achieved through the council’s contributions to third parties.

5.2 Where savings are to be made members will need to decide their best use. They should pay due attention to the following factors:-

5.2.1 Any cuts in the budget for economic development would have a significant and disproportionate impact on the Council’s economic development services both through the direct effect of funding cuts and the impact this would have on joint work and commitment to partnerships. However, the transfer of such savings to higher spending areas would make little strategic impact in terms of a proportionate contribution to those areas.

- 5.2.2 The Comprehensive Spending Review, the Sub National Review and the Lyons Review all show that Government is setting a higher priority on the local authority role in economic development. Starting with the introduction of a new statutory duty, the environment in which we operate is going to be transformed over the next few years with the government setting a much greater emphasis on the role that the local authority can play in supporting the local economy – and providing the legislative and funding frameworks that will help equip authorities to respond to this responsibility.
- 5.2.3 In the light of these changes, the Council will need to review its role further, within the next twelve months, in order to take full advantage of the opportunities the changes the Government are introducing. It is possible, therefore, that in a year's time changes made at this stage could, appear ill-timed.
- 5.2.4 The Council's Economic Development activities are undertaken in a series of partnerships. In many cases the Council's investments in staff time and finance are crucial to development commitments and the maintenance of activities undertaken on behalf of Warwickshire and of the Sub region. Decisions taken as a result of this review will therefore need to take account of the implications of any proposed changes for the resourcing of partnership activities, the effects on the partnerships and to the achievement of Council and partnership objectives.
- 5.3 In considering recommendations from this review officers are mindful that the terms of reference for the review contain ambiguities which are difficult for them to resolve. It has been assumed that the first priority has been to look at the potential to generate savings through efficiencies but after three years of efficiency savings, the capacity of services to generate new ones is limited. Even so, the approach adopted has been to probe for these and some have been identified.
- 5.4 Any cuts beyond "efficiencies" would compromise the achievement of approved council priorities and its medium term strategy, because economic development services in Warwickshire have been developed as tools to deliver these policies. If such cuts are required, it will be necessary to revisit approved strategies to identify which areas are no longer priorities. If this path is chosen, then external factors such as the CSR, SNR, the Local Area Agreements (LAA) and others referred to in this report will need to be taken into account.
- 5.5 The priority in this review has been to identify efficiencies and savings. From this report members will be aware of both the added priority the Government is giving to the local authority role in supporting the development of their local economies and, consequently, the need to maintain the council's commitment to economic development. In view of this members will need to consider how best to protect and/or re-channel the budget for economic development in order to ensure that the council's objectives in this area can continue to be delivered and so we can respond adequately to the changes to be introduced through the SNR and the CSR.
- 5.6 In considering where priorities should lie, members surely need no reminder that a healthy economy is fundamental to the generation of wealth and tax revenues.

Hence, it underpins the ability of a local authority like Warwickshire to fund its prime focus on raising levels of educational attainment, caring for older people, and pursuing a sustainable environment.

6. Options for Enhanced Value and Increased Cost Effectiveness

6.1 Officers identified a number of ways of generating savings and/or greater VfM and these were evaluated. The range of options considered in the course of the review is shown in **Appendix F** of the full report. A number of the options were rejected but where they merit further consideration they are elaborated and refined in the proposals set out below, and are offered for consideration:

6.2 Neighbourhood Initiatives

6.2.1 The main element of this is the multi-disciplinary Pride in Camp Hill team, the running costs of which have been shared with Nuneaton and Bedworth Borough Council and with Advantage West Midlands (AWM) contributing. An immediate proposal is to share the success and good practice further across Nuneaton in order to help address the North-South Divide. Longer-term, 2014, is the end-date for the Pride in Camp Hill project, and will bring a scaling down of engagement towards this date as Phase 3 housing redevelopment is implemented. However, there are immediate and continuing pressures to respond to resident issues surrounding the Compulsory Purchase Order for Phase 3.

6.2.2 Currently operating across the whole of the Nuneaton end of the Regeneration Zone is the Building Sustainable Neighbourhoods team. This has been largely funded by external grant from European Regional Development (ERDF) and AWM since its inception several years ago. Most of the grant is given out to community projects, many of which support youth, elderly or sustainability. The expectation is that continuation funding will be found beyond 2008 from new European Union (EU) funds such as Sustainable Urban Development programme (SUD), but if this does not happen then an exit strategy will be put into place. Currently a senior post in the BSN team is being held vacant in order to keep down administration costs. In the longer term members may wish to consider whether to change the focus of the BSN activities, as the needs of areas of high deprivation outside of Nuneaton become more apparent.

6.3 Regeneration Projects

6.3.1 EPIC: Eliot Park Innovation Centre has been managed by (CUE) Enterprises and has taken longer to go into surplus than budgeted. Discussions with CUE have revealed that current arrangements involve inefficiencies (such as duplication of financial procedures) and lack of incentive for CUE to maximise occupancy. Management is in the course of being brought in-house, taking full effect in February 2008, and occupancy rates have risen sharply. The budgeted deficit for 2007/8 is £175k and this should be at least halved in 2008/9 and eliminated in 2009/10.

6.3.2 Business Centres: Over recent years staffing levels at Centenary Business Centre (CBC) and Sir Frank Whittle have been whittled down from seven to five in

order to improve VfM. Although the third phases of both centres mean a substantial increase in floor space, staffing levels will remain at their current levels, improving efficiency further.

6.3.3 Business Improvement Districts: Warwickshire is the only County Council pilot authority. In addition to Rugby Business Improvement Districts (BID) which has been operating since last year, a programme of BIDs is being developed. This will bring in substantial private sector financed improvements to commercial areas of Warwickshire. When the programme has been rolled out in several years time, the budget for WCC pump-priming activity can be redirected.

6.4 Business, Tourism and Economy

6.4.1 Inward Investments secured through the activities of Warwickshire Investment Partnerships (WIPS) are an important element in ensuring that the Warwickshire Economy is protected against sectoral and structural declines. As noted earlier in the VfM report, (WIPS) is a strong performer in the sub-region. During the last year WIPS has increased contributions it receives from Warwickshire district councils. There is potential to increase cost effectiveness further by closer collaboration with sub-regional partners, i.e. Coventry Centre for Investment and the equivalent team at Solihull.

6.4.2 Bayton Road HUB (Business Resource Centre): Like BSN above, the HUB has been largely funded through external funding, notably ERDF and AWM. This funding draws to a close in early 2008, so unless replacement funding is found an exit route will be implemented. Options are actively being explored. Staffing has already been reduced, and 2 more posts could become redundant.

6.4.3 Business Support: BTE includes a highly regarded business support team which delivers advice to businesses that complements that available from Business Link e.g. environmental sustainability and services to business in rural areas. The service will be impacted over the coming year by the Business Support Simplification review and potential changes to operations of Business Link. It is regarded as premature to carry out internal changes until these external factors become clear.

6.4.4 There is a small budget for Tourism Development which includes provision for taking full advantage of the 2012 Games. Whilst some resource may be released from a current examination of the level of engagement in sub-regional 2012 activity, ongoing discussions on arrangements for Destination Management Partnerships and the need for upskilling the workforce involved in this sector may result in a significant budget pressure.

6.5 Education Business Partnership

6.5.1 Whilst EBP has been the subject of a separate review in 2006/7, it should be noted that a budget deficit resulting in large measure to loss of LSC grant is being tackled by a combination of a package of measures including:-

- (i) increasing business with schools – up 18% on last year.
- (ii) reducing subsidy on use of Gaydon Partnership Centre.

(iii) reduction in staffing (e.g. Deputy Director post and administration).

6.6 Skills Delivery Group

6.6.1 Rationalise and economise on accommodation, notably for services to the unemployed. Proposals are being progressed, which should provide space that is far better fitted to purpose (e.g. Disability Discrimination Act (DDA) compliant whilst achieving significant cost reductions associated with four offices in Nuneaton and Leamington being merged into two. This will provide opportunities for reducing administrative and associated support in those locations, and redirect to front-line client activity. Detailed costs are being worked up for Nuneaton, whilst proposals for Leamington have been approved by Cabinet.

6.6.2 Review our engagement with Job Centre Plus contract for long-term unemployed (New Deal). Skills Delivery is the prime contractor for Job Centre Plus (JC+) in Warwickshire. The current contract is worth over £1 million (subject to positive job outcomes) and runs until end-March 2008 though it may be extended up to August 2009. Experience of this latest form of New Deal has been mixed, and the latest information is that the situation has improved from fairly uncertain beginnings. The situation in the early months was exacerbated by a rapid rise in the long term unemployed bringing an unexpected rise in the number of clients dealt with during 2006. Between 45-50 County Council jobs are involved in delivering the contract.

6.6.3 Business Consultancy has been engaged to advise on the management and structure of Skills Delivery activity to build on new contracts. Options considered include setting up an "arms-length" company with other training providers to jointly deliver some services, thereby achieving economies-of-scale and/or greater effectiveness in securing new contracts. The Employment and Skills Strategy currently in preparation is exploring options and may come up with different ways of engagement by Skills Delivery Group.

6.7 Regeneration Strategy and Europe

6.7.1 The Regeneration Strategy team secures Warwickshire's access into various external funding programmes, notably EU and AWM. The immediate target for 2008/9 onwards will be securing resources from the new EU SUD (Sustainable Urban Development). This will be focused on activities designed to further bridge the north/south gap in economic performance. The medium term target will be securing delegation of AWM Regional Development Agency resources for the sub-region.

6.7.2 The team will front the response to new statutory powers that have been trailed recently. This will involve production of an analysis of the local economy and associated consultation with the business community. Linked to this is the development of proposals for a supplementary business rate (alongside Regeneration Projects with their engagement in BIDs), should the Council pursue this. An assessment carried out estimates that for Warwick District alone the maximum 2p business rate proposed could generate as much as £1.5 million

per annum. The Supplementary Business Rate would come to the strategic level authorities, not District Councils.

6.7.3 Nuneaton Opportunities Centre is generating far more income than anticipated from its activities – some £15k more than budget is forecast for 2007/8. This is offset in part by costs, but reduces the pressure on the Centres to secure resource from other sources.

6.8 General Service Wide Approach to Increased Efficiency

6.8.1 Review contracts with outside organisations: a large part of the economic development budget involves payments to outside bodies, notably partnerships such as Coventry Solihull and Warwickshire Partnership (CSWP)/Connexions. These will be systematically reviewed, firstly, in the light of the changes to regional relationships and, secondly, to identify opportunities for efficiency savings (we consider that partners should be expected to look for Gershon-style savings) or switching resource to other priorities.

6.8.2 Reduce staff costs falling on the WCC revenue budget, by:-

- (i) Increased charging of staff costs to external funding streams.
- (ii) Reduction in staffing levels, such as already achieved at Business Centres and proposed linked to rationalisation of training premises.
- (iii) Reduction in management overheads, taking opportunities such as the EBP Deputy Director and vacant BSN Co-ordinator post identified above.

6.8.3 Increase income generation through increased charges and business activity. Income generation already exceeds £2 million, but the EBP and WIPs examples above demonstrate that more can be achieved.

6.8.4 More effective Cost Centre Management: Challenge any loss-making activities within quasi business units (which include Skills Delivery Group, Landscape Team, EBP, Opportunities Centres and Business Property Portfolio). The majority of the STE service operates in the style of business units, and steps have been taken to reinforce a Cost Centre Management approach, whereby the true cost of individual activities can be exposed. For example the loss-making CBC has been turned into a surplus in recent years, deficits at EPIC are being tackled, and losses within parts of EBP (such as the Gaydon Partnership Centre) have been highlighted and actions have been put in place

6.9 Radical Re-Engineering of Services

6.9.1 Most of the efficiency options examined so far involved adjusting services provided by the County Council. The Sub-National Review promotes sub-regions as a building block for effective economic development activity. There should be opportunities for economies of scale in the operation of services across the sub-region through closer joint working, which will have repercussions for existing structures such as CSWP. More radical structures for delivery efficiencies could involve different ways of working with other local authorities and agencies in (and beyond) the sub-region. They include:-

- (i) Improved two-tier working with districts, who in terms of annual revenue budget are minor players in Warwickshire. This could involve building on existing partnership arrangements such as WIPS (Warwickshire Investment Partnerships), or town centre management. Currently the district councils are the major beneficiaries of LABGI, and there may be an opportunity to negotiate greater use of LABGI resources towards LAA priorities. In the longer term there will be changes to the LABGI scheme which should benefit strategic authorities. A consultation is underway.
- (ii) Closer working with neighbouring strategic authorities i.e. bi-lateral arrangements with Coventry and Solihull or adjoining shire counties, both inside the West Midlands region and, where appropriate, with neighbouring authorities in the East Midlands and South East regions. This may include the alignment of LAAs, the pooling of resources and/or shared delivery through the likes of MAAs. In the longer term there is potential to align policy and actions related to proposed Supplementary Business Rates.
- (iii) Realigning and re-configuring services with other partners within the LAA, such as the LSC in relation to skills, and Job Centre Plus in relation to worklessness and employment. This may involve Skills Delivery Group collaborating with other training providers within and beyond the Council.

6.10 Work continues on the potential for producing increased efficiencies from these and other options. Note that not all the options release resources – indeed some of the options involve putting on a sounder footing activities which have seen significant overspend or are in danger of doing so – notably EPIC and the Job Centre Plus contract.

6.11 These proposals for savings should be seen in the context of the increased priority being given by government to economic development and regeneration. Whilst applying these measures should allow us to achieve more than 9% savings over the next three years, where possible savings should be reinvested to demonstrate that Warwickshire is maintaining its capacity.

One approach would be to redirect savings to meet service investment proposals, notably:-

- (i) Education Business Partnership – Resources for Improvements (£107k).
- (ii) Community-led Environmental Improvements in Deprived Areas – (£300k capital).
- (iii) Destination Management Partnership - flagged up at 6.4.4 above (but, subject to further assessment and agreement with partners).

DAVID PYWELL
Interim Strategic Director for Environment and Economy
Shire Hall
Warwick

21 January 2008

**Value for Money Review of Warwickshire
County Council's Economic Development
Services**

October 2007

Skills, Tourism and Economy
Environment and Economy Directorate
Shire hall
Warwick

Value for Money Review of Warwickshire County Council's Economic Development Services

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1. Introduction: The Value for Money Review

1.1 This report into the value for money of the Council’s Economic Development Services sets out the approach adopted to the review undertaken by officers, supported by consultants. In setting out the results, it takes into account feedback from consultations with stakeholders and partners on the outline proposals. Finally, it makes proposals for savings and efficiencies based on the conclusions of the review.

1.2 The basis for the reviews was agreed by Council as:-

“A programme of value for money reviews to improve and maintain value for money across all services” will “be undertaken.” Any reports on the outcomes of this work should be presented to members in the autumn of 2007 to enable decisions to be made prior to agreeing the detail of the 2008/09 budget.”

1.3 In undertaking the review the steps taken can be summarised as:-

- Producing the project plan
- Investigating spending levels
- Reviewing and assessing of the strategic policy context
- Evaluation of service performance and effectiveness
- Investigation of spending levels
- Challenging the way the Council delivers its economic development services
- Formulation of options for cost efficiencies
- Consultation with stakeholders on the options for better value for money
- Presentation of draft recommendations to the SDLT and Members of the Council.

1.4 The review commenced in May and will be completed in time for the SDLT meeting to be held on 31 October. It will be one of several reviews to be considered. The others are:-

- Fire Service
- Libraries
- Children & Families Services (including non-school education as a separately identified element)

1.5 These services were selected for review because, at face value, the County Council appears to spend considerably more on them than many other Counties.

¹ Originally quoted from the offices of President Clinton’s successful election campaign and in May 2005, a YouGov survey found that the economy was the third most important issue for the electorate, “even breaking in on that near-holy trinity of health, crime and education”

- 1.6 The reports on VfM will need to be submitted to Cabinet for approval shortly after the SDLT in order to comply with the timetable set for the reviews and to enable the outcomes to be taken into account in setting the 2008/2009 Budget
- 1.7 In coming to its conclusions the review not only takes account of current practice but also of issues likely to be faced in the future. In particular, it takes account of the changes the government intends to introduce through its review of Sub National Economic Development and Regeneration² and the subsequent Comprehensive Spending Review.

2. The Project Plan: The Approach Adopted to the Review:

- 2.1 The SDLT and the Leaders Liaison Group approved the Initial Project Brief for a review of economic and community development in April. A joint management board including officers from Performance and Development and Environment and Economy Directorates was set up to coordinate a review of economic and community development and project teams were set up to manage the two different strands. A Project Initiation Document was produced in June for the joint review and the project proceeded through June and July. In August, when the interim report was submitted to SDLT it was apparent that the reviews of economic development and community development should be separated. This report therefore only covers economic development and regeneration. It is only in respect of the analysis of figures from the Audit Commission that the figures for economic development cannot be disaggregated from those of Community Development. In October separate reviews with separate recommendations will be presented to the SDLT and, from thence to Cabinet. Although similar in name, the functions of the services are entirely different³.
- 2.2 The Project Initiation Document, (PID)⁴, approved by the SDLT and appended to this report sets out the approach adopted to the review.
- 2.3 The project has proceeded in line with the steps outlined in the PID and a final draft of the review report will be completed during the first two weeks of October. Practical and achievable proposals for savings have been prepared and are set out in this report. However, significant policy developments, which arise primarily from the contents of the Government's review of Sub National Economic Development and Regeneration, have occurred since the commencement of the review. Whilst there is every need to take advantage of any opportunity to improve the efficiency of the services, the impact of the policy changes needs to be considered very carefully in any decisions over the future level of the Council's investment in services in support of the economy.

Coverage of the Review

2.4 Coverage

- 2.4.1 The review covers all aspects of the Skills, Tourism and Economy services. In two areas, Warwickshire Education Business Partnership (EBP) and Tourism, services

² Review was published by HM Treasury in July 2007

³ The difference could be summarised as economic development promotes wealth creation and Community Development is a medium through which some of it is spent.

⁴ The Project Initiation Document is appended to this report

are in transition. EBP has been the subject of a thorough review of management within the last twelve months and is reorganising to take on new challenges as a result of changes to the education of the 14-19s. EBP plans to be self funding within two years. The Tourism development service is at a stage where partnerships are being formed and re-formed, and new functional and organisational frameworks are being established or being reorganised at regional and national level. In both these cases the review has adopted a lighter touch, but potential for efficiencies has been identified in both areas.

The services in support of the local economy partly or wholly funded from Warwickshire County Council's revenue budget include the following:-

- Business, Tourism & Economy
 - Tourism and Work Life Balance
 - Business Support
- Warwickshire Investment Partnership
- Promoting employability skills in young people
 - Education Business Partnership
- Regeneration Strategy & Europe
 - External Funding
 - European and International Team
 - Access to Employment
- Skills Delivery Group
 - Sustained employment through learning
 - Employment Training in Warwickshire
 - Warwickshire Employment Support Team
- Regeneration Projects
 - Business Premises & Managed Workspaces
- Neighbourhood Initiatives
 - Pride in Camp Hill
 - Building Sustainable Neighbourhoods

More details of the individual services are attached **Appendix C**

3. The Strategic Context

Economic Development in Warwickshire

3.1 The service vision for economic development and regeneration is to “create a sustainable and vibrant local economy which promotes employment and prosperity for all”. A new Regeneration and Competitiveness Strategy was prepared in 2006 which addressed issues identified in the 2004/05 Best Value Review and this established three key strategic objectives for economic development and regeneration set out in the text box.

3.2 A healthy economy is fundamental to the generation of wealth and tax revenues. It underpins the ability of a local authority like Warwickshire to fund its prime focus on raising levels of educational attainment, caring for older people, and pursuing a sustainable environment. It is the underlying pre-requisite to generating the wealth necessary to support the provision of any or all services – and is therefore key to the achievement of all the council’s objectives.

3.3 The economic development services provided by the Council are designed primarily to deliver the three objectives listed but we also help to deliver the council’s aim of

improving educational attainment through the delivery of the services to schools provided by the Education Business Partnership and the services of the Skills Development Group which assists those who have failed to acquire the basic skills they need to get into employment

Vision and Objectives

In line with the Council's Corporate Objective, our vision is to ‘create a sustainable and vibrant local economy which promotes employment and prosperity for all’.

“To do this we must create an environment in which businesses are able to innovate to create and sustain jobs; residents are encouraged to learn, acquire skills and competencies to enhance their employability; and help is targeted to those experiencing deprivation and disadvantage.”

Services concentrate on the key activity areas including inward investment, town centre regeneration, neighbourhood renewal and business support.

The strategic objectives for economic development and regeneration are:-

“Improve competitiveness of the Warwickshire economy”

“Provide clear leadership and influence within the regional and sub regional economy”

“Building community capacity and reduce social exclusion and embed sustainable regeneration”

Institutional Policy Context and Partnership Working

3.4 The County Council is a founder member of CSWP⁵ and currently provides core funding to the partnership. All local authorities and other key stakeholders in Coventry and Warwickshire have agreed the objectives for the economic strategy

⁵ Coventry, Solihull and Warwickshire Partnership

for the sub region and it provides the policy parameters for the council's strategy referred to in the previous paragraph.

- 3.5 CSWP works as a partnership of agencies working together for the growth and prosperity of the sub-region. The Best Value Review identified a strong strategic fit between Warwickshire economic strategies and those for the region and sub-region.
- 3.6 Linked to this has been “an exceptional ability” on the part of the Council’s economic development services to secure regeneration funding over a prolonged period. The additional funding that this has secured for Warwickshire has been a key contributor to the efforts made by the County Council and its partners to work towards the economic development of Warwickshire – and the importance of this to the county council is discussed in more detail in Sections 4 and 5. The continued effectiveness of these partnership arrangements is in large part due to the ability of the Council to resource its role in partnership activities either through direct contribution or through obtaining the necessary funding from external sources.

Central Government Perspectives

- 3.7 The Local Government Act 2000 placed a statutory responsibility upon local authorities for the social, economic and environmental wellbeing of their communities. Since then, the Government has, progressively, introduced measures which encourage local authorities to do more to support their local economies. LABGI,⁶ introduced in 2005 provided a clear incentive for local authorities to encourage business growth in their areas. The importance given to the local authority role is reflected by Sir Michael Lyons in his review of local government, and is further emphasised in the Treasury Review of Sub-National Economic Development published in July 2007, which is to be reported to Cabinet shortly. The key proposals of the SNR show the government places economic development high on the agenda for local government and its recommendations include a new duty for local authorities to analyse local economic circumstances in order to frame strategy. The report also proposes greater delegation to sub-regions of funding from Regional Development Agencies which, in turn, are to become more strategic in their role of creating economic growth.

Recent Acts and Government reports underlining the importance of the local authority role in development of the local economy:-

- 2000 - new statutory responsibility introduced in the Local Government Act
- 2005 – Introduction of LABGI with its financial incentive to support business development.
- 2007 – Publication of the report of the Lyons Inquiry – recommending an enhanced role for LAs in economic development.
- 2007 – Publication of proposals for a new statutory duty and enhanced responsibilities and roles for LAs in the Review of Sub National Economic development.

- 3.8 The new Regional Economic Strategy for the West Midlands is expected to be published in November. This will set out the key issues, challenges and opportunities facing the regional economy and will seek to align and direct public

⁶ Local Authority Business Growth Incentive

sector (and to some degree, private sector) resources to priorities and interventions to address these

- 3.9 The new SNR provides the latest evidence of the shift of emphasis to more localised responsibility for delivery of economic development. Local authorities such as Warwickshire will have increased roles and responsibilities through this. However, the delegation of sub regions will depend on their capacity and commitment to deliver the strategic economic development agenda.⁷

The West Midlands Regional Economic Strategy.

The new Regional Economic Strategy highlights the £10bn output gap within the West Midland's economy, and identifies priority actions under the strategic themes of Business, Place and People.

These actions range from developing high value sectors, driving up entrepreneurship, increasing levels of innovation and R&D, regenerating the region's most deprived areas and developing sustainable communities, improving skill levels across the region and reducing economic inactivity.

The strategy recognises the critical role that local authorities play in translating these regional actions into local initiatives, and highlights that this role is likely to be strengthened further as a result of the Review on Sub-National Economic Development

⁷ The Government will expect the RDAs to delegate responsibility for spending to local authorities or sub-regions wherever possible, unless there is a clear case for retaining spending at the regional level. Aims to provide greater certainty over funding, and would also seek to cover European funding, with funding devolved down to sub-regional and local levels where possible. However, this objective is subject to significant caveats - particularly "***RDAs will need to be satisfied that the body receiving funding has the necessary capacity.***"

4. Services and their Performance

- 4.1 A series of investigations and analyses of our services were carried out following the steps set out in the PID⁸. These included brainstorming sessions, assessments and reviews of policy and strategy, culminating in stakeholder consultations which were completed during the week commencing 24th September. The details of the processes and the reports on the investigations are available but for this report, only the highlights are singled out.
- 4.2 In common with many other Shire Counties the economic development and regeneration role of the council covers strategy setting, policy development and service delivery. Services are currently delivered by five teams based in the Environment and Economy Directorate.

Comments Received from Customers and Partners:

"Nigel Bond has set up a special course for students of River House School in conjunction with students from other special schools at the Nuneaton Opportunities Centre. The course has been very positively received by our pupils and supporting staff; so successful in fact that we've asked him to set up a similar course at the Rugby Opportunities Centre."

"Thanks to you I can now understand ESF and co-financing grants! Gold star to the European Team."

"I would like to thank you for giving your valuable time to the Mayor and senior officials from Sri Lanka. We are certain that some of the decisions and actions promised by our participants will assist a large number of poor to break the poverty cycle."

"The Telford in Europe seminar was very helpful indeed and has raised awareness amongst a number of key players; it was also a useful catalyst to reactivate our European partnership. Feedback is very positive and we are already setting out a number of new initiatives."

"Excellent - we found our current premises through you and they are superb. Info so far in regards to additional requirements has been likewise very good"

"Very impressed with the ability to ascertain our needs and send very relevant / useful information. The knowledge displayed of local attitudes and other important "local" information - thank you"

"With the information provided I would be a lot more confident in starting my own business knowing that the support and knowledge is there to be "tapped into" when the right opportunity comes I will not hesitate to use your services - thank you"

⁸ Project Initiation Document agreed by the SDLT in May 2007

Comments Received from Customers and Partners: (continued)

"Keep doing the great work!"

"Wish we had found you a long time ago."

"The follow up calls indicated a keenness to promote the area and a desire to assist where possible. Very polite staff!"

"Great team and great job"

"I have already recommended you to another business"

"Warwickshire County Council's proactive approach to supporting the development of effective partnership and BIDs is invaluable to the County".

"Places like Leicestershire are trying to adopt the Warwickshire approach to TCM, and BIDswise there are 3 regions looking at adopting the working arrangements similar to the Warwickshire BIDs programme.

The LGA credited Warwickshire with joint authorship of the LGA "Good Practice Guide" on managed workspaces and business incubators and Warwickshire examples are featured in the report

- 4.3 The largest team is the Skills Delivery Group, which is almost wholly funded from external sources, including multi-million £ contracts with the LSC and Job Centre Plus. In terms of capital investment, the most significant undertakings are our Neighbourhood Initiatives. This includes Pride in Camp Hill which is a flagship regeneration project for the region, with investment of nearly £200m from the private sector, supported by grants from AWM, Housing Corporation, ERDF and English Partnerships.
- 4.4 Much of what we do is in partnership. Activities range from attracting inward investment to supporting and encouraging the growth of indigenous businesses; from developing skills to putting in place and improving business and economic infrastructure; from bringing people into employment to securing grants for development and regeneration from government and Europe. Fundamentally, this local authority is in the business of encouraging and enabling sustainable economic prosperity through strategy development and service delivery, generating funds, and through facilitating and convening the partnerships that help the Council to bring this about
- 4.5 Two recent reviews of economic development undertaken by the government (the Lyons Inquiry and the SNR) take a more holistic view of economic development. This identifies that planning, transport and skills also contribute to development of the economy, and advocates an approach that more closely integrates planning and service delivery in these areas with the economic strategy. Whilst organisationally this is unlikely to result in service changes in the short term, it can be assumed that this change of emphasis will influence policies adopted by council in all these areas in the longer term.

Service Innovations and Performance

- 4.6 In service delivery, Warwickshire has been an important innovator and, as a result, has been successful in attracting external funding for many of its activities. The scale of resources attracted and the projects would be at risk if there is a significant withdrawal of funding by the County Council, as explained in Section 5 below.
- 4.7 Warwickshire County Council was selected as one of 22 national Business Improvement Districts, selected by ODPM/ATCM, as the only County Strategic Pilot. In developing the Rugby BID we were the only pilot to lever in major (£240k) funding from an RDA and has already won 2 national awards- DTI Safer Shopping Award and ATCM Community Safety Business Award and is leveraging in £5m additional funds over 5yrs for the town.
- 4.8 As BIDs develop across the County, (programmes are being developed in Leamington, Stratford and Hams Hall) a further £8m could potentially be generated for our town centre areas and key industrial estates over the next 3 years. WCC seed corn funding is leveraging in equal amounts from District/ private sector partners and where successful, WCC will be able to claw back 50% of its original investment,
- 4.9 Currently, as a provider of premises for businesses the County secures a net surplus of £370k. We operate through 3 main centres, plus smaller workshops around the County. We provide business incubation services at Rugby, Bedworth and Nuneaton as well as the EPIC and Warwick Innovation Centres. Most of the centres are partnerships with funding bodies and any withdrawal from them can be expected to adversely affect the level of business formation in Warwickshire and, potentially, lead to clawback from major funders and fall out with key partners.
- 4.10 Proposals for World Class Stratford include a new bridge and improvements to Waterside/Southern Lane, using substantial funding from Advantage West Midlands. Reductions in the County Council contribution could compromise the scheme, would raise the potential for clawback of grant funding, and a negative impact on future joint working with AWM, with the prospect of compromising delegated funding under the proposals in the sub national review.
- 4.11 Skills delivery has recently been enhanced by the awarding of Prime contractor status by Jobcentre Plus which has provided support to more than 2,000 long term unemployed clients in its first year, securing:-
- Funding of more than £1.5m per year.
 - A Nextsteps Lone Parent pilot.
 - Jobsearch/Programme Centre contracts in each town.
 - In addition, Skills Delivery receives core funding from the LSC.
 - Train to Gain for adult NVQ Level 2s and 3s.
 - Apprenticeships and Advanced Apprenticeships for 16-24 year olds.
 - The national pilot for Health & Social Care Adult Apprenticeships in the public sector.

4.12 A successful ESF bid has resulted in the service being awarded the £2m SetL project, which is the pilot for a major national programme assisting people to move off incapacity benefits and into work. The Skills Delivery team is actively responding to increased demand for services by submitting further bids for additional ESF funding for 2008-09.

4.13 The inward investment team, Warwickshire Investment Partnership, deals with over 1000 investment enquiries per year. The table below explains the cost effectiveness of this service. The conversion rate (of enquiries into investments) is around 7% which is significantly higher than the average for the benchmark group at 5.8%. The Investment Partnership have assisted the following organisations with their relocations in Warwickshire: The Law Society, Dairy Crest, Ricardo, Lynx Express, TNT, HBO, GAP, Dana Corp, Aston Martin, TRW, Unipart, Wolseley, and NFU - amongst many others.

Warwickshire v Coventry: Comparing Inward Investment Services

Local Authority	Population 2005	Number of Businesses 2005	Numbers of staff in the inward investment team	Number of inquiries dealt with in 2005/2006	Annual Promotion budget	Number of investments secured
Warks	533,900	19,720	5	1026	£45,000	68 assisted investments
Coventry	304,200	6,195	12 including 5 p/t	401	£80,000	53 investments in total

- Warwickshire employs one member of staff per 4,000 businesses while Coventry employs 1 per 500 businesses.
- Warwickshire employs 1 member of staff per 100,000 population Coventry employs 1 member of staff per 50,000 population
- Warwickshire secures 1 enquiry per £45 invested in promotion Coventry secures 1 enquiry per £200 invested in promotion
- Warwickshire secures an inward investment per £660 spent on promotion Coventry secures an inward investment for each £1500 spent on promotion

With less than half the staff of Coventry, Warwickshire's inward investment team spends about half as much on promotion and achieves 20% more investments as the outcome of its activities

- 4.14 New initiatives have been developed in the last year or two to promote inward investment in the priority sectors, including:-
- A successful partnership formed with Northamptonshire, Coventry, Oxfordshire and the Motorsport Industry Association to promote investment in “Motorsport Valley”.
 - A partnership has been formed with Coventry and Solihull to promote investment in Medical and other advanced technologies.
- 4.15 Members of the Business Support team work with AWM, Job Centre Plus and other agencies, to assist redundant employees from firms disinvesting from Warwickshire - to ensure that employees resident in Warwickshire are re-employed or re-skilled when they enter the job market . Last year the Business Support Service supported 166 Business Start Ups and 92% of our business support service customers were “Very Satisfied” with the services they received.
- 4.16 Our business adviser on work life balance is highly regarded nationally and the innovative work being done in Warwickshire in this area is widely recognised. The Employer of Choice awards begun in Warwickshire has been taken on in Coventry and a similar scheme is being run in Birmingham.
- 4.17 The Council’s European team is based in the Division and has a well deserved reputation for their in-depth knowledge of EU and international policy and affairs. Their track record of developing and supporting the delivery of EU programmes on the ground is unsurpassed for a council of our size. A new European and International Strategy for Warwickshire 2007/2013 has just been launched. We've levered in £18m from AWM, £10m from ERDF/ESF and over £12m from other public sources, compared to just £6m investment from WCC itself, to create over £92m of inward investment in WCC lead projects, mainly in the north of the county - a leverage ratio of 1:15.
- 4.18 At community level we run two highly successful construction training opportunities centres in Camp Hill in Nuneaton and the Benn Ward in Rugby. To date over 1000 Nuneaton residents have used the Camp Hill centre receiving training in ICT, environmental skills as well as construction and related skills. The Rugby centre also operates at full capacity and we have a waiting list for the new term. Plans are underway for a new unit in which training in vehicle maintenance will take place, subject to funding applications being successful. .
- 4.19 We supervised the development and adoption of Block 4 of Warwickshire’s Local Area Agreement.

Skills Development

- 4.20 The Lyons Inquiry and Lord Leitch’s report both reinforce the view that skills are key to economic success. Over the past two years the training environment has transformed and the Council is currently working on the development of a Skills and Employment Strategy. This will provide a much-needed strategic direction for the council’s services in support of the training agenda, including Employment Training Warwickshire, without which services for the disadvantaged people of Warwickshire would revert to ad hoc delivery

Pride in Camp Hill

- 4.22 Each summer around 100 young people join our Detached Youth programme. Between July 2005 and June 2006, 120 students benefited from free tutoring sessions under the Basics of Success Scheme and the revamped Early Years' Centre opened its doors in October 2005. Although the SATS results for Camp Hill are still below the County average, the aim to halve the differential has been achieved, with a significant improvement from 39% in 1998 to 69% in 2004. As a consequence, there is the prospect of these improvements carrying through to GCSE results in due course.
- 4.23 Burglary is down 65 per cent in the last three years and PinCH funds two part-time wardens to work two days a week on the estate clearing rubbish. The Camp Hill Accessible Transport service which was launched in 2006, provides a regular door-to-door transport service to key employment sites. To summarise:-

Number of jobs created/safeguarded	109
Pupils benefiting from local initiatives	1,788
People trained who have obtained qualifications	282
Young people (under 25) benefiting – personal and social development	2,724
Number of new business start-ups	21
Number of businesses advised	176
Number of community safety initiatives	153
Numbers using community facilities	4,172
Number of individuals involved in voluntary work	683
Number of capacity building initiatives	132

Building Sustainable Neighbourhoods

- 4.23 Recent achievements include the completion of a number of improvement schemes and, in 2006, of a Children's Centre, Funding has been obtained for implementation of a Heritage Trail and for a project focussed on Whittleford Park. Galley Common shops scheme and Stockingford Rec BMX track are already funded and scheduled.

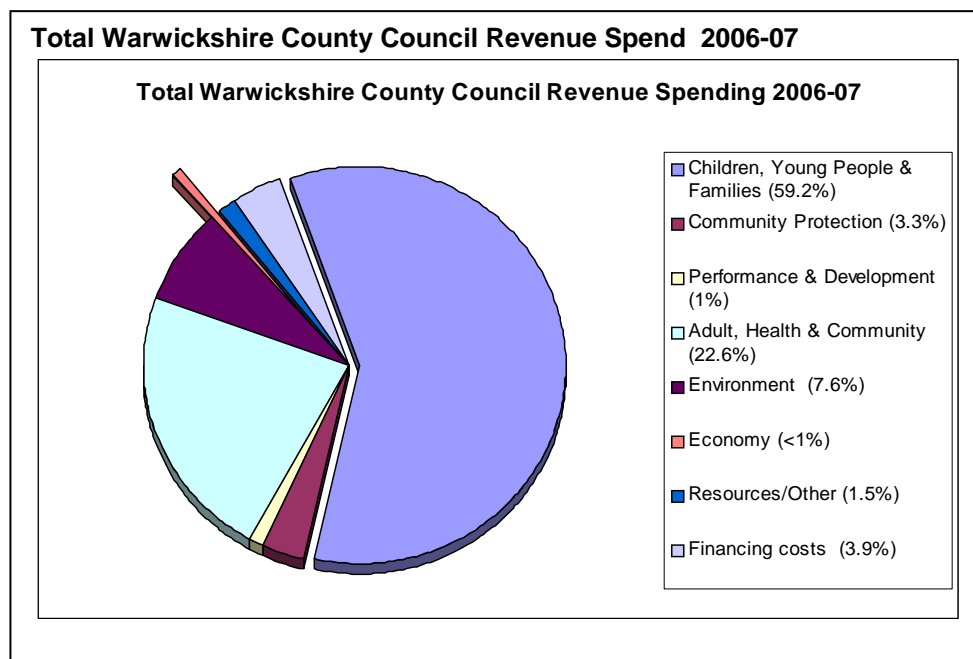
Value for Money – Performance Analysis

- 4.24 As will be seen in paragraph 5.7 onwards, in recent years, the council has been successful in generating income for economic development activities to the extent that for every £1 spent from the Council revenue budget £2 income has been earned from income and grants. Since 2000, the Council's economic development team has levered in grants from public sources either as lead or as strategic partner amounting to over £40m. One factor helping its success in attracting funding has been its innovation, and earlier paragraphs in this section provide some examples.
- 4.25 Comparison of performance between local authorities in economic development is acknowledged as being very difficult because of the differences in the services they provide, the ways they are measured and are delivered. An attempt by the Audit Commission to benchmark economic development services was quietly abandoned

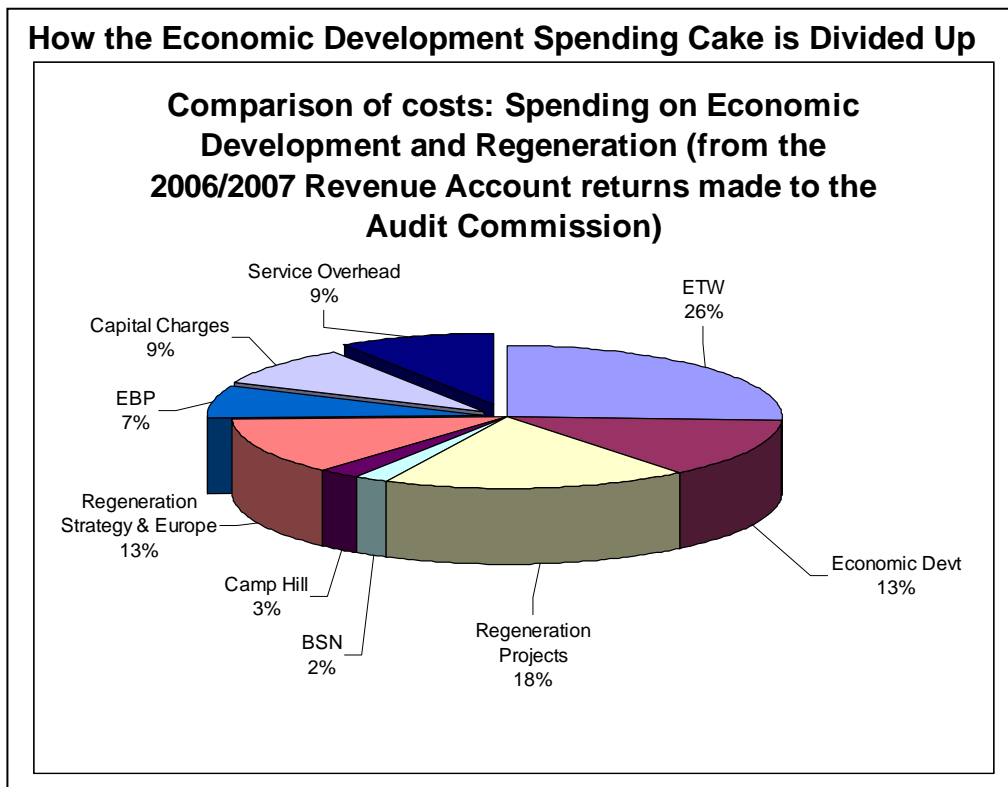
last year. Nevertheless, the County Council collaborates in a benchmarking club that provide the best available basis for comparing the performance of some of our economic development activities. A report on the results of benchmarking for 2005/2006 is available and shows that in several areas the Council's performance provides a benchmark for other authorities. Some results from the benchmarking survey are quoted in this report.

5. The Council's Spending on Economic Development

- 5.1 The choice of Economic Development as one of the first of the council's services to be scrutinised for Value for Money is predicated on the apparent differential between the Warwickshire spend per head on economic and community development and the median for all Shire Counties. The following paragraphs review how the council spends its money on economic development and regeneration and reviews the composition and sources of the resources we have available to us.
- 5.2 Whilst there is every reason to ensure that value for money should be achieved in every area of council activity, the amounts the council spends on the delivery of services in support of the local economy are substantially less than that spent on any of its other important functions. The amount the council spends on economic development in total represents less than 1% of the total whole of the council's revenue spending.



- 5.3 A comparison between Warwickshire County Council's spending on economic development with that of other counties might, at first sight, appear to be a reasonable starting point for deciding on "value for money" and the basis for potential budget reductions. This would be true if the data were reliable and all such spending was affected by similar influences in all counties – the idea that whatever spend affects Warwickshire equally affects all other Counties or that there is a common basis for councils' economic development policies. We can, however, demonstrate that this is not the case and show that any reliance on these figures as a basis for comparisons and decision taking is extremely problematic.



5.6 The following table is copied from the information provided to the SDLT and Leaders' Liaison Group when the decision was taken to review economic and community development. The final column suggests a cut in overall spending on economic development of £4.448m should be made to bring the Council's spending to the shire average, when the reality is that the council's revenue budget on economic development currently only amounts to £2.80m in total.

Figure 1: Audit Commission figures for 2006/2007 for spending by Shire Counties on Economic and Community Development

Service	WCC Spend per Head £/head	Median Spend per Head £/head	WCC Change to Spend at Median £/head	Change in Corporate Funding £000
Economic & Community Development	11.73	3.35	(8.38)	(4,448)

Notes:

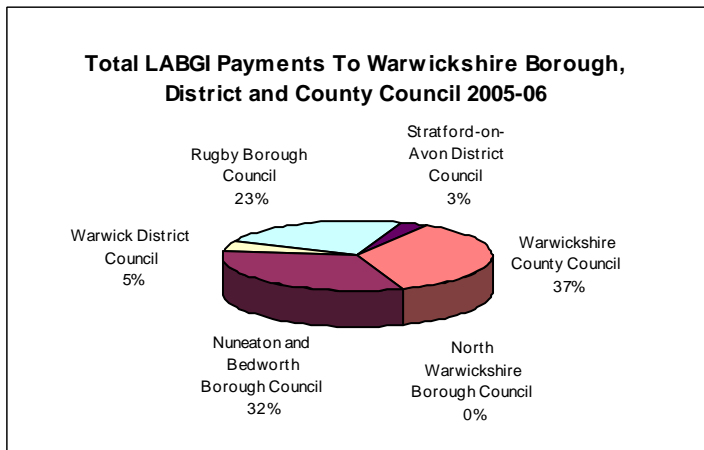
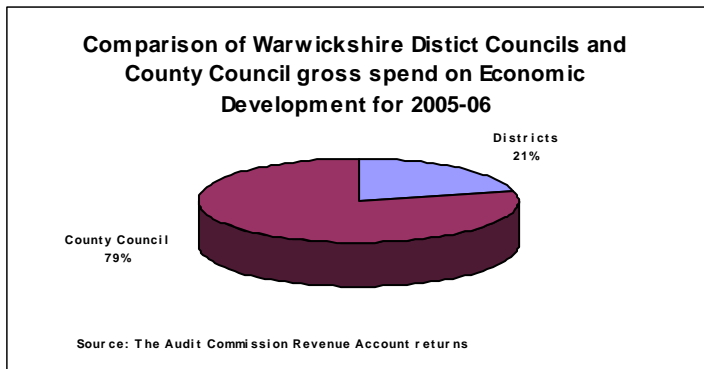
- These figures are boosted considerably by grant and income. **Net revenue spend on economic development in 2006/7 was £2.8m, around 1% of the Council's overall budget and, in total £5.30/head.**
- The division between Economic Development and Community development gross spend is in the order of 80/20

5.4 The Audit Commission figures in figure 1 imply that the Council is a high spending authority and in the following paragraphs we review the basis for them and show that they misrepresent the effectiveness of the Council's spending on economic development. We show that the council is extremely successful in securing grant finance and that far from showing poor value for money, the income from external sources which is included in the Audit Commission figures supplements the funding from the council's revenue budget and actually demonstrates real "value for money" and the cost effectiveness of the Council's investment in economic development. using them as the basis for a judgment of value for money would be a serious distortion.

5.5 The main factors that lead us to this conclusion are:-

- The audit commission figures are of overall spend on economic and community development. They quote a WCC spend per head in 2006/2007 of £11.73. These figures, however, include income and grants awarded to the council to support its work in economic and community development. Using these figures as the basis for judging effectiveness of our spending takes no account of the council's effectiveness in securing grant support and generating income and judging the effectiveness of our spending on this basis penalises the council for its success in securing grant and other income. The extra funds are used by the council to deliver its objectives in this area. In many cases, securing the grant or the income, depends on the council investing its own matching funds.

Comparing what Warwickshire Local Authorities spend on Economic Development with the Payments they Receive from LABGI



- A better measure of effectiveness of the Council's spending would be to start from the basis of the net revenue spend. For comparison with the Audit Commission figures, in 2006/2007 the net revenue spend by WCC on economic development amounted to £2.8m – around £5.30 per head/year. This is indeed higher than average but reflects the issues the county faces, in particular the loss of manufacturing

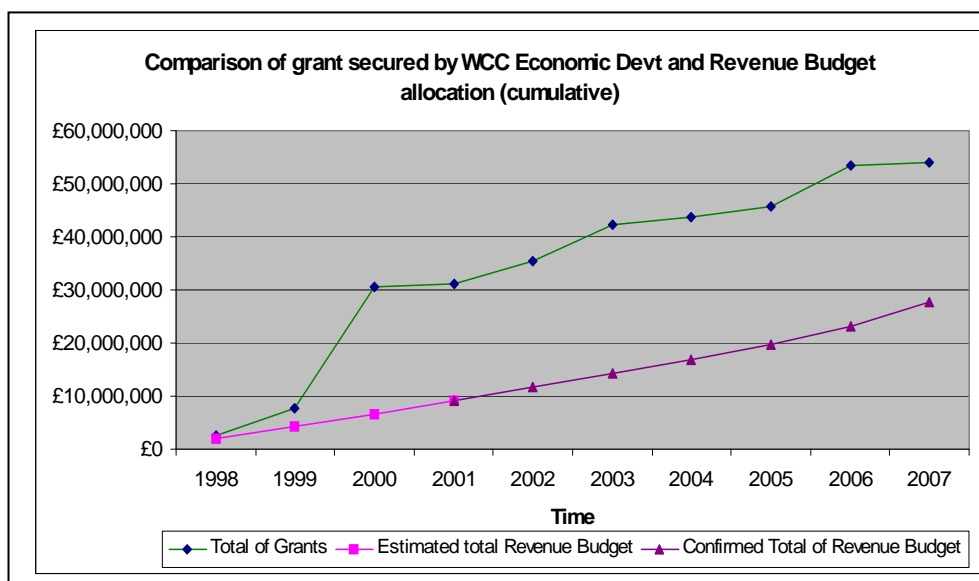
employment and the high levels of deprivation in parts of the county and the

Council's commitment to addressing them. Here again, though, it should be remembered that, in itself, the level of spend is not an accurate indicator of value for money.

- Whilst it is not feasible to probe all the details submitted by local authorities to the Audit Commission of spending on economic and community development, we are aware of a number of anomalies and variations in the information provided.
- The Audit Commission calculates spending on economic and community development on the basis of the information provided to them by local authorities. The information we submit to the audit commission includes extras not included in many other authorities' returns. For instance, the Employment Training Warwickshire service would normally be found in the Education returns of other Councils. It alone accounts for 26% of the figures submitted to the Audit Commission by Warwickshire County Council. In Warwickshire, we include spending on tourism and training in our submissions. Many other authorities do not, and so our spending is over-stated in comparison.
- Whilst there are guidelines for the returns used to assemble the data it is clear that different Councils interpret these in different ways.
- Non controllable overheads can also be disproportionately high when allocated to such arbitrary groupings of services

Income, Grant Generation and Revenue Allocations

5.7 The reason for this apparent anomaly is that the Council's revenue investment in economic development is very cost effective due to grants secured and income generated. For the past three years the Council's revenue spend economic development and regeneration services represents only between 1/3 and 2/5 of the overall investment by the Council in economic development. The remainder is obtained as a result of our success in generating significant income from other sources including earned income and grants from external sources. These represent the value added to the Council's revenue spend on this area of activity.



5.8 Over the past 6 years we estimate that the actual cost of economic development services to Warwickshire County Council in terms of net revenue spend is £21m. During the same period the Council's services in this area secured grants alone amounting to £54m to support the local economy and the Council's activities in this area. In the last two years for which actual figures are available, we can show that for every £1 spent on economic development and regeneration from the Council's revenue budget the council earned £2 grant income to support its economic development activities. This is the result of the effective use made of revenue resources provided by Council to trigger extra grant income from external sources. This leverage is exerted through innovation in the creation of schemes and the availability of funding from revenue resources to match the grant awards.

5.9 Since 2000, the Council's economic development and regeneration teams have levered in grants and other financial support amounting to £18m from AWM, £10m from ERDF/ESF and over £12m from other public sources. In total, we estimate that for an investment of £6m from WCC we have triggered over £92m of investment in projects initiated by the County Council, mainly in the north of the county, and including major investment by the private sector - a leverage ratio of 1:15.

5.10 From the above it will be appreciated that to gain income from external sources we have to have matching investment by the Council to release the grant. The Council's ability to generate income would be compromised by reducing its spending in these areas. This is because any reduction in resource would handicap the Council's ability to provide match funding and would therefore lead to a disproportionate loss of grant income to the Council – and, where services are supported by external income, the loss of services which had been supported by external funding.

“I would like to say that the contribution to help support the funding of (the) post has been very important and is giving rich rewards with the near £1 million funding for the enterprise centre from AWM agreed”

Warwick District Council economic development officer

5.12 With the exception of areas to which the Council has allocated extra resources in 2007/2008, costs of the areas covered by Economic Development have been contained over the last three years.

5.13 Between 2005/6 and 2007/8 income from grants from AWM and ERDF fell, whilst grant income from the LSC and Job Centre Plus rose during the same period. On balance income from grants has fallen by around £400k. This represents a cut in our available resources for economic development of around 11.5% over this period which has been accommodated by increased efficiencies and rationalising services.

“The county officers should be applauded, not castigated for the success they have achieved in earning grant income”

Stakeholder feedback

5.14 In addition, much of the work we do involves the development of new regeneration projects and the revenue budget carries these costs until they convert into capital

projects. These, together with the grants and contributions the Service makes to external bodies each year amounts in total to around £1m out of our overall spending.

- 5.15 From the above it will be appreciated that in view of the reduced resources available to economic development services, any further reduction, as a result of the transfer of resources from economic development for reinvestment in other areas of council activity, would have serious consequences to economic development services, the development of new projects, the work our partners undertake and our grant earning capacity. It is however, accepted that any review of the value achieved through the council's spending should include an assessment of the value achieved by the council's contributions to third parties. This kind of review is something that can be completed in the medium term.

6. Challenging the Way the Council Delivers its Economic Development Services

- 6.1 Officers have been challenged to bring forward and evaluate potential improvements to achieve better value for money. The officers worked on the assumption that efficiencies can always be made and this has been the starting point for this exercise. A brainstorming session facilitated by an external consultant was undertaken and the proposals for improved value for money that emerged have been evaluated to test whether they are deliverable and are in the interests of the service. The services provided by the council are aligned to the council's priorities and the Regeneration and Competitiveness Strategy. At the stage of the brainstorming there was no indication that Council's priorities had changed and as the cutting of services is a major policy decision for members, this is not a priority in the proposals for efficiencies offered by the officers.
- 6.2 As recently as 2005 Council agreed the recommendations of the best value review of economic development and regeneration. This report and its recommendations have been a reference point for the evaluation of service performance and the brainstorming.

How well do we Perform? 2004-5 Best Value Review of Economic Development and Regeneration

- 6.3 The service was the subject of a detailed Member led review which reported in 2005. This included consultations with the stakeholders and examination of the service against comparator authorities. The best value review provided a starting point for the further investigations undertaken in this review. The principal finding was that: *"The Economic Regeneration Services of the County Council are performing well. They work well across a range of geographies and are valued at regional, sub-regional and local levels."* The consultations with stakeholders undertaken in September confirms the view that this conclusion can still be justified.
- 6.4 A detailed Action Plan was put in place to implement the findings of the review.

The Need for Economic Development in Warwickshire: the State of the Local Economy

- 6.5 Until recently Warwickshire has been performing well within a regional context but less so compared to national data. An update of the economy commissioned from the Warwickshire Observatory has revealed some worrying recent trends. GVA per resident is now worse off, relative to the national average, in 2004 compared to 2000. The position is worse elsewhere in the sub-region, with Coventry the seventh worst performing District across the country over this period. This deterioration relative to the national average no doubt reflects high profile casualties among key manufacturing employers in the sub-region which has been a significant factor in the significant rise in unemployment in the last 2 years across the County. The challenges that face manufacturing are global and the issues Warwickshire faces are particularly acute because of the past dependence of the local economy on the manufacturing sector. The consultations with stakeholders confirm officers' view that we cannot afford to be complacent about the performance of the local economy. The economy is considered to be in transition and we ignore the issues

on the horizon at our peril. Moreover, inequalities in prosperity between north and south of the County remain.

Options for Enhanced Value and Increased Cost Effectiveness

6.6 The Project Group identified a number of ways of generating savings and/or greater VFM. The range of proposals considered included the following:-

- Build on our success in generating further external income, notably from new EU funding streams.
- Rationalise and economise on accommodation, notably for services to the unemployed. Proposals are being prepared for consideration by Cabinet in the early Autumn which should provide space that is better fitted to purpose whilst achieving significant cost reductions.
- Bring EPIC into surplus – revised administrative support arrangements are being explored which should reduce costs from 2008.
- Review contracts with outside organisations where use of in-house services may provide economies of scale. An example is Pride in Camp Hill, where we are looking to P&D Directorate to tender for marketing & communications services when the contract comes up for renewal shortly.
- Reduce staff costs falling on the WCC revenue budget, through increased charging of staff costs to external funding streams and reduction in management overheads.
- Challenge any loss-making activities within quasi business units (which include Skills Delivery Group, EBP and Business Property Portfolio).
- Examine more radical options for delivery including realigning and re-configuring services.

Note: The Sub-National Review promotes sub-regions as a building block for effective economic development activity. There should be opportunities for economies of scale in the operation of services across the sub-region through closer joint working. This could involve building on existing partnerships such as WIPS (Warwickshire Investment Partnerships) and CSWP, and revised arrangements for improved two tier working with districts, and bi-lateral arrangements with Coventry and Solihull or adjoining shire counties.

6.7 Business Consultancy has been engaged to advise on the management and structure of Skills Delivery activity to build on new contracts. One option may be to set up an “arms-length” company with other training providers to deliver some services, and a second option may be to review our engagement with Job Centre+ to maximise the benefits that are achievable.

6.8 Work continues on the potential for producing increased efficiencies from these and other options. The main purpose in the consultation with partners and stakeholders was to get their views on the range of options for efficiencies we were considering.

7. Consultations with Stakeholders

7.1 Partnership working is essential. Partnership is a theme running through all the Council's economic development activities and so any change in County Council policy and investment in this area would have adverse consequences to our partners and to the joint projects we undertake with them. We consulted with partners and stakeholders to get their views on the current services, policies and the range of options for efficiencies based on the following themes:-

- The main issues facing the Warwickshire economy
- The effectiveness of the County Council response
- Areas where there could be an improvement in performance or gaps that needed filling
- Response to possible reductions in expenditure
- Response to broad themes that could be used to develop future options for service delivery
 - raising more income
 - reducing overheads through partnership working
 - achieving greater impact through a range of mechanisms

7.2 One to one interviews and a facilitated discussion forum were undertaken during September 2007. The consultant met with 23 senior representatives representing 19 partners or stakeholder organisations.

Partner and Stakeholder comments in the course of the consultation on the county council's approach to economic development, their services and their delivery

7.3 There was a broad consensus amongst the stakeholders and partners, in particular that :-

This is a time of almost unprecedented institutional change and stakeholders expect the County Council to have a major role in leading a response to the changes about to take place. Consequently, stakeholders felt that it is 9 to 12 months premature for the Council to be considering radical change in this area. Even so, it was felt that there should be benefits to be gained for beginning to plan for the potential impact of future changes. It is over this period that other important initiatives such as the recommendations from the already published Leitch review of Skills and the Lyons review of Local Government, and future reviews such as that of Sainsbury on Innovation will come to fruition and begin to have an impact.

Don't take the economy for granted: The following comments were representative:-

- Warwickshire is a microcosm of the challenges faced across the UK – this diversity marks it apart from most shire counties and in part explains the need to commit more than the median in resources in order to be effective
- There is a very strong inter-dependence with Coventry but also a range of other cross boundary influences
- Warwickshire has traditionally performed well in a regional context but when looked at nationally it has been very modest
- Warwickshire has weathered the storm of the most severe impacts of structural change but there is more on the way – the economy is not the engine for growth it was a few years ago
- There is dangerous complacency about the health of the economy amongst some policy makers – the economy is in constant change and the high value added jobs now at risk will not be readily replaced by the market alone

The County Council's services are generally well regarded: and well respected across a range of geographies and topics. Services particularly mentioned were:

- The ability to draw in external funding
- Warwickshire Investment Partnership, albeit with one unhappy partner
- Workspace premises, particularly those supporting incubation
- Rural Forum where the strategic coordination and practical action was of great value to the rural economy
- Employment Training Warwickshire are providing an important service to individual clients in the context of provision where there is potential to effectively engage with employers
- Business Support services (although there were some views that this should move to be commissioned from other providers as the new regional arrangements settled in)
- The County is generally a welcome partner

We could do better on:

- Profile, image, and self promotion – not all aspects of the service were visible enough, or presented a coherent enough image
- Communicating the strategy - and there was some concern that it was sometimes perceived as chasing AWM priorities funding rather than meeting our local needs.
- Whilst we are successful in securing external funding, we are sometimes under-resourced to deliver adequately
- The relationship with the voluntary sector should be built up and we need to view them as an equal partner
- The two tier relationship is viewed with frustration by a number of partners and stakeholders who feel working across the two tiers should be more effective
- Districts sometimes feel patronised by some officers from the county

- The potential the LAA offers to joint working has not yet been fulfilled
- In tourism the County Council should be doing more to broker a solution to procure a coherent DMP for Warwickshire. Currently the Council is widely seen as part of the problem and so is not able to take full advantage of the contribution it could make
- There are strong variations in the issues experienced across the County and the council needs to respond accordingly, rather than to promote uniform solutions

Challenges for the future needing greater attention were:

- Integrating planned housing growth with the economy
- Addressing the needs of new communities and tapping into their propensity to be enterprising
- Raising skill levels within the existing population
- It was important that in the future the County Council was able to continue to be a strong advocate but also have the capacity to deliver. It also needed to respond effectively to concerns about issues that were important to localities in Warwickshire that did not impact on the regional radar.

Potential impact of reduced expenditure on partners:

- In all cases, the impact and response would depend on where any cut was to fall.
- In some areas and themes, particularly where local priorities are being addressed, the County Council contribution is critical to a number of projects and, hence, to partners.
- In the Forum discussions there was a strong reaction to the description of the Council as a “high spender”. Given that much of what was described as spending by the Audit Commission was externally generated income the more accurate label was of “high earner”. Any comparisons needed to be of net spend and not gross. The actual net spend by the Council was felt to be modest within the context of the wider budget. It was also felt that there was little strategic contribution even radical cuts to economic development could contribute to other spending priorities. Rather, this would be likely to damage the County’s ability to lever in external income and it would compound any impact of cuts by the council on economic development services.
- Given the delicate state of the economy and the change environment a broad view was that this was a time to consider focus and impact, not indulge in cost cutting.

Stakeholder Comments on the Options for Cutting Costs

Proposals for increasing resources:

- 7.4 Generating more external income – worthwhile but subject to caveats. Deliverability of benefits was seen as being uncertain, and it was questioned whether the hidden pots of gold actually existed. It was felt there was a strong danger of chasing the funding bodies' priorities at the expense of county priorities
- 7.5 Charging for services – Some felt we should charge the going rate where appropriate, and others felt that local authorities were there to offer services where there was a market failure, and it would be difficult to raise money from this source
- 7.6 Charging for grant gaining services – this was felt to have limited potential because a) funders rarely allow elements to be top sliced and b) if the finance secured was that needed to implement projects, how would partners fill in the gaps resulting from the levying of Council's charges
- 7.7 Sponsorship – Opportunities were limited and should not be counted on to underpin core service delivery. There were issues of potential conflict of interests along with compromises to independence and integrity. There was a danger that more effort would be spent on generating the sponsorship than would be brought in. However, there are some useful local examples such as attendance at MIPIN and Rugby association with the Rugby World Cup to draw on.

Potential for Savings Through Reducing Overheads

- 7.8 Sub-regionalisation of service delivery through new partnership arrangements – there was widespread agreement that more attention needed to be paid to sub regional partnership working. However, there were limited prospects of a single delivery agency that covered Warwickshire and Coventry given the scale and nature of Coventry's activity. Sub-regionalisation of services was therefore seen to be less about reducing overheads and more about seeking more effective use of resources and there was felt to be potential for an enhanced role for CSWP in this.
- 7.9 Withdrawal from service areas – this was seen as being about stopping doing things. Comparisons were made with Stratford on Avon's withdrawal from Economic development. This was not well received by partners and any cessations should need to be widely discussed in advance so that the potential implications could be properly understood and agreed by all concerned

Achieving Greater Effectiveness

- 7.10 The Review of Sub National Economic Development has potential for making a major impact on the way economic development is delivered. It was felt it may take 9 months for this and other institutional change to work through. The SNR implies that a critical factor in determining whether more resources will be handed down from regional to local level is the capacity of sub regions to manage and implement economic development. To ensure that Warwickshire benefits from this it may be necessary to invest more in the short term.

- 7.11 Implementing SNR will also need an explicit response to the sub regional agenda and there should be scope for more collaboration with Coventry, especially through a selective Multi Area Agreement approach. However, Coventry have evolved different approaches to services and collaboration will, therefore, have its limits not least because, whatever the outcome of City Region proposals, Coventry will have to have a close relationship with Birmingham on some topics.
- 7.12 More effective partnership working should include better communication of the County's service plan to partners and stakeholders. The plan should set out spending and targets so that all partners know what is intended.
- 7.13 It was felt that two tier working could potentially be improved by having named Liaison officers with a geographical remit.
- 7.14 Because partnership is key to achievement of economic development the feedback from partners is especially important. The geography of Warwickshire means that there is a very wide range of issues where it is expected to be present and the importance of county council actions on its partners and stakeholders should not be underestimated. The charge of perceived complacency within the County Council about the future of the Warwickshire economy clearly needs to be seriously considered. If the County Council does not believe the economy is a priority then it will not be able to argue effectively for investment in the future.
- 7.15 The Economic Development Service is well regarded as doing an effective job but there are a number of issues that need to be addressed. The Review of Sub National Economic Development presents some major challenges and there is an expectation that the County Council will exercise its community leadership role in making sure that its opportunities are realised. To date, the County Council has been an effective advocate in winning regional resources for the county. This major opportunity of directing the delivery of an increased share of those resources needs to be carefully considered when reviewing options for change for the service, to ensure continued effectiveness and deliver value for money in the future. It is only likely that the options for change will become fully clear in the next 9 months or so and may even require some short term investment in enhanced capacity. These changes may well be complex and require considerable discussion and negotiation with partners in order to be fully effective. The relationship with Coventry is particularly important and there are a number of areas where continued and enhanced collaboration could deliver mutual benefits. The issue needs to be taken seriously to seize potential opportunities but also to avoid the prospect of Warwickshire becoming a marginalised, junior player if there is a stronger sub regional focus, reliant upon the actions of others.
- 7.16 SNR is, as expected, influencing the discussions and there was a debate about the future arrangements. Some comments were made on the need for a re-modelled sub regional partnership to deliver the SNR model of sub regional delivery. Its role would include setting strategy and commissioning delivery of services appropriate to meet local needs. This approach is clearly one that is advocated in the SNR and its impact on the recently completed Block 4 of the LAA will need to

“Local authorities should be leaping at the opportunity to get their hands on the increased powers that the Sub National Review could offer them.”

Feedback from the stakeholder consultation

be considered as this is currently the main medium through which partnership working in support of the economy is to be delivered.

Note. This paper quotes freely from the feedback report by Brian Holdsworth on the stakeholder consultations undertaken during September 2007. Copies of the full report are available.

8. Review Conclusions

- 8.1 In an ideal world it should be possible to use direct comparison with the way other councils deliver economic development to draw conclusions as to whether this Council is achieving value for money in the delivery of its service. However, for the reasons outlined in the report the information we have available is insufficient to allow us to do this and so the review has explored other routes to determine the value for money of the council's services in support of the local economy. These led us to the following key conclusions:-
- 8.1.1 A statutory responsibility was placed upon local authorities for the economic wellbeing of their communities under the Local Government Act 2000. Since then, the Government has placed increasing emphasis to the local authority role. This is reflected by Sir Michael Lyons in his review of local government, was further emphasised in the Treasury Review of Sub-National Economic Development published in July 2007 which announced that government intends to introduce a new duty on local authorities to undertake economic development, and finally underlined by the actions to increase the role of local authorities in economic development set out in the Comprehensive Spending Review published in October. All these steps put economic development higher up the agenda for local authorities.
- 8.1.2 In comparison with spending in other important service areas, the council spends relatively little on economic development - in total less than 1% of the Council's total revenue spending. Using the information from the Audit Commission on spending on Economic and Community Development as the basis of a judgement of "value for money" seriously misrepresents the Council's spending. Warwickshire does, indeed, spend more than many councils which reflects its effectiveness in earning grants, the priority given by the Council over many years and the issues its economy faces. The main report identifies the earnings the council has achieved from grants and compares this with revenue spending.
- 8.1.3 The council's services are high performing and the resources available for the Council to spend in this area are boosted by success the council has achieved in securing external grant, income and contracts.
- 8.1.4 The feedback from stakeholders reassures us that the conclusions of the best value review of economic development in 2005 still apply. That review concluded that the council's economic development services were effective and efficient and met customers' needs. The action plan that was the outcome was implemented and the necessary improvements made.
- 8.1.5 The need for economic development in Warwickshire has not gone away. The local economic performance appears to be worsening in relation to GVA. According to the latest statistics, the County and the surrounding sub region is now in the lower quartile for growth, with its near neighbour Coventry standing in the bottom 10% for GVA per head.
- 8.1.6 Major institutional changes are underway which are adversely affecting access to services which Warwickshire businesses presently enjoy. Plans currently being implemented by Business Link and others could lead to a deficit in service provision to businesses in Warwickshire which makes it all the more important for the county to maintain its support services to business, including advisory services and its local

access points to business support services, at least until the Business Support Simplification Programme is concluded.

- 8.1.7 In the same way, changes are taking place at the LSC and Job Centre Plus and the alignment of strategic objectives through the LAA will influence and reshape local services and their delivery by all organisations involved. It is recognised that the focus of service delivery by the council will be influenced by the need in some cases to act as a buffer to regional policies and in others to reinforce them.
- 8.1.8 In its Comprehensive Spending Review and the introduction of a White Paper on Supplementary Business Rates and a consultation on the reform of the Local Authority Business Growth Incentive Scheme the Government put local economic development high up the agenda for local authorities. The latter scheme is being amended so that upper tier authorities like Warwickshire will receive the bulk of the grant, as government now recognises that this is the level at which it is appropriate for economic development to take place. The county council will need to consider its approach to levying a supplementary business rate once the legislation has been enacted.
- 8.1.9 Proposals in the Review of Sub national economic development for a greater delivery role for local authorities and sub regions and the delegation of RDA budgets to a sub regional level are currently being implemented. The Council needs to maintain or enhance its level of commitment to economic development in order to ensure it can take full advantage of the opportunities the new arrangements offer in terms of delegation of funding from the regional development agency. Otherwise, we are informed, the RDA is likely not to accept we have the “capacity” to deliver economic development.
- 8.1.10 A series of measures have been identified in paragraph 6.6 which could improve the efficiency of the delivery of our services.
- 8.1.11 More significant savings could be generated but only through reductions in service or significant re-engineering of services. These need to be assessed as their deployment will lead to a loss of service and a reduction in “capacity”. So, decisions taken on them need to be considered in full knowledge of the context of growing economic need, the priority given by government to economic development, the impact on potential delegation of budgets by the RDA and the impact on partnership activities.
- 8.1.12 The commercial business rates are still growing despite challenges in the wider economy. Warwickshire CC earned £1.8m additional LABGI resources in the course of the last year and an additional £400k has been allocated within the last month. The Economic Development O&S committee accepted the case for at least a proportion of the additional money to be re-invested in economic development services. With the changes proposed to LABGI we expect Government to provide added inducements for the council to commit to growing its business base and, hence, encouraging an added commitment to economic development.
- 8.1.13 Over the past couple of years economic development services have been, and continue to face pressures on their budgets as a result of reduction in the availability of external funding to offset the costs of services and the fall-out of grants on the expiry of programmes which supported service provision.

- 8.1.14 Economic Development brings considerable financial benefits to Warwickshire and its local authorities. Over the past 6 years we estimate that the actual cost of economic development services to Warwickshire County Council in terms of net revenue spend is £21m. During the same period the Council's economic development services secured grants amounting to £54m to support the local economy and the Council's activities in this area.
- 8.1.15 Officers currently keep close scrutiny of their spending and also need to keep under constant review the value achieved through the council's contributions to third parties.
- 8.2 Where savings are to be made members will need to decide their best use. They should pay due attention to the following factors:-
- 8.2.1 Any cuts in the budget for economic development would have a significant and disproportionate impact on the Council's economic development services. However, the transfer of such savings to higher spending areas would make little strategic impact in terms of a proportionate contribution to those areas.
- 8.2.2 The Comprehensive Spending Review, the Sub National Review and the Lyons Review all show that Government is setting a higher priority on the local authority role in economic development. Starting with the introduction of a new statutory duty, the environment in which we operate is going to be transformed over the next few years with the government setting a much greater emphasis on the role that the local authority can play in supporting the local economy – and providing the legislative and funding frameworks that will help equip authorities to respond to this responsibility.
- 8.2.3 In the light of these changes, the Council will need to review its role further, within the next twelve months, in order to take full advantage of the opportunities the changes the Government are introducing. It is possible, therefore, that in a year's time changes made at this stage could, appear ill-timed.
- 8.2.4 The Council's Economic Development activities are undertaken in a series of partnerships. In many cases the Council's investments in staff time and finance are crucial to development commitments and the maintenance of activities undertaken on behalf of Warwickshire and of the Sub region. Decisions taken as a result of this review will therefore need to take account of the implications of any proposed changes for the resourcing of partnership activities, the effects on the partnerships and to the achievement of Council and partnership objectives.
- 8.3 In considering recommendations from this review officers are mindful that the terms of reference for the review contain ambiguities which are difficult for them to resolve. It has been assumed that the first priority has been to look at the potential to generate savings through efficiencies but after three years of efficiency savings, the capacity of services to generate new ones is limited. Even so, the approach adopted has been to probe for these and some have been identified.
- 8.4 Any cuts beyond "efficiencies" would compromise the achievement of approved council priorities and its medium term strategy, because economic development services in Warwickshire have been developed as tools to deliver these policies. If such cuts are required, it will be necessary to revisit approved strategies to identify which areas are no longer priorities. If this path is chosen, then external factors

such as the CSR, SNR, the LAA and others referred to in this report will need to be taken into account.

- 8.5 The priority in this review has been to identify efficiencies and savings. From this report members will be aware of both the added priority the Government is giving to the local authority role in supporting the development of their local economies and, consequently, the need to maintain the council's commitment to economic development. In view of this members will need to consider how best to protect and/or re-channel the budget for economic development in order to ensure that the council's objectives in this area can continue to be delivered and so we can respond adequately to the changes to be introduced through the SNR and the CSR.
- 8.6 In considering where priorities should lie, members surely need no reminder that a healthy economy is fundamental to the generation of wealth and tax revenues. Hence, it underpins the ability of a local authority like Warwickshire to fund its prime focus on raising levels of educational attainment, caring for older people, and pursuing a sustainable environment.

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9. Options for Enhanced Value and Increased Cost Effectiveness

9.1 Officers identified a number of ways of generating savings and/or greater VfM and these were evaluated. The range of options considered in the course of the review is shown in Appendix F of the report. A number of the options were rejected but where they merit further consideration they are elaborated and refined in the proposals set out below, and are offered for consideration:

9.2 Neighbourhood Initiatives

9.2.1 The main element of this is the multi-disciplinary Pride in Camp Hill team, the running costs of which have been shared with N&BBC and with AWM contributing. An immediate proposal is to share the success & good practice further across Nuneaton in order to help address the North-South Divide. Longer-term, 2014, is the end-date for the Pride in Camp Hill project, and will bring a scaling down of engagement towards this date as Phase 3 housing redevelopment is implemented. However, there are immediate and continuing pressures to respond to resident issues surrounding the Compulsory Purchase Order for Phase 3.

9.2.2 Currently operating across the whole of the Nuneaton end of the Regeneration Zone is the Building Sustainable Neighbourhoods team. This has been largely funded by external grant from ERDF and AWM since its inception several years ago. Most of the grant is given out to community projects, many of which support youth, elderly or sustainability. The expectation is that continuation funding will be found beyond 2008 from new EU funds (SUD), but if this does not happen then an exit strategy will be put into place. Currently a senior post in the BSN team is being held vacant in order to keep down administration costs. In the longer term members may wish to consider whether to change the focus of the BSN activities, as the needs of areas of high deprivation outside of Nuneaton become more apparent.

9.3 Regeneration Projects

9.3.1 EPIC: Eliot Park Innovation Centre is managed by CUE Enterprises and has taken longer to go into surplus than budgeted. Discussions with CUE have revealed that current arrangements involve inefficiencies (such as duplication of financial procedures) and lack of incentive for CUE to maximise occupancy. Management is in the course of being brought in-house, and occupancy rates have risen sharply. The budgeted deficit for 2007/8 is £175k and this should be at least halved in 2008/9 and eliminated in 2009/10.

9.3.2 Business Centres: Over recent years staffing levels at CBC and Sir Frank Whittle have been whittled down from 7 to 5 in order to improve VfM. Although the third phases of both centres mean a substantial increase in floorspace, staffing levels will remain at their current levels, improving efficiency further.

9.3.3 Business Improvement Districts: Warwickshire is the only County Council pilot authority. In addition to Rugby BID which has been operating since last year, a programme of BIDs is being developed. This will bring in substantial private sector financed improvements to commercial areas of Warwickshire. When the programme has been rolled out in several years time, the budget for WCC pump-priming activity can be redirected.

9.3.4 Landscaping: The team supports various activity across the County, including school landscaping/trees. Recently, CYPF/schools have agreed to contribute to the cost of this, which will remove a cost burden on the team.

9.4 Business, Tourism & Economy

9.4.1 Inward Investments secured through the activities of Warwickshire Investment Partnerships (WIPS) are an important element in ensuring that the Warwickshire Economy is protected against sectoral and structural declines. As noted earlier in the VfM report, WIPS is a strong performer in the sub-region. During the last year WIPS has increased contributions it receives from Warwickshire district councils. There is potential to increase cost effectiveness further by closer collaboration with sub-regional partners, i.e. Coventry Centre for Investment and the equivalent team at Solihull.

9.4.2 Bayton Road HUB (Business Resource Centre): Like BSN above, the HUB has been largely funded through external funding, notably ERDF and AWM. This funding draws to a close in early 2008, so unless replacement funding is found an exit route will be implemented. Options are actively being explored. Staffing has already been reduced, and 2 more posts could become redundant.

9.4.3 Business Support: BTE includes a highly regarded business support team which delivers advice to businesses that complements that available from Business Link e.g. environmental sustainability & services to business in rural areas. The service will be impacted over the coming year by the Business Support Simplification review and potential changes to operations of Business Link. It is regarded as premature to carry out internal changes until these external factors become clear.

9.4.4 There is a small budget for Tourism Development which includes provision for taking full advantage of the 2012 Games. Whilst some resource may be released from a current examination of the level of engagement in sub-regional 2012 activity, ongoing discussions on arrangements for Destination Management Partnerships may result in a significant budget pressure.

9.5 Education Business Partnership

9.5.1 Whilst EBP has been the subject of a separate review in 2006/7, it should be noted that a budget deficit resulting in large measure to loss of LSC grant is being tackled by a combination of a package of measures including:-

- ~ increasing business with schools – up 18% on last year;
- ~ reducing subsidy on use of Gaydon Partnership Centre;
- ~ reduction in staffing (e.g. Deputy Director post & administration).

9.6 Skills Delivery Group

- 9.6.1 Rationalise and economise on accommodation, notably for services to the unemployed. Proposals are being prepared for consideration by Cabinet in the late Autumn, which should provide space that is far better fitted to purpose (e.g. DDA compliant) whilst achieving significant cost reductions associated with four offices in Nuneaton and Leamington being merged into two. This will provide opportunities for reducing administrative and associated support in those locations, and redirect to front-line client activity. Detailed costs are being worked up.
- 9.6.2 Review our engagement with Job Centre Plus contract for long-term unemployed (New Deal). Skills Delivery is the prime contractor for JC+ in Warwickshire. This contract is worth over £1m (subject to positive job outcomes) and runs until end-March 2008, though it may be extended. Experience of this latest form of New Deal has not been good, and there is a real risk of a significant loss being made. Between 45-50 County Council jobs are involved in delivering the contract.
- 9.6.3 Business Consultancy has been engaged to advise on the management and structure of Skills Delivery activity to build on new contracts. Options considered include setting up an “arms-length” company with other training providers to jointly deliver some services, thereby achieving economies-of-scale and/or greater effectiveness in securing new contracts. The Employment & Skills Strategy currently in preparation is exploring options and may come up with different ways of engagement by Skills Delivery Group.

9.7 Regeneration Strategy & Europe

- 9.7.1 The Regeneration Strategy team secures Warwickshire’s access into various external funding programmes, notably EU and AWM. The immediate target for 2008/9 onwards will be securing resources from the new EU SUD (Sustainable Urban Development). The medium term target will be securing delegation of AWM Regional Development Agency resources for the sub-region.
- 9.7.2 The team will front the response to new statutory powers that have been trailed recently. This will involve production of an analysis of the local economy and associated consultation with the business community. Linked to this is the development of proposals for a supplementary business rate (alongside Regeneration Projects with their engagement in BIDs), should the Council pursue this. An assessment carried out estimates that for Warwick District alone the maximum 2p business rate proposed could generate as much as £1.5m per annum. The Supplementary Business Rate would come to the strategic level authorities, not District Councils.
- 9.7.3 Nuneaton Opportunities Centre is generating far more income than anticipated from its activities – some £15k more than budget is forecast for 2007/8. This is offset in part by costs, but reduces the pressure on the Centres to secure resource from other sources.

9.8 General Service Wide Approach to Increased Efficiency

- 9.8.1 Review contracts with outside organisations: a large part of the economic development budget involves payments to outside bodies, notably partnerships such as CSWP/Connexions. These will be systematically reviewed, firstly, in the light of the changes to regional relationships and, secondly, to identify opportunities for efficiency savings (we consider that partners should be expected to look for Gershon-style savings) or switching resource to other priorities.
- 9.8.2 Reduce staff costs falling on the WCC revenue budget, by:-
- ~ increased charging of staff costs to external funding streams,
 - ~ reduction in staffing levels, such as already achieved at Business Centres and proposed linked to rationalisation of training premises:
 - ~ reduction in management overheads, taking opportunities such as the EBP Deputy Director & vacant BSN Coordinator post identified above.
- 9.8.3 Increase income generation through increased charges and business activity. Income generation already exceeds £2m, but the EBP and WIPs examples above demonstrate that more can be achieved.
- 9.8.4 More effective Cost Centre Management: Challenge any loss-making activities within quasi business units (which include Skills Delivery Group, Landscape Team, EBP, Opportunities Centres and Business Property Portfolio). The majority of the STE service operates in the style of business units, and steps have been taken to reinforce a Cost Centre Management approach, whereby the true cost of individual activities can be exposed. For example the loss-making CBC has been turned into a surplus in recent years, deficits at EPIC are being tackled, and losses within parts of EBP (such as the Gaydon Partnership Centre) have been highlighted and actions have been put in place.

9.9 Radical Re-Engineering of Services

- 9.9.1 Most of the efficiency options examined so far involved adjusting services provided by the County Council. The Sub-National Review promotes sub-regions as a building block for effective economic development activity. There should be opportunities for economies of scale in the operation of services across the sub-region through closer joint working, which will have repercussions for existing structures such as CSWP. More radical structures for delivery efficiencies could involve different ways of working with other local authorities and agencies in (& beyond) the sub-region. They include:-
- ~ improved two-tier working with districts, who in terms of annual revenue budget are minor players in Warwickshire. This could involve building on existing partnership arrangements such as WIPS (Warwickshire Investment Partnerships), or town centre management. Currently the district councils are the major beneficiaries of LABGI, and there may be an opportunity to negotiate greater use of LABGI resources towards LAA priorities. In the longer term there will be changes to the LABGI scheme which should benefit strategic authorities. A consultation is underway.

~ Closer working with neighbouring strategic authorities i.e. bi-lateral arrangements with Coventry and Solihull or adjoining shire counties, both inside the West Midlands region and, where appropriate, with neighbouring authorities in the East Midlands and South East regions. This may include the alignment of LAAs, the pooling of resources and/or shared delivery through the likes of MAAs. In the longer term there is potential to align policy and actions related to proposed Supplementary Business Rates.

~ Realigning and re-configuring services with other partners within the LAA, such as the LSC in relation to skills, and Job Centre Plus in relation to worklessness and employment. This may involve Skills Delivery Group collaborating with other training providers within and beyond the Council.

9.10 Work continues on the potential for producing increased efficiencies from these and other options. Note that not all the options release resources – indeed some of the options involve putting on a sounder footing activities which have seen significant overspend or are in danger of doing so – notably EPIC and the Job Centre Plus contract.

9.11 These proposals for savings should be seen in the context of the increased priority being given by government to economic development and regeneration. Whilst applying these measures should allow us to achieve more than 9.3% savings over the next 3 years, where possible savings should be reinvested to demonstrate that Warwickshire is maintaining its capacity.

One approach would be to redirect savings to meet service investment proposals, notably:-

- ~ Education Business Partnership – Resources for Improvements (£107k)
- Deprived Communities Environmental Improvements (revenue cost of £300k capital);
- ~ Tourism – in light of potential sub-regional developments around Destination Management flagged up above (but, subject to further assessment and agreement with partners).

10. Recommendations

- 10.1 That the conclusions in this review are endorsed.
- 10.2 That the proposals for service efficiencies outlined in Section 9 are put forward for further consideration in the 2008/2009 budget process.
- 10.3 In the light of the unprecedented institutional changes currently occurring, including the heightened priority the Government has identified for the local authority role in economic development and regeneration, the implementation of radical economies resulting in service cuts be deferred and that over the next year officers report on the implications of the institutional and legislative changes resulting from the SNR and the Comprehensive Spending Review so that they can be taken into account in advance of the budget considerations for 2009/2010.

**Skills, Tourism and Economy
October 2007.**

Appendix A Glossary of Terms

A/C	Audit Commission
ATCM	Association of Town Centre Management
AWM	Advantage West Midlands
BID	Business Improvement Districts
BSSP	Business Support Simplification Process
Business Link	a national website supported by DBERR providing information, advice and support, people need to start and grow a business.
CSR	The Government Comprehensive Spending Review published in October 2007
CSWP	Coventry Solihull and Warwickshire Partnership
DBERR	Department for Business Enterprise and Regulatory Reform
DMT	Directorate Management Team
ERDF	European Regional Development Fund
ESF	European Social Fund
GVA	Gross Value Added
LABGI	Local Authority Business Growth Incentives
LGA	Local Government Association
LSC	Learning Skills Council
NVQ	National Vocational Qualification
ODPM	Office of the Deputy Prime Minister
PID	Project Initiation Document
RDA	Regional Development Agencies
SDLT	Strategic Directors Management Team
SEtL	Sustained Employment through Learning
SNR	Review of Sub-national economic development and regeneration (often referred to as Sub National Review)
VFM	Value for Money
WIPs	Warwickshire Investment Partnership

Appendix B; Project Initiation Document: Value for Money Review of Economic and Community Development

Purpose:

This document has been produced to capture and record the basic information needed to correctly direct and manage the project.

When approved by the Project Board this PID will provide the “Baseline” for the project and will become “frozen”. It will be referred to whenever a major decision is taken about the project and used at the conclusion of the project to measure whether the project was managed successfully and delivered an acceptable outcome for the sponsor/user/customer.

Background:

The 2007/08 budget approved by Council on 6 February 2007 included, in significantly more detail than in previous years, a medium term financial plan and set of budget management arrangements. These elements were in addition to the list of additional spending allocations and general savings targets included annually in the resolution.

The Council agreed this

“... A programme of value for money reviews to improve and maintain value for money across all services” will “be undertaken. Any reports on the outcomes of this work should be presented to members in the autumn of 2007 to enable decisions to be made prior to agreeing the detail of the 2008/09 budget.”

This objective needs to be addressed as a matter of urgency and so that the outcomes will be available by the autumn, in time to support the agreement of the 2008/09 budget.

At its meeting on 21st February 2007 SDLT agreed that the first four reviews would be:

- Fire Service
- Libraries
- Children and Families Services (including non-school education as a separately identified element)
- Economic and Community Development

It was also agreed that the above reviews must be completed before Summer 2007.

Value for Money Assessment

For the first time, in July 2005, the Authority was required to complete a CPA Value for Money self-assessment. To assist this process the Audit Commission issued each Authority with a Value for Money Profile.

This allows the Council to compare its spend on service areas with other authorities and the median on the basis of:

- A review of the Audit Commission Value for Money Profiles
- A trend analysis of spend per head compared to shire counties showing performance relative to the median and the upper and lower quartiles

The outcome of this exercise (based on 2006/7 data) for Economic & Community Development is illustrated in the following table.

Service	WCC Spend per Head £/head	Median Spend per Head £/head	WCC Change to Spend at Median £/head	Change in Corporate Funding £000
Economic & Community Development	11.73	3.35	(8.38)	(4,448)

For all authorities the figures shown are gross of specific government grants. For Warwickshire County Council these grants are Learning and Skills Grant (£2.003 million) and Single Regeneration Budget (£0.190 million), which equates to £4.13/head. We do not currently have any figures relating to the level of specific government grants of other authorities or the services that have been included in other authorities' submissions. Audit Commission statistics do not give a breakdown between Economic Development and Community Development which have separate delivery mechanisms in Warwickshire. For these reasons, the project team will carry out an analysis of the costs at an early stage of this review in order to establish a consistent and comparable basis for judging spend on Economy and Community Devt to support the Value For Money (VfM) investigation.

Project Objectives:

To identify and review the current cost bases of the Economic & Community Development Services, to bring forward proposals to reduce these cost bases and, where possible, to identify opportunities for service improvement. The outcome of implementing the proposals will be to improve the Value For Money (VFM) profile of the service.

Scope & Exclusions:-

Scope

- Services included within Audit Commission VfM definition for the Economic & Community Development Service and agreed with and defined by the Project Board.

Exclusions

- Central support costs as these form part of the Review of Support Services

Constraints:

- Project must be completed by July 2007
- Project must deliver ongoing "cashable" savings from April 2008
- Recommendations must not adversely impact the Authority's ability to deliver its corporate vision, adopted strategies or LAA outcomes
- Project must take account of the Council's adopted policies and strategies and of changes in Government and regional policy following the Lyons Enquiry and other strategic reviews
- Proposals must take proper account of contractual agreements and commitments with funding bodies and partners to deliver the Council's economic development strategies and policies

Assumptions:

- All Strategic Directors will provide appropriate resource to deliver project outcomes
- Authorities selected for comparison will co-operate and assist in the delivery of the project outcomes within the agreed timescale
- "Cashable" efficiency savings identified would be deliverable within timescale identified

- Recommendations identified will not have cost implications for other Directorates unless the overall costs to the organisation are reduced
- Directorates comply with the Best Value Accounting Code of Practice (BVACOP) standard service classification

Initial Business Benefits/Business Case:-

The project's objective is to identify means of improving the value for money performance of the Council's Economic Development services. This paper reports the approach being taken by the Economic Development project team to delivering the value for money approach discussed by Council during the Budget debate.

External Challenge

The role of project challenge in the review process is to provide external assurance that the reviews are asking the right questions and considering the right options. In addition they will be responsible for providing intelligent questioning of the methodologies adopted. In the case of Economic Development, it has been agreed to engage Brian Holdsworth who is a consultant in economic development and former Chief Economic Development Officer to Nottingham County Council, and who facilitated the recent Best Value Review of Economic Development. He will have a role in the judgement of comparators, contributing to the assessment of performance and evaluation of options. As far as the Community Development aspect of the Review is concerned, Mike Ellis has been appointed to fulfil the external challenge role. Mike has had a long and successful career in local government and now works as an independent consultant with a range of commissions including from SOLACE, IDEA and the Local Agreements Network. Mike has been involved in a number of CPA peer reviews and has also experience of working in Warwickshire as an external consultant supporting our work on LPSA2 and the LAA.

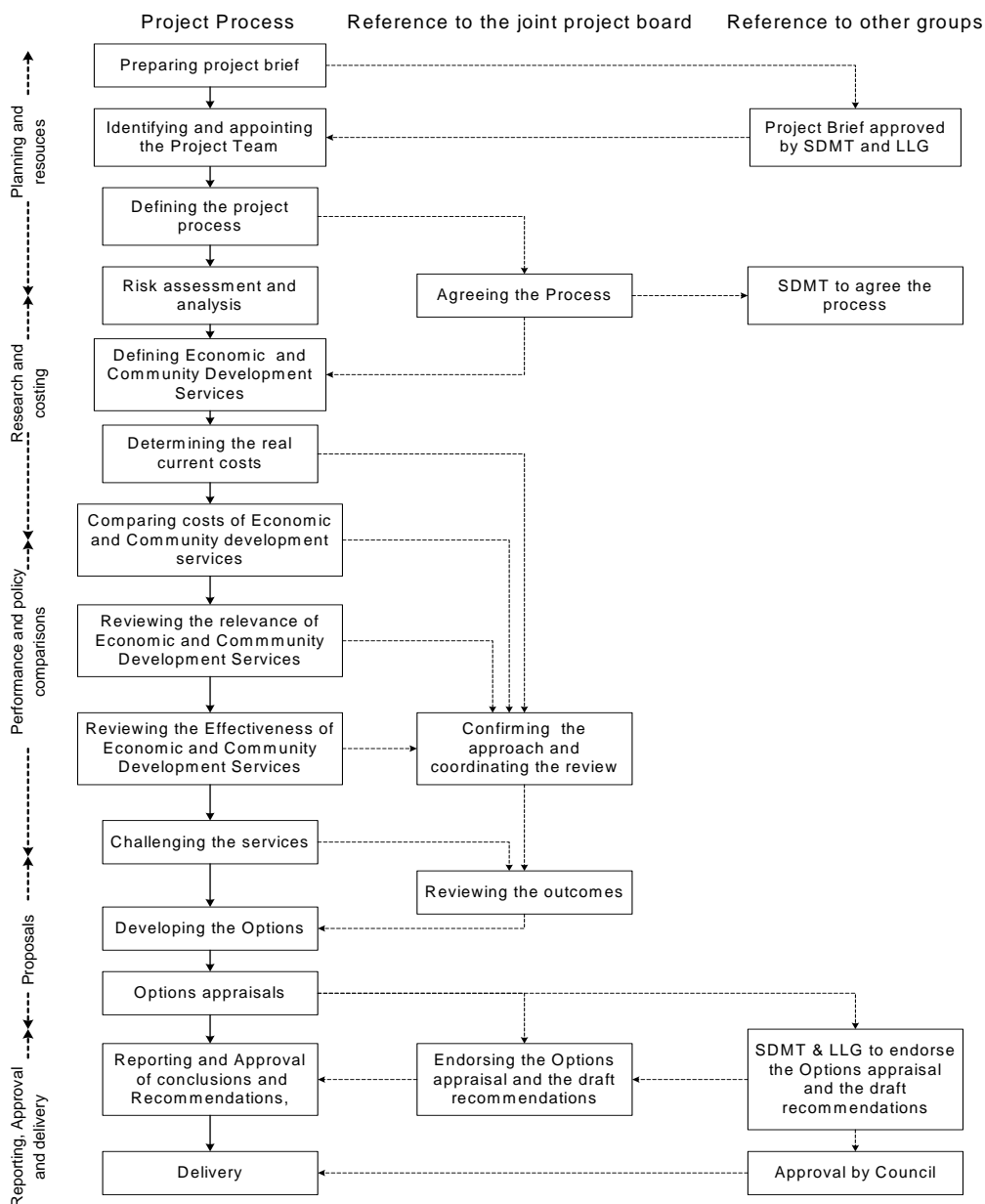
Member Engagement

The Strategic Directorate will update the Portfolio Holder and the Overview and Scrutiny spokespersons of progress on the review as part of the regular Directorate briefings. Members views and comments will be sought on the options that emerge at the options appraisal stage of the review.

Project Organisation:

The economic and community development project is overseen by a board involving senior users, the executive and “senior suppliers”. The senior suppliers in the form of M Fogarty and J Scouler are managing the project with support from a project manager, team managers from economic development and Community Development and project support. Operationally, the project is taking a twin track but nonetheless integrated approach with the respective team managers steering reviews of their areas and ensuring that the clear linkages between the areas are fully taken into account. These separate review teams are chaired by the respective “Senior Suppliers” - Heads of Service.

Value for Money Review of Economic and Community Development; Processes to completion.



Initial Project Plan:

The project plan has been broken into phases as shown on Diagram 1.0 and below is a summary of key steps involved in the project.

1. **Defining Economic and Community Development** services – using analyses of the services included and excluded from the cost bases included within the definitions of economic and community development used by this and other local authorities
2. **Determining the current costs** of economic and community development services by analysis based on:
 - a. Disaggregating the overall costs and reporting on the implications of grants and other income, overheads and other costs
 - b. Reviewing service definitions and analysing the approaches adopted by the Audit Commission and other authorities to the allocation of costs of services` which in Warwickshire are included under the definition of economic and community development
 - c. Based on our conclusions, define a “reasonable” costs basis for further analysis that will bear comparison with other authorities
 - d. Analysis of cost trends
3. **Comparing costs of economic and community development services** by:
 - a. Definition of comparator authorities on basis of:-
 - i. Audit Commission Families
 - ii. County comparators using CEDOS and WCC 2003/2004 Best Value review comparators
 - iii. Sub Regional comparators – Coventry, Birmingham, Solihull
 - iv. Service Comparators – using CEDOS Benchmarking reports and other best practice comparisons
 - b. **Reporting on the analysis of evidence** drawn from all above sources on basis of costs and performance
4. **Reviewing the relevance of Economic and Community Development Services** to
 - a) the delivery of the Council’s Vision and County Council Objectives, b) the delivery of national, regional and government policies c) the delivery of partnership commitments (including the Local Area Agreement and the Voluntary Sector Strategy) d) delivery of contracts and projects for Council and partners and e) strategies and policies to which the Council has committed itself, by:
5.
 - a. Identification of policy basis/justification for all economic and community development services including the extent to which the services contribute to the community leadership role of elected members
 - b. Identification of contracts and projects by WCC involving third parties and partners - and WCC commitments in terms of staffing and resources and partner policy and financial commitments
 - c. Analysis of Policy reviews by Government, EU, AWM and others – and implications to WCC policies and services in support of the local economy and local communities
 - d. Partner and Stakeholder reactions to WCC economic and community development Services
 - e. Reviewing strategic context – how WCC services mesh with and deliver regional, national and EU policies and strategies. Lyons, Sub national

review, BSSP, the Local Area Agreement, and the Local Government White Paper/Forthcoming Local Government Bill etc.

- f. Addressing need: improving performance – statistical analysis highlighting areas where action is needed to improve county economic and community based performance

6. Reviewing the Effectiveness of Economic and Community Development Services by

- a. Analysing service performance on basis of:
 - i. meeting service and project targets
 - ii. data from comparator authorities, and benchmarking where available
- b. Reviewing customer and stakeholder feedback
- c. Reporting on relevance of datum set by the 2004 Best Value review of Economic Development and Regeneration
- d. Reviewing actions in response to the best value review, audit and research reports, etc.,

7. Challenging the Service by drawing on the evidence derived through the review, so far, from external comparisons, performance information and cost analyses

- a. Consultant review
- b. External customer validation

8. Options. Options for change to achieve economies and improved value for money will be put forward and evaluated through the following processes

a. Developing Options through:-

- i. Project team proposals
- ii. Partner and stakeholder consultation
- iii. Context analysis and external validation

b. Options Appraisal by:

Impact analysis of:

- i. Policy impact
- ii. Management and staffing impacts
- iii. Costs savings
- iv. service delivery
- v. commitments to partnership
- vi. contracts and delivery of policy and strategy

c. Partner, Customer and Stakeholder Consultation

Key Project Stages

	Stage	Description	Completion Date	Revised Date
1	Project Brief	<ul style="list-style-type: none"> • Completion of project brief • Production of resource plan • Approval of project brief by SDLT • Approval of project brief by LLG 	21 Mar 07 21 Mar 07 21 Mar 07 05 Apr 07	April 07 April 07
2	Selection of Comparator Authorities	<ul style="list-style-type: none"> • Production of comparator selection criteria • Production of short list • Identification and justification of appropriate comparator Authorities • Scrutiny and assurance for selection (Oliver Winters) • Approval of selected Authorities 	17 Apr 07	Identified in Project Initiation Doc(PID) 3 May 07 21 May 07 3 May 07 28 May 07 New process agreed in PID
3	Research	<ul style="list-style-type: none"> • Benchmarking • Service structures • Service costs • Performance analysis • Socio-economic research • Partner & Key Stakeholder Research • Relationship with District/Borough Council activity 	April – May 07	May – June 07
4	Option Appraisal	<ul style="list-style-type: none"> • Customer engagement • A review of key options to deliver project objectives • Recommendation • Outline project plan for delivery of recommendation including efficiency savings plan • Member engagement 	May – June 07 May – June 07	May – June 07
5	Reporting	<ul style="list-style-type: none"> • Highlight Report to SDLT • Interim presentation to SDLT • Interim presentation to LLG • Final Report to SDLT • Final Report to LLG 	Monthly 16 May 07 17 May 07 11 May 07 12 May 07	16 June 07 17 June 07 11 Jul 07 12 Jul 07

Conclusions: Recommendations, Reporting and Approval

1.1. **Recommendations** will be made on the basis of the foregoing to comply with the Budget report accepted by the Council in February, to the following effect:-

“... Value for money reviews to improve and maintain value for money across all services” will “be undertaken. Any reports on the outcomes of this work should be presented to members in the autumn of 2007 to enable decisions to be made prior to agreeing the detail of the 2008/09 budget.”

1.2. **Interim Highlight reports** will be submitted to the SDLT at key dates during May, June and July as updates and confirmation of process and interim conclusions

1.3. **Draft Final Report** will be jointly submitted by Messrs Carter and Deegan to a joint meeting of the Performance and Development and Economic Development Overview and Scrutiny Committees prior to consideration by SDLT and LLG.

1.4. **Final report** will be submitted for consideration by Cabinet prior to the Budget setting process in the Autumn.

Appendix C; Guide to the Range of Services Provided Under Economic Development

The full range of Economic Development are organised under the following themes.

Business, Tourism and the Economy – the delivery of the council’s programmes supporting the development of the local economy through advice and support to businesses, sector development such as high technology clusters, tourism and promoting inward investment and improving the environmental performance of Warwickshire businesses and, secondly, through working with schools and businesses to improve the work readiness and life skills of young people. Environmental advice to businesses contributes to the Council's Climate Change corporate priority

Regeneration Strategy & Europe leads on the development of strategic frameworks and partnership working and is the corporate lead on European and international policy. As the key contact with external funders our aim is to optimise funding opportunities to support regeneration activities. The team also delivers Employment Links initiatives to help reduce the barriers that can exclude people from employment.

Skills Delivery Group Leads on provision of work based learning through vocational training programmes, and targeted employment support to reduce benefit dependency and improve job entry for vulnerable groups.

- (ETW) Employment Training Warwickshire is a work based learning provider delivering vocational training in the Health and Social Care sector, ICT and Administration. It also delivers work preparation services such as New Deal for unemployed adults funded by Job Centre Plus and a new programme for the ‘Workless’ funded by EDS Co-financing. All contracts are externally funded and won through competitive tendering against private and other providers with a current total value of more than £5m. A Council budget of £40,000 is sufficient to lever this amount of funding, representing excellent value for money for the breadth of service delivered. By comparison, Shropshire County Training, Shropshire’s in-house training arm has an overall budget of £8.1m which is coded to Adult Learning Services in their Audit Commission returns.
- SEtL (Sustained Employment through learning) provides free job-related training for people not in work, prioritising: the over 45’s; lone parents; people on incapacity benefit and migrant workers. Also for people facing redundancy.
- WEST (Warwickshire Employment Support Team) provide employment and jobsearch support for Jobcenter Plus clients including; work experience; information, advice and guidance; functional skills and mentoring. WEST is the Prime Contractor for New Deal in Warwickshire.

Regeneration Projects delivers major projects that address town centre vitality, economic and environmental regeneration of both urban and rural areas, and support to market towns. The team is also responsible for promoting the development of successful new enterprises through the management of the Council’s portfolio of business centres and industrial units.

Neighbourhood Initiatives. These include Pride in Camp Hill; and Building Sustainable Neighbourhoods - working with local people to revitalise the Warwickshire part of the Coventry & Nuneaton Regeneration Zone.

Pride in Camp Hill is a flagship regeneration project in the region. A revenue contribution of £150k p.a. from WCC and also N&BBC is helping to secure investment of nearly £200m from the private sector supported by grants from AWM, Housing Corporation, ERDF and English Partnerships. Neighbourhood Initiatives, together with elements from the other themes, is significant in addressing the corporate effort to reduce inequalities between the north and south of the County.

Appendix D; Summary of Key County and District Partnerships

CSWP Ltd	SR	To promote the sub-region on social and economic regeneration, economic development and prosperity
CSWP Executive	SR	Senior officers of key CSWP agencies to set strategy and agenda for Board
CSW Forum	SR	A joint elected member forum mainly about economic and planning issues
C&W Destination Mgt Partnership	SR	To promote joint mkting and tourist investment in the sub-region
CSW Rural Forum	SR	To develop the rural economy and related rural issues
External Funding Group	C	Inter-departmental group looking at external funding and European Issues
EU funding Sub-regional Group (SRG)	SR	To develop strategy for EU SF and transnational funding
CSWP Economic & Social Renaissance Board	SR	To develop the regeneration zone strategy and funding allocation
CNRZ Resources Advisory Group (RAG)	SR	Officer group to lead the operational development and programme management of the RZ
CNRZ Nuneaton Strategic Programme Area (SPA)	SR	To shape the RZ priorities for Warwickshire end of RZ
C&W Job Strategy Group	SR	JC+, incs Las engaged in employment issues, Chamber, LSC etc. Scrutiny for Coventry's NRF
CSW High Tech Corridors Steering group (SAG)	SR	Officer group to lead the operational devt / programme mgt of the CSW High Tech Corridor
Warwickshire Investment Partnership	C	To promote investment in the county and to provide and after-sales service to investors
Board of Coventry and Warwickshire Chamber of Commerce	SR	To promote business in the sub-region
Board of University of Warwick Science Park Co.	SR	For the University and the County and City Councils to develop innovative businesses
Coventry & Warwickshire Researchers Forum	SR	Co-ordinates economic research in the sub-region
Coventry and Warwickshire Skills & Employment Board	SR	To set strategy and programme for LSC and associated skills providers.
Warwickshire Town Centres Project Team	C	Strategic town centre management co-ordination - TCMs and WCC
Heart of England Fine Foods	SR	To promote the use of local products in restaurants and catering
Heart of England Tourism Board	SR	To deliver elements of the West Midlands Visitor Economy Strategy
Sub Regional Economic devt Officers group (SREDOG)	SR	To discuss / share ideas and intel about issues of relevance to economic devt officers' agenda
(planned) C&W Business Support Group Consortium	SR	Likely lead by Chamber to help oversee devt of programme and delivery of business support
Skills, Tourism & Economy Board	C	Internal EED membership to help shape and scrutinise issues of strategic relevance to ec devt
Coventry & Warwickshire Tourism Officer Group	SR	To co-ordinate and oversee the development of the Visitor Economy across the sub-region
Regional Centre for Tourism Business Support	SR	To provide tourism businesses advice in support of the West Midlands Visitor Economy Strategy
Tourism West Midlands	SR	Strategic lead overseeing West Midlands Visitor Economy Strategy. Route to AWM.
Staffordshire & W'shire Redundant Building Grant SG	S&W	To deliver AWM's new funding programme

Building Sustainable Neighbourhoods	NB	Board to help shape and delivery BSN project activity
Pride in Camp Hill	NB	Board and officer groups to deliver a programme of social and economic regeneration
PIE - South Warwickshire Together Partnership	W/S	Promoting inclusion and enterprise in South Warwickshire (PIE), nearing completion
Bayton Rd User group	NB	Businesses and officers to oversee delivery of Bayton Rd Hub and assoc services
Nuneaton and Bedworth TC Management Board	NB	To develop and deliver the town centre action plans
Southam Town Centre Forum	S	To develop and deliver the town centre action plan
Rugby Town Centre Partnership	R	To develop and deliver the town centre action plan
Warwick Town Centre Partnership	W	To develop and deliver the town centre action plan
Kenilworth Town Centre Partnership	W	To develop and deliver the town centre action plan
Leamington Town Centre Partnership	W	To develop and deliver the town centre action plan
Stratford Town Centre Management Board	S	To develop and deliver the town centre action plan
Economic Activity sub-group of Rugby Partnership	R	Community Plan Theme Group
Economy and Employment Theme Group	NB	Community Plan Theme Group
Economy Theme Group	NW	Community Plan Theme Group
Economy Theme Group	W	Community Plan Theme Group
Rugby Tourism Association	R	To develop promote and support the visitor economy within Rugby
North Warwickshire Tourism Association	NB/NW	To develop promote and support the visitor economy within North Warwickshire
South Warwickshire Tourism	W/S	To develop promote and support the visitor economy within South Warwickshire
World of Rugby Working Grp	R	To deliver WOR visitor attraction
Business Improvement Districts :		
Bayton Rd Industrial Estate and SG	NB	To help develop the BID
Rugby BID Board	R	To support implementation of Rugby BID
Leamington BID SG	W	To help develop BIDS in Leamington
Stratford BID working Grp	S	To help develop BIDS in Stratford
Hams Hall Working Grp	NW	To help develop a BID for Hams Hall estate
RZ Retail Support Partnership	NB	To deliver retail support and environmental improvements in priority neighbourhoods
Queens Rd Steering Grp	NB	As above specifically for Queens Road
N&B Masterplan Regen & Devt Wkign Grp	NB	To coordinate and oversee the implementation of the masterplan
Nuneaton Voluntary Sector Consortium Trust	NB	To deliver a community resource facility in N&B
Cotswold Conservation Board	S/W	To conserve, enhance and protect the Cotswold Area of Outstanding Natural beauty
World Class Stratford Strategy Group	S	To develop and steer a vision for a world class Stratford

Appendix E; Consultees on the Value for Money Review of Economic Development

Name	Organisation	Interview	Forum
Henriette Lyttle-Breukelaar	Advantage West Midlands	✓	
Peter Young	Chair of Pride in Camphill Board		✓
Martyn Kennedy	Coventry & Warks Chamber of Commerce		✓
Dianne Williams	Coventry & Warks Chamber of Commerce	✓	
Jo Gowers	Coventry City Council		✓
Carl Pearson	Coventry City Council	✓	
Derek Griffiths	Coventry University Enterprises		✓
Liz Stuart	CVS for Nuneaton & Bedworth	✓	
David Ledbury	Gateway West Midlands		✓
Kate Mulkern	Heart of England Community Foundation		✓
Torin Spence	Learning and Skills Council	✓	
Hilary Goodreid	North Warwickshire District Council		✓
Mike Lenihan	Rugby Borough Council	✓	
Jef Tuyn (& Joanna Righton)	Rural Forum	✓	
Paul Ogden	Stratford District Council	✓	
Robert Walsh	Stratford District Council		✓
Dennis Stanley	Warwick District Council		✓
David Rowe	Warwick University Science Park	✓	
Steve Patterling	Warwickshire Rural Community Council		✓
Jane Hill	Women's Business Development Agency	✓	

Appendix F; Money Saving Options and Potential for Reduced Revenue Costs for Economic Development Services

	Options for cost efficiencies	Description of cost efficiencies	Timescales	Financial impact	Risks				Achievability rating no chance = 0-5 Cheque in the bank = 5	Proposal	
					Financial Costs	Business	Service	Political			Financial
1	Undertaking Sustainable Urban Regeneration Projects like BSN	ERDF and ESF funding to support urban regen in Cov & Warks	7 years	Extra grant income to fund regeneration schemes	WCC will be req'd to find match funding	No project and income w/o WCC investment	No funding will sacrifice the achievement of a WCC priority	Non-achievement of WCC policy commitment and continuing deprivation	No grant income	4	advocate
2	Potential EU Funding for Business support activities	Secure EU grant to run WCC Bussup services	7 years	Extra grant income to fund Bussup schemes	WCC will be req'd to find match funding	Competition from other providers & requires WCC investment	No funding will sacrifice the cost efficiency of the service	Sacrificing local services for regional delivery	Insufficient funding to continue services	3	Keep in View (KIV)
3	Privatisation of Premises Management	Contracting out service with potential for reduced costs	Year 2 onwards	Redundancies, re-negotiation of contract with partners	Gain on costs	WCC objectives for its BCs may be sacrificed	WCC objectives for its BCs may be sacrificed	WCC objectives for its BCs may be sacrificed	No clear evidence for cost savings in the medium and long term	4	Not a priority
4	Mergers & Re-engineering (BSN & Camphill; BCenters for EPIC)	Reorganising for management cost savings.	Year 1 onwards	Marginal cost savings but impact to service delivery	Cost of redundancies or early retirements	WCC objectives may be compromised and total impact is uncertain	Uncertain	Uncertain	Impact on potential to earn grant income, needs to be assessed before any action	4	For Consideration

								Risks		Achievability rating	Proposal
	Options for cost efficiencies	Description of cost efficiencies	Timescales	Financial impact	Financial Costs	Business	Service	Political	Financial	no chance = 0-5 Cheque in the bank = 5	
5	Redundant Bldgs	Secure grant to help fund WCC Bussup services	Year 1 onwards	Extra grant income to fund Bussup schemes	None	None	Opportunity Costs associated with capacity to deliver other busssup services	Improved range of services but to note potential impact on other services.	None	5	Implement
6	EPIC	Contract out management of Epic and raise occupancy and income	Year 1 onwards	reduced deficit	Negligible	Economic decline will affect the achievement of the objective	Contract agency not achieving WCC standards of Customer Care	issues with losing economic links with businesses, WCC objectives for its BCs may be sacrificed	Long term cost savings may not be achieved	4	KIV
7	Capitalisation of salaries on projects	Charge out staff salaries to capital projects	Year 1 onwards	Transfer from revenue to capital - no actual saving	None	None	None	None	Potential to increase capital repayments	4	Implement
8	Charge out Services (for bids, Grants & other support)	Increase income by charging out for staff who support grants and bid work	Year 2 onwards	Potential to off set costs of services delivered to 3rd parties	None	Loss of potential grant income to Warwickshire as a result of clients using third parties for poor quality grant applications	Loss of expertise and effectiveness	Loss of effectiveness leading to loss of grant income to Warwickshire - compromising high priority schemes	Lower income from grants	3	KIV

								Risks		Achievability rating	Proposal
	Options for cost efficiencies	Description of cost efficiencies	Timescales	Financial impact	Financial Costs	Business	Service	Political	Financial	no chance = 0-5 Cheque in the bank = 5	
9	Regionalisation of BUSSPs	Cutting WCC Business Support Services	Year 2 onwards	Salaries and running costs saved,	redundancy costs	Poor alternative services to local businesses. Higher local business failure rate	Loss of key service area which has been a success in helping local businesses and achieving significant grant income to support the business	Loss of key service area which has been a success in helping local businesses	Losing grant income to support the business	2	KIV
10	Contributions, to third party organisations	Cutting grants to eg CSWP, WBDA and other third parties	Year 2 onwards	Significant cost savings	None to WCC	Major effect on partnerships and third party agencies	Major effect on partnerships and third party agencies	Major fall out with partners	Potential loss of grant income through withdrawal of WCC match funding	3	Probe the benefits to WCC of contributions to 3rd parties and affectiveness of investment
11	Natural Staff attrition	Not filling vacancies as they occur. Salary cost savings	Year 1 onwards	Progressive cost savings	None to WCC	Unmanaged and unplanned impacts	Unmanaged and unplanned service impacts	Unmanaged and unplanned service impacts on customers and stakeholders	Unplanned and unmanaged reverse multiplier effect	5	unmanageable process therefore not favoured.
12	New Structures requiring regional approach to bidding for EU and other Finance sources	Less requirement for WCC staffing in this area	Year 2 onwards	Cost cutting but major impact on grant earning potential for Warwickshire	Loss of grants earned for Warwickshire	Loss of grants earned for Warwickshire	Loss of grants earned for Warwickshire	Loss of grants earned for Warwickshire	Loss of grants earned for Warwickshire	4	Not in WCC's financial interests

								Risks		Achievability rating	Proposal
	Options for cost efficiencies	Description of cost efficiencies	Timescales	Financial impact	Financial Costs	Business	Service	Political	Financial	no chance = 0-5 Cheque in the bank = 5	
13	Not grasping available opportunities for service development	Declining the opportunities presented for enhanced services resulting in cost savings from staffing and service delivery.	Year 1 onwards	Progressive cost savings	Progressive cost savings	Lost opportunity for business progression	Lost opportunity to improve services to customers	Loss of reputation of WCC services	Declining viability of services and effectiveness	4	Not in WCC's financial, business or political interests
13.1	Addressing disadvantage										
13.2	Employments & skills										
13.3	Getting people into jobs										
14	Succession: the cost of replacing staff		Year2 onwards								This an area in which we expect increased costs if any vacancies are to be replaced.
15	Enhanced two tier approach	Request DC to withdraw from a service area & CC to take over services	Year 2 onwards	Potential for Districts to support County Service financially	Potential for Districts to withdraw funding and load costs on WCC	Loss of local access to Economic Development Services	Loss of local access to Economic Development Services	Loss of local access to Economic Development Services	Potential for Districts to withdraw funding and load costs on WCC	2	KIV but achievability may limit opportunity to make changes resulting in any financial benefit

								Risks		Achievability rating	Proposal
	Options for cost efficiencies	Description of cost efficiencies	Timescales	Financial impact	Financial Costs	Business	Service	Political	Financial	no chance = 0-5 Cheque in the bank = 5	
16	Sub regionalisation- (Lyons/Sub National)	Econ Devt @ sub regional level - important to think of services in sub regional delivery mechanism	3 years	Sub National Review may set out new proposals for funding of local and sub regional economic development	Not known	Not known but potential for increased involvement by local authorities in Economic Development	Not known but potential for increased involvement by local authorities in Economic Development	Not known but potential for increased involvement by local authorities in Economic Development	Not known but potential for increased involvement by local authorities in Economic Development	5	KIV - Defer decisions in this area until we can consider the impact of the review on WCC Economic Development policy.
17		LABGI funding for revised salaries	Year 2 onwards	No change	No change	Sub National Review is expected to make proposals for changes to LABGI	Sub National Review is expected to make proposals for changes to LABGI	Sub National Review is expected to make proposals for changes to LABGI	Sub National Review is expected to make proposals for changes to LABGI	5	KIV - Defer decisions in this area until we can consider the impact of the review on WCC Economic Development policy.
18	Staff budget to reflect vacancy	Proposal for staff budget to reflect lag in recruitment	Year 2 onwards	More accurate budgeting and more effective financial management	Nil	Nil	Nil	Nil	Nil	5	Implement

Appendix G; Regeneration & Competitiveness Strategy Action Plan 2006/7 - Achievements

The 2006/7 Action Plan concentrated on a number of key tasks, grouped under 3 Strategic Objectives.

Priority 1: Improve the competitiveness of the Warwickshire economy

Action	Achieved	Related actions for 2007/8
Progress plans with partners for 'themed' major employment sites, eg Antsy (medipark); Stoneleigh Park (land based industries) and the Ryton Peugeot site.	Some progress on future use/ownership of all major employment sites, although progressed at variable pace.	<ul style="list-style-type: none"> Continue to progress plans for themed major employment sites at Ansty, Stoneleigh Park, Ryton and Fen End (Prodrive) Catalyst project.
Develop and deliver a programme of inward investment promotion designed to secure new investment in priority clusters and to take advantage of other emerging opportunities.	In line with AWM objectives for Clusters, we have highlighted 3 Core Priority Clusters for research: Transport Technology (inc. Motorsport), ICT and Medical Technology.	<ul style="list-style-type: none"> Exhibited at half a dozen events for Motorsport and medical to promote the sub-region to the two clusters. Business networking event planned for October 2007.
Commission new business start-up facilities at Centenary Business Centre 3 and Sir Frank Whittle Business Centre 3.	Sir Frank Whittle extension was opened for occupation in March 2006 adding 5 more units, all of which are now let.	<ul style="list-style-type: none"> Awaiting AWM approval of funding to commission new business space at Centenary Business Centre Phase 3, start 2008
Develop and deliver niche business support services meeting local needs and ensuring continuation of business support under a new Regional agenda.	<p>WCC Business Support Services continue to prioritise service delivery to satisfy key local needs. These include:</p> <ul style="list-style-type: none"> environmental - where £80+k of external funding has been secured start-up -where a new web based advice service has been launched and ICT –extensive training programmes. The Regional Business Link Gateway / Brokerage Services launched, but its impact on Warwickshire businesses not yet clear 	<p>Continue with support to businesses</p> <ul style="list-style-type: none"> Environment-£50+k of external funding secured to continue Resource Efficiency Club and seminar programme Start-up –working with local CDFI to provide loans to Warwickshire start-ups. ICT- training programmes continuing. Business Collaboration programme maintained. In addition, funding secured to provide grant support to return Redundant Buildings to economic use.
Resolve future of Bayton Road HUB Business Resource Centre.	<ul style="list-style-type: none"> Continuing (AWM & UKBI) funding secured until March 2008. More feasibility research commissioned (funded by AWM) focusing both on traditional Hub services and additional Incubator facilities- Total new external funding £100k The Hub developed and implemented an Energy Efficiency Project (funded by £10k from AWM) to 	<ul style="list-style-type: none"> Meet AWM expenditure targets and exceed output targets. Meet UKBI expenditure targets and exceed output targets. Resolve future of Bayton Road Hub Business Resource Centre

Action	Achieved	Related actions for 2007/8
	regularly measure and subsequently advise on energy consumption by individual SME's.	
Town centres: <ol style="list-style-type: none"> 1. Deliver first phase of Nuneaton & Bedworth Town Centres' Masterplan 2. Roll out BIDS concept to selected town centres eg Leamington 3. Commitment to look at other town centres eg Kenilworth 4. Support and develop town centre champion roles for Nuneaton and Bedworth, Leamington, Warwick and Kenilworth. 	<ol style="list-style-type: none"> 1. Delayed due to consideration of Colleges co location proposals. 2. On track 3. On track 4. On track 	<ol style="list-style-type: none"> 1. Progress feasibility and co-location of Nth Warwickshire and Hinckley College and King Edward VI Form College into new Town Centre or revert to original Masterplan proposals. 2. Secure yes votes for Leamington 3. Prepare town centre development strategies for Kenilworth & Warwick 4. Embed Town Centre Champions

Priority 2: Provide clear leadership and influence within the regional and sub regional economy

Action	Achieved	Actions for 2007/8
Implement a Visitor Economy Strategy & Action Plan to consolidate WCC's involvement in tourism and engagement in opportunities presented by the Olympics.	Coventry & Warwickshire Visitor Economy Strategy 2005/9 published. Partnership shadow board members agreed and year 1 Business Plan awaiting shadow board approval.	<ul style="list-style-type: none"> • Embed new C&W Destination Management Partnership. • Establish partner responsibilities for delivering shared Business Plan.
Maximise opportunities to attract external funding for economic development and regeneration activities by leading engagement in CNRZ, EU programmes and work with sub regional partners on Corridors and Clusters activity.	A number of external contracts secured, for instance: <p>WCC led:</p> <ul style="list-style-type: none"> • N&BTC Development Phase 1 • Continuation funding for BSN & The Hub • Feasibility funds for R&D new schemes. <p>Partner led:</p> <ul style="list-style-type: none"> • Althorpe St. Leamington • Stratford Waterfront Phase 1 • Cross Directorate External Funding Group established and TORs agreed with SDLT 	<ul style="list-style-type: none"> • Influence and External Funding • Deliver contracts on time • Seek succession strategies for Hub, BSN and others (eg. Opps Centres) • Optimise availability of external funding especially AWM and EU (ERDF/ESF) • Support development of new WCC External Funding Group – holding 6 meetings over the year.
Undertake market research, consultation and performance monitoring to inform our activities and policies, and to improve the effectiveness and	On going at team and project level. And for Local Area Agreement, Economic Devt and Enterprise Block	VFM review of Econ Dev will help further improve effectiveness and may cut cost of our service.

Action	Achieved	Actions for 2007/8
efficiency of our services.		
Develop a county-wide Employment & Skills Strategy and put in place related organisational changes as a consequence of the modernisation agenda.	Background papers completed – context, local economy drivers etc. Process for countywide engagement set out.	First workshop planned for September 2007
Develop and commence implementation of a revised European & International Strategy for the County Council.	Strategy developed and approved by Econ Dev O&S Committee and by Cabinet. Engagement in Regional Fora to ensure Warwickshire eligibility for future EU SF programmes. Number of transnational projects secured via: - Leonardo: WCC European Vocational Training Programme - EQUAL: Grey Matters - INTERREG: RICE/Regional Innovation in a Competitive Europe	European and International Strategy <ul style="list-style-type: none"> • Publish and publicise new European and International strategy. • Maximise opportunities for Warwickshire through new EU Structural Funds and opportunities through new EU transnational funding programmes in support of WCC European and International Strategy.
Address the needs of rural areas by supporting rural services and partnerships including the CSW Rural Forum, the Rural Hub, Market Town partnerships.	CSW Rural Forum and Rural Hub supported and market town partnerships supported to end of programmes (2006).	Support projects which enhance services in market towns and rural areas, and help deliver strong local partnerships.
Progress the Stratford Waterfront flagship project and support the Complete Works of Shakespeare Festival.	<ul style="list-style-type: none"> • Phase 1 bid to AWM, led by SDC but supported by WCC secured £5.1m towards overall £7.7m costs (including securing £1.8m for proposed new footbridge). • 'Complete Works of Shakespeare' festival completed. 	<ul style="list-style-type: none"> • Progress the World Class Stratford Phase I Specifically design and planning permission for new pedestrian/cycle bridge in Stratford and feasibility and design of improvements for Waterside / Southern Lane bridge • Develop phase 2 programme

Priority 3: Build community capacity to reduce social exclusion and embed sustainable regeneration

Action	Achieved	Actions for 2007/8
Facilitate support to help the creation and growth of social enterprise.	Bayton Road Hub links with local community - Limited- corporate links made to consider scope for WCC lead	Identify and support 1 project to help develop social enterprises in rural areas
Pride in Camp Hill: - deliver phase 2 Village Centre including construction of a new community centre - agree funding strategy for Phase 3 with AWM and English Partnerships - support the construction of industrial units at Midland Quarry.	<ul style="list-style-type: none"> • Work on new Village Centre now on site. • New Community Building opened and operating. • Agreement in principle secured with AWM/EP for funding to complete PinCH Phased 3 • Initial infrastructure work has started for Midland Quarry development, but some delays in getting Detailed Planning Approval in place will mean new industrial units opening later than originally expected. 	Pride in Camp Hill Phase 2 & 3 <ul style="list-style-type: none"> • Sign agreement with Developer for Phase 2 – now complete • Sign agreement with Developer for Phase 3 – expected in late 2007 • Start work on retail development and housing – now on site • Secure funding applications approval for Phase 3 from EP and AWM – expected in late 2007
Work with partners to support Market Towns and address programme succession issues, including community engagement with former mining communities.	Since cessation of AWM funding programme our direct engagement in Market Towns has reduced.	See above action on rural areas
Continue to invest and innovate on ways of ensuring the hardest to reach groups are enabled to develop appropriate skills and training, and supported into new employment opportunities, in particular across Nuneaton & Bedworth and North Warwickshire Boroughs through further development of the PEP Employment Partnership.	<ul style="list-style-type: none"> • SetL project taken over many of PEPs aims. • Gap left by staff changes in our direct role in community engagement agenda and Local Jobs Team with JCP. • None of the dedicated participation in past year in Access to Employment for Disabled People agenda. • Skills and employment key priorities for LAA and delivery plans agreed with strategic partners – no additional funding, however, available to resource new initiatives. 	<ul style="list-style-type: none"> • Develop a Countywide Employment and Skills Strategy as a shared vision for the county and its strategic and delivery partners. • Review engagement in Welfare to Work for disabled people • Review and hopefully renew our participation in Community engagement activities (esp N&B) to support JCP Local Jobs Team. • Secure funding (ESF?/ERDF?) to help achieve new activities within E&S agenda.
Consolidate Construction Training Opportunities Centres including a new facility in Rugby.	<ul style="list-style-type: none"> • Both Nuneaton and Rugby Opps Centres had very busy and successful years. • Exceeded targets. • Both centres continued to be largely self funding 	<ul style="list-style-type: none"> • Ensure continuation funding on cessation of AWM grants. • Ensure continuous renewal of services and extension of client beneficiaries.

Action	Achieved	Actions for 2007/8
	via external grants.	<ul style="list-style-type: none"> • Undertake feasibility and business planning for new SKIDz (motor vehicle) training centre for disaffected young people – including fund raising.
Seek longer term funding for Building Sustainable Neighbourhoods within the context of its contribution to localism and the County's modernisation agenda.	<ul style="list-style-type: none"> • 2006/7 exceeded all contractual targets. • Continuation funding secured until March 2008 at least. • New programmes undertaken focusing on 3 key areas: <ul style="list-style-type: none"> i) Green Space improvements ii) Grants programme for Community groups looking to deliver local environmental schemes and for community buildings to reduce carbon footprint iii) Intensive support for community groups operating community centres or other community facility (Planning Ahead) 	<ul style="list-style-type: none"> • Meet AWM expenditure targets and exceed AWM output targets. • Develop and deliver <ul style="list-style-type: none"> - Carbon Footprint reduction programme (for Community owned/managed buildings) - Environmental Action programme • Develop and deliver 6 Partnership agreements under the 'Planning Ahead' programme. • Deliver year one of ERDF 'Greening fingers' initiative
Implement a retail support and environmental improvement programme for priority neighbourhoods in Nuneaton and Bedworth.	Retail business support programme completed - included environmental improvements to 5 communities; 86 business assists; 10 new jobs created; 9 jobs safeguarded; 16 businesses to carry out shop front improvements.	Focus on environmental improvements in Queens Rd, as part of Nuneaton masterplan work.

Appendix H: External Funding Secured for Economic Development/Regeneration Related Activities

covering projects principally driven by external funding, over the period of current AWM and EU programmes

	Total Project Cost	WCC Rev or cap	Other Public			Private	Project Dates
			AWM	EU	Other (state)		
WCC Led Projects							
PiCH: Phase 1 and 2a	32.1m	2.5m cap 700 rev	8.2m		5.7m	15m	1999/2000 to 2010/2011
Phase 2b)	23m					23m	
Midland Quarry	10.2m		1.4m	1.4m		7.4m	2003 to 2008
Building Sustainable Neighbourhoods	3.54m	415	1.7m	810	504	111	2002 to 2008
The Hub, Bayton Road	1.54m	215	1.05m	180	114		2002 to 2007
EPIC	7.2m	149 cao	3.9m	2.9m	255		2003 to 2008
RZ Opportunities Centre	629	150	398	81			2002-2007
Rugby Opportunities Centre	347	130	0	0	217		2005 to 2008
ETW: New Deal (annual)	1352				1352		
SetL (project total)	3026			3026			2006 to 2008
Training (annual)	1158			524	532	102	
EBP							
Nuneaton & Bedworth Town Centres Phase 1	1.8m	265 cap	1.2m		292 nbcc	105	2006/7 – 2007/8
Abbey Green	891	131 cap	22	73	516	149	2001-2004
PEP/ R Now	790		120	255			
Stress Awareness	183	113 rev		70			2005-2007
Gray Matters	124	34 rev		50	21	19	2006-2007
Arts PEP	264	155 rev		109			2006-2007
RICE (WCC part)	58	29 rev		29			2006-2007
Leonardo	62	13 rev		49			2007-2008
WCC Supported Projects							
World Class Stratford	7.7m	660 cap	5.1m		1.1m	812	2006-2010
Rugby BIDs (set up)			320k				
Global Grants	1.7m	580		758	348		
Arts PEP – Warks Probation	1.7m	160		850	690		
Althorpe Street							
Mkt towns Alces; Ath/pol; Coleshill			1.25m				
SRB – Camp Hill			2.2m			365	Ended 31/3/06
SRB – Vital Villages							Ended 31/3/05
SRB - PIE	14.0m		3.0m		5.9m	5.1m	Ended 31/3/07

External Funding Currently Being Pursued for Economic Development/Regeneration Related Activities

	Estimated Project Cost	WCC	Other Public			Private	Project Dates
			AWM	EU	Other (state)		
WCC Led Projects							
PiCH Phase 3	149.3m	1.4m rev	6m		1.4m rev 14.1m cap 3m EP	123.4m	2009/2010 to 2015/2016
CBC Phase 3	1.4m	816k	594k				2007/2008 to 2008/2009
Stoneleigh Park: infrastructure	7m		7m				???
Innovation Centre	10m		part			part	???
Sustainable Urban Devt (Nuneaton 'share')							
Nuneaton & Bedworth TC Masterplan	?????		??				
Stress Awareness Training	21	15		6			
Gray Matters	125	40		50	20	15	
WCC Supported Projects							
Fen End Catalyst project	8m?		4m			4m prodrive	
Warwick Renaissance			220k				
Redundant Building Grants	5.2m		1.3m		3.9m		2007 to 2010
World of Rugby	9.9m		??				
Nuneaton Voluntary Sector Consortium		50k loan					
Marina Development/Judkins Masterplan	????		??		??		
Global Grants	??	??	??		??		
EcoWaste Cluster	700	350		350			
<p>The EU Programme for 2007 to 2013 has allocated a Structural Fund budget to the West Midlands of £257 million. In addition large amounts are held centrally to be bid for on a competitive basis. These include Competitiveness for Growth at €50 billion and Competitiveness for Employment at €7 billion.</p>							

Appendix I: Proposals in the Comprehensive Spending Review that will impact on the local authorities' roles in economic development: "Clear incentives to promote economic growth at local and sub-regional levels."

"The 2007 Comprehensive Spending Review (2007 CSR) ensures that local government can better deliver high quality public services, promote sustainable economic development, and empower individuals and communities."

It provides for "stronger local leadership in economic development and neighbourhood renewal," and contains proposals for "a reformed Local Authority Business Growth Incentive Scheme."

It introduces new powers for Local Authorities. "To invest in economic development through business rate supplements, subject to clear accountability to business." And provides "Clear incentives to promote economic growth at local and sub-regional levels."

The proposals were previewed in the review of sub national economic development and regeneration (SNR) which concluded "there are considerable opportunities for local authorities to play a stronger role in economic development and neighbourhood renewal." The Review concluded that further reform was needed to "improve the flexibilities and incentives for local authorities to work with business to identify opportunities for growth and to take the necessary steps to make their areas more attractive to business investment." Reform to the incentives for local authorities to work with business was also needed "to identify opportunities for growth and to take the necessary steps to make their areas more attractive to business investment" and for local authorities "to take a leading role in economic development and regeneration." Following the SNR's recommendations, the Government has announced detailed proposals for reform of LABGI.⁹

The CSR also pushes the economic development agenda by increasing spending by the Department for Innovation, Universities and Skills on higher education and skills which will increase from £14.2 billion in 2007-08 to £16.4 billion by 2010-11 to implement the recommendations of the Leitch Review.

Local authorities will also be affected by the proposals for Business support to be simplified to reduce confusion and the time businesses spend understanding what support is available and accessing it, and to improve the quality, effectiveness and efficiency of schemes;

The Government commitment to promote enterprise and reducing worklessness in deprived areas will benefit Local authorities by giving local areas the freedom and flexibility to develop approaches that respond to local needs. "A new enterprise and renewal fund will foster enterprise in these areas and will place a stronger emphasis on economic development in tackling neighbourhood deprivation."

The planning system plays a vital role in supporting these (economic development) goals, ensuring that new developments are delivered in a strategic and sustainable way and the planning system will be reformed to take account of the proposals in the SNR published in July 2007 for a single integrated strategy in each region setting out housing plans alongside wider economic, social and environmental objectives

£2 billion is to be provided for neighbourhood and local renewal programmes, with a new strategic approach strengthening the emphasis on economic development and promoting strong communities;

⁹ Proposals for the reform of LABGI are contained in "Building better incentives for local economic growth, an issues paper which "sets out the Government's commitment to creating a permanent incentive for councils that encourages sustainable economic growth fully integrated with the local government finance system." The new incentive will be phased in from 2009-10, with funding of £50 million doubling to £100 million in its second year.

Appendix J: Narrowing the North-South Gap with Economic Regeneration In Communities (ERIC)

There have been a number of attempts over recent years to narrow the gap between the north and south of Warwickshire – WCC’s Corporate Plan, CNRZ ZIP, etc. However, the situation in the north of the County remains worse than in the south on a range of indicators. Here are some examples of this: proportion of Warwickshire’s unemployment benefit claimants that live in Nuneaton and Bedworth increased between 2000 and 2007, proportion of crimes in northern Warwickshire (the three northern Boroughs) has increased since 2001, and, of the 39 indicators in the most recent Quality of Life Report (WCC) that are readily comparable between Districts, Nuneaton and Bedworth performed below the County average in 21 cases.

The aim of this paper is to suggest new ways of narrowing the gap between the north and south in Warwickshire, coming from a strong evidence base and applying lessons learnt from other areas, both within (e.g. Camp Hill) and beyond Warwickshire (e.g. Coventry). The proposals will focus on the areas of north Coventry and Regeneration Zone area Wards in Nuneaton and Bedworth, with the aim of developing a Sustainable Urban Development (SUD) package, supported by ERDF/ESF, to deliver social and economic improvements to people in these areas.

John Deegan (WCC Environment and Economy Strategic Director) has commissioned some research into the geographical pattern of investment by the County Council (and, ideally, also other agencies) both in terms of capital and revenue and also to investigate local migration patterns, particularly around Nuneaton and Bedworth, to establish whether or not the public agencies’ policies have had the effect of encouraging some degree of social mobility on a household basis. Following on from this work, it is hoped that a clearer understanding of the relative success/failure of current policies will emerge. This baseline data will both help inform what kind of actions to take and can also help monitor progress in delivering change.

Strategic framework

From the knowledge and experience that lies with those working for different agencies engaged in working in the most deprived areas in Nuneaton and Bedworth there are a number of general policy strands that we need to work on:

- Raising aspirations and skill levels.
- Boosting self-employment.
- Increasing enterprise.
- Reducing unemployment.
- Boosting the employment base – both existing and new businesses, particularly new environment-related businesses.

Proactive engagement is seen as crucial to increasing the interest of individuals and for working with businesses to help grow the demand side for employment. This then needs to be supported by sufficient and suitable enterprise, employment, skills and business support work. There is also scope for developing and integrating the role of inward investment to help grow the business base. Such an approach should lead to a positive cycle of improvement, increasing awareness and aspirations.

Work carried out in Camp Hill, Nuneaton and areas in north Coventry show that having a strategy and plans for addressing these areas of concern will deliver real results for people living there.

Learning from Others and Building on Current Successes

The Local Economic Growth Initiative (LEGI) programme has a number of initiatives that we could look to roll out, over time, within the Nuneaton and Bedworth area, suitably tailored to fit in with local circumstances. Two of the Coventry LEGI strands that are of particular interest are Inspire and Engage and New Business Start-Up Support. We feel that the first is similar, in some ways, to what Building Sustainable Neighbourhoods (BSN) has been developing over the Regeneration Zone areas of Nuneaton and Bedworth and the second similar to what Camp Hill Employment and Enterprise ResourceS (CHEERS) has been doing, so far limited to the Pride in Camp Hill area.

In delivering the ERIC proposal, it will be important to remember the depth and breadth of community capacity building that has taken place in the area – and the time, resources and effort taken to develop this. If we do not recognise and value the commitment and resources that laid the foundation for developments taking place today it is unlikely that ERIC will be successful. Coventry, being a Beacon status area has had funds from Neighbourhood Renewal to support similar community capacity building and continue today with the Community Empowerment Fund. The Community Engagement Network activity that CVS has supported will be essential when considering developing ERIC in the Nuneaton and Bedworth part of the Regeneration Zone.

It will also be important to build on the successes in business support, provided through the Strategic Business Support Package (SBSP). This project was developed to provide a strategic impact within the CNRZ, by providing focused business support across a wide business spectrum, to enhance the economic development that will benefit those working and living in the zone.

The project strategy has been centred on developing a 'Holistic' approach to Business Support Strands and Business Engagement, to effectively and efficiently utilize the funding streams, resources and expertise of the Partnership, that realises the required output targets and meet the SBSP objectives. The delivery strategy has been developed to have a 'different' approach, fundamentally, in the engagement process with businesses and individuals 'in the community' not remotely which is essential in this geographic area, to match business support with the business sector profile and co-ordinated partner delivery working. The Programme has been funded by Advantage West Midlands and the European Regional Development Fund.

It is also important to note and recognise the good work carried out by WCC, through the Hub on the Bayton Road Industrial Estate, delivering business support to companies in the Bayton Road area.

The new proposals that we would aim to roll out across the other more deprived areas of Nuneaton and Bedworth are as follows:

- **CHEERS** – to help local people start up their own small local service businesses, much as has happened in Camp Hill, but over a wider local area, using local community centres to host any training and support work, similar to the Coventry LEGI Pods. We would look to secure SUD funding to deliver this, in partnership with Coventry City Council. The work programme at the proposed new Community resource Centre in Nuneaton should help the development and support for this type of work.
- **Basics of Success** – to help young people just moving into secondary schools improve their literacy and numeracy skills (and also their parents engage more with the education system and value education and qualifications more), as has been achieved in the Camp Hill area, rolling this out to Bedworth and other areas in the Nuneaton and Bedworth area. We would argue that this should be funded, certainly in the longer term, by Warwickshire County Council, as part of their schools education support programmes.
- **Opportunities Centre** – to provide local people, in a wider area than Camp Hill, with construction and ICT skills, to help them either into employment in these fields or towards further educational development and enhanced skills levels. We would look to secure SUD funding to deliver this and expand the size and spread of the Opportunities Centre to cope with rolling this out over a wider geographic area, in partnership with Coventry City Council,

Communication

It is essential that there is a strong Public Relations and Media Strategy attached to any initiative like this, so that we can promote and exchange the good proactive that we are developing, as well as give encouragement to everyone taking part in the initiative. The aim will be to have a sharp and consistent partnership approach, linking people, projects, businesses, NBBC, WCC and other key partners to showcase the achievements for the Northern area, which will in turn promote an overall positive identity and sense of place. This would in turn work towards addressing the North – South divide in the County and set regeneration projects in the full context of the Northern Area. In particular, we will work to : -

1. Capture imagination and deliver a rejuvenated sense of place for the Northern area.
2. Identify and promote projects that can be 'rolled out' and add value to other areas.
3. Win engagement and support of key funders/partners and other interest groups.
4. Gain recognition and attract potential investors and partners
5. Have a hands on - locally based, central point of coordination of all communication activities and develop an internal skill base to ensure momentum is maintained into the future.
6. Build a communications plan that has the right level of impact and is sustainable over time.

Colin Ball
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Appendix K: Narrowing the North-South Gap: Coventry & Nuneaton Regeneration Zone Strategic Business Support Programme

Business Support Strand

– Business Segments

Pre-Start/Start-Up Businesses

This segment has been developed to provide a strategic impact within CNRZ, by providing focused business support to Pre-Start/Start-up businesses across a wide business spectrum, increasing the rate of sustainable new business formations and promote young businesses in high growth sectors.

Micro Businesses

This segment has been developed to provide a strategic impact within CNRZ, by providing focused business support for Micro businesses across a wide business spectrum, to tackle and overcome the barriers to growth in this segment, by providing the different support needs, compared to larger SME, required to improve business survival and growth of Micro Businesses.

SME Businesses

This segment has been developed to provide a strategic impact within CNRZ, by providing focused business support for SME businesses across a wide business spectrum to focus support on modernization and diversification of the SME base, improving competitiveness, return on investment and sustainability.

Minority Ethnic Businesses

This segment has been developed to raise awareness and establish sustainable mechanisms for businesses to become involved in the business support initiatives available in the CNRZ. The strand will be the conduit for businesses to be guided into the most appropriate business support initiative.

- Business Sectors

SEGMENT/SECTOR FOCUS	CNRZ TOTAL	N&B SPA	N&B SPA % of TOTAL
ENG/MAN – BAYTON ROAD	510	97	19%
FOOD & DRINK	96	21	22%
RETAIL	565	103	18%
TOTAL	1171	202	17%
MINORITY ETHNIC	299	55	18%
TOTAL	299	55	18%

- **Business Support Outputs**

OUTPUT CRITERIA	CNRZ TOTAL	N&B SPA	N&B SPA % of TOTAL
BUSINESSES ASSISTED	968	192	20%
NEW JOBS	196	37.4	19%
NEW SALES	£15M	£3.4M	22%
SAFEGUARDED JOBS	253	56.5	22%
SAFEGUARDED SALES	£12M	£1.7M	14%

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