

Gloucester City Council

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| Meeting: | Cabinet | Date: | 5th March 2014 |
| Subject: | Economic Development Update Report | | |
| Report Of: | Cabinet Member for Regeneration & Culture | | |
| Wards Affected: | All | | |
| Key Decision: | Yes | Budget/Policy Framework: | No |
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| Appendices: | 1. Economic Development Activities to Date | | |

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To update Cabinet on the performance of Gloucester City's economy and key actions for the next 12 months

2.0 Recommendations

- 2.1 Cabinet is recommended to **RESOLVE** that:

- (1) The actions outlined in the report are progressed.

3.0 Background and Key Issues

- 3.1 When the Economic Development Service was established in January 2010 an economic health check of the city was undertaken. The results helped inform economic priorities. The main findings showed that Gloucester must:

- Improve its business start-up performance
- Improve the support offered to its existing businesses
- Attract investment to grow the number of businesses
- Improve skill levels and employment opportunities

- 3.2 To facilitate growth and investment in Gloucester, the ED Service focussed on the above areas.

- 3.3 Various systems are now in place and performance against progress is regularly monitored. It is important that we maintain the positive progress made to date whilst ensuring we continue to deliver more for less and deliver on our targets.

- 3.4 In addition to our economic development activities, in December 2013, the ED Service, as part of the council's restructuring, was asked to take on responsibility for

city centre management and evening economy functions. This paper will outline our main priorities for these areas going forwards.

- 3.5 The ED Service has also undertaken work with Stanhope, through support on some major funding submissions as part of the bus station / Kings Quarter scheme.

4.0 Our Growth Agenda

- 4.1 Between 2001 and 2011, Gloucester's population grew by 10.7% with 36% of Gloucestershire's total population growth occurring in Gloucester. These figures are the highest of all the districts. Moving forward, it is estimated that Gloucester will experience the greatest population growth of all county districts, expected to increase by 20.1% or 23,800 people between 2010 and 2035.
- 4.2 Gloucester is a relatively young city with 25% of the population aged 19 and under (highest in the South West) and 39% under 30. Gloucester is expected to experience the greatest increase of Gloucestershire's districts in the number of children and young people between 2010 and 2035, with an increase of 16.4%.
- 4.3 Only Gloucester (8.1%), Tewkesbury (3.8%) and Cheltenham (1.7%) of all of Gloucestershire's districts are expected to see an increase in the working age population between 2010 and 2035. Subsequently, Gloucester is anticipated to be the focal point for young and working age population growth within the county.
- 4.4 All Gloucestershire's districts will experience an increase in people aged 65 years and over. The increase in the over 65 population in Gloucester is anticipated to be 73.7% by 2035, which is above the county average of 70.2%.
- 4.5 Given the city's population growth it is imperative that Gloucester secures investment and jobs
- 4.6 A competitive and sustainable economy can be achieved in Gloucester through a thriving small business community. The UK Competitiveness Index 2013 supports this concept – an economy that encourages new business to set up and expand will create new employment opportunities and stimulate economic growth within an area.

5.0 Enabling and Supporting Business Start-Up and survival

Activities to Date

- 5.1 See Appendix 1 – for an update on our activities for enabling and supporting business start-up and survival.

Indicators of Success

- 5.2 Gloucester is bucking the national trend in terms of business start-up and enterprise support. This is supported by various national economic reports.

Duport Business Confidence Report

Based on new company formations (limited companies with a registered trading address in Gloucester) and analysed by Duport using public record data from sources including Companies House, Office for National Statistics and Ordnance Survey, the data shows:

- 448 new companies set up between January and June 2013 - more than any other half year on record and a 10% rise on the same period in 2012.
- 2011 and 2012 were record years for company registrations in Gloucester when compared to any year in history.
- Gloucester also became more important to the national economy by increasing its UK company share by 0.012% (2010 – 2011).

Peter Valaitis, Managing Director, Duport Associates Ltd stated that “the increase in UK company share suggests Gloucester is becoming more important to the national economy, and ... that entrepreneurial spirit is flourishing. The record number of company formations we saw in 2012 is a testament to the redevelopment of the city centre, proving Gloucester is becoming more and more attractive to business start-ups.”

UK Competitiveness Index 2013

Gloucester has broken into the top 20 most competitive cities in the UK. Ranked 19th it comes in ahead of locations such as Nottingham, Birmingham, Cardiff and Newcastle-Upon-Tyne. In addition, Gloucester is ranked 154th out of 379 local authorities in 2013 (an increase of 24 places compared to 2010). Only Gloucester (24 places) and Stroud (17) of the Gloucestershire districts saw an increase in their ranking between 2010 and 2013.

Experian (2012)

This growth report shows that Gloucester is ranked 11th out of 324 local authorities for growing its business base between 2010 and 2012, the biggest growth in the South West region.

Santander Town and City Index 2012

This report states that Gloucester is a leading destination for business by ranking the city 18th out of 74 UK cities for business.

Centre for Cities 2014

This report highlights that Gloucester is one of the cities that is making large improvements during the economic downturn. Gloucester is ranked:

- 6th (out of 64 cities) for having the highest number of patents approved (up from 10th in Centre for Cities report 2013)
- 2nd (out of 64 cities) for having the highest employment rate with 77.8% between Jul 2012 and Jun 2013 (up from 12th in Centre for Cities report 2013)
- 2nd (out of 63 cities) for the highest housing stock growth. Among the top-placed cities, only five (Swindon, Milton Keynes, Gloucester, London, Peterborough) have experienced housing supply growth in accordance to their population growth rate. Good supply means better affordability” so helpful for homebuyers and attracting new investors/businesses to the area.

Key Actions

- 5.3 We are keen to build on the progress made with start-up performance and ensure continued support for existing business within the city.

In 2014/2015 we will:

- Deliver business grants to 30 businesses in 2014/15 to assist new start-ups, expanding businesses and those businesses looking to relocate to the city.
- Extend business start up / business support provision for small-medium sized businesses (SMEs) through Gloucestershire Enterprise Ltd, Gloucestershire Adult Education, The Prince's Trust and other partners.
- Develop a programme of export courses to encourage 25 SMEs to trade internationally.
- Work with 30 local SMEs during 2014 to ensure that they have an Internet presence, which is accessible to customers via multiple platforms e.g. Smartphone, Tablet or Desktop. In the UK, online purchases by customers grew by more than six times between 2003-2012, whilst only a third of SMEs sell products or services online.
- Increase distribution of Your Business Matters e-newsletter from 600 businesses to 700 in 2014/15.
- Secure four large business events / business forums in 2014/15 and ensure a high profile for Gloucester businesses e.g. Enterprising Women Conference, Gloucester Rugby Business Club
- Target 700 businesses with sources of finance and funding e.g. The Technology Strategy Board and South West Investment Group in 2014/15
- Encourage "inter-trading / support local" amongst city businesses by producing a new Business Directory for 2,000 businesses and online web search facility by the end of 2014.
- Work with Marketing Gloucester to produce an independents' booklet which will aim to showcase many of Gloucester's 125 independent city centre retailers by March 2014.

6.0 Attracting and Retaining Investment within the City

Activities to Date

- 6.1 The ED Service has a remit to promote Gloucester and secure new business for the city. This helps expand the city's business base, fill vacant units, create jobs and stimulate economic growth.
- 6.2 See Appendix 1 – for an update on our activities for attracting and retaining investment within the city.

Indicators of Success

- 6.3 In relation to business rates properties in Gloucester, between March 2009 and October 2013 there has been a rise of 8.6% in the number of properties registered for rates and a fall of 2.2% in the proportion of those which are empty. The empty property rate is 14.73% in October 2013, which is the lowest since the ED Service was established.

- 6.4 £700 million private sector investment secured to date with over 1,000 new jobs and 700 new homes created.

Key Actions

- 6.5 In 2014/15 we will:

- Continue to support Stanhope and their commercial agents to deliver the bus station / Kings Quarter scheme by 2017.
- Engage with developers and commercial agents to promote Gloucester including the opportunities at the Blackfriars development and remaining sites at the Docks / Quays and the Railway Triangle.
- Work with GFirst LEP and other partners to progress the development of a strategic business park at Elmbridge. Currently, this has not been identified within GFirst LEP's Strategic Economic Plan.
- Work with Housing Enabling Service to establish a project group and work with developers, commercial agents and owners to bring forward extant planning permissions for 541 dwellings in the city centre. The group would also work towards securing a further 400+ residential dwellings in the city centre.
- Target high growth companies through targeted inward investment campaigns to reach over 5,000 potential investors, including developing appropriate marketing materials and channels.
- Investigate / secure a new customer relationship management system and commercial property database in order to capture property and enquiry details.
- Ensure we work closely with planning colleagues to ensure we have economic lead planning policies e.g. secure/identify more A3 uses to attract more restaurants.
- Work closely with the City Safe Manager to achieve a safe and vibrant city centre both during the day and into the evening economy, building on the City and County Councils' commitments to upgrade the CCTV system and improve street lighting, as well as numerous other initiatives.

7.0 Improving Skill Levels and Employment Opportunities

- 7.1 With the city's young demographic and population set to expand by more than 20% over the next 20 years it is imperative that Gloucester supplies jobs and develops a skilled population to meet the labour market needs.

Activities to Date

- 7.2 See Appendix 1 – Economic Development Activities to Date for an update on our activities for improving skill levels and employment opportunities.

Indicators of Success

- 7.3 Gloucester currently has the highest claimant count in the county although this is steadily decreasing. Gloucester's claimant count was 2,506 in November 2013, a decrease of 6.1% on the previous month. The County decreased by 4.6%, the South West decreased by 1.4% and the UK decreased by 3.6%. The last eight months have seen the claimant rate in Gloucester fall from 4.1% to 3.1%, whilst Gloucester's claimant count has fallen from 3,243 to 2,506 over the same period.

- 7.4 At the end of November 2013 there were 707 young people aged 16-18 not in education, employment or training (NEET) in Gloucestershire and this figure translates into an adjusted 16-18 NEET population of 4.4%. The total number of NEET decreased by 77 young people in November 2013 compared to October 2013.
- 7.5 Gloucester's NEET rate in November 2013 was 4.3%, which was lower than both Cheltenham (4.4%) and Tewkesbury (5.6%). This is a decrease of 1% for the same time last year (November 2012)
- 7.6 Gloucester continues to perform well in apprenticeship starts and achievements with the highest levels in the county in 2011/2012 and the figures to date in 2012/2013. The figures to date in 2012/2013 shows Gloucester has 1,390 apprenticeship starts (30.6%) of the county and 420 achievements (27.8%) of the county provision.
- 7.7 Gloucester has made significant progress in increasing the proportion of its working age population attaining NVQ Level 4, Level 3 and Level 2 qualifications between 2009 and 2012. These increases has seen Gloucester close the gap on the respective national averages although the city is still below the national average for NVQ Level 4 attainment.
- 7.8 Gloucester has the highest level of engagement in overall FE and skills participation in the county. Gloucester accounted for 23.8% (2,460) of the county participation levels in 2010/2011 and 23.6% (2,450) in 2011/2012.

Key Actions

- 7.9 In 2014/15 we will:
- Provide all business grant applicants with a 'Recruit Local' factsheet outlining current incentives and local support available to grow their company.
 - Work with three new major businesses locating in the city to support them with their recruitment needs and promote employment opportunities to unemployed Gloucester residents in deprived wards. This will based upon the model adopted for Morrisons' recruitment, which engaged with those furthest removed from the labour market and living in deprived wards.
 - Organise an employability event to showcase local employment and 'start a business' opportunities to unemployed residents in Gloucester.
 - Feature two articles a year in Your Business Matters and City Centre News on the benefits of apprenticeships to businesses.
 - Support hard to reach groups in starting up in business by using appropriate data (e.g. business start-up ward data) and work with intermediaries to support business development.
 - Work with Gloucestershire Adult Education to provide start-up courses for 30 people who are furthest from the labour market.
 - Ensure ongoing support / mentoring to assist with conversions. With increased capacity in the ED Service, we would like to support more people within hard to reach groups in accessing skills development training and self employment courses

8.0 Supporting a Thriving City Centre

8.1 The ED Service will work closely with the Head of Regeneration and Economic Development who is leading on the production of the city centre management and regeneration strategy.

Key Actions

8.2 In 2014/15 we will:

- Appoint a City Centre Manager by February 2014 for city centre management and evening economy.
- Secure relevant permissions and install new footfall cameras into the four gate streets by end of May 2014.
- Perform a comprehensive audit of the city centre using the ATCM toolkit to assess what is required to improve the look, feel and structure of the city centre in the short, medium and long term to make it more attractive / user friendly. Feed the findings into the City Centre Strategy, City Centre Action Plan / Evening Economy Action Plan.
- Establish a comprehensive database of all city centre businesses – approximately 450 businesses within the city centre – by September 2014.
- Deliver three Evening Vitality Grants for new businesses adding to the evening economy offer in 2014/15.
- Identify owners of empty units by March 2014 and encourage owners to spruce up premises - window dressing, pop-up art galleries / community facilities.
- Work with Marketing Gloucester to enhance the City of Gloucester website with particular focus on improving promotion of, and information about, the Gloucester offer. For example, the promotion of eateries within the city.
- Work with businesses in the city centre to improve their customer service skills and ensure all city hotels are supported in gaining official accreditation.

8.3 The ED Service has worked to establish a meet and greet scheme which was launched in partnership with the Civic Trust, with support from the Tourist Information Centre and Asset Management Service. The aim of the scheme is to increase footfall and tourist spend in the city.

- ED Service to work with the Asset Management Service to put overflow coach parking in place to increase capacity from the current 7 coach spaces by April 2014.
- ED Service to work with the Asset Management Service to make improvements to Westgate St Car Park to ensure it provides a positive and welcoming first impression – including the removal of the attendance box by April 2014.
- ED Service to promote the meet and greet scheme at a minimum of two events and through the trade press by April 2014.
- ED Service to promote the scheme and Gloucester as a destination to 200 coach operators and 30 tour guides by April 2014.
- ED Service to work in partnership with the Tourist Information Centre to recruit 3 volunteers for the meet and greet scheme to increase capacity to deliver a quality service to visiting coaches by May 2014.

9.0 Funding and Income Generation

Indicators of Success

9.1 High Street Renewal Fund

In 2012 the Department for Communities and Local Government (DCLG) announced the launch of the “Our Town First: Future High Street X-fund”, later renamed the High Street Renewal Fund. The ED Service submitted a bid, demonstrating innovation in the high street. The Gloucester bid was one of seven bids approved nationally. Gloucester was awarded £133,057 funding.

ERDF Funding

£1million of ERDF funding secured as part of the University of Gloucestershire partnership project including HCA funding secured for Blackfriars Inn refurbishment.

Kings Quarter submissions £2.5m and £3.3m

The ED Service has supported Stanhope in developing its submissions for funding from the GIFF and the LTB. These bids, if successful, will assist the viability and delivery of the Kings Quarter scheme.

Key Actions

- 9.2 In 2014/15 we will investigate business rates retention opportunities, the Regional Growth Fund, Exceptional Regional Growth Fund and other funding / income generating opportunities subject to capacity within the team.

Business Rates Retention

The business rate retention scheme under DCLG has meant councils now have a financial incentive to create and support local jobs and businesses. Councils will now be able to keep half of any increases in business rates to invest locally. Gloucestershire councils pool business rates amongst the six districts.

The ED Service has been advised that the council will know more details about its allocation in April 2014 and we are working with other departments to better understand what monies are being secured for Gloucester and what processes are in place to support job growth, particularly given Gloucester’s expanding business base and thereby its contribution to the county pool.

Regional Growth Fund (RGF)

The RGF is a flexible and competitive £3.2 billion fund operating across England from 2011 to 2017 and creating jobs into the mid-2020s. Round 6 will open in summer 2014. The projects selected by the RGF must attract private funding to match the public funding provided. RGF provide grants, loans and loan guarantees. The team will await information on round 6 funds and explore how this can be of benefit to Gloucester’s economic growth. We are also investigating the **Exceptional Regional Growth Fund (ERGF)**.

- 9.3 We will undertake a scope of opportunities for generating income through use of space in Kings Square and advertising opportunities with ED marketing / promotion materials.

10.0 Alternative Options Considered

- 10.1 The report sets out a range of options for supporting Gloucester's growth and is considered to represent a well balanced approach to achieving the best outcomes for the city.

11.0 Reasons for Recommendations

- 11.1 The above progress report looks to address some of the city's key economic priorities.

12.0 Future Work and Conclusions

- 12.1 A considerable amount of further specific work will be required following the approval of this report in order to progress the various projects and initiatives discussed above. Importantly, the report will act as a useful tool for the development of future economic development strategies and city centre plans.

13.0 Financial Implications

- 13.1 The proposals as set out above will be funded entirely through the monies received by the City Council from the DCLG Innovation Fund and the DCLG High Street Renewal Fund monies from Central Government, and the allocation to the ED Service from the City Centre Investment Fund.

(Financial Services have been consulted in the preparation this report.)

14.0 Legal Implications

- 14.1 The criteria for grants must be clearly drafted and identify the terms and conditions, if any, to be attached to them. The consideration and award of the grants must be fair and open, and the same criteria and approach applied to all applicants. Any constraints on grants must be identified at an early stage.
- 14.2 There are no other specific legal implications arising out of this report although there will be specific issues where it will be necessary to involve colleagues from Legal Services.

(Legal Services have been consulted in the preparation this report.)

15.0 Risk & Opportunity Management Implications

- 15.1 A risk register has been undertaken. Risks include budget overspend through over subscription for the business grant schemes and failure to spend the DCLG High Street Renewal Fund. Current controls to mitigate these risks include monitoring grant funding, allocating funding to different budget codes and requesting regular spending updates from services that have been allocated funding.

16.0 People Impact Assessment (PIA):

- 16.1 We considered who would benefit from the proposals and projects, and could a particular group be affected differently by the proposals? Business grants will be

administered and operated fully in accordance with the City Council's equality policies, and will be open to anyone who meets the grant criteria and wishes to apply regardless of ethnicity, disability, age, gender, religion, sexual orientation of the business owner/applicant (subject only to minimum age for legal status requirements). We will continue to monitor take up of the grants so we can target publicity to specific groups if necessary. The business support programme is marketed widely and in particular proactively marketed to hard to reach groups who are less likely to take up the provision. In addition the programme is open to anyone regardless of ethnicity, disability, age, gender, religion or sexual orientation.

- 16.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

17.0 Other Corporate Implications

Community Safety

- 17.1 Improving the physical environment of the city centre, particularly through the Kings Quarter scheme including a new bus station, will help to reduce crime through better design and will improve the perception of the city centre as a safe place. The Council has made a major financial commitment to upgrade the city centre CCTV system and is working with the County Council to improve street lighting. The work of the Nightsafe group, which is chaired by Councillor Dallimore, in tackling night-time safety issues in the Eastgate Street area has been widely praised.

Sustainability

- 17.2 The actions within this report support sustainable economic development.

Staffing & Trade Union

- 17.3 No specific implications.

Background Documents: None

| Priorities | Objectives |
|--|---|
| Driving Business Growth | <ul style="list-style-type: none"> • Providing quality business support and incentives to enable businesses, social enterprises and voluntary sector organisations to start-up, grow and flourish • Developing opportunities for entrepreneurship, innovation, continuous improvement and investment in skills • Stimulate business-to-business trading within Gloucester by improving local procurement opportunities and by strengthening the city's export market • Source and promote access to finance and funding in order to increase business growth |
| Stimulating Our Growth Sectors | <ul style="list-style-type: none"> • Provide quality workspace / infrastructure for growth businesses at every lifecycle stage including start-up incubation, innovation centres and space for growing businesses to expand into and cluster • Enable high growth companies to access appropriate finance and funding streams to facilitate businesses in accessing design, research and product innovation • Encourage graduate and skills programmes to offer appropriate qualifications to meet the needs of our growth sectors • Provide support mechanisms for businesses within key growth sectors to improve their productivity and competitiveness • Encourage business diversification into growth sectors |
| Maximise Investment, Regeneration and International Trade Opportunities | <ul style="list-style-type: none"> • Raise Gloucester's profile by proactively promoting the city and its regeneration opportunities on a local, regional, national and international scale as a first choice destination for business • Ensure Gloucester is an attractive destination for existing and potential business investors • Actively target specific sectors and organisations that would compliment and expand the current business and employment base within Gloucester, while also following up all other investment enquiries from start to finish • Retain business by establishing an effective listening to business / aftercare programme for local companies and new investors to understand their future requirements and how the Council might assist • Monitor supply / demand of employment land / premises and wherever possible ensure there is a readily available supply of suitable land / premises for those businesses looking to expand within or relocate into the city • Improve and expand trade opportunities by boosting the support available to businesses who want to export, particularly innovative and high growth small-medium sized businesses |
| Invest in Our Infrastructure | <ul style="list-style-type: none"> • Encourage investment in local infrastructure including improvements to digital / broadband access, utilities and transport • Promote and improve access to key development sites and existing employment areas • Expand and develop low carbon initiatives to reduce CO2 emissions, increase investment in green technology, promote green transport, improve education and business sustainability • Create the necessary infrastructure needed to support the development of Gloucester as a thriving tourist destination and as a place to live and work |

Strategic Themes and priorities

- Enterprising Gloucester
 - Providing quality business support and incentives to enable business start-up, survival and growth
 - Stimulating business growth within our priority sectors
 - Growing our enterprise and innovative culture
- Growing Gloucester
 - Ensuring key development sites and existing employment areas meet business needs
 - Creating a business friendly planning approach
 - Delivering exceptional, low carbon developments
 - Delivering sustainable transport infrastructure
 - Enabling world-class ICT infrastructure
- Working Gloucester
 - Tackling youth unemployment and worklessness
 - Ensuring that the skill needs of businesses, especially growth businesses, are met
 - Enabling businesses to access training and skills development to improve their competitiveness
- Thriving Central Gloucester
 - Developing and delivering “Gloucester Central” identity across the city centre
 - Creating a thriving and diverse commercial, retail, leisure and cultural centre in the city that meets the needs of residents, businesses and visitors throughout the day and night
 - Improving the quality and highlight the unique characteristics of the city centre environment
- Promoting Gloucester
 - Attracting and retaining investment in the city
 - Raising the city’s profile as a first choice destination for business and promoting regeneration opportunities locally, regionally, nationally and internationally
 - Continuing to expand the visitor and business tourism markets