

Thursday, 17 March 2022

REPORT OF THE PORTFOLIO HOLDER FOR SKILLS, PLANNING, ECONOMY AND WASTE

ECONOMIC DEVELOPMENT SERVICE WORKPLAN 2022 - 2025

EXEMPT INFORMATION

None

PURPOSE

To define and agree a 3-year work plan, with associated resources that addresses key Council priorities, by delivering tourism and economic development focused activity, primarily in the town centre.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves a financial contribution to support Staffordshire Destination Management Partnership (DMP) for financial year 2022/2023 with delegated authority given to the Assistant Director, Growth and Regeneration in consultation with the relevant portfolio holder(s) to make a decision on extending the contribution further on a year by year basis.
2. Approves all resource changes needed in order to deliver the activity defined in this report.
3. Approves the package of economic measures detailed in the report focusing on town centre businesses and the wider tourism based economy.
4. Approves the change of focus from the current start-up business grant to the town centre business grant for a 3 year period.

EXECUTIVE SUMMARY

The last two years have seen huge challenges for the local economy but also the potential for substantial opportunity. The COVID-19 pandemic, Brexit and resulting rapid changes in consumer behaviour have all significantly impacted on the economy, but the town centre, which was already in decline has struggled and is continuing to decline at an accelerated rate.

The significant success by the Council of attracting £21.65m of the Future High Street funding (FHSF) for a £40m programme, to structurally transform the town centre over the next three years plays a key factor in helping revive this economy. In addition to this programme, the Council also has plans to regenerate two further sites in the town centre, which will commence over the same period – Gungate and the Marmion House site.

These are important regeneration opportunities that have the potential to reinvent the town centre and create a place that people want to return to. In particular, the FHSF seeks to successfully reconnect the strong heritage and cultural offer with the town centre. This top down approach will galvanise town centre businesses into evolving, adapting and changing what they offer and how they deliver it, to fit in with a different town centre experience, whether that be education, leisure, culture, heritage or hospitality related.

To assist the town centre economy in making necessary adaptive changes there needs to be bottom up or grass roots support. As such, and after consultation with Cabinet Members it is proposed to focus resource by expanding the existing economic development (ED) team and

delivering on to two key work streams for the next three financial years, starting in April 2022 and up until the end of March 2025. The wider work of the team which includes regeneration, market operations, street trading and car parks will continue, but the primary focus for the economic development officers over this period will be:

1. Tourism and heritage development; and
2. Town centre business support programme

OPTIONS CONSIDERED

Deliver the Workplan

It is important to capitalise on the top down opportunities presented by the FHSF. It will be important to take existing businesses along with the FHSF proposals so that the town centre improves. The ED service work plan represents a coherent set of proposals that seek to provide support to businesses whilst also better understanding the tourism offer which can then be pro-actively supported at the local level. This tailored and cohesive approach provides a strong and robust way forwards.

Do nothing

The current structure of the ED team, which is set out in the resources section, has the capacity to deliver against projects but would require further resourcing to be able to fully deliver against the workplan.

The existing ED team would generate limited activity in terms of business support and not be able to manage the grant for town centre businesses, which would not contribute to the Councils objectives. Capacity would be severely stretched to deliver activity across the team due to emerging priorities and existing duties – see resources section.

Do not invest in external support and increase staffing resource

The Council could choose to continue as planned but not to externalise support for the tourism strategy or the business support programme, instead investing planned budget in additional internal resource. By not funding these activities, there would be £85k over the three years that could fund an additional officer. This amount of budget would cover a further Economic Development Assistant at grade E, for approximately 4 days a week over this period. Recruiting to a 3 year fixed post at 4 days a week represents a risk but there are likely to be people both internally and externally who this role who be attractive too.

The main risk of this approach however is lack of knowledge and skills to carry out the work required and the time needed to train the new employee and bring them up to speed. External support for both a Tourism Strategy and Business Support programme will pull upon existing knowledge and expertise gained in other areas. This would allow the Council to capitalise from previous work and implement tried and tested strategies, actions and delivery approaches, instead of having to invent them ourselves and learn as we go along. Correctly procured external support in both cases will enable the Council to deliver activity much quicker, realising outputs earlier and ensuring skills are transferred to existing team members.

Taking the approach of not investing in external support represents a significant risk that the proposed activity will not be delivered to it fullest potential and town centre businesses will not receive the support they ultimately need to adapt and thrive in a timely way.

RESOURCE IMPLICATIONS

Delivery

The Current Team

The ED team currently consists of four Officers as follows, supported by the Head of Service:

- 2 x Economic Development and Regeneration Officer, FT permanent.
- Skills Officer, 0.6 FTE, contracted until 31st March 2022.
- Economic Development Assistant – FT contracted until 31st March 2023.

The wider work of the team which includes regeneration, market operations, street trading and car parks will continue, but the primary focus for the economic development officers over this period will be: tourism and heritage development; and town centre business support

The existing work plan has no specific provision for town centre businesses and as such focuses on delivering activities across the wider economy. Tourism strategy and stakeholder engagement is also not currently a primary focus as recent priorities have been aimed at delivering one off physical projects in the town centre, such as visitor interpretation panels, wayfinding and heritage specific projects.

Tourism and heritage development

Tourism and heritage represents one of the most significant opportunities Tamworth town centre has to draw in new consumers and strengthen its reputation as a destination. With consumers now actively seeking out new things to do in their spare time there is now a need to clarify and consolidate what tourism means to the local economy and how it needs to adapt to meet current consumer expectations.

From April 2022 to the end of March 2025, the Council will deliver and achieve the following:

- Invest £15,000 per annum into the Staffordshire Destination Management Partnership (DMP). This commitment will be guaranteed for financial year (fy) 2022/2023. Dependent upon the successful delivery of agreed outputs a decision will be taken in quarter 4 of fy 2022/2023 and 2023/2024 whether to invest in the second and third year of this County Council led scheme.
- The key themes of the Council involvement with the DMP will be as follows (see appendix 1 for more detail);
 - Targeted marketing and campaigns to maximise Staffordshire's profile, and the respective contributor City/District and Boroughs, to attract more visitors.
 - Overseeing and commissioning research and intelligence to inform the activities of the visitor economy sector and to shape our offer and future priorities.
 - Lobbying and advocacy work to influence key policy makers to shape the direction of the sector and maximise Staffordshire's role and profile.
 - Business support activities and signposting to help the visitor economy renew and transform following on from the covid 19 pandemic.
- Allocate £40k to the development of a bespoke Borough – wide tourism strategy that will be implemented from April 2023. This will require external support and will be tendered for externally by the end of August 2022.
- Allocate an annual project budget of £10,000 (individual value of <£5k) that can be used for a variety of small projects. This money will be focused on town centre and tourism related projects.
- Allocate funding to provide additional staff resource for a further two years to ensure there is enough capacity for delivery.
- Proactively engage with relevant stakeholders, partners and businesses to ensure that activity delivered is appropriate, coordinated and supported.

- Identify and apply for relevant sources of funding that contribute to the objectives of the Tourism strategy.

Tamworth is currently known primarily as a tourism destination for Ventura Retail Park, Snowdome and Drayton Manor Park, which is just outside of the Borough boundaries. Nearby towns, cities and high profile destinations over shadow our offer such as the Castle. There is a key role post pandemic in presenting our offer to new and growing markets and visitors.

Town Centre Business support programme

Town centres across the country are facing significant challenges, but in Tamworth, these are primarily seen as the following:

Change in customer behaviour to online shopping; a customer focus on experience and quality rather than low value items; impact of social media on business and place reputation; quality of offer in competing areas; proximity and connections to Birmingham; cost of starting a business in a town centre; availability of property to the right quality; current offer does not to appeal to broad market; physical environment in the town centre.

There also a number of more strategic issues facing Tamworth as follows:

- **COVID-19 pandemic** – the pandemic had a significant impact on the high street and business to consumer businesses with a channel shift to online shopping having accelerated even faster than expected – many businesses need support to evolve to the new normal. The pandemic also represents a significant opportunity as many consumers are now seeking out a tourism and experience led offer, that Tamworth is uniquely placed to maximise.
- **Brexit** – whilst somewhat overshadowed by the impact of the pandemic, the impact of Brexit is only just being seen on the local economy. In particular changes to export and importing, availability of staff and a whole new business support regime – shared prosperity fund, are key work streams that will require investment by the team. Many of the council's current business support schemes are funded by Europe and expire in 2023 – significant work will be needed to contribute to new schemes under the Shared Prosperity Fund (SPF), that are due to be announced in Spring 2022.
- **Town Centre Regeneration** – the council will be delivering three large regeneration schemes across the town centre at different stages over the next 3 years, specifically FHSF, Gungate Masterplan site and Marmion House. Whilst the majority of the team is not directly involved in delivery, the ED team will be the first point of call for businesses who are nervous, don't understand what is being planned or want to take advantage of the opportunities presented.

To meet the challenges facing businesses in the town centre a package of economic support has been prepared. The package will consist of two elements to solely support town centre businesses, as defined by the boundary used for the Business Improvement District (BID);

- A business advice service
- A direct grants programme

In consultation with Cabinet it has been agreed that the high level objective of the overall business support programme will be:

- To attract and support new businesses to open in the Town Centre
- To encourage existing businesses to evolve, grow and adapt
- To encourage the diversification of business types in the town centre with a specific focus on food / hospitality and leisure / heritage.

Businesses not in the town centre will continue to be supported by the work of the ED team and strategic partners (e.g. Growth Hubs, Chambers of Commerce).

From April 2022 to the end of March 2025, the Council will deliver and achieve the following:

- Invest up to £15,000 per annum into an external provider to deliver a tailored business support programme for Town Centre businesses that are primarily independent with a consumer focus.
- The support programme will:
 - Improve peer to peer mentoring and networking opportunities
 - Help businesses fully understand their challenges
 - improve skills and knowledge
 - give businesses practical advice on the changes they need to make in order to adapt and thrive.
- Manage, administer and deliver a grants programme of up to £25,000 per annum into for town centre businesses. Linked to the business support programme, grants will support businesses who have an opportunity to grow and adapt to current and emerging opportunities.
- Deliver small one off projects (individual value of <£5k) that contribute to town centre businesses evolving and thriving, with a budget of £10k per annum.
- Allocate funding to provide additional staff resource for a further two years to ensure there is enough capacity for delivery.
- Proactively engage with relevant stakeholders, partners and businesses to ensure that activity delivered is appropriate, coordinated and supported.

1. Business Advice Service

Many town centre businesses tend to be small independents with limited resources and capacity that may struggle to make the adaptations they need to meet current consumer expectations and standards.

To support these businesses a specialist business support advisor will be tendered for externally. The successful contractor will be required to work seamlessly with the ED team to provide regular monitoring updates on the programme progress, insights into the business community and to support with recommendations for which businesses should go forward for the grant scheme. The tender will purposefully be left loose in terms of actual defined activity to ensure the Council benefits from the experience of potential suppliers to propose what has worked in other places. There will be a number of agreed high level outputs and outcomes that the contractor must meet to ensure the objectives of the Council are met and considered through service delivery, examples as follows:

- Numbers of businesses engaged with (marketing)
- Number of businesses supported (actual advice)
- Type of advice given
- Impact of advice

A set of performance indicators will be fully agreed and developed with the chosen supplier within the first 2 months of the contract and formally reported on, at a minimum, annually.

Due to the specific challenges facing town centre businesses, the ED team does not currently have the specific skills or knowledge required to deliver this service directly. The team is very small, with a broad focus on ensuring as many activities are delivered as feasible through a variety of means, focusing on third party stakeholder relationships and contract management approaches, as proposed.

An external organisation that specialises in this sort of delivery will have economies of scale, existing connections and examples of good practice and what works, allowing support to be

deployed more quickly to those businesses in need as well as being a cheaper option than direct staff employemny. Working closely with the chosen supplier, the ED Team will be able to update their skills and knowledge in this area, ensuring opportunities for future delivery of town centre business support is sustainable and relevant.

2. Town centre business grant

The town centre business grant is designed to support Tamworth town centre businesses who will only be able to apply after receiving support through the business support programme, with priority being given to SME businesses in the food and hospitality / leisure and heritage sectors. This grant will replace the current start-up business grant, which will cease.

Grants will only be aimed at businesses that are classed as being a Small to Medium Enterprise, (SME, <250 employees) and are not part of a significant chain, national or multinational business. In very exceptional circumstances where significant positive impact on the town centre can be shown, grants may considered out of scope, such as; high numbers of new additional jobs, new high profile chain that wouldn't invest without support, substantial secondary impact of investment in supply chain and other local businesses. A decision of this nature will only be made in consultation with the relevant portfolio holder.

There will be £75,000 allocated to grants over 3 years, with a nominal annual budget of £25,000. It is recognised that as the programme progresses take up and demand for grants may start off slow but increase, so it is important that at the end of each year financial year any underspend will be retained to ensure businesses can always benefit from the overall grant allocation across the 3 year period.

The grant aims to focus on the following broad areas to support the business adapt and grow. The more grant aims businesses can hit, the stronger the chance of approval, however it is not expected that businesses must meet every criteria:

- Training on subjects that benefit the operation of the businesses
- Skills
- Culture and behaviour to support the vision for the business, aspiration, strategy setting, business model, future planning, resilience, environmental sustainability.
- Innovation to evolve the business by way of new products, new services, new ways of working, technology.
- Enhancements to shop fronts and trading spaces

The business will be required to demonstrate within their application / business plan how the proposed project and a successful grant award will lead to either:

- More revenue
- Better reputation / image for their business and the town centre.
- Improved staff skills
- Clearer objectives for the business to grow and adapt

The grant process is based upon on the existing start-up business grant scheme and would be administered internally by the ED team with support from the business advisors contracted to deliver the business support programme. The role of the external business advisors would be as follows:

- To refer businesses to apply for the grant
- Ensure the business has received adequate support and guidance to enhance their business operations,
- Provide feedback to the ED team to support with decision making on applications.

The final decision on applications will remain with the ED team who will put forward recommendations to members through the nominations and grants committee, allowing the business advisors to remain impartial and continue to work with the business ensuring fair decisions without prejudice. The business advisors would also be required to work with the business post successful application ensuring all projects are successfully delivered as approved, with outputs realised.

The ED team will work with the business support provider to ensure the grants scheme meet business need. In year one – financial year 2022 / 2023, the grant scheme will start from quarter 3 to ensure there is enough time for marketing and the business advisor service to assess demand and need.

From quarter 3 2022/2023 on the grant scheme will be ran quarterly in line with nominations and grants committee meetings. Grants will be awarded from a minimum of £2500 to a maximum of £10,000 per businesses, unless there is exceptional reason to make a larger grant.

As the grant scheme evolves and demand comes forward for businesses these forms may need to be adapted. Any changes will be made in consultation with the relevant Portfolio holder.

Finances

Proposed budget structure – April 2022 to end March 2025

In order to deliver the activities proposed over a 3 year period the following new revenue budget structure is proposed, to be created under a new cost centre.

	2022 / 2023	2023 / 2024	2024 / 2025	TOTAL
00101 - SALARIES – Grade E, scp 22 incl car allowance of £1239 p/a	£ -	£ 37,879	£ 38,926	£ 76,805
32056 - STAFFS DMP	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 45,000.00
34553 - TOURISM PRODUCT DEVELOPMENT	£ 40,000.00	£ -	£ -	£ 40,000.00
35087 - TOWN CENTRE STRATEGY	£ 10,000.00	£ 10,000.00	£ 10,000.00	£ 30,000.00
35223 - BUSINESS SUPPORT	£ 15,000.00	£ 15,000.00	£ 15,000.00	£ 45,000.00
34537 - GRANTS	£ 25,000.00	£ 25,000.00	£ 25,000.00	£ 75,000.00
TOTAL	£ 105,000.00	£ 102,879	£ 103,926	£ 311,805

It should be noted due to the fluid nature of the work in this field it is likely that in some years not all budgets will be committed, yet may be needed as demand arises or is created in future years. Therefore all budget underspend on this cost centre should be retained at the end of each financial year, until the March 2025 where it shall be returned to balances or subject to further approval, used for other Town Centre related activity.

Current and planned budgets re-profiling / retention

The following funds and budgets are currently either retained or existing planned budgets under the responsibility of the Economic Development and Regeneration service, They are allocated primarily for town centre and tourism activity. It is proposed that all of these budgets should be used to fund the new structure as detailed above.

The total available budget over 3 years will be: **£311,805**

Town centre strategy retained fund – PM1518

There is currently a retained fund of **£62,289** allocated for Town Centre Strategy projects, with £64,926 to be added to this retained fund from the Reopening high streets safely fund. There is also £47,000 worth of grant funding to be claimed back from the welcome back fund and transferred back to the town centre retained fund. This money has been used over the past two years to specifically fund Town Centre projects but also government programmes focused on the impact of the pandemic, such as the Reopening High Streets Safely fund (RHSS) and the more recent Welcome Back Fund (WBF) – each to the maximum spend value of £67,455. The nature of the government funds meant the Council had to spend its own money and is now successfully claiming this back in arrears, hence the large retained fund now present. This fund was initially set up to support wider Town Centre project delivery but success with other funding applications such as Future High Streets Fund and Cultural Recovery Fund have limited the need for this budget. This budget should continue to be retained and amalgamated into the new budget structure.

This will total **£174,215.**

£12,590 from GS0402 32050 – Consultancy fees to be retained at end of 2021/22.

Town Centre strategy – annual budget – GS0402 35087

Aligned to the retained fund mentioned above is an operational budget of £22,000 per annum for financial years 2022/2023 and 2023/2024. This budget also includes a virement from GS0404 conservation grants for another two years, that will continue as agreed. This budget should be removed from GS0402 and amalgamated into the new budget structure.

This will total **£44,000.**

Small Business grants – annual budget – GS0402 34537

Up until the end of March 2023 there is an allocated budget of £20,000 in GS0402 34537 towards Small Business Grants.

The Voluntary and Community sector budget, GS1002 57025, funds the small business grants via a virement on a rolling basis and is reviewed and approved through cabinet every 3 years. It has been agreed with the current budget holder, Assistant Director Partnerships, that this budget will be permanently moved to the Economic Development service from April 2023.

The annual budget of £20,000 for each financial year starting in April 2022 up until the end of March 2025 should be removed from GS0402 and amalgamated into the new budget structure.

Proposed activity from April 2025 will be taken to Cabinet in quarter 4 of financial year 2024/2025 for approval.

As a result of the pandemic there appears to be a caution in starting a business and becoming self-employed due to the lack of financial support which was available for early stage businesses during lockdown periods. Added to this is the fact that the job market is highly competitive at the moment, with a high number of job vacancies being promoted across a number of sectors. This has seen a reduced number of applications being submitted into the current Start Up Business grant scheme for the financial year 2021/22 which is now not deemed fit for purpose.

During the first and second quarter of 2021/22, only 6 applications (3 each quarter) were received evidencing a declining demand for the scheme. Pre pandemic, quarterly applications averaged between 7 – 10. The businesses applying for the grant scheme have been varied, the 6 businesses supported this year have been an accountant, a vehicle transporter, a shop premises within the town centre supplying health food supplements and cosmetics, a hair and beauty supplies supplier, a mobile beauty therapist and a dog groomer.

Since starting the Start-up grant schemes, other publically funded grants have come to market, through European funding that start-up businesses in Tamworth can access. It is also likely that the shared prosperity fund, due to be launched in 2022 will have opportunities for this type of activity.

Based on the above, it is felt that refocusing the grants to Town Centre businesses will create a bigger impact to the local economy than continuing to focus on small start-ups businesses.

This will total £60,000.

Salary underspend – Fy 2021 / 2022

There is a current in year underspend on salaries in GS0402 00101 of £21,000. This is due to a number of factors but is primarily based upon the fact a Regeneration Officer was seconded to a new role supporting delivery of the FHSF programme from April 2021. Their replacement was not recruited until September 2021. This underspend should be retained and amalgamated into the new budget structure.

This will total £21,000

Staffing implications

There are currently 3 posts on the establishment that form the ED Team, that will deliver the activity outlined in this report. The ED team forms part of the wider economic development and regeneration Service and are supported at a strategic level by the Head of Economic Development and Regeneration.

- 2 x permanent, full time, Economic Development and Regeneration Officers – grade F
- 1 x fixed term (until March 2023), full time, Economic Development Assistant – grade E

The job descriptions of the 3 officers who will be involved in the project have been reviewed and do not need any amendments, as they are consistent with the activity proposed. It should be noted that all officers have roles and responsibilities above and beyond the activity proposed. As outlined earlier in this report the wider service is facing unprecedented external challenges that have increased demand and the need for public sector led support including engagement with the wider economy.

The ED team, have the following significant work streams over the next three years which includes the package of measures described in the above sections.

- Contract management, engagement and delivery with Staffs DMP.
- Commissioning, coordination and delivery of a Tourism Strategy
- Delivery of actions and projects resulting from Tourism strategy
- Stakeholder engagement and management with Tourism partners and economy.
- Town Centre and Heritage related project delivery – e.g. interpretation boards, digital marketing, wayfinding.
- Commissioning, coordination, contract management and delivery of a Town Centre business support package.
- Delivery and monitoring of a Town Centre business grants process
- Design, commission and deliver an economic baseline review for the reset and recovery programme.
- Monitor and research useful economic and town centre data producing regular reports to input into other services and regeneration programmes / funding bids.
- Lead day to day engagement with Town Centre businesses on Future High street Fund

- Design, delivery and commissioning of business support schemes, both internally and with partners.
- Engage with stakeholders involved in wider business support – LEPS, Growth Hubs, LA's, central Government
- Deliver activities that contribute towards inward investment and wider place promotion.
- Act as a gateway for local business support and advice, signposting to relevant support.
- Identify and apply for relevant funding to deliver projects in line with the objectives of the service – Shared Prosperity Fund, Regional Investment Fund, cultural recovery fund, Heritage Funds, Local Government Association.
- Contract management, monitoring and delivery of existing European Regional development Fund projects.
- Monitor and keep up to date on local activity on employment and skills.

In order to have enough capacity to meet these work streams and deliver the proposed economic measures to support the town centre economy, it is proposed to extend the role of Economic Development Assistant by two years up until the end of March 2025, subject to the approval of a HR business case which will be submitted April 2022. This will allow the ED team enough capacity and resilience to deliver the objectives set. A job profile for the Economic Development Assistant can be found at appendix 2.

In terms of roles and duties, one Economic and Regeneration Officer will focus primarily on tourism and heritage development, the other will focus primarily on town centre business support, though it is expected both will have a strong understanding of each work stream for resilience. The ED Assistant will support both officers in delivering each priority, providing necessary capacity with the increased workload.

Legal/Risk Implications Background

There is a risk that the services delivered to businesses through all of the approaches outlined in this report, do not meet the needs of businesses. All methods delivery will be reviewed on a regular basis with relevant performance targets set and appropriate reporting to relevant committees and council governance structures. Where issues are identified, immediate changes will be made to improve service delivery and ensure businesses receive the support they need and the overall objectives of the work plan are being met.

Equalities Implications

The package of support detailed in this report focuses on defined sectors of the economy, specifically SME's physically based in the town centre and tourism focused businesses based across the Borough. Businesses outside of the defined priorities will not be eligible for this support. The ED team will continue to support and signpost advice for all businesses across the Borough Council area and actively work with partners and stakeholders to develop new business support schemes targeted at other parts of the economy.

Environment and Sustainability Implications (including climate change)

There are no direct environment and sustainability implications arising from this report, but it is likely that the advice and support accessed by businesses across targeted sectors, could result in changes that improve business practices for the better: energy saving advice; product redesign; packaging advice; digitisation of services away from paper.

Background Information

None.

Report Author

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List of Background Papers

- Town centre – Cabinet report - 08.11.2018
- Town centre work streams – Corporate Scrutiny - 08.12.2019
- Start up business grant review – Cabinet Report - 06.02.2020

- Reopening High Streets Safely fund – Scheme of Delegation 24.09.2020
- Welcome Back Fund – Cabinet 08.07.2021

Appendices

1. SCC request for DMP support
2. Economic Development Assistant Job Profile

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