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**Scrutiny review: Supporting the Local
Economy**

Review of the Improving Places Select
Commission

November 2013 – May 2014

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Executive Summary

The aim of the review:

The review group was made up of the following members:

- Cllr Emma Wallis (Chair)
- Cllr Alan Atkin
- Cllr Dominic Beck
- Cllr Clive Jepson

Summary of findings and recommendations

The agreed objectives of the review were:

- To analyse the impact of changes to local government finance – particularly business rates
- To analyse how the Council can create the right conditions for growth in the private sector
- To influence the development of the growth plan for Rotherham, which in turn feeds into the City Region growth plan.
- To develop a whole council approach to increase business rates in Rotherham

The scope of the review was kept narrow as it was anticipated that the review could expand to cover a wide range of issues thus diluting the impact of its recommendations and extending the time it would take to complete. Members therefore agreed to focus on the following lines of enquiry during the review:

- What is the impact of an increase/decrease in business rates on the Council finances?
- What is the impact of this on the local economy?
- How can the Council support economic development and what should be in the growth plan? What different models can be adopted?
- How are supply chains supported?
- What incentives can be offered to local businesses?
- How do we evaluate success? How have others achieved it?
- Impact of funding
- What are Rotherham's growth areas?
- What specifically is the approach to Tourism?
- How can the following services be used to generate business investment?
 - Asset Management
 - Transport
 - Planning
 - Housing
- How do we impact on the most deprived areas of Rotherham?

The recommendations that emerged from these findings were further broken down into those that could be implemented quickly and those that were more strategic in nature. The latter focused very much on structural responses within the Council and also working in a more multi-disciplinary manner, including interaction with partners.

The recommendations are.

Early Implementation:

1. The Economic Development Team within the Council should ensure that the emerging Growth Plan is focused around two key objectives – income generation and employment creation.
2. Targets and outcomes should be developed for this plan that are smart – suggestions include number of businesses accessing services, the number of young people accessing apprenticeships, the number of new entrants to post compulsory education and the number of over 16s gaining accredited qualifications.
3. The Economic Development Team should ensure that the growth plan is jointly owned by local partners
4. They should also ensure that it is communicated effectively to partners and stakeholders, as part of an ongoing campaign to “talk up” Rotherham and its achievements. These stakeholders should include the Sheffield City Region structures and the private sector.
5. The Council should identify, in the first instance, its top ten development sites and focus on these in its policies and plans. Within this the identification and delivery of a strategically important site should be the number 1 priority for Rotherham to remain competitive.
6. The Council should consider prioritising all town centres and giving a policy mandate for this to happen.
7. The Council should consider how Elected Members could input to the development of Council Policy, particularly with regard to economic growth, by utilising the wide range of talent and expertise that exists within this pool. Elected members can further assist with the promotion of Rotherham.

Longer term strategy.

The review group gathered very compelling evidence regarding the need to develop a one council and multi disciplinary approach to supporting effective economic growth and to achieving the two objectives outlined in recommendation 1 above. It is therefore recommending a programme of further development work to be undertaken to establish this strategic approach. They are therefore making the following recommendations:

8. The Council should aim to establish a multi-disciplinary “Task Force” with the key purpose of providing a co-ordinated holistic approach to generating investment and economic growth in Rotherham, for the benefit of its local businesses, communities and residents. The focus should be on working both internally, and in partnership with the private sector in Rotherham, to include a range of projects in terms of size and value.

The external business support process should be led by RIDO as a recognised brand within Rotherham.

9. The Task Force should include Planning, Asset Management, Housing, Transport, Education and potentially Health partners. These functions will be included on the basis of a unique drivers approach for each project. In line with recommendation 7 above specific councillors (with specific expertise) and ward members should be included in this approach. This model could be adapted for individual projects, with bespoke task groups set up for larger projects including provision for specific expertise to be co-opted. (diagram to be developed)

10. This Task Force should be responsible for ensuring that the strategy should identify land supply i.e. the next Dearne Valley and link into work on the Local Plan, and also the following issues:
 - Use of capital and borrowing to develop sites and premises
 - The approach to the development of this land – some sites for area based regeneration initiatives

11. The Council should consider how to develop a business friendly culture amongst all its staff – skills development and training issues and also the possibility of setting growth targets for employees where appropriate. A key element of this would be to raise awareness within the Council of the changes to business rates and the importance of them in terms of generating income for the Council.

12. The Scrutiny function in the Council should consider looking further at the following issues;
 - The development of aspirational housing and associated services/communities in Rotherham
 - Work with schools and training providers/colleges around the 16+ skills agenda to establish stronger links with employers and to engender an enterprising and aspirational culture.

1. Why members wanted to undertake this review?

This review was identified and agreed as part of the work programme for the Improving Places Select Commission for 2013/14. Due to the changes to Local Government Finance and in particular the business rates, it was agreed that the Council needed to focus on ways to support the local economy to generate an increase in business rates. These efforts also need to focus on generating employment and training opportunities for local residents and stimulating the multiplier effect, retaining as much private sector investment in the local economy as possible. This review was scoped to complement the Commissioning review being carried out by the Self Regulation Select Commission which is focused, amongst other things, on the potential for the public sector to stimulate the local economy via its procurement function.

It would also aim to support the achievement of the following Council priorities from the Corporate Plan:

- Supporting the Local Economy

2. Methodology

The work of the review group was conducted over 7 months and 6 separate meetings. Members heard from a range of witnesses from within the identified functions of the Council and also from the private sector and Chamber of Commerce.

The review has been provided with support by Paul Woodcock and Simeon Leach from Environment and Development Services. Other witnesses that contributed to the review were:

- Paul Smith, Asset Management
- Peter Hudson, Finance
- Anne Ellis, Finance
- Tim O'Connell, RIDO
- Bronwen Knight, Planning
- Tom Finnegan-Smith, Transportation
- Tom Bell, Housing
- Mark Broxholme, Tata Steel
- Mick Hood, Tata Steel
- Mark Davis, Strata Developments
- Andrew Denniff, Barnsley and Rotherham Chamber of Commerce
- John McCreadie, Ekosgen

The review group received verbal evidence (in many cases supplemented with written information and powerpoint presentations) at each of the six sessions and drew their conclusions predominantly from the evidence received. Some desk research was also completed.

3 Background

3.1 Rotherham's Local Economy.

Rotherham has a proven track record in economic development and regeneration; for example town centre development, business incubation and transforming former brownfield land, all of which has required a strong partnership approach to economic development. Rotherham is also cited in the Sheffield City Region (SCR) Strategic Economic Plan as being the 'best' during the last growth cycle for private sector job growth.

Despite this positive picture however, Rotherham currently under-performs against both regional and national averages in a number of economic measures (employment rate, economic activity rate, out of work benefits claimant rate, business numbers, working age population educated to NVQ4 or above and working age population with no qualifications). This is to the detriment of the local, regional and UK economy as well as the lives of Rotherham residents.

Between 1990 and 2008 was a period of economic growth, but the growth was predominantly in public sector jobs. Growth in the private sector was netted by the loss of jobs in manufacturing. Rotherham's record during this period was good due to the good land supply in the Dearne Valley and the Enterprise Zone, plus European and UK regeneration funding. The Rotherham workforce increased by 23%, with a significant proportion of these jobs being in the private sector, one of only 3 Sheffield City Region (SCR) authorities where private sector employment increased.

New economic growth is in business services and call centres; sectors which are vulnerable to outsourcing, lower wages and short term employment opportunities. The pressure for low cost in the market affects the quality of jobs created. Therefore a mix of jobs is to be expected.

Evidence suggests we are at the start of a new growth cycle. The SCR strategic economic plan will have less money attached to it than was expected and the biggest pot of funding within that is transport funding.

Rotherham still has some way to go to catch up with the levels of investment taking place elsewhere in the sub region. Sheffield, Doncaster and Barnsley were able to start earlier than Rotherham with the previous Urban Renaissance investment programmes administered by Yorkshire Forward and whilst Rotherham's Urban Renaissance program started to catch up prior to the demise of both Yorkshire Forward and the investment funding, the other authorities are already moving forward with their next phases of investment, for example recent announcements by Sheffield and Barnsley of investments of £5m in Castle Markets and £40m in the town centre, respectively.

What are the main strengths and challenges for Rotherham?

Strengths:

- Schools are good up to age 16 (GCSE level).
- Rotherham Ready is a positive young enterprise project
- Good track record in regeneration and private sector growth
- Future potential regeneration with next economic growth cycle

Challenges:

- Reduction in funding available means getting the package right for businesses is crucial.
- Learning and skills post 16, including Adults is not performing as well as schools. This has implications for the lifelong learning agenda and links between adult skills development, employability and the skills needs of local employers
- Need to invest in the right skills for employers.
- Need for more robust monitoring and evaluation of regeneration initiatives. Critical Success Factors might be the number of local people going into apprenticeships and the number of Rotherham companies taking up the business support that is on offer. Perhaps also, given the problems with adult skills, number of new entrants to post compulsory education / number of over 16s gaining accredited qualifications.

3.2 Sheffield City Region

Rotherham is one of 9 local authorities within the Sheffield City Region (SCR). Within the SCR there is a Local Enterprise Partnership (LEP), a private sector led partnership focusing on the growth of the SCR economy. The Government's agenda is increasingly to devolve the power and funding to local level via the LEPs, therefore this is key to accessing the responsibility and funding to successfully grow Rotherham's economy. The LEP has a developing Growth Plan which sets out the main priorities and actions for the SCR to grow its economy, as well as being used as a bidding document in to the Government's "Single Local Growth Fund". The private sector themselves are able to bid into the Government's Regional Growth Fund. Evidence suggests that this fund is not being well accessed by private companies. It has been broadened from being just loaned to companies but still a lot of bids have stalled due to government conditions being too tough. It is the role of LEPs to work with companies to get access to the Regional Growth Fund. Bureaucracy is an issue and it is increasing the costs of creating jobs. In economic development terms money is spent slowly and converting it into action and outputs takes time.

In terms of the SCR and Rotherham's relationship with it:

- Who will get what in terms of jobs and businesses? – target is 70,000 net new jobs, it is really for Rotherham to demonstrate what proportion of these they can deliver
- Very little pooling of budgets within combined authorities to date
- This will be increasingly challenging when the sums of money increase
- Partner authorities have to have faith in the pooling and that they will get their fair shares. Will the City Region be collectively better off as a result of setting up the authority? The government is likely to put more money into collaborative approaches.

3.3 Challenges.

Local Government Finance – business rates model

The **Local Government Finance Act 2012** brought about substantial changes in the way councils are funded from 1 April 2013. The Key Changes were:

- **Business Rates Retention,**
- Council Tax Reduction Scheme replacing benefits,
- Local discretion over Council Tax levels for second and empty properties
- It is critical on the back of this model to generate inward investment and new business development. The Business Rates top up grant received by Rotherham applies for 7 years and is fixed plus RPI. (£21.78m in 2013/14)
- Local councils can influence the income levels they receive from business rates (currently approximately £34m per annum)
- The funding baseline assessment will be reviewed but is not clear on the frequency of this.
- There is a potential impact on Rotherham of the Enterprise Zone as growth in business rates (over and above £0.4m current level) will go directly to SCR. It was agreed that we shouldn't be protectionist but also need to make the most of it for Rotherham.
- 22% of Rotherham's business rates income is generated by 21 business properties, which includes RMBC for Riverside House.
- Members felt that there is a need to focus on inward investment in the services sector, call centres and retail (supermarkets) and high value added manufacturing, as well as creative and digital industries, environmental , energy and low carbon industries which are priorities in the Local Plan and for the SCR.
- £641,000 rates relief is lost to the Council per year. Leisure Centres receive 100% as part of the PFI contract.
- Business rates from renewable energy can be kept by the Council but needs clarifying what will happen if these are located within the Enterprise Zone.

A key issue for the purposes of this review and the resilience of Rotherham's Local Economy is the reliance on a small number of big companies – 22% of business rates income is dependent on 21 key payers (including the Council)

Transition from industrial to post industrial.

There is a transition in the modern economy to high value added manufacturing via initiatives such as the Advanced Manufacturing Park. This is likely to create much less in terms of numbers of jobs, indeed there is a significant risk of jobless growth. This

creates a significant challenge for the Council and its partners in terms of ensuring that the economic growth results in job opportunities for residents of Rotherham. The creation of higher quality, higher skilled jobs also creates challenges in terms of developing an aspirational offer for these jobs to be retained within the Rotherham economy.

The potential for economic growth to impact positively on people in deprived areas can be severely restricted with jobless growth or growth of high value, high skilled jobs. In theory, however, there are a significant number of jobs in Rotherham to enable the number of claimants to be reduced, but this doesn't reflect issues such as zero hour contracts and low rates of pay. Education and skills levels are significant issues in addressing this, particularly post 16. The private sector witnesses in this review presented some compelling thoughts and suggestions around this agenda.

Members of the review group also wished to express concern that not all economic growth prospects are entirely positive. The current debate around "Fracking" for example illustrates this and full consultation and evaluation around the benefits and weaknesses of this as a future industry still needs to take place.

Town Centre

With the building of more houses, more people will shop elsewhere unless the focus on town centres is maintained. This focus should also be on outlying town centres. The Council can be active investors in properties – instead of the council disposing of them, as per the current Cabinet directive, it should hold on to them, accepting the additional revenue pressures, for 3 or 4 years for the right time in the economic cycle. Many parts of the Town Centre have improved over the past five years and the public realm provides an attractive location for the day time and evening economy. Due to the economic downturn the Town Centre has not yet developed to its full potential and there is a need to focus on putting the right things there:

- Short term – The new Tesco will hopefully serve as an attraction for shoppers to Rotherham Town Centre, although the remaining challenge may be in getting them to utilise rest of town centre and to address the investment link with the markets
- Medium term – cinema and leisure offer. The Council's option for purchase of Forge Island for leisure development such as a cinema/theatre should be a considered as a priority as it would enliven the night time economy and help draw in other private sector investment
- Long term – University Campus - which would strengthen the Rotherham's learning and teaching offer, and begin to embed a culture of lifelong learning.

Land supply.

This is a problem across South Yorkshire – brownfield sites are expensive therefore not much land is attractive to developers. There have been problems for example at Dinnington where land has been cleared for housing but nothing is coming forward and it is too expensive. Of the sites identified in the local plan for employment – 12% are undeliverable.

Loss of funding and products/services.

The reduction in the amount of regeneration funding and funding directed at the private sector has been drastic and had a major impact on the business and investment support landscape. Witnesses in this review have reported on the impact of this on partners' ability to effectively work with businesses and support them in their development and growth. The current European Regional Development Fund programme, which is the main source of funding for this area of work, will cease in 2015, which is likely to result in a further significant reduction in available resources and services.

This review therefore looked at the role the Local Authority can play in accessing funding, for example use of capital budgets rather than external funding. Manchester City Council regularly buy sites, hold them and then develop them when the time is right. Most funding now is in the form of borrowing and the Local Infrastructure Fund has to be re-paid. The pay back often doesn't work in economic terms which makes this approach very risky for Local Authorities. During the last 10 years many Government quangos and agencies involved in economic regeneration and skills development have come and gone, as have many different funding regimes. The review group noted that the only constant during this period of rapid change has been local government. They therefore, potentially have the best area of influence over social and economic problems.

Adults skills levels.

Although Rotherham's schools are performing well, there is still a considerable challenge to be addressed around skills levels for children aged 16+ and adults. This is especially significant given the transition from traditional labour intensive industries, to "knowledge based" occupations, which place greater emphasis on "soft" skills. There is therefore a need to create and embed a culture of lifelong learning within Rotherham. The Growth Plan will need to look at this seriously and challenging outcomes need to be set for partners involved in its delivery, for example around the number of young people moving into high quality apprenticeships.

4. Evidence

4.1 Rotherham Council:

Asset management.

This includes the following sections with the Council:

- Construction
- Facilities Management (except housing and green spaces)
- Estates function
- Environmental team

It also covers the strategy for Asset Management, Land and Property. A report on proposed changes to this is due to be considered by Cabinet.

They aim to minimise bureaucracy as much as possible to try to assist businesses. They hold a list of local businesses that will be contacted for smaller contracts e.g. school modification.

There are revenue benefits that come from operating to a wider strategy – e.g. maximising business rates. Some properties have been disposed of in the past without reference to a wider strategy in this way. The Council should consider being more strategic with respect to assets.

The Council, however, unfortunately has a lack of resources for maintaining property. Most assets are being sold for the land rather than the property. There is a need to focus on an area based regeneration approach rather than just selling properties.

There has been a deterioration of properties due to long term underfunding of condition maintenance activities, with preference given to more visible service activities. The current spend moratorium has worsened the position– as this is not deemed essential spend therefore the Council is limited in its ability to invest in the buildings it owns.

A central one estate approach which aims for cost efficiencies but enables properties to be released for economic growth, would help.

Asset Management have been working on the AMP project called Re-volution, with RIDO, and on the back of this they will be able to develop a standard cost benefit analysis.

To date there has been a division between departments within the Council who all have their own growth plans – housing, economic development etc. There is a need for a clear lead for growth; and construction and growth plans should be co-terminus. Consideration should be given to the establishment of a Rotherham Economic Task Force in order address fragmentation, and smooth partnership working.

RIDO

The review group considered evidence on the role of RIDO (Rotherham Investment and Development Office) in business growth generation. They provide three main functions; Inward Investment support, Business Incubation and Investor Development. The aim is for all of these functions to increase jobs growth in Rotherham which in turn increases income levels in the Borough and reduces the incidence of deprivation. A fourth area of work focuses on labour market initiatives.

The review group heard about how the Dearne Valley had been key to Rotherham's successful economy in the past and had created private sector jobs (unique to Rotherham in the sub region) during 1998-2013. Despite the recession, which started in 2007/8, Rotherham has not lost all of this growth which means that Rotherham's economy has had greater resilience as a result of this growth in the past.

RIDO is currently experiencing the highest number of enquiries for six years, most of which come via their separate website. RIDO's independent identity is key to this success, although they don't have a specific budget for advertising. Trade fairs and events prove very successful. RIDO is a well established and well known brand, not

viewed by the private sector as part of the Council. Increasingly the press and PR for inward investment into the Sheffield City Region is being carried out by the LEP.

RIDO are able to provide a bespoke solution for inward investors around property, workforce and funding with other more unique drivers potentially coming into the frame depending upon the nature of the investment e.g. transport. Experience of RIDO shows that in general businesses prefer developed sites rather than to purchase land. For this reason a mix of sites need to be available – land, office space, industrial units etc..

The Advanced Manufacturing Park is a success because of the role of the public sector in developing it. They took a long term approach and held out for quality. It has a momentum of its own now so doesn't need continued involvement. Planning were key supporting the initiative through the planning process. But it is important to note that the AMP is unlikely to yield a high number of jobs for Rotherham residents.

Local businesses can be helped by having access to a toolkit of business support products. This offer is now much smaller and weaker than it used to be, due to the decline in funding available. 6 local companies have accessed the Regional Growth Fund. RIDO also instigated a LEP bid to the RGF for businesses to bid into for smaller amounts.

In terms of business incubation, this has been an award winning approach in the past, providing support for business start ups, and the development of an entrepreneurial culture. Business start up has always been provided by other partners but there is now a gap in the market. The exceptions are Rotherham Youth Enterprise and Rotherham Ready. The funding cuts and financial pressure being experienced by local government mean that in Rotherham, surpluses being generated by the incubation centres can no longer automatically be re-invested, although the centres continue to be successful with high occupancy rates. The review group therefore considered that it is important to further explore how the Council and private sector partners can assist in bringing forward suitable small units; providing business support over and above that currently being provided.

In 2015 there will be a huge, further drop in available funding, due to the end of the ERDF programme. A further reduction in services available can be expected.

The review group reviewed examples of red tape and bureaucracy slowing down business growth – e.g. Reresby House, where there was some delay whilst grant claw back issues were addressed. It was felt that the starting point for the council should be how can we make it happen. The Council should consider the establishment of a multi-functional pro-growth team, linked to the education function .

A potential example of good practice is Re-volution, although this initiative needs a robust evaluation. There is also potential for the Council to buy land from companies wishing to move and grow – e.g. KP nuts.

Planning

Members of the review group heard about the plan led system, which includes:

- Long term strategic planning

- Unitary Development Plan
 - Primarily regeneration of former coal field sites
 - Government money available
 - Creation of Enterprise zones
 - Dearne Valley, Thurcroft, Dinnington, Waverley
 - Joined up approach

The Local Plan is different in that it is predominantly developer-led.

Current situation

- Housing sites in greenbelt
- Existing employment sites
- Sheffield city region Growth Plan aim of 70,000 jobs
- Spatial issues - Additional sites needed
- Planning issues v's economic development aspirations

The aim is to provide adequate land in the right location to attract development. Rotherham's Growth plan and the Local Plan should be integrated. Supporting a dynamic economy is one of the seven broad aims of the Local Plan

There is currently no spatial element to the SCR Growth Plan. There is therefore conflict between planning and economic regeneration. Planning are currently looking at employment land and asking where is the next Dearne Valley?

The Town Centre first policy is still in existence.

Members of the Review Group heard about the example of working with Harworth Estates on a planning performance agreement which takes the planning application out of the process and enable the partners to set their own timescales. Harworth Estates initially funded a part time post to work with planning team, taking a pragmatic approach around affordable housing.

In terms of deprived communities there is some evidence that in the Dearne Valley the call centres have lifted Wath just above deprived status. Planning will look at access to work and the location of employment land close to residential areas.

There is currently no Planning involvement in the Growth Plan. Members expressed concern about Sheffield not being a strong enough driver for the City Region and the potential need for a number of centres of growth. The LEP is private sector driven and so the quest for profit has the potential to be manifest in jobless growth.

Transportation

The role of the team is to:

- Identify **Local Safety Schemes** – Focussed on Casualty reduction
- Undertake **Road Safety education and training** – pre-school to Colleges
- Introduce **Traffic Management** improvements – Congestion reduction, Urban Traffic Control
- **Assess proposed developments** to ensure they are appropriate – impact and mitigation
- Work with SYPTTE to introduce measures to **improve conditions for Public Transport**
- Develop **Transportation and Highways strategies** and policies – LDF Core Strategy input
- Actively **promote sustainable travel** – training and promotion activities
- Introduce **accessibility and connectivity improvements**
- Detailed **design of schemes** and contractor engagement/liaison
- Manage and maintain our **Traffic Signals and CCTV** networks
- Manage and maintain our **Highway Structures** – Bridges, subways, etc
- **Bid for funding to maximise Government and European investment into Rotherham**

Major projects:

- **Major Highways Improvement Projects:** A57 and A631 West Bawtry Road
- **Pinch Point Funding:** A630 Pool Green Roundabout and A630 Parkway Old Flatts Bridge
- **LTP Integrated Transport Improvements:** A630 Mushroom Roundabout signalisation, Crossing improvements, Cycle lanes, Bus Lane and Stop improvements, Local Safety Schemes.....
- **Local Sustainable Transport Fund** (Capital and Revenue): Canal Towpath Improvements, A633 Journey time improvements, Cycle links, Footway and Public Realm improvements, Cycle training and Cycle loan scheme, promoting the benefits of sustainable and active travel to businesses and their employees, working with fleet operators to make their journeys greener.....
- **Major Public Transport Improvements:** Tram-train, Bus Rapid Transit (North), Rotherham Station redevelopment.
- **Rotherham Voluntary Bus Partnership** – working with SYPTTE and Bus Operators

Role of transport in connecting deprived communities:

- The average distance to work for people on low incomes is 3 miles compared with 8 for the general population.
- Physically, economically and socially disadvantaged people often rely on walking and cycling, so improving non-motorised transport can help achieve social equity and economic opportunity goals.
- Improving walking, cycling and public transport links are crucial to enabling individuals living in the deprived communities to take up employment opportunities.
- Active travel saves people money, this is redirected back into the local economy; on average people travelling actively spend **more** money on the high street than those in cars.

Example of Waverley:

- The position of Waverley near to the Motorway network has been crucial in attracting businesses to the AMP.
- Robust Transport Assessment and mitigation measures are essential in maintaining the attractiveness of the site by controlling congestion.
- Requiring travel plans and sustainable transport infrastructure does not make development unattractive, in the case of Waverley it has added considerably to the attractiveness of the site to high-tech companies.
- The site has acted as a catalyst for new transport projects (BRT South, Handsworth Cycle Link, etc.)
- Developing a large area of housing near to job creating industrial development is complementary, some people will live near their place of work, but there is a two way flow of traffic at peak hour rather than only one way, making more efficient use of the network.

Rotherham's Transport Strategy will feed into the Growth Plan. There is a strong overlap between local priorities and SCR priorities. SCR Growth Plan will be the mechanism for bidding to the Growth Fund. A large proportion of this is for transport projects and priorities therefore it is important that SCR Plan represents Rotherham's priorities effectively.

Housing

The group had information presented to them about the Housing Investment function within the Council. It focuses on Council stock and regeneration activities. It has been recently re-structured to include 3 units – Strategy and Policy, Housing Investment and Housing Development. They include work around affordable housing with Housing Associations, work with speculative developers and section 106 agreements, fuel poverty/Green Deal, private sector housing work, housing regeneration schemes (legacy from Housing Market Renewal programme) and housing strategy (looking at public and private sector housing and the impact of Welfare Reform)

Housing is a key driver in the local economy and this is reflected in key policies. The SCR target for achieving 70,000 new jobs means that there is a need for aspirational housing stock for these workers. The alternative will be to potentially lose the best talent from the town or SCR. Doing nothing is therefore not an option. It was also noted that an increase in housing would generate additional Council Tax income (a sustainable income source) and allow the Council to access New Homes Bonus funding.

In Rotherham £30m per annum is invested in the Council Housing stock via repairs and maintenance, fuel poverty but also via Yorbuild and procurement. More speedy procurement is required and need to become better at capturing skills and training outcomes from this investment. The Planning target for new homes is very challenging and will require the pace to be increased considerably. New housing potentially presents competing challenges with regard to land supply. A new five year land supply and strategic Housing Market Assessment is required. A complementary approach is being developed with Sheffield. It will have a focus on geographical reference points for Rotherham e.g. A57 and Dinnington.

Work needs to be done on assets. Joint ventures could be explored for disposal of assets and they need to be presented to the market strategically. There is therefore a need to evaluate the scope for quick returns against longer term potential e.g. share of sales in the future. Alternatively, the Council could create a growth fund from excess capital disposal receipts to fund growth projects in a mixed economy of development.

Currently funding for housing projects has to come from internal resources or the Homes and Communities Agency. Could this be linked into other pots of money to increase the pot available? Housing growth zones could incentivise developers by relaxing planning, ensuring faster delivery and providing tax incentives. Rotherham needs to attract the resources for the key areas of development.

Housing is also an enabler for deprived communities. There is a need to develop existing areas as well as new communities, thus creating sustainable neighbourhoods offering a better quality of life and lower housing costs e.g. via fuel poverty initiatives. A good example is Canklow. Good housing solutions in deprived areas can have a very positive effect. The funding gap is key and needs to be plugged with investor confidence. There is a strong argument for mixed land use developments requiring a whole council approach.

The Waverley approach could be applied to smaller areas for example Eastwood Trading Estate. Resources would be key to service the work required for a number of smaller projects. Off-setting of officer time would be key. There is a Need to construct commercial and business cases for the investment in the longer term. Do we need to value land supplies more? Need to make sure we have the right commercial skills within the Council to adopt this approach.

Finance

Members of the review group received a presentation from Corporate Finance on the following issues. The detail of these discussions is summarised in section 1.3 of this report.

- Localisation of Business Rates – mechanism
- Effect on Council Funding
- Scope for Discretion in the New System and the Implications of Using that Discretion
- Other issues

4.2 Private Sector:

Barnsley and Rotherham Chamber of Commerce.

Members received an explanation of Chambers of Commerce. Barnsley and Rotherham Chamber have merged and there are some differences between the two. They have a healthy and constructive relationship with RMBC.

A merger took place in the 1990s but it only lasted 6 months. There is a more constructive relationship with Sheffield currently. They have more than 1200 member businesses of all shapes and sizes, including business start ups. Some of the biggest include AES Seal, Tata Steel, Firth Rixon, Newburgh Engineering etc.. They have a 15% penetration rate – there are approximately 8,000 vat registered businesses. Nationally these statistics compare favourably.

There are 54 Chambers across the country and all are independent businesses who pay to be part of the British Chambers of Commerce. South Yorkshire chambers work well together.

They have a staff team of 12 compared to 54, 7 years ago. They had to restructure and cut costs due to the decline in publicly funded contracts. They currently only have one left – the enterprise scheme for Job Centre Plus. They receive 60 referrals per month with a rough split of 50/50 across Rotherham and Barnsley. They have taken on part of the old Business Link role and their success rate is that 40% of businesses will set up that take part on their programme. About 2 thirds will still be in business after 2 years.

The Chamber is working more cleverly with RIDO colleagues due to the reduction in number of programmes available and signposting between services is key. The growth plan for Rotherham is key in ensuring that objectives and targets of partner organisations coincide. Individual staff in the Chamber have targets and there is a need for partners to focus more on hard outcomes.

They provide outreach sessions in Dinnington, Maltby, Dearne Valley and they hold these sessions in each others facilities. Need to bring sets of clients together so that there is collaboration not duplication.

The Economic Plan was aspirational but lacked hard targets – it wasn't challenged or held accountable. A more "business like" approach is required. Most businesses don't

know what the partnership offer is but they have strong perceptions about working with the Council. We need to make it more business like, and deal with them in this fashion.

Enterprise development in schools is very important, engagement needs to be on their terms. The need to develop business skills within the Council was discussed.

The role of the partners in developing a culture of entrepreneurship was discussed. The referrals from enterprise programme suggest that it is a more enterprising culture than we might expect. But we need to pool resources and work collaboratively to generate this further. They pass new businesses on to RIDO at 6 months. Funding in the past has created some of the barriers e.g. on Job Centre Plus referrals can go on their programme. They have developed links such as getting college students to do the accounts for the new businesses. A flow chart for the route businesses would take and where help and support comes from would be beneficial.

The Chamber provide support with business plans, marketing, accounts and web site design. Businesses were confused with all the organisations chasing different pots of money and doing things for the sake of drawing down the funds. We need to get back to doing what businesses want. RIDO is the focus for business development and expansions.

The Council's role for supporting economic development can include its procurement function – spending public sector money in the local economy. Currently around 40% is spent locally and 20% within the sub region. There is a need to find ways to increase this to get the benefit of the multiplier effect. It is also important to remember Best Value isn't always the cheapest and reduce tendering bureaucracy. The council needs to support it and make it easy for local businesses. Member businesses have fed back to the Chamber that all the form filling makes it too hard to get on the list.

The Chamber can access small pieces of work for its member businesses e.g. Police Cells being painted when they got a local company to do it outside of procurement processes. The processes work in favour of large organisations.

The Planning Department needs to start being more flexible and start saying yes. It is felt that too often, the easy option is to say no – it is harder to find a way round the problem and say yes. He knows of businesses who have been put off by Planning. How prescriptive should we be in terms of the type of inward investment generated in the town? Are we stuck in out of date strategies that need to be more flexible? An event to start the dialogue with local businesses was suggested.

Tata Steel.

They are a key employer in Rotherham, crucial in terms of business rates contributions local employment. At least half of their 2,200 workers are from Rotherham. They have an ageing workforce and a package that encourages staff to leave at age 60.

They have had positive interactions with the Council:

- RIDO and building networks
- Sector specific work (STEM)
- Planning Department are helpful
- Tactical engagement around business crime

Areas for further development:

- Need to look at infrastructure at a city region level
- More work on supply chain development – example of Wakefield project
- Different departments need to work more closely together
- Better links into schools – raising aspirations of local children.
- Regular engineering vacancies could be accessed more by local people with better links between schools and colleges – industry can be the vehicle for switching children onto learning. Promotion of good quality apprenticeships
- Planning around the LEP is disappointing – relationship with this and Combined Authority needs greater clarity.
- Greater clarity about the strategy and promote it better – “wear a bigger hat”
- Does Rotherham have the right balance of housing and a “lifestyle” to offer aspirational communities.
- Make it easy for businesses to locate here
- Mixed use developments can be problematic

Strata Developments

Positive interactions with the Council:

- Good schools in the Borough
- Have a history of building in Rotherham

Areas for further development:

- Resources and restructuring in the Council making it difficult
- Planning struggling to respond quickly enough
- Better links between departments
- Aspirational and high value housing is lacking
- Better marketing of the good areas
- More work at pre-planning stages with Councillors and communities
- Be as business friendly as possible

Ekosgen

This is a private consultancy contracted to conduct a review into Rotherham’s local economy and its potential within the Sheffield City Region. The work looked at the potential for future growth and how this can feed into both Rotherham’s and the SCR Growth Plans.

Evidence was provided on Rotherham’s current position and potential for future growth and focused around the following issues:

1. Development of the Town Centre – see section 2.3 Town Centre
2. Where is the next Dearne Valley? – see section 4.6

High Speed 2

Can the benefits of HS2 be captured as an economic driver? A HS2 Station at Meadowhall would make Rotherham much more accessible to London, Birmingham, Leeds and Manchester. What needs to be done to ensure Rotherham fully benefits from HS2 in terms of new investment and jobs.

Enabling Investment

Revolution 2 could be a good model (AMP) of the council stepping in instead of the private sector. The budget for regeneration is significantly limited though and Local Authorities need to work more as enablers. Developers are still unwilling or unable to fund development unless it has an immediate return. LAs can borrow money very cheaply via prudential borrowing – what are the important investments which Rotherham needs to bring forward and is Rotherham brave enough to borrow to invest?

5. Key Findings

5.1 Role of RMBC – The Key Actor

Many witnesses talked about the rapid change that has taken place over recent years with regard to funding regimes nationally and internationally, and the range of business support products available. Also the agencies responsible for delivering these have changed rapidly and significantly. The one constant over these years has been the Local Authority and there is a need to recognise and capitalise upon the significance of this role.

Currently the conditions for growth are right – the Council needs to be ready for this and to consider ways in which more of their available resources can be targeted towards the growth agenda. If most of the resources are spent on welfare and supporting the vulnerable this will not be sustainable in the longer term and Rotherham will have missed an opportunity to invest in the future of the town's economy.

The Council already has a strong track record in developing Rotherham's local economy successfully. This record includes the regeneration to date in the Town Centre – the stadium, college campus, Tesco store, Riverside House etc. It has used its borrowing powers creatively to facilitate some of these developments. They are also continuing to work inventively with others partners around initiatives such as the Yorkshire International Business Convention and the Mary Portas initiative.

The findings of the review were that the Council now needs to build on this reputation and work even more creatively to further develop the local economy. It was also noted that its high credit rating and access to low cost finance is a key strength and driver for its enhanced role in generating economic growth. The Council should therefore consider its role in addressing the following issues:

- The strategic management of land supply is crucial, both in terms of council owned land and the role the council plays in helping to develop other sites and properties.
- Developing the role the council plays within networks and partnerships – with partners and private sector. The Private Sector witnesses clearly recognised this and are looking for high profile leadership from the Council. The Chamber and Council need to work smartly together to overcome resources issues.
- Encouraging cultural change within Rotherham – especially the development of more enterprising and aspirational attitudes. Such changes would need to start in schools, with private sector witnesses suggesting that they could play a key role in this area of work.
- Adopting a more business friendly approach within the Council by developing commercial skills within the workforce, and a culture that looks to say yes rather than no when working with businesses.

5.2 A new strategy

The Council and its partners' approach should have 2 key aims:

- Generating income via an increase in business rates and Council Tax
- Creating jobs for local people and regeneration of deprived communities

A key element of the strategy is land supply – availability of land and sites. The Council needs to decide its role in terms of developing end use or whether it is disposing of land for development. Businesses generally prefer developed land.

Availability of land is a continuing challenge – brownfield sites are expensive to develop and this can put developers off. Of the sites identified for employment land in the local plan only 12% are deliverable. The Council needs to know what its top 10 sites are.

Where is the next Dearne Valley?

The Local Authority could potentially use capital funding to create an offer that stands out. Rotherham's location is excellent. The location of such a site is crucial (requiring excellent transport connections and access to an appropriate workforce) and needs some safeguarding to prevent it being developed for distribution warehousing etc.. Chesterfield and Markham Vale will access both funding and land supply and will challenge Rotherham in terms of location. Greenfield sites will be much more attractive than for example re-developed Eastwood.

The strategy should be a partnership document but recognise the key role the Council has to play in driving forward the economy. It should be target and outcome driven and feed into individual targets for services and employees.

The development of the AMP was recognised by many witnesses as a potential example of good practice. The Council could learn much from this, in terms of a multi-agency approach, and the benefits (as well as disadvantages) of a mixed use developments.

There was also considerable evidence provided about the importance of building in aspiration to the Rotherham economy, in terms of raising aspirations in schools, but also in terms of housing options, communities and lifestyles that would attract executive and high skilled workers. The recommendations from this review should address this and the group potentially identified a “southern belt” in Rotherham for this.

The review also considered the potential for Council to take an “employment agency approach” working in partnership with the Department of Work and Pensions. Manchester have piloted some of these approaches and Rotherham could learn from their experiences.

Area Based regeneration approaches have been discussed in detail during the evidence sessions and the role of the Council is key to engender this approach. The development of a one estate approach and, where appropriate, mixed use developments. The witnesses from differing functions within the Council, all spoke similarly about the opportunity to take a more radical approach to how the council’s land supply, asset base and capital funding could be used to regenerate key sites in the Borough and create the right growth conditions, as a sole developer or, in partnership with the private sector. These need to be explored in more detail with the aim of maximising long term value for assets.

Finally a very strong theme coming from the evidence sessions was the need for a combined approach across the Council with a focus on growth. This might be referred to as a Multi-functional task force or a one stop shop approach. It should look at inward investment (property, workforce and money) then have bespoke input depending on needs of investor – e.g. transport would be a unique driver. This should deal with fragmentation around the Council services. . The need for bespoke support for investors/growing firms has already been highlighted in the Growth Plan.

The review group clearly recognised the good practice that already exists and felt that the Council is uniquely placed to take this forward and build on it. It was also noted that the Planning service and RIDO are already well respected for their approach with local businesses, and also that the Local Plan is as important as the Growth Plan. The Council, via RIDO, has already done some work on access to the Regional Growth Fund and it was felt that it needs to do more of this.

5.3 Wider context

The Council needs to increase its influence within the Sheffield City Region. Evidence suggests that a clear message is needed that reflects Rotherham’s priorities; that communication of that message needs to improve and that the council needs to increase the number of local businesses taking up support.

The Council can create a business friendly offer – building on the successful brand of RIDO. A flow chart for where businesses go for what would be useful and there is a clear need for a communication plan of the strategy and what the Council and partners can do. Crucially the Council needs to take advantage of timing – the local plan is being consulted on, the upturn in the economy and the private sector keen to work with Council. Doing nothing is not an option.

Impact on Local People

Services such as transport, education and housing are key to getting the benefits of a growing economy to local people and communities. This is why the review group felt it was important that these functions are integrated into the “one council” approach to economic growth. There are also other, more peripheral but important functions that need to be part of the agenda for example Health partners.

It is key the partners tackle the 16+ skills agenda and a further piece of work on this needs to address the culture change mentioned by the witnesses and the development of proactive quality programmes such as apprenticeships.

Outlying town centres are key for some of the deprived communities of Rotherham and the review group wish to endorse a “town centres” approach which recognises the importance of these in addition to the focus on the main Rotherham Town Centre.

Partnership

The Strategy needs to be owned by partners with clear objectives and targets. A One council approach to growth and collaboration will need to be developed with key partners, for example the Chamber of Commerce.

Joint communication of strategy is crucial and a combined approach to the promotion of Rotherham. The group also recognised the importance of entering into dialogue with the private sector about this.

6. Recommendations

The review group felt very strongly that there is some further, more detailed work to be done around the issue of how RMBC can support and develop the local economy, and that in many respects this review merely scratched the surface with regard to some of the key concerns. Having said that, the review group was keen to ensure that some early wins could be achieved with some recommendations that could be implemented fairly quickly. For this reason this section is divided into two areas of work; early implementation and longer term strategy.

6.1 Early Implementation:

13. The Economic Development Team within the Council should ensure that the emerging Growth Plan is focused around two key objectives – income generation and employment creation.
14. Targets and outcomes should be developed for this plan that are smart – suggestions include number of businesses accessing services, the number of young people accessing apprenticeships, the number of new entrants to post compulsory education and the number of over 16s gaining accredited qualifications.
15. The Economic Development Team should ensure that the growth plan is jointly owned by local partners
16. They should also ensure that it is communicated effectively to partners and stakeholders, as part of an ongoing campaign to “talk up” Rotherham and its

achievements. These stakeholders should include the Sheffield City Region structures and the private sector.

17. The Council should identify, in the first instance, its top ten development sites and focus on these in its policies and plans. Within this the identification and delivery of a strategically important site should be the number 1 priority for Rotherham to remain competitive.
18. The Council should consider prioritising all town centres and giving a policy mandate for this to happen.
19. The Council should consider how Elected Members could input to the development of Council Policy, particularly with regard to economic growth, by utilising the wide range of talent and expertise that exists within this pool. Elected members can further assist with the promotion of Rotherham.

6.2 Longer term strategy.

The review group gathered very compelling evidence regarding the need to develop a one council and multi disciplinary approach to supporting effective economic growth and to achieving the two objectives outlined in recommendation 1 above. It is therefore recommending a programme of further development work to be undertaken to establish this strategic approach. They are therefore making the following recommendations:

20. The Council should aim to establish a multi-disciplinary “Task Force” with the key purpose of providing a co-ordinated holistic approach to generating investment and economic growth in Rotherham, for the benefit of its local businesses, communities and residents. The focus should be on working both internally, and in partnership with the private sector in Rotherham, to include a range of projects in terms of size and value. The external business support process should be led by RIDO as a recognised brand within Rotherham.
21. The Task Force should include Planning, Asset Management, Housing, Transport, Education and potentially Health partners. These functions will be included on the basis of a unique drivers approach for each project. In line with recommendation 7 above specific councillors (with specific expertise) and ward members should be included in this approach. This model could be adapted for individual projects, with bespoke task groups set up for larger projects including provision for specific expertise to be co-opted. (diagram to be developed)
22. This Task Force should be responsible for ensuring that the strategy should identify land supply i.e. the next Dearne Valley and link into work on the Local Plan, and also the following issues:
 - Use of capital and borrowing to develop sites and premises
 - The approach to the development of this land – some sites for area based regeneration initiatives
23. The Council should consider how to develop a business friendly culture amongst all its staff – skills development and training issues and also the possibility of setting growth targets for employees where appropriate. A key element of this would be to raise awareness within the Council of the changes to business rates and the importance of them in terms of generating income for the Council.

24. The Scrutiny function in the Council should consider looking further at the following issues;

- The development of aspirational housing and associated services/communities in Rotherham
- Work with schools and training providers/colleges around the 16+ skills agenda to establish stronger links with employers and to engender an enterprising and aspirational culture.

7. Thanks

Thanks go to Paul Woodcock and Simeon Leach from Environment and Development Services, who provided support to the review. Thanks are also due to the witnesses who contributed their time to the review and provided valuable written and verbal evidence. They are:

- Paul Smith, Asset Management, RMBC
- Peter Hudson, Finance, RMBC
- Anne Ellis, Finance, RMBC
- Tim O'Connell, RIDO, RMBC
- Bronwen Knight, Planning, RMBC
- Tom Finnegan-Smith, Transportation, RMBC
- Tom Bell, Housing, RMBC
- Mark Broxholme, Tata Steel
- Mick Hood, Tata Steel
- Mark Davis, Strata Developments
- Andrew Denniff, Barnsley and Rotherham Chamber of Commerce
- John McCreadie, Ekosgen