

Developing a Sustainable Economy

Taking a look at the economy of Bath & North East Somerset through different case studies

A report by the Planning, Transportation, Economy & Sustainability Overview & Scrutiny Panel

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Objective of the Review

The Council's Planning, Transportation, Economy & Sustainability Overview & Scrutiny Panel have chosen to undertake a review looking at the development of a sustainable economy in Bath & North East Somerset. In particular the Panel focussed on the area of cross-service and partnership working in relation to the achievement of actions set out in the Council's Economic Development Strategy.

By examining aspects of the economy through different case studies the Panel have been able to identify issues and make recommendations that they believe will lead to a more proactive approach from the Council in relation to its role in helping to achieve a more sustainable economy.

This report outlines their findings and recommendations.

Background

The level of economic activity in Bath & North East Somerset is second highest in the South West region and above the UK Average. Unemployment is at its lowest levels, currently 1.4%. The national average for unemployment is 3.4%.

Despite this evidence of a strong economy there are areas of vulnerability and the district faces many challenges in the future.

There is a high dependency on the retail and tourism sectors accounting for 27% of the economy and representing the largest economic sector in Bath and North East Somerset. Tourism is vulnerable to volatile international factors and the retail sector faces stiff regional competition whilst its growth is hindered by the local infrastructure and planning constraints. Employment provided by the tourism and retail sectors is predominately below the national average wage, linked to a high number of casual jobs.

Manufacturing only accounts for 11% of employment across the whole of the district but 30% of employment in the areas of Midsomer Norton and Radstock. Manufacturing employment in those towns

is concentrated in printing & packaging sector with 5 companies accounting for 43% of total manufacturing jobs.

Developing a sustainable economy in Bath & North East Somerset is one of the improvement priorities defined in the Council's Corporate Plan. The Council must do all it can to ensure a continued level of growth and low unemployment.

Toward 2013, the 10 year Sustainable Economic Development Strategy for Bath & North East Somerset was launched in 2003, involving a large cross section of interested parties. The Strategic vision of the plan will be realised through a partnership of public, private and voluntary sector organisations. The Council's role in this is to provide the leadership for its implementation, further development and review.

Just over a year after the launch of the Strategy, the Economic Development Partnership undertook a review of the actions in the Strategy. This involved highlighting progress made against those actions by Partner organisations, ensuring the actions remain relevant in a changing economic context and establishing priorities for future working. The Partnership presented the results of the review to the wider economic stakeholders of Bath and North East Somerset, the sub-region and of the region at a Conference, which took place in November 2004.

The Panel have chosen three of these identified priorities as case studies for the focus of this review.

Methodology

The Panel hosted a day long contributors' session where they heard from a number of local expert and stakeholders as well as the Council's Officers and the Executive Member for Economic Development.

Following an overview by the officers the following case studies were presented.

The Case Studies

- a) Developing links with Universities to harness their skills, strengths and facilities**
- b) Implementing the West of England Small Workspace Action Plan and development of managed workspace in conjunction with private sector operators**
- c) Encouraging economic diversification in Norton Radstock**

An outline of the day is included as Appendix 1 to this report.

CASE STUDY A

Developing links with Universities to harness their skills, strengths and facilities

Introduction (precised version of the background report to the Panel)

The two Universities in Bath and North East Somerset, University of Bath and Bath Spa University, are both successful Universities in terms of research and academic standing. They are also major employers in the local area, employing 2350 and 700 people respectively. The two Universities are both currently discussing plans for expansion.

Universities are coming under growing pressure, nationally, to develop links with businesses, through both knowledge exchange and the commercialisation of research. Bath and North East Somerset's Economic Development Partnership identified as a priority action this need to link to Universities and provide a support infrastructure for economic growth through innovation.

National reviews identified needs to build up an enterprise culture, encourage a more dynamic start-up market and build capacity for growth. One of these also expressed support for the process of building new networks between business and universities, such as knowledge transfer partnerships.

The local issues identified by the Economic Development Partnership are;

- Business Incubation
- Facilitating their expansion / growth
- Graduate Retention
- Conferencing and Venues
- Research Capabilities

By developing links with the Universities to tackle these issues, Bath and North East Somerset can demonstrate itself to be forward thinking, value adding and innovative, offering competitive advantage to local business development.

Panel's Findings

The Panel heard from representatives from the University of Bath and Bath Spa University as well as an experienced entrepreneur in the city.

Business Incubation

The University of Bath has built up an infrastructure to support entrepreneurial ideas within the hi-technology sector. They run Carpenter House in Bath, a centre designed to incubate new innovative businesses by providing facilities, mentors and expert knowledge of intensive business growth. Since setting up, Carpenter House have helped about 16 companies from start up, one of these companies is now out on its own employing 8 people in Bath. Of the tenants in Carpenter House, 37% are linked to the university, either graduates or through research and the remaining 63% are 'spin ins,' people who are unconnected to the university.

SetSquared is housed in Carpenter House. It is a joint University partnership with funding from central government, this initiative is helping to incubate 500 companies across 5 innovation centres. The cost is very little to new businesses. The people housed there are developing knowledge based businesses and have access to these facilities for a maximum of 12 months.

Carpenter House is running at full capacity and has a waiting list of potential start-ups wishing to benefit from its support. The University identified that they would need 30-50,000 square feet of space and extra funding if they were to satisfy the demand for incubation from the kinds of start-up businesses they would support. The Panel identified that this centre provides an exemplary contribution to the economic sustainability of the local area and would like to explore what more the Council can do to support and encourage similar initiatives in the area.

The Universities are keen to expand to meet this growing need and are also concerned about the availability of viable sites for the incubated businesses to move out to.

The founder of the successful Bath based Cramer Systems provided the panel with anecdotal evidence of a business that has been conceived and grown in the city of Bath. Cramer Systems develops software used by telecoms businesses and has a global client base, employing 200 people in Bath and 80 more worldwide. It is a privately owned company; four of the owners are University of Bath graduates.

Bath Spa University also has similar aims that include existing companies as well as new start-ups, focusing on where they can add value. They encourage more cultural focuses that compliment the University of Bath's science and technology focus.

These contributors gave a strong impression to the panel that there was not enough incubator space. The Panel were aware that skilled graduates are moving away from the area due a lack of workspace for their small business ideas.

Although a significant proportion of businesses in Carpenter House are 'spin ins' (people who entered the facility without having attended the university), the panel are concerned that the current local provision for business incubation is limited, particularly for those outside the high technology sector. This could be more down to lack of incubation facilities rather than a narrow intake policy as places for the centres would be highly competitive.

Links to Further Education Colleges

80% of new jobs being created require a Higher Education qualification. Bath Spa University has links to four Higher Education Institutes through Knowledge West, an initiative supporting the professional development of businesses.

The panel observed that whilst there is training available for developing construction skills through West@Work and the Construction Skills Centre, the position of the provision of vocational training in Bath and North East Somerset is unclear. They questioned the level of joined up thinking between employers and the educational institutions locally and the organisations which fund them.

Issues identified for further exploration

The Universities in Bath & North East Somerset are institutions to be proud of but seem to be well kept secrets. Their promotion could be improved to attract more interest, particularly from businesses who are looking for an area that produces a high calibre of graduates. By raising awareness of the universities in the district the Council can encourage local resident's to use the sports, leisure and conferencing facilities.

The Council should do all it can to keep the city attractive to businesses and the issues of infrastructure and workspace planning should be explored, allowing the universities to develop their new business support structures.

The Panel also identified that the Universities both house a wealth of knowledge resource. The Council should lead the way in using local academics to undertake research projects into local economic problems.

CASE STUDY B

Development of managed workspace in conjunction with private sector operators

Introduction (précised version of the background report to the Panel)

Small business development is being inhibited by a lack of workspace of the appropriate size, cost and location. This has been exacerbated by increasing pressure to free up low value employment land for residential use. By increasing the capacity to provide small workspace, the Economic Development Partnership aims to provide a sub-regional environment more adept to the nurturing of small businesses, and assisting the area to compete more effectively both nationally and globally.

The Regional Economic Strategy, written by South West of England Regional Development Agency (SWERDA), includes amongst its priorities the development of incubator units and the supply of a range of workspace to support developing companies.

Evidence suggests a demand for small workspace units in Bath & North East Somerset, and both the Carpenter House Innovation Centre and the MLS Tramshed on Walcot Street have high occupancy rates and a fast movement of available space. These centres, however, are designed for very specific markets, and don't provide the type of space often required by sections of the small business/start-up community, such as workshops or light industrial units. Outside of Bath there are very limited options for small workspace. The Council has units in Mill Road, Radstock with a very high occupancy and rapid flow of vacant stock. The Wansdyke Centre in Midsomer Norton also registers a good occupancy rate in spite of the current refurbishment work that is ongoing.

A Small Workspace Strategy has been developed through a partnership with Bristol City, North Somerset and South Gloucestershire Councils and Business West. The Regional Development Agency has expressed their support for the Strategy and its Action Plan. Bath and North East Somerset Council have a number of potential schemes identified in this Action Plan.

Panel's Findings

The Panel heard from representatives from Central Union, an operator of a managed workspace scheme, Cluttons, a mixed disciplinary surveying company, and the Regional Development Agency.

Managed Workspace

Kestral Court is a managed workspace scheme set on a 3 acre site in Gloucester. The facility houses small businesses in units, working from an understanding of the need for community in a workspace setting. There is no specific criteria that needs to be met for those businesses wishing to be accommodated. The scheme is commercially driven but it is in Central Union's interest to help the businesses grow.

The optimum site size for maximum viability of the project is 50,000 square feet. The location is more difficult to specify as the demand for space is so diverse. Individual units range from 120-1200 square feet and the average dwell time at the centre is four years. Companies can expand or contract depending on their needs.

Planning Issues

The biggest issue facing Central Union and other similar operations is the lack of suitable sites to develop or set up these initiatives. The land required is often in the hands of the big developers who are reluctant to release it to smaller companies who cannot afford to pay the development profit. The Panel

identified a need to ensure consideration for workspace schemes at planning allocation stage and agreed that there needs to be more backbone in planning decisions.

The panel heard from the Surveyors that the main gap in the Bath property market is suitable and flexible business accommodation, which struggles to compete with higher value residential development.. Often the needs of business growth cannot compete with the need for housing and landowners want to optimise their profits but this approach is not sustainable.

The professional opinion was that Norton/Radstock and Peasedown were a step to far away from Bath. Companies looking to be based in Bath will not look that far and those who decide to base themselves outside of the city will prefer to be closer to the motorway.

Issues identified for further exploration

Individuals / companies interested in developing land they own should be made more aware of the benefits of liaising with Bath and North East Somerset planning services before an application is submitted. Planning decisions containing commercial verses residential arguments should look more to compromises and splitting the allocation of sites before they get to appeal stage.

This argument extends the Council's own commercial property, the bulk of which is located in the heart of the city. Even if the sites are not large enough for a managed workspace scheme the Council needs to allocate capital investment to turn some of its own commercial portfolio into incubation spaces for small businesses.

Another way the Council could assist Managed Workspace Schemes is through marketing and creating networking opportunities, raising awareness.

The Council need to invest in defending planning appeals by presenting a strong evidence base to prove the need to support policy. Currently, the developers' case is often stronger. This would ensure that planning decisions are testable and therefore more positive. Greater flexibility needs to be built into to the local plan to ensure available land is used most efficiently, enabling planners to respond to evidenced requests.

Greater links need to be fostered between the Planning and Economic Development services in the Council. This would facilitate a wider overview of the development of the area to be built into policy making and would prevent further loss of industrial land for commercial benefit due to lack of vision. The authority needs themed ideas for the development of areas.

CASE STUDY C

Encouraging economic diversification in Norton Radstock

Introduction (precised version of the background report to the Panel)

There are approximately 75,000 people working in Bath and North East Somerset: over 65% of the jobs are located in the City of Bath with approximately 15% of employment based in the Midsomer Norton and Radstock area.

The employment structure across Bath and North East Somerset overall generally follows national patterns, although service sector employment is above national averages whilst manufacturing jobs account for only 11% of total employment, less than the national figure.

There are however significant variations in employment patterns within Bath and North East Somerset particularly in the Midsomer Norton and Radstock area where manufacturing accounts for over 30% of local employment and office-based service sector jobs are under represented. The combination of the above factors leaves the Midsomer Norton and Radstock area particularly susceptible to economic restructuring.

This is in stark contrast to the broader economic picture. Since 1991 employment in the West of England sub-region has risen by 18%, well ahead of the national average, and whilst Bath has shown similar increases, job growth in Midsomer Norton and Radstock has been much lower. There are also variations in the levels of skills and qualifications enjoyed by the area's workforce. In the Midsomer Norton and Radstock area the percentage of workers with less than level 2 qualifications is higher than that for the remainder of the area and this is compounded by lower levels of literacy and numeracy.

Panel's Findings

The Panel heard from the Principle of Norton Radstock College, and representatives from Midsomer Norton Chamber of Commerce and Oval Homes, a property developer.

Education

Employees in the southern part of Bath & North East Somerset receive on average the lowest wages of the area. The recent loss of jobs at Polestar has exacerbated this issue. The Panel heard that there are highly skilled people in the area, many of whom work in the printing industry, but that urgent development is needed in levels of literacy and numeracy.

The College is looking to combat this by working in partnership with companies in the area and is also hoping to establish the provision of a construction qualification, though they are in need of funding to take this forward. A difficulty for them is being able to access the people with the greatest need of education or retraining. There is a recognition that employers need to take more responsibility to encourage their employees' literacy and numeracy skills and continue people's education.

There are also concerns that specialist schools are having an adverse affect on the local economy, for example, the uptake of business courses at Norton Radstock College has been reducing since Writhlington School received specialist status.

Regeneration

The Chamber of Commerce were encouraged by changes in Midsomer Norton, citing that investment had made a difference to the high street, and that some effects of this were being seen in Radstock

though the area as a whole needed more promotion. The Chamber expressed a wish to be more directly involved in the Norton Radstock Regeneration Scheme.

The conflict surrounding residential and commercial usage of land is also prevalent in the area with the development of entirely residential sites being more viable. The panel heard how Oval homes are at the planning stage of a mixed use scheme, both residential and commercial, due to the land being previously earmarked for commercial development. On this development the residential section would pay for the infrastructure of the commercial section.

In this case the developers have discovered benefits of the site being located next to Jewsons, businesses are being attracted to the development due to the construction trade that Jewsons brings to the locality. The panel were encouraged by this and concluded that these co-location factors played an important role in the commercial development of an area.

Industrial sites in the area also want to expand but the highway network was not suitable for the consequential increase in traffic.

The Panel are concerned that regeneration in Norton Radstock is in danger of being sidelined in favour of more prominent development in Bath, namely Bath Western Riverside. They feel this is reflected in the difference in the level of Executive and Council involvement in these schemes. The Norton Radstock Regeneration Company should be encouraged to work in closer partnership with the Council and the Chamber of Commerce. The Panel believe that support for Norton Radstock regeneration needs to be increased and that the vision for Norton Radstock requires more focus and momentum. There is also some unease that the Economic Development Strategy up to 2013 was too Bath centred and that more emphasis should be made on developing an economy for the whole of Bath & North East Somerset.

Key Issues Emerging

This overview & scrutiny review has highlighted a number of key issues which Bath and North East Somerset faces in developing a sustainable economy. By highlighting these issues the panel is then able to make clear recommendations to the Council Executive regarding the role of the Council in facilitating this development.

- The need to expand business incubation facilities working with the University of Bath and Bath Spa University
- Working with the HE and FE providers in Bath and North East Somerset to improve skills levels in the workforce and provide more opportunities for vocational training
- Working with private sector providers to create opportunities for the provision of managed workspace particularly in Bath
- Promoting a more proactive planning policy approach to the provision of managed workspace and investigating opportunities for using the Council's commercial property portfolio to stimulate provision
- Addressing the literacy and numeracy skills in the Norton Radstock area
- Promoting regeneration in the Norton Radstock area

Recommendations

The panel recognise the need for partnership and cross-service working to address these issues efficiently and effectively.

Cross Service Working

The Panel recommend:

1. That the Economic Development and Planning services should work up an evidence base to support planning policy, enabling more effective defence of planning appeals.
2. That Economic Development, Planning and Property services should work together to address the lack of provision of incubation and managed workspace and create a clear property ladder for growing businesses, particularly considering the use of the Council's property portfolio to facilitate this.
3. That Economic Development need to work closely, cross-council, to ensure the Norton Radstock Regeneration project is moved forwards efficiently and effectively, promoting its status as a Council priority.
4. That the Council Executive recognise the resource requirements needed to fulfil these actions and allocate them accordingly, across delivering departments.
5. That the Executive Members for the relevant services champion these issues and work together with Heads of Service to deliver solutions.

Partnership Working

The Panel recommend:

6. That Economic Development, Planning and Property services work closely with the Universities to establish the need for incubation space and requirements for 'follow on' space adopting a proactive approach to providing for these needs.
7. That Economic Development work corporately across the Council and with the Universities to promote their presence in the City, linking with initiatives such as Knowledge West and 'town and gown.'
8. That the Council takes a lead in harnessing the research and knowledge of the universities for businesses in the City by using their academic capacity to undertake relevant research.
9. That Economic Development, Planning and Property services work proactively with private commercial developers to create opportunities for the provision of managed workspace.
10. That the Council works closely with the LSC and education providers in the Norton Radstock area to target poor numeracy and literacy skills in Norton Radstock and improve them.
11. That by working closely with the Norton Radstock Regeneration Company, Economic Development promotes and supports the work being done on regeneration of the railway land there.

Future Overview & Scrutiny work identified

That the Panel Include incubation and small business support issues in the proposed future review of the support for small and start-up businesses in Bath and North East Somerset.

Developing a Sustainable Economy - Contributors Session Mon 16th May 2005

Timing	Content	Contributor
10:00am	Introduction to the Day	Cllr. Peter Metcalfe Panel Chairman
10:10am	Parking Review Panel to ask questions to Executive regarding his response to their Parking review recommendations	Cllr. Sir Elgar Jenkins
10:30am	Economic Development Service <ul style="list-style-type: none"> - Give position statement - Assess level of partnership and cross-service working - Give suggestions of how to address issues (more detail in TOR) 	Bill Cotton , Head of economic development. John Cox , Team Leader, Policy & Projects
11:15am	BREAK	
11:30am	Explore the issues of partnership and cross service working in the context of: a) Developing links with universities to harness their skills, strengths and facilities	Relevant partners Malcolm Cross , University of Bath Paul Gibbens , Bath Spa University College David Embleton , Cramer Systems
12:10pm	b) Implementing the West of England Small Workspace Action Plan and development of managed workspace in conjunction with private sector operators	Richard Martin , Central Union Chris Dawson , Cluttons Chris Foley , Regional Development Agency
12:50pm	c) Encouraging economic diversification in Norton Radstock and forming Norton Radstock Task Force	Shirley Arayan , Norton Radstock College David Evans , Midsomer Norton and Radstock Chamber of Commerce Allan Broadway , Oval Homes
1:30pm	LUNCH	
2:15pm	Hear from the Executive Members representing the key service areas contributing to the Strategy. The key services identified are: Economic Development Transportation Access and Waste Management Planning Education Property Services	Relevant Executive Members Cllr. Colin Darracott , Executive Member for Economic Development, Property and Employment Cllr. Gerry Curran , Executive Member for Planning, Sustainability and the Regional Agenda
3:15pm	Investigate to what extent the local priorities of 'Towards 2013' align with and contribute to those priorities identified by the West of England Partnership in their agenda for 2026.	West of England Partnership Representative Terry Wagstaff Cllr. Colin Darracott
4:00pm	Summary of the day	Cllr. Peter Metcalfe Panel Chairman
4:30pm	Close	