

Report to: Cabinet

Subject: Scrutiny Report

Report of the Economic Development Working Group.

The opportunity to intervene – for social and economic reasons.

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1. Purpose of the Report

To present the final report and recommendations of the Overview and Scrutiny Committee working group which considered what additional economic and social benefits needed to be taken into account when property is purchased under Strand 3 of the Commercial Property Investment Strategy (CPIS). The primary motive of the recently adopted investment strategy is to generate additional income, allowing the authority to purchase land or property to which value can be added to create a higher return than previously. Members felt that whenever possible Strand 3 of the strategy should be used to increase social and economic benefits for the residents of Gedling and sought to develop principles that could be taken into account that could support the authority to deliver these benefits when purchasing land or property.

2. Background

Gedling Borough along with many other authorities has had to implement new strategies to generate additional income to support ongoing service delivery. One of the approaches the authority has taken is to implement a commercial property strategy, investing in property which will generate financial, economic and social returns. The strategy consists of three strands:

Strand 1 includes tenanted commercial property. This enables commercial investment of tenanted properties where the objective is to increase business rates and/or rental income. This allows for investment in properties that would generate significant financial and economic returns and would be funded through borrowing.

Strand 2 includes Gedling Borough Council owned land. This enables investments through building on Gedling Borough owned land to create financial returns. It is similar to Strand 1 with the objective to increase income from, for example, business rates, rental income or council tax. In addition where the business case is not viable on its

own, it allows external funding to be obtained which will enable building on Gedling owned land to create positive returns as well as economic growth.

Strand 3 involves acquiring commercial property to enhance. This enables the purchase of land or property to which value can be added to create a higher income than it is currently producing. The objective is to increase business rates and/or rental or council tax income. Examples include the refurbishment or better management of existing privately – owned buildings or the purchase of land for the developments of properties that would be privately let. It is this strand that member examined with the objective of developing criteria that should be used to assess the social and economic benefits that can derive to an area when considering the purchase of land or properties.

3. Findings

Members considered that Strand 3 of the strategy should not just be about income generation but it should also be used as a vehicle to generate increased employment, and to incentivise and encourage the growth of business in the borough, providing social and economic benefits to support the objectives in the Gedling Plan. They considered that there was a need to attract businesses to locate in the borough, acknowledging the challenge of how to motivate businesses to do this. Wherever possible the strategy should be used in areas of deprivation with the objective of increasing employment and benefits for the local economy and residents.

To enable members to draw together the principles on which to base decisions three hypothetical sites were used to enable members to consider the social and economic issues that should be taken into account when prioritising development.

Using this these three sites Members explored issues they felt should be prioritised when decisions were taken to purchase land or property and when there were choices to be made between a number of sites.

Criteria to be considered when purchasing land/property using Strand 3 of the CPIS:

I. Deprivation

Some areas of the borough fall within the 10% most deprived in England. Deprived areas can slide into deeper decline when people move out leading to fewer resources in the local economy and lack of local job opportunities. The mapping of areas of deprivation needs to be available to enable comparisons to be made between different areas of the borough. This would enable a range of social and economic factors to be taken into account when intervening in the property market, this could help address the challenges presented by deprived areas. The mapping of areas of deprivation is currently being undertaken and will be available in due course.

II. Employment

In areas of high unemployment and low incomes consideration should be given as to whether the acquisition and improvement of the land/premises would have potential to provide employment for local residents? Businesses that look to create and safeguard job opportunities should be encouraged. If local people are employed they will spend their money locally thereby improving the local economy. Provision of youth employment opportunities was seen as particularly important especially in areas of deprivation.

III. Skill Levels

The location of a business can make an important difference to its success and the benefits it can bring to a geographical area. Areas where there are high attainment levels need high tech companies located there and neighbourhoods where there are low skill levels need companies that will provide training opportunities.

Highly technical industries benefit from having a labour pool from which to recruit workers, however, even where there not a skilled workforce available locally consideration should be given to supporting businesses locate as increased business activity can offer other economic and social benefits to neighbourhoods, for example an increased use of local shops or café's.

The opportunity for employment and training for everyone, particularly young people, can help revitalise local economies by tackling unemployment and economic inactivity. There should be an emphasis on supporting business to become established in deprived areas of the borough where there is low educational attainment and/or a skilled and trained workforce. Consideration should be given to the location of the business premises that have the potential to offer training opportunities, apprenticeships and work experience. As an authority we should encourage the provision of training and job opportunities in areas of low educational attainment. One way of working towards this and removing barriers to employment can be incentivising businesses that will provide employment and that offer skills training.

IV. Connectivity

How easy is it to get to the location of the site? Dependent on the potential use of the land/property and the skill level required is there an available workforce. If not how easy is it for potential employees to get to the location and how financially viable is it for workers to travel to the site. Dependent on the type of business is the site easily accessible for the transportation of raw materials and finished products.

V. Growth areas

Is the area a growth area with new housing development? Would the location of provide business units for new enterprises and employment opportunities for new residents. Would the location of business and retail units help create sustainable communities, providing both employment and local services?

Consideration should be given to encouraging the provision of employment opportunities in close proximity to housing development, this could contribute to decreasing our carbon footprint by reducing the distances travelled to work.

VI. Other social and environmental factors

There are other site specific benefits that need to be considered when ranking possible opportunities against each other. The possible alleviation of flooding on sites through careful redevelopment and planning, or the reusing of derelict or underused sites to improve the locality bringing perhaps the benefit less anti-social behaviour or acting as a catalyst to restore economic viability to an area.

A scoring matrix for use when assessing the criteria is attached at **Appendix 1**.

4. Conclusion

The use of Strand 3 of the CPIS is dependent on which properties are being marketed and that each property will have to be individually assessed for its potential to have value added. Members regarded this individual assessment as an opportunity for it to be used as a mechanism to intervene in areas of deprivation and engender benefits for the residents of Gedling. They concluded that social and economic benefits should be integral to any decision being taken to purchase/develop land under the strategy. The working group considered that the criteria they have developed would add value to the decision making process in other areas of the Councils work and felt that all the data currently available relating to economic position of the borough, and from other service areas, should be taken into account when decisions were being taken.

Appendix 1: Scoring Matrix

Criteria	Scoring			Comments
	Positive impact	No impact	Negative impact	
Deprivation				
Employment				
Skill levels				
Connectivity				
Growth areas				
Other factors				