

HAVANT BOROUGH COUNCIL

Scrutiny Board

29 August 2017

Economic Development Service Scrutiny Review

For Decision

Key Decision No

Report By: Economy, Planning, Development and Prosperity Scrutiny and Policy Development Panel

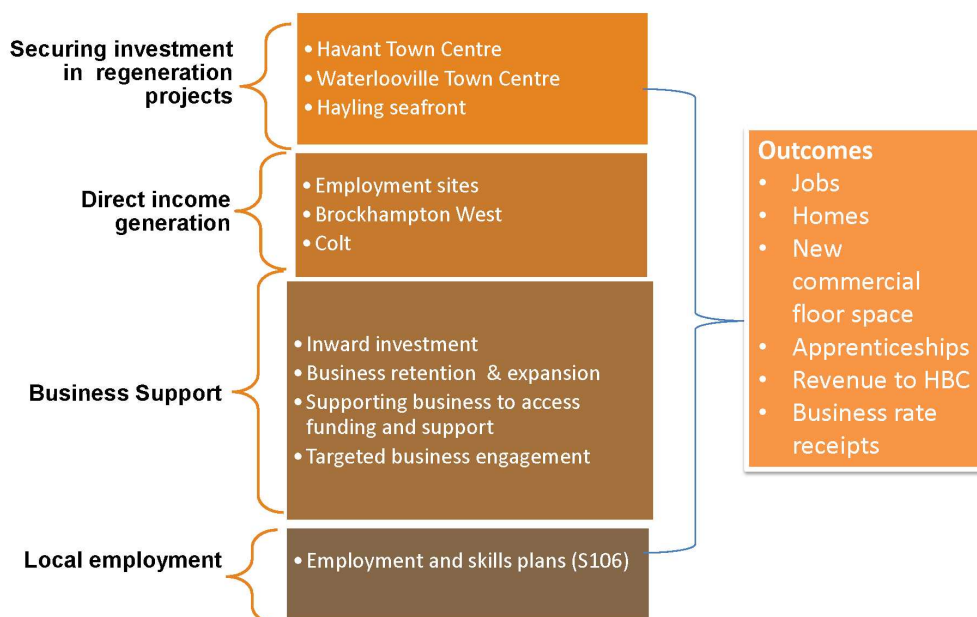
1.0 EXECUTIVE SUMMARY

1.1 The scrutiny was established to review the Council’s role in relation to economic development within the Borough.

2.0 RECOMMENDATIONS

2.1 It is recommended that Cabinet:

2.1.1 endorse the recent officer’s review of the Council’s economic development service and agree that role of the service in the future will be to provide a clear project focus & deliver the outcomes shown below



- 2.1.2 directs that the service concentrate in high impact projects and puts minimum resources into the current legacy activities such as market contract management until the impact of new aims and objectives of the economic development service can be evaluated;
- 2.1.3 agree to the economic development service being provided to the Council by EHDC via a Section 101 Agreement;
- 2.1.4 reconsider the Council's current policy of updating CIL rate relative to changing construction costs and inflation to ensure that CIL does not detrimentally affect the economic viability of developments; and
- 2.1.5 agree to a workshop to establish what the housing economic climate in the Borough and rethink the Council's strategy for housing delivery in this climate.

3.0 STRATEGY

- 3.1 The proposed changes to the economic development service will comply with the Council strategies towards economic growth, public sector excellence, and innovation and creativity.

4.0 LEGAL

- 4.1 Section 101 of the Local Government Act 1972 and section 9EA Local Government Act 2000 together with Regulation 5 of the Local Authorities (Arrangements for the Discharge of Functions) Regulations 2012 allows for a Local Authority to arrange for the discharge of certain functions to another Local Authority.

5.0 RESOURCES

- 5.1 The aim of the proposal is for EHDC to deliver a economic service and HBC to commission this service under a Section 101 Agreement. The proposal aims to ensure that resources are directed towards the Council's needs.

6.0 STAKEHOLDERS

- 6.1 The views of local businesses have been sought as part of this review.

7.0 RISKS

- 7.1 The primary risks are a disruption in the service during the transfer and that the changes to the service fail to deliver the needs of the Council.

8.0 METHODOLOGY

8.1 Full details of the methodology of the project is set out in a separate Findings Pack

9.0 CONCLUSIONS

9.1 Economic Development Service

9.1.1 Problems with the Current Service

9.1.2 The current service lacks:

- (a) a clearly defined role;
- (b) priorities, and
- (c) targets.

This is demonstrated by the fact that 92% of the businesses that took part in the survey, did not know or were unsure about the Council's economic service.

9.1.3 There is no quantifiable return on investment and resources are not directed towards the Council's needs

9.1.4 What is Required

9.1.5 The service needs:

- (a) clear project focus and outcomes.
- (b) to concentrate on high impact projects with clearer financial and economic incomes and less on the legacy activities such as market management;
- (c) to draw on wider skill base especially from the business sector;
- (d) to focus on revenue generation; and
- (e) to direct its resources towards the needs of the Council.

9.2 The Borough's Economy

9.2.1 The Panel is concerned to learn that the Council is unlikely to meet its Housing Supply targets due to a number of factors including the Gross Development Value of land in the Borough and the Council's CIL Charging Structure.

- 1.2 Of particular concern, is that the increase in the CIL rate (25% over the past five years) had detrimentally affected the economic viability of developments and the Council's ability to provide affordable housing through CIL.

10.0 Background Papers

[Public Findings Pack](#)

[Private Findings Pack](#) - Please note that certain findings in this pack are not for publication, as per Paragraph 3 of Part 1 of Schedule 12A (as amended) of the Local Government Act 1972.

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