
The Proposed Restructuring of the Argyll and Bute Economic Development and Strategic Transport (EDST) Service

1.0 EXECUTIVE SUMMARY

1.1.1 This report concerns the proposed restructuring of the Economic Development and Strategic Transport (EDST) Service to help deliver the sustainable growth of the Argyll and Bute's local economy. "Argyll and Bute's economic success is built on a growing population" is the overall aim identified by the Community Planning Partnership's approved Single Outcome Agreement (SOA). This priority has been further developed through other key council documents such as the Strategic- and Area- based Economic Development Action Plans, together with the Local Development Plan. In December 2014 the Policy and Resources Committee unanimously agreed to take forward Option D in terms of delivering on the Single Outcome Agreement. Option D included the Council investing for economic growth and creating a Strategic Infrastructure Plan (SIP); the proposed restructuring of the EDST Service is intended to support the delivery of this focus on economic growth as this will not be possible with the current level of resource available to the Service. Additionally, the restructure of the team is intended to ensure maximum flexibility and cross-team working.

1.1.2 The restructuring of the EDST will see 7 additional posts and 1 upgraded post added to three service areas including:

- 1 new post and 1 upgraded post under the Transformational Projects and Regeneration Manager with a focus on undertaking project work and regeneration activities throughout Argyll and Bute;
- 2 new posts under the Strategic Transport and Infrastructure Manager, focusing on improving our transport connectivity and delivering the strategic infrastructure plan and digital connectivity;
- 3 new posts focussing on business growth activities in our key business sectors such as tourism, defence industries, food and drink and marine sciences under the Economic Growth Manager;
- 1 new post to focus on promotion and marketing activities, with additional responsibility to facilitate the Argyll and Bute Economic Forum;
- It is also proposed to relocate responsibility for the Piers and Harbours at an operational level to Roads and Amenity Services.

2.0 RECOMMENDATIONS

- 2.1.1 That Members support the proposed revised structure of the Economic Development and Strategic Transport (EDST) Service as identified in **Appendix 1** and approve the allocation of the additional resources as identified in **Appendix 2** and paragraph 4.1 of this report.

The Proposed Restructuring of the Argyll and Bute Economic Development and Strategic Transport (EDST) Service

1.0 INTRODUCTION

1.1 This report outlines the proposed restructuring of the Economic Development and Strategic Transport Service (EDST) to help facilitate the sustainable growth of the Argyll and Bute's local economy as advocated through the Community Planning Partnership's approved Single Outcome Agreement (SOA) and other key council documents such as the Strategic and area based Economic Development Action Plans (EDAPs), the new Strategic Infrastructure Plan (SIP) and Local Development Plan. This report has been prepared with regard to the Policy and Resources Committee December 2014 decision to take forward Option D in terms of investing for economic growth and a Strategic Infrastructure Plan (SIP) together with meeting the requirements of the newly established Economic Forum. The restructuring of EDST to deliver these outcomes was highlighted by the Leader of the Council during his budget speech in February.

1.2 OBJECTIVES OF THE EDST SERVICE AREA

1.3 The Economic Development and Strategic Transport (EDST) Service area is the Council's economic growth team and its main function is to deliver Argyll and Bute's SOA in all matters concerning the growth of our economy, tackling our population challenges and the delivery of the strategic and area based EDAP plans. This will be done working in partnership with other council services, community planning partners together with the private and voluntary sectors.

1.4 There is a growing recognition that the EDST Service has insufficient resources in terms of both budget and staff to undertake the necessary works to allow the Argyll and Bute economy to grow sufficiently to enable an increase in our working age population. Growing the local economy will allow additional jobs to be created and help to retain our population which is linked to our GAE that affects the level of cuts that may have to be applied to Council services in future years. Over the past 12 months recruitment in EDST has focussed on delivering capital projects, including CHORD, there now is a need to better facilitate the growth of the wider local economy through improved support to private businesses, addressing key barriers to growth such as lack of affordable housing, our poor transport connectivity (see Diagram A) and working with communities to undertake additional area regeneration activities. This report consequently seeks identified and targeted additional resources to assist the growth of the local economy in an effective and efficient manner.

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2.0 RECOMMENDATIONS

2.1 That Members support the proposed revised structure of the Economic Development and Strategic Transport (EDST) Service as identified in **Appendix 1** and approve the allocation of the additional resources as identified in **Appendix 2** and paragraph 4.1 of this report.

3.0 DETAILS

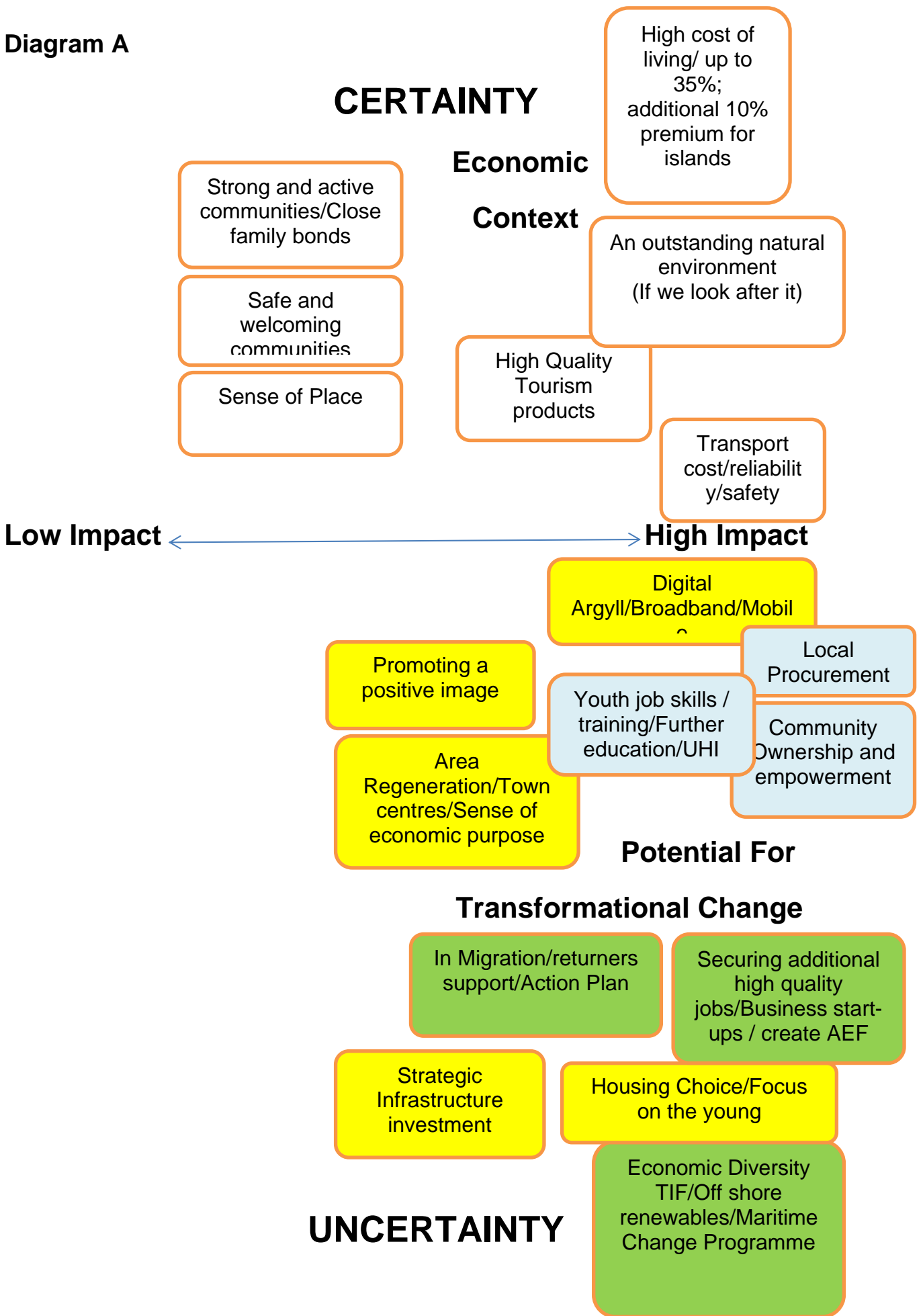
3.1 The purpose of this restructuring exercise is to examine the current activities of the EDST service and set them against the identified priorities for the sustainable growth of our economy and addressing our population challenge. These priorities for action have been identified through the Single Outcome Agreement and the strategic and area based Economic Action Plans that are aligned to its key outcomes.

3.2 The EDST is a small team that has grown in recent years in response to the need to deliver projects or council policy relating to the economy and strategic transport issues. The team helped grow the economy by 3% in the last financial year, securing European funding such as LEADER £4.9m and secured permission for the Lorn Arc TIF at £18.5m and other external funding in excess of £15 million with further bids lodged for the likes of ESF (£2m) and ERDF growth accelerator programme. In addition the team has been successful in completing or starting on site a number of area regeneration projects, lobbying for and directly improving essential infrastructure and supporting an increase in business start-ups with 328 over the last 3 years and supporting 1,570 existing businesses. The employability service has also assisted over 1,400 people back to work over the last 3 years helping to reduce the job claimant rate to around 2%.

3.3 That said the workload of the team to achieve these results and maintain them has become unsustainable at current staff levels. The service also lacks strategic capacity and essential key skills (such as marketing and promotion, sector support and expertise, infrastructure development etc.) to fully address the additional demands that have been generated through the SOA and the need for further

economic growth that can deliver up to 400 private sector jobs per annum. In addition, there is also now a critical need to do more to raise the profile of Argyll and Bute, to ensure that economic decisions are taken locally and address key priorities at a local level together with a compelling need to adequately address the challenges we are currently facing and will continue to do so in the years ahead. (See **Diagram A** that identifies our main barriers to growth and areas where an expanded EDST service can make the most difference). It also needs to be noted that the creation of the Argyll and Bute Economic Forum brings with it additional requirements that will need adequate levels of resources including staff time to achieve positive outcomes and successfully tackle the population challenges we face in Argyll and Bute.

Diagram A



- 3.4 Currently support for business growth is divided between 2 separate teams in EDST that can be difficult to coordinate and has limited capacity to respond to economic opportunities as they arise. The creation of a single Business Growth Team under the economic Growth Manager will consist of a Senior Economic Growth Officer who will focus on our compelling offer helping to create and promote the investment opportunities in Argyll and Bute, particularly with national, regional and local commercial agents, developers and potential investors. The team will focus on sectorial support with the recruitment of 2 additional economic growth officers to encourage inward investment and facilitate the key growth industries of Argyll and Bute including Food and Drink, Tourism, Forestry, Creative Industries and Marine Sciences. Partnership working will help unlock the potential of the private and voluntary sector i.e. through working with the likes of HIE, the Economic Development Forum, Scottish Enterprise, Argyll and the Isles Tourism Cooperative and the Argyll and Bute Agricultural Forum. Improving business diversity, helping to add value to products, improving skills in our young people and linking them to job opportunities and creating dedicated centres of business excellence will also be a key outcome as will working with our procurement colleagues to secure additional community benefits to aid the growth of our economy.
- 3.5 A key barrier to additional growth in Argyll and Bute is a lack of essential infrastructure the Strategic Transportation and Infrastructure Team will be expanded by a Strategic Transportation and Infrastructure post to provide sufficient capacity to develop and implement a Strategic Infrastructure Plan (SIP) which is a key outcome of the SOA that will help prioritise to external funders what our priorities for future investment are. The team will also gain a Digital Graduate placement post to help develop digital connectivity throughout Argyll with a particular focus on the delivery of superfast broadband and 4G mobile phone signal technology which is becoming essential for modern life, the creation of employment growth, service delivery, marketing and the growth of the tourism industry. A key aspect of this post will be ensuring local businesses take full advantage of new digital infrastructure.
- 3.6 There will be a renewed focus on community empowerment and developing the TEAMTOWN concept (creating multi-disciple teams integrated with the community focussing on key issues affecting economic and population growth in each area) to take forward future area regeneration activity. Currently the EDST service lacks sufficient capacity to deliver clear area based action plans with smart targets to deliver area regeneration to many parts of Argyll and Bute. The team also struggles to facilitate the work of the Argyll islands taskforce and other initiatives that present themselves. The creation of 2 new Development Officer posts, one at a senior level and one an upgraded officer post, will help ensure that all areas of Argyll and Bute can benefit from this holistic approach to area regeneration, including our remoter communities and island communities linked to the work of the Argyll and the Islands Taskforce and other special projects.
- 3.7 Argyll and Bute has a significant number of investment and promotional opportunities that need to be brought to the attention of a wider market. Marketing expertise will be added to the team through the appointment of a dedicated Promotion and Marketing post in order to promote Argyll and Bute as a great place to live, work, invest in and visit. The creation of an additional budget will also allow

the team to take advantage of match funding to produce sufficient data, partnership working and ongoing promotional and marketing opportunities.

- 3.8 Collectively the additional capacity will allow EDST to work more with our partners, identify economic development opportunities and attract additional external funding into the area together with serving the needs of the Argyll and Bute Economic Forum with its initial focus on developing the tourism, food and drink and education and skills sector linked to economic and population growth.
- 3.9 In terms of other parts of the EDST service the current CHORD / Capital Projects team will continue to operate with the name changed to the Capital Projects team with no additional posts following the recruitment that has taken place over the last 12 months.
- 3.10 To allow EDST to focus on the delivery of economic growth it is proposed to transfer the Piers and Harbours service to Roads and Amenity Services. Appendix 1 of this report includes the existing and new structure of the EDST service.

Promotion and Marketing

- 3.11 There is a need to improve our image as a place to live, invest, visit and work in and also to highlight our many compelling economic opportunities and attract economic migrants to live in Argyll and Bute. It is proposed therefore to create a Promotion and Marketing post, to undertake this work reporting directly to the Head of Economic Development and Strategic Transport and supporting the Economic Forum. This post may also have to be augmented by additional one off budget to change our area's brand identity that will be subject to another report.

4.0 STAFF and ADDITIONAL BUDGETS

- 4.1 While increasing the staff resource is vital to meet our SOA targets and facilitate the establishment of the Economic Forum there is also a need to create sufficient financial resources to create the right conditions for economic growth and allow the team to have the right data in place and enable opportunities to attract additional external funding and partnership working. It is therefore suggested that the following budgets are made available:-

- The additional staff costs are identified in **Appendix 2** of this report. The gross cost of additional staff posts is £331,758 per annum at the highest point of the proposed salary scale. D and I have identified £141,000 per annum to part meet this increase with the remaining sum requiring an additional annual revenue budget requirement of £190,758 at its peak.
- The creation of a dedicated budget of £95,000 per annum for additional economic activity purposes with a particular focus on promotion and marketing activities including the promotion of development sites and Argyll and Bute as a good place to live, visit, work and invest. In addition the budget will also be used for specific research and studies on key issues affecting the economy, partnership funding, data collection and travel expenses.

5.0 CONCLUSION

5.1 There is a need to restructure and add additional resources to the current EDST team in order to address capacity issues within the team, improve our economic performance, facilitate the work and recommendations of the Economic Forum, deliver the outcomes of our key policy documents such as the CPP's Single Outcome Agreement (SOA) and EDAP and create the right conditions to adequately address our population challenges. This approach was agreed at the Policy and Resources Committee December 2014 that took forward Option D in terms of investing for economic growth and a Strategic Infrastructure Plan. This report proposes the formation of 4 distinct service areas refocused on providing support to different aspects of our economy linked to the priorities for action highlighted in our suite of strategic documents with the existing staff structure detailed in **Diagram 1.1** and proposed staff restructure detailed in **Diagram 1.2 contained within Appendix 1** and costs included within **Appendix 2** and paragraph **4.1** of this report. **Appendix 3** provides additional detail on priorities of the proposed expanded EDST service for information. It is also proposed that the Piers and Harbour Service be transferred to Roads and Amenity Service (43 posts) to allow the EDST service to focus on economic activity and addressing our population challenges.

6.0 IMPLICATIONS

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| 6.1 | Policy | The work of the EDST team is focussed on the delivery of the SOA and other key policy outcomes contained in the Strategic and Area Economic Development Action Plans |
| 6.2 | Financial | The creation of 7 additional FTE posts with 1 upgraded post and budgets to improve Argyll and Bute's economic performance. (See Appendix 2 and paragraph 4.1) |
| 6.3 | Legal | None |
| 6.4 | HR | The creation of 7 additional posts FTE and 1 upgraded post will be subject to job evaluation, recruitment and negotiation with the unions. |
| 6.5 | Equalities | None |
| 6.6 | Risk | There is a need to grow our economy to help create additional private sector job opportunities in an effort to address our population challenges, address local economic development issues and counter future loss of our GAE |
| 6.7 | Customer Services | None |

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APPENDICES

Appendix 1 Proposed EDST Structure / Diagram 1.1 and 1.2

Appendix 2 Financial costs

Appendix 3 Additional Information