ISiS Partnership Somerset on the World Stage

Variant Bid

Volume 2

Section A2

28th November 2006

Key messages

- Your objectives for sustainable economic growth are rightly ambitious.

- We share your ambition and are excited to work with you.

- As a County you have unique assets which can be capitalised upon but also areas where improvements need to be made.

- We believe that IBM's capabilities and resource can help you to make it happen.

Highlights of our approach

We have created a simple but compelling model to help you drive the social and economic agenda including:

- A '**Somerset on the World Stage**' programme – IBM is the third most valuable brand globally: we will use this presence to enhance the image of Somerset nationally and internationally.

  - **Enabling** infrastructure upgrade programmes on which future social and economic growth can be built.

  - **Education and Skills** programmes to help develop the current and future workforce from school children through to life long adult learning.

  - **Enterprise** initiatives to kick-start new business and help develop existing ones.

  - A set of **Economic Vibrancy** initiatives – including the doubling of the ISiS JV, improving the competitiveness of companies in Somerset and inward investment targeted at specific clusters including the environmental sector.

How you will benefit

- We will help to make the County as productive as similar Counties, which could increase the economic wealth by £600m per year.

- We will create 400 new jobs in start ups and IBM's own staff.

- We will bring IBM research into Somerset and help create an exciting industry around environmental science.

- We will deliver broadband services to all in Somerset and provide low cost, easy to use technology into deprived households to access it.

Social and Economic Development at a glance . . .

<table>
<tr>
<td>**Why is this important to Taunton Deane and Somerset?**</td>
<td colspan="5">**Context:** Somerset is an area of high employment with low wage rates. Many young people leave the area at 18. Economic growth is low compared to the SW and the best parts of Britain and has recently got worse. If this continues, the population will age, costs will go up, tax revenues will decline, the County will become less vibrant and the infrastructure will be damaged.</td>
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Key, Up front messages

1 Using some of the best national and international researchers, we have made a detailed analysis of the micro- and macro-economy of Somerset and compared it with the best in the UK and elsewhere.

2 IBM will bring 200 jobs into the area but, more importantly, will make investments to increase the value of the jobs that are already here.

3 IBM will build a new Business Centre that will contain a Business Incubator, linked to SCAT, that creates another 200 new jobs in start-up companies.

4 We will run a Supplier Excellence programme, jointly branded with the Councils and Business Link, to e-enable thousands of companies in Somerset and improve their competitiveness.

5 We will work with Somerset to make a number of major infrastructure investments. These will include the underlying components of a University and a major broadband network to every home and business.

What's our compelling idea?

| To drive an integrated programme of economic development activities, tailored to Somerset's needs, to make a step change in economic growth. |

The Big Idea

What outcomes are we striving for?

Run a powerful marketing campaign, linked to IBM, to raise awareness	Create enabling infrastructure for business, education and community	Make investments in schools to improve standards	Create new enterprises to kick start the economy	Make existing companies more competitive

What we do to make this happen?

• Run a **Somerset Jam** to raise excitement and aspirations	• Upgrade **broadband network** to allow 99.9% of residents and businesses to get full speed	• Create a **Schools Centre of Excellence** and run a programme of transformation workshops for all teachers in Somerset	• Create an **IBM Business Centre** in Taunton with regional offices	• Run a **Supplier Excellence programme** to improve use of IT and e-enablement for 3000 to 4000 companies
• Provide a marketing secondee to the **Inward Investment Agency**	• Create a **Business Portal** for services and business collaboration	• Create a **Collaborative Learning Solution** pilot for 2,000 schools	• Create an **Innovation Centre for ISiS** programme and outside use	• Provide similar facilities for the **Voluntary Sector**
• Appoint the **IBM UK Marketing Director** to the Agency Board	• Create community facilities on the **Citizen's Portal** to allow residents to use the Internet, access services and learn on-line	• Create an **IT technician's course with SCAT**	• Create a **Business Incubator** for 200 - plus new jobs	• Assist the formation of an Inward Investment Agency
• Run a number of campaigns to create a brand of **"Somerset on the World Stage"**	• Continue **economic and social analysis** and monitor in the future for improvements	• Provide the **underlying infrastructure for a University**, when needed	• Bring **200 plus jobs** from IBM's workforce into Somerset	• Create an **ISiS SW Business Development team** to double the size of ISiS in four years
• Create a **European Institute of Local Government**		• Provide **Lifelong Learning tools** to up-skill the County's workforce		

Social and Economic Development at a glance . . .

<table>
<tr>
<td>**How will we make this happen?**</td>
<td>**We will work with the Councils, the RDA and other partners to agree the scope of the overall programme, establish a plan and resources. This will include a Somerset Inward Investment Agency:**
• We will create the role of director of Social and Economic Development
• We will ensure close alignment between LAA targets and Enterprise Somerset to obtain Council buy in
• We will provide innovation expertise to both the Enterprise Hub and Supplier Excellence programmes
• We will fund advice and monitoring services from Geoeconomics-Birkbeck for three years
• We will provide a marketing expertise onto the Inward Investment Board</td>
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"Somerset on the World Stage" will be delivered through the following projects and underlying activities:

Project 1: An Inward Investment Agency for Somerset

Key Activities: Discovery phase, who, why. Get buy in. Start up. IBM secondee. Monitor results with Geoeconomics-Birkbeck

Project 2: A New Business Centre

Key Activities: Re-develop County Hall. Create partnership for Business Incubator. Use Innovation Services to create Innovation Centre and Education Centre of Excellence. Link to new IBM South West offices

Project 3: Supplier Excellence

Key Activities: Identify suppliers and profile with Councils and Business Link. Make contact and market. Set up joint IBM / Councils / Business Link brand. Establish collaboration tools and environment. Create Innovation Services for companies and voluntary sector in Somerset

Project 4: Roll out high speed broadband

Key Activities: Establish business case and funding options. Discover status and technology options. Create investment board, implementation company, services company. Negotiate right price for areas of high levels of deprivation

Project 5: Internet access technology into deprived homes

Key Activities: Create holistic business case. Build Regen TV and pilot in deprived area. Link to Council services. Create community action teams. Create training and support services in Libraries. Roll out to 8,000 homes

Project 6: Investments for schools, colleges, lifelong learning

Key Activities: Discover status, funding and buy in. Create business case. Establish network requirements and deliver. Establish partnership for financials and learning systems.

What else?

1 We offer a robust service delivery model for the operation and delivery of Corporate Services. We will leverage these resources for the economic good of the people of Somerset.

2 We offer a viable, sustainable and affordable commercial model based on a variety of innovative funding options.

3 We offer the power of our brand . . . The ability to bring business connections to Somerset and to enable economic development programmes.

4 We offer our well deserved reputation for innovation and creativity.

5 We offer unsurpassed global reach and global resources.

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1   Summary

"……..to deliver improved outcomes for all the residents of Somerset."

County Council's Transformation Vision, October 2006

Our ISiS proposal is based on what we call the 4 box model. Three of the boxes focus on the efficient delivery of corporate services, transformation across both Taunton Deane Borough Council and Somerset County Council and multiagency working. Every citizen across Somerset will receive seamless public services that are appropriate to their needs. These programmes, building on the Councils' undoubted strengths, will deliver a set of outcomes unrivalled in the UK and far beyond.

> Improved public services through multi-agency integration
>
> Social and Economic Transformation
>
> Enterprise wide Transformation
>
> Efficient delivery of in-scope services

The fourth box builds on these by seeking to transform the economy of Taunton and Somerset in the same way as ISiS will transform public sector services. We will use the skills and resources of IBM, the ISiS programme, the Authorities and other partners to dramatically improve the infrastructure, education attainment, business start ups, business expansion and the voluntary sector to drive economic growth in the County towards the best in the UK.

A key objective of ISiS requires the selected partner "**to generate economic development**" by being "**willing to invest in Somerset**". Accordingly, specific measures in our proposal focus on meeting this requirement through regional centres of excellence, new employment opportunities, raising skill levels, generating capital investment in economic development and regeneration, reducing deprivation in priority areas, supporting small businesses, reducing the cost of living and increasing the quality of life in Somerset.

The context within which these proposals have been developed starts with the SW RDA Economic Strategy Sept 2006 which shows productivity rates and growth for Somerset below the South West averages which are themselves below the UK averages. Somerset's own Economic Strategy document gives a "view that the economy has under-performed in the past decade in comparison with its competitors, is highly dependent on low value added activities and provides low pay. It is facing major change and many market towns are dependent on a limited number of businesses in declining industries".

Specifically, six key objectives are set out in the strategy. They seek to develop Somerset's economic voice, to maximise its long term attractiveness to investment, to increase competitiveness and productivity of its businesses, to realise the potential of Taunton and other towns as growth centres, to revitalise the economy of the market towns and to increase opportunities for all Somerset's residents. The strategy focuses on three drivers of innovation, environmental quality and economic inclusion to achieve by 2015 the overall aim of "**a dynamic, high value and leading edge economy for Somerset and the wider South West region**".

The table in the section below shows how our initiatives correspond to the objectives of the County, the Borough, the economic outcomes of the Local Area Agreement and the ISiS objectives.

Taunton has an important role in this. The economy of the South West is diffuse and it is of great importance that centres of growth are created. The Somerset plan sees significant urban development at Taunton and an employment and service role for the whole County. The Borough Council is also focused on economic growth: the first five objectives in the Community Strategy are dedicated to such matters as increased business start-ups and the expansion of existing businesses. Project Taunton is central to this; it will create a vibrant mix of employment, retail, housing, cultural and leisure facilities.

The strap line of Project Taunton: **"A 21st Century Town"** gives an important clue to the shape of the economy of the County as a whole and how it should develop in the future. The people of Somerset want a vibrant and growing economy but not at the expense of the high quality lifestyle they currently enjoy. It is important to find sources of wealth and employment that fit into the picture residents have of themselves and their place. In the modern world, with the current focus on energy efficiency, waste management and environmental awareness, this is possible. Many of the areas where Somerset focuses such as the environment, creative industries and the knowledge economy, fit this model and can be pursued vigorously while enhancing the quality of Somerset life.

Excellent work has been done already by the Councils and their partners. Much more is in plan. IBM will seek to build on this success and take it to a new level. We believe that our worldwide resources and the power of our brand will be of great assistance.

In addition to these sources of information, IBM has commissioned two new pieces of research to ensure that we really understand the economic situation in Somerset and how it is viewed both nationally and internationally. Geoeconomics, staffed and based at the Centre for Applied Economic Geography at Birkbeck College, University of London, has carried out an in-depth micro-economic study of the Somerset economy. Plant Location International, an IBM company based in New York and Brussels, has completed a similar study, this time studying the macro-economic aspects of the County's economy and discovering how foreign investors view it.

Why have we done this? For a complex rural and urban economy such as Somerset, many of the standard measures of growth, deprivation, demographics and others do not necessarily serve the County well. It is important therefore to get to the true measures and benchmark them against relevant areas in the UK and beyond. We believe that this analysis allows us to target our work and measure the results as we go forward. We can see where major infrastructure investments can have an impact on the economy, how they are viewed outside this Country and make realistic business cases.

Based on this research, we propose the following set of measures. They are grouped around five specific themes and build upon the economy and way of life that is here already. They all work together and form a virtuous circle. Improvements in infrastructure **enable** improvements in **education** which in turn assist new **enterprise** start ups and improvements in the overall **economic vibrancy** of the area. Throughout this programme, we will assist the County to improve its image in this Country and beyond.

The following picture and supporting paragraphs describe very briefly the initiatives we are proposing.
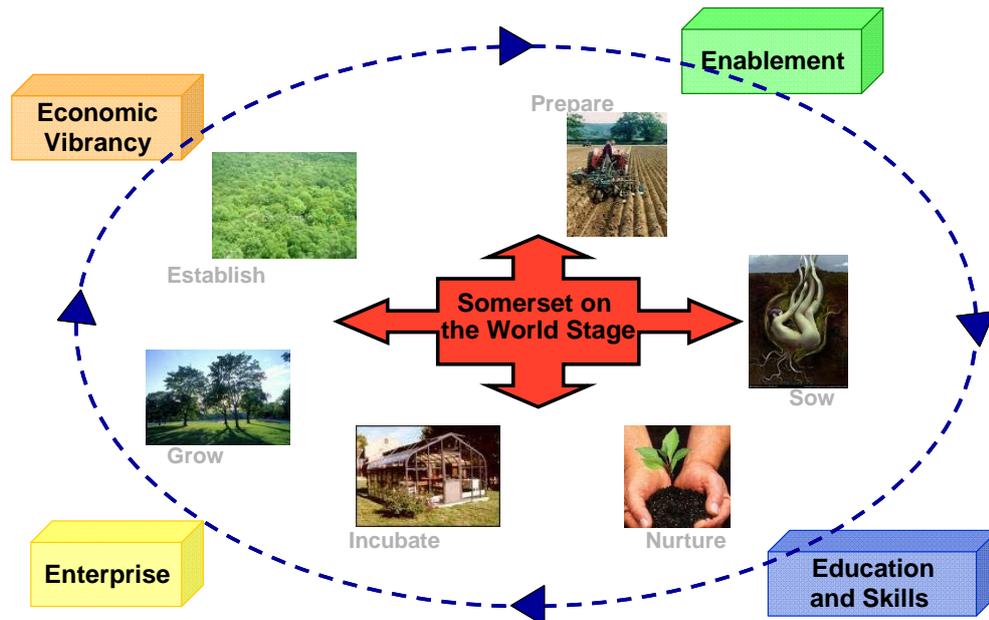
Figure 1: The Social and Economic Development Framework

1. Enablement

We have commissioned primary research into the economic landscape using Geoeconomics - Birkbeck College and Plant Location International. They will continue to benchmark the economy against the best in the UK and beyond to demonstrate the results of the programmes we put in place.

We will prepare the underlying infrastructure needed to support education, enterprise and the economy by greatly extending **the County-wide broadband network**, offering improved connectivity to Council offices and fast bandwidth to residents and businesses alike.

We will build a **Business Portal** for the use by existing and start-up businesses in Somerset. It will provide a wealth of facilities to help enterprises get at the information they need, transact business with the Councils, collaborate with each other to form clusters and tap into ISiS services.

We will create a **Community hub** to allow low cost and easy access to broadband and Council services, particularly in areas of deprivation, along with new tools for the elderly and unwell to enable them to live at home longer. Community tools will be provided and a comprehensive training and engagement programme will take place.

2. Education and Skills

We will provide early access to the Building Schools for the Future (BSF) technology and systems and provide connectivity between parents, children and teachers, **supporting achievement in schools**. This will be supported by our partner Mouchel Parkman who have unparalleled experience in project managing Building Schools for the Future initiatives with other Local Authorities. We propose the creation of a Managed Learning Environment and an initial pilot for 2,000 children to start this process. We will run workshops for all the teachers in Somerset covering the cultural changes that BSF requires.

We can provide the infrastructure, network and learning systems to support a **new University**, whether virtual, built around the five Somerset Colleges or another model. We will draw on our experience in building the world's largest virtual University (e-Army University in the USA).

In addition, we can provide the same infrastructure to allow Lifelong Learning, to tackle illiteracy, invest in future skills areas, train school leavers for work and put in place the **foundations for future learning**.

3. Enterprise

We will establish an **IBM South West** Office in Taunton, serving our 450 staff in the Region. This will include the re-location of our current Vice President for the Public Sector to a Taunton office.

We intend to bring **direct employment** of over 400 new jobs from IBM and our partners and new business start ups into Taunton and Somerset within three to five years.

We will create a **New Business Centre** in Taunton which will host a Business Incubator, an Innovation Centre and Centres of Excellence for Local Government and Education. It will act as a melting pot for new ideas and a foundry for their growth into real commercial enterprises, creating further jobs.

We will seek to provide structured professional career paths to make ISiS and the New Business Centre **aspirational career** choices for people in Somerset and beyond. We will create direct links and investment into the Somerset College of Arts and Technology to enrich the work they are doing and extend their reach into the community and enterprise.

4. Economic Vibrancy

We will invest in an **ISiS Business Development** capability to sell services throughout the South West and elsewhere, preserving and growing jobs in Taunton and reducing transaction costs for all. We have visited many Authorities and Agencies over the last three months to ascertain their level of interest in buying services from ISiS and the Councils. We believe that there are substantial opportunities to extend the scope of this to other Council-run activities such as Adult Social Care. We intend to double the size of the Joint Venture (JV) in four years.

We will assist in setting up an **Inward Investment Agency** and providing specific skills for its workings and support for its operations. This will include an offer to appoint our UK Director of Marketing to its Board, to help promote Somerset on the World Stage.

We will foster greater engagement with small businesses in Somerset through a **Supplier Excellence** project, assisting e-enablement and improving the competitiveness of the 3,000 to 4,000 companies in Somerset that trade with the Councils. We will run the same programme with the County's 1500 voluntary organisations.

We will create an Energy Valley Cluster initiative to bid for grants, **head hunt key teams** and create a cluster of businesses in the important environmental sector. IBM Research has made a commitment to matching local funding for relevant projects in this important sector.

And finally ….

We will ensure that the great strides that are being made are recognised both nationally and internationally by a skilled and persistent marketing campaign significantly building on the **Image of Somerset.**
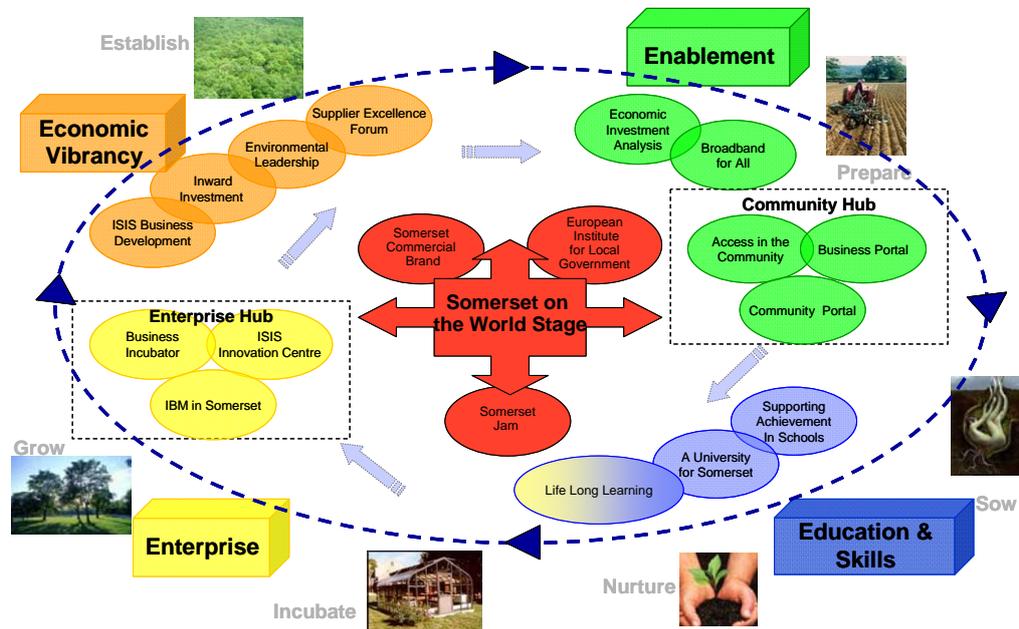

Figure 2: The Social and Economic Development Virtual Circle

We are confident that these measures, taken as a whole and implemented in partnership with you, will drive benefits identified in the virtuous circle shown above. We will provide continuous benchmarks for Somerset against comparable areas across the rest of the Country and abroad in order to show the success of these initiatives over the years.

What impact will this have? The size of the Somerset economy is over £6.2B per annum (ONS Regional Account statistics for 2003). If the County were as successful economically as the rest of the Region, this would be £1B more. Even comparing Somerset with similar Counties such as Northamptonshire, Shropshire, Suffolk and North Yorkshire, **the economy of the County should be £620M per annum larger**. We believe that the measures in this proposal will make the infrastructure, education and training, business productivity and image of Somerset in the world as good as anywhere in the Country. This, together with the direct jobs that we will bring, will put the County on the path to finding that extra wealth.

We also expect to see improvements arise in terms of the four key target outcomes that are identified in the economic block of the Local Area Agreement. We expect to be able to fund some of our initiatives from investments set aside by the Councils to meet the LAA targets.

It is important to understand that this set of proposals is based upon our current understanding gained during the procurement process. Though the process has been exemplary in its openness and communication, we recognise that there may be other priorities or alternative political paths to take to ensure success. Notwithstanding this, we stand behind our proposals and would be delighted to work with you to implement them. Our commitment to start to work on this would begin from preferred supplier.

Finally, you will already know how keen we are to be your partner in this enterprise. In this part of our ISiS submission as in the others, we genuinely believe that Taunton Deane Borough Council and Somerset Count Council have a chance to break new ground and, to demonstrate in one place, world class innovation. In this respect, we want Taunton Deane and Somerset to become our reference Local Government worldwide. We believe that this will put both Councils and IBM onto the World Stage.

Our Initiatives in Brief:

| Somerset on the World Stage	
1. Somerset Jam	Run an on-line event with citizens and businesses to define Somerset's future
2. Somerset in the Lights	An ongoing marketing campaign to promote the County's unique brand
3. European Institute for Local Government	A place to develop and share best practices in local government
Enablement	
1. Economic Investment Analysis	Benchmarking and monitoring Somerset 's economy for three years to see the effects of what we are doing
2. Broadband for All	Expanding the percentage of the population who get true broadband speeds to nearly 100%
3. Business Portal	We will build a one-stop shop for the information and services businesses need
4. Access in the Community	Community features in the Citizen Portal will support local projects and promote involvement in civic life. The deprived will be able to receive it in their homes on easy to use, low cost technology
5. Independent Living	State-of-the-art technology to bring medical services to the home
Education & Skills	
1. Supporting Achievement in Schools	A world-class IT infrastructure to support improved educational attainment
2. A University for Somerset	Working with the local colleges to provide a university education for Somerset residents
3. Lifelong Learning	Using the ISiS platform to offer continuing education courses and tackle adult illiteracy
Enterprise	
1. IBM South West Location	Creating IBM's Regional HQ in Taunton to bring high-tech jobs and help create a hub of business activity
2. IBM Integrated Delivery Centre	Supporting jobs in the ICT department of ISiS by training staff in IBM's methods , delivering other projects
3. ISiS Innovation Centre	A location where new ideas are explored and the cultural changes for transformation are developed
4. Business Incubator	Providing an engine for new business start-ups in key industries including renewable energy and creative services
Economic Vibrancy	
1. ISiS South West Business Development Team	A sales force to position ISiS as one of the fastest growing companies in the Southwest
2. Inward Investment	Support to create and govern an inward investment agency for Somerset
3. Supplier Excellence	Improving the competitiveness of local companies that do business with the Authorities
4. Environmental Leadership	Bringing IBM Research and our partners to Somerset to help create an Energy Valley in the South West

An Analysis of our Projects against Key Objectives

Somerset Objectives[1]	Taunton Deane Objectives[2]	LAA Outcomes	ISiS Economic Results[3]	Our Deliverables
To develop the effectiveness of Somerset's economic voice, partnerships and strategic delivery capacity.			▪ Working with the Councils and other agencies including the SWRDA to assist in raising the investment potential profile for the South West.	▪ "Somerset on the World Stage" programme with marketing secondee and IBM Marketing Director support.
To maximise the long term investment attractiveness and dynamism of Somerset's economy.			▪ Acting in a way that contributes to sustainable economic development and business practice.	▪ Direction from Geoeconomics. ▪ Infrastructure upgrades such as "Broadband for All". ▪ Improvements in education.
To increase the competitiveness and productivity of Somerset's businesses.	Increase new business start ups and enable the retention and expansion of existing businesses.	7) Increase investment levels & business competitiveness in Somerset. 8) Increase growth & sustainability of small businesses in Somerset.	▪ Capital investment in economic development & regeneration ▪ Providing support for small businesses.	▪ The Supplier Excellence project. ▪ Creating the Energy Valley. Cluster Creation team. ▪ ISiS Business Development Team Selling ISiS services across the Region to double the size of the business.
To realise the potential of Taunton, Yeovil and Bridgewater as economic growth centres for Somerset and the SW Region.	Increase tourist visitor expenditure in Taunton Deane (per annum).		▪ A regional centre for the partnership work established in Taunton Deane area, brining in new jobs.	▪ Creation of the new Business. Centre for ISiS and new Regional HQ for IBM in Taunton ▪ Deane Village development.

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[1] From Somerset Strategic Partnership: Somerset Economic Strategy

[2] From Taunton Deane Local Strategic Partnership: Community Strategy

[3] ISiS ITN Objectives: Objective 6, "To generate economic development by attracting a partner willing to invest in Somerset" described on 30 June, updated 7 July

Somerset Objectives[1]	Taunton Deane Objectives[2]	LAA Outcomes	ISiS Economic Results[3]	Our Deliverables
To revitalise the economy of Somerset's market towns and rural communities.	Improving the vitality of Taunton Deane's towns and rural communities.	9) More sustainable Somerset rural economy.		▪ Creation of the Business Incubator for start-up jobs. ▪ Extension of true broadband to. rural areas
	Promote opportunities for raising skills and improve educational attainment.	10) Reduce worklessness and increase skills levels across Somerset's population.	▪ Providing employment opportunities and training of the highest standards. ▪ Helping to raise skill levels in the local economy.	▪ Working with colleges to increase ICT training. ▪ Providing infrastructure options for a University. ▪ Providing tool for life-long learning.
	Tackling disadvantage.	10) Reduce worklessness and increase skills levels across Somerset's population.		▪ Providing low cost broadband services in areas of high IMD. ▪ Providing low cost technology systems for these areas.
			▪ An ethical investment policy.	▪ IBM's Supplier Conduct Principles
			▪ Making a strong contribution in relation to community and voluntary sector initiative and activity.	▪ Extending the Supplier Excellence project to include the voluntary sector. ▪ Running regular charity workshops on outcome thinking.
			▪ A personalised portal for Somerset businesses.	▪ Create a Business Portal as part of the Customer Access Strategy.
			▪ Innovative approaches to the creation of high quality broadband services in Somerset.	▪ The Broadband for All project – extend coverage to 99.9% of residents and businesses.
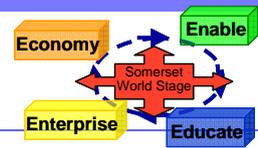
2   Somerset on the World Stage

2.1   A Vision for Somerset's Brand

"Image and awareness are two of the most important criteria for Inward Investment. A location that is either not known or one which has a poor image will not make it on the long list of location alternatives to be assessed from an Inward Investment perspective. The awareness of the Somerset County is very limited outside of the UK. This fact contributed to the low international inward investment activities in the past. Inside the UK, Somerset also lacks awareness and the image often relates to tourism and agriculture ('rural') rather than to services or hi-tech manufacturing." Excerpt from primary research undertaken by PLI Inward Investment Study **(Appendix 1)**.

Somerset County Council's Annual Plan states:

Aim 1: To work with our partners and communities to improve Somerset and to ensure it has a powerful voice regionally and nationally.

Through rapid proliferation of new technologies and innovative business models, the tools are now in place to allow every individual globally to compete with one another. It is therefore essential for organisational entities and geographic areas to have an established and differentiated brand so that they can compete on this broader stage.

We believe there are three underpinning pillars necessary to help enable this differentiated brand offering including to:

- **Develop and Align the aspirations and goals of Somerset** and the individuals and organisations within it.

- Establish and Strengthen **Private Sector awareness** of Somerset Nationally and Internationally.

- Establish and Strengthen **a strong brand in the Public and Voluntary Sector, at the regional**, national and International level

Strengthen National & International **Commercial** Sector Awareness

Strengthen National & International **Public** Sector Awareness

Increase & Align **Somerset** Aspirations
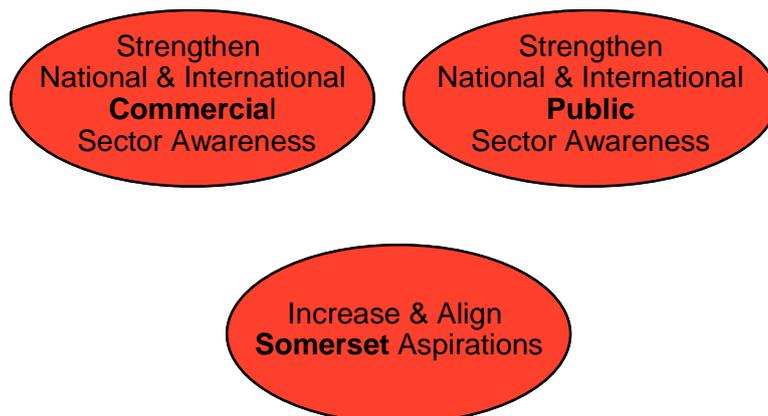
We believe IBM's goals are well aligned with yours and as such we have designed a set of initiatives which help strongly drive these aspirations forward to put Somerset on the World Stage. The following key initiatives underpin the vision depicted above;

- **The Somerset Jam:** This is designed to align the aspirations and goals of Somerset residents and businesses through a focussed and well-publicised on-line collaboration event.

- Taking advantage of IBM's unparalleled access to companies and their boards in the Commercial World, along with branded marketing to advertise and promote Somerset's Image – Strongly driving **Somerset's Sustainable Commercial Brand.**

- Jointly Create a **European Institute for Local Government** with IBM and Somerset, based in Somerset.

We have called this set of initiatives "Somerset on the World Stage" which is supported by our model of Social and Economic Development. Together they will help achieve a step change to help secure Somerset's goals. This is not simply a one-off advertising campaign – but a deep rooted set of structural changes which will have a sustainable impact.

Somerset Commercial Brand

European Institute for Local Government

Somerset on the World Stage
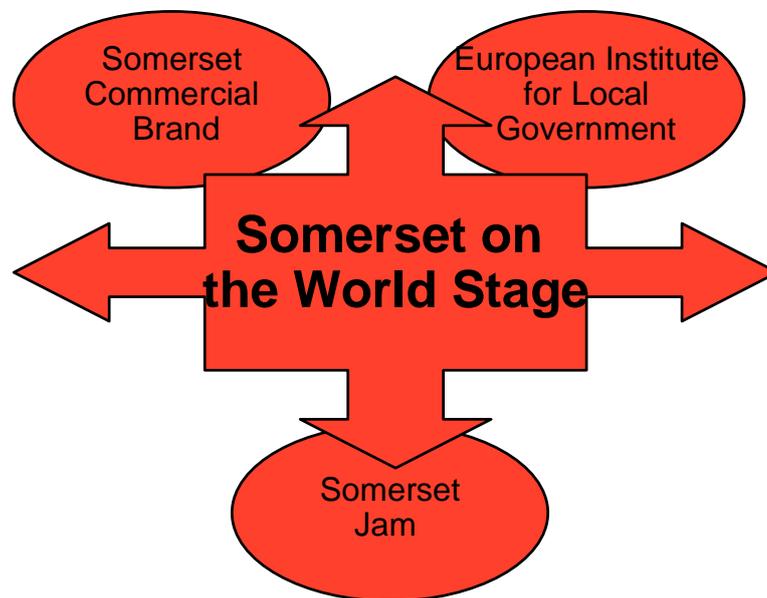
Somerset Jam

2.2 The Somerset Jam
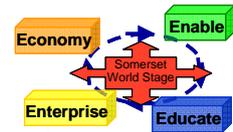
To really capitalise on the strengths of Somerset, we believe that the communities and residents should first increase their belief in their own capabilities and aspirations for higher attainment. This is beneficial as it not only helps individuals coalesce around a common set of goals but also to learn together to achieve those goals.

2.2.1 What is a Jam?

The concept we have in mind we refer to as a Jam. In musical terms, Jamming is the coming together of a disparate set of independent Jazz musicians who have never played with each other and do not have any pre-written music to play from. Instead they informally play together intuitively to produce music. The whole is greater than the sum of the parts.

IBM uses a technology-based Jam approach to engage with its own community which currently comprises 327,000 employees worldwide.

IBM has successfully used this concept for communications with its community and for other client organisations worldwide.

BusinessWeek online

AUGUST 7, 2006

INNOVATION

Big Blue Brainstorm
IBM is putting some 100,000 heads together for an online Innovation Jam

The collective wisdom of crowds depends on your crowd, and IBM (**IBM**) has one of the sharpest crowds around. CEO Samuel J. Palmisano knows this, and he wants to leverage it. He is pulling people together for the online equivalent of a town meeting. His hope: The opinions of some 100,000 minds will lead to catalytic innovations so powerful they will transform industries, alter human behavior, and lead to new businesses for IBM. He calls the project an Innovation Jam.

Harvard Business Review

"There's a collective impatience that we've been tapping into to drive the change needed to make IBM everything that all of us aspire for it to be. *I'm convinced that we wouldn't have gotten to this point if we hadn't found a way to engage the entire IBM population in a genuine, candid conversation.*"

*-Sam Palmisano, Chairman and Chief Executive Officer,
Harvard Business Review Interview, December 2004*

Specifically, a Jam is a massively parallel online event that allows organisation-wide participation and collaboration. It is:

- Focused on a **strategic issue and agenda,** e.g. the Innovation agenda.

- Marketed to make it a high-profile, online event.

- **A real-time development, discussion and maturation** of innovative ideas, beliefs, best practices and participant sentiment.

- Operated on a robust "event" IBM hosted technical platform and infrastructure.

- Embedded to allow moderators to surface and steer the live discussion trends and can provide real time analysis.

Overall, we believe that this would offer Somerset and elected members in particular a unique opportunity to engage with their communities, citizens, customers and clients.

2.2.2 Potential "Somerset Jam" Participants

We believe that the Jam concept could be used to reach out and truly engage with an extensive set of stakeholders within Somerset and beyond, to produce clusters of collaboration upon which growth can be generated. These include:

1. The socially and digitally excluded.

2. Council Members.

3. Council Staff.

4. Targeted external organisations with potential aspirations in Somerset.

5. Existing Somerset businesses.

6. School participants.

7. Individuals participating in Higher Education.

8. Healthcare workers.

9. International Public Sector Organisations.

Specifically, we can reach out into the community through our Community Hub to engage across the social spectrum – using Libraries and Active Lifestyle centres as touch points for those with limited internet access. It will be built upon the robust broadband infrastructure for on-line home and work access.

For a successful Jam, it will be essential to work jointly with the Councils and wider stakeholder groups to establish specific themes and goals to explore in the Jam. Example themes might be:

1. Somerset - Saving the Planet (ref to Stern report).

2. Somerset – Attracting Enterprise Growth.

IBM has used this methodology extensively ourselves. For example, we have recently run an Innovation Jam with over 100,000 participants from within our own organisation and from external organisations in both the public and private sectors. Out of this massively collaborative process, 10 of the most promising new ideas have been allocated funding from IBM's Chairman to be taken forward as new business propositions –most notably a number of environmental research initiatives which were announced by him in China on November the 14th 2006. We believe that the opportunity exists to extend this concept to Somerset in order to stimulate communities, local enterprise and the economy.

2.2.3   Where have we used this concept before for Public Benefit?

IBM has adopted this methodology before for the greater Public good, working directly with the United Nations in exploring Global Habitats and examining the impact of rapid Urbanisation on communities, cities, economies and policies. A number of the themes which were explored through this United Nations Jam are illustrated below.

The key to the success of these "Jam" initiatives is to create an open, facilitated environment. One in which a series of explicit and actionable items is produced against which real projects and progress can be implemented and measured. Such actions from IBM's work with the United Nations Habitat Jam are illustrated below.

UN Habitat developed a summary report with 70 practical ideas that shaped the agenda for the 2006 World Urban Forum in Vancouver, Canada

WORLD URBAN FORUM 3
From Ideas to *Action*

70 Actionable Ideas
for the
World Urban Forum 3

WORKBOOK

Habitat jam
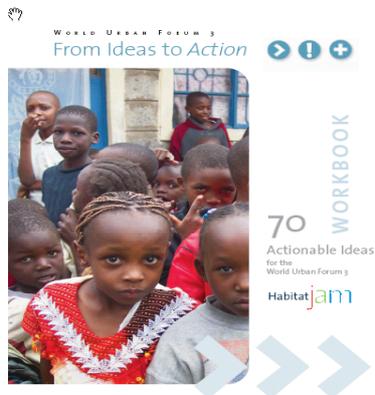
4.10 Mobilizing Youth to Combat HIV/AIDS
The Global Youth Coalition on HIV/AIDS (GYCA) is a worldwide youth-led, UN-supported alliance of over 1,300 youth leaders and adult allies, and over 200 organizations working on HIV/AIDS that provides knowledge, skills, resources, and opportunities needed to stop new infections and care for those affected in their communities. The Coalition, operating from bases in New York, USA and Port Harcourt, Nigeria, prioritizes capacity building, technical assistance, networking, sharing of best practices, and advocacy training. GYCA activities are led globally by eleven

Global Youth Coalition training session, Kazakhstan.

2.6 Empowering Local Women Leaders
Women need to participate in local government decisions if they want to have an impact on the issues that are closest to their lives, yet often women are reluctant or unwilling to take on this type of role. Training programs can make a difference. Leadership training by co-ops for grassroots women in Latin America is advancing their participation in community development, empowering them to sit on local boards and committees and cont

GROOTS exchange between Turkish and Indian women.

5.6 Sustainability by Design
Urban design can be a powerful tool for visualizing and translating the voice of communities. Sustainability by Design is a methodology for using integrated, collaborative design processes and visual tools to help communities develop their own compelling visions of sustainable development. It provides a framework for translating

Students from Global Studio working with local people in Zeyrek, Istanbul.

2.2 Open Source Knowledge Hub
The volume of information and sources related to urban sustainability is overwhelming. Breakthroughs in technology provide an opportunity to overcome this challenge. A knowledge hub is a curated body of knowledge and expertise on a single subject – in this case urban sustainability. An open source learning commons is a place where all knowledge and content is free and accessible provided that modifications, improvements and extensions may also be distributed freely. This idea is being pursued in the Global Urban Sustainability Solutions Exchange (GUSSE) at the University of British Columbia, Canada.

A "Somerset Jam" could have far reaching positive implications in increasing engagement throughout Somerset and beyond. The whole of Somerset will be able to contribute to the definition of goals and aspirations. If well prepared, the event will produce specific, actionable items directly linked to those goals. It would in addition create the foundation upon which the Councils can build broader engagement initiatives, create a buzz in the community and attract attention of the national and international media, putting Somerset on the world stage in one step.

{Advert pictures are indicative only}

2.3 *Somerset in Corporate Lights*

2.3.1 Why is branding important and how will IBM help?
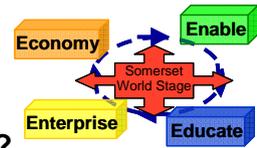
There are many definitions of what a brand is and what it does. A strong brand is a way of telling the world what you stand for and what differentiates you. It sets expectations, provides a context for customer perceptions and makes decision making easier. Developing Somerset as a commercial brand will provide a strong platform for future initiatives and will set a context in which it will be easy for businesses and individuals to choose Somerset as a hub. It is important to understand and build upon Somerset's many existing strengths, and to establish what Somerset and its people want the brand to stand for. Some of these points will come out from the Jam concept described above.

Today, IBM is the world's third most valuable brand as ranked by Interbrand (Appendix 2) behind Coca Cola and Microsoft, having fallen into the 250s for several years. As such, we understand the challenges of brand building and about the maintenance of a leadership position.

We will offer you this experience by working closely in partnership with Taunton Deane and Somerset in developing your own brand in support of your objectives. IBM already has a track record of collaboration with the public sector. IBM employees on secondment have worked with the Department of Trade and Industry, and with the Office of Government Commerce. Most recently Brendan Dineen, Director of Marketing for IBM UK has begun a secondment as Marketing Director of the 2012 Olympic Games, Think London. We are proposing that the new Marketing Director, Andy McFarlane, joins the Board of the Inward Investment Agency.

2.3.2 Keeping Somerset in the public eye

As you would expect, IBM has a significant public relations machine, both local and global. Organisations that partner with IBM derive benefit from this, simply by being part of this coverage. A significant portion of our marketing is built around case studies and reference stories, many of which you will have seen on our own website and our special ISiS-linked web pages, as follows:
http://www.ibm.com/easyaccess/publicsector   We will commit to keep Somerset in the public eye by creating these compelling references and promoting our

partnership with Taunton Deane and Somerset. This will bring significant exposure to an influential business audience to our mutual benefit.

Once the partnership has had time to develop, we will create a series of in-depth case studies which IBM will promote as part of our global marketing programme. Once agreed with Taunton Deane and Somerset, these will be used in relevant marketing and advertising campaigns, such as the **"what makes you special?"** themed advertising which has been running in the UK recently.

2.3.3 Business networking, or how to make things happen

Personal networks can be the key to making things happen for business. With this in mind, the IBM team will actively seek opportunities to involve the Somerset team in corporate and public sector networking events run by IBM or with which we have involvement. These include Global Events attended by our Chairman Sam Palmisano and his executive team with our top 50 global clients – such as "The Business Leadership Forum". These events typically debate significant and pervasive issues in which leaders in both public and private sector have a key interest and are an excellent opportunity to create informal networks. They act as a breeding ground for ideas and collaboration on the International Stage.

Further opportunities to network include:

- Guardian round tables run in partnership with IBM, for example a recent session on Innovation attracting the Director of Innovation Management from DTI and the Head of Strategy, Local Government Association.

- WIG (Whitehall and Industry Group) workshops run in partnership with IBM, for example a recent session on developing People Talent.

- Annual Financial Times Dinner – the Nov 2006 event attracted Finance Directors from Lloyds TSB, Shell, Sony, Canon, John Lewis, DHL and Unilever amongst others.

- An annual Public Sector reception which is run by IBM to create a forum for Public Sector clients to meet and network.

2.3.4 Secondments and partnering for skill development in marketing

Encouraging the development of home grown talent is a priority for Somerset and for ISiS. IBM will commit to seconding senior marketing professionals to join the Somerset team, and to secondments into IBM for the Somerset team. These will range from short term "shadowing" to longer term placements.

Secondments allow professionals to share skills and expertise, and crucially, to build the personal networks which enable them to make things happen throughout their careers.

IBM will also commit to running at least four marketing education sessions in Taunton. These will be open to Somerset employees. Where suitable, Somerset will be used as an example case study within the education sessions and the outputs fed back to the Somerset team.

Similarly, IBM will make its resources available, where we can lend support – for example, IBM Market Intelligence could offer assistance in planning to attract inward investment, as well as marketing of ISiS' services.

2.3.5 Direct involvement at all levels

Marketing people are always keen to share and to collaborate whenever this does not create a conflict of interest. The IBM team will encourage roundtables and workshops and opportunities to interact with customers and partners. IBM often provides speakers at marketing events, and contributors to marketing journals. The present Director of Marketing, IBM UK, Andy McFarlane, will be pleased to be involved with the Somerset team, and global marketing executives,

such as Bruce Harreld, Global VP of Marketing, will take a keen interest in progress, and as appropriate will attend workshops to provide the global angle.

IBM will continue to provide access to experts from around the world according to the changing requirements of the County.

Most importantly, we will tailor our contribution to the requirements of the ISiS team and Taunton Deane Borough Council's and Somerset County Council's own marketing teams. The long term goal is a partnering relationship, in which the ISiS team are autonomous but feel comfortable that they can call on support when required.

2.4 Somerset – Institute for Local Government
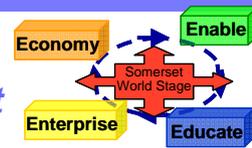
The Government's "Transformational Government Strategy" highlights three key pillars of transformation:

- Citizen and Business Centred Services.

- Shared Services.

- Professionalism.

Through ISiS, Taunton Deane and Somerset will be at the forefront of building each of these three pillars. Many authorities and Government departments have successfully created initiatives in each of these within the boundaries of their own organisations. However, very few have successfully undertaken all three together and across multiple public sector entities.

Transformations of this nature have their challenges but this endeavour and its ultimate success will become a powerful proof point. IBM is committed not only to supporting the Councils in their transformational journey, but also in using them as a catalyst and platform for wider change in the UK local government sphere and beyond. Transformational Government is a concept being tackled by many Countries at the moment. Demonstrating tangible success as part of a broader brand transformation will generate significant national and international interest in Somerset. This, coupled with the ISiS Growth Engine initiatives, will create a strong win-win for the Councils, IBM and its partner organisations.

To that end, we propose to jointly set up a **European Institute for Local Government** hosted from Somerset.

IBM has created an Institute for Electronic Government in Washington which was established in 1996 to provide thought leadership and share best practices with Governments around the world. In these 10 years, we have hosted over 50,000 visitors from over 130 countries. Additionally, the Institute has awarded 200 research stipends to leading public management researchers in the academic and non-profit communities. These stipends have resulted in over 150 reports, focussing on major issues facing all governments including; e-government, financial management, human capital management and managing for performance and results.

We will create a strategic alliance between our established Washington centre and the new Somerset-based Institute. This would form part of a virtual campus of thought leadership.

Specific initiatives we can establish in the short term include:

- IBM Hosting an "International Trends and Directions" annual symposium at our new Somerset European Institute, bringing together thought leaders to focus on areas of critical interest to Local Governments.

- Establishing an "exchange" program where Somerset Council officers come to the Washington Institute to research best practices, participate in briefings, and engage peer organisations such as the National Association of Counties in the United States – likewise, we would propose reciprocal arrangements where US (and other international colleagues) would come to Somerset to work on similar collaborative projects.

- Best Practice Seminars: Through quarterly video conferences, we will set up a series of discussions to share ideas between Somerset staff and IBM subject mater experts on critical issues.

The European Institute for Local Government forms a key component of our joint Innovation Centre (described in more detail later) which will foster collaboration between the Council, Public and Private Sectors and contribute to the melting pot of ideas which it will create.

Additionally we will, with Somerset County Council and Taunton Deane Borough Council, promote the concept of staff movements between different local government agencies, and over time we would see ISiS staff becoming recognised experts in local government transformation.

Finally, IBM will back this up by creating its Office of Local Government in Somerset led by Richard Jones who will provide executive sponsorship and act as a global rallying point for our collective Local Government Initiatives. He will physically move to our IBM office in Taunton.

We have requested support and a light level of sponsorship from the Department of Communities and Local Government (DCLG). Specifically, we have been in contact with the Department to request attendance and key note speakers for occasional events we will run in Taunton. The initial reaction was positive and we have written formally to the Director of Local Strategy and Performance to request his sponsorship.

2.5   Somerset on the World Stage Conclusion

To summarise, the key propositions outlined here are designed to help the councils achieve "a powerful voice both regionally and nationally". As economies become increasingly linked, we would also add 'globally'. Over time, with the initiatives described above we believe the objectives outlined at the beginning of this section can be met.

- **Develop and Align the aspirations and goals of Somerset** and the individuals and organisations within it.

- Establish and Strengthen **Private Sector awareness** of Somerset Nationally and Internationally.

- Establish and Strengthen **a strong brand in the Public Sector and third sector,** at the regional, national and International level

Strengthen National & International **Commercial** Sector Awareness

Strengthen National & International **Public** Sector Awareness

Increase & Align **Somerset** Aspirations
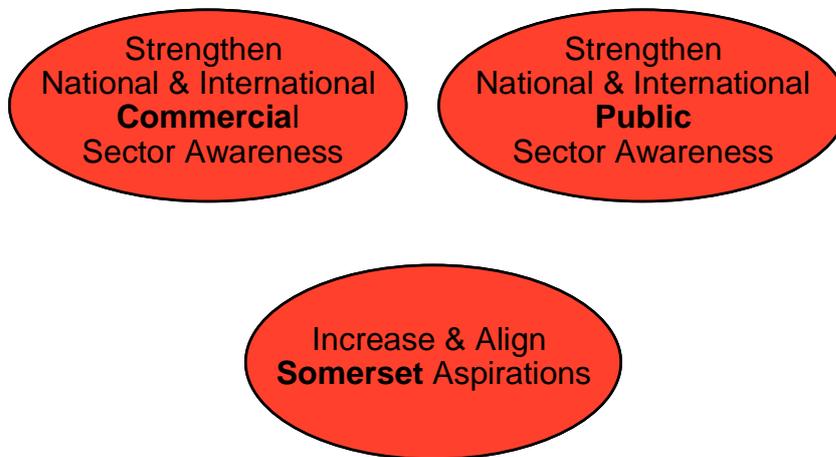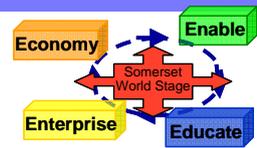
3   Enablement

3.1   Our Vision for Enablement

This section concentrates on the infrastructure of Taunton Deane and Somerset. The infrastructure of the Borough and County is already good. There is already much broadband use and a strong community strategy. We believe, however, that for Somerset to become one of the leading areas of the Country, a major investment is needed to improve the basic infrastructure and the ability of the residents to access it.

We describe in more detail our **Economic Investment Management** analysis of the County, how it compares with similar Counties elsewhere and what needs to be improved for strong future growth.

We propose to bring **Broadband to All** in Somerset, building upon the success of the existing implementation and investing in new technology. This project underpins much of what we will be doing together, whether it is new and better access channels for residents to access Council services, businesses to trade on the internet or parents and children to use their school systems to improve attainment.
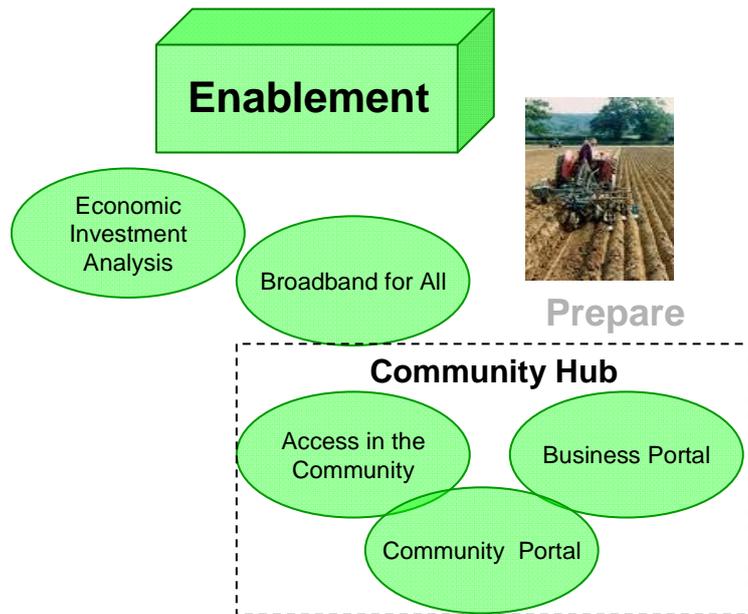
Finally, we will create a **Community Hub** to allow all, particularly those in areas of relative deprivation, to have the tools to use the broadband network. We will provide a system that is easy to use and has proved to have high take-up rates elsewhere. We will describe the training and community engagement processes that will enable success.
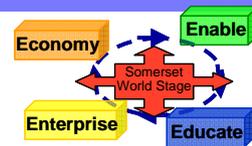
3.2 Economic Investment Management

The economic needs of Somerset and the targets that have been set are described in a number of documents. These include the corporate plans for Somerset CC and Taunton Deane BC, the Somerset Economic Strategy and Economic Development Service Plan, the SW Region Economic Strategy and Spatial Plans, the Local Area Agreement and a number of others. In addition, IBM has commissioned two pieces of primary research to fully understand the economic environment of Somerset and the special challenges it faces. This enables us to create a social and economic development plan that is customised and uniquely relevant.

3.2.1 Geoeconomics-Birkbeck

The first of these pieces of research concentrates on the micro-economic environment and has been carried out by Geoeconomics-Birkbeck, collaborating directly with IBM. The organisation has access to a considerable amount of data and mapping analysis and has used it, together with qualitative work and on-site research, to benchmark the area and compare it to its peers around the country.

Earlier in the year, IBM commissioned them to run a series of benchmarks for Somerset against other Districts and Counties that share similar characteristics such as spatial concentration, growth / decline, similar-sized employment units and levels of knowledge-related staff. We include a summary of their findings here. For the more detailed underlying analysis please refer to Appendix 3 (Geo-Economics Birkbeck Summary Report) and Appendix 4 (Geo-Economics Brikbeck Towns Report).

The table below shows which Districts and Counties were used for the comparison with Taunton and Somerset.

District Councils and Somerset	Comparative Councils
Mendip	Oswestry, Craven, Lewes, Rochford
Sedgemoor	Braintree, Daventry, South Kesteven, South Northamptonshire
West Somerset	Alnwick, East Lindsey, Eden, Richmondshire
South Somerset	Melton, Ribble Valley, Teesdale, South Gloucestershire
Taunton Deane	Chester, Canterbury, Colchester, Lancaster
Somerset	Northamptonshire, Shropshire, Suffolk, North Yorkshire

Table 1: Local Authority Comparators

Standard typologies linked to marketing or large scale census analysis relate poorly to economic development. Geoeconomics at Birkbeck has a range of local economic typologies, using cluster analysis methods to identify nine dimensions of structure. They then use the profile of local authorities across these dimensions to identify the peer groups above.

For this study, Geoeconomics examined employment rates, qualifications, growth of VAT registered businesses, the share of knowledge intensive activities and

productivity levels amongst other factors. Some surprises appeared which ran contrary to some elected members, officers and local agency perceptions, such as the migration of people into and out of the County. Specifically, the graph below shows that the popular impression that young people leave the County to return only at retirement age does not tell the whole story.
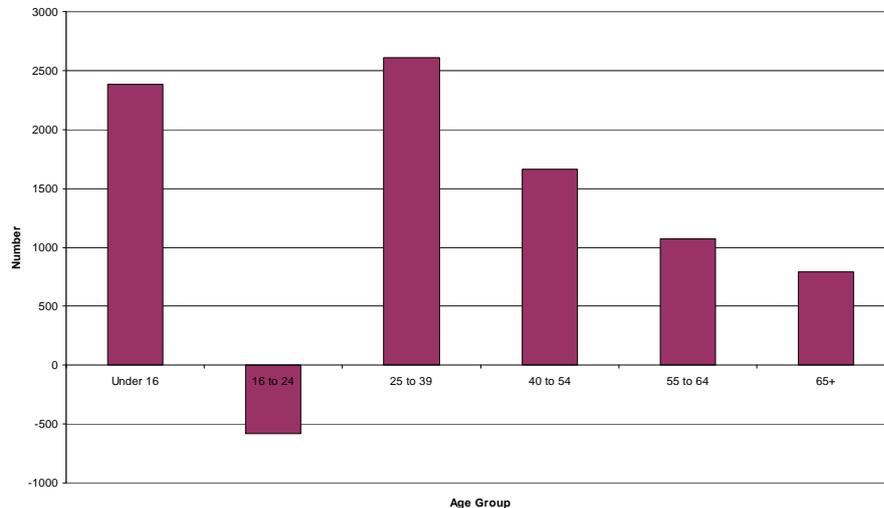
Figure 3: Age Specific Net Migration for Somerset (Census of Population, 2001)

The overall conclusions of this initial study were as follows;

- Somerset started to fall behind the peer economies at the start of the 21st Century (see GVA graph below).

- The "productivity gap" that appeared is linked to poor performance in businesses and patterns of low quality job creation.

- The public sector has compensated for the decline of traditional agriculture and manufacturing and underperformance in tourism-related industries and created more jobs. Improving public services productivity could boost Somerset's growth significantly.

- The immediate challenge is for Somerset to catch up with its peers by 2010, a four year timeframe for growing its enterprise base, improving the innovation and skills in existing businesses and diversifying into higher value sectors.

- Improving the productivity of people and businesses in Somerset will also require the development of more offices and successful skills training and lifelong learning for the economically excluded.

The graph below shows a measure of the growth of the economy over the last few years. Gross Value Added Per Head (GVA) is a measure of the value that an individual brings to the community. It is more than just the salary or compensation package. The graph shows that GVA in Somerset is lower than similar areas and that the situation has become markedly worse in the last four years.
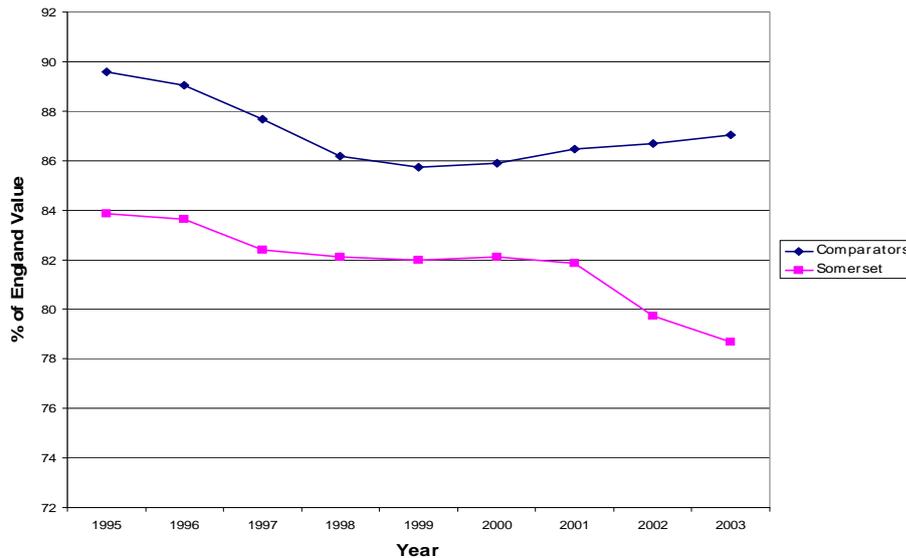
Figure 4: Somerset's Gross Value Added per Head (ONS Estimates)

Based on this, our recommendations are to create the following platforms for economic growth and transformation:

- **Inward investment** – new marketing drivers on "energy valley", tourism and creative industries.

- **Enterprise culture** – innovation, knowledge and management development.

- **Human capital** – talent attraction and retention and "community hubs" for labour market inclusion.

- **21st century public sector** – an economic engine delivering productive services, local enterprise and a developing workforce.

- **Infrastructure** – broadband for the knowledge economy era.

- **Performance management** – for progress tracking and targeting support.

- **Governance** – leadership, partnerships and community involvement.

As part of our ISiS submission, we have agreed a 3 year contract with Geoeconomics- Birkbeck to monitor progress and support other initiatives as we work jointly on the individual projects contained in this document. This will be a continuous process, working with a new Somerset Inward Investment Agency, the Councils and the JV. We will issue a yearly report which will act as a benchmark for our activities.

3.2.2 Plant Location International (PLI)

PLI is an IBM company, based in New York and Brussels. It is a company with a considerable heritage. It began by offering consultancy services to large companies who were seeking new regions in which to invest. PLI analyses target regions against a set of criteria including; costs, available skills, infrastructure, economic vitality, political stability, taxation regime and many others.

After doing this for some years, the company started to be approached by regional development groups, requesting similar consulting assignments but

focused on what they needed to do to attract inward investment. It now has assisted over 90 large corporations as clients and has represented most of the Fortune 500 companies across the world. As such, it is well respected on a global scale.

As part of the ISiS submission, PLI has conducted an initial study of Somerset from the point of view of an inward investor, both from another part of the UK and from abroad. It has looked at the current structure of the economy in Somerset and the economic initiatives that are taking place today. It has analysed the strengths and weaknesses of the County and examined the key sectors. Additionally, PLI has run a single case study, as a representative piece of work, looking at one sector (Insurance back office services), to see how the general observations would affect this sector. It then suggests some actions for better competitive positioning.

The detailed report is attached in Appendix 1. A summary of the findings that are not already covered by the Geoeconomics report are included below:

- The economy has too much employment in weak sectors such as manufacturing and agriculture and not enough in high value sectors such as business services, which makes up the bulk of foreign inward investment.

- There is very little foreign inward investment in the South West and none at all in Somerset in the last 3 years. The disparate development activities of the County and the Districts which tend to compete rather than cooperate are not making the best of their efforts.

- High house prices and low salaries together with no local University are leading to a lack of skilled young people for business.

- The transport infrastructure and ICT are generally good from a UK point of view but the remote nature of the County means it has very little visibility from outside the Country. An Inward Investment Agency for the whole County could provide significant value.

- The labour force is sparse and unemployment is so low that staffing a new start up could be a problem. There are few high-tech or knowledge-based occupations in the area around which new ventures could cluster.

- Wage and real estate costs are generally low. The UK corporate tax rate regime is average when compared with Europe. Real estate availability could be an issue, though the Project Taunton developments could assist here. There are few regional selective assistance incentives.

- Within the UK, Somerset has a rural image which is attractive and is associated with a good quality of life. This "rural" image could be capitalised upon by attracting lifestyle knowledge workers to the area. Outside the UK, there is little awareness of Somerset. Innovative marketing will be required to change this.

From this, PLI's desk research and local interviews have revealed the following key sector clusters which could be developed.

- **Food and beverages**. This is a well established sector, strongly competitive both nationally and internationally, although it shows limited prospects for broad undifferentiated investment in Somerset. However, there is much interest in locally produced, high quality organic food and a successful cluster promotion and active location marketing based on the existing food producers and market towns could deliver further investments in the sector. Key

strengths are: central location in the market, competitive labour costs, good road infrastructure and accessibility to suppliers.

- **Environmental Technologies.** This is a new field of activity where the lack of a local university or established industrial sector are detrimental to Somerset. There are, however, significant local assets including biomass, bio-fuel, wind and tidal power. Strong national policies and topicality make this a promising sector. Unlike other, more mature industries, however, the structure of the renewable energy sectors is comprised of a large number of small companies, clustered around research and development. This could suit Somerset in providing 21st century research and industry while retaining the quality of life that is key to the County. Primary requirements are an existing knowledge base, availability of qualified staff, and access to venture capital funding, presence of universities and technology centres and preferential government policies.

- **Knowledge Based Industries.** The tight labour market with unemployment as low as 1.2% means that public sector employees, who form a high proportion of the labour force, should be considered as a potential future workforce for the business services sector. There are signs of a decrease in the number of public sector jobs in town centres which could increase the availability of staff with relevant skills. With signs of overheating in the Bristol economy, Somerset's lower cost base and living environment may prove attractive.

- **Creative Industries.** This is a promising sector. Somerset has some strong location characteristics such as a high level of creative input from the direct living environment, low real estate costs and quality of life. State of the art ICT infrastructure and networking opportunities are seen as key enablers.

- **Advanced customer service and software development.** These are new sectors in the County at present and require highly skilled and available workforces. The public sector workforce of 57,000 employees (27.9% of the workforce) coupled with over 1,000 ICT students coming out of the 5 Somerset colleges each year are the raw material for this sector, together with graduates from elsewhere including Exeter and Bristol.

As part of the PLI report (Appendix 1), we have also undertaken a case study to drill down on one sector. In agreement with Somerset County Council's officers and members, we chose the insurance back-office industry. The graph below shows the outputs of comparative benchmarking of the attractiveness of this sector in Somerset. In general, Somerset enjoys low costs and has qualitative factors that are attractive compared with other regional centres. It is conceivable that little may need to be done to push it into a strong competitive position.
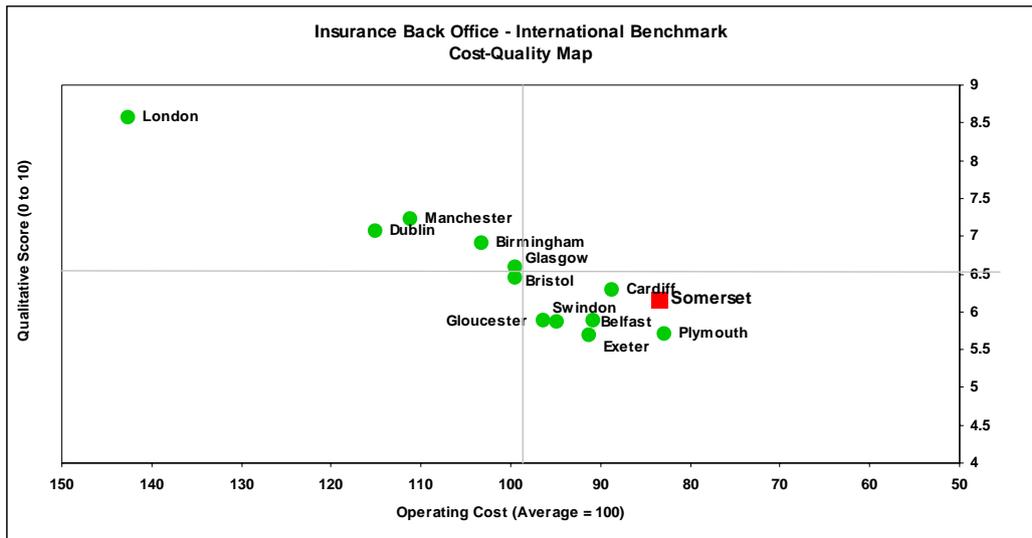
Figure 5: Insurance Back Office International Benchmark.

Accordingly, the initial recommendations from the PLI team are as follows:

- Create competitively priced properties for back office service operations.

- Cooperate with universities to set up a subsidiary faculty, perhaps covering environmental technology.

- Set up a Somerset economic development agency.

- Create a workforce development programme.

- Create an incubation facility focusing on knowledge based services and creative industries.

- Define potential customers and investors for back office operations and a marketing campaign.

- Set up a Somerset investment promotion agency or inward investment agency.

- Develop a value proposition for additional target sectors.

The following chart shows possible areas on which the Somerset economic development agency could focus for various key sectors.

Target Sectors	Internal Economic Development		Inward Investment Promotion			After Care
	Start-Ups	Cluster Development	Re-active	Develop Value Proposition	Pro-active	
Food and Beverages		✓	✓			✓
Advanced Manufacturing (incl. Aeronautics)		✓		✓	✓	
Environmental Technologies				✓	✓	
Knowledge Based Services	✓			✓	✓	
Creative Industries	✓			✓		
Low and mid Technology			✓			✓

Figure 6: An economic strategy for Somerset

These interim results come from a very early examination of the data. Further studies are planned and costed into the bid to provide a comprehensive picture of the important industry sectors. We will then be able to make a more focused set of recommendations.

3.2.3   Building on these Reports

We commissioned these reports to get a full understanding of Taunton's and Somerset's competitive position. We have used this information to design our social and economic proposal and to select the projects into which we plan to invest.

We will continue to use both Geoeconomics-Birkbeck and PLI, making their skills and knowledge available to the Councils over the next three years. Specifically, PLI will make an international benchmark of all the industry sectors under consideration in the County and a set of recommendations that we will discuss with the Councils. PLI will also develop a powerful marketing tool for promoting inward investment into Somerset. Similar tools developed by PLI have led to the creation of hundreds of new jobs in other regions in the UK (including Scotland and Northern Ireland) and internationally.

The projects outlined in this paper benefit from this work. We believe that development needs must be balanced between economic, social and environmental themes in order to be sustainable in the long term. Considerable input from the Councils and other stakeholders will be necessary to ensure that these projects are implemented in the most appropriate manner for Somerset. It will be essential to have the right support and buy-in to ensure success. We look forward to working closely together on this process.

3.3 Broadband for All
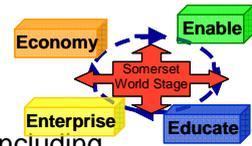
The knowledge economy is built on a number of key tenets, including collaboration and communication. Underpinning this is a requirement for a robust and scaleable communications network. It is seen by both national and foreign investors as a basic hygiene factor without which sectors such as creative industries and business services cannot thrive. Our independent research in the last section emphasised the importance of this infrastructure in demonstrating that Somerset is a truly modern County in which to locate a business.

Somerset has a strong lifestyle brand. Knowledge workers are increasingly making choices of living destinations not on the physical proximity to jobs but on personal lifestyle requirements, safe in the knowledge that they can work from anywhere as long as the underlying tools exist. By building on the strong lifestyle components of the brand and underpinning this with robust infrastructure, Somerset could become the location of choice for flexible workers.

Somerset is currently well served by broadband links. 100% of the telephone exchanges have been broadband enabled. Usage figures show that 41% of broadband lines are in use, a figure which is the highest in the Country. So there is clearly demand for this technology.

As part of our plans to upgrade and stabilise the cost of the Council's own network, we plan to work with partners to create a new network, based on unbundling the local exchanges. The technology we will use will extend high speed internet access to more County residents. The speed of access is determined by two factors: the distance of the household from the telephone exchange and the number of people simultaneously using the line. Currently, high data rates are only available to residents who live within three kilometres of an exchange. This is three kilometres of cable length which may be 2.5 km or even less direct distance as the cable zig-zags about. Examination of the distribution of households shows that 82.9% of houses are within 2.5 km of an exchange and 89.9% are within 3 km. So, at best, this is the range of homes which could get full broadband data rates today.

The situation may be even worse than this. The copper cable that is used in Somerset has a high proportion of aluminium in it. This will reduce effective data transfer rates.

IBM will implement new technology into these exchanges. This technology will allow the effective broadband distance to increase to 6 km. Again, this is the line length so the physical distance may be less. However, the percentage of houses in Somerset that are within 6 km of an exchange is 99.9% and even at 5km, the percentage is 99.7%. Therefore the vast majority of all homes in the County will get the full benefit of broadband. Most of the copper quality issues will be overcome by the use of new technology, including wireless.

The current Council telecommunications contracts come up for renewal in 2007 and we intend to start to implement these changes then. We would expect to have the majority of the work done within one year. This network will be used to provide faster data speeds, lower costs and a more resilient network.

It is our intention that, with our partners, we will make this system available at normal commercial rates to the residents and businesses in Somerset. We expect the higher bandwidth to have a real impact on businesses and, in

particular, those in the near-rural areas of the County which are currently outside the effective range of today's broadband network.

This will also bring competition to broadband provision in Somerset. Our partners will offer these services in competition with the current supplier which should drive down the prices of both.

In addition, we will use the position of contracting authority to negotiate a special deal to allow the areas of multiple deprivation to have access to broadband at a very low, fixed price. The Government often describes an area as "deprived" if it sits within the top 20% of the UK's Index of Multiple Deprivation (IMD). There are 13 such Super Output Areas (SOA), as they are known, covering approximately 18,700 residents in 8,070 homes in Somerset. This is our target for this special programme. Once this is done, the Councils may be able to build upon this very low price and offer discounts through the Council Tax or by other means to make access effectively free.

We believe that, together with the home technology we describe elsewhere in this document, this will make a marked difference to the socially excluded, the economic development of the County and community cohesion generally. It will allow housebounds to interact with the more customer-centric Council services in a way that makes them feel empowered and independent. It will allow parents to work collaboratively with their children and their children's teachers using the new systems we will provide in a way that can drive up attainment. This is the foundation stone for the 21st Century economy and we expect to have it in place in 2008.

A Wireless Network for the Future

The enhancements we plan to make to the broadband network in Somerset will push the County to the forefront of such provision in the UK. This network is based on advanced technology which we already have today. It is also scaleable and will deliver significantly improved data rates and performance in the years to come. This plan is a pragmatic, cost effective way of making a great leap forward in 2007 and 2008.

What more could be done? What is the technology that is coming down the track? What could we do with it and how much is usable now? What should we do now to make sure that we prepare for this new technology? These are questions that IBM is answering in various projects around the world. It is conceivable that, with an increased investment, a worldwide leading-edge network could be created. There may not be a business case now, but there could be soon. Being at the forefront of technology innovation could also help attract inward investment.

In Appendix 5 we include a white paper entitled "Thinking beyond the Wireless Network". We are, for example, implementing the largest wireless campus system in the world in Silicon Valley in the US. It will cover an area of 1500 square miles, connect 2.4 million people and support 42 towns and cities. This is one of many next generation network projects we are implementing. The experience we gain in these projects will support the development of customer access, public services and enterprise in Somerset.

IBM is vendor neutral and is not tied to any particular long-term investment such as cable. We are therefore able to offer independent flexible solutions that are

both leading edge and right for Somerset's business. We are also able to move forward quickly to implement new networks.

We would be delighted to discuss the relevant strategic issues in more depth with the Councils to see what can be done in 2007/8 and in the future. We would be happy to make our experience gained around the world available. This is an exciting time with great potential for close collaboration between us.

3.4 The Business Portal

As part of our enabling infrastructure for businesses in Somerset, IBM will construct a Business Portal. The portal will be a personalised website for business users providing a range of services from the Councils and other stakeholder organisations.
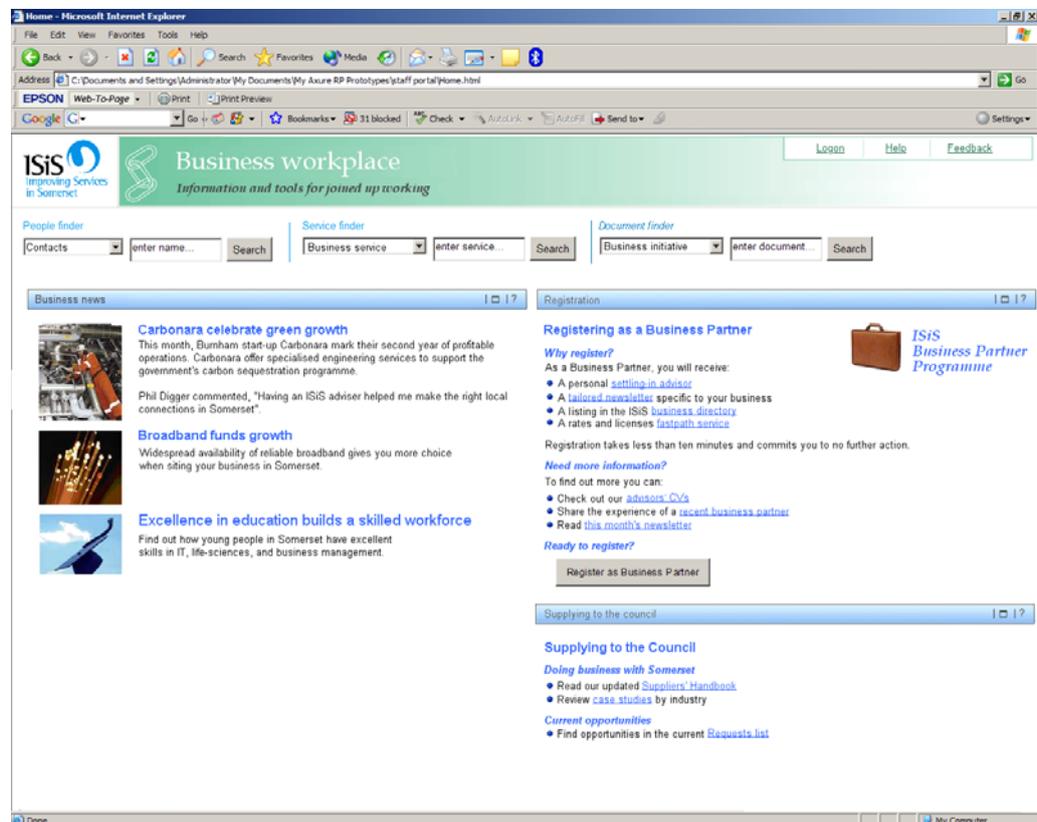
Figure 7: A Business Portal

Examples of the services that will be provided to new and established businesses are described below.

- Business Support. This will include checking eligibility for grants or funds, and start up support through Business Link. Provision of economic statistics and customer segmentation and IT and eCommerce support.

- Registration Services. The business will be able to create a new business account.

- News and publications. The Portal will be personalised so that views are tailored to the interests of the business.

- Online Services. The business will be able to make on-line planning applications, apply for licenses, view valuation business rates and land charges, book special waste collections and apply for sustainability grants.

- Support Services. It is possible that we will be able to make some of the JV or other Council services available for businesses in Somerset. These might include payroll, print and dispatch or legal services. There will be advisory services about food safety, trading standards and other environmental matters.

- Public Service Marketplace. The business will be able to view all current public notices and guidance on public sector tendering.

- Training and Education. Information can be viewed on-line, courses can be booked and even delivered by this means.

There will also be opportunities for businesses to collaborate amongst themselves, using tools in the Portal to create communities of interest to share experiences and knowledge, plan joint actions, chat and many other things. This will be critical in starting and growing the all-important clusters of industry that have been highlighted in the work by Geoeconomics and PLI. Businesses grow rapidly when they are within reach of like-minded people and other businesses. A group of these in an area will attract suppliers and customers for their products which in turn attract similar businesses to reinforce the cycle. An example is the cluster of Creative Industries in Taunton that meet regularly and spark off each other.

Much time and effort is spent by Regional Development Agencies and other bodies tasked with growing industry in studying the economic landscape, trying to discover the particular clusters that will take route and grow in their areas. The business portal will provide information, chat rooms, discussion forums, on-line surveys and petitions greatly improving communication with the Councils and Government Agencies. This and the many other collaboration functions on the Business Portal will enhance cluster growth and benefit the whole economy.
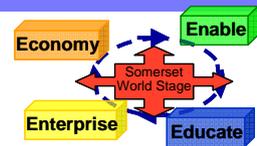
3.5 The Community Hub

The Community Hub website is a window for citizens, customers, clients and commerce into the world of services delivered over the internet. It allows collaboration with others in the community, access to the information you need when you need it, and to learning systems to help you develop skills. It provides access to jobs, to opportunities to buy and sell, to help when required, to support, and much more. It is delivered into the home in a form that is easily usable.

3.5.1 Access for All

Through our broadband network, the vast majority of homes will have high speed access to the internet with good broadband speeds and ease of use. Working with the Councils, we will provide the right pricing regime for many who need it. For those who are unable to afford to own or use computers at home, we will make available a system such as the one we developed with Newham Network, a company owned by the London Borough of Newham. It is called Regen TV and is in use in over 300 homes in the Borough. A short description is attached in Appendix 6.

Regen TV consists of a very low cost television set-top box, remote keyboard and mouse that convert an ordinary television into a digital television and computer. It allows access to multiple television channels, video on demand and many games. It also comes with an internet browser, an e-mail system and Microsoft Office-like functions that allow the user to interact with Council services, Google, Amazon and the BBC and all the on-line services and information needed to take part in modern life. Residents will be able to make on-line bookings and appointments, review information and community pages such as events, meetings, bus timetables, local jobs, taxis, Job Centre Plus, tradesmen and the Police. This is particularly valuable in addressing issues of social inclusion and support to vulnerable people.

The definition on a television is not as high as a computer screen. This means that you can show less internet information on it at any one time on the television screen. It therefore needs a very good internet browser to display a normal web site. Regen TV has such a browser. Figure 8 shows the Somerset website home page as it would be seen on a television with Regen TV. As you can see, it comes out very well.

We propose to make this system available initially for the 8,070 households in the 13 areas of highest IMD. There are costs associated with the hardware in the homes of the people who use the system and hardware and software at the central computer room. Most of the costs are in up-front capital whereas on-going running costs are low. We would work with the award-winning team from Newham to engage with the community in Somerset, to agree what functions would be needed and arrange the training and appropriate after-care support.

The take-up rates in Newham showed 70% of residents using the systems each week. This is in a very poor area within Newham but the equipment was kept secure. People had a real pride in it, for instance creating videos of their area, or posting messages and sharing information. For IT novices or people with low literacy skills, support and help is also available through local libraries which are ideal places for training and on-going advice. The Somerset library service is keen to support this informal learning opportunity.
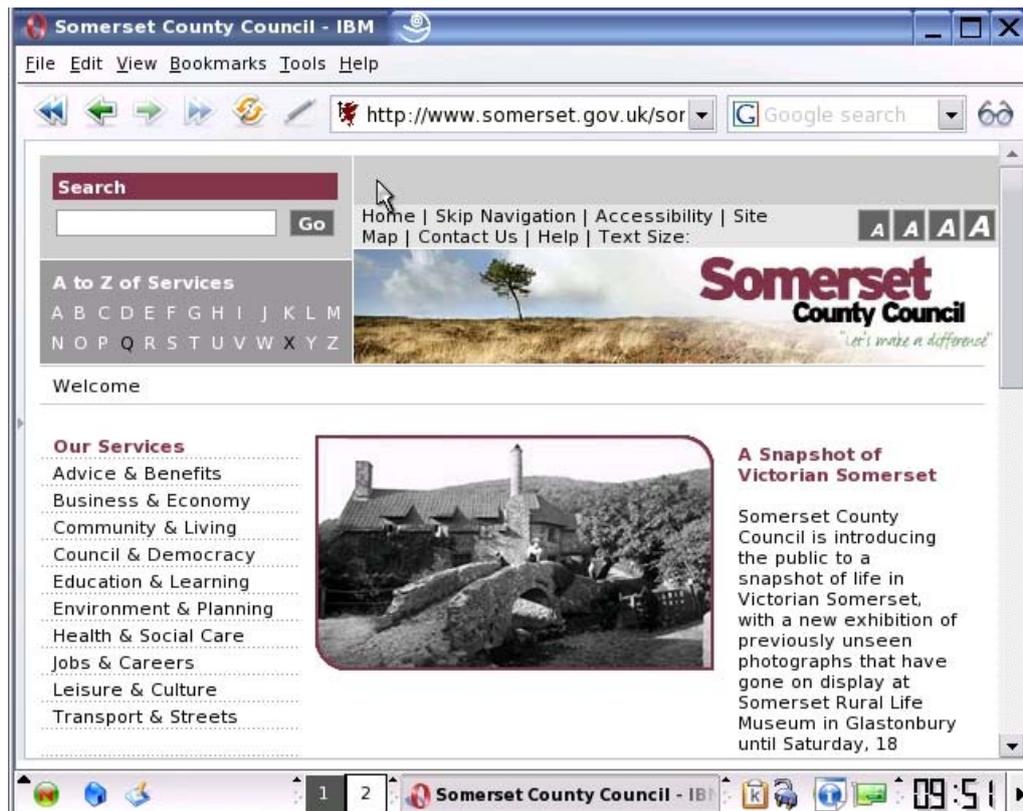
Figure 8: The Somerset County Council Homepage as seen on Television

We believe that there is much that can be delivered over this system. It fits in extremely well with our proposed Customer Access Strategy. It offers superb support for the three key themes of knowing customers and communities, enabling seamless, joined up service delivery and empowering customers and communities to take control and promote their independence. It complements other points of customer access such as walk-in centres and Contact Centres and offers real choice.

It will allow residents to gain skills, create an on-line CV, view job adverts and apply for them. They will be able to take part in on-line learning at a number of levels. Later in the Education section of this document, we describe how the same Managed Learning Environment may be used to deliver education to children and adults. We expect that one of the great benefits that residents will see from their home computer or Regen TV is access to the Community Portal, described next.

Please note that the Regen TV project is not funded as part of our initial investment. It would make a considerable impact on the LAA worklessness targets, we believe, so we would work with the Councils to create a business case to fund it from the capital grants available to make and exceed these targets.

3.5.2   The Community Portal

As part of the ISiS project, we will be building sophisticated portals for Council members, their staff, businesses and citizens. The Citizen's Portal will contain many community functions. Beyond access to the Councils' and other Government agencies' services, it will allow people to communicate with each on

topics of mutual interest. The Newham project, for example, was kicked off with a series of amateur videos from all members of the estate, explaining who they were and what they were interested in. Additional functions include the ability to view live local CCTV camera images which improves the feeling of safety. It will be possible to view the opening hours of doctors' surgeries and many other such functions.

The Community Portal will support the many community projects that are already underway. An example is the Community Strategy for the Taunton Deane Local Strategic Partnership "Our Place, Our Future". This covers many topics under the headings of the economy, transport and access, crime, health and the environment. The Portal will be a tool that will promote consultation and increase collaboration.

An excellent example of what can be done can be seen on www.ukvillages.co.uk. This site covers all of the villages in the UK, more than 30,000. In Somerset, there are 617 villages on the system of which 192 actively use the system, from Aller to Yeovil.

The final goal of the community portal is to strengthen democracy and consultation. Where democratic processes are made transparent to residents and their opinion is asked at every stage, community engagement can be increased greatly. It will be possible to use these tools to describe and promote, deliver and manage the localisation of services. User satisfaction can be measured and responded to rapidly. The new CPA arrangements can be implemented with ease. Snap questionnaires or surveys can be held at the drop of a hat – not just through computers but through mobile phones as well. The portal can also support discussion forums on topics of interest or consultations on local priorities.

3.5.3 Combining with Telecare and Telemedicine

By delivering this technology, combined with broadband, it is possible to build on the excellent work already being carried out by Taunton Deane Borough Council in the area of telecare. The Council already makes sensors available to residents at home, allowing the monitoring, for example, of an older person to ensure that the bath has not flooded or that pills are being taken. The Community Portal will allow other functions such as teleconferencing between the resident and his or her carer (perhaps on split screen with a translator) to enhance the opportunities for independent living.

In a number of places round the world, including in South Wales, we are running projects to extend these concepts to the field of telemedicine. Many monitoring devices are now fitted with wireless connections so it is possible for a person's blood pressure or blood sugar level, for instance, to be monitored minute by minute during the day. Doctors will be able to tell if the pills really are being taken by seeing the effects on the patients' readings. Outputs from many devices will be sent to a doctor's portal where situations can be assessed and dosages fine tuned.

At our recent staff day in Somerset, developers from our Labs in Hursley near Winchester demonstrated this equipment using mobile phones to send data from these remote devices. This is a real application, showing how Care services could be delivered in Somerset.

In the "Customer Access Strategy" volume of our submissions, we make specific proposals to run a Feasibility Study to show how our telemedicine platform and

products will work with the Council's existing investment in telecare products. We will also create a demonstration suite in the ISiS Innovation Centre.

The goal of independent living is within our grasp. The benefits in lower costs, faster recovery and greater happiness of residents are clear. We believe that we have all the component parts and look forward eagerly to building on the success of Somerset to create the world's leading telecare implementation.

4   Education and Skills

4.1   Our Vision for Education and Skills

We don't need PLI researchers to tell us that high levels of education and skills are needed to make a region competitive in the 21st Century and beyond.

In his book "The World is Flat", Thomas L. Friedman explains how technology has brought inexpensive, international real-time collaboration available 24 hours a day, 7 days a week. This phenomenon is levelling the "economic playing field" for the nations of the world with the result that geography, country borders, distance and time differences no longer matter. Employers are able to match their jobs to the skills of workers available globally, work is able to move to people and professionals are able to work for clients over large distances without travelling.

In this new economic environment, the skill of the workforce becomes paramount. The quality of a nation's education system becomes an increasingly important indicator of competitiveness. Education provides opportunities for individuals to contribute to the economy, to realise their individual potential. This is a key factor for social cohesion.

All the projections for the western economies show that the numbers of unskilled jobs are declining as old industries decline and that new jobs that are being created are in the area of management, professional and skilled trades. The economic projections for the UK also show that there are insufficient school leavers to meet the expected growth in these jobs. To enable these jobs to be filled, not only does the educational system need to enable every young person to achieve his or her fullest possible educational potential but also to increase the skills of the existing workforce.

Professor Stephen Heppell summed up the dilemma for education in the title of a recent lecture "*The Empire, the motorcycle industry, the World Cup: why we might lose education next*".
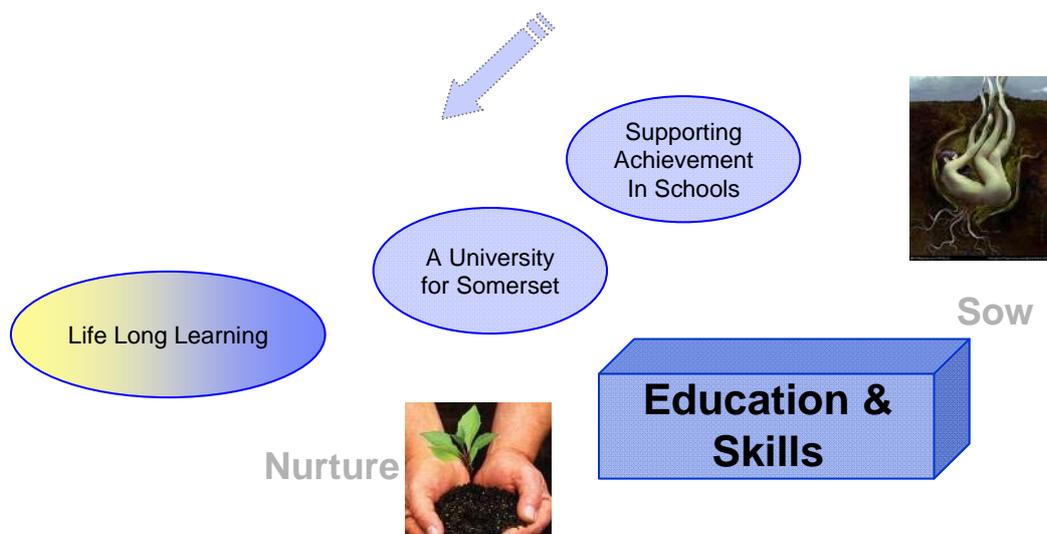
In this section, we cover our proposals to invest in improving educational attainment in Somerset. We show how we could bring much of the thinking and

systems of the "Building Schools for the Future" programme to Somerset right now. We also discuss creating a University for Somerset and providing Lifelong Learning for its residents.
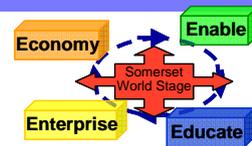
4.2   Supporting Achievement in Schools

4.2.1   Somerset's position

Many of Somerset's jobs are in industries likely to decline in the next decade. High-tech industries are less prominent and are growing less strongly than in the South West or nationally.[4] At 87% of the national average, per capita productivity in Somerset is also relatively low.

There is strong evidence of a link between skills and workforce productivity. A clear link also exists between international inward investment and the availability of skilled labour[5].

Today, 28% of the Somerset workforce has no qualifications and 65,000 residents have poor literacy and numeracy skills. Employers' surveys show that all sectors of the economy have experienced difficulties in recruitment, with a third of organisations surveyed identifying shortage of skills as a major problem.[6]

The proportion of young people achieving 5A*-Cs at GCSE is above the national average but this has remained static from 2000-2003 so that Somerset is moving down compared to its statistical neighbours and a lower proportion of young people are now entering full time post-16 and higher education. Key causes include lack of access to higher education and low levels of aspiration.

In order to meet your goal of having a 21st Century economy by 2025 through attracting new industry sectors to the County, there will need to be a significant improvement in educational achievement in Somerset.

4.2.2   Education / Children's Services Strategy

The Department for Education and Skills has recently published a review - Five Year Strategy for Children and Learners: Maintaining the Excellent Progress[7] which sets out five priorities for education. These priorities closely match the needs in Somerset:

- Closing the gap in educational attainment between those from low income and disadvantaged backgrounds and their peers

- Continuing to raise standards for all across the education system

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[4] Somerset Strategic Partnership, *A vision for Somerset* www.somerset.gov.uk/media/31B/CE/SSP_-A_vision_for_Somerset.pdf

[5] Chris Humphries, Director General of City and Guilds, *Skills in a Global Economy*, www.cityandguilds.com/documents/Skills_in_a_global_economy_-_paper_V1.8p.pdf, January 2006

[6] *Somerset Strategic Partnership,* A vision for Somerset www.somerset.gov.uk/media/31B/CE/SSP_-A_vision_for_Somerset.pdf

[7] Department for Education and Skills, *Maintaining the Excellent Progress,* http://www.dfes.gov.uk/publications/5yearstrategyprogress/docs/5yearstrategy-maintexcell.pdf, 2006

- Increasing the proportion of young people staying on in education or training beyond the age of 16

- Reducing the number of young people on a path to failure in adult life

- Closing the skills gap at all levels – from basic literacy and numeracy to postgraduate research – to keep pace with the challenge of globalisation.

4.2.3   Somerset Focus Areas

From our discussions with the Children and Young People's Directorate we understand that there are a number of particular focus areas in Schools:

- Early intervention.

- Quality of writing.

- Boys' underachievement.

- Teacher recruitment issues.

4.2.4   Our Schools Proposition – Summary

Transforming education to deliver the improvements in achievement and the skills needed for the Somerset economy is a long-term project. The ICT output specification states that "ICT is now fundamental to the effective delivery of teaching and learning in Somerset schools and Pupil Referral Units as well as to their efficient management and administration. Significant development of the infrastructure will be required to meet growth, and new requirements for use of ICT will continue to emerge." It then lists a number of areas for development.

Below, we have proposed an approach and possible technologies to deliver the stated requirements. However we understand that considerable progress has already been made on a number of these areas and that it in many cases it may be more appropriate to **develop the existing approach rather than to introduce new technologies.** We propose to work with the council and the schools in partnership to review the schools' requirements, the existing plans, the infrastructure and the supporting technologies required in order to produce a comprehensive development plan for education. Projects that we would like to review with schools include:

4.2.4.1 Developing the infrastructure to enable schools in their use of ICT

The development of the existing infrastructure so that it is "industrial strength" and enables the schools to take on whatever ICT solutions they require is a key priority. The core IBM bid includes a number of proposals in this area, for example to provide a backup/recovery mechanism over the web so that schools are able to have confidence that their important data is fully protected and is held in a secure offsite location.

4.2.4.2 Implementing a pilot Collaborative Learning solution

We have included a proposal to implement a two year collaborative learning solution pilot using leading IBM technologies in order to develop the use of ICT in support of educational transformation. This would be a showcase project for Somerset schools and will enable learning and sharing of experience amongst schools. We propose to implement the IBM Collaborative Learning Edition solution for 2000 pupils and staff (details of which schools and numbers of pupils

and teachers to be agreed) together with a sophisticated IBM Web conferencing facility called Sametime, which includes the capability to use voice and video, for 75 teachers at a time.

4.2.4.3 Set up an Education Centre of Excellence

We will implement an **Education Centre of Excellence** as part of our Innovation Centre concept. It will have the following objectives:

- To support Somerset schools developing their educational vision through a programme of Thought Leadership

- To support the creation of a connected learning community

- To support Local Authority educational improvement initiatives

- To support the Personal Development of teachers and Head teachers

The Centre of Excellence will support the Collaborative Learning Solution pilot project and work with the schools to define the requirements and plan to implement a full Managed Learning Environment (see below).

A key feature of the Centre of Excellence is to provide secondments for teachers both as a Personal Development activity for them and to bring in local expertise and knowledge to assist in the delivery of improvement programmes.

The Centre of Excellence will be supported by educational and technology expertise from IBM, HBS and Mouchel Parkman. It is envisaged that it will make links with education departments in local universities. In particular, it will draw on expertise from 'Education Excellence', a business which is part of HBS, offering consultancy, training and conferences for teachers, leaders and support staff in schools . It will also draw on the expertise of Mouchel Parkman whose educational consultancy capabilities encompass school improvement, training and development for schools, teaching and learning support packages and specific programmes such as those for the gifted and talented and those with special educational needs.

4.2.4.4 Integration of information within the Children and Young People Directorate

There is considerable work needed to integrate the systems required to support the Every Child Matters agenda. We understand that work is underway on this and we envisage that this can be incorporated into the wider proposal we have made to develop a Citizens Index.

4.2.4.5 Support planning for BSF

We will provide consultancy to help develop plans and business cases for Building Schools for the Future (BSF). Through this process, and using our experience in working with Partnerships for Schools, along with those of our partners, we will seek approaches that will allow accelerated roll-out of enhanced ICT capabilities to all schools in Somerset. This means there is no need to wait for the building programme which would otherwise take many years to deliver.

The cost of building an innovative and transformational ICT solution requires BSF funding. We anticipate that the detailed planning for this can be accomplished as part of the BSF planning and can incorporate the experience gained from the Collaborative Learning pilot project. This will enable Somerset County Council to

accelerate the ICT component of the BSF programme and to gain the benefit of educational improvement significantly sooner than would otherwise be the case.

4.2.4.6 Support BSF Rollout

The standard BSF programme approach procures school construction, ICT services and Facilities Management services in a single bundled tender. This has the disadvantage that the rollout of the programme is tied to a long term programme of construction projects, stretching over a decade or more.

There are, however, examples of BSF implementations where ICT and other services have been delivered independently through an existing Strategic Partnership with the building programme being procured separately. This allows the educational benefits from new ICT services for schools to be realised much more quickly. This is our preferred approach for accelerating Educational Transformation in Somerset. We have the expertise to support the rollout of BSF and are able to provide all the ICT and Facility Management services needed.

In order to achieve this, the ISiS programme would have to demonstrate that it is able to meet the agreed specification for BSF. The ISiS ICT would have to provide the managed services to meet the standard documentation and requirements.

We believe that we will be able to do this. It will enable the development of a full Managed Learning Environment (see below) which will provide the ICT platform to enable a significant impact on the educational achievement in Somerset.

4.2.5 The Managed Learning Environment

We will develop a full Managed Learning Environment (MLE) in partnership with the schools to support the enhancement of learning and to improve the Every Child Matters outcomes for children and young people. The term MLE is still relatively new and there is no commonly agreed definition. However in this case we mean an ICT environment that encompasses the entire institution, whether it is a school, a Further Education college, a University or the broader network of services for children.

The key to an MLE is the delivery of a full set of ICT services to support the Learning Environment. The key components of this are shown below.
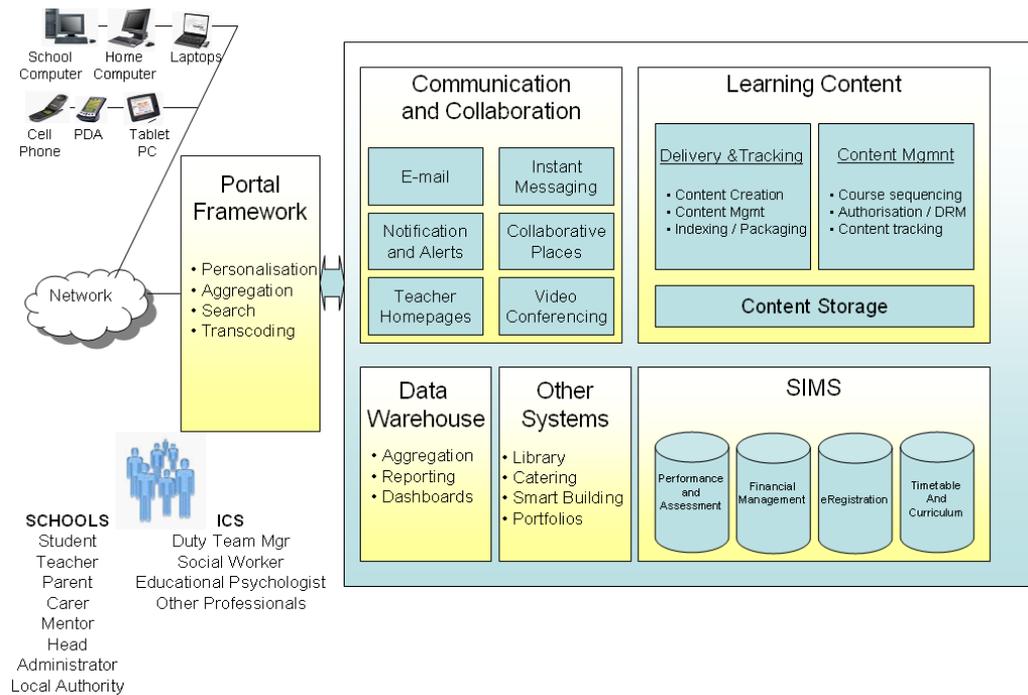
Figure 9: The Managed Learning Environment for Schools

These technologies include key items, such as the Management Information System (e.g. SIMS), a Virtual Learning Environment, Communication and Collaboration tools and a School Portal all linked together seamlessly and providing consistent and effective information to teachers, students, parents, carers, mentors and local authorities alike. The MLE supports teachers in enhancing the learning of their students and provides head teachers and senior management team members with the information to improve the performance of the school.

It provides all individuals who are working with children with the joined-up services they need. IBM has a long history of delivering innovative ICT solutions in education using the same technologies that are used in commercial companies. These provide robust "industrial strength" ICT services in a secure and reliable manner. Our partner, HBS is on the BECTA framework as an accredited Infrastructure Services supplier for schools.

We recognise that we are not entering a green field site and that there are important initiatives underway. We propose to work with schools to develop the existing strategy to exploit the existing investment in ICT solutions. We will bring in new technologies as required in agreement with schools to integrate new and existing solutions.

4.2.6 Building Schools for the Future - Transformation of education, not just a building programme

The vision for educational transformation at the heart of BSF has all too often been overcome by the demands of the building programme.

There are already examples in some Authorities of the technical aspects taking precedence over the transformation of education. We have the expertise to help

Somerset County Council ensure that the BSF programme really delivers educational transformation.

We understand that you plan to make a proposal to Partnership for Schools to take part in an early phase of the BSF project. At preferred supplier, we intend to make an immediate offer of assistance in developing the Strategic Business Case from our partner, Mouchel Parkman. They are immensely experienced in this work and are on the DfES's panel of advisors.

4.2.7 The deluge of change

We understand that schools are deluged by change. The programme that we have outlined above may appear to add to this; however we believe that this plan will support many of the key areas where change is required including the 'Every Child Matters' agenda, the Somerset educational focus areas and BSF.

We will work with the schools to make sure that these programmes are focussed on their needs, and that the individual projects in the programmes support multiple areas of change in school, in order to provide maximum efficiency and minimum disruption. Our approach of working with existing investments in technologies and the skills that schools have already built has the objective of making change only when it is fully agreed and supports real improvements for schools.

For more details on our schools proposition, please also refer to Appendix 7.
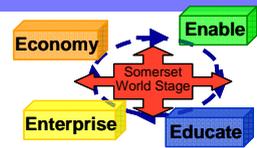
4.3   A University for Somerset

4.3.1   Introduction

In Somerset: A Landscape for the Future, the Somerset Strategic Partnership challenges education providers and employers to collaborate to "improve radically the skills, learning and aspirations and employability of people in Somerset." We accept this challenge. As part of our investment in Somerset, we will work with the Councils and the colleges to address the two main reasons Somerset's students do not seek a higher education – access and aspiration.

The skills in many of the key industry areas for economic development require practical and group learning. These are likely to be best delivered through a combination of the existing FE colleges working collaboratively to develop into a University of Somerset. A "Virtual University" approach through the use of ICT-based distance learning tools will improve the ability to deliver the parts of the curriculum that are suitable for remote delivery. This approach offers the greatest flexibility to provide the range of full-time and part-time courses that are required.

4.3.2   Setting up a University

We are aware that the Somerset colleges and Local Authorities have a number of ideas regarding how to support the University requirements of residents. It is our sense that no consensus has yet been reached regarding the best way forward. While plans are being formulated, we can help.

We have developed a tool that has been used by many organisations to define objectives, strategies and action plans. This tool, called the Component Business Model (CBM), defines the functions – or Components – of an organisation as a set of inter-related, non-overlapping building blocks. We use this model to identify the strengths and weaknesses of an organisation, its aspirations, and the gap between those current and desired states. Finally, a roadmap shows the way forward.
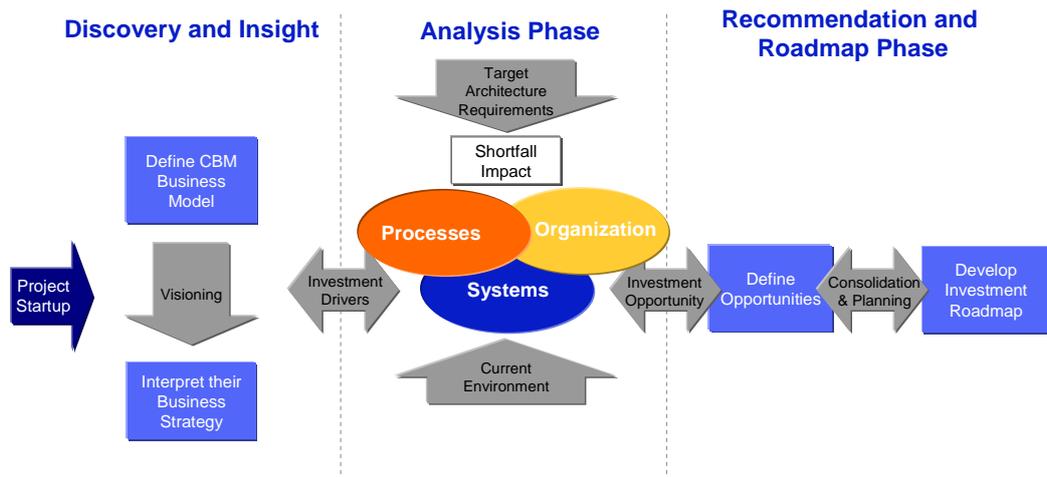
Figure 10: The CBM Development Process

A high-level summary of a Component Business Model for Universities is shown below. We can use this tool and the details it reveals to help Somerset colleges and stakeholders define what they want the Somerset University to be. This

vision might include online access to others' curriculum or perhaps full university accreditation for certain tracts, such as business management, technology and creative design.
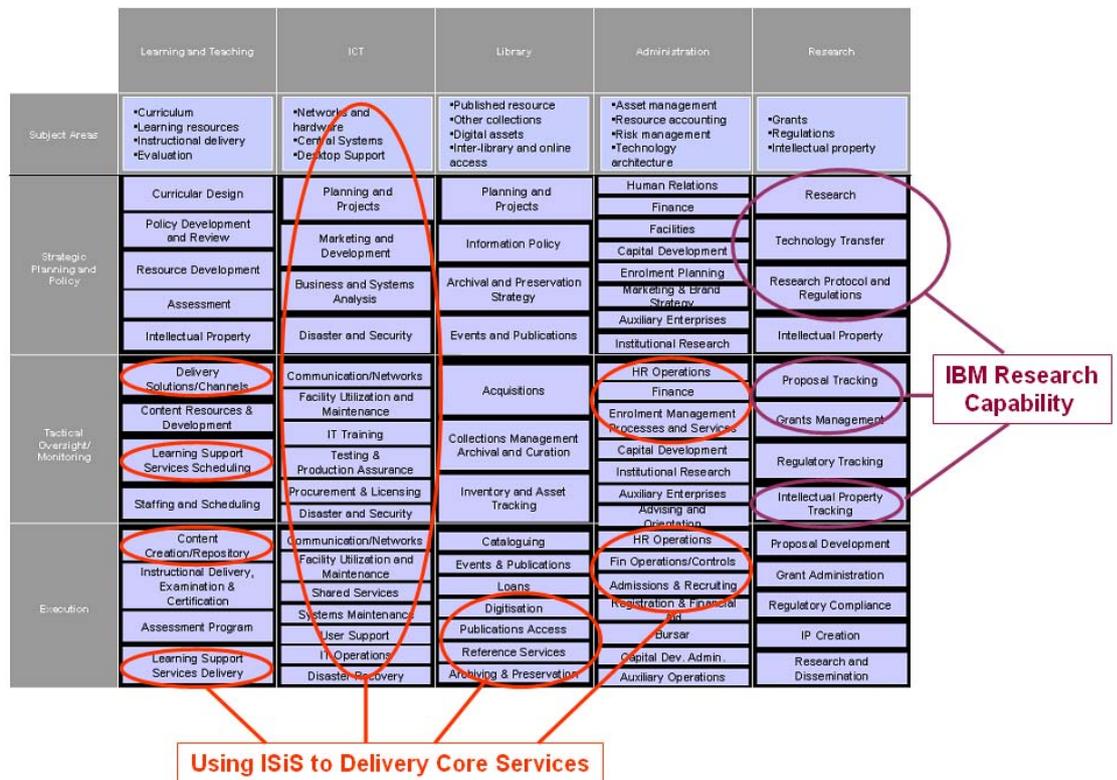
Figure 11: Potential areas where ISiS could support a University of Somerset

Once strategies have been defined, the ISiS Managed Learning Environment (MLE) can play a major part in the implementation. The red circles on the diagram above indicate functions that are supported by the MLE. The purple circles indicate components IBM Research can support.

The delivery capabilities within ISiS are ideally placed to provide the administrative and ICT services required by a University, albeit with a level of development and customisation to meet its specific needs. The Managed Learning Environment developed for the schools is an excellent base for a University Learning Platform as the technologies employed are flexible and can be extended to meet the teaching and learning needs of a University.

The implementation of SAP within ISiS can also be extended to support the University, with the addition of SAP Campus management (shown in the bottom right of the diagram below) which enables the management of the entire student lifecycle from prospecting for students, managing them through their degree course and finally to alumni relations.
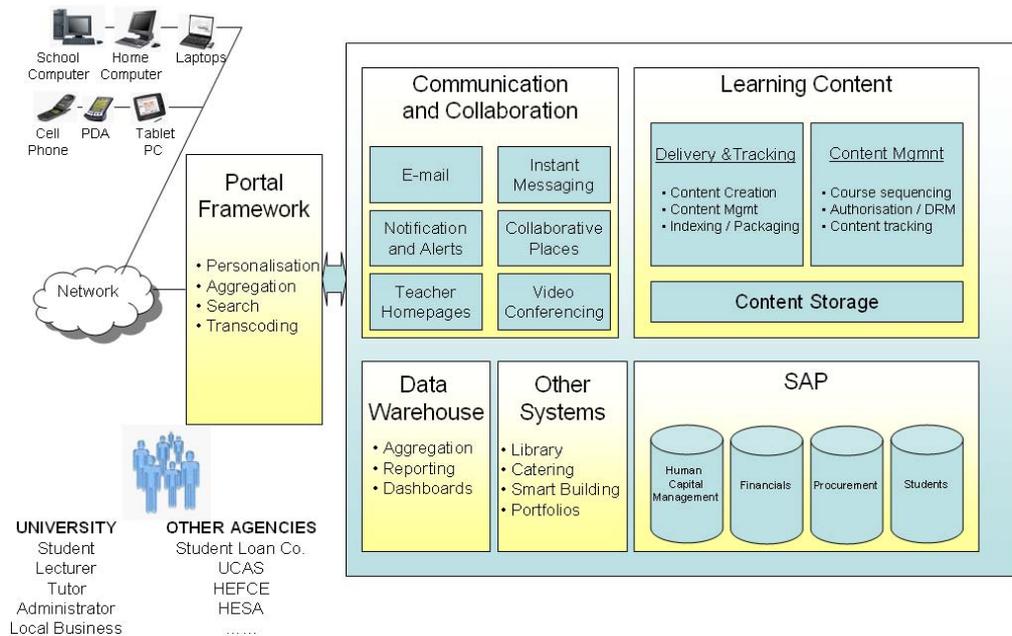
Figure 12: The Managed Learning Environment for a University

4.3.3   IBM Research Capability

4.3.3.1 IBM Research

IBM has over three thousand researchers in our eight labs around the world working with each other and with clients, universities and other partners. Projects vary from optimising business processes to inquiring into the origins of the universe. IBM Research's focus is to continue to be a critical part of IBM's success by balancing projects that have an immediate impact with those that are long-term investments.

As an example, following the recent "Innovation Jam" IBM has announced investment in a project focused on advancing and applying our expertise in information technology, systems management and optimisation, materials science, and physics to emerging environmental opportunities.

Whilst IBM carries out its own pure research, it is also able to focus research resources by consulting on specific customer problems and carries out joint research with Universities. In particular, the IBM Shared University Research (SUR) programme is designed to support research in selected Universities.

We commit to working with a future University of Somerset to build links between IBM Research and research departments within the University.

4.3.3.2 IBM's Shared University Research Program (SUR)

The IBM SUR program is designed to establish or enhance a strong IBM technical presence at selected Universities and with leading researchers in the University community world wide. In this programme IBM awards equipment to Universities in order to promote research in areas of mutual interest. It strives to connect the research and researchers at the University with those at IBM. There are about 50-70 awards per year world wide.

university

special university

*

Can education really happen anywhere? Somerset County Council have learned that lesson already. Together with IBM they've created a virtual university across the whole county providing access to unsurpassed resources for the entire region and opening up new worlds of learning to anyone, anywhere, at any time. Perhaps they could teach you a thing or two too.

Talk to IBM, the innovator's innovator. To learn more visit ibm.com/special/UK

IBM

4.3.4 IBM in Higher Education

IBM has worked with Higher Education institutions in the UK and other countries for many years and has long-term business relationships with a number of Universities. Examples include:

At **Oxford University**, IBM provides the significant amounts of technology for research, the administrative systems, Lotus solutions for email and collaboration, as well as important parts of the centrally provided systems supporting the academic community. At **Cardiff University** we are implementing a portal and collaboration environment based on the same IBM technologies as we propose to

use in the Somerset Managed Learning Environment. At **Middlesex University**, IBM is implementing a completely new ICT infrastructure, including a new network infrastructure based on Cisco technologies.

Examples from other countries include **eArmyU** (https://www.earmyu.com) which is one of the largest online learning portals in the world. Since its launch in 2001, over 50,000 American soldiers have taken courses through this programme from 28 accredited universities. Many have received degrees. This is a fully outsourced solution with IBM providing all programme management, application and infrastructure development, and hosting. The solution includes enrolment, tuition administration, and credit transfers between universities, email, help desk, online book ordering, and marketing outreach for soldiers in 51 countries.

IBM is working with the **Shanghai Information Tech College** to improve the software programming skills of local residents. For this initiative, IBM provides both the delivery platform and much of the content from our internal curriculum. We also train the teachers and offer IBM internships to 10% of the graduates.

The **University of St. Gallen** in Switzerland is one of a number of Universities that use IBM's LearningSpace technology to offer courses online. To date, 25% of courses can be accessed on the website, which receives 600,000 hits per month.
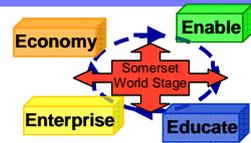
4.4   Life Long Learning

Researchers have found that exercising the brain makes it healthier.[8] We believe this is as true for organisations as it is for organisms. Institutions and communities that value learning are more resilient and more vibrant than those that do not.

As joint owners of one of the largest and fastest growing companies in the South West, there is much we can do together to create an environment where learning is valued. We believe ISiS can play a vital role in creating a culture of learning well beyond its four walls. If you agree, we would like to do the following:

Provide tools to support Adult Learning in Somerset

A wide range of adult learning courses are delivered across the County. The Adult Learning and Leisure Department at the Council employs over 350 trainers based in 18 locations, typically smaller towns. Their objectives are increasingly focused on the Government's drive to improve skills in the workplace, as agreed with the Learning and Skills Council (LSC).

In the section of our overall proposal "People Excellence", we describe the training systems and platforms that we will use to deliver training to ISiS staff and other members of staff for the Authorities. As described there, the platform can be made available to the Adult Learning Department of Somerset County Council for their use with residents of Somerset. A schematic of the platform is shown below.

Static reference materials
Internet Based Guidance
Leaflets/Mailshots

Classroom based learning
Train the Trainer
 • Library Staff
 • Supermarket Staff
 • Mobile Staff
 • Select Citizens Representatives

1 Information
2 Interaction
3 Face-to-Face
4 Collaboration

Interaction with Media
eLearning for Citizens
Conceptual Scenarios using Video

Access to experts
Community tools and Team Rooms
Messaging and chat services
 • IBM Sametime™
Online FAQ databases

Figure 13: A Platform for Lifelong Learning

Together with the Managed Learning Environment we are proposing to create as part of our schools proposal, we believe that these would have considerable value to the County. An early discussion of this with the Adult Learning Department has been positive; more work needs to be done, including accreditation of the system with the LSC.

In addition, we propose the use by the Adult Learning team of our Reading Companion.

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[8] *Case Western Reserve University Research.* http://www.case.edu/news/2004/8-04/alzheimers.htm.

The Moser Report[9] highlighted the impacts that poor literacy and numeracy have upon the individual at work and in limiting much of what a full life can offer. It also describes the situation as a brake on the economy and one of the factors underlying the nation's relatively poor productivity compared with much of Europe. It is estimated that over 60,000 people in Somerset cannot reach Level 1 and Level 2 standards in literacy and numeracy. This is an issue that must be addressed if Somerset is to become a leading economy is Europe.

The Reading Companion has been developed by IBM Research and is based on our world leading voice recognition technology. It is aimed at improving child and adult literacy and is in use in over 100 pilot sites in America. The Reading Companion presents the user with material to read on a web page. The on-screen mentor can read a phrase to the user and provides an opportunity for the user to read it back using a microphone. Depending on the accuracy of what is read, the companion provides positive reinforcement, a chance to try again or a correction.

The product is currently in American. That is, it uses US spellings and examples such as forms to apply for a Green Card. It will take some investment by the Adult Learning Group or their partners to customise this for use in the UK. We will be happy to help them to do this.

Open ISiS classes to Somerset residents

For the last two years, IBM has ranked #1 in the Training Magazine's survey of the best training companies. As part of our core proposal, IBM is making available to ISiS employees the curriculum we have developed for IBMers. This material ranges from professional skills classes (e.g., writing, consulting, and project management) to IT courses. We propose to work with the local authorities to make this material available to the residents of Somerset. We see a direct link, for example, between the courses we have developed and the curriculum available through Somerset County Training (http://www.somerset.gov.uk/sct). This is clearly an area where we can provide significant value without a great deal of new investment.

We are also deeply involved in e-skills UK (http://www.e-skills.com/), a not-for-profit, employer-led organisation licensed by government as the Sector Skills Council for IT & Telecoms. The objective of e-skills UK is to bring together employers, trade unions, professional bodies and governments to develop the skills that UK businesses need. E-skills UK has developed a number of programmes in 4 areas:

- Making IT careers more attractive.

- Preparing the future workforce.

- Developing the existing workforce.

- Improving the existing infrastructure.

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[9] *A Fresh Start - improving literacy and numeracy* (DfEE 1999, ref: CMBS 1), http://www.literacytrust.org.uk/socialinclusion/adults/moser.html

With IBM's UK chief executive currently Chairman of the Board of e-skills UK, we are well positioned to bring the benefits of these programmes to Somerset.

Provide a career track for ICT graduates

In *Somerset: A Landscape for the Future*, the Somerset Strategic Partnership challenges education providers and employers to address not only the skills of prospective employees but their aspirations. Some people learn for fun; most expect more tangible rewards. We will make learning valuable by offering a number of foundation degree graduates from Somerset colleges' employment at the ISiS centre. We will establish a professional framework for personal growth within ISiS that will make a career at the Centre an aspirational destination. Of course, for ISiS – as for IBM – back-office disciplines like HR, Finance and Procurement are not cost centres but revenue-generating opportunities. These are businesses we jointly intend to grow. For many in Somerset, there will be a real and visible benefit to higher education, a job at the ISiS Centre.

Implement an ISiS MentorPlace® programme for Somerset schools

MentorPlace (www.mentorplace.org) is a programme in which IBM (and now ISiS) employees volunteer to mentor students aged 7 to 18. Employee volunteers are charged with providing students with academic assistance and career counselling, while letting them know that adults care about their issues and concerns.

> **IBM IN THE COMMUNITY**
>
> IBM's **On Demand Community** links IBM employees who want to volunteer with organisations who need their help. About 70,000 IBM employees have participated in the last three years, contributing over two million hours of volunteer work. IBM provides coaching, grants, and connections. MentorPlace is one of the largest On Demand Community programmes.

The ISiS mentoring programme will reinforce the image of ISiS as a learning place.

Share innovation with the community

The ISiS Innovation Centre will be a place where exciting and innovative technologies are demonstrated and discussed. For example, if the Councils agree that renewable energy should be a focus area, we could use the Centre to provide seminars on the latest in wind, water, and biomass energy solutions.

Create a National Skills Academy for Renewable Energy

National Skills Academies are public-private partnerships "to create world-class centres of excellence delivering the skills required for each sector of the economy" (http://www.nationalskillsacademy.co.uk/). To date, four academies have been launched (construction, fashion, financial services and manufacturing) and three are under development (chemical, creative & cultural and food & drink manufacturing). As an element of our Energy Valley initiative, we would like to explore with Somerset authorities the possibility of creating a Renewable Energy Academy. To be clear, this is a very large endeavour, one we cannot handle by ourselves nor start right away. That said, if we go forward with our plans to house renewable energy research and incubation facilities in the ISiS Innovation Centre, this is a logical, and an exciting, next step.

One organisation, even one with the combined power of SSCC, TDBC and IBM, cannot change the culture of an entire community. We are convinced, however,

that we have a unique opportunity to create in Somerset, by example and by action, an environment that values lifelong learning. This we will do.
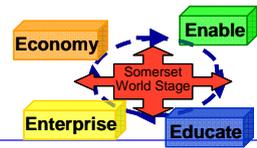
5   Enterprise

5.1   Our Vision for Enterprise

Building on the work in education, IBM intends to make a number of decisive investments aimed at creating and improving jobs in Somerset. This section sets out our plans to:

- Invest directly in IBM jobs.

- Create an Innovation Centre for the benefit of the Councils and the Economy.

- Create a business incubator for start-up businesses in Taunton.

- Create an IBM software development facility using ISiS staff.

The key to many of these items is to put Innovation and Collaboration at the heart of the initiatives. In practice, this is hard – but perseverance can have dramatic improvements. We've already discussed the concept of a "Somerset Jam" and believe such an innovative initiative would capture hearts and minds and provide concrete actionable progress.

Enterprise forms a natural complement to the education and skills agenda. We are not just about creating new jobs; we are about establishing the genesis of new work areas, the transformation of existing businesses and the incubation of new start ups for a sustainable growth future.
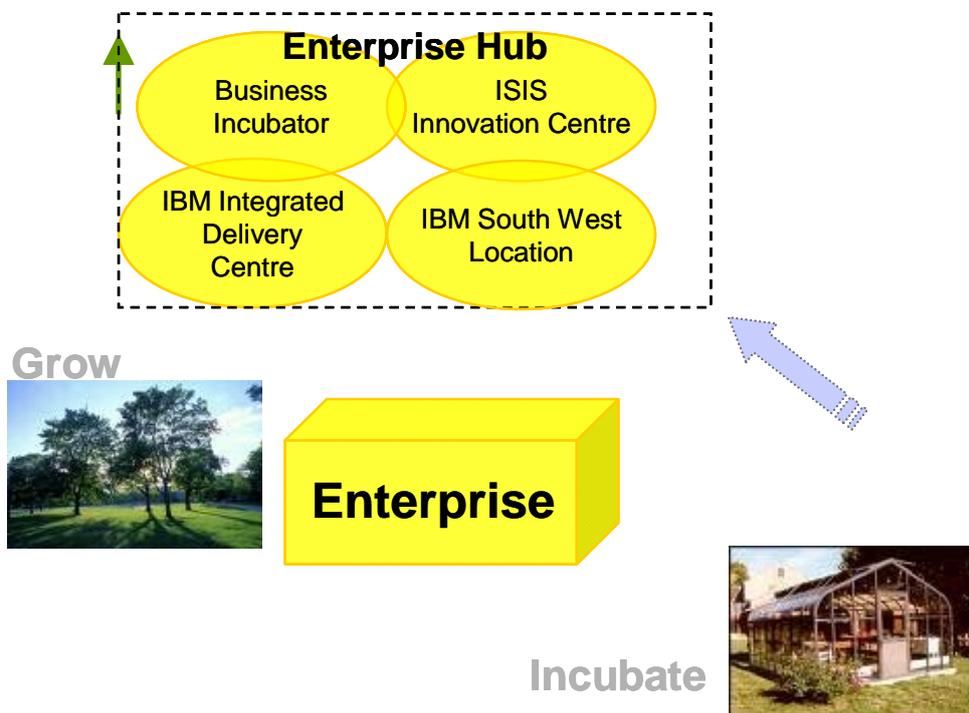
Our vision is to create an **Enterprise Hub**. We believe that the complementary nature of ISiS with the services it can provide, the skills of the Innovation Centre, the co-location with the Business Incubator close by the Somerset College of Arts and Technology and the establishment of the IBM South West offices in Taunton

will lead to an exciting area of new ideas, innovation and business growth that will act as a dynamic engine for the whole County and beyond.

Our **Enterprise Hub** concept has a number of components, working in unison over time to fundamentally change the make up of business. These initiatives will be closely tied into the "Somerset on the World Stage" programmes to ensure we are promoting our joint successes.

We propose to work closely with the education sector to ensure strong links and practical two-way flow of information between Education, Enterprise and Economic Vibrancy.
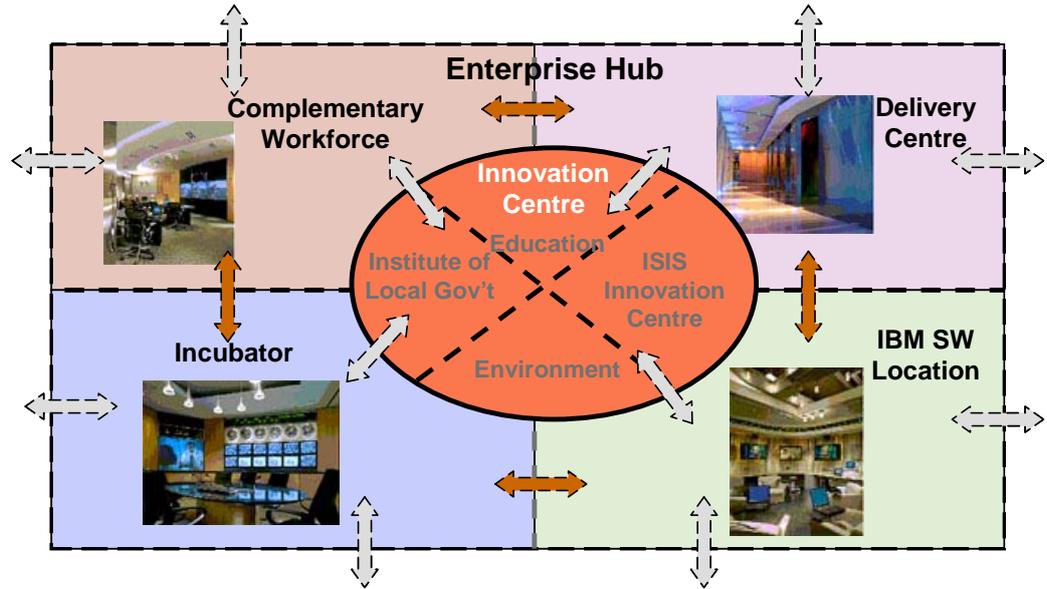
The Enterprise hub is built on the concept of learning by osmosis, development and growth. By locating inter-dependant functions together and designing for collaboration we intend to create an environment which can serve the needs of multiple stakeholders. The flow of ideas and projects will shift between the various spaces. Our Enterprise hub is designed with Innovation at the heart of it – both conceptually and physcially.
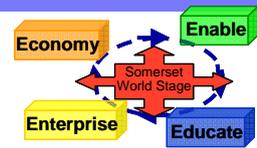
5.2   IBM in Somerset

5.2.1   IBM South West Offices

We plan to make Taunton IBM's office for the South West. There are approximately 450 IBM staff members living in the Region. Many of the IBM people in the South West are mobile knowledge workers and will use the offices in Taunton as a drop-in centre. The constant movement of the IBMers, bringing new ideas and working on new projects, will bring much benefit to the Innovation Centre and Business Incubator.

The current Vice President of our Public Sector Consulting and Services Business will be located at Taunton and lives a few miles away. As a result of this, the ISiS project, the many exciting developments that will be taking place there and the central positioning of Taunton, we expect this location to become an important one for the company and a natural magnet for IBM people. They will work in Taunton and many will move into the area. There wil also be a need for secretaries, administration staff, and other support functions.

We believe that this move and the creation of a prestigous office will have a considerable effect on the town. We will work with the Somerset Inward Investment Agency to highlight this move in joint publicity to underpin the "Somerset on the World Stage" concept.

In addition, we intend to create a number of jobs in the County from our complementary workforce. IBM uses approximately 3,500 contract workers in the UK. Increasingly, these people are location independent and can work from the office or home anywhere. For those new staff that do not have a specific need to be at another IBM location, we will advertise in the Somerset papers and hire from this County.

The posts are typically administrative, secretarial and IT support in nature. As there is a low unemployment rate in Somerset and we intend to grow this group to over 200 people three to four years, our agencies will work with the local Colleges to ensure that the skills and resources are available to us. Most of these staff members will work from home, using suitable equipment, attached to the enhanced broadband network.

5.2.2   IBM Integrated Delivery Centre

IBM proposes to create an **Integrated Delivery Centre** which is part of our wider Wessex Delivery Centre. The SSC and TDBC staff would be able to work from this centre. Delivery Centres are a fundamental component of our UK software application delivery organisation and use common, worldwide practices and processes to drive effiicient services for our clients. Delivery Centres also provide a structured, well managed environment that allows staff to develop their skills, experience and personal value through training and use of IBM's CMMI accredited practice and processes

Delivery Centres have key chacteristics that help drive value including:

- Common Methods, Tools & Best Practices
- Shared technical and project governance

- On-line access to IBM's extensive Reference Architectures, Intellectual Capital and Re-Usable material

- Easy access to staff in other Delivery Centres and to our Research & Development labs

- A critical mass of skills to allow us to maintain high productivity

- Access to worldwide technical comunities who can help solve specific project issues

- Professional accreditation and recognition on key skills e.g Application Architect and Project Management

- Proven shared service for development and maintenance

- Sharing of integrated development and test Infrastructures

There are currently around 40 applications staff in Somerset and Taunton Deane providing services to build, support and maintain applications who will move into the Delivery Centre. We expect this to grow as we take on other organisations such as the Avon and Somerset Police.

Our initiatives will free up resources in this group over time as we make the current systems more efficient. We evisage that most of these staff will be deployed to support new projects to help SCC and TDBC continue their transformation. We also recognise that their training in IBM's methods will provide them with the capability to be deployed to deliver projects for other IBM clients in the UK. By creating the delivery centre, ISiS has the drivers and the ability to secure the future of its staff by growing their professional skills and increasing their career opportunities.

In addition we currently undertake critical Ministry of Defence work from Bath and Bristol. As part of this proposal, we would shift the individuals undertaking this activity to have the new IBM Centre as their base location.

As the business grows, it will be possible to grow the size of the Centre. We see this as a strong and sustainable route for prospective employees within Somerset and are in discussions with the Somerset College of Arts and Technology to ensure that the right skills are being made available locally. Specifically, we are working directly with SCAT to inject IBM technology, awareness and assistance into their IT Foundation courses to help them improve their capacity and quality. This includes the provision of secondments and apprenticeships into the ISiS JV for the best students.

5.2.3 IBM in the Community

With the launch of On Demand Community in November 2003, IBM reinvented its support of employees and retirees whose volunteer work enriches the communities where they live and work. This innovative global programme makes a wide range of knowledge and expertise available to volunteers online. It builds on established, award-winning IBM community relations programmes such as Reinventing Education, KidSmart, MentorPlace and TryScience. It extends a long tradition of community engagement by IBMers worldwide, drawing on our strengths in innovation, expertise, reliability and trust.

On Demand Community offers volunteer solutions designed around specific opportunities such as student mentoring, helping not-for-profit organisations

understand their technology needs, sharing the fun of maths and science with schoolchildren and more. Each solution provides supporting materials such as presentations or educational modules, to prepare and equip volunteers for their valuable work with schools or community agencies. As of winter 2005, there were 23 solutions supported by 136 tools and resources online.

Figure 14: The IBM On-Demand Community Portal

On Demand Community represents a collaboration among IBM Corporate Community Relations, IBM business units whose expertise in areas such as technology planning and open source software is integral to many volunteer solutions, as well as external partners from the fields of education and not-for-profit administration.

Of course, its most valuable partners are IBM volunteers. At the present time, there are more than 78,000 employees and retirees from 64 countries registered with On Demand Community and reporting over two million hours of volunteer work. Here is the home page on our intranet for On demand Community.

The On Demand Community intranet site offers us a number of tools to enable us to be effective volunteers. It has pointers to volunteering opportunities, tools for volunteers including schools activities and charity governance, community grants and an employee recognition scheme.

This work brings enormous benefit to IBM, the volunteers and the community. For IBM, the programme helps to understand our markets, reinforces the belief that we can make a difference in the world and builds on our rich tradition of community leadership.

For the volunteer, the emotional benefits of contributing to the community combine with providing an opportunity of enriching our skills. And for the community, research shows that, while donations of money and equipment are appreciated, local agencies are really interested in seeing people give of themselves.

We will encourage ISiS staff to join our On Demand Community and will consider requests to take part in voluntary activities or to support voluntary organisations. We will also look to link such work to the voluntary sector improvement programme that is part of the Supplier Excellence project.

The following press article describes a recent event that we helped to take place at High Littleton Primary School, in Bath and North East Somerset.

5.2.4   An Ethical Investment Policy

Although not a direct investor in other businesses, IBM's ethical credentials are impeccable. Every employee signs business conduct guidelines on an annual basis, which lay out an ethical approach to business. This covers matters of diversity, environmental matters and our relationships with our partners and suppliers. IBM also has an extensive corporate community programme in which it gives more than $146m annually to communities around the world.

Wherever IBM operates, we strive to conduct our business in a fair and equitable manner. Consistent with this objective, we follow local laws and customs of the countries in which we operate, and we actively seek to establish close working relationships with businesses indigenous to those countries.

The policy of the IBM Corporation is to provide diverse businesses the opportunity to participate in all areas of our marketing, procurement and contracting activities. This policy applies to all firms or institutions regardless of the business owner's race, colour, religion, gender, gender identity or expression, sexual orientation, national origin, disability, age, or status as a special disabled veteran or other veteran.

IBM's goals include furthering responsible corporate practices and we recognise that the supply chain can be a powerful lever to apply in realising those goals. It is our belief that responsible supply chain management takes into account social, financial and operational issues, and as a matter of a company's core management system, continually strives to meet the needs of the business in a way that furthers the company's values.

We understand that we have multiple points of "influence" in our supply chain: from the amount of money we spend annually, to our global reach, to our years of experience, and to our work with governments and academe which can contribute to, or detract from, our overall corporate responsibility goals.

For IBM, the magnitude of our supply chain spending has immense implications, not only as a point of focus for improving business processes but also for insisting on socially responsible behaviours throughout our entire business ecosystem. With that I mind, we have a published set of supplier conduct principles and

guidelines to which all supplier must adhere. These principles cover: forced labour, child labour, wages and benefits, working hours, non-discrimination, respect and dignity, freedom of association, health and safety and protection of the environment as well as those relating to legal matters and record keeping.

Note this is a summary drawn from a wealth of material which is available to the public at IBM's corporate Web site and more details can be found in the section on corporate ethos.
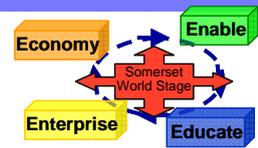
5.3 Deane Village

Our proposed re-location of the Taunton Deane Borough Council's offices allows the re-development of the Deane House site. We have looked at a variety of development options for this site, and assessed them against the Project Taunton and Urban Design Framework. Our conclusions are that the site is best suited to a residential development. This is because the site is currently surrounded by well established and high density residential streets; we can use the site to create a range of residential formats which maximise the benefit to the economic and social objectives of the authorities; and a commercial development would not be appropriate to the site and could compromise the optimal re-development of the Firepool site for commercial uses.

We propose a range of residential types, including 3/4 storey apartments, key worker housing (and potentially other social housing), and family townhouses. The Village can be designed around a series of squares to create green spaces and signify the different residential types, allowing them to fit with the existing urban grain of the area. The development would also include some locally based shops, amenities and potentially café/restaurant provision to support a vibrant new quarter of the town.

In summary, we believe that the benefits this re-development would bring to economic development are as following:

- Provision of up to 500 residential units, making a major contribution towards the 2200 units envisaged in Project Taunton, providing accommodation to support new employment locally, and (with excellent access to the station) for commuters

- Creation of a vibrant new quarter in the town which will support and regenerate the surrounding retail and residential areas

- Creation of a range of residential formats, in a traditional residential area which will support families and key workers, as well as younger workers and professionals. This would use an existing civic asset to provide social as well as economic and employment benefit, positioning the Borough Council at the heart of community regeneration

- Potentially, free up space for more commercial, and employment generating uses, and allowing better planning there

- Create value which could be used to invest in services and a new swimming pool, potentially in a location which supports the concentration of leisure uses around the cricket ground

- Fully supports and enables delivery of the Project Taunton
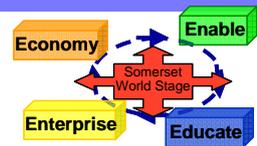
5.4   ISIS Innovation Centre

As part of the transformed work environment, we can provide a collaborative Innovation Centre facility (see illustrative pictures below). We consider this a key part of our proposition and envision the Centre to be at the heart not only of the transformation of the Councils but also a key resource in reaching out and collaborating with commercial and other public sector interests. Many of the initiatives we have described in this paper can be even further enhanced by using the Innovation Centre concept as a vehicle to make them come alive and binding them together.

5.4.1   Conceptual Model
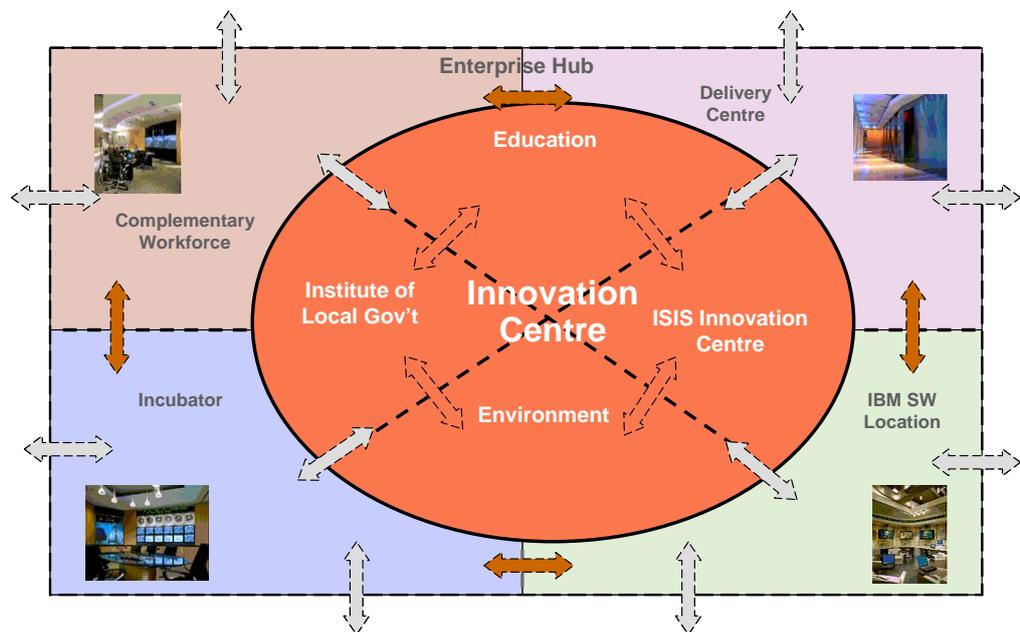
Collaboration is absolutely critical in this concept. The conceptual model shown above illustrates the free-flowing movement of ideas and resources between the parties (two way arrows indicating un-constrained information flows and resource flows) - both formal and informal - within the Innovation Centre, within the physical facility and with the outside world. The Centre will be populated with full time partnership staff from IBM and Taunton Deane Borough Council and Somerset County Council – further described in the "Turning your vision for Somerset into Reality" document and will be equiped with leading edge collaborative tools.

We have successfully deployed similar models in other Public Sector organisations in Central Government – for example the Department for Environment Food and Rural affairs, the Drivers and Vehicle Licensing Agency and the Pensions Innovation Centre in Glasgow.

5.4.2 Physical Model

The **ISiS Innovation Centre** will fulfil a number of distinct functions which will vary over time:

- Supporting the ISiS transformation – a facility to run Innovation Services and to create a tangible focal point to encourage and support an Innovation culture across Somerset

- Supporting the wider transformation agenda of the Authorities

- Providing a facility for other local agencies to collaborate and explore innovative ideas

- A physical centre at the heart of the Enterprise Hub – acting as the binding force between a number of related initiatives

- A melting pot for ideas providing physical and virtual links to Somerset residents, external public sector bodies, small business start up, and external commercial organisations, both regionally, nationally and internationally

The detailed specification for the innovation centre will be discussed with the Authorities during the Preferred Bidder stage. Key elements in previous centres include:

- A dedicated space for brainstorming new ideas and resolving difficult operational challenges with an atmosphere that positively encourages people to stand up, interact with one another and generate innovative thinking

- Development laboratories used to design prototype solutions, model office environments, develop IT solutions and run workshops

- Space for large groups of up to 60 staff to visit the Facility for periods of between a day and several months, to kick start projects, run business cases and other enablement activities

■ A fully equipped, high-technology digital theatre seating up to 240 people

Figure 15: **Exterior view and interior layout of an Innovation Centre we have successfully deployed for an existing IBM Public Sector Client**

When the Innovation Centre is first opened, there will be high demand for its use for internal purposes. With the longer view in mind, IBM will take specific actions to increase usage for the Centre. This brings both the short term benefit of business for hotels and local tradesmen, but also gives businesses the opportunity to see first hand what Somerset has to offer.

The following have already been agreed:

■ Minimum four marketing education courses to be run in Taunton during the Innovation Centre's first active 12 months.

■ Minimum one business partner meeting per quarter in the first year.

■ Minimum two personal development courses in the first year.

Further, the Innovation Centre will be promoted via the IBM forum centres as a venue for Business Partner hosted events and seminars.

5.5   *Business Incubator*

As part of our contribution to enterprise growth in Somerset, and in line with the recommendations of Geo-economics and PLI, IBM and its partners will create a new Business Incubator facility attached to the New Business Centre in Taunton. This will form a key component of our Enterprise Hub. It will be built around the themes of innovation, the environment and creative industries. We will establish close links to SCAT and other colleges. We will bring innovative micro finance and social enterprise ideas to bear. It will use many of the services that ISiS provides such as HR, finance and procurement. We expect considerable interest and a cluster of companies to be created around our plans for environmental research and the link to IBM's Labs.

We believe that the close location of the IBM Office, the ISiS team, the Innovation Centre and Centres of Excellence, will create a fantastic buzz in the Business Incubator in making it THE place where all budding entrepreneurs want to come.

We have discussed our plans with the Head of Business Incubation at the South West Regional Development Agency. He was most encouraging and provided very useful input about the ideal size and location. Most important of all is to staff the incubator with people with the skills and enthusiasm to identify potential entrepreneurs who can make a success of starting their own business and to provide the many services they need to be successful. They need to have excellent entrepreneurship skills themselves and create an extensive network.

The RDA executive was happy with our thinking and feels that a Business Incubator, allied to the advantages above, would be successful. We agreed that, very soon after preferred supplier was announced and if we were successful, we should create a business case with the Councils and submit it for funding to the RDA. He stated that we "should seek start-up funding and that practice has shown that these funding requests have been successful in the past."

A likely size of the Incubator could be between 20,000 sq ft and 30,000 sq ft to be sustainable and could secure up to 200 jobs within three years. We would target a mix of new business starters from the Colleges with more established business professionals wanting to go it alone. There are a number of exciting synergies in prospect. An example is in the area of design and print. The Councils have excellent operations in this area – SCAT has courses and displays well. One or more new start ups could work closely with both to form something special.

We would encourage start-up companies to move to other accommodation when they are established after three to four years. This will allow us to welcome in new start-ups. We would expect to create 50 to 70 new jobs each year by this means. The ones that leave will also grow so it is not inconceivable that we will help to create 1,000 jobs over the course of the contract.

Incubators are already in place or being started elsewhere in Somerset. This is excellent and will not detract from the Taunton one in any way. Other areas have their own specialities such as logistics at Bridgewater and engineering at Yeovil. Taunton is the natural capital and largest town in the County. It has a strong services sector and the Incubator will help it to become the powerful economic growth engine that the County needs.

The key measure of success of the Business Incubator is the success of the start up companies it assists in creating. It is easy for an Incubator, over a period of

time, to end up simply as a provider of workspace. It can make money and be sustainable in this way and would undoubtedly have a place in developing the economy. However, it is much better to really focus on creating new businesses, for instance by providing the flexible rental arrangements that encourage businesses to come in to the centre at the beginning and to leave when they are well established. We will work to ensure that the staff and ethos of our site will be fully behind this objective.

5.5.1 Working with Community Finance Institutions

Community Development Finance Institutions (CDFIs) are a new financial tool for social, economic and physical renewal in under-invested communities. They are not-for-profit organisations that lend and invest in deprived areas and underserved markets that cannot access mainstream finance, while providing extensive business support They are sustainable, independent organisations that provide financial services with two aims: to generate social and financial returns.

They provide funds to the self-employed, enterprises and social enterprises for:

- Working capital.
- Bridging loans.
- Property and equipment purchase.
- Start up capital.
- Business purchase.
- Marketing campaigns.
- Home improvements.

In the South West there are seven CDFIs, namely South West Investment Group (SWIG), Enterprise Plymouth, Wessex Reinvestment Trust, Bristol Enterprise Development Fund, CEED, Gloucestershire Development Loan Fund, and the Princes Trust. SWIG, Wessex Reinvestment Trust, and the Princes Trust all provide enterprise finance and support in Somerset.

Over the last 10 years, CDFIs in SW have created over 5000 businesses, helped to grow a further 1000, created almost 7000 jobs, and loaned over £17m, leveraging in a further £25m in the process. Behind these figures are countless stories of lives changed, and wealth created in communities most in need.

Since early 2005 all seven CDFIS have been meeting together to create a model of collaborative working. This consortium approach will enable them to share back office functions, create a common marketing approach and front end for potential clients and bid for funding without losing the regional integrity of each CDFI in the market it serves. The ultimate aim is to achieve the same level of service delivery across the region.

We have made contact with this consortium, provisionally named SW Enterprise Finance. It would be happy to engage in talks with us, to explore ways in which we could work together to better serve the communities and individuals they cover. Possible areas for collaboration include the development and design of shared back office and information systems and creating a common marketing platform. A tie up with ISiS might be appropriate.

This project idea has not been added to the list of projects which we are funding. It is an interesting idea, will fit well with the Business Incubator and ISiS and could do much good. We look forward to discussing this with the Councils.
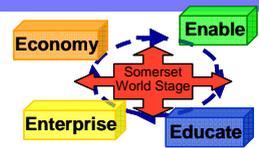
6 Economic Vibrancy

6.1 Introduction to Economic Vibrancy

Our "Somerset on the World Stage" model is geared to providing economic vibrancy in Somerset. The model is one of a virtuous re-enforcing cycle.

Improvements in enabling infrastructure help to improve education which helps start ups and enterprise which drives the economy, providing funds for more infrastructure and so it goes on.

The sections above deal with infrastructure, education and getting enterprise going. This section describes what we can do directly with the economy of Taunton and Somerset. We describe the way we intend to grow the ISiS organisation through a strong sales and marketing effort – the ISiS Growth Engine. We also describe the Supplier Excellence project, working with the Councils' procurement departments and Business Link to improve e-enablement of suppliers and therefore to drive their competitiveness. We also describe some of the research capabilities we may be able to bring to Somerset.

6.2 ISiS South West Business Development Team

As part of the ISiS procurement process, a Joint Venture company (JV) will be set up between IBM, Somerset County Council and Taunton Deane Borough Council. This JV will be capable of contracting to provide a wide range of services to Local Government and other Government Agencies. Specifically, as part of the contract, any Council or Government Agency in the South West Region will be able to use the JV's services without going through any other procurement process, under a four year framework agreement.

It is IBM's intention, to proactively develop the ISiS services business in the South West and elsewhere. Specifically, we have five key objectives in taking this course of action:

- To secure the future employment prospects of ISiS staff and grow their skills and personal fulfilment.

- To remain competitive, providing "an affordable and competitive annual service charge" as required in the ITN.

- To provide "a share in the value of any new business growth" that can be ploughed back into improved technology and services for the people of Taunton Deane and Somerset

- To demonstrate that we are competitive in the marketplace.

- To learn from others the very best processes and practices to continue to improve our service within ISiS.

We will bear in mind throughout this process that the JV is set up primarily to serve Taunton Deane Borough Council and Somerset County Council and that all future projects must be assessed to ensure that the current services are not put at risk. Additionally, it is essential that for all further contracts with other organisations, service delivery must be of the highest quality and that other Authorities joining the partnership know they are not second class citizens.

We will establish an IBM funded professional sales team of four people with specific sales targets and have been informed by the South West Centre of Excellence that they will provide an additional sales professional. We will have a marketing team and a demonstration centre in the ISiS Enterprise Hub, attached to the Innovation Centre. We expect ISiS seconded staff to be part of this effort and take it over in years three and four, with support from IBM. Our approach here is one of long term sustainable self-sufficiency.

We have contacted all of the Local Authorities in the South West Region and visited a number of them, together with the Avon and Somerset Police. We have also spoken to the Met Office which is considering its Shared Services options and has had discussions with the Hydrographic Office in Taunton. The South West Centre of Excellence has also conducted a survey of the 35 organisations that signed up for the original OJEU notice. The organisations we have met have expressed considerable interest. They are under the same pressures as Taunton Deane and Somerset to improve services and reduce costs. There is therefore a strong desire to move staff from back office work to front line services to support, customer access and service improvements.

During our initial meetings with these organisations, a number of concerns have been aired. These come under a variety of headings – some factual, some

emotional, some political – and they all need addressing. A full list of the issues that were raised is described in the ISiS growth sales plan in Appendix 8. In summary, most Authorities do not want to see jobs go outside their area (one said it was easier to get rid of jobs altogether than move them), some are already in discussions with their own groupings and many would not want to move jobs to a Council-led operation for political reasons and also because they felt their services would have a lower priority than the home ones. Others simply want to have confidence first that we can provide excellent services at a low cost.

We believe that this is a long term project. All Authorities are under pressure and the next Comprehensive Spending Review will only increase this. The national Shared Services agenda, which is moving in fits and starts at present is likely to gain some momentum.

We have seen a marked change in attitudes in meetings with other Authorities since the DCLG White Paper came out. Senior officers are now thinking much more strategically and realise they cannot continue just salami-slicing a little off every department each year. In an interview in the Local Government Chronicle on 16th November, Michael O'Higgins, Chairman of the Audit Commission, makes the same point most forcefully. *"I will be pushing the shared services agenda at a local level. I would encourage key Authorities to take the lead to get it going and then the question to others becomes 'Why have you not opted in?' If [it] was shown to be working and any local public body has not signed up, we would want to know if they were making comparable savings from another method and if not, why not."*

Our plan is to establish the contract and, within the first year, do two things.

- Establish the JV, second the staff and get the processes running to excellent standards. Ensure that we have contacts within all the 100 plus organisations in the South West and ensure that they know that the project is going well from day one. This will feed into the "Somerset on the World Stage" branding theme.

- Attempt to create small contracts with as many of the organisations as possible. One issue that comes up at all meetings is capacity constraint. They are all short of certain key skills and always need access to, for instance, lawyers with conveyancing skills or particular HR skills on an occasional basis. It is our intention to create a network of communities of interest across the whole Region (based upon the pool in Somerset and Taunton Deane) where people can trade electronically in such skills, buying and selling them as needed. Then at the end of the year, they would settle up - "we have used 10 days and provided 8 so need to pay….". We believe that this simple, low cost but useful service will make many strong contacts across the Region who would be willing to talk about more extensive partnership.

An interesting discussion point is the ownership of the JV. We have asked each Authority whether they would prefer to have shares and how would this change their view of the resulting partnership. To many, it is not particularly important. Some, however, are concerned that as a small Council, they might not get good service so they would welcome the opportunity, at the very least, to put the Chairman under pressure at a regular Board Meeting.

After a year of trading and establishing our credentials, making contacts and signing some small contracts, we would move forward to more ambitious targets. Even here, we see little appetite at present for wholesale outsourcing of jobs to another Authority. We believe, however, that in time, functional areas in these

organisations will come open for coming on board to the JV concept. Many individuals, when questioned further, saw a number of natural candidates such as building control that could be moved across over a period of time..

We will have a flexible approach to finding the right model for each Authority. For instance, we could have a franchised model for those Councils who wish to keep the processing in their own County but want to take advantage of the transformed service processes we will build and the low utility pricing we will create. We will work with our customers if they wish to improve their own processes first before handing them over to us. The SW Centre of Excellence has an interesting programme here which we are supporting.

We also plan to sell these services across the rest of the Country. This will be IBM's largest, transformed operation covering Local Government business processes and we intend it to be the best and have the lowest costs. The few Councils that have been down this route have started from a long way back and have worked hard to become average-to-good quality. Somerset and Taunton Deane start as excellent and we will do everything we can to work with them to make them even better. This is the vision we have – to create the very best and most cost effective government operations in the Country and then vigorously sell these to the South West organisations, to all our 100+ customers in the UK and to as many of the rest as possible.

Our Revenue Plan

An analysis of the Local Government marketplace in the South West Region shows that it spends approximately £460 million on back office processing each year. The other Public Sector bodies spend about the same. A survey by Kable last year shows that 27% of these bodies are considering outsourcing in the near future. This means that over the next 3 or 4 years, outsourcing contracts will be let to the value of approximately £240 million per year.

We believe that, with the natural advantages that ISiS has in its location and ownership, it should be possible to secure 50% of the Council spend and as much as 10% of the rest. The framework agreement will be very useful here. Councils will not have to run procurement exercises of 18 to 36 months and will be able to take benefits in the financial year they make the decision. They will also be able to attribute savings of £100,000 to well over £500,000 in procurement savings directly to their Gershon targets.

So we will aim at a target of an extra £60 million per year, more than doubling the size of the JV company. As a result of the sales team and marketing plan we will put in place, we are confident that we will attain a large part of this. Our current plans to improve the efficiency of the ISiS operations mean that a number of staff will become surplus. However, as a result of the growth plan described here, we will redeploy any surplus staff onto work with other Councils.

6.3 Inward Investment
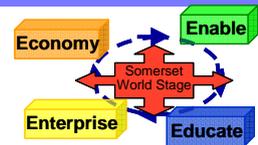
IBM is committed to the growth of the ISiS programme as a key enabler to Somerset and Taunton Deane's aspirations and also to the aspirations of IBM in the local government market. We understand that an Inward Investment Agency is under discussion. We intend to provide a senior IBM executive to sit on the Board of the JV and, with agreement, on the board of the new Inward Investment Agency to assist driving this important work.

The IBM executive will help develop plans to get Somerset's name on the world stage, as discussed in detail earlier on in this document. In addition to the secondee, we will therefore supplement this individual with IBM's UK Marketing director as a non-executive on the Inward Investment board for a period of two years to attend on a quarterly basis.

We anticipate the investment of IBM into Somerset and our widespread marketing efforts will have a considerable have a considerable effect on the County's image in the world. These aspects are covered in detail elsewhere.

We believe that the reports over the first three years from Geoeconomics and PLI will be of great value to the Inward Investment Agency. Their analysis will aid us to make the correct decisions and invest in areas with maximum return. In addition, their output will be increasingly valuable as a marketing tool to advertise to the world how Somerset is moving forward.
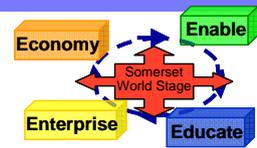
6.4   *Supplier Excellence Forum*

Somerset County Council and Taunton Deane Borough Council have an important influence on the local economy through their procurement practices. They are both major buyers in the local area. Between them, they spend £320M per annum amongst approximately 13,000 suppliers. Based upon the figures from Taunton Deane, we believe that approximately 20% of this amount is spent in Somerset with 3,000 suppliers. This is a significant percentage of the 23,000 businesses in Somerset. A Supplier Excellence programme aimed at these suppliers could make them and the whole Somerset economy more competitive. We aim to increase the amount the Councils spend <u>in</u> the County from 20% to 30% or more, delivering an extra £30M of spend into Somerset. This section describes such a programme.

Obtaining best value for money is the primary consideration in any procurement decision. However, within this key aim, it is possible to improve the competitiveness of suppliers for their own good and that of the economy as a whole and, at the same time, encourage and promote local industry. There are a number of actions that the Council can take including:

- Identification of local supplier capability in all major areas of procurement.

- Provision of advance notice to suppliers of all major procurements and briefing local providers prior to complex tender submissions.

- The establishment of specifications and evaluation procedures that do not unnecessarily restrict innovation and provide local service providers with the opportunity to compete on the basis of value for money.

- Pro-active sourcing of goods or services from local SMEs and regional service providers.

- Strategic sourcing plans that are focused solely on SME markets.

- Review of tendering procedures to minimise costs to tenderers, consistent with the objective of ensuring best value for money, and breaking down tenders to make them more approachable.

- Provision of feedback to local suppliers to improve their competitiveness, consistent with confidentiality and probity.

- Evaluation of service provider performance and appropriate recognition of best practice providers when tendering for subsequent business.

- Better communications with existing first tier suppliers that encourage more use of SMEs as second and third tier suppliers.

- Enhancing the knowledge and understanding of the procurement community of the importance of SMEs within the supply chain.

We propose to run a programme in conjunction with Taunton Deane Borough Council, Somerset County Council and Business Link to energise economic development of the existing businesses in the County. We will aim to do this under a number of themes:

1) SME Collaboration

We will work with the Councils to provide and promote an environment whereby small and medium sized enterprises become more actively aware of each other.

The Councils can take the lead through the establishment of "SME communities and forums". The format would be industry specific.

We will help the Councils develop "Meet the buyer" initiatives where buyers and businesses meet directly and identify opportunities to help each other. At the same time, buyers will be as open and honest as possible about the potential opportunities that exist within the Authorities. The "Meet the buyers" events could be done in conjunction with the South West Centre of Excellence and other public sector organisations. We suggest the Councils promote initiatives offered by organisations such as @UK.

2) Innovation and Commercialisation

There are a number of roles that the Councils and IBM can adopt to encourage innovation. They might provide a yearly award, perhaps in conjunction with IBM. It may be possible to encourage start up companies with a different approach to payments or financing options, perhaps even taking a financial stake in them.

3) IT Enablement

Somerset CC and Business Link already have a project in this area. This involves assessing local businesses against a Business Link e-adoption ladder with the following five categories: a) broadband enabled, b) do they have a computer, c) do they have a website, d) are they doing e-commerce (selling on-line) and e) are they open for e-business? This programme has been successful and the available grants have all been taken up. We believe that the Councils and Business Link can discover the state of e-enablement across all their suppliers and we will develop a joint plan, including IBM support, which we will take to the RDA for match funding.

4) Supplier Communication and Education

We recommend that the Councils continue and strengthen their efforts at educating and communicating with their suppliers. High profile road shows explaining how to conduct business with the Councils would include items such as accreditation procedures, types of contract available and the tender process. "Conducting business with SCC and TBDC" should be an important part of the Business Portal. There might be informal drop-in work shops where smaller businesses can talk to procurement representatives directly. The Procurement departments must also make a real effort to understand the Somerset business community to widen choice.

Additionally, we would work in partnership with you to stimulate more SME involvement by providing surgeries and open forum meetings where businesses have the opportunity to meet actual Project Teams and managers to discus future initiatives. The Business Portal that will be developed will be a key tool to communicate what is happening, take bookings, solicit opinions and much else.

5) Upskilling and Consultation

Leading on from the points above, the procurement personnel at the Councils have a wealth of experience that could be distributed to local SMEs on how to procure most efficiently, the best approaches to take, when to bid and, importantly, when not to. A general procurement advice line might be a useful investment.

6) The Voluntary Sector

The voluntary sector offers a great opportunity to the Authorities and a great challenge. The voluntary sector can be very efficient in the use of money and can add greatly to the community. Social enterprises could provide a way forward for many of an Authority's caring needs. There are currently approximately 1,400 voluntary organisations in Somerset, employing about 4,000 people. In addition, there are approximately 35,000 individual volunteers . Funding of the sector by public authorities amounts to about £12.5M.

An interesting aspect of social enterprise work is the amount of the funding that is re-cycled locally, adding further to the value. For example; Sheffield Rebuild and Lincoln City Council found that between 25% and 30% of the funding was spent locally using the LM3 tool .   Using the VCT figures above and assuming a minimum wage of £5.35 per hour for all staff and volunteers, it is likely that the Voluntary Sector is delivering over £60M of investment or benefit into the County. So it is a significant creator of wealth in its own right as well as being an excellent multiplier of the public sector funding.

We plan to offer the same programme of enablement and collaboration as described in paragraphs 1 to 5 above to the voluntary sector. We believe that it applies equally to this sector and will drive huge benefit. We believe that it also fits in well with the spirit of Effective Community Leadership, described in the Community Directorate Roadmap Document of 30th June.

How will we do this?

We recommend setting up a small team of procurement professionals with an IBM procurement consultant / facilitator. We need high level sponsorship of this project within the Councils, in both procurement and community and economic development. We have commitment from Business Link that they are happy to help. We will also seek assistance from the South West Centre of Excellence, the RDA and the Chamber of Commerce. We should scope out the project and create a Project Initiation Document.

We believe that funds are available from organisations such as the RDA. In addition, our consultants will apply for funds from sources such as the Local Authority Business Growth Incentives Scheme. The first year provided funds of over £10M to the SW Region. There is reason to believe that the programme described in this section would be suitable to this scheme.

We will measure the amount of spend that is conducted with Somerset-based suppliers and set a target to increase this, clearly within appropriate best value and probity regulations. We should also measure how this money spreads out into the community. We should measure how much spend is with the voluntary sector and set targets to increase this as well. This should be advantageous to both sides – low overheads in small businesses and the voluntary sector allow them to provide excellent value for money, provided we can engage with them properly. They are also often very flexible and have a real commitment to providing a high quality job. This is definitely an opportunity for a win: win project.

Jointly, we will set challenging key performance indicators to ensure the growth of market share of SMEs and to support the LAA targets.

6.5   Environment Leadership

The fact that the globe is warming is no longer in question. Only the scale and speed of the impact is debated. In a recent report, Sir Nicholas Stern forecasts temperature increases of 2° to 6° by 2100. He estimates the resulting costs – from droughts in Africa, floods in Europe, hurricanes in America, and rising sea levels around the world – at 5 to 20% of global output.

Sea levels are rising, perhaps 20 centimetres by 2030. That puts at risk the 235 square miles of Somerset land located at or near sea level.

Somerset is responding to this threat by supporting the production and use of renewable energies, both in the community and on government properties. Businesses, colleges and farmers are taking note, working on projects from renewable energy cultivation and bio-ethanol plants to tidal barrages on the Severn.

The topology of the region, the rural economy, and the Councils' commitment to a sustainable environment make Somerset a natural leader in renewable energies.

We would like to help.

IBM has a long history of environmental leadership. Our first corporate environmental policy was issued in 1971. Since then, IBM researchers have developed energy-efficient computers and solar panels, systems that help utilities optimise energy usage, weather modelling systems, and green data centres. For the last four years, we have received the highest ranking in the UK Index of Corporate Environmental Engagement, #1 in our sector. We were the first company to receive global environmental management ISO 14001 certification.

Additionally, IBM leads a global discussion of environmental challenges as part of our Global Innovation Outlook (GIO). The GIO is a worldwide event which provides a platform for some of the world's most interesting thinkers to engage in a series of open, candid and freewheeling conversations about important issue of our day. Our latest GIO (included in Appendix 9) focussed on three pervasive world issues. The environment is one of these.

What might we do together?

We have developed five ideas we would like to discuss with the Councils.

6.5.1   Somerset Energy Valley Cluster Creation

As part of the ISiS Innovation Centre, we propose the creation of an Energy Valley Business Cluster team to promote and fund renewable energy companies and projects in Somerset. The team will create business plans and grant proposals to obtain funding for renewable energy development projects and low-carbon consumption initiatives.

The time for renewable energy business incubation is now. The consultation period to seek support from the EU Structural Fund began 16 November. (http://www.southwestrda.org.uk/what-we-do/policy/european-funding-pos.shtm). The focus of this funding will be "balancing the needs of a growing economy with environmental concerns." The chair of the South West Cohesion Group believes, "this is likely to be the last time that the region receives such funds from Europe."

An estimated £74M may be allocated to the Southwest. Together we can ensure Somerset's Energy Valley programmes are funded.

Initially the Incubator will be staffed by IBM employees. Over time, we anticipate that ISiS employees, particularly those working in finance roles today, will join the team. We will train these new members to use IBM's business case and grant proposal development tools.

Like a good venture capital fund, we expect that, after an initial investment by IBM and the Councils, this effort will be self-funding, with grant money fuelling new investments.

6.5.2 IBM Research at Somerset

IBM Research is the world's largest IT research organisation, spending in excess of $5bn annually. With more than 3,000 employees, IBM Research has more Nobel Laureates, more members of the National Academy of Sciences, and more patents than any company in the world. Our main research facility for Europe is in Zurich, with secondary labs in Hursley and Dublin.

We would like to discuss with Somerset housing a research lab at the ISiS Centre. The lab would be an extension of Zurich Research, with a focus on leading key IBM renewable energy initiatives. The lab will benefit the County in two ways. First, it will act as a hub, drawing other companies working on renewable energy solutions. Second, the lab will link Somerset to the larger IBM research community, allowing the Councils and their constituents to learn about and benefit from research in a number of relevant topics beyond climate change.

As part of our investment in the County, IBM commits to match all funding the Somerset lab receives for renewable energy programmes that support our Research strategies.

What are IBM's renewable energy research strategies?

On 14 November, IBM's Chairman announced 10 new innovation initiatives that we believe will transform the industries in which we operate. One of these initiatives, Big Green Innovations, will initially focus on three efforts:

- Advanced Water Modelling.
- Water Filtration via Nanotechnology.
- Efficient Solar Panel Systems.

The Severn Barrage opportunity is an obvious example of an Advanced Water Modelling project that could leverage IBM's deep computing capabilities. Solar panel technology is another area where we may have common interests.

If we can agree on initiatives in these areas, these programmes could anchor the new research lab in Somerset.

6.5.3 Leading By Example

The Councils are implementing a number of projects to make their buildings energy efficient. We can and will help. IBM has tools that track and manage energy consumption, computers that use less electricity and energy-efficient data centre designs. Together we could make the ISiS shared service centre a low-carbon showcase facility. We discuss these items in detail in the accommodation section of the Variant bid. These include Biomass Boilers, utilisation of thermal panels and incorporation of photovoltaics as part of our cladding system for the building.

6.5.4 World-Class Partnerships

IBM works with a number of UK organisations on environmental programmes.

DEFRA is leading the UK's climate change agenda. IBM is DEFRA's business transformation partner. We also manage the Department's IT operations and

jointly run the DEFRA Innovation Centre. Our work with DEFRA gives us unique insights into the government's renewable energy strategies.

Funded by a grant from DTI's Next Wave Technologies and Markets Programme, IBM is working with the University of Southampton and other organisations to design and deploy sensors and modelling systems that monitor rivers and estuaries to provide flood warnings (http://envisense.org/floodnet/floodnet.htm). This work could be useful for the Severn estuary.

We also work with Oxford University on massive grid computing projects, including an effort to integrate and process information from systems monitoring patients while they are at home.

With a lab in Somerset, we could bring these capabilities to the region.

We are keen to extend an invite to Somerset to attend future Global Innovation Outlook sessions with ourselves and our partners to help to shape future thinking as it develops.

6.5.5   World-Class Marketing

In total, these projects will position Somerset as a hub for renewable energy research and development. As part of our Somerset in Corporate Lights initiative, we will work with the Councils to brand Somerset and the Southwest as the UK's Energy Valley.

7   Initiative Implementation

In the table below, we show how the initiatives will be funded.

- "Standard" means that the initiative is in the Standard bid and is either funded by the ISiS affordability envelope or is an IBM investment.

- "Variant" means that the initiative is one of the lists that will be funded by the assured savings we can see in the procurement budget after our transformation or other savings. We will fund these initiatives in the early years until these savings come in.

Initiative	Description of Resources	Funding Source
Overall programme	An IBM Programme Director on the JV Board, dedicated to directing the socio-economic programme	Variant
Somerset Jam	Running an online event with citizens and businesses to define Somerset's future.	Variant
Somerset in Lights	An ongoing marketing campaign to promote the counties unique brand including: the IBM UK Marketing Director being made available on the Inward Investment Board, multiple case studies referenced globally, a joint branding workshop with Ogilvy & Mathers, ongoing speaker engagements, International commercial networking events and much global press coverage.	Standard
European Institute of Local Government	Based upon the IBM Public Sector Vice President based in Taunton, using resources from the ISiS Growth Team and twinned with IBM's Washington Centre for Government	Standard
Economic investment Analysis	Benchmarking and monitoring created by Geoeconomics-Birkbeck for three years. A Report by PLI on the other clusters in Somerset.	Variant
Broadband for All	The creation of a pervasive broadband network across the County. Seed funded by the Councils' own network and offered by IBM and partners to residents and businesses at commercial rates	Variant
Business & Community Portal	Creation of a one stop shop for the information and services which businesses and the community needs.	Variant
Access in the Community	Establish the approach to provide low cost access to broadband in the 8070 homes with highest IMD. We will create a low cost solution that will go into these homes, turning their televisions into internet access devices and computers.	Variant
Independent living	Running a feasibility Study to show how our tele-medicine systems can work in concert with the Council's existing tele-care products.	Variant

Initiative	Description of Resources	Funding Source
Supporting Achievement in Schools	We will run a set of workshops for all teachers with a team of 2 IBM people for two years. We will create a Collaborative Learning Solution and roll out to 2,000 school students for two years.	Variant
A University for Somerset	We have the resources and capability to work with stakeholders to help define what is needed and how it can be realised. Our Research organisation has significant experience with University collaboration and underlying tools for university infrastructure management. No large scale projects have been however been specified yet.	
Lifelong Learning	We propose making available the platform developed for ISiS training to Adult Learning, with the MLE and Reading Companion. No additional people resource has yet been committed at this stage.	
IBM South West	We will open an IBM Regional office for the South West in Taunton to act as a local office for 450 IBM staff members. We will move 200 contractor jobs to Somerset over 3 to 5 years.	Standard
IBM Integrated Delivery Centre	We will train the application development people in the ISiS ICT department in IBM's methods to retain and use their skills when we have made the department more efficient.	Standard
ISiS Innovation Centre	A staffed and managed area to be used to run the workshops and other events to embed the cultural change aspects of the transformation. It will also be for teachers and outside bodies, including research events.	Variant
Business Incubator	We will create a centre for 50 new units. We will work with a partner to fund this or bid with the Councils for RDA funding. This will include industry high potential industry of renewable energy and creative services.	Standard
ISiS Growth Engine	We will provide an experienced dedicated professional sales staff of four client executives for four years based from Taunton	Standard
Inward Investment Agency	We will provide expertise in setting this body up, drawing on our own investment experiences – including board member representation.	Standard
Supplier Excellence	We will provide a consultant working with the procurement team to drive this programme of e-enablement increased competitiveness in both the commercial and voluntary sectors.	Variant
Environmental Leadership	We will invest in a team of two for one year to bid for grants and create plans for a new Energy Valley Business Cluster. We will match research grants in our area of expertise and manage the group as part of a virtual campus acting as an adjunct from our Zurich Research Labs.	Variant

7.1   Next Steps

We have laid out an ambitious set of initiatives to help you achieve your goals. In order to drive these forward with vigour, we are keen to engage directly with your top management to prioritise and flesh out a realistic and pragmatic set of actionable plans whilst ensuring we fully align and build upon your existing initiatives. We will start this process on the day of Preferred Supplier.

Appendix 1 - IBM PLI Investment Report

Please find a printout of the PLI Investment Report overleaf. In the electronic version of this document please click on the icon below.

Appendix 1 PLI
report.doc

PLI Investment Report

Appendix 2 - Inter-Brand – Top 100 Most Valued Brands

The following article from Interbrand ranks the top 100 Global Brands.

Please refer to page 11 of this article overleaf to see the actual ranking, or click on the icon below.

Appendix 2 Worlds
Most Valuable Brands

Inter-Brand – Top 100 Most Valued Brands

Appendix 3 - Geo Economics – Summary Report

Please find a printout of the Summary Report overleaf. In the electronic version of this document please click on the icon below.

Appendix 3
Geo-Economics Birkbe

Geo Economics – Summary Report

Appendix 4 - Geo Economics – Towns Comparison

Please find a printout of the Towns Comparison overleaf. In the electronic version of this document please click on the icon below.

Appendix 4
Geo-Economic Birkbec

Geo Economics – Towns Comparison

Appendix 5 - Thinking Beyond Wireless Network

Please find a printout of the White Paper overleaf. In the electronic version of this document please click on the icon below.

Appendix 5 IBM -
Thinking beyond the \

Thinking Beyond Wireless Network

Appendix 6 - RegenTV

Please find a printout of the Regen TV leaflet overleaf. In the electronic version of this document please click on the icon below.

Appendix 6 RegenTV
leaflet.doc

Regen TV Leaflet

Appendix 7 - Education and Skills

Please find a printout of the Education and Skills in Schools document overleaf. In the electronic version please click on the icon below.

Appendix 7 Socio
Economic - Schools Ap

Education and Skills

Appendix 8 - ISiS South West Business Development Plan

Please find a printout of the Business Development Plan overleaf. In the electronic version of this document please click on the icon below.

Appendix 8 ISiS
South West Business

ISiS South West Business Development Plan

Appendix 9 - Global Innovation Outlook

Please find a printout of the Global Innovation Outlook overleaf. In the electronic version of this document please click on the icon below.

Appendix 9 Global
Innovation Outlook.p

Global Innovation Outlook