



22nd March 2016

Agenda Item: 7

REPORT OF THE CORPORATE DIRECTOR, PLACE

ECONOMIC DEVELOPMENT STRATEGY – DELIVERY PLAN AND BUDGET 2016-17

Purpose of the Report

1. To seek Committee approval for the 2016-17 economic development delivery plan and associated budget allocations to support the Council's Economic Development Strategy.

Background

2. Policy Committee approved the Council's Economic Development Strategy 2014-18 at its meeting in December 2013. This report therefore forms part of Economic Development Committee's task of developing and monitoring an annual delivery plan to support the Economic Development Strategy.
3. County Council has now approved budgets for 2016-17 affording this Committee the opportunity to consider its budget setting for the new financial year. For ease of reading, this is a composite report covering Committees' planning and budget setting role.
4. The Economic Development Strategy is effectively the Council's response to the challenges laid out in the Nottinghamshire Growth Plan and in the Council's own Strategic Plan. It highlights how the Council will utilise its assets, influence and powers to enable and support growth. The Council wants to deliver the right type of growth – better skilled and better paid jobs that tackle inequalities within our communities.
5. As agreed by Committee, the Economic Development Strategy concentrates on the three themes of:
 - Jobs, skills and training
 - Enabling business growth
 - Infrastructure and assets
6. In a fast changing world, Nottinghamshire County Council and its partners routinely consider carefully whether the services provided offer the best chance of achieving such aims, or whether new approaches might be more appropriate. However, the dilemma for this Committee, given the wide range of services available under the economic development agenda is which particular services to provide. Resources

in-house are not sufficient to do everything; indeed budgets limit activity to quite a small fraction. As such, priorities need to be determined by the perceived role of the authority, the existence and capabilities of other economic development operators/deliverers in the area, the local economic and social issues and opportunities, and a perception as to where involvement of the council can add value.

7. The County Council has been working with the Nottinghamshire and Derbyshire Council Leaders over the past 12 months to secure devolution to the area. Work is ongoing with all partners to develop plans and delivery arrangements to build a stronger economy across Nottinghamshire and Derbyshire. The outcomes of discussion on devolution will need to be factored into future work plans for this Committee. Against this background, this Delivery Plan for 2016/17 is best viewed as a 'transitional plan'; aimed at ensuring the service is resilient to and cognisant of future changes, particularly those related to the devolution agenda and the Council's financial challenges.
8. The transitional nature of the Delivery Plan also recognises that the future model for local government financing will change dramatically from 2020, when Revenue Support Grant ends and councils will be entirely reliant on revenues raised from local taxation – principally business rates and council tax. Council efforts to improve the conditions for business growth and to enable new housing developments will therefore be more important in the future and proposals in this Delivery Plan reflect that, with a more defined focus on activities that will create the conditions for growth (i.e. digital infrastructure and digital business growth, promoting enterprise, Capital Fund supporting business growth, place marketing).
9. It is prudent to point out that significant expenditure by the County Council in other activities, highway maintenance, education etc., also contributes to local economic development. As an example, in 2015 the County Council approved the distribution of grant aid totalling £1,570,500 to voluntary and community organisations.

2015-16 delivery plan highlights

10. 2015/16 saw the team making significant headway towards the outputs expected, as outlined in the table below:

Key Delivery Plan highlights		
Ambition	Project Name	Achievement to date
Jobs, Skills and Training	Say YES to an apprentice programme	136 Small to Medium Sized Enterprises (SMEs) taking on their first apprentice, 17 of which have taken on a second apprentice
Enabling Business Growth	Integrating Innovation Centres Contract	Across the three centres: 570 Full-time Equivalent (FTE) Jobs in Tenant Businesses, annual occupancy levels at 90.8%, 100 new tenant businesses

	Nottinghamshire LEADER programmes	2 LEADER programmes for rural economic growth launched, total value £3.4 million
Infrastructure and Assets	Better Broadband for Nottinghamshire Programme	Over 60,000 premises passed (of which 6270 SMEs), 575 FTE jobs created, 95% of the county covered by a superfast network, 10.3% increase in take-up of a fibre service, 233 business broadband connection vouchers issued. Contract 2 signed, which will result in 98% fibre broadband coverage by 2018
	Nottinghamshire Economic Development Capital Fund	269 jobs created, 446 jobs safeguarded, 27 apprenticeships created, £17.3M leverage, 19 businesses assisted

11. As reported this time last year, elements of the delivery plan have already been approved by this Committee, notably in relation to the Council's Economic Development Capital Fund, youth employment and the ongoing work to deliver the Better Broadband for Nottinghamshire (BBfN) programme (which are kept under review through regular updates to Committee). It should be noted that each of these activities is delivered through ring-fenced budget allocations which are referenced in the delivery plan but do not form part of the Committee's base budget.

Delivery Plan and budget setting 2016-17

12. A detailed review of 2015-16 and a delivery plan for 2016-17 can be found at Appendix A. It outlines the performance over 2015-16 and the proposed actions, outputs, timescales and resource implications for 2016-17.
13. Members will be aware that a significant amount of work is currently underway around securing extra powers as part of the North Midlands devolution deal. Although there are no further references made in this report, Officers will continue to review and update this Committee on proposals for government funding as and when appropriate.
14. The base budget for the Economic Development Committee in 2016-17 is £986,972.
15. In addition to the base budget, an allocation of £62,500 is requested from contingency to fund the County Council's contribution to the core costs of the D2N2 Local Enterprise Partnership. This contribution is matched by each of the upper tier authorities in the area and the government.

16. The budget table to follow reflects both known and previously agreed commitments, as well as the continuation of some of the team's current activities to ensure that the team's delivery fulfils the outputs expected. 93% (i.e. £916,156) of the budget has been allocated. This leaves an available budget of 7% (i.e. £70,816) which Committee has discretion over in terms of allocation to projects and activities.

BUDGET TABLE: 2016/17 Economic Development Budget Commitments		
Delivery Plan Ambition Headlines		£
a	Jobs, Skills & Training	£71,000
b	Enabling Business Growth	£399,500
c	Infrastructure & Assets	£30,000
d	Unallocated	£70,816
e	TOTAL PROJECT/ITEM COST	£571,316
f	TOTAL STAFFING & RELATED BUDGET COSTS	£415,656
g	TOTAL BUDGET ALLOCATED	£986,972

17. Some output targets are yet to be agreed but from what is known so far, as a direct result of specific Economic Development Service interventions, it is expected that the following outputs will be generated:

- 1,000+ businesses supported/assisted
- 738+ jobs created
- 200+ jobs safeguarded
- £7m in leverage
- Circa £632,000 awarded in Grants to rural businesses
- Close to 10,000 premises able to access a new superfast broadband network
- 30% take-up of superfast broadband

18. In common with all service areas, as part of the Council's 2015/16 financial challenge, the Economic Development service was tasked with reviewing its expenditure to identify cost pressures and any savings which could be made. This exercise resulted in savings of £85,000. This budget reduction has had a direct impact on the services the team is able to offer. Nevertheless, the team will continue to focus its limited budget on achieving its expected outputs whilst actively pursuing and optimising on all practicable external funding opportunities that present themselves throughout the year. This is why having a degree of flexibility within the budget will be useful to the team, as it will provide match funding which nowadays is integral to most external funds - particularly EU funding programmes, as detailed below.

Priorities for remaining 2016-17 budget

19. The D2N2 LEP has an allocation relating to the European Structural and Investment Funds (ESIF) strategy, for the 2014-20 programme period and Committee has been kept fully up-to-date with developments around the ESIF programme throughout 2015/16.

20. As with last year's approach, for 2016/17 the general principle will be to use Committee's budget to lever in additional resources, for example ESIF funding – alone or with partners, e.g. Capital Fund enhancements, additional targeted activity in the Innovation Centres (being cognisant of the forthcoming tender launch) or through consortia bids to funding streams.
21. Should it not prove possible to lever additional funds through the D2N2 ESIF programme, proposals will be brought to Committee before the summer to allocate the remaining £70,816 to support activity related economic growth, such as:
- Activity related to devolution in Nottinghamshire, the proposed Combined Authority and the Nottinghamshire Economic Prosperity Committee
 - Funding for activity related to the Nottinghamshire Business Investment Zones project
 - Innovative enterprise activities to support new start and early stage businesses in Nottinghamshire
 - Opportunities to match fund specific growth initiatives, particularly in the rural parts of the county
 - Funding associated enabling businesses to access international trading opportunities, building on the work outlined by the Chief Executive in his recent report to Committee on the area's relationships with China

Other options considered

22. None at this stage. Committee is required to agree a budget for 2016-17. The bulk of Committee's budget has been approved in reports and decisions made previously by Committee. Proposals for the use of the remaining £70,816 will be brought to Committee for consideration before the summer.

Reason(s) for Recommendations

23. Economic Development Committee is tasked with agreeing a delivery plan to support the Council's Economic Development Strategy. Committee also has responsibility for agreeing an annual budget.

Statutory and Policy Implications

24. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described within the body of the report.

Financial Implications

25. Financial implications are as set out in the body of the report at paragraphs 14 to 16 and in the accompanying delivery plan.

RECOMMENDATIONS

26. It is recommended that Committee:

- a) approves the 2016-17 economic development delivery plan and associated budget proposals;
- b) receives further details reports on specific project proposals as referenced in the report;
- c) receives a six month update on the budget as part of the Committee cycle, and;
- d) submits a request to Finance and Property Committee for an allocation of £62,500 from contingency for the Council's contribution to the D2N2 Local Enterprise Partnership

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For any enquiries about this report please contact:

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Constitutional Comments [EP 08.03.2016]

The recommendations fall within the remit of Economic Development Committee by virtue of its terms of reference.

Financial Comments [SES 11/03/16]

The financial implications are set out in the report.

Background Papers

- *Economic Development Strategy* – report to Policy Committee, 11-12-2013, published
- *Nottinghamshire Growth Plan* – available online at:
<http://site.nottinghamshire.gov.uk/living/business/growthplan/>
- *The Nottinghamshire County Council Grant Aid Programme 2015-2018* – report to Grant Aid Sub-Committee, 18-03-2015, published
- *Economic Development Strategy – Delivery Plan and Budget 2015-16* – report to Economic Development Committee, 31-03-2015, published

Electoral Division(s) and Member(s) Affected

All