

7th July 2015**Agenda Item: 7****REPORT OF THE GROUP MANAGER, CORPORATE STRATEGY****ADDITIONAL PROPOSALS FOR ECONOMIC DEVELOPMENT BUDGET
2015 – 16****Purpose of the Report**

1. To seek Committee's consideration of and approval for additional activity, in line with the Council's Economic Development Strategy, to be supported through the 2015-16 economic development budget.

Background

2. Economic Development Committee approved spend proposals for the bulk of its budget at its meeting on 31st March 2015, retaining £186,000 with a view to consideration of opportunities that may come forward as part of the D2N2 European Structural Investment Funds (ESIF) programme.
3. Several 'calls for projects' have since been launched by D2N2. So far, none of these have offered direct opportunities for the County Council to bid as they are focussed on research and innovation activities, large-scale business support programmes and large-scale low carbon programmes. D2N2 has stipulated that it would prefer projects and programmes to be delivered across D2N2 and there is a minimum match funding requirement of £500,000. All of these constraining factors combined have meant that no opportunities for the County Council to bid directly for ESIF resources have been identified.
4. There is likely to be a further call from D2N2 for projects relating to digital business support and development in July. The County Council is leading a potential bid to this call with upper tier partners and the Chamber of Commerce as it relates directly to the Council's broadband programme and our efforts to drive take-up through demand stimulation. It may be prudent, therefore, for Committee to consider allocating a relatively small amount to support the initial costs of a digital business support programme in 2015-16, with activity starting in January 2016. If such a bid were successful, provision would need to be made in future budgets for this activity as it would (in all likelihood) be a three-year programme, with a minimum of £250,000 required to support the Nottinghamshire elements of it [note: contributions would be sought from other partners / stakeholders].

5. Committee approved an allocation of £25,000 to support property maintenance needs at the Worksop Turbine at its meeting on 9th June 2015. This leaves **£161,000** available to support additional activity.

Activity and budget proposals

6. Proposals in this report are offered for Committee's consideration and approval. The first three are considered priorities, with the remainder more flexible options for Committee to discuss.

- a. **Growth Deal scheme development / Nottinghamshire Business Investment Zones (NBIZ) – minimum £40,000**

It is likely that the Government will announce a further round of Growth Deal investment either in the summer budget (July 8th) or in the Comprehensive Spending Review in the autumn. Given the work required to support major schemes in presenting their case for investment and prioritisation, a sum of money to facilitate some of this work should be agreed by Committee. There are significant investment proposals being developed in Nottinghamshire involving Borough and District Council partners, the Homes and Communities Agency, private sector developers and D2N2. These will need intensive work as and when the next Growth Deal process is announced if Nottinghamshire is to secure its fair share of the investment on offer.

- b. **Match for ESIF digital business support programme - £25,000**

A funding call for digital business support activity is likely to be launched in July 2015 (see paragraph 4 above). The County Council is leading the development of a D2N2 wide bid that would support the two capital infrastructure programmes and demand stimulation work being undertaken through both programmes. Minimum match funding of £500k (over 3 years) required. Likely start date January 2016 at the earliest, with estimated match funding of £25,000 required in 2015-16. A further report on this funding opportunity and the medium-term match funding requirements will be brought to Committee in the autumn.

- c. **Place Marketing – up to £20,500**

Committee has already approved an allocation of £169,000 towards the costs of the new place marketing organisation in 2015-16.

In the meantime, a number of opportunities have arisen in the place marketing field that merit Committee's consideration:

- A contribution to the North Notts Envoys scheme - £500
- A contribution to a joint Nottingham and Nottinghamshire stand at the MIPIM UK event in October - £5,000. This event is the leading national property and inward investment exhibition in the UK. In

2015, and on the back of the work to develop the Place Marketing Organisation, a joint stand featuring Nottingham and Nottinghamshire has been secured

- A contribution to sector profiles for the Nottinghamshire growth priority sectors of logistics, manufacturing and food and drink to support inward investment activity - £10,000. These are commissioned on the Council's behalf through Invest in Nottingham
- A contribution to match D2N2 funds for an accommodation strategy for D2N2 (on behalf of the D2N2 Visitor Economic Action Group) - £5,000 [note – other upper tiers contributing similar amounts]

d. Creative Greenhouse – up to £30,000

This project has been managed historically by the Council's Arts Service. The Arts Service is being restructured in the summer and the capacity of the service to manage and fund the Creative Greenhouse will be lost.

The Creative Greenhouse supports small business and sole traders across the creative spectrum, with a particular focus on arts. It has over 1,000 members and delivers a range of networking support and events for its members, focussed on supporting their business to sustain and grow.

In the last year, 8 events have been delivered for the network. These are based on the requests of the members and are deliberately held in different parts of the county. There have been exhibitions, Christmas Fairs and pop up markets which enable members to sell their products directly to the public. The Greenhouse has also staged business support events on subjects including improving your website, use of social media and selling to retail outlets.

The Greenhouse website (<https://www.creativegreenhouse.org.uk/>) acts a showcase for the services each business can offer with a brief description and contact details. The website receives approximately 1,000 hits per month.

There is an opportunity for economic development to undertake an evaluation of the economic impact of the Creative Greenhouse whilst also allocating some resources to sustain it in the short-term, pending possible future bids for ESIF (an outline bid for the creative and digital sector has been submitted by the Creative Quarter and the Greenhouse could form part of this) and Arts Council funds (likely to be launched in the summer).

The estimated cost of an independent evaluation and an interim co-ordinator to support the Creative Greenhouse to March 2016, with a focus on securing alternative funding sources, is circa £30,000.

e. Graduate Programme – up to £30,000

There is recognised market failure in terms of businesses at the smaller end of the SME spectrum effectively recruiting and retaining graduates. Graduates can have a significant impact on businesses in terms of their skills sets, enthusiasm, ambition and links back in to university networks. A recent pilot project involving the N2 Skills and Employment Board, the City and County Councils and several major employers proved that incentivising employers to take on graduates for paid internships helped break down some of the perceived barriers.

Nottingham City Council has developed a project on the back of this pilot which aims to secure improved rates of graduate retention in the local area from the two main universities (retention currently stands at just over 27% of graduates). One aspect of this project may be of interest to Committee – creating new placement opportunities for recent graduates (either from one of Nottingham's universities or graduates who have returned to Nottinghamshire at the end of their studies). The outline proposal suggests that financial incentives would be offered to employers to encourage them to create paid placement / internship opportunities for recent graduates. Alongside this, a contribution to a marketing campaign would be useful in order to ensure that graduates and employers from across the County could benefit.

Any work on graduates would build on the Aim Higher programme which has been operating in Ashfield and Mansfield. The Aim Higher programme has benefited from European Regional Development Funding (ERDF) but this activity will be ceasing on August 14th to meet the closure timetable of the current ERDF programme.

f. Manufacturing Network – up to £30,000

Building on / extending the reach of the Nottingham Manufacturing Network (<http://nmn.ingenuitygateway.com/>) – there are currently 80 members (14 from the county area) but resources from the County Council could target a further 70 companies from the county. Discussions with the University of Nottingham, Nottingham Trent University and Vision West Notts College and evidence from the Capital Fund suggest there is real scope to develop a greater County engagement and focus.

The work would in part look to test the demand for a peer-to-peer network, exploiting supply chain links, exchanging best practice and exploiting links with the likes of Enscite (which supports supply chain development) in drawing in practical help to support manufacturing across the City and County. Activities to include:

- Events, networking and company visits;
- Expert sessions and materials from leaders in manufacturing;
- Supply chain developments across the sub-region;
- Links with LEP activity and sector leads;

- Relationship building and workshop delivery via / with Government led programmes MAS / BGS; Innovate; Enscite etc
7. These proposals total **£175,500** and therefore cannot all be funded through the remaining budget of £161,000. Committee's consideration of these proposals and selection of those it wishes to support (and to what value) is therefore required.

Reason(s) for Recommendations

8. Economic Development Committee is tasked with agreeing an annual budget and this report presents options to ensure that the full budget is utilised on delivering the Council's objectives for economic development and jobs growth.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), 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 in the body of the report.

RECOMMENDATIONS

10. It is recommended that Committee:
- (a) considers the budget options as outlined above;
 - (b) agrees funding for the priority activities outlined at 7 (a), (b) and (c);
 - (c) confirms which other activities it wishes to support, and the level of funding to be allocated to these

Report of the Group Manager, Corporate Strategy, Celia Morris

For any enquiries about this report please contact: Matt Lockley, 72446

Constitutional Comments [EP 25.06.2015]

This decision falls within the scope of decisions that may be approved by the Economic Development Committee.

Financial Comments [SES 24.06.2015]

The financial implications are set out in the report.

Background Papers

Economic Development Strategy; report to Policy Committee, 11 December 2013, published.

Economic Development Strategy – Delivery Plan and Budget 2015-16; report to Economic Development Committee, 31st March 2015, published.

Electoral Division(s) and Member(s) Affected
All