

16 October 2013**Agenda Item:7****REPORT OF THE LEADER OF THE COUNCIL****ESTABLISHMENT OF AN ECONOMIC DEVELOPMENT CAPITAL FUND AND
SUPPORTING LOCAL COMMUNITIES FUND****Purpose of the Report**

1. The purpose of this report is to seek approval to reprioritise capital investment that has supported the running of the Local Improvement Scheme through :
 - the establishment of a capital fund focused on economic development and growth and
 - the establishment of a 'Supporting Local Communities Fund' to support infrastructure projects with community benefits

Information and Advice

2. The County Council has delivered a community-based environmental improvement scheme since 2004, albeit with varying formats and priorities. The current Local Improvement Scheme (LIS) has been in place since 2010. It prioritises capital investment in community schemes under three main headings

Local identity

£1,350,000 (nominal allocation) which supports play-parks, skate parks, community noticeboards/interpretation/street furniture etc. The average award per project is £6,000 local identity and £30,000 per Skate Park.

Heritage and community

£750,000 (nominal allocation) supports built and natural environmental conservation, including memorials, allotments, nature improvements etc. This theme potentially covers the most diverse range of funded activity from the restoration of listed buildings, pinfolds and war memorials/ scheduled ancient monuments etc to community orchards, allotment improvements, pathway projects and hedgerow planting. The average award per project is £15,000.

Environmental improvements

£900,000 (nominal allocation) this supports shop frontages, parking bays and footways. The average award per project is £25,000.

3. The LIS scheme has generated substantial levels of community demand across the County with over 250 individual schemes supported during 2012-13. This is due in part to the fact that the scheme has been relatively straightforward to access with limited financial match requirements compared to other funds. It has

often been the fund of 'first call' for community projects, particularly small local projects with no other obvious funding source. The overall budget is apportioned on the basis of demand generated by the annual, open call for projects closing in September to allow programme content to be shaped for the following year.

4. The current scheme does not have a specific focus on economic growth and job creation as this has never been the primary focus of the scheme. However due to the priority given by the Council towards economic growth, and the commitment to deliver jobs, skills and training for Nottinghamshire, Members agreed to explore how the Council's discretionary capital investment could deliver greater economic impact and job creation. The outcome of Members' discussions forms the basis of the recommendations in this report.

Proposed changes to the scheme

5. Members and senior officers have considered how best to deliver economic impact and jobs through the funding allocated. They concluded that attempting to adapt the existing scheme and deliver economic impact through the current array of community-based schemes would not be viable. In order to generate impact and create substantial numbers of jobs and growth opportunities, it was suggested that capital investment should be targeted at fewer, larger schemes involving partners from the Borough and District Councils and the business community. In addition, this approach would offer the opportunity to seek substantial match funding for the overall scheme from the D2N2 Single Local Growth Fund.
6. Members recognise the value of the existing community focused scheme and the demand it has generated in local communities for investment in public realm improvements and projects linked to community identity and heritage as well as the scheme's ability to draw down funds from other grant-giving organisations.
7. The conclusion was reached that in order to achieve the Council's objectives in terms of economic growth and job creation, the discretionary capital allocation should be split. This would enable community-based activity to continue on a reduced scale and with redefined criteria, with a new and separate programme developed targeting economic growth and jobs.
8. Consideration of this proposal has taken place in the context of the overall budget position of the County Council and the considerable pressure on finances as outlined in recent reports to Policy Committee and Full Council. In this light, it is proposed that the overall fund allocated for discretionary capital investment be reduced by 50% from the current level of £3 million per year to £1.5 million per year. The proposal is for the capital allocation to be split as follows:
 - a. £0.5 million retained for community-based environmental improvement schemes and
 - b. £1 million redirected to a new scheme focused on growth and job creation

9. Responsibility for decision-making and budget monitoring for the £1 million allocation will transfer to Economic Development Committee with immediate effect. This will enable a programme to be worked up in advance of the new scheme going live in early 2014. Responsibility for the community-based environmental schemes will remain with Environment and Sustainability Committee. The LIS scheme application process has already closed for 2014/15. The schemes will be assessed as against the new community programme criteria, which are not inconsistent with the historic position. The new priorities will provide additional weight to projects with match funding to maximise the value of the funds that are available. Any changes to the focus of this investment and how this scheme will operate will be approved through Environment and Sustainability Committee. Outline criteria for both of these schemes are attached at **Appendix 1 and 2** and these will be finalised through the respective Committees over the autumn.
10. The two new schemes will be branded as follows:
 - a. Economic Development Capital Fund and
 - b. Supporting Local Communities Fund

Other Options Considered

11. Two further options were explored in some detail. They were:
 - a. To retain existing priorities of LIS but secure clearer economic outcomes. This option was discounted as it was felt to be unworkable. The current LIS supports over 250 small community schemes per year, with an average value of between £10,000 and £15,000. Bolting on requirements to deliver economic growth, jobs, skills and training would either render the scheme unworkable in terms of monitoring and collating economic outcomes or would require a complete refocus;
 - b. To redirect the entire £1.5 million to economic growth. This option was also discounted as it is recognised that the existing LIS generates significant community demand and is able to draw down additional grant funding. The community benefits of the existing LIS should also not be underestimated, alongside the positive profile raising for the County Council;
12. It was agreed that given the budget context, the focus of the new Administration on delivering economic growth and the positive response of Nottinghamshire communities to the existing scheme neither of these options were viable.

Reason for Recommendation

13. The recommendation contained in the report will enable the Council's discretionary capital investment programme to be reduced and reprioritised with the creation of a new scheme dedicated to economic growth and a refocused community scheme.

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

15. Subject to Economic Development Committee approving the criteria and management arrangements for a capital investment scheme, £1 million per year will transfer to Economic Development Committee from April 2014 onwards. Economic Development will work closely with Finance to ensure that issues relating to spend profiles and rolling programmes are closely monitored.

Staffing Implications

16. Management of the new Economic Development Capital Fund will be absorbed within existing Economic Development staff resources. The staffing implications of the creation of the Supporting Local Communities scheme and its financial allocation will be considered by the Environment and Sustainability Committee. However it should be noted that there will potentially be staffing reductions given the scale of the financial reduction and once these are known will be subject to the normal consultation processes with the staff affected and the recognised trade unions.

Equalities Implications

17. Full equality impact assessments of the revised community-focused scheme and the new economic growth scheme will be conducted and reviewed by respective Committees as the new schemes are developed during the autumn of 2013.

RECOMMENDATION/S

1. That approval be given for changes to the Council's investment in discretionary capital activity through the LIS to be implemented, namely:
 - i. that the capital allocation be reduced to £1.5 million per annum with effect from April 2014;
 - ii. that the revised capital allocation be split from 2014-15, with £1 million transferring in a new fund to the Economic Development Committee and £0.5 million remaining with the Environment and Sustainability Committee to deliver community-based environmental schemes;

- iii. that delegated authority be granted to the Economic Development Committee to approve the scope, criteria and operation of the new 'Economic Development Capital Fund and
- iv. that delegated authority be granted to the Environment and Sustainability Committee to approve the scope, criteria and operation of the new 'Supporting Local Communities Fund'.

Councillor Alan Rhodes
Leader of the Council

For any enquiries about this report please contact: Celia Morris Tel: 0115 977 2043

Constitutional Comments (SLB 02/10/2013)

Policy Committee is the appropriate body to consider the content of this report.

Financial Comments (SEM 03/10/13)

The financial implications are set out in the report.

Background Papers and Published Documents

None

Electoral Division(s) and Member(s) Affected

All

APPENDIX 1

CRITERIA – NOTTINGHAMSHIRE ECONOMIC DEVELOPMENT CAPITAL FUND

Fund Value:

£1m capital per annum - for the periods 2014/15, 2015/16 and 2016/17

A small number of projects of scale and impact will be supported.

Objectives:

- To support infrastructure and environment developments that will bring forward employment and investment sites to create jobs and increase opportunities for economic growth
- To support SME expansion and investment in the county's economy through the purchase of new equipment and machinery or expansions to premises

These objectives will be underpinned by ensuring that capital schemes supported by this fund provide apprenticeship, training and employment opportunities for local people and encourage supply chain collaboration.

Examples of types of schemes:

- Work with District and Borough Council's to create the physical environment necessary to attract and grow employment and investment (e.g. improving connections from transport hubs to town centres, town centre improvements etc)
- Business Park growth – better access/transport arrangements (e.g. new or improved cycle / pedestrian links)
- Refurbishment of business centres/incubation centres (e.g. reconfiguring space to meet market demand)
- Bringing back redundant buildings into productive use

Output Targets

A number of output targets will be set for the three year period covered by the Economic Development Capital Fund. These will be likely to include jobs created or safeguarded; improved business sites delivered or improved; commercial property refurbished; public and private sector leverage; apprenticeship places created etc.... The output targets will be considered by Economic Development Committee.

SUPPORTING LOCAL COMMUNITIES

Annual capital programme used to support infrastructure projects with community benefits

Overall Objectives

- Emphasis on matched funding approach
- Support community cohesion and reduction of crime
- Focus on areas of deprivation
- Support economic viability including job creation / training opportunities
- Encourage volunteering
- Community 'ownership'

Prioritisation process

Schemes will be assessed and scored as against the objectives detailed above. The programme will then be developed based on the fit with these objectives taking account of the total funds available to the programme and giving priority to schemes providing match funding so as to maximise the value of the resources available. This process will be reported back to Environment and Sustainability Committee later in the year.

Support is possible for other bids outside of the prioritisation process where there are exceptional community related reasons for supporting the bid, these schemes would be brought to Environment and Sustainability Committee for decision.