

7th March 2017

Agenda Item: 4

REPORT OF THE CORPORATE DIRECTOR, PLACE

ECONOMIC DEVELOPMENT: 2017-18 BUDGET ALLOCATIONS

Purpose of the Report

1. The purpose of this report is fourfold, to enable Committee to consider:
 - a) Noting the 2017-18 Economic Development Service budget allocations;
 - b) Receiving further reports on specific project proposals/activities for the remaining unallocated budget;
 - c) Receiving a six month update on the budget as part of the Committee cycle, and;
 - d) Noting £62,500 towards the D2N2 LEP core costs will be funded from contingency.

Information and advice

Background

2. One of the Council's five Strategic Plan (2014-2018) priorities focusses on the economic growth of the County, with a particular focus on jobs, skills and training, business support and infrastructure investment. At its meeting in December 2013, Policy Committee approved the council's Economic Development Strategy 2014-18 (the Strategy) which reflects this and the wider operating context. The Strategy was also the Council's response to the challenges laid out in the Nottinghamshire Growth Plan (supplemented by the N2 Growth Strategy) and the D2N2 Strategic Economic Plan.
3. At Full Council on 23 February 2017, budgets for 2017-18 were approved, affording this Committee the opportunity to consider setting its budget allocations for the new financial year.
4. As detailed in *Table 1*, a total of **£1,074m** has been allocated to the Economic Development Service. £480,993 i.e. 45% allocated to staffing and related costs, £593,007 i.e. 55% allocated to discretionary projects/items.
5. The County Council has contributed £62,500 per year towards the core running costs of the D2N2 Local Enterprise Partnership (D2N2 LEP) since 2011-12. Funded from contingency, the County Council's contribution enables the D2N2 LEP to draw down a total of £250,000 from central government in 'core funds'.

This arrangement was under review for 16/17 pending a decision on the North Midlands Combined Authority. As the devolution deal has paused, this annual contribution will once again be met from contingency and as before, will be matched equally by each of the four upper tier authorities in the D2N2 LEP area to match the offer from government.

TABLE 1: 2017/18 ECONOMIC DEVELOPMENT BUDGET			
Line	Budget Heading		2017/18 Budget
A	Staffing	Staffing and related budget costs	£480,993
B	Discretionary Project/Item Budget	Project/item cost	£593,007
C		D2N2 2017/18 Annual Contribution	£62,500
D	TOTAL STAFFING AND RELATED BUDGET COSTS (i.e. Line A)		£480,993
E	TOTAL PROJECT/ITEM COSTS (i.e. Total of Lines B + C)		£655,507
F	TOTAL 2017/18 ECONOMIC DEVELOPMENT BUDGET ALLOCATION (i.e. Total of Lines A + F)		£1,136,500

6. Through the work of the Economic Development Service, an accumulated total of **£39.5M in private investment** will have been levered over the life-span of the following four programmes/interventions alone: Better Broadband for Nottinghamshire Programme (£12M), D2N2 Digital Business Growth Programme (£3M), LEADER programme (£4M) and Nottinghamshire Economic Development Capital Fund (£20.5M).

Known commitments

7. Elements of the work undertaken by the Economic Development Service, such as the Council's Economic Development Capital Fund and the Better Broadband for Nottinghamshire programme, have previously been approved by (and kept under review through regular updates to) Committee. Such activities are delivered through ring-fenced budget allocations which do not form part of this Committee's base budget.
8. In pursuit of delivering the Economic Development Strategy 2014-18, as illustrated in the table at *Annex 1*, from a total 2017/18 budget, Committee has already approved commitments in 2017/18 totaling **£990,038**.

Unallocated funds

9. It is proposed that the remaining available budget which Committee has discretion over, will be the subject of future reports in order to allocate the **£146,462** to specific project proposals/activities.

2017/18 activities

10. As first highlighted in 22 March 2016 report to this Committee, the Economic Development Service continues to work within a dynamic operating context due to the devolution proposals, the Council's financial challenges and the upcoming changes to local government financing (in 2020, when Revenue Support Grant ends and councils rely entirely on revenues raised from local taxation, principally business rates and council tax).
11. Work is currently underway to prepare a Place Plan which will reflect a more defined and ambitious focus on activities that will create impact on and the conditions for growth (details of which will be reported to a future Committee, along with key actions the Service will undertake over this new financial year to achieve its objectives to improve outcomes and service quality).
12. In the meantime (as illustrated in *Table 2*), in addition to meeting the existing and approved commitments of the economic development budget (see paragraph 8), the Service will focus on the following three broad workstreams:

Key workstreams	Activity
(1) Working with Nottinghamshire businesses	<ul style="list-style-type: none">• Providing adequacy of cover to fulfil and optimise on contracted EU/domestic funding programmes, such as: ESF D2N2 Careers Local Grant Scheme, LEADER Rural Programme and the ERDF D2N2 Digital Business Growth Programme• Subject to Policy Committee approval, participate in the internal review of the Futures Advice, Skills and Employment Company, to ensure that there are clear links between what their work is and how it contributes to the vision and strategic goals of the Council's core strategies.
(2) Growing internationally	<ul style="list-style-type: none">• In particular, but not limited to, opening up investment opportunities and trade access to China• Maximising opportunities through the Midlands Engine
(3) Building up infrastructure to support long term growth	<ul style="list-style-type: none">• Influencing and responding to emerging policies, e.g. potential impacts on ESIF and LEADER programmes following the UK's withdrawal from the European Union, the Government's green paper on the Industrial Strategy and Housing White Paper, Midlands Connect Strategy• Active engagement in the High Speed Two (HS2) Growth Strategy

Other options considered

13. None as Committee is required to agree budget allocations for 2017-18, for which the majority has been previously approved. Proposals for any remaining budget will be brought for consideration to a future Committee.

Reasons for recommendation

14. Economic Development Committee has responsibility for approving annual budget allocations.

Statutory and Policy implications

15. 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

16. Financial implications are as set out in the body of the report at paragraphs 4 to 9.

RECOMMENDATION

17. It is recommended that Committee:

- a) Notes the 2017-18 Economic Development Service budget allocations;
- b) Receives further reports on specific project proposals/activities for the remaining unallocated budget;
- c) Receives a six month update on the budget as part of the Committee cycle, and;
- d) Notes an in-year temporary budget adjustment of £62,500 (funded from contingency) towards the D2N2 LEP core costs.

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For any enquiries about this report please contact:
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Constitutional Comments [LM 20170217]

The recommendations in the report fall within the Terms of Reference of the Economic Development Committee and may approve the recommendations.

Financial Comments [RWK 23/02/2017]

The financial implications are set out in the report.

Background Papers and Published Reports

- *Strategic Plan 2014-2018*, published September 2013 available online via: <http://www.nottinghamshire.gov.uk/council-and-democracy/plans-policies-and-assessments/council-plans-and-policies/strategic-plan-2014-2018>
- *Nottinghamshire Growth Plan*, available online via: <http://site.nottinghamshire.gov.uk/living/business/growthplan/>
- [*Establishment of the city of Nottingham and Nottinghamshire Economic Prosperity Committee*](#) – report to County Council, 16-01-2014

- *The D2N2 Local Enterprise Partnership Strategic Economic Plan*, available online via: http://www.d2n2lep.org/write/Documents/D2N2_SEP_March_31st.pdf
- [*Nottinghamshire County Council's Economic Development Strategy*](#) – report to Policy Committee, 11-12-2013
- [*Economic Development Strategy – Delivery Plan and Budget 2015-16*](#) – report to Economic Development Committee, 31-03-2015
- [*The D2N2 Growth Hub*](#) – report to Economic Development Committee, 03-11-2015
- [*European Structural And Investment Fund \(ESIF\) Support For Technical Assistance Bid*](#) – report to Economic Development Committee, 03-11-2015
- [*ESIF Programme: D2N2 Digital Business Growth Programme*](#) – report to Economic Development Committee, 19-01-2016
- [*Economic Development Strategy – Delivery Plan and Budget 2016-17*](#) – report to Economic Development Committee, published 22-03-2016
- [*N2 Economic Growth Strategy*](#), report to the City of Nottingham and Nottinghamshire Economic Prosperity Committee, 20-05-2016
- [*Mansfield Townscape Heritage Project*](#), report to Economic Development Committee, 06-09-2016
- [*2016-17 Delivery Plan Review*](#) – report to Economic Development Committee, 06-12-2016
- [*Nottinghamshire Economic Development Capital Fund – Round 3 Update*](#) – report to Economic Development Committee, 06-12-2016
- [*Midlands Engine Trade Mission To China \(28 Oct – 4 Nov 2016\)*](#) – report to Policy Committee, 18-01-2017

Electoral Division(s) and Member(s) Affected

All

Annex 1: PREVIOUSLY APPROVED BUDGET ALLOCATIONS FOR 2017/18

Line	Budget Headline	Previously approved allocation
A	Staffing costs	£480,993
B	D2N2 2017/18 Annual Contribution	£62,500
C	Marketing Nottingham and Nottinghamshire [<i>Agreed at Economic Development Committee, 8 September 2015</i>]	£200,000
D	D2N2 Growth Hub [<i>Agreed at Economic Development Committee, 3 November 2015</i>]	£50,000
E	D2N2 Digital Business Growth Programme [<i>Agreed at Economic Development Committee, 19 January 2016</i>]	£70,000
F	ERDF Technical Assistance [<i>Agreed at Economic Development Committee, 3 November 2015</i>]	£4,000
G	Turbine depreciation costs [<i>annual capital charge</i>]	£35,045
H	Turbine deficit provision - £15,000 [<i>monitor – may not be required at this level</i>]	£15,000
I	Mansfield Townscape Heritage Project [<i>Agreed at Economic Development Committee, 6 September 2016</i>]	£9,000
J	China – work associated with the development of a Memorandum of Understanding between Nottinghamshire County Council and the Provincial Government of Zhejiang [<i>Agreed at Policy Committee, 18 January 2017</i>]	£40,000
K	Technical support for Nottinghamshire Economic Development Capital Fund [<i>Agreed at Economic Development Committee, 6 December 2016</i>]	£20,000
L	Economic Prosperity Committee [<i>Agreed at County Council, 16 January 2014</i>]	£3,500
M	TOTAL APPROVED BUDGET ALLOCATIONS FOR 2017/18 (i.e. the sum of A to L)	£990,038
N	TOTAL 2017/18 BUDGET	£1,136,500
O	TOTAL UNALLOCATED BUDGET FOR FUTURE ALLOCATION (i.e. N minus M)	£146,462