

**31<sup>st</sup> March 2015****Agenda Item: 8****REPORT OF THE GROUP MANAGER, CORPORATE STRATEGY****ECONOMIC DEVELOPMENT STRATEGY – DELIVERY PLAN AND  
BUDGET 2015 - 16****Purpose of the Report**

1. To seek Committee approval for the 2015-16 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. It also tasked Economic Development Committee with developing and monitoring an annual delivery plan to support the Economic Development Strategy.
3. County Council has now approved budgets for 2015-16 and therefore Economic Development Committee can consider its budget setting for the new financial year. It was felt appropriate to recognise the delivery planning and budget setting roles of Committee together in this one report given the interdependencies in many areas.
4. As Members will be aware, the national economic outlook continues to improve and be broadly positive in 2015. In Nottinghamshire, recent trends reflect this. The number of new business starts increased from 2,390 to 3,180 between 2012 and 2013 [latest available data]. The number of active enterprises also increased between 2012 and 2013 and stood at 24,635 in 2013. Overall survival rates of businesses in Nottinghamshire are strong at 44.4% of new starts surviving beyond five years against a national average of 41.2% [2013 data].
5. Employment patterns are reported with less of a time-lag to business activity but show a similar trajectory, with falls in the level of unemployment gathering pace in recent years. The Jobseekers Allowance (JSA) rate for Nottinghamshire was 1.8% in January 2015 (this equates to just over 9,000 claimants). This represents a reduction of nearly 4,000 people from January 2014 and is the lowest rate since January 2008. After peaking at 9% in January 2012, the youth employment (18-24) rate now stands at 3.6%. Gross weekly earnings for full-time workers are now higher in Nottinghamshire than in

the East Midlands, but still significantly lower than in England as a whole (Notts £489; England £524).

6. It should be noted that these county level statistics continue to mask significant disparities between individual areas of the county. Thus the unemployment [JSA] rate in Mansfield is 2.5% as opposed to 1.0% in Rushcliffe (Jan 2015). Similarly, average weekly earnings in Mansfield are £423 against £586 in Rushcliffe.

### **Delivery Plan 2015 - 16**

7. A detailed review of 2014-15 and a delivery plan for 2015-16 is appended to this report. It outlines the performance over 2014-15 and the proposed actions, outputs, timescales and resource implications. It should be noted that the Economic Development Strategy (and consequently this delivery plan) reflects the wider role of the Council in terms of economic growth and is not restricted to the work of the economic development team or the budget of this Committee.
8. Elements of the delivery plan have already been approved by this Committee, notably in relation to the Council's Economic Development Capital Fund and proposals around youth employment. In addition, Members are aware of ongoing work to deliver the Better Broadband for Nottinghamshire programme, which is kept under review through updates to Committee. 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.
9. Key headline achievements in 2014-15 and expected performance over 2015-16 through the delivery plan include:
  - 6 Nottinghamshire schemes were successful within the respective Local Enterprise Partnership Growth Deals, with 4 of these due to commence in the forthcoming year;
  - The successes of the Nottinghamshire schemes within the D2N2 LEP related programmes will draw in over £27M of funding to key developments and transport schemes, alongside a share of £9.8M for sustainable travel and input to Midland Mainline improvements;
  - 80 SMEs which had not previously hosted apprentices are now offering them across Nottinghamshire, with the ambition of doubling that over next year;
  - 84 young people accessing new apprenticeships and again, with the ambition to double this over the next year;
  - Over 56 new jobs to be created through current approvals from the Economic Development Capital Fund alongside £8.9M of leverage, with a further round attracting over £3.4M in requests from the Fund;
  - Over 35,000 premises passed by fibre-based broadband;
  - Over 3,000 attendances, an increase of over 11%, at Nottinghamshire Work Clubs alongside 2,000 attendees at 4 job fairs were achieved in 2014/15, with the ambition to at least repeat this in 2015/16. The requests for an involvement in other partners' job fairs is testimony to the reach of the Work Club activity;

- 218 individuals supported with start-up business advice via the contract delivered by NBV up the end of January 2015, leading to the creation of at least 137 new start-up businesses;
- Over 35 key account relationships were secured with Nottinghamshire businesses, leading to help and support being offered to businesses seeking support to grow. The approach will be reviewed and maintained over 2015/16;
- Over 90% occupancy across all three of the Innovation Centres and a positive trajectory over the forthcoming year;
- By year end, it is anticipated that the first phases of the Broadband programme will reach the combined total of just under 40,000 premises, with a further 22,000 in 2015/16.

### **2015-16 budget setting**

10. The base budget for the Economic Development Committee in 2015-16 is £1,050,000. This represents a slight increase on the 2014-15 base budget due to pay related corporate adjustments.
11. There are a number of known commitments against the annual budget that need to be factored in to the overall budget setting process. These are:

#### Known commitments

- Staffing costs - £431,000
- Turbine depreciation - £35,045 [*annual capital charge*]
- Turbine deficit provision - £15,000 [*monitor – may not be required at this level*]
- Memberships - £10,000 [*agreed at Economic Development Committee November 2013*]
- Economic Prosperity Committee - £3,500 [*agreed at County Council January 2014*]
- Nottinghamshire Place Marketing Organisation - £59,000 [*pro-rata of previous contribution to Experience Nottinghamshire to new PMO as agreed at Economic Development Committee on 3<sup>rd</sup> March 2015*]

#### Total known commitments: £553,545

12. This leaves available budget of £496,455 which Committee has discretion over in terms of allocation to projects and activities. It is proposed that the remaining budget is allocated in line with the Economic Development Strategy themes of jobs, skills and training; enabling business growth and infrastructure and assets. In short, the budget proposals are:

#### **Continuation of current activity (total £125,000)**

- Work Clubs - £60,000. Continued support for the Nottinghamshire Work Club network and jobs fairs in the county. This allocation funds the costs of the Work Club Co-ordinator post; library staff time; ICT provision and skills training for Work Club attendees.

- Wheels to Work - £20,000. Continued support to the Wheels to Work project, with a particular focus on addressing areas of the County that are ineligible for support through the Big Lottery Fund grant. Funding remains at current level
- Nottinghamshire Business Engagement Group / sponsorships – up to £5,000. Annual costs of hosting the Nottinghamshire Business Engagement Group (venue hire/refreshments) need to be met from the Committee's budget. This heading also covers attendance at business events across the County by Members of this Committee and officers from the economic development service
- Broadband demand stimulation - £30,000. As Members will recall from the 3<sup>rd</sup> March Committee meeting, driving take-up of new fibre broadband services forms a key element of the wider broadband programme as increased take-up will result in a gain-share mechanism being activated, whereby the programme will benefit from additional investment in fibre broadband infrastructure. Funds have been secured from the D2N2 Local Enterprise Partnership to support this work. An allocation of £30,000 from Economic Development Committee will match the D2N2 resources and enable a continuation of this activity into 2016-17 to support the roll-out of contract 2
- Technical support for Nottinghamshire Economic Development Capital Fund - £10,000. The report on the Capital Fund to Committee in February 2015 noted the need for additional technical support following the successful relaunch of the scheme. To date, over 25 applications have been received and are currently being assessed. Clearly it is not possible to predict how many of these will progress to a stage where technical advice from the Council's external contractor is required, but £10,000 would seem a reasonable estimate

#### **New activity (total £185,000)**

- Marketing Nottingham and Nottinghamshire: place marketing organisation - £110,000. Committee considered and approved the Council's contribution to the transitional phase of the new *Marketing Nottingham and Nottinghamshire* organisation at its meeting on 3<sup>rd</sup> March. Ongoing project management capacity to support the transition phase has been identified as an urgent requirement and it is proposed that £10,000 be allocated from the economic development budget to support this. This amount will be matched by Nottingham City Council.

The 3<sup>rd</sup> March report also indicated that a three-year rolling commitment be considered with value in the region of £200,000 per year. Subject to formal Committee consideration of this approach, the pro-rata contribution from the County Council from 1<sup>st</sup> October 2015 to the end of the financial year would be £100,000.

- Reconfiguration of Worksop Turbine Innovation Centre - £75,000. Proposals have been developed to reconfigure the Worksop Turbine Innovation Centre to create a new Business Lounge on the ground floor, replacing the current poor quality catering facilities on the first floor. Estimates for this work suggest a total cost of £125,000. A contribution

of £75,000 from the Economic Development Committee is proposed with the remainder being sought from D2N2 and the Council's share of surpluses generated at the Worksop Turbine and Newark Beacon in 2014-15.

The new layout would reduce the lettable space available in the centre with a potential loss of income of approximately £4,500 per annum. It is anticipated that this income will be recovered through new products such as business lounge membership, flexible rental of the space, virtual office users and an increase in the conference income brought about by the new conferencing facilities. In the longer term, rent levels could be raised as the facilities and services improve. The re-design also shows the tenants that the offer at the centre is continually being re-assessed and improved upon.

It should be noted that this allocation will need to be added to the capital programme as a variation, although it will be funded from the economic development budget.

#### **Other (£62,500)**

- D2N2 Local Enterprise Partnership - £62,500. The D2N2 LEP contribution is required to enable the LEP to draw down a total of £250,000 from central government in 'core funds'. Each of the four upper tier local authorities contributes the same amount to match the offer from government. It has been agreed that this Council's contribution will be met from contingency as in previous years.
13. The proposals above [excluding the D2N2 contribution] total £310,000 against an available budget of £496,455, which leaves just over £186,000 unallocated.
  14. Members will note that there is no provision for start-up business support in these proposals. This is due to the emergence of the D2N2 Growth Hub and the forthcoming commissioning of new business support products by D2N2 using its European funding allocation. Until these new arrangements are established it is not clear what gaps, if any, will exist in Nottinghamshire and therefore no budget allocation is proposed for business support activity at this time.
  15. Similarly, there is no proposed budget allocation for town centre activity. Experience from the current year suggests that the Council's support for revenue based activity (i.e. feasibility work or masterplanning) is welcomed by Borough and District Council partners and Business Improvement Districts but significant capital investment plans are ordinarily the outcome of these studies and this Committee does not have capital budgets of that nature at its disposal. Notwithstanding this, officers from both Economic Development and Conservation will continue to work with our partners to develop project ideas and funding solutions for town centre priorities.

## **EU funding and 2015-16 budget**

16. The D2N2 European Structural Investment Fund (ESIF) programme will be launched in phases during 2015-16 and it is proposed that Committee retains the unallocated sum of £176,000 to enable consideration of opportunities to draw in match funding for economic development activity in Nottinghamshire. The first phase of the ESIF programme was launched earlier in March and officers from the Economic Development service are assessing options for the County Council to access some of these funds. Subsequent phases will be launched during the spring and summer and the intention would therefore be to keep Committee fully up-to-date with developments and make proposals for allocating resources to new activity accordingly. Overall, the general principle is to secure additional resources to support enhancements to existing activity and / or utilise the unallocated budget flexibly to develop applications for ESIF funding – alone or with partners, e.g. Capital Fund enhancements, additional targeted activity in the Innovation Centres or through consortia bids to the ESIF programme.
17. Should it not prove possible to apply for additional funds through the D2N2 ESIF programme, proposals will be brought to Committee before the summer to support activity again, either for direct delivery or in tandem with partners related to the Ambitions within the framework of the Economic Development Strategy as follows:
  - Funding for activity related to the Nottinghamshire Business Investment Zones project
  - Innovative enterprise activities to support new start and early stage businesses in Nottinghamshire
  - Exploring the feasibility for a *Food Enterprise Zone* in Nottinghamshire
  - Support for the Business Improvement District model
  - Evaluate opportunities to match fund specific growth initiatives in the rural parts of the county

## **Reason(s) for Recommendations**

18. 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**

19. 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**

20. It is recommended that Committee:

- (a) approves the 2015-16 economic development delivery plan and associated budget proposals;
- (b) receives further detailed reports on specific project proposals as referenced in the report; and
- (c) receives a six month update on the budget as part of the Committee cycle.

### **Report of the Group Manager, Corporate Strategy, Celia Morris**

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### **Constitutional Comments [CEH 18.03.15]**

The Economic Development Committee has the delegated authority by virtue of its terms of reference to consider the recommendations in the report.

### **Financial Comments [SES 18/03/15]**

The financial implications are set out in the report.

### **Background Papers**

Economic Development Strategy – report to Policy Committee, 11 December 2013

### **Electoral Division(s) and Member(s) Affected**

All