

**20<sup>th</sup> May 2016****Agenda Item: 6****REPORT OF THE CHIEF EXECUTIVE, NEWARK AND SHERWOOD  
DISTRICT COUNCIL****N2 BUSINESS RATES POOL****Purpose of the Report**

1. This report seeks the Economic Prosperity Committee's consideration of proposals to utilise the N2 Business Rates Pool to fund specific activity relating to place marketing and a mechanism by which feasibility and business case development can be supported.
2. It should be noted that as far as decisions relating to the use of the Business Rates Pool are concerned, Nottingham City Council does not have a vote as it does not participate in the pooling arrangement (although the City Council has to date committed up to £150,000 to match the 13-14 pooled business rates based on population figures).

**Background**

3. The current pooled budget for the district/county area is approximately £2,892,000. This has accumulated over the 13-14 to 15-16 financial years. The estimated pooled surplus for 2015-16, which forms part of the total, is £1,000,000. This should be confirmed by the end of May.
4. In February 2016, the EPC agreed proposals to allocate up to £135,000 to support the costs associated with increased capacity for the Devolution Deal and proposed North Midlands Combined Authority. Whilst there has been limited progress with this since February 2016 and proposals to establish and recruit to posts related to devolution have stalled, it is recommended that the allocation of £135,000 be retained at the current time pending further discussions about the future of devolution and associated governance and delivery arrangements.

## **Feasibility and business case development**

5. Leaders, through the EPC, agreed in July 2015 that the pooled resources would be allocated to encourage economic growth in the area. Following this in principle decision, each of the Councils that contribute to the pool was responsible for ratifying the decision. After the allocation for Combined Authority and devolution work has been accounted for (paragraph 4), the remaining pool for the county area is approximately £2,794,000.
6. To reiterate, the proposals that follow currently only relate to the pool created by the contributing authorities and therefore Nottingham City Council would need to give separate consideration to any contribution it may be able to make to support these arrangements and any activity in the city area.
7. Chief Executives have given further consideration to how these pooled resources should be used and propose the following framework for investments:
  - Funds from the pool will be invested in activity that aligns with the priority themes of:
    - Skills and employment (including apprenticeships)
    - Transport (including transport infrastructure)
    - Business support, trade and investment
    - SMART infrastructure (energy and digital)
    - Physical regeneration(including town centres)
    - Place marketing
    - Site development / investment zones (including housing)
  - The focus of the pooled resources will be on enabling parties to the pool to access development funds for feasibility work (<£30,000) and the drawing up of business cases (>£30,000) for schemes which will have a strategic impact for the local area and which will lever in significant investment and / or deliver tangible future benefits to the local authorities through Council Tax or NNDR receipts
  - Partner authorities to the pool will develop and bring forward proposals for feasibility work to the N2 Chief Executives' group, which will have the delegated authority to approve expenditure of up to £30,000 for individual feasibility studies. Decisions on support for feasibility work will be reported back to the next available meeting of the N2 EPC
  - For expenditure on formal business case development that is in excess of £30,000, proposals will be tabled at the N2 EPC for decision by the Committee
  - Templates for feasibility and business case applications will be devised and a simple scoring framework will be created to enable informed decisions on proposals to be made. This part of the process will be managed by the accountable body, Nottinghamshire County Council. The N2 Chief Executives' group and the EPC will remain the final decision makers

- It is proposed that an initial ceiling of £1,000,000 be set for expenditure on feasibility study and business case development. This will be reviewed after 12 months or when the ceiling has been reached, whichever occurs sooner

## **Place marketing**

8. Currently both Nottinghamshire County Council and Newark and Sherwood District Council contribute revenue funding to Marketing Nottingham and Nottinghamshire, with a combined investment of £250,000 per year. The whole county area benefits from the inward investment and visitor economy work of Marketing Nottingham and Nottinghamshire (MN&N), which generated over £1.05billion of return across Nottingham and Nottinghamshire in 2014-15.
9. It is proposed that the N2 EPC takes a more active role in commissioning MN&N in return for a financial commitment. This will enable more strategic, collective ownership of the priorities of MN&N and direction setting for the future work of the organisation. If agreed, it is recommended that a maximum of £300,000 be committed from the N2 Business Rates Pool to MN&N from the 2017-18 financial year for three years, with suitable break provisions.
10. If agreed, this would require £900,000 to be allocated from the N2 Business Rates Pool over the financial years 2017-18 to 2019-20. Subject to agreement by the EPC, an agreement would be put in place with MN&N setting out our expectations of outcomes for inward investment and marketing work across Nottinghamshire and regular monitoring and review reports would be made to the EPC.
11. Nottingham City Council has a separate funding agreement and commitment to MN&N which is not affected by this proposal. However, the City Council may wish to consider whether a more effective, consolidated commissioning arrangement across all N2 partners could be achieved through participating in this proposal with the N2 EPC.

## **Other priorities and projects**

12. N2 authorities have submitted a Local Growth Fund proposal to the D2N2 LEP for revitalising town and service centres across the area. A decision on this proposal is not expected until the autumn of 2016 at the earliest, with activity due to start in 2017. The N2 EPC may wish to consider allocating an amount of £500,000 towards development work specifically related to the town centre programme and for matching contributions towards capital elements of the programme.
13. Work on the One Public Estate theme continues across N2 authorities and as part of this a Joint Assets Board will be established in the coming months. The EPC could consider allocating up to £30,000 from the Business Rates Pool to exploring the business case for a joint development company to be considered by the EPC at a future meeting. It should also be recognised that internal

resource from across the EPC would need to be committed to developing the initial stages of this work.

14. Finally, it is recommended that a small proportion of the budget is retained as a reserve for future allocation.

15. Summary of proposed budget allocations:

|                  |            |
|------------------|------------|
| Budget available | £2,892,000 |
|------------------|------------|

Allocations

|   |            |
|---|------------|
| Combined Authority development                  | £ 135,000  |
| Feasibility studies & business case preparation | £1,000,000 |
| Marketing Nottm & Notts (3 years)               | £ 900,000  |
| Town Centre scheme contributions                | £ 500,000  |
| One Public Estate / development company         | £ 30,000   |
| Reserve   | £ 327,000  |

## **Other options considered**

16. The Economic Prosperity Committee considered a report on the Business Rates Pool at its meeting in February 2016. This report updates the proposals contained within the February report and recommends a course of action for investment in stimulating economic growth across Nottinghamshire. No further options have been considered.

## **Reasons for recommendation(s)**

17. The pool members of Economic Prosperity Committee have approximately £2.89 million at their disposal to invest in activities which will support the economic growth of the county. Agreeing an approach to the use of these funds is considered essential to enable initiatives in Nottinghamshire to be developed and to benefit from investment that may be secured through future growth and devolution deals.

## **Statutory and Policy implications**

18. 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 in the body of the report.

## **Financial implications**

19. None at this stage.

## **RECOMMENDATIONS**

20. It is recommended that the Economic Prosperity Committee (excluding Nottingham City Council):

- a) Agrees the parameters for investing up to £1million of the Business Rates Pool in feasibility studies and business case development as outlined at paragraph 7;
- b) Agrees to contribute up to £300,000 per year for three years (commencing 2017-18) to Marketing Nottingham and Nottinghamshire under a new commissioned arrangement;
- c) Considers the proposed allocation of up to £30,000 to enable the drawing up of a business case for a joint development company to support the work of One Public Estate and the anticipated Joint Assets Board;
- d) Agrees to retain remaining unallocated funds as a reserve

**Andrew Muter**

**Chief Executive, Newark and Sherwood District Council**

For any enquiries about this report please contact: Matt Lockley, 0115 977 2446