



27th November 2012

Agenda Item: **8**

REPORT OF THE GROUP MANAGER, CORPORATE STRATEGY

BUDGET: 2012-13 BUDGET UPDATE AND PRIORITY SETTING FOR 2013-14

Purpose of the Report

1. To inform Committee of its budget position in 2012-13 and to propose outline budget priorities for 2013-14.

Information and Advice

2012-13 budget

2. At the start of the 2012-13 financial year, the Economic Development base (revenue) budget for project development and activity (excluding staff costs) was £437,000. Decisions on allocating this budget were made by the Portfolio Holder and Deputy Portfolio Holder (Culture and Community) in December 2011, and then approved within the Budget for 2012/13 by Council.
3. A summary of expenditure items for 2012-13 is included below. These are as per the budget decision making process with the Portfolio Holder and Deputy Portfolio Holder in December 2011.

Initiative / activity	Budget	Commentary
Making the Connection	7,000	Residual costs of project closedown
Leadership	15,000	LEADER programme; LEP related activity
Turbine	50,000	Forecast share of 2012-13 deficit
Innovation outreach support	20,000	Outreach business support linked to innovation centres
NDE	10,000	Contribution to core costs, focus on low carbon economy
Business engagement	15,000	Sponsorships and business awards; events; memberships
Wheels to Work	30,000	Contribution to core costs; RCAN project
Experience Nottinghamshire	118,000	Contribution to core costs.
Work Clubs	50,000	Work Club co-ordinator post; venue hire; training.
Money champions	10,000	Pilot project to encourage financial independence.
Supply Chain Readiness Network	30,000	Continuation and expansion of project to get Nottinghamshire companies procurement ready.
High Growth Business project	50,000	Contribution to University of Nottingham project
Total	405,000	

Reports are brought to Committee on a regular basis updating Members on the outcomes achieved as a result of the above investments.

4. There remained £32,000 in the budget. In addition to this and since the start of the financial year, there has been movement in the budget as follows:
 - i. Additional £100,000 awarded to Experience Nottinghamshire following Policy Committee approval in September 2012. This will be permanently vired into the Committee's budget from contingency;
 - ii. Up to £150,000 allocated from contingency towards the project development and management costs of the Superfast Broadband programme;
 - iii. Lack of progress with the High Growth project (lead partner University of Nottingham) means that this project will not now go ahead to the same timescale, and the County Council's allocation of £50,000 is no longer required;
 - iv. The LEADER programme no longer requires the County Council's contribution. £10,000 is therefore released for reallocation.
5. The changes above lead to an amended total Economic Development budget for 2012-13 of £687,000, of which £595,000 is committed. A balance of £92,000 therefore remains unallocated.
6. Committee may decide that this money should be returned to central funds for reallocation. However there are some projects and priorities that would benefit from further funding in this financial year:

a. Invest in Nottingham(shire) - £25,000

The County Council has been working closely with the City Council over the last 18 months to develop a combined inward investment offer under the Invest in Nottingham brand. This includes the secondment of 0.6 FTE Economic Development Officer to the Invest in Nottingham team, and the production of PR and marketing materials that promote the whole county. £20,000 was allocated out of the 2011-12 budget to support this work.

Work on specific sites (e.g. Welbeck Colliery, Lindhurst, Newark Growth Point and the Enterprise Zone) is also covered through this arrangement. Positive outputs are now being recorded and a Memorandum of Understanding between Invest in Nottingham and the County Council has been prepared. A contribution of £25,000 in 2012-13 would enable the integrated service to:

- Support the alignment of the inward investment offer relating to the City and County Growth Plans (the latter being the subject of wider consultation) and including the expansion of the Invest in Nottingham Club;
- Enhance current materials and branding, including the website;
- Develop specific materials as referenced by demand, including information on financial incentives by range, sector and geography and international linkages.

b. Start-up business support - £40,000

Support for start-up and micro businesses has seen a significant decline. Local providers have adapted to the new landscape and are offering some innovative new business support products – however these are predominantly now charged for rather

than free. This clearly has implications for end users of these services, particularly those with new business ideas and potential but who have no collateral behind them.

An investment of £40,000 in start-up business support is proposed. This would enable up to 80 intensive pre-start/start-up interventions to take place. The minimum intervention would include an initial health check / challenge session to identify the support needed by the individual business. A minimum of 10 hours coaching support would then be offered, focussed on the businesses' particular area of need. This activity would be commissioned through the Council's usual procurement route. There is scope for this activity to be piloted in 2012-13 with a view to a more comprehensive programme being developed in 2013-14, in line with the priorities in the Nottinghamshire Growth Plan

c. Contribution to micro-loan fund - £20,000

The Council has been approached by the Nottinghamshire Community Foundation, with a request to part-fund a new micro-loan scheme that the NCF will be running in conjunction with the Fredericks Foundation. Further detail on the scheme is appended to this report. The Fredericks Foundation has secured £200,000 for Nottinghamshire from the Regional Growth Fund, and this needs to be matched by local sources (both public and private). An investment of £20,000 by the Council would deliver significant leverage of other funds and enable the Council to invest in new start and micro businesses. The Fredericks Foundation retains all of the risk associated with individual investments. The Nottinghamshire fund would operate as a loan fund, with all repaid loans being recycled through the fund into new investments.

d. Nottinghamshire Apprentice Awards - £7,000

Scoping work has already been undertaken for the development of a Nottinghamshire Apprentice Awards scheme. Nottinghamshire has the highest percentage of young people in apprenticeships in the country, and a flagship event to celebrate young people's achievements would generate positive publicity and engage young people and businesses in the apprenticeships agenda.

It is estimated that £7,000 would cover the cost of a Nottinghamshire Apprentice Awards scheme. The Council would work with the private sector, borough and district councils to ensure representation is achieved from a broad cross-section of apprenticeships.

7. Subject to the Committee's decisions on these items, all of the remaining £92,000 could be allocated. Any remaining unallocated funds could be used to offset the call on the contingency budget for the Broadband project.

2013-14 budget – setting outline priorities

8. Assuming that there are no changes, the base budget for Economic Development Committee into 2013-14 will be made up as follows:

Base budget	£537,000
Nottinghamshire Broadband Plan	£150,000
Total	£687,000

9. The base budget includes the approved £218,000 contribution to Experience Nottinghamshire. In effect, therefore, there is £319,000 available for priorities and actions in 2013-14.

10. The Nottinghamshire Growth Plan is currently out for consultation. It identifies priorities for investment in growth, and these have been used to set out funding options for the Committee for 2013-14. There are three main themes within the Growth Plan; Committee could therefore agree a headline budget allocation as follows:

i.	Competitive Business Growth	£120,000
ii.	Connectivity	£50,000
iii.	Aspiration and Talent	£120,000
	Total	£290,000

11. A lower amount is proposed for the connectivity theme as many of the Growth Plan proposals for connectivity and infrastructure require facilitation and lobbying rather than direct funding, or alternatively require significant capital investment which is not at the disposal of this Committee.

12. The Growth Plan highlights specific actions which will need to be taken forward to drive economic growth in the County. Whilst the Growth Plan is still in consultation format, it does include some key projects that are likely to be developed and that will require the County Council to take a key role and / or capacity build. These are outlined below, alongside suggested budget allocations for these projects:

i. Competitive Business Growth

Portal of information on local business support and funding streams to maximise the local take up of advisory and financial support packages that are offered by national and local bodies - £15,000

Establishing a Nottinghamshire Peer 2 Peer funding mechanism to enable businesses and individuals to invest in local business ideas - £50,000

Creating or commissioning products to support new start businesses. Up to 110 businesses could be funded through this allocation - £55,000

ii. Connectivity

Develop the Nottinghamshire Business Investment Zone model and establish a Nottinghamshire Developers Forum to drive forward new employment developments and investments in the County - £20,000

Enhance the vibrancy of town centres and market towns - £30,000

iii. Aspiration and Talent

Deliver activities to encourage routes back into work. This could include expanding the Work Club network; better promotion of apprenticeships, establishing Enterprise Clubs - £60,000

[Contribute to] delivery of the Nottinghamshire Youth Employment Strategy - £60,000

13. As Committee Members will be aware, the Worksop Turbine Business Innovation Centre continues to operate at a loss. Whilst losses are reducing year-on-year, it would be prudent to allocate a proportion of the budget to meet any further losses in 2013-14. According to the current business plan from Oxford Innovation, the Worksop Turbine is forecast to make an operating surplus of £29,000 in 2013-14. However, given that operating deficits continue to be higher than predicted, a budget allocation of £15,000 is recommended to cover any eventual deficit (note: deficits on the Worksop Turbine are shared with Bassetlaw District

Council under the terms of the existing Deed of Agreement). The surplus/deficit forecast will be closely monitored throughout the financial year so that any amendments to this allocation can be made if necessary. Whilst continued deficits at the Turbine centre are disappointing, these should be seen in the context of the number of new businesses and jobs that are sustained and created at the centre each year. Members were updated on this at the June meeting of this Committee.

14. Subject to decisions made by Committee on these proposals and amounts, detailed plans under each of these headings will be brought back to Committee in January for approval.
15. Finally, it is proposed that the remaining £14,000 be allocated to strategic leadership priorities. This will include continued facilitation of the Nottinghamshire Growth Plan; costs associated with running the Nottinghamshire Business Engagement Group and sponsoring key business awards and memberships (i.e. Chamber of Commerce and Federation of Small Businesses) which benefit the County Council through access to wider business networks.

Other Options Considered

16. Options are set out in the report.

Reason/s for Recommendation/s

17. To secure Committee approval for budget allocations in 2012-13 and Committee feedback on outline proposals for the 2013-14 budget.

Statutory and Policy Implications

18. This report has been compiled after consideration of implications in respect of finance, equal opportunities, 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

19. There are no immediate financial implications of the outline budget proposals for 2013-14. However Committee Members should note that final suggestions on the 2013-14 budget will need to be taken at the January meeting of the Committee in order to enable Council consideration at its meeting in February 2013.

RECOMMENDATION/S

1. That Members note expenditure incurred to date in 2012-13;
2. That Members agree an approach to the unspent budget in 2012-13;
3. That Members agree the headline proposals for expenditure in 2013-14.
4. That a final report on budget recommendations for 2013-14 is brought to this Committee for sign off in January 2013.

Report of the Group Manager, Corporate Strategy

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

Constitutional Comments (KK 19.11.2012)

20. The proposals in this report are within the remit of the Economic Development Committee

Financial Comments (DJK 15.11.2012)

21. The contents of this report are duly noted; the financial proposals for the utilisation of the 2012/13 under-spend and the budget allocation for 2013/14 are clearly identified within the report for Committee Members to review and agree.

Background Papers

Electoral Division(s) and Member(s) Affected

All