

Economic Development Sub-Committee

Item No.

Report title:	Finance and Performance Monitoring report
Date of meeting:	21 September 2015
Responsible Chief Officer:	Tom McCabe – Executive Director Community and Environmental Services
Strategic impact On 16 February 2015, the County Council agreed a net revenue budget of £318.428m. Economic Development and Strategy's (EDS') net revenue budget is £1.896m, including the Skills Team, which transferred to EDS from Children's Services on 1 April 2015. At the end of each month, officers prepare financial forecasts for each service showing forecast income and expenditure and the planned use of earmarked reserves.	

Executive summary

This report provides the Sub-Committee with the financial position for the service to the end of June, including the planned use of reserves.

It also gives an overview of progress against plan in relation to the service's 2015/16 service plan.

As at end of August 2015, spend is on track. This includes planning for an in-year saving of £0.90m, to contribute to the savings target for Community and Environmental Services of £36m.

Therefore, projected year end spend, against a budget of £1.896m, is £1.806m.

Members are requested to note the year end underspend for Economic Development & Strategy and progress against plan on economic targets.

1. Proposal

- 1.1. Members have a key role in overseeing the financial position of Economic Development & Strategy (EDS), including reviewing the revenue and reserves held by the service. Although budgets are set and monitored on an annual basis it is important that the ongoing position is understood and the previous year's position, current and future plans and performance are considered.

2. Evidence

- 2.1. The three main strands of activity delivered by the EDS service focus on Infrastructure; Enterprise and Business Support; and Skills. These are underpinned by a fourth - securing external funding for Norfolk's priorities.

The service also contributes directly to three of the Council's four priorities: Good Infrastructure, Real Jobs and Excellence in Education (as it relates to the work skills of young people).

The detail of performance against our service plan targets can be found in Appendix A.

In due course, the Norfolk element of the New Anglia Strategic Economic Plan (SEP) targets will also be included in the report. Measurement of these targets takes place annually.

2.2 There are some notable successes to date:

- The Growing Business Fund, which seeks to start up new businesses and create jobs in Norfolk and Suffolk has achieved more than double its original target of 600 jobs by December 2015. At the end of August 2015, if all projects deliver to profile, the original target should be exceeded hugely, with **1384** jobs to be created in the next few years – **913.5 in Norfolk** and 470.5 in Suffolk. The programme still hasn't spent all of its original £12m allocation and has also secured follow on funding from Government beyond 2015.
- Hits to LocateNorfolk.com, our inward investment website, are already at more than 50% of the annual target, before the mid-year point and an editorial piece in the Evening Standard resulted in an inward investment visit by an app development company in August. We have had 10 inward investment enquiries to date since April and three successes, as well as two leads from 2014 coming to fruition.
- Development of Scottow Enterprise Park is also on plan and on budget. There is paper elsewhere on this agenda that gives a more detailed update on developments at the Park.
- On apprenticeships, we had 5,430 starts between August 2014 and April 2015, against an annual target of 7,567. This represents a 20% increase compared to the position at the same point in 2013/14 and includes the SEP target of 500 for Norfolk for 15/16.
- The Future You app, to help young people choose careers that suit their preferences and aptitudes, was launched (in conjunction with Children's Services) at the Radio One Big Weekend in Norwich. The app has been downloaded 210 times and the You Tube 30 second video has been viewed over 16,000 times to date.
- On the France (Channel) England Programme, over €20m of projects were approved by the selection sub-committee in July 2015, committing almost all of the €21.7m allocation for the calendar year 2015.
- Discussions are now taking place on the transport schemes and projects Norfolk would like to see submitted to Government as part of New Anglia's third Growth Deal with Government. More guidance on the Deal, including funding available, will be forthcoming in the Autumn Statement.

3. Financial Implications

3.1. Revenue

The net revenue budget for Economic Development & Strategy for 2015/16 is **£1.896m**. This figure does not include the income/expenditure for Hethel Innovation, which is managed as a separate company, with County Council representation on the Board. It also does not include a number of Economic Programmes Team staff, who are paid for by the external funding programmes they work on. However, it *does* include funds for the 8 staff in the Skills team, who transferred to EDS from Children's Services on 1 April 2015.

Table 1, overleaf, shows the budget for the service.

Table 1: 2015-16 Economic Development & Strategy budget

Budget	£m
Salaries	1.280
Overheads	0.131
Depreciation	0.098
Projects fund	0.387
Total	1.896m

However, this funding is supplemented by allocated reserves until 2018/19, largely the balance of the **£3.5m** corporate funding for Apprenticeships Norfolk:

Table 2: 2015-16 income and expenditure, including the use of reserves

Projected expenditure	£m
Salaries	1.440
Overheads	0.131
Depreciation (Hethel Innovation buildings, plant and equipment)	0.098
Project activity (supplemented by reserves – see income)	
• Apprenticeships Norfolk	1.299
• Other projects (sector development, business support, inward investment, corporate European activity etc)	0.417
Total expenditure	3.385
less	
Income	
From reserves	
• Apprenticeships	1.299
• Other projects	0.120
Project recharges (staff re-charged to the funding programmes they work on, ie net salaries budget is £1.280m, not £1.440m)	0.160
Total income	1.579

As at end of August 2015, spend is on track. This includes planning for an in-year saving of £0.90m, to contribute to the savings target for Community and Environmental Services of £36m.

Therefore, projected year end spend, against a budget of £1.896m, is £1.806m.

3.2. Capital

There are currently no approved capital schemes under the control of this sub-committee. As previously agreed, the future plan for the development of Scottow Enterprise Park formed part of the capital programme that was approved by Full Council in February, and the progress and detailed plan will be reported to this sub-committee in due course.

4. Issues, risks and innovation

- 4.1. Risk management is undertaken at a project or programme level and is robustly monitored.

5. Background

- 5.1. This report seeks to focus on the controllable revenue budget of the EDS service, as well as the capital budget allocated to Scottow Enterprise Park.

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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Appendix A: Economic Development & Strategy Service Plan Targets

Measure	Our target for this year	Progress update (as at end August 2015)
Infrastructure. Delivery of schemes in Growth Deals/City Deals	<p>Determine infrastructure projects to be delivered in the Greater Norwich Growth Board (GNGB) area for 16/17 and delivery of 15/16 programme.</p> <p>Annual business plans for GN partners approved as an integrated GNGB Programme.</p> <p>Legal agreement in place to support GNGB Growth Programme Borrowing.</p> <p>Secure funding for and start delivery of the NDR.</p> <p>Lynn Sport road scheme delivered.</p> <p>Growth Deal 3 (GD3) projects identified & submission coordinated with Suffolk County Council & New Anglia LEP.</p>	<p>NALEP Local Transport Body established to manage delivery of transport infrastructure schemes – agreed its £1m contribution towards Lynnsport Access Road.</p> <p>Greater Norwich Infrastructure Plan published – evidence base for GNGB 16/17 Growth Programme produced.</p> <p>Annual Business Plans for Local Planning Authorities produced and reported through individual councils.</p> <p>16/17 Growth Programme to go to GNGB on 24 September.</p> <p>Negotiations on the legal agreement to support the GNGB Growth Programme borrowing have begun.</p> <p>Norfolk Growth Group being consulted on GD3 transport priorities, feeding into the Norfolk/Suffolk Local Transport Body meeting of 9 September, then the New Anglia October Board. No guidance yet received from Government on the amount of money available in GD3.</p>
Business support. Scottow Enterprise Park	<p>Remain within agreed Business Plan spend.</p> <p>Submit planning application to ease development process for current/future tenants</p> <p>Increase the number of jobs on site (from 1/4/15 baseline) by 100 by 31/3/16.</p> <p>Provide 10 opportunities for young people in full time education to engage with the businesses that operate on the Park</p>	<p>Marketing agents appointed.</p> <p>Member Working Group meetings on-going.</p> <p>Site wide planning application for building use in preparation</p>
Business support. Inward investment/business support targets	<p>Enquiries handled/engagements: 30</p> <p>Jobs as a direct result of team intervention: 200</p> <p>Hits on LocateNorfolk – 5,500 unique users, 7,788 sessions (visits)</p> <p>Increase in Twitter followers – additional 1,500</p>	<p>LocateNorfolk, the County Council's inward investment website, has achieved 3,890 unique users, 4,902 sessions (visits) & 251 new Twitter followers since its soft launch in April.</p> <p>Publicity articles in London Metro and Evening Standard June 2015.</p> <p>The ES piece led to a mobile app developer shortlisting Norfolk and visiting in August.</p> <p>In terms of other inward investment enquiries, we have had 10 enquiries since April 2015 and 3 successes:</p> <ul style="list-style-type: none"> A Dutch-owned company, expansion to site at Eastport to service decommissioning of oil and gas installations. £1m investment, 7 jobs created initially – most of which will be high skilled).

Measure	Our target for this year	Progress update (as at end August 2015)
		<ul style="list-style-type: none"> • An energy company looking to service the Southern North Sea market. Visited a number of locations and client selected Hethel Engineering Centre. Client now has tenancy in place – will create up to 10 high value jobs in next 3 years • A Canadian-owned company. Manufacturing automotive parts. Further investment and expansion in current premises, creating at least 80 jobs in next 3 years <p>2 successes from 2014 that were previously pending:</p> <ul style="list-style-type: none"> • A Chinese cable company looking to service offshore market. They have been pre-approved by Scottish Power in the first tender, but awaiting outcome of full tender which could take a further few months. Initial plan is to set up office at Orbis, but source site at Eastport for storage and distribution. • A Chinese food manufacturer looking to service the UK and European market in frozen Chinese food. Due to sign lease on site in Little Melton. Should be completed within the next few months.
Skills	<p>Apprenticeships targets: Aug 14 – April 15 actual starts – Norfolk 5,430 against annual target of 7,567. This represents a 20% increase compared to the position at the same point in 2013/14 (includes the SEP target of 500 for Norfolk for 15/16)</p> <p>Develop Skills Plans for high impact/ demand-led sectors:</p> <ul style="list-style-type: none"> - ICT/Digital Creative - Advanced Manufacturing/ Engineering - Construction - Agri-tech <p>Future You</p> <p>The Future You campaign is designed to run over a period of two years to help guide 13-21 year olds on their future careers.</p> <p>Campaign outcomes:</p>	<p>4 Advanced Apprentices in post and have taken responsibility for focussing on 2 key sectors each. Working closely with colleagues in Children's Services and network members.</p> <p>Sector Skills Data Packs developed for each high impact sector.</p> <p>Sector skills plans being developed for Construction, IT and Advanced Manufacturing/Engineering</p> <p>Total number of app downloads to date: 210</p> <p>(rate of downloads, which were steady during July, slowed a bit during the school holidays, but are beginning to pick up since exam results were released)</p> <p>Future You unique website visits since launch: 1682 unique page views to date</p> <p>You Tube views of 30 second video: 16,081</p> <p>Facebook and Twitter Reach: 121,000</p> <p>Channel 4 pop up media careers event in August– 200 x 16-21 year olds</p>

Measure	Our target for this year	Progress update (as at end August 2015)
	<ul style="list-style-type: none"> • Wider awareness of Norfolk's priority industry areas among young people and their parents/carers • More young people linked in to information and opportunities which exist to help them break into these areas • More businesses in the priority areas offering opportunities for work experience/ apprenticeships/mentoring etc to our target age range 	
Workless-ness	<p>Develop an approach to tackling worklessness in Norfolk, in conjunction with the Corporate Bid Team funding targets.</p> <p>Link to devolution opportunities to gain greater control of some benefits</p>	<p>The First meeting of the Corporate Bid Team has taken place.</p> <p>Worklessness plan in place and being implemented.</p>
Securing/ managing funds. France Channel England Programme	<p>ERDF (European Regional Development Fund) allocation: €209m 2015-20. As this is calendar years, 2 targets are relevant (agreed at committee level in Nov 2014) :</p> <p>2015: €21.7m</p> <p>2016: €49.5m</p> <p>ERDF intervention rate is 70%, so spend will include 30% match funding.</p>	<p>Projects are approved in 2 phases. The first selection sub-committee approved €20.1m ERDF in July 2015.</p>
Securing/ managing funds. Effective allocation & monitoring of 14/15 Business Rates Pool monies	<p>Allocate & manage (all funds spent by July 2016) c. £2.2m of funds.</p> <p>Regular progress reporting to Norfolk Growth Group.</p> <p>Devise commissioning process for 15/16 monies, based on prioritised investment in stalled employment sites.</p>	<p>The allocation of the 2014/15 pool (which is the uplift in growth of the rates, rather than the overall rates collected) is overseen by the Norfolk Growth Group (a sub-set of Norfolk Chief Executives) and the final selection of projects is approved by Norfolk Leaders.</p> <p>All project proposals scored, prioritised and approved by Norfolk Leaders 16/6/15.</p> <p>Distribution of the offer letters to projects to take place after district council accounts audited in September and final pool amount for allocation is confirmed.</p>