

# Economic Development Sub-Committee

Item No.

<b>Report title:</b>	<b>Finance and Performance Monitoring report</b>
<b>Date of meeting:</b>	<b>21 January 2016</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe – Executive Director Community and Environmental Services</b>
<b>Strategic impact</b> 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 December, including the planned use of reserves.

It also gives an overview of progress in relation to the service's 2015/16 service plan priorities, as at the end of quarter 3.

The service's budget includes planning for an in-year saving of £0.090m, to contribute to the savings target for Community and Environmental Services of £36m.

As at the end of January 2016, spend is on track. Therefore, projected year end spend, against a budget of £1.896m, is £1.806m.

**Members are requested to note the forecast 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.

## 2.2 Key successes this quarter include:

### 2.2.1 Real jobs (helping businesses start up and grow)

Launched in April 2013, the **Growing Business Fund** provides grants between £5,000 and £500,000 usually up to 20% to SMEs across the LEP area. Funding for the scheme has come from a range of sources, including £12m from the Regional Growth Fund, £25.57m from the Growth Deal and £1.66m from Wave Two City Deals. The fund operates until March 2021.

	Target to April 2016	Awarded to date*	Delivered to date	% Delivered
<b>No. of grants awarded</b>	-	258	241	93.4
<b>Value of grants awarded</b>	£17.66m	£13.5m	£12.486	70.7%
<b>Private sector match funding</b>	£70.64m	£82.4m	£46.87	66.35%
<b>New Full-time jobs created</b>	1,166	1,837	758.5	65.05%

\* Awarded to date:

- Of the 258 grants awarded to date, 142 (55%) are for Norfolk projects
- Of the £13.5m value of grants awarded to date, £8.37m ( is for the Norfolk area
- The target for private sector match to April 2016 has already been exceeded (assuming all projects deliver to plan and the funds are drawn down.
- Of the 1837 new FTE jobs to be created, 1175.5 jobs are in Norfolk

The above statistics only cover the projects funded by the Regional Growth Fund and Growth Deal. In terms of the £1.66m City Deal pot, 42 Norfolk projects (from a total of 96); £672,307 worth of grants (£1.66m total); £3.58m private match (£9.59m total) and 142 jobs (305 total) have been achieved to date.

### Scottow Enterprise Park

Scottow Enterprise Park has been awarded Enterprise Zone status (more details below), increasing the attractiveness of the site to new businesses. Work is in hand to deliver Phase 2 of the Solar Farm in January and February 2016.

### 2.2.2 Inward investment

Key successes this quarter included the successful bid to Government, in conjunction with New Anglia LEP of 4 new Enterprise Zones sites and the expansion of the existing, highly successful, Zone in Gt Yarmouth and Lowestoft. Being an 'Enterprise Zone' gives a site significant advantages, making it attractive to potential tenants and strengthening the Norfolk offer we can promote:

- Up to 100% business rate discount, worth up to £275,000 per business over a 5 year period
- Simplified local authority planning, for example, through Local Development Orders that grant automatic planning permission for certain development (such as new industrial buildings or changing how existing buildings are used) within specified areas
- Government support to ensure that superfast broadband is rolled out throughout the zone, and, if necessary, public funding
- 100% enhanced capital allowances (tax relief) to businesses making large investments in plant and machinery on 8 Zones in Assisted Areas (of which Great Yarmouth is one)

The Zone details are:

**Norwich Research Park, Norfolk** – a 25 hectare site next to the B1108, south of Norwich. Enterprise Zone status will help support spin-out businesses in the food, health and plant science sectors.

#### **North Norfolk**

- **Scottow Enterprise Park in Coltishall**, – a rural site of 26 hectares to the south of Scottow and Lamas Roads, where part of the site will have Enterprise Zone status to focus on businesses in the creative digital and low carbon sectors.
- **Egmere Business Zone** – a 7.4 hectare rural site south of Wells-Next-The-Sea which will focus on the Offshore Energy sector. It is located close to the Sheringham Shoal windfarm and two further windfarms being developed.

**Nar Ouse Business Park in King's Lynn**– a 12.4 hectare site on the southern edge of the town adjacent to the A47 that will link to the King's Lynn Innovation Centre, currently under construction. This will stimulate new businesses and attract international businesses in the agri-tech, engineering and food production sectors.

Also secured was an extension to the existing **Great Yarmouth and Lowestoft Enterprise Zone**, covering existing sites at Beacon Park and South Denes Energy Park in Great Yarmouth, and Mobbs Way and Riverside Road in Lowestoft.

The team also supported the successful outcome of the submission to the Route Development Fund by Norwich International Airport, for routes to Newcastle, Exeter, Paris and Dublin.

#### **Inward investment statistics**

We now have **5677** followers on Twitter, an increase of **33** (0.58%) since September, and a healthy number, considering we have not carried out any major Twitter campaigns recently.

In terms of visitors to [www.LocateNorfolk.com](http://www.LocateNorfolk.com), unique users have grown significantly over the quarter, which saw the County Council, Suffolk and New Anglia have a presence at MIPIM, the main UK commercial property showcase in London in October. Unique users rose from **5,770** to **7,074 (+22.6%)** between September and the end of December and sessions (visits) rose from **7,173** to **8,778**, an increase of **22.3%**. Twenty-three property enquiries arising from MIPIM are currently being followed up.

Total jobs created as a result of inward investment activity stand at **177**, against the **200** target for the 15/16 financial year.

In terms of **Hethel Innovation Centre**, the 2010-15 EU (ERDF) funded programme that EDS has provided match-funding for came to an end in Q3, with some excellent results, contributing to the Council's aims of creating more higher value jobs, improving workforce skills and increasing average earnings in the county:

- 245 businesses supported
- 31 start-ups generated
- 40 businesses engaged in collaborations with the knowledge base
- 245 jobs created
- 90 jobs safeguarded

A bid for a new programme, covering the period Q4 2015 to Q3 2018 has been submitted to Government and the Hethel Managing Director should be able to update

members on the outcome of the bid at the sub-committee meeting, which includes a presentation on Hethel's future development plans.

### **2.2.3 Good Infrastructure**

The Northern Distributor Road (NDR) borrowing agreement was signed by all parties this quarter and the funding package from the Department for Transport was reconfirmed through the Autumn Statement. Work has now started on site.

### **2.2.4 Excellence in Education (Skills)**

Final data for **Apprenticeships** performance for the period August 2014 to July 2015 has now been released by the Skills Funding Agency and shows the overall increase to be 16% for Norfolk - 7,290 starts against the previous year's figure of 6,270. This compares very favourably to the national picture, where the increase has only been 13%.

Even more encouraging is the fact that growth has largely been at Level 3 and above, with a tripling of the number of Higher Apprenticeships created. The most significant increases in numbers have been in Health and Social Care and Engineering and Manufacturing.

This supports the Council's – and New Anglia Local Enterprise Partnership's – aim of increasing higher value jobs in key sectors. Engineering/manufacturing is one of the county's major growth sectors, characterised by higher skilled jobs, and social care is a demand-led sector where the Council has a keen interest in companies having high quality staff to provide services to Norfolk residents.

### **2.2.5 Securing funding for Norfolk's priorities**

**LEADER, rural development programme.** The Funding Agreement has now been signed securing £9.3m of funding up to 2020. The first applications are now being assessed for consideration at Local Area Group meetings being held between January and March 2016. Members have already been made aware of the LEADER programme. As a reminder, details of the funding that can be bid for can be found at [www.norfolkLAGs.co.uk](http://www.norfolkLAGs.co.uk).

An EU funding workshop was held this quarter for potential Norfolk applicants, focusing on the Low Carbon funding priority. As a result of this workshop the Economic Programmes team have several meetings arranged for the New Year to progress specific projects.

## **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**

<b>Budget</b>	<b>£m</b>
Salaries	1.280
Overheads	0.131
Depreciation	0.098
Projects Fund	0.387
<b>Total</b>	<b>1.896m</b>

The Projects Fund 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**

<b>Projected expenditure</b>	<b>£m</b>
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
<b>Total expenditure</b>	<b>3.385</b>
less	
<b>Income</b>	
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
<b>Total income</b>	<b>1.579</b>

**As at end of December 2015, spend is on track.** This includes planning for the in-year saving of £0.090m, 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 2015, and the progress and detailed plan reported to this sub-committee periodically. A full report was discussed at the September 2015 sub-committee.

## 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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If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

## Appendix A: Economic Development & Strategy Service Plan Targets

Measure	Our target for this year	Q1 Progress (Apr-Jun 2015)	Q2 Progress (Jul – Sep 2015)	Q3 Progress (Oct – Dec 2015)	Q4 Progress (Jan – Mar 2016)	RAG rating
<b>Infrastructure.</b> 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 Northern Distributor Road (NDR).</p> <p>Lynn Sport road scheme delivered.</p> <p>Growth Deal 3 projects identified and submission coordinated with Suffolk County Council and New Anglia Local Enterprise Partnership (NALEP).</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>Negotiations on the legal agreement to support GNGB Growth Programme borrowing have begun.</p> <p>GD3 discussions taking place.</p>	<p>2016/17 Annual Growth Programme agreed by the GNGB on 24 September 2015. In total the Board has now committed £8,330,000 from the pooled fund. 2 further schemes, including the NDR, totaling £50m, were also approved. These projects will be supported by borrowing.</p> <p>Borrowing agreement finalised but awaiting signed copies.</p> <p>Site clearance and other enabling works for Lynnsport Access Road to take place over winter. Delivery of road now likely to start in spring 2016.</p> <p>GD3 projects discussed at the Project Pipeline Sub-Group (PPSG). Supporting evidence cases being worked up.</p>	<p>GNGB growth programme projects for delivery in 2015/16 progressing well.</p> <p>NDR borrowing agreement signed by all parties.</p> <p>DfT funding package reconfirmed through the Autumn Statement. Work started on site.</p> <p>Process for developing the 2017/18 GNGB Growth Programme agreed. Development of the GN Investment Plan begun.</p> <p>Prioritisation of GD3 projects being further developed with the PPSG and supporting evidence cases being worked up.</p>		<b>Green</b>
<b>Business support.</b> Scottow Enterprise Park	<p>Remain within agreed Business Plan spend.</p> <p>All-encompassing site-wide planning application to ease development process for current/future tenants submitted June/July 2015</p> <p>Increase the number of jobs on site (from 1/4/15</p>	<p>Project team in place on site.</p> <p>Marketing agent being appointed.</p> <p>Member Working Group established.</p>	<p>Remain within agreed Business Plan spend.</p> <p>Dual commercial agents in place progressing a number of new enquiries</p> <p>Site branding and marketing agreed.</p> <p>Change of use planning applications being finalised</p>	<p>Scottow Enterprise Park has been awarded Enterprise Zone status, increasing the attractiveness of the site to new businesses.</p> <p>Work is in hand to deliver Phase 2 of the Solar Farm in January and</p>		<b>Green</b>

Measure	Our target for this year	Q1 Progress (Apr-Jun 2015)	Q2 Progress (Jul – Sep 2015)	Q3 Progress (Oct – Dec 2015)	Q4 Progress (Jan – Mar 2016)	RAG rating
	<p>base) 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.</p>		<p>for submission end of October.</p> <p>Bid for Enterprise Zone status submitted, outcomes will be reported end of next quarter.</p> <p>14 companies now operate out of the site, employing 63 people (full time equivalents).</p> <p>Scottow Enterprise Park has joined the Norfolk Apprentice Network. Sixth form students and their teachers from Paston College, North Walsham have visited October Films to see first-hand what it is like to work in the creative industries.</p>	<p>February 2016.</p> <p>Final amendments to the change of use planning applications being prepared for submission in January.</p> <p>Scottow was also represented at the MIPIM event, detailed below.</p>		
<p><b>Business support.</b></p> <p>Inward investment/ business support targets</p>	<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 150</p>	<p>Business start-up support subsumed within New Anglia Growth Hub going forward. Growth Hub funding secured and targets/ implementation plan in place.</p> <p>LocateNorfolk has achieved 1,289 unique users, 1,724 sessions (visits) &amp; 130 new Twitter followers since soft launch in April. Publicity articles in London Metro &amp; Evening Standard June 2015. ES piece led to a mobile app developer shortlisting Norfolk – due to visit in August.</p>	<p><b>11</b> inward investment enquires since April 15. Latest one is from a Japanese automotive manufacturer producing electric sports cars and looking for European base. Sites at Scottow and HEC are being promoted.</p> <p>4 successes since April 2015. This month Freshasia, a Chinese food manufacturer, announced their multi million investment in the Little Melton Food Park, South Norfolk. This includes a bank loan, 400k from New Anglia LEP and 200k Finance East. 50 jobs will be created initially.</p>	<p>Successful stand in October at MIPIM UK, the UK's largest exhibition and market place for national and international investors, developers, local authorities, government representatives and property professionals to explore investment opportunities. 23 enquiries being followed up.</p> <p>Creation of 4 new Enterprise Zones sites and the expansion of the existing, highly successful, site in Gt Yarmouth.</p>		<p><b>Green</b></p>



Measure	Our target for this year	Q1 Progress (Apr-Jun 2015)	Q2 Progress (Jul – Sep 2015)	Q3 Progress (Oct – Dec 2015)	Q4 Progress (Jan – Mar 2016)	RAG rating
			<p>This brings total jobs created from the four successes so far to <b>147</b></p> <p>We also have 1 pending success from 2014, offshore wind Chinese cable manufacturer. We will know if they secured a tender with Scottish Power early next year.</p> <p>There have been <b>5,770</b> unique users to the Locate Norfolk site since launch in April, and <b>7,163</b> sessions (visits)</p> <p>We now have 5644 followers on Twitter, an increase of <b>195</b> since April.</p>	<p>Supported the successful outcome of submission to Route Development fund by Norwich airport – Newcastle, Exeter, Paris, Dublin.</p> <p>In partnership with the library, New Anglia, Menta &amp; Genix, supported the launch of Enterprising Libraries by part-funding the first year program to enable it to become self-sustaining.</p> <p>In partnership with SyncNorwich and UEA, we part funded and supported the ‘Sync The City’ event to develop entrepreneurial activity in the digital sector, showcasing the event to the American embassy ambassadors during their visit to Norfolk.</p> <p>Total jobs created stand at <b>177</b> against the <b>200</b> target for the year.</p> <p>We now have <b>5677</b> followers on Twitter, an increase of <b>33</b> since September.</p> <p>There have been <b>7,074</b> unique users to the Locate Norfolk site since launch in April, and <b>8,778</b> sessions (visits)</p>		

Measure	Our target for this year	Q1 Progress (Apr-Jun 2015)	Q2 Progress (Jul – Sep 2015)	Q3 Progress (Oct – Dec 2015)	Q4 Progress (Jan – Mar 2016)	RAG rating
				<p>Hethel Innovation Centre confirmed the outputs from its 2010-15 EU (ERDF) programme, which EDS match-funded:</p> <ul style="list-style-type: none"> <li>• 245 businesses supported</li> <li>• 31 start-ups generated</li> <li>• 40 businesses engaged in collaborations with the knowledge base</li> <li>• 245 jobs created</li> <li>• 90 jobs safeguarded</li> </ul> <p>A bid has been produced for a 2015-18 ERDF programme, with the result due in Jan 2016.</p>		
<b>Skills</b>	<p>Apprenticeships targets: 7567 (includes the SEP target of 500 for Norfolk for Aug 15 – July 16)</p> <p>Develop Skills Plans for high impact/ demand-led sectors:</p> <ul style="list-style-type: none"> <li>• ICT/Digital Creative</li> <li>• Advanced Manufacturing/ Engineering</li> <li>• Construction</li> <li>• Agri-tech</li> </ul>	<p>New 'Future You' app developed to assist career choices and launched at Radio 1 Big Weekend, late May bank holiday.</p> <p>4 Advanced Apprentices recruited to support delivery of the apprenticeships target.</p>	<p>LEP target = 7,200 for 2014/15, which we are already meeting. The latest data shows that Norfolk has seen a 15% increase in Apprenticeship starts (Aug 14 – Aug 15) compared with the previous year.</p> <p>Skills plans for Construction and Engineering are under development.</p>	<p>Final data for Apprenticeship performance for Aug 2014 to Jul 15 has now been released by the Skills Funding Agency and shows the overall increase to be 16%. This equates to 7290 against the previous year's figure of 6270. Growth has largely been at Level 3 and above, with a tripling of the number of Higher Apprenticeships created. Most significant increases in numbers have been in Health and Social Care and Engineering and</p>	L	Green

Measure	Our target for this year	Q1 Progress (Apr-Jun 2015)	Q2 Progress (Jul – Sep 2015)	Q3 Progress (Oct – Dec 2015)	Q4 Progress (Jan – Mar 2016)	RAG rating
				Manufacturing.		
<b>Securing/ managing funds for Norfolk's priorities.</b>  France Channel England Programme	ERDF allocation: €209m 2015-20. As this is calendar years, 2 targets are relevant (agreed at committee level in Nov 2014) : <b>2015: €21.7m</b> <b>2016: €49.5m</b>	Pro rata 2015 allocation. ERDF is 70%, so spend will also include 30% match funding.  Projects are approved in 2 phases. The first selection sub-committee approved €20.1m ERDF at phase 1 on 1 <sup>st</sup> and 2 <sup>nd</sup> July 2015.	Programme approved by the EU 27/10. The 2 <sup>nd</sup> call for projects has now closed, with 18 eligible projects, worth €45m, submitted. These will be reviewed at the Jan 2016 project selection meeting.	The programme delivery strategy has been reviewed and approved by the Programme Monitoring Committee in December 2015.  The revised commitment target for <b>2015</b> is <b>€0</b> & <b>€21m</b> for <b>2016</b> - the targets have all moved by a year, with an additional year for delivery, due to the delay in the EU signing off the programme.		Green
<b>Securing/ managing funds for Norfolk's priorities.</b>  Other EU/ external funds		First meeting of the Corporate Bid Team has taken place.	<b>ESF.</b> First bidding round for New Anglia notional allocation of European Social Fund (targeting social inclusion) closes 30/11. The County Council may possibly lead a bid.	Leader. The Funding Agreement has now been signed securing £9.3m of funding up to 2020. The first applications are now being assessed for consideration at LAG meetings being held between January and Mar 2016.  EU funding workshop held for potential Norfolk applicants focusing on the Low Carbon funding priority. As a result of this workshop we have several meetings arranged for the new year to progress specific projects.		Green
<b>Securing/ managing</b>	Allocate funds & oversee delivery of funded projects	All project proposals scored, prioritised &	Saved levy reduced to £1.846m, due to increased	Initial assessment of stalled employment sites		Green

Measure	Our target for this year	Q1 Progress (Apr-Jun 2015)	Q2 Progress (Jul – Sep 2015)	Q3 Progress (Oct – Dec 2015)	Q4 Progress (Jan – Mar 2016)	RAG rating
<p><b>funds for Norfolk's priorities.</b></p> <p>Effective allocation &amp; monitoring of 14/15 pooled Business Rates saved levy</p>	<p>to the value of c. £2.2m.</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>approved by Norfolk Leaders 16/6/15.</p> <p>Milestones requested by Programmes Team, so that offer letters can be issued.</p>	<p>allowances required for appeals. Lowest scoring projects re-profiled, with spend to come from the 15/16 Pool instead.</p> <p>Offer letters issued to all approved projects funded from the 2014/15 business rates pool.</p> <p>Pool members confirmed for 2016-17: all districts except Great Yarmouth, for whom it is not financially advantageous to join the Pool.</p> <p>Stalled employment sites project proposal agreed by Norfolk Growth Group.</p>	<p>in the county carried out by NCC and district council representatives. To be further refined during January 2016.</p>		