



County Offices  
Newland  
Lincoln  
LN1 1YL

30 December 2016

**Economic Scrutiny Committee**

A meeting of the Economic Scrutiny Committee will be held on **Tuesday, 10 January 2017 at 10.00 am in Committee Room One, County Offices, Newland, Lincoln LN1 1YL** for the transaction of the business set out on the attached Agenda.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tony McArdle', written over a horizontal line.

Tony McArdle  
Chief Executive

**Membership of the Economic Scrutiny Committee**  
**(11 Members of the Council)**

Councillors A Bridges (Chairman), C Pain (Vice-Chairman), B Adams,  
Mrs J Brockway, G J Ellis, N I Jackson, D McNally, Mrs E J Sneath, P Wood,  
L Wootten and R Wootten



**ECONOMIC SCRUTINY COMMITTEE AGENDA  
TUESDAY, 10 JANUARY 2017**

<b>Item</b>	<b>Title</b>	<b>Pages</b>
<b>1</b>	<b>Apologies for Absence/Replacement Members</b>	
<b>2</b>	<b>Minutes of the Meeting of the Economic Scrutiny Committee held on 29 November 2016</b>	5 - 14
<b>3</b>	<b>Announcements by the Executive Councillor for Development</b>	Verbal Report
<b>4</b>	<b>Revenue &amp; Capital Budget Proposals 2017/18</b> <i>(To receive a report from Justin Brown (Commissioner for Economic Growth) and Michelle Grady (Head of Finance (Communities)) which provides information on the proposed budget for 2017/18)</i>	15 - 22
<b>5</b>	<b>Training to Fill Hard-to-fill Vacancies (Progress with ESF opt-ins)</b> <i>(To receive a report from Clare Hughes (Principal Commissioning Officer (LEP) which provides an update on the work undertaken to commission government funded skills training to meet local priorities)</i>	23 - 28
<b>6</b>	<b>Fund of Funds Update &amp; Next Steps</b> <i>(To receive a report from Samantha Harrison (Commissioning Manager (Enterprise) which provides an update on the work undertaken to date regarding the development of the financial instrument to improve access to finance for SME's)</i>	29 - 36
<b>7</b>	<b>Investor Development Activity</b> <i>(To receive a report from Jill McCarthy (Principal Growth Officer) which describes the actions taken by Lincolnshire County Council to attract investors to Lincolnshire)</i>	37 - 44
<b>8</b>	<b>Economic Scrutiny Committee Work Programme</b> <i>(To receive a report from Tracy Johnson (Senior Scrutiny Officer) which enables the Economic Scrutiny Committee to consider its' work own programme for the coming year)</i>	45 - 48

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## **ECONOMIC SCRUTINY COMMITTEE 29 NOVEMBER 2016**

### **PRESENT: COUNCILLOR A BRIDGES (CHAIRMAN)**

Councillors C Pain (Vice-Chairman), B Adams, G J Ellis, N I Jackson, Mrs E J Sneath, C L Strange, L Wootten and R Wootten

Councillor W S Webb (Executive Support Councillor for Development) was also in attendance.

Officers in attendance:-

Tom Blount (Director of the Lincoln Science and Innovation Park), Justin Brown (Commissioner for Economic Growth), Simon Evans (Health Scrutiny Officer), Cheryl Hall (Democratic Services Officer), Mary Powell (Commissioning Manager (Tourism)) and Linsay Hill Pritchard (Principal Commissioning Officer (Accountable Body)).

### **39 APOLOGIES FOR ABSENCE/REPLACEMENT MEMBERS**

Apologies for absence were received from Councillors Mrs J Brockway, D McNally and P Wood.

It was noted that the Chief Executive, having received notice under the Local Government (Committee and Political Groups) Regulations 1990, had appointed Councillor C L Strange to the Committee in place of Councillor Mrs J Brockway, for this meeting only.

### **40 DECLARATIONS OF COUNCILLORS' INTERESTS**

No declarations of Councillors' interests were received at this stage in the proceedings.

### **41 MINUTES OF THE MEETING OF THE ECONOMIC SCRUTINY COMMITTEE HELD ON 18 OCTOBER 2016**

During consideration of the minutes from the meeting held on 18 October 2016 the following updates on agreed actions were noted: -

- In relation to Minute 36 - 'Lincolnshire County Council and Department of Work and Pensions Joint Working', the Commissioner for Economic Growth was still awaiting a response from Government to the letter which highlighted the Committee's concerns; and
- In relation to Minute 37 – 'Adult Learning Programme and its contribution to economic development', it was noted that the email to the Committee including

**ECONOMIC SCRUTINY COMMITTEE  
29 NOVEMBER 2016**

details of the provisions available in the Grantham area had not yet been circulated. It was agreed to circulate this to the Committee following the Committee.

RESOLVED

That the minutes of the Economic Scrutiny Committee held on 18 October 2016 be confirmed and signed by the Chairman as a correct record.

42 ANNOUNCEMENTS BY THE EXECUTIVE COUNCILLOR FOR DEVELOPMENT

Councillor W S Webb (Executive Support Councillor for Development) was invited to update the Committee on recent events within the County: -

- a. The Chancellor of the Exchequer had given the Autumn Statement to Parliament on 23 November 2016. The County Council was awaiting detail on its impact on Local Government. It was also noted that officers were awaiting detail on the Growth Funding and Local Pinch Point funding. Representations were currently being made to Government on various items which would help with funding for infrastructure;
- b. The East-West Link Road in Lincoln had officially opened on 17 November 2016. It was felt that this had already made significant improvements to the flow of traffic within Lincoln;
- c. The Committee was reminded that the Lincoln Christmas Market was scheduled to be held between 1 – 4 December 2016. The Committee wished it every success;
- d. On 28 November 2016, Government had given final approval for £50m of funding for the Lincoln Eastern Bypass. It was noted that all the planned infrastructure would enable the bypass to be converted from single to dual carriageway at a later date;

NOTE: At this point in proceedings, Councillor Mrs E J Sneath entered the meeting.

- e. The Committee was advised that there had been a significant amount of interest in the new Marina at Sutton Bridge. The open day was taking place on 13 December 2016;
- f. It was noted that two thirds of the County's exporters trade was with the USA;
- g. The Committee was advised of a Greater Lincolnshire Big Food Debate held on 25 November 2016 in Grimsby, which was very well attended. The Debate had been set up to look into addressing the issues that would impact on the Greater Lincolnshire economy, particularly agriculture and the food industry;
- h. Reference was also made to coverage of food industry in Lincolnshire by the BBC television programme, Countryfile;
- i. The benefits of automation in the agricultural and food sector were discussed, in particular how this could alleviate pressures on labour shortages in future;
- j. It was noted that for every 60p of fresh produce sold in supermarkets, only 10p was received by producers. Therefore it was recognised there was need to

shorten the supply chain to ensure the producers benefited more from the sale of their produce.

The Chairman thanked the Executive Support Councillor for Development for the update and asked the Committee to email the Executive Councillor for Development or the Executive Support Councillor directly should there be any questions in relation to the announcements.

43     TOURISM REVIEW UPDATE - HISTORIC LINCOLN PLANS FOR 2017  
          (COMMEMORATION OF THE BATTLE OF LINCOLN FAIR)

Consideration was given to a report by Mary Powell (Commissioning Manager (Tourism)), which provided an update on developments within the tourism sector, especially the statistical information that had shown the continuing excellent and countywide impact of the Council's investment in Lincoln Castle.

The Commissioning Manager (Tourism) advised that the 2015 STEAM volume and value figures for Lincolnshire had been published in August 2016 and had shown a very positive uplift. It was noted that the 'Castle effect' had rolled out across Lincolnshire, as intended. The 2016 season had also shown to have been very positive, although the STEAM figures would not be issued until mid-2017.

It was noted that in 2016 the County Council had commissioned a Tourism Review, which had been endorsed by both the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and all the tourism officers. The Tourism Review had made a number of recommendations, which were detailed on page 20 of the report. The Committee was advised of the plans for 2017, which were detailed on page 21 of the report.

The Commissioning Manager (Tourism) also advised that partners across Lincolnshire were working together on a hotel demand study. The purpose of the study would be to identify locations that were suitable for hotel investment by assessing the evidence of demand. The study would be used to provide evidence to hotel investors with the aim of securing the future development of more serviced accommodation across Greater Lincolnshire. Many accommodation providers in Lincolnshire were reporting occupancy rates of 90% and hence the importance of this piece of work.

The Commissioning Manager (Tourism) was pleased to report that Lincoln Castle had been nominated for the New Cultural Experience award by the National Geographic Traveller readers. The award ceremony was scheduled for the evening of 29 November 2016.

Members were provided with an opportunity to ask questions, where the following points were noted: -

- It was queried whether Lincoln Castle could work collaboratively with Lincoln Cathedral in developing a joint membership offer. Further to this, it was noted that Lincoln Castle was currently in the process of developing a joint twelve

month membership offer with other Lincolnshire County Council owned sites, such as Gainsborough Old Hall, and it was hoped it would be launched in 2017. The possibility of Lincoln Castle working collaboratively on a joint membership with the Cathedral had been explored and a joint ticket had been successfully running since the beginning of 2015, despite the complications of VAT and Gift Aid;

- A Councillor commented that the focus of promoting tourism within Lincolnshire should not solely be on Lincoln, as many other towns had a lot to offer in terms of tourism. It was also commented that there was a need to promote other areas within Lincolnshire; including aviation and heritage sites;
- It was noted that there was a need for the County Council to promote the County's heritage sites by way of a package to ensure maximum visitor numbers;
- A Councillor suggested that the County tourism officers pursued World Heritage Status for Lincolnshire. In response, the Committee was advised that previously two applications had been submitted for this status, which were unsuccessful. The positives and negatives of applying for this status were outlined to the Committee;
- Councillors congratulated officers for their hard work in promoting tourism within Lincolnshire;
- It was noted that the proposed Designer Outlet in Grantham could potentially increase visitor numbers to that part of Lincolnshire;
- With regards to the hotel demand study, it was noted that during the Summer months, Bishop Grosseteste University let their student accommodation for visitors;
- Concerns were raised regarding the current car parking situation within Lincoln, in particular the increase in demand in the Christmas shopping period. In response, officers felt that the city would cope under the increased pressure with the introduction of a park and ride and increased parking provision at The Lawn.

#### RESOLVED

- (1) That the substantial impact that investment in Lincoln Castle has had both within Lincoln and across the whole County be noted.
- (2) That support be given to the emerging programme of events for 2017.

#### 44 THEME PERFORMANCE QUARTER 2

Consideration was given to a report by the Commissioner for Economic Growth, which provided Members with an update on performance against the Council's four indicators for the 'Growing the economy through supporting businesses' commissioning strategy. It was noted that all four indicators were currently being met.

The report also discussed performance over several years, showing that external factors had often affected the achievement of indicators negatively within a single quarter. It was noted that overall progress towards the achievement of the indicators



had remained good. Further to this, the Committee was advised that following the appointment of a new manager at the Department for Communities and Local Government, with responsibility for approving bids, the processing of bids within the Department had significantly improved. This in turn had had positive effects on the Council's relevant performance indicators.

The Committee was also advised of the findings of the latest Quarterly Economic Survey, which had shown that business confidence was lower than in recent quarters. However, the feared economic problems concerning the impact of Brexit had not materialised.

Members were provided with an opportunity to ask questions, where the following points were noted: -

- A Councillor raised a concern that more than three quarters of the proceeds from the Milk for Farmers venture, which was widely believed to solely benefit UK Farmers, were shared across European milk producing farmers;
- The benefits of automation in the agricultural and food sector should be further explored by the UK, similar to that used by countries such as Germany and France;
- It was felt that young people who were Not in Education, Employment or Training (NEET) should be supported into working environments; and
- It was felt that colleges should ideally offer more courses at entry levels below level 3.

#### RESOLVED

- (1) That the good performance against the Council's Business Plan indicators be noted.
- (2) That the findings of the latest Quarterly Economic Survey be noted.

#### 45 LINCOLN SCIENCE AND INNOVATION PARK

Consideration was given to a report and presentation by Thomas Blount (Director of the Lincoln Science and Innovation Park), which provided an update on the progress of the current Lincoln Science and Innovation Park (LSIP), in particular its build programme and its recruitment of students in the School of Pharmacy.

Members were reminded that the LSIP was established in 2012 to provide a home for knowledge economy businesses in the Greater Lincolnshire area. It was designed to leverage the large investment made in research and development by the University of Lincoln to provide a mechanism to transfer innovation and skills to Lincolnshire's business community, which had historically performed poorly in competitiveness measures like investment in Research and Development and high-level skills.

During the presentation, the following points were noted: -

- Since 2012, the LSIP had undertaken two major developments; Joseph Banks Laboratory/Minster House; and Boole Technology Centre. The Joseph Banks Laboratory/Minster House had opened in September 2014 and provided laboratories and academic facilities which were focused on life sciences, chemistry and pharmacy. The Boole Technology Centre would open on 1 February 2017 for commercial-industrial tenants;
- The LSIP was principally a joint venture between the University of Lincoln and Lincolnshire Co-operative, however, it had been developed with the close support of the local authorities;
- The LSIP was in part created due to a need to train more pharmacists locally and a desire at the University of Lincoln to concentrate to a greater extent on technical education and research. The School of Pharmacy that had emerged from those objectives, and which was a partnership between the University of Lincoln and the Lincolnshire Co-operative Group, had seen 120 pharmacy students being placed in pharmacies;
- It was suggested that an off-site visit to the LSIP should be arranged for the Committee at its meeting either in February or March 2017;
- The Committee was very supportive of the work of the LSIP and its benefits to Lincolnshire;
- A number of councillors suggested that a medical school should be developed in Lincoln. The economic benefits of having a medical school located within the county were discussed;

NOTE: At this point in the proceedings, Councillor B Adams left for the remainder of the meeting.

- The importance of the County Council's relationship with the LSIP was discussed and the Director of the Lincoln Science and Innovation Park welcomed the County Council's ongoing support;
- Access into the LSIP was discussed and it was recognised that in future this may need to be developed further.

The Chairman thanked the Director of the Lincoln Science and Innovation Park for his comprehensive report and presentation.

#### RESOLVED

- (1) That the good progress of the current Lincoln Science and Innovation Park, especially concerning its build programme and its recruitment of students in the School of Pharmacy, be noted.
- (2) That the support to the Lincoln Science and Innovation Park be continued, specifically by:
  - promoting it as a destination for investment and by aligning the innovation schemes that the Council commissions with those of the Science and Innovation Park;

- recognising that Lincoln Science and Innovation Park will be a further phase and being prepared to support that phase's progress by writing letters of support for any bid that is made for external funding.

- (3) That an off-site visit to the Lincoln Science and Innovation Park be arranged for the Committee at its meeting either in February or March 2017.

46 SINGLE LOCAL GROWTH FUND ACCOUNTABLE BODY PROGRESS REPORT

Consideration was given to a report by the Commissioner for Economic Growth, which provided an update from the Accountable Body on the progress of the Single Local Growth Fund, which was operated on behalf of the Greater Lincolnshire Local Enterprise Partnership. The report was focussed on the closure of financial year 2015/16 and highlighted the continued progress to date within 2016/17.

The Principal Commissioning Officer (Accountable Officer) presented each section of the report to the Committee and in conclusion, advised that the Accountable Body had continued to provide a robust environment in which the Local Enterprise Partnership operated and the Single Local Growth Fund projects were, in the main, progressing on site. However, the challenges in meeting this year's spend target and the mitigation measures being put in place to lower the risk of losing funding to the area were highlighted.

During consideration of the report, the following points were noted: -

- Progress on the Growth Deal had moved at pace within the 2016/17 period. There were 19 projects contracted including six within the Unlocking Rural Housing Programme. Total value of the contracts was £214 million providing £77.7 million of Single Local Growth Fund grant and leveraging in £136.3 million of public/private sector investment;
- The current spend position was discussed and it was noted that a slippage of £16.1 million for 2016/17 was currently forecast, £9.6million of which related to the Grantham Southern Relief Road Scheme, however there were plans emerging to address this slippage;
- It was noted that the spend profile for 2016/17 was following a similar pattern to the last financial year, where there was a large spike in spending in the last quarter. Further to this, a Councillor raised concerns with this approach as it was deemed not good practice, as spending should be more evenly spread across the year.

The Chairman thanked the Principal Commissioning Officer (Accountable Officer) for her detailed report.

**RESOLVED**

- (1) That support be given to the delegation to the Commissioner for Economic Growth, in consultation with the Executive Director for Finance and Public

Protection, the implementation of a strategy to secure all of the funding for 2016/2017 should individual projects underspend.

- (2) That the current progress being made on the Growth Deal Programme for Greater Lincolnshire be noted.

47 PLACE MARKETING AND ALIGNMENT WITH THE GREATER LINCOLNSHIRE LOCAL ENTERPRISE PARTNERSHIP'S WORK

Consideration was given to a report by Justin Brown (Commissioner for Economic Growth), which updated the Committee on progress to date on the work of the Place Marketing and Alignment with the Greater Lincolnshire Local Enterprise Partnership (GLLEP) and set out the timetable for activity.

Members were reminded that place marketing could be a wide agenda and could consider communications, branding, sales and marketing activities that made a place appealing to a wide audience. A small budget of £120,000 from both Lincolnshire County Council and GLLEP had been pooled together to take the initial steps for Lincolnshire, and it was clear that place marketing was a longer term ambition that required the support and funding of both the private and public sectors across the area. A list of short to medium actions was detailed on page 90 of the agenda pack.

The Commissioner for Economic Growth reiterated that partners across Lincolnshire were working together on a hotel demand study. The purpose of the study would be to identify locations that were suitable for hotel investment by assessing the evidence of demand. The study would be used to provide evidence to hotel investors with the aim of securing the future development of more serviced accommodation across Greater Lincolnshire.

NOTE: At this stage in the proceedings, Councillors G J Ellis and C L Strange left the meeting.

During a discussion on the report, the following points were noted: -

- A compelling Greater Lincolnshire Story would be developed, which would be an authentic and honest economic story that was both a written and pictorial narrative of what makes Lincolnshire tick, and would combine factual data with perceptions and qualitative information. Further to this, Members were requested to provide detail of extraordinary events which take place within their electoral divisions, such as the Spalding Pumpkin Parade for inclusion. Some Councillors gave examples of when they had moved to Lincolnshire, initially attracted by low house prices but then by attractive market towns and beaches. It was suggested that the Commissioner for Economic Growth emailed the Committee for suggestions;
- Any PR would be targeted and based on visitor statistics and demographics;
- As there were a number of brands across Greater Lincolnshire, a branding hierarchy would be developed;

- Two councillors commented that this piece of work should not solely be Lincoln focused and there was a need to promote other areas within Lincolnshire.

RESOLVED

- (1) That the initial work of the Greater Lincolnshire Local Enterprise Partnership and partners locally in developing niche activity in place marketing, as set out in the report, be noted.
- (2) That the Commissioner for Economic Growth be requested to email the Committee for suggestions for extraordinary Lincolnshire events/activities/places to visit.

48 ECONOMIC SCRUTINY COMMITTEE WORK PROGRAMME

Consideration was given to a report from the Director responsible for Democratic Services, which provided the Committee with an opportunity to consider its work programme for the coming year.

Simon Evans (Health Scrutiny Officer) introduced the report and advised that, further to Minute 45 above, arrangements would be made for an offsite visit to the Lincoln Science and Innovation Park following the meeting of the Committee in February 2017.

Members were reminded that the Economic Scrutiny Committee Budget Workshop was scheduled to be held during the afternoon of 29 November 2016, commencing at 2.00 pm.

RESOLVED

That the Economic Scrutiny Committee Work Programme, as presented at Appendix A, be approved.

The meeting closed at 1.00 pm.

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**Open Report on behalf of Richard Wills  
Executive Director for Environment & Economy**

Report to:	<b>Economic Scrutiny Committee</b>
Date:	<b>10 January 2017</b>
Subject:	<b>Revenue &amp; Capital Budget Proposals 2017/18</b>

**Summary:**

This paper provides the economic scrutiny committee with information on the proposed budget for 2017/18. These proposals are now open to consultation and the report provides members with the opportunity to debate the budget proposals, to make any recommendations that they wish to the Executive, and to comment on the service area priorities.

**Actions Required:**

The Economic Scrutiny Committee is asked to consider the proposed budget for 2017/18. Members of the committee are invited to make comments on the budget proposals. These will be considered by the Executive at its meeting on 7 February 2017.

## **1. Background**

1.1 The Executive are currently consulting on a one year financial plan for revenue and capital budgets. For the third year running the Council is only able to set a one year budget. This is due to the continued significant reductions in government funding, growing cost pressures from demand led services such as adult and children's social care, waste disposal and the Council's responsibility to pay staff and contractors the National Living Wage. These pressures mean the Council does not consider it practicable, at present, to develop sustainable long term financial plans beyond the next twelve months.

1.2 In developing its financial plan the Council has considered all areas of current spending, levels of income and council tax and use of one off funding (including use of reserves and capital receipts) to set a balanced budget. The budget proposals take a mixed approach to meeting the current challenges of reduced levels of local government funding. Savings identified from service and corporate budgets, plus a proposed increase in Council Tax, the use of reserves and the use capital receipts to fund the cost of transformation will be used to set a balanced budget for 2017/18. During the next twelve months the Council will need to explore further opportunities to bridge the gap between the funding available and levels of expenditure.

1.3 At its meeting on 20 December the Executive agreed proposals for the Council's revenue and capital budgets, and Council Tax level for 2017/18 to be put forward as a basis for consultation.

1.4 The proposed budget for the "Growing the economy by providing support for businesses" commissioning strategy is £1.233m set out in table A below.

1.5 The budget proposals assume inflation increases of 1.0% for pay for the next financial year. There is also a reduction in the employers pension contribution rate from 19.8% to 16.4%, removing costs from the service budget (shown as transfers). This reduction in rate has been offset by an increase in the lump sum payment made annually by the Council to the Pension fund.

Table A

**Sustaining & Growing Business & the Economy**

<b>Change of Previous Year</b>	<b>£'000</b>
<b>Revised Original Budget</b>	<b>1,256</b>
Pay Inflation	19
Cost Pressures	0
Transfers	-42
Savings	0
<b>Proposed Budget 2017/18</b>	<b>1,233</b>
Percentage Change	-1.8%

Economic development traditionally focuses on four disciplines: land, capital, people, and enterprise.

The budget of £1.233m, and the emphasis of the commissioning strategy, is on capital, people, and enterprise.

A further allocation of £0.192m will be made from the "Infrastructure commissioning" strategy in order to address the "land" matters.

1.5 Sustaining & Growing Business & the Economy – capital, people & enterprise

It is proposed that the £1.233m allocation will be allocated to the following priorities:

Improving skills and employability:	£0.146m
Encouraging enterprise:	£0.505m
Attracting investment:	£0.081m
Attracting funding:	£0.501m
<b>Total:</b>	<b>£1.233m</b>



*Priorities for 2017/2018 –those continuing from previous years*

The economic development workload continues to be focused around delivering the priorities in the Strategic Economic Plan. These include:

**Skills** –continued commissioning of government funded schemes to meet local need. This involves describing what the specific requirements are for the Lincolnshire economy, contributing to the work that civil servants do to procure that provision, then monitoring and scrutinising progress towards objectives.

**Enterprise** –continued commissioning of the Business Lincolnshire Growth Hub. This involves setting clear objectives, monitoring the progress of a dozen business support contracts, making strategic connections between schemes, and developing new projects to meet changing economic priorities.

The "Encouraging enterprise" budget also includes the council's funding for tourism. A major programme of activity is being developed in Historic Lincoln for 2017, and as well as promoting the events for 2017 the emphasis will be on ensuring that visitors to Lincoln are encouraged to visit other parts of the county.

**Investment** –Team Lincolnshire will continue to promote Lincolnshire as an investment location. Team Lincolnshire is an informal partnership of Lincolnshire businesses, facilitated by LCC, and LCC has the objective of increasing partner income for promoting the county through a Team Lincolnshire membership scheme.

**Funding** –Because of the government and other funders' emphasis on spending grants within specific time frames, the team will continue to support applicants and project managers. Often this is a case of demystifying the regulations for EU and government funding that has already been allocated to us.

*Priorities for 2017/2018 –those that have emerged recently*

As well as delivering against these continuing priorities, a number of other priorities are emerging. These either relate to priorities that have arisen from discussion at Economic scrutiny committee or to national policy shifts such as Brexit and the ending of the greater Lincolnshire devolution deal.

**Skills** –discussion about skills and employment at Economic scrutiny committee has often focused on the benefits of helping young people, parents, and schools understand about the careers and industries that are available locally. The team has already commissioned a large amount of work in this field, but there is a need to promote the commissioned schemes better and also to identify and fill any gaps.

This is an area that elected members have asked us to prioritise, but because the work is externally commissioned (to a value of c£13m over the next two years) any increase in LCC funding within the envelope of the council's economic development budget will have minimal effect if it is spent on services. Therefore

the objective should be to increase the effectiveness and reach of the £13m of externally commissioned training rather than to actually commission any more.

**Enterprise** –as a result of Brexit the government has increased its focus on international trade. The low level of sterling has added to the opportunities associated with international trade, and although it is too early to understand definitively the Trump administration's international trade policies this is something that we should monitor. Together these issues add up to a need for LCC to commission a strong international trade service which is relevant to the needs of Lincolnshire businesses. Similar to the skills processes above, this will involve commissioning provision from government rather than LCC delivering it itself.

The reviews of tourism during 2016/2017 identified additional priorities such as creating a strong Lincolnshire web presence, promoting spectacular events, and taking advantage of the opportunities arising from the Mayflower 400 anniversary. Improvements to the web presence are now underway, and the programme of activity that members debated at the November meeting of Economic scrutiny committee fits with the ambition of promoting spectacular events.

Members should note that a national budget to promote Mayflower 400 has been created, and it is likely to include small grant schemes for individual areas to bid for if they have match funding in place. Officers will work with the Executive Councillor for Economic Growth on identifying how LCC reserves could be used to lever in this funding and subsequently to generate greater interest in Lincolnshire as a location for the Mayflower 400 celebrations.

**Investment** –LCC has been successful at bidding for funding for its major priorities. This includes schemes such as Lincoln Eastern Bypass, Peppermint Junction/Holbeach Food Enterprise Zone, and Grantham Southern Relief Road. However, annual funding opportunities mean that unless LCC undertakes preparatory work for a new set of schemes that can then be bid for. This will require liaison with councillors over priorities and also technical preparatory work such as establishing partnerships and agreeing roles, pre-planning design, site investigation, and identification of benefits to be realised.

**Funding** –government have stated that they are designing domestic funding programmes to replace the EU programmes when the UK exits the EU. At this stage there is the opportunity to make a case for those elements of funding that LCC would like to see introduced into a new programme. This will require significant research, involvement in consultations on the national industrial strategy, agreement and production of core messages, and lobbying/influencing at different levels. Investment in this work will be essential if we are to continue to be successful at attracting grants to Lincolnshire.

#### *Making the existing budget go further*

Each of these emerging priorities is important for future prospects for economic development, but each of them is a further budget pressure. Because of the realities of public finances, it is unreasonable to assume that substantial additional funding will be made available.

Therefore it is incumbent on the team to do the best that the team can to make the budget go further. This will require:

1. Attraction of additional external funding
2. Commissioning services through third parties, at little or no cost to LCC
3. Identifying creative ways of extending the existing budget
4. Maintaining team motivation throughout

**Attracting external funding** - the team continue to pursue external funding sources, but most of the salaries and operational budgets in the department are already covered by external funding and there is a risk of "double counting" which should be avoided so that any audit risks can be mitigated against.

Members have discussed the possibility of the team "selling" its services. It was felt that this should only happen where the work of the team would not be distorted by the requirements of any service that had been "sold"; this was likely to be where discreet pieces of advice are being offered.

**Commissioning services through third parties** –the team already commission substantial levels of service through third parties (eg skills/training and business advice). However, the team is often perceived as one which undertakes activity rather than commissions it (becoming "enablers, not do-ers") and reinforcing the team's new style may reduce the requests that others ask of the team, subsequently freeing up team members' time.

Members also discussed the fact that the benefits of any economic development scheme are shared with other organisations, yet often those other organisations do not make a financial commitment to the scheme. Officers will seek contributions from third parties where they enter into pre-scheme agreements.

**Pro-active promotion of economic growth** – LCC consistently explores and exploits available funding opportunities so as to maximise the way in which schemes support economic growth around the county. This involves working effectively with other agencies and partners.

Partnership working, however, is time consuming if it is done properly. Therefore it is important that LCC chooses the partnerships that will help us to achieve our objectives. At this stage it is likely that the partnerships that will achieve the best outcomes are –(i) major businesses who will invest in productivity, (ii) Higher Education and particularly work with HE that leads to increased medical provision in Lincolnshire, (iii) Midlands Engine, and (iv) Greater Lincolnshire Local Enterprise Partnership.

**Maintaining team motivation throughout** –the success of any team depends on its people and the economic development team is no different. In particular, the relationship between councillors and the team is currently strong and it will be beneficial for that relationship to be strengthened during 2017/2018 and in particular following the county council elections in May 2017.

## 1.6 County Council Capital Programme

The proposed capital programme matches the revenue budget and runs until 2017/18, plus major schemes which stretch into future years. There are no new LCC funded specific schemes budgeted for Economy. The programme includes a new capital development budget of £7.5m in 2017/18, to fund any emerging schemes identified.

## 1.7 Further Consultation

The Council will meet with representatives of businesses, District Councils, Police and other partner organisations on 27 January 2017.

The proposals will be publicised on the Council website together with the opportunity for the public to comment.

Consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 7 February 2017.

## **2. Conclusion**

In summary, the economic development budget that is proposed for 2017/2018 is the same as in 2016/2017. However, external factors such as Brexit will increase the range of work that the team will need to perform. The paper discusses how that work will be prioritised and how the budget will be used to best effect.

## **3. Consultation**

In the consultation exercise run through County News for the 2015/2016 budget, roughly 3000 responders wanted to see support for SMEs and investment stay the same. In the consultation exercise for the devolution process, 73% of responders wanted to see greater investment in infrastructure for economic growth.

### **a) Have Risks and Impact Analysis been carried out??**

No

### **b) Risks and Impact Analysis**

An Equality Impact Assessment will be completed for the proposed increase in

Council Tax. This will be reported to the Executive at it's meeting on 7 February 2017.

The risks associated with the activities within the Economy budget have been debated with members of the economic scrutiny committee.

#### 4. Background Papers

Document title	Where the document can be viewed
Council Budget 2017/18 - Executive report 20 December 2016	Committee Services, County Offices, Lincoln

This report was written by Justin Brown, who can be contacted on 01522 550630 or [Justin.Brown@Lincolnshire.gov.uk](mailto:Justin.Brown@Lincolnshire.gov.uk).

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**Open Report on behalf of Richard Wills  
Executive Director for Environment and Economy**

<b>Report to:</b>	<b>Economic Scrutiny Committee</b>
<b>Date:</b>	<b>10 January 2017</b>
<b>Subject:</b>	<b>Training to Fill Hard-to-fill Vacancies (Progress with ESF opt-ins)</b>

**Summary:**

This paper provides members with an update on the work that officers have done to commission government funded skills training to meet local priorities. It shows that £13m has been commissioned in support of our priorities, although it highlights some gaps in provision that still need to be tackled in order to give all sectors and individuals in Lincolnshire the opportunity to benefit from this training.

**Actions Required:**

Members of the Economic Scrutiny Committee are invited to:

- 1) Note the progress that has been made in commissioning training for those priorities that have been discussed at Economic Scrutiny Committee and in other fora.
- 2) Task officers with continuing to tackle any gaps in provision, notably concerning the difficulty of providing additional training for the agricultural sector.
- 3) Continue to promote apprenticeships as *"a job with training"* to businesses and individuals, recognising that this is the most suitable route to high level qualifications for people of all ages.

## **1. Background**

Members of the Economic Scrutiny Committee have identified the need to tackle the skills challenge in Lincolnshire as one of the biggest priorities for growing the economy.

The government currently spends substantial funding on skills provision in Lincolnshire, and it has sought advice from Local Enterprise Partnerships on how that provision should be delivered to meet local economic need and opportunity. Because LCC has aligned its own economic development strategic priorities with those in the Greater Lincolnshire Local Enterprise Partnership's plans, this means that LCC's ambitions for skills have been understood and acted upon by providers such as Further Education colleges. There is only limited flexibility in this arrangement, however.

Although there is only limited flexibility in national funding for skills, government have worked with Local Enterprise Partnerships to design a way in which European Social Fund can be used far more flexibly to meet local need and opportunity. Members will remember from previous discussions that the greater Lincolnshire area has been allocated around £40m of European Social Fund (ESF) over a seven year period to support individuals into jobs and to upskill the workforce.

In order to bring forward projects for delivery, our local ESF allocation requires match funding at a rate of 40%; around £26m in total. Three national organisations will provide some of this match funding.

- Department of Work and Pensions - providing support and mentoring to unemployed individuals
- Big Lottery –helping individuals furthest away from the labour market to make steps towards employment
- Skills Funding Agency – providing skills training and qualifications to individuals who are in work and who are unemployed

This report focuses on the projects that have been developed by government officials and the LEP using match funding from the Skills Funding Agency and these are the project directly related to skills and qualifications. The projects are identified in appendix A and they directly meet the concerns that members had raised about skills, namely:

- Improved awareness of the training that is available locally
- Improved awareness of career opportunities within local sectors
- Training programmes that are flexible and responsive to local business needs
- Helping the most disadvantaged people to move closer to employment

### The Opportunity

ESF is traditionally used to support individuals in low paid jobs to progress. According to the 2011 Census nearly 11% (43,000) of working age adults in greater Lincolnshire had no qualifications and in comparison to national averages is particularly low within the 16-34 year old age bracket. Fewer of our 16-24 year olds are qualified to level 3, and within the 25-34 year old bracket only 27% are qualified to Level 4, compared with a national average of 40%.

Forecasts show that the number of jobs requiring no qualification will decrease in the next decade, and that the numbers at Level 3 and above will increase. It is important that those without qualifications receive training so that they can take advantage of new jobs that will be available in the future, and that those who already have Level 2 qualifications are supported to achieve higher levels.

Whilst there are some limitations to how ESF can be used (see next section) the programme that has been put together will focus on upskilling people in the workforce with no, or low qualifications, and provide taster training sessions of higher level qualifications for those who have already achieved a good Level 2.



Training will include basic skills such as literacy, numeracy and IT; technical short courses to support employees within the workplace, through to team leader, supervisor and management training.

In addition to providing training the programme will also inspire young people about the world of work in greater Lincolnshire, support business owners to articulate their skills needs, and provide industry employees with skills to teach in our local Colleges.

### Gap analysis

The volume of training that has been commissioned is significant, both from a financial point of view and in terms of the number of individuals/businesses to be assisted. However, whilst the volume is significant, the programme is not yet comprehensive and a small number of gaps remain.

Government rules about what kinds of qualifications and training can be funded means that ESF projects are unable to deliver everything. This is important when considering how skills gaps can be filled.

Training that would displace Government's education policy around loans is not eligible \* (see note below). This means that public funding cannot be used to deliver full Level 3 qualifications and above. It is important to note that an individual choosing to gain a Level 3 (or higher) qualification by taking an Apprenticeship job is not required to pay anything, and there are no rules that prevent sectors from engaging in the scheme. The government is fully committed to apprenticeships for all ages. Therefore, if apprenticeships offer the only route to the funding of higher level qualifications and if it can be reasonably assumed that government will continue to invest in apprenticeships, then this should be a route that LCC actively promotes to businesses and individuals.

There are also rules around State Aid that prevent delivery of skills advice and some kinds of training to the farming and fisheries sectors using ESF. However EAFRD, another strand of EU funding, is intended to deliver training to sectors that ESF cannot support. The current situation is vague, with some agricultural businesses not able to receive training because providers are unclear about the split between the different funding streams. Given the importance of agriculture to the Lincolnshire economy, then this is a situation that LCC may wish to tackle.

*\*Government will not permit ESF to be used for training where the learner should have taken out a loan.*

*Since August 2016, individuals aged 19 or older are required to pay for the cost of training if it is at Level 3, Level 4, Level 5 or Level 6. For example a 20 year old wishing to study an A Level (Level 3) is required to pay for it. Learner Loans are available to cover the costs of the training. Like student loans, individuals are required pay this loan back, plus interest, once earning more than £21,000 a year.*

## 2. Conclusion

As the new programme gets underway, a range of skills and training are being delivered to support individuals to gain the skills that local businesses need. These have been commissioned as a result of discussions in various forums including at Economic Scrutiny Committee.

ESF cannot solve all of the challenges and it is important that we encourage businesses to invest in Apprenticeships so they have the skills for the future. It is also important that we are clear about the support available to our agri-food sector and will work with civil servants to ensure that the sector does not miss out.

## 3. Consultation

### a) Have Risks and Impact Analysis been carried out?

N/A

### b) Risks and Impact Analysis

N/A

## 4. Appendices

These are listed below and attached at the back of the report	
Appendix A	ESF SFA Project Overview

## 5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Clare Hughes who can be contacted on 01522 550545 or [clare.hughes@lincolnshire.gov.uk](mailto:clare.hughes@lincolnshire.gov.uk)

Title	Recipients of support	Brief Project Description	Output	Priority	ESF Total	
<b>Skills Support to the Unemployed (SSU)</b>	<i>Unemployed people, 16+</i>	accredited and non accredited training	1,333 people trained for work; 250 successfully into work; 210 into education; 250 into an Apprenticeship;	1	£2,511,111	Priority 1 Total ESF £3,244,444
<b>CareerNet</b>	<i>unemployed young people aged 18-24</i>	Programme of events and speakers to motivate and inspire people about jobs and careers in LEP area; tracking of NEET to understand obstacles	208 young people inspired to work; Track progress of 18-24 yr olds (emphasis on 18-20) to prevent merry-go-round of support; Delivery of large number of employer-led insopirational/motivational events and talks about Greater Lincolnshire and its important sectors; 1 Report collating evidence from young people engaged about barriers to employment to inform future design of services - what works best;	1	£388,889	
<b>Apprenticeship Growth Programme</b>	<i>Unemployed people, 16+</i>	Raising awareness of apprenticeships, have-a-go events, support to prepare for interview	182 people supported to apply for Apprenticeship vacancy; 266 SMEs engaged; 6 Have-A-Go Skills Show activities held	1	£344,444	
	<i>SMEs</i>	Raising awareness of apprenticeships, supporting SME through process to recruit	501 SMEs engaged/supported to recruit an Apprentice and explore Apprenticeship opportunities for existing staff; 200 learners engaged; 40 businesses involved in collaboration/new Apprenticeship standards	2.1	£333,333	
<b>Skills Support to the Workforce (SSW)</b>	<i>employed people, 16+ SMEs training needs analysis Agriculture: Basic skills training only</i>	Accredited & non accredited training; also other activity e.g. exploration & subsequent delivery of management/supervisor training; development of an induction training package; training for those at risk of redundancy	3,735 people trained to progress in work; 2,600 SMEs engaged to understand immediate and short/medium term training needs (gaps in provision fed back to the Employment and Skills Board); 6 sector, or sub-sector plans, identifying the training route for the sector from junior management to supervisor/team leader to leadership & management and where gaps need to be filled; working with employers to develop bespoke units of training; 1 Induction Training Plan - highlighting how units of existing training can be used to create induction training packages for new employees, working with employers to develop the training; Build local capacity it deliver World Host training to supervisors & managers;	2.1	£6,663,333	
<b>Specialist Skills Advisors</b>	<i>SMEs</i>	Network of minimum of 6 FTE skills advisors, to work with business to help them articulate their skills needs, work with Colleges/training providers to meet those needs; supporting SMES to collaborate, provide a crucial link between skills and Growth Hub Advisors. Some of the advisors must have expert knowledge in ione of the following sectors : engineering/manufacturing; food; health & care; low carbon; logistics; and understanding of rural and coastal challenges	600 businesses receiving in-depth skills diagnostic; 6 Sector report for use by future stakeholders on how skills needs are being met and how obstacles have been overcome, including new sector developments, new training and best practice; Identify opportunites e.g. establishing employer-led sectors skills hubs where appropriate	2.2	£1,555,556	Priority 2 Total ESF £9,663,333
<b>Industry Information Portal</b>	<i>All, once the resource is developed</i>	Develop a new online resource, with same aim as the Aspirations booklet previously published by ESB and LCC: to provide information about our important sectors, working with local businesses highlight the skills and work readiness needs of local business, case studies of local employees & apprentices, links to sector ambassadors; job vacancy trends & other Labour market information. NOT a training database.	A resource, accessible by all, containing specfic information about the world of work/working in Greater Lincolnshire 200 Portal Promotion events or visits; Test site available after 3 months; site complete at 5 months with ongoing focus on collation of case studies, stories and aspirational content	2.2	£277,778	
<b>Industry into Teaching project</b>	<i>Business owners and employees; Colleges and providers of training</i>	Recruit & support experienced vocationally competent local industry specialists into teaching in Colleges & Training Providers across GL. Will increase the number of industry specialists with teaching skills, who will in turn supply knowledge and support to training institution and staff to develop curriculums and qualifications.	180 people from business trained to teach/deliver lectures; 250 collaborations between local College/providers and industry; 132 training sessions/masterclasses delivered; 50 industry site visits delivered (from College/training provider lecturers etc)	2.2	£833,333	
<b>Total</b>					<b>£12,907,777</b>	

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**Open Report on behalf of Richard Wills  
Executive Director for Environment and Economy**

Report to:	<b>Economic Scrutiny Committee</b>
Date:	<b>10 January 2017</b>
Subject:	<b>Fund of Funds Update &amp; Next Steps</b>

**Summary:**

This paper provides an update on the work undertaken to date regarding the development of the financial instrument to improve access to finance for SME's. The committee received their last update in December 2015.

**Actions Required:**

Members of the Economic Scrutiny Committee are invited to:

- 1) Consider and comment on the current progress
- 2) Support the promotion of the Midlands Engine Investment Fund by helping to ensure that all Lincolnshire businesses are aware of the financial support available, and that the administrators of the Midlands Engine Investment Fund are fully aware of the economic opportunities in Lincolnshire so that the county's businesses attract a significant allocation of the funding.

## **1. Background**

Members of the Economic Scrutiny Committee will be aware that a lack of finance for investment is often cited by businesses as being a barrier to growth. Businesses can apply to banks for finance, and occasionally to local authorities, but it is often difficult for high-growth businesses to access substantial levels of finance.

LCC, through the Business Lincolnshire growth hub, provides advice to businesses on seeking finance –such as the programme it runs with the University of Lincoln to prepare businesses for making cases for equity investment. LCC also co-ordinates a Financial Intermediary Forum which bring business bankers, accountants, and other intermediaries together so that they can understand what public finance is available which can be used to "top up" any financial contributions they might make to a business.

The Financial Intermediary Forum has advised the Greater Lincolnshire Local Enterprise Partnership that there remains a gap in higher amounts of finance for high growth Small and Medium Sized Enterprises.

The purpose of the Midlands Engine Investment Fund is to fill that gap. By working with partners across the East and West Midlands LCC has been able to support the creation of a £250m financial instrument which businesses in Lincolnshire can have access to.

This has been done at no direct cost to LCC. Instead Greater Lincolnshire LEP (GLLEP) has committed £5m of its European funding allocation to support an East and South-East Midland cross-LEP fund of funds able to provide a mix of loan, early-stage and growth capital to SMEs.

Over the last 18 months GLLEP was represented on a steering group by Samantha Harrison, LCC's Enterprise Growth Manager. The steering group commissioned research to gather evidence of need/demand for a new financial instrument. The research formed an ex ante application which allowed to access loan funding from the European Investment Bank to ensure that the Funds of Funds pot was over the £100m figure which is recognised as a viable fund level.

### **Midlands Engine Investment Fund (MEIF)**

The Midlands Engine Investment Fund is aimed at boosting the region's economy and supporting the growth ambitions of the 460,000 smaller businesses within the region. The Fund is a joint agreement between the British Business Bank (BBB) and the 10 Local Enterprise Partnerships (LEPs) in the West and East and South East Midlands. The aim of the Fund is to provide gap funding for SMEs across the whole Midlands Engine area.

The British Business Bank has been invited by the Department for Communities and Local Government to implement a Fund of Funds. The Fund will be over £250m and bring together legacy funding from existing programmes, new funding from the European Investment Bank, LEP ESIF and the British Business Bank. The funds will provide equity, debt, small business loans, proof of concept and early stage funds. The programme will operate in market failure situation, where the high street banks won't support the businesses due to the risk profile. The new Fund will be targeted to create jobs, support enterprises through investment, lending and assist with facilitating innovation by launching new products to market.

The British Business Bank (BBB) has set up a new corporate entity called Midlands Engine Investments Ltd (the Department of Business Energy and Industrial Strategy is a 100% shareholder) which will be a subsidiary of the BBB, all liability will remain within this company.

The fund of funds is a balance between economic benefits and financial returns, repaying the EIB and BBB loans but also generating a legacy that will produce MEIF 2.

### **Key Objectives of the fund:**

- Create sustainable economic activity through supporting new and growing businesses
- Build a substantial legacy from a successful investment and lending programme
- Have a demonstrable presence across the Midlands Engine area linking up the finance community to increase reach and create an impact beyond the MEIF funds
- Along the way the fund must:
  - Repay providers of debt e.g. EIB, BBB
  - Meet ESIF KPIs and reporting requirements
  - Comply with State Aid and other regulatory requirements
  - Support new and growing businesses operating in a commercial basis with the ability to service the loan and may repayments

### **Procurement of a Framework of Fund Managers:**

The British Business Bank (BBB) has created a Framework panel and fund managers can bid to deliver up to 4 lots. A Mini Competition has been held for all bidders in the relevant Lot to bid for each allocation of work. In January 2017, a Mini Competition stage will be held to confirm actual allocations per lot, output targets and geography.

Indicative initial aggregate allocations across each lot:

- Lot 1 Equity - £80m allocation, and across this lot at least 20% by value of investments will be in amounts of under £250,000 and at least 70% will be in amounts of under £750,000
- Lot 2 Debt - £120m allocation across this lot at least 25% by value of investments will be in loans of principal amounts of under £200,000 and at least 70% of investments will be in loans of principal amounts of under £500,000
- Lot 3 Small Business Loans - £30m allocation, and across this lot at least 25% by value of investments will be in loans of principal amounts of under £50,000 and at least 70% of investments will be in loans of principal amounts of under £75,000
- Lot 4 Proof of concept and early stage funds - £20m allocation, and across this lot at least 50% by value of investments will be in amounts of under £250,000

Geographic coverage:

- An important procurement objective was to create a Framework of Fund Managers who are able to cover the whole, or substantially the whole, of the MEIF Area.

- The procurement has been designed to encourage Tenderers which currently operate across a smaller geographical area to commit to expanding their geographical reach.
- Specific geographies will be allocated at mini-competition stage.

### **Timescales**

Framework Award	4 January 2017
Initial Mini Comps	23 January 2017
Appointment of Fund Managers	March 2017
Expected date funds will be made available	April 2017

### **British Business Bank Support**

The British Business Bank have recruited a MEIF Senior Relationship Manager (“one of the two peripatetic staff”), covering the East and South-East Midlands, our contact is Lewis Stringer. His role will be to work with the LEP/Councils and intermediaries to promote the fund. We already have a regular dialogue with Mr Stringer, and it may be appropriate to invite him to attend a future scrutiny committee meeting.

They will seek to maximise the fund, develop pipeline and drive growth.

The pipeline will be developed in two main areas:

1. Higher-value start-ups
2. Rapidly growing businesses

Whilst recognising that a number of barriers exist:

1. Grant dependency culture
2. Lack of awareness or understanding of different types of finance
3. Ambitions are low and cautious for some

A Marketing and Communication Plan has been devised to overcome the barriers and work with local authorities, LEPs, Chambers, FSB, business support intermediaries (banks and accountants) and businesses to ensure they are aware of the Fund, its parameters and how it can accelerate growth.

### **Marketing and Communications Objectives**

- To position MEIF on the investment landscape and create awareness in target businesses and amongst the wider financial community
- To have a demonstrable presence across the MEIF area linking up the finance community to increase reach and impact and supporting sustainable economic activity
- To establish credibility of British Business Bank’s and the Local Enterprise Partnerships role in contributing to the Midlands Engine initiative



- To work with MEIF Fund Managers to develop and deliver a pipeline of investment and lending activity through on going awareness of the MEIF
- To communicate MEIF's activity and successes to all stakeholders and demonstrate impact, success and track record in all 10 LEP area

## **Governance**

When information about this fund was brought to a previous meeting of Economic scrutiny committee, members were keen to understand about the governance arrangements.

A Strategic Oversight Board (SOB) has been established with the Local Enterprise Partnerships to create the appropriate Governance Framework for the MEIF. The SOB is Chaired by Nick Pulley, the Chair of the Leicester and Leicestershire LEP and includes members from six other LEPs who represent all 10 LEPs in the MEIF as well as representatives from HM Treasury, BEIS, DCLG, the European Investment Bank (EIB) and the British Business Bank (BBB). Pat Doody from NatWest/GLLEP Board Director represents GLLEP as a deputy member on the Strategic Oversight Board (SOB) for the MEIF. As well as being a member of the Greater Lincolnshire LEP board, Pat also chairs the LEP EU funding committee and is a member of the Financial Intermediary Forum. Therefore he brings both his own business banking perspective and a wider strategic insight to his role.

There will also be a Regional Advisory Board (RAB), the board will review the performance of the fund managers at a local level and advise on any appropriate actions. Each RAB will have a LEP nominated member and an observer. Russell Copley from Greenborough Management Ltd will be the RAB representative for GLLEP and Samantha Harrison will be the observer.

Russell has over 30 years' experience in a business support arena and over 8 years in a direct investment role. He has extensive knowledge of Angel Networks as a Personal investor, sweat equity investor and Regional Manager for Angels Den since 2011. One of the founders of ULIG (University of Lincoln Investor Group). Russell has also delivered the LCC/UoL Lincolnshire Investment Network (LIN) work since 2013, this work will now continue for a further 3 years funded through ERDF and will include an investment readiness role to support Greater Lincolnshire businesses to access growth funds be it seedcorn support, loans, equity, grants.

## **GLLEP/LCC Support**

The Business Lincolnshire Growth Hub will take on the role to make sure that all the intermediaries and businesses are aware of the fund and that access the funds accordingly.

To this end, LCC/LEP has successfully secured ERDF funds to deliver a Growth Lincolnshire Programme. The funding will provide a strategic and comprehensive business growth programme, tailored to the specific needs of eligible SMEs within the Greater Lincolnshire LEP area and aligned with the GLLEP/LCC strategic economic plan.

It offers a range of one to one support, including Business Growth, Supply Chain Development, Resource Efficiency and Investment Readiness. The Investment Readiness role includes the delivery the existing Lincolnshire Investment Network and providing investment readiness support for business so that they are able to successfully access equity/loan funds particularly the MEIF. Therefore will we will have dedicated adviser support to assist businesses understand the options available to fund their growth, fund the right funding provider and help them to develop their funding proposition and secure a successful outcome.

## **2. Conclusion**

The MEIF fund will provide another growth option for Lincolnshire businesses. Whilst there is work to be done to help businesses reduce their reliance on grants and to understand and access new forms of growth funds e.g. loans, equity there is a real opportunity to make a difference our businesses, particularly high growth start-ups and rapidly growing businesses that will in turn create new jobs and increased GVA.

## **3. Consultation**

### **a) Have Risks and Impact Analysis been carried out?**

The main risk for this programme is that Greater Lincolnshire Businesses are not made aware of the MEIF or have the capacity or capability to access the funds.

This has been mitigated by our commitment to align the fund under the Business Lincolnshire Growth Hub and by having 3 people representing Greater Lincolnshire on the strategic oversight and regional advisory boards.

The fund will also receive maximum publicity via the Growth Hub, GLLEP and LCC PR and Communication channels.

### **b) Risks and Impact Analysis**

As a minimum the ERDF contribution of £5m needs to be accessed by Greater Lincolnshire businesses. The fund managers role will be scrutinised and we will challenge their commitment to Lincolnshire and to make sure that we utilise our £5m ERDF contribution whilst ensuring local outputs are delivered e.g. Innovative high growth businesses, new jobs created, increases in GVA.

#### **4. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Samantha Harrison, who can be contacted on 01522 550576 or [samanthal.harrison@lincolnshire.gov.uk](mailto:samanthal.harrison@lincolnshire.gov.uk).

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**Open Report on behalf of Richard Wills  
Executive Director for Environment and Economy**

Report to:	<b>Economic Scrutiny Committee</b>
Date:	<b>10 January 2017</b>
Subject:	<b>Investor Development Activity</b>

**Summary:**

This paper describes the actions that Lincolnshire County Council (LCC) takes to attract investors to Lincolnshire. It shows that a variety of actions are being taken, and it asks members to advise further on the approach and tactics that are being undertaken.

**Actions Required:**

Members of the Economic Scrutiny Committee are invited to:

1. To note the range and purpose of the investor development work
2. To discuss any further ways that Lincolnshire can "stand out from the crowd" when it comes to investment
3. To endorse LCC's involvement in the Midlands Engine pavilion at the MIPIM property fair
4. To debate any further priorities that should be promoted
5. To provide initial comments on the scope of a Team Lincolnshire membership scheme

## **1. Background**

Economic development has a series of actions which together will support and embrace economic growth, namely:

- Improving skills and employability
- Encouraging enterprise
- Attracting investment
- Attracting funding

Encouraging investment takes two forms –(i) supporting foreign owned businesses in Lincolnshire, encouraging them to invest further, and (ii) promoting Lincolnshire to possible investors, encouraging them to consider Lincolnshire as a place to live, work, and invest.

This report concerns the second of these forms - promoting Lincolnshire to possible investors, encouraging them to consider Lincolnshire as a place to live, work, and invest.

### *Rationale for investor development*

Economists regularly state that economies with a reasonable level of churn are more vibrant than those without. Churn involves new businesses, new people, new investments, and new ideas. Typically, this type of economy will have higher levels of productivity and higher incomes for individuals. It is therefore important that authorities who are ambitious about economic growth not only provide support for indigenous business but also seek to attract new investment into the area.

Members will be aware that the Business Lincolnshire Growth Hub is the focus of supporting indigenous businesses. Growth Hubs exist across the country, and often they provide support to small and medium sized businesses. Members will be aware, though, that the Business Lincolnshire Growth Hub has expanded its range of services in order to provide a much wider programme to the entire Lincolnshire business community. As well as advice for small and medium sized enterprises, the Business Lincolnshire Growth Hub also provides innovation, business finance, and targeted sectoral support. All of this support has the aim of growing businesses and thereby the economy.

The work that LCC does on investor development complements the growth hub. It seeks to attract businesses to Lincolnshire, and once those businesses show an interest in Lincolnshire then the services of the Business Growth Hub can be one of the tools that is used to demonstrate that Lincolnshire is the right place for them to invest.

The Commissioning strands that overarch the Investor Promotion activity are:

- Attracting and expanding business investment
- Sustaining and growing business and the economy

The key areas of activity are:

- i) Promoting the area beyond its boundaries to a regional, national and international audience of investors, Foreign and Direct Investors, developers, house builders, hotel operators and intermediaries
- ii) Further development of the Team Lincolnshire approach to ambassadors, collaboration and sponsorship opportunities and benefits
- iii) Providing a robust account management programme to foreign owned businesses as discussed at the last Scrutiny Committee meeting on 13<sup>th</sup> September
- iv) Working with Department for International Trade (DIT) to attract investment which supports the growth of the priority sectors by dealing with enquiries, promoting the area at sector specific events eg agri-tech showcase and expanding the number of sector and investment manager contacts at DIT HQ.

This report focuses on the first two areas of activity. Members discussed activities 3 and 4 at their meeting on 13<sup>th</sup> September 2016; that work is increasingly seen as a priority.

### *Standing out from the crowd*

In reality, most local authorities provide an investor development service. And most of them promote their central location, quality of life, access to higher education, etc. Therefore in order to be successful, Lincolnshire needs to stand out from the crowd.

The place marketing work that members discussed at their November 2016 meeting is one example of how this can be achieved –by creating a compelling and honest story of the benefits of locating in our area.

However, another way that Lincolnshire can be acknowledged above other areas is through the way it provides its messages. LCC has taken the step of facilitating a group of investors and intermediaries described as Team Lincolnshire; having businesses talking to other businesses is likely to achieve a better return than a local authority/business relationship.

Members may wish to debate what other steps Lincolnshire can take to stand out from the crowd.

### *Specific actions*

A balance needs to be struck between doing something unusual, recognising that investor relationships are long-term, and operating within the constraints of a confined budget. In terms of long-term relationships, this tends to mean that investor development teams should attend the "must attend" events in the investor calendar. From a Lincolnshire perspective, the "must attend" events are MIPIM, East Midlands Property Show, and Belton Horse trials.

The challenge for Lincolnshire is to attend these "must attend" events, but do so in a way which makes our presence notable. The Team Lincolnshire approach enables us to do this.

### Promoting the Area

1. MIPIM is held annually in France. The leading real estate event for property professionals, it is seen as a must attend event for professionals from all sectors. Promoted as a year's worth of business in 4 days, the exhibition provided the opportunity to showcase large scale projects from our area, meet key international stakeholders including investors and gain insight into finance and investment, cities and infrastructure, key sectors and property hot spots.

*Evaluation of MIPIM 2016*

Events and Follow up Activities	Number of attendees in 2014	Number of attendees in 2015	Number of attendees in 2016
Lunch Networking Event	24	92	120
Informal Dinner	19	52	60
Follow up leads, visits and meetings taken or to take place	18	28	49

Looking ahead to 2017, it is clear that government is supporting the concept of the Midlands Engine. That support is being translated into substantial coverage in the investment press and therefore there is substantial interest in the Midlands Engine concept from property investors and intermediaries. In order to profit from that interest, LCC have chosen to join the Midlands Engine exhibition at MIPIM. We will wish to be seen as a clear part of Midlands Engine, but we will also wish to follow up our own leads as they arise.

2. Belton Horse Trials – 15<sup>th</sup> April. The intended outcome to increase sponsorship monies to be used for future investor development activities with proportionately less dependence on Lincolnshire County Council. This work is part of the business development strategy for targeted prospects, strategic partners, innovation centres, Higher Education Institutions, businesses and technology parks to effectively engage with existing and potential Team Lincolnshire businesses and further enhance collaboration and innovation. On the first day of the Belton Horse Trials 3 day event, Lincolnshire County Council sponsors the Grantham Cup. This provides profile within the dressage ring and as sponsor we present the cup to the winning rider on the day.

This year nine companies sponsored tables bringing their invited guests to the lunch. These were: Delta Simons, Simons Group, Pygott and Crone, Bond Bryan, BSP Consulting, Nat West, South Holland District Council, Hodgson Elkington (now Lambert Smith Hampton) and Willmott Dixon. Three guests from Belton indicated an interest in future sponsorship activity with a further two already signed up for MIPIM 2017. Total sponsorship monies received was £7,650.

3. Lincolnshire Media Business Awards – 18<sup>th</sup> October. The proposed outcome to build strong relationships with FDIs and intermediary contacts in Lincolnshire which leads to an increase in investment in Lincolnshire by those businesses. Lincolnshire County Council hosted a table at the Lincolnshire Media Business Awards, sponsoring the 'Large Business of the Year' award. Guests included Shruti Trivedi Roythornes, Sarah Howells Cartwright Communications, Mark Noonan Simons Group, Nick MacDonald, Lincat, Jon Cook, Gelders, and John Rigby from Bond Bryan. The event which attracts over 300 guests is a key date in the calendar for Lincolnshire



businesses, as well as companies from outside the region who are looking to work in the county.

Following the awards evening follow up meetings have been held with businesses, and a representative from the Growth Team has been invited to attend the Place Board Marketing meeting for Invest Gainsborough. It can also be confirmed that one business attending the awards has now signed up to sponsor the GLLEP at MIPIM in 2017 and it is anticipated that another may also sponsor the GLLEP at MIPIM.

4. MIPIM UK dinner – 20<sup>th</sup> October. The proposed outcome is to build strong relationships with investors and intermediary contacts in Lincolnshire and beyond which leads to an increase in investment in Greater Lincolnshire by inward investors and existing businesses; an opportunity to increase sponsorship monies to be used for future investor development activities with proportionately less dependence on Lincolnshire County Council.

MIPIM UK is the UK's largest property exhibition which includes three intensive days of conferences, exhibitions, networking events and an awards ceremony, MIPIM UK provides a marketplace for international and local investors, developers, occupiers and property professionals to meet, discuss opportunities and do business. For the past three years the Greater Lincolnshire LEP has hosted a property and investment dinner for Team Lincolnshire and potential investors and developers rather than taking exhibition space. This is a great opportunity to showcase Greater Lincolnshire to investors who ordinarily may not get to visit Lincolnshire. It has also proved to be a great opportunity to strengthen and build 'Team Lincolnshire', and facilitate collaborative working amongst our sponsors. This year the Greater Lincolnshire LEP hosted their event at the Lansdowne Club, in Green Park on the evening of 20<sup>th</sup> October. Six companies sponsored the event: Delta Simons, Simons Group, Pygott & Crone, Gleeds, Bond Bryan and the University of Lincoln, raising a total of £4400 in sponsorship (with an additional £500 from North East Lincolnshire Council).

5. East Midlands Property Show - 28<sup>th</sup> November. This is the East Midlands' premier property show and provided a forum for Lincolnshire to showcase Lincolnshire County Council's property portfolio and other sites and commercial premises to intermediaries and end users. It also provided networking opportunities to build the Team Lincolnshire brand. Attendees received a number of enquiries including an introduction to a potential new Team Lincolnshire member specifically interested in sponsoring the GLLEP at MIPIM. We spoke to 25 businesses in total, all of them have been added to the mailing list for Business Lincolnshire and added to our distribution list on Engage.
6. In addition to the above events, investor development activity helps to support other events eg the two planned Chairman's Dinners in 2017.

All of these events – international, regional and local - are used to showcase site and/or sector propositions to potential investors, developers and intermediaries.

As a general principle, the team is seeking further investment by hotel providers, speculative commercial property developers, and by housebuilders. These priorities have been chosen because:

- Members have regularly discussed the importance of the visitor economy, but have recognised that guests who stay overnight spend substantially more in the local economy. However, members are also aware that Lincolnshire has fewer hotels than comparable locations.
- Members are aware that LCC and other partners have invested substantially in the infrastructure of industrial estates, opening up land for development. Actively targeting developers will enable these estates to be available quicker, thus supporting economic growth.
- The local authorities in the Greater Lincolnshire LEP area have proposed the building of 100,000 new homes, and this is reflected in the Strategic Economic Plan. Broadening the range of housebuilders operating and investing in the area will enable this target to be met.

Members may wish to debate if there are other target audiences that our work should seek to address.

### Team Lincolnshire

Lincolnshire County Council's Economic Development Services Growth Team works extensively with the private sector, Government agencies and key stakeholders as part of their ongoing strategy to engage with investors and intermediaries. The aim is to continue to strengthen Team Lincolnshire – building the brand and collaboration opportunities, benefits and sponsorship opportunities for the team/ambassadors.

Pressure on the public purse has meant a change in how to fund the types of activities eg events that enable work with the private sector, in this case, the property and construction sectors to be maintained and sustainable into the future. The development of Team Lincolnshire has been achieved through establishing enduring business relationships with the private sector in these sectors over the past 2 years. Using a skill set of approachability and consistency of message has enabled this innovative way of funding events. Proof of its success has been seen through the increase in membership since its inception in 2015 with membership currently standing at 21 businesses.

The challenge is to build upon this "team" approach by increasing membership of Lincolnshire ambassadors in the property and construction sectors by developing a robust, fair and transparent sponsorship package. This is scheduled to be in place from 1<sup>st</sup> April 2017 and will be brought to a future scrutiny meeting.

Members may wish to comment on the scope of any Team Lincolnshire membership package.

## **2. Conclusion**

Traditionally there are long "lead in" times to see an investment be made. However, we are already seeing an increase in visits to the area from investors and intermediaries and the number of meetings being held with Lincolnshire County Council and Team Lincolnshire members which builds up further collaborative working.

This investor promotion activity aims to have the following outcomes:

- An increase in the scale of housebuilding in Lincolnshire
- An increased budget for, and range of activity in, investor development with proportionately less dependence on Lincolnshire County Council
- A strong relationship with all foreign owned businesses in Lincolnshire which leads to an increase in investment in Lincolnshire by those businesses
- Through the GLLEP, evidence the need for hotel development and encourage investment into this sector
- Work with the GLLEP to achieve a co-ordinated web presence for the promotion of Greater Lincolnshire

## **3. Consultation**

### **a) Have Risks and Impact Analysis been carried out??**

Continued discussion has taken place between LCC, Greater Lincolnshire LEP, Team Lincolnshire members, Department for International Trade, and district council colleagues.

### **b) Risks and Impact Analysis**

N/A

## **4. Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Jill McCarthy, who can be contacted on 01522 55069050690 or [jill.mccarthy@lincolnshire.gov.uk](mailto:jill.mccarthy@lincolnshire.gov.uk).

**Open Report on behalf of Richard Wills, the Director responsible for Democratic Services**

Report to:	<b>Economic Scrutiny Committee</b>
Date:	<b>10 January 2017</b>
Subject:	<b>Economic Scrutiny Committee Work Programme</b>

**Summary:**

This item enables the Economic Scrutiny Committee to consider its own work programme for the coming year.

**Actions Required:**

The Economic Scrutiny Committee is invited to comment and agree on the content of the work programme, as set out in Appendix A to this report.

## **1. Background**

### Current Work Programme

At every meeting of the Committee, Members are invited to consider their future Work Programme and to agree on items to be included in the Work Programme. The current work programme for the Committee is attached at Appendix A to this report.

### Scrutiny Activity Definitions

Set out below are the definitions used to describe the types of scrutiny, relating to the items:

Budget Scrutiny - The Committee is scrutinising the previous year's budget, the current year's budget or proposals for the future year's budget.

Pre-Decision Scrutiny - The Committee is scrutinising a proposal, prior to a decision on the proposal by the Executive, the Executive Councillor or a senior officer.

Performance Scrutiny - The Committee is scrutinising periodic performance, issue specific performance or external inspection reports.

Policy Development - The Committee is involved in the development of policy, usually at an early stage, where a range of options are being considered.

Consultation - The Committee is responding to (or making arrangements to respond to) a consultation, either formally or informally. This includes pre-consultation engagement.

Status Report - The Committee is considering a topic for the first time where a specific issue has been raised or members wish to gain a greater understanding.

Update Report - The Committee is scrutinising an item following earlier consideration.

Scrutiny Review Activity - This includes discussion on possible scrutiny review items; finalising the scoping for the review; monitoring or interim reports; approval of the final report; and the response to the report.

## **2. Conclusion**

That consideration is given to the content of this report.

### 3. Consultation

#### a) Have Risks and Impact Analysis been carried out?

No

#### b) Risks and Impact Analysis

Not Applicable

### 4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Economic Scrutiny Committee Work Programme

### 5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

This report was written by Tracy Johnson, who can be contacted on 01522 552164 or [tracy.johnson@lincolnshire.gov.uk](mailto:tracy.johnson@lincolnshire.gov.uk).

**ECONOMIC SCRUTINY COMMITTEE**

Chairman: Councillor Tony Bridges

Vice Chairman: Councillor Chris Pain

<b>10 January 2017</b>		
<b>Item</b>	<b>Contributor</b>	<b>Purpose</b>
Budget Proposals for 2017/18	Andy Gutherson County Commissioner for Economy and Place  Michelle Grady, Head of Finance (Communities)	Budget Scrutiny
Training to Fill Hard-to-fill Vacancies (Progress with ESF opt-ins etc)	Clare Hughes Principal Commissioning Officer (LEP)	Status Report
Fund of Funds Update and Next Steps	Samantha Harrison Commissioning Manager (Enterprise)	Update Report
LCC Investor Promotion Activity	Jill McCarthy Principal Officer Growth	Policy Development

<b>21 February 2017</b>		
<b>Item</b>	<b>Contributor</b>	<b>Purpose</b>
Progress on international trade relationship with Hunan, China	Angela Driver Senior Commissioning Officer (Enterprise)	Policy Development
Theme Performance: Quarter 3	Justin Brown Enterprise Commissioner	Performance Scrutiny
Midlands Engine / Northern Powerhouse	Justin Brown Enterprise Commissioner	Status Report
Medical Sector Training in Lincolnshire (EXEMPT)	Professor Sara Owen University of Lincoln	Status Report

<b>28 March 2017</b>		
<b>Item</b>	<b>Contributor</b>	<b>Purpose</b>

For more information about the work of the Economic Scrutiny Committee please contact Tracy Johnson, Senior Scrutiny Officer, on 01522 552164 or by e-mail at [tracy.johnson@lincolnshire.gov.uk](mailto:tracy.johnson@lincolnshire.gov.uk)