

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

Report to:	Economic Scrutiny Committee
Date:	08 December 2015
Subject:	Quarter 2 Performance report

Summary:

This report provides members with an update on performance against the council's four economic development indicators.

Performance against three of the indicators is good, and although performance against one of the indicators was poor when Quarter 2 ended (30th September 2015) there has been substantial progress since then.

The latest quarterly economic assessment for Lincolnshire is also attached, which shows a mixed picture when it comes to the confidence of local businesses.

Actions Required:

It is recommended that members:

- i) Note the good progress made during Quarter 2 on three of the four indicators;
- ii) Note the substantial progress made so far during Quarter 3 on the fourth indicator - external funding attracted;
- iii) Support schemes that meet the aims of facilitating business growth and developing skills in light of the continuing positive trends in the quarterly economic survey.

1. Background

Performance against indicators: There are four economic development indicators in the Council Business Plan, which are shown in Appendix A. The intended outcome for the council is jobs created. The indicators are:

- Jobs created and safeguarded
- Businesses supported by the Council

- Qualifications achieved by adults
- Amount of external funding attracted to Lincolnshire

A detailed description of progress is set out below.

Appendix B is a breakdown of customer satisfaction information.

Jobs created and safeguarded:

690 achieved against a target of 380.

We helped major manufacturing businesses and SMEs to create jobs, and these are recorded in the actual figure for this quarter. In addition, our surveys show that employers continue to expect to create vacancies and therefore we are not only ahead of our Quarter 2 target but forecast to exceed our year-end target.

Businesses supported by the Council

525 against a target of 350.

The business support schemes that we operate continue to be successful and we are assisting an average of more than 80 businesses per month. On that basis we are forecasting that we will support approximately 1000 businesses during the 2015/16 financial year. We also help to create platforms to help businesses grow, such as the Visit Lincolnshire website, but are not directly counting these businesses as we have not commissioned direct assistance to them; however, it is not unreasonable to assume that LCC's work assists a further 2000+ businesses each year.

Qualifications achieved by adults

796 against a target of 805.

We continue to deliver training and learning to around 8000 people per year. Because of the nature of the training, just over 10% will receive a formal qualification (many others receive parts of qualifications which help them to gain employment) and we remain on track to achieve our target of 902.

Amount of external funding attracted to Lincolnshire

£0 against a target of £48.8m.

The delays in processing the bids that Lincolnshire County Council has made continue, and therefore we have still not received formal contracts from government. However, contract negotiations are continuing in a positive vein and we anticipate that roughly £34m of contracts will have been signed by the end of Quarter 3.

Given the difference between the target and actual progress, it is important to give members an update on progress since Quarter 2 ended. The table below shows how the annual indicator of £54.8m is made up, and the progress that has been made against each scheme. £33.4m has now been levered in, £4.9m of bids have been made, and £14.8m of schemes are in negotiation.

Scheme	Value	Progress
EU Leader programme	£6.5m	£7m has been awarded by DEFRA
EU growth fund	£6.0m	<p>Extended broadband bid of £1,500,000 approved in principle with final outcome to be known Jan 2016</p> <p>Business Growth Hub bids of £2,600,000 approved in principle with final outcome to be known Jan 2016</p> <p>Technical Assistance bid of £800,000 made on 30th October with final outcome to be known March 2016</p>
Single Local Growth Fund	£27.5m	£26.4m has been attracted from government
Growth deal round II	£14.8m	Contracts now being negotiated

Members will see that there has been substantial progress since the end of Quarter 2, with £33.4m of funding now secure. A further £14.8m is being worked on.

This leaves a gap of £1.7m. However, the team are now working with Environment Agency on flood/water management projects totalling £5m, and with agricultural businesses on rural tourism schemes totalling £0.8m.

Therefore it is likely that the target will be achieved, but the timing of the target will depend upon the ability of government officials to approve the projects in a timely fashion.

Economic context: The results of the latest Quarterly Economic Survey were published in early October. The summary of the survey is attached to this report at Appendix C.

The main findings of the survey were:

- The overall established positive trend of local business continues in Quarter 3 of 2015
- Domestic demand remains key to Lincolnshire's economic growth and business confidence with businesses reporting a 7% improvement in sales and markets in the last three months.

- Retail sales are enjoying a sustained period of year-on-year growth, as the volume of retail sales in August 2015 is estimated to have increased by 3.7% compared with July 2015.
- However, in comparison to the domestic market, overseas and sales orders have fallen for the first time since reporting began in 2009.

The need for support to help companies to win new business – both through national or export market growth and through innovation/improved productivity - therefore remains strong.

Similarly, the need to help businesses to train and employ staff in light of their growth remains strong.

The council's economic development unit is focused on these activities.

2. Conclusion

Performance remains strong, and some of the delays that have affected progress have been overcome.

3. Consultation

a) Policy Proofing Actions Required

n/a

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Performance Indicators
Appendix B	Customer Satisfaction
Appendix C	Quarterly Economic Survey

5. Background Papers

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

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