

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

Report to:	Economic Scrutiny Committee
Date:	29 November 2016
Subject:	Theme Performance Quarter 2

Summary:

This report provides members with an update on performance against the Council's four indicators for the "Growing the economy through supporting businesses" commissioning strategy. It shows that all four indicators are currently being met.

The report also discusses performance over several years, showing that external factors often affect the achievement of indicators negatively within a single quarter. However, overall progress towards the achievement of the indicators remains good.

The report then goes on to discuss the findings of the latest Quarterly Economic Survey which shows that business confidence is lower than in recent quarters, but that the feared economic problems concerning the impact of Brexit have not materialised.

Actions Required:

It is recommended that Members:

1. Note the good performance against the Council's Business Plan indicators.
2. Discuss the findings of the latest Quarterly Economic Survey, relating them to the activities that the Council undertakes on economic development, and identify any priorities for economic development that should be considered into the future.

1. Background

Discussion: Council Performance Indicators

There are four indicators in the "Growing the economic through supporting businesses" commissioning strategy. These are:

- Jobs created/safeguarded
- Businesses supported by the Council
- Qualifications achieved by adults
- Amount of external funding attracted to Lincolnshire

Appendix A shows that progress against each of the indicators is good, with each indicator being met during Quarter Two.

Jobs created/safeguarded

The Council's work on the Lincolnshire Business Growth Hub, investor development, and on the economic development portfolio (business sites and premises) contributes to this indicator.

The businesses which have accessed support from a Growth Hub Adviser have implemented their actions and created new jobs. We are currently working on a phased approach to capture the jobs 6-9 months after they have received support - 37 accounted for in this quarter.

There has been 114 new jobs created and 32 jobs safeguarded as a direct result of the Lincolnshire County Council (LCC) economic development portfolio

- Kirton Distribution Park – Sale of LCC Land to Sports Bike - 50 Jobs Created
- Teal Park's Blackwood Court – 18 Companies have taken Units with 14 Jobs Created and 29 Jobs Safeguarded
- Teal Park's Vincent Court – 3 Companies have taken Units with 50 Jobs Created
- Business Centres (Eventus, Mercury, Aura) - 3 Jobs Safeguarded.

Businesses supported by the Council

The Lincolnshire Business Growth Hub is the focus for the support that LCC provides to businesses.

The Council commissions a series of programmes which help business leaders to grow their business. The businesses who receive support will grow, creating jobs and other opportunities (e.g. supply chain) and the number of businesses counted in this target.

Now that external funding has been fully secured the programmes are able to provide the support to businesses that was originally planned.

Qualifications achieved by adults

The Adult Learning programme contributes to this indicator. The main focus of Adult Learning is to provide individuals with the underpinning knowledge to perform effectively in apprenticeships and further learning.

There has been a good spread of Functional Skills and GCSE English and Maths qualifications delivered across the County, meeting both learner and employer needs. Additional funding has been received to deliver First Aid and Food Safety qualifications to support improved employment prospects.

External funding attracted

This indicator relates primarily to the government (Single Local Growth Fund) funding that the Greater Lincolnshire Local Enterprise Partnership (GLLEP) – with support from LCC – attracts, and to the EU grants that are attracted to the area.

Before the referendum on the membership of the European Union on 23 June 2016, projects were taking over 12 months to get to the contracting stage. Since the referendum on membership of the European Union, there has been a commitment to getting projects in the system to contracting stage before the Autumn statement is announced which has increased the number of European Regional Development Fund (ERDF) grants being awarded in this financial year. The breakdown for Quarter 2 is as follows:-

- Prince's Trust - £343,969
- Nottingham Business Venture - £1,000,000
- Innovation Programme - £2,077,986
- Business Lincolnshire Growth Hub - £2,475,828
- Internationalising SME's - £893,600

Appendix B shows that there have been no formal complaints or compliments during this quarter. Whilst this is the case regarding formal complaints/compliments, there have been a relatively high number of informal compliments and staff have now been briefed on using the Council's system to record these.

Discussion: long term trends in performance against indicators

At the last meeting of the Economic Scrutiny Committee, Members discussed the unpredictability of indicators for economic development. The indicators rely upon significant external factors, primarily the attraction of external funding to add value to the Council's own funds.

The process of attracting external funding has several stages:-

- the funding body announcing when bids can be made
- the preparation of a strong bid
- the funding body appraising the bid that has been made
- a period of contract negotiation over the detail of the project between the funding body and LCC
- the funding body confirming when they would be prepared to announce the success of any bids

As can be seen from this list, most stages with the exception of the preparation of a strong bid are not in the control of LCC. They are external factors and whilst LCC can operate tactically at each stage, the timing of each process is at best difficult to predict.

The tables attached at Appendix C show that it is difficult to project how/whether performance indicators will be met. However, it can be seen from the indicators that the general trend is that the indicators are met.

Discussion: broader economic performance

The latest Quarterly Economic Survey is attached at Appendix D. It shows that confidence amongst employers is still low and it should be remembered that this was the case since before the EU Referendum vote.

Businesses are seeing domestic orders and sales recover.

Whilst overseas orders and sales are still low, they are improving. However, the overall number of Lincolnshire businesses who trade internationally is still lower than a few years ago. Businesses who trade internationally tend to invest in their product, processes, and training their staff. Therefore to increase both sales and income, and to benefit from secondary issues such as business investment, it is important to actively promote exporting. Local authorities in Lincolnshire have agreed to produce a joint export plan with the government's UK Trade and Investment department.

Businesses do expect to increase their workforce. Whilst the scale of anticipated increase is modest, it does show that there is a demand for employees. This will require the provision of training programmes, and the economic development team has now agreed a full package of business-focused training with the Skills Funding Agency.

Finally, the number of businesses expecting to invest in plant/machinery/equipment has reduced. The Business Lincolnshire Growth Hub provides services which help businesses to grow, and it is hoped that they will invest in plant/machinery/equipment as they grow. The Growth Hub has a programme to help businesses to assemble the finance to invest.

2. Conclusion

In conclusion, performance against the Council's indicators is good. The economy continues to be in a state of change, but the Council's economic development programmes provide support which helps businesses and individuals to meet that change.

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	Economic Infographics 2016-2017
Appendix B	Customer Satisfaction Information 2016-2017
Appendix C	Performance Data 2012-2013 to 2016-2017
Appendix D	Lincolnshire Economic Briefing Quarter 3 2016

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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