

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

Report to:	Economic Scrutiny Committee
Date:	21 February 2017
Subject:	Quarter 3 Performance

Summary:

This report provides information on progress against the economic development indicators in the Council Business Plan. It shows that progress continues to be good, with three out of four indicators met and the fourth being close to completion.

The report goes on to describe the current situation in the local economy, with gradual growth in confidence.

Actions Required:

It is recommended that members of the Economic Scrutiny Committee note and comment on the good progress towards the economic development indicators contained in the Council Business Plan.

1. Background

Council Business Plan indicators

There are four inter-related indicators in the economic development section of the Council Business Plan: jobs created, businesses assisted, qualifications achieved, and external funding attracted. Progress against all of these indicators is strong.

Jobs Created

The target to Quarter Three is 52, and to date 213 jobs have been created and/or safeguarded.

During Quarter Three, there have been 2 new jobs created and 26 jobs safeguarded through the business centres; Mercury House (Gainsborough) - 2 Jobs created/16 safeguarded, Eventus (Market Deeping) - 8 jobs safeguarded and a further 2 jobs safeguarded at CaNeBuZo (Long Sutton) commercial business space. There was a further job created at local business ACS Services following

support from our Growth Hub. The forecast for the year has been adjusted to reflect the figure reached so far for this financial year.

Businesses Assisted

The target to Quarter Three is 490, and to date 604 businesses have been assisted.

The cumulative figure shown has been achieved from April to December 2016 - with 223 businesses being assisted by the County Council in Quarter Three. This is made up of 16 businesses through the business centres and 19 through the growth and investment team, including 11 visits to foreign owned companies. 188 businesses received at least 3 hours support via the Business Lincolnshire Growth Hub. Additionally (but not reported in these figures) we had more than 760 businesses attending a range of events run by the Growth Hub in the same period, receiving free support and advice. 12 Businesses were supported within the LEADER (Liaison among Actors in Rural Economic Development) Programme across the county.

Qualifications

The target to Quarter Three is 544, and to date 781 qualifications have been achieved as a result of training that Lincolnshire County Council (LCC) has commissioned.

There were 113 qualifications achieved in this period, with a cumulative figure for the year so far of 781. A suggested revision in the forecast to 820 has been requested to allow for additional qualifications that will be completed by the end of March 2017, due to an increase in qualifications requested via the Children's Centre Adult Learning Memorandum of Understanding.

External funding

The target to Quarter Three is £14,000,000, and to date £12,179,231 of external funding has been attracted.

Before the vote to leave the EU on 23 June 2016, projects were taking over 12 months to get to the contracting stage. There was since a commitment by civil servants to getting all projects to the contracting stage before the 2016 Autumn Statement and this increased the number of European Regional Development Fund contracts being awarded in the financial year. The Chancellor has now confirmed that the Government will guarantee EU funding for Structural & Investment Funds (ESIF) projects signed after the Autumn Statement and those which will continue after we have left the EU.

ESIF projects will have funding secured if the agreement is signed before the UK departs the EU, in line with the domestic strategic priorities and offers good value for money. The list of projects approved in the period between October to December 2016 is Greater Lincolnshire Local Enterprise Partnership Growth and Efficiency - £1,919,467; Manufacturing Growth Programme - £870,400;

Collaboration for Growth - £573,700; Business Inspiration - £527,327; and Business Lincolnshire Digital Growth - £578,349.

This has resulted in a total of £4,469,243 for this quarter, and officers remain confident that the year's overall target will be met.

Wider economic trends

LCC, in partnership with Lincolnshire Chamber of Commerce and University of Lincoln, undertake a Quarterly Economic Survey of businesses.

The results of the latest survey are attached as Appendix B to this report.

The results show that there has been an increase in both domestic and exporting sales and orders. This has led to a slight increase in confidence amongst respondents to the survey.

It is important to note that the Quarterly Economic Survey has identified that inflation is starting to have an impact on business pricing policies. It appears that most respondents have chosen to absorb the cost of inflation on their components rather than passing the price onto their customers; in turn this approach will reduce levels of profitability.

A knock-on effect of this potential reduction in profitability is that the number of businesses who are expecting to invest in capital continues to fall. Conversely, the number of businesses expecting to increase their workforce in the same period is expected to increase.

Looking ahead, a significant proportion of respondents now believe that their prices will rise. It remains to be seen how any price increase will affect their market position.

2. Conclusion

Progress is good towards the economic development indicators. The actions that are undertaken by LCC continue to be directly relevant to business growth, but it continues to be important to review wider economic progress and to react accordingly.

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
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Appendix A	Council Business Plan Indicators - Quarter 3 2016/17
Appendix B	Lincolnshire Economic Briefing - Quarter 4 2016
Appendix C	Customer Satisfaction Information - Quarter 3 2016/17

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 Justin Brown, who can be contacted on 01522 550630 or Justin.Brown@lincolnshire.gov.uk.