

## **Cabinet – 16 March 2016**

### **Extending the Economic Growth Programme**

**Portfolio:** Councillor A. Andrew Deputy Leader and Portfolio Holder for Economy, Infrastructure and Development.

**Related portfolios:** Learning Skills and Apprenticeships

**Service:** Economy & Environment Directorate; Performance Management and Regeneration & Development Service Areas

**Wards:** All

**Key decision:** Yes

**Forward plan:** Yes

#### **1. Summary**

- 1.1 In December 2014 Cabinet approved an extension to the successful Economic Growth Programme (EGP) through to the 31 March 2018, it aims to: create the conditions, environments and infrastructure capable of sustaining existing and attracting new businesses that create new job opportunities within the borough, together with providing the support local people need to secure or remain in employment.
- 1.2 This report seeks permission to extend the life of the Economic Growth Programme to the 31 March 2019, one additional year, by utilising resources as set out in tables 3.6.1 and 3.9.1, within a total of £7,255,974 and to enhance the programme should we be successful in securing an additional grant of £990,000 from the Visionary Investment Enhancing Walsall (VIEW) fund, a combined budget of £8,245,974, leaving £502,380 to invest through a proposed delegated authority to the Executive Director for the Economy & Environment in consultation with the Portfolio Holder.
- 1.3 In accordance with the Councils Grants Manual, permission is also sought for officers to continue to seek out and accept when offered additional resources that extend the programme's life or scope.
- 1.4 In approving the extension to the Economic Growth Programme the expenditure approved will deliver significant benefits to community members living or working across the borough of Walsall.

## **2. Recommendations**

- 2.1 That Cabinet approves the continued use of £3,176,636 of capital and revenue funding as set out within table 3.6.1 to support the Economic Growth Programme moving forward.
- 2.2 That Cabinet approve the use of £2,674,256 of revenue funding from the Economic Growth Programme together with £4,221,718 of mainstream funding and £360,000 of Local Growth Funding as set out in section 3.9, providing a total of £7,255,974 to extend the Economic Growth Programme through to the 31 March 2019, directly supporting Council staffing and associated costs in the delivery of services that create the conditions for and achieve outcomes, as illustrated in tables 3.2.1 and 3.2.2.
- 2.2 That Cabinet approves the acceptance by officers of £990,000 of Visionary Investment Enhancing Walsall (VIEW) funding once approved to enhance the Economic Growth Programme, providing an increased budget of £8,245,974.
- 2.3 That Cabinet grants delegated authority to the Executive Director for the Economy and the Environment in consultation with the Portfolio Holder to make the appropriate revisions or additions to the Economic Growth Programme's design, costs, contents, duration and flexibility as required, together with the reinvestment of all identified reserves, including the £502,380 capital funding set out within table 3.6.1, together with any additional funding secured.
- 2.4 That Cabinet grants approval for officers to seek out, secure and if offered accept additional external resources in accordance with the Councils Grants Manual.

## **3. Report detail**

- 3.1 Cabinet approved the extension of the previous Economic Growth Programme through to the end of March 2018 on 17 December 2014, by adding to it the resources of the New Homes Bonus (NHB) Programme.
- 3.2 The aim of the Economic Growth Programme is to achieve the maximum possible impact against the Corporate Plan priorities, which has so far achieved significant outcomes for local businesses and people throughout Walsall as set out in tables 3.2.1 (outcomes achieved by local people and for local businesses) and 3.2.2 (outcomes achieved in creating the physical

conditions for growth), with details of the evidence kept to substantiate these set out in Appendix A:

**Table 3.2.1 – People and Business Support Outcomes**

<b>Key Outcomes/Outputs</b>	<b>Outcomes Achieved (5 years to March 2015)</b>	<b>Outcomes Anticipated (Up to March16)</b>
Apprenticeships (16 – 24 year olds) (Pre & Full Apprenticeships)	910	1045
Non Walsall Works Apprenticeships Supported (16 – 24 year olds)	459	489
People Placed/Supported into Employment	5,091	5,235
Businesses Assisted	756	1,298
Business Enquiries Managed	1344	2,064
Jobs Safeguarded	624	724
Investment Enquiries Handled/Engagements	197	347
Value of new business/Investment enquiries realised/constructed for/within Walsall	£14.7million	£24.2million
EU/other external resources attracted into the borough of Walsall.	£38million (Secured EU programme Funding)	£38million (Delivering new EU programme)

**Table 3.2.2 – Physical Development Outcomes**

<b>Key Outcome/Output</b>	<b>Outcomes Achieved/Predicted (8 years to March 2016)</b>	<b>Projected Outcomes (Next 5 years)</b>
Jobs Secured (Safeguarded and Created)	2,390	17,000
Floor Space Delivered (New and Refurbished)	124,170sqm	495,000sqm
Investment Secured (Public and Private)	£464million	£540million

- 3.3 It should be noted that physical development outcomes and outputs (such as land assembly and new premises) are achieved over longer than annual timeframes reflecting whole development life cycles required to deliver results.

These are often achieved beyond the timescales of the previous and proposed Economic Growth Programme, but will not be achieved without its support.

3.4 In 2014 Cabinet allocated £3,506,557 of Economic Growth Programme funding, together with £732,339 of reserves (a total of £4,238,896) to extend and support the Economic Growth Programme through to the end of March 2018, focussing on the following areas of investment:

- Black Country Joint Committee Programme Management;
- The Black Country Enterprise Zone and key Walsall employment sites;
- Significant investment supporting the delivery of development projects in Walsall Town Centre e.g. Gigaport, Waterfront and St Matthews Quarter;
- Delivery of the Walsall Site Allocation Document and the Walsall Town Centre Area Action Plan;
- The Employment & Skills Service;
- Walsall Works Apprenticeship Programme;
- The Employment Growth Service;
- The EU Technical Assistance & External Funding Team;
- The Invest Black Country (IBC) Service;
- Joint Committee support and the delivery of the Local Growth Fund – including Accountable Body Status;
- City Deal – Managing and Accountable Body Status;
- The development of major projects, including Transport.

3.5 Prudent and robust financial management has kept expenditure to a minimum, which together with on-going successes in leveraging in additional resources has reduced the expected depletion of held resources by the Economic Growth Programme over the past two years (2014/15 and 2015/16).

3.6 Table 3.6.1 (below) sets out the current levels of revenue and capital resources held for use by the Economic Growth Programme, as agreed with finance colleagues, available for use from the 1 April 2015:

**Table 3.6.1 – Revenue and Capital Resources available from 1.04.2015**

<b>REVENUE FUNDING</b>	<b>Budget</b>
LABGI - Town centre Mgmt	£26,369
LABGI - Regeneration	£236,896
HPDG	£53,174
New Habitats - was IFRS	£38,025
NHB	£883,177
WNF	£964,989
Walsall works -staff	£275,000
Underspend ringfenced to EGP from financial year 14/15	£133,000
IBC partner contributions	£49,032
TA - ERDF Partner Contributions (Old Programme)	£5,443
Walsall TA Contribution (Old Programme)	£9,151
<b>SUB TOTAL</b>	<b>£2,674,256</b>
<b>CAPITAL FUNDING</b>	
NHB - capital	£397,380
Loan repayment (BCRS)	£105,000
<b>SUB TOTAL</b>	<b>£502,380</b>
<b>COMBINED TOTAL</b>	<b>£3,176,636</b>

- 3.7 The Economic Growth Programme also draws on other resources including: Council Mainstream Funding, Local Growth Funding (LGF) and seeks contributions from others, including an active request to the VIEW (Visionary Investment Enhancing Walsall) programme for £990,000 to enhance delivery.
- 3.8 The Economy & Environment Directorates bid for VIEW funding is being recommended for approval by the advisory group to the VIEW Board, with inclusion in its budgets scheduled for March, with milestones and delivery plans scheduled for approval in April 2016, together forming a budget potential of £8,245,974. If approved the VIEW funding will enhance the programme throughout its proposed 3 year life, and further ensure the delivery and achievement of outcomes / outputs as set out within tables 3.2.1 and 3.2.2. VIEW (Visionary Investment Enhancing Walsall) is an exempt charity and registered society under the Co-operative and Community Benefit Societies Act 2014. VIEW is funded by VAT repayments from Walsall Housing Group's major works, and is a subsidiary company of Walsall Housing Group.
- 3.9 Table 3.6.1 (previous page) details the £3,176,636 available from the current Economic Growth Programme, of which £2,674,256 (revenue funding) is recommended for investing in the extension of the programme, with the balance of £502,380 (currently capital funding) retained by the programme. Table 3.9.1 (below) includes this recommended allocation, together with Council (approved) mainstream funding of £4,221,718 (which includes austerity savings) and income from the Local Growth Fund of £360,000.

**Table 3.9.1 – Economic Growth Programme (EGP), Current Extension Costs**

	15/16	16/17	17/18	18/19	Totals
Extending the EPG by 1 year through to 31 March 2019					
Council Mainstream Funding Available	£1,415,420	£1,181,673	£912,598	£712,027	£4,221,718
EGP Funding Available / Planned	£456,043	£344,850	£601,391	£1,271,972	£2,674,256
Local Growth Fund capital funding (balance from £250k allocations retained)	£0	£180,000	£180,000	£0	£360,000
VIEW Funds Requested	£0	£240,000	£370,000	£380,000	£990,000
Total Budget Provision	£1,871,463	£1,946,523	£2,063,989	£2,363,999	£8,245,974
EXPENDITURE					
Total EGP Expenditure	-£1,871,463	-£1,946,523	-£2,063,989	-£2,363,999	-£8,245,974
Varances	£0	£0	£0	£0	£0

- 3.10 Expenditure includes all staff and delivery costs for the Performance Management and Regeneration & Development Service areas within the Economy & Environment Directorate tasked with delivering and overseeing the delivery of the Economic Growth Programme itself and have been calculated and agreed with colleagues from the Council's finance teams. Activities will be focused against those areas essential to achieving successful outcomes, as illustrated in tables 3.2.1 and 3.2.2, with some of the key areas for delivery set out in section 3.4.
- 3.11 Cabinet are requested to approve the extension of the current Economic Growth Programme through to the end of March 2019, sustaining the staff and partners currently involved in the delivery of services together with the achievement of outcomes for an additional year (a total of 3 years), with similar proportionate additional outcomes expected in addition to those detailed within tables 3.2.1 and 3.2.2.
- 3.12 If the VIEW funding is not approved officers will ensure that the programme and staffing arrangements fall within the resources available throughout the programmes lifetime, and will continue seek and take up additional resources to enhance or extend the programme wherever possible.
- 3.13 Cabinet are requested to approve the use of all previous allocations as set out within tables 3.6.1 and profiled for future years in table 3.9.1 for use by the Economic Growth Programme in association with Economic Growth activities, and to confirm the continuation of the delegated authority to the Executive Director for the Economy and the Environment in consultation with the Portfolio Holder to: Approve the appropriate revisions to the programme design, costs, contents, duration and flexibility as required, together with the reinvestment of all reserves and acceptance of new funding to continue the programmes ability to meet identified local people and employer's needs.

- 3.14 Regeneration Directorate teams are continuing to work together with partners and stakeholders to seek out contributory funding towards the delivery of council priorities through initiatives including: The Black Country Enterprise Zone; the new European Programme (includes both ESF and ERDF funding streams); and the emerging Combined Authority. Regeneration Directorate teams are also developing initiatives in line with the Black Country Strategic Economic Plan (BC SEP), through its funding streams, including; the Local Growth Fund and City Deal programmes, for which the Council is also the Accountable Body.
- 3.15 Should the Economy & Environment Directorate be successful in attracting additional funding, this will form part of the Economic Growth Programme and will be approved and accepted into the programme by the Executive Director for the Economy and the Environment in consultation with the Portfolio Holder as part of his delegated authority, reporting back to Cabinet as appropriate.
- 3.16 The financial figures associated with this report have been set out and agreed with our colleagues in Finance, who confirm that the budgets are available and the spend tables as prepared by officers within the Economy and the Environment Directorate teams are accurate, with mainstream budget allocations taking into account the savings reductions as approved by Cabinet or predicted through to the end of March 2019, and redundancy costs of £250,000 included in the 2018/19 financial year totals.

#### **4. Council priorities**

- 4.1 At its meeting of the 21 September 2015, Council approved a new purpose and a set of priorities which forms the basis of the Corporate Plan 2016 – 2020, the Council Purpose is to:

**“Improve lives and life chances for everyone who lives and works in the Borough of Walsall and in so doing minimise the help that residents need from the state”**

Also agreed are five priorities that support this purpose which are:

- Supporting business to thrive and supporting local people into work;
- Improving Health and Well Being, including independence for older people;
- Creating Safe, Sustainable and Inclusive Communities – Reducing levels of crime and providing the right environment for people to live in;

- Improving Safeguarding, Learning and the Life Chances for Children and Young People – Recognising that a person’s early years crucially help determine what kind of future they will have;
  - Creating a modern, dynamic and efficient workforce.
- 4.2 Throughout its lifetime, the Economic Growth Programme will make significant contributions towards the achievement of the Corporate Plan priorities through the delivery of effective services and the co-ordination of key partners, as this financial investment delivers real outcomes as set out previously in tables 3.2.1 and 3.2.2.
- 4.3 The Marmot Review (‘Fair Society, Healthy Lives’) presented a national strategic review of health inequalities post 2010. It concluded that reducing inequalities will require action on six policy objectives, being:
1. Give every child the best start in life.
  2. Enable all children, young people and adults to maximise their capabilities and have control over their lives.
  3. Create fair employment and good work for all.
  4. Ensure a healthy standard of living for all.
  5. Create and develop healthy and sustainable communities.
  6. Strengthen the role and impact of ill-health prevention.
- 4.4 The Economic Growth Programme, together with the work we can do with key partners will assist the council to make contributions towards all of these six policy objectives, notably areas: 2, 3 and 4.

## **5. Risk management**

- 5.1 There is a risk that employers, developers, land owners and investors within the Borough could reject the offer of support from the Economic Growth Programme and therefore not work with the Council to create the conditions within which new jobs may be created. This risk will be mitigated through joint working with the private sector, understanding their needs, building confidence and creative programme design that meets their identified needs.
- 5.2 There is a risk that local people will not receive the support they need; the Council will mitigate this risk by working with the right providers of services based on understanding people’s individual needs, building confidence and creative programme design that meets these requirements, and places them into work.
- 5.3 There is a risk that action taken will not support and encourage inward investment, which will be mitigated through joint working with specialist

organisations, such as Marketing Birmingham, who will support the Economy & Environment Directorate to maximise the attraction of Foreign Direct Investment (FDI) through UKTI (UK Trade and Investment).

- 5.4 There is a risk that local people and businesses may not receive the services they ask for and need. The Economy & Environment Directorate will mitigate this through a constant dialogue with our two key customer groups (local people and employers) and the use of data and information from our customers to shape our service delivery moving forward.
- 5.5 There is a risk that externally approved funding will not be delivered in accordance with approvals or grant agreements issued to the council by the funding bodies, resulting in claims for funding being rejected or claw back if found in breach of conditions. Officers within the council will ensure these are complied with to mitigate any potential claim failures or claw back.

## **6. Financial implications**

- 6.1 The financial implications of this programme will be met through allocations of funding already made available by the Council or secured from others (see tables 3.6.1 and 3.9.1). The Economy & Environment Directorate is not requesting any additional resources, but the continuation of services through the use of existing resources over a longer period up to the end of the 2018/19 financial year.
- 6.2 The funding being utilised by the Economic Growth Programme as set out in table 3.6.1 was approved by Government largely to create the conditions for economic growth, supporting business and local people into employment, and the environments within which people live. Cabinet have continued to approve the funding for these uses in line with the original approvals.
- 6.3 Council officers are also continuing to seek out and bid for funding specifically allocated for economic growth purposes, such as: Local Growth Funding (LGF) European Union Structural funding including European Regional Development Fund (ERDF) and European Social Funding (ESF) together with that held by partners for such use, including the Visionary Investment Enhancing Walsall (VIEW) funding.
- 6.4 Such funding could not therefore be used to support the delivery of other functions within the council, as statutory / none economic development / growth functions would be deemed as ineligible.

- 6.5 All costs and budgets associated with this report have been prepared in consultation with colleagues from within the Councils Finance teams, who have also agreed their accuracy.
- 6.6 Within the financial figures associated with this proposal table 3.6.1 includes two Capital funding sources being: £397,380 of New Homes Bonus and a loan repayment from the Black Country Reinvestment Society (BCRS) of £105,000, which together with £360,000 of the Local Growth Fund (LGF) provides a capital investment of £862,380. It's noted that this funding can only be utilised / claimed for staff or activities that are working on eligible current or future capital projects.

## **7. Legal implications**

- 7.1 Any contracting and future expenditure will need to be in accordance with both existing and future legal and procedural requirements and fall within approved spending limits and authorisations. Advice will be taken from Legal Services going forwards.
- 7.2 Legal Services will be consulted with and involved in the drafting, approval and execution of any contracts and funding agreements, where required in accordance with the Council's Contract Rules. Legal Services will also be consulted in relation to any potential State aid issues that may arise.
- 7.3 All externally approved funding will be delivered in accordance with approvals or grant agreements issued to the council by the funding bodies. Officers within the council will ensure these are complied with to mitigate any potential claw back.

## **8. Property implications**

None arising from this report.

## **9. Health and wellbeing implications**

- 9.1 The Economic Growth Programme will through its staff and service delivery make positive contributions towards the Health and Wellbeing of local community members and employers staff. This will include assistance with the removal of health barriers to employment through joint working with key agencies (e.g. Public Health) to develop and deliver initiatives that help to ensure that local people are fit and able to accept employment when offered and then remain in it.

- 9.2 The work of the Economic Growth Programme will take into account and contribute towards meeting the 6 policy objectives from the Marmot review, as set out in section 4 of this report.

## **10. Staffing implications**

- 10.1 Council staff will manage and administer all aspects of this programme and work to understand the needs of customers as set out previously. These costs are budgeted for in the proposal as set out previously. Where staff are appointed to directly deliver services they will be appointed through the appropriate contacts as agreed with Human Resources.
- 10.2 Some elements of this report will require the direct delivery of agreed services by council staff, where appointed these staff will be on the appropriate contracts as agreed with Human Resources.
- 10.3 Should the programme fail to be extended by Cabinet or the Council fails to secure continued funding after the 2018/19 financial year, the Economy & Environment Directorate estimate that between 20 and 30 Council staff could be at risk of redundancy. The Economy & Environment Directorate has therefore included the estimated sum of £250,000 to cover these potential costs.

## **11. Equality implications**

- 11.1 Equality Impact Assessments (EqIA) are required where there are possible impacts on people with protected characteristics. Officers associated with the Economic Growth Programme have completed the EqIA's for those elements of the programmes contained within this report, where this is deemed to be required, building on the one completed for the previous cabinet report in December 2014.

## **12. Consultation**

- 12.1 A wide range of organisations and partners, such as local colleges, training providers and housing associations have been involved in the delivery of past services, and also acted as key partners. Council staff are continually working with these organisations to seek advice on how to structure the provision as part of the Economic Growth Programme.

- 12.2 The Economy & Environment Directorate continually review service content and delivery from customers' perspectives, taking into account their needs, views and requirements to ensure that we are offering solutions that really work and maximise the chances of success and the outcomes achieved.

## **Background papers**

Economic Growth Programme Extension Cabinet Report – 17 December 2014

Fair Society, Healthy Lives: Applying the findings of the Marmot Review in Walsall Cabinet Report – 25 July 2012.

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**Appendix A – Evidence sources / kept associated with key outcomes and outputs set out in Tables 3.2.1 and 3.2.2**

<b>Key Outcomes/Outputs</b>	<b>Outcomes Achieved (5 years to March 2015)</b>	<b>Evidenced Through</b>	<b>Comments</b>
Apprenticeships (Pre & Full Apprenticeships)	910	Signed individual employment contracts / grant agreements with employers & providers.	This information is held as part of the Walsall Works contract. This was audited last year, including outputs, with significant assurance given.
Non Walsall Works Apprenticeships Supported	459	Evidence from each learner participating.	
People Placed / Supported into Employment	5,091	Evidence from employers participating with providers.	This is held through the WNF Worklessness contract. Sample evidence is held on our files
Businesses Assisted	756	Records of engagements held by staff teams. Outcomes achieved through the teams supporting employers.	Records held by the Regeneration and Development Service area and the Performance Management teams.
Business Enquiries Managed	1344		
Jobs Safeguarded (as a result of business support activity)	624		
Investment Enquiries Handled	197		
Value of new business / Investment enquiries realised / constructed for / within Walsall	£14.7million	Evidence from 'Meet the Buyer events and land and property development achieved.	This is evidenced through a variety of means including EU funds and other bids
EU / other external resources attracted into the borough of Walsall.	£38million (new EU programme)	Drafting, submission and approval of the Black Country European Investment Strategy, allocating £152m for the Black Country, £38m anticipated for Walsall.	
Jobs Secured (includes additional Safeguarded jobs as a result of development activity)	2,390	Evidence captured as a result of directly supporting capital infrastructure projects and schemes that have resulted in these outputs being achieved.	Records held by the Regeneration and Development Service area and the Performance Management teams.
Floor Space Delivered (New and Refurbished)	124,170sqm		
Investment Secured (Public & Private)	£464million		