

## **Cabinet – 4 April 2012**

### **Economic Growth Programme**

**Portfolio:** Councillor Adrian Andrew, Deputy Leader, Regeneration

**Service:** Regeneration

**Wards:** All

**Key decision:** Yes

**Forward plan:** Yes

#### **1. Summary**

- 1.1. The Council Plan places 'The Economy' as one of its three central priorities, with a vision and priorities (see section 3.1) for the borough asking;
  - On ensuring are more and better jobs for local people and recognising that
  - People are our strength and need to have the skills and attitude required by employers
- 1.2 This report brings together previously approved funding streams into a cohesive budget proposal, which recommends how the Council may use existing resources already approved by Cabinet to stimulate economic growth, and ultimately create more jobs and opportunities for local people.
- 1.3 Previous reports presented to Cabinet (see 3.2) agreed the use of significant levels of financial resources in support of these aims through; The Working Neighbourhoods Fund (WNF), Local Authority Business Growth Incentive (LABGI) programme and the New Homes Bonus programme, complemented by allocations from Council mainstream budgets.
- 1.4 Since this time the Regeneration Directorate has been successful in securing additional resources, including: New Homes Bonus and European Regional Development Fund (ERDF) through the joint Black Country / Marketing Birmingham initiative, together with the mainstream funded; Walsall Works Scheme.
- 1.5 The Walsall Partnership has now completed an independent evaluation of the largest programme, the Working Neighbourhoods Fund (WNF) as Attachment 1. This recommended a range of priority activities for continuation by the council and its partners, which includes;

In support of the creation of new jobs

- Business Engagement & Support
- Inward Investment & Supply Chain Development
- Think Walsall
- Town / District Centres Management

In support of placing local people into work

- Economic Well Being Activities (Placing people into work)
- The Multi – Agency One Stop Shops (Placing people into work)

To guide and shape this work moving forward

- Economic Analysis and Strategies required to shape direction and solutions

- 1.6 Following completion of the evaluation and the re-modelling of some services, the Economic Pillar Executive Group (PEG), are now in a position to recommend to cabinet the use of existing and committed resources in support of the above activities. These come at no additional cost to the council, with current funding profiles included within table 3.3.1 and proposed revisions set out in table 3.8.1, with anticipated outcomes set out in table 3.14.1.
- 1.7 Recently the Government approved the Black Country Local Enterprise Partnership (LEP), which is now operating and places the private sector at the heart of progressing Economic Development for the Black Country. These proposals (see 3.15) will support the formation of a Walsall Economic Board, which will place the private sector at the heart of the development of the Walsall economy.
- 1.8 Whilst the council has had some notable successes in securing European Union (EU) Structural funding (see 3.11), it is also fair to say that we need to raise our game if we are to secure our fair share in support of our Economic Development. These proposals include the development of our capacity to seek out and better access these (ESF / ERDF / Other) EU resources, set out within sections 3.12 and 3.13.

## **2. Recommendations**

That Cabinet, following a recommendation from the Economic Pillar Executive Group (PEG);

- 2.1 Support the use of existing resources as set out within table 3.3.1 for use during the financial years 2012/13, 2013/14 and 2014/15 by the Regeneration Directorate, to support economic growth, as re-profiled and set out within table 3.8.1.
- 2.2 Grant delegated authority to the Executive Director for Regeneration in consultation with the portfolio holder, to revise the programme design, costs, contents, duration and flexibility if required, to facilitate its continuing ability to meet local people and employer's needs within approved spending limits.

- 2.3 Approve the use of uncommitted Working Neighbourhoods Fund programme resources totalling £293,709 are approved for use, as set out within section 3.17, with delegated authority granted to the Executive Director for Regeneration in consultation with the portfolio holder to allocate these resources, together with those included in the funding table 3.8.1 carried forward from the 2011/12 financial year, entering into the necessary agreements.
- 2.4 Approve for the Council to act as applicant and if successful accountable body for the ERDF Technical Assistance submission as set out in section 3.13, with authority granted to the Executive Director for Regeneration in consultation with the portfolio holder, to negotiate and enter into the appropriate agreements and contracts.
- 2.5 Support the continuation of the Partnership of Walsall Economic Regeneration Pillar Executive Group (PoWER PEG), in the role as set out within sections 3.18 and 3.19.

### **3. Report detail**

- 3.1 The Council Plan places 'The Economy' as one of its three central priorities, with a focus on:
- Residents are supported to sustain / gain work
  - Our living/housing environments retain and attract the workforce required to develop our economy
  - Businesses are satisfied with the support they receive from the council
  - Workforce skills are improved/developed to match current and future business needs
  - Climate for a thriving local economy is supported where existing companies and jobs are sustained
  - New environments are supported the creation of new companies and sustainable jobs
  - Child poverty levels are reduced and family well-being and prosperity is improved.
- 3.2 Cabinet has previously approved through the following reports, the use of significant levels of financial resources, in support of the above Council Plan Economic Priorities, they include;
1. The Local Authority Business Growth Incentive (LABGI) Programme report; approved on the 14<sup>th</sup> July 2010, setting out the future priorities and use for its remaining LABGI resources.
  2. The Walsall Partnership Programmes and Resources report; approved on the 8<sup>th</sup> June 2011, setting out the future use of its remaining WNF programme resources, together with a range of complimentary funding to co-ordinate and maximise its impact and outcomes.
  3. The New Homes Bonus report; approved on the 8<sup>th</sup> February, setting out the use of its allocations, committing £500k in support of economic regeneration.

3.3 In line with these approvals these resources are being utilised by the Regeneration Directorate and a number of key partners in support of Economic Growth, Inward Investment and reducing unemployment (Worklessness). These details are included in the following table (3.3.1), which includes amounts previously approved by cabinet; including the WNF, LABGI and Council mainstream budgets. Together with new funding recently approved, including; The New Homes Bonus and mainstream funding available for reinvestment following the closure of the Urban Regeneration Company (URC);

**Table 3.3.1 – Existing Funding Profiles**

<b>Funding Stream</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Totals</b>
Council Mainstream	£637,295	£637,295	£637,295	£637,295	£2,549,180
Working Neighbourhoods Fund (Staff Funded Programmes)	£733,094	£698,284	£0.00	£0.00	£1,431,378
Working Neighbourhoods Fund (Granted Programmes)	£1,850,211	£688,576	£0.00	£0.00	£2,538,787
Working Neighbourhoods Fund (Uncommitted Funds)	£0.00	£263,709	£0.00	£0.00	£263,709
LABGI	£334,338	0.00	0.00	0.00	£334,338
New Homes Bonus	£0.00	£500,000	0.00	0.00	£500,000
ERDF	£55,000	£73,333	£73,333	£18,334	£220,000
ESF	£0.00	£10,000	£20,000	£0.00	£30,000
Walsall Works	£0.00	£75,000	£75,000	£0.00	£150,000
Deprived Area Fund	£0.00	£21,375	£0.00	£0.00	£21,375
<b>Totals</b>	<b>£3,609,938</b>	<b>£2,967,572</b>	<b>£805,628</b>	<b>£655,629</b>	<b>£8,038,767</b>

\*note; 2012/13 figures include all expected carry forwards from 2011/12, as agreed and submitted to finance for consideration / approval.

3.4 The Walsall Partnership has completed an independent evaluation of the largest programme; Working Neighbourhoods Fund (WNF) (see Attachment 1), which has recommended a range of priority activities for Continuation by the council and its partners, which includes;

- Business Engagement & Support
- Inward Investment
- Think Walsall
- Town / District Centres Management
- Economic Well Being Activities
- The Multi – Agency One Stop Shops
- Economic Analysis in shaping direction and solutions

3.5 The evaluation of the WNF programme, (see Attachment 1) states that in comparison with other areas; “Walsall adopted an intelligent and forward-looking approach, investing resources in understanding the current position and challenges facing the economy, building relationships with partners and considering the options for taking forward WNF-funded activity in the future”. In value for money terms, we placed significantly more people into work and sustainable employment, than the comparator councils of Birmingham and Middlesbrough.

- 3.6 We have and will continue to utilise the techniques available to us, through Working Smarter and Systems Thinking programmes, to review and refine our programmes and delivery structures. The aim is to place our customer needs; local people seeking employment, local employers looking to sustain and create jobs, developers and external investors, at the heart of our services moving forward.
- 3.7 These reviews have allowed us to better understand customer needs, establish delivery priorities and the on-going re-modelling of our delivery structures to meet them. To fund this work, the Economic Pillar Executive Group (PEG) are now able to recommend to Cabinet a funding profile that will facilitate this service delivery within existing resource levels, through to March 2015.
- 3.8 Utilising the existing resources, which have been previously approved by cabinet, the Economic Pillar Executive Group (PEG) propose the following profile as set out within table 3.8.1 below;

**Table 3.8.1 – Proposed Sustainable Funding Profiles**

<b>Funding Stream</b>	<b>2011/12</b>	<b>2012/13*</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Totals</b>
Council Mainstream	£512,115	£762,475	£637,295	£637,295	£2,549,180
Working Neighbourhoods Fund (Staff Funded Programmes)	£578,544	£208,253	£265,325	£379,256	£1,431,378
Working Neighbourhoods Fund (Granted Programmes)	£1,762,533	£776,254	£0.00	£0.00	£2,538,787
Working Neighbourhoods Fund (Uncommitted Funds)	£0.00	£263,709	£0.00	£0.00	£263,709
LABGI	£0.00	£49,541	£151,001	£133,796	£334,338
New Homes Bonus	£0.00	£0.00	£117,407	£363,551	£500,000
ERDF	£55,000	£73,333	£73,333	£18,334	£220,000
ESF	£0.00	£10,000	£20,000	£0.00	£30,000
Walsall Works	£0.00	£75,000	£75,000	£0.00	£150,000
Deprived Area Fund	£0.00	£21,375	£0.00	£0.00	£21,375
<b>Totals</b>	<b>£2,908,192</b>	<b>£2,258,982</b>	<b>£1,339,361</b>	<b>£1,532,232</b>	<b>£8,038,767</b>

Note; \*these figures will be refined once the actual out-turn / carry forward figures from 2011/12 moving into 2012/13 are finalised at the close of the financial year process.

- 3.9 Once approved this will provide the staffing and delivery capacity required to deliver the services recommended within section 3.4, resulting in the delivery of effective;
- Inward Investment & Supply Chain/ Purchasing Development services (Think Walsall) for new and existing employers, which aims to increase the numbers of jobs in the borough.
  - Economic Well-Being support for local people and families, assisting them to acquire work related skills and experience, and to secure sustainable employment.

- Support for the employment growth within key geographic locations, including the Town and District Centres, the Darlaston Enterprise Zone and key employment sites throughout the borough.
  - The use of analytical data and the development of effective strategies, such as the Local Economic Assessment (LEA), which are tools able to drive and shape our work.
- 3.10 It will also support our capacity to manage key provision, such as the; Walsall Works Apprentice scheme, remaining elements of the WNF programme, including the Multi Agency One Stop Shops and Town and District Centre Management / development programmes.
- 3.11 The Council has also achieved some notable successes in accessing and securing European Union (EU) funding, with examples including the ESF Multiple Families Programme, and the Sustainable Urban Development (SUD) ERDF funded programme. It's true to say that the Council needs to do much more if it is to secure and make the best use of EU funding moving forward.
- 3.12 The Council and its partners also has a new opportunity through the ERDF programmes Technical Assistance Fund to secure resources and to continue with the work started through the SUD programme to continue with the development of our;
- Priority Investment (ERDF) Programme (PIP), which aims to utilise up to £8million of ERDF support matched by the private sector to create new enterprise space within Walsall, (cabinet report dated 14<sup>th</sup> September 2011).
  - Support staffing capacity, refocused to seek out, access and secure additional EU income for the borough, as the new opportunities are launched
- 3.13 To secure this, Walsall Council will be required to continue with its current role as applicant and accountable body for the estimated £185,250 of ERDF funding now available. If successful, our application would cover the whole of the Black Country, with the required matching funding provided equally by the four councils, with our contributions included within table 3.8.1. As with the previous ERDF application, it will be administered in accordance with council rules, grant and accountable body procedures.
- 3.14 The key outcomes and outputs that will be delivered by these programmes are varied and many, moving forward these will need to be calculated, formalised and monitored for progress and Value for Money etc. The Cabinet report of the 8<sup>th</sup> June 2011 – Walsall Partnership Programmes and Resources, set out the outcomes and outputs expected at the time of drafting, we anticipate moving forward the outcomes / outputs of this activity to include, see table 3.14.1 ;

**Table 3.14.1 – Anticipated Key Outcomes / Outputs**

Key Outcome / Output	Anticipated Numbers (March 2015)
Apprenticeships (Managing the Walsall Works programme)	600
Local People (Beneficiaries) supported	5000
New / additional users of the One Stop Shops	3500
People Placed / Supported into Employment	3000
Training Qualifications achieved	750
Businesses Assisted	500
Business Enquiries Managed	1200
Jobs Safeguarded	250
Investment Enquiries Handled	80
Value of new business / Investment enquiries realised / constructed for / within Walsall	£5million
Walsall.com / Find it web hits	50,000
EU / other external resources attracted into the borough of Walsall.	£3million

Note: These outcomes are indicative of what we expect to achieve, and will be further refined and take to the Pillar Executive Group (PEG) for approval.

- 3.15 Recently the Government approved the creation of the Black Country Local Enterprise Partnership (LEP), which places the private sector at the heart of Economic Development and the creation of jobs. This approval will aid the Council in support of the Black Country LEP, through the creation of a complementary Walsall Economic Board (WEB). This will be in turn be supported by a number of complementary groups, which will drive: The reduction of unemployment, the creation of new jobs and ensure that our local labour force possesses the skills required to support sustainable economic growth.
- 3.16 Previous reports granted delegated authority to the Executive Director for Neighbourhoods in consultation with the Leader of the council for the whole Working Neighbourhoods Fund (WNF) programme. The only resources remaining (see 3.17 below) fall within the Economic areas of activity, as set out within this report. It's therefore proposed that the Executive Director in consultation with the Cabinet Member for Regeneration is given this delegated authority moving forward, to allocate these remaining resources, utilising approved governance arrangements, reporting back on progress as before.
- 3.17 The WNF programme has some resources available for reinvestment, the Economic Pillar Executive Group (PEG) recommend the use of these uncommitted resources, totalling £293,709 are focussed against key priority areas of need / activity, considered important in support of our economy, and building on previous WNF investment, they are the areas of;
- Facilitating an integrated approach to Employer led Skills Provision
  - Further developing Enterprise development and Job Creation
  - Building on past investment to develop Social Enterprise
  - Addressing Worklessness

- 3.18 Programme Management for the largest Working Neighbourhoods Fund and a variety of associated programmes was delivered effectively through the Partnership of Walsall Economic Regeneration Pillar Executive Group (PoWER PEG). This ensured that effective strategic oversight, project development and performance were assured, as the key stakeholders came together to: co-ordinate, drive and manage the programmes.
- 3.19 It is proposed that this model continues, with (PoWER PEG) retained to provide the required structures that bring together the key partners. This will ensure that effective: partnership working, co-ordination, advice and financial and programme implementation decision making is sustained. One example of this role is to ensure that effective links with the skills agenda are maintained, from early years right through to adults looking for work, ensuring that joint working and links are developed, maintained and used to shape provision and solutions moving forward.

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

The Council has announced three priorities within its Corporate Plan, one being the development of its economy. This revised funding profile in support of an Economic Growth and Investment Programme will contribute towards this priority strand, by: Creating the conditions for local employment growth within the private sector, together with actions which support local unemployed people to find work and gain the skills employers are looking for. This will directly support job creation and economic growth for the Borough, helping to meet the Corporate Plan Priorities, as set out in section 3.1 and through the delivery of the services contained within this report and the outcomes and outputs planned as the results, as set out in table 3.14.1.

#### **5. Risk management**

- 5.1 There is a risk that Employers within the Borough could reject the offer of support 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 us to maximise the attraction of Foreign Direct Investment (FDI) through UKTI (UK Trade and Investment).

- 5.4 There is a risk that the customers may not receive the services they ask for and need. We will mitigate this through a constant dialogue with our two key customer groups, local people and employers. This will be complemented by a request to the Working Smarter team to assist with the identification of customer needs moving forward and throughout the programme as required, to ensure they are at the heart of what we are delivering / supporting.

## **6. Financial implications**

The financial implications of this programme will be met through allocations of funding already made available by the Council, see table 3.8.1. We are not requesting any additional resources, but the re-profiling of existing resources, see table 3.8.1 over a longer period up to the end of the 2014/15 financial year.

## **7. Legal implications**

- 7.1 The content of this report are in accordance with the approvals granted previously by cabinet through previous reports, see section 3.2. All contracting and future expenditure will be in accordance with both existing and future legal and procedural requirements and fall within approved spending limits and authorisations.
- 7.2 Where required, Legal services will be consulted with and involved in the drafting, approval and execution of all contracts and funding agreements set into place to ensure that the process is fair, open and transparent. Legal Services will also advise on any potential State Aid issues.

## **8. Property implications**

None

## **9. Staffing implications**

- 9.1 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.
- 9.2 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. Equality implications**

- 10.1 Equality Impact Assessments (EqIA) are required where there are possible impacts on people with protected characteristics. We will work with the Equality & Diversity Team / advisor to complete EqIA's for the elements of the programmes contained within this report, where this is deemed to be required.

10.2 This will build on the existing EqA, which is in place for the Councils WNF programme.

## 11. Consultation

11.1 Wide consultation and partner involvement took place as part of the independent review / evaluation of the WNF programme. This included; government agencies / bodies, stakeholders, providers through individual interviews and focus groups, together with customer reviews, customer / end user focus groups and individual interviews.

11.2 This was further complemented by a WNF review workshop held on the 28<sup>th</sup> February 2012, at which the next steps were discussed.

11.3 This builds on the previous work during 2011, through the Maximising Opportunities workshops, which led to the approval by Cabinet of the priorities held within the Walsall Economic Framework in June 2011.

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4 April 2012



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Portfolio holder Regeneration

4 April 2012