

1.0 PURPOSE OF REPORT

- 1.1 To ask Members to give consideration to staffing capacity within the Economic Development Unit.

2.0 RECOMMENDATIONS

- 2.1 To make permanent the currently grant funded post of Senior Economic Development Officer (Infrastructure).

3.0 BACKGROUND

- 3.1 Chesterfield Borough Councils Corporate Plan (2014-15) has amongst its aims:

- To create jobs and safeguard existing ones
- To deliver regeneration projects that make the borough a better place
- To assist businesses to expand and attract new ones to the borough.

Furthermore, a key project for 2014/15 is to deliver the first phase of the Chesterfield Waterside development. The work of the Economic Development Team will be instrumental in achieving these aims.

- 3.2 Since the WNF programme came to an end and the manager post ceased in November 2012, the Economic Development Unit has reduced to a small core team of 3.5 staff with 1 additional full time post funded by ERDF until December 2014. A request has been made to DCLG, the funder, to extend this post until June 2015 within the existing grant allocation.
- 3.3 During the last 4 years, the regeneration landscape has changed with the demise of Regional Development Agencies and the emergence of Local Enterprise Partnership (LEPs). Chesterfield sits within two LEP's, Sheffield City Region (SCR LEP) and Derby, Derbyshire, Nottingham, Nottinghamshire (D2N2 LEP).
- 3.4 Our engagement in SCR LEP has been positive for example, the allocation of Growing Places funding for Chesterfield Waterside, the designation of Markham Vale as an Enterprise Zone, the emergence of initiatives such as Ambition SCR, Talent Match and Skills Made Easy. However, this has placed increasing demands on the Council

to service and engage effectively in SCR LEP based activities and workstreams.

- 3.5 Engagement at D2N2 LEP has been more limited, however, this is beginning to change and the team will need to be prepared to play a greater part in future D2N2 initiatives as activity gathers momentum.
- 3.6 At a local level, we need to ensure that we continue to drive Chesterfield's economy forward. In the past we have accessed public funding to pump prime economic development. As public funding has declined (or will be driven at LEP level), we need to ensure we focus on growing our economic base effectively. In the current climate, future development of the economy will be primarily concerned with facilitating the growth of the private sector to deliver new jobs which will in turn provide a revenue stream to the Council through uplift in business rates.
- 3.7 Growth in the economy can be achieved by attracting inward investment and by encouraging the growth of new and existing businesses. We are currently actively engaged in the generation of inward investment leads through SCR LEP Inward Investment Team, Derbyshire Economic Partnership and via Destination Chesterfield. In terms of growing the indigenous business base, we have identified via Destination Chesterfield's "Chesterfield Champions" Scheme and directly via one to one meetings with our local business base that key account management is an important factor in supporting indigenous and new businesses to grow. The development of a process for an effective Key Account Management system has been subject to a separate report and is now being implemented more formally.
- 3.8 It is essential that we secure maximum economic benefit from private sector growth opportunities. Where appropriate, we are actively securing through both the procurement and planning processes, agreements that encourage local labour and local supply chains for construction and end use on developments. Once agreement has been reached, a key area of work is to establish links between employers, the local labour market and training providers. As part of this process we need to ensure that we are addressing any demand side skills gaps and employability issues in advance of developments taking place. We are engaged with North

East Derbyshire Strategic Employment Partnership (NEDSEP) to support us in the achievement of this activity but the Council still has a direct role to perform in facilitating this process. For example, recent work includes the engagement in the delivery of the Costain Serco contract for the widening of the M1. We have secured pre employment training and guaranteed interviews for local unemployed people.

- 3.9 In addition to the above and in response to Chesterfield's decline in house building, the EDU has put in place and delivers the Action Plan to address barriers to housing delivery. This includes working with the HCA, Developers and land owners in Chesterfield to encourage house building, identify new sources of funding such as Custom Build and Empty Homes Funding and therefore enhance Chesterfield's housing delivery and provide Chesterfield with an increased new homes bonus and additional Council Tax revenue. For example, the former Newbold School site is under offer and will provide a capital receipt and the delivery of approximately 60 dwellings which bring greater new homes bonus plus additional Council Tax income. Furthermore, work has taken place with CBC housing and the private sector to explore the Local Authority Mortgage Support Scheme to provide greater access to finance and encourage sales of new dwellings.

4.0 FUTURE ECONOMIC DEVELOPMENT TEAM CAPACITY

- 4.1 The future financial stability of the Council and the delivery of 'Great Place, Great Service', will depend to a large extent on the successful delivery of the regeneration objectives of the Corporate Plan. The Council will need to rely more heavily on income generated as a result of economic development activity, for example, uplift in business rates, New Homes Bonus and increased Council Tax revenue.
- 4.2 As the above background information confirms, the Economic Development Unit has a changing role to play in terms of supporting the development of the local economy. Currently, we are a team consisting of 3.5 core posts (Economic Development Manager (job share), Senior Economic Development Officer, Business Enquiries Officer and Economic Development Assistant (half time post) –

structure attached at appendix 1). In addition, we currently employ a Senior Economic Development Officer (Infrastructure). This post is externally funded by ERDF until December 2014, however, DCLG has approved an extension of the project that funds this post until June 2015. This role is tasked with delivering the key regeneration schemes, ensuring maximum economic benefit to local businesses and residents and has been instrumental in the delivery of the action plan to address barriers to housing delivery which will, over the coming years, generate New Homes Bonus monies.

- 4.3 The Economic Development Team previously employed two members of staff to deliver the WNF programme, however, these posts were temporary contracts aligned with the WNF programme and have now come to an end. This gap has to a certain extent been filled by the Senior Economic Development (Infrastructure) Officer through engagement at SCR level in the Skills Technical group and activity that has arisen from this group as well as ongoing involvement in NEDSEP. However, the team will be further diminished if this post is also lost when the grant funding expires. This will impact on our ability to secure New Homes Bonus and reduce our ability to negotiate supply chain and employment opportunities with businesses engaged in developments in Chesterfield.
- 4.4 The team is taking on additional roles as a result of the emergence of Local Enterprise Partnerships. Almost every team member has engaged in the SCR LEP officer groups in one way or another through, for example, inward investment enquiries and attendance at officer meetings, development of the SCRIF, development of governance arrangements, City Deal Skills activity and officer groups, European funding officers group, Regional Growth Fund and Growing Places Fund support to applicants to name just a few. Engagement with D2N2 LEP is also on the increase. The loss of another team member would put severe pressure on the teams ability to maintain its engagement with the LEP's in addition to its existing functions.
- 4.5 This post supports the delivery of Chesterfield Waterside, one of the Council's key priorities for 2014/15, by performing a co-ordination role between the various partners and Council services that are required to ensure delivery of the first phase of work on site.

4.6 On 28th February 2013 the Council approved a growth request for an additional member of staff in the Economic Development Team, Senior Economic Development Officer (Business Engagement and Inward Investment) at a cost of £40,000 per year for three years, commencing in 2013/14. A review of the team has concluded that it would be preferable to retain the existing staffing capacity rather than recruit a new post. As previously stated the Senior Economic Development Officer (Infrastructure) post will end in December 2014 (or June 2015 at the latest).

5.0 NEXT STEPS

5.1 In order to ensure that we are able to deliver the above activities effectively and grow Chesterfield's economic base, it is proposed that the post of Senior Economic Development Officer (Infrastructure) be made a permanent post. The post will be funded by ERDF until June 2015 and can then be funded until April 2017 by the Growth Request Funds included in the latest approved budget. Thereafter the post could be funded by a combination of uplift in business rates and New Homes Bonus income directly generated by the post. Details of the level of New Homes Bonus achieved since 2011/12 and future years' forecasts are outline in section 6.7 below.

6.0 CORPORATE ISSUES

6.1 In preparing this report consideration has been given to the following key corporate issues:

- risk management and equalities
- capital or revenue financial implications
- public relations/media
- human resources

6.2 These issues are dealt with below.

6.3 Risk Management

Description of the Risk	Impact	Likelihood	Mitigating Action	Resultant likelihood	Resultant Impact
If the capacity of the EDU Team reduces further, CBC will lack sufficient capacity to undertake activity in relation to LEP activities, key account management, inward investment etc	H	H	Retain the post of Senior Economic Development Officer (Infrastructure) to ensure that EDU is adequately resourced to maximise economic opportunity arising from development opportunities and dedicated engagement with businesses.	L	L
Current staff leave post (only 3.5 FTE core posts).	H	L	Need to recruit to position to ensure adequate resource to ensure that we can engage effectively at SCR Level and undertake existing workload to deliver Corporate Priorities.	L	L

<p>Senior Economic Development Officer (Infrastructure) leaves post before end of temporary contract</p>	<p>H</p>	<p>H</p>	<p>As above and in addition, there would be a detrimental impact on the delivery of New Homes Bonus, employment and supply chain opportunities for local residents and businesses. The likelihood of this occurring increases as the end of the contract period approaches. Ensure post is retained and extended so postholder less likely to leave.</p>	<p>M</p>	<p>M</p>
<p>Lack of engagement with SCR LEP and other external partnerships that could lead to missed opportunities for Chesterfield</p>	<p>H</p>	<p>M</p>	<p>If we have adequate resource to share the burden of the increased LEP activity we can maintain effective representation at key partnership meetings, Chesterfield will continue to benefit from opportunities as they arise. Furthermore,</p>	<p>L</p>	<p>L</p>

			we can influence development of activities by having scope within the team to be proactive		
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Financial Implications

- 6.4 A total of £120,000 was approved through a Growth Request in February 2013 to finance a new post within the Economic Development Team from 2013/14 to 2015/16. In the latest approved budget, the £120,000 budget was re-profiled over the financial years 2014/15 to 2016/17 (£40,000 in each financial year) but with £6,000 removed from the 2014/15 allocation as an approved budget saving. As the post will now be funded by ERDF until June 2015, there will be a £34,000 budget saving in 2014/15 and a £10,000 saving in 2015/16. After 2016/17 it is anticipated that the on-going cost of the post will self-financing from the growth in Business Rates and New Homes Bonus income.
- 6.5 The Senior Economic Development Officer (Infrastructure) post has been entirely grant funded for the period February 2010 to June 2015 from a combination of ERDF and emda funding (year 1 only). The post is graded at Scale 9, including on costs this equates to approximately £40,000 per year.
- 6.6 The post is instrumental in the delivery of the Chesterfield Waterside and Northern Gateway schemes and the Action Plan to address barriers to housing delivery, the latter of which will directly bring income to the council via the New Homes Bonus, this increase in income could support the ongoing costs of the post and will enable the Economic Development Team to continue to bring schemes forward and thus continue to bring this income source into the Council.
- 6.7 Actual and predicted income from New Homes Bonus is detailed below.
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|---------|---------------------|
| 2011/12 | £126,907 (achieved) |
| 2012/13 | £227,750 (achieved) |
| 2013/14 | £328,338 (achieved) |

2014/15	£613,515 (forecast)
2015/16	£867,265 (forecast)
2016/17	£1,121,015 (forecast)

These figures are exclusive of the Chesterfield Waterside development which, when complete, will have the potential to generate an additional £1,437,000.

- 6.8 It is more complex to predict uplift in business rates as there are so many variable factors, particularly as the level of business rates is based on the rateable value of a property which depends on the use of the building and can change over time as a result of market conditions. However, the total additional commercial floorspace will be over 46,000 sq m at Chesterfield Waterside (30,000 sq m) and Northern Gateway (16,000 sq m). 20% of the business rates charged on this additional floorspace will be retained by the council.

Public Relations and Media

- 6.9 There is scope for the Council to gain positive coverage from the outcomes of activity undertaken by the Economic Development Team. A key role will be engagement with local businesses and inward investors and the new postholder will ensure maximum economic impact for Chesterfield. This will be promoted widely. In addition, developing relationship through key account management will also ensure effective publicity is generated of the Council working collaboratively with local businesses to grow the economic base.

Human Resource implications

- 6.10 The current post holder has been in post since 1st February 2010 and in line with current legislation a fixed term employment of more than four years should be made permanent. This is in line with the recommendation of the report.
- 6.11 If the recommendation is not approved then the post would be made redundant and redundancy payments would apply.

7.0 EQUALITIES IMPACT ASESMENT (EIA)

- 7.1 This report does not recommend any changes in council policies or practices at this stage. Rather, it examines the scope for extending or mainstreaming existing practices and functions. A preliminary EIA checklist has been completed and agreed with the council policy officer.
- 7.2 The work of the Economic Development Unit is concerned with addressing economic disadvantage. The activities undertaken by the postholder will help address inequality in terms of access to the labour market.

8.0 ALTERNATIVE OPTIONS

- 8.1 This report is proposing the extension of the Senior Economic Development Officer (Infrastructure) within the Economic Development Unit. Therefore, the post is to be made permanent. It is suggested that £120,000 Growth Request funding previously approved to increase staffing in Economic Development be used to support the costs of the continuation of this existing role and then subsequently it be resourced from any uplift in business rates and New Homes Bonus. This is our preferred option.
- 8.2 An alternative option that has been considered during the development of these proposals was to create an additional role within the team. Whilst this may provide additional support within Economic Development it would be for a limited time period as the existing post of Senior Economic Development Officer (infrastructure) would cease when funding ended. This option would also incur recruitment costs. It would seem more sensible to consolidate the ERDF grant and allow for the post to be extended and the experience of the postholder retained.
- 8.3 The Option of “do nothing” would result in the team lacking the resource continue to pro actively engage in inward investment and SCR LEP activities to ensure Chesterfield gains maximum economic benefit and growth. It will also mean that we don’t develop proactive engagement with our key businesses to ensure that we can encourage them to sustain, innovate and grow, creating jobs in the local economy and continuing to engage in the skills agenda. The Senior Economic Development Officer (Infrastructure) post will come to an end at a time that is critical in the

delivery of the Chesterfield Waterside scheme, leaving the Economic Development team with limited capacity to take this key project forward. Furthermore, the capacity of the team to work with developers to bring forward new homes and thus new homes bonus income would be diminished.

9.0 RECOMMENDATIONS

- 9.1 To make permanent the currently grant funded post of Senior Economic Development Officer (Infrastructure).

10.0 REASONS FOR RECOMMENDATIONS

- 10.1 To ensure that the Council has the capacity and expertise to enable it to contribute fully to the emerging SCR LEP agenda, build effective relationships with our indigenous business base, promote and service inward investment activity encourage economic growth.

You can get more information about this report from Lynda Sharp/Laurie Thomas on 5256.

Officer recommendation supported/not supported/modified as below or Executive Member's recommendation/comments if no officer recommendation.

Signed



Executive Member

Date: 16.5.14

Consultee Executive Member (if applicable)/declaration of interests