

BARNSELY METROPOLITAN BOROUGH COUNCIL

This matter is a not Key Decision within the council's definition and has not been included in the relevant Forward Plan

**Report of the Executive
Director Place**

JOBS AND BUSINESS PLAN 3 YEAR REVIEW

1. Purpose of report

- 1.1. To present a three year review of the Jobs and Business Plan and to set out a refreshed set of economic development priorities for 2017-2020.

2. Recommendations

It is recommended that:

- 2.1. **Cabinet note the performance of the Jobs and Business Plan 2014-2017 and endorse the refreshed set of priorities for 2017-2020.**
- 2.2. **Cabinet note that release of the 2017/18 funding will form part of the 2017/18 budget process.**

3. Introduction

- 3.1. In March 2014, a report was approved by Cabinet which set out the Jobs and Business Plan, a proposal for a refreshed approach to economic regeneration in Barnsley and a reprofiled economic strategy budget to support the objectives set out within that new plan.
- 3.2. The plan proposed the delivery of 25 projects spread across 5 themes. The intention was to set the direction of travel over the next 3 years which will start to create the right climate for the eventually delivery of 17,500 additional jobs by 2033 to contribute towards closing the long term jobs gap in the Borough. The 5 themes are as follows:
- Invest in Infrastructure
 - Attract Inward Investment
 - Improve the Town Centre
 - Grow Existing Businesses
 - Encourage Higher Productivity Start-Ups

These themes mirror the priorities of the Barnsley Economic Partnership (BEP), the private sector led group which provides strategic guidance and scrutiny in the delivery of the Jobs and Business Plan.

- 3.3. The Jobs and Business Plan is also the 'sister' document to the More and Better Jobs Strategy which was recently adopted by Cabinet, along with the

emerging Local Plan. In short, the Local Plan creates the availability of development land, the Jobs and Business Plan uses this to create the conditions for growth by stimulating development or business growth and putting in place the necessary infrastructure, whilst the More and Better Jobs Strategy links residents with the opportunities created.

- 3.4. This report is intended to present Cabinet with a 3 year review now that we are approaching the end of the existing plan horizon. The full review can be found in Appendix B. This report also updates Cabinet on the spend of the associated budget.

4. Consideration of alternative approaches

- 4.1. There are no alternative approaches as the Council has already adopted the Jobs and Business Plan and committed to its delivery.

5. Proposal and justification

- 5.1. The proposal is to note the progress that has been made in the delivery of the Jobs and Business Plan over the previous three years, and to agree to the refreshed set of priorities outlined in the attached review document.

3 Year Outputs

- 5.2. The attached 3 year review document sets out the outputs directly achieved by Jobs and Business plan activity. The performance against the relevant corporate performance outcomes can also be found in Appendix C. This sets out a 3 year summary of each of the relevant indicators to the Jobs and Business Plan.
- 5.3. The 3 year performance summary shows a strong ongoing achievement of our corporate indicators, driven by the work being delivered by the Jobs and Business Plan. It should be noted that the target and performance against the 'number of business supported to expand' indicator fell in 2015-16 due to the end of European Regional Development Funding (ERDF) for the Enterprising Barnsley programme. However, with the introduction of further European funding in late 2016 through the new Sheffield City Region Growth Hub, it is hoped performance should at least be maintained, if not improved.

Current Economic Performance

- 5.4. Despite strong delivery performance, it should however be noted that recent economic data from the Office of National Statistics (ONS) suggests that Barnsley is struggling to maintain previous levels of private sector growth.
- 5.5. The total number of jobs in Barnsley contracted by 2.6% in 2015, the first such drop since 2012 following 2 years of very strong growth which saw Barnsley being in the top 10 for private sector jobs growth across the UK. The main cause of this is a 3.9% drop in private sector jobs, which goes against 2.7% regional increase. This is all set within the context of a 5% rise in the number of public sector jobs, especially concentrated in health and education.

- 5.6. What these figures show is that Barnsley's economy continues to be fragile. As identified in the original Jobs and Business Plan, the economy continues to be over reliant on a small number of key sectors and the public sector to maintain employment levels. Any fluctuation in the performance of those sectors results in a disproportionate impact on the economy. This underlines the need to boost employment across the board to make the economy more resilient.
- 5.7. This performance is further hindered by a 4.8% rise in part time employment, which means that residents have less disposable income to spend and recycle within the local economy. This may be a symptom of the lack of suitable employment opportunities in the borough. As identified in the Jobs and Business Plan, Barnsley has approximately 40,000 fewer jobs than its population suggests it should have. This means a lack of choice and opportunity. It is unsurprisingly therefore that in 2015, out commuting patterns increased as higher skilled individuals living in Barnsley sought higher paid employment elsewhere.
- 5.8. What this data shows is that the need to increase the number of private sector jobs in the borough to provide more opportunity in better types of employment. Strong private sector jobs growth in 2013 and 2014 was driven by intensive support provided to Barnsley's existing businesses through the Enterprising Barnsley programme. However, it is only possible to sweat so much additional growth from your existing business base. The 2015 figures could suggest that Barnsley has started to get close to saturation point in the number of jobs that can be created from the number and type of businesses currently in the borough. The solution is to attract more businesses into the borough, across a number of broader sectors, who can create genuine additional jobs growth. This is the underlying principle of the Jobs and Business Plan – to provide the necessary conditions to grow businesses and jobs in the long term – creating a more resilient economy in the future. The 2015 economy data serves to underline the need to continue on the current direction of travel.
- 5.9. In order to get an independent check on whether the interventions set out in the Jobs and Business Plan were likely to achieve 17,500 additional jobs by 2033, the Regional Economic Intelligence Unit (REIU) in Leeds were asked to undertake a review. They devised a 'policy on' scenario to ascertain whether the top five job creation projects in the plan (Better Barnsley, 3 new business parks and the Property Investment Fund) would create sufficient jobs by 2033, after issues such as deadweight are taken into account, and the likely profile over the jobs over the next 18 years (subject to economic cycles).
- 5.10. According to the Regional Econometrics Model (REM), it is anticipated that by 2033, there would be 8,500 more jobs in Barnsley than there are currently. Based purely upon the five large job creating projects, it was forecasted that by 2033 the plan could create 10,700 additional jobs over and above this figure, which is 61% of the 17,500 required. Whilst this scenario would require 6,800 more new jobs to be created to achieve the 17,500 target by 2033, it does not take into account the cumulative impact of the remaining smaller projects within the plan and other associated activity underway in parallel i.e. the Local Plan, More and Better Jobs Strategy and the Housing Strategy. As

such, this analysis shows that based upon these five projects alone, the Jobs and Business Plan is putting in place a strong foundation by which to begin to close the jobs gap over the long term.

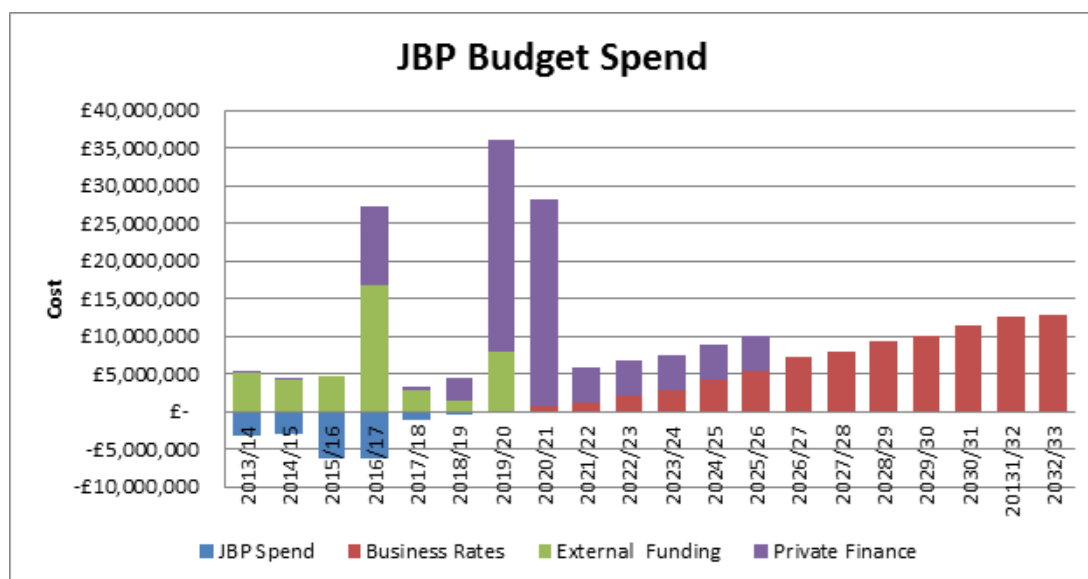
- 5.11. Therefore, despite a dip in economic performance in 2015, it is anticipated that the long term focus of the Jobs and Business Plan will achieve the outcomes required and the medium term economic outlook is favourable thanks to the delivery of our key projects. It is important to keep this longer term focus and a recognition that the major projects we're working on now, will generate medium to long term benefits rather than short term unsustainable returns.
- 5.12. The successful delivery of the Property Investment Fund (PIF) resulting directly in the creation of over 200 jobs at Universal Components is demonstration of this more favourable medium term outlook. The property industry is a useful bellwether of the state of the economy, so the development of the units at Junction 36 and how these have given confidence in the market to further develop a speculative 75,000sqft unit without our involvement, is a good sign.
- 5.13. Another positive sign is the encouraging performance of the lettings for the Better Barnsley town centre scheme. Since Queensberry were appointed as development managers earlier this year, they are ahead of schedule in letting the new leisure and retail units. This wouldn't be possible unless retailers and leisure operators were confident in the state of the Barnsley economy and the Council's commitment to the scheme. A strong performing town centre with high footfall and good retail/leisure spend, is important to the long term health of the economy.

Jobs and Business Plan Budget

- 5.14. As the primary focus of the Jobs and Business Plan is about creating the conditions for Barnsley to be able to create up to 17,500 additional jobs by 2033 rather than short term outputs, the projects within the plan and the associated budget reflects this focus.
- 5.15. Based upon the proposed interventions within the plan, two thirds of activity is focussed upon creating those conditions for long term growth. This is equally reflected in the budget allocations where approximately 60% of the budget is focussed upon supporting indirect outputs and providing regeneration outcomes. This is appropriate given the long term focus on creating the right conditions for growth. This is evidenced by the fact that the large spend projects, such as the work at Junction 36, the Better Barnsley scheme and Goldthorpe School, are all projects which create the climate for growth and not immediate outputs.
- 5.16. The Jobs and Business Plan runs until 2017, as it was created to set a 3 year horizon during which a number of strategic projects would be started which would have this long term impact. It was not intended that all projects would start and end within that timeframe. The previous Jobs and Business Plan report that was presented to Cabinet in December 2015, included a new profile of expected spend for the Jobs and Business Plan budget, which

outlined spend beyond 2016. The latest updates on that new spend profile can be found in Appendix A.

- 5.17. Given the Jobs and Business Plan budget is intended to create the conditions for longer term growth, the following graph illustrates this impact in financial terms. It shows the yearly spend of the budget against the positive financial impact it is or will have in terms of external funding or private sector finance levered, as well as business rate growth.



- 5.18. What this shows is that for a relatively modest Jobs and Business Plan spend, the financial leverage is substantial. In the short to medium term this is focussed on the finance raised from either external funding (where the budget has been used as match for example) or private investment (town centre development, business parks investment by developers etc). However, once the town centre and new business parks begin to be developed into the 2020s, the business rate income for the Council will start to be realised.

6. Implications for local people / service users

- 6.1. There are significant implications for residents of Barnsley if the Jobs and Business Growth Plan is not successfully implemented.

7. Financial implications

- 7.1 Consultation on the financial implications has taken place with colleagues in Financial Services on behalf of the Director of Finance, Assets & Information Services.
- 7.2 The Jobs and Business Plan incorporates £15.305M capital expenditure including the Goldthorpe Masterplan (£5.270M), the delivery of new retail and leisure facilities in the town centre (£1.374M) and the Strategic Business Parks (£3.677M) schemes. Funding for the Business Parks scheme is being used as leverage for other external funding and investment. The Junction 36 scheme has generated SCRIF funding of £17.6M with additional private sector

investment from the developer of around £40M. In addition, the SCRIF bids for Junction 37 and Goldthorpe which have both received outline/in principle approval will potentially lever in a further £19M in SCRIF funding and £21M in private sector/developer investment. The council's contribution to all the projects in the Jobs and Business Plan is reflected in the approved capital programme and is financed via a combination of prudential borrowing and capital receipts.

7.3 The revenue programme totals £5.039M and includes funding for the Enterprising Barnsley Team, Local Plan and Destination Management Plan.

7.4 The financial implications are summarised in the attached Appendix A.

8. Employee implications

8.1. There are no employee implications arising from this report.

9. Communications implications

9.1. The final Jobs and Business Plan review has been presented in a form which could be used as an external promotional document for investors.

9.2. Corporate Communications work with the Economic Development Service to promote schemes as and when they are at the point of delivery. A dedicated Business Partner post has been created to provide dedicated communications and marketing support to Economic Development.

10. Consultations

10.1. Consultation has taken place internally within the Council and communication continues with colleagues, partners and the Barnsley Economic Partnership (BEP) on the delivery of the Jobs and Business Plan.

11. Community Strategy and the Council's Performance Management Framework

11.1. The proposals in the Jobs and Business Plan are consistent with Council's Corporate Plan 2012-15 as it directly contributes towards the 'Growing the Economy' aspiration.

11.2. The Jobs and Business Plan sets out a clear set of metrics by which the overall success of the plan will be defined.

11. Tackling Health Inequalities

11.1 The creation of new jobs reduces overall worklessness which provides a significant contribution to addressing inequalities in health and developing a healthy productive workforce.

12. Climate Change & Sustainable Energy Act 2006

12.1 Action to improve the energy efficiency of buildings through empty homes work will help to reduce carbon emissions and tackle fuel poverty. Support for the low carbon sector is also proposed in the Jobs and Business Plan.

13. Risk Management Issues

- 13.1. The Jobs and Business Plan is logged on the Council's Strategic Risk Register (SRR) as a key control measure against risk 3543 ('Failure to ensure the adequate supply of land for housing and commercial property growth'). The realignment of resources against emerging priorities is considered to be essential in ensuring the success in terms of delivering the Jobs and Business Plan strategy, and will therefore continue to provide both control against the SRR risk, as well as assurances regarding the delivery of the Council's 'Growing the Economy' aspiration.
- 13.2 Elements of the Jobs and Business Plan are also included at and operational risk register level. A number of areas such as 'Attract Inward Investment' and 'Early Stage Intervention and Support' benefit from discrete risk registers, which have contributed towards the control and governance of these activities. The realignment of resources acts as a mitigation against what are effectively areas of risk to the delivery of these activities.
- 13.3 The Jobs and Business Plan also provides elements of control against wider projects and programmes such as the 'Better Barnsley' scheme, and the 'Superfast South Yorkshire' programme. The delivery of the Jobs and Business Plan therefore underpins the successful delivery of a number of significant and ambitious activities the Council is committed to, and effectively contributes to all of the Council's strategic ambitions and priorities.

14. Health & Safety Issues

- 14.1 None arising directly from this report although there is the need to ensure all relevant staff are trained up on health and safety issues.

15. Compatibility with the European Convention on Human Rights

- 15.1 There are no matters of relevance arising from this report.

16. Promoting Equality & Diversity and Social Inclusion

- 16.1 There are no matters of relevance arising from this report.

17. Reduction of Crime & Disorder

- 17.1 It is envisaged that if the JBP is successful in creating more jobs and getting local people employed, this will have an impact on crime and disorder.

18. Conservation of Biodiversity

- 18.1 There are no matters of direct relevance arising from this report.

19. Glossary

20. List of Appendices

Appendix A: Revised Economic Strategy Budget

Appendix B: Jobs and Business Plan 3 Year Review

Appendix C: Performance Indicators 3 Year Summary

21. Background Papers

Jobs and Business Plan Project Dashboards

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