

**Committee: Cabinet**

**Date: 9 November 2015**

**Wards: All**

**Subject: Merton's Economic Development Strategy (EDS)  
Refresh request to extend into 2016/17 to use under spend**

Lead officer: Paul McGarry, Future Merton Manager

Lead member: Cllr Andrew Judge, Cabinet Member for Environmental Sustainability and Regeneration

Key decision reference number:

Contact officer: Sara Williams, Programme Manager for Business and Economy

## **Recommendations:**

1. That Cabinet agree to allow the Economic Development Strategy 2 (EDS2) to continue into 16/17 (a fourth year) enabling it to utilise the remaining under spend, currently forecast at £539k.
2. Cabinet to agree a reallocation for part of EDS2 whereby £122k of the forecast £539K is used as further European Investment Social Fund (ESF) match funding.

---

## **1 Purpose of report and executive summary**

- 1.1 The Economic Development Strategy Refresh part 2 was implemented in 2013 to be delivered over three years. This means the programme will conclude on 31<sup>st</sup> March 2016. It was a very ambitious programme, but it has achieved great success including the creation of jobs, new businesses and helped attract new companies into the borough. It has helped a number of local employed and low skill residents gain employment and apprenticeships, supported improvements to our industrial estates and town centres and enabled the beginning of the Councils inward investment strategy. The estimated reserves to deliver the programme have been under spent with an under spend expected in 2015/16.
- 1.2 This report presents the details on the funding that has been spent to date and presents the proposed EDS1 and EDS2 spend to Cabinet for financial year 15/16 and to request an extension of EDS2 into financial year 2016/17 (a fourth year).
- 1.3 To request a reallocation of EDS2 funds to include £122k further ESF match funding.
- 1.4 To inform Cabinet that £200K of the full EDS1 allocation of £2,448k is no longer required for 2013-2015 period but could be re-allocated in the future.

## **2 Details**

- 2.1 The 2013-15/16 EDS Refresh programme has been instrumental in putting in place the business and economic development infrastructure and delivered a number of successful projects. This has been achieved with an under spend during 2013/15. It is proposed that some of the unspent funds are used to extend selected programmes into 2016/17 to build on the work of the existing programme and to introduce some new support programmes particularly around employment/skills and town centre activities.
- 2.2 In 2014/15 Cabinet agreed to an EDS2 budget of £1,290k split across 2014/15 and 2015/16. It is forecasted that by the end of 15/16 a total of £539k will remain unspent. The intention is to spend this in 16/17.
- 2.3 Of the forecast £539k, £122k is proposed to be reallocated and used as further match funding towards the EU European investment Social Fund (ESF) bid. The total required match funding is £182,450 but Cabinet agreement of 60k was already ascertained when EDS2 was first agreed (see appendix A). The ESF bid was led by London Councils in partnership with Local Authorities to deliver employability programmes. ESF set priority criteria and this bid relates to Investment Priorities 1.1 (under Priority Axis 1: Inclusive labour markets) and Investment Priority 2.1 (under Priority Axis 2: Skills for growth). The programmes will support Merton participants into work and to help those already in work to progress by gaining additional skills, confidence and motivation. Merton has provisionally committed £182,450 (2016/17) in match funding. The programme will focus on residents in the most deprived wards in the borough, predominately targeting those in the East. This is anticipated to begin in early 2016.
- 2.4 To use the remaining funds to continue to deliver the current programmed activities and extend into 2016/17. See Appendix A.

## **3 Alternative options**

- 3.1 To maintain the original timetable and complete the EDS programme with the under spend being returned to reserves. However, consideration should be given to what the Council intends to do beyond this current financial year and if a further economic development programme is required subject to the availability of funding.

## **4 Consultation undertaken or proposed**

- 4.1 None for the purposes of this report

## **5 Timetable**

- 5.1 The Refreshed EDS1 programme was approved in October 2012 for the 3 years (March 2013 to 31<sup>st</sup> March 2016). The EDS2 programme was approved in 2014. Each year, Cabinet are presented with anticipated spend and asked to approve funding for the current financial year.

## **6 Financial, resource and property implications**

- 6.1 If EDS2 is extended into 2016/17 the full E&R EDS reserve will be used.
- 6.2 EDS1 will not require £200k of the agreed £2,448k. Therefore £146k will not be drawn from the Outstanding Council Performance Board reserve and £54k will no longer be drawn from the Apprenticeships Reserve.
- 6.3 Alongside the funds agreed in October 2012, the Council were successfully awarded funding from DCLG for High Street Innovation Fund, Mayor's Regeneration Funds and Outer London Funds. This has been used in place of reserves and partly accounts for the under spend.
- 6.4 The future Merton Economic Development Team consists of a Programme Manager (recruited 2012) Business Growth Officer (recruited 2013), Employment and Skills Officer (recruited 2014) and a Town Centre Officer (recruited 2015). Three of the posts were vacant for a good part of the EDS programmes and in part also accounts for the under spend.

## **7 Legal and statutory implications**

- 7.1 None for the purposes of this report.

## **8 Human rights, equalities and community cohesion implications**

- 8.1 None for the purposes of this report.

## **9 Crime and Disorder implications**

- 9.1 None for the purposes of this report.

## **10 Risk management and health and safety implications**

10.1 None for the purposes of this report.

## **11 Appendices –** *Appendix A*

### **12 Background papers**

- 12.1 Regeneris report of Merton's Local Economic Assessment 2009 found here:  
[http://www.merton.gov.uk/merton\\_local\\_economic\\_assessment](http://www.merton.gov.uk/merton_local_economic_assessment)
- 12.2 Regeneris report Part 2, "A New future: An Economic Development Prospectus for Merton" 2010 found here:  
[Http://www.merton.gov.uk/merton\\_economic\\_development\\_strategy\\_2010.pdf](Http://www.merton.gov.uk/merton_economic_development_strategy_2010.pdf)
- 12.3 Cabinet report 18<sup>th</sup> July 2011 on Economic Development Programme 2011/4 found here: <http://democracy.merton.gov.uk/Data/Cabinet/20110718/Agenda/1040.pdf>
- 12.4 Shared Intelligence Economic Narrative 2012 found here:  
[http://www.merton.gov.uk/economic\\_narrative\\_for\\_merton\\_2012.pdf](http://www.merton.gov.uk/economic_narrative_for_merton_2012.pdf)
- 12.5 Shared Intelligence Economic Development Strategy 2012 found here:  
[http://www.merton.gov.uk/merton\\_s\\_economic\\_development\\_strategy\\_refresh\\_2012.pdf](http://www.merton.gov.uk/merton_s_economic_development_strategy_refresh_2012.pdf)
- 12.6 Cabinet report 22<sup>nd</sup> October 2012 on Refreshed Economic Development Strategy found here: <http://democracy.merton.gov.uk/Data/Cabinet/20121022/Agenda/1183.pdf>
- 12.7 LSG report 5<sup>th</sup> October 2015 on EDS Refresh feedback on performance.