

**TELFORD & WREKIN COUNCIL****CABINET -15 SEPTEMBER 2016****MARCHES GROWTH HUB & MARCHES BUILDING INVESTMENT GRANT****REPORT OF ASSISTANT DIRECTOR: BUSINESS, DEVELOPMENT & EMPLOYMENT****REPORT OF LEADER, CLLR SHAUN DAVIES & LEAD CABINET MEMBER - CLLR LEE CARTER****PART A) – SUMMARY REPORT****1. SUMMARY OF MAIN PROPOSALS**

- 1.1 Following the launch of the Telford Growth Hub and the Enterprise Telford strategy for growth, businesses across the Borough are set to benefit from two new coaching and funding programmes which will support c. 800 small and medium sized businesses to expand and new entrepreneurs to set up in business, increasing employment opportunity and driving innovation.
- 1.2 The European Union 2014-2020 Structural Funding Programme (ESIF) promotes smart, sustainable and inclusive economic growth. The funding available under the Programme has been allocated across Local Enterprise Partnerships, with the Marches LEP receiving a notional allocation of c£105m. In 2014 each LEP submitted an EU Investment Strategy to Government, setting out how they would use this allocation to support economic growth while meeting EU priorities.
- 1.3 The ESIF Programme identifies five Priority areas for investment, the most significant of which, Priority 1, is directed at supporting SME competitiveness, research and innovation. Under this Priority the Marches LEP has an allocation of some £42m.
- 1.4 The three Marches LEP Local Authorities have jointly submitted two project bids for ERDF funding under Priority 1. The Marches Growth Hub project will support the delivery of business support activity through the three physical Growth Hubs including the Telford Growth Hub based at the Priorslee Campus of University of Wolverhampton and the Marches Building Investment Grant will create a capital grant programme for business to facilitate the growth of small and medium sized enterprises (SME's) in the Marches area. These projects will form part of a strong suite of business support activity and funding opportunities that will support the growth of businesses across the Borough increasing employment and driving business innovation.
- 1.5 The Marches Growth Hub project is being led by Telford & Wrekin Council, who will be Accountable Body for the project and responsible for project management. The Marches Building Investment Grant will be led by Herefordshire Council, who will be Accountable Body for the project and responsible for project management and the administration of grants. Both projects were identified as potential ERDF projects and approved for submission by SMT and Policy Review in August/September 2015.

- 1.6 Both projects have now been approved for funding by DCLG. The purpose of this report is to confirm the project activities and outputs, to seek approval for the projects to proceed and for the Council to receive funding and make payments associated with the projects. The Enterprise Telford Board, Chaired by the Managing Director and including Lead Cabinet Members, will receive regular updates on project delivery and will monitor project performance.
- 1.7 Following the European Referendum, Government announced on the 13<sup>th</sup> August that all multi-year projects with signed contracts or funding agreements in place, and projects to be signed in the ordinary course of business before the Autumn Statement, will be fully funded, even when these projects continue beyond the UK's departure from the EU. Both projects are now awaiting issue of Funding Agreements by DCLG and so it is anticipated that they will be guaranteed funding in accordance with this announcement.

## **2. RECOMMENDATIONS**

That Members: -

- a) Approve the Council acting as Accountable Body and Project Manager for the Marches Growth Hub Project and the signing of a Funding Agreement with DCLG
- b) Approves the Council becoming a Partner in the Marches Building Investment Grant Project and the signing of a Partnership Agreement with Herefordshire Council
- c) Delegates to the Assistant Director Business, Development & Employment and the Assistant Director Governance, Procurement and Commissioning, authority to enter into the necessary Funding and Partnership Agreements

## **3. SUMMARY IMPACT ASSESSMENT**

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific Priority Plan objective(s)?	
	YES	Protect and create jobs as part of a business winning and business supporting Council.
	Will the proposals impact on specific groups of people?	
	YES	Existing and new businesses (SME's). Both projects will support in existing businesses and will provide incentives to business growth. The proposals will reduce unemployment and have the potential to create new higher skilled jobs for local people by supporting innovation in SME's.
<b>TARGET COMPLETION/DELIVERY DATE</b>	Subject to signature of Funding Agreements, the projects will operate from October 2016 to December 2019.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	The total value of the Marches LEP Growth Hub bid is £1,067k. ERDF will provide grant funding of £610k with match funding of £457k provided by the partner organisations as outlined below. The match funding contribution from Telford & Wrekin Council will be provided by staff time:	
	Organisation	<b>Total</b>

Telford and Wrekin Council	161,012
Shropshire Council	147,133
Herefordshire	148,514
DCLG Grant	610,731
	<b>1,067,390</b>

Telford and Wrekin will be the accountable body and will manage the day to day running of the project. The programme is scheduled to run from October 2016 to December 2019. The role of the accountable body has been reflected within the 2016-2018 Budget strategy. We are awaiting the issue of DCLG funding agreements which will enable this programme to proceed.

The Inward Investment & Business team have recently restructured and have incorporated the necessary skills to deliver this programme alongside their other priorities.  
AEM 11/08/16.

The total value of the Marches Building Investment project is £5.9m which is funded as follows:

	ERDF Grant	Public Match	Private Match	Total
Capital	£2.500m		£3.055m	£5.555m
Revenue	£0.326m	£0.024m*		£0.350m
<b>Total</b>	<b>£2.826m</b>	<b>£0.024m</b>	<b>£3.055m</b>	<b>£5.905m</b>
* £8.5k from Telford & Wrekin				

Herefordshire Council will be the accountable body and manage the day to day running of the project. The private match funding is directly from SME's and will form part of the contract offer letter. The grant awards to SME's will be paid on completion of works and submission of the appropriate documentation. Expenditure and outputs will be monitored throughout the project to ensure targets are achieved with progress reports being provided to the Marches Growth Project Group. The small contribution towards revenue (administration) costs and promotion of the grant locally by the T&W Council will be met from within existing resources. As with all ERDF grants spend must be defrayed and meet eligibility criteria. Finance will review the funding agreement as required.  
PH 11/8/16

**LEGAL ISSUES**

Yes	This is a legitimate application for funding from a central government Agency building on previous successes and accomplishments and work under the Growth Hub Project. The Council will utilise the resources for permitted purposes as set out in the Project Plan and will administer it in accordance with any overarching funding conditions/restrictions deemed necessary by the awarding body. The intentions of the
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		parties will be set out in in a formal funding agreement. The Council will manage this Project in line with Constitutional standards of financial probity and will undertake stringent financial planning and financial risk management. Any commissioning carried out as part of Project delivery will be done in line with the procurement requirements of the EU Commission, which may impact its delivery of outcomes. MG Legal Service 80787
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	YES	A small residual risk attaches to the issue of Funding Agreements by DCLG prior to the Autumn Statement in October 2016.
<b>IMPACT ON SPECIFIC WARDS</b>	NO	The benefits of the projects will be Borough wide with businesses (SME's, other than retail businesses although these will be supported by the wider programmes delivered through the Telford Growth Hub) eligible to apply for grants and to access coaching and mentoring that will generate business growth and create new jobs.

## **PART B) – ADDITIONAL INFORMATION**

### **4. INFORMATION**

#### **BACKGROUND**

##### **Marches Growth Hub Project**

- 4.1 The Marches Growth Hub project will increase private sector investment in the local economy by increasing SME capacity through the provision of streamlined support accessed via the physical Growth Hubs in Telford, Shrewsbury and Hereford. The project will include the provision of a business 'diagnostic' service delivered by Local Authority business support staff in order to support business growth through tailored and targeted support. The project will also deliver a programme of commissioned coaching and mentoring for businesses that responds to business need and demand and has a particular focus on the skills challenges identified as a priority by business across all sectors. It will include support for start ups as well as high growth business support, encompassing leadership and management, support to create a skilled workforce and high performance working. This Project has a direct link to the Enterprise Telford – Skills for Growth initiative, which will be the subject of a separate Cabinet report (October 2016).
- 4.2 The success of the project will be measured by the creation of 40 entrepreneurs assisted to start a business, almost 600 SME's receiving diagnostic support resulting in a tailored action plan and nearly 200 SME's helped to grow through the coaching and mentoring programme. The programme will create at least 20 new jobs.
- 4.3 The project value across the LEP is £1,067,386 with ERDF funding of £610,729. Telford & Wrekin Council will be the accountable body for the project and will draw down ERDF match against the salary time of the Growth Hub and Business Engagement teams who will be

providing diagnostic services to businesses and against the salary time of the Project Manager whose time will be jointly funded with contributions from Shropshire and Herefordshire. The coaching and mentoring element of the programme will be tendered through OJEU and open to applications from private sector business support providers.

### **Marches Building Investment Grant**

- 4.4 The Marches Building Investment Grant will facilitate the growth of SME's across the Marches who are currently constrained by a lack of suitable commercial premises. It will provide capital grants to SME's ranging from £4,500 to £100,000 to refurbish, reconfigure and extend commercial premises across the whole Borough and wider Marches LEP area. It will be a valuable tool as part of Telford's Enterprise Telford campaign, supporting business growth and new investment and it responds directly to business need for expansion identified by the Council's Inward Investment and Business Support Service.
- 4.5 The Project will be measured by the creation of new employment (c50 new jobs in Telford), by the number of enterprises receiving support and the extent of public or commercial buildings built or renovated.
- 4.6 The total value of the project is £5,905,383. The capital grant pot provided through ERDF will be £2,500,000 which will generate private sector leverage of just over £3m.
- 4.7 Herefordshire Council will be the accountable body for the project, responsible for project management, the processing of grant claims and the distribution and monitoring of grants. Telford & Wrekin Council's Investment and Business Engagement teams will be responsible for promoting the grant locally and supporting businesses to access funding. Telford & Wrekin Council will make a small payment towards the administration costs of the project, however this will be funded by the recycling of a refund of costs to the Council associated with the former Redundant Building Grant which this project replaces.

### **Summary**

- 4.8 Both projects now await the issue of Funding Agreements by DCLG. The target start date for both is October 2016, however this may slip if Government authorisation is not received in sufficient time to commence delivery.
- 4.9 These projects will complement the Business Growth Programme, a package of grants for SME's that are being managed by Birmingham City Council and in which the three Marches local authorities are partners. Taken as a suite of complementary business support, across the Marches these projects will support more than 100 new businesses to start up, almost 700 businesses to expand through support and coaching and mentoring activity and support the creation of at least 400 new jobs.

### **5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

None

### **6. PREVIOUS MINUTES**

None. These projects were considered for submission as funding bids by SMT on the 24<sup>th</sup> August 2015 and PRM on the 3<sup>rd</sup> September 2015.

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