



# Cabinet (Resources) Panel

11 September 2013

<b>Report Title</b>	<b>Black Country Broadband Business Support Project</b>
<b>Classification</b>	Public
<b>Cabinet Member with Lead Responsibility</b>	Councillor Peter Bilson Economic Regeneration and Prosperity
<b>Key Decision</b>	Yes
<b>In Forward Plan</b>	Yes
<b>Wards Affected</b>	All
<b>Accountable Strategic Director</b>	Tim Johnson, Education and Enterprise
<b>Originating service</b>	Education and Enterprise
<b>Accountable officer(s)</b>	Heather Clark Manager Strategic Projects and Funding
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## **Recommendation(s) for action or decision:**

The Cabinet (Resources) Panel is recommended to:

1. Agree to be accountable body for the Black Country Broadband Business Support Project.
2. That the Cabinet Member for Economic Regeneration & Enterprise in consultation with the Strategic Director Education and Enterprise and the Assistant Director Finance be authorised to sign off the bids for funding at full application stage.
3. That approval be given to enter into the collaboration agreement to enable delivery of the project and authority be given to the Chief Legal Officer to execute the final collaboration agreements.

## **Recommendations for noting:**

The Cabinet (Resources) Panel is asked to note:

1. The Black Country Broadband Project which is being developed utilising funding from European Regional Development Funding (ERDF) and Growing Places with

the potential to attract £1 million of grant funding into the Black Country. This project forms the basis of a collaboration between the four Black Country Local Authorities.

## **1.0 PURPOSE**

- 1.1. To present the Black Country Broadband Business Support Project utilising funding from European Regional Development Funding (ERDF) and Growing Places with the potential to attract £1 million of grant funding into the Black Country. This project has been developed through a collaboration between the four Black Country Local Authorities. Details of the project outline and funding arrangements are shown at Appendix A.
- 1.2. To seek agreement for Wolverhampton City Council to be accountable body for the Black Country Broadband Business Support Project.
- 1.3. To seek authority for the Cabinet Member for Economic Regeneration & Enterprise in consultation with the Strategic Director Education and Enterprise and the Assistant Director Finance be authorised to sign off the bids for funding at full application stage.
- 1.4. That approval be given to enter into the collaboration agreement to enable delivery of the project and authority be given to the Chief Legal Officer to execute the final collaboration agreements.

## **2.0 BACKGROUND**

- 2.1 A report was taken to Executive on 11 February 2013 on Making Wolverhampton a Connected City for the 21<sup>st</sup> Century. Wolverhampton has strong superfast broadband coverage at 93% (third highest amongst UK cities exceeding 100,000 dwellings) above the national 90% target. All Wolverhampton exchanges have or are scheduled for Superfast Broadband deployment. Improving access to superfast broadband infrastructure is an important element of Wolverhampton's City Strategy priority improving critical business infrastructure under the theme Encouraging Enterprise and Business. The report included a recommendation to facilitate businesses to utilise and benefit from the use of new technology.
- 2.2 However 'getting up to speed' takes more than the ability to access a superfast connection, particularly when many business users are still unclear about the benefits. A recent study by Lloyds Banking Group shows that highly digitised SMEs tend to grow faster than those that are less enabled and those using the Internet across their business report significant benefits. SMEs can achieve genuine, competitive advantages from advances in ICT through innovation, marketing, enhanced productivity and customer responsiveness, however without a programme of demand stimulation and skills development,

the research shows that only 15 per cent of UK businesses will subscribe to superfast broadband.

### **3.0 BLACK COUNTRY BROADBAND BUSINESS SUPPORT**

3.1 Sandwell MBC submitted an ERDF outline proposal in November 2013 to match fund their Local Broadband Fund allocation for broadband infrastructure. However due to state aid implications, they were unable to use the ERDF funding for broadband infrastructure, therefore have proposed to utilise the funding to stimulate take-up and usage of broadband amongst Black Country businesses. Sandwell MBC has asked whether Wolverhampton City Council can assume responsibility for accountable body.

3.2 The Black Country Broadband Business Support will offer an integrated programme of business support to ensure SMEs fully capitalise upon the business opportunities offered through our superfast broadband network. The project will assist eligible SMEs in connecting to the superfast broadband network, to fully understand and exploit commercial benefits offered and provide technical and practical support required for businesses to realise the benefits. The package of support will include:

- ***Initial Engagement*** events to stimulate demand for superfast broadband connections through a series of events across the Black Country highlighting the potential benefits and drawing on local businesses to communicate the scale and type of commercial benefits.
- ***One-to-one advice and ICT Diagnostic Review.***
- ***ICT Project support and mentoring*** offering a 2 day support package focusing on development, implementation and management of digital commercial strategies.
- ***Seminars and Group workshops*** sharing good practice, showcasing new products and introducing new processes that have the potential to enhance business growth using superfast broadband connections.
- ***Brokerage*** signposting SMEs to other business support services.
- ***Web based remote support and service website.***

3.3 The project has the potential to attract an additional £1 million investment into the Black Country funded through European Regional Development Fund and Growing Places making a significant and positive impact on economic growth, job and employment opportunities. Both bids will need to be successful for the bid to be successful. The bids do not require any cash match from the local authorities, however some contribution of staff time from within existing resources may be required to demonstrate our commitment and support for the project.

## **4.0 MINIMISING RISKS TO WOLVERHAMPTON**

- 4.1 As accountable body, Wolverhampton City Council would look to produce a collaboration agreement to be signed by Walsall, Sandwell and Dudley Councils to underwrite risk of European Regional Development Fund (ERDF) clawback. However as WCC are managing the project, we have more control in terms of putting systems in place to minimise risk of clawback in respect of this project. This would include utilising Wolverhampton's approach to project management including putting in place a risk register. This function would ensure that the project is compliant with ERDF regulations, for example, publicity requirements and all ensuring that relevant evidence and records are retained as required.
- 4.2 These projects are not without risk associated with Accountable Body status. We would, however, look to share the risk of any potential grant clawback against the grant allocated with the other Black Country Local Authorities through Collaboration Agreements and it is considered that through robust management processes the potential exposure can be reduced to a low level. In order to minimise risks associated with ERDF projects in line with the collaboration agreements, it is proposed that Wolverhampton will also have its own rigorous risk management process to minimise risks associated with collaboration agreements. It should be noted that clawback would in most cases be proportionate to the issue, for example a missing invoice and, hence, lack of supporting documentation would result in clawback for the amount of that invoice, not the whole project amount.
- 4.3 Wolverhampton has considerable experience in managing previous projects under the ERDF programme. This includes experience of the rigorous audit carried out and very specific and inflexible regulations which are enforced to extract clawback. This very experience ensures a cautious and thorough examination of the collaboration agreements, as well as a robust approach to project management systems and processes. Specific and up-to-date training for all ERDF project managers and finance related staff would be offered to all Wolverhampton staff working on ERDF projects.

## **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The project has the potential to attract £1million of grant investment into the Black Country to remove barriers to business growth and create the conditions for enterprise to flourish. Albeit a fantastic opportunity to stimulate economic growth in Wolverhampton, these projects are not without risk associated with Accountable Body status, however we would look to share the risk of any potential grant clawback against the grant allocated with the other Black Country Local Authorities through Collaboration Agreements. Although

there are significant financial risks associated with the role of Accountable Body, it is considered that through robust management processes this can be reduced to a low level as discussed in section 4.

- 5.2 This report seeks approval for Wolverhampton to act as accountable body and the Cabinet Member for Economic Regeneration & Enterprise in conjunction with the Strategic Director Education and Enterprise and the Assistant Director Finance to be authorised to approve the final detailed terms of the collaboration agreement, in conjunction with other Black Country Local Authorities, and agree the final financial contribution, subject to normal budgetary approvals, that Wolverhampton City Council will make.
- 5.3 It is anticipated, that for each project, the risk would be equally shared across the four partners i.e. a nominal 25% share across each project would represent £250,000 for WCC [RT/27082013/H].

## **6.0 LEGAL IMPLICATIONS**

- 6.1 Councils have authority to enter into Collaboration Agreements by virtue of Section 1 of the Localism Act 2011, which empowers Local Authorities to do anything that individuals may generally do. These Agreements and the proposals also accord with the sustainable communities strategy contained in Section 4 of the Local Government Act 2000.
- 6.2 Collaboration Agreements set a framework and governance structure for joint working between the parties to enable the delivery of the programmes and ensures commitment to the process and a shared responsibility between Black Country authorities, thereby mitigating risk for the respective accountable body. The key risk for all the parties are dealt with elsewhere in this report and whilst the financial impact of clawback are significant, providing ongoing risk assessments are carried out by all Councils and in particular this Council, the possibility of clawback being enacted is considered to be an acceptable risk. RB/20082013/B

## **7.0 EQUALITIES IMPLICATIONS**

- 7.1 All ERDF funded projects must demonstrate how equality and diversity issues and opportunities are taken into account. .

## **8.0 ENVIRONMENTAL IMPLICATIONS**

- 8.1 By stimulating the use of new technologies enabled through superfast broadband, we can encourage businesses to offer more flexible working conditions, such as homeworking, which can have a positive environmental impact.

## **9.0 Schedule of background papers**

- ERDF Project Outline
- Risk Register

## ERDF Project Outline

<b>Project Name</b>	<b>Black Country Broadband Business Support Project</b>
<b>Project Description</b>	Integrated programme of business support to ensure SMEs full capitalise upon the business opportunities offered through our superfast broadband network. The project will assist eligible SMEs in connecting to the superfast broadband network, to fully understand and exploit commercial benefits offered and provide technical and practical support required for business to realise the benefits.
<b>Project Funding</b>	£1 million - £0.5 million ERDF matched by £0.5 million Growing Places (subject to approval)
<b>Project Timeline</b>	October 2013-June 2015 (subject to funding approval)
<b>Accountable Body</b>	Wolverhampton City Council
<b>Progress to date</b>	The initial ERDF stage 1 application submitted by Sandwell has been approved. Wolverhampton CC has been asked to assume accountable body status at full application stage. A draft full application has been prepared.
<b>Risks</b>	As the proposed Accountable Body for the new combined project WCC would be responsible for effective delivery of this new larger project and potential clawback of the full £1 million ERDF grant. In taking on this expanded project WCC would look to produce a collaboration agreement to be signed by Walsall, Sandwell and Dudley Councils to underwrite risk of ERDF clawback under similar arrangements to the PIP project reducing the level of risk to WCC. As WCC are managing the project, we also have more control in terms of putting systems in place to minimise risk of clawback in respect of this project.

## Risk Register

(The attached Risk Matrix should be referenced when rating the significance of the risk in terms of probability 'v' impact)

**Title: Black Country Broadband Business Support**

**Date: 23 July 2013**

**Version: V1 (Draft). Risk workshop to be held to complete table.**

Ref No.	Risk / Uncertainty	Date Identified	Probability	Impact	Priority Score (Probability x Impact)	Mitigating Action	Target Resolution Date	Action Status (live/closed)	Update Notes	Action Owner
	Risk associated with becoming Accountable Body for Black Country Broadband Business Support in terms of clawback.	July 2013	2	3	6	Collaboration agreement to be signed by Walsall, Sandwell and Dudley Councils to initially underwrite 25% in terms of risk of clawback Costs built in to employ an experienced ERDF project manager to ensure complies with ERDF rules. Risk assessment will be undertaken and risk log maintained throughout.				