



Cabinet (Resources) Panel

26 November 2013

Report title	Regional Growth Fund and European Regional Development Fund- Approval of Collaboration Agreements	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Peter Bilson Economic Regeneration and Prosperity	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Tim Johnson, Education and Enterprise	
Originating service	Strategic Projects and Funding	
Accountable officer(s)	Heather Clark Tel Email	Strategic Projects and Funding Manager 01902 555614 heather.clark@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	14th November 2013

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

Approve the approach to Collaboration Agreements in the Black Country

1. To approve specific collaboration agreements where funds are in the process of being secured to enable delivery of the Growing Priority Sectors and Growth Factory projects and delegate authority to the Chief Legal Officer to execute the final collaboration agreement.
2. Agree that the Cabinet Member for Economic Regeneration and Prosperity in consultation with the Strategic Director Education and Enterprise and Legal and Finance representatives, be authorised to approve the terms of future collaboration agreements in conjunction with other Black Country Local Authorities and Black Country Consortium.

Approve the approach to Accountable Body Status in the Black Country

3. Agree Wolverhampton City Council act as accountable body for the Growth Factory and entering into an information sharing agreement with Black Country Partners.

1. Purpose

- 1.1 The purpose of the report is to draw to Councillors' attention opportunities to attract external resources to help achieve our economic objectives, to agree for Wolverhampton to act as accountable body for the Growth Factory and to enter into collaboration and information sharing agreements.

2. Background

- 2.1 Increasingly economic development and regeneration funding has to be accessed via the Black Country Local Economic Partnership (LEP) route. Preparation is underway for the next round of European Structural Funding and the Local Growth Fund. However there are immediate opportunities for the Black Country under the Regional Growth Fund and current European Regional Development Fund programmes.

3. Black country projects

- 3.1 This report relates to two Black Country projects:
 - **Growing Priority Sectors** provides funding of between £50,000 and £1 million for Black Country small and medium enterprises operating in our key local sectors. Two bids are being submitted for a total of £7 million, £4 million from Regional Growth Fund round 4 and £3 million from the European Regional Development fund. This project will contribute to the City Strategy result to increase net jobs by increasing business GVA and productivity. **Project outputs are:** Creating and safeguarding 533 jobs across the Black Country and creating or refurbishing 2,000 sq m of commercial floorspace.
 - **Black Country Growth Factory** will both coordinate all local business support as well as supporting SMEs in High Value Manufacturing to grow through a collaboration of local and national business support agencies, including MAS, UKTI and Growth Accelerator. It will provide customised support to address the specific needs of local businesses and enable them to compete and grow. £4 million is being sought from Regional Growth Fund City Deal wave 2 for 2014/15. This project will contribute to the City Strategy result to increase net jobs. **Project outputs are:** Jobs Created – 346, Jobs Safeguarded – 336, Businesses Engaged – 6125.

Full details of these projects are provided in appendix A.

4. Collaboration agreements

- 4.1 Collaboration agreements are an agreement between two or more organisation setting out the nature of their working relationship.
- 4.2 The Regional Growth Fund (RGF) is a £3.2 billion fund managed by the Department for Business Innovation and Skills. It is in its fifth round of offering grants of £1 million and above to companies and private sector led partnerships to create jobs, stimulating economic growth and sustainable development.
- 4.3 The Black Country via the Black Country LEP successfully bid to round 3 of the Regional Growth Fund for £11 million to operate a grant programme targeting businesses that do not individually meet the Regional Growth Fund threshold of £1 million, but that meet all other funding criteria and are operating in the Black Country priority economic sectors. The programme is called Growing Priority Sectors. This programme is already heavily oversubscribed by Black Country businesses and subsequent applications to extend the scheme have been made to round 4 of the Regional Growth Fund and the West Midlands European Regional Development Fund (ERDF) Programme 2007-13. This would increase the funding available to Black Country businesses via the Growing Priority Sectors programme from the initial £11 million to £19 million. The Council has been asked to seek approval to enter into a collaboration agreement to share risks across the Black Country authorities.
- 4.4 For the Black Country Growth Factory, Wolverhampton is asking each Black Country local authority to sign a collaboration agreement enabling risk to be shared. In addition, all partners will be asked to sign an information sharing agreement to facilitate the gathering, sharing and monitoring of data about actual and potential business clients and the services provided to businesses by Growth Factory partner agencies.

5. Accountable body status

- 5.1 Accountable body status means Wolverhampton City Council shall be responsible for the delivery, monitoring and compliance of the programme for all of the parties.
- 5.2 Through City Deal, there is also an opportunity for the Black Country to bid for £4 million of Regional Growth funding to establish the Growth Factory as a one stop shop for business support across the Black Country. It aims to equip the Black Country's manufacturing small and medium sized enterprises (SMEs) with the tools and support they need to compete, innovate and take advantage of supply chain opportunities on offer to them. Wolverhampton has agreed to act as Accountable Body subject to Cabinet (Resources) Panel signoff.

6. Minimising risks to Wolverhampton

- 6.1 These projects are not without risk associated with Accountable Body status. However, the purpose of the collaboration agreement is to share the risk of any potential grant clawback against the project delivery lead with the other Black Country Local Authorities.
- 6.2 In order to minimise risks associated with ERDF and RGF projects in line with the collaboration agreements, it is proposed that Wolverhampton will also have its own rigorous risk management process. Furthermore 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.
- 6.3 Wolverhampton has considerable experience in managing previous projects under the ERDF programme. This includes experience of the rigorous audit procedures 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.

7. Financial implications

- 7.1 The proposals covered in this report have the potential to attract a significant amount of grant investment into Wolverhampton, through participation in collaborative Black Country external funding bidding opportunities. The financial implications of the report recommendations are included in the main body and summarised at Appendix A.
- 7.2 The opportunities discussed in the report offer significant investment benefits through the attraction of external resources. The risks associated with these benefits will be mitigated by the formal collaboration proposals discussed in the report together with Wolverhampton City Council's approach to project management. [RT/12112013/H]

8. Legal implications

- 8.1 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.
- 8.2 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. Therefore a representative of the Chief Legal Officer will be required to participate in the development of each agreement to ensure deliverability and minimise risk for Wolverhampton. [JH/07112013/T]

8.3 The key risk for all the parties are dealt with elsewhere in this report and whilst the financial impact of clawback is significant, providing on-going 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.

9. Equalities implications

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

10. Environmental implications

10.1 All ERDF and RGF funded projects must demonstrate how environmental implications are taken into account.

11. Schedule of background papers

Appendix A - project outlines: Growing Priority Sectors and Growth Factory

Appendix A: Project Outlines

Project Name	Growing Priority Sectors
Project Description	Funding of between £50,000 and £1 million for Black Country small and medium enterprises operating in the priority sectors of; advanced manufacturing, building technologies, transport technologies, business and professional services and environmental technologies sectors, to create jobs.
Project Outputs	533 Jobs created and safeguarded
Project Funding	Regional Growth Fund round 3 = £11 million Regional Growth Fund round 4 = £4 million European Regional Development Fund (ERDF) = £3 million (Awaiting approval)
Project Timeline	Present to June 2015
Accountable Body	Sandwell MBC
Progress to date	Round 3: Fourteen Wolverhampton companies initially expressed an interest in round 3, of these five submitted full applications and one has been successful. Round 4: Due to be launched. ERDF: Awaiting approval
Risks	Risk management is a fundamental aspect of the project management and a comprehensive project specific risk log is maintained. Financial risk is minimised through the due diligence carried out prior to the awarding of a grant funding contract to any business to ensure sound financial management practices are in place. Through representation on the project steering group project progress is able to be monitored. Furthermore there is a dedicated project manager to ensure delivery of the project in accordance with its objectives and milestones. Finally the execution of a Collaboration Agreement ensures liability for each partner is transparent.

Project Name	Black Country Growth Factory
Project Description	<p>The Black Country Growth Factory will maximize the opportunities to growth by becoming the portal to all the business support services in the sub region. It will coordinate and monitor the quality of all generic business support and offer a specialist package of support to HVM SME's. It will offer</p> <ul style="list-style-type: none"> • A pool of expertise • Simplified access to support • Links to national and local programme's and coordinated partner budgets. • A package of specialist support for HVM SME's focused on innovating <p>It will support SMEs to overcome capacity constraints and maximize the economic opportunities resulting from global growth, through</p> <ul style="list-style-type: none"> • Access to new markets • Competitive supply chain <p>Support will be led by the business, assisted through a broad partnership of local experts working to a shared objective – To Grow the Black Country. This will provide the vital introduction to the longer term objective set out in the Black Country EU Investment Plan</p>
Project Funding	Regional Growth Fund City Deal Wave 2 = £4 million and £11m Private Sector Match
Project Outputs	Jobs Created – 346 Jobs Safeguarded – 336 Businesses Engaged - 6125
Project Timeline	2014-16
Accountable Body	Wolverhampton City Council
Progress to date	Proposal submitted November 2013.
Risks	Risk management is a fundamental aspect of the project management and a comprehensive project specific risk log is maintained. Furthermore there is a dedicated project management resource to ensure delivery of the project in accordance with its objectives and milestones. Finally the execution of a Collaboration Agreement ensures liability for each partner is transparent.