



Cabinet (Resources) Panel

11 March 2014

Report title	External Funding Update
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	Partnerships Economy and Culture
Accountable employee(s)	Heather Clark Strategic Projects and Funding Manager Tel 01902 555614 Email Heather.clark2@wolverhampton.gov.uk
Report to be/has been considered by	Delegated authority is sought from full Council for grants to third parties

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Provide authority to incur expenditure on externally funded projects in accordance with bids submitted and any changes subsequently agreed with external funding providers as set out in the grant determination.
2. Seek delegated authority from Cabinet (Resources) Panel for the Cabinet Member for Economic Regeneration & Prosperity in consultation with the Strategic Director, Education and Enterprise, to agree grants to the third parties as already approved by Council, as part of the delivery of these externally funded projects.

1.0 Purpose

- 1.1 The purpose of the report is to seek approval to spend in relation to three externally funded projects and delegated authority to issue grants to third parties from full Council.

2.0 Background

- 2.1 Attracting external resources is becoming increasingly important in order to implement our strategic priorities. Wolverhampton City Council has led on a number of successful bids for external funding supporting the corporate objective encouraging enterprise and business. Previous reports have been agreed by Cabinet Resources Panel (18 December 2012, 29 January 2013, 11 September 2013 and 26 November 2013) seeking approval to bid, act as accountable body and enter into collaboration agreements for externally funded projects.

3.0 Overview of Black Country Externally Funded Projects

- 3.1 Wolverhampton City Council has been successful in bidding for external funding for a number of Black Country wide projects.
- 3.2 **Black Country Growth Opportunities Local Delivery (GOLD):** £1.96 million project, partially funded by the European Regional Development Fund (ERDF), providing tailored one-to-one advice, diagnostic resulting in a development plan, workshops, business grant funding and follow up support for Small Medium Sized Enterprises (SMEs) unable to exploit growth opportunities due to lack of capacity.
- 3.3 **Black Country Growth Factory:** £3.1 million Regional Growth Fund (RGF) has been awarded to deliver Black Country Growth Factory as part of City Deal. The Growth Factory which will fund a one stop shop approach to business assistance across the Black Country with packages of support available to all local businesses. It aims to equip the Black Country's manufacturing SMEs with the tools and support they need to compete, innovate and take advantage of supply chain opportunities on offer to them.
- 3.4 **Black Country Broadband Business Support Project:** £0.25 million has been awarded from Growing Places enabling us to draw down £0.25 million from European Regional Development Fund to fund a broadband business support project. The project aims to support businesses to take up and use technologies enabled by superfast broadband in recognition of the positive correlation on growth for highly digitalised SME's.
- 3.5 Black Country GOLD and Growth Factory involve an element of allocation of grants to Black Country SME's. As part of the Black Country GOLD programme of tailored support to identify and realise growth opportunities, Black Country SMEs and Social Enterprises will be invited to apply for a business grant of up to £5,000 for equipment or £16,000 for specialist professional services to implement their growth plans. The allocation for grants is £820,000 funded from ERDF attracting £820,000 private sector leverage. Grants will

only be available following a programme of tailored support including one-to-one diagnostic, specialist workshops and support to develop growth plans. £1.68 million of Black Country Growth Factory has been allocated to grants attracting £6.028 million private sector leverage and leading to the creation of 105 jobs, safeguarding 145, engaging 30 businesses, with 9 assisted to approval performance. Delegated authority is sought from full Council in relation to the issuing of grants to third parties across the Black Country. Grant are issued on competitive basis with SME's must apply for grants which must meet a minimum quality threshold.

Externally funded project	Amount allocated to Grants	Leverage
Black Country GOLD	£820,000	Private sector
Black Country Growth Factor	£1.68 million	Private sector

4.0 Financial implications

4.1 Cabinet (Resources) Panel has previously approved that Wolverhampton City Council will act as Accountable Body and contribute match funding for the projects set out in this report. This report now seeks approval to incur expenditure on externally funded projects in accordance with bids submitted and any changes subsequently agreed with external funding providers as set out in the grant determination.

4.2 The latest grant determination details for each project successfully securing grant are as follows:

Black Country GOLD

	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
ERDF Capital Grant	0	336	84	420
Public Sector Capital Match	0	0	0	0
Private Sector Capital Match	0	336	84	420
Capital Sub Total	0	672	168	840
ERDF Revenue Grant	26	428	111	565
Public Sector Revenue Match	26	108	30	164
Private Sector Revenue Match	0	320	80	400
Revenue Sub Total	52	856	221	1,129
Grand Total	52	1,528	389	1,969

Public sector match for this project is made up of £32,000 from each Black Country authority and match from the Business Solution Centre and Black Country LEP totalling £35,000.

Grants payable to Black Country businesses comprise of £420,000 capital and £400,000 revenue to be matched by equivalent private sector funding.

Black Country Growth Factory

	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
RGF Capital Grant	0	15	0	15
RGF Revenue Grant	95	2,986	0	3,081
Grand Total	95	3,001	0	3,096

There is no public sector match required for this project but an expected outcome of £7.4M private sector investment through delivery of this scheme.

Grants payable to Black Country businesses comprise of £1.68M revenue.

Black Country Broadband Business Support Project

	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
ERDF Revenue Grant	0	196	54	250
Anticipated Growing Places Revenue Grant	0	196	54	250
Grand Total	0	392	108	500

ERDF funding has been secured for this scheme but this is subject to an equivalent contribution from Growing Places which has not yet been approved. This budget will only be included once all funding sources have been confirmed.

- 4.3 Previous reports have identified that risk of grant clawback will be managed through collaboration agreements and grant agreements with third party recipients. Clawback risk is split equally amongst the four Black Country authorities in the first instance and then if and when any grants are distributed to businesses the spread of risk will then be based on the distribution of benefit. Should Wolverhampton businesses secure more business grants than businesses in the other Black Country authority areas this would increase the potential clawback risk to Wolverhampton City Council if the grant cannot be recovered from the business receiving the benefit. Mitigation measures for each project are in place to minimise this risk. [ES/24022014/P]

5.0 Legal implications

5.1 There are no direct legal implications to this report. Previous reports have been approved by Cabinet Resources seeking agreement to enter into collaboration agreement to share the risk across the Black Country. [RB/25022014/E]

6.0 Equalities implications

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

7.0 Environmental implications

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

8.0 Human resources implications

8.1 There are no direct human resource implications from this report. The costs of grants/claims administrators have been built into the project costs of Black Country GOLD, Broadband Business Support and Growth Factory.

9.0 Schedule of background papers

9.1 None