

CITY OF WOLVERHAMPTON COUNCIL	Cabinet 17 December 2019
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Report title	External Funding Update 2019/2020	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Miles Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable Director	Charlotte Johns, Strategy	
Originating service	Strategy	
Accountable employee	Heather Clark Tel Email	Service Development Manager 01902 555614 Heather.Clark2@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	19 November 2019

Recommendations for decision:

The Cabinet is recommended to:

1. Approve the project change request for the AIM for GOLD project extension and contract variation for the Black Country Impact project extension.
2. Approve the creation of a fully funded revenue budget to support and add value to the Bilston Business Improvement District's (BID) Christmas activities. The funding to be principally sourced through the West Midlands Combined Authority's (WMCA) Town Centres Programme.
3. Delegate authority to the Cabinet Member for City Economy and the Cabinet Member for Resources, in consultation with the Director of Regeneration and Director of Finance to:
 - a. Approve acceptance of the grant funding agreements/variation and the Council entering into such agreements if the projects referred to in recommendation 1 above are successful at project change request stage.

- b. Approve necessary budgets in line with the funding agreement/variation if the projects referred to in recommendation 1 above are successful at project change request stage.
 - c. Approve the use of the indirect costs element of any ERDF grant to cover any additional administrative costs associated with the above EU funded programmes
 - d. Approve the signing of any necessary funding and other legal agreements with the WMCA and the Bilston BID to support the BID's events programme
4. Delegate authority to the Cabinet Member for City Economy and the Cabinet Member for Resources, in consultation with the Director of Regeneration and Director of Finance to:
 - a. Approve reimbursement of ERDF grant to delivery partners who are awarded ERDF grant for the AIM for GOLD extension.
 - b. Approve the payment of grants to businesses who are awarded ERDF grant for AIM for GOLD extension
 5. Approve acceptance of the Arts Council grant funding and the creation of a fully funded revenue budget of £20,000 for the Cultural Compact project, in line with the funding agreement.
 6. Approve the increase in the post of Enterprise Team Co-ordinator within the AIM for GOLD project from part-time to full-time in light of additional administrative burden from 1 January 2020 until March 2023 and the funding of the additional costs from the AIM for GOLD grant.
 7. Approve that the Black Country Executive Joint Committee's Collaboration Agreement be amended to reflect Walsall Metropolitan Borough Council's role as single accountable body for all Black Country Local Enterprise Partnership funding.

Recommendation for noting:

The Cabinet is recommended to:

1. Note that the match funding requirement for the Black Country Impact Extension and AIM for GOLD projects (extension of existing projects) are met via the Wolves at Work budget over the lives of the projects. If these commitments are not met, appropriate match funding from another source will be required or the grant funding will be at risk.

1.0 Purpose

- 1.1 To seek approvals relating to bids and project change requests for external funding to meet the Council's priorities following the recent submission of outline bids and to enable WMCA funding to be used to support the Bilston BID's Christmas events programme.
- 1.2 **To seek approval to enter into a revised Collaboration Agreement in relation to the Black Country (BC) Executive Joint Committee for funds secured by the BC Local Enterprise Partnership (LEP).**

2.0 Background

- 2.1 The securing of external monies is important to funding the delivery of the Council's key priorities as set out in the Council Plan. The Medium Term Financial Strategy emphasises the importance of maximising external income. Over the last three years, externally funded projects worth over £85 million have been delivered and secured across all Council priorities.
- 2.2 The Black Country European Structural and Investment Fund (ESIF) Strategy, developed on behalf of the Local Enterprise Partnership (LEP), outlined the Black Country's priorities for allocating European funding between 2014 and 2020. The Black Country's allocation between 2014 and 2020 was €177 million (£152 million based on exchange rate 24 October 2019) split 50/50 between European Regional Development Fund (ERDF) and European Social Fund (ESF). Despite the result of the EU referendum, the UK is committed to the existing programme period for European Structural and Investment Fund (ESIF) funding with potential for projects to run until 2022. The recent call for outline applications is the final opportunity to draw down resources. The final call for outline applications for ERDF was made June 2019 with a closing date of 30 September. The Council have been very proactive at identifying suitable projects and match funding to secure resources.
- 2.3 Bilston is identified as one of the five first wave town centres across Birmingham and for the Black Country to benefit from the WMCA's Town Centres Programme. The resources identified to support the BID's Christmas activities represent an early win for the town and are included in this report to enable time critical activity to take place in the run up to Christmas.
- 2.4 On the 24th April, Walsall MBC's Cabinet approved a request from the BC LEP to formally appoint Walsall MBC as the single Accountable Body for all LEP funding, which will include the funding received from the WMCA, together with other funding streams including:
 - Local Growth Fund
 - LEPs Core, Strategic and Growth Hub funding
 - Enterprise Zones
 - Growing Places Fund
 - Land & Property Investment Fund

2.5 Any future Black Country funding routed through the LEP will be managed by Walsall MBC as part of its single accountable body role. The Black Country Joint Executive Committee's Collaboration Agreement has been updated to reflect this change.

3.0 Externally Funded Projects

3.1 External funding is sought to deliver Council priorities. Cultural Compact contributes to a vibrant green city we can be proud of. AIM for GOLD contributes to more good jobs and investment in the city by supporting businesses to grow. Black Country Impact contributes to well skilled people working in an inclusive economy. European Regional Development Fund (ERDF) and European Social Fund (ESF) adds value to existing planned activity enabling improved quality and efficiencies, additional businesses supported to grow and more young people supported into employment, education and training.

3.2 An overview of the grant bids and their current status is shown in the tables below. In total, the amount of external funding requested, including recently secured funds, amounts to over £6 million. The Council has submitted outline applications for funding to support other initiatives that support the delivery of our council plan such as Black Country Blue Network 2, energy efficiency improvements, solar farm and ultralow emission vehicles which will be covered by a future report if they proceed to full bid stage.

Table 1 – Overview of Grant Bids - Extensions to Current Projects

Funder	Project Overview	Funding and Outcomes	Current Status and Approvals Required
ERDF	<p>AIM for GOLD: expansion of the current project to meet demand by increasing ERDF grant available for distribution and the size of the average capital and revenue grant to businesses.</p> <p>Extension - it will increase the amount of time the grant is available for – at current demand, grants would run out in March 2021. It will also fund a project extension of 12 months until 31 March 2023 covering additional grants, salary, evaluation, marketing and other delivery costs.</p>	<p>£2 million ERDF towards total project costs of £6 million</p> <p>Increase in businesses receiving information, diagnostics and brokerage from 410 to 440, business assists from 225 to 285 and increase in employment from 166 to 230.</p> <p>Match funding is from business contribution for grants and existing staff time.</p>	<p>Outline application submitted 30 September.</p> <p>Approval to submit project change request is sought in this report.</p> <p>If successful, delegated approval is sought in this report, to create budgets in line with the funding agreement/variation and approve reimbursement of ERDF grant to delivery partners and SME's.</p>

			Subject to approval of the grant extension, approval is sought in this report to increase the Enterprise Team Co-ordinator from part-time to full-time in light of additional administrative burden from 1 January 2020 to end March 2023, fully funded by the grant.
Department for Work and Pensions (DWP) Funded 1/3 YEI, 1/3 ESF and 1/3 match comprising staff time.	Black Country Impact (BCI) Extension: BCI supports young people (15 – 29) who are not in education, employment or training (NEET) through the provision of advice and guidance, bespoke training and intensive support to access employment.	Currently funded to end of 2021, extension bid submitted by lead body (Dudley Council), to extend provision to end 2023 and provide an additional £4.3 million funds to the Council. Outcomes will be set by lead body following notification of successful funding; will include total engagement numbers and progression to education and training or offer of employment.	Approval required for a contract variation with the lead body Dudley MBC. Delegated authority to create a supplementary budget for the extended programme should the bid be successful is sought in this report.

Table 2 – Overview of Grant Bids – Grantor Approvals in Place

Funder	Project Overview	Funding and Outcomes	Current Status and Approvals Required
Arts Council	Cultural Compact: Resources to fund a Cultural Champion to set up a multi-agency partnership bringing together cultural and non-cultural partners to maximise impact of culture on regeneration and economic growth activities.	£20,000 Arts Council Grant £6,000 match identified from Future High Streets Fund preparatory grant	Bid submitted October 2019 and approved November 2019 Approval to create supplementary budgets is sought in this report.
West Midlands Combined Authority	Town Centres Programme Resources identified to fund a series of “soft” interventions across the five identified town centres to support further land and property related interventions.	£27,000 WMCA £2,500 Bilston BID £2,500 CWC	Approved at WMCA. Approval to create a supplementary budget and authority to sign any necessary funding and legal agreements is sought in this report.

4.0 Risks and Mitigations

- 4.1 **Dedicated Project Management:** EU funding is subject to strict rules and regulations which are outlined in the Grant Fund Agreement that the Council as lead body would enter into with the Funder. These include rules around procurement, marketing and publicity and document retention which the Council must comply with to avoid risk of clawback of grant. To ensure that additional requirements are complied with, to minimise risk to the Council, dedicated project management is costed into EU funding bids.
- 4.2 **Grant Funding Agreements** with delivery partners: a number of the bids are partnership bids with the Council leading on behalf of a range of delivery partners who bring match funding to the table. At full bidding stage, delivery partners will be required to provide a letter committing their match funding. In addition, delivery partners must enter into in a back to back Grant Funding Agreement outlining their contributions and agreement to comply with EU rules and regulations transferring risk of compliance and associated clawback. If a delivery partner were to pull out prior to full bid submission, their project costs would be removed from the project costs. Where this happens during delivery, costs would be reduced through a project change request with the funder.
- 4.3 **Indirect Costs:** EU funded projects allow inclusion of 15% indirect costs to cover additional council costs if not specifically costed into the project. To minimise pressure on internal resources before and during delivery, indirect costs can be used to fund additional pressures such as those arising from dedicated finance and procurement

support, compliance requirements and regulatory archiving stipulations for record keeping etc. Therefore, it is proposed to explore the use of the indirect costs element of any ERDF grant to cover any additional costs associated with the delivery of EU funded projects in line with the terms of the grant offer.

4.4 **Outputs:** EU funded projects must deliver outputs as outlined in the call and evidence in line with output definitions. Should outputs not be achieved, the project could be liable to a penalty, although there is usually 15% variance and changes can be made during delivery via Project Change requests. Therefore, the Project Manager should monitor output delivery against profile and submit a Project Change request if required.

4.5 **Costing:** in order to develop full bids, it is important to have detailed costings in place, therefore departments may need to identify appropriate resources to collate accurate costing information to support the bids.

5.0 Evaluation of alternative options

5.1 **No bid** - projects would not proceed or would proceed at a lesser scale or over a longer timescale if external funding was not available.

5.2 **Bid** - external funding enables the Council to deliver priority projects at a faster pace with greater impact with positive impact on regeneration activity and economic growth including gross value added (GVA) gain, learner assists. For example:

- **AIM for GOLD:** additional ERDF funding will enable this project to be extended and increase resource available for grants to meet business demand.
- **Black Country Impact Extension:** additional ESF and Youth Employment Initiative funding will enable the project to be extended to support more young people into employment, education and training.
- **Cultural Compact:** Arts Council funding will enable us to bring in additional resources to pull together a partnership putting us in a better position to bid for future funding and also explore more sustainable finance options. This will include the recently announced Cultural Development Fund round with £90 million available.
- **WMCA Town Centres Programme:** the funding of a three day street festival in Bilston represents a step change in what the town can offer and will directly support the objectives of the Council and the BID in the town. A number of measures (footfall, spend etc. will be used to evaluate the project.

6.0 Reasons for decision(s)

6.1 External funding enables priority projects to proceed, at a faster pace and with greater impact. External funders usually require the Council to enter into a Grant Funding Agreement outlining what the resource can be used for and rules and regulations relating to the funding source. There is a risk of clawback of grant if rules and regulations are not followed, therefore dedicated Project Managers are built into costings for larger external funded projects to minimise risk.

7.0 Financial implications

- 7.1 The financial implications of each bid are outlined in the tables and narrative below. Should the final bids/project change request be successful, there would be no additional net budget requirements for the Council as the contributions are limited to existing approved revenue and capital budgets. There is however, a commitment to utilise certain budgets for future match funding purposes.
- 7.2 Where the City of Wolverhampton Council act as lead body for externally funded projects, the Council will be required to enter into a funding agreement with the Funder which outlines the project and also sets out rules and regulations that must be complied with. Where partners are involved in the project's delivery, the Council will enter into a back to back grant funding agreement with delivery partners setting out their responsibilities and ensuring compliance with the funder's rules and regulations to mitigate the risk of non compliance and possible grant clawback.

AIM for GOLD (Extension of Existing Project)

- 7.3 Funding is sought to enable this project to be extended and to increase resources available for grants to help grow SME businesses. The other delivery partners involved in this extended project are Walsall, Dudley and Sandwell Councils, the Black Country Consortium and SME's.
- 7.4 Revenue match is from existing staff time and capital match is from SME contributions. A dedicated project manager will be responsible for ensuring the project is delivered within budget and timescale. Approval to extend the enterprise team co-ordinator post from part time to full time, funded via the grant received, is requested in this report.
- 7.5 If the outline bid progresses to project change request stage and the latter is successful, there would be no impact on the net position of the capital programme or revenue budget.
- 7.6 It is anticipated that the profiled revenue and capital spend, which reflects the submitted project change request, will be as per the table below.

Table 3 - AIM for GOLD Funding and Phasing Funding and Phasing

	2019-2020 £000	2020-2021 £000	2021-2022 £000	2022-2023 £000	Total £000
Revenue					
ERDF	4	19	103	496	622
<u>Public Sector Match</u>					
CWC Match Funding	5	19	29	326	379
Walsall Council	-	-	40	78	118
Dudley Council	-	-	-	18	18

Sandwell Council	-	-	-	25	25
Black Country Consortium	-	-	33	-	33
<u>Private Sector Match</u>					
SME's	-	-	-	49	49
Total Revenue	9	38	205	992	1,244
Capital					
ERDF	-	84	540	814	1,438
SME's	-	195	1,259	1,899	3,353
Total Capital	-	279	1,799	2,713	4,791
Total Funding	9	317	2,004	3,705	6,035

7.7 As partners are involved in the project's delivery, the Council will enter into a back to back grant funding agreement with delivery partners setting out their responsibilities and ensuring compliance with the funder's rules and regulations. This helps to mitigate the Council's reliance on match funding that sits in delivery partners' budgets. There is also a commitment to utilise the Wolves at Work budget for future match funding purposes over the life of the project. If this commitment is not met, appropriate match funding from another source will be required or the grant funding will be at risk.

Black Country Impact Extension

7.8 Funding is sought to enable the project to be extended to support more young people into employment, education and training. Wolverhampton is currently acting as a delivery partner as part of a wider Black Country project. Dudley Council is lead partner and accountable body and will administer the project change request.

7.9 If the outline bid by Dudley Council progresses to contract variation stage, there would be no impact on the net position of the revenue budget. Revenue match is from existing staff time.

7.10 It is anticipated that the re-profiled revenue spend from 2019-2020, which reflects the City of Wolverhampton's share of the extended project, will be as per the table below.

Table 4 - Black Country Impact Extension Funding and Phasing

	2019-20 £000	2020-21 £000	2021-22 £000	2022-23 £000	2023-24 £000	Total £000
Revenue						
ESF (European Social Fund)	1,188	1,153	1,076	1,089	445	4,951
CWC Match Funding	440	524	542	554	214	2,274
Total Revenue	1,628	1,677	1,618	1,643	659	7,225

- 7.11 There is also a commitment to utilise the Wolves at Work budget for future match funding purposes over the life of the project. If this commitment is not met, appropriate match funding from another source will be required or the grant funding will be at risk.

Cultural Compact

- 7.12 Funding is sought to support the development of a Cultural Compact, a place based strategic partnership taking full advantage of cultural resources, supporting the role of arts and culture in regeneration and allowing more people to benefit from social and economic impact of culture in their lives.
- 7.13 Revenue match is from existing activity connected to the Future High Street Fund that embeds culture in regeneration activity. There would be no impact on the net position of the Council's revenue budget.
- 7.14 It is anticipated that the profiled revenue spend will be as per the table below.

Table 5 – Cultural Compact Funding and Phasing

	2019-2020 £000	2020-2021 £000	Total £000
Revenue			
Arts Council	10	10	20
CWC Match Funding	6	-	6
Total Revenue	16	10	26

Town Centres Programme

- 7.15 The funding of a three day street festival is an early win for the Town Centres Programme and will take place at various venues within Bilston town centre, including the markets.
- 7.16 The majority of the funding for the event is drawn from the West Midland Combined Authority's (WMCA) approved funding for 'soft' interventions within the five identified town centres. Match funding is provided by the Bilston Business Improvement District (BID) and from approved budgets within Markets Services so there is no impact on current budgets.

Table 6 – Town Centres Programme Funding and Phasing

	2019-2020 £000
Revenue	
WMCA	27.0
CWC Match Funding	2.5
BID Match Funding	2.5
Total Revenue	32.0

[VS/06122019/R]

8.0 Legal implications

- 8.1 Where the City of Wolverhampton Council acts as lead body for externally funded projects, the Council will be required to enter into a funding agreement with the Funder which outlines the project and also sets out rules and regulations that must be complied with. Where partners are involved in the project's delivery, the Council will enter into a back to back grant funding agreement with delivery partners setting out their responsibilities and ensuring compliance with the funder's rules and regulations.
[TS/14112019/W]

9.0 Equalities implications

- 9.1 Equal opportunities are a cross cutting objective of all European funded bids, therefore must be considered in the delivery of all European funded projects with equalities data monitored as part of delivery. The monitored equalities targets are set by the funder as part of the cross-cutting themes.

10.0 Climate change and environmental implications

- 10.1 Sustainability is a cross cutting objective of all European funded bids, therefore must be considered in the delivery of all European funded projects. The Council is exploring several bids which will have a direct positive impact on energy usage and climate change through reduction in greenhouse gases.

11.0 Human resources implications

- 11.1 Dedicated ERDF Project Managers are built into the project costs for all City of Wolverhampton Council projects. ERDF Project Managers are also responsible for submission of quarterly claims supported by defrayal evidence and ensuring project delivery is compliant with EU rules and regulations.
- 11.2 As part of AIM for GOLD, the City of Wolverhampton Council is the Lead Partner and has been assigned delivery of 52% of the project output targets. Given the significant administrative burden this creates due to the extensive paper work, processes and systems required to comply with ERDF rules, output requirements, state aid and grant SME grant applications processing, there is big risk of non-compliance. To mitigate this, the existing post of "Enterprise Team Coordinator" which is currently part time (50%) will become full time (100%) from 1 January 2020 to support the Wolverhampton delivery team overcome the administrative burden and to reduce risk. The full-time post will be funded 50% by ERDF and 50% from existing budgets within the Enterprise Service.

12.0 Corporate landlord implications

- 12.1 Outline bids for ERDF grant have been submitted which would involve projects to reduce energy consumption. A further detailed report will be submitted for consideration if the outline bids are successful which sets out the corporate landlord implications.

13.0 Health and Wellbeing Implications

- 13.1 Several projects, including those still at outline bid stage, will have positive health and wellbeing implications. Impact targets young people with health problems to support them back to employment education and training.

14.0 Schedule of background papers

None.