



# Cabinet Panel

14 May 2014

<b>Report title</b>	Economic Development Grants to Third Parties – Black Country Growth Hub	
<b>Decision designation</b>	RED	
<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 director</b>	Tim Johnson, Education and Enterprise	
<b>Originating service</b>	Partnerships Economy and Culture	
<b>Accountable employee(s)</b>	Corin Crane	Head of Economic Partnerships and Investment
	Tel	01902 550166
	Email	Corin.crane@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	n/a	

---

## Recommendation(s) for action or decision:

The Cabinet is recommended to:

1. Recommend to full Council that it approves the payment of grants to third party providers for the delivery of products as part of the Black Country Growth Hub externally funded scheme and as detailed below:

<b>Remaining Grant to be allocated to Provider</b>	<b>Provider</b>
£130,000	University of Wolverhampton
£158,309	Black Country Chamber of Commerce (UKTI contractor)

£207,000	Pera Consulting (Growth Acceleratory contractor)
£47,910	Manufacturing Advisory Service (MAS)
£30,000	Sandwell MBC
£150,910	Manufacturing Advisory Service (MAS)
£1,682,414	Delegated authority sought for the allocation to individual businesses

2. Recommend that full Council delegate authority to the Cabinet Member for Economic Regeneration and Prosperity in consultation with the Strategic Director, Education and Enterprise, to agree business grants from the £1,682,414 Business Grant product and any other grants to third parties to deliver the scheme.
3. Agree that the Chief Legal Officer be authorised to approve the execution of the contracts.
4. Note the opportunity to bid for external funding to expand and extend the Black Country Growth Hub, endorse the concept proposal for outline bid and delegate authority to submit a full application should the outline application proceed to the next stage.
5. Agree that the Council act as accountable body for the larger project should the bid be successful and delegate authority to the Cabinet Member for Economic Regeneration and Prosperity in consultation with the Strategic Director Education and Enterprise and Assistant Director - Finance to sign off a bid for funding at full application stage.

**Recommendations for noting:**

The Cabinet is asked to note:

That the Council is already accountable body for the first phase of the Growth Hub funded between December 2013 until June 2015.

## **1.0 Purpose**

- 1.1 The purpose of the report is to seek delegated authority to issue grants to third parties to deliver the Regional Growth Fund funded Black Country Growth Hub. The report also aims to raise awareness of the opportunity to bid for European Regional Development Fund (ERDF) resources to extend and expand the remit of the project.

## **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.
- 2.2 The first phase of the Growth Hub is funded through City Deal. City Deal is a Government initiative where certain powers, such as the ability to set and spend budgets, are devolved from Central Government to local authorities in a bid to increase growth. The Black Country sub-region was successful in its application to be included in the City Deal. The focus of the City Deal is addressing the barriers to growth in the high value manufacturing sector, in order to create jobs, alongside support to local people to upskill and gain employment within the sector. The business strand involved developing the Growth Hub as a single portal to all business support services (both national and regional) and a specialist package of support to high value manufacturing Small Medium Sized Enterprises (SMEs) in recognition of their key role in growing the local economy.
- 2.3 Black Country Growth Hub is funded by £3.1 million from Regional Growth Fund (RGF) as part of City Deal. Cabinet (Resources) Panel agreed on 26 November 2013 for Wolverhampton to act as accountable body for the Black Country Growth Hub for the first phase. Cabinet (Resources) Panel agreed delegated authority to issue grants to third parties under £50,000 on 11 March 2014.

## **3.0 Black Country Growth Hub**

- 3.1 The Growth Hub offers a one stop shop approach to business assistance across the Black Country with packages of support available to 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.
- 3.2 The funding is split into two distinct areas; funding to pay for the development of Growth Hub, and funding for development and administration of products that offer specialist business support to the high value manufacturing sector. The products include: Export Expert, Strategic Leadership, Capital Grants, Sales and Marketing Support, Pre-Investment Advice and Resource Efficiency.

3.3 The providers outlined below were named as delivery partners in the bid on the basis that the Growth Hub aims to add value to existing nationally procured contracts already delivered by these organisations. The original guidance advised that national providers would work with us to develop products to meet demand that is not currently met through national provision.

Product	Funding Allocated	Provider
Export Expert	£208,309	Black Country Chamber of Commerce (UKTI contractor)
Strategic Leadership	£257,000	Pera Consulting (Growth Acceleratory contractor)
Sales & Marketing	£97,910	Manufacturing Advisory Service (MAS)
Pre Investment Advice	£30,000	Sandwell MBC
Resource Efficiency	£200,910	Manufacturing Advisory Service (MAS)
Capital Grants	£1,682,414	Allocated direct to businesses co-ordinated by Sandwell MBC

3.4 The first phase of the Black Country Growth Hub will lead to the creation of 230 jobs, safeguard 212 jobs, engage 681 businesses of which 225 will receive over 12 hours of support, 96 skills based training leveraging in £7.4 million of private sector leverage.

#### 4.0 Request to delegate allocation of grants

4.1 Black Country Growth Hub is funded by £3.1 million from the Regional Growth Fund (RGF) between December 2013 and June 2015. It was a condition of funding that 80% must be used for products. This report seeks approval to issue grants to third parties to deliver the products under the Growth Hub and contribute towards Growth Hub Administration. The products also include grants to Small Medium sized Enterprises (SME's) which will follow an existing approved process. The RGF grant is allocated as follows:

Activity	Grant Allocated
Growth Hub Administration	£619,136
Support Products:	
• Export	£208,309
• Strategic Leadership	£257,000
• Sales & Marketing	£97,910
• Pre Invest	£30,000
• Resource Efficiency	£200,910
• Grants to SMEs	£1,682,414
Support Products Sub Total	£2,476,543
<b>Grand Total</b>	<b>£3,095,679</b>

4.2 Given the short timescale to deliver the project and the need to spend in line with profile, a pump priming grant of £50,000 has been allocated in line with Cabinet (Resources) approval of delegated authority to issue grants to third parties on 11 March and subsequent Green Decision. This report seeks approval to release the remainder of the grants to enable delivery of products under the Growth Hub.

## **5.0 Risk Assessment**

5.1 Although there are risks associated with Accountable Body status, the purpose of the collaboration agreement is to share the risk of any potential grant clawback with the other Black Country Local Authorities. In addition, to minimise risks associated with RGF projects in line with the collaboration agreements, 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.

5.2 Grant will be released on receipt of quarterly claims and evidence, including invoices and evidence of defrayment, details of outputs, issues and risk, one month in advance of the collective programme claim to Lancashire University (as accountable body). Claims will be verified by the Claims Administrator through site visits.

5.3 Grants to businesses will be allocated according to the existing application process currently used by the RGF grant programme Growing Priority Sectors. Grants will be between £50,000 and £1.0 million, however the average grant paid out under the existing grants programme is £150,000, and must be defrayed by the end of May 2015. The approval process will take into account value for money including private sector leverage, job outputs, state aid compliance, additionality, displacement and wider economic benefits. Sandwell MBC, who currently deliver this programme, will co-ordinate this process using their existing approved processes signed off by the Business Innovation Skills (BIS). Businesses go through a rigorous and independent due diligence appraisal prior to approval and grants are claimed quarterly on defrayal.

## **6.0 Proposal to extend and expand the Growth Hub**

6.1 The Department for Communities and Local Government (DCLG) has issued another call for proposals under the existing West Midlands European Regional Development Fund (ERDF) programme providing funding to support business growth in Local Enterprise Partnership (LEP) areas. £12 million of funding is available for activity in LEP areas to be delivered by 31 December 2015.

6.2 The Black Country LEP are exploring the possibility of submitting an ERDF bid to extend funding for the Growth Hub until December 2015 and expand its remit beyond advanced manufacturing to other transformational sectors. The deadline for submission of outline applications is 9 May 2014 and full applications by 1 August 2014 with the earliest start date 1 October 2014.

## 7.0 Financial implications

7.1 This report seeks approval from Council to release the remainder of the products grant and approve delegated authority for the Cabinet Member for Economic Regeneration and Prosperity in consultation with the Strategic Director, Education and Enterprise, to agree business grants and any other grants to third parties to deliver the scheme. The third party providers and amounts allocated are set out in the following table.

<b>Product</b>	<b>Funding allocated to activity</b>	<b>Grant previously allocated</b>	<b>Remaining Grant to be allocated to Provider</b>	<b>Provider</b>
Administration	£619,136	£0	£130,000	University of Wolverhampton
Export	£208,309	£50,000	£158,309	Black Country Chamber of Commerce (UKTI contractor)
Strategic Leadership	£257,000	£50,000	£207,000	Pera Consulting (Growth Acceleratory contractor)
Sales & Marketing	£97,910	£50,000	£47,910	Manufacturing Advisory Service (MAS)
Pre Invest	£30,000	£0	£30,000	Sandwell MBC
Resource Efficiency	£200,910	£50,000	£150,910	Manufacturing Advisory Service (MAS)
Business Grants	£1,682,414	£0	£1,682,414	Delegated authority sought for the allocation to individual businesses

7.2 Grant will be released on receipt of quarterly claims and evidence, including invoices, evidence of defrayment, details of outputs, issues and risk and this will form part of the collective programme claim from WCC to Lancashire University (Funder). The Claims Administrator will also undertake site visits to providers as part of the ongoing monitoring arrangements.

- 7.3 Previous reports have identified that risk of grant clawback will be managed through collaboration agreements and grant agreements with third party recipients. Any clawback will be pursued from recipients in the first instance. It is then anticipated that clawback risk is then split equally amongst the four Black Country authorities. When grants are distributed to businesses the spread of risk will then be based on the distribution of benefit to each Local Authority area. Should Wolverhampton businesses secure more business grants than businesses in the other Black Country authority areas this would increase the potential clawback risk to WCC if the grant cannot be recovered from the business receiving the benefit. Mitigation measures are included in the approvals and monitoring processes to minimise this risk.
- 7.4 Black Country LEP are exploring the opportunity of using RGF funding to match fund and enable the drawdown of new ERDF funding to extend and expand the remit of the project. It is anticipated that any further exposure to clawback risk for WCC, as Accountable Body, will be shared and mitigated as per the original scheme.  
[ES/24042014/K]

## **8.0 Legal implications**

- 8.1 This report seeks approval to issue grants in accordance with an agreed contract in line with the schedules of said contract outlining the Council's requirements for the delivery of the project. When issuing grants, the Council's Contract Procedure Rules and Financial Procedural Rules must be noted and followed, [AS/14042014/H]

## **9.0 Equalities implications**

- 9.1 Externally funded projects must demonstrate how equality and diversity issues and opportunities are taken into account. A condition of RGF funding is compliance with the Equalities Act 2010. Equalities and diversity are reviewed as part of procurement at national level. Equalities information on the businesses is captured as part of the monitoring.

## **10.0 Environmental implications**

- 10.1 A product of the Black Country Growth Hub is resource efficiency. This product will deliver a series of workshops, undertake a manufacturing review and if appropriate identify an appropriate consultant to undertake an energy efficiency and/or waste minimisation audit. If appropriate, offer a grant up to a maximum of £3,500 on a total capital investment of £10,500. The grant could be used towards the purchase of new equipment or materials which would improve the energy efficiency and/or waste management of the SME manufacturer.

## **11.0 Human resources implications**

11.1 The Regional Growth Fund is also fund a fixed term team to run the Black Country Growth Hub including a Business Growth Manager, Programme Manager, Access to Finance Manager and Claims Administrator. This is currently going through HR procedures.

## **12.0 Corporate landlord implications**

12.1 None

## **13.0 Schedule of background papers**

13.1 None