

# Cabinet (Resources) Panel

26 April 2016

<b>Report title</b>	External Funding Update	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor John Reynolds City Economy	
<b>Key decision</b>	No	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Keren Jones, City Economy	
<b>Originating service</b>	Service Development Team	
<b>Accountable employee(s)</b>	Heather Clark Tel Email	Service Development Manager 01902 555614 Heather.clark2@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Place Leadership Team	21 April 2016

---

## Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve revenue budgets for Growth Hub totalling £328,000 in 2016/17.
2. Delegate authority to the Cabinet Member for City Economy, in consultation with the Service Director City Economy to approve the allocation of £328,000 Growth Hub funding in line with the funding schedule and agree to enter into legal agreements for the delivery of these projects and services.
3. Delegate authority to the Cabinet Member for Resources, in consultation with the Director of Finance to approve budgets for Black Country Advice Investment and Markets (AIM), Black Country Transformational Growth Opportunities Local Delivery (GOLD) and Black Country Impact project upon receipt of the offer letter.
4. Provide delegated authority for the Cabinet Member for City Economy in consultation with the Service Director, City Economy, to agree grants to Small and Medium Size Enterprises (SMEs) of up to £25,000 through the externally funded Black Country Transformational GOLD project.

5. Agree to submit a full bid to ERDF as accountable body for Black Country Blue Network and delegate authority to the Cabinet Member for City Economy, in consultation with the Service Director City Economy to sign the Grant Funding Agreement if successful.
6. Agree to submit an outline application for ERDF funding as appropriate for enhanced energy efficiency measures as part of the Civic Centre Building Works.
7. Agree the creation of a capital budget for LGF programme/pipeline development of £250,000 per annum in 2015/16, 2016/17 and 2017/18 and delegate authority to the Director of Governance to finalise all necessary legal agreement(s) with Walsall MBC as accountable body.
8. Agree the creation of a capital budget for Transport Director/Team costs of £250,000 per annum in 2015/16, 2016/17 and 2017/18 and delegate authority to the Director of Governance to finalise all necessary legal agreement(s) with Walsall MBC as accountable body.

## **1.0 Purpose**

- 1.1 To provide an update on the Black Country Growth Hub and current bids for European Structural funds, future opportunities and seek necessary approvals for other externally funded projects.

## **2.0 Background**

- 2.1 The Black Country 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 Black Country 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.
- 2.2 Cabinet (Resources) Panel agreed on 26 November 2013 for Wolverhampton to act as accountable body for the Black Country Growth Hub. Round 1 of the Growth Hub project was funded through the Regional Growth Fund (RGF) via the University of Lancaster as part of City Deal until June 2015. BIS offered interim funding of £400,000 for the Growth Hub from July 2015 and March 2016.
- 2.3 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 split 50/50 between European Regional Development Fund (ERDF) and European Social Fund (ESF).
- 2.4 Cabinet (Resources) Panel agreed on 15 September 2015 to submit full bids for European Regional Development Fund (ERDF) Black Country Advice Investment and Markets (AIM) and Transformational Growth Opportunities Local Delivery (GOLD) on behalf of the Black Country and act as a delivery partner for European Social Fund (ESF) and Youth Employment Initiative (YEI) funded Impact in the Black Country.

### 3.0 Additional funding from the Department of Business Innovation and Skills (BIS)

3.1 BIS has recently announced that they will continue to offer funding for Growth Hubs of £328,000 per year for two years. The allocation will provide continuation funding and can be spent on growth hub related activities - building capacity, capability and self-sustaining models - but cannot be used to make grants to businesses.

3.2 On 19 February, a proposal as to how we would use the funding award from BIS in 2016/17 was submitted on behalf of the Growth Hub Strategic Board. The Board proposed that the funding would focus on driving activities which were complimentary and additional to those which would be supported by the ERDF Bid. In summary, the funding will be utilised to:

- **Support the management and coordination of delivery** including a continuing presence at the Business Solutions Centre and to ensure that our data collection is robust and fully aligned to ensure value for money and influence future policy direction. **£112,000**
- **A detailed gathering of robust intelligence to inform our future work** In particular we will focus on finding out what works best through our project management and CRM systems so that we better understand the return on our investment. This will inform the design of future programmes, commissioning partner led activity and developing common methods of working not only to shape our on-going activity at the Black Country and wider Combined Authority level but also to inform Government and influence policy direction. **£72,000**
- **Enhance our engagement activity to attract more businesses** and to develop our triage activity so that enquiries are driven to the most appropriate solution e.g. self-help and web based solutions; telephone helpline; diagnostic and more intensive support. **£72,000**
- **Further development of our approach to major supply chain initiatives.** We will focus on better understanding of the needs of larger businesses to shape our activity with SMEs and to joint working with other areas on cluster and sectoral development. **£72,000**

3.3 BIS have approved our funding submission as described above. Growth Hub partners include the four Black Country local authorities, Black Country Chamber of Commerce, Black Country Consortium and University of Wolverhampton. Service Level Agreements will be put in place with delivery partners. Detailed proposals on the allocation of spend against each of the functions set out above will now be developed by the Growth Hub Delivery Board for approval by the Growth Hub Strategic Board.

## 4.0 European Funding Update

### 4.1 Place: Stronger Economy: An environment where new and existing businesses thrive

4.1.1 Following submission of the full bids for AIM and GOLD in November 2015, the managing authority the Department for Communities and Local Government, requested the bids be reduced since the Priority was oversubscribed. The revised figures are provided below:

Funding source	Description of Project(s) to be funded	Proposed Funding	Status and approvals required	Outcomes
ERDF Priority 3 SME competitiveness	<b>Black Country Advice Investment and Markets (AIM)</b> will offer specialist support for SMEs pooling business support across four local authorities, the University and Chamber of Commerce, enhanced with specialist consultancy and delivered via the Growth Hub. The City of Wolverhampton Council is acting as accountable body on behalf of the Black Country.	£1.9m ERDF towards a total project cost of £3.8m	Delegated approval sought to approve budget	2000 new businesses enquiries 1000 diagnostic and brokerage support 460 business assists 115 new jobs 120 new referrals to national specialist schemes
ERDF Priority 3 SME competitiveness	<b>Black Country Transformational Growth Opportunities Local Delivery (BCT GOLD)</b> project will issue grants to Small and Medium Sized Enterprises (SMEs) to enable a sustainable step change in their working processes, business development and performance. SMEs will apply for grants using an application process. Decisions will be made by the Investment Decision Group (IDG) the membership of which includes private sector representatives from financial and legal specialists, including Barclays and Santander.	£1.6m ERDF out of a total project cost of £5.0 million with £3.4m private sector match.	Delegated approval sought to approve budget.  Delegated approval to approve grants funded through this project which have been agreed by the IDG of up to £25,000.	160 business assists 81 new jobs 16 new to firm products 8 commercial buildings built or renovated GVA increased by £14.5m

#### 4.2 Place: Stronger Economy: people develop the skills to get and keep work

Funding source	Description of Project(s) to be funded	Proposed Funding	Status and approvals required	Outcomes
European Social Fund (ESF)/Youth Employment Initiative (YEI)	<p><b>Impact in the Black Country</b> will support young people between 15-29 not in employment, education or training move towards employment.</p> <p>Funding will be used to fund an local Impact team to deliver the project and procure customised support for the young people.</p>	<p>£5.7m for Wolverhampton – third ESF, third YEI and third local match</p> <p>(£34.0m across the Black Country.</p> <p>Revenue</p>	<p>Funding approved for Black Country bid</p> <p>Delegated approval sought to approve budget.</p>	<p>Engage 3,342 young people</p> <p>Provide 1,237 with a customised support package, Supporting 920 into employment, education and training</p>

#### 4.3 Place: Stronger Economy: delivering effective core services that people want

Funding source	Description of Project(s) to be funded	Proposed Funding	Status and approvals required	Outcomes
ERDF Priority 6 Environment	<p><b>Black Country Blue Network</b> will create a high quality ecological network with a diverse range of habitats, centred on the area's historically important waterways and associated green spaces. This will be achieved through a three year programme of infrastructure and habitat improvements along canals and rivers in the Black Country as well as other key nature greenspaces linked into this blue network facilitating better visitor management and improved access for local communities. The four sites currently included within Wolverhampton are Smestow Valley LNR, Wyrley &amp; Essington Canal Proposed LNR, Fowler Open Space and Penk Risk</p>	<p>£1.7m ERDF out of a total project cost of £3.8m.</p> <p>Capital.</p>	<p>Passed Gateway.</p> <p>Approval to be accountable body and submit full bid</p> <p>A further report will be bought to Cabinet Resources once the details are finalised.</p>	<p>11 hectares rehabilitated</p> <p>157 hectares to attain better conservation status.</p>

ERDF Priority 4 Low Carbon	<b>Civic Centre Energy Efficiency:</b> early discussions are underway to develop a project seeking £1 million ERDF funding for additional energy efficiency measures to enhance the Future Space project.	£1.0m ERDF Capital	Approval is sought to submit an outline application under ERDF Priority 4 Low Carbon for energy efficiency projects.	Enhanced energy efficiency
----------------------------	---	--------------------	--	----------------------------

## 5.0 Black Country Local Growth Deal – Programme Management Development & Support

- 5.1 At its meeting on 9 March 2016 the Black Country Executive Joint Committee approved a total allocation of £5.267m to develop capacity within Team Black Country to support the effective programme development, delivery and programme/contract management through 2015/16, 2016/17 and 2017/18 financial years.
- 5.2 The initial round of LGF projects included many that were developed, submitted and supported through the assessment and approval process by staff within the 4 Black Country local authorities, internally funded from a mix of revenue and capital funding allocations. With the implementation of the Government’s austerity measures these funding streams are now either lost or under severe pressure moving forward. In order to assist the four Councils in retaining and improving their capacity to support project development both within their own organisations and in support of the private sector, the four Black Country local authorities will develop dedicated skilled staff teams to focus on this work, funded directly through LGF funding allocations. The work of these teams will be traceable to the Black Country ‘Plan on a Page’ associated with pipeline projects, with evidence of their involvement and costs provided through existing capital programme claim procedures, including the completion of timesheets and activity records.
- 5.3 City of Wolverhampton has been provisionally allocated £250,000 per annum for 2015/16, 2016/17 and 2017/18 for the development of pipeline projects. Similar amounts have also been received to cover the Council’s role as host for the Black Country Transport Director.

## 6.0 Financial implications

- 6.1 **Growth Hub:** On 29 February 2016 BIS awarded the Black Country Growth Hub £328,000 for 2016/17. Approval is sought as part of this report to establish a revenue budget for £328,000 based on the proposals included in section 3.2. This budget will be fully funded through BIS grant.
- 6.2 Detailed proposals on the allocation of spend against this budget will now be developed by the Growth Hub Delivery Board for approval by the Growth Hub Strategic Board. It is anticipated that delivery of the proposed activities will be undertaken by the Growth Hub partners through SLA agreements including the four Black Country local authorities, Black Country Chamber of Commerce, Black Country Consortium and University of

Wolverhampton. Service Level Agreements will be put in place with delivery partners. These proposals will then be brought forward for Council approval with responsibility delegated to the Cabinet Member for City Economy in consultation with the Service Director.

- 6.3 **Black Country AIM Project / Black Country Transformational (GOLD)** – on 15 September 2015 Cabinet (Resources) Panel agreed to submit full bids as accountable body for the AIM and GOLD and delegated authority to the Cabinet Member for City Economy, in consultation with the Service Director City Economy to sign the Grant Funding Agreement if successful. The approval processes are now concluding and it is anticipated that Wolverhampton should receive grant agreements, imminently, if it has not already by the date of this meeting. In order to commence delivery in line with expenditure profiles it is recommended that budgetary approval for both these schemes are delegated to Cabinet Member for Resources, in consultation with the Director of Finance upon confirmation of grant approval.
- 6.4 The value of the GOLD bid has been reduced at the request of DCLG to £1.6 million ERDF towards of a total project cost of £5.0 million with £3.4 million private sector match funding and £124,000 match from Black Country partners. The project will issue grants to SMEs of up to £25,000 with an intervention rate ranging from 10% to 50% of eligible project costs. Delegated authority is therefore also sought to agree grants to Small and Medium Size Enterprises (SMEs) of up to £25,000. The financial profile of the project is shown in the table below based on an average intervention rate of 30% and ERDF grant award of £9000. The target number of business assists to be achieved is 160.

	<b>Capital £000</b>	<b>Revenue £000</b>	<b>Total £000</b>
ERDF	721	845	1,566
SME Match	1,682	1,682	3,364
Public Match	0	124	124
Total	2,403	2,650	5,053

- 6.5 In response to a request by DCLG, the ERDF requested towards the AIM project has been reduced to £1.9 million revenue grant towards a total project cost of £3.8 million. It is proposed that Wolverhampton will contribute £477,000 of City Economy staff time as match for the project alongside £1.4 million of match provided by partners.
- 6.6 **Impact in the Black Country** – Dudley MBC have been awarded £34 million of ESF/ YEI funding as accountable body for the Black Country. Wolverhampton's grant allocation will be £3.8 million against total costs of £5.7 million. Similarly to the GOLD and AIM projects this report seeks delegated authority to approve revenue budgets of £3.8 million based on current forecasts as follows:

	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Employees	412	424	109	945
Support Packages	1,071	1,428	357	2,855
Revenue Grant Expenditure	1,483	1,852	466	3,800
Grant Funded Expenditure	1,483	1,852	466	3,800
Revenue Match Expenditure	844	844	212	1900
Gross Expenditure	2,327	2,696	678	5,700

- 6.7 Wolverhampton's match funding for YEI will be mainly in the form of staff time across a number of service.
- 6.8 **Black Country Blue Network project** - requesting £1.7 million ERDF out of a total project cost of £3.8 million. Wolverhampton submitted the outline application on behalf of a wider partnership consisting of the four Black Country local authorities and the Environment Agency. Partners will bring the required match for their sub-projects. Wolverhampton will be responsible for identifying match funding for three projects amounting to £390,000 with the majority being identified via Section 106, land receipts and local growth fund. A further report will be bought to Cabinet Resources providing the detail.
- 6.9 There could be an opportunity for a bid to be submitted for ERDF funding for additional efficiency measures as part of the works to be undertaken to the civic centre building. This is currently being reviewed as part of the finalisation of the scheme design and approval is sought to submit a bid if appropriate. [ES/07042016/S]
- 6.10 **Black Country Local Growth Deal** – An allocation has been made of £250,000 per annum for 3 years to meet the costs of developing and managing projects which will secure future funding through the Local Growth Fund. In addition, similar amounts are available to support the Black Country Transport Director and team in development of transport projects.
- 6.11 Appropriate financial accounting arrangements will be required to be put in place that record, justify and claim the LGF funding from the Accountable Body (Walsall Council). This will include appropriate staff time sheeting and/or activity evidence linked to the development and execution of projects that will, have or are planned to become part of the LGF programme or develop into projects that fulfil capital funding rules.
- 6.12 The four Black Country Councils have been requested to calculate the revenue funding to be freed up by this proposal, and to then utilise this funding to form a Black Country Proposition Funding Pot that can be used to underwrite speculative capital expenditure

or deliver agreed tasks. Any funding released in 2015/16 in Wolverhampton will be identified as part of the revenue outturn report with a request for the creation of a specific reserve. [MF/08042016/Q]

## **7.0 Legal implications**

- 7.1 The Accountable Body for the Growth Deal (Walsall Council) and Accountable Body for the Growth Hub (Wolverhampton City Council) are in the process of developing a suitable Grant Agreement for 2016/17.
- 7.2 As accountable body, the City of Wolverhampton Council will be required to enter into a funding agreement with the Department of Communities and Local Government (DCLG) which outlines the bid and also European rules and regulations that must be complied with. Collaboration agreements must be entered into with each Delivery Partner in accordance with the approval granted by Cabinet Resources Panel on 15 September 2015 in respect of BC AIM and BCT GOLD.
- 7.3 All necessary legal agreements must be entered into with the accountable body for the Growth Deal (Walsall Council) for the programme/pipeline development and Black Country Transport Director funding allocations. [LM/08042016/E]

## **8.0 Equalities implications**

- 8.1 Equal opportunities is a cross-cutting objective of all European funded bids, therefore must be considered in the delivery of all European funded projects with equalities data are monitored as part of delivery. YEI will have a positive implication since it is targeted young people at disadvantaged in the labour market. AIM and GOLD have targets in terms of supporting SMEs with women and BMEs on the Board.

## **9.0 Environmental implications**

- 9.1 Sustainability is a cross cutting objective of all European funded bids, therefore must be considered in the delivery of all European funded projects. Black Country Blue Network will support will support 157 hectares across the Black Country to attain better conservation status, 66 of which are in Wolverhampton.

## **10.0 Human resources implications**

- 10.1 Costs for the project management of externally funded projects are built into project costs with staff recruited on fixed term contracts. The Job Descriptions of employees that are used to match fund these projects, enabling the drawdown of additional resource will need to have some wording and the European flag added.

## **11.0 Corporate landlord implications**

11.1 The AIM and GOLD team will be physically based at the Business Solutions Centre at Wolverhampton Science Park, although the coverage of both projects will be Black Country wide. The YEI team delivered directly by the Council will be based in the Civic Centre, although much of their work will be outreach. These costs can be covered by the 15% indirect costs that are included in the bids.

## **12.0 Schedule of background papers**

- Cabinet (Resources) Panel 15 September 2015 Black Country European Funded Projects
- Cabinet (Resources) Panel 28 July 2015 update on external funding
- Cabinet (Resources) Panel 20 January 2015 update on external funding
- Black Country Executive Joint Committee 9 March 2016 on Resources for Programme Management Development & Support