

Meeting of the Cabinet – 20th March 2013

Report of the Director of the Urban Environment

Externally Funded Projects: Economic Development

Purpose of Report

1. To seek approval to enter into Collaboration Agreements with Black Country local authorities to enable the delivery of four sub-regional economic development projects; namely.
 - i) Black Country Regional Growth Fund (Round 3) Programme Bid;
 - ii) Black Country Business Property Investment Programme (ERDF);
 - iii) Black Country Growth Opportunities: Local Delivery (ERDF); and
 - iv) Black Country ERDF Technical Assistance

2. To seek approval to enter into future Black Country Collaboration Agreements to enable the delivery of economic development projects where Dudley MBC is a delivery partner.

Background

3. The report details four projects, developed by Black Country local authorities, utilising funding from the European Regional Development Fund (ERDF) and Regional Growth Fund (RGF). In order to progress with delivery each project will be subject to a Collaboration Agreement setting out the delivery, legal and financial responsibilities of the Accountable Body (one designated local authority) and delivery partners.

4. The four projects, to be delivered up to the end of 2015, are summarised below with specific details provided in Appendix 1:
 - *Black Country Regional Growth Fund (RGF) Round 3*: Resources secured from the Department for Business, Innovation and Skills to support private sector companies looking to create jobs;
 - *Black Country Business Property Investment Programme*: European resources secured to create or improve premises to 'excellent/good' BREEAM standard in defined geographical locations;
 - *Black Country Growth Opportunities, Local Delivery (GOLD)*: European resources secured to deliver one-to-one advice, workshops and business grants; and

- *Black Country Technical Assistance*: European funding secured to provide a staffing resource to assist in the delivery of existing and future ERDF projects across the Black Country

Finance

5. Financial contributions by DMBC, as detailed in Appendix 1, will be made from existing match-funding revenue resources. Potentially, the direct benefit to Dudley businesses, up to 2015, could be in the region of £6.2m on the basis of each local authority taking an equitable (25%) share of available European and RGF funding.

Law

6. All local authorities have agreed to work in a spirit of mutual co-operation to fulfil their agreed role responsibilities to achieve the objectives and outputs detailed in the respective Collaboration Agreements and Funding Agreements. Section 111 of the Local Government Act 1972 empowers the Council to do anything calculated to facilitate or that is conducive or incidental to the discharge of any of its functions.

Equality Impact

7. All RGF and ERDF funded projects have been subject to an equality impact assessment.

Recommendation

8. It is recommended Cabinet:
 - a) authorise the Cabinet Member for Regeneration and Cabinet Member for Finance, in consultation with the Director of the Urban Environment and Director of Corporate Resources (or their nominated representatives), to negotiate and agree all terms, conditions and financial commitments of the Black Country Collaboration Agreements for the following four projects:
 - (i) Black Country Regional Growth Fund (Round 3) Programme Bid;
 - (ii) Black Country Business Property Investment Programme (ERDF);
 - (iii) Black Country Growth Opportunities: Local Delivery (ERDF); and
 - (iv) Black Country ERDF Technical Assistance
 - b) authorise the Cabinet Member for Regeneration and Cabinet Member for Finance, in consultation with the Director of the Urban Environment and Director of Corporate Resources (or their nominated representatives), to negotiate and agree all terms and conditions of future Black Country Collaboration Agreements for collaborative economic development projects across the Black Country as part of:
 - (i) the current European Regional Development Fund Programme (2007 to 2013);
 - (ii) the next European Regional Development Fund Programme (2014 to 2020); and
 - (iii) future or exceptional rounds of Regional Growth Fund.



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List of Background Papers

APPENDIX 1

Project 1: Black Country Regional Growth Fund (Round 3) Programme Bid

Project summary	Black Country local authorities in partnership with the Black Country Chamber of Commerce and the Manufacturing Advisory Service have collaborated in a programme application to the Regional Growth Fund (Round 3). The bid has been successfully selected by government. The bid includes £6.5m for 23 named companies and a further £4.4million to be used as part of an 'unallocated pot' for companies seeking funding in the future. Each named company has requested under £1m of RGF and, as such, were unable to apply for funding independently.
Expected outputs	Specific outputs for businesses within Dudley Borough include providing support to seven local businesses seeking RGF grant funding. Provisional outputs, at a Borough level, include: Total direct jobs created: 83 Total jobs safeguarded: 141 Total indirect jobs created: 10 Total indirect jobs safeguarded: 7
Total funding	£11,160,105
DMBC financial contribution	Up to a maximum of £10,000 to cover due diligence costs
Delivery timescales	2013 to 2015
Project status	March 19 th 2013 – due diligence report by the Department for Business, Innovation and Skills (BIS) on Sandwell Council's ability to deliver the Programme completed. April 19 th 2013 – Final offer letter to be signed by all parties.
Accountable Body	Sandwell Metropolitan Borough Council
Risks and mitigating	Sandwell MBC will act as the Accountable Body for the project and will

actions	<p>therefore be the principal recipient of funding for the programme. This role carries full financial responsibility for the delivery of the programme including monitoring and contracting with the Department for Business, Innovation and Skills (BIS). In May 2012, Sandwell Council's Strategic Resources Cabinet Advisory Team endorsed the proposal to take on the role of Accountable Body for the Regional Growth Fund Programme Bid having assessed the level of financial risk.</p> <p>BIS will carry out due diligence on Sandwell MBC to determine its capacity to deliver and manage the programme bid and will report its findings on March 19th. Sandwell MBC is already managing the Growing Places Fund on behalf of the Black Country so already have experience managing large scale funding pots.</p> <p>Full and comprehensive credit checks will be undertaken on all recipients of RGF applicants. An Officer from Dudley Council's Economic Development Team will act as a Case Officer for all RGF applicants located within Dudley Borough. In addition to the appraisal of applications undertaken by the RGF Project Board, DMBC Finance and Legal will have the opportunity to review RGF applications for the 'unallocated pot' which fall within Dudley Borough.</p> <p>Progress reports will be presented to ABCA and the Black Country Heads of Regeneration Meeting, as appropriate.</p>
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Project 2: Black Country Business Property Investment Programme (ERDF)

Project summary	Funding will be available to for eligible applicants to improve premises to 'excellent/good' BREEAM standards and bring forward the development of employment sites. It is proposed that the project will offer 25-35% of funding intervention for Small and Medium-sized Enterprises (SMEs) looking to construct new/improve existing business floorspace. Total project development costs of between £0.150m and £2m are expected in light of existing demand.
Expected outputs	Provisional outputs include: Jobs created: 145 To facilitate the start up and expansion of 12 new businesses. Number of hectares of brownfield land reclaimed / redeveloped: 4ha Premises new/refurbished: floorspace: 12,000 sqm Premises new/refurbished with environmental accreditation: 12,000 sqm Private sector investment levered: £19.3m
Total funding	European Regional Development Fund (ERDF): £8m, Match: £16m, Total £24m. £6.7m to be available for grants to SMEs.
DMBC financial contribution	Up to a maximum of £60,000 by each Black Country local authority over a period of three years
Delivery timescales	2013 to December 2015
Project status	Funding Agreement to be signed on receipt of signed Collaboration Agreement
Accountable Body	Walsall Metropolitan Borough Council
Risks and mitigating actions	Each local authority agrees that in the event that any monies are clawed back from Walsall MBC as the Accountable Body, pursuant to the Funding Agreement, then all parties will:

	<ul style="list-style-type: none"> i) Take all reasonable steps to mitigate the amount of monies clawed back from Walsall MBC. ii) In the event of a pre-project expenditure default, pay to Walsall MBC an equal share of the monies that Walsall MBC is obliged to pay back to the Department for Communities and Local Government; and iii) In the event of a post-project expenditure default, pay Walsall MBC a share of the monies that Walsall MBC is obliged to pay back to the Department for Communities and Local Government in such proportion as the proportion of the Programme funding that has been expended in Dudley Borough. <p>An agreed governance structure is in place and detailed in the Collaboration Agreement. A Technical Advisor will appraise all full applications for funding and verify all project claims.</p> <p>Walsall MBC has a dedicated Working Group in place consisting of Senior Officers from across the Council to prepare contracts, grant agreements, legal charges, procurement, monitor expenditure and cash flow.</p> <p>A Black Country wide Steering Group will oversee the delivery of the programme from a sub-regional perspective and undertake initial project appraisals and make recommendations to an Executive Board.</p> <p>Progress reports will be presented to ABCA and the Black Country Heads of Regeneration Meeting, as appropriate.</p>
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Project 3: Black Country Growth Opportunities: Local Delivery (ERDF)

Project summary	<p>This project requests £955,000 ERDF, along with £955,000 match funding from private investment (£820,000) and public funding (£191,000) for a 2 year project from June 2013 – June 2015 to systemise business support services for up to 120 SMEs lacking capacity to exploit growth opportunities in the Black Country (Wolverhampton, Walsall, Dudley and Sandwell).</p>
Expected outputs	<p>This project aims to clarify the existing provision of business support for SMEs wanting to exploit growth opportunities, into a programme which offers tailored and specialist workshops by growth themes; expert 1-2-1 advice from agencies but tailored into a language that can be understood; and finally, a business grant for up to £32,000 (50% match funded by the SME) to invest in equipment or professional services to apply the advice and install the necessary infrastructure to help deliver the expected growth. Each business is hand-held by the local authorities, acting as co-ordinators, through a 4 stage process:-</p> <ul style="list-style-type: none"> i) Each business is offered a 1-2-1 diagnostic to understand the issues preventing them from accessing the growth opportunity and identify solutions. ii) They are then directed to a locally-run workshop on a specialist theme, tailored to 7 different types of growth opportunity, where specialists from national agencies will present the standards required and how to reach them; as well as local support agencies on hand to advise. iii) SMEs then receive 1-2-1 support from the specialist agency on how to develop their growth plans.

	iv) SMEs are then invited to apply for a business support grant of up to £5,000 for equipment or £16,000 for specialist professional services (plus 50% from the SME themselves) to carry out their growth plans.
Total funding	£1,910,000
DMBC financial contribution	£32,500 (to include a proportion of in-kind DMBC Officer contribution)
Delivery timescales	June 2013 to June 2015
Project status	Full Application submitted
Accountable Body	Wolverhampton City Council
Risks and mitigating actions	<p>A governance and project management role has been agreed as part of the development of the Full Application. As part of the development of the Full Application a full risk assessment has been prepared and the project has been categorised as 'low risk'.</p> <p>Progress reports will be presented to ABCA and the Black Country Heads of Regeneration Meeting, as appropriate.</p>

Project 4: Black Country ERDF Technical Assistance

Project summary	Black Country local authorities have agreed to collaborate to apply to the European Regional Development Fund for approximately £172,076 to be administered as the 'Black Country Technical Assistance Project'. It is intended that the Project will assist in the delivery of the existing Black Country ERDF Packages, offering technical advice and support, ensuring that spend and output targets are met, represent the Black Country in the development of any future EU programmes and start to identify project eligible for any future EU funding.
Expected outputs	Appointed staff will work across the Black Country and will oversee, manage and monitor the deliver of the two existing Black Country packages (North Black Country and South Black Country), along with any other Black Country projects from within Priorities 1 and 2 of the West Midlands Operational Programme 2007 – 2014. A new team will be developed to deliver the ERDF Programme and will consist of an External Funding Team Leader (to be appointed by Walsall MBC), ERDF Project Manager (an existing post employed by Sandwell MBC) and Development Officer (to be appointed by Walsall MBC).
Total funding	£172,076 (ERDF)
DMBC financial contribution	Up to a maximum of £45,000 by each Black Country local authority over three years:
Delivery timescales	2013 to 2015
Accountable Body	Walsall Metropolitan Borough Council
Risks and mitigating actions	<p>A governance and project management role has been agreed as part of the development of the Full Application. As part of the development of the Full Application a full risk assessment has been prepared and the project has been categorised as 'low risk'.</p> <p>Progress reports will be presented to ABCA and the Black Country Heads of Regeneration Meeting, as appropriate.</p>