

Executive Decision Report

Delivery of Enterprising Leicester Grant / Inward Investment Project

Decision to be taken by: City Mayor
Decision to be taken on: October 2013
Lead director: Andrew L Smith



City Mayor

Useful information

- Ward(s) affected: All wards
- Report author: Joanne Ives
- Author contact details: 37 2934
- Report version number: 1

1. Summary

This report is seeking approval for the delivery of the Enterprising Leicester Programme funded by the European Regional Development Fund (ERDF) which will support businesses in Leicester by:

- Delivery of a business grant scheme
- Delivery of inward investment project raising Leicester City's profile

2. Recommendations

The project is recommended for support and inclusion in the capital programme, as the project, with minimum city council financial support will provide significant investment of £4.5m to Leicester's businesses by supporting growth and investment leading to increased productivity and job creation.

3. Supporting information including options considered:

An application was made for European Regional Development Funding for the development of a business grant scheme and inward investment scheme in April 2013. Approval was given by DCLG for the project in June 2013, subject to the pre-conditions and a contract being signed.

The total project cost is £4,530,148, of which £2,442,828 is to be funded by ERDF, delivering 1) Business Grant Scheme and 2) Invest In Leicester scheme which will run from 1st July 2013 to 30th June 2015. The balance of funding is to be met by private sector match funding from SMEs and City Council funding including officer time 'in kind'.

Business Grant Scheme

The scheme will provide start-up grant and development grants to 305 small to medium sized enterprises (SME) in Leicester. Grants will range between £1-£15k and will require 50% match funding from the SME. The grants can be used to purchase both capital and revenue items that will help the business to create new jobs / apprenticeships; access to new markets or increase exports; bring forward important business plan objectives; improve the skills of owners / employers; purchase essential equipment to improve the business's turnover; help overcome a specific problem that is obstructing growth.

All applications will need to demonstrate how they will create new jobs and increase turnover.

Budget: Total costs are: £4,096,758, of which ERDF will contribute £2,155,489, with match funding of £1,941,269 (1,895,000 SME contribution, £46,269 economic regeneration service staff time in kind).

The ERDF will pay 50% of the grant and approx. £50k income for economic regeneration service which is required to support existing staff levels.

The grants project will be managed by a “Business Grants Manager” which is fully funded from the ERDF allocation.

Invest In Leicester Scheme

This scheme has 5 specific elements:

- Development of business improvement networks around the 4 Business Investment Areas (Creative Industries, Innovation & Technology, City Centre, Food & Drink) with key businesses in that sector;
- Development of an Inward Investment Network (Leicester Bondholder) which will seek local businesses to raise the profile of the City and be champions for the city to encourage inward investment;
- Creation of a dedicated website to promote the city and Leicester Businesses across the world, the website will also incorporate a 3D modelling element;
- 1 to 1 support to businesses (SME) looking to Invest in Leicester i.e. property available, business resources, staffing etc;
- Commercial Office Market Forum – to establish and provide a forum drawn from the market agents. The forum will provide the data to produce an annual office market review, linked to the City Centre and attracting further investment in Grade A office provision.

This activity will complement and support current provision such as the LLEP (Leicester and Leicestershire Enterprise Partnership) in relation to their inward investment activities.

Budget: The total costs are £433,390 of which ERDF will contribute £287,339, and with match funding of £146,051 (£50,000 economic service funds and £96,051 economic regeneration and development team staff time in kind).

The ERDF costs will pay for events, consultancy and design costs and a new Invest in Leicester Project Manager who will oversee the project delivery.

4. Details of Scrutiny

This project will form part of the Enterprising Leicester Programme within the City Mayor’s Economic Action Plan which was reviewed by the Economic Development, Transport and Tourism Scrutiny Committee in April and May 2012.

5. Financial, legal and other implications

5.1 Financial implications

The total project costs is £4.5m of which £2.4m is ERDF funded, £1.9m SME match funding and £0.2m match from existing Economic Regeneration Budgets.

Paresh Radia –Principal Accountant

5.2 Legal implications

5.2.1 The European Commission has adopted a development strategy for the East Midlands Region to strengthen the competitiveness and employment objective of the East Midlands EC Structural Funds.

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- Delivery of inward investment project

5.2.2 The Council is to adhere to European Commission Regulations to deliver the service together with State Aid Regulations in particular Articles 107 – 109.

Officers have been advised that should State Aid be relevant than the Grant will be repayable

5.2.3 Funding agreements will be required for each Organisation in receipt of ERDF grant funding. Such agreements will mirror the terms and conditions included in the DCLG Agreement awarded to the Council.

Sandy Mehta
Solicitor (ext 37 1425)

5.3 Climate Change and Carbon Reduction implications

Industrial and commercial activity accounts for an estimated 47% of Leicester's carbon emissions (Source: DECC). Both schemes outlined in this report offer the chance to help businesses develop whilst reducing their climate impact. Examples might include funding of efficient low carbon technologies which cut running costs or support for companies to increase their sales by developing and marketing lower carbon products. It is recommended that both schemes incorporate appropriate signposting to sources of energy/resource efficiency and carbon reduction advice – such as the Leicester Energy Agency.

Duncan Bell, Senior Environmental Consultant, Environment Team. Ext. 37 2249.

5.4 Equality Impact Assessment

Through the delivery of the ERDF programme equality aspects will be taken into account through the recording of data in relation to businesses engaged in the projects which will help shape activities within the next phase of delivery.

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None

6. Background information and other papers:

N/A

7. Summary of appendices:

N/A

8. Is this a “key decision”?

Yes

9. If a key decision please explain reason

Spending of over £1m is to be committed on a scheme that has not been specifically authorised by Council.