

# Executive Decision Report

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**Collaborate: Growing Business Together Project**

Decision to be taken by: City Mayor

Decision to be taken on: 21 February 2017

Lead director: Mike Dalzell

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**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 Collaborate: Supporting Business Together project funded by the European Regional Development Fund (ERDF) which will support businesses in Leicester by:

- Delivery of Business Advice/Support to the 8 LLEP Priority Sectors
- Delivery of a business grant scheme
- Delivery of inward investment project

### **2. Recommendations**

That the City Mayor:

2.1 Accept the EDRF funding (£3.1m) and agree for the city council to act as accountable body in relation to it;

2.2 Add the capital grants fund element of the project (£1.2m) to the capital programme; and

2.3 Delegate to the Director of Tourism, Culture & Inward Investment in consultation with the Director of Finance the authority to distribute and allocate the EDRF funding to further the aims of the project and to approve the terms of any agreements required in consultation with Legal Services.

### **3. Supporting information including options considered:**

An application was made for European Regional Development Funding (ERDF) for the development of a business support, business grant and inward investment scheme in January 2016. Approval was given by DCLG for the project in January 2017, subject to the pre-conditions and a contract being signed. The total project cost is £7.3m of which £3.10m, is to be funded by ERDF. The remaining £4.2m match funding is broken down as follows: £2.4m private sector match to the grant scheme; £1.1m from Leicester City Council (mainly in-kind staff time); £0.3m from Leicestershire County Council; £0.1m from the Food & Drink Forum and £0.3m from the East Midlands Chamber (Derbyshire, Nottinghamshire, Leicestershire).

The project proposal has been led by Leicester City Council, and developed as a partnership with Leicestershire County Council, the East Midlands Chamber and the Food and Drink Forum, building on existing joint working. The project will run from 1<sup>st</sup> October 2016 to 30<sup>th</sup> September 2019.

Collaborate will deliver a comprehensive business support, business grants and inward investment service for SMEs. The project will target SME businesses within the eight priority sectors as identified by LLEP. Through these activities it is anticipated that 290 SME's will be supported to grow and develop with 350 jobs being created and £2.4m of private sector leveraged.

The project will provide:

- One to one support providing advice, consultancy and coaching to SMEs to grow their business.
- Sector / cross cutting workshops, providing practical support to SMEs on specific topics which will either have a sectoral focus (for example food labelling for the food and drink sector) or address cross cutting issues (such as employment law) relevant to all sectors.
- Networking / Forum Events: providing business networking opportunities across sectors and within sectors
- Showcase / conference / seminar events, to bring together large numbers of SMEs to celebrate and showcase specific sectors or initiatives.
- An enhanced inward investment service, attracting companies looking to invest, relocate and expand and Foreign Direct Investment (FDI) from the USA, China and India (non EU countries)
- A £1.2 million capital grants fund, providing capital business grants to SMEs in priority sectors of between £10k to £25k, with an average grant anticipated of between £15-20k to be matched by an SME contribution of at least two thirds of project cost.

The City Council is experienced in delivering and managing business support grant programmes including the successful Enterprising Leicester (ERDF funded) and Enterprising Leicestershire schemes (RGF funded) which operated throughout 2014 and part of 2015. These schemes supported around 200 businesses and created more than 500 jobs at an average cost of £5,600 per job. The new capital grant scheme is anticipated to support around 86 businesses and deliver 215 jobs

#### **4. Details of Scrutiny**

An overview of the project was presented to the EDTT Scrutiny Commission on 1<sup>st</sup> December 2016

#### **5. Financial, legal and other implications**

##### 5.1 Financial implications

Leicester City Council will receive the ERDF grant funding, will be accountable for it and will be responsible for delivering the various strands both directly and by working with partners. The Council should mitigate its risks by passing on liability for any ERDF

clawback not within its direct control to the partners. – Colin Sharpe, Head of Finance, ext. 37 4081

## 5.2 Legal implications

5.2.1 Delivery of the Collaborate – Growing Business Together project funded by the European Regional Development Fund (ERDF). Whilst they will be non-negotiable the terms of the funding should be run past legal services for advice. In addition, due to the level of funding the agreement should be signed by an authorised signatory.

5.2.2 Delivery of the project to be delegated to the Director of Tourism, Culture & Inward Investment in consultation with the Director of Finance the authority to distribute and allocate the EDRF funding to further the aims of and implement the project and to approve the terms of any agreements required in consultation with Legal Services.

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 Any grant agreements or service agreements which are entered in to in order to further the project which allocate the EDRF funding (in whole or part) will require state aid advice from legal services. All agreements should come through legal services in order to ensure that the terms reflect the conditions on the Council under the EDRF terms and conditions, in order to mitigate risks and allow clawback where a finding of state aid occurs which requires repayment of the EDRF grant.

5.2.4 A partnering agreement with the funding/delivery partners (County and the EMCC and the F&D Forum) will be entered in to so that the obligations and rights of the parties are formally set out and that, in the event the Council is not retaining sole control of the expenditure of the fund, to apportion the liability and risk under the project so the Council does not assume it all as project lead.

Emma Horton, Head of Law (Commercial, Property & Planning) ext 37 1426

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

### 5.3.1 Equality Implications

The proposed project will support owners/managers of businesses within Leicestershire to enable them to grow and develop their business. Equality data will be captured in relation to the ownership of these businesses in compliance with European Regional Development Fund guidance.

Many of the proposed project activities contribute substantially to all of our Public Sector Equality Duty aims: eliminating discrimination, promoting equality of opportunity and fostering good relations between different groups of people. SME focused activities such as employment law workshops will ensure that businesses are aware of

the statutory requirements of being an employer which includes discrimination considerations under the Equality Act 2010. The proposed business support and investment will provide them the opportunity to expand their businesses within resulting opportunities for both their current and potential new employees. The number and variety of networking events enabling SMEs to engage with and learn from each other assists in the fostering of good relations between different groups of people. The equality monitoring referred to will enable us to track which protected characteristics have benefited from this initiative.

Irene Kszyk, Corporate Equalities Lead, ext 374147.

**6. Background information and other papers:**

**7. Summary of appendices:**

**8. Is this a private report (if so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?**

No

**9. Is this a “key decision”?**

Yes

**10. If a key decision please explain reason**

Capital expenditure of over £1m is proposed on this project in relation to the grant scheme, which has not been specifically approved by Council.