

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

3849

Author:

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Department:

Development and Growth

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Subject:

Allocation of funding from Creative Quarter Loan Fund

Total Value:

£808,000 (Type: Revenue)

Decision Being Taken:

- 1) acknowledge the return of £808,000 from the Creative Quarter Loan Fund to the City Council over the next 4 years and approve the allocation of this as detailed within this decision.**
- 2) authorise dispensation from Contract Procedure Rule 5.1.2 in accordance with Financial Regulation 3.29 to make the direct award of a contract to the Creative Quarter Company.**
- 3) delegate authority to the Director of Economic Development to negotiate and enter into agreements with Creative Quarter Company and Marketing NG as described below.**
- 4) create a Growth Reserve fund with the unallocated £101,410 and any underspends from the outlined allocations and delegate approval for its use to the Director of Economic Development, in consultation with the Portfolio Holder.**

Reasons for the Decision(s)

Following a decision not to renew the Creative Quarter Loan fund when the contract expires at the end of March, the funding not currently allocated to loans and subsequently any amounts of money repaid on the loans, will be returned to the council. The amount expecting to be returned in March is £520,000, followed by £288,000 to be returned through loan repayments over the next four years.

The original purpose for the Creative Quarter Loan Fund was to support businesses within the creative and digital sector/Creative Quarter to grow and create new jobs. Lack of demand for the loan scheme has led to the decision to call back the funding, however the priority to create new jobs, particularly within the creative and digital sector remains.

It is therefore proposed that £250,000 to be returned to the Council to support the homelessness agenda in 2021, with the remainder allocated to support Business Growth related priorities as outlined below;

£240,000 Creative Quarter Company - To provide £80,000pa for two years to the Creative Quarter Company, with a third year also at £80,000 subject to the repayment of loans. The Creative Quarter is an important part of the Councils economic strategy to create growth within the Creative and Digital sector and will directly deliver through its service level agreement, the Council Plan commitment to 'Develop Nottingham's Creative Quarter and creative industries into a regionally significant economic sector'. The funding will provide match funding to a European funded programme providing business support to creative and digital businesses, without which the project will not be delivered and the funding lost to Nottingham.

£25,000 Marketing NG - To provide a one off payment to Marketing NG, to provide match funding to the Invest in D2N2, European funded project. Without this funding it is unlikely that the appropriate amount of match funding will be available for the project, which means it will be scaled back in size. This project directly supports the Council Plan commitment to 'Secure more Inward Investment than any other city in the East Midlands.'

£115,000 Town/City Centre Officer - To extend the Town/City Centre Officer role for a further 2 years, when the current funding to the post comes to an end in March 2020. This will directly deliver the council plan commitment to 'Protect from cuts: support to ensure our neighbourhood centres thrive', 'support the retail offer on Nottingham's arterial routes and in neighbourhoods, reducing empty shops by 15%' and reduce the number of empty shops from 15% to below 10% and return Nottingham to the top 6 retail rankings outside of London'.

£38,000 Economic Research Officer - To enable the extension of this post for a further 2 years until March 2022. This post within the Economic Development team, provides analysis and insight on economic issues, enabling the effective development of economic strategy and will deliver an evaluation programme for all of our European funded projects, which is a funding requirement and will help to build a stronger business case for future funding, once European funding ceases.

£40,000 B Global Network Development - To provide additional capacity for the next two years for the B Global network, which aims to support and grow BAME businesses, particularly those from African Heritage.

£101,410 Growth Reserve Fund - The Portfolio Holder as requested an earmarked reserve to be established to support the activity of the newly established Growth Board. Any underspends from the other allocations will also be placed within this reserve. The reserve fund will be drawn down for activity to support activity to drive business growth within the City, with delegated authority given to the Director of Economic Development in consultation with the Portfolio Holder.

Other Options Considered:	Not to fund the business support programmes - this was rejected as there are a number of council plan priorities that are dependant on this resource to ensure their delivery. Without this they will not be met.
Background Papers:	None.
Published Works:	None.
Affected Wards:	Citywide
Colleague / Councillor Interests:	None.
Dispensation from Financial Regulations:	Yes
Consultations:	Those not consulted are not directly affected by the decision.
Crime and Disorder Implications:	None arising from this decision.
Equality:	Please login to the system to view the EIA document: EIA CQ loan fund revised.docx
Relates to staffing:	Yes
Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	14/04/2020
Advice Sought:	Legal, Finance, Procurement, Human Resources, Equality and Diversity

Legal Advice:

This report seeks authority to allocate funding to be returned from the Creative Quarter Loan Fund for a variety of purposes described in the report. A direct award to Creative Quarter Company is permitted as it is a company under the joint control of the City Council and NTU and it is understood from discussions with the Development team that it benefits from the 'Teckal' exemption in regulation 12 of the Public Contracts Regulations 2015. A contract setting out the services to be delivered should be put in place with the company.

The City Council must ensure the funding to Marketing NG is not state aid - it can do this by requiring Marketing NG to sign a de minimis declaration or by ensuring the activities fit within the SGEI exemption. If neither of these scenarios are applicable the report author will need to liaise with the Legal Service team to find an acceptable solution.

The other allocated funding is for posts which does not raise any significant legal issues. Any use of the Growth Board Reserve Fund must be in accordance with the City Council's Financial Regulations.

Advice provided by Andrew James (Team Leader Contracts and Commercial) on 02/03/2020.

Finance Advice:

As outlined in the body of this decision the Council will receive back from First Enterprise a total of £808,000 that was originally to be used as the Creative Quarter Loan Fund. £520,000 will be received in March 2020 with the rest returning over the next 4 years as agreed. As the funding will be used over the next few financial years, funding will be held in a reserve that will be created for this purpose until needed.

This decision approves the creation of a reserve and this will be set up and managed in accordance with this decision.

£250k of this has already been agreed as part of a saving within the budget for 20/21 and will be allocated to support homelessness accordingly.

It will be important to monitor this income and ensure that is used only for the purposes outlined within this decision.

Advice provided by Susan Tytherleigh (Senior Finance Manager) on 13/02/2020.

Procurement Advice:

Procurement agrees with the advice provided by Legal colleagues in that a direct award to Creative Quarter Company is permitted as it is a company under the joint control of the City Council and NTU and it is understood from discussions with the Development team that it benefits from the 'Teckal' exemption in regulation 12 of the Public Contracts Regulations 2015.

Procurement supports the recommendations as set out on the decision to be taken.

Advice provided by Paul Ritchie (Lead Procurement Officer) on 01/04/2020.

HR Advice:

Management propose to extend the fixed terms contracts of the Town/City Centre Officer and Economic Research Officer for a period of two years.

Where an employee has accrued more than 2 years' service, management should be aware of the right to a redundancy payment if the reason for dismissal is redundancy and budget accordingly.

In giving notice to end a fixed term contract, management will need to ensure appropriate timelines are in place to notify the affected employees and give appropriate notice and referral to Redeployment in accordance with the Fixed Term Workers Policy.

Management will need to complete a variation to contract form to advise the Employee Service Centre (ESC) to ensure that employees are advised of the decision to extend in writing.

Advice provided by Shilpa Arya (HR Consultant) on 24/02/2020.

Equality and Diversity Advice:

The EIA for this proposal has been reviewed by Sally Edwards and comments with suggested amendments sent to the author for action.

Advice provided by Saema Mohammad (Service Redesign Consultant) on 09/03/2020.

Signatures

Sam Webster (PH Finance, Growth and City Centre)
SIGNED and Dated: 06/04/2020
Chris Henning (Corporate Director for Development and Growth)
SIGNED and Dated: 06/04/2020
Laura Pattman (Strategic Director of Finance) - Dispensation from Financial Regulations
SIGNED and Dated: 06/04/2020
Chief Finance Officer's Comments: