

**Executive Board  
22 February 2022**

<b>Subject:</b>	Growth Hub Extension to June 2023
<b>Corporate Director(s)/Director(s):</b>	Sajeeda Rose, Corporate Director for Growth and City Development
<b>Portfolio Holder(s):</b>	Councillor Rebecca Langton, Portfolio Holder for Skills, Growth and Economic Development
<b>Report author and contact details:</b>	Robert Dixon, Head of Business Growth <a href="mailto:robert.dixon@nottinghamcity.gov.uk">robert.dixon@nottinghamcity.gov.uk</a>
<b>Other colleagues who have provided input:</b>	
<b>Subject to call-in:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Key Decision:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Criteria for Key Decision:</b>	
(a) <input checked="" type="checkbox"/> Expenditure <input checked="" type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision	
<b>and/or</b>	
(b) Significant impact on communities living or working in two or more wards in the City	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>Type of expenditure:</b> <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital	
<b>Total value of the decision:</b> £7,871,858 (of which 50% is grant income)	
<b>Wards affected:</b> All	
<b>Date of consultation with Portfolio Holder(s):</b>	
<b>Relevant Council Plan Key Outcome:</b>	
Clean and Connected Communities	<input type="checkbox"/>
Keeping Nottingham Working	<input checked="" type="checkbox"/>
Carbon Neutral by 2028	<input type="checkbox"/>
Safer Nottingham	<input type="checkbox"/>
Child-Friendly Nottingham	<input type="checkbox"/>
Healthy and Inclusive	<input type="checkbox"/>
Keeping Nottingham Moving	<input type="checkbox"/>
Improve the City Centre	<input type="checkbox"/>
Better Housing	<input type="checkbox"/>
Financial Stability	<input type="checkbox"/>
Serving People Well	<input type="checkbox"/>

**Summary of issues (including benefits to citizens/service users):**

This project is to enable the continued delivery of the D2N2 Growth Hub, to continue to provide business support to small and medium-sized enterprises (SMEs) across the region. The Council is the accountable body for this key business support project. In addition to the management costs, the project provides four business advisors to specifically support Nottingham businesses. The request is to receive grant funding and continue with existing partnership arrangements, which are the bedrock of business support in the city and beyond. A Project Change request has been accepted by the Department for Levelling Up, Housing and Communities (DLUCH) and this formal approval is required to accept the grant and continue with the partnership arrangement post 1 April 2022.

**Does this report contain any information that is exempt from publication?**

No

**Recommendation(s):**

- 1** To accept a grant of £3,935,000 from the Department for Levelling Up, Housing and Communities to extend the Growth Hub 2 Project to June 2023.
- 2** To agree that the Council continues to act as the accountable body for the project until June 2023.
- 3** To delegate authority to the Director of Economic Development to negotiate the grant agreement with the Department for Levelling Up, Housing and Communities, to sign and enter into grant agreements with the delivery partners, and to allocate funding to those partners in order to fulfil the project.

**1. Reasons for recommendations**

- 1.1 Strategic:** The Nottingham Growth Hub directly delivers the Council Plan priority to support all businesses and help the local economy grow to support jobs growth. It is also an overt part of the Nottingham Economic Recovery and Renewal plan and has provided essential support for businesses as part of the Covid response over the last two years. Current funding only runs until March 2022, this extension therefore would enable the project to continue delivering until June 2023.
- 1.2 Economic:** The Growth Hub supports jobs growth and has engaged with over 10,000 businesses across D2N2 in the past 5 years of existence (of which around 2,500 have been in Nottingham), helping to deliver economic benefits. This project extension will deliver £1.5 million of grants to businesses, and support directly 400 new businesses, and helps create a further 65 new jobs. Over 200 new businesses will receive high level intensive support (either a grant or over 12 hour of business advisors support) which is a core element of Growth Hub delivery.

- 1.3 **Financial:** The project uses match funding that already is approved for the Growth Hub, and supports 13 jobs in the city council and the extension alone brings in £7 million of funding for the city/region. Part of the funding supports other roles in the city in finance and management, and without this, the service would be severely cut back. The expectation is that Shared Prosperity Funding from 2023 will enable the service to continue post this last EU funding for the Growth Hub. The remaining 50% will be provided through partner match funding as follows: £3.151 million from match funding generated through SMEs via the grant scheme, £125,000 from income generated via Economic Development foresight investment income to fund the Growth Hub (already agreed via Delegated Decision 4488 in January 2022) and £659,467 from partner match funding (East Midlands Chamber, Nottinghamshire County Council, Erewash Borough Council, Derbyshire County Council, Derby City Council and Derbyshire Dales District Council). The extension is anticipated to start 1 April 2022, and runs until 30 June 2023.
- 1.4 **Operational:** This is the continuation of an existing project, with all roles currently recruited to and delivering. The project extension would enable an extension of these roles until June 2023. The project to date has delivered to target, and there is therefore an expectation that it will continue to do so for the period of the extension. Revised partnership agreements will be created as required to deliver the extension.
- 1.5 **Partnership:** The Growth Hub is a partnership project across D2N2 area, with 6 other local authorities and the East Midlands Chamber of Commerce as key delivery partners. This brings in incremental funding to the project through grants from the Department for Business, Energy and Industrial Strategy (BEIS). This BEIS funding funds workshops and Peer-to-Peer networks to the benefit of the whole partnership. The D2N2 Growth Hub is not dependent on continuation of the D2N2 Local Enterprise Partnership (LEP), which are currently being reviewed by Government, but the project today is supported on strategic management by the Business and Innovation Manager at the LEP.

## 2. Background (including outcomes of consultation)

- 2.1 The Council is the accountable body for the D2N2 Growth Hub project, currently funded through European Regional Development Fund (ERDF) funding until March 2022. The DLUCH has agreed that the Council can extend the project through a Project Change Request (PCR) to extend the project until to June 2023. This will allow continued delivery across D2N2, with a specific Nottingham part of the delivery to support businesses.
- 2.2 The Growth Hub is the key business support programme for businesses in Nottingham and supports over 2000 businesses in the city. Also, as accountable body for the D2N2 Growth Hub, Nottingham acts as the lead partner in the wider D2N2 Growth Hub for the benefit for the whole D2N2 Region.
- 2.3 This decision is to enable grant receipt and onward funding ahead of the new project starting in April 2022.

### 3. Other options considered in making recommendations

- 3.1 To not accepting the funding: this option is rejected as this funding allows for one of the key economic development projects for Nottingham and the region.
- 3.2 To not be the accountable body: this option is rejected as this is unlikely to be accepted by the funders and would jeopardise the project for Nottingham and other delivery partners. Changing now would create reputational damage that could affect credibility in future funding decisions.
- 3.3 To investing more in the project: this is not required and not possible given the Council's financial position and budget constraints, so this option is rejected.
- 3.4 To request more or longer grant funding: this option is rejected as the DLUCH has clearly indicated that this is the maximum grant funding allowed within the small window remaining to spend ERDF/EU funding.

### 4. Consideration of Risk

- 4.1 **Partnership delivery:** As a partnership project, the D2N2 Growth Hub relies on performance delivery from several local authorities and the East Midlands Chamber. The project has tight management controls, a regular executive review and intermittent external review mechanisms. Further the project so far has delivered in line with budget and is judged well run by DLUCH, the managing authority.
- 4.2 **Grants to businesses:** A key part of the private sector match comes from providing cash grants to businesses. To date the grant project has delivered well, and there is a pipeline of businesses ready to commit to new grant applications. At the moment the scheme is oversubscribed, so the risk of not hitting financial targets is low. If for any reason, this was not to be the case, there are a number of actions to mitigate this: i) increase the intervention rate on grants from 30%, to achieve a higher top-slice share; ii) re-open the scheme to new applicants and market more actively to get grant applications; iii) manage the internal costs which are mainly staff, to balance the budget; iv) seek other partners to take more of the risk; or v) depending on the cause, seek DLUCH support (for instance they were able to provide some level of 100% funding for grants during Covid restrictions).
- 4.3 **Grant processing, compliance and subsidy control/state aid:** We already have a comprehensive and robust system for grant processing, which involves an expression of interest, a full business case, which is then reviewed by a group of assessors and checked for compliance with subsidy control and DLUCH/ERDF regulations. This is managed as part of the Accountable Body Function of the Council and reported quarterly to DLUCH before they process payments. There have been no issues or clawback, or audit issues identified by DLUCH over the past 6 years running this scheme.

## **5. Finance colleague comments (including implications and value for money/VAT)**

- 5.1 The Council has been the accountable body for both the Growth Hub 1 and Growth Hub 2 – please refer to Delegated Decision 3217. This decision is an extension of existing arrangements up to June 2023.
- 5.2 The match funding required is available and has been earmarked solely for this purpose.
- 5.3 The contribution from the Council of £125,000 has approval – please refer to Delegated Decision 4488.
- 5.4 An officer has responsibility in Economic Development for monitoring and managing the grants within the section, ensuring all appropriate records are kept and that the Council is not at risk of financial clawback, reducing the risk to the Council.
- 5.5 This decision is being treated as an extension to the existing Growth Hub 2, which is to end in March 2022, and therefore requests that this will be administered via a Project Change Request (PCR) to ensure a smooth continuation to avoid any delays and hold ups. There is no additional funding required from the Council in conjunction with the PCR and therefore no financial pressure arising from this decision.

Comments provided by Michelle Pullen, Senior Commercial Business Partner, on 9 January 2022.

## **6. Legal colleague comments**

- 6.1 It is understood that the Department for Levelling Up, Housing and Communities (DLUCH) has offered additional money to extend the Growth Hub 2 Project, which will be administered under a Project Change Request.
- 6.2 In continuing in its role to act as the accountable body for the proposed extension of the Growth Hub 2 Project, the Council will continue to be responsible for compliance by its delivery partners with the terms of the Growth Hub 2 grant funding rules. It is anticipated that receipt of the money from DLUCH will require the Council to enter into a new or revised funding agreement. Due to the value of such agreement, appropriate signatures will be required in accordance with the Council's Contract Procedure Rules and so should be done in consultation with legal colleagues to ensure compliance with the necessary governance requirements.
- 6.3 The Council should put in place partnership agreements with its partners to enable them to be held to account and to recover any grant funding from them in the event the Council is subject to financial clawback.
- 6.4 As with the initial phase of the project, the Council should have a scheme in place to enable organisations to bid for grant awards and have grant agreements in place with successful bidders to enable the Council to monitor and report on the use of the grant funding and as with any delivery partners, to enable recovery if necessary.

- 6.5 The Council must ensure the grant allocations to be provided described in this report are in accordance with the new subsidy control regime to ensure they are not unlawful subsidy. If necessary, the grant recipients may be required to undertake and share with the Council their own assessment of the grant in terms of compliance with the new Subsidy Control Regime.

Comments provided by Dionne Scream, Senior Solicitor, on 17 January 2022.

## **7. Social value considerations**

- 7.1 The Growth Hub helps support businesses and business growth leads to jobs growth, which can be a significant route out of poverty. Also, the Growth Hub support social enterprises and has a specific advisor supporting Black, Asian and Minority-Ethnic (BAME) led businesses.

## **8. Equality Impact Assessment (EIA)**

- 8.1 An EIA is attached as an appendix, and due regard will be given to any implications identified in it. Given the diversity of the business base across D2N2, especially in the cities of Nottingham and Derby, there is additional targeted support in particular for BAME-owned businesses, to ensure greater engagement and to ensure they are able to access the full range of support on offer. As such, the Growth Hub has specific BAME business advisors under the B Global branding, supporting BAME led-businesses in Nottingham. Further, the wider D2N2 Growth Hub has invested separate funding to develop other BAME-led support, including peer-to-peer networks. The project has also supported the creation of women-led business peer-to-peer networks.

## **9. Data Protection Impact Assessment (DPIA)**

- 9.1 A DPIA is not required because there is no change to the way information is collected due to the extension and so is covered under current policies.

## **10. Carbon Impact Assessment (CIA)**

- 10.1 A CIA is attached as an appendix, and due regard will be given to any implications identified in it.

## **11. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

- 11.1 None.

## **12. Published documents referred to in this report**

- 12.1 Growth Hub Delegated Decision 3217 (July 2018) and Growth Hub Match Funding Delegated Decision 4488 (January 2022)  
<https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=4531>  
<https://committee.nottinghamcity.gov.uk/ieDecisionDetails.aspx?ID=7846>