

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:

1966

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Department:

Development

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Subject:

Commitment to running the D2N2 Growth Hub in parallel with implementation of the Nottingham Growth hub

Total Value:

£200K of which £50K will be reimbursed by the D2N2 LEP (Type: Revenue)

Decision Being Taken:

This request for delegated decisions is informed by previous consultations with the Portfolio Holder and Corporate Director Development and Growth. Decisions are:

To approve a commitment to running the D2N2 Growth Hub in FY 15/16 as a key component of implementation of the Nottingham Growth Hub for which we will be paid £50K to cover additional costs incurred.

To delegate authority to Director Economic Development to enter into a fixed term agreement with Derbyshire County Council (Accountable Body) for operation of the D2N2 Growth Hub in FY 15/16

To enable draw down of £200K operating funding for the Nottingham City Growth Hub for FY15/16 (£150K of "Good to Great" funding plus £50K to be received from DCC) subject to Portfolio Holder's agreement of a detailed implementation plan which will include breakdown of all proposed spend/marketing activity.

**Background:** The Nottingham City Growth Hub will be operational from April 2015 with all staff and resources in place. In line with a model developed by England's Core Cities it will combine a "one stop shop" service for businesses to access growth and innovation support with a function as an "intelligent customer" enabling it to proactively design, shape and commission business facing support which will facilitate business growth. In the short term (to April 2016) the Nottingham Growth Hub will collocate with the Invest in Nottingham Team in Loxley House in a designated area agreed with the Workforce Planning Team as part of the "Unlocking Loxley" Programme. After April 2016, the current intention is to move to a dedicated office outside Loxley House, co-located with a broader range of partners involved in economic development in the City.

A total of £740K of "Good to Great" funding was allocated to the Nottingham Growth Hub for FYs 15/16 and 16/17 (£370K for each FY). Funding for the Nottingham Growth Hub of £440K for FY 15/16 and FY 16/17 has already been committed in Delegated Decisions DDM 1553 and DDM 1555 to pay the staff costs of the Growth Hub (£220K for each FY). This leaves a balance of £300K still to be drawn down (£150K for each of FYs 15/16 and 16/17). We are therefore not seeking a decision to appoint additional staff at this point in time, however we will need to start to implement other aspects of the Growth Hub (eg marketing, events) imminently. We are therefore seeking a decision to draw down funds of £200K for FY15/16 which is made up of £150K of "Good to Great" funding plus the £50K which will be received from Derbyshire County Council in FY 15/16 to cover the additional costs of running the D2N2 Growth Hub. This will leave £150K of "Good to Great" funding still uncommitted for FY 16/17. Expenditure of the £200K will be undertaken on the basis of an implementation plan which will be agreed with the Portfolio Holder for Jobs and Growth which will include a breakdown of proposed spend and marketing activity. Any additional future marketing activity will also be cleared in advance with the Portfolio Holder. In broad terms this £200K will be allocated as follows:

- 1. Project Management: £20K** (estimated cost of support from Major Projects Team for planning/implementing relocation out of Loxley and ongoing support)
- 2. Additional Key Sector Support: £130K** (specialist business support from sector experts to support businesses in our key sectors)
- 3. Marketing and Engagement: £50K** (eg attendance at major events related to our Key Sectors and a major refresh of the "Growing Nottingham" website and materials)

**Total: £200K**

Alongside the Nottingham Growth Hub the D2N2 LEP (Local Enterprise Partnership) has also launched its Growth Hub using Department of Business Innovation and Skills (BIS) funding. £525K of BIS funding is available to the D2N2 Growth Hub in FY 15/16. The two Growth Hubs have different but mutually supporting methods of operation: the D2N2 hub offers light touch information and brokerage to all businesses in the D2N2 region whereas the Nottingham Growth Hub's emphasis is on focussed account managed support for strategic and growth potential businesses in our key sectors. Given the alignment of objectives and the potential for customer confusion from competing organisations/brands (which would work against our objectives) it makes sense to closely align the two organisations. Having a "hard wired" linkage with the D2N2 Growth Hub will help us significantly to get the best out of the more generalised support it offers to all businesses which will allow our own team to fully focus on the Key Sectors that we have designated.

**D2N2 Growth Hub: The D2N2 Growth Hub primarily provides a "virtual" web-based service providing business support information with two Chamber of Commerce staff operating a "Helpline". A Customer Relationship Management (CRM) system (currently being procured) will shortly be introduced. The D2N2 Growth Hub is currently managed by the Chamber of Commerce based on an agreement covering Phase 1 of Growth Hub implementation. Initially D2N2 had planned to procure a third party managing agent for subsequent management of their Growth Hub which would require a procurement exercise taking at least 4 months, however they have now recognised that this is impractical given the short-term nature of the BIS funding (which covers only FY 15/16).**

**Following consultation with D2N2 and LEP partners, the alternative of Nottingham City Council taking responsibility for running the D2N2 Growth Hub initially for the one year period of BIS funding, has been agreed in principle. If implemented, this would be managed as an additional (but fully paid for) task by the Nottingham City Growth Hub Manager. The two Chamber of Commerce staff would relocate to Loxley House (with their own IT equipment) and would continue to be employed and paid by the Chamber of Commerce. All Nottingham City Council additional costs (£50K) would be met by the D2N2 LEP which includes a contribution to our own salary costs and a facilities charge. This would be formalised through a fixed term partnership agreement with Derbyshire County Council (who act as Accountable Body for the the LEP) entered into by the Director of Economic Development.**

**Advantages: The primary advantage of this approach is that it would place Nottingham City Council at the focal point of the Growth Hub concept in D2N2 allowing us to bring our enhanced capability and capacity to achieve both current success and future development in the interests of all partners. The Growth Hub concept is a national initiative and taking this proactive approach is entirely consistent with the additional powers and responsibilities currently being proposed under the Devolution Deal. This approach would legitimately avoid the need for a protracted procurement exercise and the uncertainty of working with a third party provider. The additional workload can be accommodated within the existing line management structure and all direct costs will be fully reimbursed. It will also ensure that our key sector based approach is effectively underpinned by having control over an asset which is configured to offer more generalised advice to all businesses. It will enhance the service we offer and make it better rounded.**

**Other Options Considered:** Do nothing - the D2N2 LEP would then run a procurement exercise to appoint a third party to act as managing agent for the D2N2 Growth Hub. This misses the opportunity to obtain a critically influential position to exercise thought leadership over further development of the growth hub concept, and to gain increased access to additional resources and funding. Playing a leading role in the LEP Growth Hub is also consistent with the position being taken by other core cities within the Devolution agenda.

**Background Papers:** Nil

**Published Works:** Nil

**Affected Wards:** Citywide

**Colleague / Councillor Interests:** Not applicable

**Consultations:** Those not consulted are not directly affected by the decision.

**Crime and Disorder Implications:** There are no implications

**Equality:** EIA not required. Reasons: There are no equality implications

**Decision Type:** Portfolio Holder

**Subject to Call In:** Yes

**Call In Expiry date:** 06/05/2015

**Advice Sought:** Legal, Finance

**Legal Advice:**

The D2N2 Lep is not a legal entity. It is understood that Derbyshire County Council is the accountable body for the administration of funds for the LEP in connection with the growth hub. The agreement described in recommendation 2 will be an agreement with Derbyshire County Council. The legal services team can assist the development team as necessary with this agreement, in particular with a view to minimising any financial risks to the City.

Advice provided by Andrew James on 26/03/2015.

**Finance Advice:**

This decision seeks approval to spend £50k in respect of the D2N2 Growth Hub for the period 1 April 2015 to 31 March 2016. The expenditure will be resourced from grant funding subject to a formal agreement allowing the Council to recover its costs from the funding awarded to the D2N2 LEP.

The Department of Business Innovation & Skills (BIS) will award grant to Derbyshire County Council (DCC) who are the accountable body for the D2N2 LEP.

The BIS funding to DCC will have a number of conditions and these will be mirrored in the formal agreement between the Council and DCC. For the Council, the Director for Economic Development will oversee the activities, will put in place appropriate monitoring and reporting processes to ensure compliance to the grant conditions in order to maximise the grant drawdown for costs incurred.

Expenditure incurred by the Council will be in accordance with financial regulations.

Advice provided by Maria Balchin (Finance Analyst) on 25/03/2015.

**Signatures**

<b>Nick McDonald (Portfolio Holder for Jobs and Growth)</b>
<b>SIGNED and Dated: 27/04/2015</b>
<b>David Bishop (Deputy CE, CD for Development and Growth)</b>
<b>SIGNED and Dated: 27/04/2015</b>