

# Nottingham City Council Delegated Decision



**Nottingham**  
**City Council**

Reference Number:	2459
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Department:	Development
Contact:	Aidan Jackson (Job Title: Bidding and Funding unit Manager, Email: aidan.jackson@nottinghamcity.gov.uk, Phone: 01158763150)
Subject:	Submission of final European Structural and Investment Funds (ESIF) bids for SME Competitiveness and Innovation programmes and approval of NCC funding
Key Decision (decision valued at more than £1million):	Yes
Key Decision (decision affects 2 or more wards):	Yes
Total Value:	8,232,000 (Type: Revenue)
Decision Being Taken:	<p>Subject to DCLG approval, give authority for the following programmes, &amp; for the Director of Economic Development to enter into contracts to:</p> <ul style="list-style-type: none"><li>- Deliver the D2N2 Growth Hub &amp; Creative &amp; Digital Industries projects at a total cost of £7.827m, with Council match funds of £0.824m</li><li>- Support an application from Marketing Nottingham &amp; Nottinghamshire of an inward investment project for £1.221m, with a Council contribution of £0.375m</li><li>- Support an application from Medilink East Midlands of a project for SME innovation support of £5.102m with a Council contribution of £0.030m</li></ul> <p>The Council's match funds will be met from: Good to Great &amp; Nottingham Growth Plan reserves to be maintained over the life of the programme and Economic Development general fund budgets. Four new posts will come from this funding &amp; one will be regraded.</p>

**Reasons for the Decision(s)**

The European Regional Development Fund (managed by the Department of Communities and Local Government ~ DCLG) provides an opportunity to bring in EU funding to support the competitiveness of Small and Medium sized Enterprises (SMEs), but only if local match funding is in place. For a Council investment of £1.229m (in cash and in-kind contributions), some £14.150m of programme activity will be funded to benefit businesses in Nottingham and the surrounding D2N2 region, boosting economic growth and providing jobs for City residents. To deliver this programme four new posts will be created and one existing post regraded.

The objectives of each of these programmes supports our Council Plan objective to 'Deliver the business support schemes that underpin the City's Growth and City Deal'. Two of three of the City's priority growth sectors (as set out in the 2012 Growth Plan) will be supported through these projects. The third (Low Carbon) will be supported through future ESIF calls.

**The Current model**

- Offers a holistic, coherent and integrated model that avoids duplication of provision
- Is based on a strong local partnership of organisations
- Reaches two of the three City priority sectors
- Supports the Council plan objectives to "deliver the business support schemes that underpin the City's Growth Plan and City Deal

Thus offering the best solution for Nottingham

**Briefing notes documents:**

ERDF Bids Supporting Information 2016 04 26.doc

**Other Options Considered:**

Other options considered were:

**1. Not providing funding to the ESIF programmes.**

The bids have been developed with Nottingham City Council either in the lead or in an active supporting role. They require City Council input in terms of people, funding and know how to deliver the objectives. Without City Council funding the bids would not be submitted to DCLG, who would allocate the funding to alternative projects and organisations. Council input would be negligible or non-existent. This is likely to result in poor or patchy support for Nottingham's businesses and hinder the growth of our economy.

**2. Alternative delivery methods**

During the development of the proposals, alternative options for delivery were considered. These included

- Delivering the Growth Hub and sector based programmes within the boundaries of Nottingham City and not on a D2N2 basis. Programmes have been developed on a partnership basis, pooling resources across D2N2, underpinning LEP wide delivery. A Nottingham only bid would not have met call requirements and reduce the economies of scale.

- Procuring delivery through sub-contractors not via partnership arrangements. The procurement process would delay delivery by some months. It is unlikely that sub-contracted deliverers would have the same level of commitment to the development of the project or outcomes achieved.

**Background Papers:****Published Works:**

**Affected Wards:** Citywide

**Colleague / Councillor Interests:**

**Consultations:** Date: 20/11/2015  
Ward Councillors: Nick McDonald  
Councillor McDonald as Portfolio Holder for Jobs, Growth and Transport, was in favour of the Council supporting the submissions as outlined.

Those not consulted are not directly affected by the decision.

**Crime and Disorder Implications:**

There are social implications for the project.  
The projects will create jobs, including in some of Nottingham's most disadvantaged communities, in new and existing companies, and through company expansion. There is a well established link between higher employment levels and lower levels of crime and disorder. Thus the project will reduce levels of crime and disorder

**Equality:**

EIA not required. Reasons: The D2N2 Growth Hub and the Creative and Digital Industries programmes are focused on supporting SMEs to start and grow. However as part of the development of the ESIF applications projects have to consider a range of equality factors in the planning, delivery, and monitoring of them. This includes collecting equality data on participants and ensuring they reach all sectors of the community with an emphasis on under represented groups.  
Examples  
- The Growth Hub targets and activity recognises that support needs have to be tailored to different business types. This will include a focus on BME businesses.  
- The CDI project includes partners who will be targeting disadvantaged groups where business start ups do not reflect their communities. This includes start up partners based in some of the City's most deprived areas, and programmes aimed at women.

**Relates to staffing:** Yes

**Decision Type:** Leader's Key Decision

**Subject to Call In:** Yes

**Call In Expiry date:** 20/05/2016

**Advice Sought:** Legal, Finance, Procurement, Human Resources

**Legal Advice:**

The City Council has chosen to deliver the D2N2 Growth Hub and ERDF CDI Project programme with LEP wide delivery partners rather than procuring service providers who would act as contractors to the City Council. The City Council should put in place a partnering agreement with those delivery partners which reflects that delivery model while mitigating as far as possible the risks to the City Council of any clawback. The partnering agreement should include provisions to enable the City Council to verify expenditure by the partners.

Where the City Council is not in the lead (In-bound and Medilink programmes) it will be asked to sign up to agreements with the lead partner as a programme partner which should set out the City Council's delivery and reporting obligations. Legal Services will assist the Development and Growth team as necessary with these agreements

Where work is carried out with SMEs (grant aid or non financial support) by the City Council or partners under the D2N2 Growth hub or ERDF CDI project the City Council must ensure the support is not state aid. The City Council will use the De Minimis exemption for state aid. To ensure compliance with the De Minimis aid exemption the City Council and partners must obtain appropriate declarations in advance from the proposed grant recipient.

Advice provided by Andrew James (Team Leader Contracts and Commercial) on 12/02/2016.

**Finance Advice:**

Please see separate document with finance comments  
Advice provided by Maria Balchin (Finance Analyst) on 12/02/2016.  
Comments updated 15/04/2016

Advice documents: [DDM ESIF Finance comments 2016 04 15.docx](#)

**Procurement Advice:**

The Procurement Team has been consulted in the development of the funding application for the D2N2 Growth Hub and ERDF CDI Project. In the use of any ERDF funding awarded, the Council must ensure compliance with EU and UK Procurement Regulations and any relevant ERDF guidance. As there are a large number of partners across these projects, it is proposed that any procurement required in the delivery will be undertaken in one of two ways:

- 1) Where the Council determines that there is a benefit to the partnership of procurement being undertaken centrally by the Council on behalf of all partners, procurement will be undertaken by the Council's Procurement Team through a compliant process.
- 2) Where the Council does not identify there to be a benefit or it is not feasible to centrally procure on behalf of partners, the Council will work with partners to ensure that their direct procurement is ERDF compliant. This will reduce the risk of any procurement undertaken by a partner failing to comply with the ERDF funding conditions and the whole project suffering grant clawback as a result. The Procurement Team will support the Programme Development Team in working with partners to ensure compliance with ERDF conditions.

Advice provided by Jo Pettifor (Procurement Team Manager) on 12/02/2016.

**HR Advice:**

**The proposal will create the following new temporary posts:**

- Creative Digital Project Administration & Finance Manager (H)**
- Growth Hub Partnership Manager (J)**
- Growth Hub Finance & Administration Manager (H)**
- Growth Hub Business Finance Manager (H)**
- Growth Hub Manager (regrade of existing post from a grade K to reflect increased responsibility, proposed SLMG 4)**

**The need for these roles is proposed to be no longer than 36 months (no later than June 2019), at this stage it would be advisable to fill the role on a fixed term or secondment basis. On that basis, management must ensure they have an exit strategy in place to terminate the fixed term contract ensuring the allocated budget will cover any potential redeployment and redundancy costs where appropriate in line with NCC procedure and legislation. If individuals have over 2 years continuous service, they will be entitled to statutory redundancy payment. Management should consider this when confirming the initial length of fixed term contract. Advice provided by Makeshya Henningham (Service Redesign Consultant) on 17/02/2016.**

**Signatures:**

<b>Jon Collins (Leader of the Council)</b>
<b>SIGNED and Dated: 11/05/2016</b>
<b>David Bishop (Deputy CE, CD for Development and Growth)</b>
<b>SIGNED and Dated: 04/05/2016</b>