

Submission of final European Structural and Investment Funds (ESIF) bids for SME Competitiveness and Innovation programmes and approval of NCC funding implications.

Finance Comments

This decision seeks approval to submit applications for funding on programmes the Council will lead on totalling £7.827m (£2.726m + £4.947m + £0.154m). In addition it seeks approval for the Council to support programmes by way of match funding totalling £0.405m (£0.375m + £0.030m). This gives a total decision value of £8.232m.

Subject to DCLG approval of the bids, the ESIF funding will be available from April 2016 to March 2019. Table 1 below shows a summary of the programme expenditure and funding details.

Council Role	Progr Details	Total progr costs	Funded by				Europn Funds	Council Match Funds
			Europn Funds	Council Match Funds	Partner match funds	Total Funds		
	ERDF funded Schemes	£m	£m	£m	£m	£m		
Deliver	D2N2 Growth Hub Programme (see note)	2.726	-1.363	-0.560	-0.803	-2.726	50.0%	20.5%
Deliver	D2N2 Creative & Digital Industries	4.947	-2.474	-0.110	-2.363	-4.947	50.0%	2.2%
Support	In-bound Investment	1.221	-0.610	-0.375	-0.236	-1.221	50.0%	30.7%
Support	Medilink Innovation	5.102	-2.551	-0.030	-2.521	-5.102	50.0%	0.6%
	Sub-total for ERDF funded Schemes	13.996	-6.998	-1.075	-5.923	-13.996		
	Outside of ERDF bid							
Deliver	D2N2 Growth Hub Programme (see note)	0.154		-0.154		-0.154	0.0%	100.0%
	Total programme costs	14.150	-6.998	-1.229	-5.923	-14.150		

Note: Total D2N2 Growth Hub costs are £2.880m (2.726m + £0.154m).

The Council's match funding will be made up as follows:

Council Match Funding	£m
Nottingham Growth Plan reserve	-0.189
Economic Development budgets (General Fund)	-0.229
Good To Great reserves	-0.811
Total Council Match Funding	-1.229

Delegated decision number 2128 approved £0.900m in respect of the Nottingham Growth Plan, and the £0.189m match funding can be contained within this resource.

The Council has approved £6.000m in respect of Good to Great activities funded from reserves, and the above match funding will be in relation to the New Business Economy (theme1) and Business Innovation (theme 2) allocations. The £0.811m match funding includes £0.055m unspent in 2015/16 in respect of the Growth Hub and £0.756m allocated for 2016/17 onwards.

Delegated decision number 2398 approved funding to Marketing Nottingham & Nottinghamshire Ltd to operate as the Place Marketing Organisation, and the £0.229m relates to existing Economic Development budget outlined in this decision.

The match funding will be predominately 'in kind' as the Council has commitments such as staffing and grant awards against these resources. The cost of these activities will complement the delivery of the programme objectives hence the ability to use the resources as match funding. The earmarked reserves covering the match funding for these projects (Good to Great and Nottingham Growth Plan) will need to be maintained for the life of this project (expected to end in March 2019), to prevent an unfunded commitment.

All programme expenditure will need to comply with the ESIF grant conditions, including the Council and partner match funding. The grant conditions will include procurement requirements, evidence to confirm defrayal of expenditure, performance monitoring, submission of accurate and timely grant claims, and external audit inspections.

The Director of Economic Development will be the accountable officer for these projects. To oversee the 4 programmes, manage the partnership arrangements and ensure compliance to the grant conditions, the following staff changes will be required:

- Creative Digital Project Administration & Finance Manager – new post
- Growth Hub Partnership Manager – new post
- Growth Hub Finance & Administration Manager – new post
- Growth Hub Business Finance Manager – new post
- Growth Hub Manager – regrading of an existing post

The estimated cost in respect of the above staff changes is £0.173m, subject to evaluation. This cost will be contained within the overall programme expenditure. As the grant and match funding is temporary, the employment contracts will need to be fixed term. Depending on the length of service of the postholders, there could be exit costs to be met at the end of the programme.

As the Council will be the accountable body for the 2 lead programmes, any clawback in ESIF funding due to non compliance will fall on the Council. As part of the partnership working arrangements there will need to be Service Level Agreements with each organisation which will include the grant conditions, reporting requirements and provision to clawback funding in the event of non-compliance.

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