

19th January 2016**Agenda Item: 6****REPORT OF THE CORPORATE DIRECTOR, PLACE****ESIF PROGRAMME: D2N2 DIGITAL BUSINESS GROWTH PROGRAMME****Purpose of the Report**

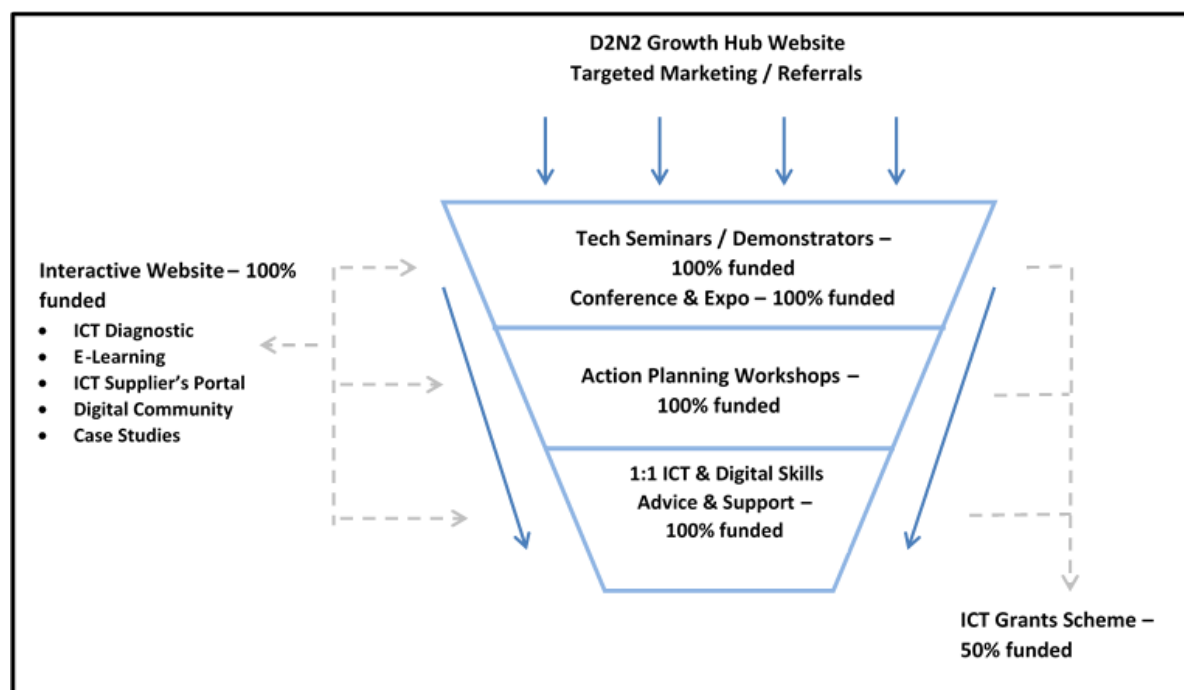
1. The purpose of the report is to:
 - a. Update Committee about the funding application for digital business support activities that was submitted under the European Structural and Investment Fund's (ESIF) Information and Communications Technology theme;
 - b. Seek approval to submit a full application ESIF funding bid;
 - c. Confirm a contribution towards a match funding package.

Information and advice

2. Members agreed at the 8th September 2015 Committee that the County Council would submit an outline funding bid under ESIF's European Regional Development Fund (ERDF) Priority Axis 2 – enhancing access to, and use and quality of, information communication and technology (ICT) and, in principle, agreed to a match funding contribution.
3. Subsequently, the County Council led on the successful submission of an outline funding bid in partnership with the other D2N2 upper tier councils, East Midlands Chamber and Creative Quarter Company. The partners have now been invited to submit a full funding application by 29th March 2016, although it is preferred by the Managing Authority (Dept. for Communities and Local Government) that the bid is submitted as soon as possible.
4. The funding bid, known as the D2N2 Digital Business Growth Programme, will provide SMEs with the knowledge, tools and ability to use and exploit ICT to maximise wealth generation and will see approximately £7.58 million of funding invested into the D2N2 area economy between 2016 and 2018.¹ See Appendix 1 for more information about the programme.

¹ The £7.58m is the total value submitted through the outline funding bid. This value is dependent upon achieving the full match funding contribution and is therefore subject to change in the full application.

5. The diagram below depicts the 'growth journey', the proposed services and funding rates offered through the D2N2 Digital Business Growth Programme.



6. Match funding is a prerequisite for receiving ESIF funding. The maximum ERDF Contribution Rate is 50% of the total eligible project costs with the remaining 50% or more coming from other eligible sources. The submission of a full application requires sources and values of match funding to be indicatively secured, which must be confirmed (excluding business recipient contributions) prior to the issuing of any Funding Agreement.
7. We would like to ensure that as much activity as possible is delivered to support businesses within Nottinghamshire. Therefore, we are looking to create a funding package, which will enable us to deliver all the planned activities highlighted in the outline funding bid. To do this, the following funding is required:

Total Funding Package	Amount	Investment ratio
Partner Contributions	£1.54m	50%
SME Grant Match at 50%	£2.25m	
ERDF Funding	£3.79m	50%
PROGRAMME TOTAL	£7.58m	100%

8. Every effort is currently being made to secure the match funding package of £1.54m from partners. Committee previously agreed (7th July 2015) to allocate £25,000 to support the initial costs of a digital business support programme in 2015-16, with activity starting in January 2016. If the full funding bid was successful, provision would need to be made in future budgets up to £70,000 per annum for this activity as it would be a three-year programme.

9. A minimum of £250,000 match funding is required to support the Nottinghamshire activities. However, Nottinghamshire County Council would not be expected to contribute all of this match funding and discussions have already started with other public sector and potential delivery partners to secure match funding from alternative sources to reduce the financial burden on the Economic Development budget.
10. A report was presented to the Nottingham and Nottinghamshire Economic Prosperity Committee in the middle of December requesting consideration by Borough and District Council partners of any contribution that they may be able to make to the match funding for the programme. The report was positively received and further discussions with Borough and District Councils are planned in the coming weeks. In addition, match funding is being sought from other partners such as BT, BDUK, the D2N2 Local Enterprise Partnership and the universities.
11. ESIF will match local resources on a £ for £ basis. Therefore, if a commitment to the £1.54m partner match funding contributions cannot be secured, the amount of ESIF funding available will decrease accordingly. Subsequently, the programme would need to be scaled down and by default restrict the number of SMEs benefitting from this programme.

Outputs / Outcomes

12. If full match funding is acquired, the D2N2 Digital Business Growth Programme will deliver the following core outputs:
 - 870 businesses receiving support
 - 100 new (start-up) businesses supported
 - 450 businesses to introduce new to the firm products via an ICT grant
 - 180 businesses benefitting from 1:1 ICT and digital skills advice and support
 - 360 full-day strategic 'action-planning' workshops
 - 96 'awareness-raising' technology based seminars, hackathons and demonstrators
 - A Digital Conference & Expo
13. The main indicative outcomes of the Programme are that participating businesses:
 - Are empowered and enabled to exploit the commercial opportunities being generated by the rollout of the commercial and government-led Next Generation Access (NGA) broadband programmes being rolled out across the D2N2 LEP area;
 - Implement, adopt and exploit digital technologies to deliver smart, sustainable and inclusive growth;
 - Know the advantages in using ICT and fibre broadband and have the skills, knowledge and support mechanisms to overcome barriers;
 - Develop deep, long-term business relationships with D2N2 Growth Hub;
 - Invest more in their ICT knowledge, equipment and skills, so to stimulate economic growth, improve economic competitiveness and productivity,

especially across rural areas, create jobs and adopt new products and services into their business; and

- Work collaboratively to access, explore and share best practice about the latest cutting edge technologies.

Other options considered

14. The County Council could choose not to submit a full application to the ESIF ICT call. However, (a) this would not be in line with overall objectives to maximise the use of digital infrastructure to stimulate economic growth, which is a key priority for the Council's Better Broadband for Nottinghamshire programme (b) Discussions to date with this Committee have been positive and at its September briefing, the Committee agreed to support an outline funding bid and in principle support the match funding contribution (c) if the County Council did not lead a consortium bid, the opportunity to secure significant European funds for Nottinghamshire could be lost. For these reasons, the do nothing option has therefore been discounted.

Reasons for recommendation(s)

15. As noted in the report to this Committee on 8th September 2015, the County Council is leading on an outline funding bid for these ESIF funds with partners across the D2N2 area. The Managing Authority has confirmed that the outline application was successful and subsequently invited the submission of a full funding application by 29th March 2016. Approval is required for the submission of a bid with the County Council acting as the lead and accountable body.
16. The submission of a full funding application to the Managing Authority for ERDF funds requires the County Council to be able to evidence that match funding commitments are in place. ESIF will match local resources on a £ for £ basis. Therefore, if a commitment to the £1.54m partner match funding contributions cannot be secured, the amount of ESIF funding available will decrease accordingly.

Statutory and Policy implications

17. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described in the body of the report.

Financial implications

18. £25,000 has been allocated in 2015-16 towards a digital business support programme by the Economic Development Committee held on 7th July 2015.
19. It is proposed that up to £70,000 per annum is to be allocated from the Economic Development budget for financial years 2016/17, 2017/18 and 2018/19.

RECOMMENDATIONS

20. It is recommended that Committee:

- a) Approves the submission of a full funding application under the ESIF ICT Call;
- b) Approves a contribution up to £70,000 per annum for three financial years from 2016-17 towards the match funding package for this programme.

Tim Gregory

Corporate Director, Place

For any enquiries about this report please contact: Oliver Whittaker, 72330

Constitutional Comments [SLB 08/01/2016]

Economic Development Committee is the appropriate body to consider the content of this report.

Financial Comments [SES 07/01/16]

The financial implications are set out in the report.

Background Papers and Published Reports

Additional proposals for Economic Development budget 2015-16, report to Economic Development Committee, 7th July 2015, published.

European Structural Investment Fund: ERDF ICT Funding Call, report to Economic Development Committee, 8th September 2015, approved.

Electoral Division(s) and Member(s) Affected

All

Appendix 1

The D2N2 Digital Business Growth Programme will deliver a bespoke, structured business support programme, intensively supporting small and medium sized enterprises (SMEs) including social enterprises with real growth aspirations, to explore and introduce new and emerging ICT products and services into their business. Accessed through the D2N2 Growth Hub, this 3 year programme will be delivered across the D2N2 area through interactive seminars, demonstrators, 'action planning' workshops, and '1:1' technical advice and skills sessions with a grants scheme enabling growth plan implementation. The partners are currently developing the programme specification in more depth in preparation for the full application submission.

The Programme aims to support growth within Nottinghamshire by:

- Creating demand from businesses to take advantage of the commercial opportunities being generated by the rollout of the Better Broadband for Nottinghamshire (BBfN) Next Generation Access (NGA) broadband programme, which aims to supply a fibre network capable of delivering superfast speeds to 98% of Nottinghamshire's premises by 2018;
- Improving businesses knowledge and awareness about the benefits of fibre broadband and associated technologies and the role they play in achieving economic and business growth;
- Working closely with the D2N2 Growth Hub to develop deep, long-term business relationships between the D2N2 Growth Hub, D2N2 businesses and other support agencies to deliver sustainable economic growth, respond to emerging business challenges and develop collaborative growth opportunities;
- Raising levels of ICT investment (knowledge, equipment and skills) across D2N2 by working with businesses to break down barriers, encourage the adoption of ICT products and services and showcase a return on investment;
- Building capacity across D2N2's businesses by utilising expert knowledge and end-user experience to implement innovative, growth orientated methodologies to increase the use of broadband and other emerging technologies to develop and implement diverse products and services;
- Providing a platform for businesses to access, explore and share best practice about the latest cutting edge technology;
- Expanding digital skills and usage of ICT applications to improve economic competitiveness and productivity, especially across rural areas, through utilising and exploiting ICT products, services and expertise.