

3rd February 2015**Agenda Item: 6****REPORT OF THE GROUP MANAGER, CORPORATE STRATEGY****NOTTINGHAMSHIRE ECONOMIC DEVELOPMENT CAPITAL FUND****Purpose of the Report**

1. To offer Committee an update on progress with the Nottinghamshire Economic Development Capital Fund and to request further budgetary approval for the technical support aspects of the Fund.

Background

2. This report follows one considered by Economic Development Committee in September 2014, where the broad details of the outcome of the first round were considered. The considerations offered by Committee were factored into the revised guidance along with feedback offered by others for the re-opening of the Fund. The Fund re-opened for applications from the 7th January 2015. A verbal update will be offered at the February Committee meeting on early progress.
3. This report also confirms progress with applications received and considered under the first round, cross-related with an update offered to Policy Committee on the 10th December related to the two reports on the Economic Development Strategy and the Annual Delivery Plan.

Round 1 Progress

4. Members have been previously informed of progress to date. The table at Appendix A identifies the latest position and now makes reference to a number of individual companies which were previously subject to final sign-off. The tables do not reference by name those companies where the assessment is either on-going, where due diligence is likely to suggest a refusal or where the applicant has not responded to requests for additional information.
5. As it stands therefore, of the £3M agreed as being made available for the overall Fund, it is anticipated that just under £1.8M will be available via the reopened Fund. Regardless, the position is being monitored and at a stage to be agreed, applications not being progressed under Round 1 will be reviewed and closed if no progress can be made.
6. Given the commercial sensitivity associated with each of the projects, some details as referenced in the Appendix have been cumulated. Given the

agreements, individual information and monitoring against the targets is being maintained by the Economic Development Team. Each of the companies have agreed to appropriate press and publicity and this will be facilitated mutually with the company and the Council over forthcoming weeks, including a number anticipated as supporting the publicity associated with the re-opening of the Fund to new applications.

Round 2

7. The Fund re-opened for fresh applications on 7th January 2015. Since reporting in September 2014, the process has been reviewed to reflect the comments offered and while the objectives and overall ambitions for the Fund remain as agreed by this Committee, the approach and the process have been amended, leading to a refresh of all the associated documentation. The main points to note are as follows:
 - Refreshed Guidance and Stage 1 application form to account for State Aid changes and to Assisted Areas which determine eligibility and maximum amounts available;
 - Changes to the Guidance and application form reflecting a change in balance from the information requested at Stage 1 compared to Stage 2 (which is via invitation only after a successful Stage 1);
 - While the Assessment Criteria have only been amended at the margins for clarity and emphasis, the process has been changed to reflect the bullet point above and notably, to facilitate a clearer process for the appointed specialist technical support to engage with the assessment at Stage 2 of the process. However, as previously agreed by this Committee, the actual decisions on individual applications will be made by the Corporate Director for Policy Planning and Corporate Services in consultation with the Chair of the Economic Development Committee.
8. At its September meeting, Committee reflected on the need to ensure that the Fund and the call for new applications is promoted widely. At the time of writing, all of the local Nottinghamshire partners including local and regional business groups, District / Borough Councils, business support agencies, specialist intermediaries, financial institutions, universities etc have been alerted to the new call. They have been requested to cascade the information as widely as possible. The Chair of this Committee has sought to promote the Fund to all members of the Council for any local forward distribution.
9. As referenced in paragraph 6 above, at the time of writing, a series of PR opportunities are being pursued allied with successful applicants under Round 1. As the Fund was then new, while securing a number of high quality applications, promoting the scheme and ensuring its reach proved challenging. However, keeping the Fund's details and the awareness of it open has resulted in a list of over 30 enquiries from individual businesses alone, all of whom have been alerted of the Fund's fresh call.
10. Finally, it may be noted that this call for applications comes at a time when the Regional Growth Fund (RGF) programmes operating across Nottinghamshire (the subject of a previous report to this Committee in September 2014) are

either being wound up, are being expanded into regional schemes or are the subject of further applications to RGF round 6 (decisions anticipated in April 2015). In other words, the availability of alternative grant funding to businesses specifically is in short supply at this period of time.

Technical Support

11. This Committee previously approved a total of £20,000 to procure specialist technical support at Stage 2 of the process. Through an open process, two contractors were appointed, being EMB Limited and Heb (a specialist consultancy in terms of large scale land redevelopments). As all the applications invited to be progressed to Stage 2 related primarily to business capital investment (ie not property or land development) only EMB were involved in the assessment process. Of the £20,000 approved, just over half has been utilised to date to this end.
12. Both organisations remain contracted to support the process under Round 2 and while just over half of the budget remains, given what is expected to be heightened interest in the Fund it should be noted that up to an additional £10,000 may be required to support the second round of applications. It is highly valued support and as partners to the process, EMB for example has offered significant insight and support as regards individual applications and to the process as a whole, in addition to offering further training on State Aid related matters.

Other Options Considered

13. These proposals have been developed at the direct request of this Committee and their views are requested where indicated.

Reason(s) for Recommendations

14. Economic Development Committee was assigned the future management of the Nottinghamshire Economic Development Capital Fund by Policy Committee.

Statutory and Policy Implications

15. This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the NHS Constitution (Public Health only), 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 within the text of the report.

RECOMMENDATIONS

16. It is recommended that Committee:
 - (a) Notes the progress made under the first round of applications; and

- (b) Notes the developments and operational revisions to the process for the second round call.

Report of the Group Manager, Corporate Strategy, Celia Morris

For any enquiries about this report please contact: Geoff George, 72046

Constitutional Comments [SLB 19.01.2015]

This report is for noting only.

Financial Comments [GB 23.01.2015]

The Economic Development Capital Fund is approved within the County Council's capital programme. Additional revenue costs required to support the programme will be funded from within existing Economic Development revenue budgets.

Background Papers

New Capital Investment Proposals, report to Policy Committee, 16 October 2013, published.

Minutes of Policy Committee, 16 October 2013, published.

Economic Development Capital Fund, report to Economic Development Committee, 12 December 2013, published.

Minutes of Economic Development Committee, 12 December 2013, published.

Nottinghamshire Economic Development Capital Fund, report to Economic Development Committee, 11 February 2014, published.

Minutes of Economic Development Committee, 11 February 2014, published.

Nottinghamshire Economic Development Capital Fund, report to Economic Development Committee, 16 September 2014, published.

Minutes of Economic Development Committee, 16 September 2014, published.

At the time of publication details of the Fund and the fresh call for applications can be reviewed at <http://www.nottinghamshire.gov.uk/capitalfund/>

Electoral Division(s) and Member(s) Affected

All

Appendix A

Name / Number of Applications	NEDCF Value / Award(s)	Summary / Comments
<i>(a) Approved Applications to Date</i>		
Jelly Products, Boughton Nottinghamshire	£43,635	Innovative product design company. Award for capital set up costs for manufacturing facility of new product, being a wheel with integral suspension. The wheel has been sold to end users and equipment manufacturers, but further development is needed to accommodate the market shift towards disc brakes and to develop and manufacture the product for use in the wheelchair and recumbent trike markets.
Aero Fabrications Watnall, Nottinghamshire	£236,000	Manufacturer of precision fabricated details and assemblies for the aerospace industry. Award for development of new / expanded premises and new equipment for new contracts in the manufacture of aircraft wing skins.
Fluid Connections New Ollerton, Nottinghamshire	£145,000	Supplier of fluid transfer products in water, drinks dispensing and plumbing/heating markets. Award for new premises, expansion and production line set up to accommodate assembly, packaging and in-house testing, plus fit out of research and development facility.
Wilkins Print, Colwick Nottinghamshire	£145,500	Printing specialists, particularly in food carton packaging for the retail market and packaging for confectionary, toiletries and household products. Award for purchase two machines to support the conversion of cardboard into food packaging for new and expanding markets.
Goodman, Colwick Nottinghamshire	£178,000	Production and supply of steel and stainless steel fabrication services. Award to increase production capacity through additional workshop and office space, refurbishment and purchase of new capital equipment.

Mainline Mouldings, Langar, Nottinghamshire	£80,000	Suppliers of picture frame moulding and picture frame accessories to independent frame manufacturers. Award to extend warehouse, office and showroom facilities to meet the needs of rapidly expanding business.
Sub-total	£828,135	Key cumulative outputs achieved from the approved awards to date: <ul style="list-style-type: none"> • £8.63M of leverage on the investment • Minimum of 66 new jobs plus 15 apprenticeships to be created • 249 existing jobs within companies sustained • Over 4,000 sq m of industrial floors space
<i>(b) Deemed Withdrawn Stage 2 Application</i>		
1 Application (and sub-total)	£166,000	Notice received 15 th January 2015.
<i>(c) Applications Undergoing Continued Due Diligence in Collaboration with the Applicants</i>		
5 applications (and sub-total)	£394,500	
<i>(d) Application Failing to Respond to Requested Information</i>		
1 application (and sub-total)	£78,000	

Notes:

- If no more approvals are made beyond those referenced at (a) above, then a further £2.172M can be made available via Round 2 onwards. This is an unlikely outcome given the progress being made with those 5 referenced at (c) above;
- If those referenced at (a) above plus all of (c) above are approved, then a further £1.777M can be made available via Round 2 onwards.