

16th September 2014**Agenda Item: 8****REPORT OF GROUP MANAGER, CORPORATE STRATEGY****REGIONAL GROWTH FUND – ROUND 6****Purpose of the Report**

1. To consider the announcement regarding Round 6 of the Government's Regional Growth Fund (RGF6) and the potential to offer support to a programme bid being developed by local partners by the 30th September deadline.

Background

2. The RGF is now a long-established fund developed and run by the Government, seeking bids either directly from individual businesses meeting certain terms and conditions for +£1M levels of grant investment, designed to support businesses grow and create jobs or bids from private sector led partners seeking to secure a set amount of RGF investment into a local programme of support targeted upon a specific geographical area and / or particular local growth opportunities, usually with lower levels of intervention to support small or medium sized businesses.
3. Overall the Government has allocated £3.2Bn towards the RGF and Rounds 1 to 5 have supported over 400 projects and programmes across England – allocating £2.9Bn of support, which is projected to deliver 573,000 jobs and £16Bn of private investment between now and the mid- 2020's. To date, around £750M of this support has actually been drawn down by companies, delivering 90,000 jobs and £1.8Bn of private investment.

RGF's Operation Locally and RGF6

4. Round 6 opened on the 19th June 2014 with £200M of RGF support being made available. Round 6 remains focused on the private sector and bids will only be accepted from private organisations, such as limited companies and universities. Generally, the availability of RGF for individual applications has been publicised through national and local press and business intermediary organisations. The Economic Development Team has done the same through its partnership activity and relationships with individual businesses and groups.
5. Currently there are a number of RGF sponsored programmes from previous rounds in operation within and / or impacting on the County which may be summarised as follows:
 - Unlocking Investment for Growth (UI4G) run by EMB Ltd on behalf of the D2N2 Local Enterprise Partnership (LEP). Operational across the LEP area. Minimum grant level of £50,000 with a maximum of £500,000 but with a maximum intervention of 25% of

the total costs. Sector focused in line with the LEP's 6 key sectors. The programme is financially operational until March 2015.

- N'Tech Funding, run by Nottingham City Council and operational across the Nottingham Travel-to-Work Area. Minimum grant level of £20,000 with a maximum of £1M. Sector focused on life sciences, digital content and clean technology. Financially operational until March 2015.
- Unlocking Business Investment, run by the Sheffield City Region (SCR) LEP and operational across the SCR area and hence within the Bassetlaw District. Minimum grant level of £25,000 with a maximum of £2M. Similar to the above schemes but with no specific sector focus. Financially operational until March 2015.

6. All of the above funds are required to operate within the context of State aid, thus the level of eligible investment varies depending upon the size of the company (be it a small, medium or large enterprise) the type of business and whether it is located within an Assisted Area. Operationally, all funds' decisions are based on the number of new sustainable and private sector jobs created; the level of private sector leverage involved; additionality and impact ie growth and not displacement; deliverability and an ability to have an immediate impact and appropriate risk profile as well as offering value for (public) money.
7. RGF's impact on Nottinghamshire to date may be summarised as follows. Since its inception, two individual large scale awards have been made to companies in the County with a total of 7 awards offered via the 3 programmes referenced in paragraph 6 above.
8. Generally, as finance directed towards growth businesses, RGF has an important place in the range of other support available and arguably the smaller scale, locally flexible programme schemes offer more ready and appropriate access to finance to the County's burgeoning smaller and medium sized enterprises. It will be noted that the above programme schemes are due to cease by March next year; in effect, many of the above Funds are unlikely to be taking on new applications after the end of this calendar year, given the due process required to be undertaken in assessing new applications.
9. Further, as referenced at paragraph 4, applications for programme submissions under RGF6 – be they for extensions or new activity – may only be received from the private sector. Given this position, a series of informal discussions are taking place with established partners and those operating existing programmes to explore possibilities for new / extended operations.

Draft RGF6 Proposal

10. At the time of drafting this report, the discussions continue and an update will be offered at the Committee meeting but as it stands, it is anticipated that a private sector partnership bid is developed that will cover Nottingham and Nottinghamshire. The leadership of the bid will be undertaken by the University of Nottingham, who would be the accountable body for a programme with EMB Ltd being the delivery partner. A bid of circa £10M - £12M is being prepared with a potential focus on business sectors and drivers for economic growth in the City and County. The wider parameters are as broadly referenced in paragraph 6 above which are standard to RGF programmes.

11. Through the Economic Development team, encouragement has been offered to the private sector lead partners to develop a submission which may benefit the County's business development and growth. The team has also liaised with other partners including the District Councils to explore linkages and secure consensus alongside the influencing of any proposed criteria. Given the private sector focus, liaison with business sector partners principally via the Nottinghamshire Business Engagement Group is being undertaken, seeking indications of potential demand and their members' likely ambitions for expansion. Again, an update will be offered to members at the Committee meeting.
12. The RGF process has in the past few years introduced "eRGF" essentially being emergency RGF for sudden economic shocks. Given the position regarding recent large scale redundancies in the Nottinghamshire area (as reported to the previous Committee meeting) it may be appropriate to ensure there is a cross-reference to this in any submission made. A previous RGF programme in the Derby area was agreed in part as a response to the problems at Bombardier.
13. Comparing RGF 6 and the Nottinghamshire County Council Economic Development Capital Fund, the levels of grant differ. Awards from the NEDCF are between £20,000 and £160,000 (typically) whereas RGF 6 is between £50,000 and £1million. RGF 6 is only open to applications from the private sector whereas NEDCF is open to both public and private sector organisations as long as the outcome is the creation of private sector jobs. It is important to note that both funds are subject to state aid rules and can't be combined.
14. During these on-going discussions, it has been proposed that letters of support be offered by the key partners and it is proposed that this Council writes in support of the application for programme resources from RGF6. At the time of writing this report, there is clearly further detail to be developed but this Committee's views in principle are sought. It is likely that the finalisation of the bid to Government will only be achieved close to the September 30th deadline and, subject to members' agreement in principle to offer a letter of support, it is proposed this Committee therefore authorises the Corporate Director for Policy, Planning & Corporate Services to finalise a letter of support, in consultation with the Chair of the Committee.

Other Options Considered

15. The Committee may choose not to support the development of the RGF6 submission and hence not write in support of the submission.

Conclusions

16. RGF6 represents an opportunity to secure an investment pot for supporting Nottingham and Nottinghamshire businesses to expand and grow. The involvement of the private sector and of higher education with experience of running and managing business investment programmes, especially those previously securing RGF offers an opportunity to build a new programme built on solid and credible foundations. While not a formal partner in the submission, this Council can offer a supportive role, facilitating business engagement and supporting its area of focus and operation.

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 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 below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

18. There are no direct financial implications associated with this report.

RECOMMENDATION/S

19. It is recommended that :

- a) the Economic Development Committee welcomes the development of a collaborative RGF6 submission and agrees that the Economic Development team continues to support its development with partners;
- b) a letter of support be provided and this Committee authorises the Corporate Director for Policy, Planning & Corporate Services to finalise its content, in consultation with the Chair of the Committee.

Report of the Group Manager, Corporate Strategy, Celia Morris

For any enquiries about this report please contact Geoff George extension 72046

Constitutional Comments [SLB 03/09/2014]

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

Financial Comments [GB – 27/08/2014]

There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

Further details of the RGF6 are available at <https://www.gov.uk/understanding-the-regional-growth-fund>

Electoral Division(s) and Member(s) Affected

All