

**11<sup>th</sup> February 2014****Agenda Item: 6****REPORT OF THE GROUP MANAGER, CORPORATE STRATEGY****NOTTINGHAMSHIRE ECONOMIC DEVELOPMENT CAPITAL FUND****Purpose of the Report**

1. To seek Committee approval for the following regarding the implementation of the Nottinghamshire Economic Development Capital Fund:
  - The proposed criteria and scoring process;
  - Revised management arrangements and the process flow chart and
  - The budget for the procurement of external expertise in support of the assessment process.

**Background**

2. This Committee approved the broad criteria and management arrangements for the Nottinghamshire Economic Development Fund (NEDCF) at its meeting on the 12<sup>th</sup> December 2013, requesting that further detailed information be brought to Committee for consideration. The appendices attached to this report provide this detailed information.
3. A number of observations were offered at the meeting on the 12<sup>th</sup> December which have helped support the drafting of the detail and where appropriate, these have been referenced in this report.

**The Assessment Framework - Criteria and Scoring**

4. Reflecting on the objectives of the Fund as agreed at the December meeting, a detailed set of criteria has been developed, accompanied by a scoring mechanism. This Assessment Framework is attached for consideration as Appendix 1.
5. The Assessment Framework is the means by which the Fund's objectives and outputs can be met and from which items such as the application forms and the Guidance will be developed. The Framework sets out not just the criteria but also some "Gateway" considerations which are essentially pass or fail moments at key points in the process and in addition, it confirms the two Stages associated with the process and how projects will be reviewed and scored against the criteria.

## Guidance

6. Guidance for applicants is currently being drafted with the support from Legal and Finance Services. The Guidance will offer further details to potential applicants of the NEDCF's objectives and eligibility criteria alongside details of what the Fund cannot support; details of the two-Stage process and its associated timescales alongside State Aid considerations. The Guidance will also offer details regarding help and support, how to apply and will set out a flow chart for the process.
7. Members' attention is drawn to the following issues which will be addressed in the Guidance:
  - *State Aid Considerations.* The Fund has been designed to operate within the parameters of State Aid regulations but it should be noted that anticipated changes this year may impact on the Fund's eligibility and award criteria. The current position is anticipated to stand until the 30<sup>th</sup> June 2014 whilst replacement regulations are expected to come into force from 1<sup>st</sup> July 2014. Should it prove to be the case that these changes materially impact on the scope of the eligibility and award criteria, this matter will be brought to this Committee for consideration. Equally, it will be important to offer clarity to the potential applicants; State Aid parameters will determine matters such as whether a potential applicant can apply and what levels of resources relate. The Guidance will reflect carefully on these issues.
  - *Rolling Programme versus Fixed Call.* There are pro-s and con-s associated with each approach. It is considered however that initially, a call for projects accompanied by a deadline be adopted as that will allow for an overview of projects and of the overall process to be undertaken, and offers an opportunity to assess the nature and extent of demand and the balance across the two core themes (see the next point below). Subject to these issues, it may then be appropriate to open the NEDCF to a rolling open programme. The Guidance will be drafted on this basis.
  - *Balance of Funding.* As a new Fund, it is difficult to offer a clear view on the likely balance of type of applications to be received, being largely dependent upon demand. It is proposed that the Guidance will state that, initially at least, for operational purposes, a notional split in the resources available of broadly 50:50 will be adopted between those applications seeking direct investment in a small and medium-sized enterprise and those seeking support towards a land and property scheme. This will help the management of the Fund in a number of ways but not least in affording the Fund the best opportunity of fulfilling the outputs.
  - *The Assessment Framework.* To confirm, the Framework effectively forms part of the Guidance and will be circulated to applicants.
  - *Detailed Guidance.* While the Guidance will be designed to cover all the main core issues, further specific guidance for each question will accompany the respective Stage 1 and 2 application forms.
8. At December's Committee meeting, Members reflected on the proposed minimum bid amount and following discussion, requested views on whether a

start-up loan fund be established, drawn from the total resources available. From an initial review, it would appear that there are many such schemes already in operation, soon to be joined by some further new ones that appear to support this important area. Further work is required as there are important differences in the targeting and terms and conditions of these schemes. It is proposed that a thorough review be initiated, exploring links with other schemes offering start-up advice available across Nottinghamshire, and that this be considered further alongside an overview of demand / feedback from the first applications to the NEDCF.

9. This review will help determine whether a start-up loan scheme is appropriate and if so, what amount from the total NECDF may be hypothecated towards it. This will be the subject of a report to a future meeting and in the meantime, the Guidance will be written in such a way as to allow for this as a possibility.

### **Process and Flowchart**

10. A flow chart has been developed outlining the overall process from the perspective of the applicant and this is attached at Appendix 2. This confirms the Council's approach and specifically how this Committee will monitor the performance of the Fund and ensure it is meeting its objectives. In summary it is proposed that:

- This Committee considers and approves the Assessment Framework as attached at Appendix 1;
- The Economic Development Team undertakes the Stage 1 assessment process;
- At the end of Stage 1, the Committee receives a summary of the applications offering details of the total number received; the total grant requested; the thematic and geographical mix; the numbers assessed as Red, Amber and Green and those progressing to Stage 2. Of those ranked Amber and Green, an indicative summary assessment will be offered of their contribution towards the total outputs anticipated for the NEDCF;
- The Chair of the Committee will consult Committee at this stage for any exceptional items that require a decision;
- Individual Stage 2 decisions are delegated to the Corporate Director for Planning, Policy and Corporate Services in consultation with the Chair of the Economic Development Committee. This report seeks the Committee's approval to this particular recommendation, bearing in mind that the Committee is also being asked to approve the Assessment Framework on which these decisions will be based;
- The Committee will receive reports through the annual cycle on the overall performance of the NEDCF, alongside any proposals to amend the criteria and assessment process.

### **Communication Plan**

11. With the support of the Communications & Marketing service, a draft Communications Plan has been developed. It covers both the general promotion of the NEDCF as well as plans for a launch. Key to its success will be the dissemination of the information via partners and via business groups

across the County and the established contacts and routes will be used. Media relationships will be equally important and successful applicants will be required to participate in press opportunities and announcements. It is anticipated that Members will support the dissemination of the information to businesses and to business groups within their local area.

### **Additional Considerations**

12. The December 2013 report reflected on a number of additional matters requiring consideration by this Committee. Confirming the position on each in turn:
  - *Draft Agreements.* Legal Services will draw-up suitable grant agreements, which will be shared with those applicants progressing into Stage 2, requiring any potential applicant's acceptance of the agreement as a Gateway condition prior to further assessment.
  - *Additional Support.* Financial Services will offer credit / financial checks on the applicant organisation as a Gateway check prior to the commencement of Stage 2. Further, as will be seen from the Assessment Framework, the Stage 2 process will be supported by externally sourced expertise, offering a risk-assessment, an overall viability review and an assessment as to value for money. This expertise will be sought in accordance with the Council's procurement processes. It is considered that this work can be procured for less than £20,000 and it is proposed that this amount be met from this Committee's budget.

### **Other Options Considered**

13. The Committee may choose not to progress with the Fund. However, these proposals have been pulled together on the direct request of this Committee and their views are requested where indicated.

### **Reason(s) for Recommendations**

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

### **Statutory and Policy Implications**

15. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described in the report.

## **RECOMMENDATIONS**

16. It is recommended that Committee:
  - (a) approves the Assessment Framework and scoring process for the Nottinghamshire Economic Development Capital Fund;

- (b) approves the management arrangements and the associated flow chart;
- (c) approves delegated authority for grant awards at Stage 2 to the Corporate Director for Planning, Policy and Corporate Services in consultation with the Chair of the Economic Development Committee;
- (d) agrees a maximum of £20,000 from the Economic Development Budget in 2014-15 towards the procurement of external expertise in support of the Stage 2 process as referenced in the report.

### **Report of the Group Manager, Corporate Strategy**

For any enquiries about this report please contact:

### **Constitutional Comments [SSR 28.1.2014]**

The decisions set out in the recommendation are matters that may be approved by the Economic Development Committee

### **Financial Comments [SEM 30/01/14]**

The financial implications are set out in the report.

### **Background Papers**

None

### **Electoral Division(s) and Member(s) Affected**

All