

REPORT OF THE LEADER OF THE COUNTY COUNCIL**D2N2 GROWTH HUB 2.0 – PARTNERSHIP AND MATCH FUNDING APPROVAL
TO APRIL 2022****Purpose of the Report**

1. This report outlines and recommends options in relation to the proposed merger and extension of the D2N2 Growth Hub and Digital Business Growth programmes which are due to finish in 2019.
2. Policy Committee approval is being sought, subject to delegation on the final Growth Hub 2.0 partnership agreement details, to provide the required match funding of £193,561 to guarantee investment in activities aimed at supporting business growth, job creation and productivity gains across Nottinghamshire.

Information

3. The Council Plan 2017-2021 highlights the need to build on Nottinghamshire's proud heritage of innovation and to create a great place to start and grow a business. Our economy has already diversified with strong foundations for the future. This requires promoting the conditions that will help businesses thrive and prosper, and where appropriate, working closely with local partners – especially when there is the potential to unlock significant investment.
4. Both the D2N2 Growth Hub and Digital Business Growth programmes are due to finish in 2019. They are part-funded by the European Union (EU), the D2N2 Local Enterprise Partnership (D2N2 LEP), Nottinghamshire County Council and private sector partners. Following on from the summaries of the two initiatives, the report details a proposal for Policy Committee consideration that could result in their merger and extension to April 2022.
5. Feedback from businesses and links to case studies on the two initiatives is provided at **Appendix A.**

The D2N2 Growth Hub Programme

6. The £4.3 million D2N2 Growth Hub programme plays an invaluable role in supporting small and medium-sized businesses across Derby, Derbyshire, Nottingham and Nottinghamshire and guiding them to future growth. It acts as a first port of call for businesses, which need advice on a range of issues – from access to finance to employment law. Nottinghamshire County Council plays an important role in the delivery of the hub programme, which supports our priority of ensuring there is continued economic growth in Nottinghamshire and job

creation. Council funds are used to boost a dedicated business support and advice offering across Nottinghamshire, which ends in March 2019.

The D2N2 Digital Business Growth Programme

7. Nottinghamshire has a growing digital economy with several businesses at the forefront of global digital technologies employing highly skilled digital technicians. The Council recognises that the digital economy is driving growth of local economies worldwide, with Nottinghamshire ranking first in the East Midlands for superfast and fibre broadband coverage.
8. With 97.5% of the County able to access superfast broadband speeds, the Council has taken an innovative approach to how they fund businesses in order to support the continued growth of Nottinghamshire's expanding digital sector. Businesses who rely on digital connectivity (especially fledgling businesses) often struggle to raise finance through traditional business funding channels and grant programmes, as their investments are in staff and intellectual property created by them and not recoupable capital assets. Funders do not typically support capital costs. Nottinghamshire County Council recognised that success in a digital age is a key area of growth, which led to looking at different ways of supporting businesses.
9. The Digital Business Growth Programme led by Nottinghamshire County Council is designed to help enterprises to embrace new technology, offering: seminars, strategic action-planning workshops, conferences, learning about new software, one to one businesses advice, digital skills and technology grant funding. On behalf of partners, the County Council manages this £7.25 million programme, which ends in June 2019.
10. The County Council previously approved match funding of up to £120,000 per annum (to June 2019) towards the two initiatives. Both have EU funding output targets, which are managed and reported through collaborative agreements with the partners involved in each. Nottinghamshire County Council contributes to these output totals from its involvement. With a year to go, both programmes have a healthy pipeline of businesses waiting support. The overall performance to date is as follows:

Programme Name	Funded activity	No. of Nottinghamshire businesses supported / currently involved
GROWTH HUB	Businesses offered either up to 3 or 12 hours' worth of support	200
DIGITAL GROWTH PROGRAMME	Businesses awarded a Technology Grant	40 (with 14 pending)

Proposal

11. Given the expectations of Government to reinforce the role of Growth Hub's through the Industrial Strategy and Local Enterprise Partnerships, in January 2018 an outline application was submitted under a new EU funding call. Given the remaining EU funding available, the

application proposed the merger and extension of activities of the two initiatives to April 2022.

12. Since the submission of the outline application, the City Council, as the Accountable Body, was invited by the European Structural Investment Fund Sub-Committee to submit a full bid (referred to as "Growth Hub 2.0") by 29 June 2018. Its success will mean Nottingham City Council, through their Section 151 Officer, will be responsible for ensuring that statutory requirements are met in resource allocation decisions and that the public interest is protected.
13. The content and aspiration of the full bid has been worked up by a partnership consisting: Chesterfield Borough Council, Derby City Council, Derbyshire County Council, Derbyshire Dales District Council, Erewash Partnership, Nottingham City Council (Accountable Body), South Derbyshire District Council and Nottinghamshire County Council.
14. The Growth Hub 2.0 bid total value is just over £11.7 million. The full bid seeks £5.87 million of EU funding, with match funding coming from private sector business investment (circa 60% of grant) and the East Midlands Chamber (£4.56 million). The expectation is that the remaining £1.3 million comes from the local authority partners.
15. The Growth Hub 2.0 bid was submitted by the deadline. In line with Government expectations, the bid (with its delivery across the D2N2 LEP area) has an underlying focus on increasing productivity of small to medium sized enterprises. The Growth Hub 2.0 bid proposes the following outputs in the table below which are subject to negotiation over Nottinghamshire's proportionate share, in line with its contribution:

Activity	Overall Growth Hub 2.0 Bid
Enterprises receiving non-financial support	469
Enterprises receiving a grant	200
New jobs	182
Enterprises receiving information, diagnostic and brokerage support	941

16. The independent bid appraisal process is expected to take between 6 and 9 months. As we are now in the post-submission phase and subject to Policy Committee approval to maintain the County Council's involvement in the Growth Hub 2.0 bid, Officers have the opportunity to undertake negotiations with partners to decide who is best placed to undertake the grant management function.
17. Bringing together all parties involved does not commit the Council financially; we can back out any time before Nottingham City Council (as accountable body) signs the agreement. It is therefore proposed, subject to the outcome of Officer negotiations, for Policy Committee to delegate authority to the Corporate Director Place, in consultation with the Chair of Policy Committee, to consider and finalise the partner agreement and outcomes.

Other Options Considered

18. A key commitment of the Council Plan is to ensure Nottinghamshire is a great place to invest and do business, is well-connected and has a skilled workforce for a global economy. Full

engagement with the Growth Hub 2.0 plans builds on these commitments and our ability to help the Nottinghamshire business community grow and prosper. Therefore, the 'do nothing' option was discounted.

Reason for Recommendations

19. The County Council could choose to withdraw from the Growth Hub 2.0 submission and not provide the mandatory match funding. However, the ability to maximise the use of digital infrastructure to stimulate economic growth will be hampered and the opportunity to secure over five times the leverage in EU funding for Nottinghamshire will be lost.
20. With an amended model bringing the Digital Growth Programme under the umbrella of the Growth Hub, by providing the mandatory match funding, the County Council could extend the programme and integrate a core business support offer with considerable efficiencies to the benefit of Nottinghamshire businesses.
21. The following table illustrates the net impact on the discretionary Growth and Economic Development base budget and the expected leverage, should Policy Committee agree to match funding the full bid at the recommended levels:

Net impact on the discretionary Growth and Economic Development budget				
	2019/20	2020/21	2021/22	Total
Net costs to Nottinghamshire County Council	£59,433	£66,553	£67,575	£193,561
Leverage – grant and (notional) business contributions secured for Nottinghamshire alone	£147,943	£395,724	£500,889	£1,044,556

22. The submission of the funding application for EU funds requires partners involved to evidence that match funding commitments are in place. If commitment to the £1.3 million local authority partner matching funding contribution is partially met, the EU Programme Delivery Team will assess the application and may (although there is no guarantee) allow flexibility by reducing the amount of funding accordingly.
23. In the event of not securing local authority partner match funding contributions, the full Growth Hub 2.0 bid submission will fail at the independent appraisal process.

Statutory and Policy Implications

24. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment 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

25. It is proposed that Policy Committee gives approval, subject to the outcome of Officer negotiations as outlined in the body of the report, for up to £193,561 to be allocated over the period 2019-2022, towards the £11.7 million Growth Hub 2.0 full bid.

26. Match funding will contribute directly to helping businesses improve their competitiveness and productivity to drive economic growth across Nottinghamshire, subject to Policy Committee's approval, the County Council's match funding would be met from the Growth and Economic Development base budget as follows:

FINANCIAL YEAR	AMOUNT
2019-2020	£59,433
2020-2021	£66,553
2021-2022	£67,575
TOTAL	£193,561

RECOMMENDATIONS

It is recommended that Policy Committee notes the Growth Hub 2.0 submission and:

- 1) Approves the County Council as a partner in the Growth Hub 2.0 bid for European funds and a contribution of up to £193,561 to be allocated from the Growth and Economic Development base budget over the period 2019-2022, towards the £11.7 million total programme.
- 2) Subject to the outcome of Officer negotiations to decide the operational management arrangements, delegate authority to the Corporate Director Place, in consultation with the Chair of Policy Committee, to consider and finalise the partner agreement and outcomes.

COUNCILLOR MRS KAY CUTTS MBE
Leader of the County Council

For any enquiries about this report please contact:

Nicola McCoy-Brown, Growth and Economic Development ext. 72580

Constitutional Comments [CEH 25/06/2018]

27. The recommendations fall within the delegation to Policy Committee under its terms of reference.

Financial Comments [CSB 22/06/2018]

28. The financial implications are set out in paragraphs 25 and 26 of the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- *The D2N2 Growth Hub* – Report to Economic Development Committee, published 3 November 2015
- *ESIF Programme: D2N2 Digital Business Growth Programme*, published 19 January 2016
- *The D2N2 Growth Hub* – Report to Economic Development Committee. Published 23 February 2016

Electoral Division(s) and Member(s) Affected

- All

APPENDIX A - FEEDBACK FROM BUSINESSES

Overall, the independent 2018 Customer Satisfaction Survey confirmed the following performance:

- 80% rated the support was good or excellent (from 73% the year previously);
- 3 out of 5 businesses enacted changes directly that they would not have otherwise done as a consequence of the support offered;
- 90% would recommend the Hub to other businesses and 100% of businesses operating up to a year would do so;
- 100% of businesses rated the support from this Council's Growth Hub service as excellent or good;

The following testimonies were secured from Nottinghamshire businesses for both programmes:

"I contacted them because I needed advice on exporting. They gave me some good advice and sorted my problem out. It gave me the confidence to go ahead. Also they followed up with a call afterwards which I appreciated."

"Their seminars are very good; very informative. They give you access to good advice. I have had some help with GDPR which was good."

"They were really good. If they could not offer a service or answer questions, they passed me to people who could and it was all very seamless."

"Excellent really as I has it given us more confidence as we got to see that there are many other people out there in the same position as us really and that is trying to get new clients and meeting new people. It also gave us more insights into the use of new technologies such as social media and so on which is all new to us."

"The amount of courses they run and the quality of them is very good. I have had one meeting with [NCC's adviser] so far and I was impressed with what he had to say."

"From the workshops we've done, they've been fantastic."

"They came out to see us and went through everything we needed to discuss, where, how to apply and whether we were eligible for grants. They helped me to apply for a grant which has been successful. We have had e-mails and telephone calls from them. I have been satisfied with the service."

"I really appreciate the Digital Growth Programme and have benefited from previous workshops and seminars. I am looking forward to attending more seminars so I can build on my knowledge and skills."

"Using my new blogging skills thanks to the fab blogging workshop!"

Further video case studies, two of which are from Nottinghamshire businesses are available via the Growth Hub website at: <https://www.d2n2growthhub.co.uk/resources/video-case-studies/>