



**18<sup>th</sup> December 2015**

**Agenda Item: 7**

## **REPORT OF THE CHIEF EXECUTIVE, NOTTINGHAMSHIRE COUNTY COUNCIL**

### **D2N2 ESIF PROGRAMME: DIGITAL BUSINESS SUPPORT PROGRAMME**

#### **Purpose of the Report**

1. The purpose of this report is to:
  - a. Inform 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 Committee's support towards this initiative and consideration of match funding opportunities

#### **Background**

2. The D2N2 Local Enterprise Partnership (LEP) released a July 2015 call under European Regional Development Fund (ERDF) Priority Axis 2 – enhancing access to, and use and quality of, information communication and technology (ICT), which invites bids that focus on Investment Priority 2b – developing ICT products and services, e-commerce, and enhancing demand for ICT.
3. Nottinghamshire 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 the Creative Quarter Company. This partnership has now been invited to submit a full funding application by 29<sup>th</sup> 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.<sup>1</sup> See Appendix 1 for more information about the programme.

5. The maximum ERDF Contribution Rate is 50% of the total eligible project costs with the remaining 50% or more coming from other eligible sources. Match funding is a prerequisite for receiving ESIF funding. 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.
6. Nottinghamshire County Council would like to ensure that as much activity as possible is delivered to support businesses within N2. 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%
<b>PROGRAMME TOTAL</b>	<b>£7.58m</b>	<b>100%</b>

7. Every effort is currently being made to secure the match funding package of £1.54m from partners. A minimum of £500,000 match funding is required to support activities across N2.
8. We are therefore asking the Economic Prosperity Committee and its constituent councils to support this bid and to consider making a match funding contribution which will enable your organisation to directly support your businesses through a large ERDF funded programme. Both the City and County Councils have already confirmed their indicative support for the programme and for substantial match funding contributions. Any contributions from partners will enable enhanced delivery in Nottinghamshire. If the full funding bid is successful, provision would need to be made in future budgets for this activity as it would be a three-year programme.
9. 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.

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<sup>1</sup> 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.

## **Strategic benefits**

10. Infrastructure alone will not deliver sustainable economic growth but SMEs taking advantage of enhanced digital connectivity will support growth and increased productivity. The pace of development and change in new technology can mean that the benefits of adopting a specific technology / ICT are not yet fully understood by SMEs. This knowledge gap largely arises from users not being able to identify the return on their investment, with limited experience of the benefits that new digital connectivity or technologies can generate.
11. Without a comprehensive programme of support for SMEs, which helps to translate ICT and technological capabilities relating to superfast broadband and other technologies into commercial opportunities or different ways of working, the full potential benefits of infrastructure investment in achieving a step change in the N2 economy are unlikely to be realised.

## **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) if the County Council did not lead a consortium bid, the opportunity to secure significant European funds for N2 could be lost. For these reasons, the do nothing option has therefore been discounted.

## **Reasons for recommendation(s)**

15. 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**

16. 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**

17. The outline bid for ESIF was submitted on the basis of a £7.58 million programme being delivered across D2N2 over the 2016, 2017 and 2018 calendar years. Match funding of 50% will need to be indicatively secured before the final application is submitted and confirmed before the County Council can enter into any financial agreement with the Managing Authority. Match funding resources have been indicatively confirmed from each of the upper tier authorities, the Chamber of Commerce and the Creative Quarter Company. The final amount of match funding secured will dictate how much ESIF resource will be invested in the area.

## **RECOMMENDATIONS**

18. It is recommended that:

- a) The Economic Prosperity Committee notes the contents of this report;
- b) The Economic Prosperity Committee confirms its support for the initiative and associated bid for ESIF funds;
- c) Constituent councils consider whether they are able to offer any financial support to the programme

**Anthony May**

**Chief Executive, Nottinghamshire County Council**

For any enquiries about this report please contact: Oliver Whittaker, 0115 977 2330

**Background Papers and Published Reports**

*Additional proposals for Economic Development budget 2015-16*, report to Economic Development Committee, 7<sup>th</sup> July 2015, published.

*European Structural Investment Fund: ERDF ICT Funding Call*, report to Economic Development Committee, 8<sup>th</sup> 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 N2 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.