

Portfolio Holder Decision – ERDF Business Support Programme – Phase 3

Portfolio Holder	Leader
Date of decision	Meeting Date
	Signed

Decision taken

That the Leader of the Council

- (1) Approves the submission of an application for up to an additional £0.7 million from the European Regional Development Fund to extend the Council's business support programme for 18 months from January 2022 to June 2023.
- (2) Subject to approval of the funding:
 - a. Approves varying the contract with Coventry and Warwickshire Chamber of Commerce for the provision of the Warwickshire start-up programme.
 - b. Approves varying the back-to-back agreements with Coventry & Warwickshire Reinvestment Trust and University of Warwick Science Park.
 - c. Authorises the Strategic Director for Communities to negotiate variations to all relevant contracts and agreements on terms and conditions acceptable to the Strategic Director for Resources.

Reasons for decisions

Bids for external funding require the approval of the Portfolio Holder

Background information

1.0 Key Issues

1.1 The European Structural and Investment Funds (ESIF) are the European Union's (EU) main mechanism for supporting economic growth. Coventry and Warwickshire has a notional

allocation of €138 million (approximately £110.7 million) for the 2014-2020 period. This is made up of £54 million from the European Regional Development (ERDF) – which supports research and innovation, small and medium sized enterprises (SMEs), the extended roll-out of superfast broadband and the creation of a low carbon economy; £54 million from the European Social Fund – which supports investment in employment and skills and promotes social inclusion; and £2.7 million from the European Agricultural Fund for Rural Development (EAFRD) – which supports small enterprises in rural areas.

1.2 The Council has been managing a successful business support programme funded by the ERDF since January 2016. The first phase – which ran until December 2018 – received £1 million from ERDF and £0.5 million from other partners. The Council also provided £0.5 million of match funding. The second phase – which is running from January 2019 to December 2021 – is set to receive £1.3 million from ERDF and 0.6m from partners. The Council is also providing £0.7 million of match funding. The programme has so far met or exceeded all its targets. It has supported 498 businesses, helped 343 people to start a business, and created 264 new jobs.

1.3 Following an outline application in September 2019, the Council has now been invited by the Ministry for Housing, Communities and Local Government (MHCLG) to apply for a further 18 months of funding from January 2022 to June 2023. It has been confirmed, following agreement between the UK Government and EU on the Withdrawal Agreement, that the UK will continue to participate in all EU programmes until the end of the current funding period in 2023. The Government has also guaranteed funding for ERDF projects in the event of a “no-deal” Brexit. This guarantee would fund new and existing projects until programme closure. Approval from the Leader of the Council is required to submit the Project Change Request [full application] to MHCLG. Approval is also required to vary all relevant contracts and back-to-back agreements.

2.0 Options and Proposal

2.1 The application will extend four successful strands of activity which form a key part of Warwickshire’s (and the wider sub-region’s) current business support offer:

- Start-Up Support – The Warwickshire start-up service for new businesses in their first 24 months of trading and people with ambitions to start their own business. The service was re-procured in 2019 and contract awarded to Coventry and Warwickshire Chamber of Commerce.
- Business Ready – A business readiness support package for tech-based and other innovation-led businesses with the characteristics and ambition for growth and scale-up. This strand is delivered by University of Warwick Science Park (UWSP) across Coventry and Warwickshire.
- Creative Springboard – Specialist support for micro and new businesses in the creative sector with the ambitions to grow. This strand is delivered by Coventry & Warwickshire Reinvestment Trust (CWRT) across the county with a focus on Leamington Spa.
- Business and Investment – A package of support activities designed to attract businesses from Warwickshire’s priority sectors to the sub-region and to support existing businesses to expand. This strand is delivered by WCC’s Business Support team across Coventry and Warwickshire.

2.2 The programme supports the delivery of key priorities in the Council’s new Economic Growth Strategy. It also supports the delivery of the West Midlands Industrial Strategy and the Government’s national growth agenda.

2.3 The Council is applying for up to an additional £0.7 million of ERDF funding to extend the programme for a further 18 months from January 2022 to June 2023. CWRT and UWSP have committed an additional £0.2 million of private sector funding and Warwickshire’s district/ borough councils are expected to continue with their contributions to the start-up service. The Council will

make a match funding contribution of around £0.4 million. Most of this funding will come from the revenue budget for Communities. It is also expected that the Council's reserves [European Match Funding and Rural Growth Network] will continue to contribute towards the costs of funding the programme. The extension will support an additional 200 businesses and create another 100 jobs.

3.0 Timescales associated with the decision and next steps

3.1 MHCLG is expected to make a decision on the Project Change Request in late Spring 2020. If approved, the extension would be contracted before the end of the year when the 11-month transition period agreed between the UK and EU comes to an end. Both the contract with the Chamber of Commerce for the provision of the start-up service and back-to-back agreements with CWRT and UWSP will be varied at this point to incorporate the additional ERDF funding and outputs.

3.2 The UK Shared Prosperity Fund – which is designed to replace the ESIF funds after the UK's exit from the EU – is expected to be operational by the time the ERDF funding ends in June 2023.

Financial implications

As set out above.

Environmental implications

The project will not have a major impact on the environment. It will, however, directly promote sustainable development – which is one of two cross-cutting themes for all ERDF projects - by helping businesses improve their efficiency and supporting innovation-led and knowledge-intensive businesses that generally have a lower carbon footprint. It will also ensure that all businesses are made aware of, and where appropriate referred to, low carbon business support programmes.

Report Author	Matthew Epps
Assistant Director	David Ayton-Hill
Lead Director	Mark Ryder
Lead Member	Izzi Seccombe

Urgent matter?	No
Confidential or exempt?	No
Is the decision contrary to the budget and policy framework?	No

List of background papers

None

Members and officers consulted and informed

Portfolio Holder – Councillor Izzi Seccombe

Corporate Board

Legal - Ian Marriott

Finance – Virginia Rennie

Equality – Keira Rounsley

Democratic Services – Paul Williams

Councillors – Councillors Boad, Birdi, Warwick, Chilvers, O'Rourke, Butlin, Chattaway

Local Member(s): N/A