

WIRRAL COUNCIL

CABINET

8TH NOVEMBER 2012

SUBJECT:	WIRRAL BUSINESS SUPPORT PROGRAMME
WARDS AFFECTED:	ALL
REPORT OF:	DIRECTOR OF REGENERATION, HOUSING AND PLANNING
RESPONSIBLE PORTFOLIO HOLDER:	CLLR PAT HACKETT REGENERATION AND PLANNING STRATEGY
KEY DECISION	YES

1.0 EXECUTIVE SUMMARY

- 1.1 This report informs Members that European Regional Development Funding (ERDF) resources have been secured to deliver business support services to small and medium sized enterprises (SMEs) across the Liverpool City Region. Member approval is sought for:
- delegated authority to agree the contract to enable Wirral Council to be the Accountable Body for the ERDF resources to deliver business support services for the Borough;
 - confirmation that the £500,000 of funding allocated as part of the Investment Support Services Framework can be used as match funding for this activity.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Supporting Wirral's businesses is one of the key priorities of the Council's Investment Strategy which aims to deliver a strong, vibrant economy with high levels of investment and employment opportunities for Wirral residents. A critical element of this is the provision of effective and co-ordinated advice and support services to Wirral's businesses to ensure that they are supported to develop and grow sustainably. To deliver this, Cabinet approved the Investment Support Services Framework (23 June 2011, minute 47 refers) enabling Invest Wirral to offer a single point of contact and seamless advice service to support Wirral businesses.
- 2.2 Invest Wirral currently provides a range of business support services including:
- Locating business premises – Invest Wirral attracted investments approaching £20 million and secured nearly 1,000 jobs during 2011/12;
 - Business advice – the provision of expert guidance including workshops and seminars and access to business investment finance;
 - The launch of a 'Business Angels' network to provide investment in fast growing enterprises;

- Wirral Business Forum, an on-line business communication service offering opportunities for local inter-trading and development, with a growing membership of over 2,800 Wirral business people;
 - Implementation of the Council's green growth strategy.
- 2.3 Since September 2011 Invest Wirral has operated a business support and advice service which has enabled skilled private sector individuals to be procured to offer support to Wirral businesses on key elements of business activity to promote growth and employment opportunities. The programme has been greatly valued by Wirral businesses with over 500 receiving advice and support. However, the resources identified for the delivery of this programme will be exhausted by the end of November 2012.
- 2.4 Over the past few months Wirral has been working with city region partners to secure ERDF resources for the provision of business support and advice services. This funding will enable Wirral to continue to deliver its business support programme, providing it ensures compliance with ERDF requirements. Delivery of this ERDF programme will be taken forward by each of the six local authorities, with Liverpool City Council acting as accountable body with the Department of Communities and Local Government for the city region funding. Allocations to each of the local authorities has been based on current local authority activity and an assignment of relevant outputs.
- 2.5 The new ERDF Business Support programme will run from the new year and support businesses to grow and increase their turnover. Business advisors will deliver general support, but also targeted specialist advice on areas such as marketing, IT, finance etc. Network / workshop events will be run that are tailored to meet identified business needs and there will be the opportunity for businesses to access managed workspace. In addition the programme will enable SMEs' to maximise their job creation opportunities and to offer support to businesses to employ people from disadvantaged communities.
- 2.6 On the 21st February 2011 (min 327 refers) Cabinet agreed the budget Policy Option of £500,000 over two years, for the provision of business support and advice services to support the Borough's SME's with the potential to grow. On the 23rd June 2011 (minute 47 refers) Cabinet agreed the Investment Support Services Framework from which the match funding from the 2011/12 budget Policy Option of £500,000 would be drawn for supporting businesses. Due to delays in the ERDF development process these funds were transferred into departmental reserves. This resource will enable £430,000 of ERDF funds to be drawn down. However, ERDF resources are only available to deliver activity within designated deprived areas. Invest Wirral will ensure businesses which operate outside of these areas are able to receive support by using the £70,000 that remains within the budget. This funding will also enable legal advice to be obtained to advise on the eligibility of Wirral businesses to receive support under the programme and ensure compliance with State Aid de minimis rules.
- 2.7 A draft grant agreement has now been received from Liverpool City Council for the Business Support programme. The funding offer to Wirral Council is for an ERDF grant of £430,000 at a grant intervention rate of 50% towards ERDF eligible total expenditure of £860,000. The total project cost would be £930,000. The maximum

period over which the ERDF eligible expenditure can be incurred is from the 16th July 2012 until 30th September 2014, with Wirral's programme being planned to run from the 2nd January 2013 until the 30th June 2014.

- 2.8 Officers from Legal Services have identified some clauses within the ERDF grant agreement from Liverpool City Council which require amendment or deletion prior to signing. Due to the timescales for delivery of the programme and the related output targets, Members are requested to delegate responsibility to the Acting Director of Law, HR and Asset Management and the Director of Regeneration, Housing and Planning to finalise and sign off the ERDF grant agreement in consultation with the Leader of the Council and the portfolio holder for Regeneration and Planning Strategy.
- 2.9 Given the value of the contract the procurement of the programme delivery will be taken forward using a process that is OJEU compliant. The Interim Director of Finance has confirmed that the use of Matrix Consultancy, as a pilot in the first instance, meets the OJEU and council requirements for procurement.

3.0 RELEVANT RISKS

- 3.1 The Council is required to be the Accountable Body for the ERDF resources and in addition to managing and accounting for the money it also has to ensure compliance with all existing European financial and audit requirements. Failure to comply with these requirements could result in claw back of the grant from the Council. These are standard ERDF requirements and ones which the Council has undertaken in relation to other ERDF projects for which it is the accountable body.
- 3.2 There will be a requirement for the Council to meet output targets for the provision of business support. These have been based on current activity and the Council has a proven track record in procuring business advisors to successfully work with businesses to enable them to grow and increase employment opportunities. The Council will manage the programme through existing officers in the Department for Regeneration, Housing and Planning who have the expertise in dealing with ERDF projects.
- 3.3 Failure to confirm the match funding would result in the loss of £430,000 of ERDF resources to the Borough and mean that advice and business support services would not be available to Wirral businesses.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 There are no other external funding opportunities available to deliver the Business Support programme.

5.0 CONSULTATION

- 5.1 Wirral's Investment Strategy provides the framework for the development of the Business Support programme and this has been reviewed following consultation with partners. The development of the programme has also been informed by the consultation undertaken as part of the Scrutiny Review of Green Growth in Wirral and through consultation with a number of private sector partners through Invest Wirral's Business Forum.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 None as a direct result of this report.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

7.1 As outlined in paragraph 2.6 above, Cabinet has previously agreed the resources for the Investment Support Services Framework from which the match funding sum of £500,000 would be met. This will enable £430,000 of ERDF resources to be drawn down, but also ensure businesses outside of the designated deprived areas can be supported.

7.2 A City Region Consortium of local authorities has been working to secure ERDF for a Merseyside Business Support programme since early 2011 and £500,000 was identified from the 2011/12 Budget Policy Option (Cabinet 23rd June 2011 minute 47 refers) to be used as match funding for this programme. However due to delays within the development process these resources were transferred into departmental reserves to ensure that the ability to match fund ERDF was retained.

7.3 Owing to the value of the Business Support programme delivery will be taken forward using a process that is OJEU compliant. The Interim Director of Finance has confirmed that the use of the Council's Matrix Consultancy contract, as a pilot in the first instance, meets OJEU and Council requirements for procurement.

7.4 Financial provision for the costs of one Project Manager has been included in the programme. Existing staff resources within the Department of Regeneration, Housing and Planning will also support the implementation of the programme.

8.0 LEGAL IMPLICATIONS

8.1 Businesses supported by the Programme will be subject to State Aid and de minimis rules and it will be necessary to ensure compliance with these. State Aid rules exist in order to prevent any form of aid to a commercial undertaking distorting, or threatening to distort, competition within the European Community. However, a number of block exemptions are in place which enable support to be given in areas such as developing disadvantaged regions and promoting small and medium sized enterprises as this is considered to be in the common interest of the EU and is therefore allowed where required. Expert legal advice will be taken to ensure that the businesses supported by the programme are compliant with State Aid.

8.2 The development of the programme will need to ensure that where relevant there is compliance with the obligations arising under the Bribery Act 2010 which came into force on the 1st July 2011.

8.3 The ERDF grant agreement relating to the Business Support Programme will detail the Council's duties and obligations as the ERDF Accountable Body and the draft agreement will be amended to accurately reflect the terms and conditions negotiated by the Council.

9.0 EQUALITIES IMPLICATIONS

9.1 Has the potential impact of your proposals been reviewed with regard to equality?

- (a) Yes and the impact review can be accessed at:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 The programme will offer support to local businesses to identify investment/supply chain opportunities within the Low Carbon / Offshore wind sector.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

- 11.1 There are no immediate planning and community safety implications arising from this report.

12.0 RECOMMENDATIONS

- 12.1 Cabinet agrees to delegate responsibility to the Acting Director of Law, HR and Asset Management and the Director of Regeneration, Housing and Planning to finalise and sign off the ERDF grant agreement with Liverpool City Council in consultation with the Leader of the Council and the portfolio holder for Regeneration and Planning Strategy.
- 12.2 Cabinet confirms that £430,000 of funding allocated as part of the Investment Support Services Framework can be used as ERDF match funding for the Business Support Programme.
- 12.3 Cabinet confirms that £70,000 to be used to ensure businesses outside of the designated deprived areas can be supported via this programme alongside other non eligible ERDF activity.

13.0 REASONS FOR RECOMMENDATIONS

- 13.1 The Investment Strategy sets out an ambitious vision for Wirral to secure its economic future by attracting investment and creating sustainable jobs for the people of the Borough. The Business Support programme will assist Wirral businesses to grow and provide employment opportunities for Wirral residents.
- 13.2 The recommendations in this report will enable the Business Support Programme to meet the delivery timescales and achieve the required outputs by enabling advice and support to be provided to businesses from the 2nd January 2013. If this does not happen then the ERDF resources may be lost to the Borough.

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APPENDICES

The Investment Strategy 2011-16 Wirral Council website <http://www.wirral.gov.uk/my-services/business/investment-strategy>

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Economy and Regeneration Overview and Scrutiny Committee - Green Growth in Wirral	8 th March 2012
Cabinet – Investment Support Services Framework	23 rd June 2011
Cabinet – Targeted Inward Investment Activity	21 st July 2011
Cabinet – Investment Strategy	21 st July 2011