

WIRRAL COUNCIL

DELEGATED MEMBER DECISION REPORT

MAY 2013

SUBJECT:	REGIONAL GROWTH FUND UPDATE
WARD/S AFFECTED:	ALL
REPORT OF:	STRATEGIC DIRECTOR OF REGENERATION AND ENVIRONMENT
RESPONSIBLE PORTFOLIO HOLDER:	REGENERATION AND PLANNING STRATEGY
KEY DECISION:	YES

1.0 EXECUTIVE SUMMARY

- 1.1 In October 2012 the Government announced that Wirral Council had been successful in securing £5 million Regional Growth Funding (RGF) to support the development of the Offshore Renewable Energy Low Carbon sector within the Borough. This report updates on this award and the work undertaken to date to enable the Council to secure the funding available from Government.
- 1.2 Approval is sought to agree and sign the RGF Final Scheme Offer letter with Government.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 Cabinet (12 April 2012 Min 381) agreed that an application to support the development of the Offshore Renewable Energy sector should be submitted to the Department of Business, Innovation and Skills (BIS) for Regional Growth Funding.
- 2.2 The offshore renewable energy sector presents a huge opportunity for Wirral. In addition to offshore wind farm developments at Gwynt y Mor and Burbo Bank, further investment is now taking place into Irish Sea sites. Here 1,000 turbines are planned, the value of which is estimated to be in the region of £18bn, and capturing a share of this market will bring direct jobs and also open up supply chain and export opportunities in this expanding industry.
- 2.3 Wirral Council's RGF application allows infrastructure improvements to be made in the base harbour and engineering facilities at Cammell Laird which will support the company to secure investments that would otherwise potentially go to businesses elsewhere in Europe. The RGF award will also be used to provide support to local businesses that wish to expand and diversify to take advantage of related supply chain opportunities. In addition RGF monies will be used to attract new inward investment from supply chain companies such as cable manufacturers or foundation fabricators. It will also be used to support a Marine Business Park development which will include using funds from Chysalis to enable development of the site. As Members will be aware funding has been allocated from the Capital programme to purchase a site known as the Maritime Business Park. Cabinet (14 March 2013 item 222) agreed that officers should start negotiations on this site.
- 2.4 The RGF funding was subject to a due diligence report which had to be undertaken externally by an independent auditor (BDO) to ensure that our processes and practices were robust and that we had the appropriate Governance structures in place to manage the funds. This requirement was set out in a Conditional Scheme Offer

Letter which Cabinet agreed to sign (Executive Member Decision 18 December 2012). This enabled further discussions to continue with The Department of Business, Innovation and Skills to secure the £5 million.

- 2.5 The Due Diligence report confirmed that within the programme there are:
- appropriate governance arrangements in place to manage the funds through a sufficient process.
 - It also observed that the Council has all the relevant application, compliance and financial documentation in place to manage the programme.
 - The Council also has the appropriate accounting management processes in place to handle the funds and to review by external auditors.
 - The report also confirmed that the Council has all the necessary RISK management processes and reporting mechanisms in place to manage the programme.

Following our successful Due Diligence report and agreement by the Government's Finance and Investment Sub Committee, BIS have issued our Final Scheme Offer letter.

- 2.6 Strong interest has been already received from businesses who are keen to apply and access the funding available through RGF. Programmes can not draw down funds until the Final Offer Letter has been signed. It is therefore imperative that we progress this as quickly as possible to start delivering on the programme. The timescales are tight for delivery as the £5million must be claimed and contracted by 31st March 2015.
- 2.7 Officers from Legal Services have confirmed that the final offer letter contains standard practice conditions in the allocation of public funds. Particular regard should be had to the obligations and expectations upon the Council as set out in Schedule 4 of the Final Offer Letter which relates to circumstances when funds could be varied, withheld or required to be repaid.
- 2.8 Wirral Council is also a partner in the Liverpool City Region LEP bid to provide financial assistance to businesses to support economic growth and job creation. This application secured £10 million RGF for the city region (excluding Liverpool City Council which submitted a separate bid). In conjunction with the LEP Wirral Council will be managing the application process for all Wirral based applications. This will be taken through the same compliance and accounting processes as the Low Carbon RGF applications. The LCRLEP will have a consistency role to manage the overall programme and will oversee the programme management of the funds. An agreement is being drafted by the LEP to clarify these arrangements and this will be brought back to Members if appropriate in the near future.

3.0 RELEVANT RISKS

- 3.1 The Council will be the accountable body for the RGF funds and will need to ensure compliance with financial and audit requirements. Failure to comply with these requirements could result in claw back of the grant from the Council. The Council already undertakes the functions associated with accountable body status in relation to other regeneration projects such as ERDF and ESF. In addition, an independent assessment of the Wirral Grants Compliance Manual and its appendices has been undertaken by the law firm DWF. Following this assessment, DWF are satisfied that appropriate areas of Treasury Green Book compliance for Wirral Borough Council's Grants programme have been covered and as such, it provides comfort that a nationally acceptable and recognised approach to project inception, appraisal, monitoring and evaluation is in place. As a consequence DWF are satisfied that if the procedures detailed in Wirral's Compliance Manual are followed then sufficient steps

are likely to have been taken to ensure effective stewardship of public funds through the delivery of any proposed grants programme

- 3.2 There will be a requirement for the Council to meet output targets for the provision of jobs, number of businesses supported and private sector investment. The Council will manage the programme through teams across the department of Regeneration and Environment.
- 3.3 If the final scheme offer letter is not signed the offer of the £5m RGF resources to support the offshore renewable energy sector in Wirral is likely to be withdrawn.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 There are no other external funding opportunities available.

5.0 CONSULTATION

- 5.1 Wirral's Investment Strategy provides the framework for the development of the RGF applications and this has been reviewed following an extensive consultation with partners. The development of the proposals has also been informed by the consultation undertaken as part of the Scrutiny Review of Green Growth in Wirral. Consultation has taken place with a number of private sector partners and through Invest Wirral's Business Forum and the sectoral cluster groups.

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 It is proposed that the project management of the RGF programme will be co-ordinated by existing staff resources from the Investment Strategy team supported by officers from a range of teams across the Council. There is provision within the RGF award to cover potential administrative costs and audit costs.
- 7.2 The RGF grant is £5 million and must be claimed and contracted by 31 March 2015 and be incurred in accord with the conditions set out in the Offer Letter.

8.0 LEGAL IMPLICATIONS

- 8.1 There are no direct significant legal implications arising from the signing of the Final Scheme Offer letter

9.0 EQUALITIES IMPLICATIONS

- 9.1 Has the potential impact of your proposal(s) 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>

Investment Strategy overarching EIA and the Business support EIA

10.0 CARBON REDUCTION IMPLICATIONS

- 10.1 The proposed bid for developing the offshore energy sector will support the use and development of renewable energy and enable green innovation and investment. It is anticipated that this activity would support carbon reduction amongst Wirral businesses.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no immediate planning and community safety implications arising from this report, however planning consent may be required for some of the individual projects. This will be addressed as appropriate through the planning process.

12.0 RECOMMENDATION/S

12.1 Agree to the signing of the Regional Growth Fund Final Scheme Offer letter with the Government's Department of Business, Innovation and Skills.

12.2 Note that the Council has been successful through its independent external Due Diligence report.

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 RGF award will assist Wirral businesses to grow and provide employment opportunities for Wirral residents.

REPORT AUTHOR: **Hayley Crook**
Investment Strategy Team
telephone: 0151 691 8297
email: hayleycrook@wirral.gov.uk

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
Cabinet – Supporting the Offshore Wind Sector	14 th March 2013
Cabinet – RGF Update – Executive Decision report	18 th December 2012
Cabinet - Investment Strategy Update	19 th July 2012
Cabinet - Regional Growth Fund	12 th April 2012
Cabinet – Investment Strategy	14 th April 2011